

▶ **Active labour market policies**

To support job creation and employability

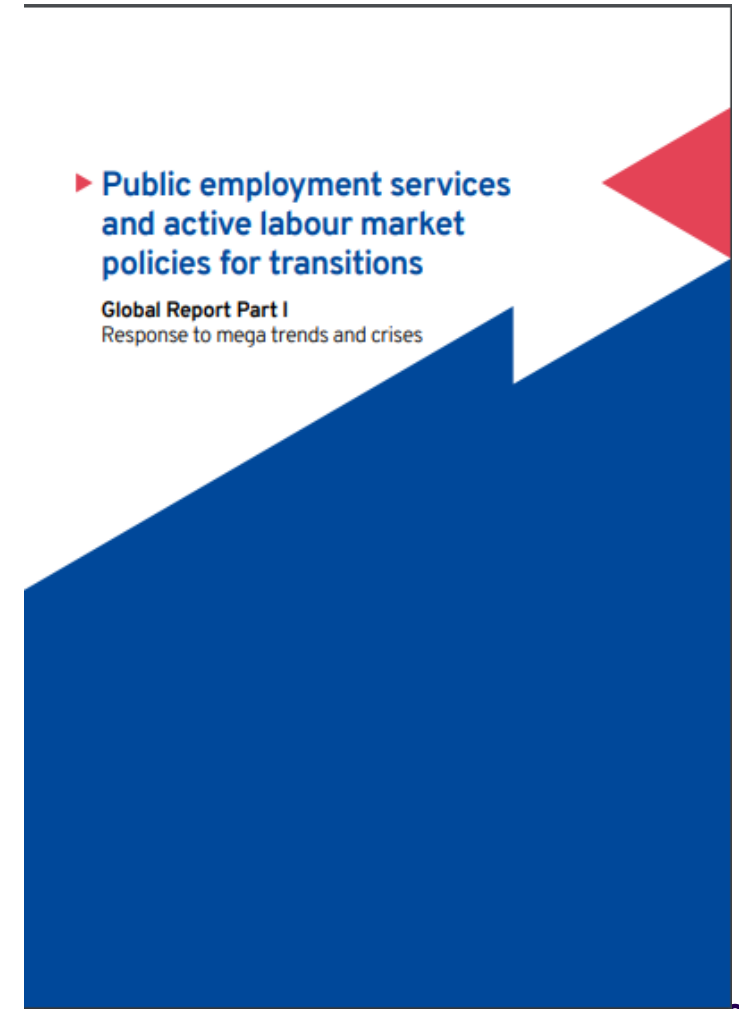
Makiko MATSUMOTO, DWT-Bangkok, ILO

▶ What is active labour market policies?

Aims to improve labour market integration of individuals

5 main categories:

- ▶ Training
- ▶ Public employment programmes
- ▶ Employment subsidies
- ▶ Support for creation of microenterprises
- ▶ Employment intermediation services



▶ How effective are ALMPs?

Many impact assessment conducted (e.g. meta-analyses by Card, Kluve & Weber 2010, 2018)

Dependent variable: usually (formal) employment, earnings, immediately + after a certain time period

Effective ones may be characterized by:

- ▶ Sufficient duration (e.g. 4 months)
- ▶ Careful targeting
- ▶ Location-specific support
- ▶ ...

How effective are ALMPs?

ILO-WB policy brief (2024)

Evaluates 220 within 171 youth-focused ALMPs since 1990 (67 countries):

In low- & middle-income countries, more positive impacts found for:

- ▶ Entrepreneurship
- ▶ Employment services
- ▶ More so for younger & vulnerable groups, including women



MAY 2024

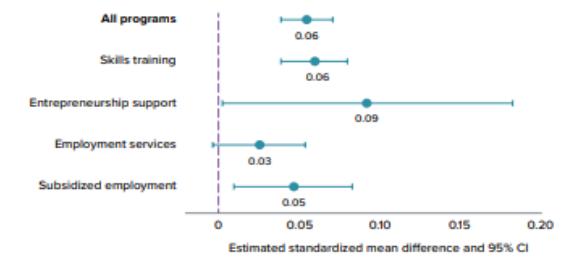
ACTIVE LABOR MARKET PROGRAMS IMPROVE EMPLOYMENT AND EARNINGS OF YOUNG PEOPLE¹

A systematic review by the World Bank and the International Labour Organization (ILO) combines results from evaluations of 220 youth-focused active labor market programs (ALMPs) conducted around the world since 1990. The evidence shows that investments in labor market programs for young people pay off: ALMPs significantly improve their employment and earnings prospects, particularly in Low- and Middle-income countries. Youth at greatest risk of labor market exclusion often benefit the most. To guide future program design, the report identifies features of ALMPs that are associated with positive impacts on youth.

Key findings

- ▶ **ALMPs have significant positive impacts on youth employment and earnings.** These programs deliver skills training, employment services, subsidized employment, or entrepreneurship support.
- ▶ **More recent programs report bigger impacts on average.** Also, the quality and number of impact evaluations increased over the past years.
- ▶ **Globally, youth entrepreneurship and training programs show the largest impacts.** These programs deliver the skills, work experience, or financial support needed to enter wage- or self-employment.
- ▶ **The intervention types that work best vary by country income group.** In Low- and Middle-income countries, entrepreneurship support and employment services yield larger impacts. In High-income countries, skills training, and wage subsidies have larger impacts on average.
- ▶ **ALMP impacts in Low- and Middle-income countries appear larger for younger and vulnerable groups** such as women, low-skilled, or marginalized youth.
- ▶ **Key design features of effective programs include soft skills training and certification.** Successful programs often combine interventions to address multiple barriers of youth, especially in Low- and Middle-income countries.
- ▶ **Local and regional programs often report better results than national programs.** Further, partnerships between the public and non-public actors are on average more impactful in Low- and Middle-income countries.
- ▶ **While evidence remains limited, three in four cost-effectiveness studies find that benefits outweigh costs in the longer run.** At the same time, costs vary considerably across intervention types.

Figure 1 | Average impacts on youth employment and earnings outcomes across program types

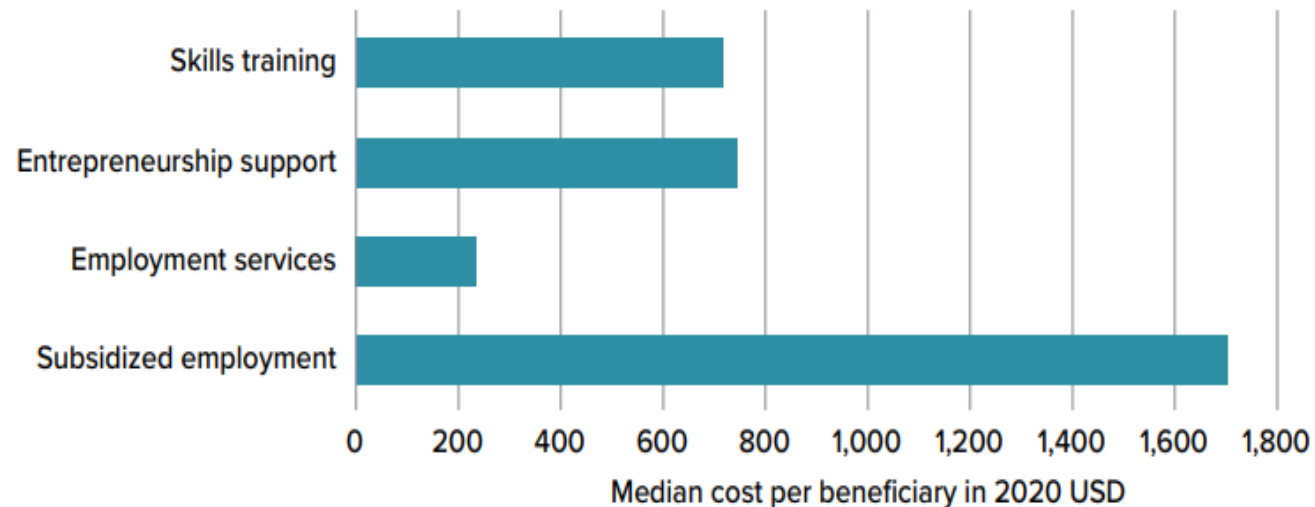


▶ How effective are ALMPs?

