



What works!

4th Lead Country Meeting
Workshop on Benchmarking Tools and
Best Practices in Youth Employment



What works for what?

Identify what the bricks are made of!

What are the constraints?

1. Technical, General, Life skills mismatch
2. Poor matching
3. Poor signaling
4. Lack of entrepreneurial capital
(skills, social, \$)
5. Insufficient labor demand

Identify policy options

Constraints

Technical, General, Life skills mismatch

Poor matching

Poor signaling

Lack of entrepreneurial capital

Insufficient labor demand

Policy Options

- Comprehensive, training + Programs
- Second chance education programs
- Employment Services
- Online Matching Places
- Skills Certification Framework
- Accreditation from training firms
- Training on Entrepreneurial Skills
- Mentoring
- Access to credit
- Public Works Programs
- Wage Subsidies

What works in each policy option?

Evidence Based Policy Making

- In exploring what works, it is important to rely on rigorous evidence → M&E
- Of all your options, Active Labor Market Programs (ALMPs) are the most evaluated, and we can therefore draw **solid** lessons
 - Inventory of youth employment interventions

Comprehensive Programs in Latin America and the Caribbean

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

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

Constraints

Technical, General, Life skills mismatch

Policy Options

- Comprehensive, training + Programs
- Second chance education programs

Key design factors (LAC)

- § Demand-driven model for disadvantaged youth
- § Classroom training and work experience in basic and specific trades, life skills, job search assistance, counseling, and support services
- § Incentives to ensure youth and employers participation
- § Public bidding system

Constraints

Poor matching

Policy Options

- Employment Services
- Online Matching Places

Key design factors:

- § Targeting (long-term unemployed, youth)
- § Job placement assistance + sanction schemes (unemployment benefits).

Impact:

- § **U.K.:** 6% decrease in unemployment (male), 2% increase in the chances of getting a full-time work after the interview; and 8% lower inactivity rate. Modest impact on women.

Constraints

Lack of entrepreneurial capital

Policy Options

- Training on Entrepreneurial Skills
- Mentoring
- Access to credit

Key design factors:

§ Demand-driven; Targeting and screening mechanisms; Private sector and NGOs participation in design and delivery; Classroom +; Access to finance, and Support services

Impact and cost-effectiveness:

Peru's Young Entrepreneurs Qualification Program: 40% increase in prob. of having a business operating for more than 1 year and 40% increase in earnings

Constraints

Insufficient labor demand

Policy Options

- Public Works Programs
- Wage Subsidies

Key design factors for Public Works Programs:

§ Timing and conditions,

§ Infrastructure investment needs, High labor intensity,

§ Demand-driven (local level),

§ $pw \leq w$,

§ Combine with other ALMPs and exit strategies,

Impact:

§ **Argentina's Trabajar Program**: Net income gain, after factoring foregone earnings, was about 1/2 wage paid

What else we learned!!!

- § Interventions tend to be more successful in developing and transition countries than in advanced economies.
- § Targeting on disadvantaged youth can be an effective program design.
- § There is no silver bullet: policy-makers should consider which type of intervention best addresses the problem of concern.

Final Message

- § Knowledge of what works is incomplete.
- § Even worse, policy-makers are overestimating the effectiveness of programs.

- § ... which highlights the need for:
 - § diagnosis of the obstacles, sound design and implementation, and monitoring effectiveness, adjusting programming as needed.



THANK YOU