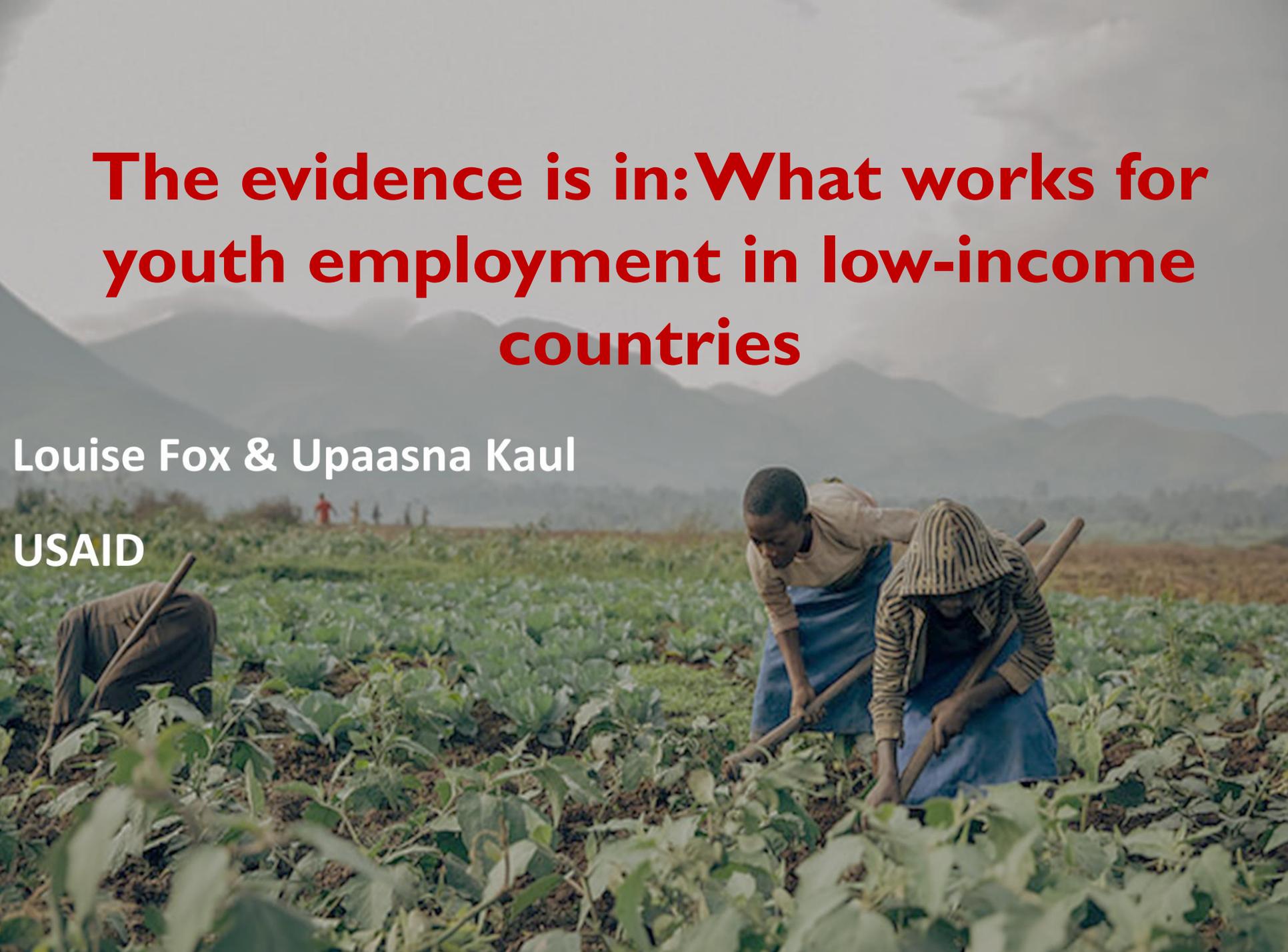


The evidence is in: What works for youth employment in low-income countries

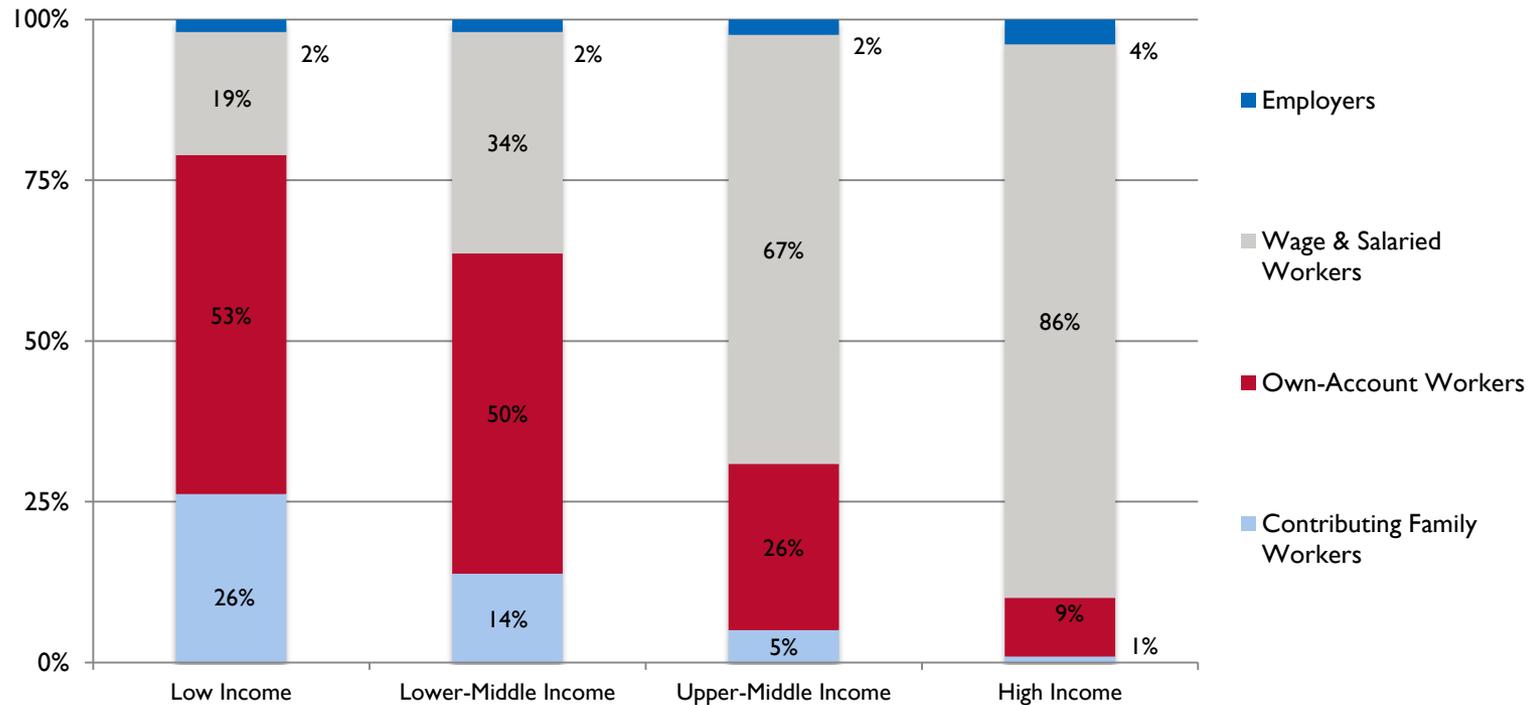
Louise Fox & Upaasna Kaul

USAID



