Activation strategies and active labor market policies

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Global unemployment rate, 2000-2017 (projections)

Source: ILO Global Employment Trends 2013
Global youth unemployment + unemployment rate, 1991-2012

Source: ILO Global Employment Trends for Youth 2012
Youth unemployment rate by region, 2000-2016 (projections)

Source: ILO Global Employment Trends for Youth 2012
Youth unemployment rate by region, 2000-2016 (projections)

Source: ILO Global Employment Trends for Youth 2012
Crisis-induced changes in employment

Percentage change in employment, 2007Q4-2010Q4

<table>
<thead>
<tr>
<th>Gender</th>
<th>Both sexes</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-1.8</td>
<td>-2.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age groups</th>
<th>Both sexes</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth (15-24)</td>
<td>-10.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prime-age (25-54)</td>
<td>-1.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old-age (55-64)</td>
<td></td>
<td></td>
<td>6.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>Low-skilled</th>
<th>Medium-skilled</th>
<th>High-skilled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-9.3</td>
<td>-2.9</td>
<td>5.7</td>
</tr>
</tbody>
</table>
Starting point

— *(Youth) Unemployment* one of the most challenging economic / social problems in developed and developing countries

— → Policymakers struggle to find effective programs that help jobless find jobs and increase workers’ productivity and labor income

— *Job training* and other *active labor market programs (ALMPs)* have been promoted as a remedy for cyclical and structural unemployment

— ALMPs increasingly cast into “activation” framework
Starting point

Early **U.S.** experience: MDTA (1960s), CETA (1970s), JTPA (1980s-1990s)

**European** experience:
- Scandinavia 1970s forward, in particular Sweden
- Germany 1990s forward
- Denmark "flexicurity", UK "New Deal", etc
- 1994 OECD Jobs Study -> ALMP
- 2006 OECD Restated Jobs Strategy -> Activation

**Latin America**: Job training, increasing since the mid-1980s
Starting point

- ALMP historically precedes Activation

- Activation logically precedes ALMP

- Nucleus of government intervention -> The importance of the Public Employment Service (PES), the promotion of active job search, and the influence of benefit entitlements within the agenda for investment in human resource development and employment creation
Some key policy questions

— How to design “activation”? 
— What types of active programs work better? 
— Short run vs. long run effects? 
— Do ALMPs work better for some groups? In some places or times? 
— Do the programs harm non-participants?
Goals for this talk

1) Key features of activation strategies

2) A (very) basic framework for thinking about how programs actually work, how this relates to program effectiveness, heterogeneity, and displacement

3) A few general lessons from the literature (US and Europe)

4) What about developing countries / emerging markets?

5) New issues and directions
1) Key features of activation strategies
Activation: New orientation in labor market policy

Activation policies are actions which

— are targeted at people of working age not in employment but who are apt to work and are receiving income-replacement benefits

— encourage jobseekers to become more active in their efforts to find work and increase their employability

— make benefits conditional on behavioral criteria (mutual obligations)

I.e. benefit recipients are expected to engage in active job search and improve their employability, in exchange for receiving efficient employment services and benefit payment
Activation: Key elements

— Early intervention by the PES in the unemployment spell and high contact density between jobseekers and caseworkers

— Regular reporting + monitoring of work availability and job-search actions

— Setting-up of back-to-work agreements or individual action plans

— Direct referral of unemployed clients to vacant jobs

— Referral to ALMPs
Activation: Target groups

1. Unemployment benefit recipients

— An intensive intervention and mutual obligation regime implemented by the PES keeps the unemployed in contact with the labor market and increase their chances of a return to work
— Activation particularly called for and with greatest impact in countries with long- / or indefinite duration (when followed by social assistance) benefits.

2. Recipients of social assistance benefits

— Important to distinguish between employable and non-employable recipients. The former are de facto unemployment benefit recipients and should be subject to availability-for-work and activation requirements.
Activation: Target groups

3. Recipients of “inactive” benefits

— A number of countries have experienced significant increases in working-age recipients of inactive benefits, e.g. people with disabilities or lone parents.

