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Economic participation of rural youth: what matters?

by
Louise Fox

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Abstract

Employment opportunities (for youth and non-youth) depend on the development of the economy: structural transformation, rural transformation and employment transformation. In rural areas, employment transformation (to steady, more productive wage employment) takes longer than in urban areas. Strategies to facilitate youth's entry into employment (the youth-specific employment challenge) have to take account of this.

We have limited evidence on how youth handle this challenge in rural areas, and on effects of targeted programmes on this challenge – either the impact of non-targeted agricultural productivity and earnings programmes on youth's challenges or the impact of targeted youth programmes in rural areas. Certainly, the rural-urban gap in education and learning disadvantages rural youth. Anecdotal evidence suggests that when new off-farm opportunities develop in rural areas, youth are able to access them, while entry into farming may be hindered by lack of access to land.

Evidence on programmes in urban areas to help youth enter self-employment may hold lessons for programme design for rural youth. A key lesson is that lack of technical skills does not seem to be the biggest obstacle youth face in entering the labour force. Given that most rural tasks (farm or non-farm) do not require a high degree of technical skill, we can expect that this would be even truer in rural areas. Microfinance (or cash grants) has been helpful in urban settings to help youth start non-farm businesses. Evidence on agricultural extension programmes suggests that peer-to-peer learning works best, perhaps arguing for youth-specific programmes to upgrade farming skills and knowledge, but this needs to be tested.

1. Introduction and why rural youth matter for development

Youth[1] is universally a distinct human developmental stage, a time of transition from dependence to independence, marked by critical decisions that affect the future of the individual and the broader society. A positive youth trajectory concludes with the development of a mature adult who has a positive sense of self, has developed agency and impulse control, and has a set of core competencies and skills for engaging effectively with the economy and society. A negative trajectory does not develop self-esteem and agency, and concludes with risky and or destructive behaviour such as teenage pregnancy, crime and violence, self-destructive health habits, and disengagement from society, all of which can lead to household poverty and lower economic growth (World Bank, 2006). With so much at stake, it is clear why youth development is an important economic development issue.

Youth constitute a high proportion of the population in low-income countries, especially in sub-Saharan Africa (SSA), where one third of the world's youth population is projected to live by 2050 (AfDB, 2016). These individuals represent an enormous opportunity and resource, yet creating the circumstances to realize that potential is a big challenge. For the next 15 years at least, the majority of youth in SSA and South Asia will live in rural areas (including towns and peri-urban areas).

Economic and social development requires youth to be able to find opportunities commensurate with their skills and abilities, allowing them to transition into stable livelihoods. This requires economic growth and diversification of the economy (economic transformation). In rural areas, livelihoods have historically been based on agriculture, but, as rural areas transform, this becomes less true. Economic growth and development in rural areas is inextricably linked to growth and development in urban areas. However, rural economies have special features which affect all economic opportunities, including those for youth.

The first step in developing effective youth employment approaches is to diagnose the economy and the employment opportunities, deriving a clear picture of how transformation is occurring and where the future opportunities will appear. In most cases, those opportunities will appear in the same sectors as in the past, with some shifts towards new sectors and emerging activities. Although increased educational enrolment has generated greater aspirations among youth and demand for better paying, more secure employment, the economies of most low-income countries are still structured around production by household farms and firms operating with limited outside labour. Successful interventions must operate within this reality.

The second step is to diagnose the youth-specific challenges within this economic landscape. For the most part, the youth-specific challenge – the challenge youth face that older adults do not – is entry into employment. Youth employment interventions should first diagnose and then address the actual constraints that youth face in accessing the specific segments of the economy where employment opportunities exist.

This paper reviews the economic development challenges that impede and constrain youth's transition into rural employment in low-income countries, and parses the evidence about what programmes and policies appear to speed that transition. The paper is structured as follows. In the next section, the conceptual framework of structural and rural transformation and its relationship to employment transformation and the economic opportunities of rural youth are outlined. In section 3, the elements of rural youth opportunities and pathways are discussed, with a specific focus on skills that youth need to

[1] This paper uses the United Nations definition of youth: ages 15-24 years.

be successful economically in rural areas, and how these skill demands change as the rural economy transforms. Section 4 discusses the evidence base for youth employment interventions in rural areas, assessing the quality of the available evidence. Section 5 concludes by noting that, while the rural-specific evidence base is not strong, there are lessons from the urban evidence base for those concerned with rural youth employment. Suggestions for further analysis on the predicaments and pathways of rural youth are offered.

