

Purpose of review

This evidence review focuses on identifying and summarizing impact level evidence relevant to the interventions and program outputs that help people to generate income and assets (*Economic Well Being Outcome 3*). Through IRC's aspiration to be an evidence-based, evidence-generating organization, our aim is to ensure that all income and assets programming is rooted in our best knowledge around what works and how best to achieve meaningful employment and self-employment outcomes for the people we serve. This evidence review serves as a non-exhaustive summary of the lessons gleaned from the evidence to-date in order to help inform our design and implementation of employment and self-employment programming.

What is 'impact evidence?'

For the purposes of this review, "impact evidence" is evidence that can confidently show whether or not a given intervention *caused* a change in an outcome, such as through impact evaluations or reviews of impact research. Standard monitoring data or "before and after" studies are not considered as impact evidence, because we cannot show that the change measured in the data was directly caused by the intervention (as opposed to an extraneous, sometimes unknown, factor).

Contexts considered

Since we restricted our findings to high quality "impact evidence," we were unable to find much evidence from humanitarian contexts. While the findings in this review can help inform our approach in these contexts, we must bear in mind that findings from middle- and high-income contexts may not always be applicable in low-income or crisis contexts. These findings, therefore, should help to inform programming and design decisions along with thorough context analyses, market and needs assessments, client feedback, and a host of other context-specific data and knowledge. Additionally these findings can serve to identify gaps in research that IRC can fill.

Organization of review

This review contains the following sections:

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KEY DEFINITIONS

A full narrative of the income and assets theory of change, including definitions of key terms, can be found here. The terminology below appears directly within the contents of the evidence review.

- **Active Labor Market Programs (ALMPs)** = ALMPs are public programs that intervene in the labor market to help the unemployed find work. ALMPs focus on activities targeting enhanced labor supply (through training); increasing labor demand (through public works or subsidies); and improving the functioning of the labor market (through employment services)¹
- **Capital-Centric** = Ensuring interventions always include a capital injection component including through stipends or cash grants.
- **Gender Responsiveness** = Creating an environment that reflects an understanding of the realities of women's lives and address the issues of the participants. Gender responsive programs specifically address the barriers and challenges faced by women and integrating approaches that support access, participation and uptake for women.
- **Employment Services** = The range of services that support access to employment opportunities. Can include job counseling, referrals, skill building and access to finance.
- **Entrepreneurship Programs** = Programs focused on providing technical skills related to starting and managing your own business.
 - **Comprehensive Entrepreneurship Programs** = Programs focused on providing the full range of technical skills and resources and follow up.
- **Follow-up Support** = Regular check-ins, visits or ongoing mentoring following the end of a specific program intervention.
- **“Work First” Approach** = Programs adopting a work-first approach aim to “move participants into unsubsidized employment as quickly as possible through job search and short-term education, training, or work experience activities.”²
- **Youth** = While there are various definitions and age ranges of “youth” among multiple organizations and policymakers, the research generally adheres to the United Nations accepted definition of youth, “those persons between the ages of 15 and 24 years”.³

¹ http://siteresources.worldbank.org/INTLM/214578-1103128720951/21973160/EPPNoteNo7_Eng.pdf

² <http://www.wkkf.org/~media/7C7CC462522F40FABD3701D8F12F8BF6.ashx>

³ <http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-definition.pdf>

MICROENTERPRISE DEVELOPMENT

WHAT DOES THE GLOBAL EVIDENCE SAY?

Youth entrepreneurship programs are generally more effective than other types of youth Active Labor Market Programs

The systematic review by [Kluve et al. 2016](#) found strong evidence suggesting that entrepreneurship programs for youth are more effective than other types of Active Labor Market Programs (ALMPs), including training and skills development programs, employment services, and subsidized employment. On average, entrepreneurship programs for youth have higher positive impacts than other ALMPs, especially in low-income countries. However, the caveats listed in following sections are important, as a badly designed or poorly targeted entrepreneurship programs will have negligible effects.

However, entrepreneurship programs are less effective for adults and for business growth

According to strong systematic review evidence, entrepreneurship interventions have only modest positive impacts on employment outcomes in low-income countries on average for adults ([Grimm and Paffhausen 2015](#)). In particular, while these programs increase business creation and survival, they do not appear to promote business growth, in part due to incentives that make it less desirable for entrepreneurs to grow micro business beyond a certain size (e.g. administrative and tax implications, higher complexity) ([Grimm and Paffhausen 2015](#), [Patel 2015](#), [Bouillon and Tejerina 2007](#)). Importantly, the skills necessary to grow businesses are very different from skills needed to start them – and most programs focus on either growth or start-up ([Cirera and Qasim 2014](#)).

Entrepreneurship programs that do not account for gender are usually ineffective for women

Impacts for entrepreneurship programs vary widely by gender, but this variation is dependent on context – e.g., a recent impact evaluation in Uganda found that household interactions (such as husbands pressuring women to spend capital outside the business) severely affects business outcomes ([Fiala 2015](#)). Differences in resources between women and men, social norms, sorting into different types of jobs, and institutional set-ups create additional barriers to female entrepreneurs that, when not directly addressed, can hamper the effectiveness of entrepreneurship programs ([Cirera and Qasim 2014](#)). While more research on the long-term effects of these programs are needed, there is some evidence suggesting that these gender barriers are more harmful to longer term outcomes (including business growth), meaning that gender gaps in outcomes will only grow after the program ends ([Cirera and Qasim 2014](#)). While more research needs to be done to determine which approaches to accounting for gender are most effective, one promising approach includes entrepreneurship programs focused on training women to perform jobs that traditionally are done by men, which helps to break down the arbitrary social distinctions between ‘women’s’ and ‘men’s’ work ([Cunningham et al. 2010](#), [McKenzie 2017](#)).

