

Youth employment programmes: What works in rural settings?

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Question

What has worked or has not worked when implementing youth employment programmes in rural settings in developing countries?

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The K4D helpdesk service provides brief summaries of current research, evidence, and lessons learned. Helpdesk reports are not rigorous or systematic reviews; they are intended to provide an introduction to the most important evidence related to a research question. They draw on a rapid desk-based review of published literature and consultation with subject specialists.

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1. Summary

Youth employment challenges are much more severe in rural areas than urban areas in developing countries. This rapid review looks at available evidence on the extent to which youth employment interventions work in rural settings, particularly in terms of employment creation for rural youth. Very little evidence is available on the effectiveness of individual employment interventions in rural settings, but the evidence shows that skills training interventions - the most widely used youth employment programmes - have worked to improve employment outcomes of rural youth.

Key findings relating to supply-side employment interventions include:

- Skills training, particularly when **combined with other interventions such as life skills development and internship, increased employment and earnings outcomes** among rural youth. Skills training alone might have limited positive outcomes.
- **Employment matching services, including job fairs, improved employment and earnings outcomes in rural areas.**
- Providing **incentives for job searches**, such as lowering transport and migration costs, show **positive employment and income effects** for rural youth.

Key findings relating to demand-side employment interventions include:

- There was **little evidence to evaluate the effect of financial support interventions** on employment outcomes. Only one impact evaluation study on microfinance schemes was found, which showed **no effect on employment creation for existing small firms in rural settings.**
- An individual study showed **the positive effect of business development services on business creation and earnings of rural businesses.** There were **limited studies on the causality between business support services and employment outcomes** in rural settings.
- **Wage subsidy interventions and public employment services showed positive employment outcomes** for rural populations. These interventions also provided opportunities to disadvantaged rural youth for skills formation and increased their employability.

Key findings relating to entrepreneurship promotion interventions include:

- Overall, entrepreneurship programmes, mainly **financing and business skills training, had positive impacts** on rural start-ups.
- **Finance is a critical determinant for business creation for rural youth.** The interventions were effective when targeting poor and disadvantaged young people.
- **Technical and vocational training increased business start-ups** for rural youth **only if** they were **combined with financing.**
- **The combination of business skills training with business advisory services and financial support led to positive effects** on self-employment in rural settings.

Overall, **there is a significant lack of evidence about what works to support rural youth employment.** There are few rigorous evaluations of rural programmes relative to the increasing number of such initiatives. Only a few studies disaggregate the findings by location. Differences in content, length and intensity of the interventions in different local conditions all make it difficult

to reach a consensus regarding how effective each intervention is. There are also many other interventions and policies that affect labour market outcomes such as infrastructure development and regulatory reforms, which have significant methodological challenges for evaluations to establish causality with job creation outcomes. Therefore, the results cannot be generalised and early findings on what works are inconclusive.

Literature sources

Evidence of the impact of youth employment programmes on rural labour markets was gathered from recent systematic reviews and meta-analysis studies, listed below:

- Fox and Kaul (2017) synthesised evidence from 29 youth employment programmes across 13 developing countries.
- Kluge et al. (2017) undertook a meta-analysis of studies of 107 youth employment interventions in 31 developing and developed countries.
- Grim and Paffhausen (2015) conducted a meta-analysis of impact evaluations on finance and training programmes for MSME (Micro-, Small-, Medium-sized Enterprises) development. The reviews included 54 impact valuations (quasi-experimental designs and RCTs¹) in low- and middle-income countries.
- Piza et al. (2016) conducted a systematic review of impact evaluations on 40 business support programmes in low- and middle-income countries.
- Tripney et al. (2013) reviewed studies of 20 different TVET² programmes and their impact on the employment outcomes of young people in 14 low- and middle-income countries.

Studies were included in the review if:

- They evaluated programmes and interventions that were primarily designed for young women and men;
- They conducted impact evaluations based on an experimental design such as a randomized controlled trial (RCT), as well as on quasi-experimental designs;
- The programmes and interventions were designed for and directed exclusively at rural youth, or included rural residents as a part of a national/regional programme in which the evaluation results were disaggregated by location;
- They were in low- and middle- income economies³.

This report mainly focuses on labour market outcomes (employment creation, labour income as well as new firm creation) but not on other performance indicators such as labour productivity and business performance (sales and profits). For details and references on the programmes assessed, see Annex.

¹ Randomised Control Trial

² Technical and Vocational Education and Training

³ World Bank (2018) World Bank Country and Lending Groups – World Bank Data Help Desk.

2. Youth employment in rural areas

Challenges

Rural youth are disproportionately disadvantaged and typically face more significant barriers to entering the labour market than those in urban areas. Around 8 out of 10 working poor live in rural areas while young people account for nearly 24 per cent of the working poor, particularly in Africa (ILO, 2012, p.43). Approximately 88 per cent of young people aged 15 to 24 live in developing countries, many of which remain mostly rural (ILO, 2016, p.1).

