

## NARRATIVE AND QUALITATIVE ASSESMENT OF THE REPORT

### Short description

The aim of this report is to evaluate the impact of a vocational training (VT) programme introduced in Latvia in 2014 and targeted at unemployed youth. The training programme is part of the Youth Guarantee scheme supporting young people aged 15-29 who are not in education, employment or training (NEETs). This study is one of the first evaluations of a Youth Guarantee programme implemented in the programming period 2014-2020.

The estimated effects of the programme on employment and monthly income are positive but not statistically significant, although we find a strong positive effect of the priority rule on programme participation

### On the methodology

This report uses counterfactual impact evaluation (CIE) methods (a Fuzzy Regression Discontinuity Design (FRDD)) to estimate its causal impact on young individuals' labour market outcomes. The Counterfactual Impact Evaluation (CIE) of the vocational training programme implemented in Latvia under the Youth Guarantee schemes was carried out within the "Data Fitness Initiative for CIE," launched in February 2016 by the Directorate General Employment, Social Affairs and Inclusion (DG EMPL) and the Centre for Research on Impact Evaluation (CRIE) to promote the use of CIE for the assessment of European Social Fund (ESF) interventions.

- Based on rich administrative data provided by the State Employment Agency (SEA), which provides information on the population of registered unemployed individuals at a given date;
- Comparing the outcomes of interest between those who are just below age 25 and those who are just above, since the former have a higher probability of participating in the programme, accounting for differences in terms of gender, level of education, residence area, previous labour market history, and nationality.

### On the results

- result points towards positive, albeit statistically non-significant effects of the programme in terms of both the probability of being employed between 1 to 3 years after the completion of the training programme and the gross monthly income declared;
- find positive and statistically significant results by specific sub-groups of participants after the end of the course suggesting the presence of heterogeneous effects;
- applying a Fuzzy Regression Discontinuity Design (RDD); accounting for both observable and unobservable characteristics when comparing the treated and control units (differently from matching techniques which rely on observable characteristics only). This methodology allows to estimate causal effects and not simple correlations (strong internal validity).
- On the other hand, the identified causal effect refers only to the subgroup of unemployed youth who are close to the cut-off of age 25, hence not allowing to infer the impact for age-groups that are farther away from the cut-off
- young males with more than secondary education and youths resident in the capital city of Riga or other cities (not rural area) have a higher probability of finding a job in the post-treatment period: a positive and significant causal effect for participating in the VT programme, at least in the short-term;
- receiving counselling from a case worker with regard to course choice increases returns to vocational training;
- participating in the vocational training programme led to a positive and significant effect in the probability of finding a job when considering the widest age window around the threshold (age 15-29).

### On the use of vouchers:

- voucher systems may enhance competition between training providers, since vouchers recipients are allowed to choose among different training courses providers;

- having the possibility to choose among different courses, recipients can also better accommodate their own individual preferences, also in terms of vocational training programmes goal.

### **GLOBAL EVALUATION**

This survey uses classical analytic statistics – the basis of the findings and conclusions. The overall conclusion is (regarding the classical empirical methodology) somewhat surprising: no statistical significant effects between participating in a vocational training and better employment and/or monthly income.

## CHECKLIST OF THE METHODOLOGY OF THE REPORT

Country	Score	Justification of the score	Description
<b>General score</b>	<b>25,5</b>		
<b>Description of the intervention</b>	<b>7</b>		
Organisation implementing the intervention, the "owner" of the intervention	1	yes	State Employment Agency of Latvia (SEA)
country	1	yes	Latvia
location	1	yes	nationawide
timeline, dates of different phases and actions	0,5	partial	YEI Vocational Training (VT) programme for unemployed youths introduced in Latvia in 2014. The programme started on 1 January 2014.16 While the programme is ongoing until 2018, this evaluation considers the participation period from the start of the programme, i.e. January 2014, until December 2015.
cost/budget	1	yes	The programme under analysis is part of the YG programme and is financed by the ESF, the YEI, and the Latvian budget for a total funding of 9.2 million Euros (Latvian Ministry of Finance).
implementation status	0,5	yes	
policy context such as adoption of a new development plan, end of an earlier/old development plan	1	yes	In February 2013 the European Council launched the Youth Employment Initiative (YEI) package to increase the EU _nancial support to regions and individuals su _ering most from youth unemployment and inactivity. The YEI typically subsidises the provision of apprenticeships, traineeships, job placements and further education leading to a quali _cation. It exclusively supports young people not in employment, education or training (NEETs), including long-term unemployed youngsters or those not registered as job-seekers, in regions experiencing youth unemployment rates above 25%. The YEI package was designed primarily with a purpose to support the implementation of the Youth Guarantee (YG)
socio-economic context such as high unemployment or school dropout rate	1	yes	The global financial crisis was followed by an increase in unemployment rates all over Europe. Young people were particularly hit. In 2013 the youth unemployment rate (for youth under the age of 25) peaked at 23:9% in Europe on average, and exceeded 50% in countries such as Greece (58:3%) and Spain (55:5%). It reached the lowest value in Germany (7:8%), while in Latvia it attained the 23:2%
Political context such as change of government	0	not described	
institutional such as institutiona setup and/or change, reform	0	not described	
international factors, such as integration into an international organisation	0	not described	