— Recipients of such benefits can often work and have gradually become another target group for labor market policies and activation measures.
Activation: Implementation issues

Institutional make-up of PES:
— Integration of placement and benefit functions facilitates jobseeker follow-up and implementation of mutual obligation requirements
— -> “One-stop shop”
— Increasing number of countries bringing together the PES (placement + benefit) plus the management of social assistance, disability and lone parent benefits, to enable more coherent activation of target groups

Role of financing arrangements:
— Greater responsibility at the local level tends to encourage the implementation of activation measures
Activation: The role of private providers

Increasing tendency to rely on private intermediaries for activation strategies
— Within OECD, Australia was first to set up a large-scale reintegration market with contractual arrangements, followed by the Netherlands and most recently the UK

— Key characteristic: purchaser/provider split, where private sector and non-profit organizations compete for the acquisition of publicly-funded tenders

AU/NL/UK -> trial and error process of continuous adaptation of reintegration market features, e.g.:
— Role of price in deciding among bids vs. pricing fixed by purchaser
— Proportion of funding for commencement/service delivery/”outcomes”
— Definition of “outcome” in terms of job durability
— Transfer of all jobseekers to private providers vs. only of hard-to-place
### Activation: What countries do (OECD 2007)

#### Table 5.2. Job-search requirements

<table>
<thead>
<tr>
<th>Country</th>
<th>Frequency at which unemployed have to report their job-search activities</th>
<th>Number of actions to be reported in a month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Every two weeks</td>
<td>From 8 to 20</td>
</tr>
<tr>
<td>Austria</td>
<td>Once a month</td>
<td>Not specified</td>
</tr>
<tr>
<td>Belgium</td>
<td>Variable requirements at placement agencies; after 15/21 months at ONEM (benefit agency)</td>
<td>Not specified</td>
</tr>
<tr>
<td>Canada</td>
<td>Variable requirements</td>
<td>“Reasonable” efforts expected</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Every two weeks</td>
<td>Not specified</td>
</tr>
<tr>
<td>Denmark</td>
<td>At least once every three months</td>
<td>Variable requirements (depending on IAP)</td>
</tr>
<tr>
<td>Finland</td>
<td>From one week to one month</td>
<td>Variable requirements (depending on IAP)</td>
</tr>
<tr>
<td>France</td>
<td>Once a month (after fourth month)</td>
<td>Variable requirements</td>
</tr>
<tr>
<td>Germany</td>
<td>Depends on profiling category: on average six times per year</td>
<td>Not specified</td>
</tr>
<tr>
<td>Greece</td>
<td>No specific requirements</td>
<td>Not specified</td>
</tr>
<tr>
<td>Hungary</td>
<td>Monthly for regular benefit recipients</td>
<td>Variable requirements (depending on IAP)</td>
</tr>
<tr>
<td>Ireland</td>
<td>Variable requirements</td>
<td>Not specified</td>
</tr>
<tr>
<td>Italy</td>
<td>Job-search monitoring is rare, despite a legal requirement</td>
<td>Not specified</td>
</tr>
<tr>
<td>Japan</td>
<td>Once every four weeks</td>
<td>Two</td>
</tr>
</tbody>
</table>
## Activation: What countries do (OECD 2007)

<table>
<thead>
<tr>
<th>Country</th>
<th>Requirements</th>
<th>Action Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>Variable, from once a week to once every four weeks</td>
<td>Two</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>No specific requirements up to 2006; variable requirements starting in 2007</td>
<td>Not specified</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Every four weeks</td>
<td>Four</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Every six weeks</td>
<td>Variable requirements (depending on IAP)</td>
</tr>
<tr>
<td>Norway</td>
<td>Every three months</td>
<td>Not specified</td>
</tr>
<tr>
<td>Poland</td>
<td>No requirements</td>
<td>No requirements</td>
</tr>
<tr>
<td>Portugal</td>
<td>No specific requirements up to 2006; variable requirements starting in 2007</td>
<td>Variable requirements (depending on IAP)</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>Variable, from once a week to once every four weeks</td>
<td>One action per contact</td>
</tr>
<tr>
<td>Spain</td>
<td>Every two months (estimated average)</td>
<td>Not specified</td>
</tr>
<tr>
<td>Sweden</td>
<td>Every six weeks on average (adults six to eight weeks; youth two to three weeks)</td>
<td>Not specified</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Once a month</td>
<td>From four to ten</td>
</tr>
<tr>
<td>Turkey</td>
<td>No requirements</td>
<td>No requirements</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Every two weeks</td>
<td>Ten</td>
</tr>
<tr>
<td>United States</td>
<td>Every two weeks</td>
<td>Ten</td>
</tr>
</tbody>
</table>
### Table 5.4. **Intensive interviews and individual action plans**

