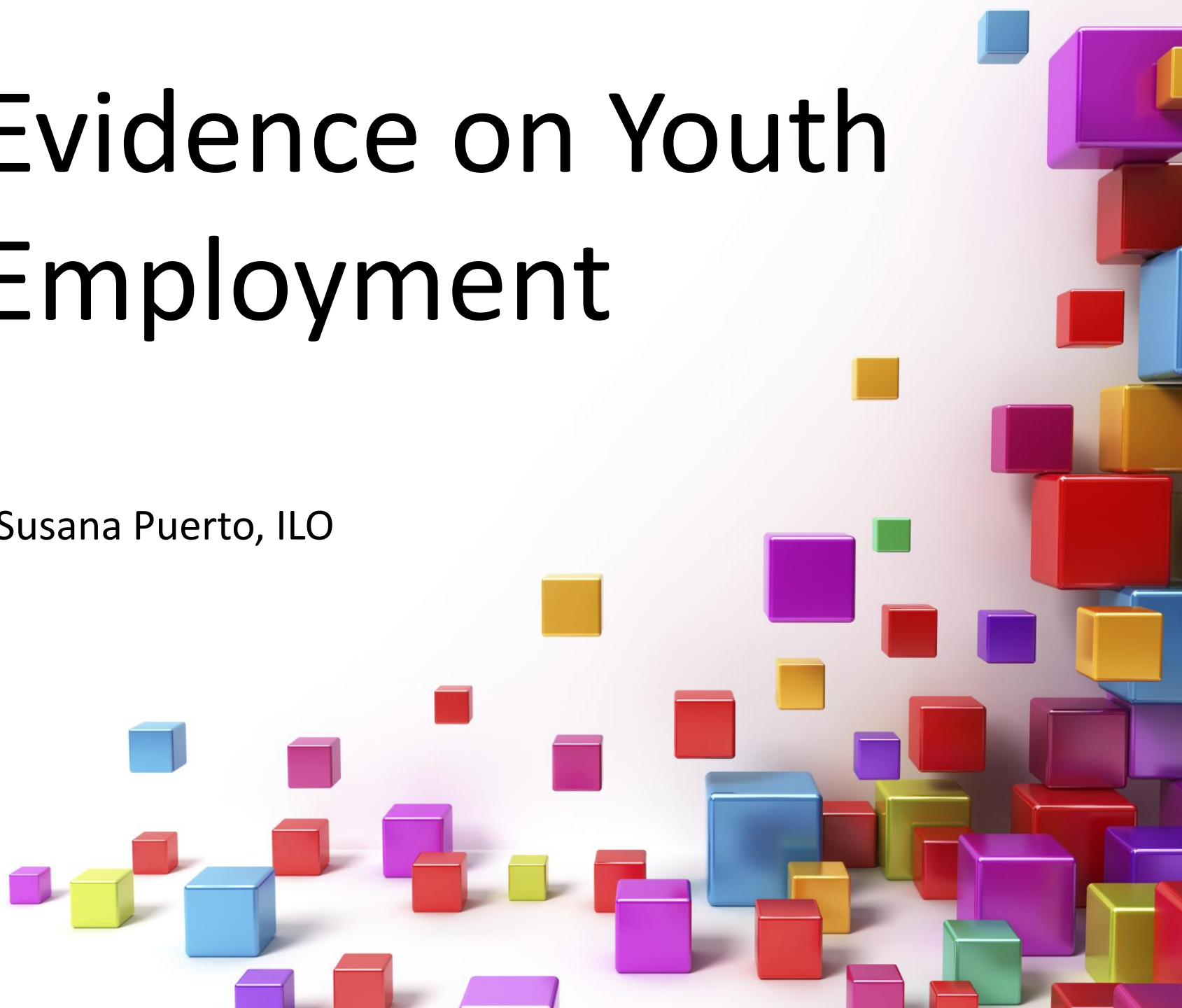


Evidence on Youth Employment

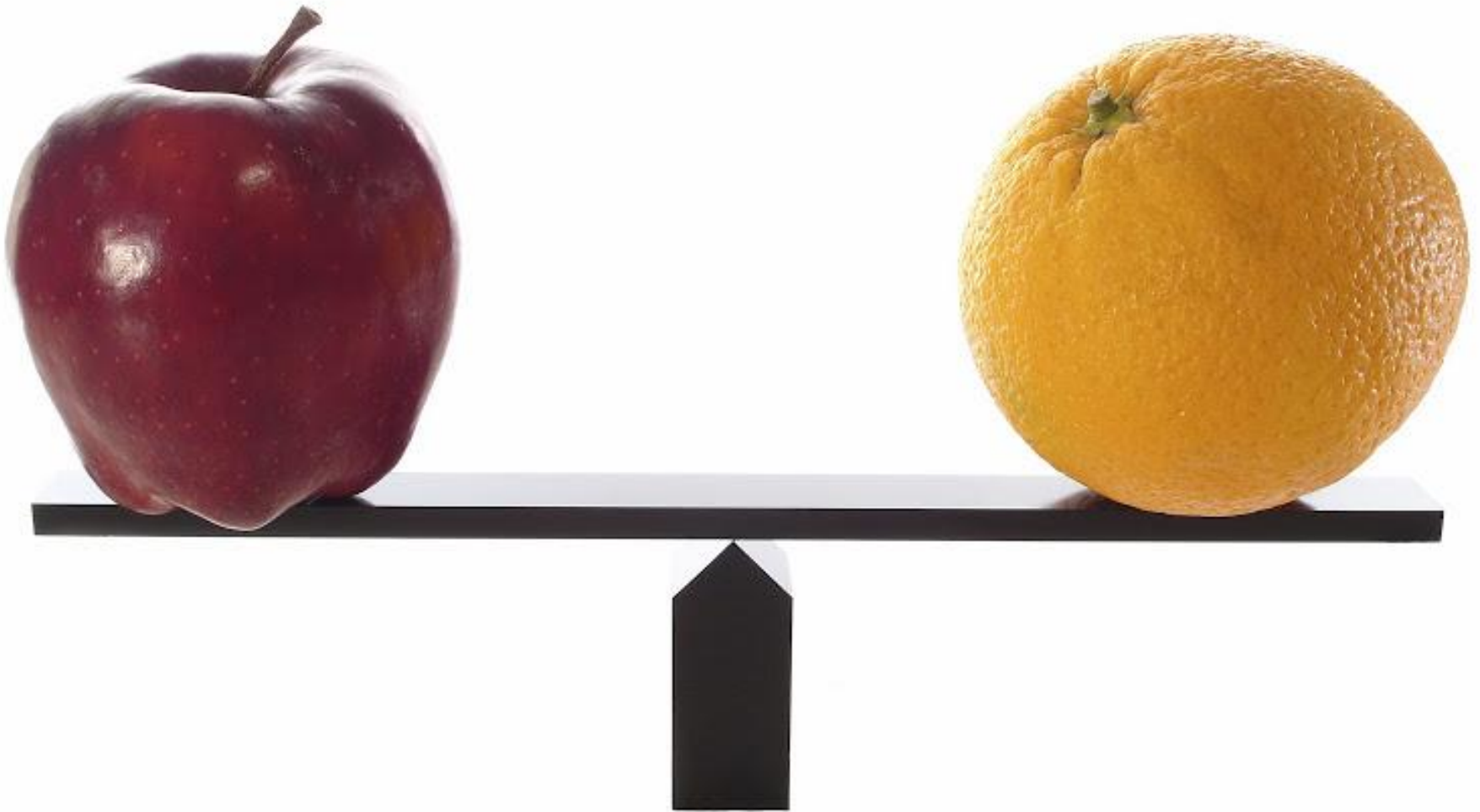
Susana Puerto, ILO



Overview

- I. **Collecting and building the evidence**
- II. **What works**

I. Collecting and Building the Evidence



The Youth Employment Inventory

**YOUTH
EMPLOYMENT
INVENTORY**

[INVENTORY](#) [ANALYSIS](#) [ABOUT YEI](#) [BACKGROUND](#) [NEWS & EVENTS](#) [CONTACT](#) [FAQ](#)



