



EUROPE

# Employability of the Poor

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# Preface

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While the number of people living in extreme poverty, defined as persons living on less than \$1.25 per day, has declined over the last decades, estimates of global poverty remain high in the 21<sup>st</sup> century. In order to lift people out of poverty, employment is crucial. Increasing the productive capacity of the poor can instigate a cycle of employment that may span generations and thereby reduce the risk of falling into extreme poverty. Large-scale interventions have been developed and implemented by regional and national governments and international development organisations to raise levels of employment and improve the skills and education of the poor to allow them to take up jobs.

The World Bank asked RAND Europe to conduct a stocktaking exercise to map the diversity of employment interventions in South Asia and to review evidence of the impact of interventions. To generate an understanding of the type of interventions currently carried out in the region, the stocktaking exercise aimed to map the most prominent employment interventions in a number of countries suggested by the World Bank: Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka. The second step involved an assessment of the impact of such interventions to understand if they are effective vehicles to increase employment. As the evidence on the interventions identified through the stocktaking exercise is quite marginal however, the scope of the search for evidence was widened to include other developing countries as well as former Communist countries. The evidence of the impact of interventions has been assessed through a meta-regression based on a scoping of academic literature.

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## Summary

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While the number of people living in extreme poverty, defined as persons living on less than \$1.25 per day, has declined over the last decades, estimates of global poverty remain high in the 21<sup>st</sup> century. Olinto et al. (2013) estimate that more than 1.2 billion people still live in extreme poverty today, of which a large share live in low-income countries. Combined with expected population growth in most poor countries, these figures pose a challenge to global efforts to reduce poverty.

In order to lift people out of poverty, employment is crucial. Increasing the productive capacity of the poor can instigate a cycle of employment that may span generations and thereby reduce the risk of falling into extreme poverty. However, while this is an intuitive logic, empirical studies on the link between employment and poverty reduction are scarce, not least because of problems with data availability and data quality in poor countries (Hull 2009). Despite the scarcity of evidence, large-scale interventions have been developed and implemented by regional and national governments and international development organisations to raise levels of employment and improve the skills and education of the poor to allow them to take up jobs. These interventions vary broadly in scope and size, and can range from training to microfinance and from public works to wage subsidies.

The World Bank asked RAND Europe to conduct a stocktaking exercise to map the diversity of employment interventions in South Asia and to review evidence of the impact of interventions. To generate an understanding of the type of interventions currently carried out in the region, the stocktaking exercise aimed to map the most prominent employment interventions in a number of countries suggested by the World Bank: Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka. The second step involved an assessment of the impact of such interventions to understand if they are effective vehicles to increase employment. As the evidence on the interventions identified through the stocktaking exercise is quite marginal however, the scope of the search for evidence was widened to include other developing countries as well as former Communist countries. The evidence of the impact of interventions has been assessed through a meta-regression based on a scoping of academic literature.

### Summary of stocktaking exercise

The recent histories of the six selected countries broadly shape the approach taken to employment interventions in these countries. The different approaches are reflected in the types of interventions that are implemented, and the groups that are targeted. Combined, the programmes tell a story about each country, about its development, its needs, and its people. The stocktaking exercise thereby becomes more than the construction of a long list of programmes, it is a narrative about where countries have come from, and where they are hoping to get. While a range of different interventions are currently carried out

in all six countries, we can detect some major patterns within countries that seem to highlight important differences between countries in the approach taken to employment.

India is the largest country in the stocktaking exercise, with a population projected to be the largest in the world in 15 to 20 years.<sup>1</sup> It is not surprising that many programmes in India seek to generate employment for large sections of the population. Quantity is important, and India's Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) is the largest employment intervention in the world. Nepal has a much smaller population than India and the interventions are often different in nature. The agricultural sector employs around 66% of the Nepalese population. To increase the productive capacity of these often small farmers and household producers a substantial share of interventions in Nepal focus on creating the conditions and circumstances that will enable the poor to be productive and increase their income. Sri Lanka is in many ways much more developed than the other countries included in the stocktaking exercise. The country, however, still deals with the aftermath of decades of civil strife and this is reflected in the interventions implemented. The geographical focus of interventions is quite clearly on the areas most affected by the civil strife, and their aim is often to rebuild or stabilise the region and the economy. Afghanistan has witnessed decades of violence. Important to the development of Afghanistan is stabilisation and rebuilding, and that is largely done through enabling key sectors, such as the agricultural sector, to develop. While poor, Pakistan has a relatively low level of (official) unemployment among men. A substantial number of programmes in Pakistan are therefore aimed at the improvement of job quality and at creating an environment which allows for the improvement of existing employment. In Bangladesh a number of programmes are carried out which target poverty by creating an environment in which there are opportunities for employment, especially in such traditional sectors as agriculture and the garment industry. Bangladesh however, is also the birthplace of modern microfinance interventions. Over recent years the microfinance model developed in Bangladesh has proved to be the blueprint for microfinance programmes in many other countries, in particular the six countries of interest in this stocktaking exercise.

## Summary of meta-regression

To generate insights into effectiveness we conducted a meta-analysis of existing economic impact evaluations. In essence, we estimated the association between the effectiveness of a particular programme and programme determinants using a meta-regression framework. A meta-regression analysis is a quantitative literature review that synthesises findings from various studies by combining estimated impacts and examining the extent to which different study characteristics affect the estimated results. This analytical framework enables us to identify the effectiveness of certain types of interventions, taking into account different characteristics and the delivery mode of the intervention, as well as heterogeneity in the applied methodology of studies measuring these impacts.

Overall, we find that at the 10% statistical significance level 39.6 per cent of the estimates are positive and 49.8 per cent are insignificant, while at the 5% statistical significance level 32.9 per cent are positive and 58.9 per cent are insignificant. Around a third of the estimates examined are therefore positive, and at the 5% statistical significance level this figure is highest for the outcome measure 'quality' (46.9 per cent),

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<sup>1</sup> BBC News (2013) 'UN: India to be world's most populous country by 2028', <http://www.bbc.com/news/world-asia-22907307> Accessed on 10 June 2014

followed by employment activity (32.0 per cent) and income (31.5 per cent). With regard to different intervention types, our overall findings suggest that comparatively, public works and general life skills training programmes are not associated with better outcomes. By contrast, business training combined with financing is associated with better employment activity outcomes for the general population and among the youth, but not among women. Finally, we find that while some interventions are positively associated with employment activities, they can be negatively associated with income. This apparent discrepancy may be a timing effect, i.e. it may take longer for income effects to be generated, but further analysis is required to understand this difference.

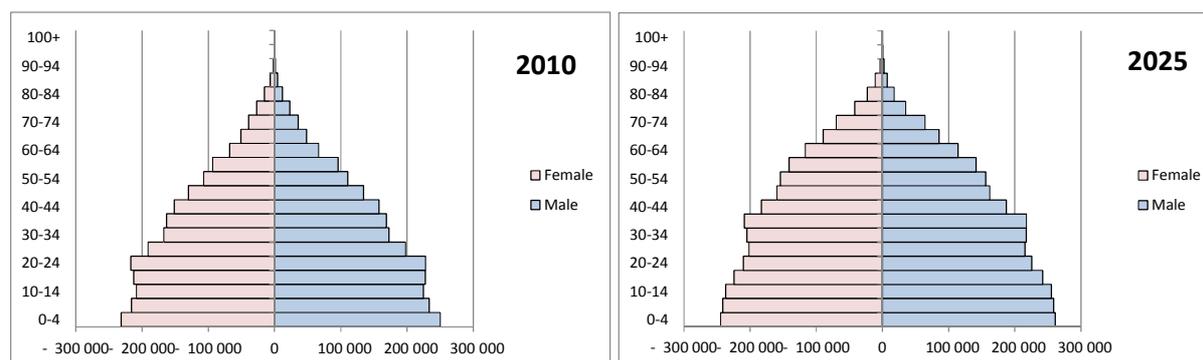
While the number of people living in extreme poverty, defined as persons living on less than \$1.25 per day, has declined over the last decades, estimates of global poverty remain high in the 21<sup>st</sup> century. Olinto et al. (2013) estimate that more than 1.2 billion people still live in extreme poverty today, of which a large share live in low-income countries. In fact, while there has been a global reduction of extreme poverty (the percentage of people living on less than \$1.25 per day), the actual number of people living in extreme poverty in low-income countries has only slightly decreased from 370 million in 1999 to 352 million in 2010 . Combined with expected population growth in most poor countries, these figures pose a challenge to global efforts to reduce poverty.

In order to lift people out of poverty, employment is crucial. Increasing the productive capacity of the poor can instigate a cycle of employment that may span generations and thereby reduce the risk of falling into extreme poverty. Creating jobs and improving the productive capacity of the poor to enable them to increase their earnings are therefore high on the agenda of national governments and international organisations (World Bank 2012). However, while this is intuitively logical, empirical studies on the link between employment and poverty reduction are scarce, not least because of problems with data availability and data quality in poor countries (Hull 2009).

Despite the scarcity of evidence, large scale interventions have been developed and implemented by regional and national governments and international development organisations to raise levels of employment, and to improve the skills and education of the poor to allow them to take up jobs. These interventions vary broadly in scope and size, and can range from training to microfinance and from public works to wage subsidies.

The youth bulge expected or already happening in many low-income countries heightens the need for employment interventions, to prevent generations of young people from falling into unemployment and extreme poverty. Combined population projections for Africa, South Asia and East Asia (excluding Japan, South Korea, Hong Kong and Singapore), which together are home to the vast majority of the world's poor, illustrate the expected growth of the younger generations reaching working age by 2025. The growth of the younger sections of the population intensifies the pressures on countries to increase the rates of employment creation in order to ensure large sections of the population can move out of poverty (World Bank 2012).

**Figure 1: Combined population changes for the world's poorest countries in Africa and Asia<sup>2</sup>**



Countries included: **Eastern Africa:** Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Réunion, Rwanda, Seychelles, Somalia, South Sudan, Uganda, United Republic of Tanzania, Zambia, Zimbabwe **Middle Africa:** Angola, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Sao Tome and Principe **Northern Africa:** Algeria, Egypt, Libya, Morocco, Sudan, Tunisia, Western Sahara **Southern Africa:** Botswana, Lesotho, Namibia, South Africa, Swaziland **Western Africa:** Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo **Eastern Asia:** China, Dem. People's Republic of Korea, Mongolia **Southern Asia:** Afghanistan, Bangladesh, Bhutan, India, Iran (Islamic Republic of), Maldives, Nepal, Pakistan, Sri Lanka **South Eastern Asia:** Brunei, Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Thailand, Timor-Leste, Viet Nam

The World Bank asked RAND Europe to conduct a stocktaking exercise to map the diversity of employment interventions in South Asia and to review evidence of the impact of interventions. To generate an understanding of the type of interventions currently carried out in the region, the stocktaking exercise aimed to map the most prominent employment interventions in a number of countries suggested by the World Bank: Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka. The second step involved an assessment of the impact of such interventions to understand if they are effective vehicles to increase employment. As the evidence on the interventions identified through the stocktaking exercise is quite marginal however, the scope of the search for evidence was widened to include other developing countries as well as former Communist countries. The evidence of the impact of interventions has been assessed through a meta-regression based on a scoping of academic literature. In the first part of this report we will introduce the results of the stocktaking exercise, the full results of which are included in the Appendix. The second part of the report outlines the methodology and results of the meta-regression.

Given the scope of this report we will not be able to engage with several other important debates around poverty and employment that nevertheless are important to remember as the background to this study. First, it has been suggested that to achieve sustainable poverty reduction, a reduction of income inequality is required, which itself is likely to be dependent on increases in employment (Islam 2004). Economic growth on its own may not necessarily yield poverty reduction if the growth is not shared among all layers of society. Growth without employment and reductions of inequality is not likely to be sufficient to reduce poverty (Ernst and Berg 2009). Secondly, the quality of jobs matters in the reduction of poverty.

<sup>2</sup> Derived from United Nations Population Division (2014) *World Population Prospects: The 2012 Revision*, United Nations Department of Economic and Social Affairs, <http://esa.un.org/unpd/wpp/index.htm>

Not every job is the same and a move away from low-quality jobs, including child labour, are important considerations in the analysis of the link between growth and employment (Huitfelt et al 2009, OECD).

## PART 1: STOCKTAKING

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Employment interventions differ in size and scope, and range from public works programmes, to training interventions, to microfinance. Multiple avenues for intervention are therefore available and nearly all are explored by governments and international organisations, as this stocktaking exercise will show. The diversity of the approaches mimics the diversity between and within these countries and it is clear that there is not, and perhaps cannot be, a single approach to these interventions. Still, within countries and despite the wide diversity, some patterns of interventions do arise which highlight the unique features of each country.

The recent histories of the six selected countries broadly shape the approach taken to employment interventions in these countries. The different approaches are reflected in the types of interventions that are implemented, and the groups that are targeted. Combined, the programmes tell a story about each country, about its development, its needs, and its people. The stocktaking exercise thereby becomes more than the construction of a long list of programmes; it is a narrative about where countries have come from, and where they are hoping to get. While a range of different interventions are currently carried out in all six countries, we can detect some major patterns within countries that seem to highlight important differences between countries in the approach taken to employment.

India is the largest country in the stocktaking exercise with a population projected to be the largest in the world in 15 to 20 years.<sup>3</sup> Despite great reductions, the number of extremely poor people in India is around 400 million (Olinto et al. 2013), and it is therefore not surprising that many programmes in India seek to generate employment for large sections of the population. Quantity is important, and India's Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) is the largest employment intervention in the world, aiming to generate as many employment opportunities as possible.

Nepal has a much smaller population than India and the interventions are often different in nature. The agricultural sector employs around 66% of the Nepalese population, making it the biggest sector of the economy.<sup>4</sup> To increase the productive capacity of these often small farmers and household producers, a substantial share of interventions in Nepal focuses on creating the conditions and circumstances that will enable the poor to be productive and increase their income. Rather than directly creating jobs, these interventions seek to establish an environment which provides opportunities to allow the poor to be productive.

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<sup>3</sup> BBC News (2013) UN: 'India to be world's most populous country by 2028', <http://www.bbc.com/news/world-asia-22907307> Accessed on 10 June 2014

<sup>4</sup> See <http://www.doanepal.gov.np/> Accessed on 5 June 2014

Sri Lanka is in many ways much more developed than the other countries included in the stocktaking exercise. The country, however, still deals with the aftermath of decades of civil strife and this is reflected in the interventions implemented. The geographical focus of interventions is quite clearly on the areas most affected by the civil strife, and their aim is often to rebuild or stabilise the region and the economy.

Afghanistan has witnessed decades of violence and today ranks lowest of all six countries of interest on the Human Development Index at place 175. Important to the development of Afghanistan is stabilisation and rebuilding, and that is largely done through enabling key sectors, such as the agricultural sector, to develop. Part of this in the case of Afghanistan is the explicit effort to transform agriculture away from the illicit drug market and thereby create legal employment in the future.

While poor, Pakistan has a relatively low level of (official) unemployment among men. A substantial number of programmes in Pakistan are therefore aimed at the improvement of job quality and at creating an environment which allows for the improvement of existing employment. Furthermore, as in many other countries of interest, a substantial number of programmes focus on the employment of women, among whom participation rates tend to be low.

In Bangladesh a number of programmes are carried out which target poverty by creating an environment in which there are opportunities for employment, especially in such traditional sectors as agriculture and the garment industry. Bangladesh, however, is also the birthplace of modern microfinance interventions, and itself is home to the Nobel Prize-winning Grameen Bank and various other microfinance programmes. Over recent years the microfinance model developed in Bangladesh has proved to be the blueprint for microfinance programmes in many other countries, in particular the six countries of interest in this stocktaking exercise.

## 2.1 How to read this report

The next chapter will provide a methodological outline of the stocktaking exercise and will explain how different interventions have been coded for the purpose of analysis. In each chapter that follows we will first discuss briefly the population outlook for the country and any recent historical developments that may have shaped the employment interventions in that country. Then we will provide overviews of the classification of interventions into categories and targets, according to a coding system adopted. For each country we will also discuss the main sources of funding of interventions (national or international) and the geographical scope (national or regional). At the end of each country chapter we will discuss the budgets of different types of interventions, again according to their category or target code.

Finally, we have included at the end of the chapters for India, Sri Lanka and Bangladesh, three boxes which provide a quick glance at actual evidence of effectiveness that emerged from studies in these countries. For India, the box will focus on the effectiveness of the public works programme called the 'Mahatma Gandhi National Rural Employment Guarantee Act (NREGA)'. In the case of Sri Lanka, we will discuss the evidence surrounding interventions in microenterprises, and for Bangladesh we will briefly outline the academic debates around the possible effectiveness of microfinance.

## 2.2 Searching for programmes

To generate a long list of programmes for the six South Asian countries included in the study we conducted an extensive search. The search broadly combined three steps of data collection in order to reduce the chances of overlooking major programmes. The first step consisted of a targeted investigation of programmes funded by major donors; the second step consisted of ‘snowballing’ from the initial results; the third step, finally, consisted of general web searches to ensure no major programmes were overlooked. We will address each step in turn.

### 2.2.1 *Step 1: Targeted search of donors*

The first step of the stocktaking exercise consisted of a thorough investigation of all the programmes that major donors are currently sponsoring in the six target countries. For each major donor we reviewed the online database of all programmes they are currently funding in the target countries. Programmes were scanned for any possible contribution to employment opportunities, skills development, microfinance or the productive capacity of the poor. The criteria by which programmes were included or excluded are discussed below.

Table 1 lists the major donors which were checked for every country. In addition, all the relevant ministries within each country were checked for the major programmes which they are funding. Finally, further donors were identified through EU strategy papers on each country, in which the major donors active in that country are identified and discussed.<sup>5</sup>

**Table 1: Major donors**

<b>International</b>	<b>National/Regional</b>
World Bank	UKAID
Asian Development Bank	USAID
United Nations Development Programme	JICA
Food and Agricultural Organization	EuropeAID
International Fund for Agricultural Development	AusAID
World Food Programme	Canadian International Development Agency

### 2.2.2 *Step 2: Snowball from initial results*

After the initial search of the major donors in the region, the second step of the stocktaking exercise consisted of ‘snowballing’ from the initial results. On the basis of programme descriptions in the first step, we were able to identify further donors, organisations, or programmes active in the target countries. These links were examined and yielded further programmes for inclusion.

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<sup>5</sup> For example, for India the strategy paper can be found here: [http://eeas.europa.eu/delegations/india/documents/eu\\_india/country\\_strategy\\_paper\\_07\\_13\\_en.pdf](http://eeas.europa.eu/delegations/india/documents/eu_india/country_strategy_paper_07_13_en.pdf)

Additional funders and donors were scanned in the same way as the initial donors, by examining the online databases of all the programmes they run in the six target countries, and selecting all programmes that fitted the inclusion criteria.

### 2.2.3 Step 3: Web searches

Finally, in order to ensure that we did not overlook any major programmes, we conducted several general web searches (using Google). We undertook several searches with the following key-words and examined the first 100 results:

*[Country name] AND employment AND microfinance OR public work OR training OR youth OR women OR self-help group.*

This third step did not however, constitute a major part of the search strategy, as it yielded many references to a small selection of large programmes. The targeted donor search was therefore more useful in the identification of the variety of programmes being run in the target countries.

## 2.3 Criteria for inclusion and exclusion

Programmes were included or excluded on the basis of the criteria listed in Table 2. Furthermore, the stocktaking exercise set out to identify interventions that aim to increase employment opportunities or aim to strengthen the productive capacity of the poor. As with any stocktaking or coding exercise this means there are grey areas as to what is included and what is excluded. Through the table below we hope to provide clarity as to why decisions about inclusion and exclusion were made.

One area of importance that has been excluded, however, is (primary) education. We have not included interventions that aim to establish either primary or secondary education. While such interventions may lead to better employment in the future, they have not been included as their direct aim is not to increase employment opportunities. Training programmes to improve skills and increase productive capacity have been included.

**Table 2: Inclusion and exclusion criteria**

Scope	Included any programme that contributes to the employability and productive capacity of the poor, both in public and private sector.
Budget	Generally a minimum of \$1.000.000, but several smaller programmes have been included if they seemed directly relevant (e.g. local microfinance projects).
Timeline	Only programmes which were operational in January/February 2014 were included. Programmes scheduled to be finished before January 2014, but currently still in a post-completion phase have been excluded.
Programme phases	Several programmes have been renewed on a multiple-year basis and only the latest phase, stage, or version of such programmes has been included, unless there is substantial overlap between the previous and next phase of a programme, in which case both have been included.
Programmes vs donors	Many programmes will have multiple donors, yet the aim of the stocktaking exercise has been to identify programmes, not donors. The list of donors identified is therefore less representative than the list of programmes.
Technical assistance	Many donors or development agencies currently provide 'technical assistance' to programmes. As technical assistance programmes in themselves generally do not generate employment they have often been omitted. In such cases we have therefore not listed separate 'technical assistance projects' but have aimed to identify the larger employment intervention to which the technical assistance has been given.
Multiple components	Many programmes will have multiple components to improve the employability and productive capacity of the poor (e.g. both skills training and microfinanced self-help groups). If these programmes were run at a national level, the components have been split and each component has been allocated a separate row in the sheet. If, however, the programmes were at a lower or regional level, the programme is listed in one row only, yet all its components are outlined in the 'Intervention' column.

## 2.4 Explanation of the stocktaking sheet

The level of detail that is included in the sheet differs quite substantially between programmes, depending on the information available for programmes. For all programmes, however, we have aimed to collect a number of core characteristics which are included in the sheet as columns. Table 3 provides a brief description of the columns included in the sheet.

**Table 3: Explanation of the stocktaking sheet**

Country	Country in which the programme is active.
Organisation/Main donor	The organisation running the programme or major donor.
Initiative	Official programme name.
Targeting	The population that is targeted by the programme as described in the programme documentation.
Targeting code 1	The code given to the Target group. See Appendix 1 for the overview of codes
Targeting code 2	An optional secondary code given to some programmes. See Appendix 1 for the overview of codes.
Coverage	Depending on the information available this covers: <ul style="list-style-type: none"> <li>• The size of the target population</li> <li>• The geographical spread of the programme.</li> </ul>
National or regional	The geographical scale at which a programme is carried out, either national or regional.
Timeline	The start and end year(s) of the programme.
Budget US\$	Budget in US\$. If the original budget was in a different currency, it has been converted and the exchange rate and the date of the conversion has been given
Yearly budget US\$	Estimate by the authors of the yearly budget of a programme. This estimate is based on the total budget divided by the duration of the programme, whereby the start and end years each count as one year. Thus, a programme running from 2010 to 2014 is counted as five years in duration.
Category code 1	The code given to capture the category of intervention. See Appendix 2 for the overview of codes.
Category code 2	An optional secondary code given to some programmes. See Appendix 2 for the overview of codes.
Intervention	Detailed description of the programme and its components.
Source	Links to relevant webpages or documentation.

#### 2.4.1 *Target codes*

The coding has aimed to retain as much detail as possible while also providing some general insights into what groups are targeted. The codes differ in their granularity as some cover population segments (e.g. rural poor), others social units (e.g. households). The final list of codes is based on a bottom-up clustering of target groups that arose during the stocktaking exercise. The codes are therefore the results of groupings of target groups as listed by the programmes.

**Table 4: Target codes**

Codename	Target group includes:
Poor	Ultra-poor, food-insecure, asset-less, landless, vulnerable. Also including the general unemployed.
Rural poor	General poor in rural areas, rural unemployed.
Urban poor	General poor in urban areas, urban unemployed.
Women	Women.
Youth	People between 15-24, child labourers, children.
Young women	Women between 15-24 (including adolescent girls).
Household	Households, including household production and farming.
Farmer	Farmers, landless agricultural labourers, forest-dependent labourers.
Migrant	Migrants, returning refugees, displaced persons, trafficked victims.
Community	Local/regional communities, coastal/mountain communities.
Enterprise	Any type of enterprise or business.
Industry	Any type of sector, e.g.: SMEs/microfinance sector, agricultural industry (including Agribusinesses and rice industry), IT industry, private sector, dairy.
Public sector	Government institutions, government infrastructures.
Education	Any type of educational institution, e.g.: schools, universities, technical and vocational training.
Graduate	Graduates, students, trainees, prospective students.
Insecure	Informal workers and bonded labourers, seasonal labourers.
General	General population of a country or unspecified.
Other	Examples are: disabled/factory workers/ ICT professionals/traders.

### 2.4.2 *Category*

The codes for the categories of interventions are based on the international literature, combined with emergent findings from the stocktaking exercise. The first five categories and corresponding codes come from prominent papers by Betcherman and colleagues (Betcherman, Dar, and Olivas 2004). For this stocktaking exercise we have retained the definitions provided in Betcherman et al. (2004). In addition, three categories have been added which emerged as important and separate categories from the stocktaking exercise. These three categories capture interventions that are not covered by the five categories from Betcherman et al. (2004).

**Table 5: Category codes**

Codename	Definition
Services	<b>Employment services:</b> ‘These services fulfill brokerage functions, matching available jobs with job seekers. This assistance comprises many different types of activities including initial interviews at employment offices, in-depth counseling during an unemployment spell, job clubs, labor exchanges, etc.’
Training	<b>Labour market training:</b> ‘This includes training that is publicly-supported, usually through either direct provision (e.g., through public training institutes) or financial support (e.g., funding training costs and/or subsidizing trainees).’
Subsidy	<b>Wage/Employment subsidies (WES):</b> ‘These are subsidies to encourage employers to hire new workers or to keep employees who might otherwise have been laid off for business reasons. They usually take the form of direct wage subsidies (directed to either the employer or worker) or social security payment offsets. These programs typically are targeted to the long-term unemployed, areas/sectors with high unemployment, and special groups of workers (e.g., youth).’  In the stocktaking exercise we also included subsidies and lump sums to the self-employed under this category.
Public Works	<b>Public works:</b> ‘These programs...known by a range of terms including temporary community projects, labor-intensive projects, and workfare...involve direct job creation through public works or other activities that produce public goods or services. They can alleviate unemployment or short-term poverty by creating temporary jobs and can help disadvantaged, poor, and long-term unemployed workers to regain contact with the labor market.’
MEDA	<b>Micro-Enterprise Development Assistance (MEDA):</b> ‘These programs offer assistance to unemployed workers to start their own enterprises. This can involve providing financial and advisory support for start-up, “incubator” services, or supporting operating costs of small businesses. These programs have been offered both on a universal basis or to particular groups, such as the newly unemployed or the long-term unemployed.’ Importantly, in the stocktaking exercise, we have coded Microfinance programmes as MEDA.
Productive opportunities	<b>Productive Opportunities:</b> Programmes aimed at creating productive opportunities for the poor, so that they are enabled to become economically active. Often this implies providing them with the means to be economically active. Includes: rural development, agriculture and rural development (or other specified industries), disaster resilience, social protection, poverty reduction.
SHG	<b>Self-Help Groups:</b> Programmes that aim at the establishment of self-help groups (SHG) which in turn can undertake several actions: training, business development, microfinance, etc.
Livelihood	<b>Livelihood:</b> These programmes seek to improve the environment of the poor in a broad sense to enable them to become economically active. Whereas the category ‘Productive Opportunities’ includes programmes frequently aimed at specific economic sectors (e.g. tea-production, dairy farming), Livelihood programmes are wider and seek to improve the productive capacity of the poor through targeting malnutrition and food insecurity, and through stabilisation and rebuilding after conflict.

### 2.4.3 *Notes on coding*

In order to be as clear and consistent as possible we followed several general guidelines to code the programmes.

- **Specificity of target groups:** In general, we have tried to capture as much detail about a programme as possible in the coding. This means that, especially in the case of target groups, the codes are not mutually exclusive but rather are aimed to be specific. For example, a programme targeted at poor rural women would be coded as targeted at women; whereas a programme targeted at the rural poor in general, would be coded as ‘rural poor’. The two codes do not exclude each other, yet the aim has been to choose the code that is most specific.
- **Programmes with multiple components:** large, national programmes with multiple components have been given multiple lines in the stocktaking sheet, but not each component has received a separate coding. Each programme is coded only once.
- **Secondary Target and Category codes:** given the broad nature of some programmes, a number have been given a second coding, either of their target group or their intervention category. These double codes have been incorporated in the analysis, and thus, some programmes are double-counted when target groups or intervention categories are analysed. Where this occurs, it will be explicitly noted.
- **Funding:** programmes are classified as having international funding if they have at least one substantial non-national (i.e. target country) source of funding, be it through international organisations (e.g. World Bank) or national aid programmes (e.g. USAID). Programmes coded as ‘International’ are thus distinguished from programmes that are fully national in terms of funding and organisation.

## 2.5 Representativeness and limitations

While the search has sought to identify as many programmes and interventions as possible, we cannot guarantee that certain interventions have not been overlooked. The targeted search of donors and governments had sought to identify all the relevant large employment interventions currently carried out in the six countries of interest. Still, interventions may have been missed, especially if these interventions were not associated with either governments or international donors. Furthermore, while the stocktaking exercise provides a good overview of the major interventions in each country, it has not sought to include smaller interventions or programmes.

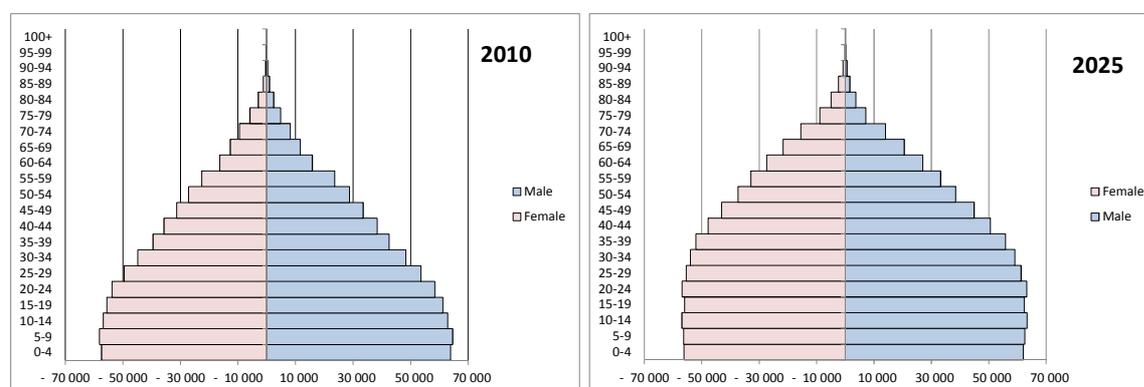
Finally, interventions and programmes are frequently revised, renamed or abandoned, and the possibility therefore exists that the information about programmes and interventions listed in the stocktaking exercise is outdated.