Country	Score	Justification of the score	Description
<b>Description of the (intended) beneficiaries and activities of the intervention</b>	<b>5</b>		
beneficiaries by type (ie, institutions/organisations; communities; individuals...)		not relevant	
by administrative-geographic location(s) (ie, urban, rural, particular neighbourhoods, town/cties, sub-regions...)		not relevant	
by social background (ie NEET, with fewer opportunities, ...)	1	full description	Eligibility criteria: The intervention targets young NEETs in the age-group 15{29. However, the programme can reach only young NEETs who register as unemployed at the SEA. A young unemployed can participate in a VT programme if: _ his/her vocational quali_cation acquired previously or his/her professional experience is not demanded in the labour market or it does not conform to the requirements laid down for the relevant profession, hence making it impossible to _nd appropriate work; _ he/she has lost his or her vocational skills; _ he/she has not previously acquired a vocational quali_cation. Since the intervention targets the NEETs registered as unemployed, hereinafter participants will be referred to both as NEETs and as unemployed.
total number and percentage reached (as appropriate to the purpose of the evaluation)	1	fully described	
description of activities of the intervention	1	full description	In Latvia, the YG is the biggest support program for youths aged 15-29. The intervention of interest for this evaluation is a VT programme implemented by the SEA. This programme aims at youths acquiring or increasing their vocational quali_cations in accordance with the labour market demand. The VT programme o_ers a number of di_erent training courses through a voucher system: unemployed youths receive a voucher which can be spent in one of the vocational education institutions in the country. After passing a _nal examination, participants receive a certi_cation which con_rms the acquired vocational quali_cation. Classes consist on average of 10-12 students. The length of training courses varies from 3 up to 9 months. The start and end dates of courses can vary across participants. During the training programme, participants receive a monthly allowance of 100 Euros and eventually a reimbursement of the travel costs related to commuting if they wish to attend a course that it is not available in their area of residence.
description of the intervention's intended results	1	yes, in general	reduce youth unemployment

Country	Score	Justification of the score	Description
Identification of the key stakeholders, their specific contributions and roles (financial or otherwise)	1	yes	included in the description of intervention
<b>Description of the evaluation report</b>	<b>11,5</b>		
full reference	1	yes	M. Bratti, C. Ghirelli, E. Havari, J. Leikucs, G. Santangelo, N. Strautmanis, <i>Vocational training and labour market outcomes: Evidence from Youth Guarantee in Latvia</i> , 29037 EN, Publications Office of the European Union, Luxembourg, 2018, ISBN 978-92-79-77535-2, doi:10.2760/571879, JRC110247; <a href="https://publications.jrc.ec.europa.eu/repository/handle/JRC110247">https://publications.jrc.ec.europa.eu/repository/handle/JRC110247</a>
Institution which commissioned the report	1	yes	European Commission
institution(s), which carried out the evaluation	1	yes	Joint Research Centre (JRC), the European Commission's science and knowledge service.
type of the institution(s) which carried out the evaluation	1	subunit	subunit of the EC
authors of the report	1	yes	M. Bratti, C. Ghirelli, E. Havari, J. Leikucs, G. Santangelo, N. Strautmanis,
type of evaluation	1	impact analysis	The aim of this study is to evaluate the impact of a YEI Vocational Training (VT) programme for unemployed youths introduced in Latvia in 2014
goal of evaluation	1		The aim of this study is to evaluate the impact of a YEI Vocational Training (VT) programme for unemployed youths introduced in Latvia in 2014
Presentation of intervention logic, a theory of change, a logic model, social mechanisms in the report = the "theory/conceptual section"	1	yes	This programme aims at youths acquiring or increasing their vocational qualifications in accordance with the labour market demand.
presentation of evaluation questions in the report	0,5	described partially - research outcome includes also income, not only employment	The aim of this study is to evaluate the impact of a YEI Vocational Training (VT) programme for unemployed youths introduced in Latvia in 2014, exploiting rich data on participants and nonparticipants, and measuring their employability between 1.5 and 3.5 years after registering for the programme.
description of a selection of research design, methods and data, explanation why and how they are suitable for the evaluation's purpose, objectives and scope	0	not described	

