Approach Paper

IEG Evaluation on Youth Employment FY 2001-FY 2011
October 24, 2011

Section I: Overall Context

Background

1. The Independent Evaluation Group (IEG) will evaluate World Bank Group (WBG) support for youth employment. The evaluation will (i) take stock of international evidence of effectiveness of youth employment initiatives to help inform a review of the WBG’s work; (ii) take stock of WBG support to youth employment; (iii) identify lessons from WBG’s support in promoting youth employment in various contexts; and (iv) help guide the WBG’s future work in youth employment. The evaluation will use the Bank’s MILES framework focusing primarily on investment (I), labor market institutions (L) and education and skills (E) aspects. Fiscal years 2001-2011 will be examined. The evaluation will have a strong formative and prospective focus. It will draw from a number of sources, starting out with a background paper on the taxonomy for youth employment and relevant interventions, a lending portfolio review focusing on closed and ongoing youth employment and vocational education projects, a review of relevant sector work, and about 16 in-depth country case studies. Findings aim to inform future WBG work, and the ‘operationalization’ of the World Development Report 2013 on Jobs which is scheduled to be published in early fall 2012. This Approach Paper presents the concept, objectives, scope, methodology, and timetable for the evaluation.

Rationale and Issues in Youth Employment

2. Youth employment issues cannot be fully described by unemployment data in many developing countries. In many countries, the level of measured unemployment is consistently low, as data do not fully capture the work situation. The labor market consists of different segments with different quality jobs and earnings for individuals at different skill levels, experience and background (Fields 2007). A large share of youth is underemployed, works in low quality jobs with low earnings, and is active in informal self-employment and in unpaid lower-productivity agriculture and service jobs. Additional information is therefore needed about indicators such as underemployment, wage employment, self-employment, unpaid work, market earnings and working poverty to understand the different facets of employments in developing regions and its implication for young people (ADI 2009).²

---

¹ For the purpose of the evaluation, youth is defined as 15-24 age groups with country-specific adjustments to accommodate variations in age across countries.
² See Glossary in Annex B.
3. **Youth employment has become a major and costly issue in many countries**, as most recently demonstrated in the Middle East and North Africa Region where unemployment affects youth migration and social and political unrest. Instead of contributing to the economy, the young who are underemployed and unemployed incur costs to the economy. These costs include direct costs to the Government, depending on the extent of support programs and costs related to the economic loss of investment in education, foregone earnings, savings and aggregated demand (ILO 2010). The direct opportunity cost of youth unemployment to the Arab region is estimated to be on the order of US$40-50 billion annually (IFC 2011).

4. **Many countries report a youth bulge in their population pyramid** as the babies born a generation ago (when fertility rates were higher) are entering the job market. As a result, the share of young people, aged 10-24 who at some point will look for employment ranges from 20 percent of the population in Eastern European countries to more than 35 percent in many African countries (e.g. 41 percent of the population in Swaziland in 2006).³ However, these countries do not have a fast rate of growth in their demand for labor to be able to accommodate their increasing number of youth.

5. **Millennium Development Goals (MDG) targeted to youth employment are not likely to be met.** Achieving full and productive employment and decent work for all, including women and young people is a target of MDG 1.⁴ The total number of young people employed has indeed increased substantially by 34 million since 1998 to reach 540 million in 2008. Globally the youth employment to population ratio⁵ decreased from 47.9 percent in 1998 to 44.4 percent in 2009 (ILO 2010). Poorer youths report up to 35 percent higher labor force participation than the better-off, as they cannot afford to be inactive. They often lack the necessary skills to find better quality jobs and move out of informality (ILO 2010), and are likely to be stuck with below market earnings and poverty (ADI 2009).

6. **Young people are more likely to be unemployed than adults.** In industrial countries, youth unemployment rates are 2 to 3 times higher compared to adult unemployment rates (Breen 2005), whereas in developing countries the youth rates are up to 5 to 7 times higher than adult rates. In 2009, the global youth unemployment rate⁶ was 13 percent compared to a 4.3 percent adult unemployment rate (ILO 2010). Youth unemployment varies from 7 percent in East Asia to about 13 percent in industrial economies to a high of 25 percent in the Middle East and North Africa (World Bank 2007). Among the countries with highest youth unemployment rates are Bosnia and Herzegovina (59%), Armenia (58%), South Africa (47%), and the West Bank & Gaza (35%) (ILO, 2010). Some countries in MENA for instance, report voluntary unemployment among the more educated young who benefit from family support to perform an extended job search (Godfrey 2003). Rates differ across urban and rural areas and across level of education (World Bank 2002). Many African countries report lower rural unemployment rates as the young migrate to urban areas in search of work (ADI 2009).

---


⁵ The proportion of a country’s young population (who could be available to work) that is employed (ILO 2010)

⁶ Youth unemployment refers to the share of the labor force ages 15-24 without work, but available for work.
7. **The global economic crisis hit young workers badly.** Youth unemployment is more sensitive to economic crises than adult unemployment. Since the onset of the global economic crisis, between 2007 and 2009, youth unemployment increased by 7.8 million at the global level (1.1 million in 2007/08 and 6.6 million in 2008/09). The youth unemployment rate increased by 1.0 percentage point compared to 0.5 points for the adult rate over 2008/09. At the end of 2009, about 81 million young people worldwide were unemployed (ILO 2010).7

8. **Youth joblessness is highest for young people entering the job market and will affect their future labor market outcomes.** Surveys from 60 developing countries show that young people take on average 1.4 years after school to find stable employment (World Bank 2007). Many enter the labor market informally and change their jobs frequently. Longer-term unemployment threatens future employment prospects and increases the risk of lower wages and lifetime earnings for youth. Prior unemployment reduces the probability of a young worker finding employment (Ryan 2001).

**Purpose and Expected Use**

9. **The purpose of this evaluation is to** identify relevant lessons from WBG support to promoting youth employment and establishing sustainable youth employment policies in fiscally constrained environments. The overarching evaluation question is: “What lessons emerge from World Bank Group support to youth employment?” Much of the WBG’s work on youth employment is of recent nature, thus the evaluation will have a strong formative and prospective focus, while also seeking to draw lessons from recently completed initiatives. Findings will help to identify the factors that affect the success of different interventions and inform future lending, technical advice, and the policy dialogue.

**Conceptual Framework**

10. **The Conceptual Framework for this evaluation adapts the MILES framework to youth employment.** Evaluating the effectiveness of interventions to promote youth employment in the longer run requires a comprehensive cross-sectoral approach. To formulate a labor market paradigm for lower-income countries, the World Bank has developed the MILES framework which applies to the entire labor market. MILES includes macroeconomic policies (M), investment climate (I), labor market institutions (L), education and skills (E), and social protection (S). MILES is operationally and policy relevant and is used to support countries in designing labor market strategies and better jobs by identifying key constraints for job creation. MILES aims at identifying policy priorities and required reforms, and helps implementing them in close collaboration with stakeholders (Holzmann 2007). This Approach Paper proposes a conceptual framework (Figure 1) based on MILES to organize the key issues in youth employment and present related government interventions.

---

7 Data availability on youth unemployment is scant. Most high- and middle-income countries report reliable labor data on unemployment; most low-income countries estimate their rates based on household survey data.
11. The determinants of youth employment are aligned in the conceptual framework with MILES to describe the youth employment problematic. The determinants of youth employment include individual and cultural attributes, education and skills; characteristics of the labor market; and the demand by employers for young workers, which is influenced by the strength of the economy, the resulting aggregate demand for labor, and the investment climate for firms and young entrepreneurs (Freeman and Wise 1982). These factors are embedded in MILES and help to define the various nature of the youth employment problem in a country.

MACROECONOMIC, POLITICAL, GOVERNANCE AND SOCIAL PROTECTION (M, S)

12. The macroeconomic and political contexts influence labor markets and employment generally (Figure 1). Macroeconomic growth may affect different sectors differently and thus have an uneven impact on aggregate demand in wage employment and employment creation across sectors (Begg 2009). Growth may particularly favor youth if it leads to higher employment shares in youth-intensive sectors, such as software development and call centers. Fiscal and sector-specific trade policies may affect youth employment if they affect industries with a demand bias for youth. However in poorer countries, few young people work in export-oriented sectors. Rather, the youth constitute a large share among un-paid family workers in agriculture (83% in Ethiopia, 86% in Madagascar), and only about 20 percent of workers in non-agriculture wage-employment are young workers (ADI 2009).

