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BOOSTING YOUTH EMPLOYMENT THROUGH PUBLIC WORKS: WHAT WORKS

29-30 June 2015
Addis Ababa, Ethiopia





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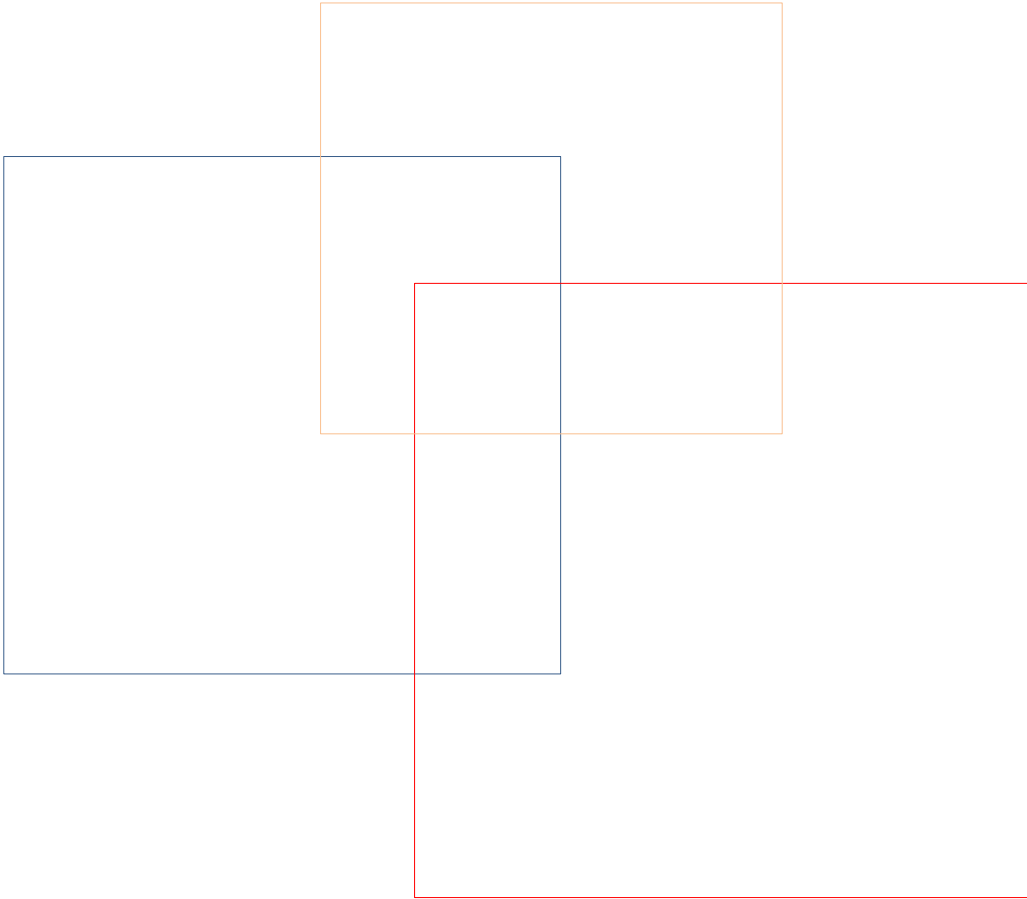
Labor-intensive public works (LIPW - THIMO) for the youth in Cote d'Ivoire

Short term results from an impact evaluation

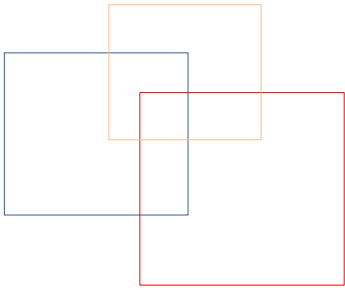
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PUBLIC WORKS, 29-30 JUNE 2015



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DESCRIPTION OF THE LIPW PROGRAM



Description of the LIPW intervention

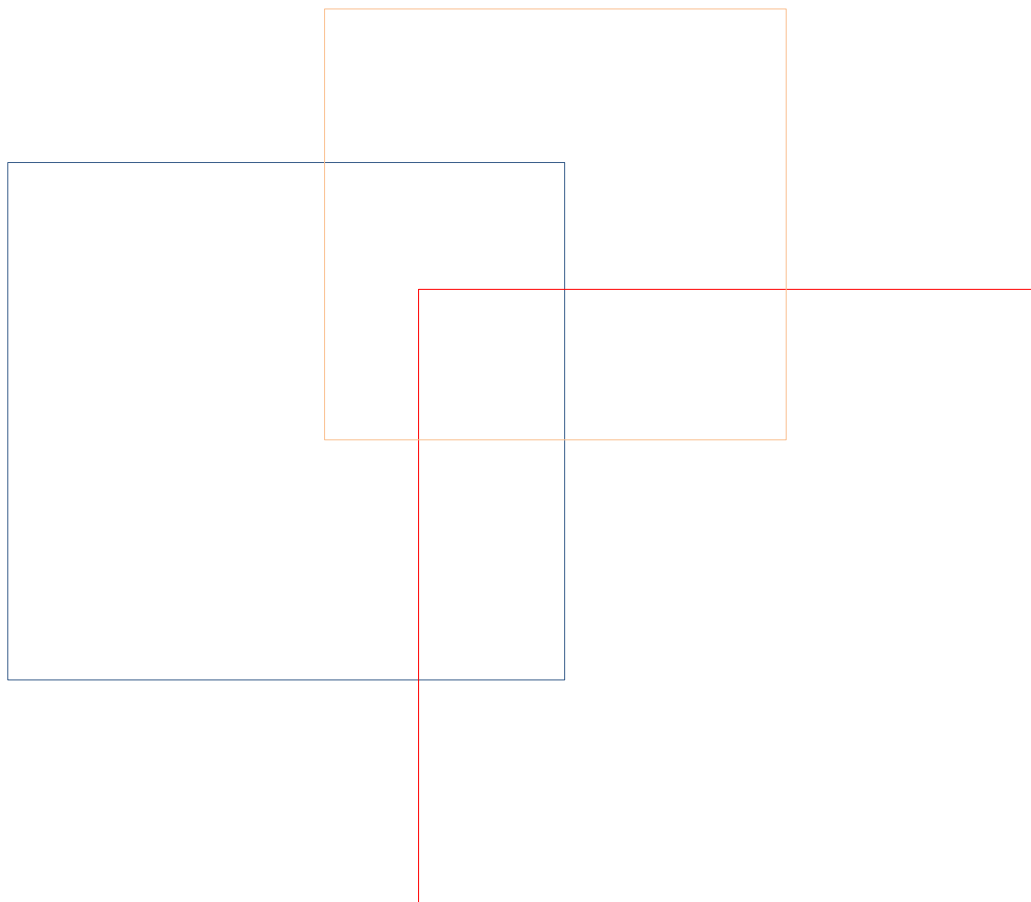


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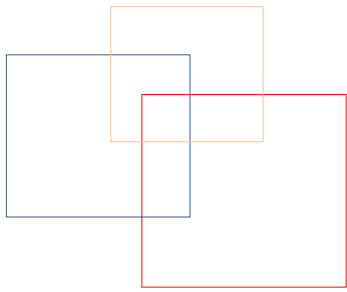
- The **Cote d'Ivoire Emergency Youth Employment and Skills Development ("PEJEDEC")** (financed by IDA) was set up in 2012 to support the economic recovery following the post-electoral crisis.
 - First component : **labor intensive public works (LIPW) ("THIMO")**
- **Target** : youth (18-30), 30% women → 12,500 individuals during 4 years
- **Coverage** : 16 localities in Cote d'Ivoire (urban areas)
- **6-month** job in road maintenance , **~6h per day**. Regular earnings of **~ \$100 per month (\$5 per day)**, paid on bank accounts (opened by the program)
- Basic life skills training on topics such as VIH, civism, hygiene (~40h)
- **Public work "Plus"** : a subset of participants received an additional training at the end :
 - (i) basic entrepreneurship training
 - (ii) training in job search skills and sensitization on wage employment opportunities



