

# Georg Fischer

## Evaluation and Monitoring of Active Labor Market Policy (ALMP)

## Trends in Europe and the European Social Fund (ESF)

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*Georg Fischer speaks in personal capacity,*

## ***Structure of presentation:***

1. Rising interest in Europe in evaluation and monitoring of ALMPs: What are ALMP?, role of EU and member countries;
2. The European Social Fund (ESF): What is the ESF and how does it function?
3. The specific features for monitoring and evaluation of ESF activities
4. Trends in ALMP Evaluation in Europe:  
Activity in Counterfactual Analysis,  
Random Assignment, quasi experiments,  
administrative data,
5. Discussion

# Evaluation and monitoring of ALMP in Europe

- The traditional way of assessing programs: monitoring participation and spending; qualitative research; more ambitious efforts in Nordic countries, promoted by OECD, EU handbook 1997, CEE: the contribution of UPJOHN (HU/PL) ;
- Pressures starting in the 1990s and 2000s :
  1. “Better regulation agenda” at EU and national level – obligation for Ex-ante Impact Assessment and evaluation of policy before renewal or revision;
  2. Demand for transparency and accountability: people wish to know previous results before joining specific programs; fair competition among providers;
  3. Public budgets: increased competition for limited resources;
  4. More autonomous PES and external provision of ALMP;
  5. Growing uncertainty about labor market needs;
  6. Development of new methods and feedback between rising policy interest and growing research community;

# Active Labour Market Policies (ALMP)

... address the labor market challenges European countries face:

- Labor market integration of young (NEETs), Reintegrate of long-term unemployed, Pathways to employment for disadvantaged people, update skills to address shortages,

... delivered mostly through Employment Services using *“Programmes ... aimed at the improvement of the beneficiaries' prospect of finding employment or otherwise to increase their earnings capacity.”* (OECD) measures as described by EC in 2017:

- Counselling and job-search assistance: for short-term unemployed, individualized or 'tailor-made' approach in particular for long-term unemployed,
- Subsidies to employers: for disadvantaged for whom other measures have proved ineffective – to influence attitudes and opportunity to 'test' workers;
- Direct employment/job-creation schemes: typically longer term unemployed;
- Training: On-the-job training, courses and vocational training

Countries run their programs in national competence with varying budgets:

Denmark 2, France 1, Germany 0.7, Italy/Poland 0.5 in % GDP;

Funding for ALMP important use of ESF;

# The European Social Fund and ALMP

- EU provides policy **guidance** on ALMP to individual countries, through horizontal recommendations and provides funding through the **ESF**:
- ESF: 4 top level “Thematic Objectives” and 19 “investment priorities”,
- 2014-2020: 120,7 Billion Euro (83,7 EU + 37 national co-funding): Employment and Training each 40, Social Inclusion 31 Bio,
- Implementation by countries through “**Operational Programmes (OP)**” negotiated with Commission, country identifies labour market, human development and inclusion challenges and translate them into **Investment Priorities** bundled into “Priority Axes”.
- **A wide variety of activities**: training, job subsidies, education, support for PES or care provision, NGOs.
- *Robust impact evaluation difficult, EU demands **solid monitoring of results and evaluations...***

# Monitoring of ESF programs

For each investment priority: OP defines specific objectives and **indicators**:

- *Output*: recipients by socio-economic characteristics,
- *Results*: status upon leaving and after 6 months;
- 2014-2020: **Open data system** on outputs and results per country/OP,
- Improved monitoring will facilitate **evaluation** by countries and **ex-post evaluation** by Commission – evaluation of ESF will remain an analysis of information on very different activities including model based macro-impact analysis.
- ESF guidelines encourage **use of CIE for activities** under each program (support through Joint Research Center, training and handbook).

