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An Assessment of the Youth Employment Inventory and Implications for Germany's Development Policy

Werner Eichhorst (IZA)
Ulf Rinne (IZA)

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An Assessment of the Youth Employment Inventory and Implications for Germany's Development Policy*

Werner Eichhorst (IZA)

Ulf Rinne (IZA)

German Abstract

Der vorliegende Beitrag beinhaltet eine aktuelle Auswertung des „Youth Employment Inventory.“ Diese Datenbank umfasst derzeit 730 Projekte und Maßnahmen zur Förderung von Jugendbeschäftigung in 110 Ländern (Stand: Mai 2014). Sie listet eine Vielzahl von Merkmalen der einzelnen Maßnahmen (z.B. Art, Dauer, Teilnehmer, Finanzierung etc.) sowie ihre Wirkungen anhand von Evaluationsergebnissen – sofern diese verfügbar sind. Der vorliegende Beitrag ermittelt nach einer deskriptiven Analyse in einer Meta-Analyse, ob und inwiefern Zusammenhänge zwischen den Merkmalen und Wirkungen der Maßnahmen vorhanden sind. Diese Untersuchung wird durch eine qualitative Untersuchung ergänzt, in der Maßnahmen, für die quantitative Evaluationsergebnisse vorliegen, mit Interventionen verglichen werden, für die dies nicht der Fall ist. Anschließend werden auf Grundlage der vorherigen Analysen konkrete Handlungsempfehlungen für den deutschen Kontext abgeleitet und ausgewählte Fallbeispiele diskutiert. Der vorliegende Beitrag schließt mit einem allgemeinen Fazit.

Keywords: Youth Unemployment; Labour Market Institutions;
Active Labour Market Policyw

JEL Codes: J24; J38; J68

Corresponding author: Dr. Werner Eichhorst, Institute for the Study of Labor (IZA), P.O. Box 7240, 53072 Bonn, Germany. Email: eichhorst@iza.org. Phone: +49-(0)228-3894-531.

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Executive Summary

1. This study aims to provide empirical evidence for informed policy decisions by analysing the Youth Employment Inventory (YEI). The YEI is an internet-based databank created to improve the basis for evidence-based policy making. It is a worldwide stock-taking exercise of employment-related projects for youth documenting programme design, implementation and results. As of May 2014, it includes 730 projects in 110 countries.
2. A descriptive analysis reveals that 82 per cent of the interventions in the YEI involve skills training. 66 per cent of the interventions were implemented in the Middle East and North Africa (MENA countries) and in Sub-Saharan Africa. While at least some kind of evaluation is available for every intervention, for 48 per cent of the interventions just a basic descriptive evaluation has been performed. Accordingly, there is not enough evidence to make an assessment for 73 per cent of interventions in the YEI.
3. When analysing interventions with a rigorous evaluation and conclusive results in a meta-analysis, we confirm many previous findings in the literature. For example, we find that youth employment measures are more effective in developing countries than in developed countries. But in contrast to previous studies, we detect some heterogeneity across categories of intervention as employment services outperform other measures. Moreover, we find that combined measures do not outperform programmes that include only one type of intervention. Integration thus appears *per se* not as a guarantee of success. Finally, programme characteristics are not correlated differently with a positive impact than with a negative or zero impact.
4. We complement the quantitative analysis by a qualitative analysis as a significant number of interventions in the YEI have not (yet) been rigorously evaluated with respect to their impacts. Indeed, we find substantial differences between interventions that have been rigorously evaluated and those that have not. For example, the regional composition is rather different. Additional differences exist with respect to targeting and types of intervention. We thus conclude that YEI's potential for evidence-based policy making could be further increased by rigorously evaluating a larger share of interventions.

5. In a next step, we discuss our findings against the background of the current setup of Germany's development policy to derive recommendations for potential change. Germany's development policy currently adopts an integrated, three-dimensional approach aimed at integrating three key dimensions to promote youth employment. Because important insights have already been incorporated in this setup, we conclude that major changes are not needed. However, some general principles should be thoroughly and consistently implemented throughout Germany's development policy. For example, there should be a strict orientation with respect to programme effectiveness as higher spending levels do not necessarily imply higher effectiveness or larger impact. Our results also highlight the fact that interventions should always be chosen carefully and context-specifically. It does not seem sufficient to simply design and implement interventions that are combined, integrated and multi-dimensional. Effective delivery, implementation and governance are crucial elements in this context, too.
6. In addition, we discuss selected case studies to illustrate "best practices" and more practical implications for development policy. The interventions were selected on the basis of their ability to exemplify our previous findings. While it may be argued that the selected projects are not particularly outstanding interventions, each of the projects involves design features that are worth considering. For example, the formation of groups to exert social pressure on their members proved conducive for properly using unconditional cash transfers. On the other hand, social pressure that was apparently too high led to substantial drop-out rates in a group-based microfinance model. This comparison supports our deduction that interventions (and their design) should always be chosen carefully and context-specific.
7. Our final general recommendation is that evaluation requirements should be taken into account systematically when designing, budgeting, implementing and reporting employment interventions. This would help improve our understanding of policy interventions and help allocate resources in a way that is most conducive to achieving the desired outcomes.

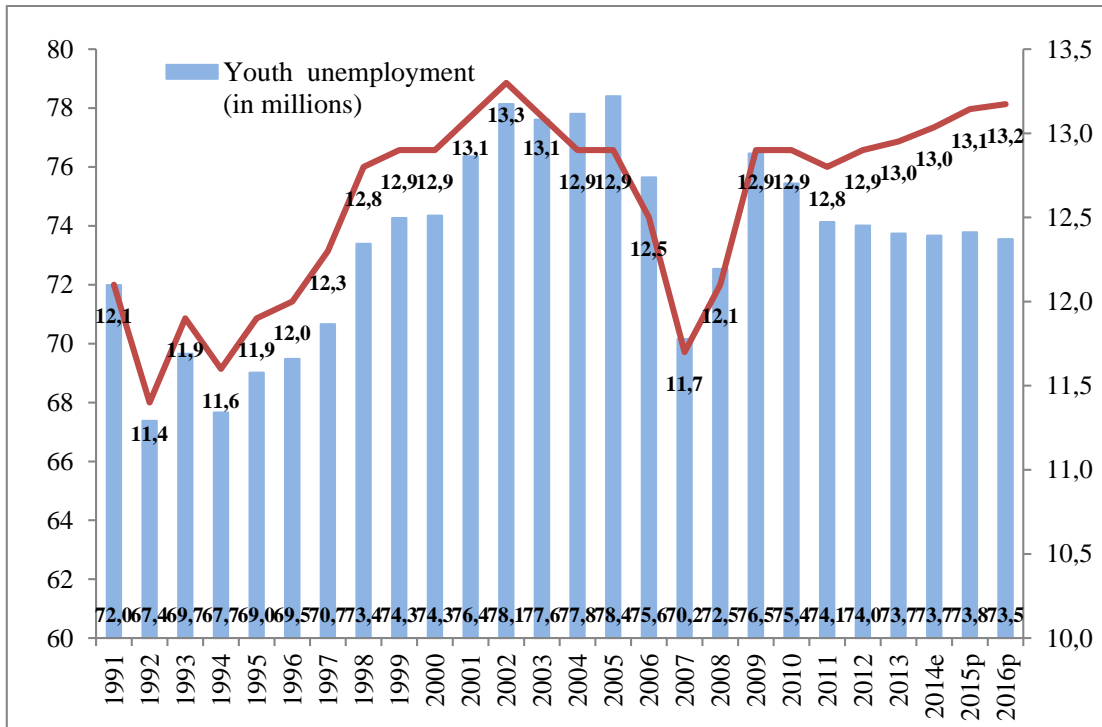
1. Introduction

Young individuals are one of the most vulnerable groups in the labour market. Their unemployment rate typically exceeds that of the adult generation (see, among others, O'Higgins, 1997). This is related to the fact that all young people face the critical barrier of entering the labour market for the first time. But youth unemployment has been globally increasing over the last years as Figure 1 shows. Despite a brief recovery in 2007/2008, it has been projected to slightly increase above 13 per cent in 2015 and 2016. This implies that more than 73 million youth are unemployed.¹

Against the background of the Great Recession that started in 2008, it is not surprising to see that a large number of youth are unemployed. In fact, a fall in aggregate demand increases youth unemployment in a very similar way as it affects overall (or adult) unemployment. Hence, youth-to-adult unemployment *ratios* are rather constant in many countries and regions over time (Eichhorst and Rinne, 2014).

¹ If not indicated otherwise, we use the United Nation's youth definition (15 to 24 years).

Figure 1: Global Youth Unemployment and Unemployment Rate (1991-2016).



However, youth-to-adult unemployment ratios differ significantly and persistently across regions and countries. One has to note that there are relatively constant differences between regions and countries in this regard. In a given country, this ratio hardly changes from one year to another. For example, while this ratio has been around 1.5 in Germany for a long time, it has been roughly 3 in France in recent years (Cahuc et al., 2013). This heterogeneity points to the crucial role that institutional settings and public policies play in influencing youth labour market integration. Hence, reducing youth unemployment in the long run often requires a range of structural reforms in areas such as labour market regulations, institutions and in the (vocational) education system. However, these issues are beyond the scope of this study (Eichhorst et al., 2015).²

Instead, we concentrate on (public) interventions that are implemented *within a given set of institutional and economic constraints* to enhance youth labour market integration predominantly in the short run (World Bank, 2010). For example, if youths face a lack of labour demand, wage or training subsidies may be

² See, for example, World Bank (2007) for a proposal of such structural reforms.

appropriate interventions. Or, if there are constraints in the job search and matching process, improving employment services appears as a useful strategy. These considerations may explain the popularity of active labour market policies (ALMPs) that are specifically designed for youth.

More generally, ALMPs are designed to promote labour market integration by reducing job-finding obstacles, thereby increasing the probability of entering employment successfully. This is done, for example, by providing job-related training that improves the skills and productivity of job searchers, or by offering hiring subsidies which are designed to compensate for a lack of work experience and other deficits. However, before any measures are implemented, it should be clearly understood how youth unemployment can be tackled most effectively and on which factors this may depend. Therefore, this study aims to provide empirical evidence for informed policy decisions by analysing the so-called Youth Employment Inventory (YEI). Next to general conclusions, we derive specific implications for Germany's development policy.

The YEI is an internet-based databank created to improve the basis for evidence-based policy making.³ It is a worldwide stock-taking exercise of completed and on-going employment-related projects for youth documenting programme design, implementation and results. As of May 2014, it includes in total 730 projects in 110 countries, ranging from interventions for improving labour market information (counselling, job search assistance) to programmes that aim at increasing the demand for youth labour (wage subsidies, public employment) and to measures focusing on improving chances for young entrepreneurs (providing financial, technical and training support for self-employment). The YEI is supposed to serve as the basis for further statistical analysis regarding the measures' effectiveness to strengthen the basis for evidence-based project planning, management and monitoring.

The remainder of this study is organised as follows: In Section 2 we provide a descriptive analysis of the YEI database. Subsequently, we perform a more detailed investigation with a focus on quantitative aspects in Section 3 and on qualitative aspects in Section 4. Against this background, we derive specific implications for Germany's development policy in Section 5. We furthermore

³ See <http://www.youth-employment-inventory.org/> for the internet-based databank and further details. Originally initiated by the World Bank, the YEI is now a joint effort of the German Ministry of Economic Cooperation and Development (BMZ), the Inter-American Development Bank (IADB), the International Labour Organisation (ILO), the World Bank, and the Youth Employment Network (YEN).

describe selected case studies of employment-related projects in Section 6 and we conclude with some general remarks and policy recommendations in Section 7.