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IMPACT EVALUATION STRATEGY

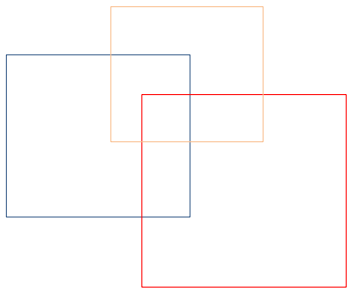


Strategic framework for LIPW impact evaluation in Cote d'Ivoire



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- **Key questions on the short term impact :**
 - **What is the impact on employment participation, employment type, earnings ? Are public works effective to create jobs in the short term ?**
 - **How do they use their income ? What is the impact on spending and savings ?**
 - **What is the impact on work intensity (hours worked) and personal schedule for the youth ?**
 - **What is the impact on their attitude ? Behavior ?**
- **Key questions on the medium term impact :**
 - **What is the impact of the program on the youth transition to the labor market (wage employment or self-employment), after completion of the program ? Is it effective to create jobs in the long term ?**
 - **Is there an additional significant impact when one receives an additional training ? Which training is the most effective ? How credible is the skills development?**
 - **How sustainable is the poverty reduction ?**



Selection in the LIPW program : Public lotteries



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- **We held public lotteries in each locality to select beneficiaries among all the people who enrolled in the program**
- Heavy communication campaign during one month to let all interested young people apply
- **Selection by public lotteries ensure a total transparency (especially important in a post crisis context) and is very well-understood by the communities**
- Demand for the program exceed the number of jobs offered (more than 12,000 enrolled for 3,125 beneficiaries)





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Impact evaluation using random assignment – «Randomized Control Trial»

1. Population



 = Ineligible

  = Eligible

2. Enrolled



3. Random assignment

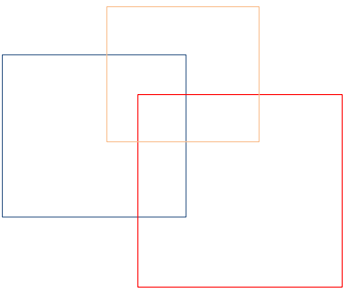
Control Group



Compare
the 2
groups to
measure
the
impact



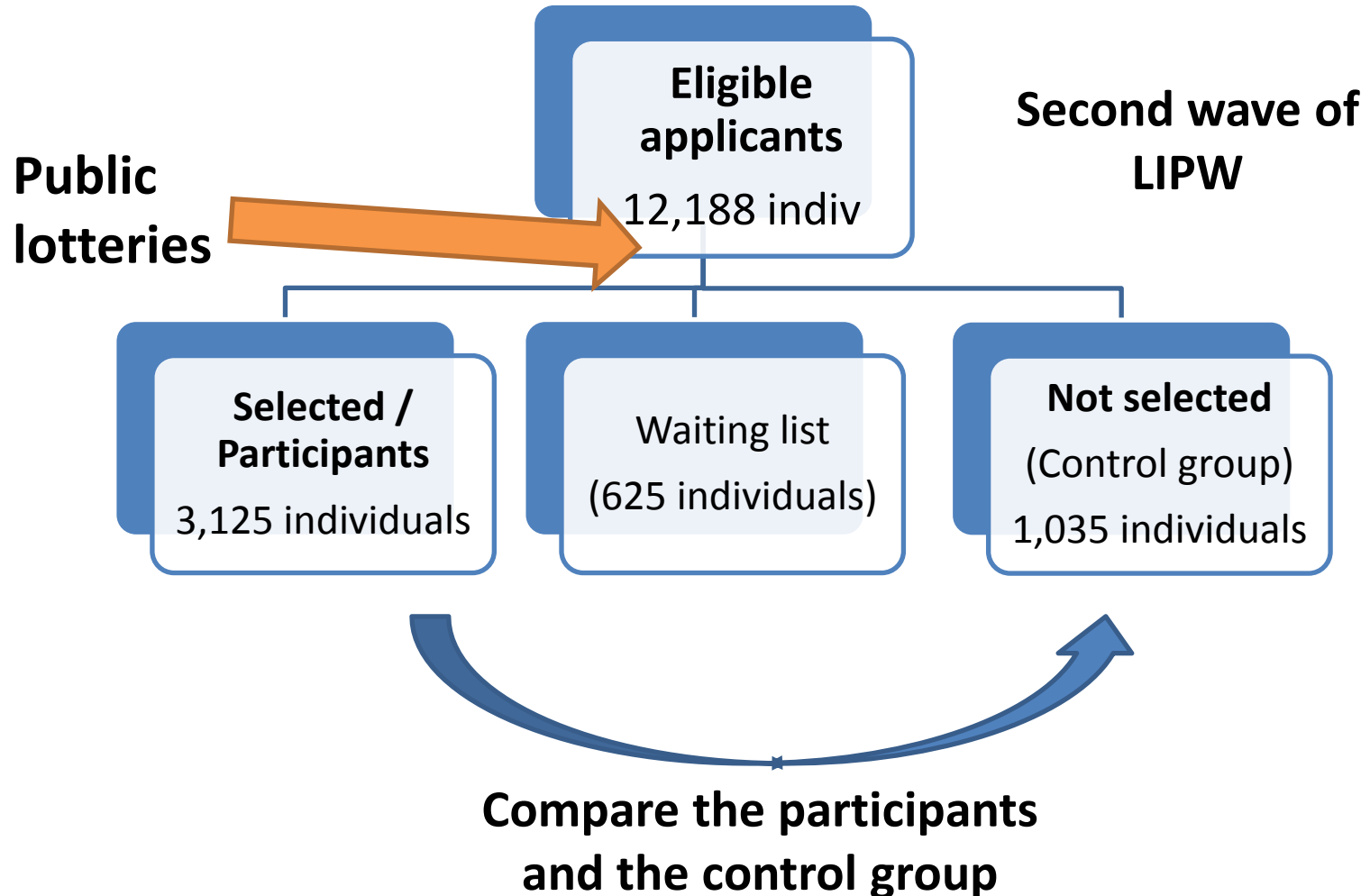
Participants



Design to evaluate the short term impact of the Cote d'Ivoire LIPW



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Data used for the short term impact evaluation



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Baseline survey

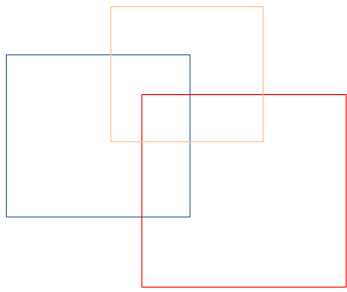
- **Data collected on 4,160 individuals and their households**
 - All 3,125 participants and 1,035 from the control group
 - 98,5% participation rate (low attrition)

→ Used to check that Participants and Control group are statistically identical

Short term (midline) survey

- **Data collected on 3,035 individuals and their households after 4 mth**
 - 2,000 from the participants and 1,035 from the control group
 - 97,4% participation rate (low attrition) , balanced between participants and control group

