

## ACTIVE LABOR MARKET PROGRAMS FOR YOUTH

### *A Framework to Guide Youth Employment Interventions*

Youth are three times more likely to be unemployed than adults, even in economies with strong economic growth (ILO, 2008). This begs the question of what is it about youth that leads to such high rates of unemployment? And what can be done to help young people more efficiently integrate into the labor market?

This Note is a tool to provide policymakers and youth-serving organizations with a framework to better diagnose short- to medium-run constraints facing the stock of unemployed youth and to design evidence based youth employment interventions.

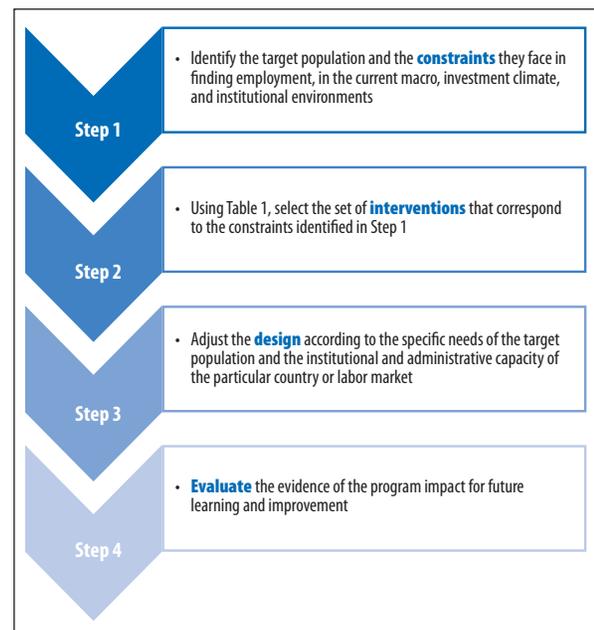
While reducing youth unemployment in the long-run is a multi-dimensional approach requiring a range of substantial reforms as proposed in the MILES framework (World Bank, 2007), this Note considers only *Active Labor Market Programs (ALMP)* that are designed to enhance labor market (re)integration within existing institutional and macro-economic constraints, i.e. we take as given labor market regulations, the investment climate, and the general education system. The Note only addresses youth employment; strategies to affect wages, productivity, underemployment, or job quality are not directly discussed.

#### Selection Criteria of the Evidence

This Note presents youth-oriented ALMPs that conform to one of two criteria.<sup>1</sup> Each intervention

either has been shown to have predominately positive impact, as measured by rigorous impact evaluations,<sup>2</sup> or has weaker evidence of impact—rigorous evaluations with mixed evidence of impact or strong positive monitoring data—and is theoretically sound. Cost-effectiveness information is presented when available.<sup>3</sup>

The Note focuses on programs that are appropriate to address constraints faced by youth from disadvantaged backgrounds.<sup>4</sup> The sample of programs is supplemented by examples of non-youth



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specific programs that were found to have had above average impacts for youth or other disadvantages groups (eg. women, ethnic minorities etc.).

### A 'How to' Guide

The identification of appropriate short- and medium-term responses to support unemployed youth requires a four-step process:

At the end of the process, the reader should have a short list of programs, appropriate for the needs of the target population and the target labor market, and that take into account country-specific factors.

### Step 1: Identify the Target Population and the Constraints for Finding Jobs

Youth are not a homogenous group. Each sub-group has its own set of constraints that hinder its entry to the labor market. We observe this through differential unemployment rates between young women and men, youth of different ages, rural and urban dwellers, and so forth. Thus, for this exercise, it is necessary to identify the specific population(s) of interest.

This Note proposed five general categories of constraints that may limit young people's access to the labor market:

- *Job-relevant skills constraints*, including insufficient basic skills, technical skills mismatch, behavioral skills mismatch, or insufficient entrepreneurial skills
- *Lack of labor demand*, both at the macro-level through slow job growth and at the micro-level through employer discrimination
- *Job search constraints* such as information about job openings or being able to communicate skills to potential employers
- *Firm start-up constraints* including lack of access to financial capital or business networks
- *Social constraints* on the supply side, such as social norms that limit skills development or labor market entry

Each sub-population of interest will face a different set of constraints. For example, young women in rural Rwanda live in a low-growth

economy, will lack all four categories of skills, face severe gender discrimination, and be limited by gender norms, while low-income men in urban Chile may be most constrained by information about job opportunities, difficulty in signaling competencies to potential employers, and by inappropriate technical and soft skills. Thus, the short-list of constraints for the reader's specific target population needs to be identified through a country and labor market analysis.