13. In most countries, the young unemployed cannot rely on financial protection through insurance. Where available, unemployment insurance may not cover young people without contribution history. These unemployed youths depend on financial support by their family and friends, leaving less for spending and investment at the household level. Discouraged young people, who have been jobless for a longer period, may withdraw from the labor force. They are less inclined to look for work; they may turn to temporary work, self-employment, and jobs without formal labor protection or end up in social distress (Lochner and Moretti 2004).
Figure 1. Adapting MILES to Organize Issues in Youth Employment

(M) Macroeconomic, Political, Governance, Social (S)

Supply of Skills and Attributes (E)
- Individual attributes
- Education relevant for work
- Size of youth cohort

Labor Market Characteristics for Youth (L)
- Asymmetric information about jobs and skills
- Below market earnings

Demand for Youths by Firms (I)
- Economic growth
- Investment climate
- Firms’ preference
- Jobs in rural/urban and sectors

Self-Employment (I)
- Economic growth
- Procedures for start-ups
- Access to resources

Government Interventions
- Education System and Policies
- Labor market policies
- Active Labor Market Programs
- Investment climate policies
14. The demand by firms for young workers is influenced by factors such as the size of the economy and the investment climate (Table 1). The investment climate affects employers’ hiring decision, including aspects of labor and capital productivity, access to credit for entrepreneurs and firms, the costs of doing business, and fiscal and trade regulations. In many countries, the formal credit market excludes young people, as small and medium-sized companies – among them start-ups managed by young people – cannot get credit from state banks. Many small firms do not even have bank accounts, which hinders investment for young entrepreneurs. Thus, many young people work informally or migrate within or to other countries to find better-paying work (ADI 2009).

Table 1. Factors Affecting Youth Employment

<table>
<thead>
<tr>
<th>Supply of skills and individual attributes (E)</th>
<th>Labor Market Characteristics (L)</th>
<th>Demand for Youth by Firms (I)</th>
<th>Self-Employment (I)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Rising youth cohorts</td>
<td>• Information about jobs and skills available</td>
<td>• Economic growth</td>
<td>Economic growth</td>
</tr>
<tr>
<td>• Relevance of skills</td>
<td>• Minimum wage regulations</td>
<td>• Jobs in rural/urban area</td>
<td>Regulations/procedures for young entrepreneurs</td>
</tr>
<tr>
<td>• Signal about education</td>
<td>• Low labor market earnings</td>
<td>• Want experienced workers</td>
<td>Access to resources, networks, and capacity support</td>
</tr>
<tr>
<td>• Educational attainment</td>
<td>• Employment protection laws</td>
<td>• Investment climate for firms</td>
<td></td>
</tr>
<tr>
<td>• Socio-economic background</td>
<td></td>
<td>• Signal about job and sector</td>
<td></td>
</tr>
<tr>
<td>• Social deprivation</td>
<td></td>
<td>• Migration</td>
<td></td>
</tr>
<tr>
<td>• Minority</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Access to social networks</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


15. Employer preferences affect youth employment. Many employers prefer to hire more experienced workers, whereas some sectors and jobs (blue/white collar) are less attractive to young workers. In MENA, for instance, high public sector wage premiums send a signal causing graduates to queue for public sector jobs (World Bank 2007). The young have accumulated less human, social and physical capital, have less work experience, less relevant knowledge for the labor market, and fewer contacts to social networks to find work. Some employers discriminate against young workers as they are less experienced than adults or have a different attitude to work (World Bank 2007; ILO 2010).

16. Young people encounter more difficulties than adults in becoming self-employed. Most youth lack the business skills and connections to become successful entrepreneurs. Young entrepreneurs face more difficulties in accessing resources and networks, complying with regulations, and receiving technical support (ADI 2009). They are likely to start in low quality work with inferior earnings and working conditions, and in the informal sector.

17. Rural investment opportunities and migration possibilities affect youth employment. There are generally fewer employment opportunities in rural areas causing young people either to migrate to urban areas or work in lower-income agriculture and informal sector jobs. In rural Africa, youth primarily work in agriculture as unpaid workers. To find paid non-farm work they migrate within and across countries. Increased youth migration has a wide impact including on
education, housing, infrastructure, and household finances. Findings from Africa suggest that urban areas have been very slow in job creation to accommodate increasing numbers of young male migrants; as a result migrants are more likely to be unemployed and out of the labor force than their non-migrant counterparts (ADI 2009).

**LABOR MARKET CHARACTERISTICS (L)**

18. **Specific characteristics of the labor market affect employment prospects for young people; these include asymmetric information and regulations** (Table 1). Youth often lack the relevant labor market information about the types of work and skills required by firms to fill jobs, and they do not have job search experience or access to formal and informal placement methods (ILO 2010). Firms may not have the necessary information about young people’s ability and the quality of their educational attainment which affects their hiring practice.

19. **In some countries, labor market policies discriminate against youth.** Regulations of minimum wages negatively affect young workers, especially if labor unions – mainly in middle- and higher income countries – use their power to keep wages above their equilibrium level, causing young workers to contribute to classical unemployment (Begg 2009). Employment protection laws may raise hiring costs which can disfavor young people, and possibly increase informality (Ryan 2001). In the Europe and Central Asia Region, strict employment protection legislation make it difficult to fire workers which limits the number of open positions for school leavers to apply, and restrictions to temporary employment further reduces job opportunities for youth (World Bank 2011).

**SUPPLY OF SKILLS FOR THE LABOR MARKET AND INDIVIDUAL ATTRIBUTES (E)**

20. **Youth employment is influenced by the labor market relevance of skills acquired by graduates in a changing economy,** which contributes to structural unemployment (Begg 2000). The knowledge acquired by students and their suitability for work affects the employability of young people. Some skills are more relevant for labor markets, but rarely taught in schools. About one-third of the firms in MENA countries identify the lack of appropriate education among school leavers as a major or severe impediment to doing business (Benhassine 2009). In OECD countries, vocational programs are provided through employers and in schools to teach trainees the skills relevant for work and improve their employability. However, in developing countries the small size of the formal industrial sector limits the number of training opportunities for young people. In Africa, the share of young people enrolled in formal technical and vocational training (TVET) is less than 10 percent of total secondary enrollment (Verspoor 2008).

21. **Depending on the country context, differently educated youths face a different probability of being productively employed.** In the Middle East unemployment rates are higher

---

8 Including expert thinking and problem solving abilities when there are no rule-based solutions; complex communication skills to acquire information and use it for productive purposes; routine cognitive tasks not well-defined by logical rules; routine and non-routine manual tasks.

9 Annex A defines different TVET concepts.
among the better-educated, whereas in Latin American countries, the non-skilled are less likely to be employed (World Bank 2007). However, the more educated and wealthier youths can afford to be economically inactive and wait for openings in the formal sector (Gustman 1988).

22. **The attributes of young people, both as a group and as individuals, affect their chances of finding employment.** Rising youth cohorts in a country are positively related to youth unemployment (Biagi 2008). Some individual attributes make it difficult for individuals to find employment, contributing to the frictional unemployment level, which is the irreducible minimum level of unemployment (Begg 2000). Among these attributes are individuals’ socio-economic background and their connections to social networks, social deprivation, racial minority status, gender, as well as being disabled (World Bank 2007).

23. **In many countries, females entering the labor force face more social and labor market entry barriers than men.** Women are more likely to be unemployed, economically inactive or work in the lower-paying informal sector (World Bank 2007). In Latin America, the Middle East and North Africa, young women report a 10 percent higher unemployment rate than men (World Development Indicators). Although trends in youth employment rates in OECD countries have not disfavored young females since the mid-seventies, changes in youth pay have been unfavorable for young women (Ryan 2001).