Finance and entrepreneurship programs on their own do not improve women’s empowerment

While on average economic assets provision (including cash, vouchers, and business finance) to women appears to sometimes lead to meaningful improvements in decision-making power, business outcomes, and some well-being indicators, these interventions alone appear insufficient to address the many barriers women face over access to and control of resources and overall empowerment ([Dickson and Bangpan 2012](#), [Kabeer et al. 2015](#), [Yoong et al. 2012](#), [Cho and Honorati 2013](#)). Additionally, there are concerns among practitioners that targeting economic transfers to women can sometime create negative side effects (including domestic violence and coercion and theft over resources) if other gendered effects of the program and the cultural context are not properly accounted for – but more evidence is needed to better understand these potential problems ([Yoong et al. 2012](#), [Dickson and Bangpan 2012](#)). Similarly, women may not always actively participate in skills training even when quotas are in place ([Cunningham et al. 2010](#)), and social restrictions may prevent some women from reaping the full benefits of training and entrepreneurship programs ([McKenzie and Woodruff 2012](#), [Patel 2015](#)). Ultimately, evidence suggests that while training programs can have significant positive impacts on women’s entrepreneurial attitudes, alone they may not effectively break down gender barriers ([Cho and Honorati 2013](#)).

Overall, comprehensive entrepreneurship programs are more successful than stand-alone programs – in particular, training or access to finance are insufficient on their own

Since entrepreneurs typically face several barriers (e.g. insufficient skills, lack of capital, lack of networks), holistic programs are usually necessary – especially for youth. While stand-alone business training/education programs

may increase business knowledge and skills, it is typically insufficient for generating employment and higher earnings in low- and middle-income contexts (McKenzie and Woodruff 2012, Cho and Honorati 2013). Similarly, while expanding access to finance can have sizable effects on labor market activity (e.g. Blattman et al. 2013, Bruhn and Love 2014), positive effects on employment are usually small, especially for existing micro-enterprises. Microfinance in particular rarely results in increased profits or household income in low- and middle-income countries, due to a combination of high interest rates and the small size of available loans (IPA 2015). Overall, Strong evidence shows that entrepreneurship training complemented with financial support and advisory services improves labor market activity significantly more than training or finance delivered on their own (Cunningham et al. 2010, Cho and Honorati 2013, Kluge et al. 2016).

In particular, ‘capital centric’ programs (financing or asset provision combined with support) are promising for fragile contexts

Similar to findings about the importance of holistic entrepreneurship programs in low-income contexts, recent reviews suggest that “capital-centric” interventions (financing or asset provision *combined* with skills training) are the most promising tool to promote self-employment in poor and fragile states (Blattman and Ralston 2015).

Grants are more appropriate than credit for early start-up businesses

While loans are often not easily available or suitable for start-ups, especially for youth (e.g. due to lack of collateral, perceived risk, high interest rates, high loan payments in the early phase, etc.), grants (including cash grants and in-kind grants) appear to consistently improve business outcomes for start-up and small businesses in low-income countries (Crepon et al. 2011, Blattman et al. 2013, McKenzie 2015, Martinez et al. 2016). Due to the additional barriers to loan repayment in fragile states, grants appear to be particularly effective relative to loans in fragile states (Blattman and Ralston 2015).

The benefits of follow-up support are not well researched

One of the key challenges for young businesses is survival, and follow-up support after entrepreneurship programs is considered best practice as a result (Betcherman, Dar, and Olivas 2004, YBI 2010, IRC 2011b). However, there is not much evidence on the added value of follow-up support or what the most effective approach to follow-up is. Evidence reviews from support to existing SMEs in OECD countries found some positive effects on firm outcomes, though results on firm productivity were stronger than on employment and results on sales and profits were mixed (What Works Centre 2014).

While it is a potential avenue for improving the gender-responsiveness of programs, the benefits of non-business support are not well researched

Depending on the needs of the target group (e.g. young women facing socio-cultural constraints), adding ‘non-business’ support to help beneficiaries engage in (self-) employment activities are considered necessary for success, but more research is needed to confirm (Population Council 2010, World Bank 2012). Examples of non-business support include strengthening peer networks (social capital), enhancing decision-making capacity, and providing information on (reproductive) health topics.

The benefits of focusing on connecting entrepreneurs to markets are not well researched

While strong evidence is slim, it is commonly accepted that connecting entrepreneurs to markets is important to entrepreneurship programs. This approach can include (i) micro-level efforts to help individual entrepreneurs sell their products (e.g. through coaching or by centrally creating market linkages as a program component), or (ii) broader efforts to organize entrepreneurs selling similar products and services and to integrate them into value chains (such as “Rural Productive Alliances” in Latin America, see Collion and Friedman 2012).

It is not known if entrepreneurship programs are cost effective or effective in the long term

While there is evidence for short-term outcomes (including business knowledge, practices, and start-up), less is known about cost effectiveness or impacts on long-term outcomes like earnings, profits, and job creation (McKenzie and Woodruff 2012, Cho and Honorati 2013, Grimm and Paffhausen 2015, Awaworyi 2014).

EMPLOYMENT SERVICES

WHAT DOES THE GLOBAL EVIDENCE SAY?

Most available evidence on employment services comes from high-income countries, while evidence from low- and middle-income countries is very thin

Employment service interventions originate in assistance for registered jobseekers within unemployment insurance systems in high-income countries, and are therefore less common and less well developed in low- and middle-income countries (Kluve et al. 2016, Kuddo 2012).

The international evidence suggests that employment services are only cost-effective in very specific situations (e.g. contexts with health economies and high demand for labor)

For a while, the evidence base appeared to suggest that employment services were considered to be among the most cost-effective type of ALMP (Betcherman et al. 2004 and 2007), but more recent reviews have called this into question – specifically noting that the evidence base is weaker than previously assumed (due to issues of methodology) and that, while these tend to be cheaper per person than other ALMPs, the impacts of employment services may be relatively weaker on average relative to the amount spent (McKenzie 2017, Kluve et al. 2016).

