

**Concept Note for the Impact Evaluation
Of the Second Round of the First Employment (“Mi Primer Empleo”) Program**

Name of the project	Nutrition and Social Protection Project, P082242
Country	Honduras
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Evaluation team			
Georgina Leiva	UCP, SLSS		Gina_leiva2002@yahoo.es
Rigoberto Portillo	UCP, SLSS		Rportillo37@yahoo.com
Manuel Salazar	TTL, World Bank		msalazar@worldbank.org
Angela Demas	World Bank	82427	ademas@worldbank.org
Christel Vermeersch	World Bank	89554	cvermeersch@worldbank.org

Summary:

Mi Primer Empleo is a job training program for urban youth aged 15-19 who live in conditions of poverty and are currently unemployed. The program will promote the labor market insertion of approximately 6,000 youth who have abandoned the conventional education system, and who do not work or who work in very low return informal activities. The pilot program would provide the youth with:

- (i) orientation for life and work skills,
- (ii) specific job training,
- (iii) an internship directly linked to that training

The program is implemented by the Secretariat of Labor and Social Security (SLSS) of Honduras, and relies on strong partnerships with the training sector and the private sector. The program uses market mechanisms to identify promising training opportunities. The program is one component of the Nutrition and Social Protection Project, P082242, financed by and IDA credit to the Republic of Honduras.

The SLSS has requested the help of the World Bank to evaluate the impact of the program. The general objective of this impact evaluation is to estimate the causal impact of participation in this program of youth training, on labor market and other outcomes. A lottery will determine the the assignment of youth to training opportunities in case of over-demand for the services, and this will be used to identify the effect of the program. The main indicators would include employment rate, employment quality, income, risky behavior indicators, indicators for outcomes related to risky behaviors.

1. Introduction and background

This concept note outlines the objectives, strategy, timeframe, and budget of the impact evaluation of the First Employment (“Mi Primer Empleo”) program implemented by the Secretaría de Trabajo y de Seguridad Social, Government of Honduras, with funds from IDA credit nr 4097-HO.

Mi Primer Empleo is a job training program for urban youth aged 15-19 who live in conditions of poverty and are currently unemployed. The general objective of this impact evaluation is to estimate the causal impact of participation in this program of youth training, on job market outcomes (employment, salaries and employment quality), and risky behaviors.

The intervention to be evaluated is Component III of the Honduras Nutrition and Social Protection Project (P082242). This project consists of three components: 1. Institutional strengthening of the social protection framework for children and youth (USD 1M), 2. Consolidation and expansion of the AIN-C program (USD 15M), 3. First Employment Pilot Program (Mi Primer Empleo) for Youth at Risk (USD 7.3M). Components 2 and 3 target very different audiences (young children versus youth-at-risk), while component 1 targets institutional structure and capacity. Therefore Component 3 can be evaluated separately assuming that there is no cross-effect from Component 2, while taking the Component 1 interventions as “given”. Component 3 will be called “Mi Primer Empleo” in this concept note, according to the terminology used by the Government of Honduras.

2. Description of the intervention to be evaluated

The Mi Primer Empleo component promotes the labor market insertion of approximately 6,000 poor urban youth who have abandoned the conventional education system, and who do not work or who work in very low return informal activities. The pilot program would provide the youth with:

- (i) orientation for life and work skills,
- (ii) specific job training,
- (iii) an internship directly linked to that training

The pilot program is part of a larger effort of the Government of Honduras, and specifically the Secretariat of Labor and Social Security (SLSS), to construct and implement a system for training and professional development for youth to improve their possibilities for labor market insertion. This approach builds on Honduran and international experience with youth-at-risk labor market insertion programs, which show that besides training, emphasis needs to be given to improving social and life skills of beneficiaries, and providing longer-term connectedness for the participating youth.

The pilot includes four main activities (sub-components):

1. **Targeting and selection of beneficiaries:** Youth must be between the ages 15-19; live in marginalized urban areas of Tegucigalpa, San Pedro Sula, La Ceiba, and other areas identified by the government; and be enrolled in a program of alternative formal education to be eligible to participate in the youth training program. Eligible persons can apply to participate either through a potential training provider or through the Secretariat of Labor's "job orientation services," offered by the SLSS's Department of Employment, assisted by a specialized company. It would (i) inform potential beneficiaries about the requirements and benefits of different programs (and serve to filter out those who are not prepared to meet the requirements), (ii) deliver a preliminary orientation on the functioning of the labor market and help match those with individual vocational aptitudes, and (iii) prepare the potential beneficiaries to make a decision on course selection that will govern their stay in the program. The selection of eligible persons would be done by the SLSS, based on the course preferences expressed by the applicants. The SLSS will use a lottery system in case the number of qualified applicants is greater than the number of available places for particular courses.

2. **Training services and preparation for the world of work:** Training is offered by private and public training centers, competitively selected and pre-qualified for this purpose by the SLSS. Training institutions will be responsible for defining the specific areas of training they offer, based on the internship opportunities they have previously identified with employers. A priority would be given to those areas identified by the GOH as having particular high potential for economic development ("clusters"), such as tourism, *maquiladora*, etc. Training includes two phases: classroom training in the training institution (3-4 months), and practical training internship in a structured enterprise (3-4 months). The classroom training in the first phase is designed to prepare the participant for the internship in an enterprise.

The requirement that training providers pre-identify internship opportunities will ensure: (i) that program beneficiaries get a first work experience which is both hands-on and structured, and should increase their chances of obtaining employment, (ii) pertinence of the training, by engaging the private sector in defining training needs, thus breaking the traditional cycle of center-based training that has little relevance to private sector labor market demand, and finally (iii) strengthening of private sector links with training institutions by broadening their market and creating a training culture within the enterprise sector.

The following implementation arrangements apply to this sub-component:

a. Selection of training institutions. Pre-qualified training institutions are periodically invited through a "call for proposals" to participate in a competitive bidding process to offer training to eligible beneficiaries.

b. Supervision and Performance evaluation of training services. Throughout the training, the program will ensure proper supervision of training center performance and record results in a database which will serve for tracking program graduates, evaluating training center performance, and checking compliance with contracts.

c. Life skills training. Beneficiaries will be trained in a skill to a level that will permit them to work as assistants in their field, and with an emphasis on competencies that can be transferred to other related skill areas to facilitate labor mobility. The curriculum will also include a basic component of “training for life” which seeks to develop non-cognitive skills that are valued in the market place and civil society.

d. Stipends for beneficiaries. Program participants will receive a stipend during the training and internship to cover the costs of transportation and food for each day of attendance.

3. Promotion, dissemination and support for labor market insertion. Information about this new program will be disseminated to three target groups: potential beneficiaries, training institutions, and employers. Promotion efforts will be led by the SLSS with support from the Secretariat of the Presidency (SOP). Messages targeted to potential program beneficiaries will be disseminated through local and community networks, and through the alternative formal education programs working in the selected urban areas.

4. Program Management and Evaluation. The project will finance the development of a monitoring and evaluation system in the SLSS, to inform and support the development of a youth training and labor market insertion system as part of a wider youth development strategy. The SLSS’s Management Information System (MIS) would be strengthened to include key performance indicators of this and other programs to generate timely and relevant information on their progress. The MIS will be complemented by an impact evaluation.

3. Implementation structure: training cycles

Activities 1 and 2 would be implemented in a cycle fashion, each cycle being called a “convocatoria.” The sequence of activities within each cycle is represented in Figure 1.

The first training cycle started in October 2006. The timetable for the second cycle, as of April 17, 2007, is reported in Table 1.

