

## **Peer Review on Youth Employment Programmes**

**Hosted by Montenegro, 30-31 May 2018**

Following the EU experience, for the first time in the Western Balkans, the ESAP project initiated a regional mutual learning programme among labour market institutions on selected labour market measures. These events took the shape of peer reviews which combine an in depth analysis of one priority employment policy or measure for each of the 6 Western Balkan economies, accompanied by peer contributions and mutual learning. The selected topics for the peer reviews include self-employment programmes, employment of persons with disabilities, youth employment, local employment partnerships, internship programmes and on-the-job training programmes. Key deliverables include 6 regional analytical reports and 6 regional workshops organized around these priority employment measures in the 6 Western Balkan economies with the participation of practitioners from Ministries of Labour and Public Employment Services. The workshops provided an opportunity to exchange experiences and learn about key success factors for the design, implementation and evaluation of these measures.

### **Host economy good practice**

*Vocational training program for persons with acquired higher education* is a continuous, program and systematic activity for acquiring knowledge, skills and competencies. Young people with higher education, who do not have work experience at a certain level of education and are registered as unemployed at the Employment Service have the right to participate.

The program lasts for nine months, without the establishment of a working relationship. Program beneficiaries receive a monthly scholarship amounting to 50% of the average net salary in Montenegro. Professional training of graduated students is being implemented since 2013, when 4,211 young people benefited, while in 2018 the Program numbered 3,055 beneficiaries, with financial allocations of between € 8.5 and € 10 million.

The program has enabled the provision of support to young university students during their transition from the world of study to the world of work, and increased their employability. The program also provides employers with an opportunity to recognize the need for specific education profiles that coincide with a particular field of activity of each employer, and to employ the most appropriate individuals after the program is completed. According to the analysis carried out by the Ministry of Education in cooperation with the Tax Administration, which refers to the four years of the program implementation, out of the 14,252 program participants, 6,865 or 48.16% of the participants continued their work.

## Youth specific Active Labour Market Programmes delivered by Public Employment Services

Albania	<p>(i) <i>Employment of young graduates</i> programme that comprises on-the-job training (three months) and employment subsidies (for additional nine months);</p> <p>(ii) <i>Professional practice for new graduates</i> programme (two years), which offers subsidized work experience in the beneficiary's career area (as required for certain occupations),</p> <p>(iii) <i>Employment promotion of young orphans</i>, which combines subsidized training (three months) with subsidized employment (15 months).</p>
Bosnia and Herzegovina	<p>(FBiH)</p> <p>(i) <i>First work experience</i> programme targets young unemployed (up to 29 years of age) and provides them with training and a period of work practice organized with partner enterprises.</p> <p>(ii) <i>Youth Entrepreneurship</i> targets youth (up to 35 years of age) through the provision of start-up financial assistance</p> <p>(RS)</p> <p><i>Traineeship</i> providing youth (up to 29 years of age) with no work experience a chance to obtain the required working experience in order to gain right to pass their professional exam</p>
The Former Yugoslav Republic of Macedonia	<p><i>Internship Programme</i> in line with the traineeship programmes implemented in European countries and with the EU <i>Quality Framework for Traineeship</i>, targets registered young jobseeker (up to 29 years old) with secondary or higher educational attainment (up to three months)</p>
Montenegro	<p>(i) <i>Youth are our potential, let's give them a chance</i> providing highly educated youth (up to 30 years) three month of theoretical and 18 months of practical work experience</p> <p>(ii) <i>Stop informal economy</i> targeting unemployed highly educated youth, up to the age of 30 with at least nine months of work experience with the purpose of incapacitating youth to take up jobs in the field of informal economy prevention</p> <p>(iii) <i>Working Independently</i> is a six month on-the-job training type of programme targeting high school graduates who have obtained their diploma within the last two years</p>
Serbia	<p>The NES offers a traineeship programme (<i>Practical practice</i>) targeting young (up to 29 years) unemployed with secondary and tertiary educational attainment and no work experience. The traineeship lasts usually up to one year.</p>

