

The evidence base on what works to promote youth employment

INCLUDE, the Knowledge Platform on Inclusive Development Policies, focuses on youth employment as one of the key challenges in Africa's development. By connecting various types of knowledge and stakeholders active in this field, INCLUDE has gathered a diverse set of insights into how to improve youth employment.

This policy brief supplements the brief '[Ten focus areas for youth employment policies](#)' by giving an overview of the findings of recent research on youth employment. It outlines the results of three recent, systematic studies on youth employment globally. Their most important findings are presented here.

Findings

Study 1: [Interventions to improve the labour market outcomes of youth: a systematic review of training, entrepreneurship promotion, employment services, and subsidized employment interventions](#)

Kluve, J; Puerto, S; Robalino, D; Romero, JM; Rother, F; Stöterau, J; Weidenkaff, F & Witte, M (2016).

Macroeconomic stability, a functioning infrastructure, a working financial system, an appropriate labour market and regulatory policies, and public sector capacity are fundamental to promote youth employment. However, system-wide interventions in these areas are often insufficient or not timely enough to create jobs for young people and specific micro-policy interventions can produce quicker results. This systematic review explores the impact of five types of intervention: skills trainings, entrepreneurship promotion, subsidized employment, employment services and comprehensive policies. It is based on evidence from 113 counterfactual-based impact evaluations of 107 active labour market programmes in 31 low-, middle- and high-income countries. These are the main findings:

- In low- and middle-income countries, all types of programmes have had positive impacts on employment and earnings (see the results in Table 1 below).
- Entrepreneurship-promotion interventions produce the highest return in terms of productive work and income for young people. The most successful programmes are those that combine entrepreneurship training with business advisory services and improved access to finance. Yet, the aggregate impact of entrepreneurship-promotion interventions on national employment rates is limited, as only a small proportion of youth are able to become entrepreneurs and, therefore, large-scale programmes are not always cost-effective, as concluded in [the baseline review](#). Testing entrepreneurial 'aptitude' (talent, capabilities and mindset) beforehand can be an effective tool for targeting this group of potential entrepreneurs.
- Skills trainings and subsidized employment also improve youth employment in low- and middle-income countries. Yet, there are large variances in the impact of these interventions, particularly as skills training is often combined with other interventions. Multi-faceted programmes are the most effective: these combine skills training with financial assistance and mentorship, and in-class training with internships or other forms of on-the-job experience.
- The number of employment service interventions in low- and middle-income countries was too small to draw conclusions from. However, the individual studies performed in Jordan, India and Ethiopia showed positive results. [Franklin's study](#) of a subsidized transport experiment in Ethiopia showed an increase in employment rates by 7%.
- Subsidized employment programmes (wage subsidies) had positive impacts on employment rates, but their impact on earnings is small (see Table 1). However, more intermediary outcomes, such as wellbeing, empowerment and attitudes, did improve.
- An overall key finding is that comprehensive policies that combine different interventions are modestly successful in generating employment outcomes and have a large effect on improving earnings.

However, it is uncertain what the drivers of this success are. At the very least, it can be argued that most interventions are more successful when combined with others.

- To address the skills gap, there is increasing experimentation with firms in low- and middle-income countries, generally in providing youth with the opportunity to gain on-the-job experience. The S4YE study '[The private sector and youth skills and employment programs in low- and middle-income countries](#)' concludes that public-private partnerships can help in engaging employers in these programmes. This engagement is challenging and not always successful, but can be promising if there is adequate planning, time to develop relationships with private sector partners, clear roles and expected outputs, shared commitment, leadership and frequent interaction.

Table 1: standardized mean differences and 95% confidence intervals (in brackets) of intervention types (Kluve et al., 2016)

Intervention types	Employment outcomes		Earnings outcomes		Business outcomes	
	HICs	LMICs	HICs	LMICs	HICs	LMICs
Skills training	0.04 (0.01,0.07)	0.06 (0.02,0.1)	0.02 (0,0.04)	0.12 (0.08,0.16)	n/a	-0.09 (-0.18,0.01)
Entrepreneurship promotion	n/a	0.18 (0.06,0.29)	n/a	0.14 (0.06,0.22)	n/a	0.15 (0.07,0.23)
Employment services	0.01 (-0.03,0.04)	n/a	0.01 (0,0.02)	n/a	n/a	n/a
Subsidized employment	0.00 (-0.03,0.04)	0.11 (0.04,0.18)	-0.02 (-0.07,0.03)	0.02 (-0.05,0.1)	n/a	n/a
Unspecified	0.03 (-0.04,0.1)	n/a	n/a	n/a	n/a	n/a

Study 2: [Evidence Gap Map on Youth Employment](#). International Labour Office (2016)

This map presents an overview of the growing evidence on the impact of interventions on youth employment globally. The following are the main findings:

- Relationships on which a lot of evidence is available include those between skills trainings and the outcomes of employment probability, hours worked and earnings. Moreover, the relationship between job search assistance and job placement and the outcomes of employment probability and earnings have also gained substantive attention.
- Relationships on which little evidence is available include those between access to markets, value chains, credit and grants and the outcomes of employment, earnings and business performance. Moreover, little evidence is available on the impact of interventions such as wage subsidies and public work programmes on employment, earnings and business performance.

Study 3: [Roadmap for promoting women’s economic empowerment](#). Buvinic, M; Furst-Nichols, R & Pryor, EC (2013).

Among other things, this roadmap investigates the prospects for young women’s employment. The study reviewed 27 evaluations and found that for women the transition from school to workplace is difficult, as although school attendance by girls is increasing, their labour force participation is still low. To improve employment prospects for young women, the following conclusions stand out:

- For young women, demand-oriented skills training, on-the-job training, vouchers and wage subsidies effectively increase their employability and earnings. However, the effect in the short term (increased employment of up to 40%) can vanish in the long term if social constraints are not addressed.
- Cash grants or incentives for young women for education increase their school attendance and may improve their educational outcomes, while large cash grants with no conditions may help increase young women's employment and income and can have sizeable social benefits. These grants can generate up to 50% higher income (compared to control groups); they also generate returns on investment of approximately 35%, as shown in evaluations of programmes in Malawi and Uganda. Moreover, in addition to the educational and economic benefits, these cash grants programmes also have social benefits (e.g. they can contribute to lowering child marriage and teen pregnancy rates, for instance).
- Livelihood programmes that combine reproductive health with income generation and asset building show promising results for young women in low-income settings and socially-conservative environments. The likelihood of young women being engaged in income generation can increase by up to 35%, while pregnancy rates were seen to drop by up to 30%, as a result of such programmes.

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