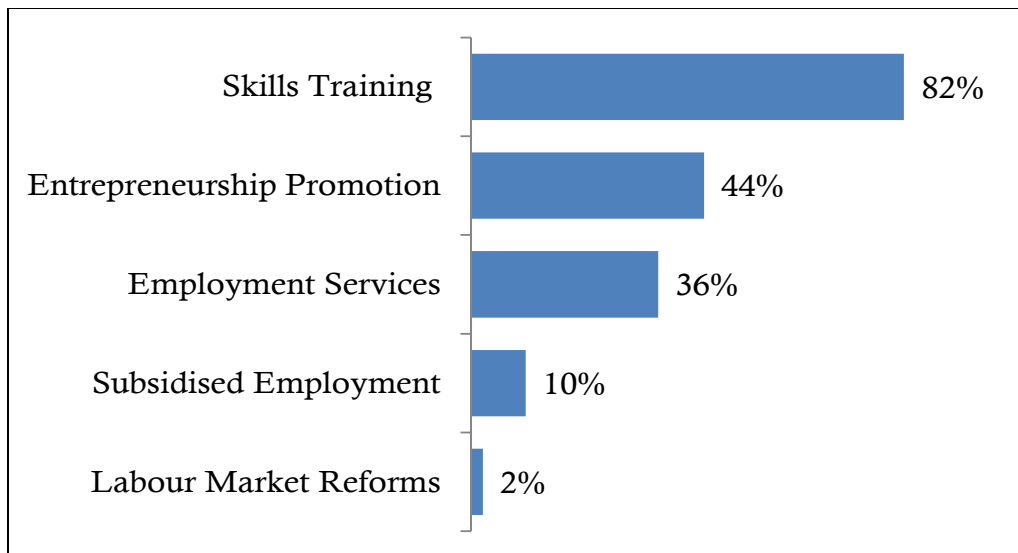
2. Descriptive Analysis

We first provide a descriptive overview on the informational contents of the YEI. As of May 2014, there are in total 730 entries. Young people belong per definition to the target group of all interventions that are listed, but 75 per cent of the projects focus *only* on youth (the remaining 25 per cent focus *mainly* on young people). Second, we discuss the representativeness of the YEI.

2.1. Summary Statistics

Figure 2 displays the distribution of listed projects according to the category of intervention. Note that an intervention may be categorized multiple times in this representation. Accordingly, 82 per cent of the interventions in the YEI involve at least some element of skills training. 44 per cent of the projects aim at promoting entrepreneurship, and 36 per cent involve enhancing employment services. 10 per cent of all interventions belong to the category of subsidized employment. Finally, just 2 per cent of the interventions in the YEI can be categorized as reforms of labour market regulations and legislations, which is not surprising given the focus on active labour market policy programmes.

Figure 2: Distribution of Interventions across Categories of Intervention.

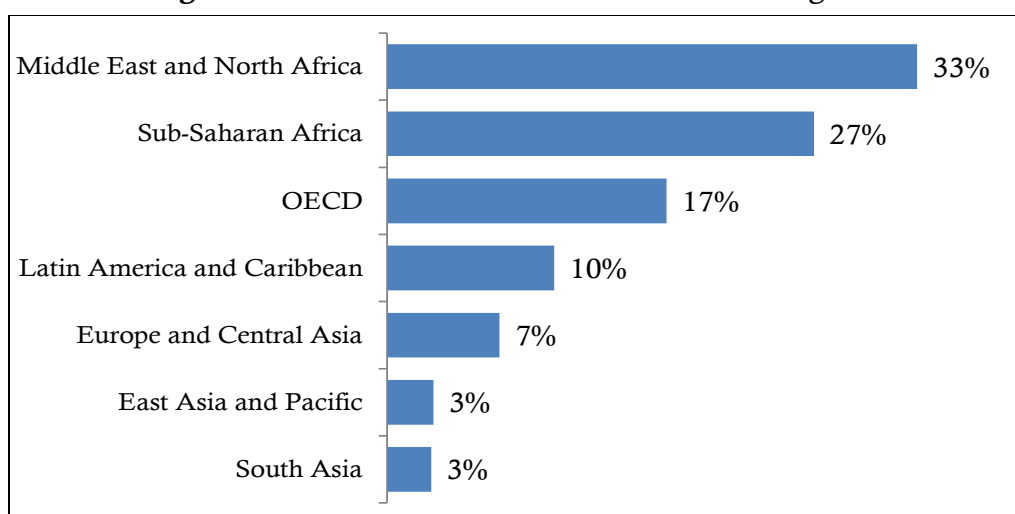


Source: YEI (as of May 2014). $N = 730$ interventions, own representation.

Note: Interventions may be categorized multiple times.

Figure 3 displays the distribution of interventions across regions. 33 per cent of the interventions that are listed were implemented in the Middle East and North Africa (MENA countries) and almost the same share in Sub-Saharan Africa. OECD countries implemented 17 per cent of the interventions.⁴ The other interventions were located in Latin America and the Caribbean (10 per cent), Europe and Central Asia (7 per cent), East Asia and Pacific (3 per cent), and South Asia (3 per cent).

Figure 3: Distribution of Interventions across Regions.



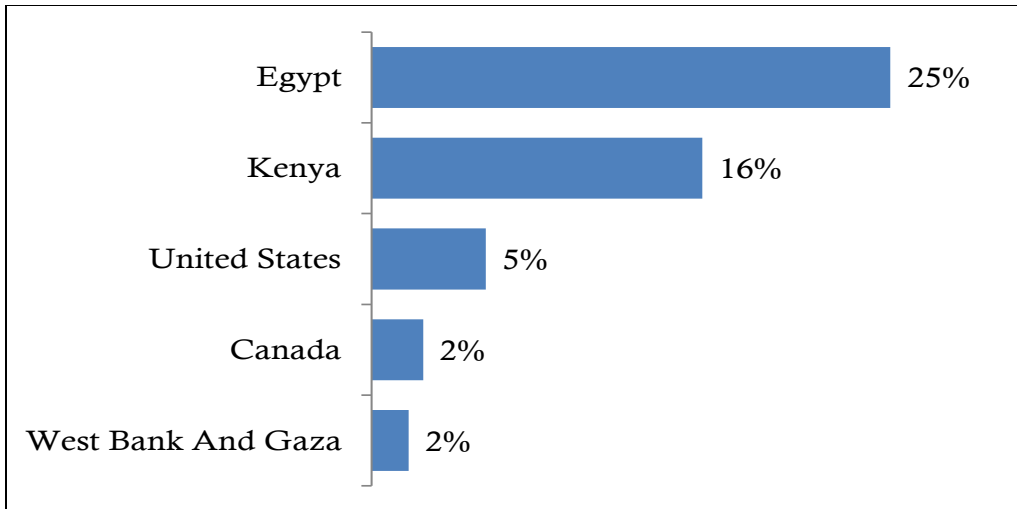
Source: YEI (as of May 2014). $N = 730$ interventions.

Also referring to the regional distribution of projects, Figure 4 shows the top-5 countries according to the number of interventions that are included in the YEI. Accordingly, Egypt ranks first with 25 per cent of all interventions (or 182 projects), followed by Kenya (16 per cent or 116 projects), the United States (5 per cent or 40 projects), Canada (2 per cent or 18 projects) and West Bank and Gaza (2 per cent or 13 projects).⁵ The remaining 361 interventions are distributed across 105 countries, where each of those countries has a share of less than 2 per cent (i.e., 11 projects or less).

⁴ OECD countries include (in alphabetical order): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, the United Kingdom and the United States.

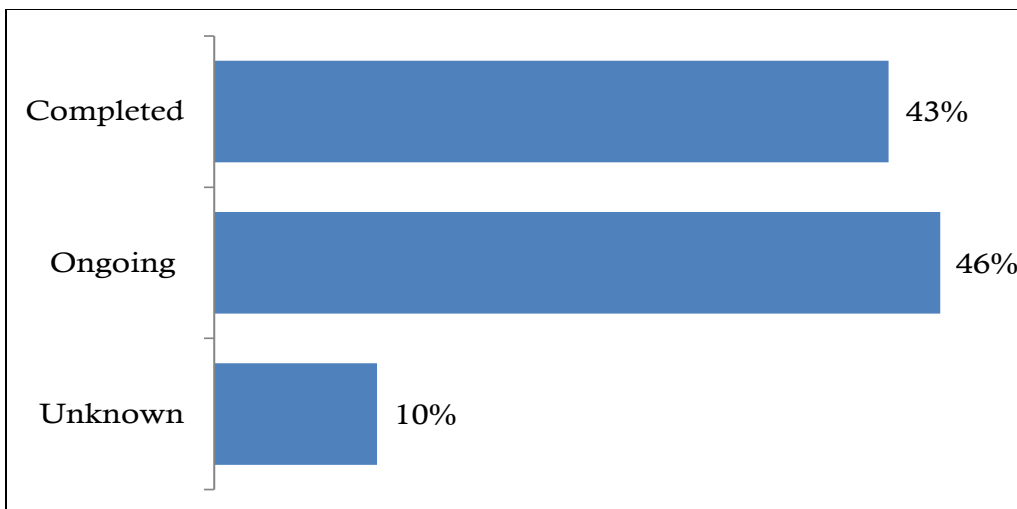
⁵ The ILO compiled separate inventories for Egypt and Kenya in 2012/2013, which became part of the YEI at a later stage. This explains the comparatively large share of interventions in these two countries.

Figure 4: Top-5 Countries according to Number of Interventions.



Source: YEI (as of May 2014). $N = 730$ interventions.

Figure 5: Current Status of Interventions.



Source: YEI (as of May 2014). $N = 730$ interventions.

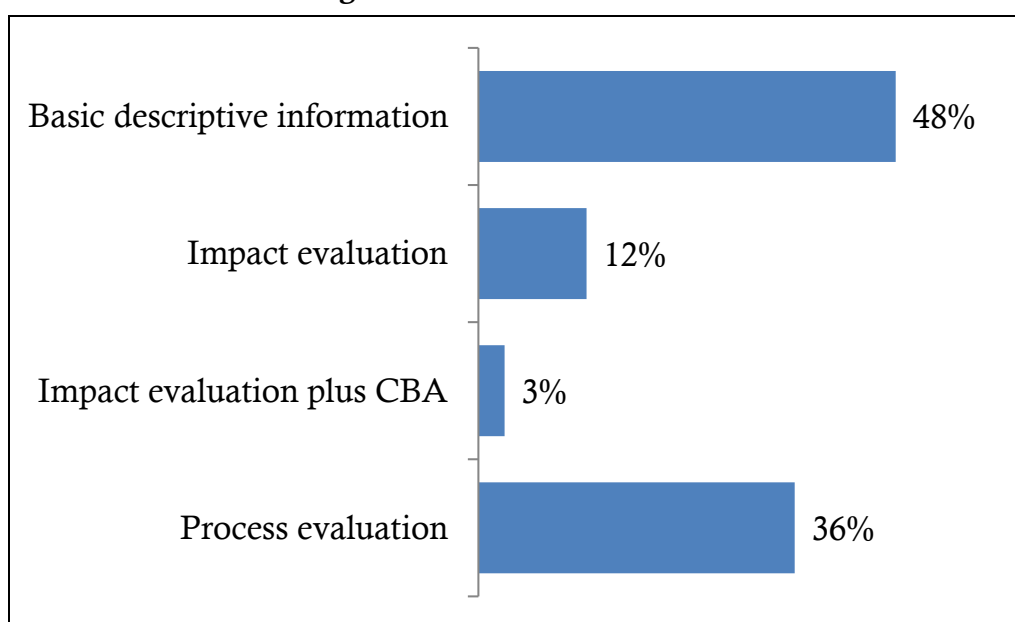
Figure 5 depicts the current status of interventions in the YEI. 43 per cent or 315 projects are completed, 46 per cent or 339 projects are on-going, and for 10 per cent or 76 projects, their current status is unknown.

Figure 6 shows the distribution of evaluation methods with which the projects have been analysed.⁶ Accordingly, at least some kind of evaluation is available

⁶ Note that the evaluation method for a given project does in general *not* depend on the status of the project (i.e., completed or on-going). For example, an impact evaluation

for every intervention, but the methods that have been applied greatly vary. For 48 per cent of the projects, just a basic descriptive evaluation has been performed (351 projects). Deeper analyses are available for 113 projects: An impact evaluation is available for 12 per cent of all interventions (91 projects) and an impact evaluation plus a cost-benefit analysis is available for 3 per cent of all interventions (22 projects). For the remaining 36 per cent of the projects, a process evaluation has been done.⁷

Figure 6: Evaluation Methods.



Source: YEI (as of May 2014). $N = 730$ interventions.

