

# The Impact of the Support Offered to Young People under the Operational Programme Knowledge Education Development

## The Final Report

### Main findings

- ✓ **Almost 500 000** young people took part in the Programme between 2014 and 2019.
- ✓ **87%** of the participants took part in projects implemented by Local Labour Offices.
- ✓ **64%** of the participants were in employment 6 months after finishing the Programme (including self-employment).
- ✓ **28%** of the participants returned to education 6 months after finishing the Programme.
- ✓ **15%** of the participants were in self-employment 6 months after finishing the Programme.
- ✓ **pp. 90%** of those who worked 6 months after the project continued to do so over the next year.
- ✓ **71%** of interns received a job offer from the same company after the internship.
- ✓ **90%** of employed persons half a year after completing their participation in the project worked on the basis of an employment contract (usually for a limited period). After 18 months, employment stability increased - the majority of participants switched to permanent contracts.
- ✓ **Income gender gap was estimated at 10 to 60% to the detriment of women.**
- ✓ **About 50%** - this is the number of participants affected by the effect of deadweight loss estimated on the basis of participants' declarations.
- ✓ **The value of the minimum wage** - that was the average declared salary of employed persons half a year after the end of participation in the project. The income of people who set up their own business after the Program was on average 30% - 55% higher than income of employed workers.
- ✓ **The percentage of project coordinators having problems with recruiting participants increased from 40% in 2015 to 65% in 2018.** It was partly the result of the improvement of situation on the labour market.



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## Summary

This report is the final report on the multi-annual evaluation entitled "Research on the effects of support implemented for young people under the Operational Program Knowledge Education Development (OP KED)" prepared by the consortium IBS, Imapp Consulting and IQS. It presents the evaluation of the support under the Priority Axis I OP KED, addressed to people in the NEET category, i.e. not in employment, education or training, in the age group 15-29. As part of this study, the analysis covered approx. 440 thousand of people who completed their participation in projects in 2015-2018.

**The implementation of the support under Priority Axes I OP KED took place in period of systematic improvement of the situation on the labor market.** Due to the good economic situation, the percentage of young people in the NEET category significantly decreased (from 16% in 2013 to 12% in 2018). However, this decline was almost exclusively because of a decrease in the percentage of the unemployed - the percentage of economically inactive remained relatively stable. As a result, the structure of the target group of OP KED projects has changed significantly - the share of the unemployed (including those registered in local labour offices - LLO) has decreased, and the proportion of the economically inactive, not looking for a job, has increased. A significant group among the economically inactive were women not working due to caring responsibilities (233 thousand) and people with disabilities (88 thousand). It is worth noting, however, that some economically inactive people (approx. 40%) would like to work, but due to various barriers they are not seeking employment.

**Compared to the structure of all NEETs, a small proportion of OP KED participants were unemployed not registered in LLOs and economically inactive who would like to work.** Such persons could participate only in Voluntary Labour Corps (VLC) and Regional Labour Office (RLO) projects. They represented 13% of all participants, while among all NEETs the unemployed not registered in LLO constitute about 12%, and the economically inactive who want to work - 29%. The vast majority of participants of OP KED support were the unemployed registered in LLOs, as most funds were directed on their activation. 87% of participants took part in LLO projects, 10% of participants in RLO projects, and 3% of participants in VLC projects.

**LLO support was directed to people aged 18-29, registered as unemployed.** A fairly high share of long-term unemployed was ensured - slightly higher than their share among all registered unemployed. On the other hand, individuals with lower secondary or lower education were clearly underrepresented, and people with tertiary education - overrepresented. The reasons for the lower share of lower educated people were, among others, the recruitment process carried out in the LLO (especially for internships) and exclusion from the participation of people with the III profile of assistance.

**VLC projects were directed at people aged 15-24, almost exclusively to not registered in LLO.** Individuals in particularly difficult professional and social situations were preferred in recruitment process. The support of this institution focused, among others, on people with the lowest level of education, raised in families where none of the adults is employed or raised by single parents. Minors who neglected school duty for various reasons, as well as people with disabilities constituted the significant share of participants in VLC projects.