<table>
<thead>
<tr>
<th>Country</th>
<th>Intensive interview schedule during the unemployment spell</th>
<th>Duration of unemployment when an individual action plan is created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1st year: four interviews; 2nd year: up to 14</td>
<td>At initial registration</td>
</tr>
<tr>
<td>Austria</td>
<td>At least every three months</td>
<td>Within one month after registration</td>
</tr>
<tr>
<td>Belgium</td>
<td>Flanders: every month, starting at or before six to nine months of unemployment</td>
<td>Flanders: after six to nine months</td>
</tr>
<tr>
<td></td>
<td>Wallonia: every month, starting at or before two months (youth) to seven months (adults) of unemployment</td>
<td>Wallonia: after two months for youth, before seven months for adults</td>
</tr>
<tr>
<td>Canada</td>
<td>Not specified; all interviews are voluntary</td>
<td>Not specified (voluntary)</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Usually twice in a month</td>
<td>Within two to three months for youth; within six months for adults (voluntary)</td>
</tr>
<tr>
<td>Denmark</td>
<td>Every three months</td>
<td>After six months for unemployed under 30 and over 60; after nine months for others</td>
</tr>
<tr>
<td>Finland</td>
<td>By mutual agreement; more frequent for youths</td>
<td>After five months at the latest; target now set at one month</td>
</tr>
<tr>
<td>France</td>
<td>Variable practice in the first three months; at least monthly thereafter</td>
<td>Usually within five days (up to 2007, eight days)</td>
</tr>
<tr>
<td>Germany</td>
<td>Six per year (estimated average)</td>
<td>Usually within ten days</td>
</tr>
<tr>
<td>Greece</td>
<td>By mutual agreement, as laid down in IAP</td>
<td>Preferably within a week</td>
</tr>
<tr>
<td>Hungary</td>
<td>Every three months</td>
<td>Shortly after registration</td>
</tr>
<tr>
<td>Ireland</td>
<td>Estimated at three to four on average, between three and twelve months of unemployment</td>
<td>At three months</td>
</tr>
<tr>
<td>Italy</td>
<td>Not specified</td>
<td>At initial registration or during first intensive interview</td>
</tr>
<tr>
<td>Japan</td>
<td>Not specified</td>
<td>Not specified (voluntary)</td>
</tr>
</tbody>
</table>
## Activation: What countries do (OECD 2007)

<table>
<thead>
<tr>
<th>Country</th>
<th>Frequency Description</th>
<th>Duration and Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>Variable, from once a week to once every four weeks</td>
<td>Two weeks after registration</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Every two months</td>
<td>Within three months for youth; within six months for others (obligatory as from 2007)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Wide variation at CWI; more intensive at contracted providers</td>
<td>CWI “reintegration advice” set up for hard-to-place clients within one month</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Every six weeks</td>
<td>Usually in a week</td>
</tr>
<tr>
<td>Norway</td>
<td>At least every three months</td>
<td>Obligatory only for certain categories (the vocationally disabled; those in need of training)</td>
</tr>
<tr>
<td>Poland</td>
<td>Not specified</td>
<td>Only applied to young persons who recently left school</td>
</tr>
<tr>
<td>Portugal</td>
<td>Not specified (depends on individual action plan)</td>
<td>Within three months for youth and six months for adults</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>At least once a month</td>
<td>Within six months</td>
</tr>
<tr>
<td>Spain</td>
<td>Six per year</td>
<td>At six months for youths and twelve months for adults</td>
</tr>
<tr>
<td>Sweden</td>
<td>Every six weeks on average</td>
<td>Within 30 days of registration</td>
</tr>
<tr>
<td>Switzerland</td>
<td>On average once a month</td>
<td>After three months at the latest</td>
</tr>
<tr>
<td>Turkey</td>
<td>Not specified</td>
<td>No practice of action plans</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Jobseeker reviews every two weeks; more intensive reviews every three months</td>
<td>Within two weeks</td>
</tr>
<tr>
<td>United States</td>
<td>No fixed schedule; much variance by state</td>
<td>Only in a minority of cases; no defined duration</td>
</tr>
</tbody>
</table>
Table 5.5. Participation in active labour market programmes (ALMPs)

