

Youth Employment and Post-Conflict Peacebuilding

Evidence from Liberia and Uganda



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Common aid response: Give “inputs”



- ▶ **Inputs:**
 - ▶ Skills training
 - ▶ Capital, materials
 - ▶ Cash transfers
 - ▶ Life skills

- ▶ **Growing trend towards**
 - ▶ Decentralized programs
 - ▶ Cash transfer programs

These strategies are rooted in 4 assumptions

1. Inputs will not be wasted
2. The poor have high returns to skills and capital
3. An absence of inputs is holding them back
4. If you reduce poverty, you will reduce violence

Is there any evidence?

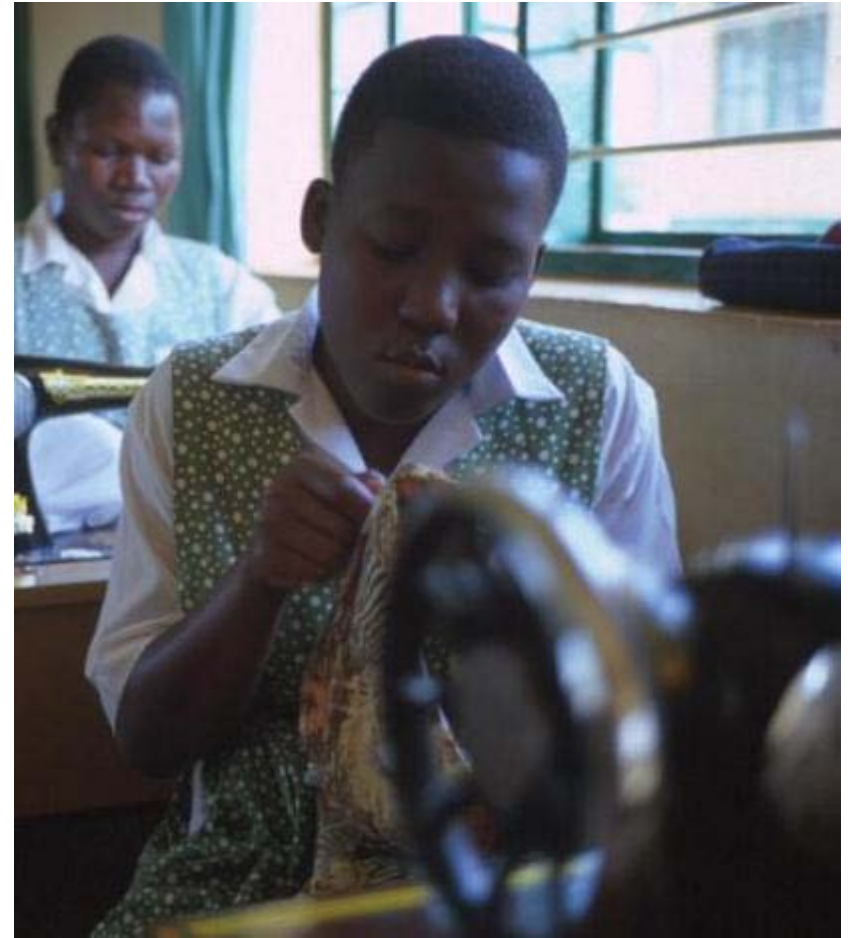
Example: Cash transfers for vocational training

The Northern Uganda Social Action Fund (NUSAF)



A risky project design?

- ▶ Youth groups apply for cash transfers to use for vocational training fees, tools, and start-up costs
- ▶ If selected, government transfers \$8000 to a community bank account in names of group leaders
- ▶ No government monitoring, support, or accountability