Figure 1: Sequence of activities within each training cycle

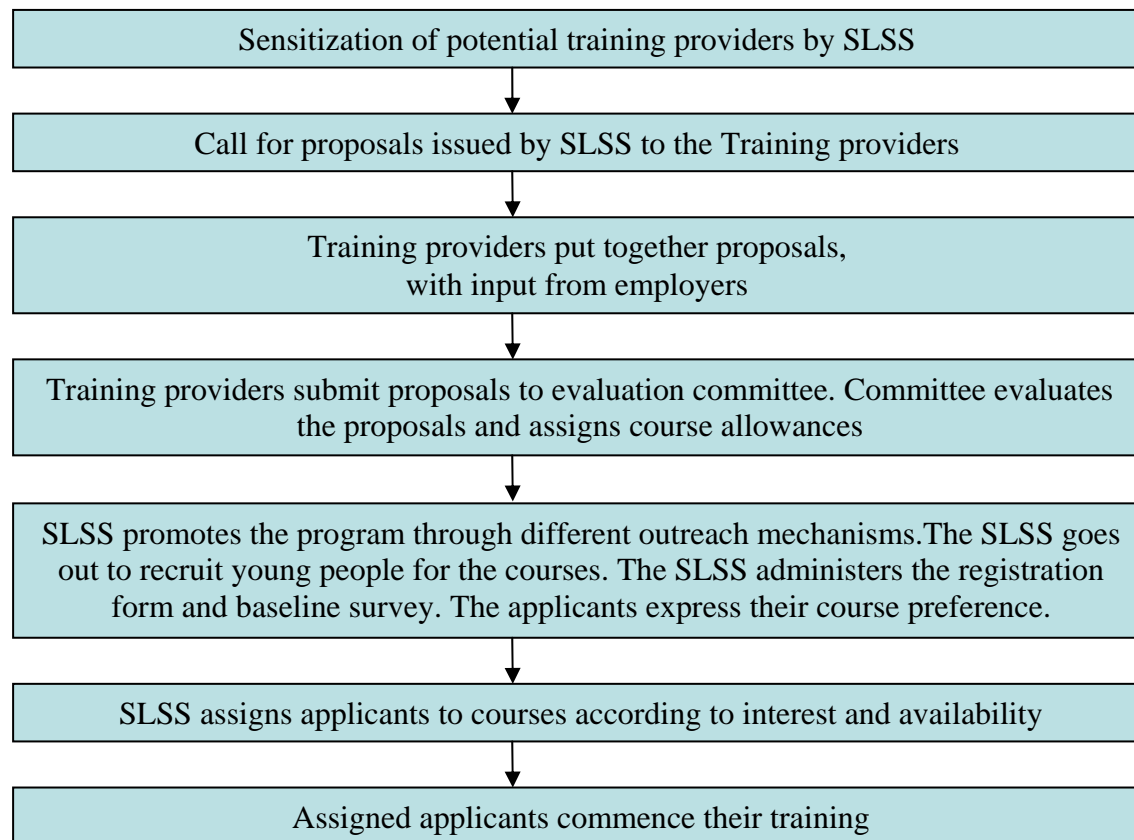


Table 1: Timetable for the implementation of the second training cycle of Mi Primer Empleo

Process	Dates
SLSS sells the bidding documents to the interested training centres (CECAP)	23 April 2007 - 31 May 2007
Requests for Clarification from CADERH	23 April 2007 - 31 May 2007
CADERH responds to Requests of Clarification from the CECAPs	23 April 2007 - 8 June 2007
The CECAP present their proposals/bids	23 April 2007 - 6 July 2007
Bid opening	6 July 2007, 10:00 a.m., at CADERH
Award	17 August 2007
Registration of youth applicants	20 August 2007 – 29 September 2007
Entering the registration data	2 October 2007 – 6 October 2007
Lottery and assignment to courses	8 October 2007 - 12 October 2007
SLSS sends the assignment results to the CECAPs	15 October 2007
CECAPs enroll the assigned applicants into the courses	15 October 2007 - 26 October 2007
Start of the courses	29 October 2007 - 31 January 2008
Internships	1 February 2008 – 31 July 2008
Certification of the trainees	1 August 2008 - 31 September 2008
Follow-up survey	1 February 2009 - 31 March 2009

4. Results framework

As mentioned in the introduction, the general objective of this impact evaluation is to estimate the causal impact of participation in this program of youth training, on job market outcomes (employment, salaries, and employment quality), and risky behaviors. The indicator specified in Annex 3 of the Project Appraisal Document is “ % of program graduates in paid employment or self employment 6 months after program graduation.” The impact evaluation will be broader than this, though.