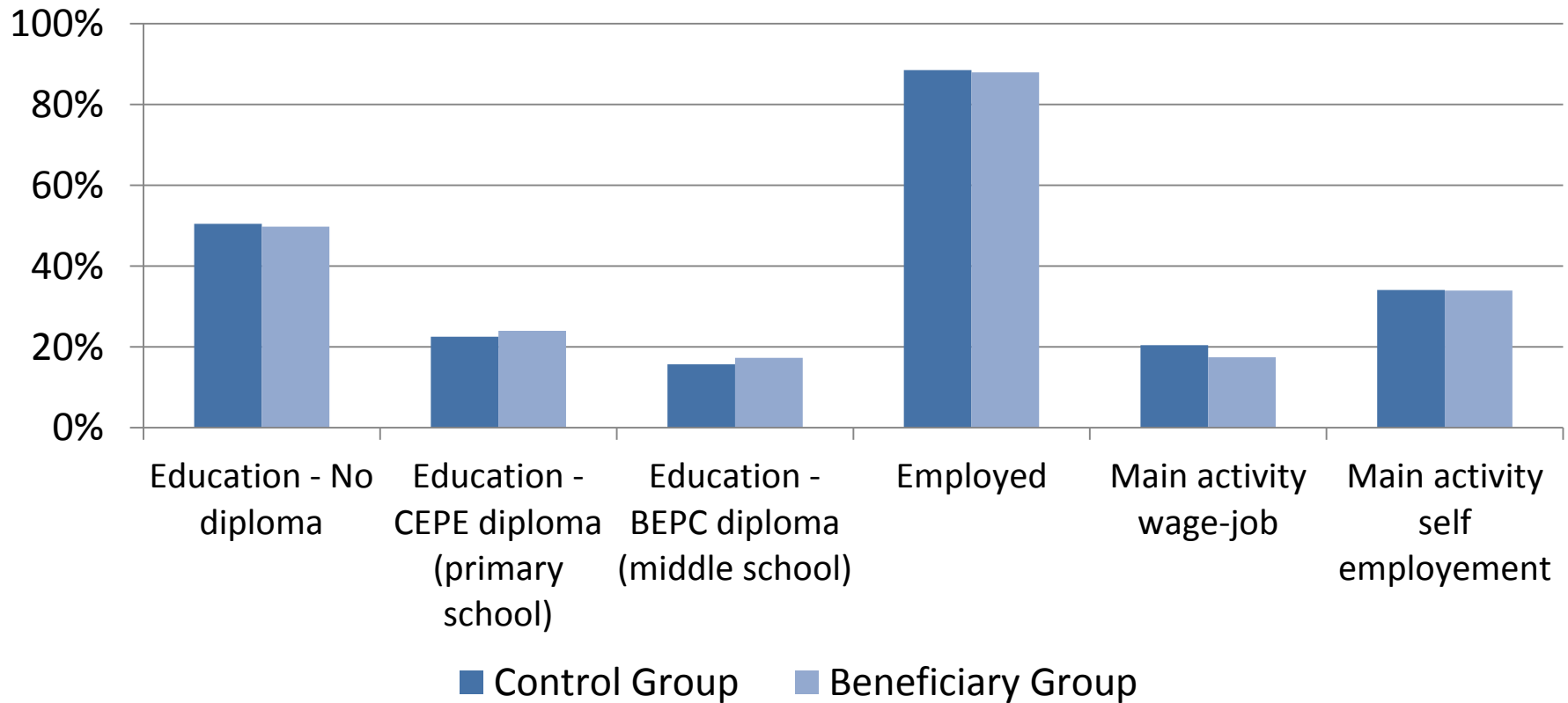
→ Used to measure short term impact



The public lottery produced two groups with similar characteristics



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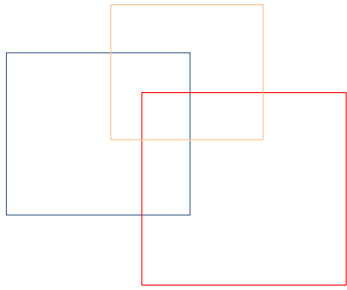




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SHORT TERM IMPACT OF THE COTE D'IVOIRE LIPW : RESULTS

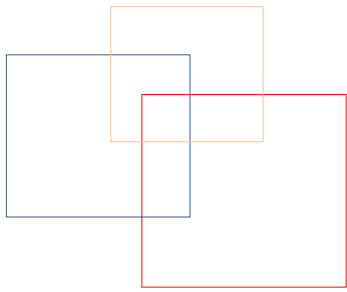


Main dimensions presented today



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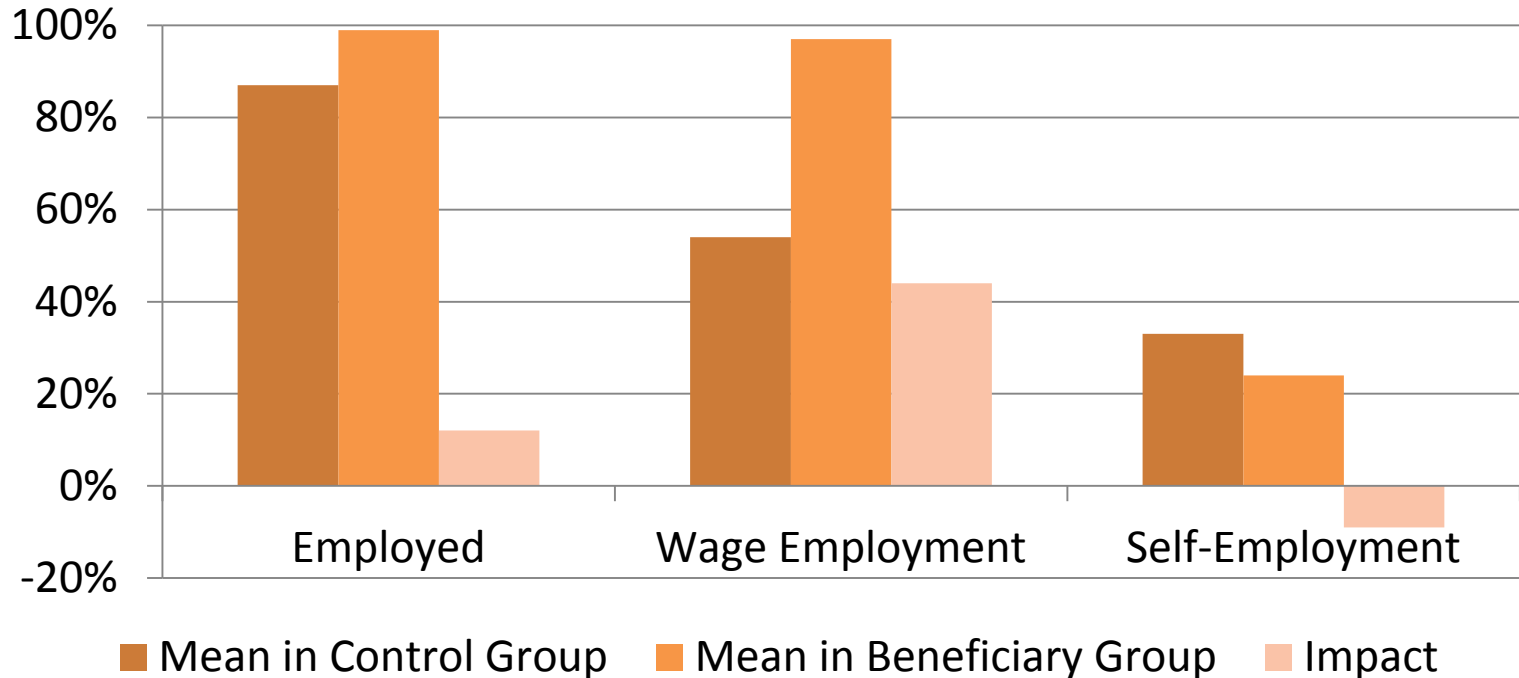
- 1. Employment participation, volume of hours worked, earnings**
 - a. Job «quality»
 - b. Heterogeneity of the effects: are there people on which the impact is even more important ?
- 2. Use of the resources**
 - a. Savings / Spending
 - b. Spending type: Basic needs – Investment – Leisure & temptation goods
- 3. Other important dimensions : attitude, behaviour, violence, time use**



A huge impact on wage employment



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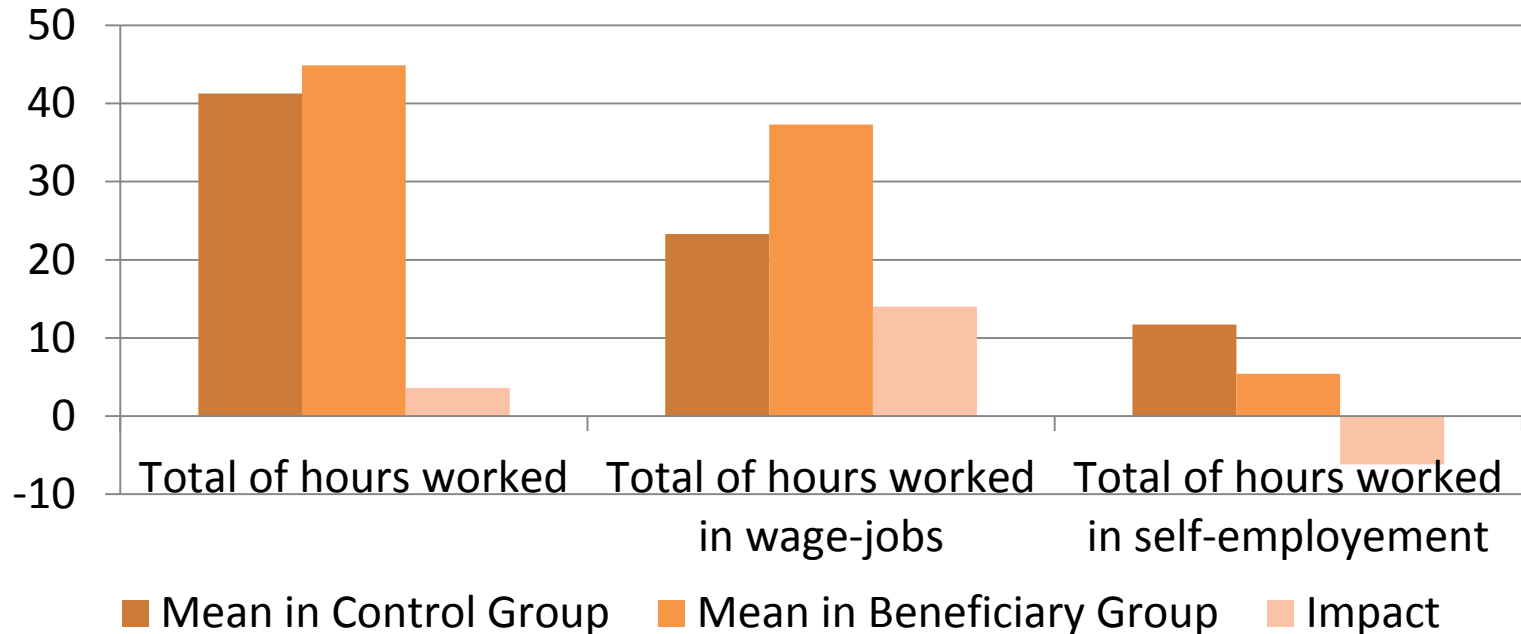