**Government Interventions to Promote Youth Employment**

24. **Governments use different approaches to promote youth employment, including labor market policies, Active Labor Market Programs, investment in education, and improving the investment climate for private and public firms.** Governments can intervene to influence youth employment with labor market policies including laws, regulations and deregulations, skills training to strengthen the link between employers and training, Active Labor Market Programs (ALMP) targeted to youth and measures to improve the business and investment climate for entrepreneurs and for firms in the private and public sector, that primarily hire young people (Figure 1). The WBG supports countries in developing and implementing these interventions.

**Investment Climate Policies for Private and Public Sectors**

25. **Investment policies to attract private sector investment may affect industries with high shares of youth employment.** Investment climate policies (such as improving access to credit for firms) are generally targeted to the entire labor market and not to a population segment. However, China for instance, promoted rural manufacturing to support youth employment in rural areas. In Indonesia, industries with youth employment shares more than twice the national average, are concentrated in electronics and textile manufacturing, and heavily engaged in exporting. Young workers in these youth-intensive exporting sectors are disproportionately well educated—47 percent have completed secondary schooling, compared with 11 percent of other employed youth (World Bank 2007).

26. **A country may expect to attract foreign investment and technology from multinational enterprises if it has an adult population that meets a threshold level of education of roughly 10 years of completed schooling.** High foreign investment rates exceeding 40 percent of GDP for Singapore and 25 percent for Hong Kong SAR, China helped fuel the growth processes of
these two countries over four decades. The related technology transfer associated with foreign direct investment by multinational companies helped to build up technology needed to raise labor productivity in the nonagricultural sector in both countries. Neither Hong Kong SAR, China nor Singapore had high proportions of college or post-college educated workers. Lacking the human capital to develop new technology through basic and applied research, the two Governments were able to acquire it from abroad by creating an investment environment that was attractive to technically advanced multinational firms (Xu 2000).

**Labor Market Policies**

27. **Government regulations of employment contracts and minimum wages are highly politicized, and often a topic for labor unions as they affect different population segments.** Reducing employment protection for adult workers by introducing temporary contracts in the formal sector which is governed by permanent contracts can induce employment mobility and bring more young workers to the formal sectors (Gustman 1988). Evidence from OECD countries is inconclusive on the employment outcomes of youth-specific deregulation of employment protection rules (Ryan 2001). Deregulation of minimum wages by introducing youth subminimum wages is expected to lead to labor-labor substitution particularly in less skilled occupations. In OECD countries pay flexibility has contributed little to youth employment, suggesting that the price elasticity of demand for youth labor is low (Kluve 2010). Chile, however, reports increased youth employment as a result of below-minimum apprenticeship wages (World Bank 2007).

**Active Labor Market Programs (ALMPs)**

28. **ALMPs include training programs such as vocational skills training for youth; private sector schemes to create job opportunities for youth; job search assistance to help graduates and the unemployed find work; and public sector employment programs** (Table 2). ALMPs can be targeted to youth or other population groups; however, their high costs to the Governments requires ALMPs to be well-targeted and of limited duration. Public spending in OECD countries on ALMPs ranges from 0.2 percent (USA) up to 2 percent of GDP (Netherlands) (Kluve 2010).

**Table 2. Active Labor Market Programs Targeted to Young Workers**

<table>
<thead>
<tr>
<th><strong>ALMP</strong></th>
<th><strong>Definition</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Training programs</td>
<td>General education or specific vocational skills training to enhance productivity, employability and human capital</td>
</tr>
<tr>
<td>Private sector incentive schemes</td>
<td>Measures (e.g. wage subsidies) to encourage private sector employers to hire young workers or maintain jobs</td>
</tr>
<tr>
<td></td>
<td>Self-employment grants and advisory services to young unemployed to start their own business and overcome credit market constraints disfavoring the young</td>
</tr>
<tr>
<td>Job search assistance</td>
<td>Measures to increase job search efficiency: counseling and monitoring, job search courses, vocational guidance</td>
</tr>
<tr>
<td>Public sector employment programs</td>
<td>Provision of public works to keep individuals in contact with labor market</td>
</tr>
</tbody>
</table>
Education Systems and Policies

29. Education systems in many countries are challenged in preparing students for the labor market. The quality of post-primary education is influenced by funding, learning environment, curriculum development, assessment and instructional materials, teacher education and development, and institutional management and capacity building (World Bank 2005). Teachers are often not trained to develop complex skill sets in their students, as many teachers did not receive a high-quality secondary education themselves (Levy and Murnane 2004). The most recent PISA (Program for International Student Assessment) found that the few middle- and low-income countries include score below the OECD average in math, reading, and science (OECD 2010). Linking work experience to training through apprenticeship, TVET or on-the-job training could help building the necessary skills for the labor market. Governments support TVET through regulations and supervision of national standards, financing, and provision of training (Ryan 2001).

30. Insufficient public funding to technical and higher education has caused governments to increase school fees, provide scholarships and student loans, and look for private funding. In many countries, higher education systems mainly benefit the wealthier urban children and remain largely inaccessible for rural children. Girls are at a particular disadvantage (Verspoor 2008). Difficulties in targeting scholarships and student loans based on students’ socio-economic backgrounds causes low-income students to pass on learning opportunity (World Bank 2006). In some contexts, student loan programs have failed due to student default, high administrative costs, and difficulties in assessing student need. The low quality of public records and of national income tax data limit the use of means tested programs to determine eligibility for financial aid (Kapur and Crowley 2008). In some countries, Universities and colleges raise funds from industries by entering partnerships with private business to finance research.

Evolution of WBG Engagement in Youth Employment

31. WBG operations targeted at youth employment fall into three broad categories: (i) labor market operations; (ii) private sector operations; and (iii) operations focusing on skills building for the labor market through education projects. The WBG provides technical and operational support to the public sector and to the private sector through IFC, MIGA, and the Bank’s Private Sector Development Group.

Lending and Investment Operations with Public and Private Sector

32. Based on a review of all WBG projects approved during FY01-FY11 by the Executive Directors (Annex 3), 140 operations have objectives or activities related to youth employment. Overall 45 of these 140 projects were managed by the Education sector, 34 by Social Protection, 21 by Agriculture and Rural Development, 15 by the Private Sector Development (Annex Table 1). The Africa and Latin America and Caribbean (LCR) regions reported most projects (Table 3).

---

10 Middle-income countries: Argentina, Brazil, Turkey, Russian Federation. Low-income countries: Kyrgyzstan.
Table 3. Number of Projects on Youth Employment by Region and FY of Approval, 2001 – 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFR</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>51</td>
</tr>
<tr>
<td>LCR</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>27</td>
</tr>
<tr>
<td>ECA</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>25</td>
</tr>
<tr>
<td>SAR</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>MNA</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>EAP</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>13</td>
<td>11</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>14</td>
<td>13</td>
<td>17</td>
<td>14</td>
<td>16</td>
<td>140</td>
</tr>
</tbody>
</table>

Source: Business Warehouse

Notes: See Annex 4 for identification of projects. Additional financing is not counted as a new project.

33. The total volume of IBRD and IDA lending to operations with youth employment involvement increased substantially during the past decade. The lending volume approved for operations with youth employment activities ranged between $400 million in 2001 and $3.7 billion in 2010. Lending was mainly through IBRD (Figure 2). These operations will be included in the evaluation and the actual amount disbursed for youth employment activities per year will be identified.

Figure 2. Total IBRD/IDA Commitments for Operations with Youth Employment, by FY approved, in $US million, FY2001 - FY2011

Note: Including all 140 operations with allocation for specific sector or theme codes, managed by all Sector Boards (See Annex 3 and Annex Table 1). Commitments reflect total loan amount for operations selected; total loan amount is allocated to the approval year, even so an operation is under implementation for several years.

Source: Business Warehouse.

34. Few IFC activities have targeted youth and for most of these activities it is too early to be evaluated. Therefore, IEG will review training, capacity building, and education sector ac-

11 A few examples of IFC’s support to youth employment illustrate different approaches to targeted interventions. In 2006, IFC launched the Global Youth and Informal Enterprise Initiative to provide self-employment opportunities to the youth and informal sectors. Through this initiative, IFC partnered with Indonesia Business Links to develop and expand the Young Entrepreneurs Start-Up (YES!) program. Another example is an IFC corporate social responsibility program to provide 600 youth with technical
activities at a broad level and with a focus on youth employment. The review will be conducted as part of the country case studies.

