Active labour market programmes for youth increase employment and earnings. Effects vary between programmes and context.

Youth are disproportionately victims of unemployment and low-quality jobs. Active labour market programmes increase earnings and employment. But the effects vary greatly between programmes’ type, design and context.

What did the review study?
Youth unemployment is much greater than the average unemployment rate for adults, in some cases over three times as high. Today, over 73 million young people are unemployed worldwide. Moreover, two out of five young people in the labour force are either working but poor or are unemployed. The youth employment challenge is not only about job creation, but especially about enhancing the quality of jobs for youth.

This systematic review assesses the impact of youth employment interventions on the labour market outcomes of young people. The included interventions are training and skills development, entrepreneurship promotion, employment services and subsidized employment. Outcomes of interest include employment, earnings and business performance outcomes.

What studies are included?
Included studies had to: (1) evaluate an active labour market programme (ALMP) which was designed for – or targeted primarily – young women and men aged between 15 and 35; (2) have an experimental and quasi-experimental design; and (3) report at least one eligible outcome variable measuring employment, earnings, or business performance.

The evidence base covers 107 interventions in 31 countries, including 55 using skills training, 15 with entrepreneurship promotion, ten using employment services and 21 using subsidized employment.

What are the main results in this review?
Overall, youth employment interventions increase the employment and earnings of those youth who
participate in them. But the effect is small with a lot of variation between programmes. There are significant effects for entrepreneurship promotion and skills training, but not for employment services and subsidised employment.

Impacts on earnings were also positive but small and highly variable across programmes. Entrepreneurship promotion and skills training were effective in increasing earnings, while effects of employment services and subsidised employment were negligible or statistically insignificant. There is limited evidence of the effects of youth employment programmes on business performance outcomes, and the effect size was not statistically significant.

In addition to the variation in impact across different types of programmes, some variation can be explained by country context, intervention design, and profile and characteristics of programme beneficiaries. The impacts of ALMPs are greater in magnitude in low- or middle-income countries than in high-income countries. Programmes targeting the most disadvantaged youth were associated with bigger programme effects, particularly for earnings outcomes, and effects were slightly larger for women than for men.

What do the findings in this review mean?
The evidence suggests that investing in youth through active labour market measures may pay off. Skills training and entrepreneurship promotion interventions appear to yield positive results on average. So, there are potential benefits from combining supply- and demand-side interventions to support youth in the labour market.

The evidence indicates the need for careful design of youth employment interventions. The “how” seems to be more important than the “what” and, in this regard, targeting disadvantaged youth may act as a key factor for success.

There is a need to strengthen the evidence base with more studies of promising programmes, especially in sub-Saharan Africa. Further research should investigate intermediate outcomes and soft skills, and should collect cost data.