IDB



Federal Ministry
for Economic Cooperation
and Development

OMIN

SEARCH THE INVENTORY

BROWSE INVENTORY BY CATEGORY



BROWSE BY TYPE OF EVALUATION



BROWSE BY QUALITY OF INTERVENTION



SUBMIT A PROJECT

YOU ARE HERE: > Start

BROWSE PROJECTS BY REGION



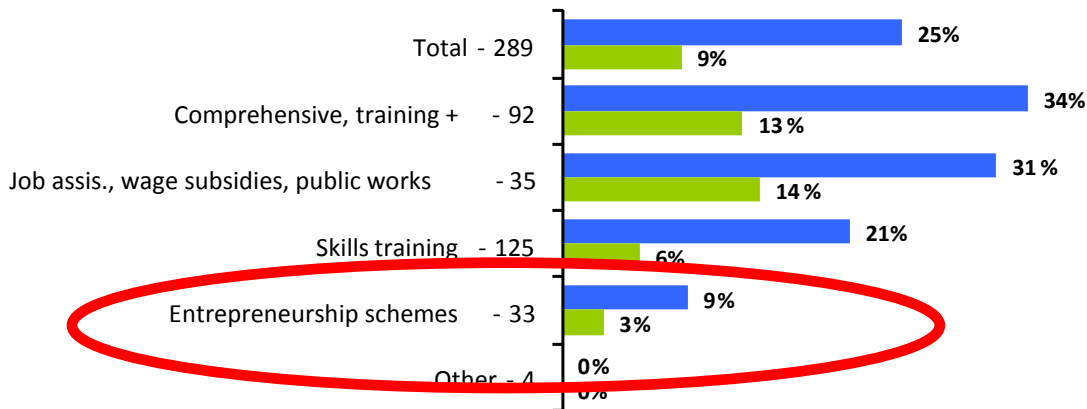
- ▶ Africa
- ▶ East Asia and Pacific
- ▶ Europe and Central Asia
- ▶ Latin America and Caribbean
- ▶ Middle East and North Africa
- ▶ OECD
- ▶ South Asia

www.youth-employment-inventory.org

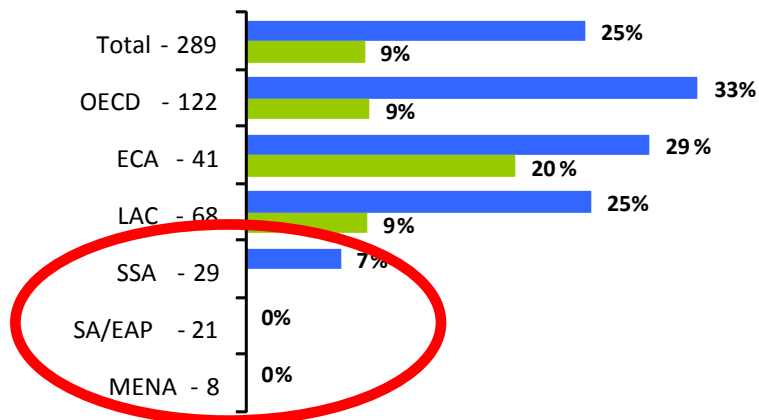
Key early findings (2007)