### Step 2: Select the Interventions that Correspond to the Constraints

Once the employment constraints have been identified, we can identify interventions to help the target population overcome those barriers. Table 1 summarizes evidence-based program interventions that correspond to each of the constraints considered above. Using the list of target group constraints from Step 1 as a guide, a short list of potential program interventions can be drawn from Table 1.

This section presents each constraint and the respective knowledge on suitable interventions to help youth overcome those constraints.

#### *Job-Relevant Skills Constraints*

A wide range of competencies are necessary to perform a job well, including

- basic skills—literacy and numeracy—are the foundation of communication and further skills development processes.
- technical skills—trade- or job-specific skills range from manual skills to computer literacy.
- behavioral skills—or noncognitive skills—consist of a range of personality traits such as motivation, socio-emotional regulation, time management, and the ability to work with others (Heckman, 2008).
- entrepreneurial skills—both the creativity to invent/adopt a new product or process and the business skills to market the idea—are essential for both the self-employed and employees.

Training interventions can yield promising results to overcome a range of skills deficits.

**Table 1: The Menu of Constraints and Interventions**

Constraints		Possible ALMP Interventions	
		Evidence-based interventions	Mixed evidence, theoretically sound
Job-relevant skills constraints	Insufficient basic skills	<ul style="list-style-type: none"> <li>Information about the value of education</li> </ul>	<ul style="list-style-type: none"> <li>Second chance programs</li> </ul>
	Technical skills mismatch	<ul style="list-style-type: none"> <li>Training “plus”/comprehensive programs</li> <li>Information on returns to technical specialties</li> </ul>	<ul style="list-style-type: none"> <li>On-the-job training</li> </ul>
	Behavioral skills mismatch		<ul style="list-style-type: none"> <li>Behavioral skills training</li> </ul>
	Insufficient entrepreneurial skills		<ul style="list-style-type: none"> <li>Entrepreneurial training</li> </ul>
Lack of labor demand	Slow job-growth economy	<ul style="list-style-type: none"> <li>Wage or training subsidies</li> </ul>	<ul style="list-style-type: none"> <li>Public service programs</li> <li>Labor-intensive public works</li> </ul>
	Employer discrimination	<ul style="list-style-type: none"> <li>Affirmative action programs</li> </ul>	<ul style="list-style-type: none"> <li>Subsidies to employers who hire target groups</li> <li>Employee mentoring</li> </ul>
Job search constraints	Job matching	<ul style="list-style-type: none"> <li>Employment services</li> </ul>	<ul style="list-style-type: none"> <li>Technology-based information sharing</li> </ul>
	Signaling Competencies		<ul style="list-style-type: none"> <li>Skills certification</li> <li>Training center accreditation</li> </ul>
Firm start-up constraints	Lack of access to financial or social capital	<ul style="list-style-type: none"> <li>Comprehensive entrepreneurship programs</li> </ul>	<ul style="list-style-type: none"> <li>Microfinance</li> </ul>
Social constraints on the supply side	Excluded-group constraints (ethnicity, gender, etc)	<ul style="list-style-type: none"> <li>Target excluded-group’s participation in programs</li> <li>Non-traditional skills training</li> <li>Safe training/employment spaces for specific groups</li> </ul>	<ul style="list-style-type: none"> <li>Adjusted program content/design to account for excluded-group specific needs</li> </ul>

**Insufficient Basic Skills**

Functional literacy and numeracy are basic needs for most employment and for further skills development. While literacy rates continue to improve they are still as low as 72% for Sub Saharan Africa, and far lower in specific countries (eg. Benin 39%).<sup>5</sup> Women may be particularly constrained as observed by significant gender disparities in educational attainment in many developing countries. Potential interventions include:

**Information about the value of education.**

Providing students (and perhaps their parents) with facts about the link between school and their future work lives enables them to make informed decisions on their human capital investments. Simple information can be powerful. For example, when 8th grade boys in the Dominican Republic were told that the average salary for completing secondary school was four times higher than what

they had estimated, transition to 9th grade was 4 percentage points higher than for boys who did not receive the information (Jensen, 2010).

**Second chance programs: Literacy and numeracy programs, equivalency degrees, and accelerated learning programs** are designed to teach basic skills to youth who did not acquired them by the time they left school. Such programs may be as simple as adult literacy programs or as complex as a package of cognitive and non-cognitive capacities. The programs may—and in fact should—provide a post-program certification to demonstrate to employers that the person has acquired these basic skills (Mattero, forthcoming).

