SHORT AND MEDIUM-TERM IMPACTS OF PUBLIC WORKS ON YOUTH IN COTE D’IVOIRE

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The Challenge of Quality and Inclusive Employment in Côte d’Ivoire

- Employment challenge in Côte d’Ivoire similar to many countries in Africa
  - Relatively low unemployment
  - But high concentration of employment in agriculture and non-agricultural self-employment

- Slow transformation in the structure of employment
  - Even despite strong growth since the end of crisis in 2011
  - Agriculture and non-agricultural self-employment likely to remain the most common occupations by 2025

- Active dialogue on employment policy:
  - National strategies still tend to focus on number of jobs and unemployment
  - Evolution towards more attention to quality (earnings and productivity) and inclusiveness (poverty angle)
  - WB engagement supported by a range of analytical activities (technical assistance to employment surveys, Jobs Diagnostics, Impact evaluations,...)
Emergency Youth Employment and Skills Development Project (PEJEDEC) was put in place in the context of the post-electoral crisis (in 2011)

- Project implements a range of interventions (public works, apprenticeship, internships,...)

- In light on lack of data on employment and effectiveness of youth employment programs, 2 impact evaluations were set-up (Public Works, Apprenticeship).

  - (Results from Apprenticeship study expected in December)

Objective of Public Works Component:

- Provide temporary employment opportunities to youths (short-term)
- Facilitate transition into more productive employment upon exit from the program (medium-term)
- Contribute to infrastructure/roads rehabilitation
PEJEDEC Public Works
Temporary wage jobs with complementary training

- **Target group and coverage**
  - 12,000 Youths (18-30)
  - 30% women
  - 16 localities throughout Cote d’Ivoire (urban areas)

- **Main Public Works Benefits**
  - Temporary income of 2,500 FCFA per day for 6 months (~US$ 4.5/day)
    - Transfer level set at minimum official daily wage
    - Paid on bank accounts
  - Youths work on road maintenance (‘brigade’ of 25 youths)

- **Complementary training** to facilitate transition out of the program:
  - Basic **entrepreneurship/self-employment training** (~100h)
  - **Training on jobs search** and sensitization on wage employment opportunities (~ 80h)
Key Questions on Effectiveness of Public Works for Youth

• **In the short-term...**
  - By how much do public works increase employment and earnings for youth?
  - Do public works affect youths’ psychological well-being and behaviors?

• **In the medium-term...**
  - Do public works facilitate transition towards more productive employment, including last gains on earnings after exit from the program?
  - Do complementary training options provide value-added? Do they facilitate transition into more productive activities?

• **Profile of youths who benefit most from the program...**
  - Are youths who benefit the most in the short-term the same as those who benefit the most in the medium-term?
Impact Evaluation Methodology: Randomized Assignment to Public Works and Complementary Training

Public lottery to select PW beneficiaries among applicants

Randomized assignment of complementary training by brigade

Eligible Applicants

Beneficiaries
125 brigades, 3125 individuals

Public Works only
45 brigades
1125 individuals

Public Works + basic entrepreneurship training
40 brigades
1000 individuals

Public Works + job search training
40 brigades
1000 individuals

Not Selected (control group)

Not Selected (control group)
3 large-scale surveys among treatment and control groups

- **Enrollment and Baseline survey**
  - June-July 2013

- **Midline survey**
  - After 4-5 months of participation
  - Nov-Dec 2013

- **Training implementation**
  - Jan-Feb 2014

- **Endline survey**
  - 12-15 months upon exit from the program
  - March-July 2015
Successful implementation of large-scale impact evaluation

- Impact evaluation embedded in government-run program
- Excellent collaboration across institutions
  - BCP-Emploi, AGEROUTE, World Bank, International Researchers, ENSEA
- Quality implementation of public works by AGEROUTE
  - Implementing agency (AGEROUTE) has experience (including from past projects)
  - High take-up rates for public works and complementary training
- Strong internal validity
  - Randomized assignment produces well-balanced treatment and control groups
  - Very high tracking and response rates for various surveys
In the short-term…
(4-5 months after the start of the program)
In the short-term, little increase in overall employment... but strong shift into wage employment

- Small impact on overall employment level (from 87% to 99%, +12 pp)
  - Only small reduction of unemployment or inactivity
- Strong impact on wage employment (from 53% to 97%, +44 pp)
- Small decrease in self-employment and other types of employment (-9 pp)
In the short-term, significant increase in earnings... but by less than the transfer amount

- Total monthly earnings increase from 60,000 FCFA to 81,000 FCFA (+21,000 FCFA)
- Earnings gain as a ratio of average transfers $21,000/50,000 = 42$
- Earnings gains contribute to higher expenditures (~+15,000/month) and higher savings (~+9,000/month)
Earnings increase much more for the vulnerable...

