

## Policy lessons from the evaluation of youth employment policies in Spain, Hungary, Italy and Poland

This **policy** brief summarises the main lessons of four studies prepared in the *Youth Employment PartnerSHIP* project. Each study evaluated the impact on young people of one or several employment policies using counterfactual quantitative methods based on administrative data from four countries. The issue of youth unemployment is relevant in all of these countries, although the specific conditions differ. Whereas in Italy and Spain the main problem is that young people are often able to secure only temporary employment, in Hungary and Poland, youth from vulnerable backgrounds are often unable to enter the labour market altogether. The general recommendations presented in this policy brief can help to improve the development of policies aimed at youth and other target groups, and can assist the Member States in implementing the agenda put forward in the 'Bridge to Jobs' Recommendation of the EU Commission.

Country	Policy analysed	Main Results
SPAIN	Internship contract	The policy is ineffective in promoting job stability for young people, and is even counterproductive in its current form.
HUNGARY	90-day job trial wage subsidy	The policy has a higher probability than public works of improving youth employment, but it does not reach the most vulnerable youth.
ITALY	Jointly: a) social security rebate for new (or converted from temporary) open-ended contracts; and b) lowered firing costs for open-ended contracts	The two policies have a positive impact on the share of new hires with an open-ended contract. The effect is above average for youth in general, but below average for young women in particular.
POLAND	1) Wage subsidy 2) Various active labour market programmes	ALMPs have small positive employment effects that rapidly disappear; except for public works, which have large negative employment effects, especially for disadvantaged youth.

**Prioritise vulnerable groups.** Disadvantaged young people need to be given a higher priority in active labour market policy programmes. We have shown that in a number of countries, those individuals who are already closer to the labour market tend to end up participating in (costly) programmes. Therefore, labour market incentives should focus on specific vulnerable groups with low employment probabilities, instead of on general population groups. Policymakers should study the factors that contribute to the gender, age and education gaps in

outcomes, and tailor support and implementation frameworks accordingly.

**Fine-tune the targeting of support.** Policymakers should be aware that active labour market policies will be more or less effective for different groups of beneficiaries. Thus, in order to increase the efficiency of ALMPs, specific policies need to be targeted to those groups for whom they are most beneficial, while respecting fairness principles. As well as ensuring fairness, the use of this policymaking

approach could increase the positive effects of ALMPs, while decreasing the deadweight loss.

**Design the interventions flexibly, and using a more tailored approach.** While general hiring and wage subsidies are helpful in periods of recession, such as in the current Covid-19 crisis, programmes should be specifically designed to focus on the groups who are facing the largest (and most prolonged) negative effects.

**Mainstream gender.** Most of our evaluation studies concluded that women benefit less than men from policy interventions. Policymakers should seek to understand the factors that contribute to the gender gaps in outcomes, and tailor support and implementation frameworks accordingly. This will become particularly important in the coming years, as the target of the Youth Guarantee will expand to include 25-29-year-old NEETS, who are, in many countries, in a large share women with young children. For instance, to facilitate the hiring of members of this group, policymakers may need to pay particular attention to hiring incentives for part-time work, or to providing help in accessing childcare.

**Implement regular evaluations.** Evaluations of ALMPs are needed to ensure the responsible use of public funds. Sound evaluations of the impact of these programmes can provide important input to the cycle of adjusting and improving labour market policy programmes. PES should take advantage of the growing availability of high-quality administrative data to improve their understanding

of the effects of these policies. In order to facilitate this feedback loop, the principles established for data collection and storage should incorporate the considerations of the subsequent evaluation.

**Use pilots and field experiments.** Before introducing large-scale and costly subsidies, authorities are encouraged to run smaller, randomised control trials in order to get an a priori picture of the effect of the policies.

**Make use of evaluations and learn from policy inefficiencies.** Improvements and reforms of the labour market in particular and of public policies in general that are consistently based on evidence should be common practice. As the effects of policies can change over time, it is important to re-evaluate them over the long term. In addition, policies that are implemented during specific crisis need to be adapted and reformed as the crisis situation evolves.

**Account for the design and implementation of the policy.** The specific design and implementation of policies contribute to their take-up and effectiveness. Greater attention should be paid to policy announcements, and to the formulation of specific programme rules and incentives designed to guarantee that the policy objective is met. In particular, separate outcome indicators for disadvantaged youth can be formulated and monitored, and incentives should be offered for PES personnel to include members of this group in programmes.

**Further reading:** Counterfactual evaluation of youth employment policies and a Methodological guide are available at: <http://yepartnership.ibs.org.pl/publications>

The project "**Youth employment partnership: evaluation studies in Spain, Hungary, Italy and Poland**" aims to evaluate employment initiatives targeting youth in these four European countries. The project benefits from a €1.8 million grant from Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment.