

Impact Evaluation of Employment Promotion Programmes in Albania



Schweizerische Eidgenossenschaft
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Shërbimi Kombëtar
i Punësimit



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Introduction

Active labor market measures in the form of employment promotion programmes (EPPs) in Albania, are put in place with the aim of increasing employment, reducing unemployment, decreasing informality, supporting vulnerable groups, and paving the way to sustainable and formal employment.

An overview of the labor market in Albania, up to 2016, shows that it is characterized by disparities in terms of gender and age. Women and especially young women have worse labor market indicators vis-à-vis their male counterparts. Women have much lower labor force participation rates, employment rates, and unpaid family work. Young women appear at the greater disadvantage. Labor force participation rates show an upward trend after 2013 (Table 1). In 2014, the labor force participation rate has increased to 61.5% from 59.6% in 2013 and has continued the upward trend with 64.2% in 2015, and 66.2% in 2016. Labor force participation rates have also improved for men and women after 2013, however there are quite large differences between them. In 2016, men's labor force participation rate for the age group 15-64 years is 74.1% compared to 58.3% for women. As with the overall labor force participation rate, men and women's lowest level has been in 2013 with 70.2% for men and 50.1% for women.

Youth labor force participation rate is the lowest among all age-groups. The labor force participation rate for youth between the ages of 15-29 is 38.7% in 2013, while improving during 2014-2016, to 41.9% in 2014, 44.5% in 2015, and the highest level of 45.7% in 2016. Young women have the lowest labor force participation rate within the group and compared to the rest of the age-groups. Young women's labor force participation rate in 2016 is 38.8% compared to 51.7% for young men. During 2014-2016, young women's labor force participation rates have not surpassed 40.0%, while young men's have been above 50.0%.

Table 1 Labor Force Participation Rate

Age group	2013	2014	2015	2016
	38.7	41.9	44.5	45.7
30-64	71.1	72.3	74.5	76.1
15-64	59.6	61.5	64.2	66.2
15+	52.4	53.7	55.7	57.5
Male				
15-29	47.9	51.2	52.8	51.7
30-64	82.9	84.5	85.2	85.8
15-64	70.2	72.2	73.4	74.1
15+	61.7	63.5	64.3	65.0
Female				
15-29	30.1	32.0	35.4	38.8
30-64	60.7	61.2	64.6	66.8
15-64	50.1	51.3	55.1	58.3
15+	44.0	44.4	47.2	49.9

Source: INSTAT statistical database

The differences in labor force participation rates are also apparent in the employment rates. Employment rates show the same patterns as labor force participation rates. Employment rates have also been the lowest in 2013, 49.9% for the age-group 15-64 years (Table 2). Employment rates have showed an upward trend during 2014-2016, with the highest levels achieved in 2016. Employment rates have increased to 50.5% in 2014, followed by 52.9% in 2015, and 55.9% in 2016. Employment rates are considerable higher for men in the age-group 15-64 year with 61.9% in 2016, compared to 49.7% for women, which is the highest level for the period 2013-2016. Men's employment rates have revolved around 60.0%, while women's have yet to reach 50.0%.

Young women have by far the lowest levels of employment with 28.0% in 2016, compared to 36.3% for young men. The overall youth employment rate in 2016 is 32.4%. Young women's highest employment rate is still lower than young men's lowest employment rate of 33.0%, recorded in 2014. Young women's lowest employment rate of 23.0% has been recorded in 2013. However, stagnant levels of 23.3% and 23.1% have been maintained also during 2014 and 2015, respectively.

Table 2 Employment Rate

Age group	2013	2014	2015	2016
15-29	28.2	28.2	29.8	32.4
30-64	61.8	62.7	65.2	67.2
15-64	49.9	50.5	52.9	55.9
15+	44.1	44.3	46.2	48.7
Male				
15-29	33.7	33.0	35.8	36.3
30-64	70.8	72.7	74.8	75.4
15-64	57.3	58.0	60.5	61.9
15+	50.7	51.4	53.3	54.7
Female				
15-29	23.0	23.3	23.1	28.0
30-64	53.9	53.6	56.3	59.3
15-64	43.1	43.4	45.5	49.7
15+	38.0	37.6	39.2	42.8

Source: INSTAT statistical database

The unemployment rates for the age-group 15-64 years have increased after 2013, from 16.4% in 2013 to 17.9% in 2014, and 17.5% in 2015 (Table 3). The unemployment rate for this age-group has decreased to 15.6% in 2016. Unemployment rates, as they stand with the current labor market definition hide gender differences due to the large amount of women's inactivity rates and unpaid family labor. In 2014 and 2015 there have been 146,864 and 138,322 men in unpaid family labor, respectively, versus 189,495 and 185,485 women in unpaid family labor, respectively. Consequently, women's unemployment rates appear lower than that of men. As with the rest of labor market indicators, youth unemployment rates are the highest in the population. Youth unemployment has increased from 27.2% in 2013 to 32.5% in 2014, and further increasing to 33.2% in 2015, which is also the highest level, and falling to 28.9% in 2016.

Table 3 Unemployment Rate

Age group	2013	2014	2015	2016
15-29	27.2	32.5	33.2	28.9
30-64	13.1	13.3	12.5	11.8
15-64	16.4	17.9	17.5	15.6
15+	15.9	17.5	17.1	15.2
Male				
15-29	29.7	35.6	32.3	29.7
30-64	14.6	14.0	12.2	12.2
15-64	18.3	19.7	17.5	16.4
15+	17.8	19.2	17.1	15.9
Female				
15-29	23.6	27.4	34.7	27.8
30-64	11.2	12.3	12.9	11.2
15-64	13.8	15.5	17.4	14.6
15+	13.5	15.2	17.1	14.4

Source: INSTAT statistical database

Employment promotion programmes have evolved and increased in number over time, and there are currently seven employment promotion programmes targeting different groups that are deemed to be at higher disparities in the labor market or in need of integration in the society. The employment promotion programmes in Albania largely rely on subsidized employment and on-the-job training. They are available to all unemployed jobseekers registered with the National Employment Service (NES). The eligibility criteria of benefiting from EPPs are underlined in the Decisions of the Council of Ministers (DCMs)¹. They include promotion of employment through on-the-job training (DCM No.47), employment promotion program for jobseekers in difficulty (DCM No.48), employment promotion program for females from vulnerable groups (DCM No.27), internship for recent graduates from Albanian or abroad (DCM No.873), employment promotion program for unemployed youth entering the labor market for the first time (DCM No.199), employment promotion program for unemployed jobseekers with disabilities (DCM No. 248), and employment promotion program for unemployed youth jobseekers

¹ More information provided in the appendix Table A7.

with the status of orphan (DCM No.64) .

In 2016, there have been a total of 93,889 registered unemployed jobseekers. Over half of whom are female, long-term unemployed, with education level up to nine years, and in elementary occupations (Table 4). Less than half, 44.76% receive unemployment benefits, and very few, 3.95% receive economic aid. Youth make up 20.42% of the registered unemployed jobseekers, and only 6.41% of the registered unemployed jobseekers have higher education.

Table 4 Characteristics of Registered Unemployed Jobseekers

Characteristics of Registered Unemployed Jobseekers	%
Female	52.97
Receiving Economic Aid	3.95
Receiving Unemployment Benefits	44.76
Long-term Unemployed	57.86
Youth	20.42
Education up to 9 years	54.54
Higher Education	6.41
Elementary occupations	53.48

There are a total of 6,116 beneficiaries unevenly distributed among the programmes (Table 5). The two largest programmes are the employment promotion programme for jobseekers in difficulty (DCM No. 48), which has the largest number of programme beneficiaries, 3,011, and on-the-job training (DCM No.47), which has 2,305 beneficiaries. The internship programme for recent graduates from Albania and abroad (DCM No.873) has a total of 478 beneficiaries, followed by the employment promotion programme for unemployed youth entering the labor market for the first time (DCM No.199) with 193 beneficiaries, the employment promotion programme for females from vulnerable groups (DCM No. 27) with 83 beneficiaries, and the employment promotion programme for unemployed jobseekers with disabilities (DCM No.248) with 46 beneficiaries. There are no beneficiaries for unemployed youth jobseekers with the status of orphan (DCM No.64).

Table 5 Employment Promotion Program Beneficiaries

Type of Employment Promotion Program	Number of Beneficiaries
On-the-job training (DCM No.47)	2305
Jobseekers in difficulty (DCM No.48)	3011
Females from vulnerable groups (DCM No.27)	83
Internship for recent graduates from Albanian or abroad (DCM No.873)	478
Unemployed youth entering the labor market for the first time (DCM No.199)	193
Unemployed jobseekers with disabilities (DCM No.248)	46
Unemployed youth jobseekers with the status of orphan (DCM No.64)	0
Total	6116

Note: Numbers include those receiving the program in 2016 and those starting in 2015 and finishing in 2016

This report presents the impact evaluation for the two largest employment promotion programmes, namely the employment promotion program for registered jobseekers in difficulty (DCM No.48) and on-the-job training (DCM No.47). Due to the restricted sample size and lack of common support, impact evaluation may not be conducted for the rest of the programmes. These issues are further explained in the data section.

The basis of the programmes stands in providing financial incentives to employers in order to provide employment for the registered jobseekers. In addition to financial incentives, on-the-job training and internship schemes aim at equipping the unemployed jobseekers with the required skills from the firms, and thus increasing the chances of employment retention and employability of the trained unemployed jobseekers. There are however problems with the process of selection of the registered jobseekers into the programme. This process is done by the employment offices, which serve as intermediaries between the registered jobseekers and the registered companies. Employment service officers match the needs of the registered companies with the characteristics of the registered jobseekers for each programme. This process poses problems, since there is no specific methodology on how treatment of the programme is assigned and how the control group is chosen. Thus, the lack of a proper targeting poses a problem with low coverage of vulnerable groups, which face greater constraints vis-à-vis other

groups and are less likely to be unemployed jobseekers. Furthermore, lack of a proper control group per program and selection bias are also problematic for impact evaluation. Previous impact evaluations have also revealed the extent of problems related to the lack of appropriate variables to conduct the impact evaluation, low response rates, missing data, and lack of good common support for the individual programmes. All of these issues have raised questions on the appropriateness of the impact evaluation results, and they are still present in conducting the impact evaluation of each program. Although conducting a sample survey for the follow-up after the program completion has increased the number of variables of individuals and household characteristics that are necessary for the matching technique of the impact evaluation, other issues of low response rate, good common support and control groups remain.

The purpose of this report is to examine the impact of EPPs on employment for the individual employment promotion programmes for the period 2016-2017, including those registered unemployed jobseekers that have been treated by previous programmes and finished in 2016. The impact evaluation provides insights on EPPs providing employment opportunities after the end of the programme as an overall effort to reduce unemployment and provide regular employment for unemployed registered jobseekers. In conducting the project evaluation, status of employment after over one year of program completion is chosen as the indicator under consideration. Lastly, a cost-benefit analysis of the largest programmes is also conducted. The remainder of the report presents data and descriptive statistics (section 2), followed by the methodological section (section 3), results of the impact evaluation (section 4), cost-benefit analysis (section 5), and concluding with policy recommendations (section 6).

Data and Descriptive Statistics

The EPPs data collected by the National Employment Service is cross-sectional covering the programme implementation for the year 2016-2017, including individuals that started the programme in 2015 and finished in 2016. The follow up interviews, which included a questionnaire containing information regarding individual and household characteristics, participation in the programmes, employment status before and after the program, etc, are conducted in early 2019, for a total sample of 1,027 individuals, divided in 633 individuals in the treatment group (61.67%) and 394 individuals in the control group (38.33%).

The sample size is very small for DCM No.27 for a total of 13 individuals in the treated group, DCM No.199 for a total of 30 individuals in the treated group, and DCM No.248 for a total of 17 individuals in the treated group (Table 6). Furthermore, there is no control group available for DCM No.248. Consequently, impact evaluation is not carried out for these groups. Although the sample size of DCM No.873 is acceptable, no appropriate control group could be obtained for this program, therefore impact evaluation may also not be conducted for this programme.

Table 6 Sample Size by EPP

Type of Employment Promotion Program	Sample Size
On-the-job training (DCM No.47)	250
Jobseekers in difficulty (DCM No.48)	219
Females from vulnerable groups (DCM No.27)	13
Internship for recent graduates from Albanian or abroad (DCM No.873)	104
Unemployed youth entering the labor market for the first time (DCM No.199)	30
Unemployed jobseekers with disabilities (DCM No.248)	17
Unemployed youth jobseekers with the status of orphan (DCM No.64)	0
Total	633

The sample selection for the follow-up interviews is done from the NES existing databases of programme participants, and has been stratified in accordance to

participation in the six programmes, regional strata, gender and age-groups. For each stratum population proportions have been maintained in the sampling². A random assignment of the control group is not possible, since there is no control group available for each of the employment promotion programmes. There is also self-selection by both applicants and companies in the employment promotion programmes, which creates problems of self-selection bias for the sample. Consequently, in the case of EPPs in Albania, the control group is not randomly assigned and there is concern that the control group differs in various aspects from the treatment group. Since the control group is not randomly assigned and there is no available information to divide the control group into eligible and non-eligible groups for treatment, a true counterfactual does not exist, thus quasi-experimental methods are implemented to generate a good counterfactual. In order to test for possible ways in generating a good counterfactual, and to increase the accuracy of selecting a sound control group, t-tests are computed for the individuals in the treatment group and the control group. The t-tests show whether or not the means of the characteristics used for the analysis between the different groups are statistically different.

Tables 7-8 present the results of the comparison of the means between treatment and control groups for each of the three programmes. The descriptive statistics show us differences and similarities between the treatment and the control group. Ideally, for a good common support, the descriptive statistics between the two groups should show no statistically significant differences. The fewer differences there are between the two groups, the better the matching process, and the obtained results for the impact evaluation. The descriptive statistics show that the two groups differ in various characteristics, which warn against attaining a good common support. The t-tests of the means are computed for individual characteristics such as gender, age-groups, education, etc. as well as regional differences. It is obvious from the t-tests that there is lack of randomization between treated and control groups for each of the programmes.

The employment promotion programme for jobseekers in difficulty (DCM No.48) shows a good picture in terms of similarities between the treated and control. This may be in part due to the size of participation in this program. Nonetheless, there are various characteristics through which the treatment and control group vary. There are statistically significant differences in terms of regional distribution (Table 7). On

² *There is a separate report detailing the sampling and data collection.*

average 44.0% of those in the treatment group live in the central area compared to 33.0% of those in the control group. Likewise, 11.0% of those in the treated group live in the southeast area compared to 21.0% of those in the control group. Regional differences may also embody differences in employment opportunities, thus causing a bias to the impact evaluation. Furthermore, on average, 21.0% of those in the treated program have a university degree compared to 10.0% of those in the control group. On average, high school is the highest level of education for 48.0% of those in the treated group versus 27.0% for the control group. Differences in education are especially important in terms of employment and affect the results of the impact evaluation of the employment program, posing concerns on whether employment status may differ due to the impact of the program or due to educational differences between the two groups. On average, 7.0% of the treated group has 4 years of primary education compared to 36.0% of those in the control group. The treated group has on average fewer unemployed household members, 1.81, compared to the control group, which has on average 2.10 members. Lastly, on average, 60.0% of those in the treated group have been employed prior to the program start compared to 32.0% of those in the control group that have ever been employed.

It should however be noted that participants in this program do not belong to jobseekers in difficulty, as is the aim of the program. As such it raises concerns on the reading of the results to be obtained from the impact evaluation, since it misses the mark of treating jobseekers in difficulty. From the NES database, only 6.67% of program participants were recipients of economic aid prior to the program, and only 1.46% are from the Roma and Egyptian communities. Furthermore, only 0.49% have been recipients of unemployment benefits prior to the program, and only 0.19% are return migrants.

The employment promotion programme for on-the-job training (DCM No.47), which is also one of the largest programmes along with DCM No.48, displays many similarities between the treated and control group compared (Table 8). Differences in this program are also found in terms of regions, education and household characteristics. There are statistically significant differences between the two groups for the central and southeast areas. On average 47.0% of the treated group live in the central area compared to 33.0% of those in the control group. Furthermore, on average 9.0% of those in the treated group live in the southeast area compared to 21.0% of those in the control group.

Table 7 Demographic characteristics of DCM 48 EPP's treated and untreated group

	Treated	Untreated	P-Value
Age	37.11	37.62	0.62
Age square	1521.37	1564.69	0.60
Sex	0.50	0.46	0.33
Central	0.44	0.33	0.00
Southeast	0.11	0.21	0.00
Southwest	0.22	0.24	0.68
Single	0.30	0.25	0.22
Married	0.68	0.71	0.55
Divorced	0.01	0.03	0.26
University	0.21	0.10	0.00
Highschool	0.48	0.27	0.00
Vocational Education	0.10	0.07	0.23
Primary 8/9 Years	0.13	0.16	0.36
Primary 4 Years	0.07	0.36	0.00
Unemployed HH Members	1.81	2.10	0.01
Retired HH Members	0.25	0.32	0.14
Nr of Children	1.75	1.75	0.94
Nr of Children Under 6	0.24	0.34	0.06
Even been employed	0.60	0.32	0.00
Total	219	394	

Note: P-value in bold denotes statistically significant difference.

As with the other programmes, a higher percentage of those in the treated group have a university degree, 17.0% compared to 10.0% of those in the control group. On average, high school is the highest level of education obtained for 41.0% of the treated group compared to 27.0% for the control group.