- A small impact on **employment participation** : increased from 87 to 99%, **so +12 ppt**
- A important positive impact on **wage employment** : **increased from 54% to 97%, so +44 ppt**

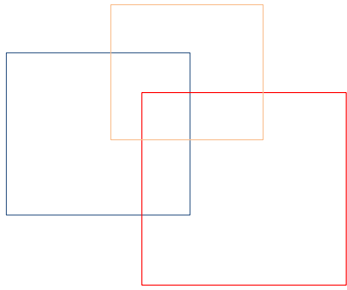
A huge impact on hours worked (per week) in wage occupations



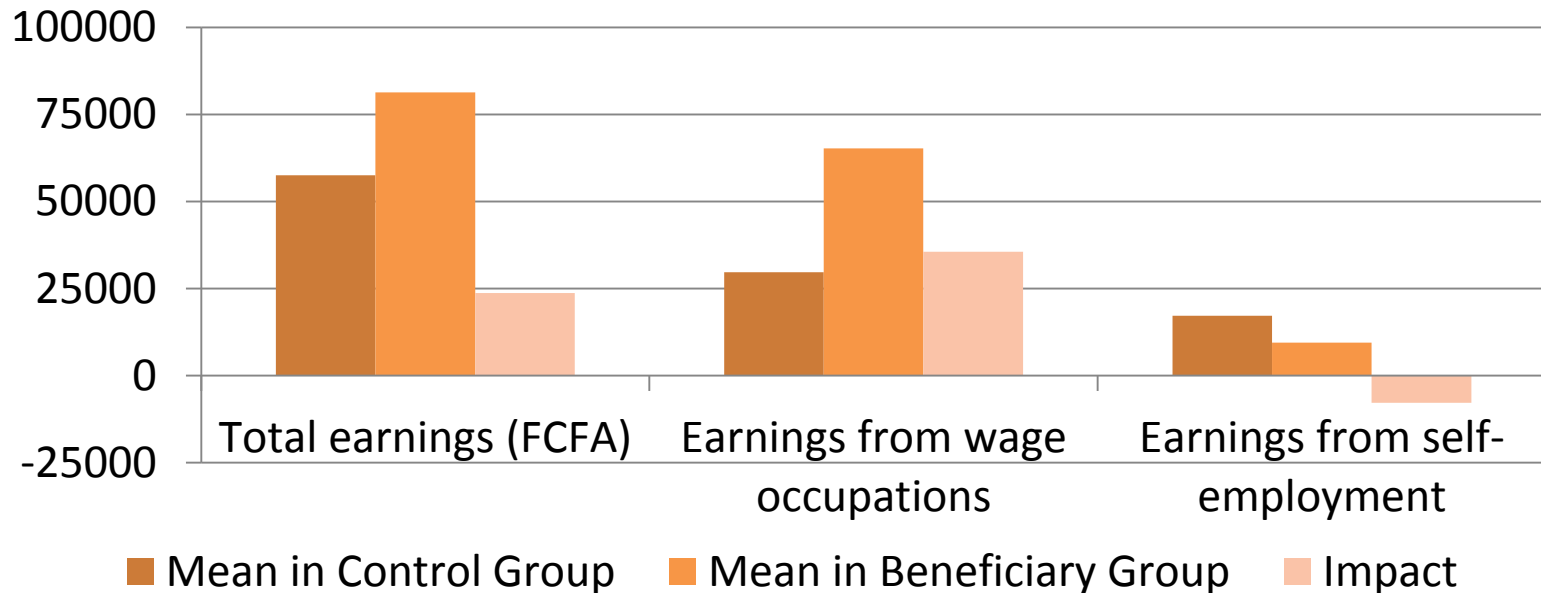
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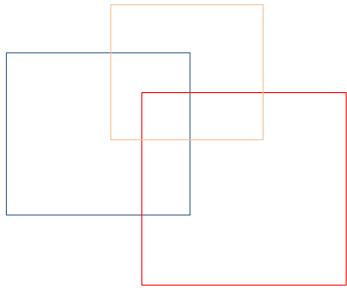
- Small impact on total hours worked: **+ 3,6 hours**
- An important positive impact on hours worked in wage occupations : **+14 hours**
- Less hours worked in self employment



Impact on monthly earnings



- An increase in total monthly earnings : +24,000 FCFA/ **+\$50**
- **An important ratio (net transfer) : $24000/55000 = 43\%$ →** for \$20 spent, the beneficiary receives a net transfer of \$9



Results # 1



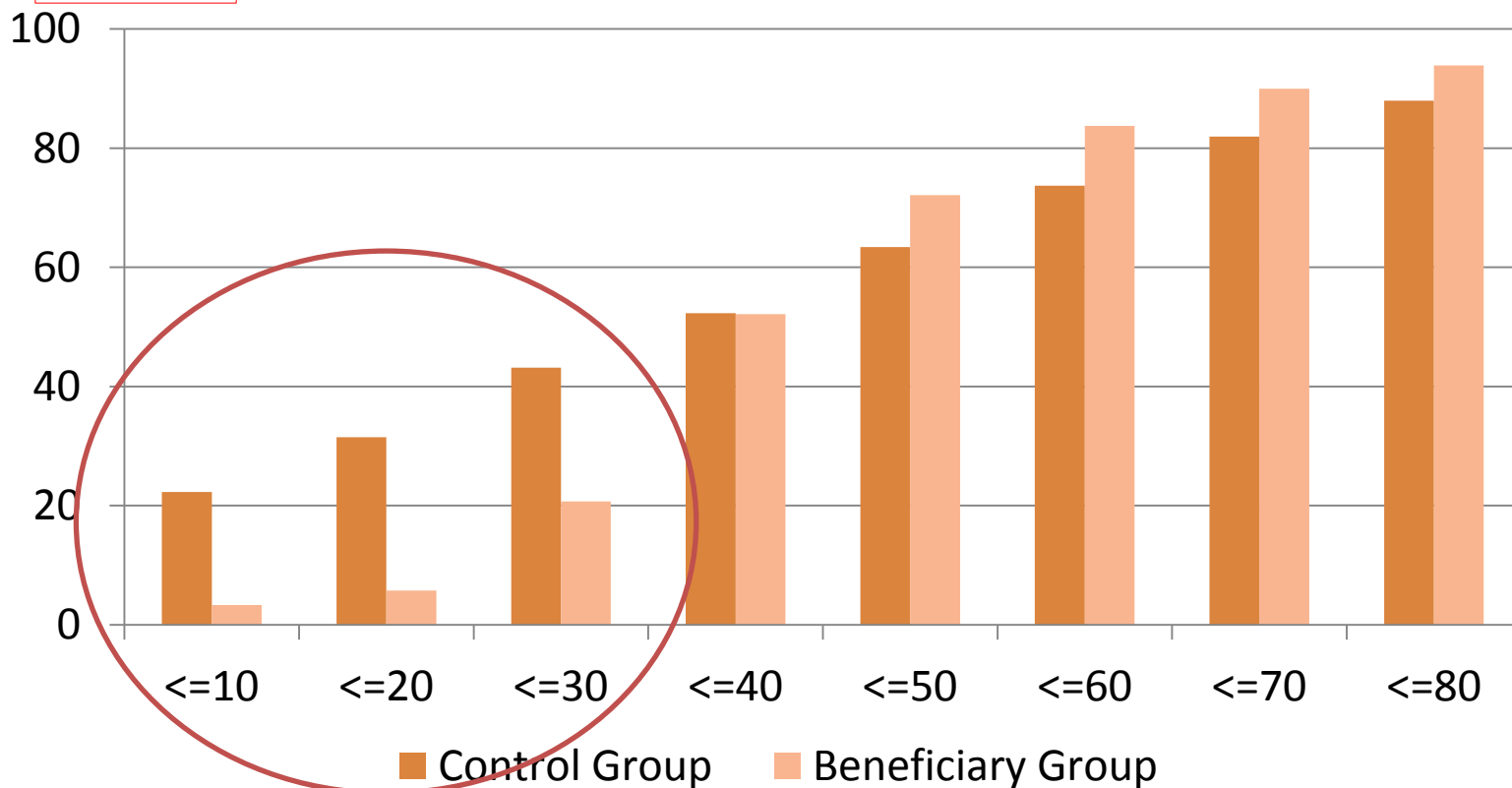
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- Young people in the control group already have occupations and work long hours (41 hours per week)
 - Explains the small impact on employment
- For low earnings per hour worked: **370 FCFA/h** for self-employment
320 FCFA/h for wage occupations
 - In comparison, LIPW pays 423 FCFA/h
- **Participants reallocate their workforce to better paid occupation (LIPW) to benefit from this opportunity**
 - Explains the strong progression of wage occupations, detrimental to other type of occupations
 - **Total earnings increase by \$50 per month, that is 43% of the LIPW transfer**
- **Question** : What will happen at the end of the LIPW program ? Will they reorganize their activities to the same profitability level ?