The evidence of impact of second-chance education programs on employment prospects is still developing. Participants in the *JOBSTART* (US) program had a higher likelihood of earning their General Education Degree (GED), the

‘equivalent’ to a high school diploma, as opposed to a matched control group of non-participants (Cave et al., 1993). But the long-term economic benefits of earning a GED has been refuted (Heckman & LaFontaine; 2006). The second chance component in the Chilean program *Chilecalifica* is designed to provide beneficiaries basic education and/or technical and vocational training. Unlike a GED, the degree in Chile is indistinguishable from an ordinary school diploma. Preliminary impact evaluation results suggest an increase in wages and greater post-program schooling of *Chilecalifica* beneficiaries, particularly for women (Santiago Consultores, 2009), though the small sample size and selectivity issues may positively bias the results.

Monitoring data from other programs for girls, such as the Indian *Better Life Options* program that combines non-formal education, family life education, life skills, vocational training, health services and character development, or the Ethiopian *Biruh Tesfa* that creates safe spaces in which they are taught literacy and other skills, seem to have increased literacy among participants (CEDPA, 2001; Elrukar et al., 2010).

Making up for lost learning at the earlier stages of development may come at a much greater cost than the initial investment (Shonkoff & Phillips, 2000). The average net benefit of the *JOBSTART* program was negative when considering taxpayer’s and societal costs, though positive among women who were custodial mothers at program entry and among men with pre-program arrests. The program benefits may be underestimated since they do not take into account, for example, lower fertility and arrest rates, and the intergenerational benefits of education. (Cave et al., 1993).

### **Technical Skills Mismatch**

A technical skills mismatch is when workers lack the trade- or job-specific skills demanded by employers. Such skills range from manual skills to computer literacy.

**Training “plus”/comprehensive programs.** Institution-based vocational/technical training programs have not proven very successful in developing countries (Betcherman, 2004; Wodon & Minowa, 2001), leading to the rise of Comprehen-

sive, or “Training Plus,” programs. These programs combine pure technical training with behavioral-skills training, internships, employment services, and accreditation. They have a strong emphasis on demand-driven skills training, ensured by ex ante agreements with the private sector to provide internships to their graduates. Many provide wage subsidies or a subsidized training period, especially for young mothers.

A randomized experiment of the US *Job Corps* program found that participants earned 12 percent more than the control group within 4 years of leaving the program, had lower arrest and conviction rates, and had shorter incarceration duration. From society’s perspective the program was only cost-effective for the group of participants age 20–24, where total benefits were double the value of program cost (Schochet et al., 2006).

A review of six “*Jovenes*” programs in Latin America have shown to increase employment by 0–5%, with women and younger participants exhibiting impacts of 6–12% in some countries. Scarcer evidence suggests that these programs are cost-effective (Ibarraran & Rosas, 2009).

Program success requires a well-developed national network of private vocational training centers, a private sector willing to hire apprentices (Cunningham et. al. 2008), and a positive macro-economic context coupled with job growth (Ibarraran & Rosas, 2009).

**Information on returns to technical specialties.** People who have not worked before do not have good information about which competencies the market rewards. Providing this information to them can be low cost but very effective. Preliminary results from the *Jua Kali* voucher program in Kenya, which provided its female beneficiaries with information about wages in various occupations, suggest that more than 10% of those who received the information switched to more lucrative (often ‘male’) jobs as compared to girls who did not receive the information (Hjort, 2009).

**On-the-job training** may take the form of apprenticeships, internships, or learning-by-doing while employed. This model has not been evaluated in developing countries but some developed country examples are instructive. For example, both

Switzerland and Germany have longstanding post-secondary school vocational training system. While the two systems are structurally very similar, the apprenticeship training in Switzerland is profitable during the training period, while German firms face significant net costs (Dionisius et al., 2008). The difference is attributed to the higher value of productive work given to apprentices in Switzerland.

An intervention to consider given its strong theoretical base, and the large demand for apprenticeships, is skilling-up Mastercraftsmen who lead the massive, yet informal apprenticeship system in many African countries (eg. Frazer, 2006; Valenchik, 1995). By adopting more modern equipment and methods and setting official learning objectives, apprentices will acquire more valuable skills (Peeters, et. al. 2009).

### ***Behavioral Skills Mismatch***

Employers across the world give increasingly higher priority to behavioral skills than to technical competencies (Heckman et al., 2006; Blom & Hobbs, 2008; World Bank, 2010a). They note the absence of such skills among new hires. But young people are rarely explicitly taught these skills, thus limiting their job prospects.