There are **limited opportunities for rural young people to obtain a quality education and training**, to develop and enhance job-relevant skills (Decent Jobs For Youth, 2017, p.4; Elder et al., 2015, p.10). For instance, 25 per cent of young people in urban areas of Sub-Saharan Africa had become apprentices compared to only 11 per cent in rural areas (Filmer & Fox, 2014, p.97).

Rural areas offer **fewer formal and wage employment opportunities** for the young population. 24.5 per cent of rural youth are self-employed compared to 18.4 per cent of urban youth while over 25 per cent of young workers work for family businesses - nearly double the share in urban areas⁴ (Elder et al., 2015, p.21). They typically work under unsafe working conditions and in the informal sector, all of which causes young people to migrate to urban areas⁵.

Young rural women are more disadvantaged than their male counterparts. The rural unemployment rate is 19.7 per cent for women - 7 percentage points higher than for men (Elder et al., 2015, p.16). Social norms determine the role of women who commonly engage in unpaid care and domestic work in rural areas (Elder et al., 2015, p.16; Decent Jobs For Youth, 2017, p.4).

Rural youth are financially excluded more than urban youth in Africa. Only 29 per cent of adults living in rural areas have an account in financial institutions compared to 34 per cent at national level across 42 African countries, and only 1 out of 5 rural youth have access to finance (World Bank/ IFAD, 2017, p.30). There is also **a significant gender disparity in access to finance**: 25.1 per cent of women have bank accounts compared to 32.7 per cent of men in Africa (World Bank, 2017, p.30). Financial markets are underdeveloped in rural areas due to high transaction costs, inadequate borrowers' credit information as well as high agricultural risk (Filmer & Fox, 2014, p.183).

Access to land is another critical challenge for rural youth to start farming and agri-businesses as inadequate regulations and hierarchical structures prevent youth from obtaining ownership of arable farmland (Muiderman, 2016, p.3).

Inadequate infrastructure such as roads, electricity and ICT impedes rural non-farm businesses (Elder et al., 2015, p.8). The geographic remoteness of rural areas also limits young people's ability to engage with workers' organisations and conduct social and political dialogues (Decent Jobs For Youth, 2017, p.4).

⁴ Data from the ILO school-to work transition survey (SWTS) data in 25 low- and middle- income countries.

⁵ <http://www.fao.org/rural-employment/work-areas/youth-employment/en/>

Rural youth employment programmes

Youth employment programmes mainly consist of supply-side and demand-side interventions (Fox & Kaul, 2017, p.18). **Supply-side interventions** aim to make youth more skilled and capable of working. Skills development and training, as well as employment services, are the most commonly used programmes to improve youth employability (Kulve et al., 2017, p.147). **Demand-side programmes** are designed to improve factors affecting firms' employment decisions as well as business performance in order to create employment. These interventions include business support programmes, wage subsidies and public employment services (Fox & Kaul, 2017, p.25). Also in this category, **entrepreneurship promotion programmes** facilitate young people in starting businesses. These consist of business and technical skills development, mentoring and coaching, and access to finance (Kulve et al., 2017, p.152).

Both demand- and supply-side interventions are needed to increase self- and wage employment in agricultural and non-farm activities (World Bank/IFAD, 2017, p.2). As seen in Table 1, an increasing number of youth employment initiatives and programmes are adapted to rural-specific needs.

Table 1. Initiatives and programmes for rural youth employment

Types		Examples: Rural youth employment programmes
Supply-Side	Skills development and Training	<u>Benin</u> : The Songhai Centre trains vulnerable rural youth in agricultural production and agribusiness to be entrepreneurs. It also offers technological services, renewable energy, housing and community infrastructure (World Bank/ IFAD, 2017, p.60).
	Employment Services	<u>Cambodia</u> : International Labor Organization (ILO) supports Cambodia's National Employment Agency (NEA) to improve their outreach to rural youth (Elder et al., 2015, p.46).
Demand-Side	Access to Finance	<u>Sierra Leone</u> : International Fund for Agricultural Development (IFAD) has worked to establish Financial Services Associations (FSAs) across the country. The center is owned by the local community to provide financial services. The center employs only young people (Elder et al., 2015, p.47).
	Employment Creation Services	<u>India</u> : The National Rural Employment Guarantee Act (NREGA) involved young people in rural infrastructure rehabilitation through public works programmes. It includes rural water management, irrigation, soil improvement and access to roads (Elder et al., 2015, p.44).
	Entrepreneurship / Business support programmes	<u>Nigeria</u> : The Youth Employment in Agriculture Programme (YEAP), by the Federal Ministry of Agriculture and Rural Development and FAO, provides rural youth access to land, markets, and finance to help them become entrepreneurs in priority value chains while improving their aspiration to work and live in rural areas (World Bank/ IFAD, 2017, p.33).

3. What works for youth employment in rural settings

Have supply-side interventions worked for rural youth?

Skills Training Programmes

According to available evidence, **skills and technical training interventions improved labour market outcomes among the rural young population**. In particular, skills training combined with other interventions (i.e. life skills and internship/apprenticeships) yielded more positive employment or earnings effects than skills training only.

