

Youth Initiative

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Crest and J-PAL

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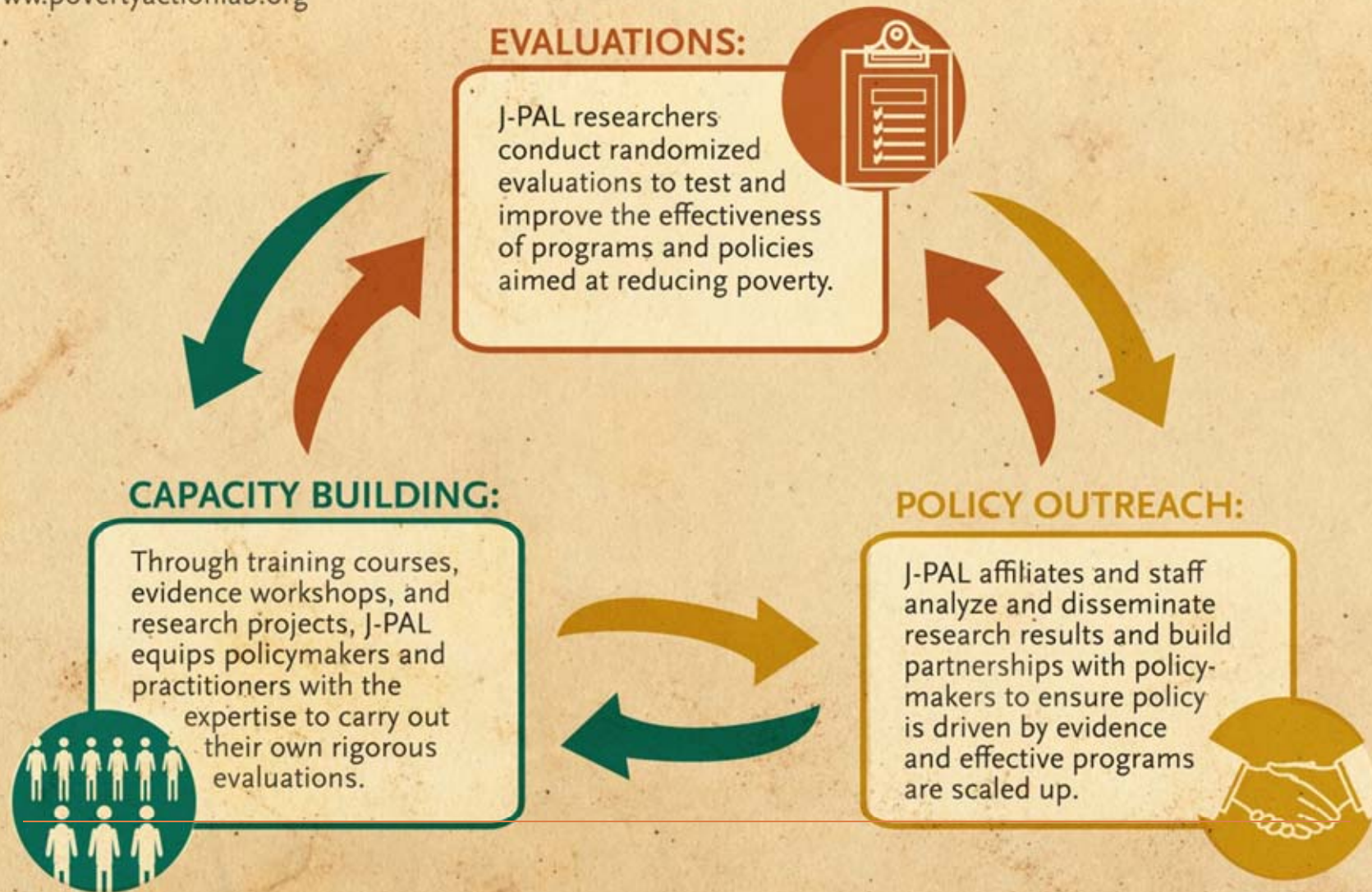
Poverty Action Lab