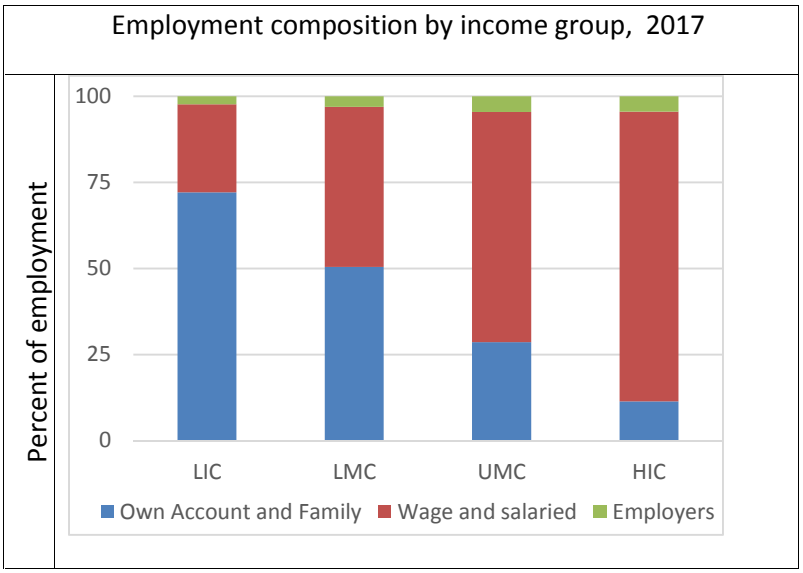
2. Conceptual framework: structural and rural transformation

Structural transformation is the process by which countries, markets and populations develop and transform into more productive and prosperous economies (Duarte and Restuccia, 2010). Starting from largely agrarian economies, characterized by low-productivity smallholder farming, the process of transformation is driven by productivity increases in agriculture, declining fertility rates, stronger rural-urban connectivity and diversification of the economy into non-agricultural sectors. Economic transformation encompasses both horizontal structural change, as resources move between sectors, and vertical structural change, as labour productivity rises within a sector. Both processes usually involve investment of more capital per unit of labour, adoption of better technology and more efficient allocation of resources. The rate at which countries can drive structural transformation to lift themselves out of poverty depends on several different factors, including geography and natural endowments, the accumulation of physical and financial capital, and the characteristics of their populations and labour forces. The pace of transformation and its characteristics help determine the types of economic opportunities available in the labour market.

Structural transformation means more production in enterprises, and less production in households. Demand for labour from the growing non-farm enterprise sector will increase in rural and urban areas. This labour will be supplied by (1) those about to leave school and enter the labour force and those in the labour force but unemployed; (2) those already in the labour force, engaged in home production (farmers who leave their land or cease other forms of self-employment) or engaged in agricultural wage labour; and (3) those not in the labour force who might be induced to enter it because of new earning opportunities. Movement of labour into enterprises, where wages are earned, is known as the employment transformation.

Structural transformation is thus seen in both output (productivity) and employment space. The structure of employment changes more slowly than the structure of output, because the modern firms must be created, and their creation requires more capital and know-how than household production. As a result, it is common to find that the proportion of agriculture in GDP has fallen to 30 per cent or less in lower-middle-income countries, while 60 per cent or more of the labour force is still working on farms (Timmer and Akkus, 2008), with another 20 per cent in household enterprises (HEs). Only in upper-middle-income and high-income countries does most of the labour force find work outside the household sphere of production in formal, modern enterprises or in the public sector, as wage or salaried labour (Figure 1).