**Behavioral skills training.** Behavioral skills for the labor market may be taught in school systems, in training programs, or on-the-job. Raising Healthy Children, a program in the US in which elementary school teachers are taught proactive classroom management, cooperative learning methods, strategies to enhance student motivation, student involvement, and interpersonal and problem-solving skills, has shown to reduce anti-social behavior, and lead to stronger commitment to school and higher academic performance of participants compared to the control group (Catalano et al., 2003). More recently, these skills have been directly taught as a program in itself, linked to other training programs or linked to job training.<sup>6</sup> For example, comprehensive training programs, such as *Entra 21* implemented in 18 Latin American countries, include a behavioral (life) skills component.<sup>7</sup>

While there are no rigorous impact studies showing that soft skills training alone increases employability, employers report that *Entra21* pro-

gram participants have a greater ability to take responsibility and work in teams than do their other employees (entra21, 2009).

### ***Insufficient Entrepreneurial Skills***

In addition to basic, technical, and behavioral skills, entrepreneurs need creativity and managerial skills that enable them to “sort out good ideas from bad ones, find the resources and means to create a proto-type, and take the idea through its growth phases” (World Bank, 2010b). Wadhwa et al. (2009) find that lack of business management skills and knowledge of how to start a firm were a significant obstacle to entrepreneurship in the US.

**Entrepreneurial training.** A *FINCA* lending program serving poor women with little formal education, in which business training was added in a randomized experiment, found that entrepreneurship skills training increased new entrepreneurs’ business knowledge, improved their business practices, and led to greater business success (Karlan et al., 2006). Most programs recognize that entrepreneurial skills training is necessary but posit that it needs to be complemented with other business support. For more detail on comprehensive entrepreneurship programs see the section below on ‘Firm start-up constraints’.

### ***Lack of Labor Demand***

Low demand for labor can stem from a wide range of factors. It may be due to economy-wide factors such as a difficult investment environment, natural disasters, war, a sudden change in the global economy, or patterns of trade, that may hinder job growth. Or, it may be due to micro-factors, such as employer discrimination.

### ***Slow job-growth economy***

In many countries, labor supply exceeds job creation. For example, the labor force in the Middle East and North Africa is projected to grow by more than 4 million people per year between now and 2030, requiring the creation of more than 50 million new jobs by 2015 (World Bank, 2005). While governments cannot directly create jobs, there are short-run programs they can introduce while spurring longer-term private sector development.

**Wage or training subsidies** are intended to encourage hiring by lowering the cost of new workers for firms that face employment inhibiting budget constraints. This is a particularly relevant scheme for youth, whose marginal productivity may be below market wages.

Wage subsidies in Poland and the Czech Republic had a positive impact on employment, especially among women and the less educated (Betcherman et al., 2007). An impact evaluation of a randomized experiment of the *Proempleo* program in Argentina showed significant increases in the probability of being employed, largely due to the impact on women and young participants (Galasso et al., 2002).

While these interventions seemed to be cost-effective in Poland and Argentina, we may be underestimating the costs. Deadweight loss and ‘substitution’ effects (employers substituting workers with subsidized ones) may not always be adequately accounted for and employment beyond the subsidized period is questionable (Betcherman et al., 2004).

A less tested model is to subsidize training by providing students with an ‘income’ while they are increasing their human capital. For instance, Training Plus programs typically pay a subsidy or stipend. Evidence on the impact of cash transfers conditional on secondary school attendance (CCT), such as *Oportunidades* in Mexico which increased secondary school attendance by approximately 10–30% (Fiszbein & Schady, 2009), suggests that this might be a model to explore for second chance education programs or training programs.

**Public service programs.** Youth service, formal or informal, provides an opportunity for youth to “play an active role in community and national development while learning new skills, increasing their employability, and contributing to their overall personal development” (Cunningham et al., 2008). Services may include providing basic health services in public health clinics, building sustainable housing, literacy tutoring, protecting the environment, and building small-scale infrastructure, for example.