TRANSLATING RESEARCH INTO ACTION

**J-PAL'S MISSION IS TO ENSURE THAT POLICY IS
DRIVEN BY EVIDENCE AND RESEARCH IS TRANSLATED INTO ACTION**

www.povertyactionlab.org



J-PAL's Initiative Structure

- Concept: a fund that supports a coordinated research agenda on a topic where policy-relevant evidence is needed
- Begins with a review paper to identify the state of knowledge
- Researchers compete for funding through several rounds of request for proposal (RFP)
 - ▣ Proposals judged in part on how well they address questions raised in the review paper
 - ▣ Allows harmonization of outcome measures, collection of cost data, etc.
- Results disseminated through policy publications, conferences, comparative cost-effectiveness analysis

J-PAL's Initiative Structure

- Typically around US\$5 million, supporting ~20 full-scale evaluations
- Existing Initiatives:
 - ▣ *Agricultural Technology Adoption*- six rounds of RFP completed
 - ▣ *Governance*- two rounds of RFP completed
 - ▣ *Youth*- review paper written, first RFP in progress
 - ▣ *Post-Primary Education*- review paper in progress
- J-PAL has considerable experience in administering these initiatives

Motivation for Youth Initiative

- Growing youth population: one fifth of world's population is between 15 and 24
- Critical period for many decisions with long-run consequences
 - ▣ *Schooling: how much, what type to complete*
 - ▣ *Integration into the labor market*
 - ▣ *Marriage and fertility*
 - ▣ *Habit formation, e.g. smoking and sexual activity*
- Governments and NGOs expanding youth-focused programs, but little rigorous evidence on what works and does not

Youth Initiative Timeline - 2012

- 6 April: first draft of review paper, first RFP announced
- April/May: review paper to be finalized
- 25 June: proposals due
- 30 July: board meets to award first round of funding
- Concurrently, the board will raise funds for additional rounds of RFP

Youth Initiative Board Members

- Marianne Bertrand, Professor of Economics, Booth School of Business, University of Chicago and J-PAL
- Bruno Crépon, Associate Professor, ENSAE/École Polytechnique, CREST, and J-PAL
- Jean-Benoît Dujol, Director, Agence du Service Civique, France
- Kamilla Gumede, Executive Director, J-PAL Africa
- Emmanuel Jimenez, Director, Human Development, East Asia and Pacific Region, World Bank

Youth Initiative Supporters

- The Nike Foundation provided a three-year startup grant of US\$750,000 (2011-13)
- Minimum fundraising requirement for a successful initiative is \$3 million, and our goal is \$5 million in line with other J-PAL initiatives
- Board members are now approaching additional potential funders

State of Knowledge: Outline

Part I: Life Skills and Decisions

1. Skills
2. Education and Career Choices
3. Health Outcomes and Risky Behavior

Part II: Youth Integration in the Labor Market

4. Information, Youth, and the Labor Market
5. Location, Neighborhood, and Mobility
6. Labor Demand for Young People and Contracts
7. Active Labor Market Policies (ALMPs)





Part I

Life Skills and Decisions

1. Skills – Motivation

- Family involvement and household resources play powerful roles in early childhood skill formation
 - substantial gaps form between children from different socioeconomic backgrounds before preschool
- Both cognitive and non-cognitive skills significantly affect
 - wages,
 - labor force attachment,
 - and the propensity to engage in risky behavior
- Policy interventions can facilitate the transition to adulthood
 - especially for youth from low childhood socioeconomic backgrounds



1. Skills – Current Knowledge

- **Preschool intervention programs for at-risk children substantially increased educational and employment outcomes:**
 - educational outcomes
 - cognitive ability
 - **adult earnings** (Campbell et al. 2002; Schweinhart et al. 2005; Heckman et al. 2010)
- **Non-cognitive skills more malleable than cognitive skills later in life**
 - remediation programs targeting adolescents more effective if they focused on non-cognitive skills (Heckman, Stixrud, and Urzua 2006)
- **Women face disadvantages in the labor market compared to men**
 - partly explained by results suggesting that women are not as competitive as men (Gneezy, Niederle, and Rustichini 2003; Niederle and Vesterlund 2007).
 - Environment influences gender gaps in competitiveness. Attending same-sex schools makes girls more competitive than those attending coed schools (Booth and Nolen 2009).

