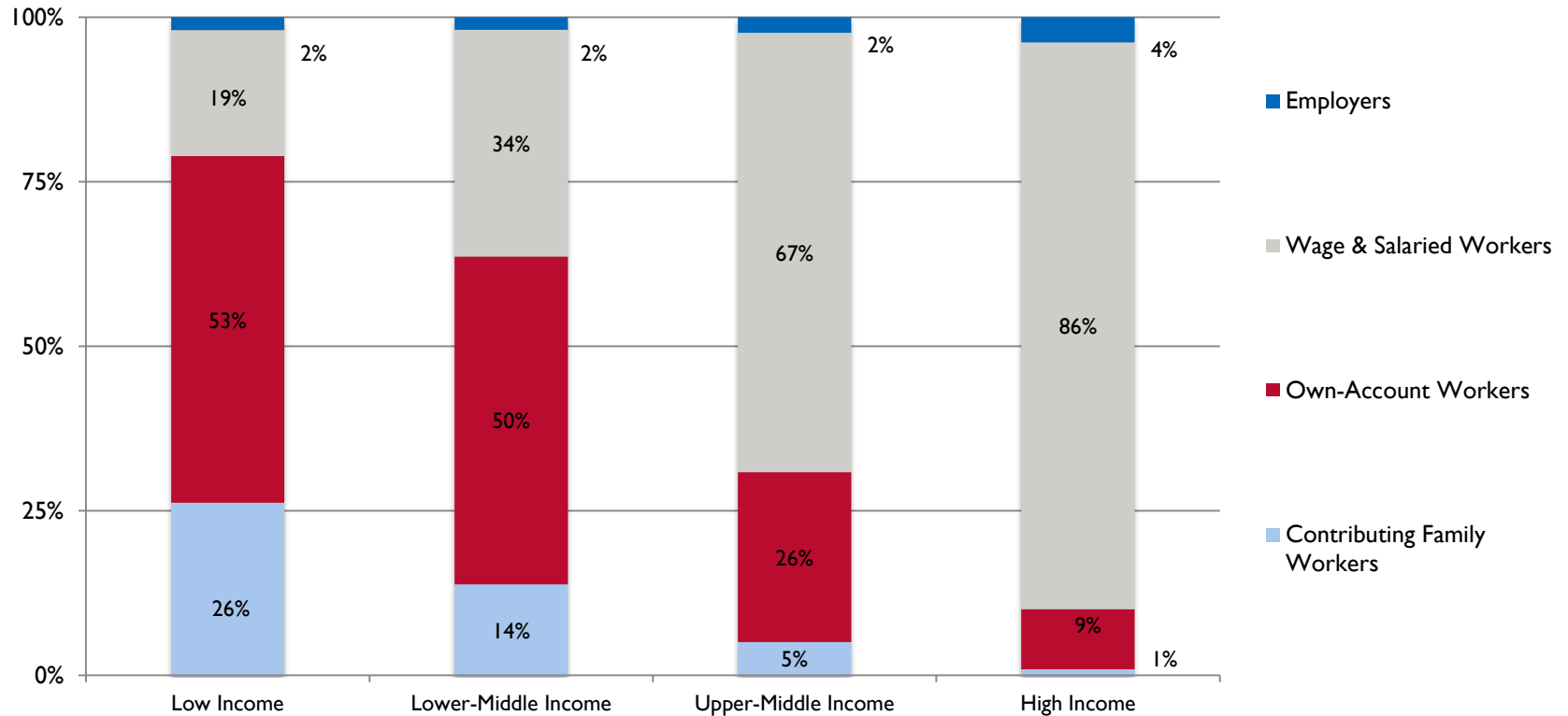


# **What is the evidence on rural youth livelihoods and effective interventions?**

Louise Fox  
Chief Economist  
USAID

# Informal is normal until economic transformation takes place

## Employment Structure



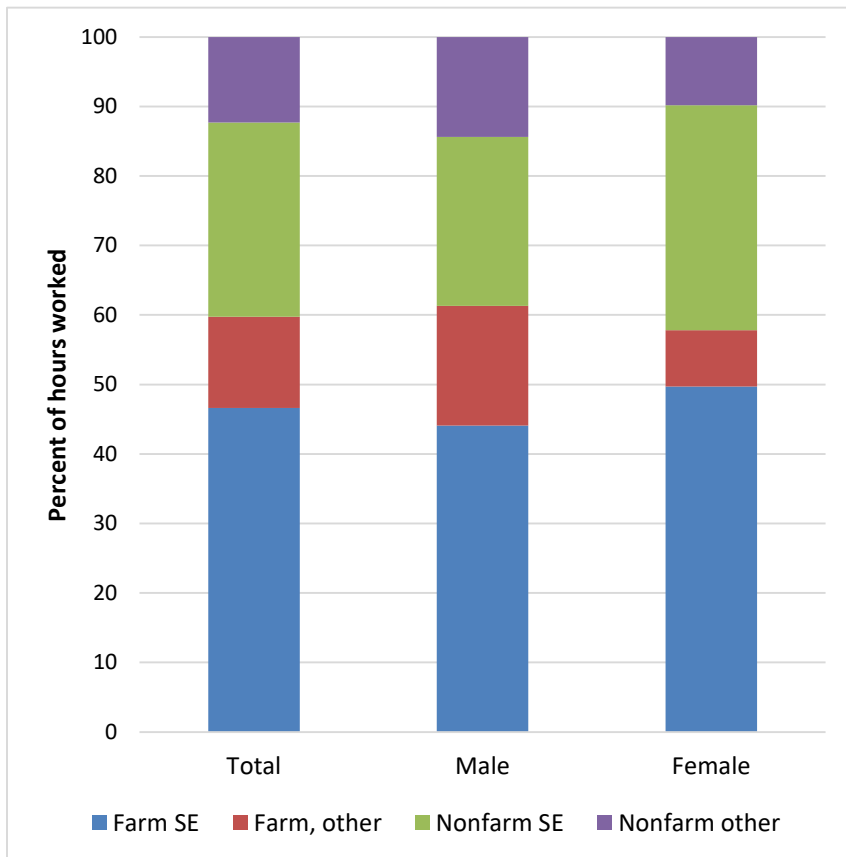
Source: ILO STAT, 2017

# The Youth Employment Problem

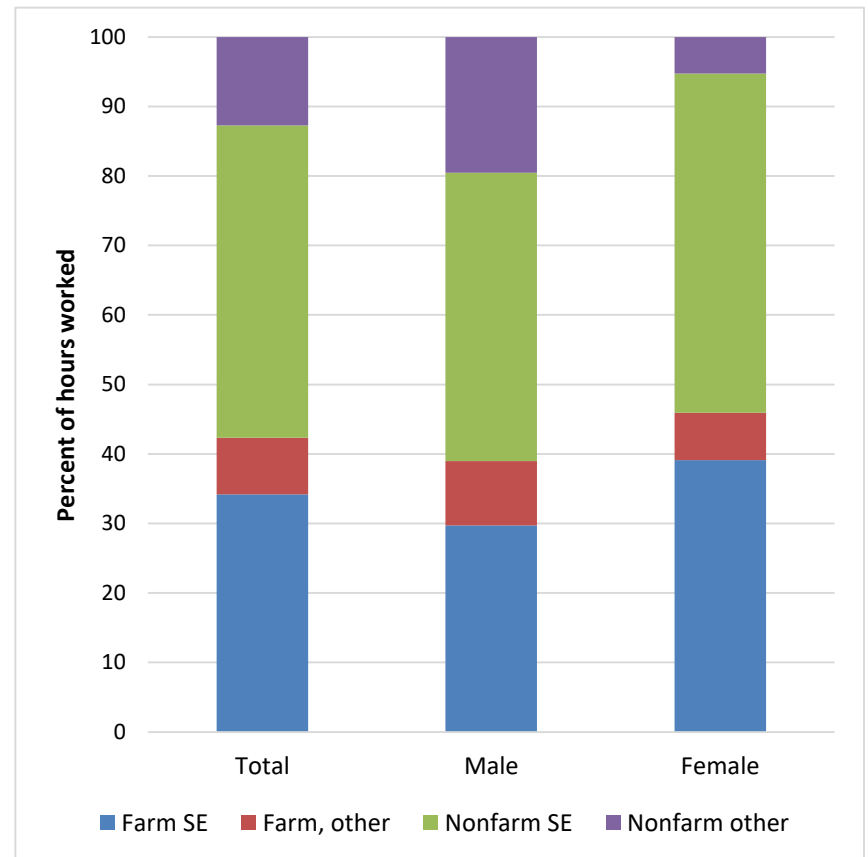
- Employment & earnings opportunities depend on extent of transformation, location , etc.
- NOT usually youth specific.
- Youth problem – transition from economic dependency to independence
- Entry into (stable and productive) employment
- In rural areas: usually household farm or business or combination – limited opportunities for nonfarm wage employment

