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Learning Brief: Skills Programmes

This brief is designed for policymakers working on skills development programmes in developing countries, particularly those with a focus on youth employment. It draws upon lessons from the recent evaluation of the Department for International Development Employment and Skills for Eastern Africa (E4D/SOGA) programme.

What's the issue?

According to the World Bank, about 1.6 billion people in low and middle income countries will reach working age over the next 15 years (Townsend et al., 2018). Given the importance of jobs for health, happiness, crime levels and socio-political stability (Kluve et al. 2017), there is an urgent need for many countries to ensure that their citizens access employment (World Development Report, 2013). Because they do not have work experience, entry into the labour force is especially challenging for young people. Demographic pressures and this **'entry-into-employment challenge'** have therefore placed jobs at the top of the agenda for many developing-country governments (Fox & Kaul, 2018). In addition, technology is changing the skills that employers seek, especially in global value chains. Workers need to be adept at complex problem solving, teamwork and adaptability (World Development Report, 2019).

There are a range of policy instruments that have been used to overcome these challenges, which can be broadly categorised into three, according to a recent World Bank report into youth employment programmes (Fox & Kaul, 2018):

Business climate interventions

These aim to improve the factors, unrelated to labour force participants, that affect the job market, such as business activity and infrastructure

Labour demand interventions

These aim to increase the demand of local firms for labour, without affecting the labour force itself. This is commonly achieved by providing wage subsidies to local firms

Labour supply interventions

These aim to improve characteristics of the labour force itself

Labour supply interventions, in particular, are of growing importance and skills training programmes are the most common labour market policy used in developing countries. These interventions are most applicable in cases where there is demand for workers, but the local labour force lack the skills or qualifications to secure the jobs being demanded. Without intervention to address these skills gaps, the jobs would go unfilled (Fox & Kaul 2018).

Best practice on the design of skills interventions

Evidence shows that traditional vocational or soft-skills training interventions alone are costly, have modest effects on employment and risk displacement in developing countries. However, there is more optimism regarding the effectiveness of training interventions when combined with other types of labour market interventions, to form comprehensive programmes such as E4D/SOGA.

Training interventions

Training interventions designed to upskill the labour force vary in terms of content and focus. The primary distinction in the literature is between vocational, technical skills training and non-technical character skills training. There is evidence that soft skills, like communication and time-management, are important for gaining employment (Kluve et al, 2017). A study found that, across Africa, the main complaint employers had about youth is that they lacked 'employability' skills, rather than technical skills (Filmer and Fox, 2014). Despite this, several evaluations have shown that, by themselves, non-technical skills training interventions do not increase employment rates (McKenzie, 2017).

Most programmes tend to combine vocational and soft skills training but serious doubts remain even around these more comprehensive interventions. Average employment effects have been found to be minimal (below 10% on average), and these often do not account for displacement – when new jobs created simply push people out of existing ones (Fox & Kaul, 2018). There are few evaluations to date that attempt to measure displacement and there is inconclusive evidence on whether it occurs (see Fox and Kaul, 2018; Alfonsi et al., 2020). Considering the low employment effects, the risk of displacement and the average cost per beneficiary of these programmes being

between \$1,000 and \$2,000, the existing evidence points to these interventions being an inefficient use of public funds (Fox & Kaul, 2018).

Whilst some programmes in Colombia, the Dominican Republic and Turkey showed positive initial effects, these faded away in the long term.



Matching services and counselling

Basic training interventions do not consider that job-seekers often do not know how to find suitable vacancies or even that careers well suited for them exist (McKenzie 2017). Employers are also often unable to access the right profile of worker for their organisation and face a cost in identifying and assessing unknown candidates. As a result an additional type of active labour market intervention is the provision of employment services designed to overcome job-matching challenges and reduce search costs. These include direct job-placements or job search assistance through the hosting of job fairs, online platforms and other tools that facilitate the linking of employers with job-seekers.

In a systematic review of youth unemployment interventions, Kluve et al., (2017) find the effects of employment services on employment and earnings to be generally small. However, there is less conclusive evidence on the effectiveness of these employment services when combined with other interventions, hence the need for evaluations of comprehensive programmes such as E4D/SOGA.

Responding to demand

Another factor limiting the effectiveness of training programmes in developing countries is the shortage of formal wage jobs for them to transition into. For this reason programmes in these contexts should be designed to respond to where there is the highest demand for labour in the formal sector.