Figure 1. Employment transformation takes place as countries develop



Source: World Development Indicators (World Bank, 2017), from ILO estimates (ILOStat, 2016)

The agriculture sector, and rural areas in general, are key pieces in transformation. In low-income countries, agriculture is the largest sector of employment and the largest sector of informal employment, and dominates rural economic life. Agriculture generates 68 per cent of rural household income in SSA, half of rural household income in Asia and 43 per cent in Latin America (Townsend et al., 2017). Agriculture is typically the lowest-productivity sector in developing countries, characterized by low-earning and vulnerable employment.

Agricultural transformation (within-sector transformation) arises when labour productivity on farms rises significantly, and it is critical for growth and poverty reduction. Increased productivity feeds the household, and allows some on-farm labour to move to more productive activities, either locally in the rural non-farm economy or in towns and cities. It is usually associated with commercialization of agriculture, as an increasing proportion of farm output is sold and as more inputs are brought in; more efficient input and product markets are therefore a key part of agricultural transformation.

Rapid agricultural transformation can speed up the overall pace of economic growth and transformation, by providing food to growing urban areas, and earnings from agricultural exports allow the import of capital goods for other sectors. Agricultural transformation creates additional jobs in agricultural supply chains both in provision of inputs and services and in processing, transport and storage of produce. These jobs open up in urban areas near farmers. As farmers spend increased incomes, new employment opportunities may be created in rural areas in providing the goods and services they demand. These effects provide rural households with more opportunities to diversify their income and to earn more. No country has significantly reduced rural poverty without agricultural transformation. However, the converse is also true: the speed and depth of structural transformation in urban areas affects rural transformation. A faster transformation pulls labour out of rural areas into cities through the continuous creation of higher-income employment opportunities, and creates local demand for agricultural production. Rural areas benefit from the urban infrastructure and development, enabling structural transformation such as improved ports, transportation links and trade facilitation, financial sector deepening, and development of economic institutions which enable contracts and reduce transaction costs.

The rate at which the output and employment transformations occur is affected by several factors. One is the speed of labour force growth. If the growth of employment in firms is much greater than the growth of the labour force, then the employment transformation will move with the output transformation, with a slight lag. For example, in Vietnam, labour actually moved out of the agricultural sector into non-farm employment (McCaig and Pavcnik, 2013). If the labour force is still growing rapidly (owing to slowly declining fertility, for example) then the employment transformation shown in Figure 1 will proceed more slowly, and the proportion of the labour force in household production will stay high, despite rising income, as in SSA (Fox and Thomas, 2016). Only if the growth in wage jobs weighted by its proportion in the labour force exceeds the growth of the labour force will the proportion of employment in non-wage jobs fall rapidly.

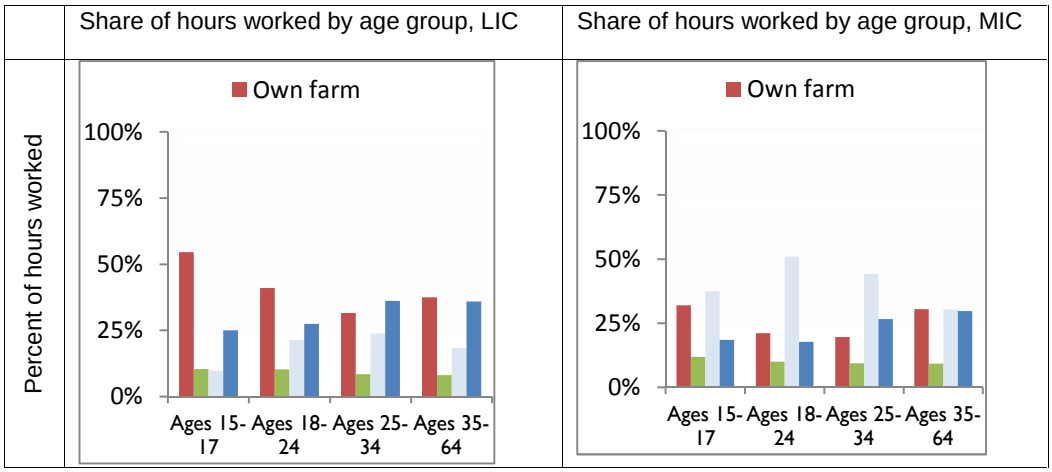
During the early years of the transition, urban areas create most of the stable wage jobs – that is, those that are full-time, indefinite and part of a subordinate and bilateral employment relationship, as opposed to temporary or part-time wage jobs, often called “casual daily labour”, such as construction or temporary agricultural labour. Urban areas, through economies of agglomeration, attract the capital needed to start and grow modern enterprises. In the early stages of transformation, rural labour supply without access to land either works in low-paid agricultural wage jobs or has to migrate to urban areas to seek wage jobs there. However, the entrance of modern agricultural processing and storage facilities gradually changes this landscape, creating deeper and more remunerative rural wage labour markets, higher returns to human capital and more opportunities for entrepreneurship in rural areas.

