

# How to improve employment opportunities for vulnerable youth in Latin America: what have we learned?

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## Presentation based on:

- Lessons from the design, execution and evaluation of youth employment programs in Latin America & skills' demand studies.
  - Ibararán and others (2012)
  - Gonzales, Ripani and Rosas (2012)
  - Urzua and Puentes (2010)
  - Bassi et al (2012)
  - Gonzalez, Flores y Rosas (2014)

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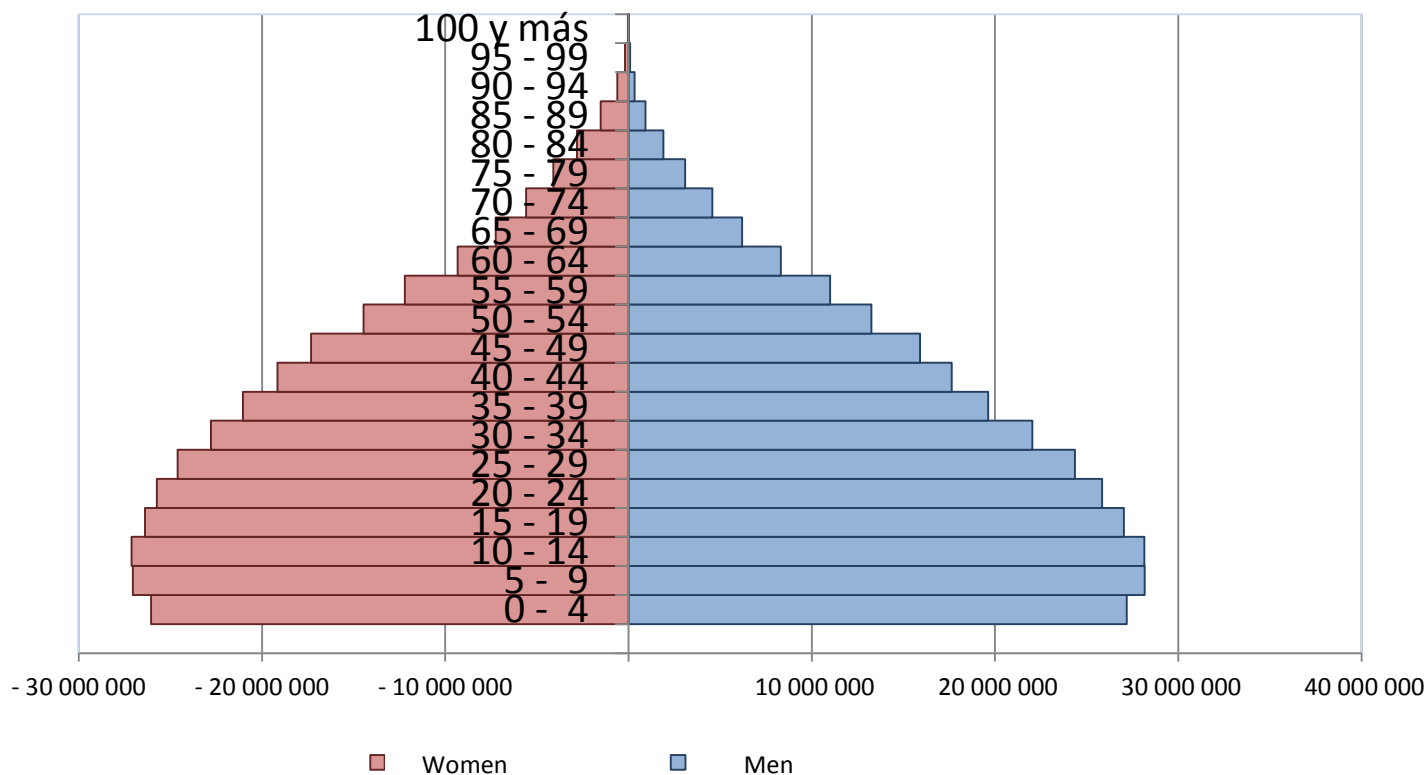


# Contents

- The context for youth in LAC
- Program response and impact
- Design observations, lessons learned and future agenda

