

Tackling the Skills Challenge Across Europe: The Role of ALMPs in Evolving Training Environments and Labour Markets

Validation of the analytical framework Workshop,
September 26, 2025

Kenia Parsons & Sandor Karacsony, World Bank
EU-ALMPO Advisory Board Member



PROJECT NUMBER: 101178736



Funded by
the European Union

This project received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No. 101022492.



- Europe's shifting labour markets:
 - Automation, green & digital transitions
 - Migration and demographic changes (aging workforce)
- Persistent skills mismatches
- Structural unemployment across regions

What Are ALMPs?



- Active Labour Market Policies include:
 - Training & reskilling programs
 - Wage subsidies
 - Job search assistance
 - Public works programs
 - Entrepreneurship & self-employment support
- Positioned within the broader labour market policy mix



Why ALMPs Matter Now



- Tailored reskilling for evolving industries
- Inclusion for youth, women, migrants, long-term unemployed
- Cushioning shocks (pandemics, climate, geopolitical shifts)



Trends in Training Environments



- Digital learning platforms
- Employer-led training partnerships
- Modular, competency-based approaches



Examples from Europe



- **Germany:** Dual apprenticeship system
- **Baltics:** Upskilling in IT & digital skills
- **Southern Europe:** Apprenticeships & vocational training
- **Lessons learned:** adaptability, employer involvement





- **Pacific:** Small-island challenges & migration links
- **Africa:** Youth bulge & labour-intensive industries
- **Asia:** Digital transformation in training
- Transferable lessons for Europe



Key Challenges



- Fragmented systems & weak coordination
- Limited private sector engagement
- Measuring effectiveness & outcomes
- Financing sustainability



- Digital job-matching platforms
- Social registries & data integration
- Skills anticipation tools (AI, labour market info systems)



- Stronger links between education, training, and labour markets
- Employer involvement & co-financing
- Integration with social protection & inclusion policies

The Role of Evidence



- Monitoring and evaluation are key
- Cost-effectiveness and scalability
- Building evidence for policymaking



Way Forward



- Regional cooperation and mobility
- Cross-border skills recognition
- Adaptive ALMP systems that evolve with labour market changes



Take-Home Messages



- ALMPs are critical levers but not a panacea
- Combine innovation, inclusion, and evidence
- Partnerships are essential for success

Questions & Discussion

Thank you!

Scan for more:



Funded by
the European Union



This project received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No. 101022492.

Case Example: Greece Pilot (2018)



- **Target:** Unemployed aged 45+, jobless ≥ 6 months
- **Intervention:** Counseling, diversified programs, monitoring
- **Result:** Participants were twice as likely to be employed post-program compared to control group
- **Lesson:** Tailored interventions and close support pay off

(Source: World Bank, OAED pilot)



Case Example: Apprenticeships in Germany



- Dual apprenticeship/VET system remains cornerstone
- **Evidence:** Apprenticeships reduce non-employment and raise wages by age 25
- Effects consistent in both East and West Germany
- **Lesson:** Employer engagement and structured pathways critical





- Short-term: More unstable jobs and wage penalties
- Medium-term (2–5 years): Higher likelihood of permanent contracts, wage gaps close
- **Lesson:** Some programs work as 'stepping stones' with delayed returns

Case Example: Belgium (Immigrant Training)



- Administrative + causal ML evaluation of training
- **Effects:** Positive after lock-in period
- Smarter allocation of trainees could reduce unemployment duration by ~20%
- **Lesson:** Targeting and personalization of programs matter



Quantitative Evidence: What Works?



- Meta-analysis of 137 European ALMP evaluations:
 - 55% positive effects
 - 21% negative effects
 - 24% no effects
- OECD recent CIEs confirm positive long-term impacts of training and incentives
- Lesson: ALMPs can work — but design and targeting are decisive



Key Insights from Evidence



- **Not all ALMPs are equal** — generic courses often underperform (e.g., Switzerland)
- **Peer effects matter**: group composition shapes outcomes (e.g. Germany training)
- **Lock-in effects**: short-term negative, long-term positive (e.g. Spain)
- **Scaling constraints**: pilots show promise, but require system capacity to expand

World Bank Evidence & Institutional Footprint



- [Greece](#) (2018): OAED pilot with World Bank support — participants twice as likely to be employed vs. control
- [Turkey](#): Partnership with İŞKUR — large-scale vocational training and wage subsidies, strong outcomes for women and youth
- [Western Balkans](#): Pilots in Serbia, Bosnia & Herzegovina — training and subsidies boosted youth employment
- [IEG global review of youth employment programs](#) — positive effects strongest for training and wage subsidies
- [Romania](#) (1990s, external evaluation): Training, self-employment assistance showed positive impacts; public works less effective