# What do we know about economic activities of rural youth?

Tanzania, 2014-15  
Youth (age 15-24)

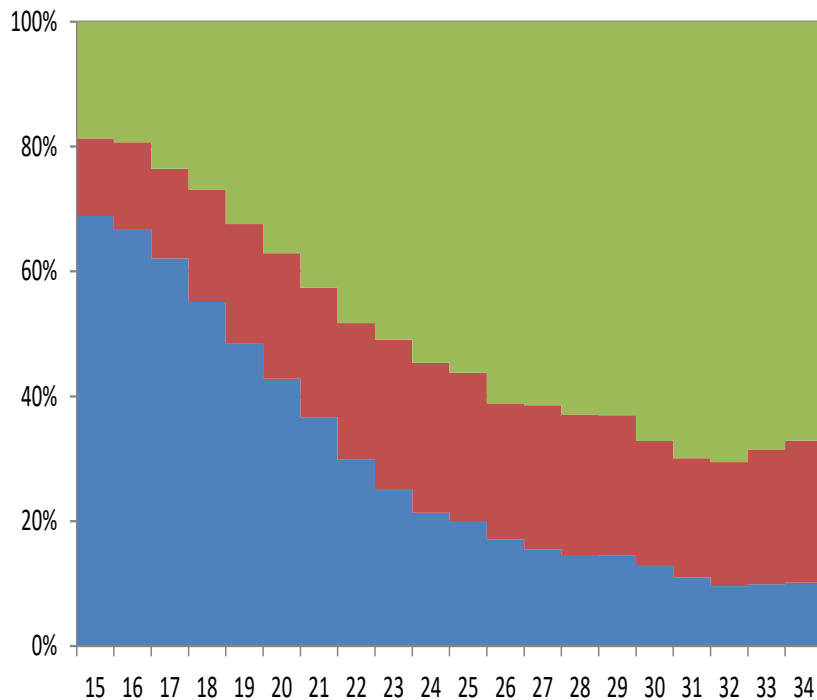


Tanzania, 2014-5  
Adults age 25-64



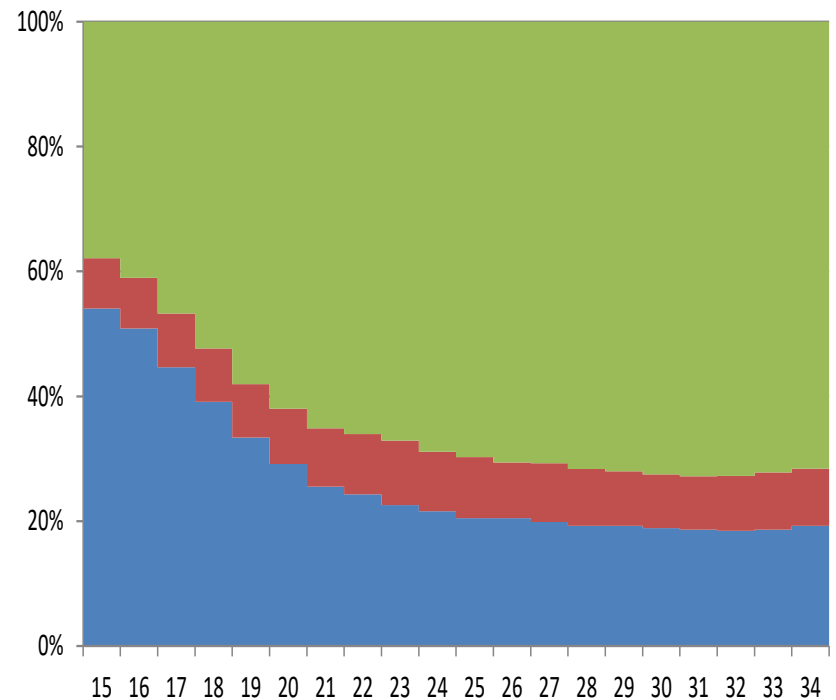
# Transition from economic dependence to independence