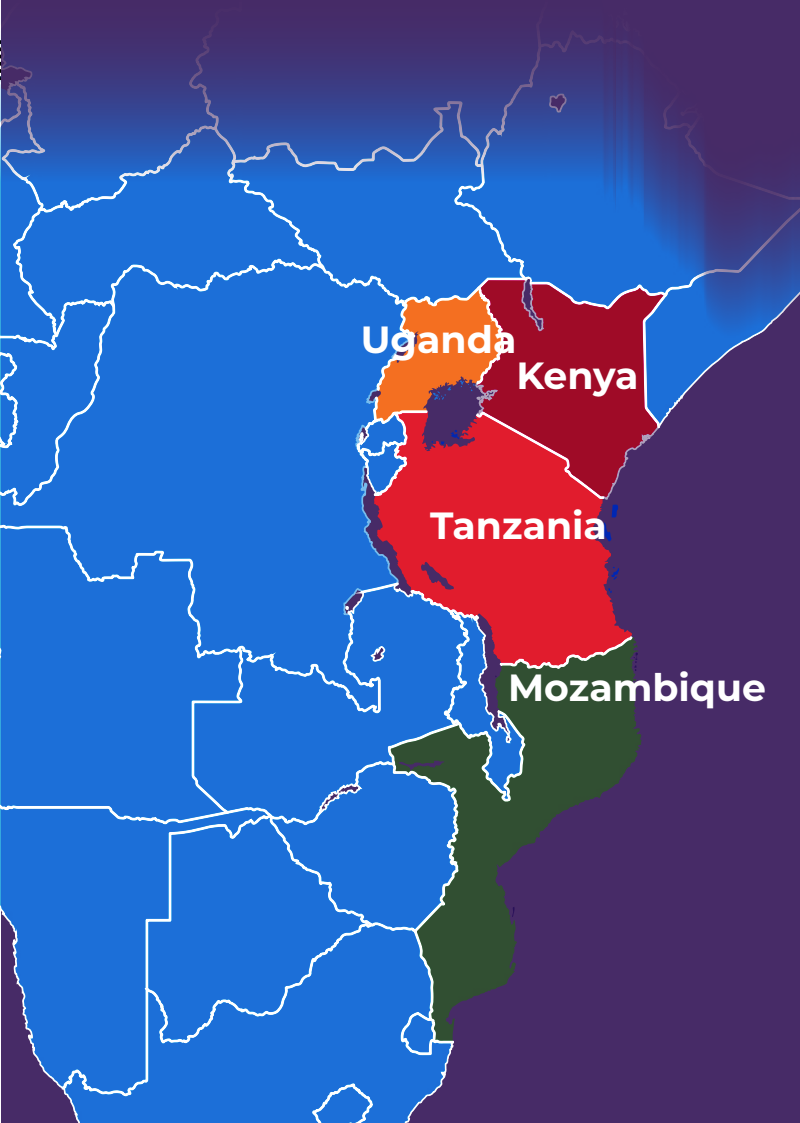
The literature on best practice skills interventions points to the value of comprehensive and flexible programmes that incorporate a range of interventions to address the different aspects of the entry-into-employment challenge. In developing countries in particular, they should also be designed around local patterns of demand for formal, waged labour.

Programme Approach

The E4D/SOGA employment and skills programme was an extensive five-year programme of local employment promotion, targeted skills training, enterprise development and job-matching services in four East African countries (Kenya, Tanzania, Mozambique, Uganda).

In each of the selected countries, there was a need to capitalise on expected imminent oil and gas investments by large multi-national firms and international oil companies.

Due to low existing levels of technical and vocational educational skills that were needed in the oil and gas sector and a lack of cohesion in labour market architecture, there was a risk that, without intervention, local people would not access the employment opportunities generated by these investments.



Programme Design

Across four countries, the E4D/SOGA programme delivered comprehensive interventions that aimed to improve both the supply of and demand for skilled labour. It did so by delivering 30 individual projects, with 20 focused on skills development for individuals and 10 focused on enterprise development for local businesses. Three incorporated components of both.

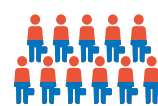
The content of the skills development projects varied and included training in vocational skills specific to the oil and gas sector (e.g. welding and machine operation) basic skills (e.g. literacy and numeracy) and work-readiness skills (e.g. time management).