Huge progression for those who would have worked the least



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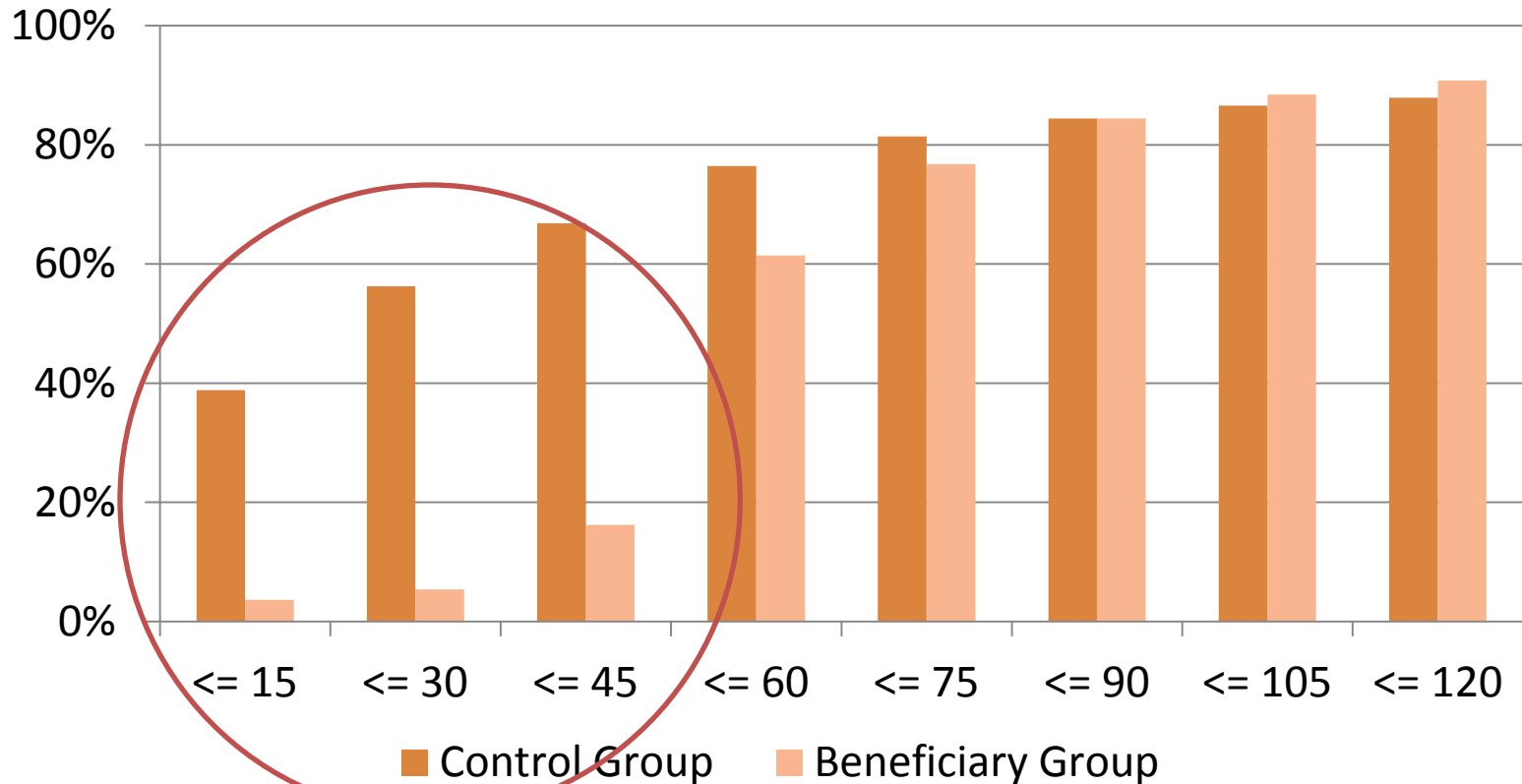


- 31% would have worked less than 20 hours without the LIPW, they are only 6% with the program
- 50% work more than 40 hours per week in both groups

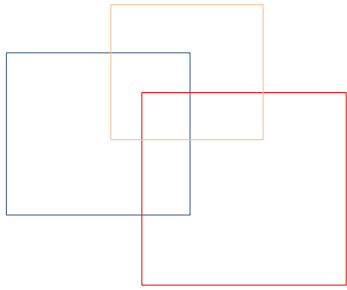
Huge progression for those who would have earned the least



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- 39 % would have earned less than 45.000 FCFA without the LIPW, they are only 4% with the program.



Results # 2



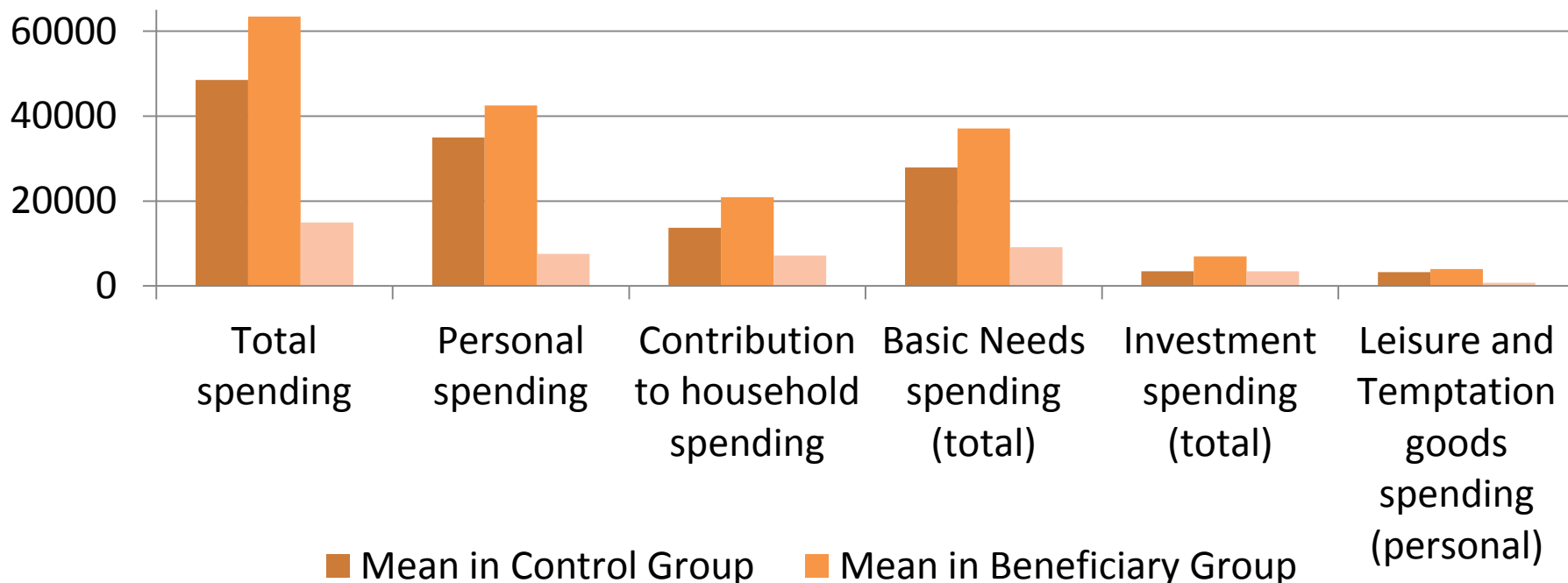
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- An important part of the **applicants** is «under employed», receiving low earnings and working small hours
- **For this sub-population, we observe a strong and huge impact on total monthly earnings and on hours worked**
- However, for the rest of the population (a significant part) the impact is much more limited
- **Question** : Targeting → 20% at least of LIPW participants do not really benefit from it in terms of earnings/hours. However, applicants are 4 times the places available in the program