### 3.1 Employability of the poor in India

India is expected to become the most populous nation around 2030.<sup>6</sup> Population projections for India differ quite substantially, but even the ‘medium’ projection from the UN makes it clear that in 2025 a substantial share of India’s population will be of ‘prime’ working age, between 15 and 50. Over the last decades the number of people living in extreme poverty has declined in India from 428 million in 1981 to 394 million in 2010 which, given the substantial population growth over the same period from 715 million to 1.2 billion, is a substantial achievement (Olinto et al. 2013). To keep large sections of the population from falling into poverty, however, it is important that the creation of new employment opportunities keeps up with the growth of the working-age population.

**Figure 2: Population changes for India<sup>7</sup>**



Famous in this respect is India’s flagship public works programme, the Mahatma Gandhi National Rural Employment Guarantee Act (NREGA), which guarantees 100 days of paid employment to poor rural households. Arguably the largest public works programme in the world (Zimmerman 2012), NREGA aims to provide substantial employment opportunities to entire sections of the population (see Box 1 for further information). Apart from NREGA, the stocktaking exercise identified 49 other substantial employment interventions in India. Some of these programmes are quite large in scale and contain more

<sup>6</sup> BBC News (2013) UN: ‘India to be world’s most populous country by 2028’, <http://www.bbc.com/news/world-asia-22907307> Accessed on 10 June 2014

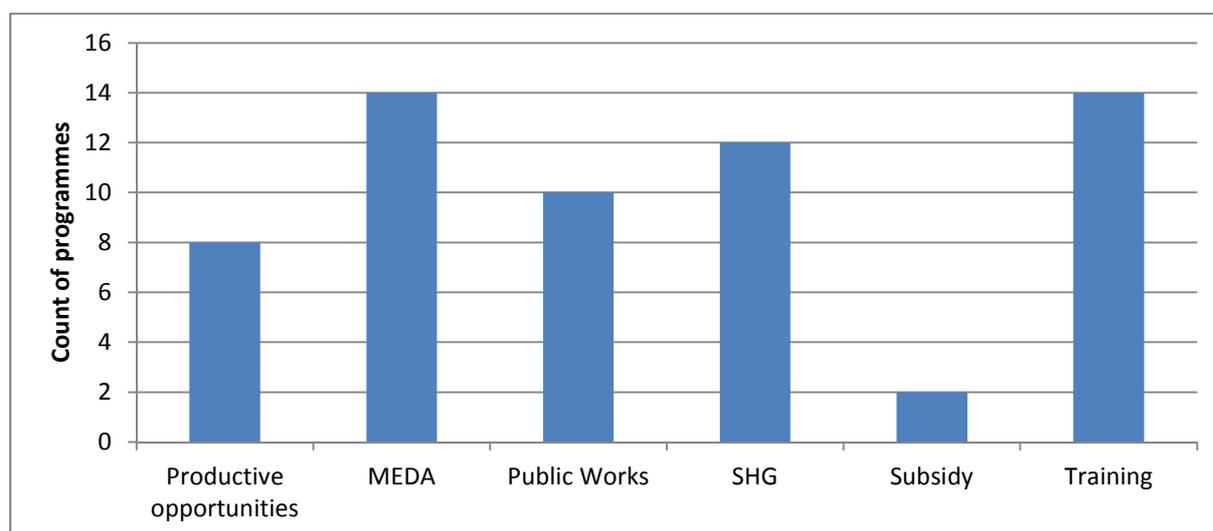
<sup>7</sup> Derived from United Nations Population Division (2014) *World Population Prospects: The 2012 Revision*, United Nations Department of Economic and Social Affairs, <http://esa.un.org/unpd/wpp/index.htm>

than one intervention, for example they contain both training and MEDA. Some programmes thus contain two intervention codes, consequently several summary tables below contain more than 50 entries. It is clearly indicated for which tables this is the case.

### 3.2 Categories of relevant programmes

As has been noted above, and as further discussed in Box 1, India’s best known programme is NREGA.<sup>8</sup> Despite the size of the programme there remains uncertainty over its impact, especially in relation to the substantial investments made in it. NREGA is, however, not the only large public works programme: for example, the ‘India Swarna Jayanti Shahari Rozgar Yojana’ (SJSRY) (Urban Wage Employment Programme)<sup>9</sup> was created by the government to target the urban poor, while at a regional level the IFAD co-funded ‘Mitigating Poverty in Western Rajasthan Project’ aims at increasing the cash income of the rural poor in 17 targeted districts of Rajasthan.<sup>10</sup>

**Figure 3: Categories of programmes in India**



NB: contains double counting

In the case of India, the coding shows that for public works, but also other programmes, a particularly prominent mode of intervention is the Self Help Group (SHG). A range of programmes rely on SHG, varying in size from the regional Tejaswini Rural Women’s Empowerment Programme<sup>11</sup> with an eight-year budget of over \$220 million, to Mahila Samakhya<sup>12</sup> which aims at the empowerment of women through women’s collectives (Mahila Sanghas) and has a seven-year budget of around \$57 million. A

<sup>8</sup> See <http://nrega.nic.in/netnrega/home.aspx> Accessed on 10 June 2014

<sup>9</sup> See [http://www.rbi.org.in/scripts/BS\\_ViewMasCirculardetails.aspx?id=8190](http://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=8190) Accessed on 10 June 2014

<sup>10</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1418/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1418/project_overview) Accessed on 10 June 2014

<sup>11</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1314/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1314/project_overview) Accessed on 10 June 2014

<sup>12</sup> See <http://mhrd.gov.in/mahila> Accessed on 10 June 2014

classic example of an SHG is the Indian voluntary organisation known as Professional Assistance for Development Action (PRADAN).<sup>13</sup> PRADAN has been active since 1983 and promotes SHGs to allow the rural poor, particularly women, to have access to shared credit and set up livelihood activities. This approach is now followed by a number of programmes in India.

Other areas of intervention that occur frequently among the programmes listed are MEDA and Training. Covered by MEDA are most microfinance programmes, such as the Self-Employed Women's Association (SEWA) Bank,<sup>14</sup> the World Bank-supported 'Scaling Up Sustainable and Responsible Microfinance' project,<sup>15</sup> and the relatively new Aavishkaar II.<sup>16</sup> SEWA is one of the oldest and most famous initiatives, beginning as a trade union for poor women. Today it is a bank and provides microfinance, business counselling and financial literacy to women to support their self-employment.

Training is part of a large number of programmes in India and not always easy to isolate. Some programmes nevertheless have been designed with the explicit aim to either set up training institutes, such as the 'Rural Self Employment Training Institutes' established by the government,<sup>17</sup> or by improving the quality of existing training institutions, as in the sizeable World Bank-supported 'Vocational Training Improvement Project'.<sup>18</sup>

Given the size of the country and its population, it is not surprising that more than half of the programmes are implemented at regional rather than national level. A substantial number of the programmes focused at SHGs are regional in nature, often being implemented at the state rather than at the national level. Even for many microfinance initiatives, falling under the MEDA code that are coded 'national', it is not clear what their actual geographical scope is, and it may be that they operate more locally than is indicated here.

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<sup>13</sup> See <http://www.pradan.net/> Accessed on 10 June 2014

<sup>14</sup> See <http://www.sewabank.com/index.php> Accessed on 10 June 2014

<sup>15</sup> See <http://www.worldbank.org/projects/P119043/india-scaling-up-sustainable-responsible-microfinance?lang=en&tab=overview> Accessed on 10 June 2014

<sup>16</sup> See <http://www.aavishkaar.in/> Accessed on 10 June 2014

<sup>17</sup> See [www.nird.org.in/rseti](http://www.nird.org.in/rseti) Accessed on 10 June 2014

<sup>18</sup> See <http://www.worldbank.org/projects/P099047/india-vocational-training-improvement-project?lang=en&tab=overview> Accessed on 10 June 2014

**Table 6: Breakdown of categories by geographical scope**

	Geographical scope	
	Regional	National
Productive Opportunities	6	2
MEDA	5	9
Public Works	7	3
SHG	8	3
Subsidy	2	0
Training	7	7
	35	24

NB: contains double counting

### 3.3 Targets of relevant programmes

Essentially, all programmes listed for India are aimed at the poor or vulnerable sections of society. Where the programme descriptions have allowed it, the target groups of programmes have been coded with as much detail as possible. The numbers of Figure 4 add up to 53 as some programmes have more than one code.

The more specific coding shows that women form the target group of a number of programmes. The specific types of interventions targeted at women differ, ranging from training programmes such as Project Swavlamban,<sup>19</sup> supported by the EU, to SHGs like the ‘Women’s Empowerment and Livelihoods Programme in the Mid-Gangetic Plains’,<sup>20</sup> to microfinance by SEWA.

Another interesting feature of the programmes is the strong emphasis on the rural poor. This targeting strategy is reflected in India in a range of regional, rather than national, projects as will be outlined below. A typical example of this type of programme is the ‘Second Madhya Pradesh District Poverty Initiatives Project (MPDPIP-II)’ funded by the Government of India, which seeks to generate employment through both SHGs as well as a dedicated employment programme consisting of training and job placement support.<sup>21</sup>

The Enterprise code, finally, covers a diversity of projects generally aimed at improving enterprise or business outcomes to increase employment and incomes among poor or vulnerable groups. For example, the ‘Rajiv Gandhi Udyami Mitra Yojana (RGUMY)’ provides hand-holding support and assistance to first generation entrepreneurs who have finished particular training courses.<sup>22</sup> The Rajasthan Investment Promotion Scheme by contrast uses wage subsidies to encourage enterprises to create jobs, especially for

<sup>19</sup> See [http://eeas.europa.eu/delegations/india/projects/list\\_of\\_projects/210818\\_en.htm](http://eeas.europa.eu/delegations/india/projects/list_of_projects/210818_en.htm) Accessed on 10 June 2014

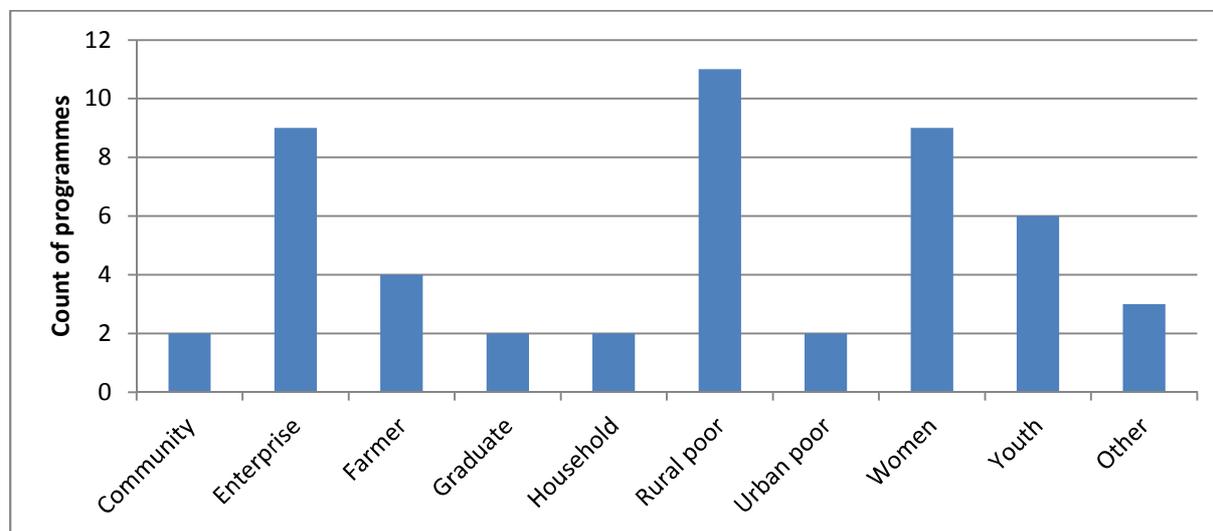
<sup>20</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1381/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1381/project_overview) Accessed on 10 June 2014

<sup>21</sup> See [http://www.dpipmp.mp.gov.in/english/program\\_profileP2.htm](http://www.dpipmp.mp.gov.in/english/program_profileP2.htm) Accessed on 10 June 2014

<sup>22</sup> See <http://rgumy.nic.in/RGUMY/Home/Home.aspx> Accessed on 11 June 2014

minorities and women.<sup>23</sup> Yet the majority of programmes targeted at enterprises are microfinance interventions, which provide credit to small, often self-employed, enterprises.

**Figure 4: Target groups of programmes in India**



While most of the Enterprise programmes are based on microfinance interventions, three of the five national enterprise programmes are run by the government. These programmes not only promote investments in small enterprises but also provide support to entrepreneurs who generally face difficulties, such as minorities and the young; an example is the National Minorities Development & Finance Corporation (NMDFC).<sup>24</sup> The various programmes targeted at the rural poor, while funded through international organisations, are often implemented regionally. Regions, however, can still encompass considerable populations. The World Bank-supported North East Rural Livelihoods Project (NERLP) covers four states in which it aims to reach 300,000 households in 1,624 villages.<sup>25</sup>

<sup>23</sup> See <http://www.rajcluster.com/rips.pdf> Accessed on 11 June 2014

<sup>24</sup> <http://www.nmdfc.org/> Accessed on 11 June 2014

<sup>25</sup> See <http://www.worldbank.org/projects/P102330/north-east-rural-livelihoods-project-nerlp?lang=en&tab=overview> Accessed on 11 June 2014

**Table 7: Breakdown of target groups and geographical scope**

	Geographical scope	
	Regional	National
Community	2	0
Enterprise	2	7
Farmer	4	0
Graduate	0	2
Household	2	0
Rural poor	3	0
Urban poor	8	3
Women	1	1
Youth	5	4
Other	2	4
	29	21

### 3.4 Level of funding for different types of programmes

Given the size of the country and the population, India has several programmes with very large budgets. To provide an indication of the size of the budgets, the table below lists the four largest programmes, all of which are funded by the Government of India. Together, these programmes account for around 0.41% of India's GDP.<sup>26</sup>

**Table 8: Programmes excluded with large budgets**

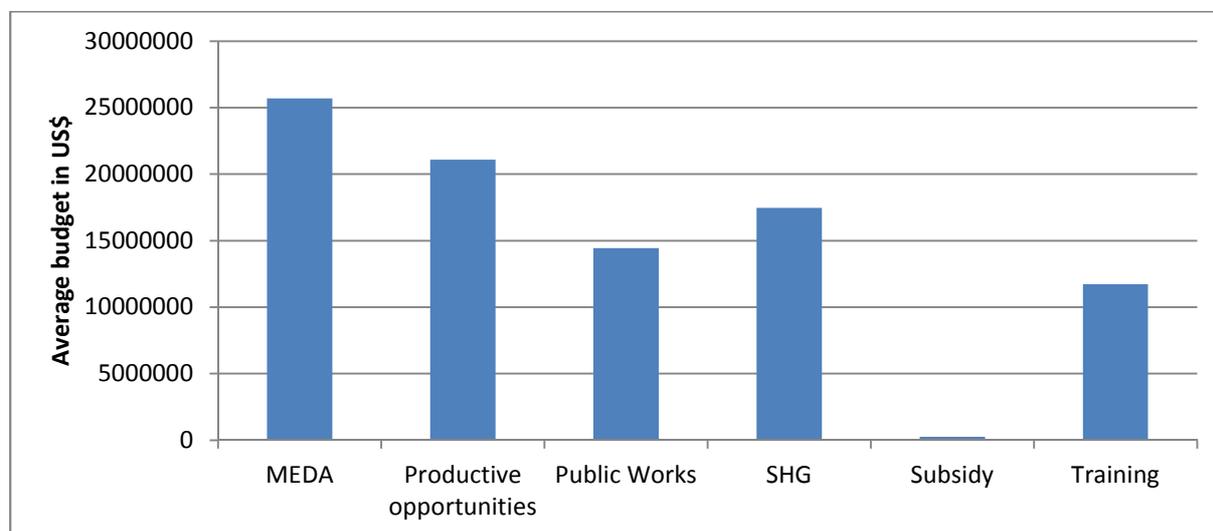
Programme	Estimated yearly budget
Mahatma Gandhi National Rural Employment Guarantee Act	\$6,340,277,839
National Rural Livelihoods Mission	\$799,552,249
Prime Minister's Employment Generation Programme (PMEGP)	\$196,440,393
India Swarna Jayanti Shahari Rozgar Yojana (SJSRY) (Urban Wage Employment Program)	\$123,364,515

Due to the extreme outliers in budgets, average yearly budgets for intervention categories provide little information when these four programmes are included. However, if we take out the programmes listed above, a more representative overview of average yearly budgets can be obtained for the programmes, from which it is possible to calculate an average yearly budget. Included in the analysis of budgets are 36

<sup>26</sup> Different estimates exist of the share of GDP that the budget of NREGA represents. Zimmerman states 1%, Imbert and Papp 0.6%, yet our calculations based on the NREGA budget in rupees for 2012-2013, compared to the Indian GRP in rupees for 2012, arrive at a figure of 0.39%.

programmes. The ten programmes for which budgets were not available range across categories and target groups, and do not seem to suggest a particular bias.

**Figure 5: Yearly budgets by categories**



The subsidy category in the table covers only one programme, the Canadian International Development Agency-funded ‘Reducing Unemployment Among People with Disabilities’ project.<sup>27</sup> By contrast, the average for Training is based on nine programs, with yearly budgets ranging from \$44 million, for the ‘Vocational Training Improvement Project’,<sup>28</sup> to \$200,000 for a training project focused on ‘Tribals, Dalits, and Other Backward Class Youth’ (Vocational education and training for inclusive growth for tribal communities in the East Indian states of Jharkand, West Bengal and Orissa).<sup>29</sup> Public works and SHG have been discussed in detail above. The single project underlying Productive Opportunities is the ‘Integrated Livelihoods Support Project (Uttarakhand)’, which aims to improve food security through investment in crop and livestock production, and by facilitating access to markets.<sup>30</sup>

Finally, the budgets for the same set of programmes can be averaged by target group. The number for Graduate in the table below is based on the ‘Vocational Training Improvement Project’ mentioned above, whereas the ‘Tamil Nadu Empowerment and Poverty Reduction “Vazhndhu Kaattuvom” Project’<sup>31</sup> is the only programme under the Household code, and targets marginalised communities through a range of interventions, from strengthening local institutions to skills development. Nine programmes targeted at

<sup>27</sup> See <http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/43F01EBFED3E2EDC85257AB8003B28FD?OpenDocument> Accessed on 11 June 2014

<sup>28</sup> See <http://www.worldbank.org/projects/P099047/india-vocational-training-improvement-project?lang=en&tab=overview> Accessed on 11 June 2014

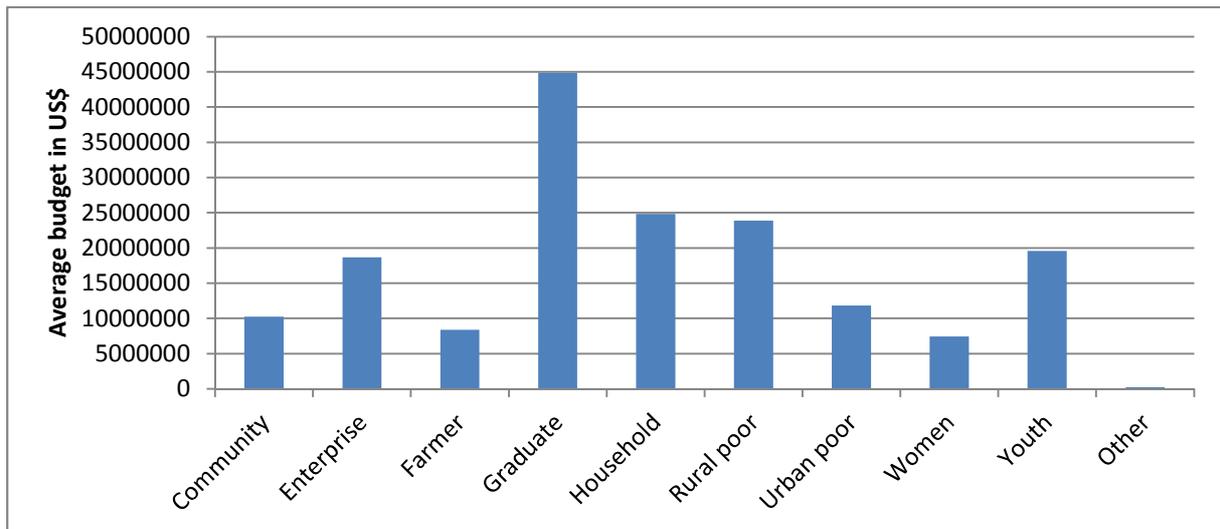
<sup>29</sup> See [http://eeas.europa.eu/delegations/india/projects/list\\_of\\_projects/210785\\_en.htm](http://eeas.europa.eu/delegations/india/projects/list_of_projects/210785_en.htm) Accessed on 11 June 2014

<sup>30</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1617/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/india/1617/project_overview) Accessed on 11 June 2014

<sup>31</sup> See <http://www.tiruvallur.tn.nic.in/departments/vkds.htm> Accessed on 11 June 2014

the rural poor allowed for a calculation of yearly budgets, and the average based on yearly budgets range from over \$30 million, for example the ‘Rajasthan Rural Livelihoods Project (RRLP)’,<sup>32</sup> to \$735,000 for the Society for Partnership (SOPAR) project.<sup>33</sup> Programmes targeted at women, seven of which could be included, similarly have very diverse budgets. The ‘Tejaswini Rural Women's Empowerment Programme’<sup>34</sup> has a yearly budget of around \$25 million and seeks to empower women through SHG, which can draw on microfinance. By contrast, ‘wPower’<sup>35</sup>, with a yearly budget of \$262,000, is much more focused as it is a public-private partnership that assists women entrepreneurs to improve access to clean energy.

**Figure 6: Yearly budgets by targets**



<sup>32</sup> See <http://www.rgavp.org/index.html> Accessed on 11 June 2014

<sup>33</sup> See <http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/73AD56E2EC381FB885257C4B003C851C?OpenDocument> Accessed on 11 June 2014

<sup>34</sup> See <http://projecttejaswini.com/Default.aspx> Accessed on 11 June 2014

<sup>35</sup> See <http://portfolio.usaid.gov/ProjectDetail?id=a0cd00000033GLVAA2> Accessed on 11 June 2014

## Box 1: NREGA

### The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA)

India's National Rural Employment Guarantee Act (NREGA) is one of the world's largest public works programmes. It legally guarantees 100 days of manual work to rural households each year for minimum wage. Given the immense scope of the programme, its budget has been variously estimated to be around 0.4 to 1% of India's GDP.<sup>36</sup>

A range of studies have been conducted to assess the impact of NREGA on employment and wages, yet very few of these studies are based on a rigorous design to evaluate the impacts of the programme. Exceptions are three recent studies which provide insights into the various effects of NREGA (Azam 2012; Imbert and Papp 2013; Zimmerman 2012). These studies are based on comparisons between NREGA and non-NREGA states, and also track developments in states in which NREGA is introduced.

All three studies find positive effects on wages, though these effects are much more pronounced among women than among men, and also positive effects on public employment, again more prominent for women than men. One of the reasons why the programme has larger effects for women than men is that the programme guarantees equal levels of minimum wage for both men and women. As women's wages are generally lower than men's, often below the statutory minimum, the programme is an attractive alternative for women (Azam 2012). Despite the observed positive results, the studies differ in the magnitude of the effect on wages and employment.

In terms of wider effects, Imbert and Papp find some evidence of redistribution of wealth from richer to poorer households, while Zimmerman observes that the uptake of NREGA is especially pronounced during the agricultural off-season. A fear that often exists around the introduction of public works programmes, is that they will crowd out private employment and thereby have an adverse effects on the economy. Imbert and Papp (2013) find evidence of a crowding-out of private sector work, yet Zimmerman (2012) notes that there is no major evidence of any 'negative private employment effects.'

While positive effects have been found, the scale and scope of these effects is variable and Zimmerman (2012) concludes that NREGA 'in its current form also does not seem to be a silver bullet in the fight against poverty since its positive welfare effects are estimated to be relatively modest.'

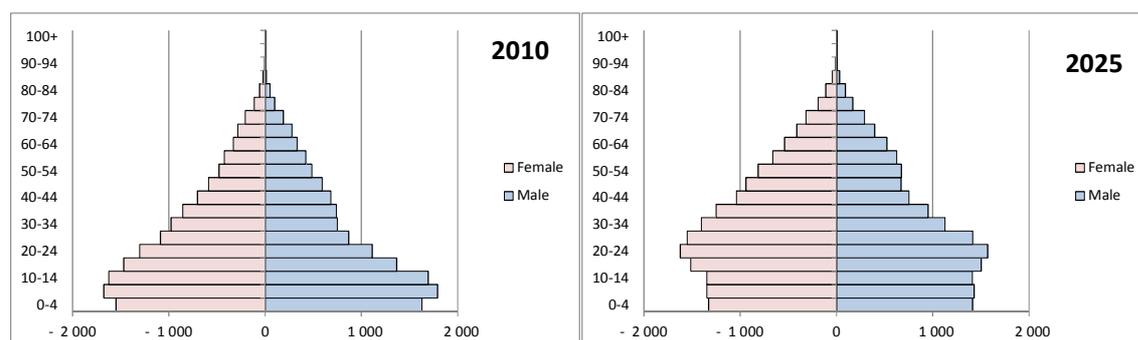
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<sup>36</sup> Different estimates exist of the share of GDP that the budget of NREGA represents. Zimmerman (2012) states 1%, Imbert and Papp (2012) 0.6%, yet our calculations, based on the NREGA budget in rupees for 2012-2013, compared to the Indian GRP in rupees for 2012, arrive at a figure of 0.39%.

## 4.1 Employability of the poor in Nepal

The Human Development Report for 2013, published by the United Nations Development Programme (UNDP), ranks Nepal among the world’s least developed countries. Placed 157<sup>th</sup> out of 186, it is the least developed country in South Asia after Afghanistan (175<sup>th</sup>).<sup>37</sup> The population of Nepal will however experience a substantial increase in the working-age population over the next decades, after which the projections appear to indicate a stabilisation of the population for younger age groups. Creating jobs for these new generations is crucial for Nepal’s future development.

**Figure 7: Population changes for Nepal<sup>38</sup>**



While not strictly a programme to increase employment, the ‘Local Governance and Community Development Program (Phase II)’ is worth mentioning. It is currently being implemented by the Government of Nepal in cooperation with the UN, and supported by a range of international donors. In terms of budget, it is by far the biggest investment being made in Nepal aimed at poverty reduction, with an estimated annual budget of \$272 million. This is to be achieved through a combination of service provision, policy reform, improvements in governance structures and community development. By improving and empowering local government, the programme seeks to decentralise a range of services and governance structures in order to reduce poverty. Given the broad nature of the programme, the target population has been coded as General, and the intervention as Productive Opportunity, as the

<sup>37</sup> United Nations Development Programme (2013) Human Development Report 2013. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 12 June 2014

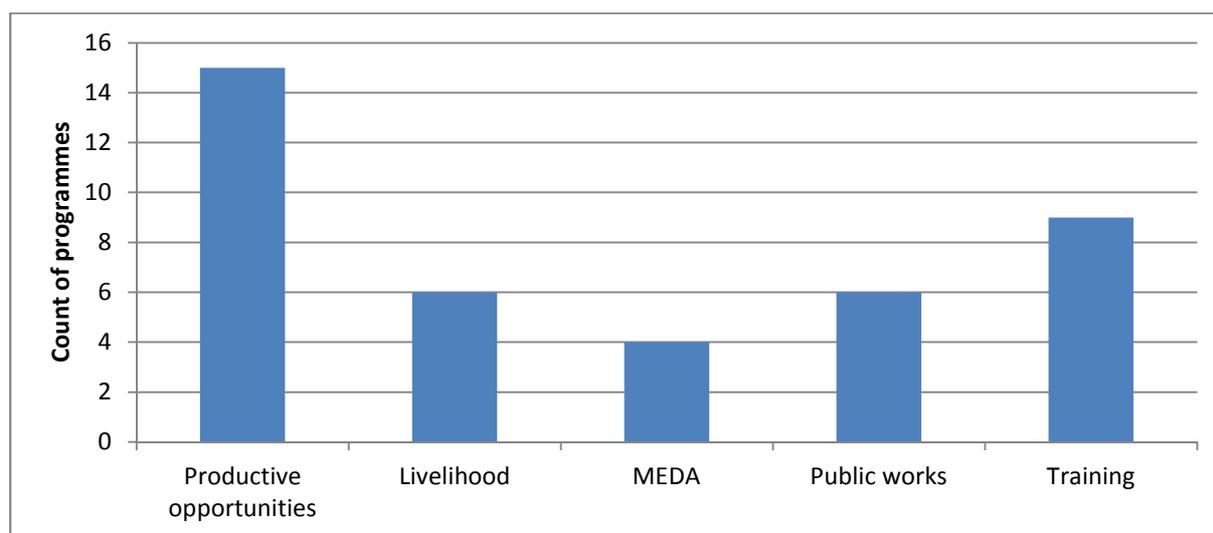
<sup>38</sup> Derived from United Nations Population Division (2014) *World Population Prospects: The 2012 Revision*, United Nations Department of Economic and Social Affairs, <http://esa.un.org/unpd/wpp/index.htm>

programme seeks to establish an environment that will enable the Nepalese to become productive. Overall the stocktaking identified 37 programmes currently operational in Nepal.

## 4.2 Categories of relevant programmes

The majority of the interventions in Nepal can be classified as being quite general in terms of scope and focus. A substantial number of programmes aim to create the conditions necessary for farmers, communities and the poor to be productive and earn an income, and have hence been coded as Productive Opportunities. A good example of such a programme is the IFAD-supported ‘High-Value Agriculture Project in Hill and Mountain Areas’ which targets poor farmers and rural producers and seeks to help them to improve the volume and quality of their production, while linking them to the market and integrating them into the value chain. Slightly different, but similarly focused at improving the productive environment, the Asian Development Bank-supported ‘Decentralized Rural Infrastructure and Livelihood Project’ seeks to provide productive opportunities by building schools, health posts, foot and mule trails, irrigation schemes, marketplaces and other community infrastructure.