A fewer percentage of those in the treated group have primary 4 years of education, 20.0% compared to 36.0% of those in the control group. The treated group is on average more educated than the control group, and thus once again risking the effect of the impact evaluation on employment. Lastly, on average, 60.0% of the treated group have been employed prior to the start of the program, compared to 32.0% of those in the control group.

Table 8 Demographic characteristics of DCM 47 EPP's treated and untreated group

	Treated	Untreated	P-Value
Age	38.46	37.62	0.40
Age square	1623.45	1564.69	0.46
Sex	0.47	0.46	0.71
Central	0.47	0.33	0.00
Southeast	0.09	0.21	0.00
Southwest	0.21	0.24	0.37
Single	0.28	0.25	0.49
Married	0.67	0.71	0.33
Divorced	0.05	0.03	0.18
University	0.17	0.10	0.01
Highschool	0.41	0.27	0.00
Vocational Education	0.08	0.07	0.59
Primary 8/9 Years	0.14	0.16	0.49
Primary 4 Years	0.20	0.36	0.00
Unemployed HH Members	2.08	2.10	0.86
Retired HH Members	0.38	0.32	0.29
Nr of Children	1.67	1.75	0.42
Nr of Children Under 6	0.27	0.34	0.18
Even been employed	0.60	0.32	0.00
Total	250	394	

Note: P-value in bold denotes statistically significant difference.

The above comparisons show that no program has a random control group that can serve as a true counterfactual. Matching techniques will be used to generate a counterfactual using propensity score matching. The propensity score matching addresses the issue of common support, and it assumes selection on observables. It constructs counterfactuals for treated individuals who have similar characteristics regarding both selection criteria characteristics and general characteristics, and then compare the outcomes for those treated and their counterfactuals. A more detailed explanation of the matching method and the justification for the basis of choosing the specific variables for calculation of propensity scores will be given in the next section. Nonetheless, the issue of lack of a proper control group may not be fully resolved through propensity score matching, and the impact of the employment promotion programmes is questionable.

Methodology

As established in the previous section, matching methods are used to generate a valid control group in order to analyze the impact of EPPs on employment status of those treated by the programmes. However, before the employed matching techniques are explained it is worth mentioning that matching estimates are reliable if the treated individuals have the same distribution of unobserved characteristics as the individuals in the control group.

Not satisfying this requirement causes what is known as the “selection” problem in econometrics. Secondly, both treated (meaning actually received treatment) and untreated individuals must have the same distribution of observed characteristics, as well as the same questionnaire being administered to them. Thirdly, both treated and untreated individuals must be in the same economic environment. Failure to satisfy these conditions will result in biased estimate of the mean impact of the programme (Ravallion 1999)³.

The basic idea of matching is to construct a valid counterfactual for treated individuals who have similar characteristics (community, household, individual), X , and then compare the outcomes for those who received the treatment and their counterfactuals. Propensity score matching shows the conditional probability of participating in the programme, given the vector of characteristics X (Escobal 2002):

$$\Pr(d=1/X) = \Pr(X)$$

Therefore, matching can be performed conditioning on $P(X)$ alone rather than on X , where $\Pr(d=1/X) = \Pr(X)$ is the probability of participating conditional on X , or the propensity score of X . If outcomes without the intervention are independent of participation given X , then they are also independent of participation given $\Pr(X)$. In this way a potentially high-dimensional matching problem arising from too many X s making it impossible to find matches in every cell is reduced to a single dimensional problem since all dimensions in X can be summarized into a predicted probability of being treated (Ravallion 1999).

Given the relatively small number of programme participants and the smaller rate of response by the control group, the matching technique is done using the “nearest neighbor” estimator with replacement. The “nearest neighbor” estimator finds the closest non-participant match for each participant that has the closest propensity score, and the replacement option allows replacing the non-participants, such as a non-participant can be the closest match for more than one participant.

3 Ravallion, M. (1999). *“The Mystery of the Vanishing Benefits: Ms Speedy Analyst’s Introduction to Evaluation.”* The World Bank.

When using the matching method, the impact of the estimator is a simple mean over employment status between the participant and its matched non-participant (Ravallion 1999). In addition, the caliper width of 0.01 is used to set the distance in which to search for control units. In the case when no controls are found for the treated individuals within the maximum absolute distance specified, the treated individuals are then dropped.

In the standard matching, propensity scores are estimated for individuals in the treated and control group for each of the employment promotion programmes. A probit model on whether an individual is from the treatment group is estimated using the above sample. The dependent variable is whether the individual is in the treated group, and the independent variables include individual characteristics such as gender, age, education, marital status, number of children, household size, household economic characteristics, and regional dummies. After the propensity scores are predicted, individual from the treated group and the ones from the control group are matched through nearest neighbor with caliper width 0.01. Finally, bootstrapping is used to construct the confidence interval and to calculate the standard errors of the mean impact estimator. In this way, the bootstrapping procedure allows incorporating the propensity score estimator error in the standard error of the estimated outcome effect (Escobal et.al., 2002)⁴.

In regards to the inclusion of variables in the calculation of propensity scores, the first step that should be taken in deciding which variables are included is to insure that individuals are comparable in terms of certain characteristics, which would have determined whether or not they would qualify for treatment. However, lack of data for eligible and non-eligible individuals does not permit for this step. The second step is to choose various indicators that correspond to observable individual and household characteristics that have the same endowments such as human capital, etc., so that the effect of the programme will be responsible only for the differences in return and non-observables that differentiate a treatment scenario from a non-treatment (Escobal et.al., 2002). The sample survey for the follow-up interviews has allowed for collection of individual and household level data and regional distribution, which are used for the propensity score matching.

4 Escobal, J. and C. Ponce. (2002). *"The Benefits of Rural Roads: Enhancing Income Opportunities for the Rural Poor."* GRADE Working Paper No.40.