In particular, the evidence strongly suggests that employment services only work in very specific situations. Employment services target only one barrier to employment – namely the difficulties involved in matching potential employees to potential employers (e.g. by helping people prepare resumes, hosting labor exchanges, job placements, job counseling, etc.), but these difficulties are not a key driver of unemployment in many contexts (McKenzie 2017). In particular, and possibly due to the reliance on a single causal chain, evidence suggests that employment services have negligible effects on unemployment and earnings when the local economy is weak or demand for labor is low. (e.g. when there are less jobs than job-seekers) (McKenzie 2017, Kluve et al. 2016).

Evidence suggests that employment services have negligible employment impacts for youth

The systematic review and meta-analysis by Kluve et al. 2016 found only very limited positive effects of employment services on young people's employment and earnings – less than other ALMPs.

Some evidence suggests that women may reap higher returns than men from employment services, but this may not consistently be the case

There is some (though not necessarily strong or consistent) evidence that women receive relatively greater benefit from these interventions than their male counterparts (See Robalino and Sayed 2012 for Lebanese employment interventions, Betcherman et al. 2004, Kluve et al. 2016, and Card et al. 2015 for global context, and Caliendo et al. 2011 for a study in Germany). This finding is not without caveats. It is not necessarily true that women will perform better in the job market than men as a result of employment services, for example Mazza 2011 notes a study on employment services in Mexico City that found that male participants were more likely to find a job and have higher earnings (when compared to a control group) than women. Additionally, Caliendo, Künn and Schmidl 2011 note that, while their study found greater effects for women than for men, it is not necessarily the case that women benefit more from the program, rather, it indicates that there is a greater difference between the impacts on participating women and their control group than between male participants and the male control group. Finally, Kluve et al. 2016 found no solid evidence to support the claim that programs that target women exclusively may lead to better outcomes.

Positive impacts of employment services appear to disappear in the medium-term

Given the "work first" approach of job search and placement assistance programs (as opposed to "training first"), they can have on average larger short term impacts than other ALMPs (Card et al. 2015). However, in most studies, the changes in labor market outcomes have been found to disappear over time and don't appear to offer a pathway to other opportunities (Card et al. 2015, Kluve et al. 2016). Only a study in Germany by Caliendo, Künn and Schmidl 2011 has been able to detect positive long-term effects of job search assistance on youth labor market outcomes. The typically short-term nature of impacts supports the interpretation that employment services cannot reduce structural deficits (e.g. lack of skills, etc.) of job seekers (Caliendo et al. 2011). A related impact research on sweatshops suggests that past engagement in lower skilled labor does not necessarily translate into improved employability for future opportunities in low income contexts (Blattman and Dercon 2016).

Successful job matching may not be enough if candidates reject jobs for other reasons

In some evaluations of employment service interventions, a large proportion (sometimes a majority) of potential employees successfully matched to a new job either did not take the job or, if they did, quit soon after being hired (McKenzie 2017). Common factors that may lead job seekers to consider an available job “unattractive” include low salary, long working hours, long distance to work, etc. (as perceived by the job seeker). A more recently discussed phenomenon is called “reservation prestige”, that is, especially young people’s unwillingness to accept lower prestige jobs. For instance, an individual impact study in Jordan with university graduates tested the effects of providing firms and job candidates with an intensive screening and matching service based on educational backgrounds and psychometric assessments (Groh et al. 2014). Although more than 1,000 matches were made, youth rejected the opportunity to have an interview in 28 percent of cases, and when a job offer was received, they rejected this offer or quickly quit the job 83 percent of the time (Groh et al. 2014).

It is unclear whether public or private employment service providers are more effective

Many countries have started to subcontract employment services, opening an important role for private employment agencies to address mismatches and information failures in the labor market (Kluve et al. 2016). A key argument is that private providers face more incentives to innovate and be cost-efficient, and that they are more flexible to adapt to rapidly changing labor markets (Boston Consulting Group 2011). However, the limited evidence available on comparing public and private provision is rather mixed. Studies in several European countries showed that private providers were either less effective or at best as effective (Krug and Stephan 2013, Rehwald et al. 2015). That said, since these results stem entirely from high-income countries with a long history and strong structures of public employment services, it is very plausible that private providers (incl. NGOs) could prove to be a more effective delivery mechanism in low- and middle-income countries where public employment services are often much weaker.

One-stop employment services are common in many countries, but there is little evidence about how these programs should focus their efforts

For instance, public employment centers in the United States and Europe are explicitly designed to provide a full range of assistance to job seekers under one roof, an approach that has also been adopted by non-public employment service providers. Non-experimental evidence on bundling services together (such as combining soft skills training, vocational education, job placement, and financial coaching), has indeed been found to help individuals finding and retaining jobs as well as improving their net income (Rankin 2015), likewise, a meta-analysis on youth employment programs in Latin America found that comprehensive programs were more effective than those that utilized a single type of service (Veza 2014). However, there is no good evidence available about the extent to which such one-stop shops should mostly focus on employment services or also incorporate other social services.

Services provided outside of the employment center context (often through information technologies) have been on the rise, but there is limited evidence about their effectiveness

Instead of (or in addition to) physical job offices, the use of internet, radio, or cell phone text messaging may provide an opportunity to offer employment services across larger areas (Cunningham et al. 2010). One example is the *Ta3mal* employability portal, an internet platform initiated by Silatech and Microsoft offering online access to career guidance, soft-skills, and e-learning, as well as job and internship opportunities and entrepreneurship training (Silatech, Ta3mal). Another example is *SoukTel*, providing a platform for firms and potential employees to connect via text messages in places where young people are more likely to have a cell phone than internet.

SKILLS TRAINING

WHAT DOES THE GLOBAL EVIDENCE SAY?