A quasi-experimental evaluation of the public service program *Americore* (US) showed that participants had a greater incidence of post-program

civic engagement, more positive attitudes towards employment, and a higher likelihood of public service careers, but no significant increase in educational attainment as compared to a control group (Frumkin et al., 2009). *Youth Service Canada* was said to have had both positive impacts on post-program employment as well as further education.<sup>8</sup>

**Labor-intensive public works programs** are an increasingly popular mechanism for addressing youth unemployment and are generally aimed at providing a cash transfer to people in exchange for construction or rehabilitation of public infrastructure (Grosh et al., 2008). While *Trabajar* in Argentina showed sizeable income gains for younger participants (Jalan and Ravallion, 1999), Gilligan et al. (2008) found little impact in Ethiopia, perhaps because actual transfer levels were very low. The larger literature finds inconclusive evidence on the impact of public works programs at increasing employment beyond the program duration (Betcherman et al., 2007). However, once participants’ opportunity costs are fully considered, alternative policies may be more cost-effective at reaching the short-term employment or poverty alleviation objective (Ravallion, 1999; Ravallion & Datt, 1995; Datt & Ravallion, 1994).

To increase the impact of public works on post-program employment of youth, a new model is being tested in several countries. These programs add mandatory behavioral skills, financial literacy, or job search training to the public works project. Evaluation results for Kenya and Sierra Leone are expected in 2013 (World Bank, 2010c, World Bank, 2010d).

### ***Employer Discrimination***

Even if jobs exist, employers may have biases about hiring youth. For example, an employer study in Sierra Leone revealed that employers perceive youth age 18 to 24 as being less reliable, less trustworthy, less hard working, less cooperative, and less skilled than adults (Peeters et al., 2009). In addition to biases against age, hiring preferences may be made along gender, racial, ethnic or religious lines.

**Affirmative action programs.** Laws that reward employers for hiring commonly discrimi-

nated against groups or punish those who are suspected of bias not related to productivity, have effectively helped disadvantaged groups in developed countries with little cost to employers (Holzer & Neumark, 2000a; Holzer & Neumark, 2000b; Price, 2002). The impact depends largely on enforcement. There is not yet evidence of successful implementation in developing countries, though several countries, such as Brazil and South Africa, are experimenting with these programs.

**Subsidies to employers who hire target groups.** Employers may not hire youth based on the assumption that youth are less productive since they have less work experience. Subsidies to employers may encourage hiring of young workers since they compensate the employer's (perceived) risk of low-productivity until the worker can demonstrate her real productivity (Isbell & Smith, 1991). While not a youth program, a wage voucher program in Dayton, USA, in the early 1980s in the presence of rising unemployment rates, was unsuccessful and seemed to have a stigmatizing effect (Burtless, 1985). In contrast, evidence from the Australian *Special Youth Employment Training Program* indicates lasting impact on employment prospects, both through retention of initially subsidized jobs and enhanced employability (Richardson, 1998).

**Employee mentoring.** Support to new labor market entrants by more experienced, and successful, members of a discriminated group may facilitate entry into a seemingly constrained labor market. Price (2002) finds qualitative evidence in US highway construction affirmative action programs of the effectiveness of support groups and one-to-one guidance on successfully integrating and retaining women in non-traditional trades. Such mechanisms are increasingly being used by NGOs, for example, to increase women's employment in more conservative Islamic legal environments.<sup>9</sup>

### *Job-Search Constraints*

In wage economies, young people and potential employers may have difficulty finding each other due to information failures. This may stem from lack of information about the existence of potential employees and employers (job matching). Or, even if they find each other, it may be a

result of difficulties in communicating capacities to a potential employer (signaling).

### *Job Matching*

Employers mainly use informal networks to find new workers, such as family, friends or current employees (Cunningham et al., 2008; Peeters et al., 2009). These sources provide good information about new employees, which is especially important in labor markets with high firing costs. Youth, who are new to the labor market, generally lack these networks thereby limiting their job options.

**Employment services.** Job intermediation centers provide information about job openings. In the most basic centers, potential employers post job openings and potential employees reply directly to employers of interest. At the other end of the spectrum are full service centers, such as the UK *Job Centers Plus*, which offer a range of services, including career counseling, training or education program placement assistance, job matching, labor exchanges, and other related services.<sup>10</sup>

The *New Deal for Young People* in the UK, a mandatory program for unemployment insurance recipients, provides a combination of wage subsidies to employers and job search assistance. Blundell et al. (2004) find an increase of finding a job of 5% on top of a preprogram baseline of 26% for male participants, of which estimated 1% stemmed purely from job search assistance. They are particularly effective when targeted at disadvantaged workers with little access to the informal search channels and when they are privately run but publicly funded through an incentive system requiring that the private training providers who receive grants have secured a job for the trainee (see World Bank, 2009a).