## Rural males, SSA



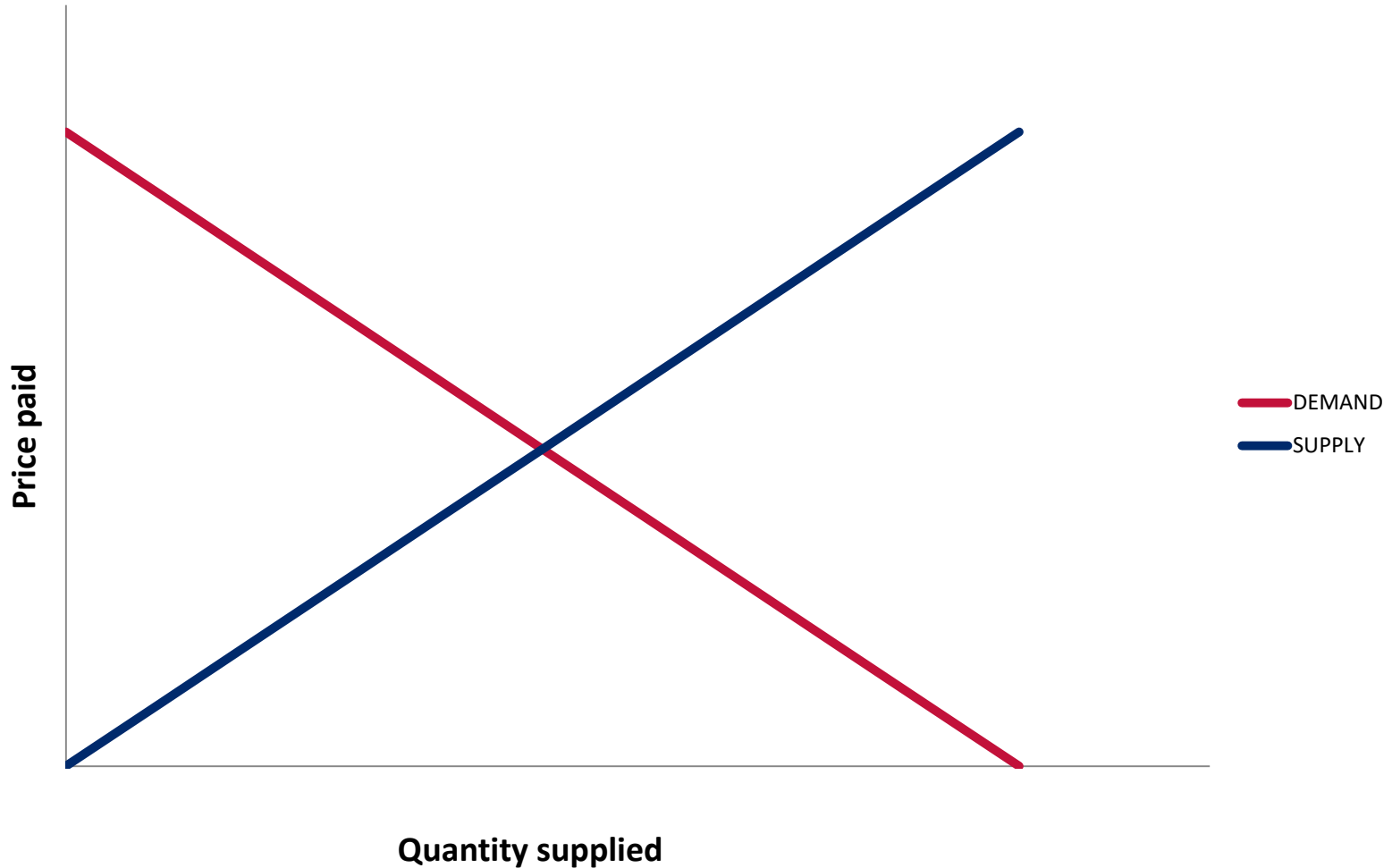
- Worked for self (past 12 months)
- Worked for someone else (past 12 months)
- Worked for family (past 12 months)