Results of Impact Evaluation

The main question that is addressed in the impact evaluation of EPPs in Albania is the impact that they have on employment for the treated group. The evaluation of the programmes is done through the examination of its impact on employment status as the indicator of interest. Propensity score matching is used in estimating the propensity scores and the results from the probits for each programme are presented in tables A1 and A2.

The propensity score matching technique is used to ensure that the treatment and control groups differ in only one aspect, and that is whether or not they were treated by the program. As a result, across groups it equalizes the distribution of participation probability. Figures 1 and 2 show the kernel densities of the probabilities of being treated for each programme. This ensures that treated individuals are matched with untreated individuals over a common region of the matching variables (Chase 2001). The better the common support, the greater is the number of individuals that are alike, and thus there is a better matching of the individuals. A good matching of the individuals means that there is a good region of people that are very similar in individual and household characteristics and that

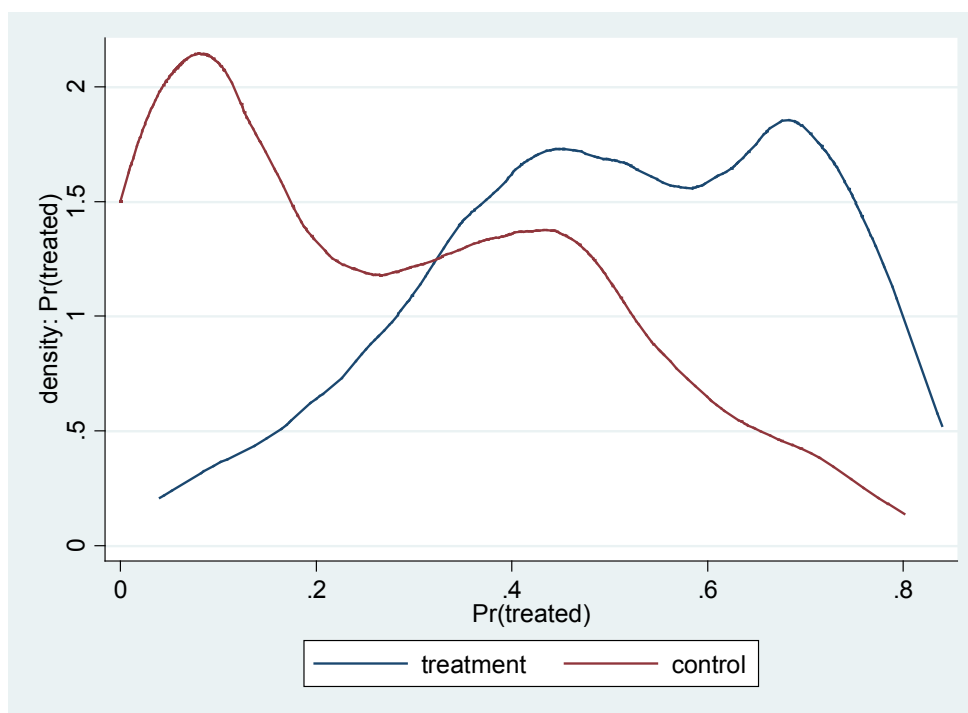


Figure 1 Kernel densities by treatment and control, DCM No. 48

only differ on whether or not they have been treated by the employment promotion programmes. In this way, the impact on employment that comes from having been part of the program is free from bias that may be caused by changes in individual and household characteristics of individuals in the treatment and control groups. The smoother the kernel densities and the greater the common region, the better the common support is.

Results show that DCM No.47 and DCM No.48 have considerable common support. It is clear from the visuals in the below graphs that DCM No.48 (Figure 1), and DCM No.47 (Figure 2) have smooth kernel densities, and a sizable common region, and thus good common support.

It should be noted that since the data for the impact evaluation is cross-sectional, it cannot be compared with the impact evaluations of the previous years. For such comparisons to have meaning there should be panel data, meaning the same

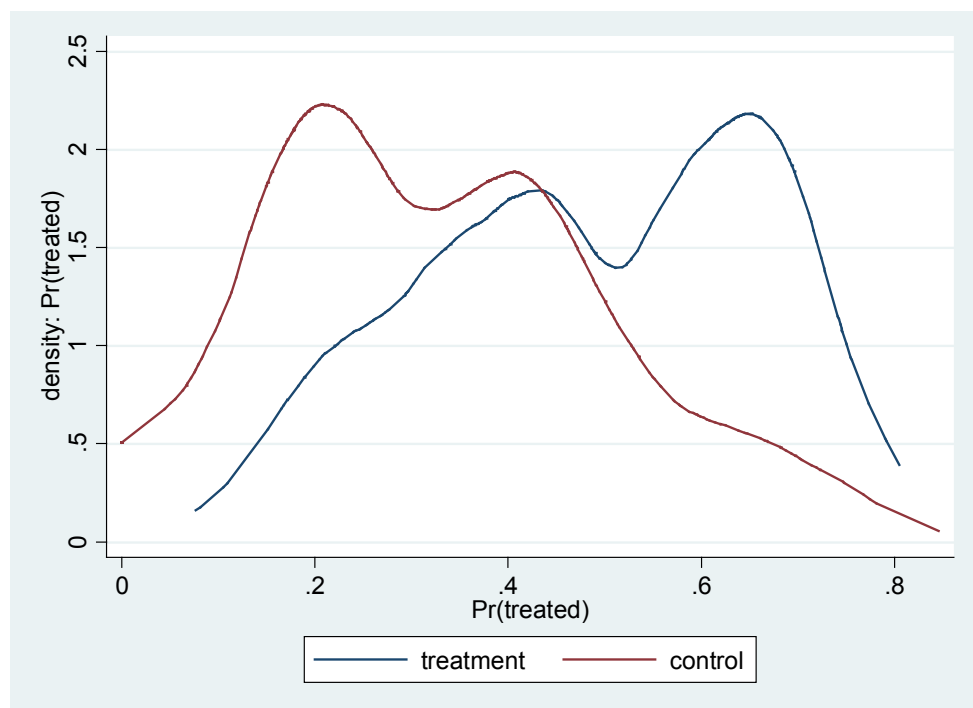


Figure 3 Kernel densities by treatment and control, DCM No. 47

individuals are observed over time. Consequently, the impact evaluation results should only be interpreted for the point in time in which they are measured. The results for the employment promotion program of unemployed jobseekers in difficulty (DCM No.48) show that being treated in this programme, increases the probability of being employed after the program by 33.8% (Table 9). It should however be noted that the obtained results for this program should be viewed with caution, since the program does not capture jobseekers in difficulty, even though this category is its main focus. The results for the impact of on-the-job training employment promotion program show that relative to the control group, being on-the-job training programme increases the probability of employment after the program by 27.9% (Table 10). The results from the impact evaluation only apply to the treated group compared to the control group, thus they do not imply that these programmes have increased employment retention in Albania by their respective probabilities. Rather they mean comparison of treated and control within the program.