The original enterprise development projects offered support to local small and medium sized enterprises (SMEs), but the programme evolved to also include small and micro-sized agricultural enterprises and support to individuals to develop their own businesses. Through a combination of technical skills training, business skills training and coaching, the programme aimed to help individuals gain a foothold in the informal sector.

The projects also incorporated services to match trained individuals to jobs, and enterprises to supply chain opportunities. This was done through developing and implementing partnerships with industry and through providing careers fairs, job centres and other matching platforms.

Programme Results¹

As of February 2019:



► **11,248** people moved into jobs (48% of original target of 23,000)



► **84.5%** average income increase (versus original target of 10%)



► **50%** of graduates obtain and maintain a job (versus original target of 70%)

¹ Note that there is likely to be some lag time between implementation and results. The number of people moved into jobs nearly doubled in the last year of the programme, which indicates that the long-term impact is ultimately likely to be greater than the evaluation figures suggest.

Our findings

Despite some programme-level success, the evaluation found that the effectiveness of E4DSOGA's individual interventions were highly variable. Based on those that were most effective, the evaluation identified a number of important findings to be considered by policymakers designing skills development interventions, particularly for youth employment in developing countries.



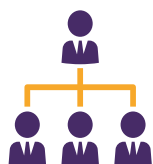
Effective skills interventions are designed with the needs of the local labour market in mind

As indicated in the literature, formal youth employment opportunities are heavily reliant on local economic conditions. The evaluation found the most effective interventions were those where an effective prior analysis of actual patterns of labour and skills demand formed the basis of the design and implementation. Establishing the needs of the local labour market is vital to the success of skills interventions, but doing this proved complex in practice. The overall strategy was to base the design of project-level interventions on initial labour market analyses for each region. However, in many cases, actual patterns of labour and skills demand diverged hugely from those predicted in the original analyses. The extent of this divergence was an important determinant of project success, leading to the conclusion that a continuous process of industry mapping should be implemented by future interventions as a sensible practice to help identify actual, rather than expected demand.



Transferable character skills are better learned 'while doing'

The evaluation's findings largely supported the literature in showing that transferable character skills training is necessary, but alone is insufficient for finding formal employment in most professions. The most effective way to incorporate training in these skills is to facilitate 'learning while doing.' Those successful interventions that facilitated the placement of graduates into internships or apprenticeships helped develop these important soft skills effectively without sacrificing the equally-important practical job links and vocation-specific experience needed to secure formal wage employment.



Effective skills interventions provide links to real jobs

Projects with embedded links to actual employers were found to be far more successful than those responding to industry demand alone.

In Nairobi, the Kenya Association of Manufacturers provided young people who had completed work-readiness training with opportunities to undertake internships, which in turn enhanced their prospects for paid employment. In Uganda the ReadyToWork project chose to partner with the Uganda Manufacturers Association and its 800 membership companies. This strong partnership with employers led to a graduate employment rate of 39%.

The evaluation's results are consistent with the literature's assessment that employment services alone have minimal employment effects. The evaluation highlights how skills programmes combined with creating links to industry can improve skills, reduce search costs and facilitate job-matching, although still at rates less than originally envisaged by the programme.

Further Reading

- ▶ E4D/SOGA Evaluation, Full Report
- ▶ E4D/SOGA Learning Briefs
 - ▷ **Promoting the Impacts of Natural Resource Investments,**
 - ▷ **Industry Partnerships for Local Development**
- ▶ *Future of food : shaping the food system to deliver jobs*, Townsend et al., 2017, [link](#)
- ▶ *How Effective Are Active Labor Market Policies in Developing Countries?* McKenzie, 2017, [link](#)
- ▶ *The evidence is in : how should youth employment programs in low-income countries be designed?*, Fox & Kaul, 2018, [link](#)
- ▶ *Interventions to improve the labour market outcomes of youth: a systematic review* Kluve et al., 2017, [link](#)
- ▶ *Youth employment in Sub-Saharan Africa*, Filmer & Fox, 2014, [link](#)
- ▶ *Tackling Youth Unemployment: Evidence from a Labor Market Experiment in Uganda*, Alfonsi et al., 2017, [link](#)
- ▶ *World Development Report, 'Jobs'*, 2013, [link](#)
- ▶ *World Development Report 'The Changing Nature of Work'*, 2019, [link](#)