



## Active Labor Market Programs and Youth Employment

*The Spanish Trust Fund for Impact Evaluation (SIEF) is a €10.4 million program funded by Spain, complemented with \$1.5 million from the United Kingdom, to support the World Bank in evaluating the impact of innovative programs to improve human development (HD) outcomes. The SIEF supports prospective, rigorous evaluations in eligible developing countries, impact evaluation training, publications, and dissemination of results.*



### **Policy Questions**

- Do active labor market programs (ALMPs) successfully improve employability and earnings of targeted groups in developing countries?
- What designs work best under different country conditions?
- Which approaches are most effective at reaching at-risk youth, particularly for at-risk females and out-of-school youth?
- Are ALMPs efficient in that increases to economic and social benefits (for participants and society at-large) are greater than the economic costs?
- Do participants in youth service and training programs have better labor market outcomes than youth who don't participate?

### **Background & Context**

Joblessness and underemployment are challenging economic and social problems in developing countries. In most countries, young people are the majority of the jobless and are 2-3 times more likely to be unemployed than adults.<sup>1</sup> For these people, having a productive job is not only desirable from an economic perspective, but also brings social benefits. Governments and policymakers across the globe are struggling to find policies and programs that increase the probability that the jobless will find jobs, the underemployed will increase their productivity and labor income, and that school-leavers transition to work without extended delays.

Active labor market programs (ALMPs) are increasingly seen as attractive policy instruments. These programs include a wide range of activities intended to foster the quality of labor supply (e.g., training), to increase labor demand (e.g., public works); or to improve the matching of workers and jobs (e.g., job search assistance, employment agencies). Many countries spend

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<sup>1</sup> World Bank (2006). World Development Report 2007: Development and the Next Generation. Washington DC.

important resources on these programs and continuously introduce new ones to deal with new challenges.

There is a strong need to evaluate the wide variety of approaches being used and to share lessons on what works and what does not. This SIEF cluster is generating new cross-country knowledge on the impacts of these programs on employment outcomes, earnings of participants as well as other socially desirable outcomes and youth behavior.

### Examples of SIEF-funded Impact Evaluations

**India** –India’s National Rural Employment Guarantee (NREG) program guarantees 100 days of employment to all rural households on demand at the state minimum wage. The impact evaluation (IE) is examining direct channels (cash transfer benefits to participating households) and indirect channels (impacts on wage rates in local labor markets), through which the program operates; its impact on employment and earnings, general poverty reduction, and impact differences by gender.

**Jamaica** – The Steps to Work program provides *new* counseling and referral services to working-age adults in households receiving conditional cash transfers through the Program of Advancement through Health and Education (PATH). The program aims to promote participants’ uptake of *existing* employment-related social services, with the goal of increasing their employability, their employment rate and their earnings. The IE is considering whether making the counseling program made accessible to PATH recipients increases labor uptake and earnings, and whether the labor market programs that Steps to Work participants take part in influence employment outcomes.

**Dominican Republic** – The DR Youth Development Program (YDP) is promoting skills development and employment for at-risk youth using classroom-based training and private-sector firm internships. The IE is analyzing whether the YDP increases youth employment; improves participants’ cognitive abilities; improves the quality of youth employment; and/or reduces risky behavior such as alcohol consumption, drug and tobacco use, commercial sex, unprotected sex, gang participation and/or criminal behavior.

**Honduras** –*Mi Primer Empleo* promotes employment of poor urban youth who have abandoned the conventional education system and who are unemployed or underemployed through life skills and job trainings, and internships. The IE is evaluating whether participation in *Mi Primer Empleo* improves labor market outcomes and whether the program decreases participation in risky youth behaviors.

**Uganda** – The Youth Opportunities Program (YOP) trains unemployed youth in vocational skills of their choice. The IE is studying the impact of YOP participation on youth employment, educational attainment, leadership development, psychosocial wellbeing, health, and risky behaviors.

Active Labor Markets and Youth Employment	Country	Budget
National Rural Employment Guarantee Evaluation (NREG)	India	\$ 390,000
Steps to Work	Jamaica	\$ 400,000
Youth Development Project (YDP)	DR	\$ 249,625
“First Employment” (Mi Primer Empleo) Program	Honduras	\$ 298,640
Northern Uganda Social Action Fund (NUSAF)	Uganda	\$ 199,860
	<b>Total</b>	<b>\$ 1,538,125</b>