Program allocated by lottery among eligible applicants

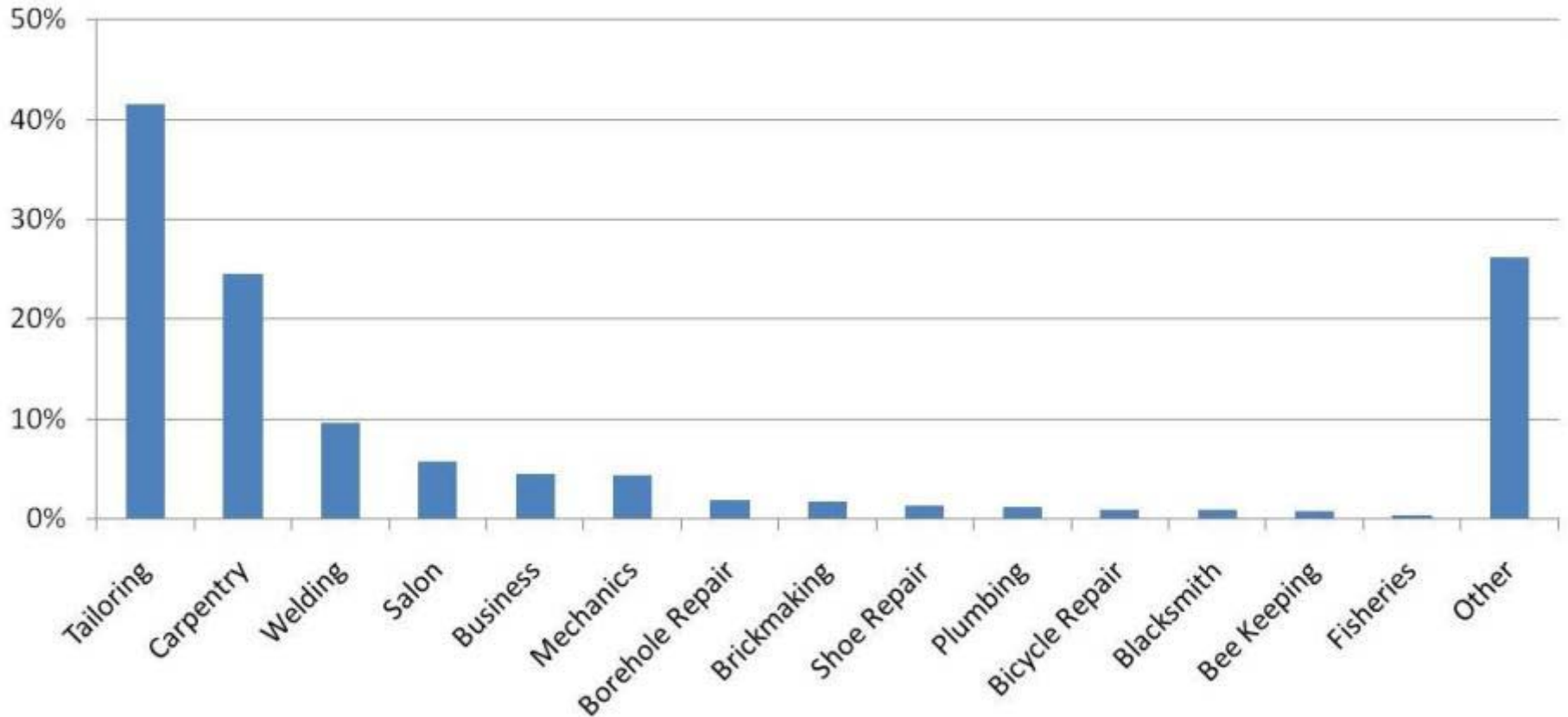
535 groups, with 18,000 youth