Underemployment – working less than full-time during a day, week, month or year – is a dominant characteristic of traditional rain-fed household agriculture, and leads to poverty and hunger. Agricultural and rural transformation reduces underemployment through increased access to agricultural inputs such as water and fertilizer, introduction of new crops and improved varieties, development of greenhouses or additional livestock/poultry activities, for example. Agricultural transformation also generates new off-farm and non-farm employment opportunities, as noted above.

Unlike in urban areas, however, employment transformation in rural areas takes place within the household production sphere. Family operations dominate farming for a long time, even as production is modernizing and commercializing. New non-agricultural opportunities appear either as farm-related businesses within an agricultural value chain (e.g. input supply, tractor hire, primitive processing) or as non-farm trading and service businesses, responding to demand from households that have more agricultural income. This non-farm, household-based economic activity initially happens in the household production sphere, alongside farming, helping to reduce seasonal unemployment or underemployment and raise incomes. As opportunities for full-time farming activity increase, households – or at least individuals within households – tend to specialize in one activity or another (although all households in rural areas will still grow a substantial portion of their own food). This phenomenon of adding income sources is called mixed livelihoods (or pluriactivity).

It takes longer for households to specialize than individuals within households. For example, in Ghana between 1992 and 2005, the proportion of agricultural income in total rural household income dropped from 71 per cent to 55 per cent, and the total number of income sources among households dropped as well, indicating that specialization had started (Davis et al., 2014). In Asia, the abundance of water and irrigation systems, combined with green revolution technology, brought on this specialization among land-owning households, while the development of food processing and other upstream and downstream economic activities offered new non-farm wage and self-employment activities. For example, in Vietnam, the proportion of agriculture in total rural household income fell from 57 per cent in 1992 to 39 per cent in 2002; during the same period the proportion of non-agricultural wage income rose from 11 per cent to 38 per cent. In SSA, rain-fed agriculture still dominates, so agricultural activity and employment continue to be seasonal, mixed livelihoods predominate and specialization has been slow.

Figure 2. Mixed livelihoods dominate the employment portfolio in rural areas



Source: Authors' calculation from IFAD's tabulation of household survey data based on full-time equivalents (FTEs).

LIC: Ethiopia, Malawi, Nepal, Niger, Tanzania

MIC: Bangladesh, Cambodia, Indonesia, Mexico, Nigeria, Peru

Economic geography conditions the pace of rural transformation, and what types of economic opportunities develop. Transformation happens first in areas with good land, and areas closer to urban centres. Good land raises the return from more productive inputs, land improvement and use of machinery. Proximity to urban areas means better and more efficient markets, and demand for higher-value products and processed food. This in turn encourages the development of more efficient and productive value chains through investment by urban entrepreneurs (e.g. cold storage, processing and packaging). Meanwhile, remote areas tend to transform slowly, if at all, because of a lack of connective infrastructure. Often the best opportunities require temporary or permanent migration.

These forces – agricultural and rural transformation, urban growth and structural transformation, and economic geography– affect the development of economic opportunities for everyone. When new opportunities arise, they do not discriminate by age. Nor do limited opportunities for employment in remote areas with poor soils – everyone suffers. Agricultural and rural transformation is thus a necessary condition for employment transformation and for better opportunities for youth, their parents, and their children. The youth employment question in rural areas is: what forces help or hurt youth as they try to seize these opportunities and develop a sustainable and satisfying livelihood in rural areas? This is the topic of the next section.

