

## NARRATIVE AND QUALITATIVE ASSESMENT OF THE REPORT

### Short description

A counterfactual evaluation of a publicly funded short-term hiring subsidy designed for young jobseekers in Hungary: namely, the 90-day job trial programme, which was introduced in 2015 as part of the Youth Guarantee scheme.

The job trial is a short-term programme with a maximum subsidy of 100% of the wage costs, and does not include a commitment for further employment.

### On the methodology

The report is based on the counterfactual impact evaluation methodology.

The report offers a thick description of the used analytic statistical methods and on the report of the findings.

### On the results

- only moderate positive employment effect of participation in the job trial compared to participation in classroom training;
- compared to the job trial participants with the public works participants, the average treatment effect on the treated on the cumulated earnings was found to be significantly positive only when including public works wages;
- the effect of participation in the job trial on employment and wage outcomes was lower on the horizon of 12 months compared to the impact on the six-month horizons, indicating that the impact weakens over time;
- evidence that compared to their non-participating peers, those who were selected into the programme were in a better labour market position, had a higher level of education, were living in a more developed region, had more work experience, and spent less time in the NEET;
- Giving young unemployed people with less education a higher priority in the job trial would not decrease the average treatment effect, while reducing the deadweight loss of the programme;
- mothers were less likely to participate in job trial than in public works (and training programmes);
- female participants are, on average, in a more favourable labour market position and had a higher level of education than the male participants.;
- participation in the Youth Guarantee scheme only affected whether the jobseekers had access to decent work, and then only for a very limited period after they registered as unemployed.
- Conclusions (p.60):
  - participation in the public works programme, participation in the 90-day job trial improves the employment probability of young people 6 months after they finished the programme by 4-7.7% for the whole sample, and by close to 20-37% in relative terms;
  - no difference in the probability of being employed six months after the programme, job trial participants spent 7.5-12 days more in employment status;
  - evidence that those who are selected into the programme were in a better labour market position, had a higher level of education, were living in a more developed region, had more work experience, and spent less time in NEET status;
  - suggests that giving young unemployed people with less education a higher priority in the programme could increase the average treatment effect, and decrease the deadweight loss of the programme;
  - In contrast to the usual findings in the literature, we found that the effects of job trial participation on wages and employment prospects are weaker for women;
  - the enrolled women were more engaged in the labour market, and their labour supply was not expected to be more elastic than that of the male participants;
  - hired young persons with YG wage subsidy increased their size more than similar firms without YG subsidized hires.

## **GLOBAL EVALUATION**

This report offers a solid survey on the effects of the Youth Guarantee in Hungary. It is built on a classic analytic statistical approach – without a qualitative follow up. A pity. The results are rather positive for the implementation of the YG, with predictable conclusions. Only the conclusion of weaker effects on job trial and employment prospect for women is remarkable.

## CHECKLIST OF THE METHODOLOGY OF THE REPORT

Criteria	Score	Justification of the score	Description
<b>General score</b>	<b>31,5</b>		
<b>Description of the intervention</b>	<b>9</b>		
Organisation implementing the intervention, the "owner" of the intervention	1	yes	limited in the report, but can be found in the linked documents
country	1	yes	Hungary
location	1	yes	
timeline, dates of different phases and actions	1	yes	
cost/budget	1	yes	
implementation status	1	yes	
policy context such as adoption of a new development plan, end of an earlier/old development plan	1	yes	limited in the report, but can be found in the linked documents
socio-economic context such as high unemployment or school dropout rate	1	yes	
Political context such as change of government	0	not described	
institutional such as institutional setup and/or change, reform	0	not described	
international factors, such as integration into an international organisation	1	yes	EU/EC influence described both in the report and in the linked documents
<b>Description of the (intended) beneficiaries and activities of the intervention</b>	<b>6,5</b>		
beneficiaries by type (ie, institutions/organisations; communities; individuals...)	1	yes	individuals and companies employing the individuals
by administrative-geographic location(s) (ie, urban, rural, particular neighbourhoods, town/cties, sub-regions...)	1		
by social background (ie NEET, with fewer opportunities, ...)	1	full description	NEETs
total number and percentage reached (as appropriate to the purpose of the evaluation)	1	full description	p.12
description of activities of the intervention	1		p.14