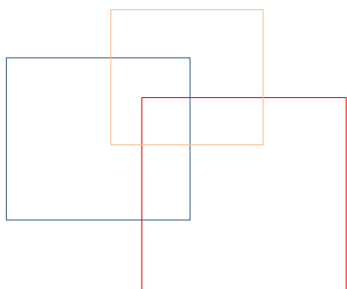


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Impact on Spending



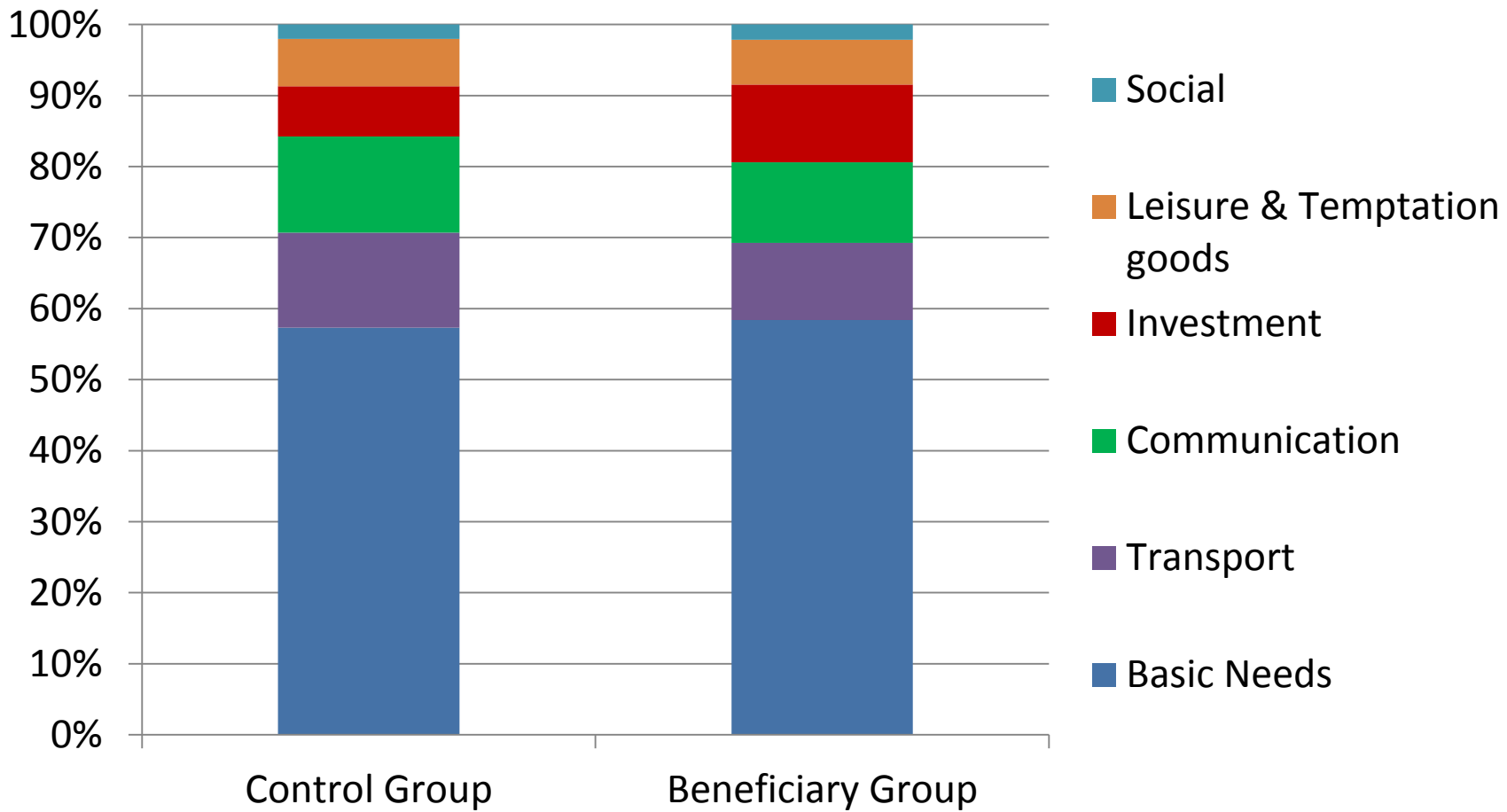
- +15,000 FCFA/+**\$30** increase on youth spending (half is personal spending, half is contribution to household)
- Main impacts on **basic needs** (food & clothes) and **investment spending** (personal formation, education of household members)



Impact on Spending

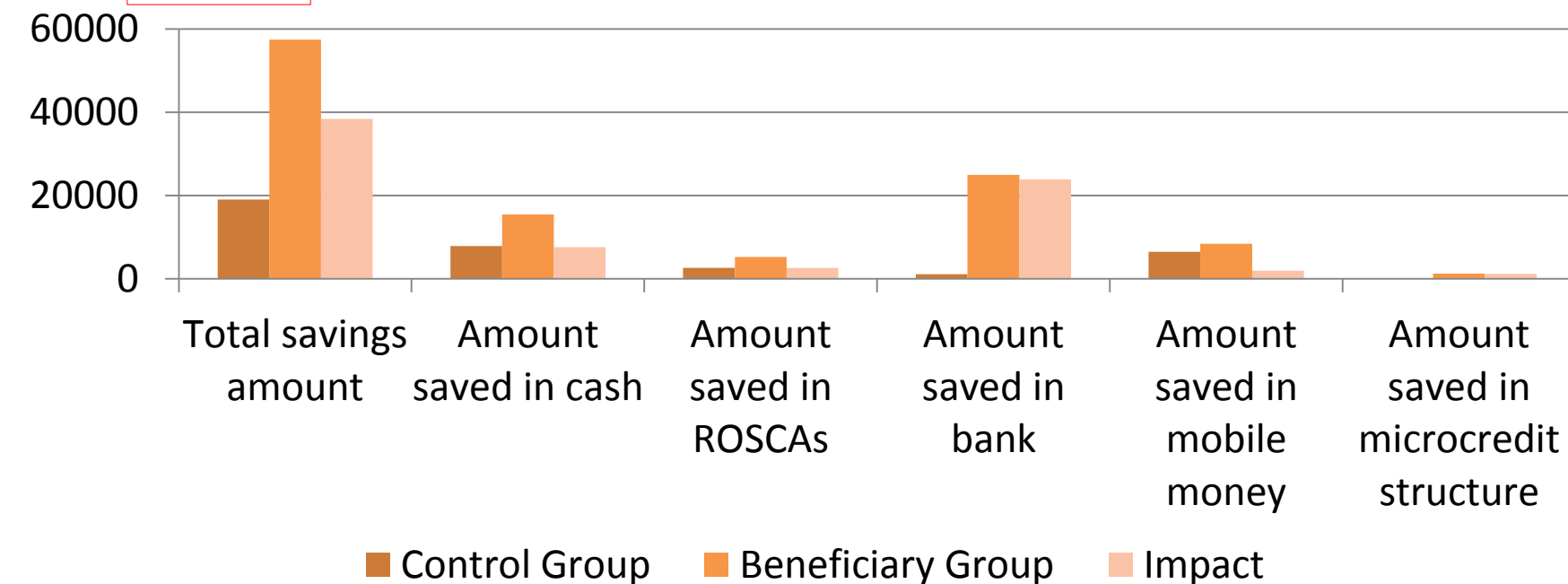


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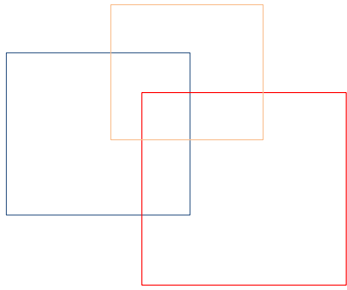