Table 9 Differences in the employment probability for the treated and control group, DCM No.48

Variable	Sample	Treated	Controls	Difference	S.E.	T-stat
Employment Status	Unmatched	0.557	0.137	0.420	0.034	12.280
	ATT	0.558	0.219	0.338	0.050	6.750

Note: ATT means average treatment effect on the treated. The impact of the programme is given by ATT Difference. Significant results are in bold.

Table 10 Differences in the employment probability for the treated and control group, DCM No.47

Variable	Sample	Treated	Controls	Difference	S.E.	T-stat
Employment Status	Unmatched	0.524	0.137	0.387	0.033	11.620
	ATT	0.524	0.245	0.279	0.045	6.210

Note: ATT means average treatment effect on the treated. The impact of the programme is given by ATT Difference. Significant results are in bold.

Cost-Benefit Analysis

The cost-benefit analysis in monetary terms calculates the costs and outcomes of a given programme. The net benefits consist of the algebraic sum of all programme's benefits and costs. These benefits are assessed from the point of view of participant, the rest of society (i.e. non-participants) and society as a whole. There are three main assumptions used for analyzing the cost effectiveness of the programmes: The sample of participants in the follow-up is taken as representative of all participants in a given programme.

We assume that the sample was randomly selected and thus estimate the proportion of beneficiaries who probably were employed one year after the programme completion.

All participants who declared themselves as employed in the follow-up questionnaire are assumed as employed for 12 months after the programme completion.

The amount disbursed to participants in a given programme in the form of salary, unemployment benefit or social security, is considered as a benefit for the participant and as a cost for the rest of society. The amount disbursed to the enterprises is considered as a cost to the rest of the society. It should be noted that the cost-benefit analysis of the EPPs has some limitations since it is not able to assess implicit costs and benefits such as leisure time, home production, fringe benefits, efforts and time devoted by NES employees, etc.

There is a total of 2,305 participants in DCM No.47 of on-the-job training employment promotion programme. The sample for this program shows that about over one year after the program completion, 52.40% of participants are employed. If we assume that this is representative of all participants, then we assume that 1,208 program participants are employed in early 2019. The sample data of those employed shows an average monthly wage of 29,420 ALL. This program covers the monthly training costs of 19,000 ALL for six months, insurance of accidents at work of 0.3% of the official minimum wage, as well as a payment for program participants equal to 50% of the official minimum wage. The cost-benefit analysis at the end of program completion brought a negative benefit for the rest of society, but a positive benefit for the whole society. The negative benefit equals to the estimated amount spent for the implementation of the programme (415,812,780 ALL). About over one year after the program the whole society's gain in monetary terms is estimated to be 162,817,220 ALL (Table 11).

Table 11 Cost-and-benefit analysis for the DCM No.47 on-the job-training

Components	Beneficiaries	The other part of society/non-participants	The entire society
	Cost in ALL	Cost in ALL	Cost in ALL
Income (from programme completion until the survey)	426,500,000	0	426,500,000
Income during the programme	152,130,000	-152,130,000	0
Program's cost	0	-263,682,780	-263,682,780
Social security and health insurance (from programme completion until the survey)	-40,514,870	40,514,870	0
Income tax (from programme completion until the survey)	0	0	0
Cost-and-benefit at the programme completion		-415,812,780	
Cost-and-benefit one year after the programme		-375,297,910	162.817.220

There is a total of 3011 participants in DCM No.48 for jobseekers in difficulty employment promotion program. The sample after the program completion shows that 55.71% of those who participated in the program are employed after about over one year after the program completion. If we assume that the sample is representative of all program participants, then we assume that 1,677 participants are employed in early 2019. The sample data shows that the average monthly wage of those participants that are employed after the program completion is 31,310 ALL. The program participants are paid the official minimum wage. The enterprises that employ the program participants with a 12-month-duration contract, receive financing for 1 year equal to 100% of the social security contributions (employers' share) and financing for 4 months of 100% of the minimum wage, starting from month five, six, eleven, and twelve of the one-year contract. At the end of the programme, the cost-benefit analysis indicates that the rest of the society spent for the programme implementation 324,320,832 ALL. However, the whole society's gain is of 785,353,688 ALL (Table 12).

Table 12 Cost-benefit analysis for DCM No.48 for jobseekers in difficulty

Components	Beneficiaries Cost in ALL	The other part of society (non- participants) Cost in ALL	The entire society Cost in ALL
Income a year after the programme	630,082,440	0	630,082,440
Income during the first year of employment	529,936,000	0	529,936,000
Employment cost (100% of the official minimum wage obtained for 4 months and/or social contributions for 12 months (employer's part)	0	-374,664,752	-374,664,752
Social security contribution and health insurance during the programme	-50,343,920	50,343,920	0
Social security contribution and health insurance after the programme	-59,857,832	59,857,832	0
Income tax during the programme	0	0	0
Income tax after the programme	-81,910,717	81,910,717	0
Cost-benefit at the end of the programme		-324,320,832	
Cost-benefit one year after the programme		-232,896,203	785,353,688

Both programmes have resulted with positive gains to the whole society at the end of the programme. The programme for unemployed jobseekers in difficulty (DCM No.48) has the largest benefits for the whole society in monetary terms. It also has the lowest cost per person, the highest employment percentage after the program completion and a return on the investment to society of 3.5 years (Table 13). However, a full conclusion regarding this programme may not be reached, since the program has a very low coverage of jobseekers being in difficulty, even though the jobseekers in difficulty are the target of this program. DCM No.47 has the highest costs per person and it takes the longest for the return of investment to society. It should however also be noted that the sample representation and sample size also play a role in assessing the obtained results, thus they should be viewed with caution.