265 **treatment groups** receive grant

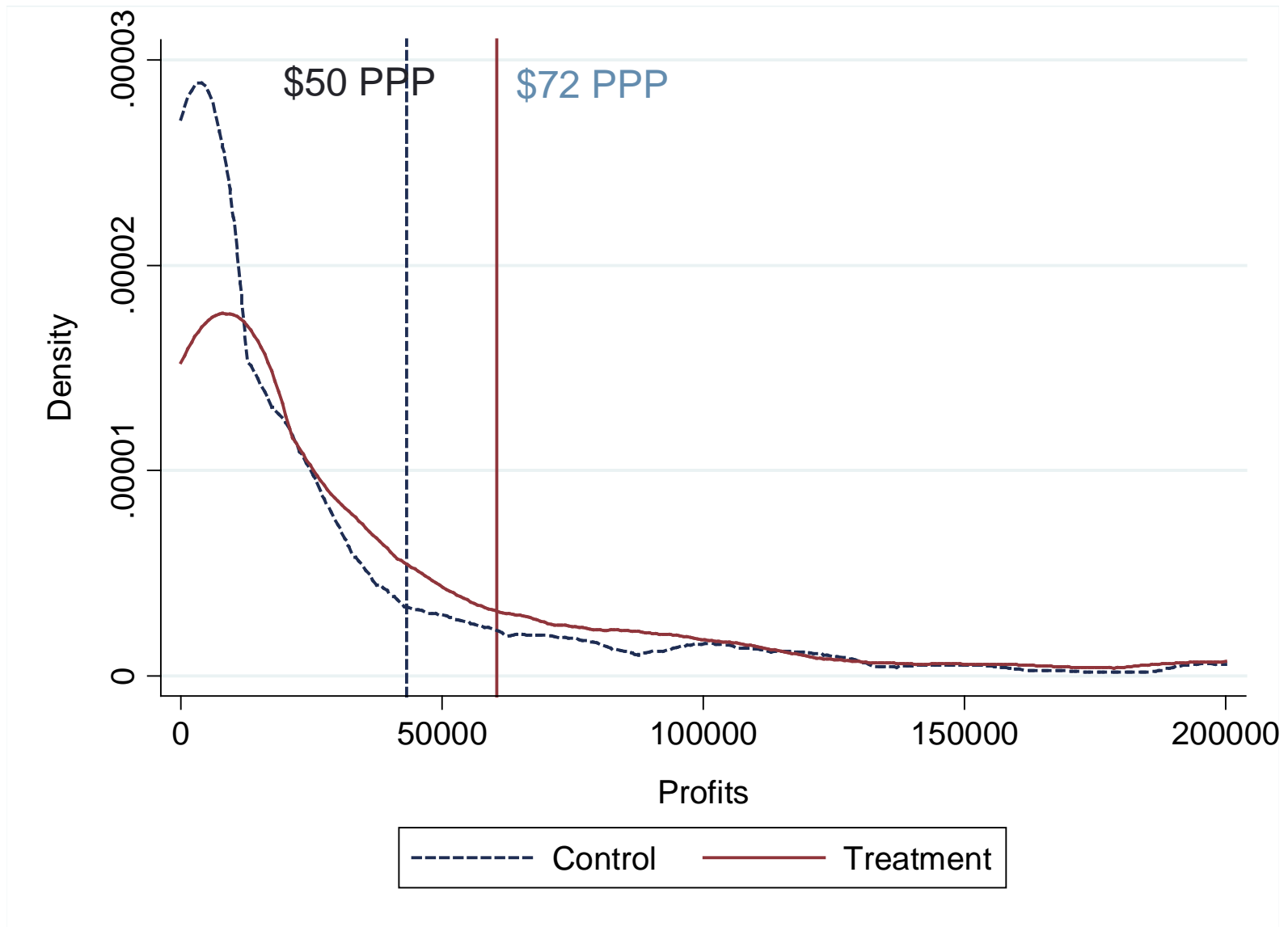
270 groups assigned to a **control group**