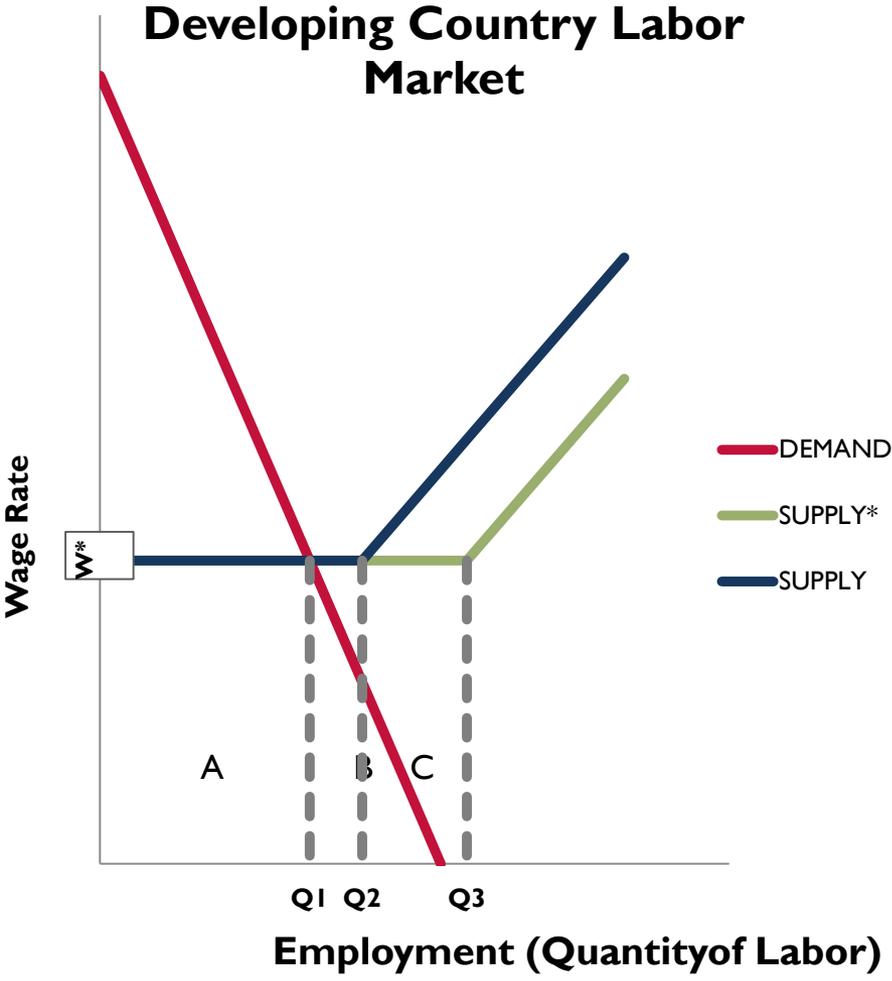
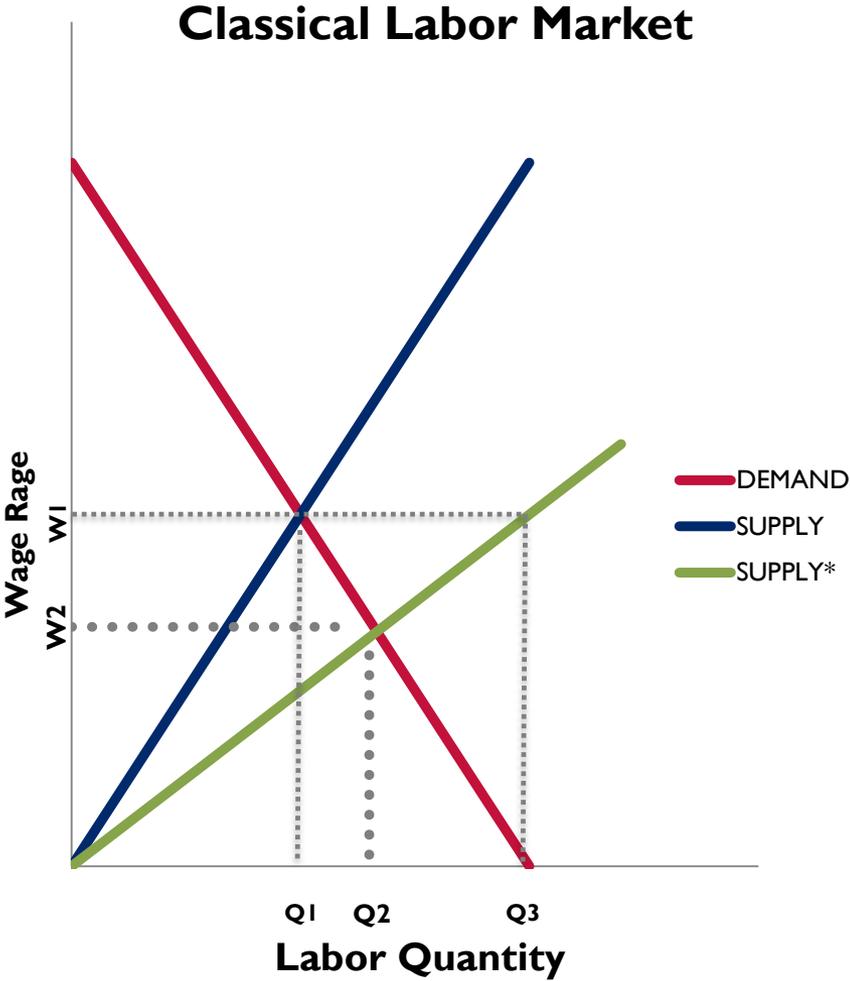
Informal is normal until economic transformation takes place

Employment Structure



Source: ILO STAT, 2017

Labor Market Diagnosis



Theories of change & Key assumptions

Supply-side

- **Theory of change:** Improve youth characteristics for increased employment.
- **Assumption:** Entry level vacancies exist but youth lack the skills needed to get them.

