



INVESTING IN YOUTH IN THE MENA REGION: HOW TO OPERATIONALIZE YOUTH INTERVENTIONS (I)

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Introduction: The objective of this Fast Brief, presented in two parts, is to illustrate several concrete examples from the MNA, ECA and LAC regions of youth-focused AAA, investment lending, and grant-funded engagements, which can inform the growing work program in the region. As highlighted in the policy note *Youth – An undervalued Asset: Towards a New Agenda in the Middle East and North Africa*² young people are becoming an increasing priority for MENA countries. If well utilized, the current youth bulge represents a demographic gift leading to investment opportunities as large segments of our populations enter their productive peak years. However, if investments fail to be made or do not reach young people, the youth bulge may well turn into a drain on growth and society.

The Arab World's Youth Bulge: Despite all the efforts to promote growth and significant investments in education by Arab countries, a large segment of Arab youth continues to remain outside of the mainstream of economic and social life. In 2006, the Middle East and North Africa already exhibited the highest youth unemployment rate in the World (24.6% and 25.7% respectively) as well as the largest gender gap in unemployment. Recent estimates predict that as a result of the economic crisis, youth unemployment could increase by a further 4.6% in the Middle East and up to 4% in

North Africa over the 2008-2009 periods, and particularly impact young women³.

The Need for a Multi-dimensional Approach: Relevant research and experience shows that traditional single-sector policies and interventions offer only partial solutions to this challenge. Unless a youth-focused approach across multiple dimensions is established and interventions are developed with a sizable critical effect at the community level⁴, the needed impact will not materialize.

The six case studies included in the brief illustrate scalable self-standing interventions in support of youth development through skills development, job creation, youth entrepreneurship, integrated youth friendly spaces, peace building and active citizenship. These case studies have demonstrated positive results on beneficiaries, measured through impact evaluations; and Programs such as *Jóvenes* show that interventions can be brought to scale and replicated at regional level, generating sizable levels of investment lending.

The current issue will illustrate examples from the LAC and ECA Regions, while part two will present case studies from MNA.

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² MNSHD and MNSSD (2008): *Youth an Undervalued Asset: Towards a New Agenda in the Middle East and North Africa. Progress, Challenges and the Way Forward*, The World Bank

³ ILO (May 2009): *Global Employment Trends, May 2009 Update*.

⁴ Betcherman, G., M. Godfrey, S. Puerto, F. Rother, and A. Stavreska. 2007. *Global Inventory of Interventions to Support Young Workers: Synthesis Report*. World Bank, Washington, DC; Bamfield, Louise. 2007. *The Contribution of Non-formal Learning to Young People's Life Chances*. A Fabian Society report for the National Youth Agency. National Youth Agency, Leicester, England; La Cava, G., Stadlbauer, V. and O'Higgins, N. 2009. *Youth Transitions to Employment and Active Citizenship in ECA: From Policy to Action*, World Bank, forthcoming.

A. The *Joven* Employment Programs for Disadvantaged Youth in Eight Latin American Countries⁵: The *Joven* programs offer comprehensive training to unemployed and economically disadvantaged youth 16 to 29 years of age, aiming to improve their human and social capital and employability. The demand-driven model has been customized throughout Argentina, Chile, Colombia, the Dominican Republic, Panama, Paraguay, Peru, and República Bolivariana de Venezuela. Technical training and internship experiences with employers are combined with basic life skills and other support services to ensure social integration and job readiness (see table). Private and public institutions—contracted through public bidding mechanisms—provide the training and organize the internships.

The programs target the poor, and more than 60 percent of participants come from low income families. The highest education level completed by beneficiaries was secondary, with significant participation by school dropouts (50% in Chile *Joven*). Other targeting criteria, such as employment, gender, and age, also applied. Most beneficiaries had precarious employment conditions before the program. In Argentina 83 percent of participants, and in Chile 57 percent were unemployed. Women were fairly equally represented in Chile, while Argentina had the lowest female participation (about 40 percent). Targeting focused on 16- to 24-year-olds, about 70 percent of all participants.

Employment: The programs increased the probability of beneficiaries finding employment upon graduation, especially for women. In Argentina, the program increased the probability of employment for young adult women (21 years and older) by about 10 percentage points over a control group. In Chile, the program increased the probability of employment by 21 percentage points, with strongly significant results for youths 21 and younger.

Earnings: In Argentina, the program increased monthly wages by about 10 percent over a control group, with results more favorable for young males and adult females. In Chile, one study showed a negative impact on wages of -8.8 percent, led by a reduction of wages in the formal sector. Subsequent

analyses found a positive impact on earnings approaching 26 percent, strongly significant for youths 21 and younger. In absolute terms, the wage impact was higher for men, but in a comparison of pre- and post program earnings, women had a slightly higher increase relative to men.

Costs and benefits: With the given underlying cost per trainee and the impact on employment and earnings, the net present value (NPV) of the program can be calculated (given a discount rate, usually assumed to be 5 percent). While costly, these programs in Argentina and Chile have positive NPVs, with a higher NPV in Chile compared to Argentina. It is important to note that this calculation does not take into account the externalities from the program such as better health outcomes and reductions in risky behavior among participants. In this sense, the estimates are likely to provide only a lower bound of the NPV. It is also important to note that with the exception of forgone earnings, the party incurring the direct costs (public funds) is different from the party benefiting from the program—the participants.

Costs and impact of programs across countries		
	Argentina	Chile
Coverage (people)	116,000	165,000
Cost per trainee (\$)	2,000	730-930
Private benefits		
Impact on employment	+ 10%	+ 21%
Impact on earnings	+ 10%	+ 26%

B. Young Micro Entrepreneurs' Qualification Program in Peru⁶: The *Programa de Calificación de Jóvenes Creadores de Microempresas* is implemented by the Peruvian NGO *Colectivo Integral de Desarrollo* in order to address the significant lack of entrepreneurial skills among young people. The objective of the program is to improve earnings and the quality of life of beneficiaries by providing assistance and training in the development of business plans and the creation of profitable businesses. The target population consists of economically disadvantaged young people, 15 to 25 years old, with entrepreneurial skills or owning a small and/or informal business (with less than a

⁵ The *WDR 2007*, p. 117. Aedo and Nuñez (2001); Aedo and Pizarro Valdivia (2004); de Moura Castro (1999); Elias and others (2004); Inter-American Development Bank (2005); and Santiago Consultores Asociados (1999).

⁶ Sources: Interventions to support Young workers in LAC Olga Susana Puerto (2007), Jaramillo (2006) and Jaramillo and Parodi (2003).

year of operation), and residing in the localities targeted by the Program.

The Program offers different types of services. During the preparation phase, interested youth can benefit from mentoring and training for business plan preparation. Following the selection process, eligible young entrepreneurs are offered mentoring, training and internships and they can easily have access to micro-credit.

The Program is ongoing: every year the implementing NGO opens up a competition for interested youth. However, data is only available for the first three years of implementation (1999-2001). During 1999-2001, the Program benefitted youth throughout the country but for evaluation purposes (in order to avoid a dispersion of the sample), only the beneficiaries living in the main urban areas were considered.

Number of beneficiaries	481
Number of training activities provided	674
Internship Participants	425
Number of Businesses Created	427

Impact estimates with experimental data four months after the end of the implementation of activities for year 2001 suggest: (i) an increase of 7.8 percentage points in the probability of having a business operating; and (ii) an 8 percent increase on the beneficiaries' average income. Estimates from quasi-experimental data show the following: (i) an increase in almost 40 percentage points in the probability of the business to operate for more than a year; and (ii) an increase in earnings by 40 percentage points. An important secondary effect was on the job generation capacity. Beneficiaries employ 17.3 percent more workers than the control group (interested but non-enrolled peers).