The average training programs appears to improve labor market outcomes in low-income contexts

Skills training programs are the most widely used employment intervention worldwide (see for example the [Global Youth Employment Inventory](#) for distribution of youth interventions), and while certain types of programs are more effective than others, there is evidence suggesting that on average these programs do improve labor market outcomes for participants. For example, a recent meta-analysis of skills training programs for youth found average improvements on employment and earnings (8% and 11% respectively) ([Kluve et al. 2016](#)). The result supports the theoretic rationale of active labor market training programs which aim to help job seekers enter the labor market and accumulate the necessary skills to compete for jobs, improve their productivity, and enhance their earnings. For examples of impact, see [Card et al. 2015](#) and [Kluve et al. 2016](#) for global evidence, [Tripney et al. 2013](#) and [McKenzie 2017](#) for evidence from low- and middle-income contexts, and [World Bank 2016](#) for a successful example program for adolescent girls implemented in part by IRC.

Comprehensive programs are more successful than stand-alone training programs

Stand-alone classroom-based skills training programs tend to be much less effective than more comprehensive and hands-on programs, and many examples of these stand-alone classroom programs appear to have negligible impacts on labor market outcomes ([Betcherman et al. 2004](#)). Such classroom-based trainings are also often supply-driven (not guided by the kind of occupations and skills needed in the labor market), and therefore also lack relevance in addition to the lack of exposure to the world of work (through the lack of practical training). Combining skills training with other programs like entrepreneurship assistance, employment services, and subsidized employment appear to be associated with stronger results ([Fares and Puerto 2009](#)). However, the evidence base is not yet strong enough to say which combination of components is most effective.

Skills training can be a useful part of larger efforts to empower marginalized groups

It is important to note, however, that improving training programs like TVET to better address the needs of marginalized people will not be enough to break down barriers, systemic changes in education (such as focusing on providing literacy and numeracy skills to schoolchildren before they start technical training) will play a critical role as well in improving outcomes in developing countries ([Almeida et al. 2012](#)). A common assumption for skills training for marginalized groups is that the training will serve as the catalyst for a virtuous cycle of empowerment, in which the benefits of the program extend far into the future and have large implications for inequality. However, recent evidence suggests that while skills training can play a very important role in efforts to improve equality, on its own it is not enough to break down long run barriers and inequalities ([Almeida et al. 2012](#)). This is similar to findings for economic empowerment interventions (e.g. [Dickson and Bangpan 2012](#), [Yoong et al. 2012](#) and [Duflo 2012](#)), and demonstrates that there are no quick and easy solutions to issues of empowerment.

On-the job training and focusing on skills demanded by the job market improve impact of programs

Clear linkages between the training program and the job market are essential. Combining class-based technical and life skills training with on-the-job training and active employer engagement are more effective than providing classroom-based vocational training only ([Betcherman et al. 2004](#), [Fares and Puerto 2009](#), [World Bank 2012](#), [What Works Centre 2016](#)). For instance, such training programs for youth proved to be effective in promoting employability in several countries in Latin America (the *Jóvenes* programs) ([Ibarraran and Rosas 2009](#)). The design of these programs ensured private sector involvement by (i) identifying internships or job vacancies prior to the training for which participants would be trained, and (ii) involving participating firms in the definition of training content, thus ensuring a direct link between the skills taught and those demanded by the employers. Moreover, implementation was demand-driven through competitive bidding for the selection of training providers, and incentive payment schemes were based on trainees' employment outcomes ([Kluve et al. 2016](#)). The combination of classroom and on-the-job training with strong employer engagement is also a key feature of successful programs in OECD countries (e.g. YouthBuild or YearUp in the U.S.). For more information on apprenticeships, please visit the relevant apprenticeship section of this review.

Soft/core skills are valued by employers globally and trainings in these skills seem promising, but the programmatic evidence is limited and still mixed

A growing evidence base shows that soft skills rival other skills in their ability to predict employment, earnings and lifetime success (Kautz et al. 2014). Employers in MENA and around the world value these skills and report that job candidates lack them (see for example IFC 2011 for evidence from the Middle East and North Africa and Cunningham and Villasenor 2014 for global evidence). In particular, vulnerable job-seekers (such as the unemployed or first-time job seekers) tend to lack essential cognitive and behavioral skills that become more critical to employment outcomes as economies develop and demand for these skills rises (Almeida et al. 2012).

A recent publication that gathered evidence from international projects, employer studies, and empirical studies identified five key soft skills whose impacts on labor market success were supported by the research (ChildTrends 2015). The five types of soft skills include: (i) social skills (getting along with others, resolving conflict), (ii) communication skills, (iii) higher order thinking skills (problem solving, critical thinking, decision making), (iv) self-control (manage emotions, regulate behavior), and (v) a positive self-concept (self-confidence, self-efficacy, self-awareness, etc.) (ChildTrends 2015). However, more evidence is needed on (i) isolating the impact of soft skills training in programs, and on (ii) how to best teach these skills. Importantly, soft skills like teamwork and timeliness may take time to cultivate in certain contexts, and may conflict with traditional customs and norms (MTC 2010).

It is not well known if trainings are cost effective or if benefits are sustained over time

Meta-analysis results for both youth and adults suggest that impacts tend to be larger when measured more than 1-2 years after the end of the program, indicating that beneficiaries need time to translate the increased human capital into better employment and earnings and possibly make up for the time spent in training (Card et al. 2010 and 2015, Kluge et al. 2016). However, some reviews find evidence suggesting that impacts of vocational training programs in particular seem to fall over time (McKenzie 2017). This issue of long-term measurement, plus a distinct lack of cost studies, make it difficult to assess the cost effectiveness of skills training (McKenzie 2017).

Weak evidence suggests that gains in employment and earnings from skills development programs tend to be larger among lower income and more marginalized groups (including women)

In lower income countries with large cohorts of disadvantaged populations, marginal investments in skills and employment opportunities can lead to larger improvements, primarily in earnings (smaller effects were found on employment) (Kluge et al. 2016). Similarly, targeting low-income groups, those with low levels of education or exhibiting strong disadvantages in the labor market triggers higher employment and earnings gains (Kluge et al. 2016). Weak initial evidence suggest that the effects of training (on paid hours worked, wages, and rates of employment) also tend to be higher for women than for men, but this difference in impacts cannot be assumed (see Tripney et al. 2013 and Clifford et al. 2013 for evidence from LMICs/developing countries, Ibarra and Rosas 2009 for evidence from Latin America, and Betcherman et al. 2004 for global evidence). Tripney et al. 2013 found in particular that technical and vocational education and training (TVET) programs in low- and middle-income countries found that, while most studies found similar impacts for men and women, some studies indicated that TVET appeared to increase young women's paid work hours with negligible impact on young men.

