

Evaluating the Social Protection impact of PES

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Presentation

- *Professor of Economics, Queen Mary University of London:* research focus on empirical labour economics
- Collaboration with the ILO: technical assistance for PES, preparation of Global Study on PPP's in Employment Services
- Former Secretary of State for Employment, Government of Portugal (2011-13): introduction of major reform in PES

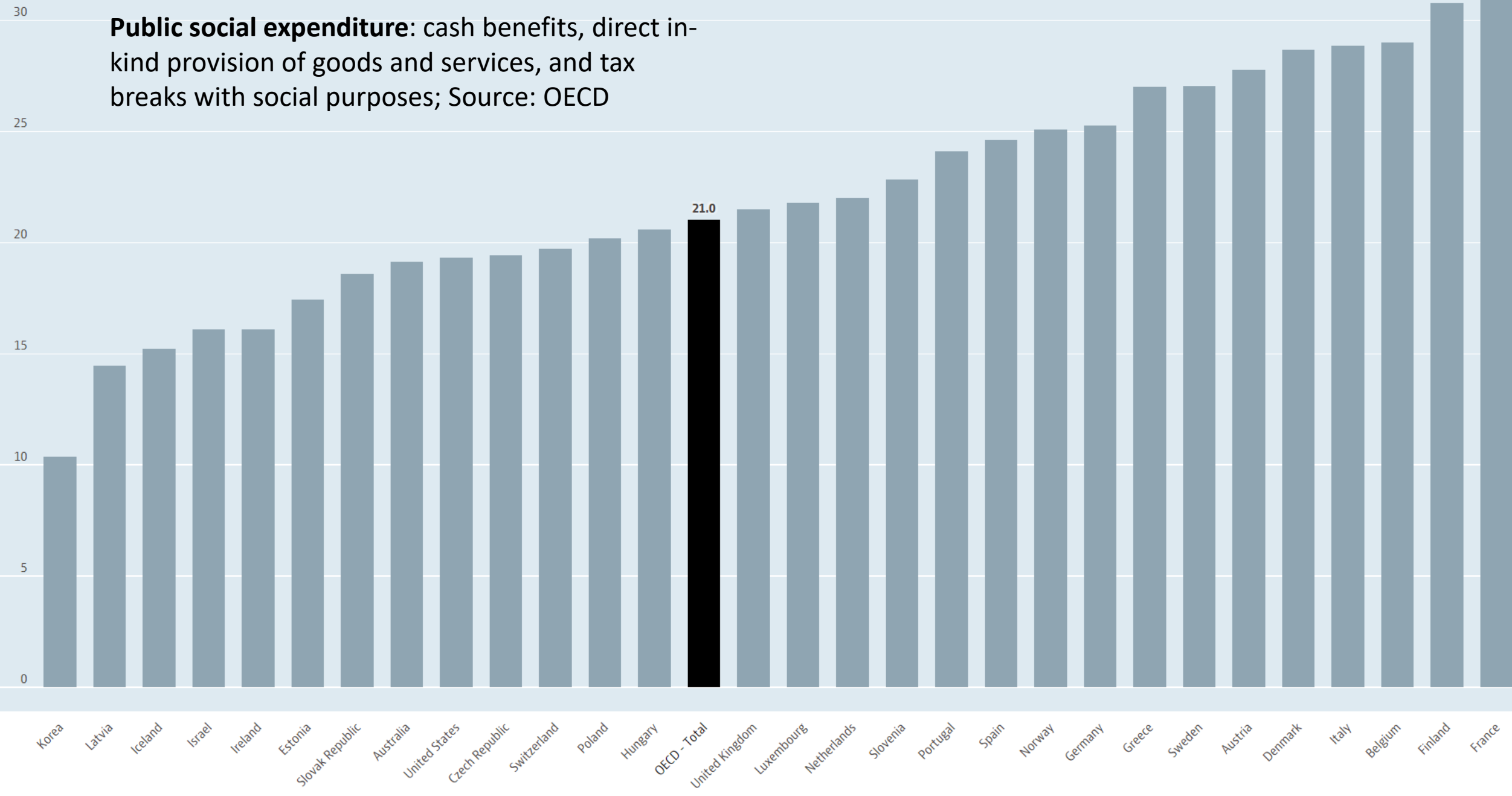
Social protection

Policies and programs to *reduce poverty and vulnerability* by