Table 17 Summary of the key factors used to evaluate the program's success

Program	Cost per person in ALL	Employment in percentage	Average revenues per person in ALL	Society investment's return in years
DCM No.47	180,396	52.40%	29,420	10.3
DCM No.48	124,432	55.71%	31,310	3.5

Conclusion

This report presents the results of impact evaluation of employment promotion programmes in Albania along with a cost-benefit analysis. The impact evaluation uses propensity score matching methods to examine the impact of EPPs on employment retention on treated groups in each program. Employment status after over one year is chosen as the indicator of programme's success. Descriptive statistics and t-tests comparing the treatment and control groups are presented prior to conducting the impact evaluation. They shed light into constructing a counterfactual. Propensity score matching is used to predict propensity scores due to lack of randomization. Kernel density distributions of the predicted scores are included, to illustrate existence or lack thereof of common support. The matching technique is done using "nearest neighbor" with caliper widths of 0.01 to increase accuracy of results.

The program results show that:

The largest impact on the probability of being employed is found for the employment promotion programme of unemployed jobseekers in difficulty. The results for the employment promotion program of unemployed jobseekers in difficulty (DCM No.48) show that being treated in this programme, increases the probability of being employed by 33.8%.

The results for the impact of on-the-job training employment promotion program (DCM No.47) show that relative to the control group, being on-the-job training programme increases the probability of employment by 27.9%.

The cost-benefit analysis shows that:

Both programmes result with positive gains to the whole society at the end of the programme.

The programme for unemployed jobseekers in difficulty (DCM No.48) has the largest benefits for the whole society in monetary terms. It has the lowest cost per person, the highest employment percentage after the program completion and a return on the investment to society of 3.5 years. DCM No.47 has the highest costs per person and it takes the longest for the return of investment to society.

It should also be noted that issues of lack of randomization, lack of a proper control group per program, and low coverage of unemployed jobseekers in difficulty in DCM No.48, are still present and they reduce the accuracy of impact results increasing result bias. Consequently, there is a need for better targeting of vulnerable groups, improved program design with a clear methodology in assigning random treatment and control groups in order to improve common support and impact result accuracy avoiding bias. In this respect, the process should be two-fold. There should be a base-line survey similar to that conducted for the follow-up for all unemployed jobseekers dividing them into eligible and non-eligible through clear eligibility criteria for each programme. There should also be a random assignment of treatment within the eligible group, all which is expected to improve matching and common support resulting in more accurate results for the impact evaluation. Data collection for the baseline and follow-up should be done keeping in mind project design for impact evaluation.

Appendix

Table A1 Probit for DCM No. 48

Treated	Coef.	Std. Err.	z	P>z
age	0.030	0.041	0.730	0.467
age2	0.000	0.000	-0.710	0.479
sex	-0.009	0.124	-0.080	0.940
central	-0.066	0.164	-0.400	0.688
southeast	-0.511	0.200	-2.560	0.011
southwest	-0.025	0.176	-0.140	0.888
single	0.675	0.697	0.970	0.332
married	0.833	0.680	1.220	0.221
divorced	0.446	0.796	0.560	0.576
university	5.811	145.210	0.040	0.968
High school	5.682	145.210	0.040	0.969
Vocational edu	5.428	145.210	0.040	0.970
primary8_9	5.058	145.210	0.030	0.972
primary	4.343	145.210	0.030	0.976
Unemployed hh members	-0.041	0.045	-0.920	0.358
Hh members retired	-0.095	0.100	-0.950	0.343
children	0.106	0.058	1.810	0.070
Children under 6	-0.173	0.110	-1.570	0.117
Ever employed	0.675	0.122	5.530	0.000
_cons	-7.211	145.213	-0.050	0.960
Observations	613			

Table A2 Probit for DCM No. 47

Treated	Coef.	Std. Err.	z	P>z
age	0.049	0.039	1.240	0.213
age2	-0.001	0.000	-1.100	0.273
sex	-0.010	0.114	-0.080	0.932
central	-0.036	0.150	-0.240	0.812
southeast	-0.575	0.187	-3.070	0.002
southwest	-0.091	0.161	-0.570	0.569
single	0.786	0.662	1.190	0.235
married	0.683	0.647	1.060	0.291
divorced	1.129	0.701	1.610	0.107
university	5.150	103.122	0.050	0.960
High school	5.106	103.122	0.050	0.961
Vocational edu	4.929	103.122	0.050	0.962
primary8_9	4.647	103.122	0.050	0.964
primary	4.456	103.122	0.040	0.966
Unemployed hh members	0.075	0.044	1.700	0.089
Hh members retired	0.096	0.079	1.230	0.220
children	-0.029	0.051	-0.560	0.577
Children under 6	-0.038	0.102	-0.370	0.712
Ever employed	0.675	0.116	5.820	0.000
_cons	-7.172	103.127	-0.070	0.945
Observations	644			

Table A3 Number of cases matched using the propensity matching score technique, DCM No. 48

Treatment Assignments	Off support	On support	Total
Untreated	0	394	394
Treated	2	217	219
Total	2	611	613

Table A4 Number of cases matched using the propensity matching score technique, DCM No. 47

Treatment Assignments	Off support	On support	Total
Untreated	0	394	394
Treated	2	248	250
Total	2	642	644