## Rural females, SSA

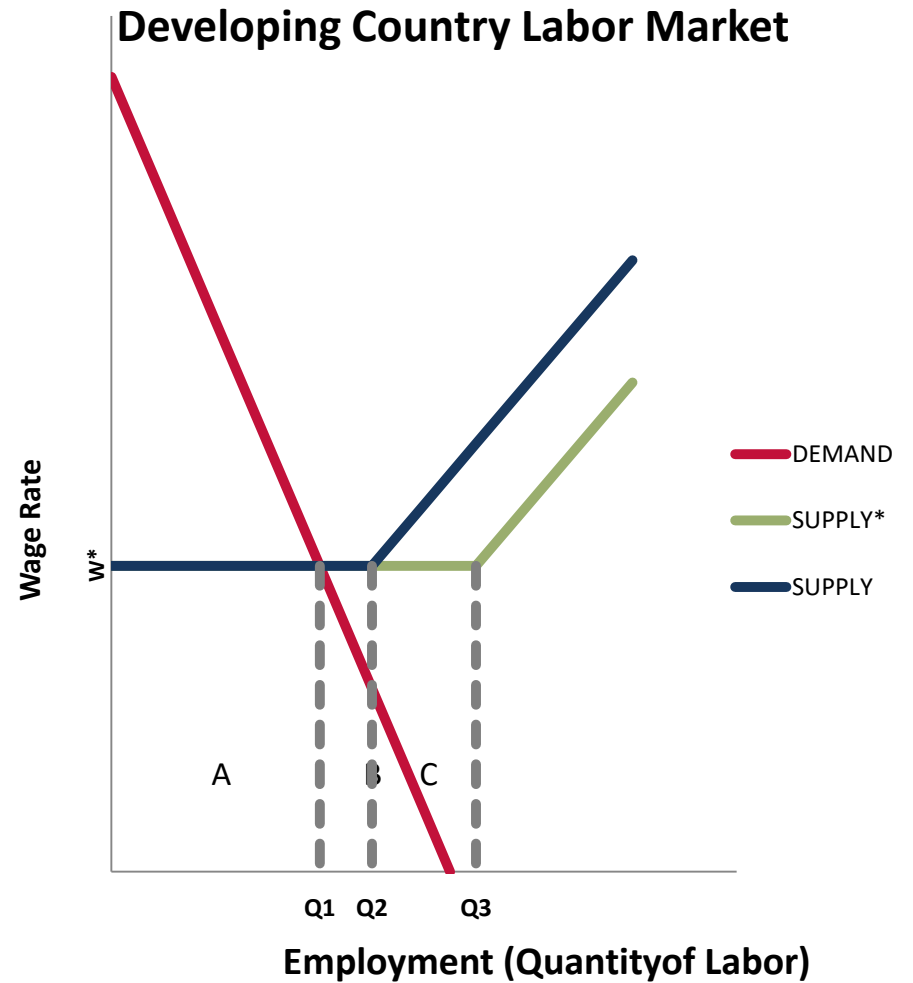
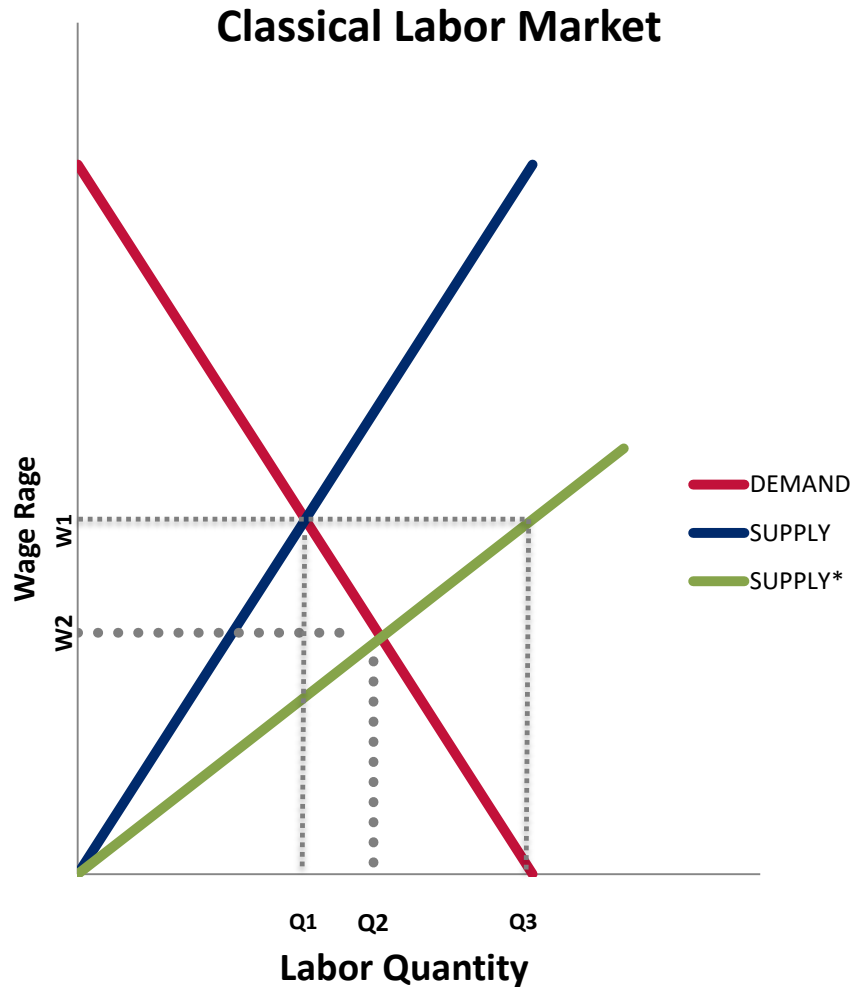