There is an evidence gap for impacts of employment programs on refugees

A recent systematic review by Ott and Montgomery 2015 did not find any high-quality studies on programs (including training) to improve the economic self-sufficiency of resettled refugees, and it is challenging to identify the particular impact of these programs on gender-related outcomes. Given the findings from other marginalized groups, though, it is very possible that refugee populations also benefit on average from skills trainings.

However, the specific barriers faced by marginalized groups (e.g. mobility) must be accounted for during program design in order to ensure successful outcomes

In particular, it is important to ensure that targeted populations can access and benefit from the skills training: Almeida et al. 2012 notes that even when training is available to marginalized and lower income populations, social and financial barriers may hinder individuals' access to the programs. Even free programs can be financially inaccessible if the timing of the program overlaps with times that participants need to spend working. The specific barriers that must be accounted for will depend on how that individual is disadvantaged in society. Poorer individuals, for example, may not have adequate transportation or funding to access training, or they may not be informed about opportunities (Almeida et al. 2012). Women, for example, may face discrimination in TVET programs, preventing them from acquiring the training needed to get higher-paying jobs (Almeida et al. 2012).

APPRENTICESHIPS

WHAT DOES THE GLOBAL EVIDENCE SAY?

Formal apprenticeship systems have proven positive impacts in high income countries

These are characterized by mainly workplace-based training involving a close public-private partnership of government, firms, unions, and training institutions, formal apprenticeships have become a key component of education and training systems in several countries. The formal apprenticeship systems in Germany and Switzerland may be best known worldwide, but similar systems also exist in other countries (in the U.S. they are called “registered apprenticeships”). Such institutionalization of on-the-job training through formal apprenticeship systems has generally shown proven impacts on employment and earnings of beneficiaries, benefits for employers, and that social benefits outweigh the costs (see [Reed et al. 2012](#) for details on the U.S. program, [Lerman 2013](#) and [2014](#), [Eichhorst 2015](#) for apprenticeships in the UK, [What Works Centre 2015](#) for a developed country context, [UEAPME 2016](#) for programs in the EU, and [Fazio et al. 2016](#) for global best practices applied in a Latin American context). For instance, a recent study in the United States found that those who completed a formal apprenticeship program earned over \$200,000 in their lifetime more than a comparison group of individuals who did not participate in registered apprenticeships ([Reed et al. 2012](#)).

Formal apprenticeships are rare in low-income countries, but similar programs are promising

While *formal* apprenticeships (those that involve formalized relationships between governments, training programs, and firms, and which can last for years) are found primarily in high-income countries, there are some similar programs showing promise in low- and middle-income contexts – although the evidence base is still very weak. For example, internship programs in Kenya and Yemen have been shown to increase youth employment ([Honorati 2015](#), [McKenzie et al. 2015](#)). When apprenticeship programs are combined with wage subsidies in developing countries, they can also boost employment, in Chile, for example, apprentices are paid below the minimum wage (creating a *de facto* subsidy for employers), and this strategy has helped to increase job opportunities for youth ([Betcherman et al. 2004](#)). Informal apprenticeships have long existed in parts of the developing world (Sub-Saharan Africa in particular) ([World Bank 2012](#)), but there is not substantial evidence regarding their impact on labor market outcomes. Please note that participation in formal apprenticeships typically takes several years and therefore falls outside the scope of most Active Labor Market Programs.

Short-term on-the-job training can also be effective for both youth and adults

Apprenticeships are similar in nature to or include a component of on-the-job training, which has been shown to be effective. Clear linkages between the training program and the job market are essential. Combining class-based technical and life skills training with on-the-job training and active employer engagement are more effective than providing classroom-based vocational training only ([Betcherman et al. 2004](#), [Fares and Puerto 2009](#), [World Bank 2012](#), [What Works Centre 2016](#)). As a sub-set of these, recent promising (albeit currently weak) evidence from Kenya and Yemen suggests that self-standing on-the-job training (i.e. internships) are a potentially effective approach for youth employment outcomes in developing countries ([Honorati 2015](#), [McKenzie et al. 2015](#)).

It is not clear if labor market impacts are higher for women than men

Overall evidence regarding impacts by gender is weak ([McKenzie 2017](#)). Yemen, internships have had greater positive effects for men than for women, and so do not serve to narrow the gender gap in the country ([McKenzie et al. 2015](#)). Some of these effects are due to job sorting (i.e. women are more likely to take up service-oriented jobs like childcare and avoid male-dominated work) ([McKenzie et al. 2015](#), [Reed et al. 2012](#), [Fazio et al. 2016](#), [Clifford et al. 2013](#)) and lower female participation in apprenticeships overall ([McKenzie et al. 2015](#), [Reed et al. 2012](#), [Fazio et al. 2016](#)), even when more women than men participate (as has been the case in some programs in England), women may still earn less, be less likely to get training, and ultimately be less likely to get hired ([Fazio et al. 2016](#)).

Although returns for female participants in apprenticeships have not been as great as for their male counterparts, some studies have found that skills training ([Fares and Puerto 2009](#)) and programs that incorporate wage subsidies ([Almeida et al. 2014](#)) can have greater effects on women than on men in certain contexts – although evidence is again weak ([McKenzie 2017](#)).

WAGE SUBSIDIES (AS PART OF APPRENTICESHIPS)

WHAT DOES THE GLOBAL EVIDENCE SAY?