## Evaluation and impact assessment

### Key ALMP Evaluation findings

Albania	The on-the job training programme has the largest annual intake, followed by work practice for graduates and subsidies for vulnerable groups. In terms of outcome results, the subsidy for vulnerable groups has good returns (63% increased employment probability, possibly due to the precise targeting mechanism), followed by training (55 %) and work experience programme (29 %). Also in terms of cost-benefit these programme yield a positive return (higher for on-the job training and lower for the work experience programme). <sup>1</sup>
Bosnia and Herzegovina	The returns of the traineeship programme are around 50-60 % (and mostly in partner enterprises). Six months past the contractual obligation, 65% of the self-employed benefiting from the FBiH self-employment subsidy are still employed, while 14% of them have additionally hired workers
The Former Yugoslav Republic of Macedonia	The first impact evaluation was conducted in 2014 on a number of programmes (self-employment, internship, training for in-demand occupations and job subsidies) implemented in the period 2008-2012. Internship and on-the-job training were found to have the highest returns in terms of probability of employment. <sup>2</sup>
Kosovo* <sup>3</sup>	The latest impact evaluation exercise was conducted in 2011 on three programmes (on-the-job training, combined institutional and workplace training, and internships) implemented in the period 2008-10. The overall, net job placement rate of participants was estimated at 19%. Employment outcomes for on-the-job training were between 25-35 %, much lower than those of combined training (37-42 %). The internship programme had the highest employment outcomes (44 to 59 %). These programme also had some impact on reducing the number of people working in the informal economy (the level of informality was estimated at 27 % for participants and 60 per cent for the control group). The performance monitoring results for the job subsidy programme show that about 53per cent of the beneficiaries were employed at the time of the survey, but only 59per cent had an employment contract at programme's end.

<sup>1</sup> *Employment Promotion Programs in Albania: Evaluating Their Quality in the Designing and Implementation Processes (2008-2014)*

<sup>2</sup> Mojsoska-Blazhevski and Petreski, 2015, Impact evaluation of active labor market programs in FYR Macedonia: key findings, available at:

[http://www.ilo.org/budapest/what-we-do/publications/WCMS\\_384854/lang--en/index.htm](http://www.ilo.org/budapest/what-we-do/publications/WCMS_384854/lang--en/index.htm)

<sup>3</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

Montenegro	The Employment Agency regularly reports data on its activities (including the use of financial resources). However, there is still limited use of data pooling approaches. 49% of the programme participants of "Youth is our potential, let's give them a chance were employed, and 33% of the "Stop grey economy" programme.
Serbia	The first net impact assessment was commissioned by the Government in 2016 (traineeship and acquisition of practical skills). The analysis showed that the traineeship programme targeting university graduates had no impact on participant's labour market outcomes two years after participation. Conversely, the programme Acquiring practical skills targeting low skilled youth had a statistically significant impact on employment and active job search. Prior evaluation exercises showed that both Labour market training and Training on request of an employer had significant impact, but with substantial creaming and deadweight effects.

**Matrix of existing measures and their correspondence to the barriers youth face on the labour market**

Barriers youth face on the LM		Measures to overcome the barriers	Countries				
			BiH	Kos	MK	MNE	SER
Insufficient number of job openings		Self-employment grants/loans	√	√	√	√	√
		Subsidies for job creation for PWD	√	√	√	√	√
		Subsidies for job creation		√	√		√
		Support for farmers				√	√
		Mobility support				√	√
		Reform of Labour Law and taxation					
Lack of competencies required on the LM	Practical knowledge, soft skills, certain occupations in suffice	Internship/traineeships	√	√	√	√	√
		Labour market training	√	√	√	√	√
		Training for known employer	√	√	√	√	√
	Low qualifications	Functional education		√	√	√	√
		Training for basic occupations for low skilled		√			√
		Public works with training component			√		
		Recognition of prior learning					

Inactivity	Outreach			√		√
	Individual and group counselling and group work	√	√	√	√	√
	Intensive continuous motivational counselling			√	√	
	Public works	√	√	√	√	√
	Psychological support				√	√
Unrealistic expectations	Career information and counselling	√	√	√	√	√
	Employment counselling	√	√	√	√	√
	Scholarships for unpopular but demanded educational profiles				√	
Underdeveloped entrepreneurial spirit	Career information and counselling	√	√	√	√	√
	Entrepreneurship training			√	√	
	Business plan development training	√	√	√	√	√
Lack of working experience	Employment subsidies	√	√	√	√	√
	Internship/traineeships	√	√	√	√	√
Prejudices	Employment subsidies	√	√	√	√	√
	Work Trials					
Family responsibility	Child care support					

The least addressed barriers are low/no qualifications and inactivity. Also, no support is provided within the region to young parents facing difficulty in balancing between work and family obligations. This is especially pertinent as low participation levels of young women is a problem common in all of the participating countries.

