Evidence on Youth Employment

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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

Search the Inventory

Browse Inventory by Category

Skills training

Browse by Type of Evaluation

Basic descriptive information

Browse by Quality of Intervention

Intervention had negative impact in the

Submit a Project

Submit a Project

www.youth-employment-inventory.org

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
Key early findings (2007)

1. Severe knowledge gaps

Evaluation evidence by type of intervention

- Total - 289
  - Comprehensive, training + - 92
  - Job assis., wage subsidies, public works - 35
  - Skills training - 125
  - Entrepreneurship schemes - 33
  - Other - 4

... and by region

- Total - 289
  - OECD - 122
  - ECA - 41
  - LAC - 68
  - SSA - 29
  - SA/EAP - 21
  - MENA - 8

2. Evaluation matters

- Impact evaluations
- Impact evaluations with cost-benefit analysis

- Failures: 56%
- Successes: 44%

Without a proper counterfactual

- Failures: 67%
- Successes: 33%

Impact evaluations with cost-benefit analysis
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 of Country Exercises.
Interventions

T: Training
ENT: Entrepreneurship
ES: Employment Services
SE: Subsidized Employment
Capture more evaluation evidence

- Basic descriptive information: 48%
- Process evaluation: 36%
- Impact evaluation: 13%
- Impact evaluation plus cost-benefit analysis: 3%
2. Contribute to closing the evidence gap

**Egypt**
- Edutainment

**Morocco**
- 100 Hours for Success

**Malawi**
- Apprenticeship for vulnerable youth

**Kenya**
- Women’s entrepreneurship development
- Micro franchises for young women

**Uganda**
- Empowering adolescent girls
- Entrepreneurship mentoring in schools
- Soft vs. Hard Skills in Entrepreneurship Training
- Stimulating Microenterprise Growth

**Tanzania**
- Empowering adolescent girls
3. Provide empirical recommendations for policy and program

Systematic Review of Youth Employment Interventions
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

<table>
<thead>
<tr>
<th>Short-term Impact Estimate:</th>
<th>Percent of Medium-term Estimates that are:</th>
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<tbody>
<tr>
<td></td>
<td>Significantly Positive (1)</td>
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<tr>
<td>a. Significantly Positive (N=30)</td>
<td>90.0</td>
</tr>
<tr>
<td>b. Insignificant (N=28)</td>
<td>28.6</td>
</tr>
<tr>
<td>c. Significantly Negative (N=36)</td>
<td>30.6</td>
</tr>
</tbody>
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— 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

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<tbody>
<tr>
<td>Chile</td>
<td>21% (&lt;21 years, women)</td>
<td>26%</td>
<td>NA</td>
</tr>
<tr>
<td>Argentina</td>
<td>10% (women)</td>
<td>10% (monthly wages)</td>
<td>NPV&gt;0 if 12 years of positive benefits (DR = 5%)</td>
</tr>
<tr>
<td>Peru</td>
<td>6% (placement)</td>
<td>18% (hourly)</td>
<td>•NPV&gt;0 if 7 years of positive benefits (DR = 5%)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>•IRR &gt; 4%</td>
</tr>
<tr>
<td>Dominican Rep. Juventud y Empleo</td>
<td>Not significant</td>
<td>10%</td>
<td>NPV&gt;0 if 2 years of positive benefits (DR = infl.)</td>
</tr>
<tr>
<td>Colombia</td>
<td>5% (women)</td>
<td>18% - 35% (men - women)</td>
<td>IRR = 4.5% - 13.5% (men - women)</td>
</tr>
</tbody>
</table>

Notes: NPV: Net Present Value; DR: Discount Rate; IRR: Internal Rate of Return
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, Uhlendorff, 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.