Impacts on Savings



- A +38,000 FCFA (+\$76) impact on savings amount (4 month stock): **around +9000 FCFA / +\$18 per month**
- Results are very consistent: earnings(+\$48) = spending (+\$30) + savings (+ \$18)
- High marginal savings rate $\$18/\$48 = 37,5\%$



Results # 3



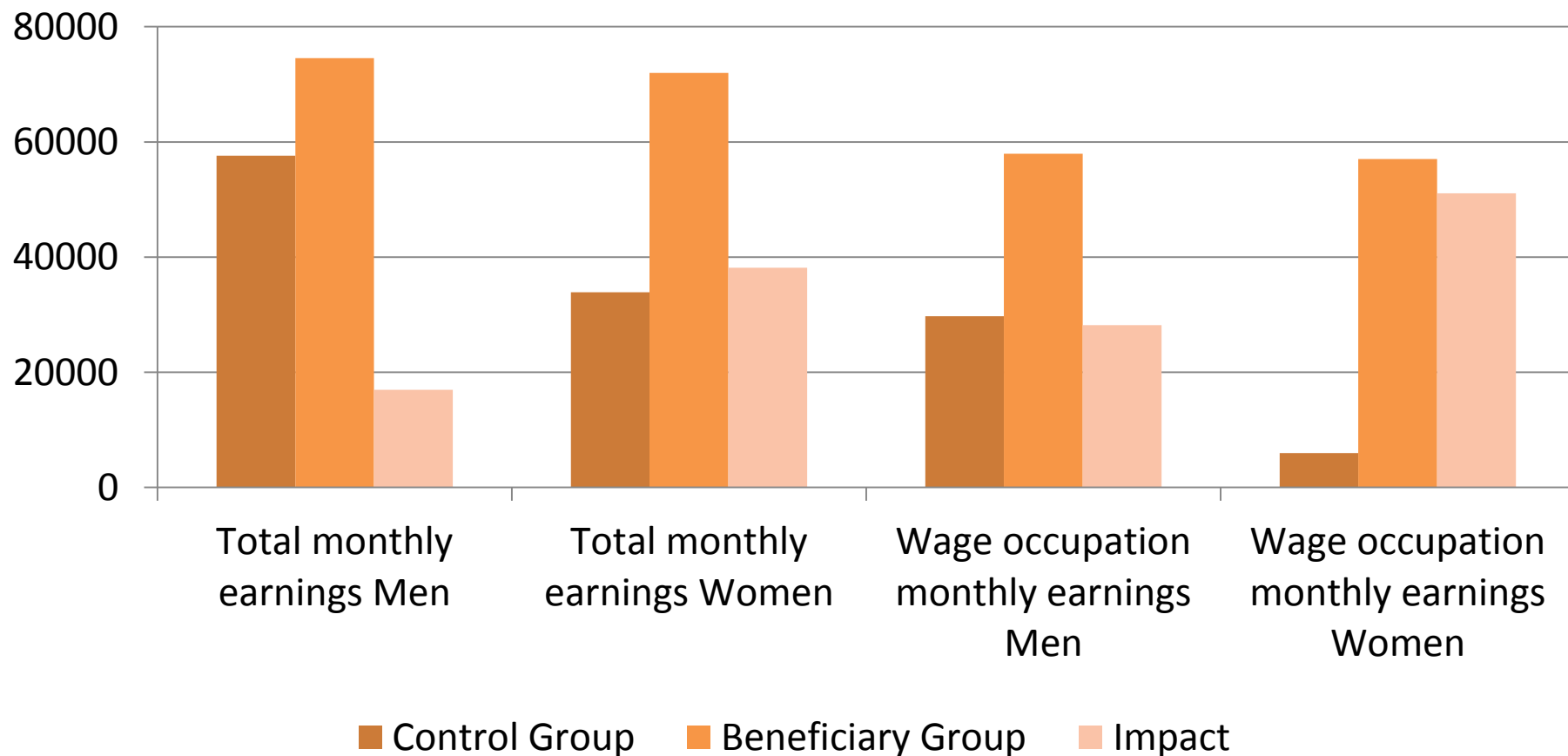
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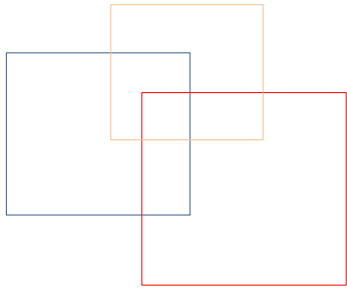
- **Social safety net *versus* Productive investment tool ?**
 - Basic need spending: **+\$18** (from 27 900 FCFA to 37 000 FCFA)
 - Total Investment spending : (spending in training & education + productive assets investments) : **+\$6** (from 2700 FCFA to 5600 FCFA)
- Huge impact on savings : + \$18 / marginal rate 37,5%
 - **Future use ? Consumption smoothing or productive investments ?**
- Other results show that they perceive high financial constraints : 44,3% express high financial constraints on basic needs and 38,7% on investment spending
 - **The program partly relax the financial constraints but they remain strong** : only a 4% reduction of the constraints expressed

Differential impact for men and women



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Results # 4



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- Higher impacts on women compared to men on a range of outcomes
- Differences in initial earnings are huge :
 - On average, women earn **\$12 per month** in wage occupations compared to **\$60 per month** for men
- The program substantially reduces this difference
 - With the program, women earn \$114 per month and compared to \$116 for men

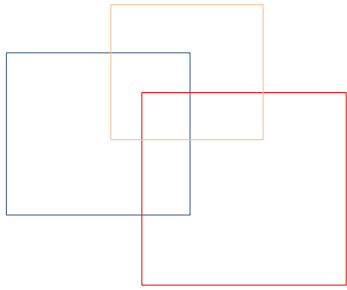


Summary of the main results



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- The LIPW program represents a good economic opportunity in wage employment for young individuals
- They adjust their labor force to benefit from it the most (partial substitution in occupations)
- Their total earnings increase significantly during the program, even more for those who would have stayed «apart»
- They use this additional income in the spirit of the design of the program : towards basic needs spending and towards investments and savings. No significant impact on leisure or temptations goods spending.
- **2 operational implications for the government:** Targeting & Position in National Employment Strategy

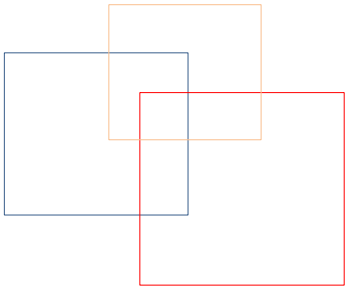


Impact on attitude and behavior ?



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- **Interest :**
 - Other effects on personality or attitude, that could help for future economic integration ?
 - LIPW as an instrument for post-conflict areas ?
- **Yes, the program has an impact on youth attitude and behavior**
- Based on psychometric tests we find that they are :
 - More confident in their future
 - More «emotionally» stable
- Based on list experiments :
 - We observe a decrease in physical assaults committed by these young individuals



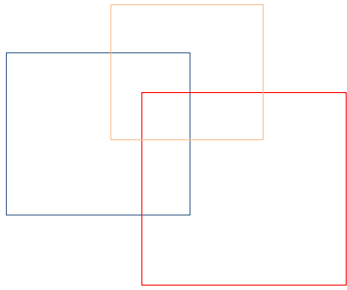
Perspectives on the medium term results



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Usual criticism: no improvement after exiting the program, only temporary effects.

- Promising results: an important accumulation of savings not expected + investment in training / productive assets
- Worrying dimension: participants reallocated their workforce a lot, affecting negatively self-employment. Is this reversible ?
- The final survey, 1 year after the end of the program, will shed some light on that. Data available this summer, results January 2016



Thank you !