Evidence suggests wage subsidies can be an important component of apprenticeships when demand for labor is low

IRC's "apprenticeship" approach combines on-the-job training with wage subsidies (i.e. subsidized on-the-job training). Wage subsidies address these constraints (in general or for a particular group) by encouraging hiring of the target group through a reduction in the costs of wages and/or non-wage expenditures such as social security contributions or insurance (Almeida et al. 2014). They can be targeted at all education and skills levels, and are typically used to encourage the hiring of particularly vulnerable groups that employers are reluctant to hire, either because of their expected productivity is too low relative to the market wage and/or because of stigma (e.g. long-term unemployed, young women) (ILO 2015a). In addition, wage subsidies may also contribute to build skills and human capital through the work beneficiaries do (learning by doing) and therefore enhance their future employability (Almeida et al. 2014).

While there is some promising evidence about wage subsidies that identifies positive impacts on youth, women, and the long-term unemployed, there is a lack of research on the effects of these subsidies on other vulnerable groups

Youth represent a particularly vulnerable population worldwide, and many countries have very high youth unemployment rates (World Bank 2012). Even when young people do find employment, it is often unpaid, informal, temporary, or otherwise insecure (World Bank 2012). There is evidence, however, that wage subsidies can help young people become employed. Youth in Kenya, Yemen, and Chile appear to benefit from subsidies (Honorati 2015, McKenzie et al. 2015, Betcherman, Olivas, Dar 2004). As noted above, women also appear to benefit from these subsidies (Almeida et al. 2014, Fares and Puerto 2009). Finally, Almeida et al. 2014 note a pair of studies that argued that targeting subsidies to the long-term unemployed (who are "outsiders" in the job market) can help these individuals build human capital and become "insiders." However, there appears to be little research on the effects of wage subsidies and other employment programs on other vulnerable individuals. For example, as noted in the section on skills training, the systematic review by Ott and Montgomery 2015 did not find any high-quality studies on programs to improve the economic self-sufficiency of refugees. More research into the effects of subsidies and other employment programs on these vulnerable populations is called for.

Wage subsidies can help first-time job seekers or the long-term unemployed gain experience, but they are unlikely to create sustainable jobs

The consensus seems to be that wage subsidies can increase employment levels in the short-term (though often at modest levels), but can also induce considerable substitution effects (jobs are shifted between individuals instead of created) and may be inefficient (Almeida et al. 2014). For instance, while in South Africa the impact of the wage subsidy persisted even one and two years after the allocation (Levinsohn et al. 2014), recent evidence from a pilot program in Jordan that gave beneficiaries a voucher equivalent to the minimum wage with a duration of six months showed that while the voucher increased employment by 40 percentage points over the short-term, four months after the voucher expired, the effects dissipated (except outside the capital) (Groh et al. 2012). Findings for other ALMPs, such as public works programs, also demonstrate that past low-skilled employment does not necessarily lead to future employment (Betcherman et al. 2004, Cunningham et al. 2010), thereby highlighting the importance of including a skills training component to ensure future employability.

Best practice holds that imposing conditions on employers and beneficiaries can make programs more effective, and there is some evidence from high income countries to support this

According to best practices, it is useful to consider restrictions for firms on the dismissal of previous workers, as well as stipulations on extending the employment contract after the subsidy expires (Almeida et al. 2014). These conditions might help reduce potential negative effects of subsidies (ILO 2015a). Conditions for beneficiaries can include requiring beneficiaries to participate in job-related training, either before or after being hired. There is some evidence that the job training condition for beneficiaries is useful: for example, the U.S Job Training Partnership Act increased earnings for both male and female participants for two years after the conclusion of the program (Almeida et al. 2014). Several other programs in other OECD countries, as well as in Latin America, Lebanon, and Tunisia also have training requirements for beneficiaries (Almeida et al. 2014).

CASH FOR WORK

WHAT DOES THE GLOBAL EVIDENCE SAY?

Impacts of cash for work programs vary significantly and many are ineffective for vulnerable groups

Results of these programs vary across different types of beneficiary groups (e.g. by geographic area, age, gender, etc.) (Subbarao et al. 2013). Doocy and Tappis 2015 found that in some programs in humanitarian contexts, certain populations were systematically excluded from cash-for-work programs or did not receive the same benefits as other groups. Specifically, women and individuals who are less physically able (such as the elderly or disabled) may not have equal access to these programs if they are less able to work outside the home (Doocy and Tappis 2015, Blattman and Ralston 2015). As such, programs that do not explicitly address differences in people's ability to participate may exacerbate gaps between more and less vulnerable populations.

Programs need to be designed with specific outcomes and vulnerabilities in mind to be effective

For example, it is important to identify whether the program should be a one-off short-term program (as in most cases), or a more regular safety net available for repeated participation over years (e.g. programs in Ethiopia and India). For instance, the former are typically geared to short-term consumption smoothing in the aftermath of an income shock, while the latter may seek to influence longer-term outcomes such as food security, poverty relief, and providing a bridge to more permanent employment (Subbarao et al. 2013). "Public works plus" program design may be used in contexts with vulnerable populations, employing elements such as skills training, microcredit, and microenterprise interventions to improve outcomes for targeted individuals (World Bank 2010).

Public works programs appear to be more successful in lower income countries

Programs generally have a positive short-term impact on beneficiaries, raising income, consumption, and expenditures (See IEG 2011, Subbarao et al. 2013 for developing and transition economies and Holmes et al. 2013 for a fragile state context). As a result, they can help participants avoid negative coping strategies and protect both consumption and household welfare against shocks. In conflict and fragile environments, public works (sometimes also called "workfare") programs may be the only feasible option for creating work (Blattman and Ralston 2015). In developed countries, however, these programs are overall less successful than other types of Active Labor Market Programs and are unlikely to positively impact participants' employment prospects in both the short and long term (Card et al. 2010, 2015, Kluge et al. 2016).