For instance, the Peruvian Job Youth Training Program (Projovent), in Peru, offered in-classroom technical training together with a 3-month internship for underprivileged young people in 9 cities. Projovent led to positive impact on formal employment and earnings of participants (Diaz & Rosas-Shady, 2016, p.17). The significant positive impact was observed in relation to employment and incomes for youth even outside the capital city (Diaz & Rosas-Shady, 2016, p.18).

Another example is the Rural Skills Development Project in Bhutan that provided vocational training combined with on-the-job training for rural residents living in poverty (Chun & Watanabe, 2011). It aimed at diversifying their income sources outside the agricultural sector. The results from the quasi-experimental study indicated that trainees increased their income and diversified their income sources. However, the intervention was effective in raising their incomes if they were in a geographic area which had a lower proportion of trained workers of particular skill sets and was not saturated with too many workers having the same skills ("non-competitive labour market") (Chun & Watanabe, 2011, p.14).

In Busia District, a rural region in western Kenya, randomly selected youth aged between 17 and 28 years received vouchers for vocational training under an NGO-administered youth vocational education programme (Hicks et al., 2016, p.3). An evaluation found that the programme had limited impact on participants' earnings (Hicks et al., 2016, pp.18-19). This finding is contrary to the studies in Peru and Bhutan. Since the Kenyan programme provided the participants with only training opportunities, it could be that more comprehensive programmes, combining with life skills and work experience, could yield better outcomes than single interventions (Fox & Kaul, 2017, p.20).

The results from these three cases echoes the findings from a prior rigorous systematic review of impact evaluations of 107 interventions in 31 countries (Kulve et al., 2017). This study found that skills training interventions had a positive impact on both employment and earnings of youth in low- and middle- income countries (Kulve et al., 2017, p.144). Another meta-analysis study of TVET interventions also found that these increased monthly earnings as well as formal and wage employment for young people in low- and middle-income countries (Tripney et al., 2013, pp.74-75). Individual impact evaluations also indicate that comprehensive programmes (training, life skills, internships) showed positive effects in Colombia, Yemen, Kenya and Nepal, while technical and vocational training only had no effects on labour market outcomes in Turkey (Fox & Kaul, 2017, p.20).

Some of the literature identified the conditions and programme designs needed to improve employment and earning outcomes of youth. These include: 1) **competitive bidding and incentive payment schemes for private sector training providers** (Kulve et al., 2017, p.149);

2) **combination of in-classroom and on-the-job training** (Glick et al., 2015, p.30); 3) **matching the skills training content with employers' demands** (Goldin et al., 2015, p.66).

Employment matching services

Employment matching services provided positive employment and earnings effects for rural youth as shown by individual impact evaluation studies in India and Ghana. For instance, young rural women received recruitment services in India, which led to positive employment and earnings effects (Jensen, 2012). Job fairs are one type of employment services programme that match job-seekers with vacancies (Kulve et al., p.156). In Sorsogon Province, a poor, rural province in the Philippines, randomly-selected overseas workers received vouchers to attend job fairs. The RCT study found that the job-fair attendance increased formal employment (Beam, 2016).

In contrast to these findings, studies of interventions outside rural settings yielded mixed results. Labour market matching services in Jordan, for example, did not improve employment among participants; similarly, job fairs held as a part of matching services in Addis Ababa, Ethiopia, showed no positive employment effects (Fox & Kaul, 2017, p.20). But a systematic review of 10 interventions, most of which came from high-income countries, showed a moderately positive impact on employment and earnings (Kulve et al., 2017, p.158).

The evidence on employment services interventions is very limited in developing countries, particularly in rural settings. This is consistent with the fact that these services are designed for registered jobseekers, and typically implemented by public employment agencies at a national level (Kulve et al., 2017, p.158).

Incentives for job searches

Studies of interventions to **lower transport and migration costs showed positive employment and income effects on rural youth**. For instance, in Bangladesh, **the transportation subsidy** resulted in increased employment and earnings among rural workers as it encouraged them to go to cities during the agricultural off-season (Bryan et al., 2014). In addition, **a wage subsidy scheme in South Africa** incentivised graduates to look for jobs harder and longer, and resulted in an increase in the number of those in wage employment - although it can be assumed that there was labour displacement (Fox & Kaul, 2017, p.22). This result can be explained by the fact that rural regions have fewer wage and formal employment opportunities than urban areas, particularly in Sub-Saharan Africa (Elder et al., 2015, p.32). Hence, interventions to increase access of rural youth to jobs in developed regions can be effective ways to provide income-generating opportunities and employment for the rural poor as part of social protection mechanisms (World Bank/IFAD, 2017, p.35).

In urban areas, youth unemployment is often caused by a lack of employment opportunities rather than the characteristics of youth themselves such as their skills and knowledge as well as job search costs (Fox & Kaul, 2017, p.22). Hence, supply-side interventions are not enough to improve youth employment outcomes there (Fox & Kaul, 2017, p.22). By contrast, rural young people suffer from higher levels of information asymmetries, higher job search and transportation costs, as well as lower levels of skill and education than urban cohorts (Elder et al., 2015, p.10). This fact supports the findings that **skills development, as well as employment matching**

services that can connect them to decent jobs, are promising for improving youth employment in rural economies.