# Latin America's population is young

## Population pyramid in Latin America



Source: CELADE

# Many young people are poorly prepared for employment



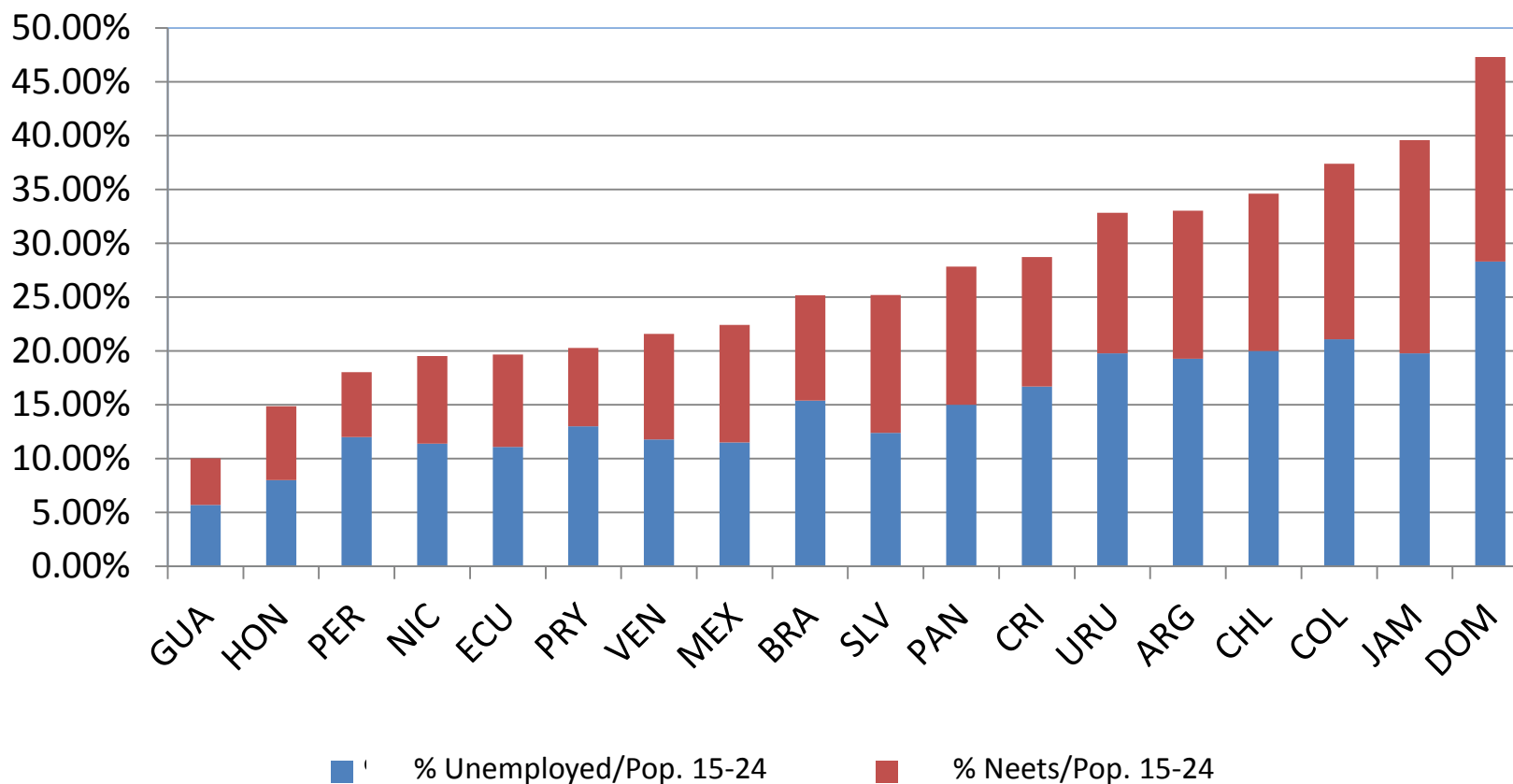
48% of youth cannot understand a simple text