Table A5 Bootstrapping results, DCM No.48

	Observed	Bootstrap		Normal-based		
	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
_bs_1	0.338	0.047	7.14	0.000	0.245	0.431

Table A6 Bootstrapping results, DCM No.47

	Observed	Bootstrap		Normal-based		
	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
_bs_1	0.279	0.055	5.12	0.000	0.172	0.386

Table A7 EPP's in Albania

<p>Programme of encouraging employment of unemployed job seekers in difficulty (DCM No.48)</p>	<p>This program initially provided financial support to employers who assured temporary employment (3-6 months) of unemployed jobseekers with 100 % financing of the social security contribution for the period of employment. If the employment period was longer than 1 year the employer could benefit one minimum salary and social insurance contribution in the upcoming 5 months. The amendments of 2010 narrow eligibility for the programme to jobseekers in difficulty (or most vulnerable jobseekers). It also expanded the focus of employment provision to one year in order for employers to qualify for 100% of social security and health insurance, usually paid by them, and four months of funding covering 100% of the minimum wage. Unemployed jobseekers in difficulty include long-term unemployed who receive social assistance, individuals who receive unemployment benefits, those entering the labor market for the first time, individuals between the ages of 18-25, individuals over 45 years who do not have more than secondary education or its equivalent, people with disabilities, Roma people, and return migrants who face economic problems.</p>
<p>Programme of encouraging employment through on the job training (DCM No.47)</p>	<p>This program financially supports employers who guarantee the training of beneficiaries and hire part of the trainees at least for one year. Initially the government financially supported the employer for nine months of training providing the salary and social security contribution. After the end of the training period the employer was obliged to hire 40% of the trainees. The later amendments distinguished between small and medium enterprises, and large enterprises, providing more incentives to small and medium enterprises in order to encourage their economic activity. The program provides 70% of training costs for small and medium enterprises, and 50% of training costs for big enterprises for a period of up to 6 months. The requirements on the employers foresee that they hire a minimum of 50% of the trained unemployed for a period of at least 6 months. In order to reinforce job retention, the amendments ask that the trainees as well as previously hired employees are not laid off without reasonable cause.</p>

Program of encouraging employment of unemployed female jobseekers from special groups (DCM No.27)

The program of employment for women aimed to integrate in the labor market marginalized women such as: Roma women, former trafficked women, elderly and women suffering disabilities. The women entering this program could be enrolled from 1 to 3 years. More specifically the financial support provided the employer with up to 75% of the financing for the contribution of social security and 4 minimum salaries during the first year. During the second year the employers received 85% of the contribution for social security and 6 minimum salaries. During the third year they received 100% of the social insurance contributions and 8 minimum salaries.

The amendment of 2012 prolonged the program from 1-3 years to 5 years as a way to make outcomes more sustainable. There are also more categories of targeted women as to increase inclusion such as: registered unemployed women for longer than 1 year, women who benefit from the financial support programmes, former trafficked women, women older than 50 years old, Roma women, disabled women, young mothers, divorced women, returned migrant women. The financial scheme has expanded as to provide employer more incentives into hiring women from the above mentioned categories, as well as provide a larger provision for small business. Small businesses receive larger benefits not only because they need larger support due to their size and revenue generation, but also because the majority of enterprises are mainly small enterprises. Therefore, they benefit from the financial schemes and may grow their workforce, as well as more women may be given the opportunity to find a job. In this respect, the financial scheme changed such as the employer who employs a women belonging to the special group: 1. benefits 100% of the financing for the contribution of social and health insurance and 4 minimum wage salaries in the fifth, sixth, eleventh and twelfth month of employment during the first year, 2. benefits 100 % of the financing for social and health insurance in the case of a small business, and 50% in the case of medium or large enterprises.

Program of encouraging employment of unemployed youth entering the labor market for the first time (DCM No.199)

This program added in 2012, specifically targets young unemployed who were previously included in the unemployed jobseekers. In 2012 it included the age category between 16-25 years, which is now extended to 30 years of age. The program of 2012 foresees the provision of financial support to the employer for up to 12 months of 100% of social security and health insurance, which are usually paid by the employer. The restriction placed on the employer in 2012 is the provision of a contract duration that is no less than 6 months.

<p>Program of encouraging employment of unemployed job seekers graduated from Albanian and international universities, through internships in state or private institutions and enterprises (DCM No.873)</p>	<p>The public employers are obliged to get these jobseekers into their premises applying no charges, in relation to the administration personnel, according to the scheme: for every 50 staff members-one apprentice. This rule is removed in 204. For the private employers who accept in their premises unemployed jobseekers involved in this program, benefit a monthly financing from the respective employment office, to the amount of 100% of the basic level of unemployment payment for every month of jobseeker's internship.</p>
<p>Program of encouraging employment for people with disabilities (DCM No.248)</p>	<p>This program provides up to 100% of social security and health insurance for employer's contributions for contracts no shorter than 1 year. It also provides to employers up to 100,000 ALL for appropriate infrastructure/transport at the workplace for the disabled person. The sum does not exceed 200,000 ALL if two disabled people are employed. The program also provides up to 100% of minimum wage for up to 6 months of employment, and up to 50% of minimum wage for the next 6 months of employment. In case of on-the-job training, the program provides up to 70% of the base cost of training and up to 50% of minimum wage. Contributions of 0.5% of minimum wage for job accident insurance.</p>
<p>Program of encouraging employment for young unemployed jobseekers with the status of orphans (DCM No.64)</p>	<p>The programme is offered to young unemployed jobseekers under the age of 30 years who have the status of orphan. It provides on-the-job training and subsidized employment. The programme provides financing of 10,000 ALL per month to the employers that provide on-the-job training up to 3 months. It also provides 0.3% of the monthly minimum wage as insurance against accidents at work. For the employed of this category, the programme subsidizes their wages with 100% of the minimum wage for the first 9 months, and with 50% of the minimum wage for the next 6 months under the condition that the employment contract be no less than 21 months. It also covers 100% of the social security and health insurance for 15 months from the start of the contract.</p>