Overall, currently available studies suggest that **supply-side interventions are useful to increase employment and earnings for rural youth** although evidence on the causality and how to ensure this is limited. Table 2 summarises the evidence on the impact of supply-side interventions on labour market outcomes in rural settings.

Table 2: Impact of supply-side interventions on labour market outcome

Interventions type		Evidence from systematic reviews	Evidence from rural programmes	
Skills, technical & vocational training (TVT)	TVT, Life skills only	Positive employment and earnings effects ⁶	No effect	Kenya
			Insignificant positive effects	Turkey
	Packages (TVT, life skills, work experiences)	Positive employment and earnings effects ⁷	Positive earnings effects	Peru Bhutan
			Positive employment effects	Yemen
Employment services	Job fairs	No effect ⁸	Positive employment effects	Philippines
	Recruitment /matching services	Positive employment and earnings effects ⁹	Positive employment and earnings effects	India Ghana
Incentives for job searches		N/A	No employment or earnings effects, but increased efforts for job searches	Ethiopia
			Positive employment and earnings effects	Bangladesh

Source: author compilation

Have demand-side interventions worked for rural youth?

Finance for MSMEs

Single impact evaluations of **microloan interventions in Ethiopia, Morocco and Mongolia** suggest that **they did not help rural small and medium-sized enterprises (SMEs)** to expand their employment (Banerjee et al., 2015). This result echoes the findings from a systematic review of 26 impact evaluations of access to finance interventions in low- and middle-income countries by Grim and Paffhausen (2015). They found that more than half out of 26 financing interventions, mostly microcredit schemes, were not effective in employment creation. Positive effects on employment creation were seen in the creation of new firms and the expansion of well-established large firms, but not in existing small and micro enterprises (Grimm & Paffhausen, 2015, p.8). A possible explanation for this is that subsistence-type microenterprises face difficulties in expanding employment and growing into larger firms even if they improve their

⁶ Tripney et al. (2013), pp.73-75

⁷ Tripney et al. (2013), pp.73-75

⁸ Fox and Kaul (2016), p.20. The result from an individual evaluation in Ethiopia

⁹ Kulve et al. (2017), p.158

production (Fox & Kaul, 2017, p.26). In addition, the primary objective in most of these microcredit programmes was not job creation but rather income stabilisation among the poor (Grimm & Paffhausen, 2015, p.9).

This review was not able to identify studies to evaluate other types of financial support programmes (i.e. large loans and cash grants) and the impact on employment creation of rural existing firms. Much of the literature highlights the scarcity of evidence of their impact on job creation as well as the methodological limitations in evaluating employment outcomes (Kumar, 2017, p.37; Grimm & Paffhausen, 2015, p.9).

However, if not limited to rural areas, empirical evidence suggests that increasing access to finance for MSMEs¹⁰ does promote job creation as it helps to increase production (Ayyagari et al., 2016). Piza et al. (2016) also conducted a meta-analysis of the impact evaluations of SME support programmes, finding that matching grants increased employment and firms' performance (Piza et al., 2016, p.40). These findings imply that access to finance interventions also improve employment outcomes for rural SMEs.

Business development services (BDS) & management training

There was **limited evidence to establish the causality between business support services and labour market outcomes in rural settings**. One study by Jaramillo and Parodi (2005) evaluated the Peruvian Collective Integral Development (CID) initiative, which provided business development services (BDS), advisory services and financing for poor young people in rural parts of the country. It found that the project increased business creation by 8 per cent and the revenue of participants by 7.7 per cent (What Works in Youth Employment, 2018, para.3).

This finding is consistent with earlier studies, which showed that BDS do increase employment and earnings for SMEs. For instance, a systematic review of 40 business support programmes indicates that business support services for SMEs offered significant positive employment and earnings effects as well as improved business performance (Piza et al., 2016, p.41). Other systematic reviews also found a positive impact on business performance (i.e. improved business management practices, sales, profits) as well as employment creation (Grimm & Paffhausen et al., 2015, p.15).

Past studies identified two factors that increased employment outcomes. One, programmes targeting larger firms provided more significant employment impact (Fox & Kaul, 2017, p.24). Two, these interventions were also more effective when they were tailored to specific supports needs of SMEs such as supplier development and incentives for technological innovation (Grimm & Paffhausen, 2015, p.11).

Wage subsidies

This review found only one impact evaluation of wage subsidy interventions that specifically targeted rural youth, **showing positive employment outcomes**. In one randomised controlled trial of a voucher programme in South Africa, employment vouchers were provided to unemployed youth in rural areas of the Limpopo province to reduce the wage costs for employers (Kulve et al., 2017, p.164). The results indicate that the voucher programme increased

¹⁰ Micro, Small and Medium-sized Enterprises (MSMEs)

employment probabilities for youth by 15- 25 per cent, even two years after the vouchers ended (Levinsohn et al. 2014, p.16).