**Figure 8: Categories of programmes in Nepal**



NB: contains double coding

A number of training programmes are also currently carried out. Some of these are ‘traditional’ training programmes aimed at the provision of Technical and Vocational Training (TVT), such as the World Bank-supported ‘Enhanced Vocational Education and Training’ project, the DFID-supported ‘Employment Fund’, and the ‘Action for Sustainable Employment through Skill Enhancement’ (ASESE) by the Association for Social Transformation and Humanitarian Assistance. Others, however, are more innovative and target entire communities. An interesting local example is the ‘Support Activities for Poor Producers of Nepal’ (SAPPROS), an initiative that since 1991 has worked with poor communities to develop local institutions which can serve as pathways out of poverty. SAPPROS advises villages on

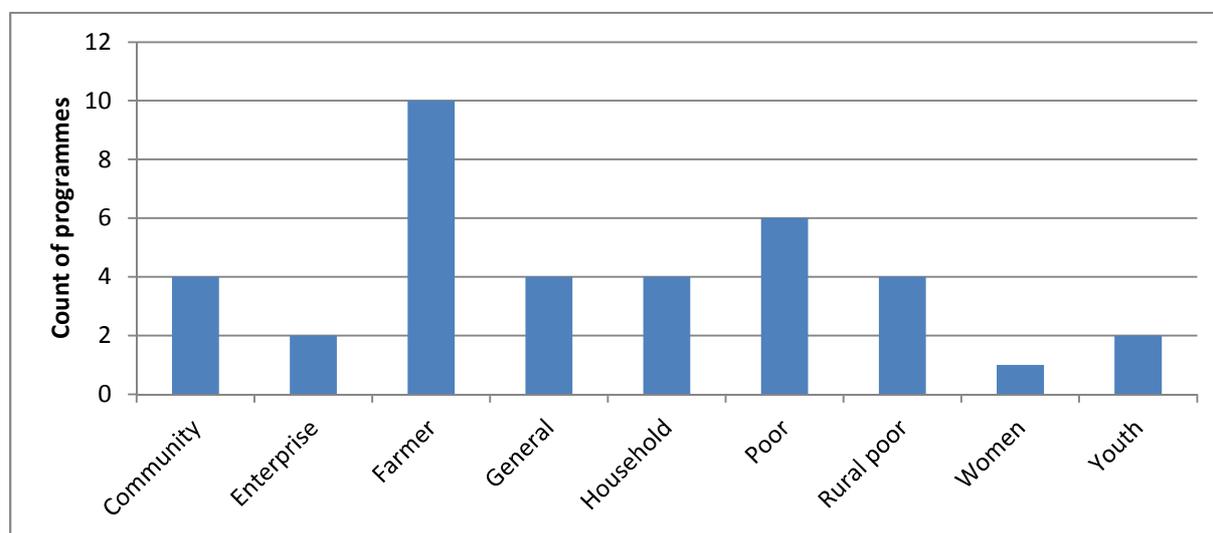
technical solutions and provides training on institution building and maintaining sustainable infrastructures.

### 4.3 Targets of relevant programmes

Given the broad scope of a substantial number of the programmes in Nepal, it is not surprising that quite a few have similarly broad target groups, such as communities, farmers, households, the rural poor, or the general population. Programmes targeted at specific groups, such as women and youth, are therefore less common. Interesting in the case of Nepal is the relatively high number of programmes targeted at farmers. This is not surprising, given that agriculture employs around 66% of the population and is the major sector of the economy.<sup>39</sup> Programmes targeted at farmers can differ regarding the type of intervention though. Some focus on quality improvements for farmers, e.g. the ‘Kisankalagi Unnat Biu-Bijan Karyakram (Improved Seeds for Farmers Programme)’ and the ‘Raising Incomes of Small and Medium Farmers Project’. Other programmes, like the ‘Nepal Market Development Programme’, seek to enable farmers to engage in the market and thereby earn a higher wage.

Community programmes are often similarly wide in scope and target entire communities. The ‘Great Himalaya Trail Development Program’ was set up to create a sustainable tourism infrastructure along the Himalaya trail in the districts of Humla, Dolpa, Gorkha, Lower Solukhumbu and Taplejung. Through the training of local communities, the programme seeks to establish local institutions that help with the planning and execution of tourism development.

**Figure 9: Target groups of programmes in Nepal**



NB: contains double counting

<sup>39</sup> See <http://www.doanepal.gov.np/> Accessed on 5 June 2014

## 4.4 Further breakdowns of programme categories and target groups

In terms of the geographical coverage, there do not appear to be any major differences between national and regional programmes when broken down by category or target group. Overall, more programmes appear to be active at regional rather than national level. The difference is not great, however, nor do the regional programmes appear consistently to target a particular area, apart from targeting the poorer areas in general. Among the projects there are a large number of internationally organised programmes in Nepal which could reflect the (extreme) poverty of the country, signalling the need for foreign assistance. While not completely independent from international sources of funding, an interesting exception is the Development Project Service Center (DEPROSC).<sup>40</sup> Established in 1993, this Nepalese NGO runs a number of development projects, two of which have been incorporated in the stocktaking exercise. The first is the ‘Sustainable Community Development Project for Poverty Reduction (SCODEP)’ which is funded through the Nepal Poverty Alleviation Fund and uses skill and infrastructure development (e.g. schools, bridges, drinking water) to reduce poverty and generate employment.<sup>41</sup> The second, targeted at women, is the ‘Microfinance for woman empowerment (MWE)’ which aims to provide credit to women’s groups to start a business, and promotes savings organisations.<sup>42</sup>

**Table 9: Breakdown of categories by geographical scope**

	Geographical scope	
	National	Regional
Productive Opportunities	5	10
Livelihood	2	4
MEDA	2	2
Public works	2	4
Training	4	5
Total	15	25

NB: contains double coding

That said, the largest budget and programme remains the aforementioned ‘Local Governance and Community Development Program (Phase II)’ which is largely financed through the Nepalese government.

<sup>40</sup> See <http://www.deprosc.org.np/Home.aspx> Accessed on 5 June 2014

<sup>41</sup> See [http://www.deprosc.org.np/Programs/Ongoing\\_Projects/Sustainable\\_Community\\_Development\\_Project\\_for\\_Poverty\\_Reduction\\_\(SCODEP\).aspx](http://www.deprosc.org.np/Programs/Ongoing_Projects/Sustainable_Community_Development_Project_for_Poverty_Reduction_(SCODEP).aspx) Accessed on 5 June 2014

<sup>42</sup> See [http://www.deprosc.org.np/Programs/Ongoing\\_Projects/Microfinance\\_for\\_Women\\_Empowerment\\_\(MWE\).aspx](http://www.deprosc.org.np/Programs/Ongoing_Projects/Microfinance_for_Women_Empowerment_(MWE).aspx) Accessed on 5 June 2014

**Table 10: Breakdown of target groups by geographical scope**

	Geographical scope	
	Regional	National
Community	4	0
Enterprise	1	1
Farmer	7	3
General	1	3
Household	1	3
Poor	6	0
Rural poor	2	2
Women	1	0
Youth	0	2
Total	23	14

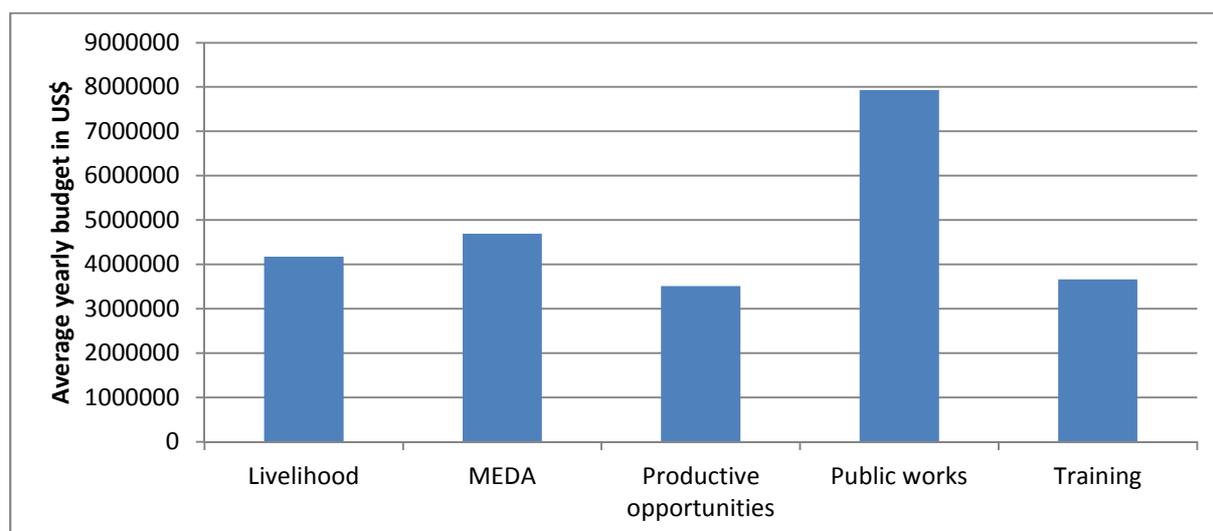
#### 4.5 Level of funding for different types of programmes

It was mentioned at the start that a substantial outlier in terms of budget is the ‘Local Governance and Community Development Program (Phase II)’, with an estimated yearly budget of around \$272 million. This programme has therefore been taken out of the graphs below to ensure they still convey meaningful information. For three programmes no yearly budget could be estimated, thus the graphs below are based on the yearly budgets for 33 programmes.

The average yearly budget for public works programmes is substantially higher than for programmes based on other interventions. Among the five public works programmes for which yearly budgets were available, the DFID-supported ‘Rural Access Programme 3’ has the highest yearly budget, at about \$15 million. It is a traditional public works programme, as its major component is to create jobs through the construction and maintenance of, for example, rural roads, trails, bridges and markets. Other substantial public works programmes are: the national ‘Poverty Alleviation Fund (Phase 2)’, which is focused on income generation projects for the poor and the construction of community-level infrastructure; and the restructured World Bank-supported ‘Social Safety Net Project’, in which the largest component consists of food- or cash-for-work programmes.

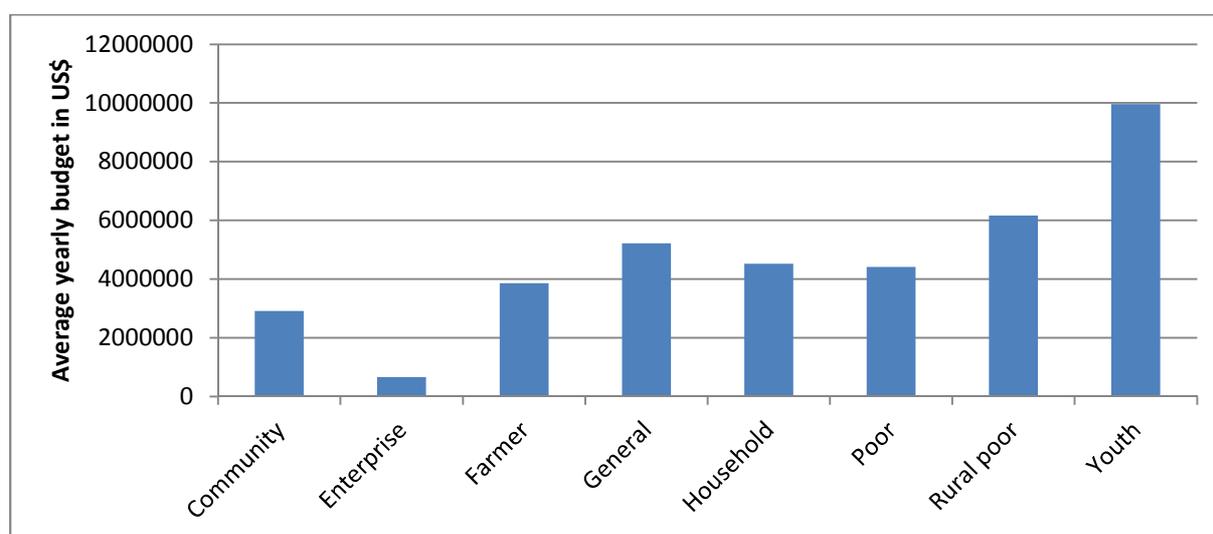
The other intervention types have quite similar average yearly budgets of around \$4 million. Among the training programmes, however, the average budget is increased through the substantial budget of the World Bank-supported ‘Enhanced Vocational Education and Training’ which is targeted at 75,000 youths to provide technical and vocational training.

**Figure 10: Yearly budgets by categories**



There appears to be more diversity when the budgets are categorised by target group. The two programmes targeted at youths (the 'Employment Fund' and 'Enhanced Vocational Education and Training'), are both training programmes with a national scope. Three programmes are targeted at the poor in general and have a relatively high average budget due to the budget of the 'Rural Access Programme 3'. Enterprise consists only of the World Bank-supported 'Making markets work for the conflict affected in Nepal', and is a programme that aims to improve the skills of rural artisans and increase their access to markets. The average budget of Community programmes is relatively lower due to the more modest budget of the EU-supported 'Raising Opportunities for Jobs in Gramin Areas for Rural Incomes' (ROJGARI) project. This project aims to improve the livelihoods of marginalised communities through strengthening technical and vocational training centres, which in turn serve the youth. This project could thus also be included under Youth, yet given the explicit aim to strengthen communities, it was coded as Community.

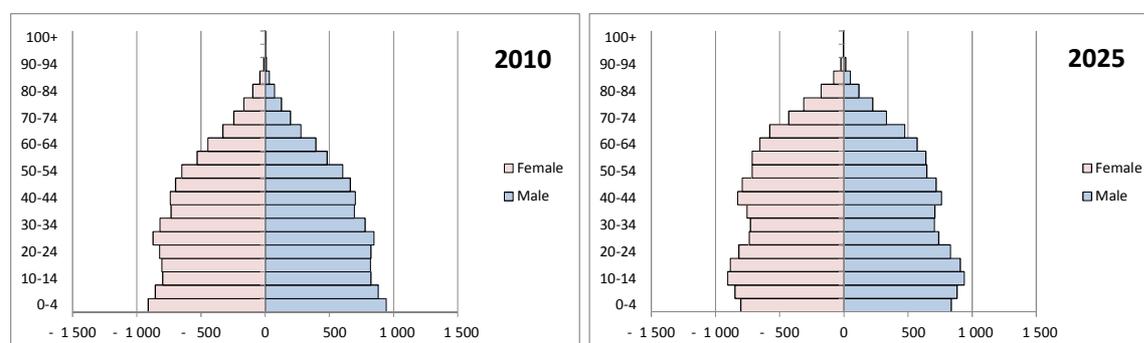
**Figure 11: Yearly budgets by target groups**



## 5.1 Employability of the poor in Sri Lanka

With regard to its economic development, Sri Lanka differs quite substantially from the other five countries in this report. Sri Lanka ranks 92<sup>nd</sup> in the Human Development Index, which is 44 places higher than the next country in the study, India, and 82 places higher than the lowest ranked country in our study, Afghanistan. The higher ranking of Sri Lanka means it has been classified, just, as a country with High Human Development.<sup>43</sup> This implies that the challenges and problems the country faces will likely be of a different nature to those in the other countries. The population pyramid too is very different from the other countries included, as the youth boom is much more modest, and life expectancy a lot higher than in other countries.

**Figure 12: Population changes for Sri Lanka<sup>44</sup>**



Furthermore, Sri Lanka ended more than 25 years of civil strife in 2009 and has focused many of its development efforts on the restoration of conflict-affected areas. The higher level of development, in combination with the legacy of civil strife, appears to have shaped many of the programmes currently active in Sri Lanka. More so than in other countries, it seems that rather than lifting great numbers of the population out of unemployment, the programmes in Sri Lanka seek to enable existing economic activities to flourish. The number of public works programmes, as will be illustrated below, is therefore small. Overall, the stocktaking exercise identified 24 programmes currently active in Sri Lanka.

<sup>43</sup> United Nations Development Programme (2013) *Human Development Report 2013*. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 12 June 2014

<sup>44</sup> Derived from United Nations Population Division (2014) *World Population Prospects: The 2012 Revision*, United Nations Department of Economic and Social Affairs, <http://esa.un.org/unpd/wpp/index.htm>

Not included in the stocktaking exercise for Sri Lanka are a large number of training institutes run by the government. A number of these training facilities have been running for many years and they do not really classify as interventions, rather they seem part of the education infrastructure of the country. The aim here is to identify interventions specifically aimed at the employability of the poor and these training facilities, as part of the national education infrastructure, do not seem to fall within that category. For that reason they have not been included, keeping the focus of the stocktaking exercise on interventions.

## 5.2 Categories of relevant programmes

The code Productive Opportunities clearly stands out from other types of interventions in Sri Lanka. The majority of these projects, as mentioned above, aim to create an environment that will allow current economic activities to grow and expand, hence creating job opportunities and raising income. Three programmes funded by the Government of Nepal seek to support traditional rural industries (such as clay and cane-based products),<sup>45</sup> household cottage industries,<sup>46</sup> and the dairy industry.<sup>47</sup> These programmes often use a variety of actions to enable new productive opportunities, ranging from local level institution and infrastructure building, to marketing and production training, to efforts to link up producers to the wider value chain. The IFAD-supported ‘Iranamadu Irrigation Development Project’, for example, has two major components to create productive opportunities. The first is infrastructure development and consists of the construction of irrigation channels, storage units, and seedling nurseries. The second component is aimed at production and marketing, and among other things offers training, marketing and social mobilisation to improve production.<sup>48</sup> One of the largest programmes classified is the World Bank-supported ‘Second Community Development and Livelihood Improvement Project’, through which village organisations are established and which in turn make investments, at a local level, in social, economic and community infrastructure.<sup>49</sup>

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<sup>45</sup> National Industrial Production Village Development Programme, see [http://www.tisedmin.gov.lk/index.php?option=com\\_content&view=article&id=126&Itemid=127&lang=en](http://www.tisedmin.gov.lk/index.php?option=com_content&view=article&id=126&Itemid=127&lang=en) Accessed on 06 June 2014

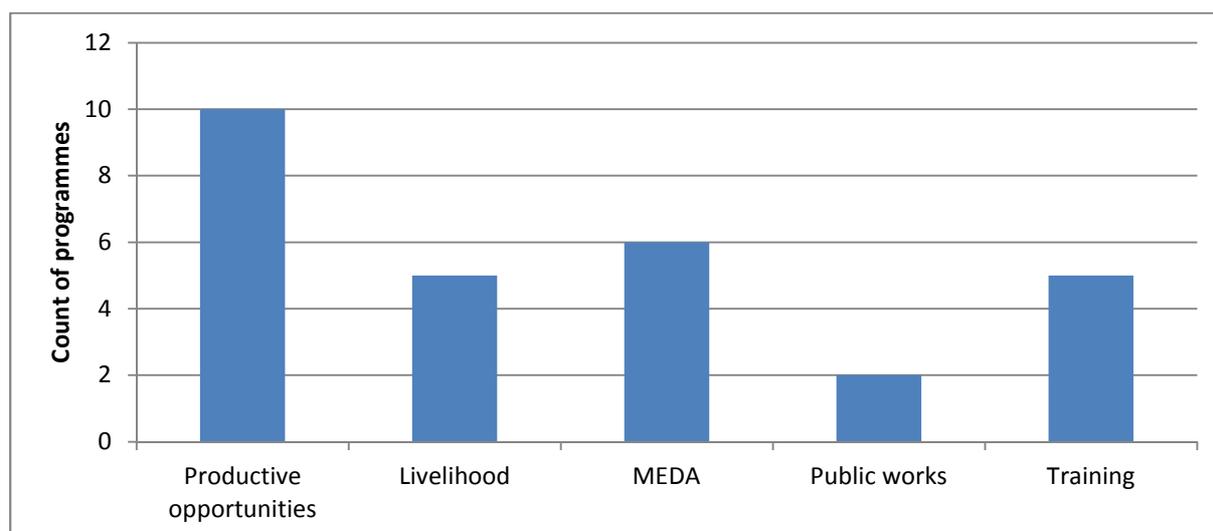
<sup>46</sup> Divi Neguma, see [http://www.tisedmin.gov.lk/index.php?option=com\\_content&view=article&id=388&Itemid=176&lang=en](http://www.tisedmin.gov.lk/index.php?option=com_content&view=article&id=388&Itemid=176&lang=en) Accessed on 06 June 2014. The industries covered by this programme are, among others: rush and reed, wood carving, wood-based products, brass and silver-based handicrafts, jewellery, bamboo and cane-based products, gifts items/ ornamental items, kithul-based products, palmyrah-based products, coir-based products, Leather and Footwear, clay-based products, food processing, soft toys, beauty culture, rubber-based products, textiles, retail shops, chemical-based products, paper-based products, stone carving, electronics.

<sup>47</sup> Medium Scale Dairy Development Program, see <http://www.livestock.gov.lk/site/en/programme-a-projects> Accessed on 06 June 2014

<sup>48</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/sri\\_lanka/1600/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/sri_lanka/1600/project_overview) Accessed on 06 June 2014

<sup>49</sup> See <http://www.worldbank.org/projects/P087145/second-community-development-livelihood-improvement-project?lang=en> Accessed on 06 June 2014

**Figure 13: Categories of programmes in Sri Lanka**



After Productive Opportunities, programmes with Livelihood and MEDA interventions are most common. The distinction between Livelihood and Productive Opportunities is not always fully clear, yet in the case of Sri Lanka, programmes which aim at, for example, regional stabilisation and food security have been coded as Livelihood. In contrast to Productive Opportunities, these programmes are less targeted at specific industries or sectors, and are aimed more explicitly at vulnerable populations at large. A good example is the World Food Programme-supported ‘Supporting Relief and Recovery in Former Conflict-Affected Areas’ programme, which targets malnutrition directly, while also aiming to rebuild livelihoods by improving the productive capacity of the poor and providing training in agricultural skills.<sup>50</sup>

### 5.3 Targets of relevant programmes

From the generally broad scope of the programmes implemented in Sri Lanka, it follows that the target groups of these programmes are also quite general. Frequently programmes are targeted at non-specific groups such as communities, particular groups or types of farmers and, for various microfinance initiatives, at largely unspecified enterprises. A typical Community project is the UNDP-supported ‘Community Forestry Programme’, which has been designed to mobilise communities to become involved in sustainable forest management. Through involvement in this programme, communities will also improve their agricultural production to reduce poverty.<sup>51</sup> Another broad programme, targeted at coastal communities, is the international ‘Bay of Bengal Large Marine Ecosystem (BOBLME)’ programme, implemented in Bangladesh, India, Indonesia, Malaysia, Maldives, Myanmar, Sri Lanka, and Thailand.<sup>52</sup> While mainly focused on data collection, the programme is also similar to the ‘Community Forest Programme’ as it aims at sustainable development and management, in this case of coastal areas

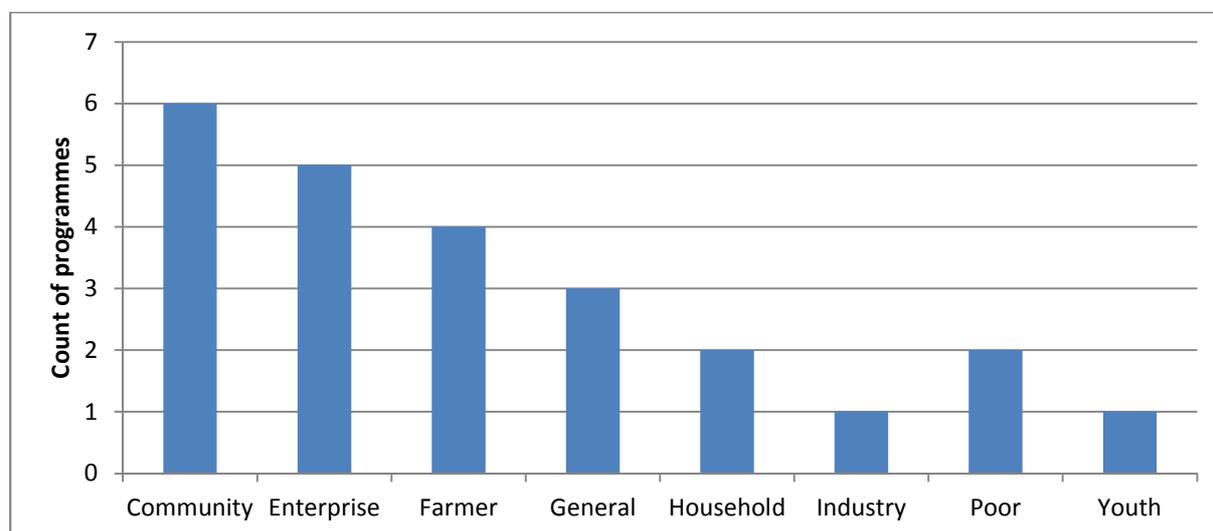
<sup>50</sup> See <http://www.wfp.org/node/3424/4715/352049> Accessed on 9 June 2014

<sup>51</sup> See [http://www.lk.undp.org/content/srilanka/en/home/operations/projects/environment\\_and\\_energy/sri-lanka-community-forestry-programme-.html](http://www.lk.undp.org/content/srilanka/en/home/operations/projects/environment_and_energy/sri-lanka-community-forestry-programme-.html) Accessed on 9 June 2014

<sup>52</sup> See <http://www.boblme.org/index.html> Accessed on 9 June 2014

and fisheries. Through the development of alternative livelihoods the programme seeks to establish sustainable livelihoods. This programme, while being implemented in various countries, has only been listed under Sri Lanka to avoid double counting.

**Figure 14: Target groups of programmes in Sri Lanka**



The four programmes targeted at farmers are quite diverse. While the IFAD-supported ‘Smallholder Plantations Entrepreneurship Development Programme’ is explicitly targeted at tea and rubber producers in specified areas,<sup>53</sup> by contrast the FAO supported ‘Integrated Irrigation & Agricultural Livelihood Development in Kilinochchi and Mullaitivu Districts’ is a broad Productive Opportunities programme which seeks to enable vulnerable farming households in general to become agriculturally productive.<sup>54</sup>

#### 5.4 Further breakdowns of programme categories and target groups

Similar to most of the countries included in the study, Sri Lankan programmes tend to have a regional rather than national focus. In terms of geographic focus, the majority of the regional programmes are located in the North and the East. These regions were for a considerable period at the heart of civil strife, and require most effort in terms of stabilisation and rebuilding. This targeted geographic approach also means that far fewer programmes are active in other areas, such as the West and urban areas. A typical example of such a focused regional programme targeted at rebuilding and stabilising communities is the Asian Development Bank-supported ‘Post-Conflict Emergency Assistance for Livelihood Restoration of Resettled Internally Displaced People in the North’. This, as the name suggests, aims to restore livelihoods in the North through the construction of roads and irrigation channels, and by handing out cash benefits to resettled families for the restoration of their original employment and livelihood opportunities.<sup>55</sup>

<sup>53</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/sri\\_lanka/1316/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/sri_lanka/1316/project_overview) Accessed on 9 June 2014

<sup>54</sup> See [http://coin.fao.org/coin-static/cms/media/5/13492430972140/facts\\_sheet\\_-\\_gcp-srl-061-ec.pdf](http://coin.fao.org/coin-static/cms/media/5/13492430972140/facts_sheet_-_gcp-srl-061-ec.pdf) Accessed on 9 June 2014

<sup>55</sup> See <http://www.adb.org/projects/44201-012/main> Accessed on 9 June 2014

**Table 11: Breakdown of categories by geographical scope**

	Geographical scope	
	National	Regional
Community	2	4
Enterprise	4	1
Farmer	0	4
General	0	3
Household	2	0
Industry	0	1
Poor	1	1
Youth	1	0
Total	10	14

It is interesting to note that programmes run by international organisations are targeted at the restoration of former conflict areas and are therefore regional, while the national programmes are aimed at supporting particular types of industry nation-wide. The internationally funded, regionally focused, Livelihood programmes have a similar content and focus. Good examples of these are: the World Food Programme-supported ‘Supporting Relief and Recovery in Former Conflict-Affected Areas’ programme<sup>56</sup>; and the European Union-supported ‘North and East Road Rehabilitation Programme (NERRP)’<sup>57</sup> and ‘Support to District Development Programme (EU-SDDP)’.<sup>58</sup>

**Table 12: Breakdown of target groups by geographical scope**

	Geographical scope	
	National	Regional
Productive Opportunities	4	6
Livelihood	1	4
MEDA	4	2
Public works	0	2
Training	2	3

<sup>56</sup> See <http://www.wfp.org/node/3424/4715/352049> Accessed on 9 June 2014

<sup>57</sup> See [http://eeas.europa.eu/delegations/sri\\_lanka/projects/list\\_of\\_projects/5998\\_en.htm](http://eeas.europa.eu/delegations/sri_lanka/projects/list_of_projects/5998_en.htm) Accessed on 9 June 2014

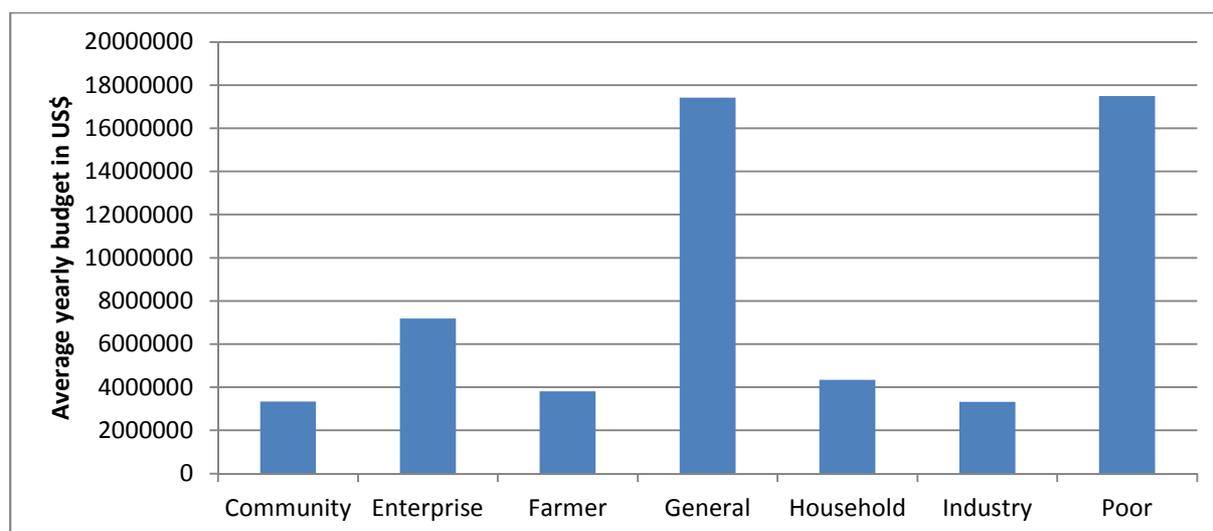
<sup>58</sup> See <http://un.lk/joint-programming/> Accessed on 9 June 2014

## 5.5 Levels of funding for different types of programmes

Estimates of average yearly budgets for Sri Lanka are based on 18 programmes. The budget for the Skills Sector Development Program (SSDP) has been left out as its large size skews the results. Average budgets for programmes differ quite substantially when broken down by target group. This picture is, however, somewhat skewed as the target group Poor consists of only one programme, the World Bank-supported ‘Second Community Development and Livelihood Improvement Project’, which has an estimated yearly budget of \$17.5 million.<sup>59</sup> The General target group consists of three programmes, among which is the European Union-supported ‘North and East Road Rehabilitation Programme (NERRP)’. For this programme timelines are not clear, and thus the yearly budget of \$23 million may overestimate the actual yearly budget.<sup>60</sup>

Industry also consists of only one programme, the ‘Medium Scale Dairy Development Program’, funded by the Government of Sri Lanka, which seeks to fill an investment gap in the dairy sector by providing small and medium scale investments in dairy farms. Five programmes make up the category Community, in which yearly budgets vary from just over \$400,000 per year, for the Government of Sri Lanka-funded ‘National Industrial Production Village Development Programme’, to nearly \$10 million for the World Bank-supported ‘Community Livelihoods in Conflict Affected Areas Project’.

**Figure 15: Yearly budgets by categories**



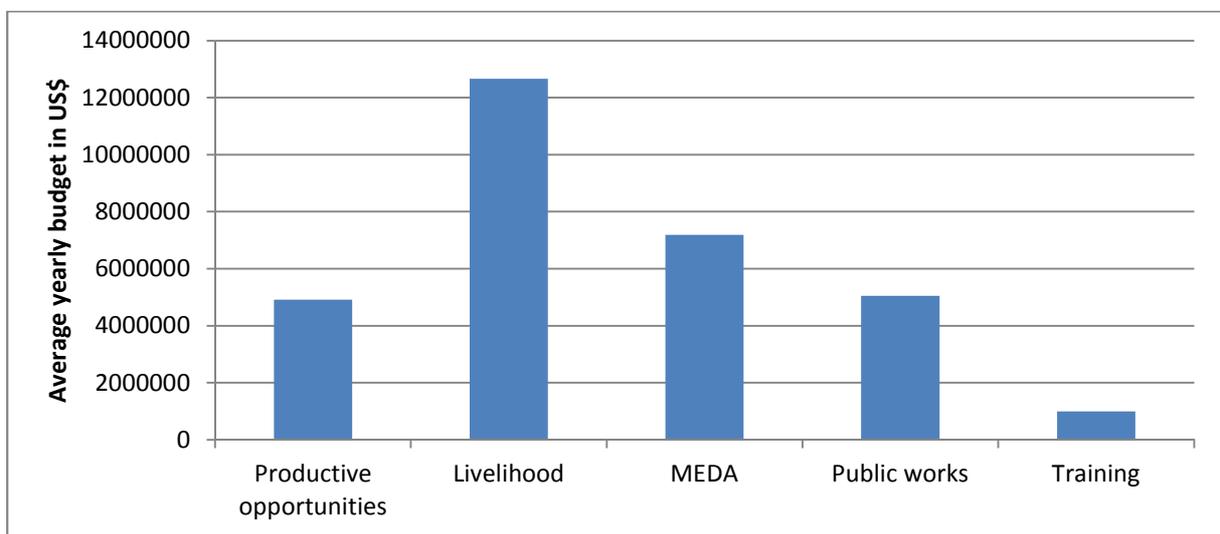
When the average yearly budgets are organised by intervention type, it becomes clear that substantial investments are made through the 5 programmes coded as Livelihoods. This is not surprising, as these programmes generally tend to use a holistic approach to community development and, in the case of Sri Lanka, community rebuilding. Relatively large budgets are also available for two microfinance

<sup>59</sup> See <http://www.worldbank.org/projects/P087145/second-community-development-livelihood-improvement-project?lang=en> Accessed on 9 June 2014

<sup>60</sup> See [http://ceas.europa.eu/delegations/sri\\_lanka/projects/list\\_of\\_projects/5998\\_en.htm](http://ceas.europa.eu/delegations/sri_lanka/projects/list_of_projects/5998_en.htm) Accessed on 9 June 2014

programmes, especially the World Bank supported ‘Small and Medium Enterprise Development Facility’ with an estimated yearly budget of close to \$10 million. The focus of this programme is to fill a financing gap by that is not uncommon for these countries by providing loans to small and medium enterprises (SME), and by offering a Risk Sharing Facility to banks already lending to SMEs which helps them to overcome defaults by borrowers.<sup>61</sup> Finally, budgets for Public works are generally quite large in the other countries included, such as Nepal and India, yet appear to be more modest in Sri Lanka. Only two programmes however underlie this category, with very different budgets. The estimated yearly budget of the Asian Development Bank supported ‘Post-Conflict Emergency Assistance for Livelihood Restoration of Resettled Internally Displaced People in the North’<sup>62</sup> is \$500,000, whereas the estimated yearly budget of the above mentioned ‘Community Livelihoods in Conflict Affected Areas Project’ is nearly \$10 million. Thus, as budgets within categories can differ quite substantially, care should be taken with the interpretation of the results.

**Figure 16: Yearly budgets by target groups**



<sup>61</sup> See <http://www.worldbank.org/projects/P121328/small-medium-enterprise-development-facility?lang=en> Accessed on 9 June 2014

<sup>62</sup> See <http://www.adb.org/projects/44201-012/main> Accessed on 9 June 2014

## Box 2: Business experiments in Sri Lanka

### Business experiments in Sri Lanka by De Mel, McKenzie and Woodruff

In recent years De Mel, McKenzie and Woodruff (2010; 2012; 2014) have conducted a range of interesting experiments in Sri Lanka involving 'subsistence' microenterprises. While these were smaller interventions, not falling under any of the programmes listed in the stocktaking exercise, the results are very interesting as the randomised control trial method used by De Mel, McKenzie and Woodruff ensures that the results are robust and of a high quality.

The first experiment to highlight was based on a wage-subsidy programme (De Mel, McKenzie, and Woodruff 2010). To hire a new employee, male-owned microenterprises were offered a wage subsidy in 2009 of around 50% of the wage of an average worker (4,000 rupees per month) for six months, with an additional 2,000 rupees for two more months. A follow-up round of interviews at the end of the programme found that out of 803 participating firms, 22% had indeed hired a worker. For 64% of these firms this was the first time they had ever hired an employee and 86% of these firms stated that they intended to keep the employee even after the programme had finished.

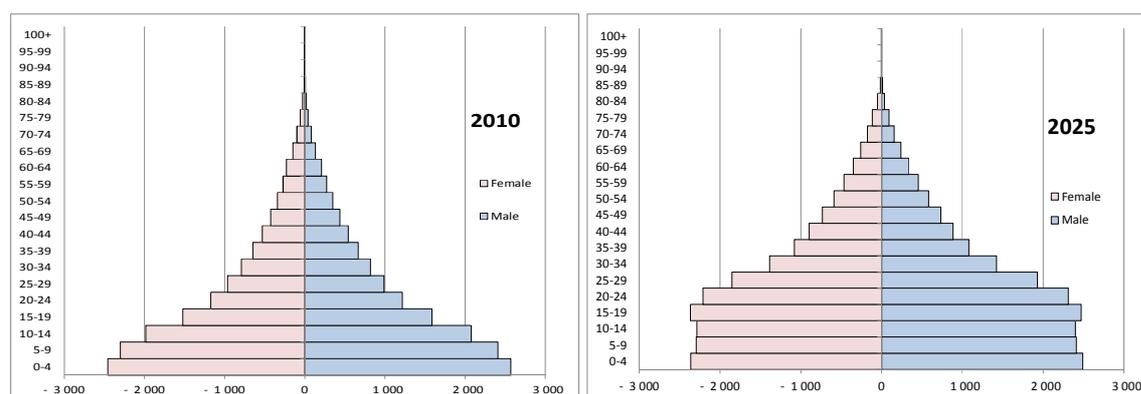
The second experiment was conducted in 2005 and was based on a single transfer of cash or capital, to determine whether such one-off transfers could have a lasting effect (De Mel, McKenzie, and Woodruff 2012). Transfers of 10,000 or 20,000 rupees were given to a total of 408 randomly selected male- and female-owned microenterprises. Interestingly, the 4.5 and 5.5 year follow-up showed that firms which had received a transfer showed higher rates of survival and higher profit margins than the control group. This was only the case, however, for male-owned enterprises. No differences were observed in either survival rates or profits between the female-owned enterprises that had received a transfer and the control group. Among the reasons for this lack of effect among female-owned enterprises the authors noted that the transfer might have been diverted to household uses and that female-owned enterprises operated in industries where efficiency gains are more difficult to make. Finally, they suggested that capital alone might not be sufficient, and that training could help to generate lasting effects.

Combining training with cash grants is exactly what De Mel, McKenzie and Woodruff then did in 2009 (De Mel, McKenzie, and Woodruff 2014). The sample for the intervention consisted of 624 women each operating a business or earning a minimal income of less than \$2 a day, and a further 628 women who were outside the labour market but who expressed an interest to start a business. Each group was randomly divided into one of three conditions: control group, training, or training plus cash grant. The training programme made use of the International Labor Organization's Start-and-Improve Your Business (SIYB) programme, after which, on completion, the third group received cash grants of around \$130. Results were mixed, and showed that for current enterprises, owners' training improved business practices yet had no impact on profits. Training combined with cash grants increased profits in the short run, yet a two-year follow-up revealed that this effect had dissipated. Finally, it was shown that training sped up entry into the labour market and seemed to increase profitability among women who had been economically inactive at the start of the programme.

## 6.1 Employability of the poor in Afghanistan

Afghanistan has a particularly challenging employment environment, being the country with the lowest Human Development Index ranking of the six under consideration in this report (175<sup>th</sup>).<sup>63</sup> This is related to the uncertainty facing Afghanistan as it struggles to emerge from decades of conflict.<sup>64</sup> The recent history has had a clear impact on Afghanistan's population, which shows a severe drop in the share of population living beyond their 20s. Promisingly, however, the UN Population Division's estimates predict a far higher number being of working-age by 2025.

**Figure 17: Population changes for Afghanistan<sup>65</sup>**



Given that large sections of the population are in poverty and that the totality of the working-age population is predicted to grow in size, it is important that employment programmes create new job opportunities to help the population earn their way out of poverty in a sustainable manner.<sup>66</sup> A telling

<sup>63</sup> United Nations Development Programme, *Human Development Report 2013*, 2013. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 12 June 2014.

<sup>64</sup> See <http://www.cfr.org/afghanistan/prospects-afghanistan-2014/p32094> Accessed on 11 June 2014.

<sup>65</sup> Derived from United Nations Population Division (2014) *World Population Prospects: The 2012 Revision*, United Nations Department of Economic and Social Affairs, <http://esa.un.org/unpd/wpp/index.htm>

<sup>66</sup> International Labour Organisation, *Afghanistan: Time to move to Sustainable Jobs*, May 2012. Online at [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_182252.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_182252.pdf) Accessed on 15 June 2014.

example of this is UNDP's National Area-Based Development Programme (NABDP),<sup>67</sup> targeted at the rural poor and providing livelihood opportunities, principally in agriculture (further detailed below). The emphasis on agriculture is not surprising given that 78.6% of labour force occupations are in agriculture.<sup>68</sup>

In addition to this type of employment programme, Afghanistan also features stabilisation programmes targeted at helping the country overcome the challenges posed by conflict and post-conflict scenarios. Such programmes include the Canadian government's Afghanistan Reconstruction Trust Fund,<sup>69</sup> which focuses on helping the government of Afghanistan successfully deliver services to Afghan citizens. It shows the traits to be expected from a post-conflict programme, such as being a longer-term (2007-2020) programme than other categories (Brinkerhoff 2005).

The stocktaking exercise only identified seven Afghan government employment programmes out of the 37 identified in total. The task is not only to find employment, but also raise the quality of employment for Afghanistan's labour force, 90% of whose employment (albeit in 2008) was found to be vulnerable (Brinkerhoff 2005).

## 6.2 Categories of relevant programmes

The majority of employment programmes identified in Afghanistan were focused on creating and developing productive opportunities, including creating the conditions necessary for Afghans to earn an income and be productive. Of these, the one with the highest annual budget (\$42,095,152) was NABDP. It is one of several programmes focused on improving the agriculture sector, with a view to promoting sustainable livelihoods. The agricultural emphasis may be explained by the wishes of the international community to move the agricultural sector away from connections to the illicit drugs market (for example, the Canadian government's Enhancing Licit Livelihoods Opportunities in Northern Afghanistan<sup>70</sup>). Several programmes focus on financing agricultural business ventures, including USAID's Agribusiness Project<sup>71</sup> and the International Fund for Agricultural Development's programmes. The latter's Rural Microfinance and Livestock Support Programme is a prime example, financing the provision of services, technology and microcredit.<sup>72</sup>

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<sup>67</sup> See [http://www.af.undp.org/content/afghanistan/en/home/operations/projects/poverty\\_reduction/nabdp.html](http://www.af.undp.org/content/afghanistan/en/home/operations/projects/poverty_reduction/nabdp.html) Accessed on 5 June 2014.

<sup>68</sup> See <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html> Accessed on 16 June 2014.

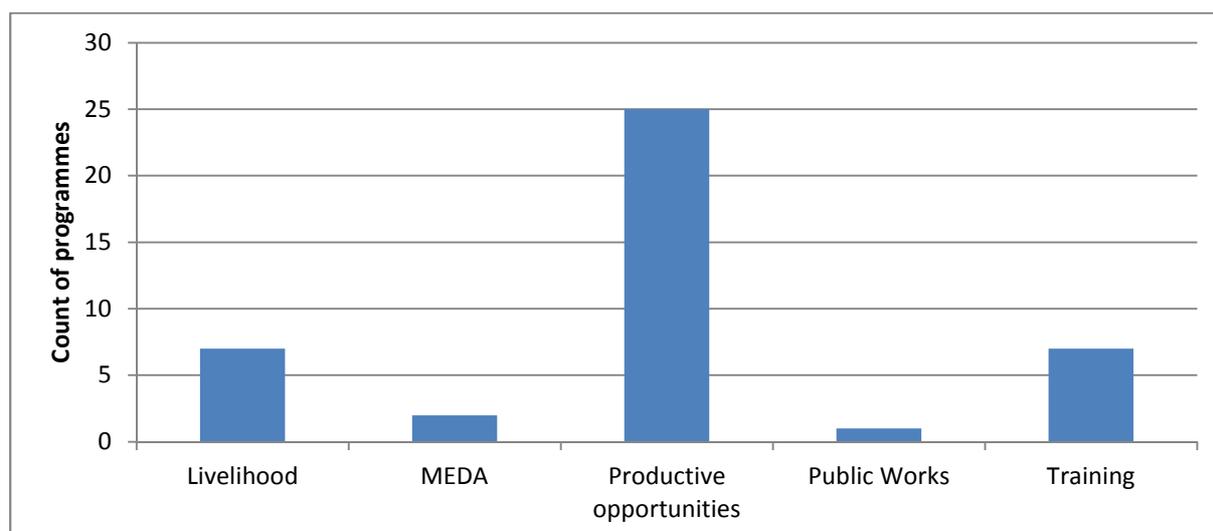
<sup>69</sup> See <http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/B997218D1F7519E785257BEA0037D708?OpenDocument> Accessed on 5 June 2014.

<sup>70</sup> See <http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/E41B1CCCAD8B309C85257C07003672C2?OpenDocument> Accessed on 13 June 2014.

<sup>71</sup> See <http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd00000011nrVAAQ> Accessed on 13 June 2014.

<sup>72</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/afghanistan/1460/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/afghanistan/1460/project_overview) Accessed on 13 June 2014.

**Figure 18: Principal categories of programmes in Afghanistan**



The geographical focus of the programmes identified was evenly distributed, with most categories including both programmes with country-wide coverage and regional coverage.

**Table 13: Breaking down of categories by geographical focus**

	Geographical scope	
	National	Regional
Livelihood	4	3
MEDA	1	1
Productive opportunities	15	10
Public Works	1	
Training	6	1
Total	27	15

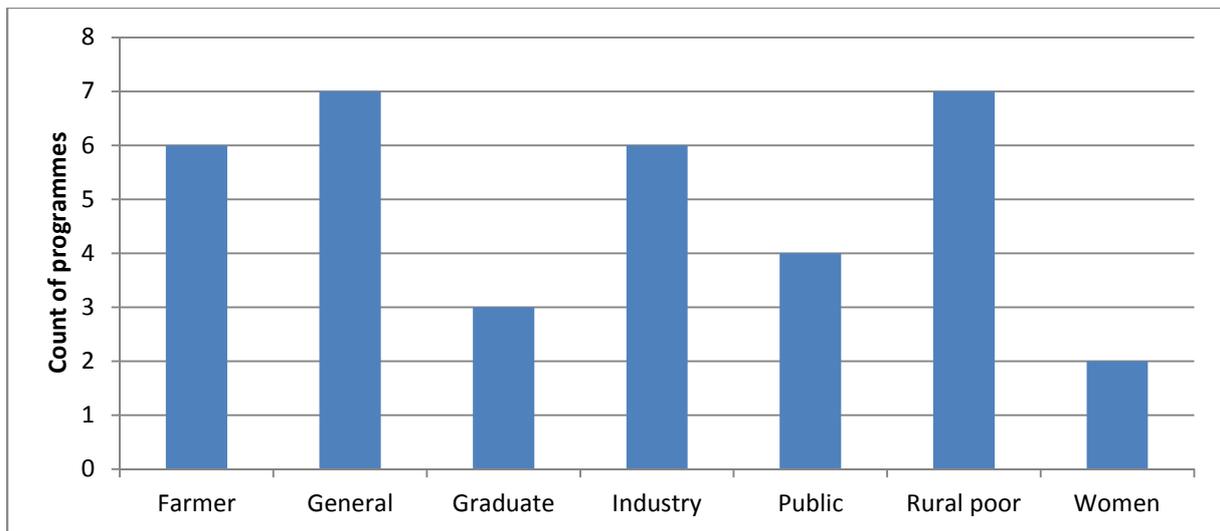
### 6.3 Targets of relevant programmes

Whereas the scope of programmes identified in the section above had a particular focus (around Productive Opportunities), the programmes' targets were more evenly spread, including the general population, farmers, the rural poor and industry. This can be seen in Figure 19, which in this case only includes target groups that featured in more than one programme in order to keep the figure readable. Those targeted at the general population are wide-ranging. For instance, the Afghan government's Afghanistan Rural Enterprise Development Program<sup>73</sup> seeks to increase income and sustainable employment opportunities 'for men and women'. It represents the Ministry of Rural Rehabilitation and Development's lead employment creation and income generation initiative, building on previous work to further promote local governance and rural infrastructure. Another example is DFID's demining

<sup>73</sup> See <http://mrrd.gov.af/en/page/69/214> Accessed on 24 June 2014.

programme, targeted at poor and vulnerable communities, and operating by securing the safety of up to 71,500 people, thereby increasing their livelihood opportunities.<sup>74</sup> Programmes targeted at industry were for the most part aimed at SMEs (e.g. two of USAID’s programmes<sup>75</sup>), but also included programmes aiming at whole sectors, such as the World Bank’s Afghanistan Access to Finance, which seeks to develop the Afghan microfinance sector.<sup>76</sup>

**Figure 19: Principal target groups of programmes in Afghanistan**



In terms of geographical scope, the majority of programmes were country-wide, with industry-focused programmes seeking to avoid excluding any one region. There were a smaller number of programmes that were restricted to a particular region. Examples are often related to region-specific agricultural programmes, such as DFID’s Helmand Growth Programme, focusing on Helmand province’s business community and particularly its agricultural private sector, as well as IFAD’s Rural Microfinance and Livestock Support Programme, helping smallholders and poor livestock owners in the relatively secure north of the country.

<sup>74</sup> See <http://devtracker.dfid.gov.uk/projects/GB-1-203748/documents/> Accessed on 13 June 2014.

<sup>75</sup> See <http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd00000011nrVAAQ> and <http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd0000000alsRAAQ> Accessed on 16 June 2014.

<sup>76</sup> See <http://www.worldbank.org/projects/P128048/afghanistan-access-finance?lang=en> Accessed on 16 June 2014.

**Table 14: Target groups by geographical scope**

	Geographical scope	
	National	Regional
Community	1	
Education sector	1	
Farmer	4	2
General	3	4
Graduate	3	
Industry	5	1
Migrant		1
Other	1	
Poor	1	
Public	4	
Rural households		1
Rural poor	4	3
Women	1	1
Youth		1
Total	26	14

## 6.4 Level of funding for different types of programmes

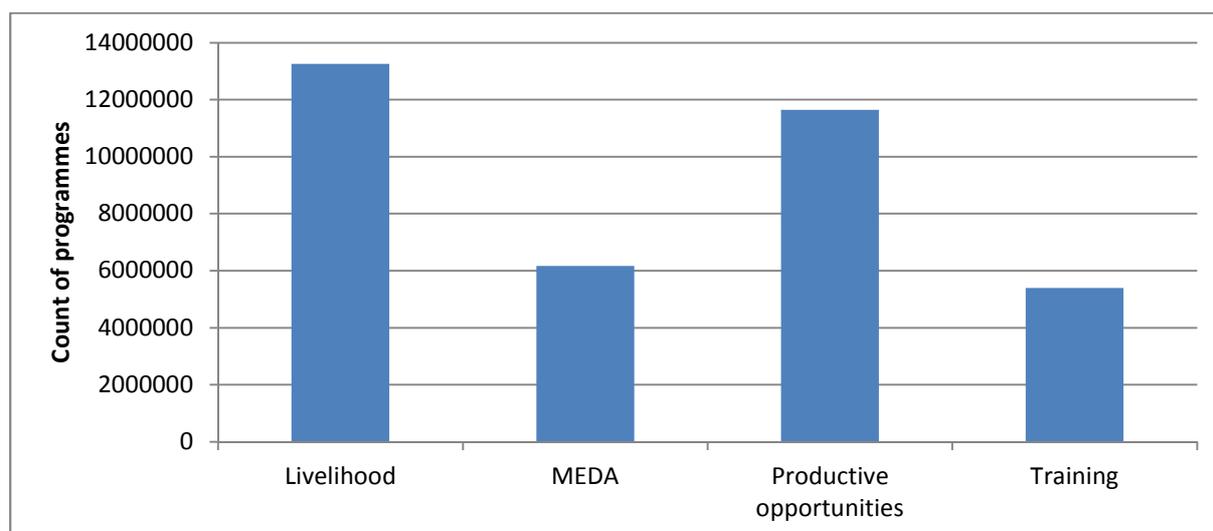
An analysis of the average yearly budgets for different programme categories reveals that Livelihood and Productive Opportunities programmes tend to have high budgets, with average annual spending of \$13,254,008 and \$11,644,375 respectively. The World Food Programme (WFP) features significantly in this category, funding its own Assistance to Address Food Insecurity and Undernutrition programmes with an annual budget of \$58,979,514.<sup>77</sup> While much of the budget is focused on food security, there is a particular component on vocational training, under which occupational numeracy and literacy skills are integrated with health and nutrition education, with the aim of helping the poor's employability.

Training programmes had the lowest average yearly budget, of \$5,398,571, despite being the joint second highest in terms of number of programmes (see above).

It should be noted, though, that only 24 out of the 37 programmes in Afghanistan were included in this analysis due to data limitations.

<sup>77</sup> See <http://www.wfp.org/node/3191/3232/639787> Accessed on 16 June 2014.

**Figure 20: Yearly budgets of different categories**

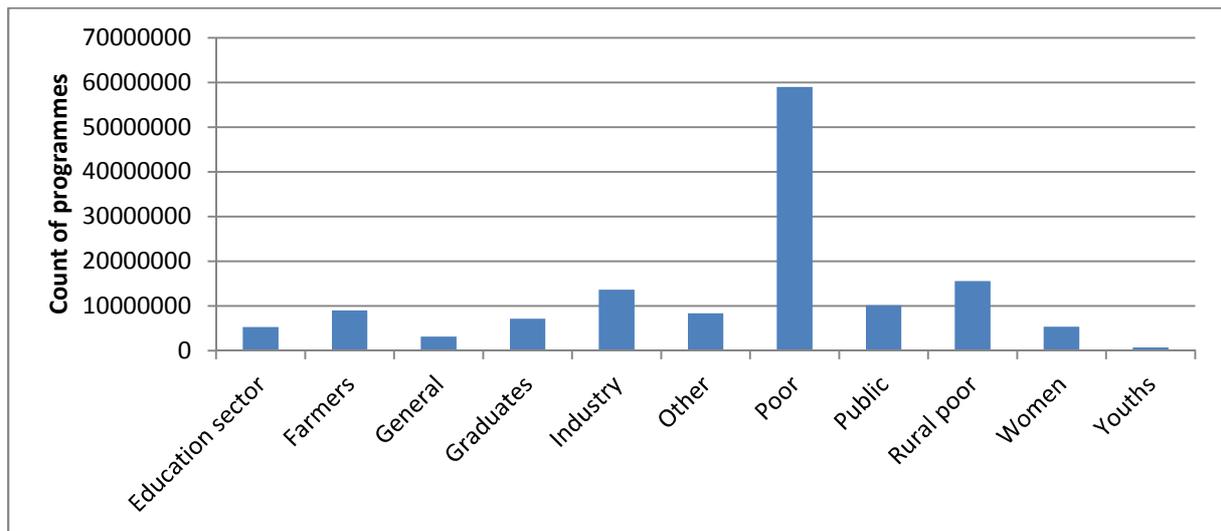


A further comparison of the yearly budgets, by programme target, shows that programmes targeted at the poor and rural poor had a significantly higher average budget. While the particularly high figure for programmes targeted at the poor is based on only one programme – WFP’s ‘Assistance to Address Food Insecurity and Undernutrition’<sup>78</sup> – its size makes it a particularly substantial programme, emphasising the international community’s commitment to help 8.8 million poor Afghans find sustainable livelihoods with benefits such as vocational training. The target group with the next highest average budget is industry. It is based on an average of four programmes.<sup>79</sup> Three of these are targeted at the finance sector: a representative example is the World Bank’s Afghanistan Access to Finance programme, whose objective is to build institutional capacity to improve access to credit of micro, small, and medium enterprises.

<sup>78</sup> See <http://www.wfp.org/node/3191/3232/639787> Accessed on 17 June 2014.

<sup>79</sup> World Bank’s Afghanistan Access to Finance (<http://www.worldbank.org/projects/P128048/afghanistan-access-finance?lang=en>), DFID’s Helmand Growth Programme (<http://devtracker.dfid.gov.uk/projects/GB-1-201023/>), and USAID’s Agricultural Credit Enhancement/Agriculture Development Fund and Financial access for investing in the development of Afghanistan (<http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd0000011ntRAAQ> and <http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd000000alsRAAQ>). All accessed on 17 June 2014.

**Figure 21: Yearly budgets of different programme target groups**



## 7.1 Employability of the poor in Pakistan

Funders of employment programmes in Pakistan face a particular set of factors that make it a challenging country in which to operate. These centre around the security and poverty issues the country faces. In addition to a simmering internal conflict,<sup>80</sup> Pakistan is relatively poor, especially when compared to Sri Lanka, whose GDP per capita figure is more than twice Pakistan's figure of \$1,257. Furthermore, its position of 146<sup>th</sup> in the Human Development Index<sup>81</sup> shows that a significant part of its population lives in poverty.

Despite the twin challenges of security and poverty, Pakistan has reasonably low unemployment - 6.6% in 2013.<sup>82</sup> Unfortunately, as the Pakistani government pointed out in a 2012 study on employment trends, its principal employment problem is not the number of jobs, but rather the 'low quality and low productive nature of...[economic] activities which lead to low incomes'.<sup>83</sup> It is therefore unsurprising that many of the employment programmes identified in the stocktaking exercise focus on improving the employment that already exists.

Pakistan's policy on this appears to be two-fold. On the one hand, the majority of its own programmes appear to focus on support to individuals and enterprises, helping to improve the quality of jobs. An example is the National and Provincial Rural Support Programmes (NRSP), which provide microcredit, micro-insurance, and training. They comprise the largest rural support project in Pakistan in terms of activities, with an example being the Urban Poverty Alleviation Project, which offers microcredit to groups of women for family enterprises.<sup>84</sup>

On the other hand, Pakistan permits international development agencies' training programmes, overseeing a multitude of TVET training programmes to improve the skillset of its working population. This demographic is largely comprised of the younger generation, and the focus on them appears to be appropriate given the contextual environment of steadily increasing working age numbers as the current

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<sup>80</sup> See <https://www.cia.gov/library/publications/the-world-factbook/geos/pk.html> Accessed on 17 June 2014.

<sup>81</sup> United Nations Development Programme, *Human Development Report 2013*, 2013. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 12 June 2014.

<sup>82</sup> See <https://www.cia.gov/library/publications/the-world-factbook/geos/pk.html> Accessed on 17 June 2014.

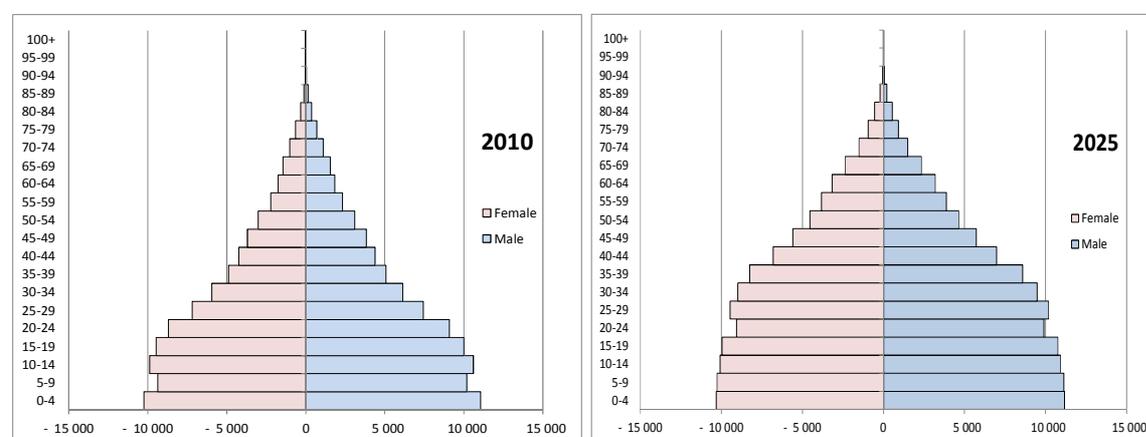
<sup>83</sup>

See [http://www.pbs.gov.pk/sites/default/files/Labour%20Force/publications/Pakistan\\_Employment\\_2012.pdf](http://www.pbs.gov.pk/sites/default/files/Labour%20Force/publications/Pakistan_Employment_2012.pdf) Accessed on 19 June 2014

<sup>84</sup> See <http://nrsp.org.pk/Documents/Programme%20Update%20as%20of%20March%202014.pdf> Accessed on 20 June 2014.

youth bulge matures. This is shown in the UN Population Division's estimates for population growth in Pakistan over the coming decade.