62% cannot do simple calculations

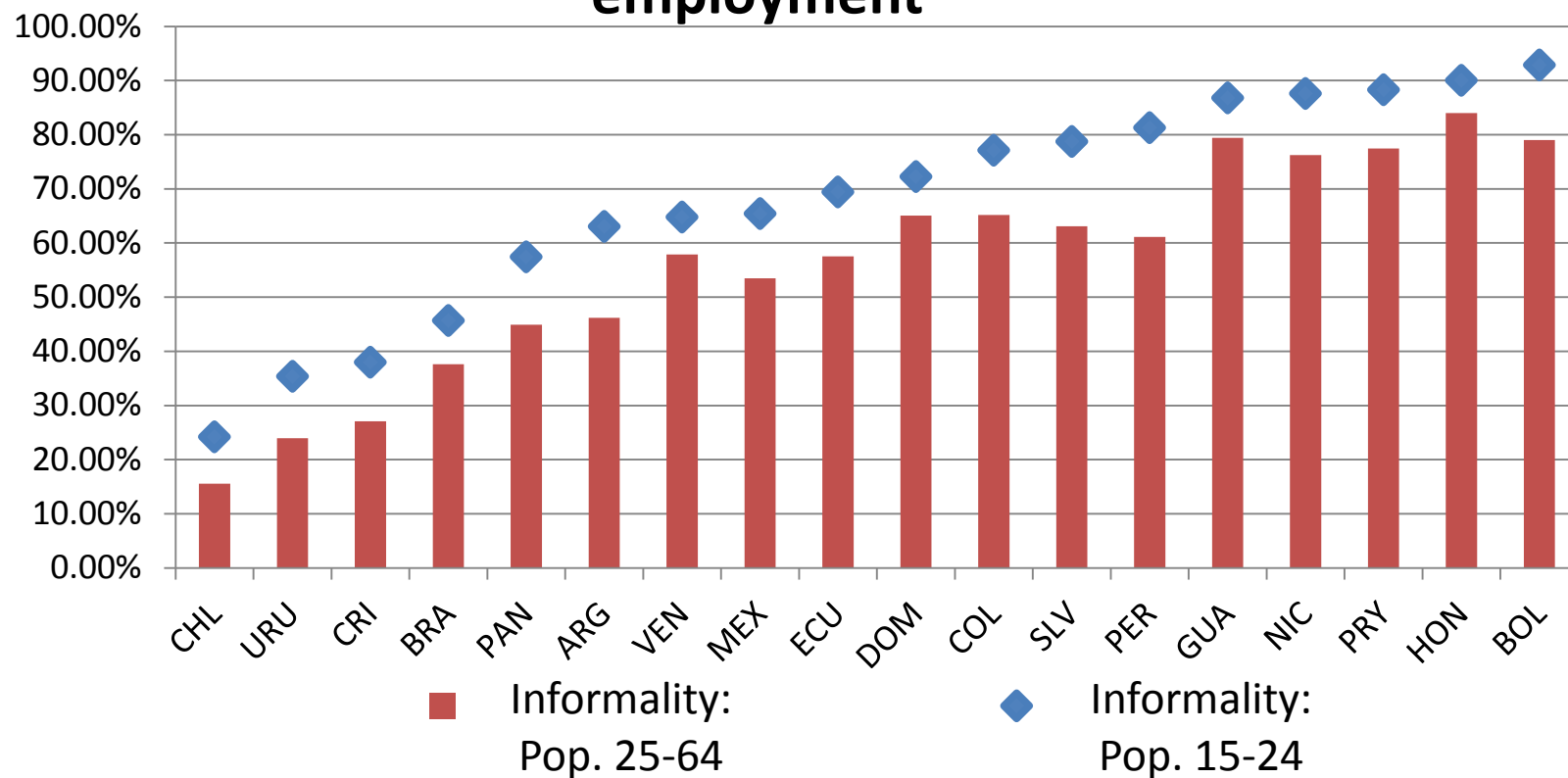
In average, 1 out of every 4 youth is unemployed or does not study or work

### % Unemployment and NEETs as % population 15-24



And a large proportion of youth work in the informal sector

## % not contributing to social security/total employment



# Programs' characteristics

**Objective:** to increase opportunities to find a job and improve job quality

**Target population:** vulnerable youth

**Coverage:** limited/urban

**Cost per participant:** relatively low~ US \$ 400-750

**Orientation:** demand

Private providers not linked with public training systems



# Programs' Characteristics

## Services

- **Classroom training:** vocational and technical + soft or basic skills + remedials (2-3 months)

+

- **On-the-job-training** (1 -3 months)

+

- **Job placement for youth beneficiaries:** vacancy identification, recruiting and hiring incentives

## Mechanisms

Increase in human capital

Decrease employment search and recruiting costs

# What's the impact of labor training programs?

- Need to evaluate them because there is no hard evidence. A lot of these programs were not successful.
  - In general, **training programs have limited or no effects** (LaLonde, 1995; Heckman and others, 1999; Dar and Tzannatos, 1999; Kluve and others, 2007).
  - Programs for youth even less successful results (Dar and Tzannatos, 1999; Betcherman, Olivas and Dar, 2004; Kluve, 2006; Card and others, 2010).
  - There is evidence of positive impact of these programs in LAC (Betcherman and others, 2004), (Urzua and Puentes, 2010), Attanasio and others (2011)

# Programs' impact

(experimental tools – random and natural experiment )

	<b>Youth and Employment (DR)</b>	<b>Youth in Action (Colombia)</b>	<b>Procajoven (Panama) Model tec+bas+internship</b>	<b>Procajoven (Panama) Model basic+long internship</b>
<b>Probability of finding a job</b>	None	<b>7pp</b> (women)	<b>12pp</b> (women)	<b>16pp</b> (women)
<b>Impact in having a formal job</b>	<b>4pp</b> (men)	<b>5pp</b> (men) <b>7pp</b> (women)	n.d.	n.d.
<b>Labor income</b>	<b>7%</b> (monthly income)	<b>22%</b> (women)	None	None
<b>Hours worked</b>	n.d.	<b>3 hs</b> (women)	<b>6hs</b> (women)	<b>7hs</b> (women)



# Reflexions on Design I

- **Socioemocional skills for jobs & social outcomes**
  - **OTJ training stronger impact than in classroom**
  - **Real vacancies versus Apprenticeships**
  - **Importance of intermediation**
  - **Displacement Effects?**



## Reflexions on Design II

- **Technical training: benefits do not seem to exceed costs**
- **Technical training– too short?**
- **Need to rethink technical training.. ?**
  - **At work: Apprenticeships?**
  - **In School: better quality and relevance?**

Thanks for your attention



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