By contrast, national-level wage subsidy programmes showed mixed results. For instance, Kulve et al. (2017) conducted a systematic review of 17 studies of wage subsidy interventions. This research revealed that they increased the probability of employment beyond the subsidy duration (Kulve et al., 2017, p.165). However, all of these studies came from high- and middle-income countries. In Jordan, a six-month voucher offered to female graduates to cover their wages, resulted in significant increases in employment rates, but the effect diminished once the voucher period ended (Groh et al. 2012). Similarly, wage subsidy programmes in Sri Lanka and South Africa showed no employment effects beyond the intervention periods (Fox & Kaul, 2017, p.25). In Turkey, direct wage subsidies provided positive employment effects but voucher-based programmes did not increase employment (Grimm & Paffhausen, 2015, p.12). This evidence shows that **the design of wage subsidies is a determinant of positive outcomes** (Grimm & Paffhausen, 2015, p.12; Kulve et al., 2016, p.163).

One important finding that can be applied to rural programmes is that these interventions contributed to skills development among youth, mainly if the programmes offered relevant jobs alongside opportunities for learning (Kulve et al., 2017, p.166). Combining wage subsidy interventions with skills training can advance skills development and employability among youth (Kulve et al., 2017, p.165). The wage subsidy interventions can provide opportunities to facilitate learning-by-doing, acquire employability skills and work experience for rural youth who have low levels of skills and limited work experience.

Public employment services

With regard to public employment services, an independent evaluation showed **their positive effect on employment in rural areas in India and Malawi**. Under the National Rural Employment Guarantee Act in India, rural youth and adults obtained manual work to rehabilitate rural infrastructure as a public employment service in one of the country's most impoverished states, Bihar (Dutta et al., 2014). The programme increased employment and earnings of the rural beneficiaries while having only a small displacement effect. By contrast, public employment programmes in high-income countries (i.e. Germany and France) did not improve labour market outcomes of youth (Kulve et al., 2017, p.167).

The dearth of evaluations limits further discussion about the effectiveness of these interventions. However, public works programmes have the potential to improve the employability of rural youth by providing opportunities for unskilled and disadvantaged young people to acquire job related skills and knowledge and facilitate their entry into labour markets, leading to long-term employment and human capital development (Kulve et al., 2017, p.165; World Bank/ IFAD, 2017).

In addition, public works interventions provide other potential benefits for rural youth. First, if programmes are designed to provide equal wages as well as opportunities for skills enhancement for both young women and men, they can improve women's economic empowerment (World Bank/IFAD, 2017, p.35). Second, such programmes can stabilise income generation among rural youth if they are matched with seasonal patterns of labour demand in rural areas. If the programmes are offered during off-seasons with low agricultural labour demand, they can help mitigate the effect of seasonality on labour demand (World Bank/IFAD, 2017, p.35).

In summary, there were a **limited number of impact evaluations of demand-side programmes specifically targeting rural SMEs**. Furthermore, most studies of these interventions did not evaluate employment outcomes (Grimm & Paffhausen, 2015, p.9). It is difficult to identify the causal effect of business support interventions on employment outcomes. However, available studies suggest that **business support services for SMEs increased employment even in rural settings**. **Wage subsidies and public works schemes** not only **increased employment** but also **provided opportunities for rural youth to enhance skills formation, improve their employability as well as contribute to income stabilisation**, particularly during periods of low labour demand. The impact of demand-side interventions on labour market outcomes are summarised in Table 3.

Table 3: Impact of demand-side interventions on labour market outcomes

Interventions type		Evidence from systematic reviews	Evidence from rural programmes
Finance (Credit)	Microcredit	No effect ¹¹	No effects <i>Ethiopia, Morocco, Mongolia</i>
	Larger loans	Positive employment effects ¹²	N/A
Finance (Grant)		Positive employment effect ¹³	N/A
Business Development Services (BDS) & management training		Positive employment and earnings effect ¹⁴	Positive earning effects and improved firm performance <i>Peru</i>
Wage subsidies		Positive employment and earnings effect ¹⁵	Positive employment and earnings effects <i>South Africa</i>
Public work		No effect ¹⁶	Positive employment and earnings effects <i>India, Malawi</i>

Source: author compilation

Have entrepreneurship programmes worked for rural youth?

Finance for Start-ups

Reducing start-up capital constraints through grants or loan finance has proven to be **effective in facilitating entrepreneurship and improving business performance outcomes** in rural economies. For instance, Banerjee et al. (2015) conducted an evaluation of six microfinance programmes, including rurally focused interventions, and showed that they facilitated participants to start their businesses. The Youth Opportunities Programme (YOP) in Northern Uganda also offered start-up grants for unemployed rural young people, leading to positive impact on their earnings and business performance (Blattman et al., 2014, pp.726-727). These interventions share a similar feature: targeting poor and disadvantaged young people (Kulve et al., 2017, p.155).