1. Skills – Research Themes

- 1.1: How late is too late for remediation programs designed to help in the development of non-cognitive skills?
 - ▣ The few studies that examine programs for adolescents show small benefits that attenuate over time.
 - ▣ Studies of remediation programs concentrated in developed countries. Would the same results hold in developing countries?
- 1.2: What are the components of an effective non-cognitive skill development program targeted to youth?
 - ▣ Center-based? Home-based? A mix of both?
 - ▣ How to promote adherence to the program, when youth tend to be myopic about their future?
 - ▣ How to instill motivation to participate in program?
- 1.3: How to design interventions targeted toward girls?
 - ▣ Particularly pressing problem in countries where parents favor boys
 - ▣ How to narrow the gap in competitiveness between males and females?

2. Education and Career Choices – Motivation

- Prematurely leaving school constrains employment prospects and social mobility.
- Family income significantly determines how much schooling children are able to receive.
 - ▣ Especially important during early childhood
- Youth may lack motivation or have a poor understanding of value of higher education.
 - ▣ Unclear how education can translate to greater employment and earnings
- Adolescence is a time when critical decisions about the future must be made, but adolescents especially prone to emotional control problems and volatile mood swings



2. Education and Career Choices – Current Knowledge

- Credit constraints impede optimal human capital investment
 - ▣ Financial assistance drastically increases educational attainment in low-income students (e.g. Schultz 2004, De Janvry et al. 2006)
- Lack of information hinders students from choosing optimal educational attainment
 - ▣ When given more information about high returns to education, students chose to receive more schooling (e.g. Jensen 2010; Dinkelman and Martinez 2011)
- Requiring students to make important and irreversible choices about their educational track in early adolescence reduces occupational mobility
 - ▣ Disproportionately reduces career aspirations in boys, who mature more slowly than girls
- In most developed countries, four-year college graduation rates for women are greater than for men.
 - ▣ May be due to differences in non-cognitive behaviors that impede boys' educational attainment (Jacob 2002, Bertrand and Pan 2011)

2. Education and Career Choices – Research Themes

- 2.1: Credit Constraints and Education
- 2.2: Financial Incentives and Education
 - ▣ Do financial incentives crowd out intrinsic motivation?
- 2.3: What role do informational imperfections play in explaining low educational achievements?
 - ▣ Does providing career guidance to youth improve choice of career path?
- 2.4: What is the best time for adolescents to make important choices about their education and careers?
 - ▣ Different countries require youth to make important life decisions at different ages. How does this affect schooling across different countries?
- 2.5: What role do peers play in education and career choices?
 - ▣ How to limit adolescent exposure to negative influences?
- 2.6: Gender Differences in Education and Career Choices
 - ▣ In developed countries, girls have begun to surpass boys in educational attainment. What is the role of nature and nurture in explaining this phenomenon?

3. Health Outcomes and Risky Behavior

- Motivation

- Fostering good health habits and access to healthcare is crucial for human capital growth and positive labor market prospects.
- Poor health and risky behavior can have permanent negative effects on
 - ▣ human capital investment,
 - ▣ worker productivity,
 - ▣ and the ability to smooth income over time.
- Better investment in health can reduce 63% of mortality for children under age 5 in developing countries.
- 10 million children die annually from preventable illnesses such as malaria, diarrhea, and malnutrition
 - ▣ Must determine efficient, scalable, and sustainable ways to distribute health care to impoverished communities
- Given the enormous consequences of risky behaviors, such as unprotected sex in high-HIV/AIDS communities, why aren't youth being more responsible?

3. Health Outcomes and Risky Behavior

– Current Knowledge

- Public subsidization of health treatment and prevention generates positive externalities
 - ▣ Kenya's mass deworming program created permanent improvements in health, education, and employment outcomes (Miguel and Kremer 2004; Baird et al. 2011; Ozier 2011).
- Focus on facilitating the distribution and uptake of health services and products
 - ▣ Fostering community engagement and improving provider accountability has improved health utilization and outcomes (Bjorkman and Svensson 2009).
- Interventions focusing on non-cognitive skills can reduce incidence of violent crime.
- Peer influences also contribute to propensity to engage in risky behavior.
 - ▣ Helping youth move away from clusters of poverty has improved health outcomes and reduced arrests for females (Kling, Liebman, and Katz 2007).
- Financial incentives decrease risky sexual behavior and reduces the incidence of HIV transmission (e.g. De Walque et al. 2012; Baird et al. 2012)