**Figure 22: Population changes for Pakistan**<sup>85</sup>



In addition to programmes aiming to enable the poor, the stocktaking exercise also identified programmes that aim to stabilise the employment environment, in response to the sensitive security climate. Funders operating in this environment must take into account the conditions the programme beneficiaries face. An example is the FAO's Initiative on Soaring Food Prices, which has identified the provision of agriculture and livestock subsidies to vulnerable farming families returning to previously conflict-affected districts as an area where it can contribute to the local population.<sup>86</sup>

## 7.2 Categories of relevant programmes

The principal categories of employment programmes identified in the stocktaking exercise were training and creating productive opportunities (see Figure 23), each comprising a third of all programmes identified. Training programmes are typically focused on vocational training and skills development, with the European Commission alone funding seven of these.<sup>87</sup> DFID's training programmes have the highest

<sup>85</sup> Derived from United Nations Population Division (2014) World Population Prospects: The 2012 Revision, United Nations Department of Economic and Social Affairs, <http://esa.un.org/unpd/wpp/index.htm>

<sup>86</sup> See <http://www.fao.org/isfp/country-information/pakistan/en/> Accessed on 19 June 2014.

<sup>87</sup> Delegation Agreement with GiZ to implement Capacity Building Component of TVET I ([http://eeas.europa.eu/delegations/pakistan/projects/list\\_of\\_projects/277532\\_en.htm](http://eeas.europa.eu/delegations/pakistan/projects/list_of_projects/277532_en.htm)), Enhancing socio-economic development through investing in human capital in Punjab and Sindh ([http://eeas.europa.eu/delegations/pakistan/projects/list\\_of\\_projects/284406\\_en.htm](http://eeas.europa.eu/delegations/pakistan/projects/list_of_projects/284406_en.htm)), EQUATE- Enhancing Quality and Access to TVET for Employability ([http://eeas.europa.eu/delegations/pakistan/projects/list\\_of\\_projects/284421\\_en.htm](http://eeas.europa.eu/delegations/pakistan/projects/list_of_projects/284421_en.htm)), Improving Access, Quality and Service Delivery of the TVET Sector to Marginalised Rural Communities through Innovative Approaches ([http://eeas.europa.eu/delegations/pakistan/projects/list\\_of\\_projects/284419\\_en.htm](http://eeas.europa.eu/delegations/pakistan/projects/list_of_projects/284419_en.htm)), Provision of access to market-driven training and employment opportunities to vulnerable youth and women in rural districts of Southern Punjab ([http://eeas.europa.eu/delegations/pakistan/projects/list\\_of\\_projects/284414\\_en.htm](http://eeas.europa.eu/delegations/pakistan/projects/list_of_projects/284414_en.htm)), Supporting TVET sector for the socio-economic uplift of rural marginalized communities in Pakistan ([http://eeas.europa.eu/delegations/pakistan/projects/list\\_of\\_projects/299277\\_en.htm](http://eeas.europa.eu/delegations/pakistan/projects/list_of_projects/299277_en.htm)), and Supporting TVET in Northern Balochistan ([http://eeas.europa.eu/delegations/pakistan/projects/list\\_of\\_projects/284416\\_en.htm](http://eeas.europa.eu/delegations/pakistan/projects/list_of_projects/284416_en.htm)). All accessed on 19 June 2014.

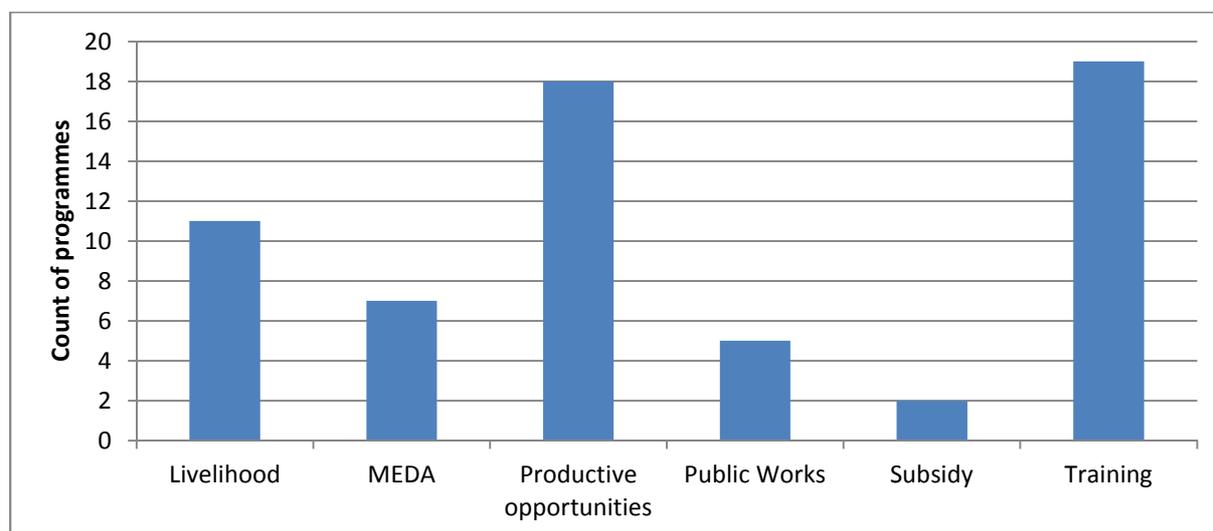
average annual budget, with the largest, the Pakistan National Cash Transfers Programme,<sup>88</sup> having an annual budget of over \$55 million. This is one of the programmes aimed at the poor that provide payments to the female head of household, which are further discussed below.

The programmes in the category of Productive Opportunities were varied. Programmes in this category do not always clearly refer to employment, but the ones included were considered to be relevant due to direct and indirect references to employment or livelihoods. One example is USAID’s FATA Infrastructure Project, a programme that straddles both the stabilisation and enabling types of programmes outlined above.<sup>89</sup> It does so in part by focusing on constructing and rehabilitating public service infrastructure that was damaged by conflict. In this way, the programme helps to improve the living and working conditions for local communities, for instance by providing functioning irrigation systems.

Programmes in the Livelihoods category show slightly different characteristics to the Productive Opportunities category, in that they tend to be targeted at the poor, rather than particular industries or sectors. Examples are the Asian Development Bank’s Sustainable Livelihood in Barani Areas Project,<sup>90</sup> which aims to improve the economic well-being and social status of the rural poor through a mix of economic and social interventions. This is achieved through a number of components, including enhanced access to information, resources and agriculture, financial and social services.

Agriculture is another area that frequently features in the Productive Opportunities category, reflecting the fact it accounts for more than one fifth of Pakistan’s output and two fifths of its employment. The FAO’s Initiative on Soaring Food Prices, mentioned above, is a case in point, providing livelihood opportunities to vulnerable farming families.

**Figure 23: Principal categories of programmes in Pakistan**



<sup>88</sup> See <http://devtracker.dfid.gov.uk/projects/GB-1-203029/> Accessed on 19 June 2014.

<sup>89</sup> See <http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd00000011nqcAAA> Accessed on 19 June 2014.

The geographical focus of the programmes identified was more evenly balanced, with most categories including both programmes with country-wide coverage and regional coverage.

**Table 15: Breaking down of categories by geographical focus**

	Geographical scope	
	National	Regional
Livelihood	2	9
MEDA	6	1
Productive opportunities	6	13
Public Works	2	3
Subsidy	1	1
Training	5	13
Total	22	40

### 7.3 Targets of relevant programmes

As indicated above, the programmes identified in the stocktaking exercise tend to have a focus on the poor and rural poor, matching Pakistan’s position on the Human Development Index and related demographic characteristics. This can also be clearly seen in Figure 24, showing that Poor and Rural Poor ranked highest in terms of number of programmes with these target groups. The World Bank’s Third Pakistan Poverty Alleviation Fund Project<sup>91</sup> and DFID’s Pakistan National Cash Transfers Programme<sup>92</sup> are the largest of these, the former focusing on increased incomes, improved productive capacity, and access to services to achieve sustainable livelihoods, and the latter on education with a view to improved living standards. An additional example of a national-level programme is the Youth Business Loans programme run by the Pakistani government.<sup>93</sup> This programme offers up to 100,000 loans on favourable terms, aiming to support business ventures for the country’s youths. Another target group attracting significant funding is Women. The reasoning behind targeting women is provided by the Canadian International Development Agency (CIDA)’s Oxfam Canada - Engendering Change programme: CIDA explains its approach by reference to both gender inequality and aid effectiveness.<sup>94</sup> The programme therefore seeks to assist women by helping to secure improved livelihoods, including access to credit, property and labour rights, as well as protection against HIV/AIDS and violence.

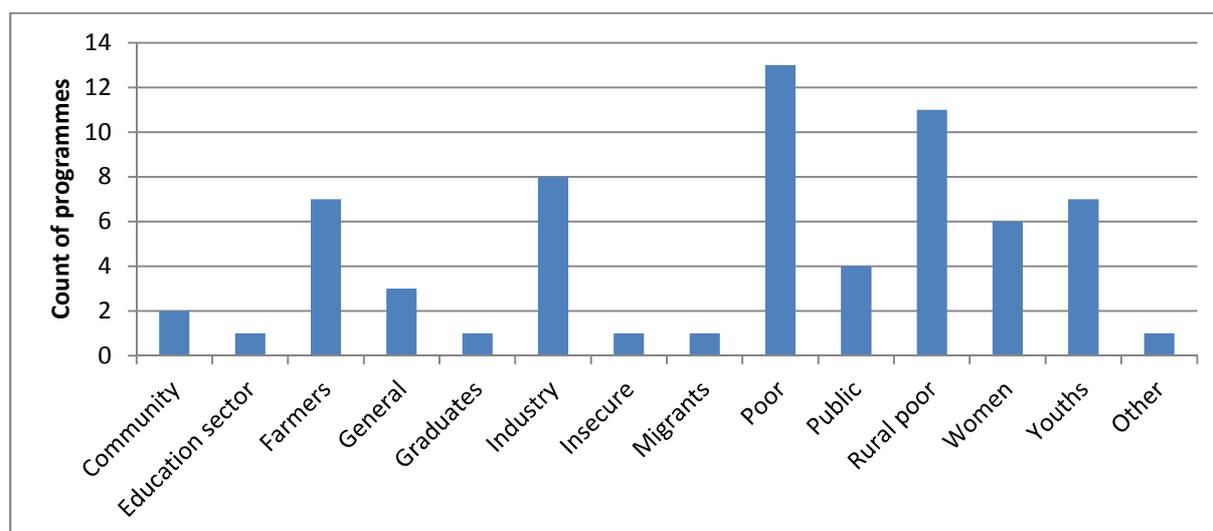
<sup>91</sup> See <http://www.worldbank.org/projects/P105075/third-pakistan-poverty-alleviation-fund-project?lang=en> Accessed on 20 June 2014.

<sup>92</sup> See <http://devtracker.dfid.gov.uk/projects/GB-1-203029/> Accessed on 20 June 2014.

<sup>93</sup> See <http://www.moip.gov.pk/> Accessed on 20 June 2014.

<sup>94</sup> See <http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vLUWebProjEn/FAF5F8A7EA558CEA85257C67003CE05C?OpenDocument> Accessed on 20 June 2014.

**Figure 24: Principal target groups of programmes in Pakistan**



Industry was another target group of note, making up eight of the 54 programmes identified in the stocktaking exercise. As can be seen in Table 16, all but one of the programmes targeted at Industry are regional in nature. This is unsurprising given the concentration of particular industries in specific parts of the country. Six programmes were identified that were associated with the textile and garment industries,<sup>95</sup> but these industries per se were not considered by the authors to be the primary target. Examples of these are the two Garment City programmes run by the Pakistani government. These programmes provide factory space and training, and while their principal aim may be to develop the sector, increased employment opportunities are a direct result. In Faisalabad this entails approximately 6,500 jobs being created, and an estimated 20,000 people indirectly earning a living from programme activities.<sup>96</sup>

<sup>95</sup> UNDP's 'Promoting Employment & Productivity in the Garment Industry' ([http://www.bd.undp.org/content/pakistan/en/home/operations/projects/poverty\\_reduction/promoting-employment-and-productivity-in-the-garment-industry.html](http://www.bd.undp.org/content/pakistan/en/home/operations/projects/poverty_reduction/promoting-employment-and-productivity-in-the-garment-industry.html)), USAID's Balochistan agriculture project (<http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd0000011nqiAAA>) and Firms project (<http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd0000000am3iAAA>), and the Pakistani government's Lahore garment city project and Faisalabad garment city project (<http://www.textile.gov.pk/gop/index.php?q=aHR0cDovLzE5Mi4xNjguNzAuMTM2L21vdGkvdXNlcmZpbGVzMS9maWxlL1Byb2plY3RzL0xHQy5wZGY%3D> and <http://www.textile.gov.pk/gop/index.php?q=aHR0cDovLzE5Mi4xNjguNzAuMTM2L21vdGkvdXNlcmZpbGVzMS9maWxlL1Byb2plY3RzL0ZHQy5wZGY%3D> respectively). All accessed on 20 June 2014.

<sup>96</sup> See <http://www.textile.gov.pk/gop/index.php?q=aHR0cDovLzE5Mi4xNjguNzAuMTM2L21vdGkvdXNlcmZpbGVzMS9maWxlL1Byb2plY3RzL0ZHQy5wZGY%3D> Accessed on 20 June 2014.

**Table 16: Target groups by geographical focus**

	Geographical scope	
	National	Regional
Community		2
Education sector		1
Farmers	3	4
General		3
Graduates	1	
Industry	1	7
Insecure		1
Migrants		1
Other		1
Poor	7	6
Public	2	2
Rural poor	1	10
Women	4	2
Youths	3	4
Total	22	44

## 7.4 Level of funding for different types of programmes

An analysis of the average yearly budgets for different programme categories reveals that Livelihood programmes tend to have the highest budget. The highest annual budget for a programme in this category, and one which somewhat raised the average figure, was \$171,479,360 for WFP's Enhancing Food and Nutrition Security and Rebuilding Social Cohesion.<sup>97</sup>

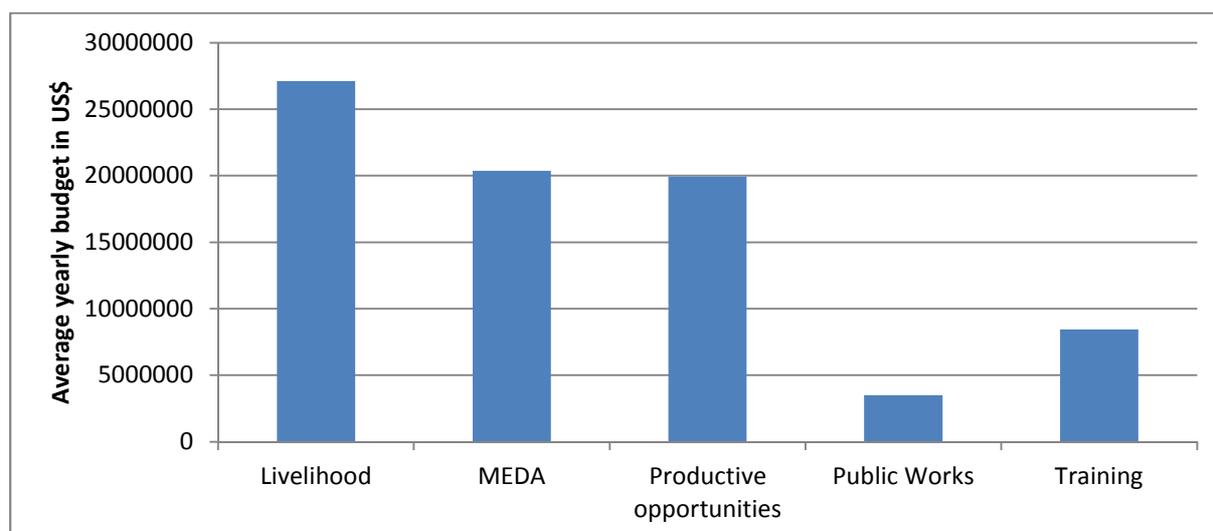
The next two highest average budget types of programmes were MEDA (\$20,361,295) and Productive Opportunities (\$19,942,496), categories that exhibit similar characteristics. Both represent an 'enabling' approach that gives opportunities to the population, in the process creating and developing employment. Aside from the World Bank's Third Pakistan Poverty Alleviation Fund Project, which has an annual budget of \$50,000,000,<sup>98</sup> the largest MEDA programme identified in the stocktaking exercise was DFID's Pakistan Financial Inclusion Programme, with annual budget of \$10,364,047.<sup>99</sup> This programme aims to provide access to financial services for the poor and marginalised groups, as well as supporting micro- and small enterprises.

<sup>97</sup> See [http://one.wfp.org/operations/current\\_operations/project\\_docs/200250.pdf](http://one.wfp.org/operations/current_operations/project_docs/200250.pdf) Accessed on 24 June 2014.

<sup>98</sup> See <http://www.worldbank.org/projects/P105075/third-pakistan-poverty-alleviation-fund-project?lang=en> Accessed on 20 June 2014.

<sup>99</sup> See <http://devtracker.dfid.gov.uk/projects/GB-1-113331/> Accessed on 20 June 2014.

**Figure 25: Yearly budgets of different categories**



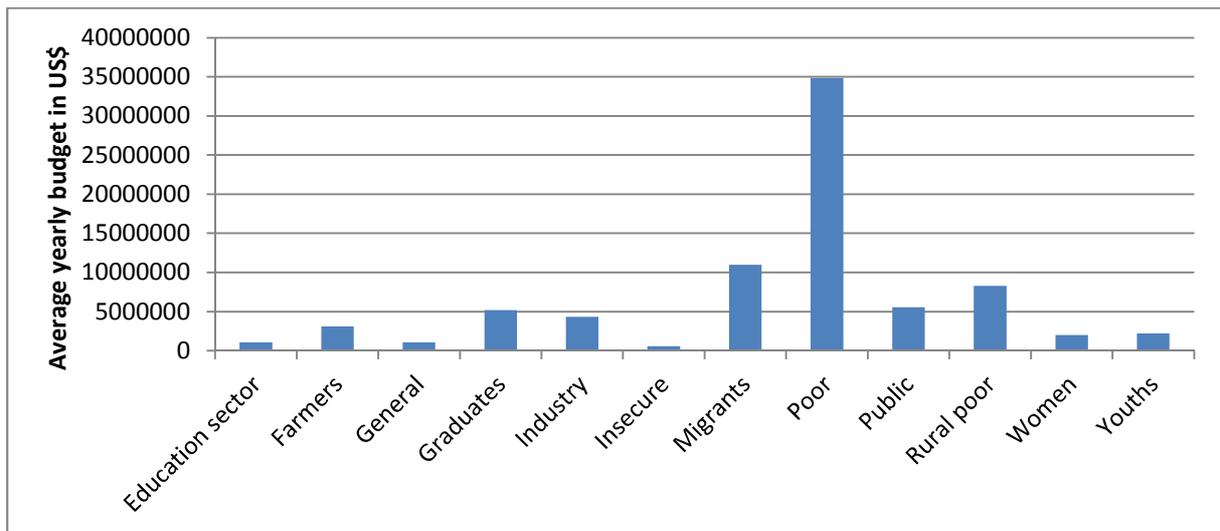
USAID’s FATA infrastructure project<sup>100</sup> has a particularly large budget of \$ 126,325,862. That it is the only programme with a target group of Community, and clearly on its own represents a significant level of funding for improving key services in conflict-affected areas, is noted. That said, due to its particularly large budget, the authors have excluded it from Figure 25, which shows the average budget of programmes aimed at different target groups, to keep the figure readable.

Focusing on the other target groups, as can be seen from Figure 26, the highest average budget is \$34,829,820, based on data from programmes targeted at the Poor. Half of these are Livelihood programmes, and all but one are regionally focused. An example is the abovementioned large budget of WFP’s Enhancing Food and Nutrition Security and Rebuilding Social Cohesion,<sup>101</sup> a programme that exhibits employment awareness in each of its components. For example, when supporting the food processing industry by purchasing local produce, it consciously stimulates the economy and employment. This type of programme is one of many where perhaps the budget is not all directly taken up by employment components, but is helping to develop an environment that is supportive of employment opportunities in Pakistan.

<sup>100</sup> See <http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd00000011nqcAAA> Accessed on 20 June 2014.

<sup>101</sup> See [http://one.wfp.org/operations/current\\_operations/project\\_docs/200250.pdf](http://one.wfp.org/operations/current_operations/project_docs/200250.pdf) Accessed on 20 June 2014.

**Figure 26: Yearly budgets of different programme target groups**



## 8.1 Employability of the poor in Bangladesh

Employment programmes in Bangladesh face the principal challenge of addressing high levels of poverty. Not only does Bangladesh have a relatively low GDP per capita value of \$752, it also has a relatively low position on the Human Development Index (146<sup>th</sup>) and the highest Multidimensional Poverty Index Value in South Asia.<sup>102</sup> In this light, the Bangladeshi Ministry of Labour and Employment's stated objective is 'to alleviate poverty through creating employment opportunities for the poor, unemployed and unskilled labour force of the country.'<sup>103</sup> An example of a relevant employment programme, administered by the Government of Bangladesh and funded by the World Bank, is Employment Generation for the Hard Core Poor, which provides short-term employment on community projects to enable households to cope better with vulnerability.<sup>104</sup>

There may be some cause for optimism when looking ahead. While its neighbours have faced economic difficulties, Bangladesh has 'sustained growth in part by increasing the rate of public investment over time'.<sup>105</sup> It has also benefited from globalisation, with international contacts improving standards and creating new exporting opportunities.<sup>106</sup> The established garments industry has been particularly successful, comprising 80% of total exports. It has remained resilient despite a series of 'factory accidents that have killed over 1,000 workers and crippling strikes that shut down virtually all economic activity'.<sup>107</sup> International funders have shown some concern at this, and there are programmes that seek to improve employment quality standards, such as the European Commission's Better Work and Standards

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<sup>102</sup> United Nations Development Programme, *Human Development Report 2013*, 2013. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 23 June 2014.

In addition to covering the Human Development Index, this source also includes the lesser-known Multidimensional Poverty Index, which was introduced in the 2010 report. Its ethos is that like 'development, poverty is multidimensional — but this is traditionally ignored by headline money metric measures of poverty. The Multidimensional Poverty Index (MPI)... complements monetary measures of poverty by considering overlapping deprivations suffered by people at the same time.'

<sup>103</sup> See <http://www.mole.gov.bd/> Accessed on 23 June 2014.

<sup>104</sup> See <http://www.cpd.org.bd/downloads/EGHP&NS.pdf> Accessed on 23 June 2014.

<sup>105</sup> United Nations Development Programme, *Human Development Report 2013*, 2013, page 69. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 23 June 2014.

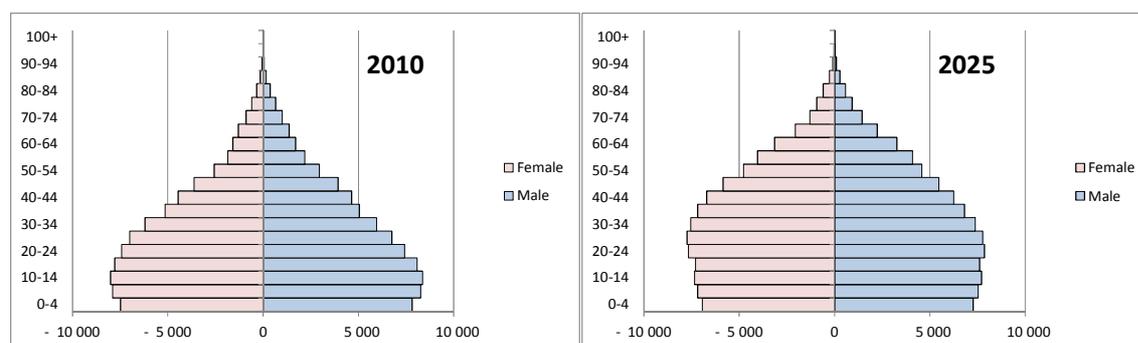
<sup>106</sup> United Nations Development Programme, *Human Development Report 2013*, 2013, page 69. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 23 June 2014.

<sup>107</sup> See <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html> Accessed on 23 June 2014.

Programme (BEST): Quality, Fishery and Textile.<sup>108</sup> This programme aims to raise quality standards relating to labour, the environment, and quality management, to international levels.

Addressing these issues will continue to be a challenge for Bangladesh as its population profile changes. It has made dramatic improvements in child survival rates,<sup>109</sup> in part leading to improved population forecasts. The number of people reaching working age is forecast to increase, as can be seen in Figure 27.

**Figure 27: Population changes for Bangladesh<sup>110</sup>**



## 8.2 Categories of relevant programmes

The three main categories of employment programmes identified in the stocktaking exercise were Livelihoods, Productive Opportunities and Training. Twenty-two Livelihoods programmes were identified, a third of the total. A number of these were focused on the rice-dominated agriculture sector, which provides 47% of the country's jobs.<sup>111</sup> Of these, the one with the highest annual budget is USAID's Cereal Systems Initiative for South Asia programme.<sup>112</sup> This programme aims to increase household income, food security, and job opportunities in impoverished and agriculturally dependent regions of Bangladesh.

Despite only identifying seven MEDA programmes, special mention must be made of this category. Quite apart from having the highest average budget (see below), microfinance programmes have historically been successful and popular in Bangladesh. Probably the most important of these, and certainly the best known, is the Grameen Bank.<sup>113</sup> This institution provides credit to the poor in rural Bangladesh. It was founded by Professor Muhammad Yunus, who reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, 'millions of small people with their millions of small pursuits can add up to create the biggest

<sup>108</sup> See <http://www.best-bd.org/index.php?option=page&id=2&Itemid=4> Accessed on 23 June 2014.

<sup>109</sup> United Nations Development Programme, *Human Development Report 2013*, 2013, page 81. Available online at <http://hdr.undp.org/en/statistics/hdi> Accessed on 23 June 2014.

<sup>110</sup> Derived from United Nations Population Division (2014) *World Population Prospects: The 2012 Revision*, United Nations Department of Economic and Social Affairs, <http://esa.un.org/unpd/wpp/index.htm>

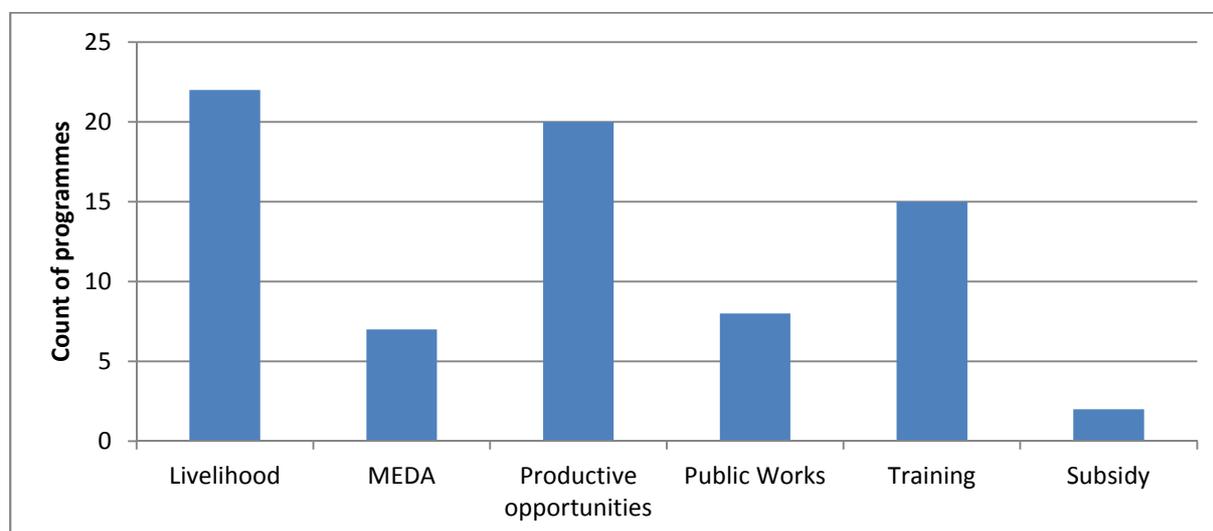
<sup>111</sup> See <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html> Accessed on 23 June 2014.

<sup>112</sup> See <http://portfolio.usaid.gov/PublicProjectDetail?id=a0cd000000aluCAAQ> Accessed on 23 June 2014.

<sup>113</sup> See <http://www.grameen-info.org/> Accessed on 23 June 2014.

development wonder.’<sup>114</sup> The programme and Professor Yunus are widely recognised, and jointly received the Nobel Peace Prize in 2006 for their efforts to create economic and social development.

**Figure 28: Principal categories of programmes in Bangladesh**



As can be seen from Table 17, in terms of geographical scope, approximately a third of the programmes identified were limited to a particular region or regions. Half of these were Livelihood programmes, with the most long-term being IFAD’s Sunamganj Community-Based Resource Management Project.<sup>115</sup> This project works to improve access to essential services and resources, and to diversify livelihood options in Sunamganj, a district with severe vulnerability and livelihood insecurity.

In the Training category, there was a substantially higher number of country-wide programmes compared to regional ones. A case in point is the African Development Bank, which had nine training programmes identified in the stocktaking exercise (across the six case studies). Of these, seven were country-wide, mostly focusing on secondary education. One of these is the Secondary Education Sector Investment Program, which supports the Bangladeshi government’s reform of secondary education, aiming to ‘build the foundation for a skilled labor force and [prepare] youths to meet the requirements of a rapidly developing economy.’<sup>116</sup>

<sup>114</sup> See [http://www.grameen-info.org/index.php?option=com\\_content&task=view&id=16&Itemid=112](http://www.grameen-info.org/index.php?option=com_content&task=view&id=16&Itemid=112) Accessed on 23 June 2014.

<sup>115</sup> See [http://operations.ifad.org/web/ifad/operations/country/project/tags/bangladesh/1165/project\\_overview](http://operations.ifad.org/web/ifad/operations/country/project/tags/bangladesh/1165/project_overview) Accessed on 23 June 2014.

<sup>116</sup> See <http://www.adb.org/projects/44213-015/details> Accessed on 23 June 2014.