¹¹ Grimm and Pauhaffsen (2015), p.8

¹² Fox and Kaul (2016), p.20. The result from an individual evaluation in Brazil, Colombia and India

¹³ Piza et al. (2016), p.63

¹⁴ Piza et al. (2016), p.63

¹⁵ Kulve et al. (2017), pp.165-166. The result was from high-income countries

¹⁶ Kulve et al. (2017), p.166

These results echo the conclusions from a meta-analysis of 26 studies of financial interventions conducted by Grimm and Paffhausen (2015). They found a positive impact of financial interventions, mainly by microcredit schemes (between USD 100 and USD 2,000) on the creation of new firms (Grimm & Paffhausen, 2015, p.8).

This review also identified two individual evaluations of a cash transfer programme in India (Banerjee et al., 2011) and a microcredit scheme in Ethiopia (Tarozzi et al., 2013). They were implemented in rural regions but did not specifically target young people (see Annex for details). Both studies showed no positive impact on business creation of beneficiaries.

Technical and vocational training

For rural youth, technical and vocational training was only effective when **the training was combined with financing - resulting in increased entrepreneurship and earnings**. A good example is the Northern Uganda Social Action Fund (NUSAF) programme in Uganda. Technical and vocational training together with cash grants increased non-farm employment and earnings compared to the control group (Blattman et al., 2014, pp.726-727).

However, technical and vocational skills training in rural Malawi showed an opposite result. The programme targeted orphans and vulnerable youth and provided them with vocational training, life skills, mentorship as well as on-the-job apprenticeships (Cho et al., 2012, p.3). An evaluation found that the participants lowered their income, and decreased the rate of starting a business although it improved participants' skill level (Cho et al., 2012, pp.10-11).

These findings broadly support evidence from systematic reviews. A meta-analysis of 10 studies of TVET interventions in developing countries found that TVET interventions were ineffective in increasing self-employment earnings (Tripney et al., 2013, p.76). Fox and Kaul (2017, p.30) also found mixed results of technical and vocational training interventions.

Business skills

A combination of business skills training with business advisory services (including mentoring/coaching) and/or financial support leads to positive effects on not only self-employment but also employment and earnings outcomes of rural youth. This is evident in the case of the Women's Income Generation Support (WINGS) programme in Northern Uganda. The programme offered a combination of business skills training, cash grants and follow-up support to young women working in agriculture in a post-conflict setting. It resulted in positive employment and earnings outcomes and facilitated their start-up businesses (Blattman et al., 2013, p.33).

These results are consistent with the findings from a systematic review of 15 entrepreneurship promotion interventions (Kluve et al., 2017, p.154). Cho and Honorati (2014, p.28) also found from a meta-analysis of entrepreneurship programmes, that the combination of training and finance was more effective in start-ups and employment creation. Packages of support schemes (training, access to finance, inputs and markets, mentoring and coaching) tailored to rural youth have proven to be more effective than single interventions (World Bank/IFAD, 2017, p.33).

Overall, **entrepreneurship programmes, specifically financing and business skills training, had positive impacts on rural start-ups**. However, within the same category of entrepreneurship promotion, the design and contents are highly heterogeneous. Some

programmes include business plan development, financial literacy trainings, and technical and vocational trainings while others focus on general business training (Grimm & Paffhausen, 2015, p.10). Therefore, more rigorous assessment of different types of programmes could provide more definitive evidence. It is also important to note that these programmes that encourage youth to be self-employed might result in labour displacement (Fox & Kaul, 2017, p.31).

Table 4: Impact of entrepreneurship programmes on labour market outcomes

Interventions type		Evidence from systematic reviews ¹⁷	Evidence from rural programmes	
Finance (Grant)		Positive employment, earnings outcomes ¹⁸	Positive effects on business creation	Uganda
Finance (Microcredit)			Positive effects on business creation	Morocco, Mongolia
Finance (Loan)			Positive effects on business creation only for women	Mongolia
Technical and vocational training (TVT)	Only Apprenticeships	No effect on self-employment earnings ¹⁹	No effect	Kenya
	Finance		No effect	Malawi
			Positive employment and earnings effects	Uganda
Business skills	Only	Positive employment, earnings outcomes ²⁰	Positive employment effects	Colombia
	Finance		Positive employment effects	Uganda, Nicaragua
	Finance, advisory, business fair		Positive effects on business creation	Peru
	Coaching/mentorship & life skills		Positive employment and earnings effects	Uganda

Source: author compilation

Other aspects of intervention design

Who can offer effective programmes?

The private sector, NGOs as well as well-designed partnerships can provide more effective interventions than the public sector alone in rural settings (Vivalt, 2015; Kluve et al., 2017). Cho and Honorai (2014, p.26) also found strong positive causality between private sector delivery and employment outcomes. In particular, incentives mechanisms for contracted service providers were correlated with better employment earnings outcomes (Kluve et al., 2017, p.149). The Adolescent Girls Employment Initiative (AGEI) of the Employment Fund (EF) in Nepal, for example, provided performance-based contracts to private training providers across 30 districts including rural areas (Kulve et al., 2017, p.149). The training providers were selected through a competitive bidding process and obtained an extra payment based on the number of

¹⁷ Kluve et al. (2017), p.148

¹⁸ Cho and Honorai (2014). p.24

¹⁹ Tripney et al. (2013), p.75

²⁰ The result was not aggregated by intervention types.

trainees who were successfully placed in employment. This design improved employment status of the trainees, and turned out to be cost effective (Chakravarty et al., 2016).