- promoting efficient labour markets,
- diminishing people's exposure to risks, and
- enhancing their capacity to manage economic and social risks (e.g. unemployment, exclusion, sickness, disability)

Includes activities such as (active) labour market interventions, social insurance, social assistance

Public social expenditure: cash benefits, direct in-kind provision of goods and services, and tax breaks with social purposes; Source: OECD



PES can make a (big) difference [even if some may have not noticed]

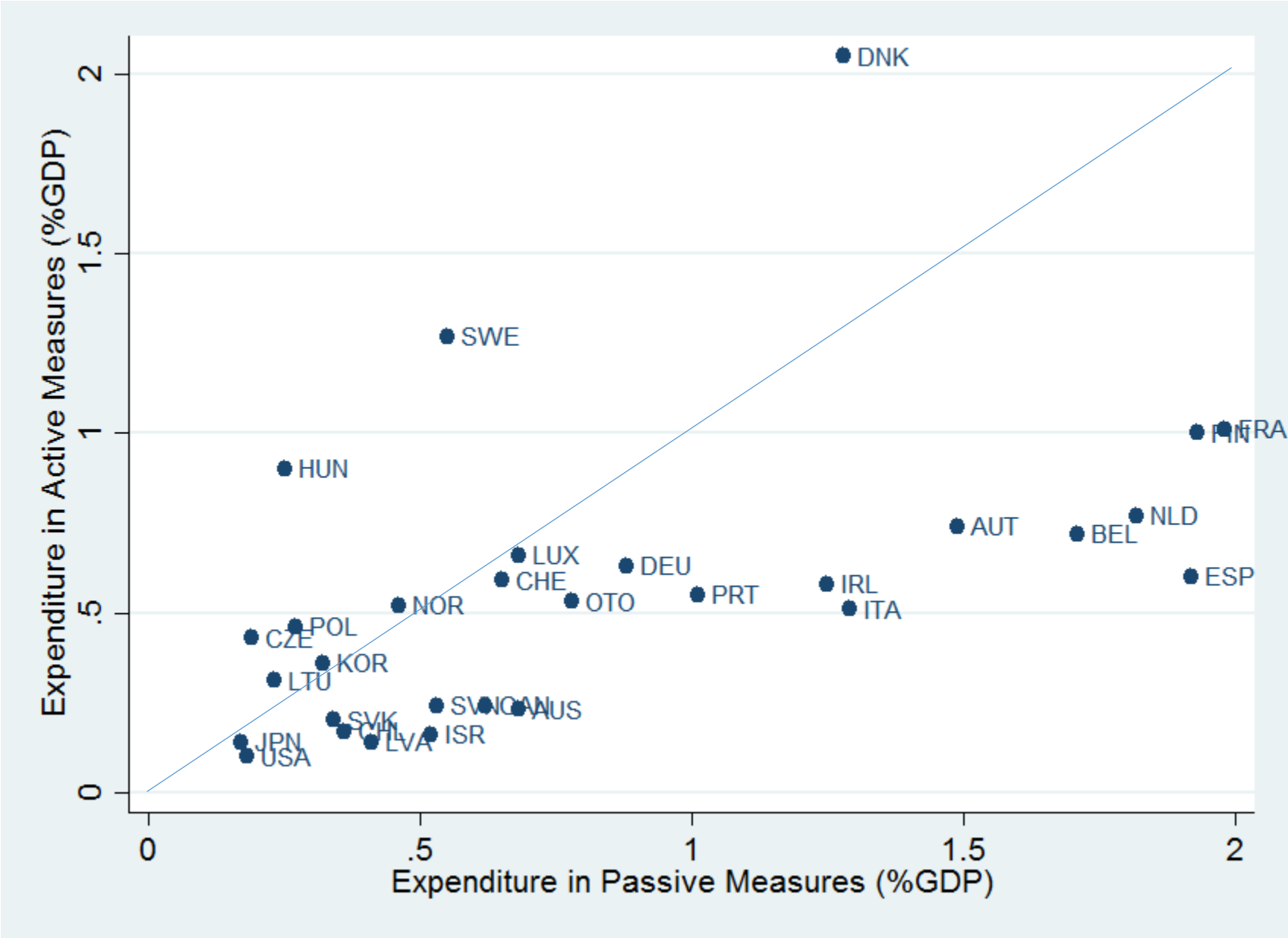
Efficiency:

- Major social gains from shorter unemployment spells, shorter unfilled vacancy durations, better jobseeker-vacancy matchings
- Large economies of scale in matching process
- Information (incl LMIS) is a "public good" - therefore typically not produced at an efficient level by private markets
- Activation can reduce both the potential moral hazard from unemployment insurance as well as hysteresis

Equity: Focus on harder to help

Some current challenges faced by PES

- Characterising the evolving profiles/needs of jobseekers/vacancies
 - Following the recovery from the recession and future of work developments
- Taking full advantage of new internet/IT possibilities
 - Including big and linked data
- Considering (additional) partnerships with other agents
 - Other public agencies, local government, private providers
- Facilitating *evaluation* and benchmarking
 - National and international comparisons, development of metrics
 - Optimising balance between active and passive measures



Source: OECD;
refers to 2015
or latest year

How can PES increase its (social protection) impact?

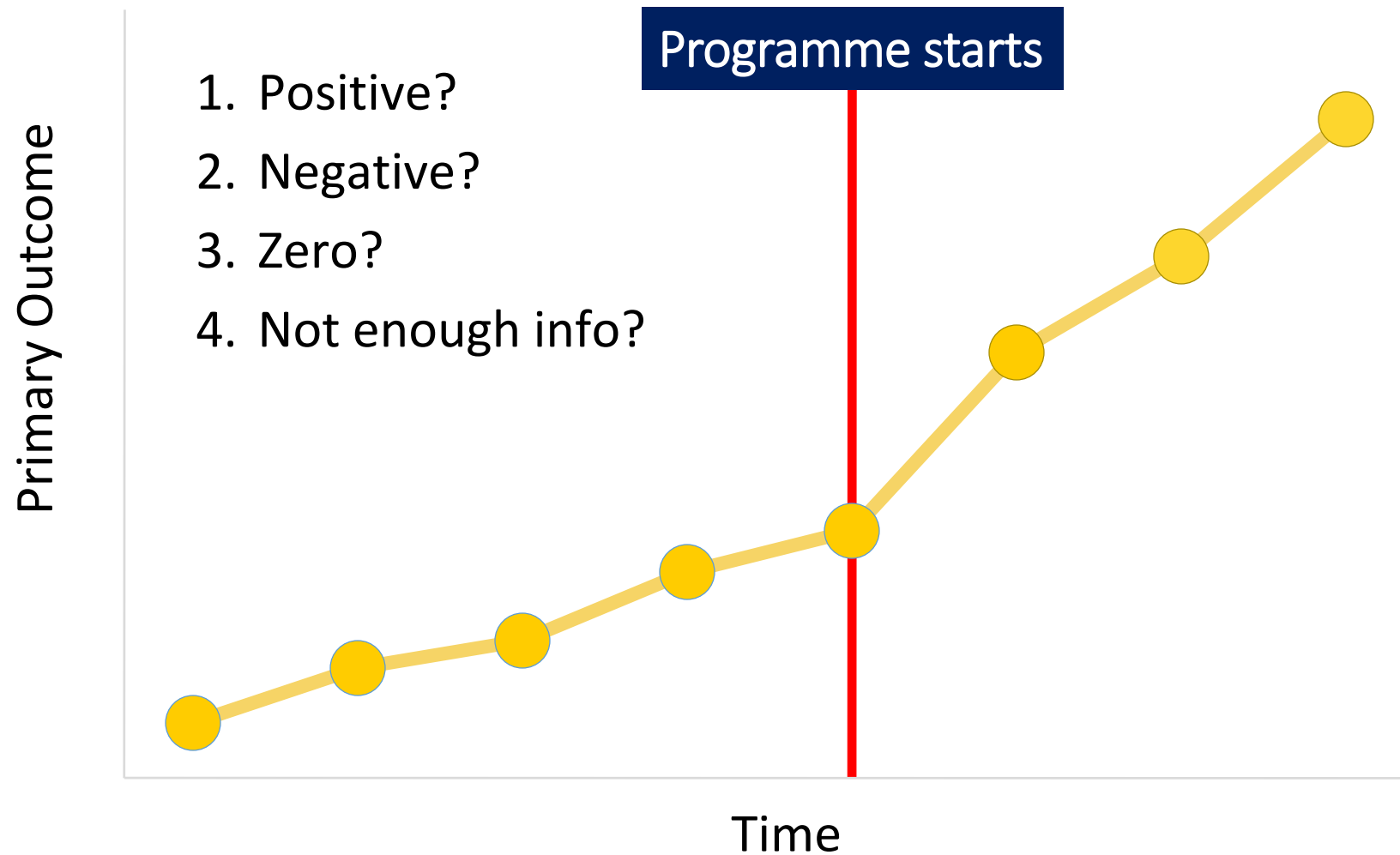
“What works? A meta analysis of recent ALMP evaluations”, by D. Card, J. Kluge and A. Weber (2017)