Box 1. Measuring economic activity – the full time equivalent

In aggregate statistics such as the distribution of employment used in national accounts, someone who reports employment is assigned to one sector, even if they work in several sectors over the month or year. This is a particular problem for understanding rural employment. Many people in rural areas report their primary activity as farming, even though they spend a substantial time engaged, and making money, in other activities off the farm and outside primary production, such as agroprocessing or retail trade. As a result, the proportion of employment in agriculture tends to be overstated, as does the productivity of that labour when based on national accounts data (McCullough, 2017).

To correct for this bias, detailed data from household surveys on economic activities over the year for everyone who is economically active were used to tabulate employment. These data were tabulated using full-time equivalents (FTEs) as a denominator. FTE data describe employment based on a 40-hour work week, five days per week, 51 weeks per year, in order to calculate the proportion of hours worked in each activity by each age category. FTEs are computed at the annual level, by dividing the total number of hours worked during the year by the full-time labour availability (2016 hours), to control for seasonal underemployment.

3. Youth opportunities, constraints and pathways

The youth-specific employment challenge – the challenge youth face that older adults usually do not – is entry into employment. In rural areas, given the shortage of full-time regular wage jobs, the real challenge for youth is livelihood development – usually gaining a foothold in a self-employment activity in the informal sector, either in farming or in non-farm household businesses. This means finding an economic opportunity and exploiting it. To do this, youth need to know about opportunities and how to enter them, as well as having the means to enter. As in urban areas, this may require skills and know-how (e.g. literacy, numeracy, problem solving, how to build networks and relationships), start-up capital, and, unique to rural areas, land. In addition, youth need to be able to access programmes designed to help farmers of all ages. Thus, the key questions are:

- Are there characteristics of youth which limit their capacity to take advantage of improvements in the enabling environment for business and earnings in rural areas and towns?
- Are there types of programmes to raise earnings which exclude youth, or make it difficult for youth to benefit? If so, why?

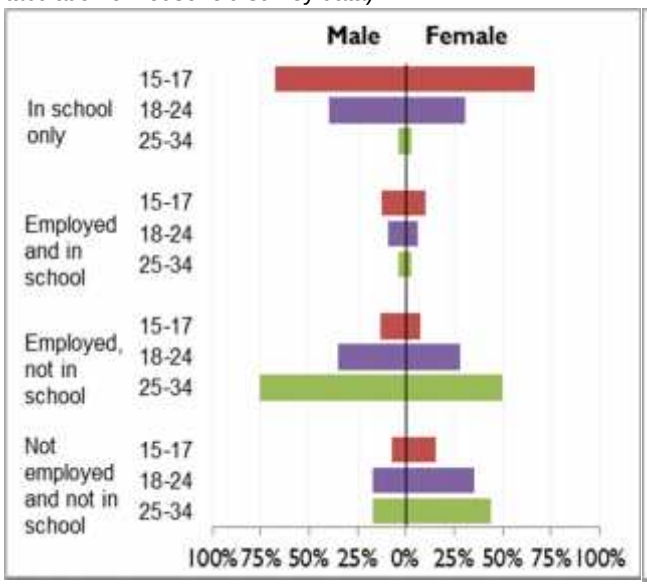
In many cases, the extent of the constraint and its impact on opportunities differ by gender and by economic and social class. This heterogeneity is not explored in this paper, but it should be considered within country contexts.