ILO-WB policy brief (2024)

Benefits often exceed costs, though more rigorous evidence still needed

Figure 5 | Median program costs per beneficiary across program types

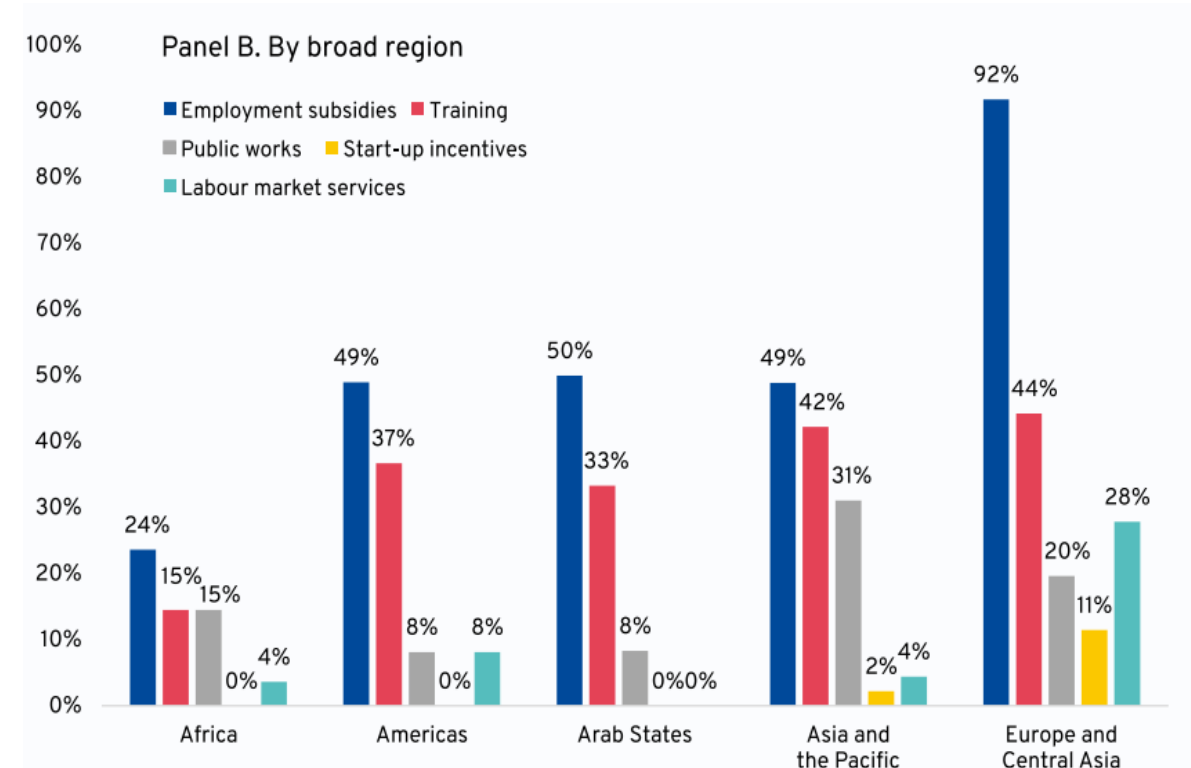


ALMPs in response to the pandemic

Employment subsidies

Main objective – job retention

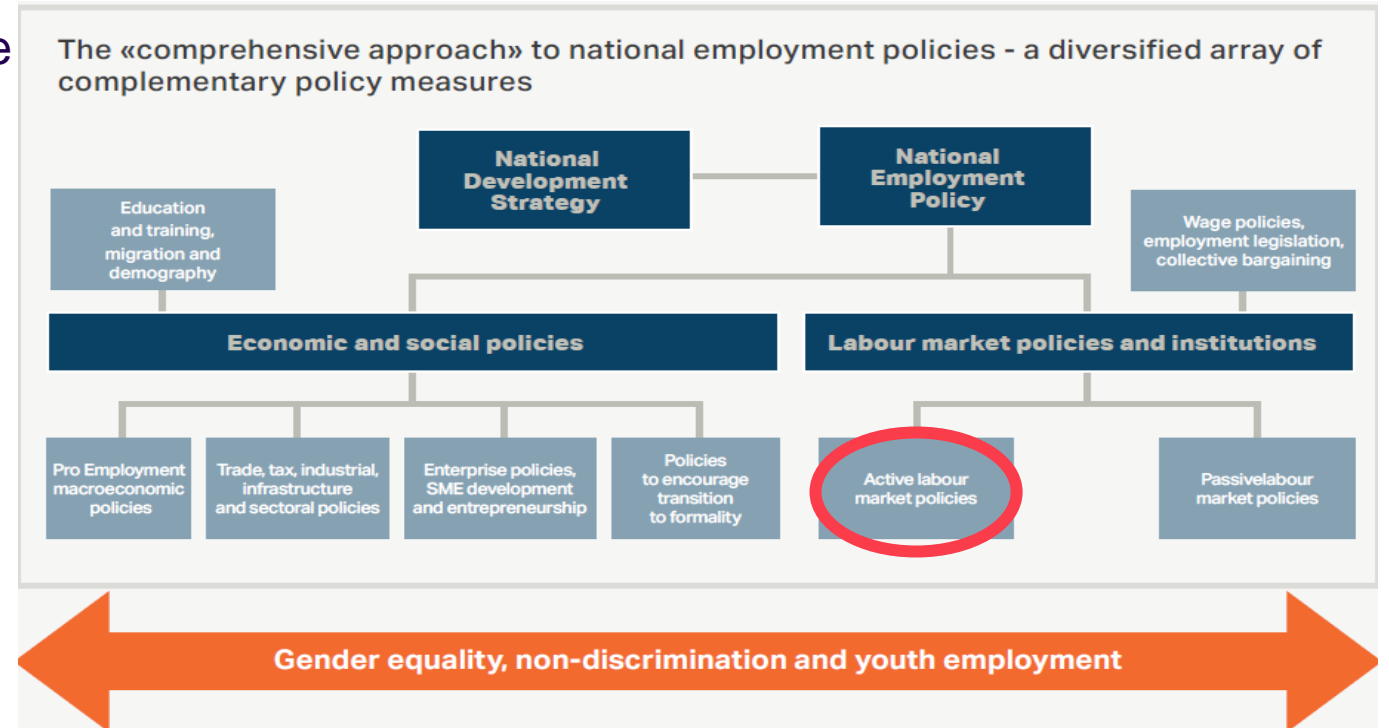
Figure 4.1. Share of countries that relied on active labour market policies as part of their response to the COVID-19 crisis between January 2020 and May 2021, by policy type, country income level (panel A) and broad region (panel B) (percentage)



How can ALMPs be a tool to support structural change?

'Positioning' of ALMPs within employment policy space

Support LM adjustments for structural change



▶ ALMPs – considerations for Cambodia

Some measures already exist

For example, TVET, PES.

- ▶ Contextualize, within the broad economic and development policy objectives
- ▶ ‘Packaging’ the services for activation (design)
- ▶ Assessment of beneficiary gaps for better inclusion
- ▶ Stronger integration with ‘passive’ LMPs
- ▶ A ‘programme’ that can be applied flexibly at the local level
- ▶ M&E design from the outset

Thank you!