### Strengths and weaknesses of the broad categories of ALMPs and services

Type of measures	Strengths	Weaknesses
Labour market training	Gaining competencies demanded on the labour market	When the assessment is not done properly sometimes the unemployed undergo the wrong type of training; Sometimes the training is not in fact responding to the needs of the employers; Depending on the quality of the mentor and the provider in

		<p>general, the competencies may not in fact be gained; Programme not permanently available – only in certain periods; For professional practice, selecting the best – creaming;</p>
Employment Services	Supporting youth to gain realistic expectations; available to all unemployed; motivation; support them search for jobs; profiling ensuring each unemployed receives the needed support	<p>Number of unemployed per counsellor makes quality counselling difficult; motivational training too short – must be continuous; underdeveloped skills of counsellors; integrated services (CSW, health) limited capacity of PES on their own; services not up to date with modern technology.</p>
Public works	Social measure, activation, useful for local community, large number of beneficiaries	Expensive and little effects; trapped in measure; not always the most disadvantaged
Employment subsidies	Supporting the hard to employ; enhances partnership with the employers; provides work experience; positive effect on formalizing employment	Risk of financing the employment of those that would be employed anyhow – deadweight; Employment lasts only as long as the mandatory period
Entrepreneurship	Opening jobs with potential to create new jobs	Many fail – mentorship should be included; low share of youth benefiting from the programme

**Several areas for improvement have been identified and these recommendations are summarized as follows:**

1. Labour market training programmes:

- a. more effort needs to be invested in assessing which occupations/skills are demanded on the labour market – include also employers organizations, Chambers of Commerce, etc.
- b. the criteria for selecting training providers should not be based solely on cheapest price;
- c. good quality mentorship must be secured;
- d. the participants should be selected carefully on the basis of their interests and potentials.

2. Employment counselling:

- a. improve the profiling system and individualized counselling;
- b. promote integrated service delivery;

- c. modernization of services in line with new potential for on-line services, single point of information.

### 3. Public Works:

- a. include more hard to employ unemployed;
- b. include a pronounced training component.

### 4. Employment subsidies:

- a. improvement of targeting through individualized assessments, rather than category.

### 5. Entrepreneurship:

- a. promote entrepreneurship and motivate youth;
- b. better identification of youth with an entrepreneurial outlook;
- c. improve the provision of mentorship and psychological support;
- d. include other institutions to provide information and training (tax, legal, etc.);
- e. credits could be a better solution as compared to subsidies (hire value, more thought into the decision from the side of the youth, more effort to succeed).

### 6. Targeting:

While youth are recognized as a whole as a vulnerable category on the labour market, unskilled youth are insufficiently highlighted. The regular PES reports do not report on this category, nor do specifically designed measures exist for them. Youth are broadly targeted and what is more, the PES' favour the inclusion of highly educated youth into ALMPs, which is not justifiable on the basis of labour market data. On the contrary, youth with no skills, which are among the least supported groups, are those in need of most support.

Today, the prevailing approach for the provision of employment assistance is to differentiate services and programme across population groups, based on individual circumstances and the barriers faced in employment. This is to say that employment assistance is differentiated across groups of individuals on the basis of the presence of factors that are known to pose a “risk” in the labour market. The rationale for “*targeting*” active labour market policies is twofold: first individuals differ in their employability (e.g. their ability to obtain and sustain employment) and equity principles demand that support be provided to those who most need it; second scarce resources need to be allocated as efficiently as possible to attain public policy objectives.



7. Monitoring and evaluation systems are key to inform policy-makers about whether the outcomes of ALMPs warrant their costs and which policies work better for which categories of young unemployed.