**Analytical Work on Youth Employment**

35. **Since 2001, the Bank has delivered 59 analytic and advisory products (AAA) related to youth employment, 17 of which also treated post-primary education.** Among these 59 AAA products, 34 were economic and sector work (ESW) and 25 were non-lending Technical Assistance (TA) to client countries. This work was mainly produced by the MENA (31%) and ECA regions (27%) and the Social Protection teams (73%). The number of AAA products on youth employment increased since 2006 (Figure 3) but is low compared to the activities produced on post-primary education (Figure4).

**Figure 3. ESW and TA Activities on Youth Employment, by FY Delivered, 2001 - 2011**

![Bar chart showing ESW and TA activities on youth employment by fiscal year (FY) delivered from 2001 to 2011.]

*Note:* Including all ESW and non-lending TA managed by all Sector Boards with allocations for skills-building or youth employment.

*Source:* Business Warehouse.

36. **Education and other sectors have delivered an increasing number of analytic and advisory activity products related to TVET, secondary, and tertiary education** (Figure 4). Of the 252 AAA activities identified, 129 were ESW and 123 were non-lending technical assistance to client countries. The Africa region delivered the most ESW (30), followed by LCR (22). The ECA region did most of the TA (40), followed by Africa (29). The majority of AAA was managed by the Education (160) and Social Protection (34) sectors.
Findings from Previous IEG Evaluations with Relevance to Youth Employment

37. **IEG has conducted two portfolio reviews specifically covering post-primary education and one broader review covering all Bank projects with education objectives.** The two post-primary reviews were: a review of the World Bank’s tertiary education projects covering FY1990-2000 (Berk 2002) and an assessment of the Bank’s secondary education investments in FY1990-2001 (Perkins 2004). These reviews found that evidence is thin that Bank investments in secondary and tertiary education have contributed to improved productivity and labor market outcomes, economic growth, or poverty reduction. The 2011 IEG portfolio note on all World Bank projects with education objectives (approved in FY2001-10) found with regards to labor markets:

- Project results frameworks were particularly weak with respect to linking post-primary education to the labor force.
- Although the share of lending for tertiary education and TVET increased substantially, the evidence that these investments have contributed to meeting labor market demands is thin.
- Objectives to improve learning outcomes and employment or other labor market outcomes have been more difficult to achieve than have objectives to increase access to education.

38. The IEG Education Portfolio Note concluded that additional work needs to be done to strengthen the results frameworks of projects and monitoring and evaluation systems in countries, increase labor market relevance of tertiary education, and improve targeting of the poor (IEG 2011).

39. The IEG Gender Evaluation found that Bank support for increasing women's labor force participation has generated only small or temporary results. Major efforts to influence labor markets did not particularly benefit women. However, Bank support to training appeared to have generat-
ed some improvements, particularly in countries where such access was previously limited for women (IEG 2010).

WORLD BANK GROUP STRATEGIES RELEVANT TO YOUTH EMPLOYMENT

40. While the WBG does not have a separate strategy focused on youth employment, several sector strategies present aspects of youth employment. The World Bank Social Protection Sector Strategy 2001, From Safety Net to Springboard, discusses the need for enhancing skills building. The Strategy aimed to ensure access - especially for women - to skills building and to reflect the increasing importance of market-driven training and the shift from skills to knowledge. It also aimed to pilot new training approaches. While all the regions mention the need to undertake labor market reforms to reduce unemployment, the MENA region emphasized making vocational training reform a priority area. At the same time, the overall Strategy notes that the Bank did not have a model of pre or in-service training to offer its client countries, underlining the need for analytical work in this area. It notes that the role for the government would be to co-finance and supervise private sector provided or sponsored activities, instead of aiming to be the sole provider of all vocational training and education services.

41. The World Bank is currently drafting the Social Protection and Labor Strategy 2012-2022. The concept note finds insufficient links to human capital accumulation, skills formation and labor market insertion as one of the four global gaps in social protection and labor. It therefore proposes the future Strategy should aim to invest in promoting links to human capital, skills and labor market insertion. The Draft emphasizes the need for engagement across multiple sectors. It is based upon the Skills towards Employment and Productivity (STEP) framework which shows that skills needed for greatest productivity and economic growth require a sequenced combination of education, training, and labor market activities. MILES and STEP overlap. STEP consists of five interlinked components: Step 1 involves getting children off to the right start through early child development (ECD). Step 2 ensures that all students learn, through stronger education systems. Step 3 includes building job relevant skills that employers demand, by setting incentives to public and private sectors to build relevant training systems. Step 4 presents encouraging entrepreneurship and innovation, by creating an environment for investment in knowledge and creativity. Step 5 matches the supply of skills with the demand through better functioning labor markets, labor mobility and job searches while strengthening income protection with the aim of transforming skills into employment and productivity (World Bank 2010). The SP strategy is expected to be finalized by January 2012.

42. The World Bank Education Strategy 2020 emphasizes that better knowledge and skills is expected to influence an individual’s productivity and ability to adapt to new technologies and opportunities. The Strategy also highlights the need to target young people who drop out of school early. Learning opportunities, such as work-skills training through remedial, second-chance and job training programs, are needed to help them find employment. However, there are only few rigorous studies on the effectiveness of work-skills training programs. The Strategy proposes assessing the skills and competencies necessary to compete effectively in the labor market. In addition, non-state players should be engaged in meeting a range of educational needs, especially at the level of tertiary education and technical and vocational education and training, the demand for which have been growing. Governments could focus on quality assur-
ance and reducing inequality to leverage the growth of private institutions in tertiary education and TVET.

43. **IFC does not have a specific youth employment strategy and none of the corporate strategies explicitly identify youth employment as a priority.** However, IFC has initiated several initiatives related to youth employment such as the Global Youth and Informal Enterprise Initiative (2006) mentioned earlier. In 2011, IFC launched the education for employment (e4e) initiative which is a $2 billion initiative aimed at narrowing the skills gap among young people in the Arab world.

**Section II: Evaluation Design**

**Scope of the Evaluation**

44. **The evaluation will:** (i) take stock of international evidence of effectiveness of youth employment initiatives to help inform a review of the WBG’s work; (ii) take stock of WBG support to youth employment; (iii) identify lessons from WBG’s support in promoting youth employment in various contexts; and (iv) help guide the WBG’s future work in youth employment. It will examine the WBG support to promoting youth employment and establishing sustainable policies in fiscally constrained environments. Findings will help to identify the factors that affect the success of different interventions and inform future lending.

45. **The evaluation’s focus is on three aspects of the MILES framework** (Figure 1), namely, skills development (E), labor market issues pertinent to youth (L), and firms’ demand for young workers and self-employment which is influenced by the investment climate (I), while recognizing the importance of economic growth (M) and social protection (S). Factors of economic growth and trade related to employment are examined in IEG’s ongoing country and regional evaluations. Issues related to unemployment insurance are part of the labor market policy (L), whereas social safety nets and aspects of social insurance have been covered in the recent IEG Evaluations on Social Safety Nets and on Crisis Response. At the WBG level the (I) includes direct support to entrepreneurs and firms for investments and job creation – an area in which IFC and MIGA are active.

46. **Since much of the WBG’s work on youth employment is recent, the evaluation will invariably have a strong formative and prospective focus, while also seeking to draw lessons from recently completed initiatives.** It will cover the youth employment-relevant portfolio of closed and ongoing operations approved since FY01, relevant AAA, and the WBG’s overall engagement in the country dialogue to enhance youth employment. The evaluation will draw from a number of sources, starting out with a background paper on the taxonomy for youth employment and relevant interventions, a lending portfolio review focusing on closed and ongoing youth employment and TVET projects, a review of relevant ESW, and about 16 in-depth country case studies (of which about 12 will be desk-based). The country cases will be designed to better understand the context of the WBG’s engagement in youth employment. Analysis will ensure that specificities pertaining to geographic region, level of development (MIC/LIC, fragile states), nature of the youth employment problem, and particular target groups are adequately considered.
The evaluation will draw on inventories and evaluations of projects with youth employment objectives and components prepared by the WBG and other organizations.