What impact on rural young women?

Skills training and entrepreneurship support provided positive employment and earnings outcomes for women even in rural settings. In Mongolia, group lending (microcredit) had a positive impact on business creation by rural women (Attanasio et al., 2011). In addition, the Women's Income Generation Support (WINGS) programme in Northern Uganda offered business skills training combined with grants, and led to positive employment and earnings outcomes for rural women and facilitated their start-up businesses (Blattman et al., 2013). A case study in Egypt shows that the provision of technical, business and vocational training has a positive impact on the business development of young women in rural areas (Elsayed & Roushdy, 2017).

Aggregate results, including national-level and urban-focused programmes, from earlier studies provided mixed results. The systematic review by Kulve et al. (2017, p.145) suggests that youth employment programmes had a slightly larger positive impact on employment and earnings outcomes of women than men. Business support programmes specifically targeting women were less successful in improving business performance and creating employment compared to non-targeted programmes (Grimm & Paffhauman, 2015, p.15). A systematic review of studies of entrepreneurship programmes also did not find positive labour market outcomes among women start-ups (Cho & Honorati, 2014, p.6). It may be the case that these variations indicate women face other constraints to entering labour markets and growing their businesses. For instance, some women utilise microloans on household consumption (Grimm & Paffhauman, 2015, p.9). Such interventions need to take into account social and cultural barriers, and the specificities of rural female youth.

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5. Annex: Programme descriptions by country

Supply-side interventions

Interventions	Country	Outcomes	Inputs	Authors
TVT only	Kenya	No effect on earnings or employment.	TVT Training vouchers in public or private training institutions.	Hicks et al. (2016)
	Turkey	Effects are positive but close to zero. Slightly stronger with private providers, but after 3 years, even those effects disappear. Public training shows no impact.	TVT Large-scale vocational training programme for unemployed (youth not targeted).	Hirschleifer et al. (2015)
Packages of technical and vocational training, life skills and/or work experience	Peru	3-year follow-up found positive effects on employment and earnings. The effect is stronger for formal employment.	TVT + internship 3 months of technical classroom training combined with a 3-month internship.	Diaz and Rosas-Shady (2016)
	Yemen	Short-term impacts showed positive employment effect, 2–3 months after an internship. An outbreak of conflict eliminated further follow-up. Some effects may be through displacement.	TVT + internship Firms offered a 50% wage subsidy to hire interns for 6 months. Firms not randomised.	McKenzie et al. (2016)
	Bhutan	A significant increase in earnings for trainees in non-competitive labour markets and diversification of income sources. By contrast, no impact on earnings in competitive labour markets.	TVET + on-the-job training 3 months classroom-based (theoretical) instruction/training plus off-the-job practical demonstration (i.e., at the training institution).	Chun and Watanabe (2011)
Employment matching services and counselling	Philippines	Attendance did not facilitate direct job matches, but it increased the likelihood of formal sector employment and	Impact of job fairs on employment outcomes. Also looked at the effect on migration of including international employers.	Beam (2016)

		<i>increased job search. No effect on migration.</i>		
	India	<i>Positive effects on women's employment opportunities and the likelihood of paid employment.</i>	<i>Recruiting services offered to young women in rural villages to encourage employment in business process outsourcing (new growth sector).</i>	Jensen (2012)
	Ghana	<i>Apprentices retained for the full duration (6 months). Firms experienced higher revenues and profits. No reduction in other employment. Suggests limited displacement.</i>	<i>Matching 6-month apprenticeships; firms randomised.</i>	McCasland & Hardy (2016)
An incentive for job search	Ethiopia	<i>No employment or earnings effect; quality of employment may have improved with more formal and permanent jobs.</i>	<i>Subsidised bus transport into Addis Ababa to support job-search for youth</i>	Franklin (2016)
	Bangladesh	<i>Positive employment effects on those who migrated. Tickets eased constraints to experimentation. Migrants had higher propensity to migrate the following year, without subsidy.</i>	<i>Offered a bus ticket (\$8) to incentivise rural-to-urban migration during the lean season. Targeted households of the extremely poor, who otherwise experienced seasonal deprivation.</i>	Bryan et al. (2014)

Source: Adapted from Fox and Kaul (2017), Tripney et al. (2013)