Country	Score	Justification of the score	Description
Methodological, epistemological approach used in the evaluation report	1	analytical-empirical, with emphasize on establishing objective knowledge (deductive reasoning, use of prior theory, operationalisation of variables, hypothesis testing, explanation	
research design	1	a thorough description	<p>Fuzzy Regression Discontinuity Design (RDD) thanks to speci_c eligibility criteria adopted by the Latvian government, which gave a higher priority to young unemployed individuals aged less than 25 to participate in this programme. We use the priority rule as an instrument for participation, in order to estimate the causal e_ect of participation in the VT programme on labour market outcomes, accounting for confounding factors due to individual self-selection and di_erent levels of motivation. // The research design is set as follows. First, we select all individuals who registered as unemployed at the SEA from 1 January 2014 to 31 December 2014 and at the registration date were aged between 15 and 29 years of age.<sup>21</sup> All these individuals are eligible for the YG package. Second, for each individual we _x a window of one year from the date of registration, in order to assess his/her participation in the training programme. The treatment status is de_ ned as a binary indicator that equals 1 if the individual participates in the training programme within the _rst year of the registration date (treated group), and 0 otherwise (control group). Hence, if someone registers at the SEA on 31 December 2014, and starts the training programme by the end of December 2015, she is included in the treated group.<sup>22</sup> By contrast, an individual is included in the control group if she registered as unemployed at the SEA in 2014 but did not participate in a YG training programme (or any other SEA programme) in the same period. The _nal sample is composed of 11,565 individuals. Among these, 898 individuals participate in the VT programme forming the treated group. The remaining 10,667 individuals form the control group. The outcome variable is measured for all individuals in June 2016, December 2016, and June 2017.</p>

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data	1	a thorough description	administrative data from the SEA, which provides information on individuals who are registered as unemployed at a given date (being them participants or non-participants in the VT programme), and merge it with data from the State Revenue Service (SRS), which gathers information on individuals' income at speci_c dates before and after the programme. // In this study we use individual records obtained by merging the data from the SEA with data from the SRS (i.e. the State Tax Authority).
Description of the level of participation of key stakeholders in the conduct of the evaluation	0	not described	
Description of ethical safeguards for participants appropriate for the issues described (respect for dignity and diversity, right to self-determination, fair representation, compliance with codes for vulnerable groups, confidentiality, and avoidance of harm)	0	not relevant	
Description of limitations, biases and constraints arising from the design, data, analysis methods and ethics of research	0	not reported and discussed	
<b>Description of substantive findings presented in the report</b>	<b>1</b>		
Identification of the causal factors (contextual, organisational, managerial, etc.) influencing achievement, partial achievement or non-achievement of intended results of the intervention	1	a thorough description of outcomes of participation in the programme	Our baseline result points towards positive albeit statistically non signi_cant e_ects of the programme in terms of both the probability of being employed between 1 to 3 years after the completion of the training programme and the gross monthly income declared. However, we do _nd positive and statistically signi_cant results by speci_c sub-groups of participants after the end of the course suggesting the presence of heterogeneous e_ects. In particular, we _nd that young males with more than secondary education and youths resident in the capital city of Riga or other cities (not rural area) have a higher probability of _nding a job in the post-treatment period. For these speci_c groups we _nd a positive and signi_cant causal e_ect for participating in the VT programme, at least in the short-term.
presence and quality of cost-benefit analysis (how costs compare to similar interventions or standards, most efficient way to get expected results)-if not feasible, an explanation is provided	0	not carried out	

Country	Score	Justification of the score	Description
identification/presentation and analysis of unexpected/unintended effects (positive and negative)	0	not carried out	
<b>Description of recommendations</b>	<b>0</b>		
The relationship between recommendations and the findings and/or conclusions	0	no recommendations	
Identification of a) target group and b) action for that target group for each recommendation (or clearly clustered group of recommendations)	0	not relevant	
<b>Description of structure</b>	<b>1</b>		
Executive summary	0,5	no executive summary (instead abstract, foreword, acknowledgements)	
Structure of the report	0,5	no table of contents, apart from that looks clearly structured	