Beneficiaries

The success of the program will depend not only on the results of the program *graduates*, but also on the results of the youth that enroll in the program but do not manage to graduate. Indeed, the program would spend resources on those youth that do not graduate. An impact evaluation that only followed youth that “graduate” would bias the evaluation by only considering outcomes for “successful” youth. Hence the sample for the impact evaluation should evaluate the impact of

the program for those youth who enroll in the program.¹ The path followed by applicants through the program is detailed in [Figure 2](#).

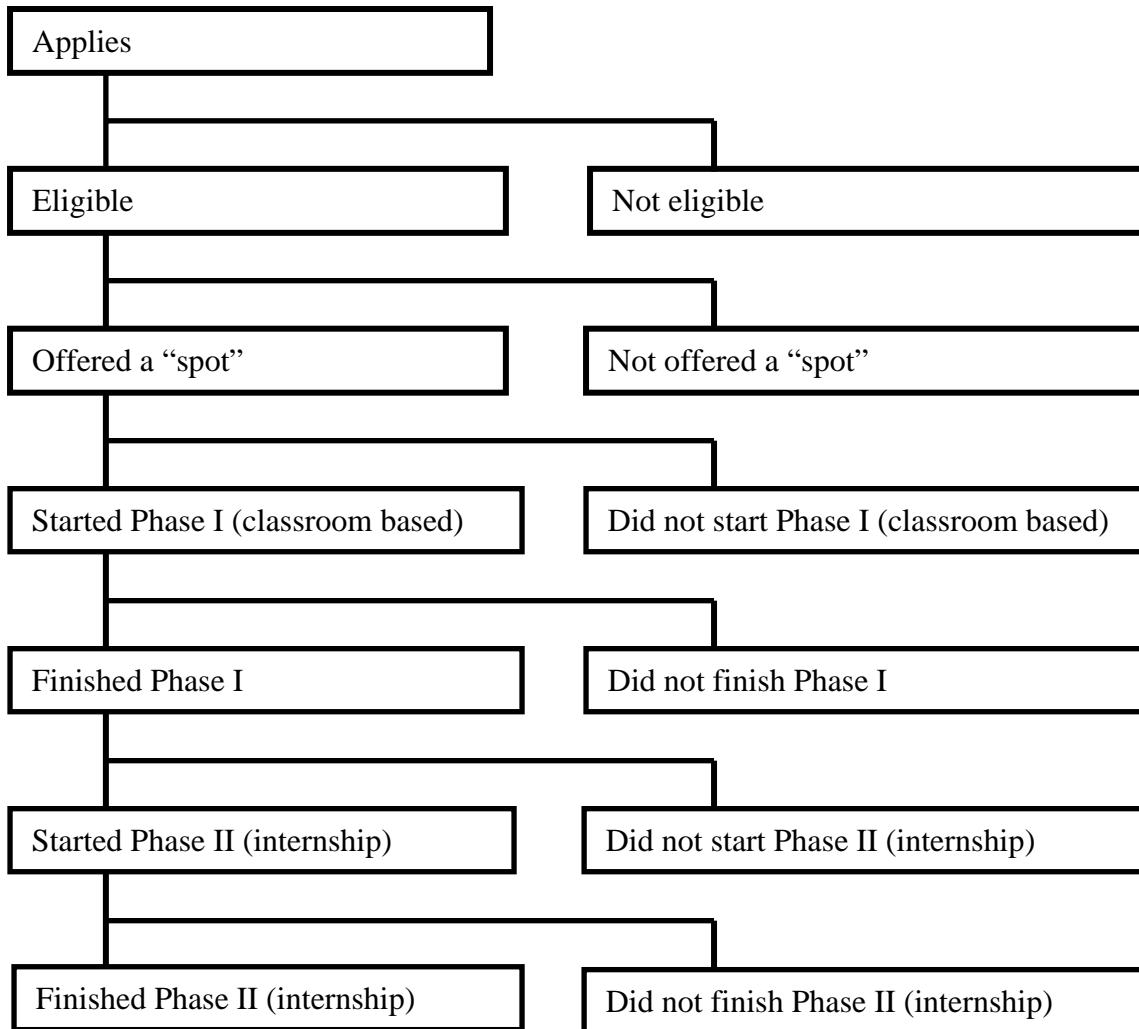
Main hypotheses

The two main hypotheses of the impact evaluation are:

1. Participation in the youth training program improves labor market outcomes (employment, salaries, employment quality)
2. Participation in the youth training program decreases participation in risky behaviors (consumption of alcohol, drugs and tobacco, commercial sex, unprotected sex, participation in gangs, criminal behavior)

¹ The impact evaluation needs to take into account that not all participants that will be offered the training, will actually enroll. The sample will need to be a representative sample of youth who are offered the opportunity to participate in the program.

Figure 2: Streaming of applicants through the program



Expected chain of results

1. It is expected that the training and internship will increase the technical and social skills of the trainee. It is also expected that the skills imparted will be valued on the labor market, i.e., that employers value the contribution of skilled persons more than the contribution of unskilled persons. Therefore, youth that went through the training and acquired skills will
 - find work more easily
 - be paid higher wages when finding a job
 - have better quality of employment, as expressed in stability of employment, benefits, etc.

2. It is expected that the training of young people will affect their risk attitude and reduce their risk taking through the following mechanisms:
 - a. When expectations of income increase, the opportunity cost of participating in risky activities also increases, because risky activities negatively influence the person's ability to generate future income.
 - b. When expectations of income increase, and the training has value in the eyes of the young person, this will lead to increased self-esteem, which reduces the emotional return to participating in gangs.
 - c. Participating in training activities excludes participating in risky activities "at the same time". Participation in training allocates part of the person's time, thereby reducing the amount of time available to allocate to other activities. This would then increase the value of non-training time. If participation in risky activities has lower returns to the young person than alternative activities, then participation in training activities could reduce the total amount of time allocated to risky activities. Risky activities include consumption of alcohol, drugs and tobacco, commercial sex, unprotected sex, participation in gangs, criminal behavior)

Reduced risk taking would then result in reduced incidence of crime (both active and victimization), health issues (e.g.: incidence of STDs, respiratory problems, unwanted pregnancy, drug addiction, mental health problems like depression).
3. On the other hand, the increased availability of income could change or increase consumption of risky goods and activities, such as drugs, weapons, commercial sex, and the consumption of risk avoidance goods (like condoms).

5. Indicators

The following dimensions/indicators will be the ones considered in the impact evaluation:

- Employment rate
 - a. 6 months after end of training cycle (taking into account all youngsters who enrolled in the program, ie. Not only those who enrolled and graduated)
 - b. 12 months after end of training cycle
- Employment quality:
 - a. Episodes of employment and unemployment, employment stability
 - b. Type of employment: sector, level, occupation
 - c. Level of formality of employment
 - d. Benefits: social security, retirement saving, health insurance, paid leave, sick leave
 - e. Living conditions
- Income
- Risky behavior
 - a. Consumption of illegal drugs
 - b. Consumption of alcohol

- c. Consumption of tobacco
- d. Commercial sex
- e. Unprotected sex
- f. Participation in gang activities
- g. Participation in criminal activities
- Outcomes related to risky behaviors
 - a. Crime victimization
 - b. Incidence of STD
 - c. Unwanted pregnancy
 - d. Drug addiction
 - e. Mental health (eg. Depression)
 - f. Self-esteem
 - g. Domestic violence

6. Strategy for the identification of the impact of the program

The basic identification method for the impact of the intervention is randomized assignment. However, due to the nature of the program, we will need to be creative so that the assignment mechanism can take care of the specific needs of the project.

Each project cycle goes through the following phases:

1. Call for proposals from training providers. Training providers offer a number of “spaces”, for which they have already secured an internship in a private company.
2. Call for applications from interested (and eligible) youth. Youth can express a preference for courses that they wish to take. When submitting their application, youth know which courses are being offered.

The assignment mechanism needs to fulfill two functions:

1. Ensure that each eligible youth has an equal chance of participating in the program, and of being assigned to his/her choice of course.
2. Ensure that the right applicants get matched to the right courses. This means that we cannot assign applicants to courses they do not wish to enroll in. Note that this has a geographical dimension: courses will be offered in several cities and towns, and there will be no restrictions for youth according to their location, on which courses they are allowed to take. However, the stipend for transportation will be flat, which means that youth is unlikely to enroll in courses that will take place very far from their place of residence.