<table>
<thead>
<tr>
<th>Country</th>
<th>Compulsory participation after some set unemployment duration (Yes/after how many months/No)</th>
<th>Compulsory when referred by PES (Yes/No)</th>
<th>Continuing job-search requirement (R) and verification (V) during participation in ALMPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Yes, six months for all aged 18 to 49</td>
<td>Yes</td>
<td>R, V</td>
</tr>
<tr>
<td>Austria</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Belgium</td>
<td>No</td>
<td>Yes</td>
<td>R, V (VDAB)</td>
</tr>
<tr>
<td>Canada</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>No</td>
<td>No</td>
<td>R, V</td>
</tr>
<tr>
<td>Denmark</td>
<td>Yes, six months for unemployed under 30 and over 60; nine months for all others</td>
<td>Yes</td>
<td>R</td>
</tr>
<tr>
<td>Finland</td>
<td>No</td>
<td>Yes, if a measure is contained in an individual action plan</td>
<td>R</td>
</tr>
<tr>
<td>France</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Germany</td>
<td>No, but unemployment assistance (UBII) recipients below age 25 can be referred immediately</td>
<td>Yes</td>
<td>Variable requirements</td>
</tr>
<tr>
<td>Greece</td>
<td>No</td>
<td>Participation “strongly encouraged”</td>
<td>No</td>
</tr>
<tr>
<td>Hungary</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Ireland</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Italy</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Japan</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
## Activation: What countries do (OECD 2007)

<table>
<thead>
<tr>
<th>Country</th>
<th>Activation To Work</th>
<th>Activation To Training</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Yes, one month/six months (start of “reintegration trajectory”)</td>
<td>Yes</td>
<td>No reply</td>
</tr>
<tr>
<td>New Zealand</td>
<td>No</td>
<td>Yes, if a measure is contained in an individual action plan</td>
<td>Variable requirements</td>
</tr>
<tr>
<td>Norway</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Poland</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Portugal</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>No</td>
<td>No</td>
<td>R, V</td>
</tr>
<tr>
<td>Spain</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Sweden</td>
<td>Yes, at 28 months at the latest</td>
<td>Yes</td>
<td>R, V</td>
</tr>
<tr>
<td>Switzerland</td>
<td>No</td>
<td>Yes</td>
<td>R, V</td>
</tr>
<tr>
<td>Turkey</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Yes, ten months for youth, 22 months for adults 25-49</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>United States</td>
<td>No</td>
<td>No</td>
<td>R and possibly V in some states</td>
</tr>
</tbody>
</table>
2) ALMP: A (very) basic framework
Basics

ALMPs are an alternative / complement to “passive” programs like Unemployment Insurance (UI) and welfare

Basic goals:
— Raise participants’ employment / earnings

Other possible goals:
— Increase job creation
— Improve matching supply + demand on the labor market
— Raise participant (social) welfare?
— Lower government cost
Types of active programs

i. **Job Search Assistance** -> job search efficiency

iia. **Private sector employment programs** -> employer/worker behavior
   a) Wage subsidies, b) Self-employment assistance / start-up grants

iib. **Public sector employment** -> direct job creation

iii. **(Labor market) Training** -> human capital accumulation, “classic”

Specific target groups: Youths, disabled
Spending on ALMP in OECD countries, 1985-2009
Spending on passive measures in OECD countries, 1985-2009
How do ALMPs work?
-> Job search assistance (JSA)

— Job search training, Counseling, Monitoring, + Sanctions and “threats”
— Raise search effort / efficiency of search + job match
— Nudge procrastinators

Implications:
— Only a short run effect unless getting a job changes preferences or future employability (job ladder effect)
— Risk of displacement effect (esp. in low-demand market)
How do ALMPs work?