**Table 17: Breaking down of categories by geographical focus**

	Geographical scope	
	National	Regional
Livelihood	11	11
MEDA	6	1
Productive opportunities	14	6
Public Works	8	
Subsidy	2	
Training	12	3
Total	53	21

### 8.3 Targets of relevant programmes

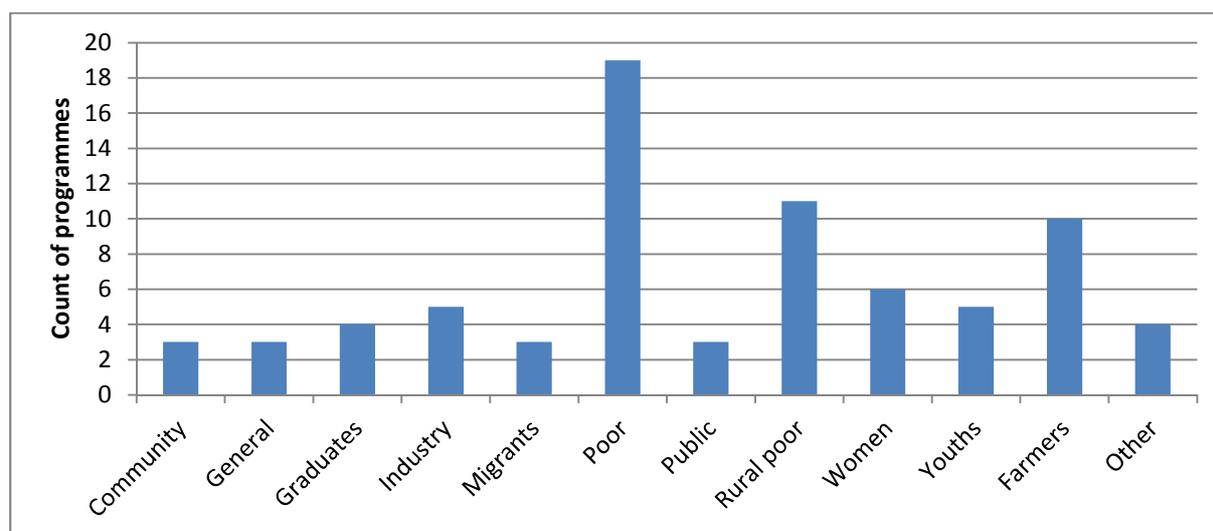
As indicated above, the programmes identified in the scoping exercise tend to have a focus on the poor and rural poor, with several also supporting the agriculture sector. This can be clearly seen in Figure 29 (the figure only includes target groups which were mentioned three times or more, to keep the figure readable). Examples of programmes under these headings have been outlined above, including the government's Employment Generation for the Hard Core Poor and the Cereal Systems Initiative for South Asia.

Another target group of note, featuring in six of the programmes, was Women. An example is the World Bank's Northern Areas Reduction-of-Poverty Initiative Project - Women's Economic Empowerment Project. Its objective is to facilitate access to employment opportunities in the garment sector for poor and vulnerable women from lagging areas of Bangladesh. It operates by providing information, technical and life skills training, transitional housing, and other support to enable adjustment to urban life and formal sector employment.<sup>117</sup>

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<sup>117</sup> See <http://www.worldbank.org/projects/P114841/northern-areas-reduction-of-poverty-initiative-project-womens-economic-empowerment-project?lang=en> Accessed on 23 June 2014.

**Figure 29: Principal target groups of programmes in Bangladesh**



A further breakdown of these target groups by geographical scope is shown in Table 18, showing that the majority of programmes targeted at the Poor were not limited to a particular region. An example is AusAid’s BRAC<sup>118</sup> Strategic Partnership Arrangement. BRAC is one of the largest non-government organisations in the world, affecting the lives of 110 million people in Bangladesh alone. AusAid’s partnership with BRAC and the UK Government helps to ‘deliver basic health and education services and livelihoods assistance to build resilience amongst the poorest and most marginalised communities in Bangladesh, particularly women and children.’<sup>119</sup>

One target group that had higher regional programme funding than country-wide funding was Farmers. The World Bank’s Climate Resilient Participatory Afforestation and Reforestation Project is one programme supporting this target group. By its very nature, the programme is restricted to forest areas, as it is specifically focused on supporting forest-dependent people.<sup>120</sup> One component of the project is to develop alternative livelihoods for forest communities, the objective being to improve and diversify non forest-based opportunities for poor forest-dependent households in selected forest communities.

<sup>118</sup> BRAC is an international development organisation, set up in the 1970s in Bangladesh. It works to alleviate poverty in 11 countries in Africa and Asia (for more information, see [www.brac.net](http://www.brac.net)).

<sup>119</sup> See <http://aid.dfat.gov.au/countries/southasia/bangladesh/Pages/initiative-brac-spa.aspx> Accessed on 23 June 2014.

<sup>120</sup> See <http://www.worldbank.org/projects/P127015/climate-resilient-participatory-afforestation-reforestation-project?lang=en> Accessed on 23 June 2014.

**Table 18: Target groups by geographic scope**

	Geographic scope	
	National	Regional
Community	1	2
Education sector	1	
Enterprise	1	
Farmers	2	5
General	3	
Graduates	4	
Households	2	
Industry	4	1
Migrants	2	1
Other	4	
Poor	17	2
Public	3	
Rural poor	3	8
Urban poor	1	2
Women	6	2
Youths	3	2
Total	57	25

## 8.4 Level of funding for different types of programmes

Despite MEDA only being the fifth programme category identified in terms of number of programmes, it had the highest average level of funding per programme. Its average yearly budget of \$37,597,720 was partly affected by the relatively high budget of the World Bank's Bangladesh Safety Net Systems for the Poorest Project.<sup>121</sup> The social safety net programmes supported by this project include employment support and 'work for food' programmes. It should also be noted that while the Grameen Bank's budget was not available, it is another MEDA programme and it is an important financial contributor to the Bangladeshi economy, with its monthly disbursed loans for June 2014 reaching a total of £132,010,000.<sup>122</sup>

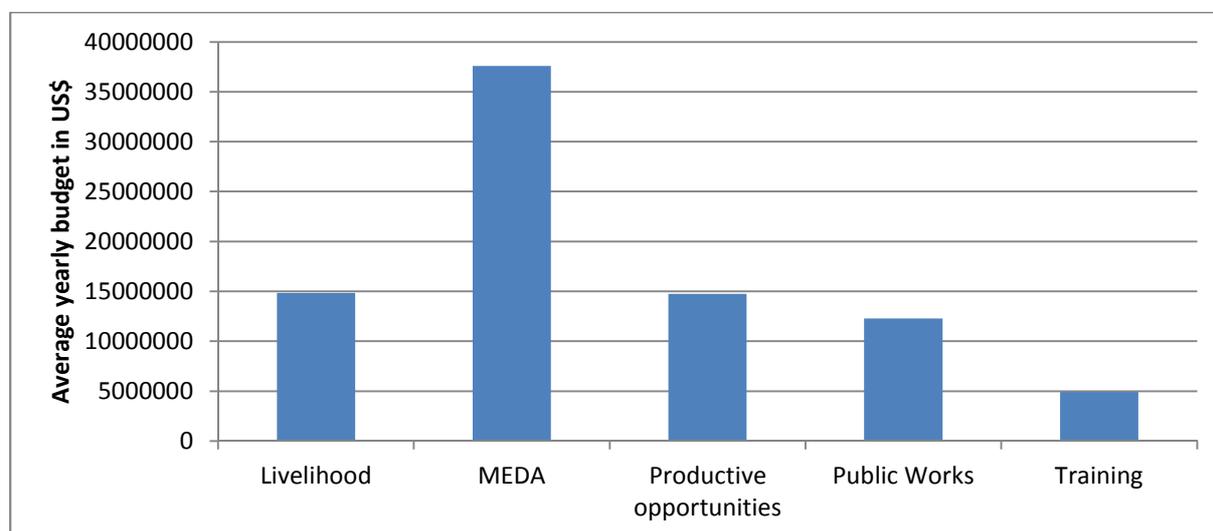
The average yearly budget figures for the next two highest categories, Livelihood and Productive Opportunities, were arguably more reliable, as more programme budgets were used to generate this (20 and 14 respectively, compared to just three published MEDA programme budgets). USAID's Cereal

<sup>121</sup> See [http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/SAR/2013/04/10/090224b081a76cac/1\\_0/Rendered/PDF/Project0Inform0st0Project000P132634.pdf](http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/SAR/2013/04/10/090224b081a76cac/1_0/Rendered/PDF/Project0Inform0st0Project000P132634.pdf) Accessed on 24 June 2014.

<sup>122</sup> See [http://www.grameen-info.org/index.php?option=com\\_content&task=view&id=453&Itemid=527](http://www.grameen-info.org/index.php?option=com_content&task=view&id=453&Itemid=527) Accessed on 24 June 2014.

Systems Initiative for South Asia programme (see above) is the largest of the Livelihood category, with an annual figure of \$68,500,000. The bulk of this figure contributes to developing workforce skills at agencies working in the education and skills development sector.

**Figure 30: Yearly budgets of different categories**



The Cereal Systems Initiative for South Asia’s relatively high budget also contributes to the highest overall target group budget – the Poor (see Figure 31). This target group’s funding is almost \$35 million per year. The target group with the next highest average budget is Public. This target group’s average budget was in part based on two infrastructure programmes: JICA’s South Western Bangladesh Rural Development Project<sup>123</sup> and the Asian Development Bank’s Second Public-Private Infrastructure Development Facility.<sup>124</sup> The former’s yearly budget of \$27,637,240 (over five years) is principally invested in building roads and related infrastructure, such as bridges and markets, in areas of rural poverty. This programme’s direct employment element, as opposed to the indirect benefits of improved infrastructure, is the engagement of vulnerable women for work on the project, including light labour such as tree planting and maintenance along roads.

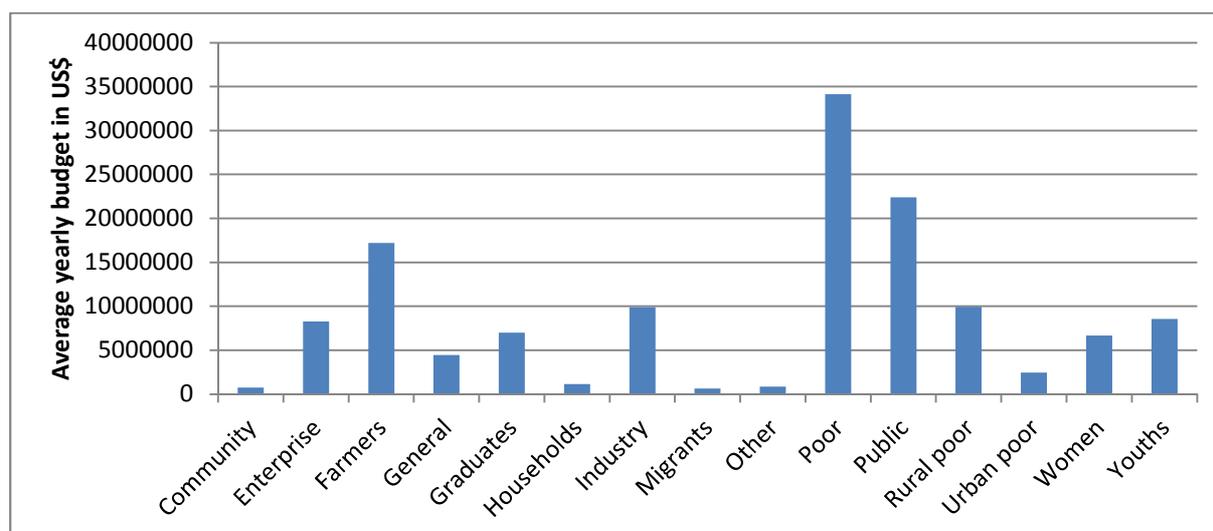
There are several target groups with substantially lower annual budgets than the majority of programmes identified. For example, the target group of Community included coastal communities and mountain communities respectively.<sup>125</sup> It may be that the limited regional focus of these programmes helps to manage the budget size. An example is UNDP’s Community Based Adaptation to Climate Change through Coastal Afforestation, which aims to establish a forest and create agriculture-based opportunities.

<sup>123</sup> See [http://www.jica.go.jp/english/news/press/2009/100324\\_04.html](http://www.jica.go.jp/english/news/press/2009/100324_04.html) Accessed on 24 June 2014.

<sup>124</sup> See <http://www.adb.org/projects/42180-013/details> Accessed on 24 June 2014.

<sup>125</sup> UNDP’s Community Based Adaptation to Climate Change through Coastal Afforestation ([http://www.bd.undp.org/content/bangladesh/en/home/operations/projects/environment\\_and\\_energy/coastal-afforestation.html](http://www.bd.undp.org/content/bangladesh/en/home/operations/projects/environment_and_energy/coastal-afforestation.html)) and IFAD’s Mountains and Markets: Biodiversity & Business in Northern Areas ([http://www.bd.undp.org/content/pakistan/en/home/operations/projects/poverty\\_reduction/mountain-and-market-biodiversity--business-in-northern-areas.html](http://www.bd.undp.org/content/pakistan/en/home/operations/projects/poverty_reduction/mountain-and-market-biodiversity--business-in-northern-areas.html)). Both accessed on 24 June 2014.

**Figure 31: Yearly budgets of different programme target groups**



**Box 3: The debate over microfinance**

**The contention over microfinance: evidence from Bangladesh**

Bangladesh is the birthplace of modern microfinance interventions. In the 1980s the Grameen Bank, founded by economist Muhammad Yunus, became an independent bank solely focused on the provision of finance to the poor. Today, Bangladesh is home to several major microfinance initiatives, and the intervention, which utilizes a group-based credit programme, has been replicated throughout the developing world. Given the investments made in microfinance by both governments and international organisations such as the World Bank, it is not surprising that studies into the effectiveness of microfinance followed the spread of the intervention.

Ground-breaking in the study of microfinance was an article by Pitt and Khandker (1998), which showed the positive effect three microfinance interventions in Bangladesh had on the income of the poor. A seminal paper, this publication has been used both in academia and by policymakers to inform decisions on investments in microfinance. However, the paper also started a complex academic debate that continued for more than a decade and appears to leave the question of the effectiveness of microfinance unresolved.

Most critical of the work of Pitt and Khandker have been Roodman and Morduch, first in working papers which later resulted in a published article (Roodman and Morduch 2014). On the basis of the same data, they failed to replicate the findings of Pitt and Khandker and did not find any substantial beneficial effects arising from microfinance initiatives. In repeated exchanges the debate became increasingly technical and focused on the specifications of regression models and the selection of the sample. Despite several iterations of recalculation and eventual sharing of codes, the issue remains unresolved.

Further studies on the same dataset from Bangladesh were conducted by Chemin (2008), and Duvendack and Palmer-Jones (2012). Chemin used what is called ‘propensity score matching’ for his study and found a positive effect of microfinance, albeit smaller than had previously been assumed on the basis of, for

example, Pitt and Khandker. In turn, Duvendack and Palmer-Jones conducted substantial re-testing of Chemin's results but, expanding on Chemin's analysis, remained unconvinced of the beneficial impact of microfinance.

The evidence of the effectiveness of microfinance is therefore highly complex, and most likely requires fresh data to generate new insights. Still, academic controversy or not, the Grameen Bank today serves 9.4 million poor around the world, the vast majority being women.<sup>126</sup> And for its trailblazing efforts the Bank and Muhammad Yunus received the Nobel Peace Prize in 2006.

## 8.5 The need for evidence

The stocktaking exercise shows that a great diversity of interventions exists both within and across South Asian countries. The next question to address is around the evidence for the effectiveness and impact of these interventions. What do we know about their capacity to generate employment? Answering this question requires a review of the available evaluation and impact assessment literature. As the literature on the interventions and countries included in the stocktaking is rather sparse, the literature reviewed in the second part will be broadened to include developing countries globally, as well as former Communist countries.

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<sup>126</sup> See <http://www.grameenfoundation.org/our-impact/numbers> Accessed on 22 June 2014

## PART 2: META-REGRESSION

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## 9.1 Scarcity of evidence

Evidence on the effectiveness of employment interventions in developing countries is scarce which means that while large investments are being made, it is rarely clear what the impacts are. Generally, a rigorous methodological design, for example a randomized controlled trial, is required to ensure that estimates of impact are accurate. As only a few papers build on such methods, there is relatively little concrete evidence for to allow an informed evaluation of the impact of these interventions. Furthermore, the evidence differs greatly by topic, geography and methodology. Rigorous studies on public works are largely confined to India's National Rural Employment Guarantee Act (NREGA), whereas studies on microfinance centre on Bangladesh. As the evidence in the following sections is dependent on a limited number of studies, the geographic coverage of the evidence will therefore differ quite substantially by topic.

### 9.1.1 Evidence on public works

Some of the largest interventions in the world are 'public works' programmes which aim to generate employment for the unemployed poor with the expectation that once in employment, the poor can stay in employment and thus escape the trap of extreme poverty. The most prominent example of a public works programme is India's National Rural Employment Guarantee Act (NREGA).<sup>127</sup> It legally guarantees 100 days of manual work to rural households each year for minimum wage. Given the immense scope of the programme, its budget has been variously estimated to be around 0.4 to 1% of India's GDP.<sup>128</sup> Despite the size of NREGA, there are few rigorous evaluations available to provide evidence of its impact. Three studies (Azam 2012; Imbert and Papp 2013; Zimmerman 2012) find positive effects on wages, though much more pronounced among women than among men, as well as positive effects on public employment, again more prominent for women than men. Despite the observed positive results, the studies differ in the magnitude of the effect on wages and employment. In terms of wider effects, Imbert and Papp (2013) find some evidence of redistribution of wealth from richer to

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<sup>127</sup> For more information on NREGA see <http://nrega.nic.in/netnrega/home.aspx> Accessed on 05/08/2014

<sup>128</sup> Different estimates exist of the share of GDP that the budget of NREGA represents. Zimmerman (2012) states 1%, Imbert and Papp (2012) 0.6%, yet our calculations, based on the NREGA budget in rupees for 2012-2013, compared to the Indian GRP in rupees for 2012, arrive at a figure of 0.39%.

poorer households, while Zimmerman (2012) observes that the uptake of NREGA is especially pronounced during the agricultural off-season. Furthermore, a fear that often exists around the introduction of public works programmes is that they will crowd out private employment and thereby have an adverse effect on the economy. Imbert and Papp (2013) find evidence of a crowding-out of private sector work, yet Zimmerman (2012, 1) notes that there is no major evidence of any ‘negative private employment effects’.<sup>129</sup> While positive effects therefore have been found, the scale and scope of these is variable and Zimmerman (2012, 28) concludes that NREGA ‘in its current form also does not seem to be a silver bullet in the fight against poverty since its positive welfare effects are estimated to be relatively modest’.

### 9.1.2 *Evidence on microfinance and entrepreneurship programmes*

In the field of microfinance a fierce and technical debate has been developing over the last decade since the publication of a seminal paper by Pitt and Khandker (1998). Pitt and Khandker’s (1998) paper found that Bangladesh microfinance interventions had proved capable of reducing poverty. Given the prominence of the paper it proved influential to policy makers, yet it also started substantial efforts to replicate and verify the results. Most critical of the work of Pitt and Khandker (1998) have been Roodman and Morduch (2014), first in working papers which later resulted in a published article. On the basis of the same data, they failed to replicate the findings of Pitt and Khandker (1998) and did not find any substantial beneficial effects arising from microfinance initiatives. In repeated exchanges the debate became increasingly technical and focused on the specifications of regression models and the selection of the sample. Despite several iterations of recalculation and eventual sharing of codes, the issue remains unresolved.

Further studies on the same dataset from Bangladesh were conducted by Chemin (2008), and Duvendack and Palmer-Jones (2012). Chemin (2008) used what is called ‘propensity score matching’ for his study and found a positive effect of microfinance, albeit smaller than had previously been assumed on the basis of, for example, Pitt and Khandker (1998). In turn, Duvendack and Palmer-Jones (2012) conducted substantial re-testing of Chemin’s results but, expanding on Chemin’s analysis, remained unconvinced of the beneficial impact of microfinance.

While the debate on the data from Bangladesh attracted a lot of attention, other recent papers have explored different dimensions of microfinance. Attanasio et al. (2011), for example, start with the observation that across the world, microfinance institutions are moving from group lending to individual lending. The authors note, however, that this may take away the important element of group discipline and they find that in Mongolia group lending led to more positive results than individual lending. In addition, group lending prevents participants from using the money for private purposes, such as transfers to family and friends. While the dynamics of the outcomes are not clear yet, the authors note that models of individual lending may have negative effects, and may deter potential clients who are not comfortable with borrowing on an individual basis.

Entrepreneurship programmes are slightly different from microfinance programmes. Both tend to focus on entrepreneurs in poverty, yet whereas the main intervention in microfinance consists of lending,

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<sup>129</sup> This might be the result of the different identification and estimation strategies used by the authors as they both draw on the same data sources, as Zimmerman notes: ‘As it turns out, the choice of the identification strategy significantly affects the seasonality of the wage impacts.’

entrepreneurship programmes tend to rely on wage subsidies, cash grants and training. De Mel, McKenzie and Woodruff (2010; 2012; 2014) conducted several studies on programmes aimed to improve business outcomes. The first focused on wage subsidies (2010), the second on one-off grants (2012) and the third on business training and cash grants (2014). Positive results on employment opportunities were found in the case of wage subsidies to microenterprises in Sri Lanka (2010). Single cash grants, also in combination with business training, similarly generated longer-term positive results, such as company survival rates and business profitability (2012; 2014). Training on its own, however, did not affect business profits, sales or capital stock (2014). A meta-regression of entrepreneurship interventions by Cho and Honorati (2014, 111) further found that, overall, ‘entrepreneurship programmes have a positive and large impact for youth and on business knowledge and practice, but no immediate translation into business setup and expansion or increased income.’

### 9.1.3 *Evidence on training*

As prominent as the debate on microfinance have been several studies that aimed to measure and evaluate the impact of training programmes. The bulk of literature on the impact of training focuses however, on developed countries (see Cho and Honorati 2014), which may not be very relevant to policy makers who aim to eradicate widespread poverty in low-income countries. The gap has been addressed by influential papers on youth training programmes by Card et al. (2011) for the Dominican Republic, and by Attanasio et al. (2011) for Colombia. They report mixed findings. Attanasio et al. (2011) found the programme to be a relative success, especially for women, by cost-benefit standards. Less positive were the conclusions of Card et al. (2011) who note that they ‘find little indication of a positive effect on employment outcomes but some evidence of a modest effect on earnings, conditional on working’. Further evidence on training comes from Blattman et al. (2014) who evaluate a Ugandan programme in which young adults can receive cash grants for vocational training and business start-up. The evaluation found positive results on movement out of unemployment for both men and women, with effects lasting for at least four years.

A specific subset of training programmes is constituted by financial and business programmes tailored towards poor new and existing entrepreneurs. Many of these courses are taught by microfinance institutions as they find that their clients often lack basic financial and business skills. Field et al. (2010) find mixed results for business training taught through the SEWA Bank to female entrepreneurs in India, with positive effects for women from upper castes, yet no positive effects for Muslim women. Business training to Peruvian women enrolled in a group lending programme similarly showed no positive effects on outcomes such as revenue and profit, but did improve business knowledge (Karlan and Valdivia 2011). By contrast, Mano et al. (2012) do notice an improvement in business performance following a management programme for male-owned micro- and small enterprises in Ghana. Finally, Drexler et al. (2014) not only measure the effect of financial training, they also test the difference between simplified rule-of-thumb training versus standard accounting training for the clients of a microfinance institution in the Dominican Republic.<sup>130</sup> They find that the rule-of-thumb training improves financial practices and,

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<sup>130</sup> The authors explain the difference between the two methods as follows: ‘The rule-of-thumb training focuses on very simple heuristics or routines for financial decision making without aiming to provide comprehensive accounting knowledge. For example, the standard accounting training taught participants to separate their business and personal accounts by instructing them how to calculate business profits based on a typical accounting curriculum for micro-entrepreneurs. The rule-of-thumb training gave them a physical rule to keep their money in two separate drawers (or

importantly, revenues, especially among those entrepreneurs with fewer skills at the start of the programme.

#### 9.1.4 *Evidence on wage subsidies*

Studies on the effects of wage subsidies are relatively abundant for developed countries (see Gerfin, Lechner, and Steiger 2005; Jaenichen and Stephan 2011). Only a handful of empirical studies, however, have sought to examine the effectiveness of wage subsidy interventions in the context of developing countries. Groh et al. (2012) investigate the impact of soft skill training, wage subsidies, or a combination of the two, on employment of female community college graduates in Jordan. They find a strong short-term employment effect of the wage subsidy, but the impact reduces over time and is no longer statistically significant four months after the employment voucher expires. The authors also find that employability training did not have an effect on employment. A recent paper by Levinsohn et al. (2014) examines the effects of a wage subsidy programme in South Africa. Youth unemployment in South Africa is high and differs disproportionately by race. The study finds large and lasting employment effects, where young persons allocated for wage subsidy vouchers were 7.4 percentage points more likely to be employed, even 12 and 24 months after allocation. Other papers attempt to simulate the impact of a wage subsidy programme in South Africa using general equilibrium models. Go et al. (2010) and Burns et al. (2010) highlight a relatively strong impact on employment. Levinsohn and Pugatch (2014) develop a structural search model in order to better understand the impact of a wage subsidy among young persons in Cape Town. They find positive effects as well, showing that a wage subsidy has the potential to decrease long-term unemployment among young workers.

#### 9.1.5 *A diversity of outcome measures*

Overall, the outcomes of interest differ greatly among the papers that study employment interventions. Generally a number of outcomes are examined for an intervention, ranging from direct measures of employment or income, to the accumulation of capital or life stock, to more indirect measures such as nutrition, consumption, and the improvement of skills. The exact measurement of these outcomes, however, can also differ quite substantially, for example by unit of analysis (e.g. individual or household), by duration (e.g. income over the last week or month), or by quality (e.g. a job or a 'high quality' job). The heterogeneity makes direct comparisons between studies difficult, and few attempts have been made to draw common lessons from the relatively limited number of publications in this field.

## 9.2 Goal of this study

The aim of this study is to investigate the effectiveness of relevant interventions with regard to employment and income outcomes in a systematic manner. The scope of the review is global in nature, due to the overall scarcity of impact evaluations for these types of interventions, but will highlight evidence from South Asian countries whenever possible.

Through a meta-regression analysis we seek to identify the characteristics of programmes and interventions that can be associated with effectiveness or success. By exploiting heterogeneity in the design

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purses) and to only transfer money from one drawer to the other with an explicit "IOU" note between the business and the household. At the end of the month they could then count how much money was in the business drawer and know what their profits were.' (Drexler, Fischer, and Schoar 2014, 2–3)

and implementation of different intervention types, the analytical framework enables us to specifically cover the extent to which different intervention types matter for different groups of beneficiaries under different contexts. A meta-regression analysis combines the estimated impacts of a broad set of studies in order to draw insights from different programme effects by examining the extent to which different study characteristics affect the estimated results. Such an analysis is particularly helpful to synthesise findings from various studies (see Stanley and Doucouliagos 2012).

The main contribution of this study is the coverage of a broad variety of very different interventions. We seek to compare the effectiveness of intervention types, such as skill training programmes, microfinance and entrepreneurship programmes, public works and wage subsidy programmes, with regard to their effectiveness in generating employment and income opportunities, as well as creating quality employment.

The type of evidence required for such an analysis has to fulfil three conditions, however, which reduces the number of papers that can be used. First, the studies need to contain some kind of regression analysis results from which data can be extracted. Secondly, studies need to have been conducted in developing rather than developed countries. This excludes, for example, papers on the US and Europe. Finally, the studies need to measure (a variant of) the outcome variable of interest, namely, employment.

While the above conditions clearly limit the number of papers that can be used, we have been able to identify 59 studies from which data could be extracted. Not many other meta-analyses have examined the variety of studies, countries and interventions included in this paper. The strength of our analysis therefore lies in the comprehensiveness of the dataset on which it is based, and the comparisons it allows us to make between outcome measures, intervention types and target groups. To our knowledge, no other meta-analysis has reviewed such a broad set of studies that evaluate the effectiveness of interventions to create employment and increase the income of the poor.

### 9.3 The main findings

Overall, we find that at the 10% statistical significance level 39.6 per cent of the estimates are positive and 49.8 per cent are insignificant, while at the 5% statistical significance level 32.9 per cent are positive and 58.9 per cent are insignificant. Around a third of the estimates examined are therefore positive, and at the 5% statistical significance level this figure is highest for the outcome measure ‘quality’ (46.9 per cent), followed by employment activity (32.0 per cent) and income (31.5 per cent). With regard to different intervention types, our overall findings suggest that comparatively, public works and general life skills training programmes are not associated with better outcomes. By contrast, business training combined with financing is associated with better employment activity outcomes for the general population and among the youth, but not among women. Finally, we find that while some interventions are positively associated with employment activities, they can be negatively associated with income. This apparent discrepancy may be a timing effect, i.e. it may take longer for income effects to be generated, but further analysis is required to understand this difference.

## 10.1 Search strategy and selection criteria

We compiled a comprehensive collection of studies that evaluate programmes in developing countries which seek to improve the employability or labour market situation of poor people.

To identify relevant papers, we conducted an elaborate literature search using a number of search engines and databases. The specific databases we searched are listed in Table 19, along with the number of hits we examined per query.

**Table 19: Search engines and databases used**

Database	Number of hits reviewed
Google Scholar	200
NBER	100
Ideas	100
EconLit	100
World Bank Policy Research Paper Series	100
IZA Working Paper Series	100

For each search engine or database we developed a comprehensive list of search queries. These queries were constructed from several building blocks, which can be combined using AND and OR statements, quotation marks, and brackets. Building blocks used consisted of (combinations of) the following terms: Employment; Vocational training; Business training; Cash transfer; Microcredit; Skill development; Self-employment; Active labour market programme; Public Work; Female labour force participation.

In addition we scanned a number of databases of studies on employment, searching specifically for impact evaluations. The databases scanned were: (1) the World Bank Labor Markets research link<sup>131</sup>; (2) the Youth Employment Inventory<sup>132</sup>; (3) CGAP<sup>133</sup>; (4) Innovations for Poverty Action<sup>134</sup>; (5) J-Pal<sup>135</sup> and (6) 3IE.<sup>136</sup>

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<sup>131</sup> <http://www.worldbank.org/en/topic/labormarkets/research/all>

<sup>132</sup> <http://www.youth-employment-inventory.org/>

Next, we snowballed from the initial results. For selected relevant papers we reviewed the references and further included studies of interest (e.g. we checked all the references of recent meta-analyses (Card, Kluge, and Weber 2010; Cho and Honorati 2014; Kluge 2010)). Finally, we reviewed the publication records of prominent authors in the field to identify additional studies.

Through the first selection of papers based on the search results and snowballing we identified 195 papers of interest. These papers were examined in depth, and to select papers for data extraction for the meta-regression we applied the following selection criteria:

- Public domain: only studies which are available in the public domain have been included in the present study. While not all studies have officially been published (working papers have also been included), each must be available online for inclusion.
- Geography: developed countries were excluded from the meta-regression, although former communist countries have been included given the substantial evidence that is available from these countries. As the interest of this study is in the potential effectiveness of employment programmes in developing countries, all other studies conducted in developed countries were excluded.
- Outcome variables: as income and employment are the two outcome measures of interest, we exclude studies which do not include an outcome measure related to either income or employment. This means that several studies that fulfil all the other criteria could still not be used as they lack estimates of the impact on either income or employment. This is the case, for example, for a number of entrepreneurship programmes which measure the impact on outcomes such as business practice and business knowledge, but not on income, revenue or profit.
- Impact evaluations: only studies that include an impact evaluation of an employment intervention were included. To extract data, intervention estimates for one of the outcome variables of interest are required. This means that studies summarising employment interventions, meta-regressions, and evaluations not aimed at income or employment outcomes have been excluded.
- Methods: within the impact evaluations only studies which rigorously estimate the effects of interventions have been included. A rigorous methodology implies the use of an experimental or quasi-experimental design in which a control group is included to allow for the evaluation of the counterfactual. While this strongly limits the number of studies, it is necessary as quality control to ensure that the meta-regression is based on the best available data.
- Latest or published version: Many programmes are reported on several times in working papers while they are still running. For these programmes only the latest version of a study, or the the version that has been published in a journal, has been included.