Stand-alone public works programs are effective at raising short-term employment, but are often ineffective for increasing participants' employability or future prospects

The programs may not improve employability beyond the program duration (Betcherman et al. 2004, Cunningham et al. 2010). This finding is consistent with recent research on sweatshops, which suggests that past engagement in lower skilled labor does not necessarily translate into improved employability for future opportunities in lower income contexts (Blattman and Dercon 2016).

In particular, public work programs do not always noticeably impact the long term employability of youth – public works plus may mitigate this problem, but evidence is scarce

It is challenging to improve employability for youth who are entering the labor market for the first time, or (in the case of poor youth) who may lack training or educational certifications (Cunningham et al. 2010). Select studies found moderately positive or mixed impacts on employability, especially for youth (Betcherman et al. 2004).

While infrastructure enhancements are well-known to impact poverty, there are few studies that measure indirect benefits of public works programs

One key difference between cash-for-work programs and other safety net interventions (e.g. cash transfers) is that they build or enhance community assets or services (e.g. improved roads, waste management, health awareness, etc.). Infrastructure development in particular can have important implications for the reduction of poverty and income inequality, for example, there is consistent, strong evidence that rural roads help reduce poverty, foster employment, and promote agricultural development (Hine et al. 2016, Knox et al. 2013). Evaluations rarely measure these and other "indirect benefits" of public work programs (i.e. benefits that go beyond immediate participants in the program). Prospective results from selected countries suggests that indirect benefits can come close to matching the direct benefits to participants (Subbarao et al. 2013).

Overall, the cost-effectiveness of public works depends highly on how much of the funding goes toward wages (as opposed to other expenses), as well as on participants' income gains

Context and implementation can greatly change the cost effectiveness of these programs. The 'wage share' of program expenses (i.e. what percent of expenses go directly to participants, instead of materials) need to be considered as an important factor of cost effectiveness depending on the goals of the program. Infrastructure programs tend to be very capital-intensive, and so many devote more funding to non-wage costs. If the goal of the program is to increase participant incomes, choosing particularly material and capital intensive projects may damage the overall cost effectiveness of the program (Subbarao et al. 2013). Cost-effectiveness may also be reduced when non-poor individuals with alternative employment opportunities are attracted to the program, foregoing wages they might have earned elsewhere, this reduces participants' net income gains, which are defined as the total wages received minus any wages beneficiaries would have received in the absence of the program (Subbarao et al. 2013). Careful targeting of programs – which incurs its own costs – is needed to counteract this, but it is not yet well known which targeting set-ups are most effective in this regard (see Devereux et al. 2015 for a comprehensive exploration of targeting methods). Overall the net income gain ranges between 50-80% of the transfer because participants are foregoing other sources of income, although this percent can go higher when programs effectively target individuals with few sources of income (IEG 2011, Subbarao et al. 2013).

In some cases, direct cash transfers are more cost effective than public works programs

Ultimately, alternative interventions (e.g. cash transfers) may be a more cost-effective option depending on the context and specific goals of the program. For instance, one impact study found that India's workfare program is less cost effective than simply providing cash transfers to participants (Murgai et al. 2013).

Cash for work programs that are specially designed to help vulnerable groups can be effective, but evidence on these programs is scarce

With regards to gender in particular, evidence has shown that public works programs can improve the circumstances of women and marginalized populations in developing countries (Subbarao et al. 2013). However, a review of 15 years of World Bank infrastructure lending found that even though an increasing number of projects aimed to focus more on including women and vulnerable groups (in some cases by offering credit, training, and microenterprise interventions in addition to participation in the project), some projects were not able to effectively implement gender-sensitive activities (World Bank 2010). Some programs did have measurable impacts on the status of women: for example, at the conclusion of the Yemen Second Public Works Project (an extension of a previous public works project, but with a focus on gender), 20% of the permanent positions created by the program were held by women (World Bank 2010). The review also cites a rural electrification program in Bangladesh that aimed to bring women into energy as a model for other projects, pointing to changes in community perceptions of women as an important impact of the project (World Bank 2010), but the evidence is not rigorous and more research into the role of these projects in improving the status of women is called for.

In particular, emerging evidence on “public works plus” suggests that these programs have the potential to improve the earning capacity of the poor while addressing vulnerabilities

Evidence is currently weak but promising for these programs. “Public works plus” programs include a skills development component or other specialized supports meant to help participant become more economically self-sufficient (often referred to as ‘graduation’ from poverty programs). These programs also often provide immediate income support. For instance, preliminary results from the a public works program in Cote d'Ivoire that offered complementary self-employment training show that post-program earnings from self-employment increased by over 30% (Bertrand et al. 2016). Some programs have also focused on combatting vulnerabilities associated with gender: for example, a rural electrification program in Bangladesh that included skills training for both men and women and set aside specific jobs for women has increased women's employment in the energy sector (World Bank 2010). The rationale behind this type of public works program rests on the fact that poor women in particular often lack skills, education, and access to formal employment, leading them to earn significantly less than their male counterparts (World Bank 2010). Programs can incentivize women to participate by locating job sites closer to communities, setting gender quotas at recruitment stages, providing childcare facilities, and adjusting modalities for pay to allow for more flexible work (Subbarao et al. 2013). Public works programs can also improve outcomes for poorer people as they are fundamentally infrastructure improvement programs, which often reduce poverty and improve various development indicators (Hine et al. 2016, Knox et al. 2013).

CASH TRANSFER PROGRAMS

WHAT DOES THE GLOBAL EVIDENCE SAY?