-> Training

- Raise human capital (HC)
- Change preferences
- Training components: 1) Classroom vocational / technical training, 2) work practice (on-the-job training), 3) Basic skills training (math, language), 4) life skills training (socio-affective, non-cognitive skills), 5) Job insertion

Implications:
- Training takes time -> negative effects in SR
- LR effect: expect max. 10% return (?)
- Negative effect if training obsolete / useless
- Limited displacement effect
How do ALMPs work?

-> Direct employment (public / private)

- Range: “hole digging” to subsidize internship
- Limited HC accumulation through work practice
- Culturization

Implications:
- Only a short run effect unless work changes preferences or future employability
- Highest risk of displacement effect
- Negative impact if alternatives are better
## Alternative programs – summary

<table>
<thead>
<tr>
<th></th>
<th>JSA</th>
<th>Training</th>
<th>Direct employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gov’t cost</td>
<td>Low</td>
<td>Medium / high</td>
<td>high</td>
</tr>
<tr>
<td>SR effect</td>
<td>Positive</td>
<td>Negative</td>
<td>Positive</td>
</tr>
<tr>
<td>LR effect (best case)</td>
<td>Small positive</td>
<td>Positive (10%)</td>
<td>Small positive</td>
</tr>
<tr>
<td>LR effect (worst case)</td>
<td>Small negative</td>
<td>Small negative</td>
<td>Negative</td>
</tr>
<tr>
<td>Displacement</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>
3) General lessons from the literature
Main results (i)

Strong pattern by program type:

— Training on average modestly effective, but: LR effects positive!

— Private sector direct employment programs (wage subsidies) effective in SR -> but: displacement?

— Public sector direct employment programs are not effective and often decrease participants’ job finding chances

— Job Search Assistance programs frequently show positive effects (SR); they also tend to be cost-effective
Impacts increase with time after the program (LR > SR)

<table>
<thead>
<tr>
<th>Short-term Impact Estimate:</th>
<th>Percent of Medium-term Estimates that are:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Significantly Positive (1)</td>
</tr>
<tr>
<td>a. Significantly Positive (N=30)</td>
<td>90.0</td>
</tr>
<tr>
<td>b. Insignificant (N=28)</td>
<td>28.6</td>
</tr>
<tr>
<td>c. Significantly Negative (N=36)</td>
<td>30.6</td>
</tr>
</tbody>
</table>
ALMP effectiveness over time

Fractions of Estimates

Positive and Significant
Negative and Significant
Statistically Insignificant

Time Period of Program Operation
Main results (ii)

— Little systematic correlation of ALMP effectiveness with the business cycle
— Labor market institutions also seem to play no role (exception: EPL)
— Youth programs systematically less effective in OECD (two-tier labor markets?)
— Comprehensive, well-targeted programs work

Service delivery:
— Key questions: institutional capacity? Public vs. private?
— “One-stop shops”
— Statistical profiling
4) So, what about Activation and ALMP in the developing world?
First, to what extent are OECD results relevant?

— Partially, no: Country contexts and target populations can be very different: informality, low labor demand, disadvantaged low-skilled vs. long-term unemployed, institutional capacity

— Partially, yes: Strong systematic patterns by program type provide important information -> JSA, training

— Long-run implications of human capital formation

— Comprehensiveness of programs

— Moreover: importance of results-based monitoring and evaluation
A bit more detail:

— Systematic knowledge across regions is limited
— Quite a few programs and evaluations in Latin America and the Caribbean (LAC); large majority evaluates youth training programs -> “Jóvenes”
— Main finding: these programs are effective on average -> employment, job quality
# Youth training programs in LAC