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<sup>133</sup> <http://www.cgap.org/>

<sup>134</sup> <http://www.poverty-action.org/>

<sup>135</sup> <http://www.povertyactionlab.org/>

<sup>136</sup> <http://www.3ieimpact.org/>

- Timeline: the timeline has not been restricted. Given the other criteria, however, we find only five publications from before 2000 can be included.

The exclusion of papers following these criteria resulted in the inclusion of 59 papers in the meta-regression Table 20. Of the studies included, nine focus on programmes in India, six on Argentina, five on Bangladesh, four on Peru and three on the Dominican Republic and Mexico. Other countries only appear once or twice in the sample. The majority of studies are relatively recent, as 40 studies were published in or after 2010, and only five studies are from before 2000. This is mainly due to the selection criteria regarding the ‘latest or published version’ of studies, which means that only the last published study on a programme by a particular set of authors is included. Finally, given the extensive evaluation of the Peruvian Projovent programme by Díaz and Jaramillo (2006), the number of estimates extracted is highest for Peru (268), followed by Argentina (75), Mexico (66), India (59), and the Dominican Republic (56).

**Table 20: Studies included in the meta-regression**

Study	Year	Number of estimates	Country
Aedo and Nuñez 2004	2004/6	8	Argentina
Almeida and Galasso 2010	2007/2010	10	Argentina
Alzua & Brassiolo 2006	2006	18	Argentina
Alzua, Cruces, and Lopez Erazo 2013	2013	14	Argentina
Aroca and Hewings 2009	2009	2	Chile/Brazil
Attanasio, Kugler, and Meghir 2011	2011	32	Colombia
Attanasio et al. 2011	2011	8	Mongolia
Augsburg et al. 2014	2014	5	Bosnia and Herzegovina
Azam 2012	2012	9	India
Bah et al. 2011	2011	3	Macedonia
Bali Swain and Varghese 2013	2013	2	India
Bandiera et al. 2013	2013	8	Bangladesh
Bandiera et al. 2014	2014	6	Uganda
Blattman, Fiala, and Martinez 2014	2014	8	Uganda
Bruhn and Zia 2011	2011	4	Bosnia and Herzegovina
Burgess and Pande 2005	2005	2	India
Calderon et al. 2013	2013	7	Mexico
Calderón-Madrid 2009	2009	15	Mexico
Card et al. 2011	2011	30	Dominican Republic
Cho et al. 2013	2013	16	Malawi
Chong and Galdo 2006	2006	21	Peru
Copestake et al. 2005	2005	3	Peru
Crepon et al. 2014	2014	3	Morocco
De Mel, McKenzie, and Woodruff 2014	2014	14	Sri Lanka
Delajara et al. 2005	2005	44	Mexico
Dey 2010	2010	4	India
Díaz and Jaramillo 2006	2006	240	Peru
Dmitrijeva 2008	2008	30	Latvia
Drexler et al. 2014	2014	8	Dominican Republic
Field et al. 2010	2010	3	India
Galasso 2011	2011	4	Chile
Galasso, Ravallion, and Salvia 2004	2004	9	Argentina
Gine et al. 2014	2014	15	Pakistan
Groh et al. 2012	2012	30	Jordan
Hicks et al. 2013	2013	8	Kenya
Hirschleifer et al. 2014	2014	40	Turkey
Ibarraran et al. 2012	2012	18	Dominican Republic
Imai, Arun, and Annim 2010	2010	1	India
Imai and Azam 2012	2012	1	Bangladesh
Imbert and Papp 2013	2012	14	India
Iturizza et al. 2011	2011	16	Argentina
Karlan et Valdivia 2011	2011	4	Peru
Kluge et al. 1999	1999	14	Poland
Levinsohn et al. 2014	2014	6	South Africa
Lubyova and van Ours 1999	1999	6	Slovakia
Maitra and Mani 2014	2014	16	India
Mano et al. 2011	2011	2	Ghana
Martinez et al. 2013	2013	12	Chile

Study	Year	Number of estimates	Country
Morduch 1998	1998	9	Bangladesh
Nivorozhkin and Nivorozhkin 2007	2007	4	Russia
Pitt and Khandker 1998	1998	3	Bangladesh
Premand et al. 2012	2012	16	Tunisia
Rodriguez-Planas et al. 2010	2010	6	Romania
Roodman and Morduch 2014	2014	3	Bangladesh
Tarozzi, Desai, and Johnson 2013	2013	2	Ethiopia
Van Ours 2001	2001	3	Slovakia
Verner and Verner 2005	2005	12	Ivory Coast
Vodopivec 1999	1999	30	Slovenia
Zimmerman 2012	2012	8	India

Sources: (Aedo and Nuñez 2004)(Almeida and Galasso 2010)(Alzua, Cruces, and Lopez Erazo 2013)(Aroca and Hewings 2009)(Attanasio, Kugler, and Meghir 2011)(Azam 2012)(Bandiera et al. 2013)(Blattman, Fiala, and Martinez 2014)(Pande and Burgess 2005)(Card et al. 2011)(Cho et al. 2013)(Chong and Galdo 2006)(Copestake et al. 2005)(De Mel, McKenzie, and Woodruff 2014)(Dey 2010)(Díaz and Jaramillo 2006)(Galasso, Ravallion, and Salvia 2004)(Groh et al. 2012)(Hicks et al. 2013)(Ibarraran et al. 2012)(Imai, Arun, and Annim 2010)(Imai and Azam 2012)(Imbert and Papp 2013)(Maitra and Mani 2014)(Morduch 1998)(Pitt and Khandker 1998)(Roodman and Morduch 2014)(Tarozzi, Desai, and Johnson 2013)(Zimmerman 2012)(Levinsohn et al. 2014)(Crépon et al. 2014)(Alzuá and Brassiolo 2006)(Attanasio et al. 2011)(Augsburg et al. 2014)(Bah, Brada, and Yigit 2011)(Bali Swain and Varghese 2013)(Bandiera et al. 2014)(Bruhn and Zia 2011)(Calderon, Cunha, and De Giorgi 2013)(Calderón-Madrid 2009)(Delajara, Freije, and Soloaga 2006)(Dmitrijeva 2008)(Drexler, Fischer, and Schoar 2014)(Field, Jayachandran, and Pande 2010)(Galasso 2011)(Giné and Mansuri 2014)(Hirshleifer et al. 2014)(Iturriza, Bedi, and Sparrow 2011)(Karlán and Valdivia 2011)(Kluve, Lehmann, and Schmidt 1999)(Lubyova and Van Ours 1999)(Mano et al. 2012)(Martínez, Ruiz-Tagle, and Puentes 2013)(Nivorozhkin and Nivorozhkin 2007)(Premand et al. 2012)(Rodríguez-Planas and Jacob 2010)(Van Ours 2001)(Verner and Verner 2005)(Vodopivec 1999)

## 10.2 Extraction of data

After selecting the final set of papers, we gathered relevant information about the programme and participants analysed in each study and the corresponding estimated impact measures. Most of the variables of interest were relatively straightforward to collect, such as the outcomes of interest, intervention characteristics; and specific study characteristics such as whether the paper was published in a peer-reviewed journal. In line with the findings of Card et al. (2010) we struggled to find detailed information about the total programme costs or the providers of the programme funding. Similar to Card et al. (2010) we use average programme duration as a proxy for programme investment.

Our sample studies include a variety of different measures of programme impacts which proved difficult to compare across and even within studies. This is driven by a variation of different outcome measures (i.e. employment indicators, hourly wages, monthly salaries). To conduct a meaningful meta-analysis, the impact measures should be comparable between and within studies (Doucouliagos and Stanley 2009). To accommodate the diversity, we decided to construct indicators of whether the programme had a positive and significant effect (at 10% and 5% significance levels).

However, these indicators only represent the direction of the impact, not the strength or magnitude. We therefore also calculated partial correlation coefficients which measure the strength and the direction between variables of interest. Partial correlations measure the magnitude and the direction of the impact, keeping all other variables constant. The major advantage of partial correlation coefficients is that they are dimensionless, which makes them a comparable measure between and within studies. Partial correlations can further be provided for a larger set of estimates than other types of 'effect size measures' and therefore enable the compilation of a very comprehensive dataset. It is worth noting that partial correlation coefficients are usually not provided in studies so they have to be calculated (described in Chapter 3 in more detail). Recent meta-regression studies using partial correlations as effect size measures include Nataraj et al. (2013) and Efendic et al. (2011).

It is important to note that each study in our sample contributes multiple estimates, i.e. each examines more than one outcome, for different beneficiaries and applying a set of empirical specifications. Some meta-analyses include only one estimate per study (e.g. Card and Krueger 1995; Stanley 2001). We include all relevant estimates available for each study as this creates useful within-study variation and limits the risk of losing valuable information by discarding data. Finally, in many studies it is simply not clear to the meta-researcher which estimate should be the preferred one, and it is therefore better to be inclusive.

## 10.3 Sample overview

Intervention characteristics collected include the type of intervention (e.g. public works, microfinance and entrepreneurship, skill training or wage subsidies), time of impact measured, the country where the intervention is implemented, and the intended target group (e.g. women, youth). The outcomes of interest can be summarised through three broad categories: employment activity, income and quality. The last includes information on whether the employment or income is conducted or generated in a higher-quality environment (e.g. formal employment, employment with social security benefits or health insurance). We further extracted data on the provider or delivery mode of the intervention. We

distinguish between government agencies, NGOs, private providers or mixed models (i.e. public and private, NGO and private). Other study characteristics extracted include the study design (experimental or quasi-experimental), sample size, publication format (working paper, research report or published in peer reviewed journal), and the year of publication.

Our final data set includes 59 impact evaluation studies and contains 889 estimates for four different intervention types. The estimates are from studies across four broad regions: Latin America (including Mexico and the Dominican Republic), Europe, Asia and Africa (including the Middle East). Almost 58 per cent of our sample estimates are from studies on Latin America, whereas 16 per cent are from Europe, 13 per cent from Asia and 12 per cent from Africa. Table 21 shows the distribution of our sample estimates across the three regions and variables of interest.

**Table 21: Sample Characteristics by Region**

	All	Latin America	Asia	Africa/Middle East	Europe
<b>Total number of estimates</b>	889	515	120	109	145
<b>Outcome Group</b>					
Employment Activity	50.84%	44.66%	45.83%	47.71%	79.17%
Income	34.76%	36.31%	50.83%	37.61%	13.89%
Quality	14.40%	19.03%	3.33%	14.68%	6.94%
<b>Intervention Type</b>					
Public Works	8.55%	0.78%	29.17%	-	25.52%
Financing	5.96%	0.97%	25.00%	11.93%	3.45%
Business training and financing	7.76%	4.27%	23.33%	14.68%	2.07%
Business training	9.22%	4.08%	7.50%	33.94%	10.34%
Classroom and/or on-the-job	57.26%	83.11%	-	20.18%	40.69%
Life skills training	6.86%	5.05%	15.00%	-	11.72%
Wage subsidy	4.39%	1.75%	-	19.27%	6.21%
<b>Population Groups</b>					
No specific target	26.43%	11.65%	43.33%	13.76%	74.48%
Women	27.45%	20.19%	56.67%	40.37%	19.31%
Youth	46.12%	68.16%	-	45.87%	6.21%
<b>Providers</b>					
NGO	15.86%	10.87%	37.50%	33.03%	2.76%
Private provider	11.70%	11.65%	14.17%	24.77%	-
Public provider	25.31%	20.78%	45.83%	18.35%	29.66%
Mixed provider	47.13%	56.70%	2.50%	23.85%	67.59%

## 10.4 Key variables

### 10.4.1 Outcomes of interest

We classify the measured comparable outcomes into three mutually exclusive categories: employment activity, income and quality. Table 22 presents a summary of the definitions and distribution of the three

outcomes. The most common outcome measured is: employment activity (51 per cent), followed by income (35 per cent) and quality (14 per cent).

Labour force participation, employment outcomes and increased hours of work are coded as positive outcomes for employment activity. Income includes income measures such as monthly earnings, hourly wage, and salaries. In line with Cho and Honorati (2014) we also include profits from household businesses. These measures have been included, given our interest in the effects of microfinance and entrepreneurship programmes; in many developing countries these are targeted at households which tend to run small businesses in which it is often difficult to distinguish individual incomes from business profits.

Furthermore, as we are not only interested in whether the programme increases employment or income of the target population but also the extent to which the intervention increases the opportunities for 'better' or 'higher quality' work, we have coded a number of outcomes as 'quality'. Such quality employment includes employment in the formal sector, non-agricultural employment or employment with health or social insurance.

**Table 22: Definition and Distribution of Outcomes of Interest**

<b>Outcomes of interest</b>	<b>Definitions</b>	<b>Frequency</b>
<b><u>1. Employment activity</u></b>		<b>50.84%</b> <b>(452)</b>
<i>Duration of employment</i>	Weeks of employment in the labour market	
<i>Labour force participation</i>	Binary indicator of being in the labour force	
<i>Employment</i>	Binary indicator of being employed (including full-time, permanent, private or public sector)	
<i>Hours of work</i>	Hours of work in labour market	
<i>Self-employment</i>	Binary indicator of being self-employed	
<b><u>2. Income</u></b>		<b>34.76%</b> <b>(309)</b>
<i>Wage</i>	Wage (hourly, monthly) earned from agricultural, labour market, informal and not further specified activities	
<i>Earnings</i>	Salary and earnings (monthly, annually) for labour market, informal and not further specified activities	
<i>Income</i>	Income from various sources (individual and household)	
<i>Profits/Revenues</i>	Profits or revenues from business	
<b><u>3. Quality</u></b>		<b>14.40%</b> <b>(128)</b>
<i>Employment with health insurance</i>	Binary indicator of employment in a job with health insurance	
<i>Employment with social security</i>	Binary indicator of employment in a job with social security insurance	
<i>Employment with health insurance</i>	Binary indicator of employment in a job with health insurance	
<i>Non-agricultural employment</i>	Binary indicator of employment in the non-agricultural sector (in the context of the study seen as quality improvement)	
<i>Skilled employment</i>	Binary indicator of employment in a job where higher skills are needed	
<i>Non-agricultural earnings</i>	Salary and earnings in the non-agricultural sector (in the context of study seen as quality improvement)	
<i>Formal sector earnings</i>	Salary and earnings in the formal sector (in the context of study seen as quality improvement)	

#### 10.4.2 *Intervention types*

We classify the interventions observed in our sample of studies into seven different types: public works, financing (i.e. cash grant, microcredit or other financial assistance), financing combined with entrepreneurship or business training (i.e. knowledge in business management or accounting methods), business training only, life skills training (i.e. in-class training for problem solving and critical thinking skills), classroom and/or on-the-job training (i.e. vocational skills training combined with work experience), and wage subsidies (i.e. employment voucher) (see Table 23). It is important to note that the intervention types of microfinance or entrepreneurship capture all interventions that seek to foster self-employment by providing grants, cash transfers and loans, and also interventions that combine the aspect

of micro-lending with business, managerial or financial training. This includes estimates from programmes such as the Bangladesh’s BRAC and the Start and Improve Your Business (SIYB) programme in Sri Lanka. The public works programmes are based on estimates gathered from impact evaluations of the Indian NREGA programme, as well as public employment programmes in Eastern Europe (e.g. in Slovakia). Training interventions in our sample consist of skill training programmes that aim to increase employment opportunities, such as the ‘Juventud y Empleo’ programme in the Dominican Republic, or the Colombian ‘Jovenes en Accion’. It combines training interventions providing solely general skills, and general and vocational skills combined. The wage subsidy estimates in our sample are drawn from impact evaluations of a recent South African wage subsidy initiative and of Argentina’s ‘Proempleo Experiment’, as well as an initiative in Jordan targeting female community college graduates.

Overall, the majority of estimates are related to classroom and/or on-the-job training interventions, followed by business skills training and public works interventions (9.22% and 8.55% respectively).

**Table 23: Definition and distribution of the intervention of interest**

<b>Intervention</b>	<b>Definitions</b>	<b>Frequency</b>
<b>Training</b>		
1. <i>Life skills training</i>	In-class training, for example for problem-solving skills and critical thinking	<b>6.86% (61)</b>
2. <i>Classroom and/or on-the-job training</i>	Apprenticeship/internship training for different professions	<b>57.26% (509)</b>
<b>Microfinance and Entrepreneurship</b>		
3. <i>Financing only</i>	Cash transfers, grants or loans	<b>5.96% (53)</b>
4. <i>Business skills training</i>	Mentoring in business activities; knowledge in business management (i.e. accounting, inventory and finance)	<b>9.22% (82)</b>
5. <i>Financing and business training</i>	Combination of finance and business skills training	<b>7.76% (69)</b>
<b>Subsidised Public and Private Sector Jobs</b>		
6. <i>Public Works</i>	Public employment with restricted duration	<b>8.55% (76)</b>
7. <i>Wage subsidy</i>	Employment vouchers	<b>4.39% (39)</b>

#### 10.4.3 *Target groups*

The studies in our sample include programmes that specifically target either women or youth. Furthermore, many studies report outcomes by gender, even though the programme itself was not targeted at a specific beneficiary group. To take possible variation in effectiveness by beneficiary group into account, we construct mutually exclusive indicators for youth and women. The indicator variable ‘women’ is therefore equal to one if the outcome has been estimated for the subsample of women, or when the programme is targeted at women. For example, we classify a programme in Jordan targeting young female college graduates described in Groh et al. (2012) as an initiative targeted at women.

#### 10.4.4 *Mode of delivery and service providers*

In our sample, many programmes rely on multiple service providers, and in general the categories of providers are not mutually exclusive (i.e. public and private or NGO and public). To capture whether

heterogeneous delivery modes make a difference, we construct mutually exclusive indicators to identify whether the main programme was delivered by NGOs, governmental agencies (public), private sector outfits, or mixed modes of delivery.

#### 10.4.5 *Further control variables*

Finally, we have included a number of control variables. First, we create an indicator of the timing of measurement of the impact. It is often observed that programmes only show positive outcomes in the short-term and lack sustainable long-term impacts. To understand the duration of an impact, we create a variable to indicate whether the impact was measured in the first 12 months after the intervention ended, between 12 and 18 months, or after 18 months. Secondly, we aim to capture the demographic level of each estimate in the regression. Some impacts are measured at the individual level, whereas others look at the more aggregated household or even regional level (i.e. municipality or state). Thirdly, we create an indicator to specify whether the study design is built on a randomised controlled experiment or on a quasi-experimental variation. Fourthly, we control for the start date of the programme, and capture whether it was implemented before the 1990s, between 1990 and 2000, or after 2000.

## 11.1 Estimation strategy

To assess the relationship between programme effectiveness and programme design factors, we conduct a meta-regression analysis. This analytical framework enables us to explain and quantify how empirical estimates of programme effectiveness differ in applied research. As outlined in the previous section, we measure programme effectiveness by the significance of the estimate (at 10% and 5% significance levels) and partial correlations.<sup>137</sup> Partial correlation coefficients measure the direction and the strength of the estimated programme impact and have the advantage that they are dimensionless and therefore comparable across and within studies. In contrast to a recent meta-analysis by Cho and Honorati (2013) we did not calculate Cohen's effect size, as the calculation of its standard deviation requires the exact numbers of individuals in the treatment and control groups. In many studies we were not able to determine sample sizes accurately and thus, for the sake of maximising our sample size, we calculate the partial correlation coefficients of each estimate.

It is important to note that the observable characteristics of programme estimates we include in our analysis are: the three different outcome groups; the types of interventions; target groups; location of the programme; service providers; the timing of impact measured year of the start of the programme; study design; average time the programme was active; and further study characteristics, such as an indicator for publication in a peer-reviewed academic journal; the year of publication; and number of observations.

All studies in our sample report more than one estimate, and the different observations from the same study are not likely to be independent. The lack of independence has urged some scholars to reduce their samples to a single observation per paper (Card and Krueger 1995; Stanley 2001). We include all

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<sup>137</sup> We calculate partial correlations using the following formula:

$$r = \frac{t}{\sqrt{t^2 + df}}$$

Where  $r$  is the partial correlation,  $t$  is the t-statistic and  $df$  is the number of degrees of freedom (assumed to be equal to the number of observations or clusters minus the number of regressors minus 1). Note that for some studies the number of degrees of freedom of the regression is not reported and not easily derived (i.e., some indicator variables or covariates are not explicitly listed), in which case we approximate the degrees of freedom with the sample or cluster size. As most studies are based on large samples the difference is negligible. The standard error of the partial correlation is then calculated as:

$$se(r) = \sqrt{\frac{1 - r^2}{df}}$$

observations per study as we could lose valuable information by discarding data. In many cases it is also not clear which of the many estimates should be used, and as the estimates differ with regard to the estimation strategy, sample period, sample size or demographic groups, we would lose important within-study variation by selecting only one estimate per study. The ‘inclusive’ method has been shown to ‘outperform’ the method of picking single observations per paper (Bijmolt and Pieters 2001). To avoid over-weighting the studies that provide several estimates we construct a weighted sample by weighting each observation of a study by the inverse of the number of estimates in the study. This gives each study an equal weight (Sethuraman 1995).

To deal with the problem of dependence between the estimates within a study, we adopt two strategies. First, we will report Ordinary Least Squares (OLS) coefficients with clustered standard errors. Secondly, we will adopt the random effects (RE) specification suggested by Jeppensen et al. (2002). The latter takes into account unobservable characteristics, such as the implementation quality of a certain intervention. For example, the quality of the implementation of the intervention could affect the programme effectiveness. If we assume that programme effectiveness  $\varphi$  is on average explained by exogenous observable characteristics, we can write the  $\varphi$  of an individual estimate  $i$  of study  $j$  as:

$$\varphi_{ij} = \beta X_{ij} + u_i + \epsilon_{ij}$$

Where  $X_{ij}$  is the matrix of the independent variables included to explain the variation of the effectiveness parameters, such as outcome types, interventions, location, service provision and the other study characteristics. The  $u_i$  represents random study effects that can vary between and within studies.

## 11.2 Distribution of programme effectiveness

As mentioned in the previous section, we focus on the positive significance and the partial correlation of intervention estimates as the metrics of effectiveness in our study. Table 24 summarises the estimated impacts by outcome group.

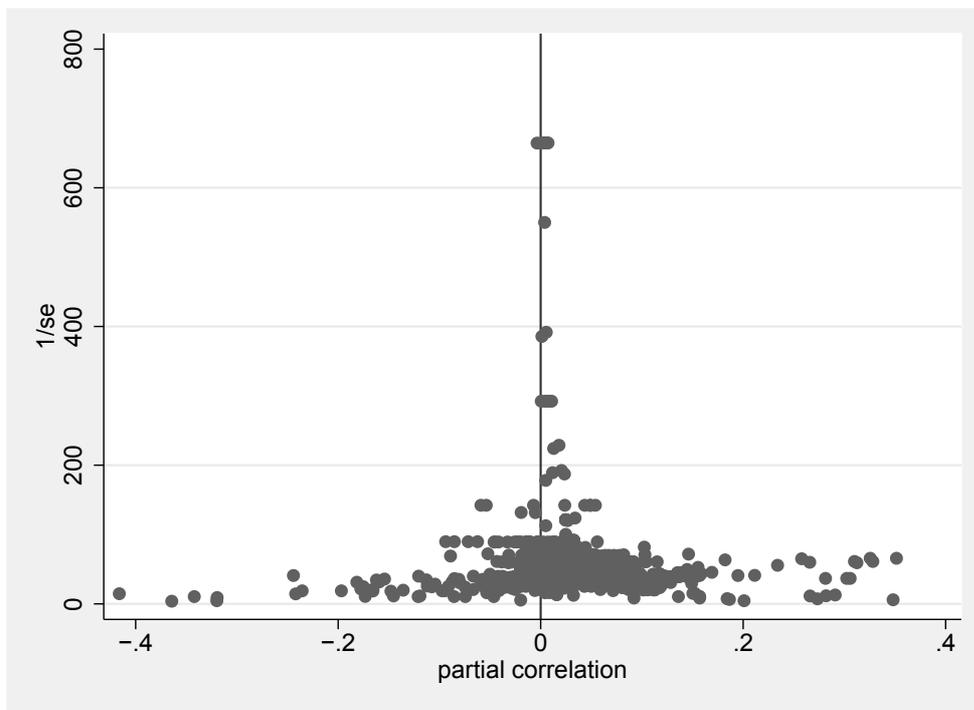
**Table 24: Summary of Estimated Impacts by Outcome**

<b>Outcome Group</b>	<b>Employment activity</b>	<b>Income</b>	<b>Quality</b>	<b>Total</b>
<i>Significance 10%</i>				
positive	36.46%	40.54%	54.24%	39.58%
insignificant	52.27%	48.59%	40.99%	49.79%
negative	11.27%	10.87%	4.77%	10.63%
<i>Significance 5%</i>				
positive	32.02%	31.53%	46.90%	32.85%
insignificant	59.68%	59.79%	48.33%	58.92%
negative	8.30%	8.68%	4.77%	8.22%
<i>Partial Correlations</i>				
overall average	0.03	0.02	0.06	0.03
average among positively significant at 10%	0.10	0.07	0.11	0.09

The proportion of significantly negative estimates is low (10.63 per cent).<sup>138</sup> About 39.58 per cent of estimates are positively significant and the majority of estimates are insignificant (49.79 per cent). The average partial correlation for significantly positive estimates is 0.09. If we look only at the programme outcomes, the proportion of positive significant estimates is lowest for employment activity outcomes (36.46 per cent) compared to estimates on the quality of employment (54.24 per cent).

Figure 32 shows a funnel plot of the 889 partial correlation coefficients included in our sample. Funnel plots illustrate the association between an empirical effect and its estimated precision (measured here as the inverse of the effect's standard error). An asymmetric graph would indicate evidence for an existing publication bias (Doucouliagos and Stanley 2009). The funnel converges toward a single point, which appears to be close to zero.<sup>139</sup> Note also that the distribution of the estimates appears to be randomly and symmetrically centred close to zero. Hence the plot appears symmetric without showing strong evidence for any publication bias.<sup>140</sup>

**Figure 32: Funnel plot of estimates using partial correlations**



<sup>138</sup> Measured at the 10%-level.

<sup>139</sup> The symmetry does not have to be around zero.

<sup>140</sup> Following Doucouliagos and Stanley (2009) we estimate the following equation to detect the potential for publication bias:

$$t_i = \alpha_0 + \alpha_1 \left( \frac{1}{se_i} \right) + \vartheta_i$$

Where  $t$  is the  $t$ -statistic of the partial correlation between the dependent and independent variables and  $se$  is the standard error of the partial correlation. As Doucouliagos and Stanley (2009) highlight, the constant  $\alpha_0$  can be interpreted as a measure of publication bias. Our findings suggest no publication bias (accept  $H_0: \alpha_0=0, t=1.57$ ).

As outlined in Chapter 1, the goal of this paper is to analyse how differences in outcome variables, intervention design, implementation features, country of the intervention and study characteristics can be associated with the significance and magnitude of estimated programme impact measures. For this purpose we conduct a meta-regression analysis exploiting variation in the significance and size of estimates across outcome measures, types of programmes and intended target groups of the programmes. Our database enables us to include many determinants of programme success in our empirical specifications. As a first step we show results for a pooled regression, including all available estimates. In the second step we will show specific effects for our outcome variables and different intervention types for specific target groups.

## 12.1 Linear probability model (pooled regression)

We estimate the association between the likelihood of yielding positive significant effects (a binary indicator) and programme determinants, using the linear probability model (LPM). While the output from the LPM does not have to be converted into marginal effects to be useful, it has the limitation that unlike non-linear index models for binary response, such as probit or logit, LPM estimates are not constrained to the unit interval (Angrist and Pischke, 2009). This could lead to a situation where LPM estimates are biased and inconsistent, yet this limitation is less pronounced with a larger proportion of predicted probabilities falling between 0 and 1. In our paper, the predicted probabilities of any specifications stay in the unit interval of 0 to 1.

Each column of Table 25 shows several specifications of the model. We analyse the main determinants of programme heterogeneity separately (columns 1-5) and simultaneously (column 6). We control for a set of other variables, such as the timing of impact measured; experimental study design; start year of the programme indicators; average duration of the programme; root of sample size; level of estimation; journal publication; and year of publication.

We find that income and quality outcomes are more strongly associated with positively significant impacts than with employment activity outcomes (omitted category): the likelihood is increased by 23 percentage points (column 1) and 14.6 percentage points respectively. Looking at intervention types, column 2 further reveals that the probability of programme success is negatively associated with public works programmes by about 26 percentage points compared to interventions of (micro-)financing only (omitted category). Although not significant on average, the sign and magnitude of business training and financing programmes seem to underpin the fact that this type of intervention could be more promising to achieve an impact compared to financing only. Classroom and on-the-job training interventions

programmes are not associated with programme success, whereas the impact compared to finance only is slightly positive (although not statistically significant). No clear pattern emerges when comparing programme estimates by target groups. Programme impact estimates targeting youth and women show no statistically significant positive impact when compared to estimates for the general population (omitted category) (column 3). Interestingly, compared to the case of having several agencies involved in the delivery of the programme (omitted category), programmes delivered by private providers are less likely to be associated with programme success (on average by about 25 percentage points, see column 4). The fact that private providers in our sample predominate in training interventions, which generally show a lower percentage of significant positive impacts, could serve as an explanation.<sup>141</sup> We further find that compared to programme impact estimates from Latin America (omitted category), African, Asian and European impact estimates are somewhat less likely to be positively significant.

Although not specifically reported in Table 25, whether the study was designed as a randomised control experiment or was published in a peer-reviewed journal are statistically insignificant in explaining programme success. The latter confirms that we observe little publication bias in our sample studies.

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<sup>141</sup> Of the 81 impact estimates, 70 per cent are linked to training interventions.