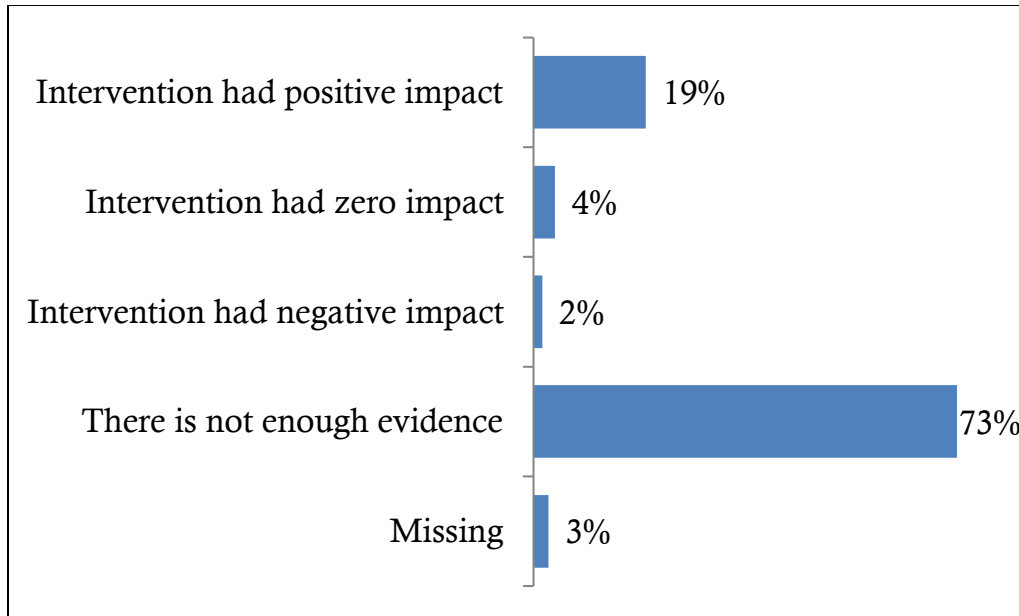
Figure 7 summarizes the interventions' impact ("quality") as assessed by the underlying evaluations.⁸ Despite efforts of evaluating the respective impacts, there is not (yet) enough evidence to make an assessment for the vast majority of interventions (73 per cent). However, 19 per cent of the interventions had a positive impact in the labour market – irrespective of the evaluation method. For only 2 per cent of the interventions, evaluations conclude that they had a negative impact and for 4 per cent that they had no impact in the labour market.

is (already) available for 40 interventions that are still on-going (6 projects with an additional CBA).

⁷ In a general definition, process evaluations analyse the effectiveness of programme operations, implementation, and service delivery.

⁸ This information is missing for 3 per cent of the interventions in the YEI (19 projects).

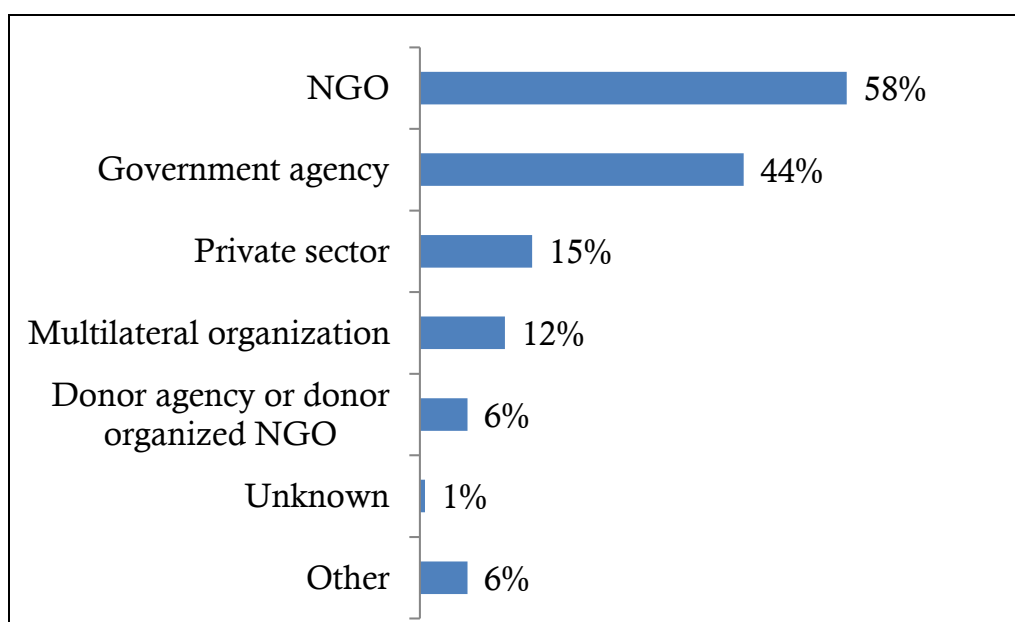
Figure 7: Impact of Interventions.



Source: YEI (as of May 2014). $N = 730$ interventions.

Figure 8 shows the distribution of organizations implementing the interventions in the YEI. Accordingly, most interventions are implemented either by a non-government organization (NGO; 58 per cent) or by a government agency (44 per cent). The remaining projects are implemented by the private sector, multilateral organizations, donor agencies, donor-organized NGOs or other organizations. Note that while interventions may in principle be implemented by multiple types of organizations, 65 per cent of the projects in the YEI are implemented by only one type of organization.

Figure 8: Implementation of Interventions by Type of Organization.

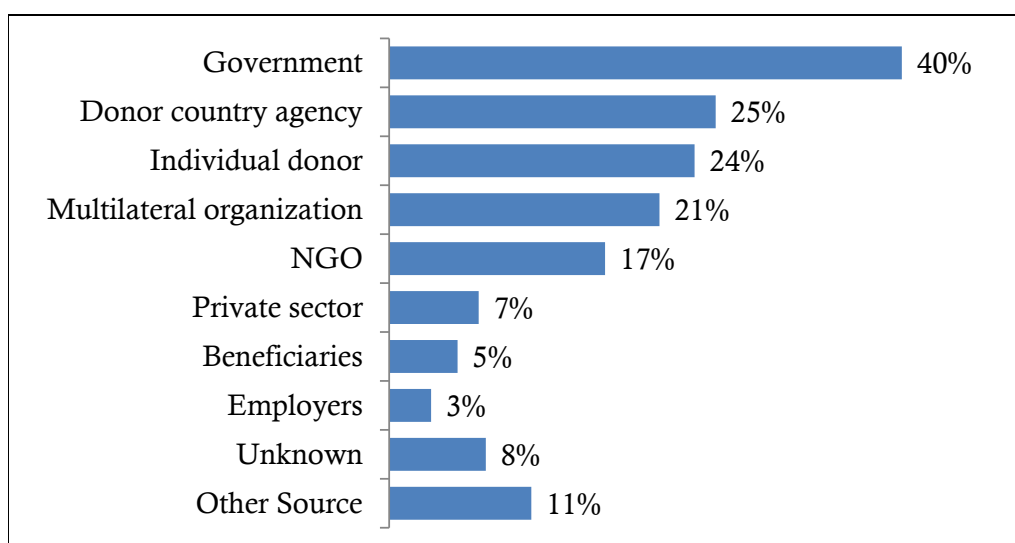


Source: YEI (as of May 2014). $N = 730$ interventions.

Note: Interventions may be implemented by multiple types of organizations in this representation.

Figure 9 displays the sources of financing of the interventions in the YEI. Note that multiple sources of financing are possible and relatively common as less than half of the interventions have just a single source of financing. The remaining projects have up to five different sources of financing. Roughly 10 per cent of the projects are financed by a public-private partnership (PPP, not separately indicated in Figure 9). The respective government contributes (at least partly) to the financing of 40 per cent of the interventions. Relatively large shares of projects – between 17 and 25 per cent – are (at least partly) financed by a non-government organization (NGO), multilateral organizations, individual donors or donor country agencies. For the remaining projects, the source of financing is either unknown or it was financed from other sources as well as from the beneficiaries, the employers and the private sector.

Figure 9: Sources of Financing by Type of Organization.



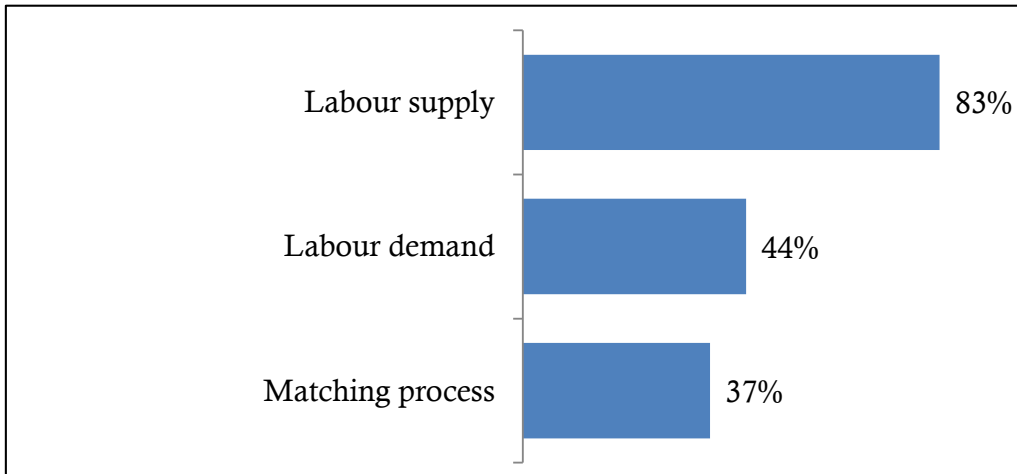
Source: YEI (as of May 2014). $N = 730$ interventions.

Note: Interventions may have multiple sources of financing in this representation.

Figures 10 and 11 depict the distribution of market barriers that the instruments target, both at the aggregate level and in more detail. Accordingly, the majority of instruments in the YEI target at labour supply (83 per cent). This includes instruments enhancing participants' skills and education. In particular, measures that are intended to raise technical skills are very popular (60 per cent), followed by measures intended to raise soft skills and life skills (47 per cent). On the other hand, almost half of the interventions in the YEI target at labour demand (44 per cent). These measures include those that directly enhance labour demand (26 per cent) and those that aim to circumvent a lack of financial capital (25 per cent). Moreover, more than one third of the interventions in the YEI target at the matching process of labour supply and demand (37 per cent). These interventions include measures that improve information (20 per cent), initiatives that improve job matching (19 per cent) and anti-discrimination projects (9 per cent). Another sizeable share of interventions targets at other constraints (16 per cent)

We can furthermore calculate the share of interventions simultaneously targeting at all three market barriers (supply, demand and matching). Accordingly, the share of these measures in the YEI, which may be labelled as "fully integrated interventions," amounts to 11.6 per cent (not depicted in Figures 10 and 11).

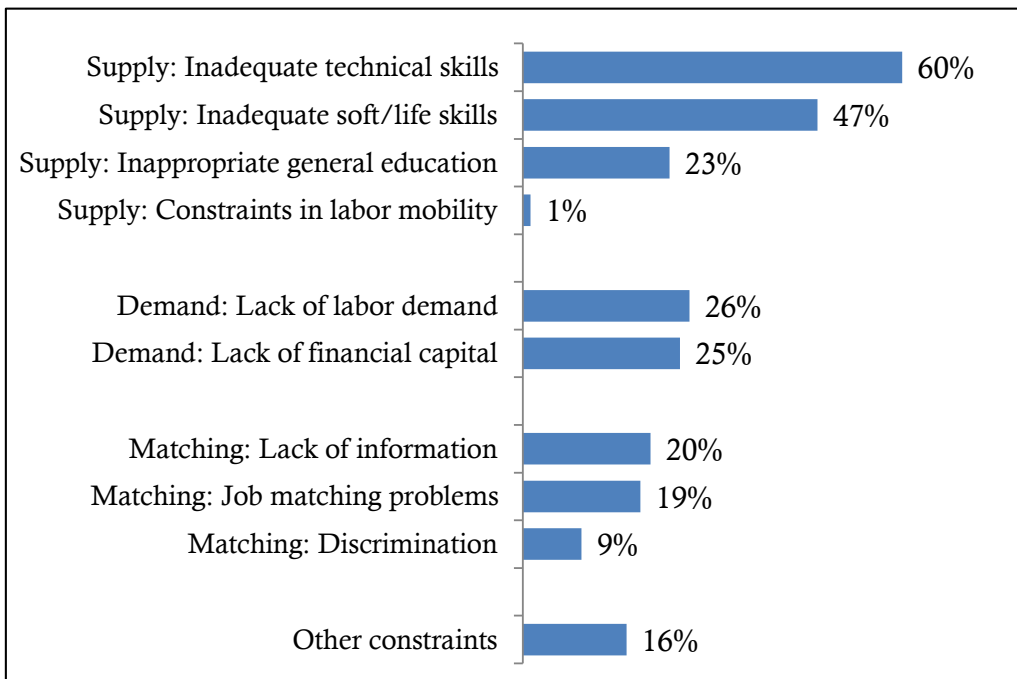
Figure 10: Market Barriers as the Targets of Interventions (Aggregate).