Business-climate

- **Theory of change:** Increase demand for youth labor (factors out of control of youth).
- **Assumption:** Barriers to firm entry and growth limit jobs and opportunities available.

Key Results: Supply-side

Intervention	Employment Effects	
Technical, vocational training (TVT), life skills, work experience, or combination	Life skills only	Jordan & Kenya
	TVT only	Kenya & Turkey; India (females only)
	TVT +Life Skills + Work Exp.	Colombia (Jovenes), Kenya, Nepal, Peru (2016), and Yemen. Argentina, Dominican Republic, Peru (2010) Female only programs: Kenya (ICT), Liberia
	Work Exp.	Malawi (male only program)
Employment matching services and counselling	Job fairs	Ethiopia & Philippines
	Recruitment services	India (females program)
	Matching services	Jordan
	Apprentice matching	Ghana
Incentives for Job Search	Transport subsidies	Bangladesh; Ethiopia
	Wage Subsidies	South Africa

Key results: Demand-side

Intervention		Employment Effect
Access to Finance	Microcredit & small loans	Bosnia, Ethiopia, India, Mexico, Morocco, and Mongolia (Microcredit) Uganda (small loan)
	Larger Loans	Brazil, Colombia, and larger Indian firms India (microenterprises)
	Grants	Positive effect: Nigeria (\$50K) Uganda (\$200)
Financial Literacy & BDS	Business Development consulting	Positive effects: Argentina, Chile, India, and Mexico South Africa (Marketing vs. Finance) Ghana (microenterprises)
Formalization & Tax policy	Registration & Business formalization	Argentina & Brazil (new firms, not existing) Sri Lanka (Paying firms to formalize)
	Tax simplification & incentives	Brazil & Mexico (weak studies)
Electricity	Electricity access	Ghana & India (model)
Minimum wages, subsidies, and public works programs	Minimum wage	South Africa (varied by sector)
	Wage Subsidies	Jordan, South Africa, & Sri Lanka (microenterprises), Mexico (bigger firms)
	Public works	India (partial displacement), Malawi (no displacement)

Key results: Household enterprises/start-up

Intervention		Employment Effect
TVT & Work Experience	TVT only	Kenya; India (Female only)
	Vocational & Business skills	Nepal Malawi (apprenticeships)
	TVT and Finance	Uganda (stronger for males)
Business skills, life skills & mentorship	Business skills course	Tunisia (University youth)
	Life Skills & Mentorship	Uganda (EDUCATE!)
	Life skills, mentorship, and business skills	Uganda (BRAC – ELA) and Liberia (Adolescent females) Tanzania (Replicated the Uganda ELA program)
	Microfranchising	Kenya (speeds entry into self-employment)
Access to finance	Cash grants	Kenya (grant only speeds entry)
	Business skills and small cash grant	Ethiopia, Nicaragua, and Uganda (WINGS)
	Microcredit	Bosnia, Ethiopia, India, Mexico, Morocco, and Mongolia (start-ups)

Does gender matter?

- Some studies found short to medium term gains varied by gender, leading to a perception that trainings generates better returns to females than males.
- Differences usually disappear in the longer-term follow up
 - This suggests that training might accelerate entry for females, relative to males (in some cases), but not that training is the preferred intervention for women.
 - Maybe it is not the content of the training but just a program?
- Results from other studies show mixed, or statistically insignificant results by gender (although few studies explicitly tested for differences).

Implications

- Need more research on how youth succeed
 - Pathways, bumps along the road, and how they overcome them
 - Who influences/could influence their thinking on economic opportunities?
 - Rural areas
- More information from firms on real skill constraints, also on HR processes and why they don't get better
 - If their problem is skilled engineers, how could we make the case to LICs and LMICs to allow them to be imported? Can we get data on how many jobs?
- Try digital for SE in urban areas – AirBnB and Task Rabbit – possibly connected to MFIs so they can get a loan based on performance - instead of skills training
- Stop thinking that supply creates its own demand

Summary

“To reach a critical mass of young people, fundamental shifts in our approach to skills-building, access to finance and entrepreneurship support are necessary,” says Lindsay Wallace, Director of Learning and Strategy, The MasterCard Foundation. “Development efforts must strengthen social, education and economic systems, and promote inclusive growth that will provide the most vulnerable and marginalized young people with opportunities to improve their lives.”

- *Lindsay Wallace, Mastercard Foundation*

THANK YOU