1. Severe knowledge gaps

Evaluation evidence by type of intervention

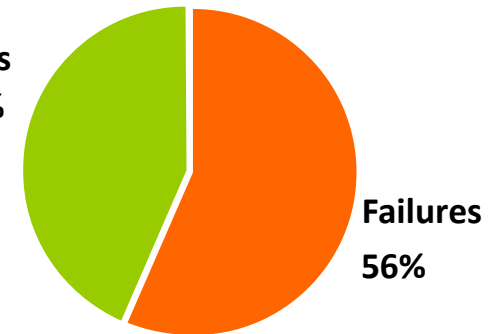


... and by region



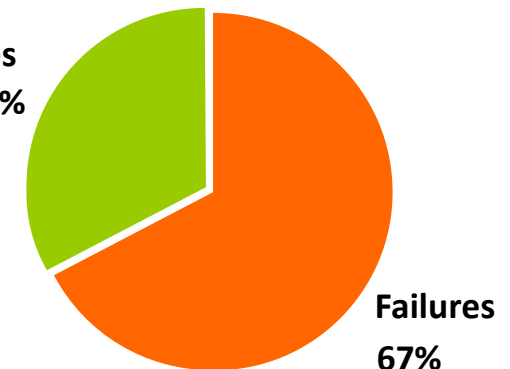
2. Evaluation matters

Successes
44%



Without a proper counterfactual

Successes
33%



With a counterfactual

Our Premise

1. Update and expand the inventory
2. Contribute to closing the evidence gap
3. Provide empirical recommendations for policy and program