Most groups invest the majority of the grant

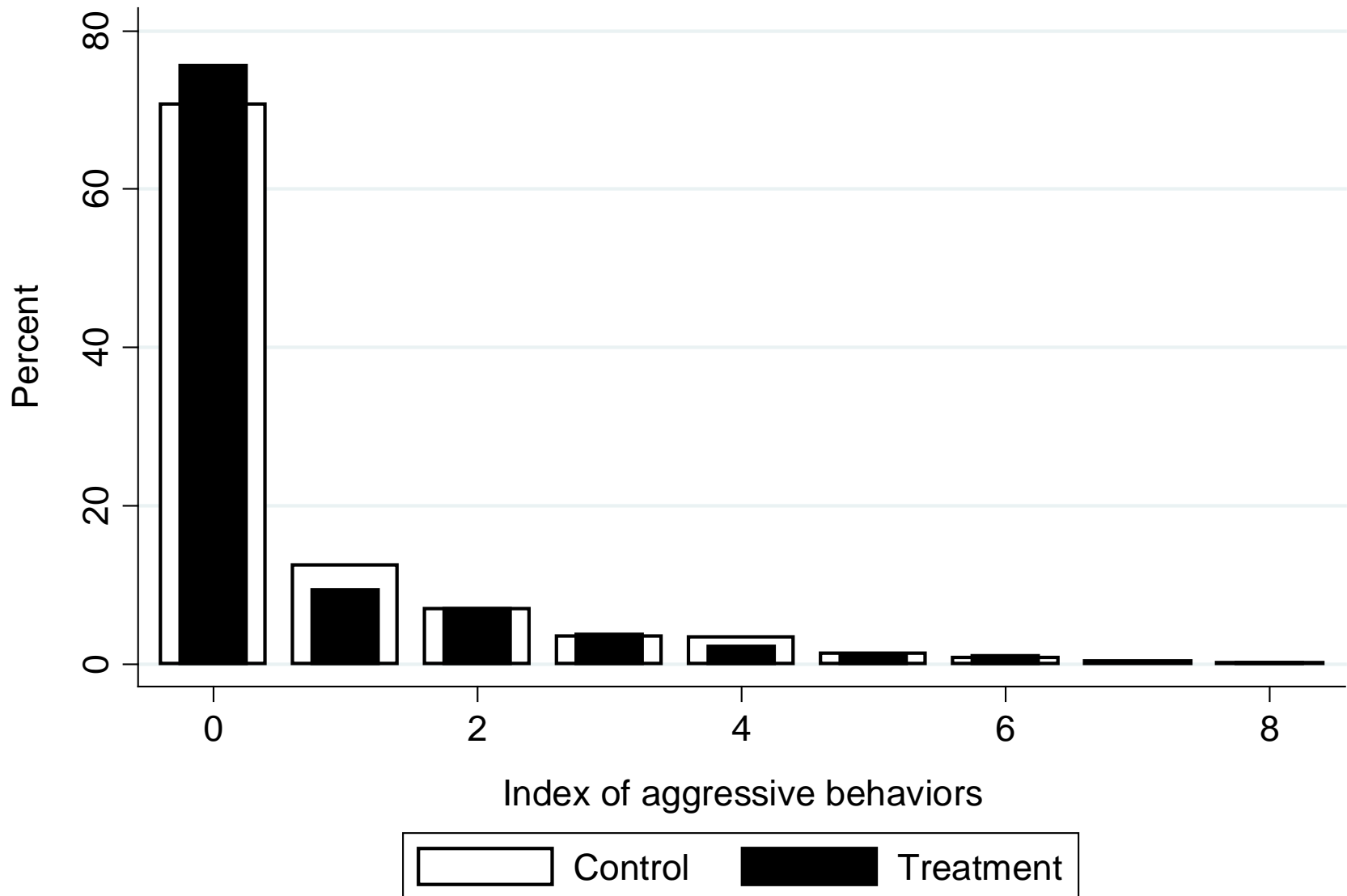
Types of training received



Impact after two years: 44% increase in incomes



50% reductions in aggressive behaviors among men Especially quarrels with leaders and police



An ongoing study with CHF and NEPI:

How to reduce poverty, crime & violence among urban street youth?



- ▶ Hawkers, vendors, loaders, petty criminals, drug dealers and users



Why would street youth be persistently poor and violent?

- ▶ Two possible poverty traps:
 - ▶ Economic: No access to credit or capital
 - ▶ Behavioral: Little future-orientation or self-discipline
- ▶ Might these also be violence traps?

Are street youth lost forever?