Source: YEI (as of May 2014). *N* = 730 interventions.

Note: Interventions may target at multiple market barriers in this representation.

Figure 11: Market Barriers as the Targets of Interventions (Detail).



Source: YEI (as of May 2014). *N* = 730 interventions.

Note: Interventions may target at multiple market barriers in this representation.

2.2. Representativeness of the YEI

An important issue for our subsequent analysis is the representativeness of the YEI. This issue critically determines the extent to which our results can be generalized to the universe of youth employment interventions. In general, the YEI is based on existing documentations and evaluations of youth employment programmes. Information stems from various sources: databases, research papers, publications and a large number of regional and international (governmental and non-governmental) organizations. Among those are the World Bank, the United Nations, the International Labour Organization, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, the OECD and the European Union.

Moreover, the YEI includes a broad range of interventions. For example, programmes are eligible for inclusion even if they do not explicitly target at youth. Young people should, however, be among the primary participants. Both completed and on-going interventions are eligible. There are also no restrictions imposed regarding the quality or type of information. Although ideally impact evaluations should be available, most interventions do not meet this condition (as shown in Figure 6 above). Finally and importantly, the YEI is meant to be as exhaustive as possible and is *not* confined to success stories.

The previous elements certainly contribute to a relatively wide coverage of the YEI. Nonetheless, the procedure of information collection may also limit the representativeness of the YEI. For example, a publication bias might exist. This means that rather negative evaluations or documentations would not get published and the respective interventions *cannot* be included in the YEI. The descriptive analysis seems to support the existence of such a bias since only 2 per cent of the interventions appear to have a negative impact in the labour market. This bias might be enlarged through the specific data collection procedure. At least in the beginning, the organizations that are involved may have a tendency to report their most successful interventions (although this is officially not intended). Lastly, and although the major organizations in the field are involved in the YEI, data sources are certainly not complete.

However, there is also no benchmark against which the representativeness of the YEI could be objectively assessed. At least the potential reporting bias towards more successful interventions seems to be less likely to occur when more and more interventions are included in the YEI. Hence, we might get a

sense of the presence of a potential bias when we compare our findings with results that were obtained using an earlier version of the YEI (e.g., Betcherman et al., 2007). Moreover, it should be kept in mind that the descriptive analysis points at some peculiarities of the YEI that are likely not representative. The major concern is certainly that particular regions and countries are overrepresented. More specifically, it should be kept in mind throughout our subsequent analysis that two thirds of the interventions in the YEI were implemented in MENA countries and Sub-Saharan Africa countries (especially in Egypt and Kenya).

In conclusion, and although it may not be entirely possible to generalize our results to the universe of youth employment interventions, our subsequent findings are very instructive nonetheless. For example, because particular regions and countries are overrepresented, it is rather likely that our results can at least be generalized to the universe of youth employment interventions in these MENA countries and Sub-Saharan Africa countries.

3. Quantitative Evaluation

Next, we quantitatively analyse the information that are included in the YEI to answer the following questions, among others:

- (1) Which interventions are most effective?
- (2) In which contexts and countries or regions do measures work best?
- (3) Are combined measures (or “integrated interventions”) the better alternative to interventions including only one type of intervention?

We answer these questions with a meta-analysis approach that is, for example, similar to the assessments by Betcherman et al. (2007) and Card et al. (2010).⁹

3.1. Related Studies

Most closely related to our own analysis is the study by Betcherman et al. (2007) who essentially perform a meta-analysis with the same data (i.e., also with the YEI), but with an earlier version that included fewer observations. Betcherman et al. (2007) used a version that includes 289 interventions, i.e., roughly 40 per cent of the interventions that are included in the current version (as of May 2014).

While there could just be a different sample size to the current version of the YEI, the composition of the interventions has actually changed in important aspects when more and more entries were included. Most notably, the interventions that Betcherman et al. (2007) analysed were predominantly implemented in OECD countries (42 per cent) and in Latin American and Caribbean countries (24 per cent). As we noted above, the regions with most entries the current version of the YEI are MENA countries (33 per cent) and countries in Sub-Saharan Africa (27 per cent).¹⁰

Betcherman et al. (2007) found no statistically significant differences across categories of interventions in terms of their employment impact or cost-

⁹ Kluge (2010) also employs a similar meta-analysis.

¹⁰ In Betcherman et al. (2007), only 3 per cent of the interventions are implemented in MENA countries and 10 per cent in countries in Sub-Saharan Africa. Importantly, such compositional differences may result in different findings.

effectiveness. Their findings thus suggest that particular types of programmes should *not* generally be favoured over others. Policy should rather choose interventions based on the specific obstacles to employment that may exist within particular contexts. For example, the appropriate intervention seems to crucially depend on whether labour supply or labour demand has been identified as the main constraint.¹¹ Additionally, they find that the employment impact of youth interventions tends to be generally more favourable in transition and developing countries than in developed economies.¹² Finally, Betcherman et al. (2007) conclude that youth programmes have a lower likelihood of having a positive impact in countries where labour markets are not flexible. If protective employment rules create barriers for entrants, active labour market policy programmes are typically not able to overcome these barriers. In many cases, structural reforms appear as the more appropriate remedies.

The meta-analysis by Card et al. (2010) is based on data which differ in important aspects from the YEI. For example, their sample of evaluation studies does not only include assessment results for interventions that are targeting at young individuals. Only 14 per cent of the interventions included in their sample focus exclusively on participants who are 25 years or younger. Moreover, nearly all projects are implemented in OECD countries and three groups of countries together account for 70 per cent of the sample (i.e., German-speaking countries, Nordic countries, Anglo-Saxon countries).¹³ In total, they analyse 199 estimated programme impacts that are based on 97 evaluation studies, of which 90 per cent are dated 2000 or later. The country with the largest number of estimated programme impacts is Germany (45 estimates or 23 per cent of their sample).

¹¹ See, for example, Cunningham et al. (2010, Table 1) for a “menu” of potential constraints and appropriate interventions.

¹² There are a number of possible explanations for this finding which may relate, for example, to different labour market institutions or a different use and prevalence of evaluation studies.

¹³ The group of German-speaking countries includes Germany, Austria and Switzerland. Nordic countries include Denmark, Finland, Sweden and Norway. Anglo-Saxon countries include Australia, Canada, the United Kingdom and the United States.

Card et al. (2010) derive a number of conclusions. First, longer-term evaluations tend to yield more favourable results than shorter-term evaluations. Indeed, some programmes (such as classroom and on-the-job training programmes) with insignificant or even negative impacts after only a year have significantly positive impact estimates after two or three years. Second, the outcome variable used to assess programme impacts appears to matter. For example, evaluations measuring outcomes based on time spent in registered unemployment seem to show more positive short-term results than those measuring outcomes based on employment or earnings. Third, subsidised public sector jobs programmes are generally less effective than other types of interventions. Fourth, there are no differences in the programmes' effectiveness by gender. Fifth, there are only small and statistically insignificant differences in the programmes' effectiveness from experimental and non-experimental evaluations and between published and unpublished studies. Finally, Card et al. (2010) also note that most active labour market policy schemes that are specifically targeted at young unemployed individuals appear less effective than broader schemes targeted at the unemployed in general – at least their sample of studies in developed countries.

3.2. Sample Selection

We focus in this part of the analysis *only* on those interventions for which either an impact evaluation is available or an impact evaluation plus a cost-benefit analysis. This applies to 113 interventions that are listed in the YEI database. From those interventions, we furthermore disregard interventions for which the impact evaluation remains inconclusive (“There is not enough evidence to make an assessment.”). When applying this restriction, we remain with a “regression sample” consisting of 86 interventions.¹⁴

Table 1 displays the descriptive statistics of this regression sample. The depicted variables will be used as explanatory variables in our regression analysis below.

Table 1: Descriptive Statistics for Regression Sample.

¹⁴ In other words, these 86 interventions' impacts were evaluated and they are either classified as “intervention had a positive impact in the labor market”, “intervention had zero impact in the labor market” or “intervention had a negative impact in the labor market”.

Variable Name	# Observations	Mean	Standard Deviation
Negative impacts	86	0.0813953	0.2750451
No impacts	86	0.2325581	0.4249406
Positive impacts	86	0.6860465	0.4668197
Type: training*	86	0.8372093	0.3713399
Type: entrepreneurship	86	0.2441860	0.4321233
Type: employment services	86	0.5232558	0.5023883
Type: subsidized empl.	86	0.1976744	0.4005810
Combined: 1 type*	86	0.3837209	0.4891434
Combined: 2 types	86	0.4302326	0.4980125
Combined: 3 types	86	0.1860465	0.3914266
Region: OECD ^{a*}	86	0.1860465	0.3914266
Region: MENA/Africa	86	0.1279070	0.3359451
Region: Latin America	86	0.2674419	0.4452209
Region: Eurasia	86	0.1744186	0.3816947
Region: USA	86	0.2441860	0.4321233
Duration: unknown*	86	0.5465116	0.5007518
Duration: <6 months	86	0.1395349	0.3485361
Duration: 6-9 months	86	0.1627907	0.3713399
Duration: >9 months	86	0.1511628	0.3603084
Target: only youths	86	0.5813953	0.4962238
Target: mainly women	86	0.1511628	0.3603084
Target: income	86	0.6860465	0.4668197
Target: education	86	0.6279070	0.4861980
Focus: rural area	86	0.1162791	0.3224394
Focus: urban area	86	0.2325581	0.4249406
Focus: rural and urban*	86	0.6511628	0.4793977

Source: YEI (as of May 2014). $N = 730$ interventions (original sample).

Notes: ^a Excluding the United States, which are a separate category. * Reference categories in regression analysis below.

In our regression sample, a majority of 69 per cent of the interventions had positive impacts in the labour market, 23 per cent of the interventions had no impacts, and 8 per cent of the interventions had negative impacts. This distribution may be related to the biases discussed above, i.e., the potentially higher probability that positive effects are more likely to be reported than neutral or negative impact (see Section 2.2).

Most of the interventions involve training activities (84 per cent). A larger share of the interventions aims at improving employment services (52 per cent), and smaller shares of the interventions promote entrepreneurship or provide

subsidized employment (24 per cent and 20 per cent, respectively). A majority of interventions are combined programmes, or “integrated interventions.” This means that they involve two or three different types of interventions (43 per cent and 19 per cent, respectively). Our regression sample does not include interventions that combine more than three different types of intervention.

The regional distribution of interventions is quite different from the distribution in the overall YEI as reported above. In our regression sample, the interventions are relative dispersed in terms of their regional distribution. There is no clear focus on youth programmes in developing countries; and there is also no clear focus on particular countries. While about 41 per cent of interventions in the overall sample were implemented in Egypt and Kenya, about 43 per cent of the interventions in the regression sample were implemented in the developed world (i.e., OECD countries including the United States).¹⁵

Unfortunately, programme durations are unknown for the majority of interventions (55 per cent). For the remaining interventions with known durations, the data are relatively evenly distributed across programmes of shorter duration (less than 6 months), intermediate duration (between 6 and 9 months), and longer duration (more than 9 months).

Most of the interventions have a specific target group. For example, 58 per cent of the interventions only target at young individuals and 15 per cent of the interventions exclusively focus on female participants. Low-income and poorly educated individuals are the target groups of substantial shares of interventions (69 per cent and 63 per cent, respectively). 12 per cent of the inventions were implemented in a rural environment, whereas 23 per cent of the inventions were implemented in urban areas. The remaining interventions had no specific focus on rural or urban areas.

¹⁵ About half of the interventions in the regression sample that were implemented in OECD countries refer to programmes in the United States.

3.3. Regression Approach and Results

As a next step, we analyse factors that are associated with programme effectiveness. More specifically, we run two separate regressions. First, we estimate an ordered probit fit to ordinal data with the value +1 for interventions with positive impact on the labour market, the value 0 for interventions with no impact, and the value -1 for interventions with a negative impact. Second, we estimate a probit model for the event of a positive impact, i.e., our outcome measure is a binary indicator of “success.” We thus estimate models similar to those in Card et al. (2010). The estimation of the two separate regressions allows us to assess whether a positive impact on the labour market is correlated differently with programme characteristics than a negative or zero impact. This would be the case if the estimated coefficients were significantly different in the two regressions.

It should be noted that the results of the subsequent regression analysis do *not* necessarily reflect a causal relationship. At least some caution seems appropriate and the estimated coefficients should be rather viewed as correlations (or associations) between interventions’ characteristics and their success in terms of labour market outcomes. Causal estimates would require strong assumptions which do not necessarily hold in our case. For example, the potential presence of reverse causality, omitted variables and endogenous repressors would need to be discussed in detail. We refrain from such a detailed discussion that is beyond the scope of this study and proceed to discuss our results as correlations between interventions’ characteristics and effectiveness.

Table 2 displays the results of the two estimated models. In general, our results broadly confirm previous findings in the literature, for example, those by Betcherman et al. (2007) and Card et al. (2010) that were discussed above.

Table 2: Regression Results (Ordered Probit and Probit).

	Ordered Probit Impact)			Probit (Positive)	
	Coef.	Std. Err.	P> z	dF/dx	Std. Err. P> z
Type of programme (omitted: training)					
Entrepreneurship	0.7176 0.425	0.8219	0.383	0.1900	0.1995
Empl. Services	1.5703 0.034**	0.6278	0.012**	0.4366	0.1880
Subsidized Empl.	0.2475 0.893	0.6082	0.684	-0.0277	0.2098
Integrated Measures (omitted: 1 type)					
Combined: 2 types	-0.4326 0.613	0.5639	0.443	-0.0955	0.1908
Combined: 3 types	-2.1867 0.096*	1.0649	0.040**	-0.6741	0.3064
Region (omitted: OECD excl. USA)					
MENA/Africa	1.9372 0.038**	0.8992	0.031**	0.3124	0.0812
Latin America	2.6198 0.009***	0.9080	0.004***	0.4647	0.1183
Eurasia	1.3320 0.029**	0.6253	0.033**	0.3004	0.0883
United States	0.5861 0.688	0.7726	0.448	0.0936	0.2186
Duration (omitted: unknown duration)					
<6 months	0.5196 0.493	0.6100	0.394	0.1176	0.1479
6-9 months	-0.0381 0.665	0.5142	0.941	0.0761	0.1618
>9 months	0.1595 0.885	0.4982	0.749	0.0248	0.1670
Target groups					
Only youth	-0.7266 0.164	0.4572	0.112	-0.2099	0.1409
Only women	0.2545 0.982	0.5614	0.650	-0.0044	0.1934
Income level	0.5501 0.448	0.6558	0.402	0.1692	0.2305
Education level	-0.4377 0.486	0.4195	0.297	-0.0920	0.1267
Regional focus (omitted: both rural and urban areas)					

Rural areas	0.4814 0.821	0.7777	0.536	0.0533	0.2237
Urban areas	-0.6401 0.103	0.4868	0.188	-0.3274	0.2068
Pseudo R-squared		0.2873			0.3321
# Observations		86			86

Source: YEI (as of May 2014). $N = 730$ interventions (original sample).

Notes: Probit estimates are marginal effects. This means, for example (see **bold results**), that conditional on the remaining characteristics that are included in the regression, programmes implemented in MENA and Sub-Saharan Africa countries are (with a relatively low degree of statistical “uncertainty” of 3.8 per cent) about 31 percentage points more likely associated with a positive effect than programmes implemented in OECD countries (excl. USA).

*/**/***: estimated coefficient is significantly different from zero at the 10%/5%/1%-level.

We find that interventions classified as employment services are significantly more likely to be successful than other types of intervention. In both regressions, we estimate the associated coefficient to be positive and significantly different from zero with a relatively low degree of statistical “uncertainty” of 1.2 per cent and 3.4 per cent, respectively. This is different from Betcherman et al. (2007) who find no statistically significant differences across categories of interventions in terms of their employment impact.

However, similar to Betcherman et al. (2007), we also do not detect any significant differences in terms of success between the remaining categories of intervention (i.e., between subsidized employment, programmes aimed at promoting entrepreneurship, and training programmes). The estimated coefficients for those measures are not significantly different from each other as indicated by relatively small coefficients that are close to zero and comparatively large standard errors. The degree of statistical “uncertainty” is thus too large in these cases (relative to the estimated coefficient) to support any correlation between these programme types and programme effectiveness, relative to the reference type of intervention (training programmes). Nevertheless, it seems fair to say that in contrast to previous studies, we detect some heterogeneity across categories of intervention. In particular, interventions classified as employment services seem to outperform measures of the remaining categories of intervention.

Combined measures, i.e., measures that combine two types of intervention, do *not* outperform programmes that include only one type of intervention. However, we find that measures incorporating three types of intervention are significantly less likely to be positively evaluated than less integrated programmes. Integration thus appears *per se* not as a guarantee of success.

We furthermore detect that programme effectiveness is to some extent heterogeneous across regions. Interventions implemented in MENA countries, in Sub-Saharan Africa, Latin America as well as in European and Asian countries are more likely associated with positive labour market effects than interventions implemented in OECD countries (including the United States). Although this finding is in line with previous studies, it is not so easy to interpret as it can be an indirect effect of the reporting bias or a real difference in program effectiveness. In the latter case, more positive results are achieved in developing countries.

With respect to programme duration, no clear pattern emerges. Similarly, we detect no clear pattern with respect to target groups. Programme success thus appears relatively independent of programme duration (given other characteristics of the programme that we include in the regressions) and of whether the programme focuses on youths only, on women only, or on participants with a specific income or education level.

We find weak evidence that interventions implemented in urban areas may be slightly less successful than interventions implemented in rural areas and in both, rural and urban areas. On the other hand, there is no evidence for differences in success rates between interventions implemented in rural areas and intervention implemented in both, rural and urban areas.

Finally, the estimated coefficients are rather similar in the two regressions, both in their magnitude and significance. Programme characteristics therefore do *not* appear to be correlated differently with a positive impact on the labour market than with a negative impact or zero impact. At least to some extent, the similar coefficients weaken our concerns regarding the potential presence of a reporting bias (or publication bias, see Section 2.2) towards more successful interventions.

Unfortunately, our data does not allow us to assess the relationship between additional factors of interest and programme effectiveness. Such factors

include, for example, those that are analysed in Card et al. (2010): the period of time after which the outcome is measured (shorter-term *vs.* longer-term evaluations), the outcome variable that is used to measure programme impacts (for example, employment *vs.* unemployment *vs.* employability *vs.* income/wages), the design of the evaluation study (experimental *vs.* non-experimental), and the publication status of the evaluation study (published *vs.* unpublished).

4. Qualitative Evaluation

To complement the quantitative analysis in the previous section, we qualitatively analyse additional interventions that are listed in the YEI next. This is done by comparing evaluation types, evaluation results and additional characteristics across the different subsamples of the YEI to reveal whether any systematic differences exist.

4.1. Evaluation Types and Evaluation Results

Table 3 gives an overview of the four different subsamples of the YEI that result from grouping interventions according to evaluation types. An impact evaluation (or an impact evaluation plus a cost-benefit analysis) is available for 113 interventions (“Impact Evaluation (plus CBA)”). From those interventions, we focus on 86 interventions in our quantitative analysis (“Regression Sample”).¹⁶ However, an additional 266 interventions are not part of our quantitative analysis as these projects have not (yet) been rigorously evaluated with respect to their impacts. But they have undergone a process evaluation, and we can thus comparatively analyse the informational content of these entries (“Process evaluation”) with the first two samples. Finally, basic descriptive information is available for the remaining 351 interventions (“Basic Descriptive Information”).¹⁷

Table 3: Evaluation Types and Sample Sizes (Overview).

Evaluation Type	Sample Size
Impact Evaluation (plus CBA)	113 interventions
Regression Sample*	86 interventions
Process Evaluation	266 interventions
<i>Basic Descriptive Information</i>	<i>351 interventions</i>

Source: YEI (as of May 2014). $N = 730$ interventions (total sample).

Notes: * See Section 3.2 for details on the construction of the “Regression Sample”.

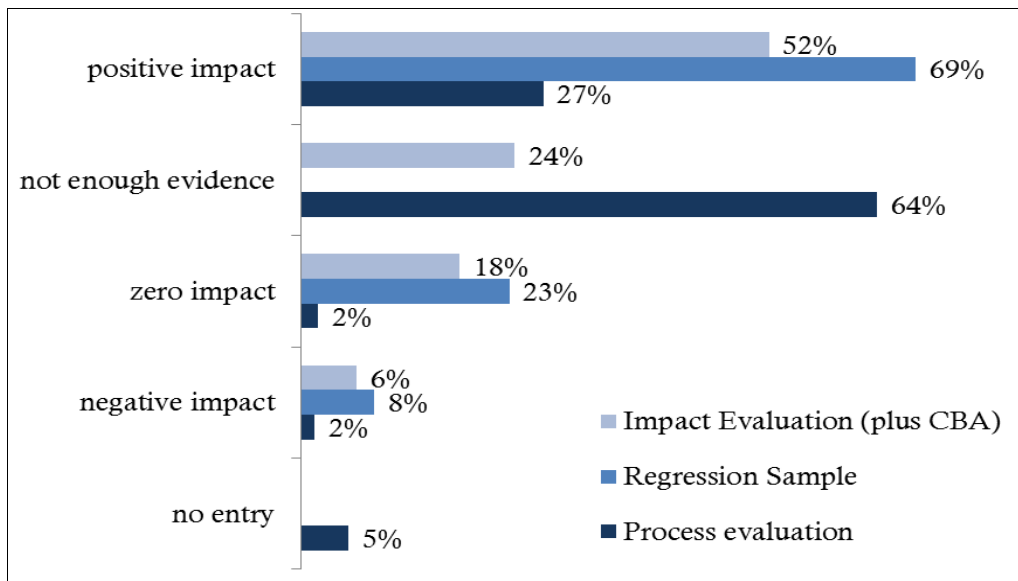
Figure 12 shows differences in evaluation results across the first three subsamples. A striking observation is that 64 per cent of the process-evaluated

¹⁶ Hence, the “Regression Sample” is a subsample of the sample that is labeled “Impact Evaluation (plus CBA)”.

¹⁷ This fourth subsample is not part of our subsequent analysis.

studies do not allow any conclusion because there is not enough evidence. In contrast, 76 per cent of the impact-evaluated studies provide information about the programme’s impact and only for 24 per cent of these studies, there is not enough evidence allowing a statement about the programme’s effectiveness. The latter are not included in our regression sample for precisely this reason.

Figure 12: Evaluation Results (Quantitative vs. Qualitative Evaluation).

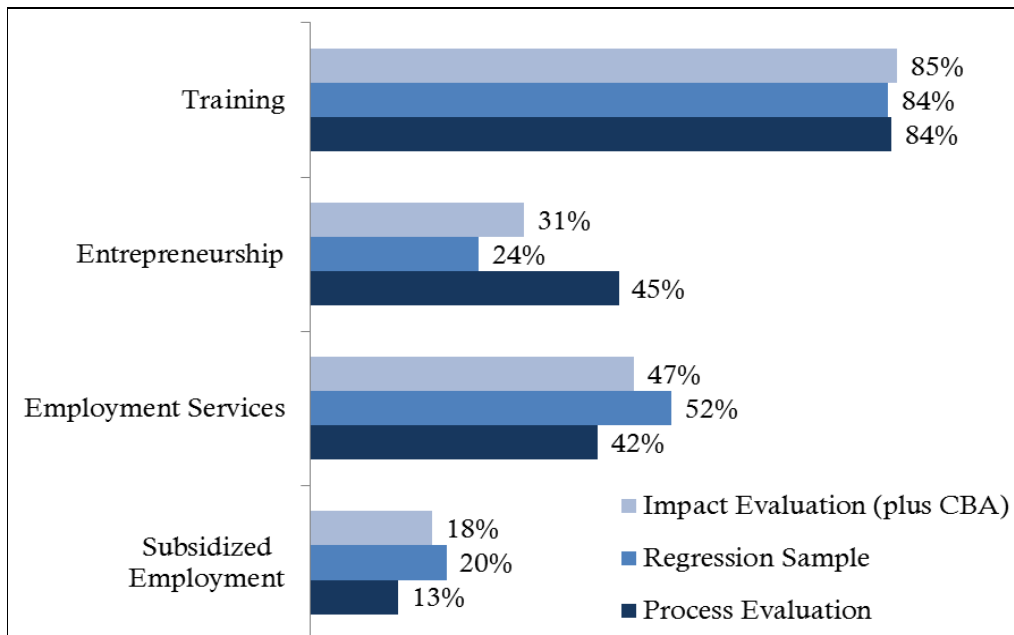


Source: YEI (as of May 2014). $N = 730$ interventions (total sample).

4.2. Additional Sample Characteristics

Figure 13 shows that there are also some differences across subsamples with respect to the type of intervention. For example, entrepreneurship measures are more frequently subject to a process evaluation as compared to an impact evaluation and a cost-benefit analysis, whereas employment services and subsidized employment are more often subject to an impact evaluation than to a process evaluation. Furthermore, the combination of training and entrepreneurship (plus employment services) programs are more often process-evaluated. In contrast, impact evaluation is a tool that is more frequently applied to the combination of training and employment services. But training is the most popular and frequent category for both evaluation types (impact evaluation and process evaluation).

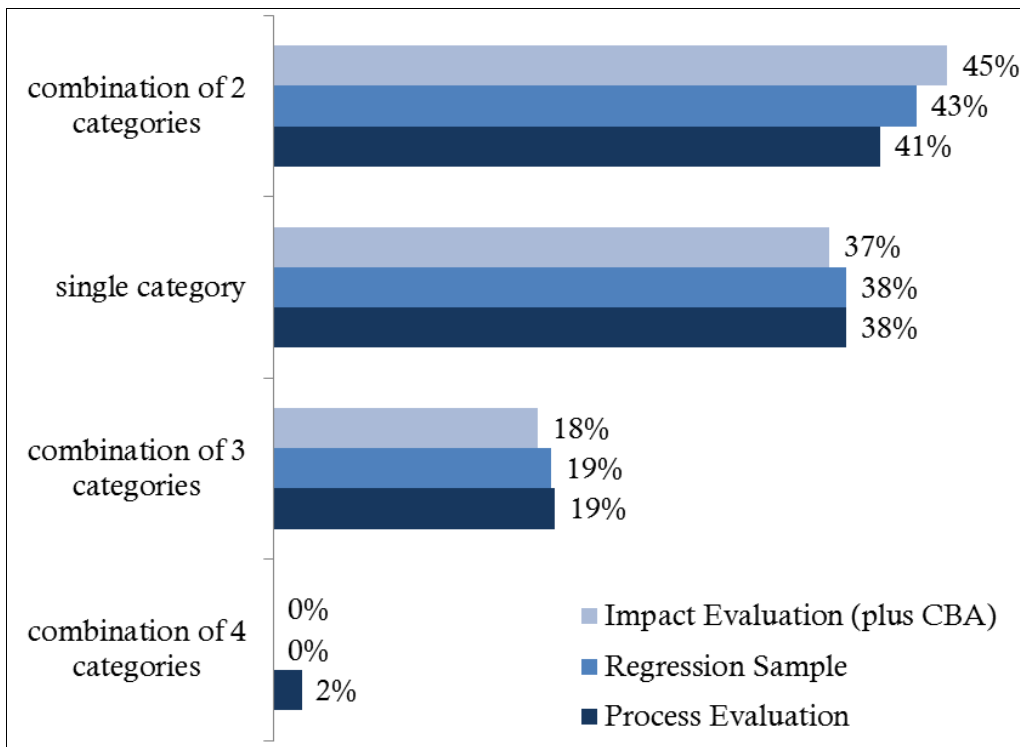
Figure 13: Type of Intervention (Quantitative vs. Qualitative Evaluation).



Source: YEI (as of May 2014). $N = 730$ interventions (total sample).

Figure 14 shows that the combination of two types of intervention is the most common approach in both evaluation types (for example, training plus subsidized employment). But also the single category approach is frequently used, in which one type of intervention is not combined with any other kind of measure. The share of measures which involve a combination of three (or more) types of intervention is about one fifth. However, there are no substantial differences across samples with respect to the use of integrated or combined measures.

Figure 14: Integrated Measures (Quantitative vs. Qualitative Evaluation).

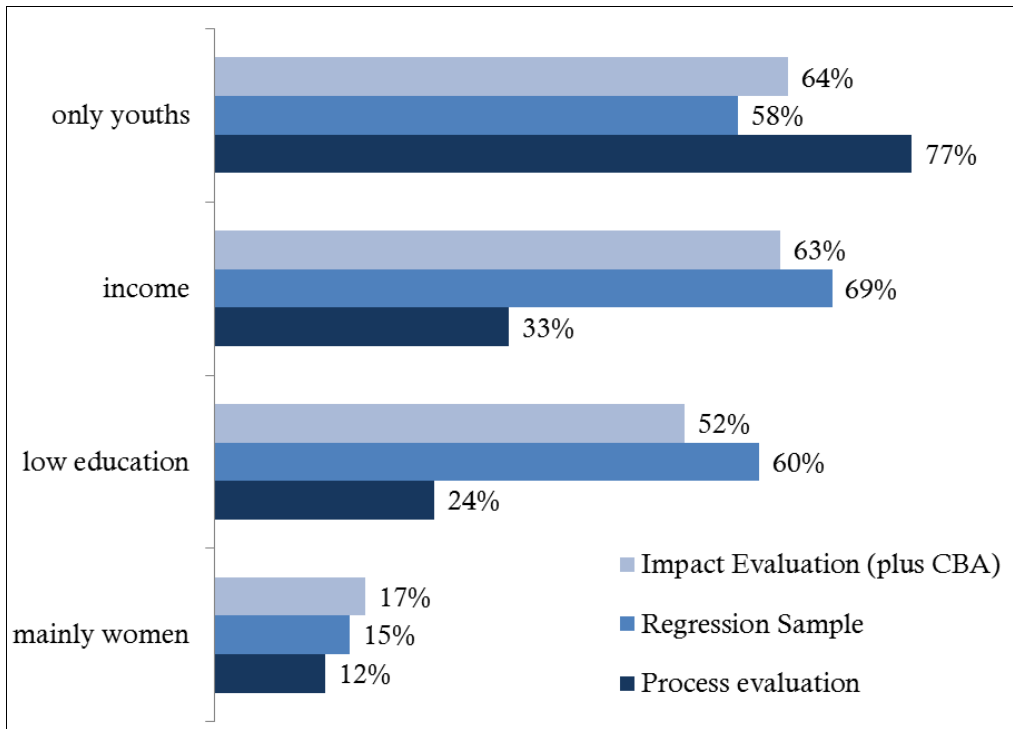


Source: YEI (as of May 2014). $N = 730$ interventions (total sample).

Figure 15 shows that there are some differences across samples with respect to the degree of targeting. For example, process-evaluated studies seem to be less group-specific than impact evaluated studies as far as income, education and gender are concerned. However, the share of programmes targeted only at youth is higher among process-evaluated studies (77 per cent) – although impact-evaluated studies show by definition also a relatively strong orientation towards youth (64 per cent in total and 58 per cent in the regression sample).

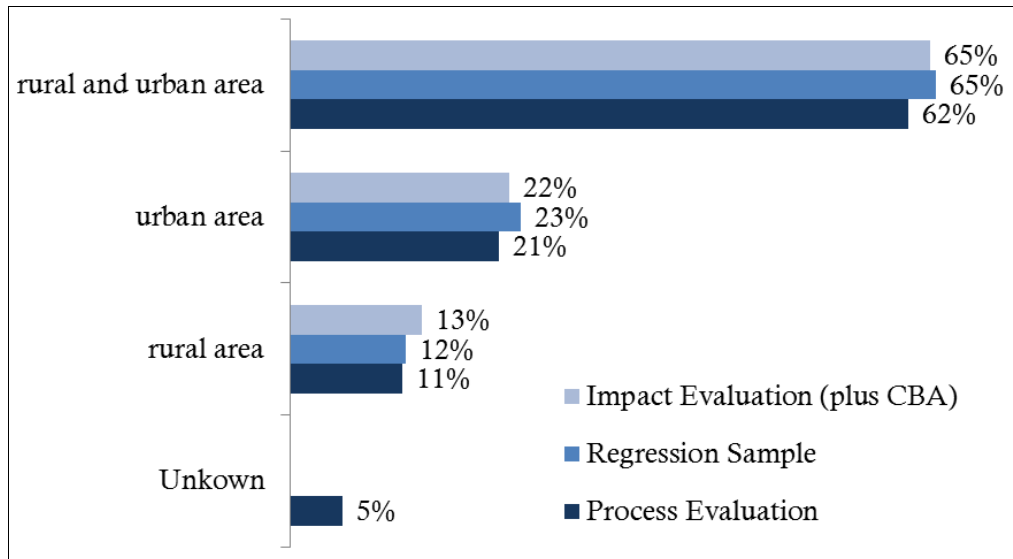
On the other hand, Figure 16 shows that interventions do not substantially differ across samples with respect to the area of implementation. Similar shares of interventions in the different samples are implemented in rural areas, urban areas and in both, rural and urban areas.

Figure 15: Target Groups (Quantitative vs. Qualitative Evaluation).



Source: YEI (as of May 2014). *N* = 730 interventions (total sample).

Figure 16: Rural vs. Urban Area (Quantitative vs. Qualitative Evaluation).

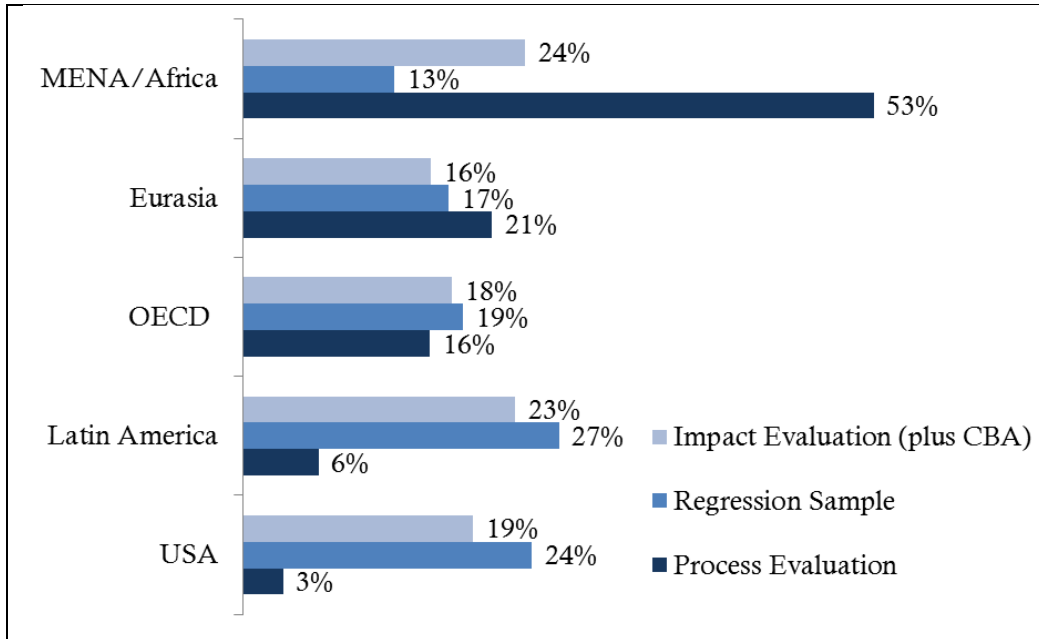


Source: YEI (as of May 2014). *N* = 730 interventions (total sample).

Figure 17 depicts the regional focuses in the different samples. Accordingly, a large share of measures covered by process evaluation is found in MENA countries and in Africa, whereas impact assessments are more frequently

referring to programmes implemented in Latin America or in OECD countries, and in particular in the United States. Hardly any intervention in America (United States and Latin America) has been subject to a process evaluation.

Figure 17: Regional Focus (Quantitative vs. Qualitative Evaluation)



Source: YEI (as of May 2014). $N = 730$ interventions (total sample).

4.3. Implications

In sum, there are substantial differences between interventions that have been rigorously evaluated and those that have not. For example, the regional composition is rather different. Additional differences exist with respect to targeting and types of intervention. These differences are crucial because they question the representativeness of our quantitative results: a) with respect to all entries the YEI, and b) with respect to the universe of employment-related projects for youth. Although our results should nonetheless be taken into account, a larger share of interventions should be rigorously evaluated. This could further increase YEI's potential for evidence-based policy making.

5. Implications for Germany’s Development Policy

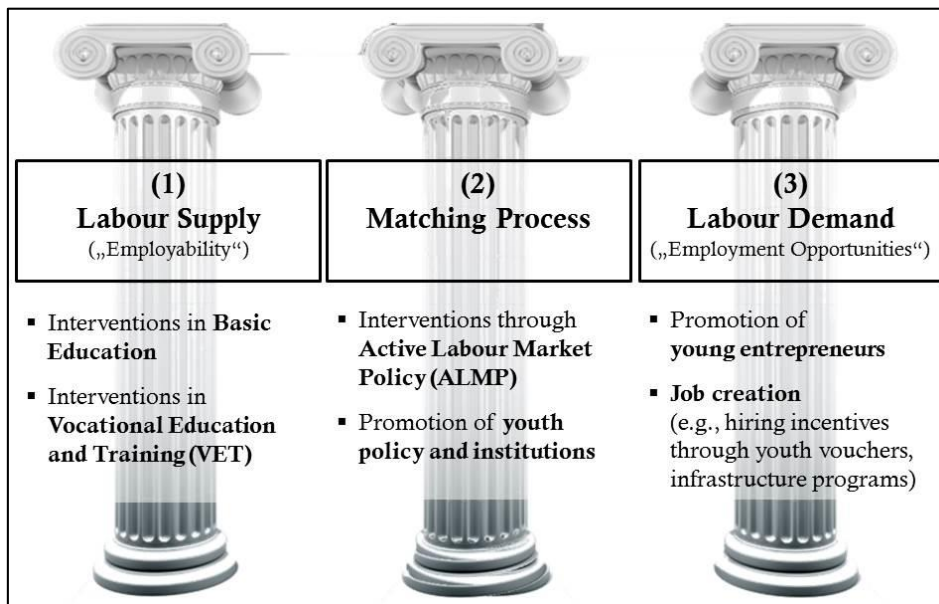
This section focuses on Germany’s development policy. More specifically, we discuss our previous findings against the background of the current setup of Germany’s development policy to derive recommendations for potential change.

5.1. Status Quo

Fighting poverty in a sustainable manner is the goal of overriding importance in Germany’s development policy (BMZ, 2012, p.17). To achieve this aim, the policy adopts an “integrated, three-dimensional approach to mitigate youth unemployment and youth underemployment. [...] this approach is aimed at integrating three key dimensions to promote youth employment, namely interventions to strengthen the supply side of the labour market, interventions to boost the demand for labour, and interventions in active labour market policy. Additionally, it relates to youth policy and youth institutions that should be promoted in order to enhance youth empowerment.” (BMZ, 2006, p. 3)

Figure 18 displays the three dimensions of the integrated approach as well as the main activities within these dimensions.

Figure 18: Germany’s Three-Dimensional Approach (“Three Pillars”).



Source: Own representation based on BMZ (2006, p. 8).

The first dimension of the integrated approach targets at labour supply and comprises activities related to the promotion of employability. Important interventions are in basic education and in vocational education and training. Furthermore, social work for and with young people is also viewed as an important component to promote the employability of young women and men.

The second dimension of the integrated approach targets at the matching process between labour supply and labour demand. It mainly comprises two types of intervention: a) interventions that can be classified as active labour market policy (ALMP) measures that focus on youth, and b) interventions to promote youth policies and to establish functioning and helpful institutions. For example, this includes creating a sound labour market information system and effective consultancy and placement services.

The third dimension of the integrated approach acts complementary to the other dimensions. Recognizing the limited absorptive capacity of many formal labour markets in developing countries, this pillar aims at supporting the development of alternative employment approaches and, more generally, at stimulating labour demand. A very important component in this pillar is the promotion of self-employment and/or business start-ups for young women and men. But this dimensions also includes other interventions to promote the creation of jobs for young people such as incentives for employers to hire young people (e.g., through youth vouchers) or the promotion of youth employment within infrastructure programmes (which are typically labour-intensive).

In addition, it is realised that the implementation of the three-dimensional approach requires that many sectors and stakeholders are included. Another aim is thus to achieve broad participation by and good cooperation between the private sector, different ministries, regional or local governments, NGOs and youth organisations (BMZ, 2006, p.22).

5.2. Recommendations for Potential Change

What are the recommendations for potential change given the current setup of Germany's development policy? In short, there seems to be no need for a major "revolution" as important insights have already been incorporated in the

general approach – at least if one considers a relatively recent document summarizing the position and approach regarding vocational education and training in Germany’s development cooperation (BMZ, 2012). However, the underlying principles as they are described in that document should be thoroughly and consistently applied in *all* areas and *all* projects of development policy.

Most importantly, there should be a strict orientation with respect to programme effectiveness and rigorous evaluation of interventions funded in the context of German development policy (as described in BMZ, 2012, pp. 34/35). This should extend to *all* stages of a project, i.e., it should include project planning, project implementation and project evaluation. Another very important lesson in this context is that higher spending levels do not necessarily imply a higher effectiveness or larger impact. Additional lessons that have already been realized include the focus on different levels of intervention (e.g., policy, institutions and implementation), the need for coordination between different interventions and projects as well as the need for coordination between different donor countries and agencies.

In the area of vocational education and training, Germany’s dual vocational training system may serve as a role model for other countries (Eichhorst et al., 2015; Zimmermann et al., 2013). However, it is generally not advisable to simply copy the German system. Instead, BMZ (2012, p. 23) identifies some “factors of success” that contribute to a successful implementation of education and training systems that are adapted to a country’s economic and institutional context, but still follow the basic principles of Germany’s system (e.g., focusing on labour market needs and involving the social partners). Such considerations appear very important, also in other contexts.

Despite these important lessons that have already been learned, there are nonetheless some recommendations that result from our evaluation findings. This mainly concerns the type of interventions that should be (primarily) implemented because they appear most effective. Our regression results suggest that employment services such as job placement and assistance are most beneficial to youths. It seems moreover advisable to effectively combine and coordinate such measures targeting at the matching process with interventions stimulating labour supply and/or labour demand – although our regression results indicate that combined measures are not *per se* more effective than other interventions.

Does this latter finding question the three-dimensional approach of Germany's development policy? Not necessarily, but our results highlight the fact that interventions should always be chosen carefully and context-specifically. It seems not sufficient to simply design and implement interventions that are combined, integrated and "multi-dimensional." Effective delivery, implementation and governance are certainly crucial elements in this context, too.

6. Selected Case Studies

Based on the results of our quantitative analysis as well as on the findings of our qualitative evaluation, we discuss selected case studies next. This exercise is primarily done to illustrate “best practices” and more practical implications for development policy. The interventions that are discussed below were selected on the basis of their ability to exemplify our previous findings.

More specifically, we discuss three projects that involve regional variation (Sub-Saharan Africa and Latin America) as well as variation in terms of intervention type (unconditional cash transfers, microfinance, and training). While it may be argued that the selected projects are not particularly outstanding interventions, we think that each of the projects involves some specific design features that are worth considering. For example, the formation of groups (and the incorporation of existing groups) to exert social pressure on their members proved conducive for properly using cash transfers. Despite these specific design features, the three projects can still be considered as relatively “typical” interventions of international development policy.

6.1. Unconditional Cash Transfers in Uganda¹⁸

In response to high levels of youth unemployment in the post-conflict environment of Northern Uganda, the government of Uganda launched the *Youth Opportunities Programme* (YOP) in 2005. The goal of the programme was to help the poor and unemployed to become self-employed artisans, to expand skilled employment, to increase incomes and to lower poverty, and ultimately to promote social stability. The YOP provided unconditional cash transfers to pay for vocational training, business start-up costs, and tools and materials.

Young adults were invited to form groups and submit grant proposals for vocational training and business start-up. There was no *ex ante* educational requirement. Almost half of the groups that were formed had already existed prior to the programme (for example, as sports, religious or community youth clubs). Each group was responsible for selecting their own management committee of five members, for choosing the skills and schools to be trained in, and for budgeting, allocating, and spending all allocated funds. To minimize the risk of corruption the central government also sent out audit teams to visit

¹⁸ This subsection is based on information that is included in World Bank (2011) and Blattman et al. (2011, 2012, 2014).

and verify each group. By January 2008 the government had selected 535 eligible groups. About half of these groups (265 groups) were randomly selected to actually receive cash transfers. Because of this random assignment process into treatment, the remaining eligible groups could be used as a control group to evaluate causal effects of receiving the cash transfer.

On average a treated group received a one-time unconditional cash transfer of about \$7,500, i.e., almost \$400 per group member. This corresponds roughly to the average annual income in Uganda. Funds were distributed between July and September 2008, i.e., about 5 to 7 months after the baseline survey had been conducted. 89 per cent of the treated groups actually received their funds.¹⁹ Shortly after the cash transfers were received the groups started training and most groups had completed training by mid-2009.

Data on participants were obtained through three different interviews. Five people per group were interviewed in a baseline survey, in a survey conducted two years after the programme had started, and in a survey conducted four years after the programme had started. According to these survey data YOP applicants were slightly wealthier and more educated than the average Ugandan person – but they were still poor by any reasonable standard. Individual members of the 535 eligible groups were on average relatively young, they originated from rural areas, they were rather poor and faced credit constraints, and they were underemployed. The groups that were formed invested a substantial share of the cash transfer in skills training, but large amounts were also spent for tools and materials. Group members typically started their own businesses individually rather than forming firms or cooperatives as a group, but they commonly shared tools and materials. 90 per cent reported that they felt the cash transfer was equally shared among group members.

The estimated impacts of YOP are positive and rather large. After four years, treated individuals were more than twice as likely to practice a skilled trade, typically working as a self-employed artisan, than members of the control group. Additionally, the capital stocks of participants were 57 per cent higher than those of members in the control group, their earnings were 38 per cent higher, and their hours-of-work were 17 per cent higher. Moreover, treated individuals were between 40 and 50 per cent more likely to keep records, to

¹⁹ The remaining groups did not receive their funds for various reasons, including unsatisfactory accounting, complications with the bank account, and other delays.

register their businesses, and to pay taxes than non-treated individuals. One in four treated individuals had been able to employ and pay for at least one additional part-time employee in his or her business. Significant impacts on social cohesion, pro-social behaviour or protest could not be measured.

A gender difference in treatment effects can be attributed to differences in the respective control groups: While non-treated men also experienced earnings growth, the earnings of non-treated women remained roughly at the same level. After four years, the earnings of treated women were thus 73 per cent higher than those of non-treated women – compared to a gain of 29 per cent for treated men.

The estimated programme impacts thus support the general idea of providing unconditional cash transfers to the poorest. It seems that poor young people are able to invest cash transfers wisely when they are unsupervised. However, a few peculiarities of the programme under study have to be highlighted in this context because its success may relate to the specific design: The cash transfers were actually not granted completely unconditional because participants were required to form groups, to prepare detailed proposals, and to wait a rather long time before any cash transfer was received. This procedure can be viewed as a screening device ensuring that participants are equipped with a high level of motivation and initiative. Moreover, the groups certainly exerted social pressure on members, presumably helping to ensure the proper use of the cash transfers.

The YOP results thus show that “a reasonably simple and replicable intervention worked extremely well for a broad range of young people [...] complementing the growing enthusiasm for unconditional cash transfers to the poorest” (Blattman et al., 2014, p. 748).