- In the short-term, impacts on earnings are concentrated on the more « vulnerable »:
  - Impacts three times larger on those who would be willing to work for less than 1500 FCFA/day (instead of 2500 FCFA/day)
  - Earnings increase by 67% for them

- Also much stronger impact on women compared to men:
  - Earnings impact are 2.8 times stronger for women
  - Earnings increase by 76% for them
Both the vulnerable and less vulnerable benefit in terms of psychological well-being and behaviors.
In the medium-term... (12-15 months after exit from the program)
15 months after the end of the program, there are no sustained impacts on the level or composition of employment among youths.

Bar chart showing:
- Employed: Control (80%), Treatment (90%), Impact (0%)
- Wage Employed: Control (50%), Treatment (60%), Impact (0%)
- Self-Employed: Control (20%), Treatment (25%), Impact (0%)
But medium-term impacts on earnings are observed. They are mostly driven by increases in earnings in self-employment.

Significant increase in total earnings: \(+5,600\) FCFA per month, or \(12\%\)

Significant and substantial increase in self employment earnings: \(+6,200\) FCFA, or \(32\%\)

Youths are engaged in more productive self-employment activities.
Increases in earnings come mostly from the group who participated in public works and self-employment training...
The most vulnerable who gain most in economic terms in the short-term also benefit the most in the medium-term...

- Impact on earnings is sustained in the medium-term only for the most vulnerable:
  - Significant and substantial impact: + 20%
  - Driven by a strong impact on earnings in self-employment activities (+57%)

- Medium-term impacts are also concentrated on women:
  - Significant impact in the medium-term for women (+21%) but not for men
A program that would target only the most vulnerable and reduce costs outside transfers would become much more cost-effective.

- For how long would impacts need to last for monetary benefits to offset costs?
  - Program would break even after 3 years with (i) improved targeting towards the vulnerable and (ii) reduction of costs outside transfers.
- The option of combining public works and self-employment training is relatively more cost-effective, along with public works only.
Cost-Effectiveness Analysis
(Direct Monetary Costs and Benefits from Program)

- Transfers amount to 45% of cost per beneficiary

- **Low cost-effectiveness ratio:**
  - Combining public works and wage employment training is the least cost-effective option
  - Combining public works and self-employment training is slightly more cost-effective
Implications (1)

- **Impact Evaluation results provide an opportunity to clarify the strategic role of public works instruments in employment and social protection policies**
  - For Cote d’Ivoire, but also other countries with similar employment profile

- Public Works have limited role for employment policy if the objective is mostly to reduce unemployment or increase the level of employment.
- But effects on quality and composition of employment are observed in the short-term:
  - Public Works would contribute to a broader objective of employment policy to improve employment quality

- Public works has dimension of safety nets (particularly if targeted to most vulnerable)
  - Questions remain on relative efficiency of public works and cash transfers
Implications (2)

• Combining better targeting towards the vulnerable and women, as well as reduction of costs outside transfers would make the program much more cost-effective
  • Setting the transfer levels at official minimum wage is not sufficient to attract the most vulnerable
    • A large share of the population earn less than the minimum wage.
  • Potential options to improve targeting (not mutually exclusive)
    • Lower transfer amounts to improve self-targeting
    • Target the poor and vulnerable through targeting approaches used in other social programs (such as Proxy-Means Test)
    • Implement finer geographical targeting towards most vulnerable and poorest regions (including away from main urban centers)
  • Clear research agenda on how best to improve targeting for public works
    • Also including broader question of relative efficiency of public works and cash transfers
Implications (3)

- If public works keep their objective to facilitate transition into more productive employment upon exit from the program, strengthening pathways towards self-employment appear more promising.
  - Jobs search training not effective.
  - Some impacts from groups receiving public works and self-employment training, in particular strong increase in earnings and self-employment earnings.
  - Suggest strengthening mechanisms to address other constraints for more productive self-employment could be explored (savings, matching grants, access to work space,...)

- However, it is not clear that public works are the best instrument to facilitate transitions towards more productive employment
  - Measures to improve productivity in self-employment can also be implemented independently from public works.
  - Would be interesting to test the effectiveness of such measures with and without public works.
Thanks!