Evaluation Questions

47. The overarching evaluation question is: “What lessons emerge from World Bank Group support to youth employment?” The four main questions are included in bold below, followed by core sub-questions which will be addressed to help provide answers to the main questions (see the design matrix in Table 5).

48. What do evaluative evidence and literature show on “what works” for promoting youth employment? The evaluation will start with a taxonomy for youth employment to identify which interventions work best in which youth employment context. A literature review will present international evaluation evidence on the success of different interventions and factors accounting for success and failure. The analysis will seek to discern from the literature what the potential role and contribution of the private sector is to help prepare young labor market entrants for the job market and help stimulate targeted demand for young workers. Findings will serve to guide the analysis of the WBG’s recently completed and ongoing portfolio and country case studies on youth employment.

49. What is the WBG doing in youth employment and skills building? The evaluation will examine how youth employment and skills building is being addressed at the corporate level and translated into operations; whether the WBG has undertaken analysis and promoted knowledge sharing in youth employment; and the extent to which the WBG has helped countries identify constraints to youth employment. It will describe Bank and IFC lending to TVET and youth employment in countries (activities, objectives, volume). It will also examine the Bank Group’s AAA and advisory service work on youth employment. The extent of cross-sectoral collaboration within WBG teams and donor collaboration will be reviewed. Trends will be analyzed in lending and AAA support for FY01-11. The evaluation will draw from the education portfolio review FY01-10.

50. What lessons emerge from WBG support in helping countries increase self-employment, the demand for young workers, and their earnings? The evaluation will examine the lessons from WBG support in labor market outcomes, including productive employment through self-employment and wage employment and through higher earnings. It will examine how WBG supported interventions have stimulated sustainable self-employment, entrepreneurship and the demand by firms for young workers through: (a) youth employment programs; (b) labor market regulations and policies affecting youth; and (c) support to enterprises and self-employment. The relevance of Bank support will be identified as well as the role of the private sector in supporting youth employment, results achieved, what works best, and factors that account for success.

51. What lessons emerge from WBG support to countries in preparing youth for the labor market? The evaluation will examine whether Bank support is helping countries building the relevant skills for the labor market through programs such as short-term skills training; technical and entrepreneurship training; and through technical and vocational education. The WBG support to the private sector and public private partnerships will be evaluated.
Methodology and Building Blocks

52. The evaluation will seek to answer the evaluation questions following the framework derived in Figure 1. A mixed-methods approach will be used that draws on the data sources and building blocks briefly described below. Data sources include the international literature, the WBG lending portfolio, country case studies, existing impact evaluations on youth employment and skills building, Economic and Sector Work reports and key-informant interviews.

53. The evaluation will develop a taxonomy to categorize relevant youth employment interventions for various circumstances. The taxonomy will identify the determinants of youth employment to describe the different nature of the youth unemployment problem. The relevant government interventions will be considered and international experience to promote youth employment will be reviewed. Interventions will be identified that work best in different youth employment context based on international experience. Some Bank operations have been implemented with rigorous impact evaluations on ALMP and youth employment programs. Evaluations done by the Bank and by others will be reviewed to identify what types of youth employment interventions work best, and the key features in implementation design and targeting that explain variations in employment and earning in different economic contexts. Findings from the WBG lending portfolio review and the country case studies will be mapped against this taxonomy to identify lessons from WBG support to youth employment in different contexts.

54. Lending portfolio: The first element will be a description of the WBG lending portfolio for youth employment. The universe for the portfolio review includes 1,585 projects in Business Warehouse managed by all Sector Boards approved during FY01-FY11 by the Executive Directors, with the following sector and theme codes: “Vocational Training”, “51: Improving Labor Markets (ILM)”, “41: Small and Medium Enterprises (SME)” or Social Development (SD), or Agriculture and Rural Development (ARD). Overall 1,585 projects were identified with at least one of these codes; these projects underwent additional review of their objectives and components as described in the Project Document, based on which 140 projects were retained for the lending portfolio review (see Annexes 1 and 3). Of these projects 67 are closed. Project interventions will be portrayed against international evidence on “what works in which youth employment context” described in the taxonomy, taking into account other unobservable dimensions that could have influenced the findings.

55. The review of the lending portfolio will examine the main evaluation questions and sub-questions (Table 5) by subsector; lending instrument; region; and for middle-income countries, low-income countries, and fragile states. It will identify lessons from Bank support to countries in skills building for the labor market, promoting employment and entrepreneur opportunities for youth through the private and public sector. Lessons from WBG support are identified to improve the performance of labor markets and labor market outcomes for youth. Findings will take into account the various nature of the youth employment problem in different countries. The review will focus on technical and vocational education only and will draw on relevant findings of IEG’s recently completed IEG Education Portfolio Note (IEG 2011), and recent and ongoing Project Performance Assessment Reports (PPAR) on post-primary education in Jordan, Egypt, Yemen, India, Colombia, and Chile.
56. **Role of the Private Sector in promoting youth employment.** The evaluation will explore the role of the private sector in promoting youth employment. The private sector plays a key role in youth employment as an employer and provider of education and training skills program to enhance employability of youth. The evaluation will include a review and assessment of WB and IFC private sector projects with components that focus on skills development through education, training, or improvements in the investment climate that would foster skills development and job creation. In many of these projects youth employment may not have been the primary objective or focus; however, an analysis of outcomes will be conducted to provide insights into whether the youth benefitted from any of these interventions designed to improve skills and employment. The role of public-private partnerships in education and skills development is gaining momentum in several countries. The evaluation will also take a close look at such partnerships initiated by the WBG and compare them against programs initiated by other multilaterals and donors. Finally, based on the analysis of the literature and evidence from international initiatives, the evaluation will help shed light on the appropriate role of the private sector in addressing the challenges in increasing youth employment.

57. **About 16 Country Case Studies will be undertaken.** Countries face different issues and challenges with regard to youth employment. The evaluation will take these differences into account by including a sample of about 4-5 field-based and 12 desk-based case studies. The sampling methodology of countries is described in Annex 4. The unit of analysis is the country. Using the taxonomy, the country case studies will serve to provide information on the types and causes of youth employment to define the nature of the youth employment problem, and describe the strategies used by countries, with and without WBG support to promote labor market outcomes for young people. The studies will provide illustrative material related to specific evaluation questions. It will identify lessons from WBG assistance to promote youth employment through firms and self-employment and effective skills building systems to enhance employability in higher quality jobs and entrepreneurship. The evaluation will also draw on recently completed and ongoing Project Performance Assessment Reports.

58. **The country case studies will provide an assessment of labor market issues relevant to youth in the socio-economic and political contexts.** The labor market in a country is affected by the political negotiations with different interest groups including sector-specific labor unions and employer associations. Different interests in labor markets will be identified and how these interests affect school-to-work transition and outcomes (employment and earnings). Bank approaches and activities to address political economy issues in the labor market in recipient countries will be presented.

- **PPARs:** IEG has conducted a series of PPARs on higher education in MNA (Egypt, Jordan, Yemen) and Latin America (Chile and Colombia); technical and vocational training in India and Zambia; and secondary education in Burkina Faso, Malawi, Mozambique, and Tanzania. These PPARs will be reviewed to identify findings and key lessons and respond to the evaluation questions 3 and 4.
- **Field-based country case studies:** The purpose of these case studies is to understand how the WBG has engaged in country contexts and how relevant the youth employment program is currently, given the country needs. The methodology applies the MILES framework in Figure 1 to review: the country-specific data and literature published by the Government, the Bank, and others; country strategies; projects funded by the WBG and other donors; CASs; ESW
and TA; and PPARs. Key-informant interviews will be conducted with WBG staff and other stakeholders involved in the development and implementation of Bank support, including country counterparts and other donors.