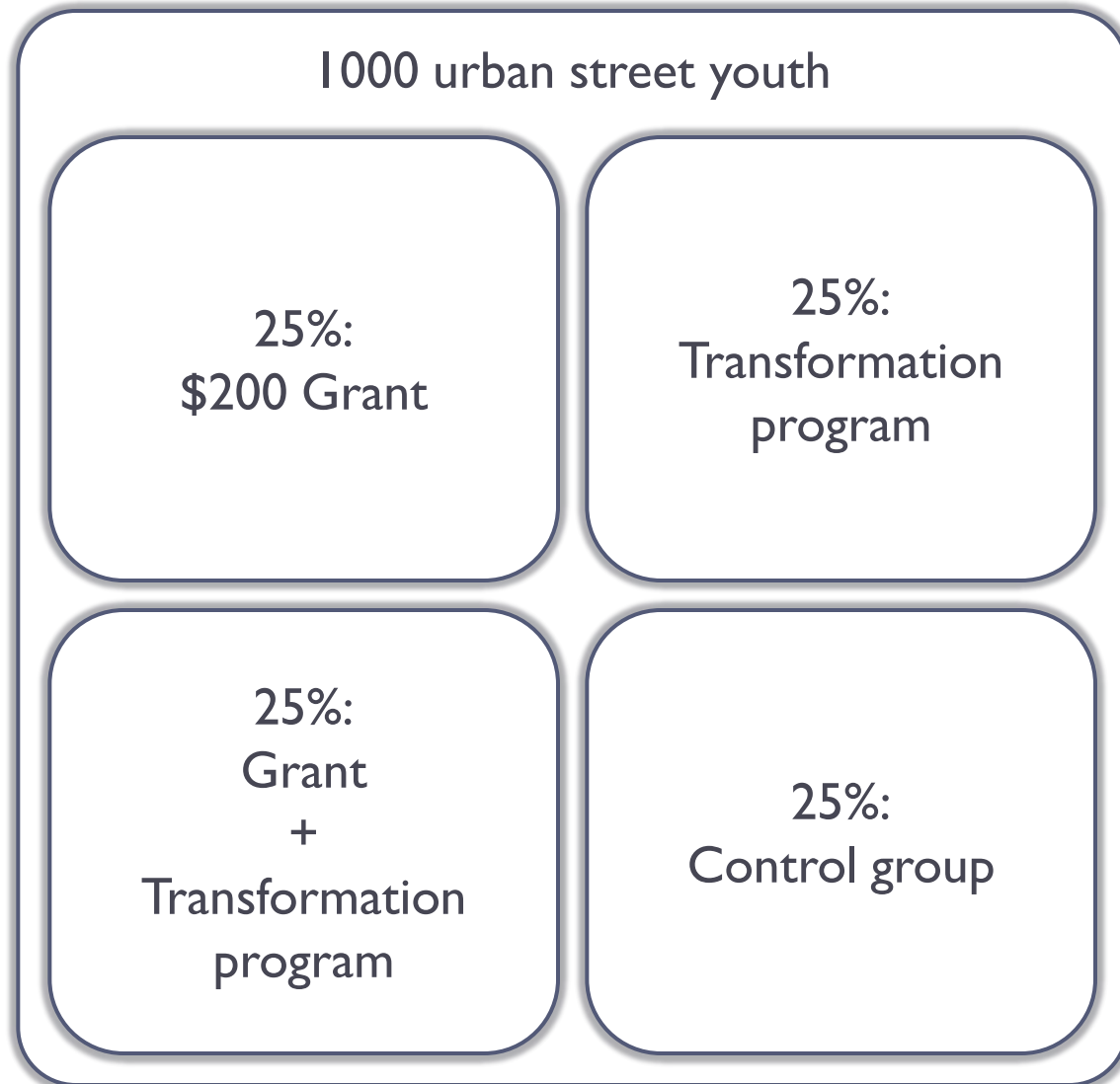
Or can they change their behavior?