- Over 200 ALMPs studies (very few from Asian countries)
- Stronger positive effects:
 - 2-3 years after programme completion
 - Programmes that emphasise capital accumulation
 - Females and the long-term unemployed
 - In a recession

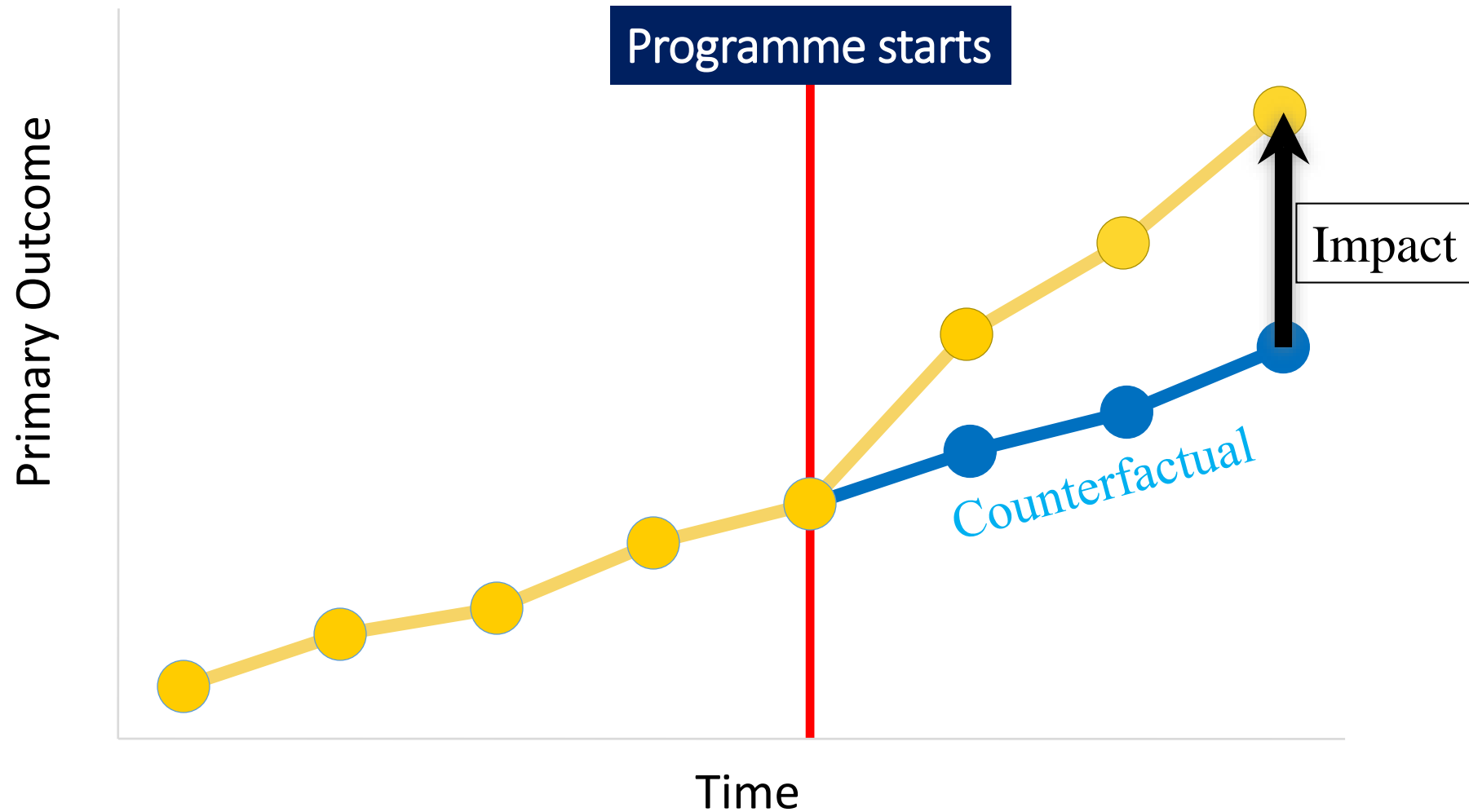
The case for counterfactual evaluation

- Monitoring and evaluation are key components of most PES activities
 - Facilitates greater visibility in wider society
 - Both *ex post* and *ex ante* effects
- Making the case with funding bodies requires hard(er) evidence
- Counterfactual: what would have happened if a programme had not been implemented
- Counterfactual evaluation: comparison of factual (what in fact occurred) and counterfactual
 - Results can be very different from observational analysis (and biased against PES)