- **Desk-based country case studies:** The evaluation will undertake about 12 in-depth country case studies to understand the nature of the WBG’s overall work on youth employment in middle- and low-income countries and fragile states, the nature of the engagement, and results achieved in countries, including policy changes and implementation of reforms. Applying the MILES framework in Figure 1, the methodology includes: (i) review of the country-specific data and literature, country strategies, projects, CAS, AAA; and (ii) key-informant interviews with WBG staff and other stakeholders involved in the development and implementation of the projects, analytical work and policy dialogue. The random selection will enable the examination of a wide range of countries at different levels of reforms and WBG engagement.

59. **Background papers will be prepared to examine specific thematic issues:**

- **ESW assessment:** An assessment of ESW related to youth employment will examine how effective Bank ESW on youth employment is providing a basis for country policies; and how ESW has been used in the development of strategies, policy advice, and lending operations. The assessment will include ESW in which youth employment activities are conceived and handled in conjunction with labor market analysis. Youth employment is only rarely the core objective of Bank ESW. More usually the topic is covered in a more general activity relating to the labor market, social protection, or the investment climate. By contrast, a great deal of ESW is specifically devoted to skills development; however, these will be excluded if they are narrowly focused on skills development. The ESW assessment will examine 21 of the Bank’s 44 ESW products delivered since 2006 that either cover youth employment directly or focus on the three areas (I, L, E) of the MILES framework. The country case studies will include all labor market related ESW and Technical Assistance programs. The sample for the ESW assessment is selected to have broad country and regional coverage of the selected activities. Where there are multiple activities in a single country, only one will be selected. The ESW assessment will exclude non-lending TA such as workshops, conferences, and policy advice provided by Bank staff to Government strategies, as these are included in the country case studies. This ESW assessment is intended to complement the longitudinal country case studies.

- **TVET:** The paper will present different approaches to TVET in different sectors in OECD countries, MICs and LICs. It will describe the organization, governance and financing of TVET systems and collaboration between the private and public sectors, including in countries where TVET systems produce the highest shares of graduates to the labor market (for example, OECD countries). The evolution of thinking in TVET will be presented and international empirical evidence from MICs and LICs. Drawing on the education portfolio review, country case studies, and the literature, this TVET background paper will assess the WBG experience and the effectiveness of its support to TVET systems in LICs and MICs. It will identify the type of TVET programs supported (financed, providers, organizational and institutional arrangements, sector etc) and performance of beneficiaries, as well as graduates’ uptake in the labor market.
60. **Key-informant interviews.** The evaluation will conduct key-informant interviews with two groups. First, government and non-government representatives from the recipient countries and representatives of other development organizations (during field visits and video/audio interviews); and second, WBG managers and directors, country managers, and task team leaders. The objective will be to elicit information on the WBG corporate thinking on youth employment; development effectiveness of Bank support; collaboration with the government, private sector, and other partners; challenges encountered during implementation; and how they have been addressed; and to use a prospective approach to identify measures to support the effectiveness of on-going policies in different country contexts. Key-informant interviews with WBG representatives serve to gain additional understanding and interpret findings from the quantitative analysis on the portfolio performance and the corporate thinking about youth employment.

61. **Topic specific issues notes** will be prepared pulling together the evaluative evidence from case studies and portfolio reviews as outlined in the design matrix (Table 5).

**Limitations**

62. **The evaluation will draw from evaluations conducted by IEG.** The evaluation will not examine WBG support to jobs, as this will be the topic in the 2013 World Development Report (WDR) on Jobs. The evaluation will not include Bank support to primary, secondary, and tertiary education as this has been the focus of the recent IEG Education Portfolio Note (IEG 2011). Issues related to child labor and labor rights are beyond the scope of this evaluation, which focuses on factors that affect the supply of youth with the relevant skills to the labor market and demand by firms for young workers. The evaluation will not focus on macroeconomic and social protection factors of youth employment, nor will it examine youth related aspects of social cohesion, crime and violence.

63. **Key limitations of the methodology and data mainly pertain to the absence of projects with rigorous impact evaluations.** Most WBG operations were not implemented with a rigorous impact evaluation and many projects do not include data collections that could be used for rigorous analysis. Thus the evaluation will not have a counterfactual to compare Bank support in each country. Instead, it will take an analytical approach to identify lessons and success factors from WBG support as identified in ICR-reviews, country case studies, and ESW.

**Peer Reviewers and External Advisory Panel**

64. To inform the Approach Paper and evaluation questions extensive consultations were held with staff from the WBG and ILO.

65. Peer reviewers for this Approach Paper are John Giles (Senior Labor Economist, Development Research Group, World Bank), Peter Orazem (Professor of Economics, Iowa State University), and Gary Fields (Professor of International and Comparative Labor, Cornell University, Ithaca).

66. An external Technical Advisory Panel of 3-4 experts will be identified at the beginning of the design phase and will be convened at critical points of the evaluation to advise on issues of research design and to comment on preliminary findings.
Team

67. The evaluation team will be led by Pia Schneider and include Susan Caceres, Geeta Batra, Ursula Martinez, Victoria Monchuk, and Izlem Yenice. Short-term consultants will be hired to conduct case studies and PPARs, write background papers, and contribute selectively to the evaluation. The consultancy team includes Basil Kavalsky, Michelle Riboud, Mauricio Carrizo-sa, John Middleton and Hjalte Sederlof.

68. Management overview will be provided by the Director IEGPS and by Mark Sundberg, Manager IEGPS (implementation phase), and by Monika Huppi, Manager IEGPS (concept phase).

Dissemination

69. The target audiences will include stakeholders working on youth employment within the Bank and borrowing countries as well as other development agencies, international organizations, donor countries, and their constituencies. The final report will be published and disseminated widely within the Bank and externally during seminars and conferences. Findings will also be presented in articles and published in the media and journals, as appropriate.

Timeline

70. The evaluation will be undertaken during FY12, and will be submitted to the Committee on Development Effectiveness (CODE) by June 2012.

Table 4. Timeline

<table>
<thead>
<tr>
<th>Activity</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach paper to CODE</td>
<td>October 2011</td>
</tr>
<tr>
<td>Implementation phase:</td>
<td>October 2011 – March 2012</td>
</tr>
<tr>
<td>- Taxonomy on youth employment</td>
<td></td>
</tr>
<tr>
<td>- Portfolio review of youth employment projects</td>
<td></td>
</tr>
<tr>
<td>- Background papers</td>
<td></td>
</tr>
<tr>
<td>- PPARs of selected youth employment projects</td>
<td></td>
</tr>
<tr>
<td>- Case studies (desk-based and fieldwork)</td>
<td></td>
</tr>
<tr>
<td>- Appointment of external Technical Advisory Panel</td>
<td></td>
</tr>
<tr>
<td>- Workshop to discuss preliminary findings</td>
<td></td>
</tr>
<tr>
<td>Draft report sent to Bank management</td>
<td>May 2012</td>
</tr>
<tr>
<td>Bank management comments to Team</td>
<td>June 2012</td>
</tr>
<tr>
<td>Final report to CODE</td>
<td>June 2012</td>
</tr>
</tbody>
</table>
### Table 5. Design Matrix - IEG Youth Employment Evaluation Questions