3. Health Outcomes and Risky Behavior

– Research Themes

- 3.1: What are the barriers to optimal health investment and what can be done to overcome them?
- 3.2: What can governments and NGOs do to improve health outcomes?
 - ▣ Can the success of Kenyan deworming programs be replicated with other programs in other countries?
- 3.3: What can be done to facilitate the distribution and uptake of health products and services?
- 3.4: Can education and skill development programs reduce the odds of engaging in risky behavior?
 - ▣ Specifically, propensities for teenage pregnancy, violent crime, and drug use.
- 3.5: Can youths' sensitivity to peer influences be leveraged to reduce the odds of engaging in risky behaviors and improve life outcomes?
 - ▣ More work on this theme needed for developing countries.
- 3.6: Can financial incentives be used to help youth avoid risky behavior?
 - ▣ How can they be designed to permanently decrease risky behavior (e.g. reward vs. penalty)?



Part II

Youth Integration in the Labor Market



4. Information, Youth, and the Labor Market – Motivation

- Youth lack job experience
- Lack also job market experience
 - ▣ types of jobs available,
 - ▣ how to get those jobs,
 - ▣ and the behaviors expected of them in the workplace.
- Firms also lack information about productivity and their skills of youth, particularly youth just out of school.
- Information and asymmetric information are especially important for youth in the labor market

4. Information, Youth, and the Labor Market – Research Themes

- 4.1: Is there a cultural gap between youth and firms?
 - ▣ Must better understand effects, mechanisms, and shortcomings of school-to-work programs
 - ▣ Especially address the drop out problem
- 4.2: Do young people lack the information they need to enter the labor market?
 - ▣ How to provide the youth with the relevant information
 - Hard to convince
 - ▣ How to build on social networks to better help the youth labor market integration?
 - Social networks important in labor market and also key for the youth.



4. Information, Youth, and the Labor Market – Research Themes

- 4.3: How can youth signal themselves on the labor market?
 - ▣ What is the effect of improved signal mechanism on the demand for young workers?
 - ▣ What is the information employers need about youth productivity?
 - Are ability tests and credential systems suitable
- 4.4: How strong are firm's beliefs about youth non-employability? What role do these beliefs play in their willingness to employ youths?
 - ▣ Do firms discriminate against young workers?
 - ▣ How to address employers beliefs about youth productivity



5. Location, Neighborhood, and Mobility – Motivation

- ❑ Youth are spatially disconnected from job opportunities because of where they live.
- ❑ Greater distance from job opportunities → greater costs of finding employment
- ❑ Living in an impoverished area may send a bad signal to potential employers.
- ❑ Moving to improve job opportunities is costly and a difficult decision to take



5. Location, Neighborhood, and Mobility – Current Knowledge

- “Spatial mismatch hypothesis” – young workers are underemployed because their location physically disconnects them from job opportunities.

Policy responses include

- improving transportation systems,
- encouraging firms to locate near areas with low economic activity,
- and voucher programs that help youth move to areas with better employment opportunities.

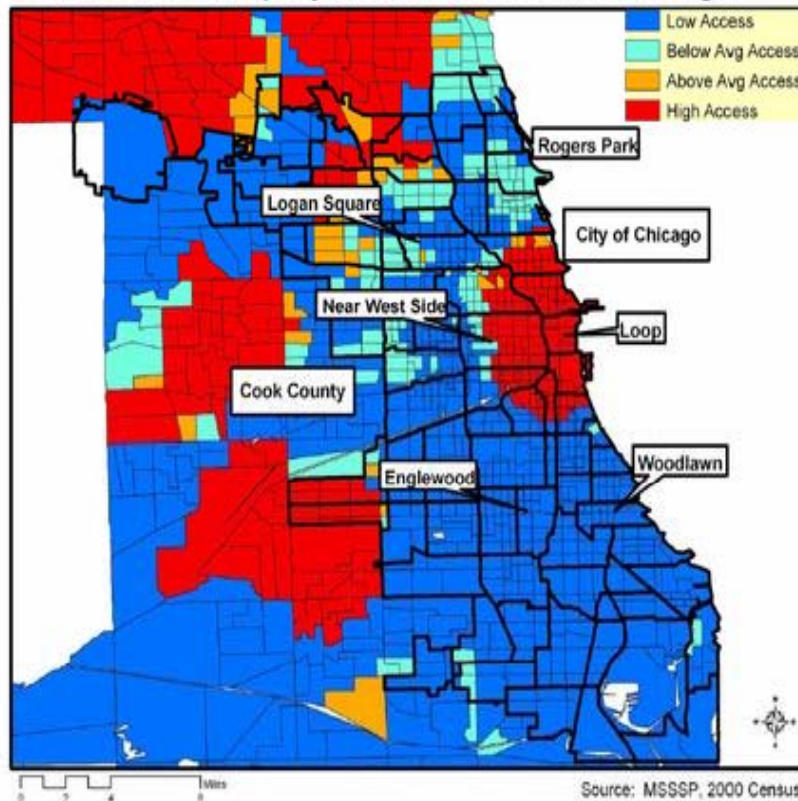
So far, none of these steps have been effective.