The "Transformation Program"
NEPI Liberia

Test two different treatments

Assigned by lucky draw



Results from a 100 person pilot



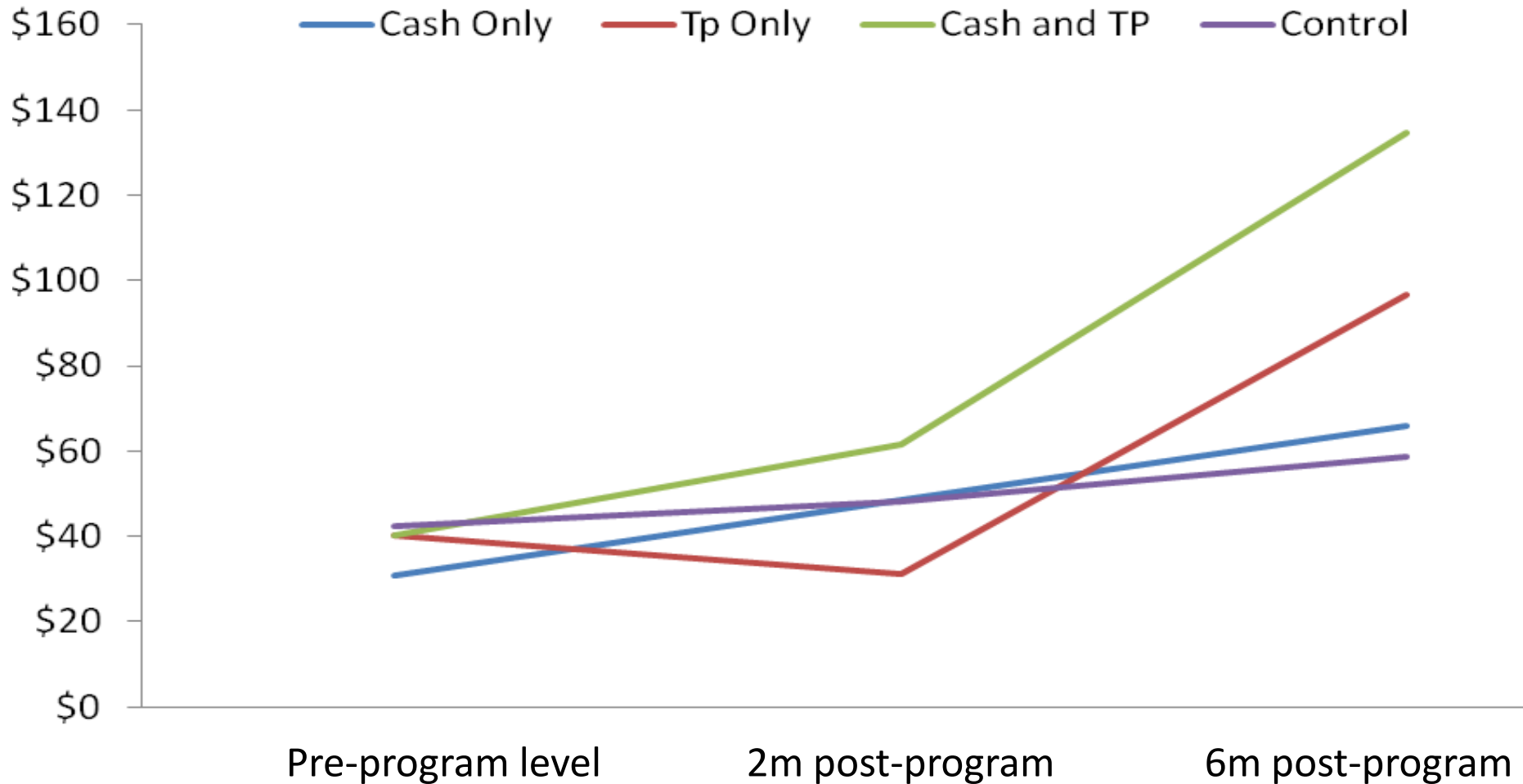
Transformation program impacts:

10% increase in patience, 70% improvement in impulsivity



Both economic and behavioral constraints matter

Levels of business assets



Steep falls in crime, drug use, propensity for violence – both from Cash and “TP”



What have we learned about our four assumptions?

1. Inputs will not be wasted?
 - ▶ Cash transfers commonly used wisely
 - ▶ Though behavioral challenges matter
2. The poor have high returns to skills and capital?
3. An absence of inputs is holding them back?
 - ▶ High average returns to capital, especially cash
 - ▶ Other evidence: More moderate returns to skills training
 - ▶ Returns could be higher:
 - Require market linkages
 - Incentives for investment matter
4. If you reduce poverty, you will reduce violence?
 - ▶ Some evidence of reduced aggression and political violence
 - ▶ Not conclusive – more testing to be done

What lessons for policy?

1. Youth—even the poorest—have high returns to capital
2. A lack of credit and capital are real barriers to self employment (farm and non-farm)
3. Without capital or employers, the returns to technical and vocational skills are probably lower than capital
4. Cash and capital transfers are one way to relieve capital constraints and raise informal employment
5. Transfers can be less costly and challenging to organize than the alternatives
6. Whatever inputs are provided, youth will benefit from cheap incentives to invest

How to make transfer programs more effective?

We don't know, but there are options to test:

- ▶ Transfer capital goods not cash
- ▶ Payments into no-fee checking accounts
- ▶ Matching program for savings or investment
- ▶ Provide information on market opportunities
- ▶ Relocation assistance
- ▶ Vouchers for firm-relevant skills training

Key lessons

- ▶ **Short term**
 - ▶ Do not lock in to one approach
 - ▶ Experiment with alternatives to see what works
 - ▶ Evaluate
- ▶ **Long term**
 - ▶ Scale up the cost-effective solutions
- ▶ **What can a donor or Ministry do to encourage experimentation and evaluation?**
 - ▶ Build it into a call and contracts
 - ▶ Academic partners and advisors