Commission Proposal for **next** period:

- A **set of frequently available data** to facilitate access for assessment including by Commission and research community;
- *Could refined open data system allow benchmarking across programs, regions and countries ?*

# ESF Output/Result Indicators:

- **Output (Participants):**

- Unemployed – long term unemployed;
- Inactive – NEET (young);
- Employed – self employed
- Disadvantaged participants: migrants, people with foreign background; minorities including marginalised communities such as the Roma; people with disabilities; people experiencing housing exclusion , rural areas,

- **Results:**

- **Status upon leaving:**

- Employment/Self employment,
- In Education/Training,
- Gaining a Qualification,
- For disadvantaged and inactive also:  
registration with PES + job search

- **Status 6 months later**

- Employment/ Self employment,
- Improved labour market situation,

***All indicators by gender, ISCED 1-2; 3-4, 5-8; age ( -25, 25-54, 54+);***

# ALMP Evaluation Trends in Europe

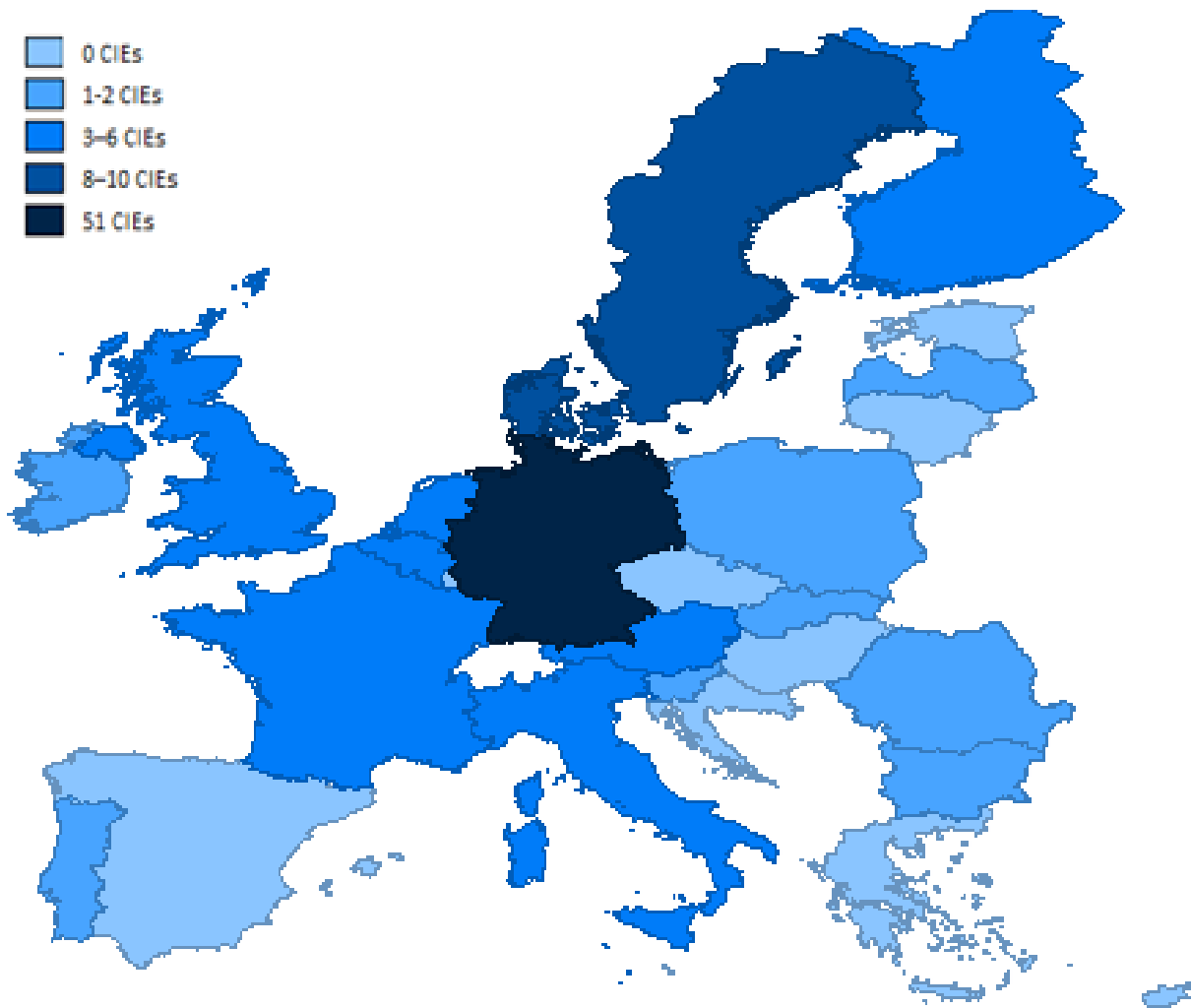
Recent time series on evaluation studies by country, method and use of administrative data, from a new book:

- Concentration of CIE in Germany and Nordic Countries, Germany resulting from substantial labour market reforms,
- Recently increasing activity in other countries: France, Italy,
- Studies use administrative data: social security, UI and information on programmes,
- Growing community of researchers helps to extend activities;

*Source:* d'Hombres B., Santangelo G. (2019) Use of Administrative Data for Counterfactual Impact Evaluation of Active Labour Market Policies in Europe: Country and Time Comparisons. In Crato N., Paruolo P. (eds) Data-Driven Policy Impact Evaluation. Springer,



# Number of counterfactual impact evaluation studies per country in CRIE study



# CIE evaluations in Europe 2000-2016



## Distribution by counterfactual impact evaluation method and importance of administrative data ( based on 111 studies)

<b>CIE method</b>	<b>Data source</b>		
	Administrative (%)	Survey (%)	Combination of data sources (%)
<b>Randomisation (10% of all)</b>	<b>45.45</b>	<b>27.27</b>	<b>27.27</b>
<b>Propensity score matching (PSM) (55%)</b>	<b>67.21</b>	<b>11.48</b>	<b>21.31</b>
<b>PSM combined with other methods (11%)</b>	<b>53.85</b>	<b>15.38</b>	<b>30.77</b>
<b>Difference in diff. (8%)</b>	<b>66.67</b>	<b>33.33</b>	<b>0</b>
<b>Instrumental variables (8 %)</b>	<b>75</b>	<b>25</b>	<b>0</b>
<b>Regression discontinuity design (8%)</b>	<b>100</b>	<b>0</b>	<b>0</b>

# Conclusions of Recent Meta and Overview Studies:

- **Card D, Kluge J, Weber A (2015) What works? A meta analysis of recent active labor market program evaluations**, Reviewed over 200 studies (mostly Europeans) emphasizes heterogeneity concerning groups of participants: LTU in a recession – human capital; disadvantaged people – work first programs, larger impacts in periods of slow growth and high unemployment in particular for human capital (keep LTU in the labour force),
- Methodological experiences: measuring duration to job finds stronger effects than employment probability; the 20% randomized control trials in the survey produce similar results than non-experimental studies;
- **Crépon and Van den Berg, (2016), Active labor market policies:** even stronger on diverse effects: ALMP mitigate inequalities in the labor market. Improvements for typically disadvantaged beneficiaries are often achieved to the detriment of non beneficiaries. Not a lot is known about assignment rules for the target population. In this sense, there is a scope for new randomized controlled trials focusing on those issues to develop better targeting strategies.
- **Fazekas K, Kezdi G, The Evaluation of Active labour Market Programs 2011** documents considerable activity in one CEE country ,Hungary, including counterfactuals – similar results as above and emphasizes (problematic) relationship between policy makers interests, motivation of researchers and quantity of studies,

# Random and Assignment and quasi experiments in EU countries ...

*In EU countries dominance of quasi experiments:*

- Ethical objections ... not always convincing but do not disregard, staff wants to do best for those most in who need it most; and people want to get best service;
- Politics of program development ... evaluation after adoption and initial implementation, “politicians not (yet ?) trained”
- Evaluation design - when program is in full flow and policymakers see why evaluation is needed,
- Administrative data facilitate quasi experiments,
- “Newness” bias can distort results: reaction of staff, recipients and management to being a “model” and to being closely monitored;

# Impact Evaluation: Relevance and Limitations

- CIE activities need further expansion to achieve transparency for (potential) recipients and justification for use of public funds;

*But be clear about limitations:*

- CIE do not always explain *why programs are more/less (un)successful*,
- Are results transferable over time and locations?
- Over time as labor market challenges change and serious evaluations need time;
- Location ... perhaps in an entity as diverse as EU particularly relevant

*How to improve transferability - the central point for a future evaluation development agenda ;*

*Improve monitoring and benchmarking to facilitate evaluation of programs like ESF OPs that address broad policy challenges with a broad mix of actions;*

# Thank you very much

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