



My First Job

Wage subsidies for employers providing jobs and training to young people

ESTONIA

Title of the practice (in original language)

Minu esimene töökoht

Who is/was implementing the practice?

Ministry of Social Affairs

Which other organisations are/were involved in the practice?

- Unemployment Insurance Fund (Estonian PES)
- Youth Centres (NGO)

What are/were the main objectives of the practice?

Providing a wage subsidy to incentivise employers to recruit more young people who lack experience and qualifications, thus reducing youth unemployment.

When was the practice implemented?

Since 2015 (ongoing)

Who is/was targeted by the practice?

My First Job targets young people aged 16-29-years old who:

- are registered with the Estonian PES as unemployed and have not been engaged in employment during the past three months or have been temporarily employed for less than 30 days; and
- have worked less than one year in the last three years, or have worked less than two years in total.

Starting from September 2017, the My First Job targets youth aged 16-29, who have obtained primary, basic or general secondary education or vocational education and who lack or have little work experience (have not been employed for the last three months, or in temporarily employment). A wage subsidy is granted to an employer up to 12 months and the employer must enter into an employment contract with a young person for an unspecified term or for a specified term of at least one year.

What activities are/were carried out?

- The My First Job subsidy is advertised by the PES to all employers who use their services. Any employer is eligible to receive the subsidy if they recruit a young person who belongs to the target group.
- Employers can apply for the subsidy online through their account on the PES website.

	<ul style="list-style-type: none"> Employers can either independently select to recruit individuals from the target group or do this through My First Job by making a request for a young person eligible for the subsidy. <ul style="list-style-type: none"> The PES seek to match young people with suitable roles. 'Meeting events' are also organised by the PES to help employers connect with potential employees (from the target group). After the employer has selected a young person to recruit they must complete the online application including details of the employment contract. The contract must be signed for at least one year in order for it to be eligible for the subsidy. Once this contract has been agreed and verified by the PES the subsidy will be paid directly to the employer, within 12 months of the young person starting work. The subsidy itself has a value of 50% of the employee's monthly salary. However, the maximum value cannot be more than twice the minimum wage (the minimum wage in 2017 was EUR 470 per month). As part of the employment contract the young person must receive on-the-job and work related training to develop their skills and increase their competitiveness in the labour market. Employers are eligible for a subsidy to cover the full cost of this training (up to a limit of EUR 2 500 per employee). After completion of the first year, the PES reviews each employment contract (checking that the young person is still employed) before paying the subsidy for the second year. The number of young people who have remained in their employment contracts after 12 months allows to monitor the effectiveness of My First Job. If the contract is for any reason terminated by the employer either before the end of the second year or, if it is a fixed-term contract before the specified end date, the subsidy must be paid back in full. This is to encourage employers to retain the young people.
What are/were the sources of funding?	My First Job is mainly funded by the European Social Fund (ESF) which provides 85% of the total budget. For the period 2014 to 2020 the total budget allocated to My First Job is EUR 18.9 million.
What are/were the outputs: people reached and products?	<p>People reached</p> <ul style="list-style-type: none"> In 2015, 212 young people undertook employment whilst their employer was in receipt of the My First Job subsidy. In 2016, 360 young people undertook employment whilst their employer was in receipt of the My First Job subsidy. <p>Products</p> <ul style="list-style-type: none"> The creation of a monitoring system which follows young people's progress after one year in the My First Job. The establishment of a series of 'meeting events' at the PES between young people and employers.
What are/were the outcomes: medium-term results or effects?	<ul style="list-style-type: none"> In 2015, 212 young people participated in My First Job. This was less than half of the target figure (500), however, this can be partially explained by the youth unemployment rate decreasing faster than expected (32% in 2010 compared to 12.5% in 2015). The mid-term evaluation¹ showed that the majority of young people who took part in the My First Job and who responded to an online questionnaire, found the work experience to be very useful or rather useful (and the longer the duration, the more useful participants found the experience). Employment statistics² from the Unemployment Insurance Fund showed 66% of the total participants were still in the programme after six months. After 18 months 47% of young people were still employed by the same employer.

1 <https://www.ibs.ee/wp-content/uploads/Lõpparuanne-FINAL-.pdf>

2 Monitoring data from the Unemployment Insurance Fund taken on 01/10/2016

What are/were the lessons learnt and success factors?

Lessons Learnt

- Young people do not seem willing to commit themselves to a job for two years. This presents a difficulty given this is a requirement of My First Job and may indicate the need for a full and thorough review.
- Many young people are not registered with the PES (in 2014 only 32% aged 16-24-years old were registered) limiting the likelihood they are aware of the measure. It also reduces the pool of candidates which employers can be matched with.
- Young people seem to be going into employment contracts without having made fully informed decisions. Preventing this should reduce the numbers dropping out of the measure.
- In order to increase participation and reduce drop-out rates, greater cooperation is required with youth centres who may have more knowledge than PES of young people and their employment preferences, both as individuals and as a group.
- Evaluation of My First Job showed general satisfaction of employers and young people participating in the programme, and the important role it plays to support the labour market integration of young people with low professional experience or no qualifications. But a need to adapt the My First Job criteria and to improve the outreach to young people and employers was identified, and as a result changes were implemented from 1 September 2017 to the eligible target groups.

Success Factors

- Ensuring a large percentage of young people and employers are aware of My First Job is key to increase the participation rate. This can be done through greater cooperation with youth centres and holding more 'meeting events'.
- PES matching young people makes it more likely that they take up offers and remain in employment. This should generate a positive reaction from employers, making them more likely to retain the young person after the end of their contract and recruit more individuals under the My First Job programme.

What are key sources of information?

Practice website: <https://www.tootukassa.ee/content/teenused/noorele>

Evaluation: <https://www.ibs.ee/wp-content/uploads/Lõpparuanne-FINAL-.pdf>