**People aged 15-29, not registered in the LLO as unemployed, took part in the RLO projects.** Among participants, dominated people aged 18-24, with secondary education, relatively rarely from disadvantaged backgrounds. On the other hand, the share of people with disabilities was higher than in other projects.

**Almost all participants received vocational counseling or job placement. Internships, trainings and grants for setting up a business were the most popular among the optional forms of support.** New instruments dedicated to young people – internship vouchers, training vouchers and employment vouchers were not popular - less than 3% of participants received them. Some forms of support might have been overused by people in a relatively good situation on the labor market (e.g. subsidies for setting up business, relocation vouchers).

**Local labor offices had limited access to non-standard forms of support (e.g. psychological counseling) while VLCs and RLO/ MLFLSP beneficiaries could not use some instruments available in LLOs (e.g. training vouchers).** There was lack of attractive measures to help reconcile work and family life dedicated to young parents.

**Projects implemented by VLCs, RLOs/MFLSP were more comprehensive than LLO projects.** Participants of LLOs projects received 3 forms of support on average, participants of RLOs/MFLPs projects 5 forms of support on average and participants of VLCs 14 forms of support on average. This stems from the evaluation criteria of the LLOs that reward high employability effectiveness calculated separately for each form of support.

**The Programme generally improved the situation of participants** - most of them (76%) worked or studied 6 months after the end of the project. The percentage of people who achieved “activation success” was similar for women and men, although men more often found employment and ran a business, while women were more often in education.

**The Programme’s results were persistent** – most participants who were working or studying 6 months after the Programme continued to do so over the next year. Stability of employment also increased – with time participants became more likely to be employed on the basis of a permanent contract.

**Counterfactual analysis conducted with the use of propensity score matching reveals positive effects of support on the probability of taking up employment or setting up an enterprise.** The effect is stronger in case of support submitted by Local Labour Offices. Probably it is a consequence of characteristic of LLO’s beneficiaries, who are relatively easy to activate. Participation in the Project decreases the probability of continuing further

education or start new training. The support is slightly more effective when granted to females and city residents.

**The cost efficiency differs depending on the institution managing the project.** The differences are the consequence of the diversification of beneficiaries. Local Labour Offices are the most cost effective, as participants of their projects are relatively easier to support. The Regional Employment Offices are most effective in supporting the disabled. Projects financed by YEI funds are more cost effective than these financed by ESF due to the difference in the structure of granted aid. It is important to remember, that no expenditures at all are not alternative cost to supporting the unemployed. Programs aimed to reduce unemployment could support general economic growth and generate positive externalities.

**The macroeconomic simulation shows that the implementation of the Programme has a positive impact on the economy, both in the short term and several years after the intervention ceases.** Without the intervention, the level of GDP in 2020 would be lower by over PLN 10 billion, which is almost 0.5% of GDP.

**The vast majority of participants (95%) were satisfied with the support they received, regardless of the entity offering support.** However, some challenges with matching support to individual needs of participants were identified. The first is the allocation of funds to specific forms of the support (and even training topics) even before the diagnosis of individual needs of participants was carried out. Moreover, in LLO projects, more comprehensive support was limited (only 1 in-depth support was offered, e.g. internship or training). Some forms of activation, despite the need for their use, were not available in LLOs, as they were included under the *Act on employment promotion and labor market institutions*.

**The quality of internship and training offers received by the participants varied.** Individuals generally appreciated their internships; in 71% of cases they ended up in employment in the same company (more often in LLO projects, which results, among others, from the provision of the employment requirement in the internship contract). Vocational trainings allowed to acquire new knowledge and skills, but according to participants they had little impact on finding a permanent job. Only 52% of individuals declared that participation in the training significantly helped them in finding permanent employment.

