Active labour market policies: What works for youth?

Piloting Youth Guarantee on the Ground: Experiences from the European Parliament Preparatory Action

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This presentation

- What can youth ALMPs do?
- What works? Lessons from evaluation
- Evidence-based knowledge on ALMPs for youth
- Some issues for discussion
What can youth ALMPs do?
ALMPs can:

- Help redress education and labour market failures, while promoting efficient allocation of labour and social justice
- Prevent labour market detachment and prepare youth to take jobs after crises

ALMPs can’t:

- Solve structural problems that require other types of policies
- Create jobs, particularly during periods of slack demand
ALMPs for youth are usually grouped into four main categories:
1. Employment services;
2. Labour market training;
3. Subsidized employment; and
4. Self-employment

ALMPs can also include different measures in one programme (e.g. comprehensive/multiple interventions)

What is the relevance for youth?

- Can target different types of youth labour market disadvantages
- Can match unemployed individuals to available vacancies and decrease the unemployment rate (Beveridge curve).
- Can keep engagement in the LMKT
If not well designed, targeted and monitored, ALMPs can produce labour market distortions, i.e.

- creaming,
- deadweight,
- substitution and
- displacement
What works? Lessons from evaluation
**Youth Employment Programme**

**Most recurrent lessons from evaluation**

**Design**
Responsive to labour market requirements

**Targeting**
Tailoring measures to individual “profiles” (i.e. needs and disadvantages)

**Comprehensive packages**
Sequencing of various services and programmes

**Link with work experience**
In-company training and work-placement in enterprises

**Partnerships**
Youth, enterprises and providers, social partners, youth organizations,
<table>
<thead>
<tr>
<th>Type of programme</th>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>Skills and labour market training and related work-experience measures</td>
<td>Works better with broader technical and employability skills that are in demand and includes work experience as well as employment services.</td>
<td>May produce temporary solutions and if not well targeted, may benefit those who are already “better off”. Training alone may not be sufficient to increase youth employment prospects.</td>
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<tr>
<td>Employment services (job search, career guidance and labour market information)</td>
<td>Can help youth make realistic choices and match their aspirations with employment and training opportunities; improve information on job prospects as well as efficiency, effectiveness and relevance of initiatives.</td>
<td>May create unrealistic expectations, if not linked to labour market.</td>
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<td>Employment subsidies</td>
<td>Can create employment, if targeted to specific needs (e.g. to compensate for initial lower productivity and training) and to groups of disadvantaged youth</td>
<td>High “deadweight” and “substitution” (if not targeted); employment may last only as long as the subsidy.</td>
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Source: ILO, Youth Employment Programme; www.ilo.org/youth
## What works?
### Lessons from evaluation (2)

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<td><strong>Public employment (e.g. public works and community services)</strong></td>
<td>Help young people gain labour market attachment and improve physical and social infrastructure and the environment - especially if combined with development and sectoral strategies – and enhance employability, if combined with training.</td>
<td>Low labour market integration; young workers may become trapped in a carousel of programmes; often gender-biased; displacement of private sector companies.</td>
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<tr>
<td><strong>Entrepreneurship promotion</strong></td>
<td>Can have high employment potential and may meet young people’s aspirations (e.g. for flexibility, independence); more effective if combined with financial and other services, including mentoring.</td>
<td>May create “displacement” and may have high failure rates. Often difficult for disadvantaged youth, owing to lack of networks, experience, know-how and collateral.</td>
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Source: ILO, Youth Employment Programme; www.ilo.org/youth
Evidence-based knowledge on ALMPs for youth
Knowledge gaps
Evaluation evidence by type of intervention

- Total - 289: 25% Impact evaluation, 9% Impact evaluation with CB analysis
- Comprehensive, training + - 92: 34% Impact evaluation, 13% Impact evaluation with CB analysis
- Job assis., wage subsidies, public works - 35: 31% Impact evaluation, 14% Impact evaluation with CB analysis
- Skills training - 125: 21% Impact evaluation, 6% Impact evaluation with CB analysis
- Entrepreneurship schemes - 33: 9% Impact evaluation, 3% Impact evaluation with CB analysis
- Other - 4: 0% Impact evaluation, 0% Impact evaluation with CB analysis

Evaluation matters
Without proper counterfactual
- Failures: 56%
- Successes: 44%

With counterfactual
- Failures: 67%
- Successes: 33%

Impact evaluation with CB analysis
Evidence-based knowledge (2)

Interventions

T: Training
ENT: Entrepreneurship
ES: Employment Services
SE: Subsidized Employment

<table>
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<tr>
<th>Intervention</th>
<th>Count</th>
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<tbody>
<tr>
<td>T</td>
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</tr>
<tr>
<td>T + ENT</td>
<td>18</td>
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<tr>
<td>T + ES</td>
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<tr>
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<tr>
<td>T + ENT + ES + SE</td>
<td>6</td>
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Some issues for discussion

- Do “standard” youth ALMPs work also for inactive and marginalized youth?
- Do we need ALMPs+ for youth detached from the labour market?
- What is the learning that can be shared by pilot projects (e.g. design and targeting features, types of measures and implementation arrangements) for this target group?
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