Demand-side interventions

Interventions	Country	Outcomes	Inputs	Authors
Finance (microcredit)	Ethiopia, Morocco, Mongolia	<i>No employment effect in existing firms, but new self-employment starts.</i>	<i>Finance (loan)</i>	Banerjee et al. (2015)
Business Development Services (BDS) & management training	Peru	<i>An insignificant but positive effect on business creation</i>	<i>Peruvian Collective Integral Development (CID) initiative Business training (100 hours), business advisory services (12 hours), participation in business fairs (80 hours) and access to credit intervention. Publicly financed and implemented. Targets young microenterprise owners in rural areas. Winners of business plan competition eligible for access to credit.</i>	Jaramillo & Parodi (2005)
Electricity*	India	<i>Simulation model showed positive effects.</i>	<i>Electricity access.</i>	IFC Development Impact Department (2012)
Wage subsidies	South Africa	<i>Insignificant but positive effect on employment and earnings</i>	<i>RCT entailed randomly allocating a voucher to participants allowing firms that employ them to be compensated for a portion of the wages. Individuals need to be employed full-time in a formal non-government business. Targets youth in the Johannesburg metropolitan area in Gauteng province, the eThekweni (greater Durban)</i>	Levinsohn et al. (2014)

			metropolitan area of KwaZulu-Natal province and the urban area of Polokwane and surrounding rural areas of the Limpopo province.	
Public works	India	Increasing employment and earning Partial displacement effect.	National public works program for rural poor (MGNREGA).	Dutta et al. (2014)
	Malawi	Positive employment effects, even at low wages. This result supports the conclusion that the labour supply is relatively elastic.	1 day of subsidised wage work (per week) for 12 weeks offered in a workfare-type programme during the low agricultural season.	Goldberg (2016)

Source: Adapted from Fox and Kaul (2017), Grimm and Paffhausen (2015), *This is excluded from the list of Table 3.

Entrepreneurship/ Start-ups support

Interventions	Country	Outcomes	Inputs	Authors
Finance (Grant)	Uganda	Positive earning effects for start-ups	Youth Opportunities Programme (YOP) Government grant programme to help beneficiaries become self-employed artisans through one-time unsupervised cash transfers. Beneficiaries invited to form groups and submit grant proposals for non-agricultural vocational training and enterprise start-up. Targets poor and unemployed young adults.	Blattman et al., (2014)
	India (rural West-Bengal)*	No effect on business creation	Direct transfer of productive assets combined with the provision of training (inoculation of savings habits and integration into microfinance groups) to the 'ultra poor', particularly women.	Banerjee et al. (2011)
Finance (Credit)	Ethiopia*	An insignificant effect for business creation	Joint-liability microcredit, combined with the family planning programme	Tarozzi et al. (2013)
	Ethiopia, Morocco, Mongolia	No employment effect in existing firms, but new self-employment starts.	Finance (loan)	Banerjee et al. (2015)
	Mongolia*	No effect in the case of both individual and group lending, but a positive effect for business creation only for women's group lending.	Small loans; two different treatments: group-lending and individual loans, stand-alone. Target group: Relatively poor women in rural areas	Attanasio et al. (2011)
Technical and vocational training (TVT)	Kenya	No effect on earnings or employment.	TVT Training vouchers randomised to public vs private training institutions.	Hicks et al. (2016)
	Malawi	No employment effect. Women's decision-making was more constrained. Training was more expensive and less effective for women.	TVT + work experience On-the-job apprenticeship training to track differential outcomes of program dropouts.	Cho et al. (2012)
	Uganda	Positive employment and earnings effects; higher for men.	TVT + finance Grant competition for groups of youths looking to move into skilled artisanal self-employment groups. (NUSAF).	Blattman et al. (2014)

Business skills, life skills + mentorship	Colombia	Positive employment effect	Business skill in the agricultural sector Stand-alone business training program promoting productive activities in the agricultural sector; and agro-industrial sector, as well as in services and industry and targeted at the unemployed youth (16-25) in rural and remote areas	Steiner et al. (2010)
	Uganda	Sizeable non-farm employment effects; earnings effects as well (however effects appear to be mostly displacement).	Business skills + finance Cash grants (~\$150) combined with skills training for adult women working in agriculture in a post-conflict setting (WINGS).	Blattman et al. (2013)
	Nicaragua	Positive effects on HE business start-up.	Business skills + finance (conditional cash transfer) Households in the conditional cash transfer program provided with minimal business plan training; some got an additional grant.	Macours et al. (2012 & 2013)
	Peru	An insignificant but positive effect on business creation	Finance, advisory, business fair- Business training (100 hours), business advisory services (12 hours), participation in business fairs (80 hours) and access to credit intervention. Publicly financed and implemented. Targets young microenterprise owners in rural areas. Winners of business plan competition eligible for access to credit.	Jaramillo & Parodi, 2005
	Uganda	Positive employment and earnings effects.	Business skills + life skills + mentorship ELA after-school programme for adolescent females in rural towns and peri-urban areas offered support, mentoring, health advice, and life skills plus minimal vocational training. (Empowerment and Livelihood for Adolescents (ELA))	Bandiera et al. (2015)

Source: Adapted from Fox and Kaul (2017), Grimm and Paffhausen (2017), * These studies are not designed for youth.

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Key websites

- INCLUDE Platform: <http://includeplatform.net/>
- Youth Employment Inventory: <http://www.youth-employment-inventory.org>

- IDS Youth Employment and Politics research theme: <https://www.ids.ac.uk/idsresearch/youth-employment-and-politics>
- Work works for youth employment: <https://www.wwinye.org/>

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