**Table 25: Linear Probability Model Regressions for Positively Significant Impacts**

	<i>Dependent variable: indicator of being positively significant impact at 10%</i>					
	(1)	(2)	(3)	(4)	(5)	(6)
Labour Market Income	0.146** (0.071)					0.0997* (0.0601)
Quality	0.235** (0.102)					0.132 (0.108)
Public Works		-0.263* (0.158)				-0.335* (0.168)
Business training and financing		0.2 (0.197)				0.0905 (0.194)
Business training		0.0779 (0.155)				0.0313 (0.147)
Classroom and/or on-the-job		0.0488 (0.19)				-0.0321 (0.176)
Life skills training		0.00723 (0.249)				-0.166 (0.189)
Wage subsidy		-0.0303 (0.173)				-0.0833 (0.183)
Women			0.0202 (0.096)			-0.0449 (0.091)
Youth			-0.101 (0.157)			-0.218 (0.153)
NGO				0.118 (0.131)		0.099 (0.126)
Private provider				-0.252** (0.114)		-0.263** (0.117)
Public provider				-0.0917 (0.124)		-0.060 (0.124)
Asia					-0.0657 (0.14)	-0.044 (0.123)
Africa					-0.115 (0.137)	-0.0505 (0.105)
Europe					-0.0803 (0.118)	-0.108 (0.138)
Observations	889	889	889	889	889	889
Adjusted R2	0.18	0.196	0.161	0.163	0.163	0.273

**Notes:** \*\*\* p<0.01, \*\* p<0.05, \* p<0.1; clustered standard errors (by study id) in parentheses. All specifications include the following not reported control variables: time of impact measured; experimental study design; start year of the programme indicators; root of sample size; level of estimation; journal publication; and year of publication.

In the second step we looked at how programmes perform by examining the magnitude of estimated programme impacts. To that end we use pooled OLS, random effects (RE) and fixed effects (FE) to identify the associations between partial correlation coefficients and programme determinants. Note that Columns 1 and 2 of Table 26 replicate the results from Table 5 and include significance at the 10% and 5% levels, respectively. Columns 3, 4 and 5 show the results for the pooled OLS, RE and FE model. Overall, the results across different specifications seem relatively consistent. Our sample studies reveal that

when we look at specific interventions, on average it seems that public works programmes show rather negative impacts, whereas business and financing is somewhat positive (but not statistically significant). General life skills training seems not to perform well on average according to our sample study estimates. Interventions performed mainly by private providers show rather negative impacts.

When comparing the RE and FE models it is important to recall that the FE model drops observations without relevant variation within studies and relies on within-study variation for the identification of parameters. The FE model would be the preferred option if we assume that (unobserved) design features of a programme under analysis have many subcomponents with extensive variation in design features; but if design features do not vary to a great extent within studies then the FE model estimates have to be read with caution, as the findings might be based on a handful of estimates. For example, studies tend to measure intervention effects on different sub-populations (i.e. Women or Youth) and therefore have enough within-study variation. However, the region where the intervention was implemented does not vary within a study. We therefore follow the approach taken by Cho and Honorati (2013) and provide estimates for the RE model in what follows.

**Table 26: Estimates derived from different methods**

Method:	LPM (10%)	LPM (5%)	OLS	RE	FE
Outcome variable:	positively significant at 10%	positively significant at 5%	partial correlation	partial correlation	partial correlation
	(1)	(2)	(3)	(4)	(5)
Labour Market Income	0.0997* (0.0601)	0.042 (0.0623)	-0.00152 (0.0100)	0.0161 (0.0124)	0.0174 (0.0121)
Quality	0.132 (0.108)	0.057 (0.0978)	0.0150 (0.0227)	0.0303** (0.0153)	0.0305* (0.0154)
Public Works	-0.335* (0.168)	-0.406** (0.167)	-0.0771*** (0.0281)	-0.132** (0.0650)	-0.192* (0.115)
Business training and financing	0.0905 (0.194)	0.0869 (0.198)	0.0186 (0.0304)	-0.00143 (0.0262)	
Business training	0.0313 (0.147)	-0.159 (0.149)	-0.0215 (0.0224)	-0.00767 (0.0254)	
Classroom and/or on-the-job	-0.0321 (0.176)	-0.159 (0.187)	0.00578 (0.0266)	0.0319 (0.0408)	0.0880 (0.0567)
Life skills training	-0.166 (0.189)	-0.348* (0.197)	-0.0710 (0.0448)	-0.100** (0.0498)	-0.0666* (0.0357)
Wage subsidy	-0.0833 (0.183)	-0.12 (0.187)	-0.0256 (0.0270)	-0.0294 (0.0510)	-0.0635 (0.0807)
Women	-0.0449 (0.091)	-0.0698 (0.0829)	-0.0185 (0.0157)	0.0140 (0.0202)	0.0225 (0.0236)
Youth	-0.218 (0.153)	-0.217 (0.154)	-0.0493* (0.0264)	0.000507 (0.0190)	0.0104 (0.0231)
NGO	0.099 (0.126)	0.06 (0.134)	0.0225 (0.0251)	-0.00767 (0.0264)	-0.0213*** (0.00649)
Private provider	-0.263** (0.117)	-0.312*** (0.111)	-0.0339 (0.0204)	-0.0414* (0.0225)	-0.0233*** (0.00853)
Public provider	-0.0595 (0.124)	-0.0228 (0.123)	0.0122 (0.0208)	0.00699 (0.0217)	
Asia	-0.044 (0.123)	-0.00395 (0.118)	0.00474 (0.0223)	0.0433 (0.0348)	
Africa	-0.0505 (0.105)	0.131 (0.108)	0.0219 (0.0208)	0.0358 (0.0256)	
Europe	-0.108 (0.138)	-0.0883 (0.135)	0.00249 (0.0273)	0.0369 (0.0313)	
Observations	889	889	889	889	889
Adjusted R2	0.273	0.282	0.283	0.280	0.261

**Notes:** \*\*\* p<0.01, \*\* p<0.05, \* p<0.1; clustered standard errors (by study id) in parentheses. All specifications include the following not reported control variables: time of impact measured; experimental study design; start year of the programme indicators; root of sample size; level of estimation; journal publication; and year of publication.

## 12.2 Regressions by outcome groups

The pooled regression estimation outlined in the previous section provided strong power for the identification of the associations of interest. However, they do not allow an investigation of the determinants of programme success for each of the outcomes of interest: employment activity, income and quality. A particular intervention's effectiveness could vary depending on the outcome considered.

The effectiveness can also vary by beneficiary or target group. One drawback of the analysis focussing on the outcomes of interest is that we reduce heterogeneity and limit the analysis to fewer observations for each specification. For example, not all interventions have sufficient observations to identify the effect on particular outcome groups. Still, for the samples that are sufficiently large, the overall findings are summarised in the sub-sections below.

### 12.2.1 *Employment activity*

Table 27 summarises the findings for the outcome employment activities. The first column presents the overall effect of each intervention relevant to employment outcomes. The subsequent columns 1 and 2 show the heterogeneous impact of each intervention by two different target groups: youth and women.

Compared to financing only, wage subsidies are associated with programme success, especially for women. The association for public works programmes is negative, but not statistically significant for the sub-groups women and youth. Business training and financing seems to have a positive impact on employment activity. However, this effect is driven by the positive impact on youth, while the effect of this intervention is negative for women. General life-skills training interventions seem not to be positively associated with improved employment activities.

**Table 27: Random Effect Regression Model for Employment Activity**

<i>Overall effects and interaction with target groups</i>			
	(1)	(2)	(3)
	overall	by target group	
		women	youth
<b>Training</b>			
Life skills training	-0.145*** (0.0492)	-0.0869 (0.0638)	-0.0697 (0.1254)
Classroom and/or on-the-job	0.0304 (0.051)	-0.0042 (0.0152)	-0.0182 (0.0169)
<b>Microfinance and Entrepreneurship</b>			
Financing	<i>omitted</i>	0.0110 (0.0140)	-0.0605 (0.0872)
Business training	0.0288 (0.0675)	0.0260 (0.0441)	0.0520 (0.0600)
Business training and financing	0.0678* (0.0403)	-0.1106* (0.0592)	0.0977* (0.0587)
<b>Subsidised Public and Private Sector Jobs</b>			
Public Works	-0.102* (0.0522)	-0.0578 (0.0647)	-0.0785 (0.0670)
Wage subsidy	0.0168 (0.044)	0.2107*** (0.0809)	0.1001 (0.0655)
Observations	452	452	452

**Notes:** \*\*\* p<0.01, \*\* p<0.05, \* p<0.1; clustered standard errors (by study id) in parentheses. All specifications include the following not reported control variables: time of impact measured; experimental study design; start year of the programme indicators; root of sample size; level of estimation; journal publication; and year of publication.

### 12.2.2 Income

Table 28, column 1, highlights that business training and financing, as well as business training only, interventions seem to be less effective in generating income than financing only (omitted category). This holds as well for classroom and on-the-job training, but here the association is not statistically significant. When we look at the effects of interventions that specifically target women, we find that wage subsidy interventions are not only efficient in generating employment activity, but also in generating income. Interestingly, financing only shows some efficiency in creating income for women as well, with a smaller and significant effect (at 10% level). This effect does not hold when the intervention is targeted at young persons.

**Table 28: Random Effect Regression Model for Income**

<i>Overall effects and interaction with target groups</i>			
	(1)	(2)	(3)
	overall	by target group	
		women	youth
<b>Training</b>			
Life skills training	0.00676 (0.013)	0.02592 (0.02649)	-0.0297 (0.0268)
Classroom and/or on-the-job	-0.0165 (0.0167)	0.0135 (0.0138)	-0.0402 (0.0289)
<b>Microfinance and Entrepreneurship</b>			
Financing	<i>omitted</i>	0.0272* (0.0147)	0.0031 (0.0282)
Business training	-0.0313*** (0.0105)	-0.02627* (0.01535)	-0.0718*** (0.0225)
Business training and financing	-0.0270** (0.0134)	-0.0939*** (0.0193)	0.0021 (0.0220)
<b>Subsidised Public and Private Sector Jobs</b>			
Public Works	-0.008 (0.0164)	0.0178 (0.0220)	-
Wage subsidy	0.00288 (0.0366)	0.0564*** (0.0181)	-0.02851 (0.0264)
Observations	309	309	309

**Notes:** \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ ; clustered standard errors (by study id) in parentheses. All specifications include the following not reported control variables: time of impact measured; experimental study design; start year of the programme indicators; root of sample size; level of estimation; journal publication; and year of publication.

### 12.2.3 Quality

Our sample only includes 128 estimates which take the quality dimension of income or employment into account. None of the estimates from public works or life skills training considers quality. This analysis is therefore heavily restricted, and a breakdown by target groups was also not possible. Nevertheless, we still find that classroom and on-the-job training seem to be more successful in improving the quality of work compared to financing only (omitted category) (Table 29). Business training and financing and business training only seem to perform less well in improving quality (effects are negative and statistically significant). From the previous sections we have seen that wage subsidies are effective in creating employment and income, but these types of programmes seem not to improve the quality of work or income (effect is negative and statistically significant).

**Table 29: Random Effect Regression Model for Quality**

<i>Overall effects and interaction with target groups</i>			
	(1)	(2)	(3)
	overall	by target group	
		women	youth
<b>Training</b>			
Life skills training	-	-	-
Classroom and/or on-the-job	0.0222*** (0.00803)	-	-
<b>Microfinance and Entrepreneurship</b>			
Financing	<i>Omitted</i>	-	-
Business training	-0.179*** (0.00404)	-	-
Business training and financing	-0.223*** (0.00565)	-	-
<b>Subsidised Public and Private Sector Jobs</b>			
Public Works	-	-	-
Wage subsidy	-0.189*** (0.00454)	-	-
Observations	128	128	128

**Notes:** \*\*\* p<0.01, \*\* p<0.05, \* p<0.1; clustered standard errors (by study id) in parentheses. All specifications include the following not reported control variables: time of impact measured; experimental study design; start year of the programme indicators; root of sample size; level of estimation; journal publication; and year of publication.

## 13.1 Comparison with other meta-analyses

The results of this study are best compared to other meta-analyses in order to draw useful lessons from them. This needs to be done with care however, as the meta-analyses either focus on different types of interventions, rely on studies from different geographical regions, or use different meta-analytic methods to analyse the sample of papers. While Kluve (2010), for example, focuses on European active labour market policies, Card et al. (2010) make use of papers from a global sample. By contrast, Cho and Honorati (2013) only include studies from developing countries which focus on entrepreneurship programmes. We will highlight several main findings from these studies and discuss how our results compare to the previous findings from these papers.

### 13.1.1 *Note on the interpretation and comparison of the results*

The studies underlying the four meta-analyses discussed here are very diverse. Kluve (2010) for example, focuses on Europe only, while Cho and Honorati (2013) explicitly exclude the developed world. In our study we include papers from the developing world and former communist countries, as well as countries from Latin America which are more difficult to categorize. This diversity, combined with the diversity of interventions included, makes direct comparisons between the results difficult, and actually not worthwhile. We report the differences between papers, however, because similarities and contrasts can be of interest in themselves. A contrast, for example, can highlight particularities about a region or programme, while similarities in results can help with the identification of general patterns of success (or otherwise). It is against this background that we present the results from the various meta-analyses side by side.

**Table 30: Comparison of meta-analyses**

	Kluve (2010)	Card et al. (2010)	Cho and Honorati (2013)	Our results
<b>Focus on</b>	Active Labour Market Programmes (Europe)	Active Labour Market Programmes (Global)	Entrepreneurship (Developing countries)	Employment interventions (Global, excluding developed world)
<b>How the studies compare</b>				
<b>Overall success rates/effect sign and size</b>	Published studies: 35 out of 66 significantly positive; Unpublished studies: 40 out of 71 significantly positive	Significantly positive in the: - Short-term: 39.1% - Med-term: 45.4% - Long-term: 52.9% Average effect size of positive short-term impact: 0.21	Significantly positive estimates: 28%; Average effect size of significantly positive outcomes: 0.183	Significantly positive estimates: - 39.6% (10% sign.) - 32.9% (5% sign.)
<b>Programme type</b>	Highly important	Highly important	Little differences across intervention types	Important differences among programme types
<b>Outcome variable</b>	N/A	Differences between outcome variables	Differences between outcome variables	Differences between outcome variables
<b>Gender</b>	N/A	No gender difference	No gender difference	No overall gender difference. But gender differences do appear at the programme level
<b>Age (particularly youth)</b>	Programmes for young workers less likely to yield positive result	No clear age difference	Youth more likely to yield positive result	No overall youth effects. But youth effects do appear at the programme level
<b>Geographical differences</b>	No change in outcomes when countries are accounted for	No change in outcomes when countries are accounted for	Urban populations more likely to yield positive result	No change in outcomes when regions are accounted for
<b>Delivery method</b>	Private programmes more likely to yield positive result	No clear findings	Multiple organisations and private sector more likely to yield positive result	Private providers comparatively less effective

### 13.1.2 Overall success rates/effect sign and size

Of the 66 published evaluations that Kluve (2010) includes, 35 find significantly positive impacts, 10 significantly negative impacts and 21 find no significant impact. In addition, Kluve (2010) includes 71 unpublished evaluations of which 40 find significantly positive impacts, 19 significantly negative impacts and 12 find no significant impacts. Card et al. (2010) record impacts of programmes for different follow-up periods: short-term (roughly 1 year after the intervention, N=184); medium-term (roughly 2 years, N=108); and long-term (roughly 3 years, N=51). In the short term, they find 39.1 per cent to be

significantly positive (with 24.5 per cent significantly negative); in the medium term 45.4 per cent is significantly positive (10.2 per cent significantly negative); and in the long term 52.9 per cent is significantly positive (6.0 per cent significantly negative). The average effect size of significantly positive short-term impacts is 0.21 (significant if t-ratio for estimate is bigger than 2.0). With regard to entrepreneurship programmes in the developing world, Cho and Honorati (2013) find that 28 per cent of the estimates are positively significant while 68 per cent of the estimates are insignificant. The average effect size of significantly positive outcomes is 0.183 (with 10% statistical significance level).

We find that at the 10% statistical significance level 39.6 per cent of estimates are positive, 49.8 per cent are insignificant and 10.7 per cent are negative. These proportions change slightly for the 5% statistical significance level to 32.9 per cent for positive, 58.9 per cent for insignificant and 8.2 per cent for negative estimates. In addition, we find that the average partial correlation for significantly positive estimates is 0.09. The funnel plot partial correlations further show that no direct publication bias exists.

### 13.1.3 Programme type

Card et al. (2010) find that in the short-run, defined as roughly one year of follow-up, job search assistance programmes were most, but weakly, successful, followed by the less successful classroom or on-the-job training. Least successful were programmes that subsidised public sector jobs. As is noted by Card et al. (2010), these results are broadly similar to the findings from Kluve (2010) on a sample of papers covering European active labour market policies. Kluve (2010) finds programme type in general to be the main explanatory variable of programme success, among which ‘private sector incentive schemes’ (i.e. wage subsidies) and ‘Services and Sanctions’ yield the highest probability of a positive treatment effect.<sup>142</sup> Within entrepreneurship programmes, however, Cho and Honorati (2013) do not find significant differences between the various intervention types coded as ‘Training Only’, ‘Training + Counseling’, ‘Financing Only’, ‘Financing + Counseling’ and ‘Financing + Training’. Yet they do note that programmes for microfinance clients are less likely to yield a positive impact.

We find diverse outcomes in relation to the seven intervention types identified in this study. In line with the other meta-analyses, we find clear differences in impact between the various types of intervention. Using the Linear Probability Model (LPM) for a significant impact at 10%, which clusters all outcome measures, we find that the probability of programme success is negatively associated with public works programmes by about 26 percentage points compared to interventions of (micro-)financing only (omitted category). While no other probabilities for intervention types are significant, we do find that the sign and magnitude for business training combined with financing is a programme that could potentially be promising. The probabilities for the other intervention types are smaller in magnitude, and all are insignificant in the LPM. The findings remain largely constant when different methods are used (Linear Probability Model (5%); Ordinary Least Squares; Random Effects). The estimates for public works are

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<sup>142</sup> Private sector incentive schemes comprise ‘all measures aimed at creating incentives that alter employer and/or worker behavior regarding private sector employment. The most prominent programme in this category is a wage subsidy.’ Services and Sanctions refer to ‘all measures aimed at enhancing job search efficiency. Using this category, we propose a slight re-definition of the standard “Job Search Assistance” category, mainly by including sanctions. We believe that the overarching objective that all these measures – including job search courses, job clubs, vocational guidance, counseling and monitoring, and sanctions in the case of noncompliance with job search requirements – share, justifies this classification: all are geared towards increasing the efficiency of the job matching process.’

consistently negative and significant, while most other estimates remain insignificant with some fluctuations in the sign of the estimate (positive to negative and vice versa). Interestingly, in all but the LPM (10%), the estimates for life skills training are also negative and significant, suggesting that, in comparison to financing only (omitted category), general life skills training does not yield positive effects.

We also explored the effects of intervention types for different outcome measures using the RE model. We find that for the outcome measure employment activity, public works and life skills training yield overall significantly negative effects, in line with the LPM (10%), and that business training combined with financing yields positive effects overall and for youth, but not for women. The estimate of wage subsidy for women is found to be significantly positive for employment activity.

The findings are slightly different for income, where the overall estimates are significantly negative for business training and business training combined with finance, as compared to financing only (omitted category). The change from positive to negative effects for business training combined with financing is interesting and, while not significant, also reported by Cho and Honorati (2013). This may suggest that effects in employment outcomes arise earlier than effects in income, the latter effects may simply take longer to realise. In addition, the estimates for women are in line with the overall findings, and again significantly positive for wage subsidy. Interesting also is the pronounced negative effect of women for business training combined with financing, a finding in line with other studies. De Mel et al. (2012) for example observe that: ‘Two factors seem to explain the lack of effect for female-owned microenterprises. First, much of the treatment does not get invested in the business but gets diverted to household uses. Second, a combination of household inefficiencies and women working in industries with low efficient scale means that the money these women do invest in their business has low returns.’ While the exact reasons cannot be established on the basis of the meta-regression, the finding seems to warrant further research.

Finally, fewer estimates could be calculated for the outcome measure ‘quality’, as fewer studies include measurements that indicate increases in the quality of employment. Still, we find that overall, classroom and/or on-the-job training are more successful in improving the quality of work compared to financing only (omitted category). Business training, business training combined with financing, and wage subsidy, all yield significantly negative estimates, suggesting they are less effective at improving quality.

The significantly positive and negative estimates are highlighted in Table 31 (negative in bold, positive underlined and in italics), to provide a general overview of the difference between interventions and target groups.

#### 13.1.4 *Outcome measures/variables*

Positive impacts or success rates (e.g. positive t-statistic) also tend to differ by the type of outcome variable studied (e.g. probability of employment or income). Without knowing the explanation for it, Card et al. (2010) observe that ‘programme estimates derived from models of the time in registered unemployment until exit to a job, or the time in registered unemployment until any exit or the probability of being in registered unemployment are more likely to yield a significant positive t-statistic than those derived from models of post-programme employment.’ The outcome variables of the entrepreneurship programmes studied by Cho and Honorati are slightly different, yet do show varied outcomes. ‘Business practice’ (e.g. business knowledge, accounting practice) and ‘labor market activity outcomes’ (e.g. business setup and

expansion, hours of work) are associated with positively significant impacts compared to 'labor income outcomes' (e.g. household incomes, earnings). No differences, however, appeared between 'labor income outcomes' and 'business performance' (e.g. number of employees, capital and investment), 'financial behavior' (e.g. having a loan) or 'attitudes outcomes' (e.g. confidence and optimism), which Cho and Honorati (2013) note 'suggests that changing business knowledge and practice may be relatively easier than changing behavior and increasing income, at least for the short term.'

As mentioned in the previous section, we also find significant differences between outcome measures. First, at the 10% statistical significance level 54.2 per cent of estimates are positive for the outcome quality, compared to 40.5 per cent for income and 36.5 per cent for employment activity. These figures change slightly at the 5% statistical significance level to 46.9 per cent for the outcome quality, 31.5 per cent for the outcome income and 32.0 per cent for the outcome employment activity. This decrease and relative lack of difference is also visible from the pooled regressions. The different estimates of the various methods in the pooled regressions show that income and quality do not differ significantly from employment activity (omitted category), with the exception of income, which is significant in the LPM (10%).

Differences between outcome measures become more pronounced however, in the random effects models where the interaction with programme types is assessed (see Table 31). The most interesting finding here appears to be, as mentioned above, that while business training appears more effective than financing only (omitted category) for employment activity, this is the reverse for income. However, this may be due to the timing of impacts, where income effects might take longer to materialise.

**Table 31: Estimates from Random Effects models**

<i>Overall effects and interaction with target groups</i>									
	Empl. activities	Income overall	Quality	Empl. activities	Income women	Quality by target group	Empl. activities youth	Income youth	Quality
<b>Training</b>									
Life skills training	<b>-0.145***</b> -0.0492	0.00676 -0.013	-	-0.0869 -0.0638	0.02592 -0.02649	-	-0.0697 -0.1254	-0.0297 -0.0268	-
Classroom and/or on-the-job	0.0304 -0.051	-0.0165 -0.0167	<u>0.0222***</u> -0.00803	-0.0042 -0.0152	0.0135 -0.0138	-	-0.0182 -0.0169	-0.0402 -0.0289	-
<b>Microfinance and Entrepreneurship</b>									
Financing	<i>omitted</i>	<i>omitted</i>	<i>omitted</i>	0.011 -0.014	<u>0.0272*</u> -0.0147	-	-0.0605 -0.0872	0.0031 -0.0282	-
Business training	0.0288 -0.0675	<b>-0.0313***</b> -0.0105	<b>-0.179***</b> -0.00404	0.026 -0.0441	<b>-0.02627*</b> -0.01535	-	0.052 -0.06	<b>-0.0718***</b> -0.0225	-
Business training and financing	<u>0.0678*</u> -0.0403	<b>-0.0270**</b> -0.0134	<b>-0.223***</b> -0.00565	<b>-0.1106*</b> -0.0592	<b>-0.0939***</b> -0.0193	-	<u>0.0977*</u> -0.0587	0.0021 -0.022	-
<b>Subsidised Public and Private Sector Jobs</b>									
Public Works	<b>-0.102*</b> -0.0522	-0.008 -0.0164	-	-0.0578 -0.0647	0.0178 -0.022	-	-0.0785 -0.067	-	-
Wage subsidy	0.0168 -0.044	0.00288 -0.0366	<b>-0.189***</b> -0.00454	<u>0.2107***</u> -0.0809	<u>0.0564***</u> -0.0181	-	0.1001 -0.0655	-0.02851 -0.0264	-
Observations	452	309	128	452	309	128	452	309	128

### 13.1.5 Gender

Card et al. (2010) examine 28 papers in which estimates are available for both men and women and find that for 14 of them, the effect sign and size is the same, in 8 cases women have more positive outcomes, and in 6 cases women have less positive outcomes, which leads them to conclude that gender comparisons are not statistically significant. In similar vein, Cho and Honorati (2013) do not find statistically significant differences for gender.

Overall, in the pooled regressions, we do not find significant differences for the target group 'women' as compared to the general population (omitted category). Generally, however, the sign is negative, and this may be caused by the fact that business training and business training combined with financing yield significantly negative estimates for women with regard to employment activities and income. By contrast, however, estimates for wage subsidies are significantly positive in comparison to the general population, suggesting that wage subsidies might work well for women.

### 13.1.6 Age (*particularly youth*)

Controlling for country-specific factors by comparing the relative impacts of different types of programmes in the same country, Kluve (2010) finds that programmes aimed at young workers are less likely than more general programmes to yield positive impacts on employment. Although less pronounced, this results remains when only a subset of more recent papers are considered. By contrast, Card et al. (2010) cannot be clear on any age effect as they, quite interestingly, find that 'the programme estimates for people under 25 and those age 25 and over *both* appear to be more negative than the estimates for mixed age groups.' They suggest that this outcome may be due to a combination of programme characteristics and other factors which are common to the subset of studies that provide estimates for different age groups. Cho and Honorati (2013) nevertheless, on the sample of studies from the developing world, do find that programme estimates for youths are more likely to be positive and significant when compared to the general population.

Similar to the target group 'women', we find little difference between the target group 'youth' and the general population (omitted category) in the pooled regressions. The exception is the OLS in which the negative estimate is significant. Most other estimates, while insignificant, are also negative, and this is reflected in the significantly negative estimate for business training on income. In line, however, with the overall sample, youth do yield significantly positive estimates for business training combined with financing.

### 13.1.7 Geographical differences

The findings from the sample of studies in Kluve (2010) remain largely consistent when dummy variables for a number of countries are introduced and which uses Sweden as the omitted category. Through the introduction of the country dummies a number of contextual factors lose their significance, as they are accounted for by country differences, yet, the overall findings remain the same. Like Kluve (2010), Card et al. (2010) do not find any significant country group effects (as countries are grouped), yet conduct a within-country analysis in order to double-check that particularly significant institutional or other country characteristics are not overlooked. As the results from the within-country study are broadly similar to the wider study, it is concluded that 'we interpret the results from this analysis as quite supportive of the conclusions from our cross-country models.' Likely to be of more relevance to the developing context,

Cho and Honorati (2013) find that entrepreneurship programmes estimates are more likely to be positive for urban than rural populations.

At a general level, using the pooled regressions, we do not find significant effects. Still, even though none of the estimates is significant, compared to Latin America (omitted category) the other regions are somewhat less likely to be positively significant in the LPM (10%). This effect disappears for other regression methods (OLS and RE), and thus no clear regional effects appear.

### 13.1.8 *Delivery method*

Kluve (2010) finds that private sector incentive schemes are more likely to yield a positive treatment effect than public ‘direct employment programmes’ (e.g. public works). On the basis of the sample of studies, Card et al. (2010) differentiate (among other types) between ‘subsidised private sector job’ and ‘subsidised public sector job’ programmes, both of which in fact yielded negative results but which were more pronounced for the public than the private sector. Still, it is difficult to draw any conclusions from this as no further attention was given to the difference in delivery method. As the method of delivery is of great interest to the developing context, Cho and Honorati (2013) pay more attention to it. They find that entrepreneurship programmes delivered solely by banks or microfinance institutions are less likely to yield positive results than programmes that have been delivered through the involvement of multiple agencies or through the private sector. NGOs are also associated with more positive results, albeit weakly.

We find that compared to several agencies involved in the delivery of the programme (omitted category), programmes delivered by private providers are less likely to be associated with programme success. This finding is consistent across the different pooled regressions. Public providers do not differ significantly from several agencies.

A caveat should be mentioned regarding the interpretation of these findings which relates to an increased risk of measurement error for this variable. The status of providers is not always clear in the papers included, and several times the authors had to classify providers on the basis of limited information. The risk therefore exists that some providers have not been classified accurately, which could affect the results.

## 13.2 Limitations

Usual limitations apply to the meta-regression conducted. First, the sample is not perfect and has a better coverage for some regions and interventions than others. This means that the estimates for some outcome measures, for example ‘quality’, are based on a very limited number of studies, thus making it more difficult to draw reliable lessons from the results. This is also the case with respect to geography, as the sample contains far fewer estimates from, for example, Africa as compared to Latin America. Finally, the information contained in the studies included is imperfect, which can lead to measurement error. Especially in the case of the provider of the intervention, as mentioned, this information contained in papers is often imperfect, which can lead to inaccurate coding of the data.

Employment opportunities for the poor are now viewed by governments of developing countries and international development organisations as one of the most sustainable routes out of poverty. Especially in South Asia, in which a large share of the world's poor reside and where a youth bulge is about to join the labour force, a great interest exists in interventions that can create sustainable employment. This study has looked both at the diversity and types of employment interventions in South Asia, as well as at the global evidence available on employment interventions. Together it provides an overview of what is being done, and what is working well.

We find that the recent histories of the six selected countries broadly shape the approach taken to employment interventions in these countries. The different approaches are reflected in the types of interventions that are implemented, and the groups that are targeted. While a range of interventions is currently carried out in all six countries, we can detect some major patterns that seem to highlight important differences between countries in the approach taken to employment.

Furthermore, in this paper we sought to compare the effectiveness of a variety of intervention types that aim to create employment and productive capacity for the poor in developing countries. Not many other meta-analyses have examined the variety of studies, countries and interventions included in this paper. The strength of our analysis therefore lies in the comprehensiveness of the dataset on which it is based, and the comparisons it allows us to make between outcome measures, intervention types and target groups. To our knowledge, no other meta-analysis has reviewed such a broad set of studies examining the effectiveness of interventions to create employment and increase the income of the poor.

### Future research and reporting recommendations

As new research becomes available it will not only be valuable to try to understand 'what works', as has been the aim in the current study, but also to understand the contexts in which interventions work. In this study we have tried to take some contextual factors into account, such as the region in which interventions have been implemented. We also collected data on the providers of interventions (e.g. public or private) and other contextual information, but most of the data for these characteristics proved too incomplete to be included. We therefore recommend researchers to include as many details on the implementation of an intervention and on the context as possible. Such information can significantly help to expand studies of this nature in the future, and improve assessment of not only what works, but when, where and how interventions work.

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