<table>
<thead>
<tr>
<th>Country</th>
<th>Increase in employment</th>
<th>Increase in earnings</th>
<th>Cost-benefit analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina: Proyecto Joven</td>
<td>10% (women)</td>
<td>10% (monthly wages)</td>
<td>NPV &gt; 0 if 12 years of positive benefits (DR = 5%)</td>
</tr>
<tr>
<td>Chile: Chile Joven</td>
<td>21% (individuals younger than 21 years old, women)</td>
<td>26%</td>
<td>—</td>
</tr>
<tr>
<td>Colombia: Jóvenes en Acción</td>
<td>5% (women)</td>
<td>18% (men), 35% (women)</td>
<td>IRR = 4.5% (men), 13.5% (women)</td>
</tr>
<tr>
<td>Dominican Republic: Juventud y Empleo</td>
<td>Not significant</td>
<td>10%</td>
<td>NPV &gt; 0 if 2 years of positive benefits (DR = inflation)</td>
</tr>
<tr>
<td>Peru: ProJoven</td>
<td>6%</td>
<td>18% (hourly)</td>
<td>NPV &gt; 0 if 7 years of positive benefits (DR = 5%) IRR &gt; 4%</td>
</tr>
<tr>
<td>Panama: ProCaJoven</td>
<td>10–12% (women and Panama City residents)</td>
<td>Not significant</td>
<td>NPV &gt; 0 if 1 year of positive benefits (IR = DR)</td>
</tr>
</tbody>
</table>
Features of the “Jóvenes” programs

— Financing of training separated from the provision: training courses are selected through a public bidding system
— Type of training is demand driven -> connection with private sector
— The intervention follows a “multi-service” approach: classroom training + internship / work experience + job search assistance + life skills
More evidence

Outside of LAC -> particular examples (WDR 2013):

— Job search assistance: Job matching networks based on ICT -> mobile phones, e.g. Souktel (Palestine)

— Wage subsidies: few examples (some in ECA), mostly combined with public works or training (LAC)

— Public works: MGNREGA in India; programs e.g. in El Salvador and Sierra Leone; while LR effects difficult, may improve social cohesion in post-conflict contexts
5) New issues and directions
Program design: components

Relative effectiveness of training components / optimal combination:

1) Classroom training, 2) Work practice, 3) Basic skills, 4) Job insertion, 5) Life skills

In particular, life skills have entered center stage:

— Complement to technical training?
— How to teach non-cognitive skills? -> through sports, through theatre, etc.?
— Methodological: How to measure non-cognitive skills? -> Psychometrics
**JobAct**

Schon gecheckt, was in Dir steckt?

Läuft es bei Dir mit der Ausbildungssuche auch nicht so super? Dann hätten wir da was für Dich: JobAct erhöht Deine Chancen auf eine Ausbildungsstelle.


Sage und schreibe rund 60 Prozent aller Projektteilnehmer finden durch JobAct eine Perspektive. Super, oder? Worauf wartest Du noch?

Bei Interesse wende Dich an den Ansprechpartner deines SGB II (Alg II) Trägers oder an:

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buero@projektfabrik.org
www.projektfabrik.org
Program design: Optimal length of training?
What about (youth) entrepreneurship training?

— Frequently suggested as a policy with a lot of potential, in particular in contexts with insufficient labor demand, high population growth, high youth unemployment (also among high-skilled)

— Limited empirical knowledge

— RCT from Tunisia -> „Turning theses into enterprises“
  — Significant and large impact on self-employment
  — Likely not a mass effective channel given low base
  — Can skills create jobs? -> Credit constraints
... and finally ...
... broaden the evidence base!

— The evidence we have comes from a sizeable number of program evaluations worldwide (increasingly Randomized Controlled Trials, RCT)

— An enormous learning potential lies in the programs that are being implemented and evaluated

— This effort needs to be continued and fostered -> i.e. built-in whenever programs are designed and implemented

— -> More systematic knowledge on training contents, effectiveness, and relating to country contexts

— -> ever increasing potential to inform and blend into public policy
Thank you.

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