With these previous considerations, we propose the following mechanism to assign training opportunities to applicants:

1. Each applicant will be able to apply for up to three (two?) courses which they want to partake in. The personnel in charge of registration will verify that the applicant satisfies the admission criteria for each of those courses.
2. The applicants' information will be centralized at the SLSS.
3. Applicants will be assigned a lottery number consisting of 10 digits, using a computer program. The procedure will be as follows:
 - a. We will use the Stata 9 program
 - b. The seed number will be 1 (one).
 - c. The candidates will be sorted according to their national ID number.
 - d. Stata will assign a random number to each candidate, drawn from a uniform distribution between 0 and 1, and multiplied by 10^{10} . This is the "lottery number".
4. Each applicant will receive a serial number between 1 and N (the total number of applicants). Ie. The applicant with lowest lottery number will get serial number 1, the applicant with highest lottery number will get serial number N.
5. The assignment of training will start with the applicant with serial number 1.
6. The first applicant to be assigned, with serial number 1, will be assigned to her course of first choice. Then we will move to the applicant with the next serial number, who will be assigned to her course of first choice.
7. As we progress down the list of applicants, courses will fill up. If we reach a candidate whose first choice course is full, we will assign her to her second choice course if it is still available. If the second choice course is full, we will assign her to her third choice of course if it is still available. If the third choice course is full, the candidate will not be assigned to any course. We then move to the next candidate down the list.
8. We will move down the list of applicants until all courses have been filled.
9. Example:

Table 2: Example of assignment mechanism

Numero ID	nombre	numero aleatorio	Primera preferencia	Segunda preferencia	Tercera preferencia	Asignación	
0801-1989-09035	Eric Onan Rosales Zepeda	6471.52609	B	C	A	B	
0804-1990-00129	Porfirio Daniel Pérez	14097.57659	C	B	A	C	
0801-1988-09932	Gustavo Adolfo Almendarez Viera	17118.70654	C	B	A	C	
1001-1985-00415	Ana Joaquina Pérez López	17687.35421	C	A	B	C	
0801-1990-20313	Gustavo Adolfo Castillo Zúñiga	31533.97098	B			B	
0801-1991-05540	Bety Suyapa Murguía Velásquez	33557.50492	C	A	B	C	
1511-1990-00287	Amalia Marily Solís García	37372.20361	C	A	B	C	
0801-1990-10526	Walter Alfredo Núñez Ordóñez	42507.90549	A	B	C	A	
1522-1989-00685	Kary Lourdes Reyes Hernández	46024.18592	A	C	B	A	
0608-1988-00135	Juan Luis Ramírez Espinal	51423.16758	C	A	B	C	curso C esta lleno
0607-1987-00670	Ana Rosa Rubio	57819.15319	B	C	A	B	
0801-1989-03865	Belky Johana Elvir Silva	58113.93853	C	A		A	
0801-1989-18590	Eric Manuel Bonilla Torres	62140.58505	B	C	A	B	
0801-2003-00823	Miran Azucena Maraiaga Montes	75232.93839	B	A	C	B	curso B esta lleno
0801-198816485	Fernando Alfredo Girón Godoy	76244.80887	C	B	A	A	curso C esta lleno
0802-1990-00156	Erika Lizeth Villalta Cruz	79760.25698	A	B	C		
0610-1990-00204	Ebrin Sahi Álvarez Álvarez	84245.26672	A	C	B		
0817-1988-00284	Karen Noackse Torres Rodríguez	92995.19998	A	B	C		
0801-1987-13498	Edgar Emilio Rivera Calix	94737.50946	C	B	A		
1517-1988-00518	Ana Maria Osorio Aguilar	96162.35602	B	A	C		
0707-1988-00036	Bessy Cenovia Maradiaga	96851.86865	B	C	A		

10. The random selection of the starting point for the assignment of candidates creates a control group, by creating a group of people whose preferences cannot be matched because the courses were already full. Applicants with "too high" lottery numbers will be excluded from the training, because the courses have filled up by the time the assignment process gets to them.