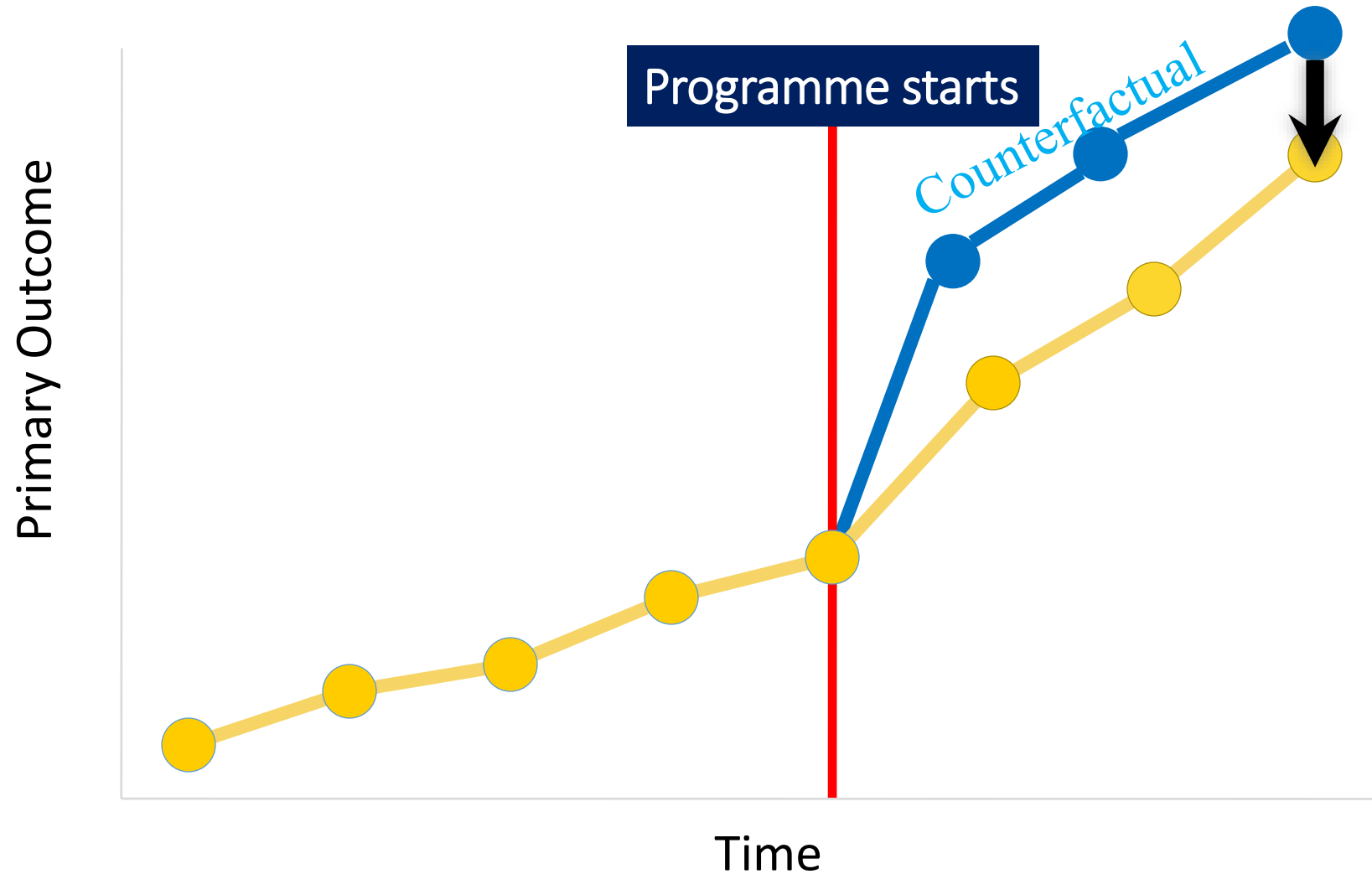
What is the impact of the programme?