**Overarching question:** “What lessons emerge from World Bank Group support to promote youth employment?”

<table>
<thead>
<tr>
<th>Evaluation Questions</th>
<th>Evaluation Sub-Questions</th>
<th>Sources</th>
</tr>
</thead>
</table>
| 1. What does the evaluative evidence and literature show on “what works” for youth employment? | What international evaluative evidence is there on outcomes for different types of youth employment programs and policies in various settings and what factors explain success or failure? | Review and taxonomy of the international evidence on determinants of youth employment and effectiveness of interventions.  
- Meta-analysis of IEs  
- TVET paper |
| 2. What is the WBG doing in youth employment and skills building? | To what extent has youth employment and skills building been addressed at the corporate WBG level? How has it translated into operational activities? | Staff/stakeholder survey interviews  
- Review of global and regional AAA  
- Review of IFC internal documents: strategies, initiatives, data  
- Case studies |
| | Has the WBG undertaken analysis and promoted knowledge sharing to encourage youth employment and skills building? | AAA review  
- Review of global and regional AAA  
- Review of IFC internal documents: strategies, initiatives, data |
| | To what extent is the WBG helping countries identify and systematically address constraints to productive youth employment (through ESW, TA and data/information generation)? | AAA review  
- Case studies |
| | What lending and non-lending activities targeted at youth employment is the WBG supporting by activity, objective, lending volume, and recipient countries? | Portfolio review of lending/investment projects (WB and IFC)  
- Case studies  
- PPARs  
- AAA review |
| | What is the extent of cross WBG collaboration on youth employment? | Staff/stakeholder survey interviews  
- Case studies  
- Portfolio review of lending/investment projects (WB and IFC)  
-  
- |
<table>
<thead>
<tr>
<th>EVALUATION QUESTIONS</th>
<th>EVALUATION SUB-QUESTIONS</th>
<th>SOURCES</th>
</tr>
</thead>
</table>
| 3. What lessons emerge from WBG support in helping countries increase the demand for young workers and the earnings they gain? | • How relevant and effective is WBG support to countries to promote productive youth employment by formal and informal sectors?  
• What factors contribute to success? | Using the framework laid out in the taxonomy background paper, all sub-questions will be answered using the following list of common sources, plus any question-specific sources listed for each question.  
  • Portfolio review of lending/investment projects (WB and IFC)  
  • AAA review  
  • IFC advisory services review  
  • Meta-analysis of IEs  
  • Case studies  
  • PPARs  
  • Data base with labor market stats |
| Demand side question (the “L” and the “I”) | a) Youth employment programs (the “L”):  
  • How relevant and effective is the WBG’s support in helping countries stimulate the demand for young workers through labor market programs such as ALMPs focused on private sector inventive schemes, public employment programs, job search assistance etc.?  
  • To what extent is the WBG’s support helping young people engage in more productive and higher-earning income generating activities? | • Topic specific issues notes drawing targeted evaluative evidence from portfolio reviews, case studies and IEs on:  
  - Relevant ALMPs,  
  - micro-credit, |
| | b) Labor market regulations and policy affecting youth (the “L”)  
  • How relevant and effective is the WBG’s support in helping countries stimulate the demand for young workers through labor market regulations and policy reforms? | • Topic specific issues notes drawing targeted evaluative evidence from portfolio reviews, case studies and IEs on:  
  - labor market regulation,  
  - wage subsidies, etc. |
| | c) Stimulating demand at the firm level and self-employment (the “I”):  
  • To what extent is WBG support to enterprises focusing on creating quality jobs for youth?  
  • What is the role of the private sector in supporting youth employment initiatives? | • Topic specific issues notes drawing targeted evaluative evidence from portfolio reviews and case studies on issues such as the role of public and private sector etc. |
<table>
<thead>
<tr>
<th>EVALUATION QUESTIONS</th>
<th>EVALUATION SUB-QUESTIONS</th>
<th>SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. What lessons</td>
<td>• How relevant and effective is the WBG’s support to countries in ensuring that school</td>
<td>Using the framework laid out in the taxonomy background paper, all sub-questions will be answered using the following list of common sources,</td>
</tr>
<tr>
<td>emerge from WBG</td>
<td>leavers acquire skills relevant to the labor market?</td>
<td>plus any question-specific sources listed for each question.</td>
</tr>
<tr>
<td>support to countries</td>
<td>• What factors contribute to success?</td>
<td>• Portfolio review of lending/investment projects (WB and IFC)</td>
</tr>
<tr>
<td>in preparing youth</td>
<td></td>
<td>• AAA review</td>
</tr>
<tr>
<td>for the labor market?</td>
<td></td>
<td>• IFC’s advisory services review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Meta-analysis of IEs</td>
</tr>
<tr>
<td>Supply side question</td>
<td></td>
<td>• Case studies</td>
</tr>
<tr>
<td>(the “E”)</td>
<td></td>
<td>• PPARs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• How effectively is the WBG helping countries prepare youth for entry to the labor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>market through short term skill development programs (ALPMs such as those focused on</td>
<td>• Issues notes on evaluative evidence such as on:</td>
</tr>
<tr>
<td></td>
<td>technical and entrepreneurial skills) targeted to the stock of unemployed?</td>
<td>- Training relevant ALMPs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• How effectively is the WBG helping countries ensure school leavers have the job</td>
<td></td>
</tr>
<tr>
<td></td>
<td>relevant skills for entry to the labor market?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• TVET paper</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Issues notes on evaluative evidence such as on:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Labor market skills of school leavers,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- the role of public and private sector, etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• How effectively has the WBG helped countries involve the private sector in ensuring</td>
<td></td>
</tr>
<tr>
<td></td>
<td>job relevance of training for youth? What is the role of the private sector in</td>
<td></td>
</tr>
<tr>
<td></td>
<td>supplying skills?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• TVET paper</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Review of IFC internal documents: strategies, initiatives, data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Issues notes on evaluative evidence such as on the role of public and private sector</td>
</tr>
</tbody>
</table>
References


Annex 1. Number of Projects approved in FY01-11 with any allocation for Youth Employment, by region, 2001-2011

Table 6. Number of Projects approved in FY01-11 with any allocation for Youth Employment

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Region</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval FY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY01-FY05</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>FY06-FY11</td>
<td>32</td>
<td>9</td>
</tr>
<tr>
<td>Managing Sector Board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>Social Protection</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Agriculture and Rural Development</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Finance and Private Sector Development</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Social Development</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other Sectors</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Lending Instrument</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>45</td>
<td>9</td>
</tr>
<tr>
<td>DPO</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Lender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBRD</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>IDA</td>
<td>49</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>9</td>
</tr>
</tbody>
</table>

Note: Additional financing (AF) is not counted as a new project but allocated to original project. All projects were selected in Business Warehouse with the relevant Sector and Theme Codes as described in Annex 3. Source: Business Warehouse.
Annex 2. Glossary of Terms

**Labor force**: The sum of the employed and the unemployed population measured for a short reference period is equivalent to the labor force, also known as the current economically active population.

**Unemployed**: Persons who are currently without work, who are currently available for work, and who are seeking or have sought work recently. The base for these statistics is the labor force (that is, the economically active portion of the population), not the total population. [http://unstats.un.org/unsd/demographic/products/socind/unemployment.htm](http://unstats.un.org/unsd/demographic/products/socind/unemployment.htm)

**Adult unemployment rate**: The % of the adult labor force (aged 15 years and older) that is unemployed. [http://unstats.un.org/unsd/demographic/products/socind/unemployment.htm](http://unstats.un.org/unsd/demographic/products/socind/unemployment.htm)

**Youth unemployment rate**: The % of the labor force ages 15-24 without work, but available for work.

**Structural unemployment**: arises due to a mismatch of skills and job opportunities when the pattern of demand and production changes. For example, young people may be trained to work in IT, and then could be made redundant if IT sector collapses and need to be trained in new skills that are in higher demand (Begg et al 2000).

**Classical unemployment**: level created when wage is deliberately set higher than market clearance wage for example through minimum wages and trade union power.

**Frictional unemployment**: is the irreducible minimum level of unemployment in a dynamic society, and includes mainly people who are almost unemployable and “job hoppers” with short spells of unemployment between jobs.

**Demand-deficient unemployment**: occurs when a fall in aggregate demand will lead to output below full capacity and lower employment. Some workers may want to work at the going wage rate but will not find jobs.

**Natural rate of unemployment**: rate where the LM is in equilibrium or full-employment. The unemployed are voluntary unemployed.

**Youth employment to population ratio**: The % of a country’s young population (who could be available to work) that is employed (ILO 2010)

**Underemployment**: Underemployment exists when employed persons have not attained their full employment level. It reflects the underutilization of the productive capacity of the employed population. It includes persons who even though they work or have a job, they were willing and available to work “better” or “more adequately”. [http://www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/underemployment/lang--en/index.htm](http://www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/underemployment/lang--en/index.htm)

**TVET**: The definition of TVET systems varies across countries depending on countries’ economic development, sector of employment, and mode of training. TVET systems prepare
non-University bound youth to work in all sectors including agriculture, industry, and commerce/services. Various TVET training approaches compete in this field including *firm-based apprenticeships, full-time vocational schooling, on-the-job learning, and TVET teacher training*.