Cash transfer's impacts on asset ownership and generation is consistently positive

Evidence shows that cash transfer programs (unconditional and conditional) positively impact both owning assets (livestock, poultry, land) as well as on generating assets (increasing the amount of land under agricultural use, increased likelihood of engagement in a micro-enterprise particularly for women or farm business). Impacts on asset generation and ownership result from the increased spending flexibility the cash transfer provides to beneficiaries (Kabeer et al. 2012). Some other related impacts are, increase in the production of foods of higher market and nutritional value, increase in household savings as well as women's ability to purchase assets that they are better able to control (e.g. livestock and poultry) (Kabeer et al. 2012). Evidence for an impact on asset accumulation for cash transfers is also positive (see Miller 2011 for an impact evaluation in Malawi, Barrientos and Sabates-Wheeler 2011 for an impact evaluation in Mexico, and Blattman et al. 2013 for evidence from rural Uganda). For example, assets such as land ownership and/or the rights to use that land for agricultural purposes, as well as the ownership of production and draft animals appear to increase due cash transfers, particularly for individuals who have few assets prior to receiving the transfer (see Barrientos and Sabates-Wheeler 2011 and Gertler et al. 2012 for evidence from Mexico).

Cash transfer's help households and producers keep (and not sell) productive assets when economic shocks occur

Evidence shows that cash programs help households and producers respond to shocks related to illness, unemployment, and market fluctuations. When shocks occur, cash helps ensure that individuals do not pull students out of school, cut back on minimum food consumption, deplete savings, or sell needed assets (Kabeer et al. 2012).

Cash transfer's impacts on income generation is weak and mixed

Evidence on the impact of cash on income and labor force participation is rare, and evidence that does exist is mixed (Hagen-Zanker et al. 2011 and Yoong et al. 2012). It is important to note, however, that a decrease in income due to cash transfers/employment guarantee schemes might not necessarily indicate a return to poverty. For example, clients may prefer the more predictable and regular income from such programs rather than potentially higher but erratic income from other employment (Kabeer et al. 2012). Additionally, for conditional programs in particular, there have been cases where the reduced income appeared to be a result of reduced child labor among participants (Kabeer et al. 2012).

There is mixed evidence that cash transfers may act as a disincentive for individuals to work

The findings are inconclusive and varied (Kabeer et al. 2012). Some individual studies point to the fact that employment in agriculture acts as food insurance, which, if supported through cash transfers, might allow individuals to take advantage of more risky but potentially more rewarding non-agricultural employment opportunities, including self-employment (see Alzua et al. 2013, Martorano and Sanfilippo 2012, Berhman et al. 2011, and Macours et al. 2012). However, these effects are true only in some contexts, and in others cash transfers appear to have a disincentive effect on work for both men and women.

There is mixed evidence that conditional cash transfers in particular may help improve employment outcomes for women in particular

There is some evidence that certain types of cash transfers may actually improve employment outcomes for women, but evidence is weak. CCTs have the effect of increasing enrollment rates for children, and this is believed to provide women with more time outside of the home to devote to paid employment (see Alzua et al. 2013 for an impact evaluation in Latin America). One impact evaluation found that a CCT program in Kazakhstan (which provided cash benefits to families who enrolled their children in pre-school) led to higher rates of employment for children's primary caretakers (who were mostly female), though the effect was relatively small (O'Brien et al. 2013). When women spend more time working outside of the home, formal labor market employment for women also increases (see Berhman et al. 2011 for a program evaluation from Mexico, Alzua et al. 2013, and Blattman et al. 2013 for evidence from Uganda). However, these results are not necessarily

consistent. For example, one study in Pakistan found that increased school attendance by girls in turn shifted women out of paid work and into household work ([Kabeer et al. 2012](#)).

There is some evidence (including from emergency contexts) that cash transfers can boost the local economy as well as benefitting individual households

While it appears that both cash and in-kind food transfers increase the demand for standard staple foods, only in-kind food transfers help increase the supply of and lower the price of goods, which seems to help consumers at the expense of local producers. One evaluation in Mexico ([Cunha et al. 2011](#)) reports that the indirect monetary benefits to consumers of in-kind transfers, relative to cash transfers, equals 11% of the direct transfer. Producers on the other hand benefit more from the cash transfers, particularly in terms of agricultural profits due to increases in demand, production, and prices. Practitioners thus need to keep in mind the implications for local prices particularly in poorest and often isolated communities when deciding between in-kind and cash transfers.

Cash transfers appear to have positive multiplier effects on the local economy even in emergency contexts (this means that when the transfers are distributed to beneficiaries, they generate a proportionally greater benefit to the economy at large). More evidence is needed, however, to determine when, how, for whom, and to what degree this effect holds true (see [Doocy and Tappis 2016](#) for evidence from humanitarian emergency contexts).

There is very little long-term evidence for impacts on income and poverty indicators

There is little evidence available on the long-term effects of cash transfer programs, but some individual studies point to the possible benefits of these transfers as investments in education and skills (human capital) and productive assets (physical capital). For example, one impact study observed the effects of a CCT program in rural Nicaragua ten years after the original transfer and found evidence that the CCT could reduce poverty in the long run ([Barham 2014](#)). Boys who belonged to the group that received the transfer earlier (there was one early treatment group and one late treatment group, randomly selected) saw higher earnings than their counterparts in the late treatment group, and the program also appeared to generate sustainable increases in school enrollment and test scores ([Barham 2014](#)). Another study by [Gertler et al. 2012](#) found that poor households in rural Mexico experienced long-term benefits from a cash transfer program when they invested some of the money in agricultural assets. These productive assets improved households' level of consumption in the long run (i.e. the investment led to improved living standards) ([Gertler et al. 2012](#)).

It is not known if targeting transfers to women impacts income or asset outcomes

In most contexts, female members of the household have disproportionately low control over household decisions – i.e., low bargaining power, and some promising (albeit mixed) evidence suggests that targeting transfers to women can increase their bargaining power which, in turn, can lead to additional impacts on wellbeing and power outcomes ([Yoong et al. 2012](#), [Kabeer et al. 2012](#), [Dickson and Bangpan 2012](#)). However, there is an evidence gap specifically regarding whether targeting transfers to women changes income and asset generation.

There is strong evidence that cash transfers improve household outcomes like food security, consumption, and basic needs outcomes

However, this review focuses on income and asset generation exclusively. For more information on cash's impacts on basic needs and food security outcomes, please see the "[Cash and basic needs](#)" review.