**Participation in the projects was an important factor improving the situation of participants on the labor market.** However, participation in the OP KED project rather helped in finding a higher-quality job or starting own business than preventing unemployment. According to participants' declarations, the programme has moderately contributed to finding employment. The effect of dead-weight loss was probably significant - half of the working participants said that without participating in the Program they would find a job similar to one they currently have. It should be noticed that during the period covered by the study, relatively good economic conditions reduced the scale of unemployment. For this reason, six months after the end of support, there were more people not working because of a lack of job offers matching their expectations than because of the lack of any job opportunities.

**The quality of work obtained shortly after the end of participation in the Programme was rather moderate.** Although employment on the basis of an employment contract prevailed (approx. 90% of employed persons), most of them were temporary or trial contracts. With each subsequent year, the percentage of project participants who worked on

contract of mandate decreased. The salaries were on average close to the minimum wage. In addition, there is a large pay gap between men and women, reaching up to 25% percent.

**Setting up own business led to higher earnings of Programme participants.** The self-employed obtained 30% -55% higher net income than employees. However, business run by women generates incomes around 60% lower than men. An auto-selection effect was identified in the case of applications for subsidies. The percentage of women who started their own business was twice lower than that of men. This is the result of limited interest among women in running their own business. Entrepreneurial attitudes were much more common in the group of people with tertiary education. Others did not have sufficient knowledge about the possibility of obtaining a subsidy, they applied less often and with less efficiency.

**The lack of appropriate professional experience and qualifications remains a major obstacle to successful job search.** The competences of project participants do not seem to match the employers' requirements. People with disabilities are in a particularly difficult situation. Although the support is tailored to their needs, their situation requires further actions to facilitate their employment.

**Employers used mainly internships – other forms of support were rarely used.** Employers could decide which participants got the internship but they had little influence on the start date of the internship. It was related to the seasonality of support provided under the OP KED – recruitment was often announced only once a year, so the employers have to adapt to these dates. They pointed at the bureaucratic procedures related to applying for particular forms of support. They also signaled the problem of a low internship scholarship, which made internship less attractive. Despite these difficulties, most of the interviewed employers positively assessed the cooperation with the labour market institutions and intended to continue cooperation in the future.

**The implementation solutions adopted in the Programme, including strong involvement of labour market institutions (LLO, VLC), ensured high coherence of support with the national labour market policy.** However, this approach had also some disadvantages, especially the necessity to maintain compliance of LLO projects with the Act on employment promotion and labor market institutions, which resulted in limited flexibility of the support. There was no added value from distribution of funds between the ESF and YEI, which significantly complicated reporting process. Quite rarely, projects were implemented on the basis of partnership – more often in RLO projects.

**The most important obstacles to effective project implementation were the difficulties in recruiting and retaining participants.** A large proportion of people belonging to the target groups was not interested in participation in the project – because of low financial attractiveness of the support (especially internships), looking for a higher-quality job or general lack of motivation for professional activation. An important barrier was the mismatch of the recruitment schedule to the needs of participants, including periods of registration of school and university graduates. The main reasons for the participants' resignation during the project were too long project implementation and breaks in anticipation of further forms of support.

Finally, it is worth to mention that the analyzes and conclusions presented as part of this report are based on the support provided in 2015-2019, i.e. in a period of very good economic conditions and systematic improvement of the situation on the labor market. However, this period, due to the lockdown of the economy after the outbreak of the

coronavirus pandemic, undoubtedly ends. In the coming months, one can expect a significant increase in unemployment, as well difficulties in finding a new job for those who are already unemployed. Therefore, some caution is needed in using some of the report's conclusion in designing public intervention in the coming years.

Full report is available in Polish on IBS website: Matejczuk, A., Madoń, K., Smoter, M., Palczyńska, M., Kalinowski, H., Magda, I. (red.) (2020). Badanie efektów wsparcia zrealizowanego na rzecz osób młodych w ramach Programu Operacyjnego Wiedza Edukacja Rozwój. Raport końcowy. <https://ibs.org.pl/app/uploads/2021/05/Raport-ko%C5%84cowy-PO-WER.pdf>