*Firm-based apprenticeships* are employer-sponsored programs which integrate part-time schooling with part-time training and work experience on employers’ premises within an externally defined curriculum which contains mandatory part-time schooling, lead to a nationally recognized vocational qualification and takes at least two years to complete (Ryan 2001). Firm-based apprenticeship programs play an important role in OECD countries such as Denmark, Germany and Switzerland (OECD 2010).

*Vocational schooling* is mostly school-based in countries like Sweden and Belgium (OECD 2010). Post-secondary non-University TVET institutions prepare students for specific occupations (mainly technicians) after having graduated from secondary school. It involves two to three years of course work often combined with practical work in enterprises and may enable students to enter university education after completion (Middleton 1989). In the US, vocational training plays an important role in community colleges.

*Secondary vocation and technical schools* train skilled workers and craftsmen. Student time is mainly devoted to practical subjects and workshop training. These trainings tend to be financed and managed by the Ministry of Education or by other Ministries depending on their specialization (e.g. Agriculture) (Middleton 1989).
Annex 3. Identification of Lending Portfolio

**Universe of projects:** The universe for the review of the WBG lending portfolio includes all projects approved during FY01-FY11 by the Executive Directors managed by all Sector Boards that include the sector and theme codes presented in the following overview. Overall 1,585 projects were identified with at least one of these codes.

**Table 7. Codes**

<table>
<thead>
<tr>
<th>Sector Code</th>
<th>Education</th>
<th>Social Protection and Risk Management</th>
<th>Agriculture and Rural Development</th>
<th>Social Development, Gender and Inclusion</th>
<th>Innovation, Technology and Entrepreneurship Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocation Training</td>
<td>Improving Labor Markets</td>
<td>Rural Markets</td>
<td>Participation and Civic Engagement</td>
<td>Micro, Small and Medium Enterprise Support</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural Non-Farm Income Generation</td>
<td>Conflict Prevention and Post-Conflict Reconstruction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural Policies and Institutions</td>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural Services and Infrastructure</td>
<td>Indigenous Peoples</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Rural Development</td>
<td>Social analysis and Monitoring</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Social Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Methodology to identify Youth Employment portfolio:** All projects included in the universe of 1,585 projects were reviewed with regards to objective (PDO), components and results framework, to identify the relevant Youth Employment projects for the evaluation:

1. All 89 projects with a sector code “Vocational Training” (EV) were reviewed. EV projects are retained if they include one of the following key-terms in their objectives (PDO) or components: vocational training, skills building, skills development, school-to-work-transition; ALMPs, labor market policies, wage subsidies, employment service and job search assistance, public works, youth employment /unemployment, self-employment, entrepreneurs and micro-enterprise development, investment climate, firms or job creation. From the universe of 89 TVET projects, 59 were retained for the evaluation.

2. All 149 projects with a theme code “Improving Labor Markets” (ILM) were reviewed. ILM projects also coded as TVET were excluded as they were reviewed as part of step 1. ILM projects are retained if they include one of the following key-terms in their objectives (PDO) or components: vocational training, skills building, skills development, school-to-work-transition; ALMPs, labor market policies, wage...
subsidies, employment service and job search assistance, public works, youth employment/unemployment, self-employment, entrepreneurs and micro-enterprise development, investment climate, firms or job creation. Of the 149 ILM operations reviewed, 51 were retained for the evaluation.

3. All 162 projects with a theme code “Small and Medium Enterprise” (SMEs) were reviewed. If they also included an EV or ILM code they were reviewed under step 1 and 2. SME projects are retained if they include one of the following key-terms in their objectives (PDO) or components: vocational training, skills building, skills development, school-to-work-transition; ALMPs, labor market policies, wage subsidies, employment service and job search assistance, public works, youth employment/unemployment, self-employment, entrepreneurs and micro-enterprise development, investment climate, firms or job creation. Overall, 15 SME projects were retained.

4. Finally, all 767 projects with theme codes under Agriculture and Rural Development” (ARD) and 418 projects with theme codes related to Social Development and Gender (SD) were identified. Among them all projects also coded as TVET, ILM and SMEs were excluded from the review as they were already reviewed as part of step 1, 2 and 3. The remaining projects were reviewed using the software Atlas t.i.\(^{12}\) to identify projects with the following terms included in their PDO or components: vocational training, skills building, skills development, school-to-work-transition; ALMPs, labor market policies, wage subsidies, employment service and job search assistance, public works, youth employment/unemployment, self-employment, entrepreneurs and micro-enterprise development, investment climate, firms or job creation. IEG did a quality review of the projects filter by Atlas t.i. Based on this review, 4 SD and 11 ARD projects were retained for the Youth employment portfolio review.

5. Several projects include more than one of the 5 codes used. The following table shows 140 projects are mutually exclusive and included in the Youth Employment portfolio.

<table>
<thead>
<tr>
<th>Table 8. Projects included in the Youth Employment portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Projects</strong></td>
</tr>
<tr>
<td>Projects reviewed from Business Warehouse (universe)</td>
</tr>
<tr>
<td>Projects identified for portfolio review</td>
</tr>
</tbody>
</table>

\(^{12}\) Atlas t.i. is a qualitative data analysis software used by IEG in evaluations that require a review of a large number of projects.
Annex 4. Sampling Methodology for Country Case Studies

1. **Sample Design:** For the purpose of this evaluation, a stratified sample of countries is selected for case-study review. The unit of analysis is the country.

2. **Universe:** The universe consists of all 119 countries with more than 1 million populations that were eligible borrowers at some time during the past decade. Countries are thus included independent of whether they have received a Bank loan for youth employment or not during the past decade. Countries with PPARs are excluded from the case study universe.

3. **Stratification:** The universe of countries is classified into 6 mutually exclusive groups according to the Bank’s regions. The country selection covers all regions of the Bank so that region specific issues and approaches can be explored. For example, low-income country contexts with large informality and large agriculture sectors such as those in many countries in Africa are different from the contexts in middle income countries in MNA and ECA where formality and access to education are higher but labor markets are less flexible. Also, the evaluation will study countries in LCR and Asia to understand the approaches taken in these regions to integrate youth employment into strategies for development and poverty reduction.

4. **Sample Allocation:** In total about 18 countries are selected purposefully from the 6 strata.

5. **Selection criteria for the purposeful selection of countries are:**
   - High official youth unemployment rates (Macedonia, Armenia, South Africa, Dominican Republic),
   - Large youth cohorts and high youth inactivity rates (Nigeria, Tunisia, Bangladesh),
   - Introduced reforms and programs related to youth employment (Ghana, Liberia, Indonesia, Turkey, Romania, Rwanda).
   - High WBG involvement in youth employment (Colombia, Brazil, Morocco, Burkina Faso, Uganda)

6. About 16 case study countries are selected from the proposed list in Table 9, which includes some countries where the WBG has supported youth specific employment programs, and some where the Bank has supported skills and/or labor market programs but which may not have been explicitly targeted to youth.

7. **Field visits** are proposed for Ghana, Liberia, Morocco and Colombia. The other countries will be desk-based reviews.
Table 9. Proposed list of countries to be included in PPARs and Case Studies, by Region and Bank Engagement

<table>
<thead>
<tr>
<th></th>
<th><strong>AFR</strong></th>
<th><strong>EAP</strong></th>
<th><strong>ECA</strong></th>
<th><strong>LCR</strong></th>
<th><strong>MNA</strong></th>
<th><strong>SAR</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WBG engagement</strong></td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Countries with PPARs</strong></td>
<td></td>
<td>Zambia</td>
<td></td>
<td>Colombia</td>
<td>Chile</td>
<td></td>
</tr>
<tr>
<td><strong>Country case studies</strong></td>
<td>Burkina Faso, Nigeria, Rwanda, Uganda</td>
<td></td>
<td>Indonesia</td>
<td>Turkey</td>
<td>Armenia FYR, Macedonia, Romania</td>
<td>Brazil, Columbia</td>
</tr>
<tr>
<td><strong>Total case studies</strong></td>
<td>7</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total PPARs and Country case studies</strong></td>
<td>8</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>