- Worked for self (past 12 months)
- Worked for someone else (past 12 months)
- Worked for family (past 12 months)

# Basics of supply and demand



# Labor Market Diagnosis



# Interventions: Theories of change & key assumptions

## Supply-side

- **Theory of change:** Improve youth characteristics for increased employment.
- **Assumption:** Entry level vacancies exist but youth lack the skills needed to get them.

## Business-climate

- **Theory of change:** Increase demand for youth labor (factors out of control of youth).
- **Assumption:** Barriers to firm entry and growth limit jobs and opportunities available.



# What does the impact evaluation research show?

- Review of IE evidence
  - Most evaluated programs take place in urban areas
  - Technical and vocational training (TVT) is the most common intervention; wage employment the most common desired outcome even when employment transformation slow
  - Success of training has been limited at best; evidence emerging on displacement effects for wage employment from: (i) TVET, (ii) subsidized apprenticeship, and (iii) job search/counseling assistance
  - For nonfarm SE/HE, cash is quite effective, low cost, gives boost to start-up (evidence from Kenya, Ethiopia, rural Central America)
  - Microfinance also works for start-up (Asia and Africa)
- **Results suggest that understanding of youth needs, progression towards employment missing/not informing program design.**

# Need to increase firm entry to increase labor demand

- Finance helps
- Management support helps sometimes
- Why and when should entry level, technical or other training in or with firms be subsidized?
  - Is this the best way to attract private investment?
  - Is there an information problem (firms don't know how to hire, value of training)?
  - Is there a coordination problem (e.g. industrial park)?
  - Are firms paying some cost/participating?

# Research questions

1. When do we need youth targeted programs?
  - When, how, why are youth excluded from economic opportunities in rural areas, how does this differ by gender, education, etc.
2. What should be objective?
  - Speed up entry? Change trajectory? Migration?
3. What should be the content?
  - Transferable skills (remedial cognitive, noncognitive)
  - Generic community PYD youth programs – are these enough?
  - Cash/finance? Inputs? Land transfer?
  - Targeted extension?

THANK YOU