Applicants will be assigned to courses according to their random numbers, so therefore:

1. The impact of "being assigned to ones first preference course" is the difference in outcomes between people who don't get assigned to any course because they had too high a lottery number, and people who got assigned to their first preference course.

2. The impact of "being assigned to one's second preference course" is the difference in outcomes between people who don't get assigned to any course because they had too high a lottery number, and people who got assigned to their second preference course because they had a low lottery number.

Etc. for third preference course.

Assuming we have full compliance, we would not need to use an instrumental variable. Being "randomized out" happens automatically above the cutoff-point of lottery numbers (ie the lottery number above which in effect all courses have been filled).

If there is less than full participation among the low lottery number persons, and there is some participation among higher lottery number persons, then the lottery number can be used as an instrument for people's participation in the program. This could be useful for example if people tend to not show up when assigned to their third priority course when assigned to it.

7. Proposed strategy for implementing the baseline

The collection of baseline data is directly linked to the registration process for youth applicants to the courses. The registration process would consist of 3 modules and a verification process:

a. Module "registration card"

- i. Administered by personnel from the SLSS, the Program for Eradication of Chile labor, and additional contracted personnel if need be.
- ii. The module will include 3 questions on socio-economic status, as well as a number of other questions needed to determine the eligibility of the applicant.
- iii. The personnel will verify that the applicant fills the formal eligibility conditions for participation in the program, and will confirm overall eligibility.
- iv. The applicant's interest in the different courses will be gauged. The applicants will receive input as to which courses are appropriate given their level of preparation.

	- La STSS construye el listado de jóvenes seleccionados.	
15 October 2007	The SLSS sends the list of selected applicants to the Training Centres (CECAP) and to CADERH	SLSS
15 -26 October 2007	The Training Centres (CECAPs) enroll the selected applicants in the courses.	CACAP
29 October 2007	The courses start in the CECAPs.	CECAP

Location of the baseline survey

The applicant registration process will take place in the cities where courses will subsequently be offered. It is expected that the following cities will participate:

- Tegucigalpa
- San Pedro Sula
- 8 smaller cities: Puerto Cortez, La Ceiba, Tela, Villanueva,...

The impact evaluation will be limited to the cities of Tegucigalpa, San Pedro Sula, Puerto Cortez, and one additional small city. This will be done to limit costs, and because the main target group for the program is urban youth.

Size of the simple

The size of the simple and its location will depend on the supply of courses and on the demand for those courses. Table 4 presents the expected sample size in the various locations.

Table 4: Expected number of interviewees in the various locations of the baseline

City	Number of CECAPs offering courses	Number of places in courses	Number of eligible applicants	Number of applicants to be interviewed in the baseline	Number of days	Number of interviews per day	Number of personnel from STSS+PECL for the registration of applicants	Number of enumerators from consultancy firm
Tegucigalpa		400	800	400	12	33	8	8
San Pedro Sula		300	600	400	12	33	8	8
Puerto Cortez		100	200	100	5	20	4	4
Ciudad X		100	200	100	5	20	4	4
Otras ciudades rurales		300	600	0		---		
TOTAL		1179	2400	1000				

8. Strategy for the implementation of the follow-up survey

The follow-up survey would be administered to the baseline respondents, approximately six months after the expected time of completion of the internship.

9. Budget (to be completed)

This budget is for an impact evaluation of the second training cycle only.

Table 5: Budget for the impact evaluation of the second training cycle

	Unidad	Cantidad de unidades	Costo total	Fuente de financiamiento
Cost of the baseline	US\$60	1000	US\$ 60,000	Donación BNPP
Design of instruments for the baseline survey	US\$15.000	1	US\$ 15,000	Donación BNPP
Research assistant			US\$ 10,000	Donación BNPP
Design of instruments for the follow-up survey	US\$10,000	1	US\$ 15,000	TBD
Cost of the follow up survey	US\$ 60	1000	US\$ 60,000	TBD
Total cost			US\$ 165,000	

Christel Vermeersch

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