**Technology-based information sharing.** Instead of physical job offices, use of internet, radio, or cell phone text messaging may provide an opportunity to offer employment services across larger areas. *SoukTel* provides a platform for firms and potential employees to connect via text messages in places where young people are far more likely to have a cell phone (approx. 85%) than internet access (approx 35%), such as Somalia and Palestine. There is no evidence to date

involving a control group. However, *SoukTel's* growth experience and financial self-sustainability make it an attractive option.

Programs to support the job-search and matching process should not discriminate based on the legal status of the firm. Excluding the informal sector will drastically reduce the number of jobs advertised. For example, private training providers in the *Life Skills Education for Employment and Entrepreneurship* (World Bank, 2009b) program in Indonesia train, certify, and match unemployed youth with domestic and overseas jobs in either the formal or informal sectors (see also World Bank, 2009a).

### **Signaling Competencies**

Workers may have the right skills, but it may be difficult to communicate these skills to potential employers. The most commonly used signals of a person's employability are whether he/she has held a job, or has a school or training institution certificate. The former is a particular challenge for young people who are just entering the labor market. And the latter is a challenge for poor youth, who have higher school dropout rates and may not have the resources to obtain a certificate.

**Skills certification.** Whether a person acquires skills through formal or informal mechanisms, the fact that he or she has certain abilities can often be measured against a generally accepted standard. One might argue that skills certification is superior to certification of completion of a level of schooling or training, as it measures what the person actually learned and is not concerned about how or when such skills were acquired (Bouder et. al., 2008).

To date, there is little evidence about the effectiveness of skills certification in increasing young people's access to employment. However, labor markets in OECD countries all have established some sort of skills certification scheme. Many developing countries have started creating certification systems. For example, Chile has been experimenting with certification of training programs within *Chilecalifica*; the program has a positive impact, but the evaluation may overestimate the program's success due to sample selection bias. In markets with extensive informal skills acquisition, such as the informal apprenticeship sys-

tem in many Africa countries, certifying skills—as opposed to a completed course—may be particularly useful.

**Training center accreditation.** Youth may spend significant resources on job training, but in many countries much of the training occurs in unregistered, small scale, and often informal institutions (van Adams, 2008). A national system of training-provider accreditation may provide information to young people to make better decisions about which institutions to attend and information to potential employers about the types of skills that an institution's graduates should possess. The impact of training center accreditation on employment has not been measured.

### **Firm start-up constraints**

Youth often look to self-employment as an alternative to tight labor markets. In addition to entrepreneurial skills constraints, as discussed in the above section on “job-relevant skills constraints,” limitations of financial capital and social capital (business relationships) may be important. Unfortunately, there does not seem to be any evidence identifying which constraints most affect young people's ability to start a business.

**Comprehensive entrepreneurship programs.** The sparse evidence to date suggests that comprehensive programs that provide a combination of business management and leadership skills, financial literacy, micro-credit and/or insurance schemes, and the opportunity to network with other new and established entrepreneurs, successfully support new firm owners. For example, Peru's *Formación Empresarial de la Juventud*, and *Calificación de Jóvenes Creadores de Microempresas*, as well as *TechnoServe* in Central America suggest that key factors of success are access to credit combined with intense business mentoring. Klinger and Schuendeln (2007) find a higher probability of starting a business and expanding an existing business when receiving training by 9–11% (statistically insignificant) and 23–26% respectively of *TechnoServe* participants. Beneficiaries of *Formación Empresarial de la Juventud* have a 40 percentage point higher probability of having a successful business (Jaramillo & Parodi, 2003).

Cost-effectiveness is questionable, as dead-weight loss and displacement costs may be substantial (Betcherman et al., 2004). In addition, take-up rates of entrepreneurship programs are often low and failure rates of new firms are high—regardless of whether they received assistance or not (Betcherman et al., 2004). Nevertheless, these types of programs are essential in stimulating innovation and job growth (World Bank, 2010b) and, thus, merit further experimentation and learning via program impact evaluations.

**Microfinance.** Financial capital constraints can be significant to new entrepreneurs, making microfinance an indispensable component of an entrepreneurship program.<sup>11</sup> As a standalone intervention, however, the evidence of positive impact is very mixed, and micro-lending to youth is still in its infancy. The heterogeneity of program designs, clients, and country, regional and local contexts leads to a whole range of outcomes and impacts (for a review of studies see Goldberg, 2005).<sup>12</sup>

### *Social Constraints*

Local customs and social norms may act as a deterrent for certain groups of people to participate in employment programs or the labor market, even though employers may be willing to hire and clients may be willing to buy from them. For instance, women's income earning opportunities may be limited by competing homecare and home production responsibilities, men's decision-making power over women's time use and skills development possibilities, or self-discrimination that limits women's perceptions about the types of activities that are suitable (see for example Bryceson, 2002). Also, occupational segregation along racial, ethnic, caste, or religious lines is not uncommon (Price, 2002; Moyo & Kawewe, 2002). What Appaduray (2004) identifies as a lack of "capacity to aspire, conceived as a cultural capacity, especially among the poor" or other discriminated against groups, may lead to self-exclusion from certain programs, occupations, or jobs.