1. Update and expand the inventory



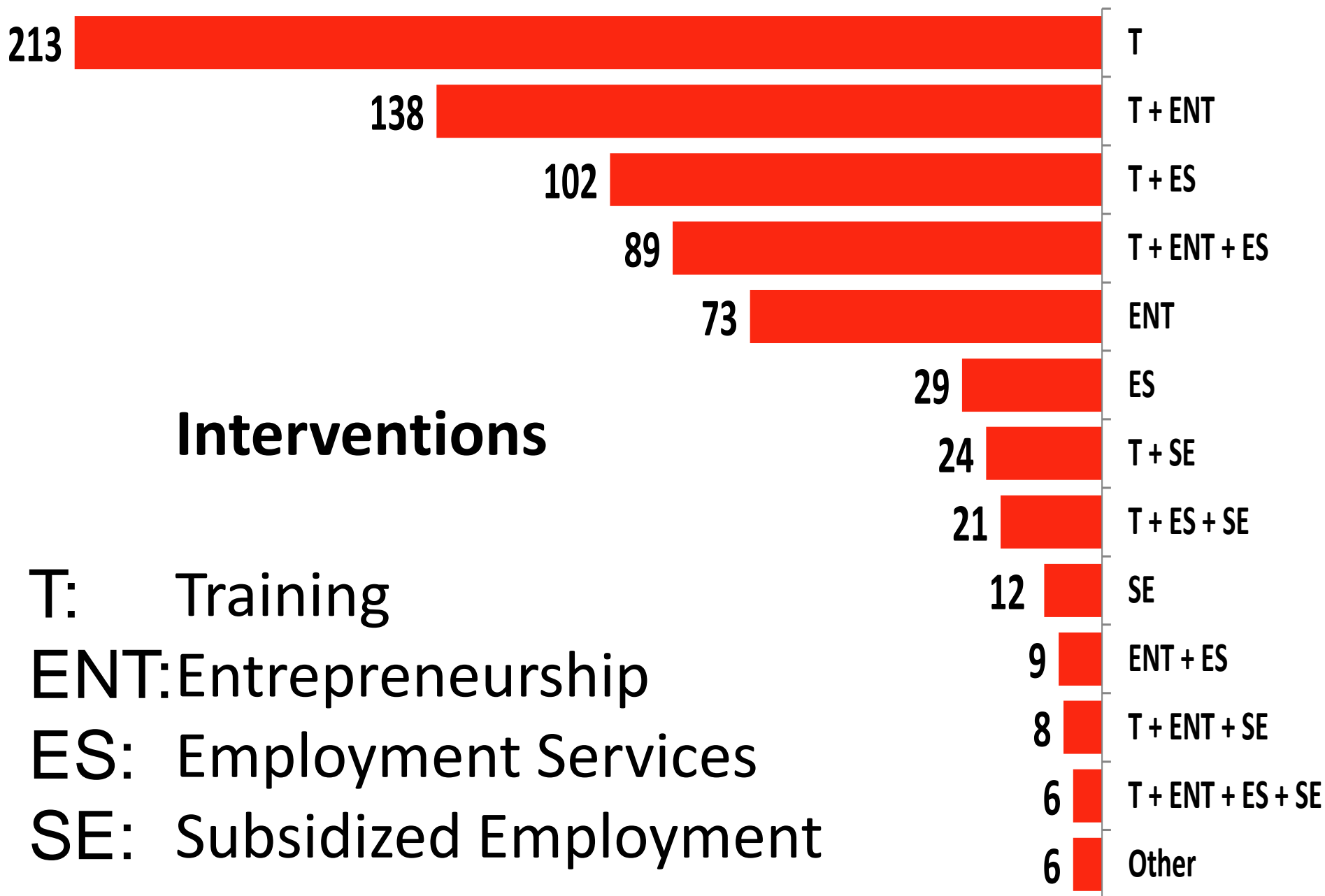
Interventions

T: Training

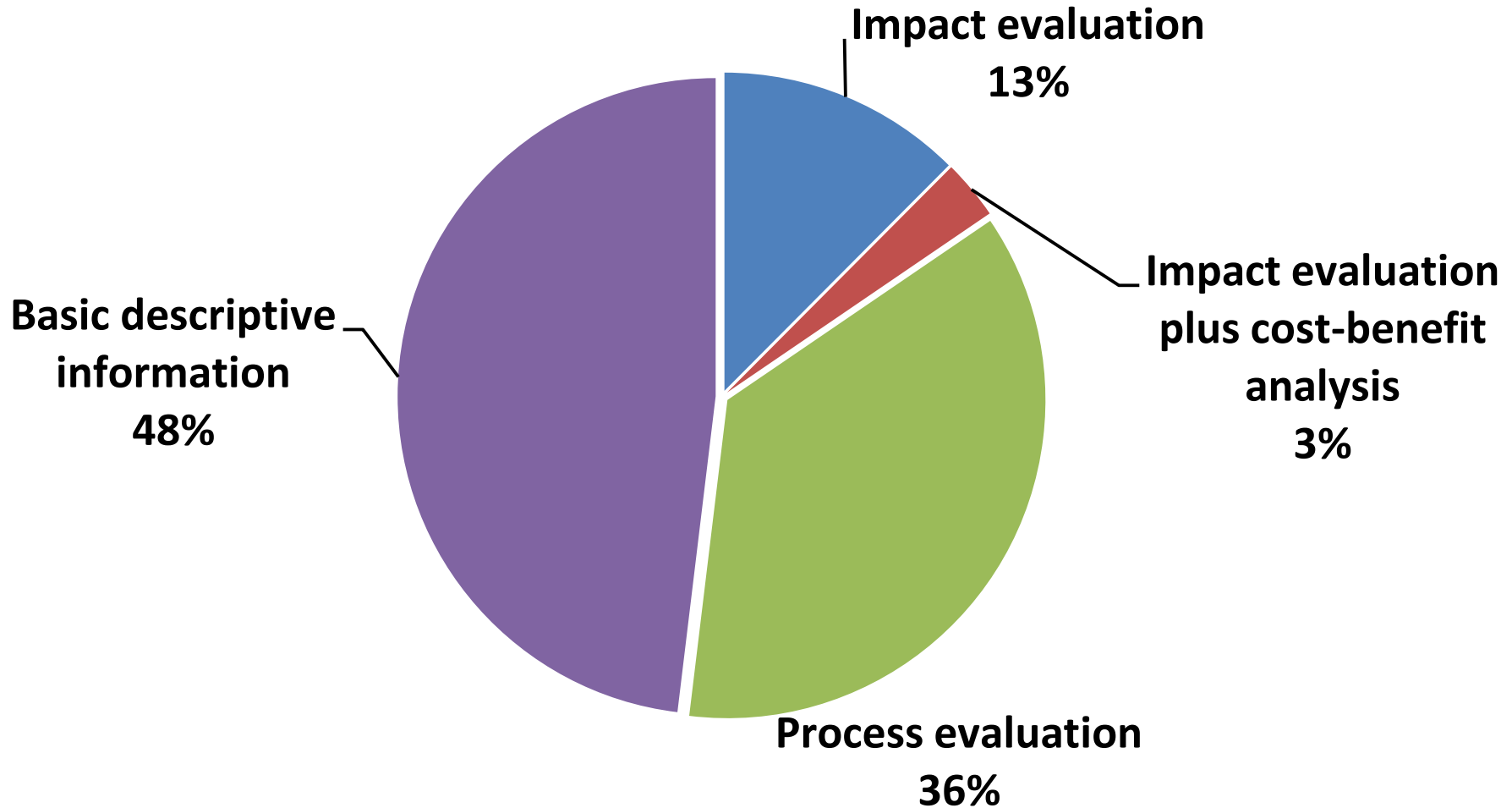
ENT: Entrepreneurship

ES: Employment Services

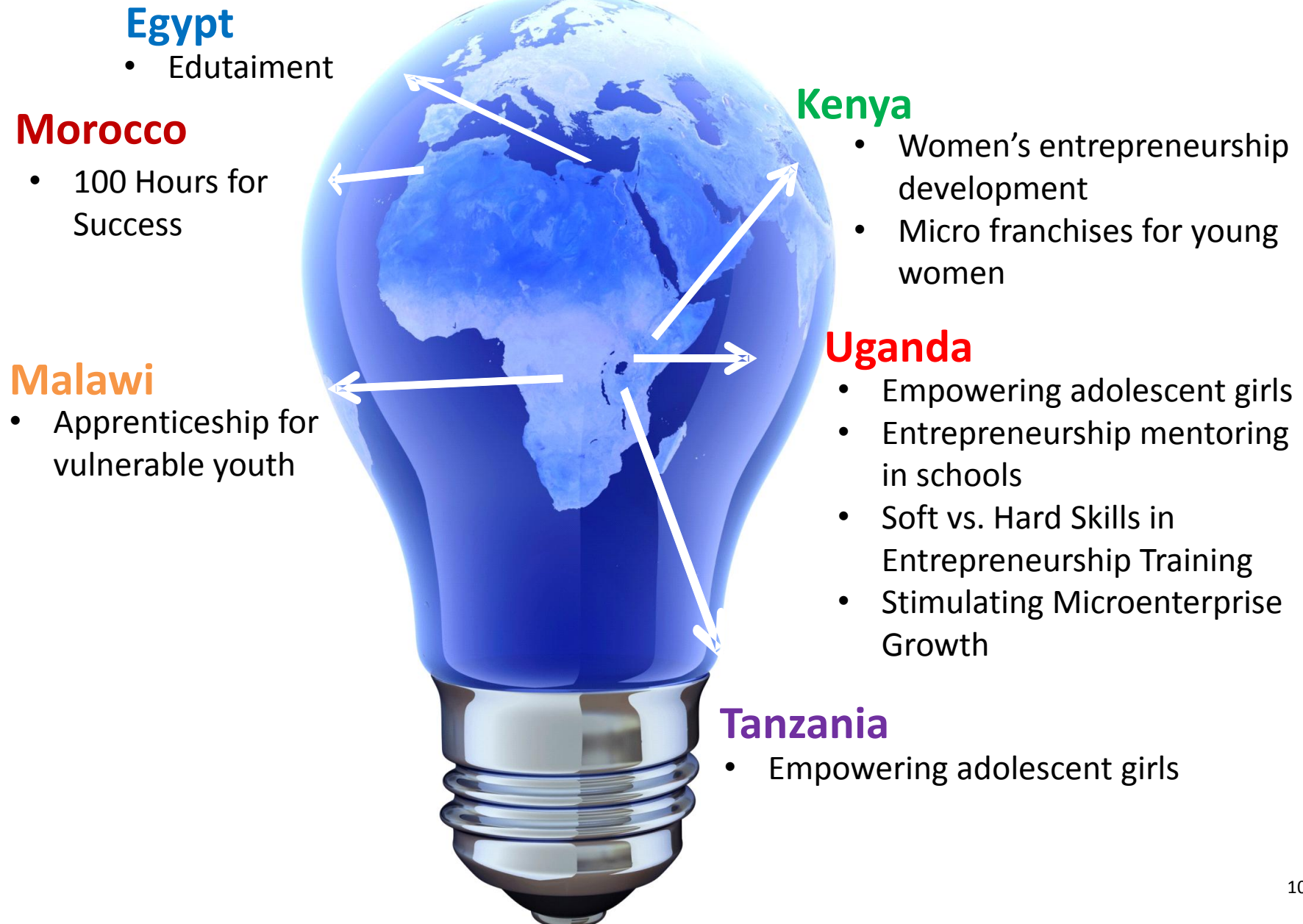
SE: Subsidized Employment



Capture more evaluation evidence



2. Contribute to closing the evidence gap



**3. Provide empirical
recommendations for policy and
program**

Systematic Review of Youth Employment Interventions





Searching and screening process

Potential studies identified through systematic search of 93 sources in EN, SP, FR, GE, PO:

- Electronic databases (e.g. EconLit)
- Relevant institutional and conference websites
- Dissertations and theses databases (e.g. Networked Digital Library of Theses and Dissertations)
- Reference lists of relevant existing reviews and meta-analyses
- Keyword search in grey literature databases



II. What works

Key policy questions

- What do we know about whether youth employment programs are effective?
- Short run vs. long run effects?
- Does a specific intervention work better for some groups? In some places or times?
- Implications?

Effectiveness:

Strong pattern by program type

- **Training** on average modestly effective, but: Long-run effects positive!
- **Private sector incentive programs** (wage subsidies) effective in short-run -> but: displacement?
- **Public sector direct employment** programs are rarely effective and often decrease participants' job finding chances. Limited evidence on youth.
- **Job Search Assistance** programs frequently show positive effects (Short-run); they also tend to be cost-effective

Duration:

Impacts increase with time after the program

	Percent of Medium-term Estimates that are:		
	Significantly Positive (1)	Insignificant (2)	Significantly Negative (3)
<u>Short-term Impact Estimate:</u>			
a. Significantly Positive (N=30)	90.0	10.0	0.0
b. Insignificant (N=28)	28.6	71.4	0.0
c. Significantly Negative (N=36)	30.6	41.7	27.8

- Positive short-term impacts: 36% of studies (24% negative)
- Positive medium-term impacts: 51% of studies (2% negative)
- Positive long-term impacts: 57% of studies (0% negative)

Youth training:

Evidence from OECD

—Youth employment programs systematically less effective in OECD

Two main implications:

—Points to preventive intervention -> education policies earlier in the lifecycle

—The importance of labor market institutions: Entry barriers generated by restrictive regulations (EPL, minimum wages) hamper program effectiveness

Youth training:

Evidence from LAC

Country	Impact on Employment	Impact on Earnings	Cost-Benefit Analysis
Chile Chile Joven	21% (<21 years, women)	26%	NA
Argentina Proyecto Joven	10% (women)	10% (monthly wages)	NPV>0 if 12 years of positive benefits (DR = 5%)
Peru ProJoven	6% (placement)	18% (hourly)	<ul style="list-style-type: none"> •NPV>0 if 7 years of positive benefits (DR = 5%) •IRR > 4%
Dominican Rep. Juventud y Empleo	Not significant	10%	NPV>0 if 2 years of positive benefits (DR = infl.)
Colombia Jóvenes en Acción	5% (women)	18% - 35% (men - women)	IRR = 4.5% - 13.5% (men - women)

Youth training:

Evidence from LAC

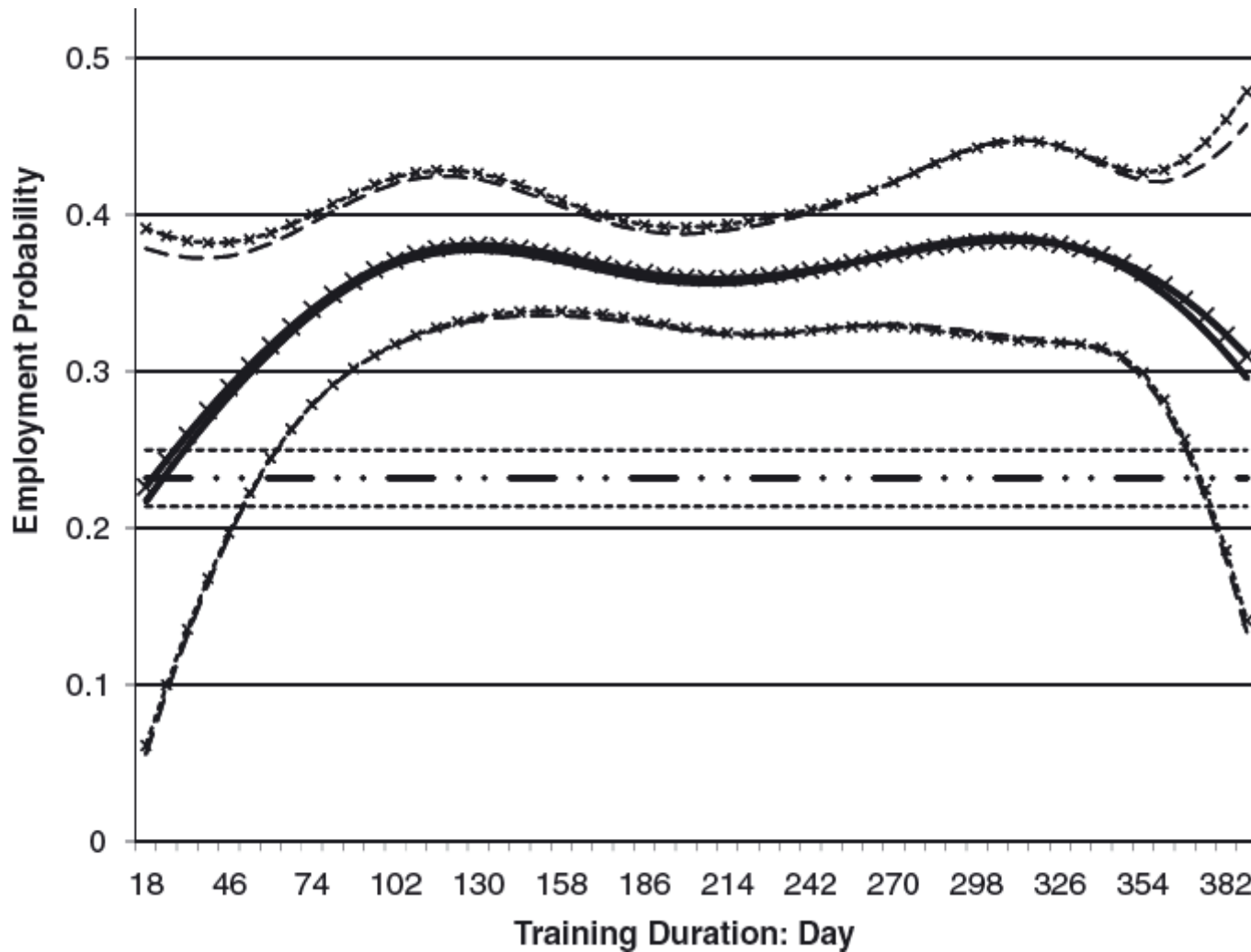
Features:

- Financing of training separated from the provision: training courses are selected through a public bidding system
- Type of training is demand driven -> connection with private sector
- The intervention follows a “multi-service” approach: classroom training + internship / work experience + job search assistance + life skills

More results

- In general: No differential effects for men and women
- Comprehensive, multi-component programs work
 - Even for youths in OECD: Job Corps US, New Deal UK
- Knowledge gap: Optimal program design
 - > combination of program components?
 - > treatment duration?

Program design: Optimal length of training



Source: Kluve, Schneider, Uhlenдорff, Zhao (2012)

Youth entrepreneurship:

Evidence from Africa

- Loans have a very large effect in business outcomes for young male owned business
 - Training sustains these effects
- Results are consistent with a commitment and skills problem
 - Men seemed to respond to the need to repay money
- None of the interventions helped women
 - Family presence is driving some negative returns
- Large employee effects

Key lessons to take into account

1. Programs should be demand-driven (“Jóvenes”). Incorporate private sector through work practice.
2. Comprehensive design comprising multiple components.
3. Labor markets need to be “youth friendly” -> restrictive institutions hamper training effectiveness.
4. The importance of human capital based interventions!
5. Expectations need to be realistic: Theory of change of the programs.
6. Systematic data collection and evaluation efforts are key to move towards evidence-based policy making.