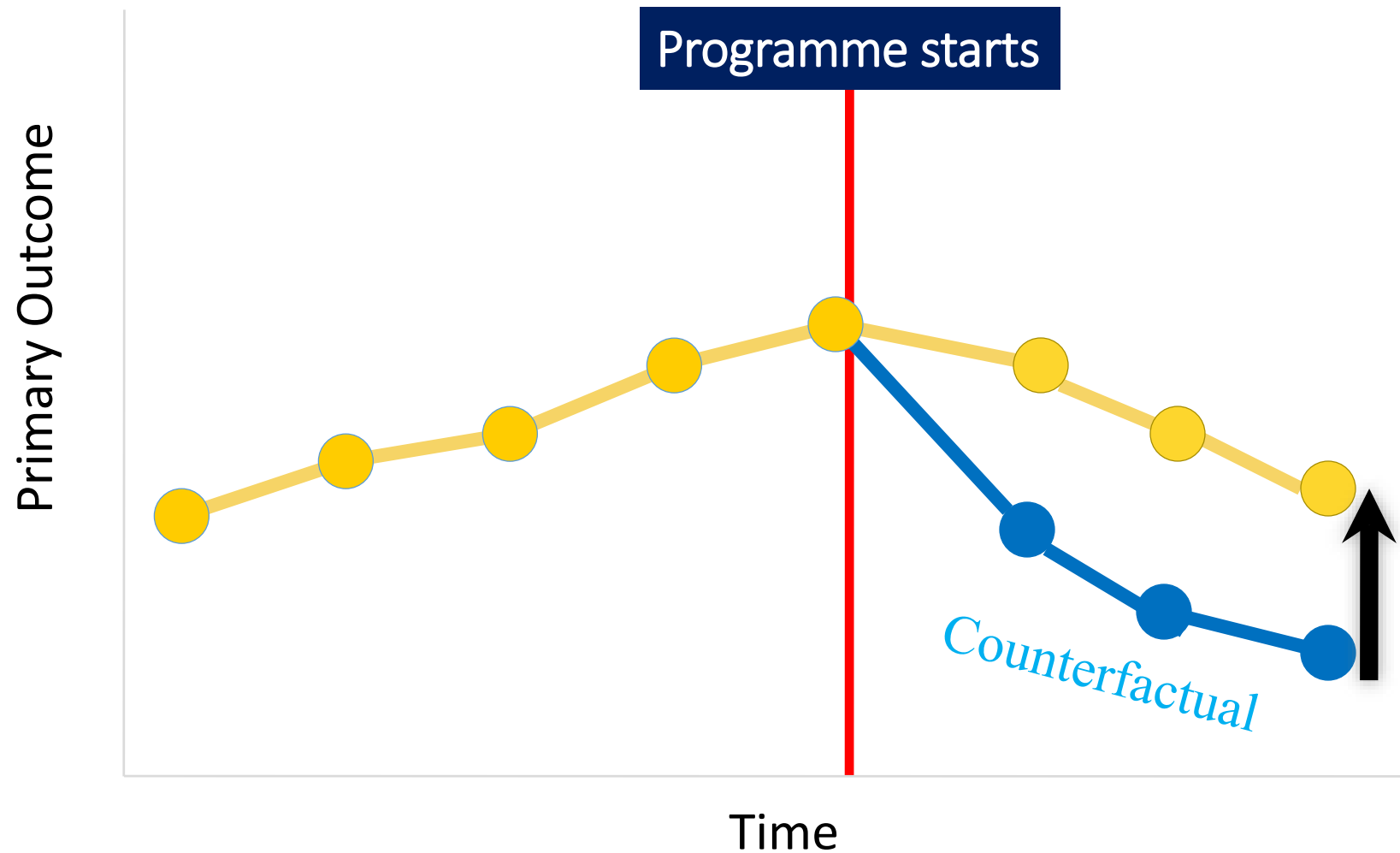
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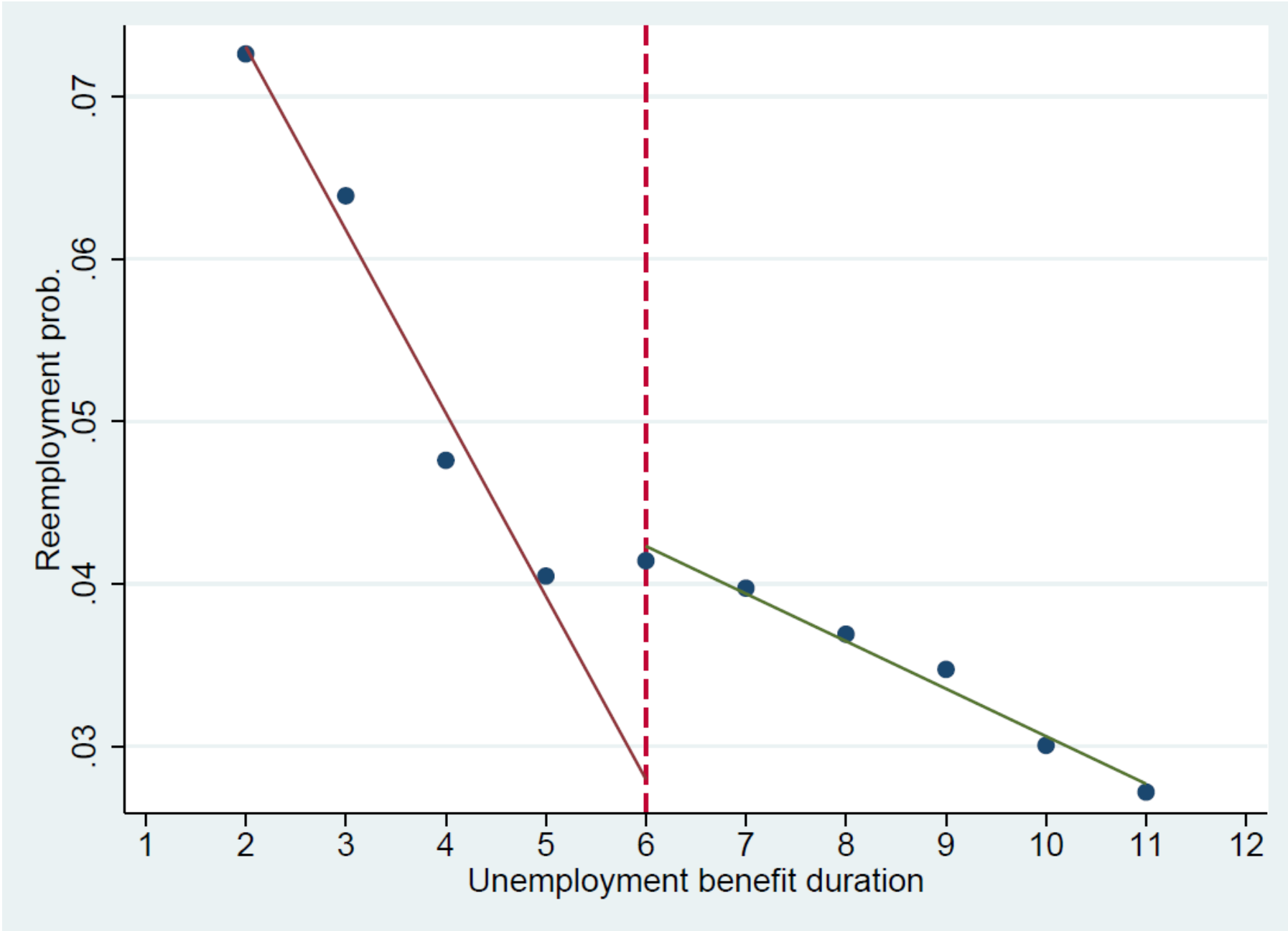
Different counterfactual methods

- Gold standard: Randomised controlled trial (experimental approach)
 - Randomly allocating eligible participants to intervention and comparison groups
 - Staggered introduction of new programmes
 - Building in evaluation at the same time programme is designed
- Best evaluation alternatives (quasi-experimental approaches):
 - *Regression discontinuity*
 - Difference-in-differences
 - Synthetic controls

An illustration – the ‘Summonings’ programme

“Reemployment and substitution effects from increased activation: Evidence from times of crisis”, P. Martins and S. Pessoa e Costa (2015)

- Requests for subsidised jobseekers to attend meetings with caseworkers when unemployed for six months
- Introduced in 2012 in Portugal, with over 200,000 participants
- Regression discontinuity: comparing trends at critical thresholds
 - At that margin, only difference between individuals is programme participation (after taking into account the role of unempl duration itself)
 - Number of additional conditions apply



Conclusions

- PES deserve more attention in society (and academia)
 - Its role, including in social protection, is sometimes underappreciated
- Evaluation of social protection impact of PES programmes is not widespread
 - Critical step towards better programmes (and more visibility)
- Counterfactual approach is probably the most appropriate
 - Ideally based on evaluation designed with the programme