Criteria	Score	Justification of the score	Description
description of the intervention's intended results	0,5	partially, as the intended figures were given for the entire YG, not only 90-day work trial	The YG in Hungary was originally intended to reach and engage about 170,000 NEETs during the project period (Hungary's National YG Implementation Plan, 2014). All NEETs between the ages of 15 and 24 who are officially registered as jobseekers are eligible to participate in these measures. Until 2018, long-term unemployed young people were the key target group of the measures. Since then, however, this priority no longer applies. Initially, the total budget for actions under the YG was HUF 200 billion (about 625 million euros) for the 2015-2020 period.
Identification of the key stakeholders, their specific contributions and roles (financial or otherwise)	1		
<b>Description of the evaluation report</b>	<b>12</b>		
full reference	1	yes	Kreko, J., Csillag, M., Munkacsy, B., Scharle, A. Can a short-term job trial programme kick-start young jobseekers' career? Evaluation of the 90-day job trial in Hungary; <a href="http://yepartnership.ibs.org.pl/content/uploads/2021/02/Hungary-Can-a-short-term-job-trial-programme-kick-start-young-jobseekers'-careers.pdf">http://yepartnership.ibs.org.pl/content/uploads/2021/02/Hungary-Can-a-short-term-job-trial-programme-kick-start-young-jobseekers'-careers.pdf</a>
Institution which commissioned the report	1	yes	EEA and Norway Grants Fund for Youth Employment
institution(s), which carried out the evaluation	1	yes	BUDAPEST INSTITUTE FOR POLICY ANALYSIS
type of the institution(s) which carried out the evaluation			The Budapest Institute was founded in November 2008 as a partnership of young economists and political scientists sharing theoretical and hands-on experience in research and government administration. The Institute produces independent research and analysis to support policymaking, -tracking and -evaluation.
authors of the report	1	yes	JUDIT KREKÓ, MÁRTON CSILLAG, BALÁZS MUNKÁCSY, ÁGOTA SCHARLE with the contribution of Tamás Molnár and Eszter Szedlacsek
type of evaluation	1	yes	counterfactual evaluation; The causal inference relies on propensity score matching, in which job trial participants and participants in public works and classroom training programmes are compared.
goal of evaluation	1	yes	The aim of this study is to estimate the causal effects of participation in the 90-day job trial programme on the labour market outcomes of young jobseekers: i.e., the probability of the participants being employed, and their cumulative earnings six months after they completed the programme, for the 2015-2017 period.

Criteria	Score	Justification of the score	Description
Presentation of intervention logic, a theory of change, a logic model, social mechanisms in the report = the "theory/conceptual section"	1	yes	
presentation of evaluation questions in the report	1		First, we analyse how the programme participants are selected from the pool of eligible young jobseekers. Second, we examine the effect of participation in the programme on different employment and wage outcomes.
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	
Methodological, epistemological approach used in the evaluation report	1	a thorough description	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	
data	1	a thorough description	The analysis is based on an individual-level administrative panel database from Hungary. The owner of the database is the Databank of the Centre for Economic and Regional Studies in Hungary. <sup>16</sup> The data cover half of the population aged 5-74 in 2003, who were randomly selected and followed-up until 2017. The database consists of linked data sets of the pension, tax, and health care authorities and the public employment services (hereafter PES), and contains detailed individual-level information on employment and earnings history, use of the health care system, pension, and other social benefits. The PES dataset (Jobseekers' Registers) contains information on all registered jobseekers. Among the data it collects are records of ALMP participation, including the start date, the end date, and the type of the programme. <sup>17</sup> Linking the PES database to the databases of the pension and health care authorities enables us to observe the employment histories of jobseekers, including their employment and wage outcomes after an arbitrary time span following completion of the programme and their background characteristics.

Criteria	Score	Justification of the score	Description
Description of the level of participation of key stakeholders in the conduct of the evaluation	1	described remotely by specifying data that was used and stakeholders were not included in this specification	The analysis is based on an individual-level administrative panel database from Hungary. The owner of the database is the Databank of the Centre for Economic and Regional Studies in Hungary. <sup>16</sup> The data cover half of the population aged 5-74 in 2003, who were randomly selected and followed-up until 2017.
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 described	not described but most probably observed
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>2</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 propensity score matching estimations indicate that compared participation in public works programmes, participation in the 90-day job trial improved labour market outcomes on the six-month horizon: the probability of employment six months after completing the programme is higher by 4-7.7% point on the whole sample. Job trial participants spent 14-22 days more in an employment status within six months after completing the programme than public works participants with similar characteristics. Compared to public work participants, the cumulative labour income of participants in the job trial, excluding public works wages, were higher by 0.67 times the monthly minimum wage. However, the higher probability of employment six months after completing the programme was not reflected in the participants' total labour income, including wages from public works programmes, as public work participants spent more days in public work also after the first public works programme that compensated for the lower public works wages. This is a clear indication of the locking-in effect of public work programmes.

Criteria	Score	Justification of the score	Description
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	
identification/presentation and analysis of unexpected/unintended effects (positive and negative)	1	yes	Deadweight losses and displacement effect; an unintended side effect of participation in the programmes on fertility
<b>Description of recommendations</b>	<b>0</b>		
The relationship between recommendations and the findings and/or conclusions	0	no recommendations given	
Identification of a) target group and b) action for that target group for each recommendation (or clearly clustered group of recommendations)	0		
<b>Description of structure</b>	<b>2</b>		
Executive summary	1		
Structure of the report	1		