- “Social mismatch hypothesis” – social networks within a location, and not the physical location itself, determine labor market outcomes.
 - Strengthening labor market networks in disenfranchised neighborhoods have been successful : Job First (Bloom, Riccio, and Verma 2005).



5. Location, Neighborhood and Mobility – Research Themes

Access to Employment Services in Chicago



- 3.1: What is the role of location in labor market integration? How strongly do spatial mismatches affect the labor market outcomes of young people?
 - How do policies combating spatial mismatches affect youth in developing and developed countries?
- 3.2: Is it where you live, or whom you live with? What is the role of social networks in access to jobs?
 - More research needed to isolate effect of strengthening labor market networks on employment outcomes.



6. Labor Demand for Young People and Contracts – Motivation

- Increased firing costs lead to reductions in labor market turnover
 - ▣ Complementarities between information and contract : effects of contract especially strong for youth
- Low levels of experience can interact with minimum wage laws to reduce demand for young workers.
- Few policies have been studied specifically for young workers, and implementing these programs is costly and difficult.



6. Labor Demand for Young People and Contracts – Research Themes

- 6.2: Are subsidized jobs efficient in fostering labor demand for youth?
- How can a subsidized youth employment program be efficiently organized?
 - ▣ Through reducing taxes of participating firms?
 - ▣ Through targeting vacancies suitable for young workers?
 - ▣ Through providing target population with vouchers?
- How strong are displacement effects :
 - ▣ What is the effect of incentives to hire a specific group, on the demand for other group

6. Labor Demand for Young People and Contracts – Research Themes

- 6.1: How do the features of employment contracts shape labor demand for young people?
 - ▣ Do temporary contracts lead to greater integration of youth into the labor market, or do they weaken their attachment and career possibilities?
 - ▣ Are firing and hiring costs real or perceived
 - How information to firms about how to use the legislation affect hiring and firing decision, especially for youth

7. Active Labor Market Programs (ALMPS) – Motivation

- ALMPs have been largely unsuccessful in improving labor market prospects especially for the youth
 - Job search assistance programs have worked in the short-run but not in the long run.
 - Training programs can be successful in the long-run but not in the short-run
 - Public sector employment programs are the least effective.
- In most cases, the implementation of ALMPs preclude precise estimation of program effects.
 - Lack of randomization, since ALMPs target specific population of youth that have low employment prospects and/or are detached from the labor force.
 - Data comes from large administrative files where outcome variables are poorly recorded and designed.
 - Programs usually classified under broad and aggregated categories, making it difficult to estimate the effect of specific interventions.



7. Active Labor Market Programs (ALMPs) – Research Themes

- 7.1: There is a need to rigorously evaluate ALMPs and to proceed to cost-benefit analysis including many types of benefits
- 7.2: How to provide youth with employment services they need?
 - ▣ Motivation of young job seekers?
 - ▣ What is the role of caseworkers
 - ▣ Who should provide employment services?
- 7.3: How to improve ALMP to be a pathway for long-lasting jobs?
- 7.4: How strong are displacement effects?

Conclusion



- We hope we will be able to organize RCT that help address these issues
- This necessitates
 - ▣ Researchers
 - ▣ Program holder
 - ▣ Funds
- We intend to disseminate the results and that they will help to shape better policies for the youth

Thank You!

[Contact information]

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