While the interventions outlined in Table 1 may be appropriate for excluded groups, design features may need to be tweaked in order to reach some excluded youth. The evidence cited in this section is drawn from gender oriented interven-

tions, but they may be applicable to other groups facing similar constraints due to social norms. Most of the suggestions made in this section relate to design features and have yet to be evaluated with regards to their effectiveness at increasing youth employment rates. Nevertheless, they are promising and have been proven effective to increase participation of other excluded groups.

**Target young women's (effective) participation in programs.** Attempting to make programs 'gender neutral', for instance by implementing quotas, will not necessarily lead to gender parity. For example, anecdotal evidence from a skills and microfinance program in Uganda that required 1/3 of each team be female in order to qualify suggests that while women were registered and on-site, they may not have actively participated in the skills training activities (Blattman et al, 2010). Results from more rigorous testing of this hypothesis is expected by 2012. Women may need to be explicitly targeted, sought out, and actively encouraged to participate (Katz, 2008).

**Non-traditional skills training.** Women tend to be concentrated in traditionally female occupations which have been shown to pay less, even after controlling for measurable characteristics of workers and occupations (Blau & Kahn, 2000). Training women in modern or 'traditionally male' skills can increase their employment options (see for example *Jua Kali* under 'Information on returns to technical specialties'). Pre-training courses can prepare women for training in male dominated trades, while also providing skills to navigate competing in men's trades (Katz, 2008).

**Safe training/employment spaces for girls.** Women's mobility outside of the house may be limited due to religious beliefs (eg. *pardah*) or concerns about gender based violence. In the short-term, gender segregated transportation and spaces in which girls can learn and work could convince husbands and parents to let their wives and girls participate. Studies have also shown that such female exclusive environments have their own dynamic and can have a significant impact on girls' self-esteem and confidence, with positive implications for labor market success (see for example CEDPA, 2001; Elrukar et al., 2010; Gilibrand et al., 1999).

**Adjustment of program content and design to account for time use constraints and other gender specific needs.** Most women's time use patterns do not allow for full time work during daytime hours (Benería, 2003). Alternative arrangements, such as part-time work, job-share, non-contiguous work hours, or non-standard work hours may provide market access opportunities. In addition, Community or center-based childcare services and other social support systems can free up women's time. At the most basic, these are community-based arrangements where women may trade childcare duties with each other.

### Step 3: Adjust the Design According to Country and Target-Group Factors

By the end of Step 2, the reader should have a short-list of evidence-based programs that address the constraints of the target population. Given the economic, social, institutional, and administrative diversity within and across countries and the specific needs of the target group, all the interventions on the list of promising options will not necessarily be feasible in a specific country context. Two next steps are necessary to refine the list.

The first is to learn more about the necessary economic, social, institutional, and administrative conditions for each program's success and assess whether those conditions exist in the target country or labor market. And if these necessary conditions are absent, whether the program design can be adjusted such that the program is feasible. For example, the *Jovenes* programs in Latin America and the Caribbean were able to take advantage of an existing large public training sector. In countries that lack this institutional capacity, comprehensive training programs to address skills deficits will have to find alternative ways to provide both the physical infrastructure as well as the manpower to deliver the training. The studies cited in the presentation of each program type provide information about program design.

Second, the list should be further refined to only include programs that are appropriate for the target group or for which the program design can be adjusted such that it meets the needs while not creating perverse incentives. For example, training

courses provided by employment offices can be complemented by child care services when targeting unemployed mothers.

If program design cannot be adjusted to account for these realities, the program should be dropped from the short list. For example, if the target group is youth living in remote areas where there is no paid employment, wage subsidies will not be an appropriate strategy to overcome slow job-growth. This intervention should thus be dropped from the short-list.

At the end of Step 3, the short-list of program options will include interventions that: are appropriate to the challenge facing the target population in the relevant labor market, reflect the world's knowledge based on the limited evidence base to date, and have been adjusted for the specificities of the context and the target group in the labor market of interest. This list is ready for discussion with stakeholders.