Costs per beneficiary (in US\$):	
1. Pre-selection of the beneficiaries	\$ 84
Pre-support for the Business Plan	\$ 29
Pre-training courses	\$ 45
Identification and promotion	\$10
2. Post-selection of the beneficiaries	\$404
Post-support (personalized tracking)	\$ 132
Post-training courses \$	\$ 51
Internships (per beneficiary) \$	\$ 173
Support Net (commercial fairs)	\$ 48
3. Equipment and Adm. Costs	\$ 48
Total Cost	\$536

Even though evaluations have not produced cost-benefit estimates, the program seems to yield positive net gains. Further evaluation and follow-up is needed to monitor the success of the program over a longer period (for at least 2 years).

C. Enhancing Inter-ethnic Tolerance and Civic Engagement in Macedonia⁷: In 2001, following the inter-ethnic conflict in Macedonia, the World Bank provided an IDA credit of USD 3 million to the Government of Macedonia to significantly increase social cohesion through the social integration of disadvantaged youth from different socio-cultural backgrounds⁸. The Macedonian Agency for Youth and Sports, in its capacity of implementation agency, established a national network of 33 Babylon Youth Centers (BYC) offering integrated youth friendly services at community level (i.e. free non-formal education modules in life and employability skills, information technology, foreign languages, entrepreneurship, healthy lifestyles, sports and creative activities).

A particular focus of BYCs activities has been to enhance social cohesion, inter-ethnic tolerance, and dialogue, as well as to promote civic engagement and prevent violence. These youth-friendly spaces provide young people with opportunities to interact with youth from other ethnicities (i.e. Albanian, Romas, Macedonian Slavs, among others). The centers provide a complement to the formal school system, which has become increasingly segregated along ethnic lines.

During the period of World Bank support (through 2006), the BYCs annually benefitted almost 16,000 disadvantaged youth through their regular activities, as well as 2,000 youth in programs outside the centers. The cost per beneficiary declined from USD 54 at project launch to USD 17 at project completion. Approximately 70 percent of these beneficiaries were from low-income families and 9 percent were out-of-school youth. Over 150 volunteers were involved in implementing the project, in addition to well-trained young educators. Yearly beneficiary assessments and an impact evaluation conducted at the close of the project documented the following results:

Interethnic tolerance and social cohesion. Prior to taking part in BYC programs, 80 percent of

⁷ World Bank, *Implementation Completion and Results Report*, June 29, 2007.

⁸ The total project cost was USD 5 million, the overall population of Macedonia is 2 million.

beneficiaries stated that they did not have friends from other ethnic groups. As a result of their participation in the centers, 67 percent reported developing and maintaining friendships with peers from other ethnic groups. Among beneficiaries from mono-ethnic communities, 65 percent stated that they now actively considered involving peers from other ethnic communities in their activities.

Employability. 19 year-olds who spent more than two years benefitting from BYCs various activities were found to be 16 percent more employed than 18 year olds (the control group), that had only been exposed for a year or less. Minority youth and girls, however, were less likely to be working than young men from the predominant ethnic group. Among the 19 years old, with longer exposure to BYCs, the confidence about being fully employed was 7 percent higher than for those in the control group.

Civic engagement. The project had a significant impact in inducing young people to participate in their communities. The longer they benefited from BYC programs, the more active they became in their respective communities, including participation in youth organizations, direct interaction with municipalities, and taking part in peaceful demonstrations. Some 25 percent of beneficiaries who had been enrolled in BYC activities since 2004 participated in community activities as active citizens.

Reducing violent behavior. Data on youth violence available for the rural community of Caska suggested a correlation between BYC activities and a reduction in violent behavior among youth. According to official police records of the community, violent behavior among young people dropped significantly as a percentage of total registered police cases after a center was established in the town.

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