6.2. The TRY Programme in Kenya²⁰

The *Tap and Reposition Youth* (TRY) programme was a six-year initiative to reduce adolescent girls’ vulnerability to adverse social and reproductive health outcomes by improving their livelihoods options. The TRY programme targeted out-of-school adolescent girls and young women aged 16 to 22 years residing in low-income areas of Nairobi. Not only unemployment and poverty are major issues in these areas, but also health is a serious concern as the rate

²⁰ This subsection is based on information that is included in Erulkar and Chong (2005), Erulkar et al. (2006) and Hall et al. (2006).

of HIV/AIDS infections is alarming – and young women are particularly affected.

The TRY programme used a group-based microfinance model to offer micro-credit, savings, training in business and life skills, reproductive health, and mentoring by adults from the community. The special feature about the programme was that earlier microfinance projects normally aimed at older women (i.e., usually between 25 and 40 years), but participants in this project were younger. Many of the participating girls had previously migrated from rural areas for better prospects, but were still equipped with little social capital, limited access to social networks or trusted relationships, and only few safe economic opportunities. Two-thirds of the treated girls had no business experience so far and the majority was unemployed when entering the programme.

The TRY programme was designed in three stages. In the first stage, participants were placed into larger groups consisting of 25 to 30 girls. Each of these larger groups involved smaller subgroups of five girls. Interactions in these smaller subgroups should ensure compliance of their members with the requirements of the programme (through social pressure: a “solidarity guarantee”). For example, if any group member was not complying with her credit payments, the other group members had to bail for this girl and had to pay the respective amount of money from their savings or from other sources. Each group participated in a six-day training that included the transfer of basic knowledge in business management, record keeping, marketing, pricing, budgeting, business plan development, and customer relationships. Also life skills and reproductive health information were part of the curricula.

Immediately after this training period, TRY participants were required to begin saving a minimum of KES 50 (about US\$ 0.65) each week. These savings should serve as cash collateral against eventual loans. Group members met weekly with a credit officer where loan policies and procedures were reinforced, weekly savings collected and recorded, and business advice was given. After a saving period of eight weeks, each group decided which two members would receive the first disbursement of loans, starting from KES 10,000 (about US\$ 130). This process continued: Members of the smaller groups received loans in a staggered fashion, two by two, with the fifth person following last. In other words, additional loans were only distributed when the previous loans that had already been allocated were returned. This procedure aimed at creating a

collective sense of responsibility towards running a profitable business and returning loans.

In the second stage of the TRY programme, the social support component was strengthened as part-time mentors were involved. These persons would befriend and counsel the girls in a complementary role to the credit officers' role. The mentors received a five-day training that covered a variety of areas including team building, communication, gender issues, adolescent reproductive health, entrepreneurship, and HIV/AIDS transmission prevention. In principle, all girls in the TRY programme had access to all mentors. Based on the needs expressed by group members, the mentors organized group discussions, educational sessions, recreation, excursions, sports and fitness encounters.

However, the group savings and credit scheme tended to be more successful with older and more financially experienced girls. For younger girls, the savings requirements turned out to be too rigid and there was no opportunity to have access to the savings even in the event of an emergency. The pressure to continually take out and repay loans was apparently not bearable for a substantial number of younger girls. As a consequence, "Young Savers Clubs" were established in stage three of the TRY programme. These clubs were independent of the TRY programme's savings and credit groups, and they were designed for girls who simply wanted a safe and accessible place to store their money. "Safe" because the girls reported that they did not want to tell their family (i.e., husband and/or parents) about their savings, and "accessible" because the girls wanted to use their savings whenever needed. The girls themselves determined the amounts that they saved. Nearly all the girls participating in the TRY programme joined a Young Savers Club, which may have been also related to the opportunity to meet other girls every week for discussion, support, advice and mentoring. In any case, the amount of savings considerably increased in stage three.

Erulkar and Chong (2005) evaluate the impact of the TRY programme by comparing the performance of participating girls to a group of suitable controls who had not been exposed to the TRY programme. TRY participants were interviewed when they entered the programme and again when the programme ended. Each participant was statistically matched to a control individual in their neighbourhood with the same age, education, marital status, parenthood status, and employment status. In sum, 326 participants and their controls were

interviewed at baseline and 222 pairs were interviewed after the TRY programme had ended. About one third of the TRY participants could not be located anymore, mainly those girls who had dropped out of the TRY programme before. The girls in the second interview are thus essentially the ones who stayed in the programme, and this presumably biases results towards more positive findings. Descriptively, more than 90 per cent of the participants engaged in training, made savings, and used the services of mentoring. However, only 54 per cent of them took microcredits because loan taking was much more complicated.

When Erulkar and Chong (2005) compare the outcomes of treated and non-treated individuals after the TRY programme had ended, participants were in a better financial position as they had higher incomes and more savings than the corresponding controls. TRY participants moreover tended to keep their savings in a safer place (bank) compared to their counterparts in the control group who were more likely to keep their savings at home. Girls who participated in the TRY programme also changed towards more liberal gender attitudes when compared to controls. While their reproductive health knowledge could not be significantly increased, there are some indications that girls participating in the TRY programme had a greater ability to refuse sexual intercourse or to insist on the use of condoms compared to girls in the control group.

It should, however, be noted that the drop-out rate was relatively high in the TRY programme: 66 per cent of the girls who were initially treated left the programme early, i.e., only one third of the girls completed the entire programme. This could imply that the model was not appropriate to many girls, and especially to the most vulnerable. As mentioned above, the girls may have disliked the lack of access to their savings – even when an emergency occurred. The only way that a girl could use her savings in such a situation was to drop-out of the programme, which apparently many girls did.

In conclusion, some lessons for the design of similar programmes should be considered. First, the savings component could be made more flexible. Treated individuals could be allowed to withdraw a limited amount of their savings during the loan term. Second, the involved social pressure could be reduced. Loans could be disbursed at the same time to all treated individuals and the solidarity guarantee, exerting a lot of pressure, could be replaced by a different mechanism. For example, access to loans could be linked to the programme's

non-financial services (e.g., participation in meetings). Third, reducing the size of a loan and the length of the repayment period could result in better outcomes. Especially young people may benefit from an immediate feedback and may be better served by smaller and shorter-term loans that they can better overlook.

6.3. *Proyecto Joven* in Argentina²¹

Proyecto Joven was an Argentinian programme targeted poor young people aged 16 to 29 years with less than secondary education, who were either unemployed or out of the labour force. The programme involved two stages: Initial training was followed by an internship. In the initial training stage, participants received on average 6 to 8 weeks of technical training in a specific occupation. During the subsequent internship stage, which was about 8 weeks, participants should apply what they had learned in the training stage and gain practical work experience.

Training was provided in the fields of agriculture, manufacturing, construction and services. The training providers were selected through a bidding process, and they were themselves responsible for recruiting firms that were willing to offer internship positions. Those firms did not have to pay any monetary compensation. In this sense, it was the first experience in Argentina of training for young people which was “demand driven.”

Participants received \$4 per day during the training stage and \$8 per day during the internship stage. Mothers of small children were entitled to a bonus payment. The programme provided participants on average with 200 hours of training, and moreover with transportation expenses, medical check-ups, books, material and clothing. Central and local governments jointly administered the programme.

It should be noted that the economic situation was poor during the period in which the programme was implemented. After a period of economic growth, the Argentina’s economy fell into a deep recession. *Proyecto Joven* was specifically designed to support a large number of young people in vulnerable situations. Their number had been increasing due to the economic crisis. *Proyecto Joven* was, however, *not* designed to deal with underlying structural

²¹ This subsection is based on information that is included in De Moura Castro (1999), Elias et al. (2004), Alzuá and Brassiolo (2006) and Aedo and Núñez (2004).

problems, but it was intended to cushion the crisis' impact on young individuals.

Alzuá and Brassiolo (2006) evaluate the effects of *Proyecto Joven* in a non-experimental setting. The authors found no statistically significant employment effects of the programme, except some positive impacts for women. However, there were some positive effects of *Proyecto Joven* on the quality of employment, which are remarkable when considering the general trend of increasing informality in the country. Elias et al. (2004) also evaluate the programme and focus on one specific year of implementation (1997). They focus on wage effects rather than on employment effects and find that the wages of participants increased by about 10 per cent compared to their previous wages. These wage effects were even larger for women. Moreover, there is some regional and course-type heterogeneity in wage effects, which could be due to quality differences in programme management. The government penalized institutions that were not providing courses in accordance with the conditions agreed on in the selection process; and wage effects were larger in regions with a lower fraction of penalized institutions. Aedo and Núñez (2004) also evaluate the programme and find statistically significant treatment effects for specific subgroups. Results show that *Proyecto Joven* had statistically significant positive income effects for very young males (aged less than 20 years) and older females (aged 21 years and older).

One specific feature of *Proyecto Joven* should be highlighted, namely that all training was outsourced to private and public providers, and also control evaluations and auditing processes. This separation between the programme's implementation and related funding decisions created healthy checks and balances at various stages. Funds were allocated on a competitive basis to institutions or individuals which submitted a credible training proposal in line with the objectives of the programme. Mismatch between training and demand was thus reduced and transparent decisions were reached.

Originally, *Proyecto Joven* was designed as a niche programme to help poor young unemployed to find a job. However, its introduction was in a time when the technical schools were deteriorating and alternatives to training in the "classic" skilled manual occupations were missing. The project therefore became *the* training system of Argentina – which was not intended. Although the programme could at least temporarily mitigate the lack of adequate training provision in Argentina, a solid vocational training system should be established

– potentially guided by dual vocational training systems in Germany or Austria (Eichhorst et al., 2015; Zimmermann et al., 2013).

7. Conclusions

Youth unemployment has become a major focus of policy discussion and action both in developed and developing countries. Hence, it is of high relevance to know which measures work best to overcome youth unemployment and further the transition into gainful employment. The Youth Employment Inventory (YEI) has been created to provide an overview of youth-oriented policy interventions around the globe. The YEI has become a large global database comprising more than 700 programmes to promote mainly youth employment.

Among the interventions listed in the YEI, skills training, entrepreneurship support and employment services are most prominent. Programmes in the MENA region and Sub-Saharan Africa make up for about 60 per cent of all measures documented in the YEI. However, as regarding the impact of these initiatives, for only 12 per cent the YEI provides for information on impact evaluation and only for 3 per cent evidence on impacts and on cost-benefit analysis. For 48 per cent of the measures the YEI only gives basic descriptive information, and for another 36 per cent there is limited information on the process of implementation only. Hence, a major weakness of the YEI is that information on systematic impact evaluation of the programmes is only available for a very small share of the measures reported. However, among those measures for which an impact evaluation is available, we see more programmes with a positive impact than measures with zero or negative impact.

When analysing those programmes for which evaluation studies are available, our quantitative analysis shows that measures with positive impact are dominant as are measures with some training component. We also find a relatively robust hierarchy of policy interventions aiming at youth employment. This ranking is also largely in line with other studies on active labour market policies and seems to hold for both developing and developed countries. We can see from our meta-analysis that employment services are significantly more successful than the other types of intervention.

In general, when referring to the policy interventions reported in the YEI, youth employment measures seem to be more effective in developing countries compared to similar interventions implemented in developed countries. However, we cannot rule out that there a reporting bias may exist, i.e., that

programmes with positive evaluation results have a higher probability of being incorporated into the YEI.

Following the paradigm of evidence-based policy making, the ranking of measures in terms of their effectiveness and cost/benefit ratio should be taken into account when deciding on future youth employment measures. From a conceptual point of view it also makes sense to adopt a more integrated approach rather than isolated and partial measures. However, some caution seems appropriate also in this context as according to our meta-analysis, integration is *per se* not a guarantee of success, hence proper programme design and targeting appear to be most crucial factors for programme success

Apart from that, and not only from an analytical, but also from a political point of view, a general principle of youth employment programmes should be to provide for a systematic quantitative evaluation of all measures. Process evaluation is not sufficient in this context. Evaluation requirements should be taken into account systematically when designing, budgeting, implementing and reporting employment measures. This would help improve our understanding of policy interventions and help allocate resources in a way that is most conducive to achieving the desired outcomes.

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