### Step 4: Evaluate the Program Impact

The ultimate test of whether the correct set of programs was selected is to evaluate program impact and calculate benefit-cost ratios. Interventions that may have proven effective elsewhere may have greater or lesser effectiveness once program design has been adjusted (Step 3) and the program operates under the specific circumstances of the country, labor market, and target group.

To ensure that a new program is a good use of resources and of young people's time, a program evaluation should be built into the program design. This requires specialized researchers and budget. However, there are numerous resources on how to conduct rigorous evaluations (Heckman et al., 1999; Ravallion, 2008; Baker, 2000; Duflo et al., 2006; Ravallion, 1999a; sources cited in footnote 2<sup>13</sup>), and increasingly there are independent funding sources to allay evaluation costs.

Findings from program evaluation have provided the basis to adjust program design to better meet objectives. They have been used to inform potential program participants and stakeholders (including funders) of the effectiveness of a particular program design. And they are increasingly the basis for new policy, as presented in this Note.

Only through experimentation and learning can we more fully populate Table 1 and better support the short- and medium-term employment opportunities for today's young people.<sup>14</sup>

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### Endnotes

<sup>1</sup> Only a small set of programs are presented in this Note due to the limited availability of rigorous evaluations of ALMPs for youth in developing countries. In fact, of all the ALMPs worldwide, only a small fraction of interventions have undergone rigorous evaluation. And, most programs that have undergone such evaluations are from OECD countries. Only in the past decade have substantial investments been made in evaluating the effectiveness of interventions in developing countries.

<sup>2</sup> Rigorous evaluations are those that convincingly solve the problems of attribution and identification to ensure that the observed outcomes are due to the policy or interventions being evaluated. In the case of ALMPs the outcomes (difference between pre-program and post-program behaviors) among those participating in the program must be compared to the outcomes among an identical group that does not receive the treatment.

A common concern for impact evaluations of ALMPs is the self-selection process of participants into the program. Unobservable characteristics, such as motivation or other factors determining a person's participation, may also determine their ability and make them different from non-participants. Unless the existence of unobservables can justifiably be ruled out, we cannot conclude that the program had an impact.

The simplest way to establish this is to assign treatment randomly to some part of the study population and to withhold treatment from the others. However, others resort to quasi-experimental methods where the control group is formed by matching non-participants with participants based on observable characteristics that are thought to determine program participation and/or eligibility.

For more detail on evaluating Active Labor Market Programs see Heckman, Lalonde, & Smith (1999).

<sup>3</sup> Only few impact evaluations also analyze cost-effectiveness. The information cited on a program's cost-effectiveness is taken from the program's evaluation and, therefore, is based on the costs and benefits that a specific evaluation considered important.

<sup>4</sup> In some countries, particularly in the Middle East and North Africa Region, a large percentage of unemployed youth are university educated (World Bank, 2006). These youth, who have had more access to opportunities, are not the target population for this Note. Many of their primary constraints are best overcome by larger structural changes outlined in the MILES framework. However, several of the constraints and program options discussed in this note may provide short-term solutions for them, as well.

<sup>5</sup> Numbers taken from World Development Indicators for 2007.

<sup>6</sup> For an example see <http://www.iyfnet.org/document.cfm/30/968>.

<sup>7</sup> [http://www.ilo.org/youthmakingithappen/PDF/lo/lo/LatinAmerica-Caribbean Entra21 26Nov07. pdf](http://www.ilo.org/youthmakingithappen/PDF/lo/lo/LatinAmerica-Caribbean%20Entra21%2026Nov07.pdf)

<sup>8</sup> <http://www.hrsdc.gc.ca/eng/cs/sp/hrsdcedd/reports/1999-000414/page00.shtml>

<sup>9</sup> See <http://www.injaz.org.jo/>

<sup>10</sup> <http://www.jobcenterplus.org.uk>

<sup>11</sup> See also <http://www.cgap.org/p/site/c/pubs/>.

<sup>12</sup> For a youth related case study see "Microfinance, Youth and Conflict: Central Uganda Case Study" found on June 22<sup>nd</sup> 2010 at [http://pdf.usaid.gov/pdf\\_docs/PNADF657.pdf](http://pdf.usaid.gov/pdf_docs/PNADF657.pdf).

<sup>13</sup> See also <http://www.povertyactionlab.org/> and <http://www.3ieimpact.org/>.

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The findings, interpretations, and conclusions expressed herein are those of the author(s), and do not necessarily reflect the views of the International Bank for Reconstruction and Development / The World Bank and its affiliated organizations, or those of the Executive Directors of The World Bank or the governments they represent.

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