

Active Labour Market Policies

Scope of work under ESAP project

SEE 2020 Employment Creation Target

Target 4 - Employment rate, 15+								
Economy	2010 (baseline)	2011	2012	2013	2014	2015†	2020 (target)	Progress towards target at 2015
ALB††	47.5	51.9	49.6	44.1	44.3	46.2	54.3	-19%
BOS	32.5	31.9	31.7	31.6	31.7	31.9	33.9	-43%
CRO	46.5	44.8	43.2	42.1	43.3	44.1	47.5	-240%
KOS*†††	25.5	25.5	25.6	28.4	26.9	26.9	45.8	7%
MNE	40.3	39.1	40.1	40.3	43.2	44.3	49.6	43%
SER	37.9	35.8	35.5	37.7	41.7	42.2	43.8	73%
MKD	38.7	38.9	39.0	40.6	41.2	42.1	43.6	69%
SEE	38.9	38.4	37.7	37.9	39.4	40.1	44.4	9%

Employment creation remains an important challenge

Indicator (year 2015)	ALB	BiH	KOS*	MAC	MNE	SER	Croatia
Employment rate	52.9	31.9	25.2	47.8	44.3	42.5	44.1
Unemployment rate	17.10	27.7	32.9	26.1	17.6	17.7	16.3
Youth Unemployment Rate	39.8	62.3	57.7	47.3	34.5	43.2	44.6
Long Term Unemployment	66.0	81.7	72.2	81.6	77.9	61.2	64.0
Vulnerable employment rate	52.81	27.26		21.41	17.23	26.07	

Rationale for ALMPs

- Aimed at improvement of beneficiaries' prospects of finding employment or improve earning capacity
- In principle should facilitate necessary (sectorial) reallocation, and furthermore support the employability of the long-term unemployed

What works and what doesn't

- Challenges: Effectiveness, targeting, outreach, coverage and interaction with passive measures
 - Hiring incentives for firms are not very effective overall
 - Risk that employers displace non-subsidised workers with subsidised workers or wait until job seekers become eligible for subsidies
 - The lowest effectiveness is typically found for direct employment creation in the public sector (including public works schemes).
 - ALMPs aiming at retaining employment, such as short-time working schemes, should be used only for short periods of time and during severe recessions
 - ALMPs can be cost-effective from a longer-term perspective (3-10 years)
 - Effective functioning of PES

How can ESAP support ALMP work?

Discussion

- Conduct a systematic review of ALMPs, with a focus on target groups, such as youth or long term unemployed.
- Set up a mutual learning programme for selected ALMMs, including the following steps: self-assessment; peer reviews; drafting, sharing reports and identifying follow-up actions.