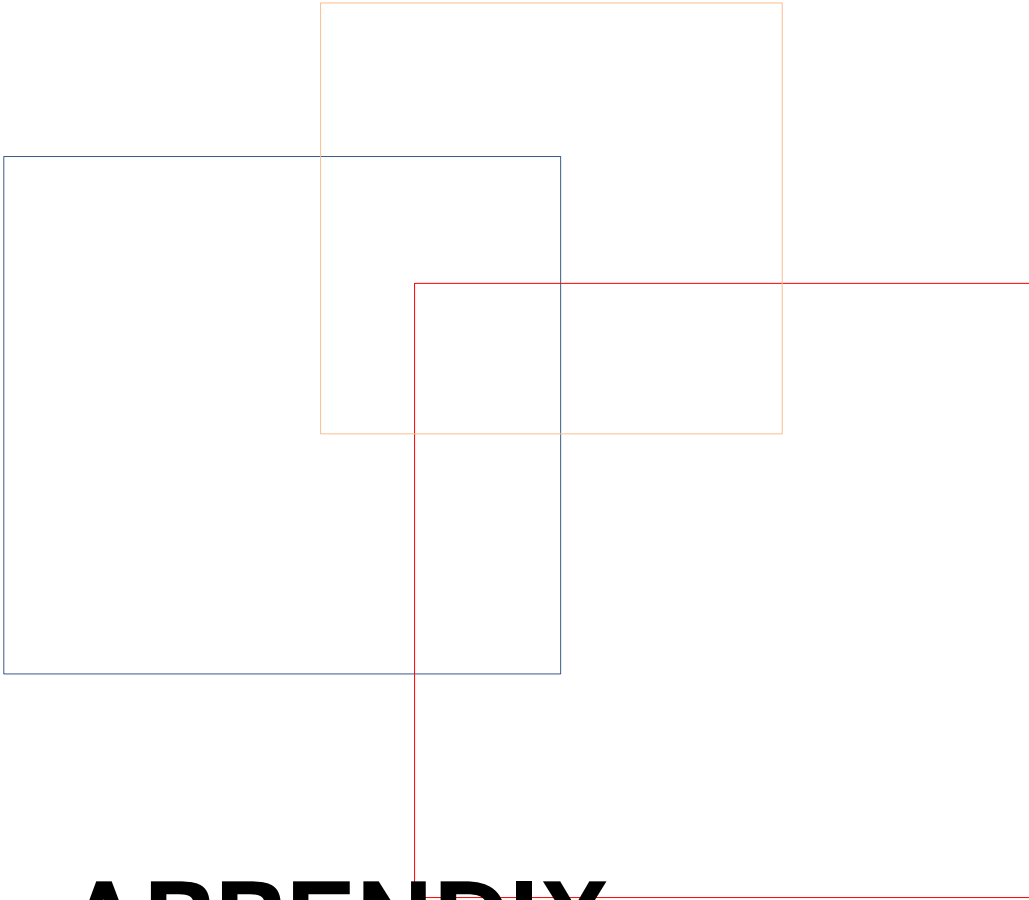
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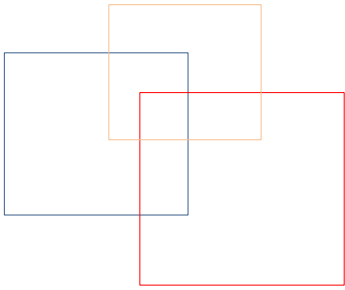
GROUPE DE LA BANQUE MONDIALE



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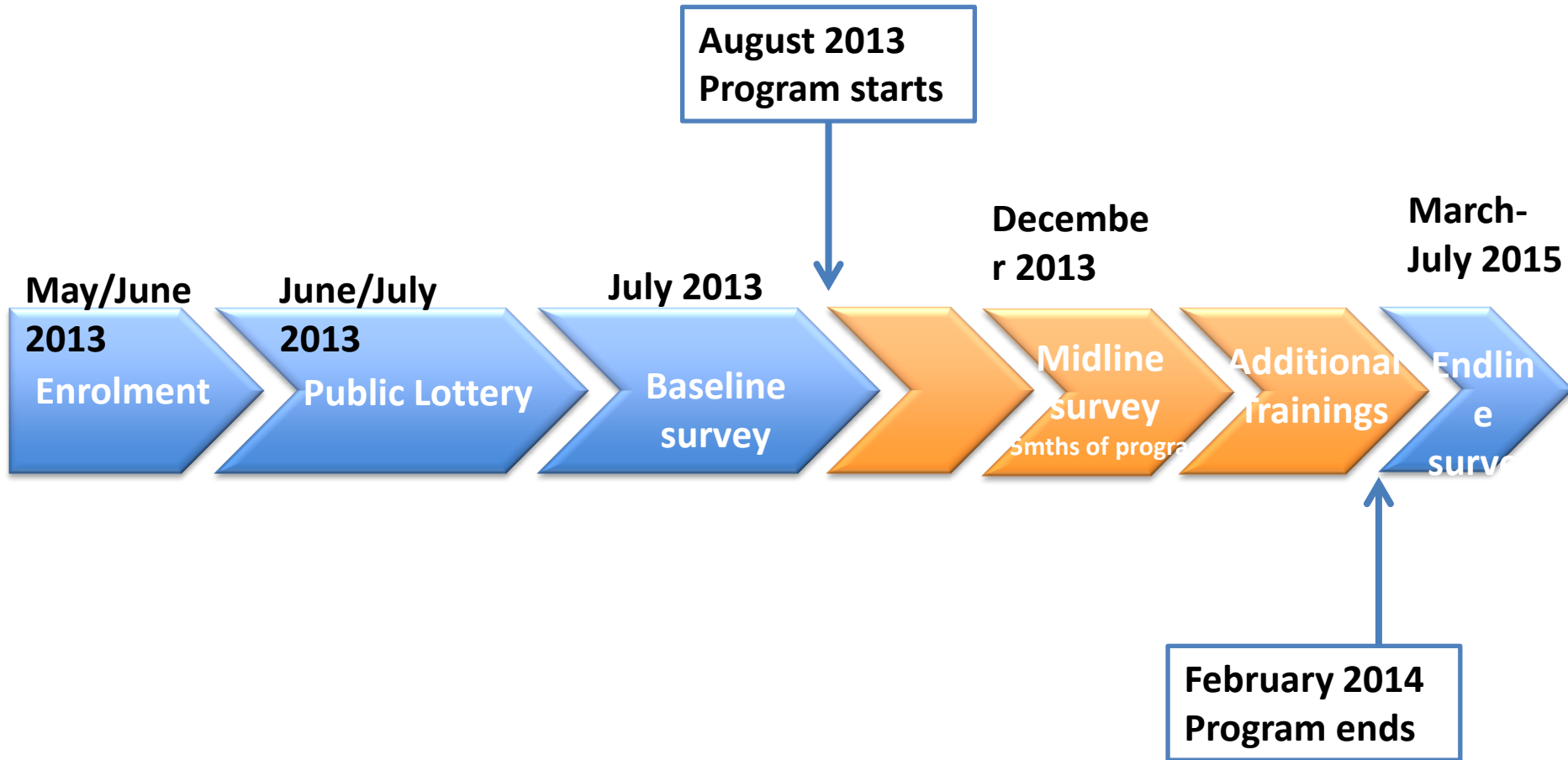
APPENDIX



Experimental design



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Full impact evaluation strategy



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Public lotteries to
participate in LIPW
program

Eligible applicants

Lottery among
« brigades » to
receive an additional
training

Selected / Participants

3125 individuals
125 brigades

Waiting list
(625 individuals)

Not selected
(Control group)
1035 individuals

LIPW
(no additional training)

45 brigades
1125 individuals

LIPW+ Entrepreneurship
training

40 brigades
1000 individuals

LIPW + Wage- job search
training

40 brigades
1000 individuals



High quality in the LIPW implementation for the impact evaluation



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- - LIPW was implemented by AGEROUTE
 - AGEROUTE had a long experience and well defined procedures
 - The program was “mature” : waited for the 2nd wave to run the impact evaluation
- - High demand for the program and high participation rate
 - 94,5 % of selected individuals have indeed participated in the LIPW (drop out between 4% and 5,6%)
- - Contamination :
 - ~ 1,2% of the control group have benefitted from the program (double enrollment or use of a fake identity)