3.1 Education and skill development

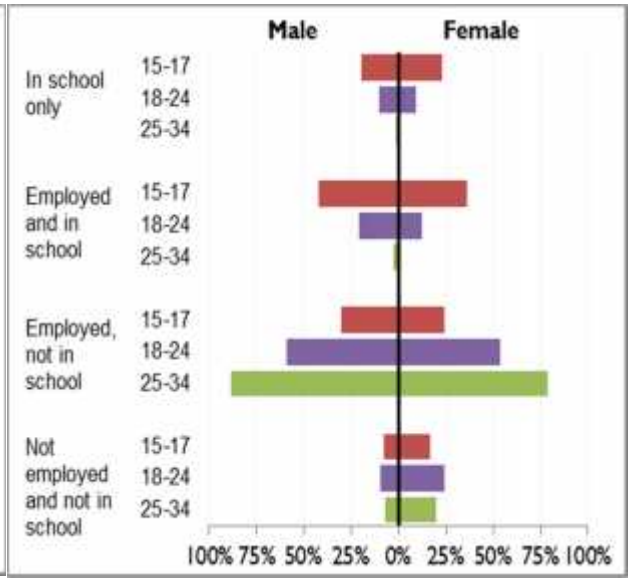
Most people enter the labour market in earnest after leaving school. In rural areas, this transition may be more gradual, as children and youth start working on the farm at an early age, usually while going to school (Figure 3). This continues more often in rural areas than in urban ones even as countries develop. Often youth must combine activities to earn money to pay for school. For example, in Uganda, 34 per cent of males and 32 per cent of females nationwide aged 15-24 reported that they were attending school, but working as well during some part of the year. Late enrolment, more common in rural areas, where students must travel longer distances to school, plays an important role

as well. For example, the Young Lives study reports that over 50 per cent of study participants born in 2001 in Ethiopia were over the age for their grade, and 40 per cent were over age in India. [2]

Figure 3. The transition out of school and into work is gradual (source: author's calculation from IFAD's tabulation of household survey data)

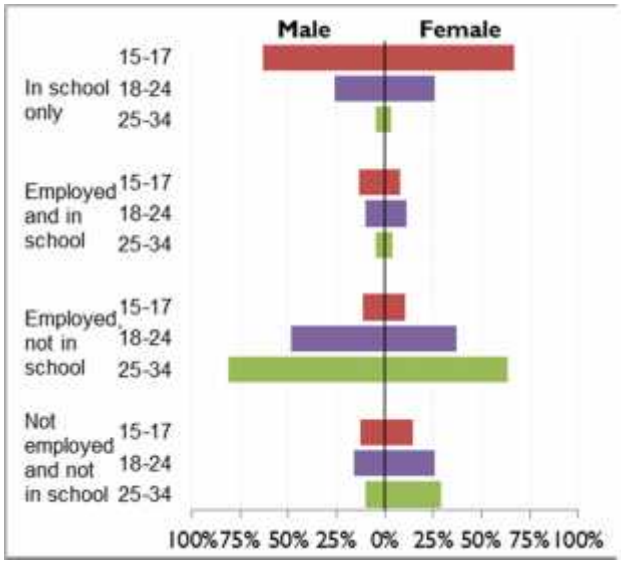


Urban, LIC

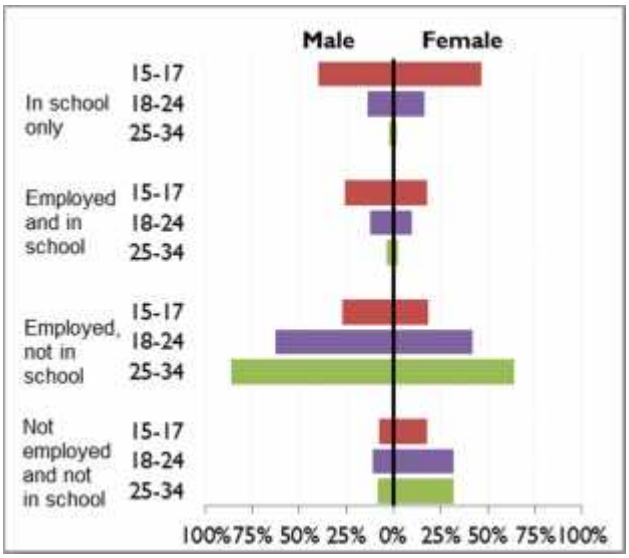


Rural, LIC

LIC: Ethiopia, Malawi, Nepal, Niger, Tanzania, Uganda. Data shown as a percentage of age and gender group.



Urban, MIC



Rural, MIC

Source: Authors' calculation from IFAD's tabulation of household survey data. Data shown as a percentage of age and gender group.

LICs, low-income countries: Ethiopia, Malawi, Nepal, Niger, Tanzania, Uganda.

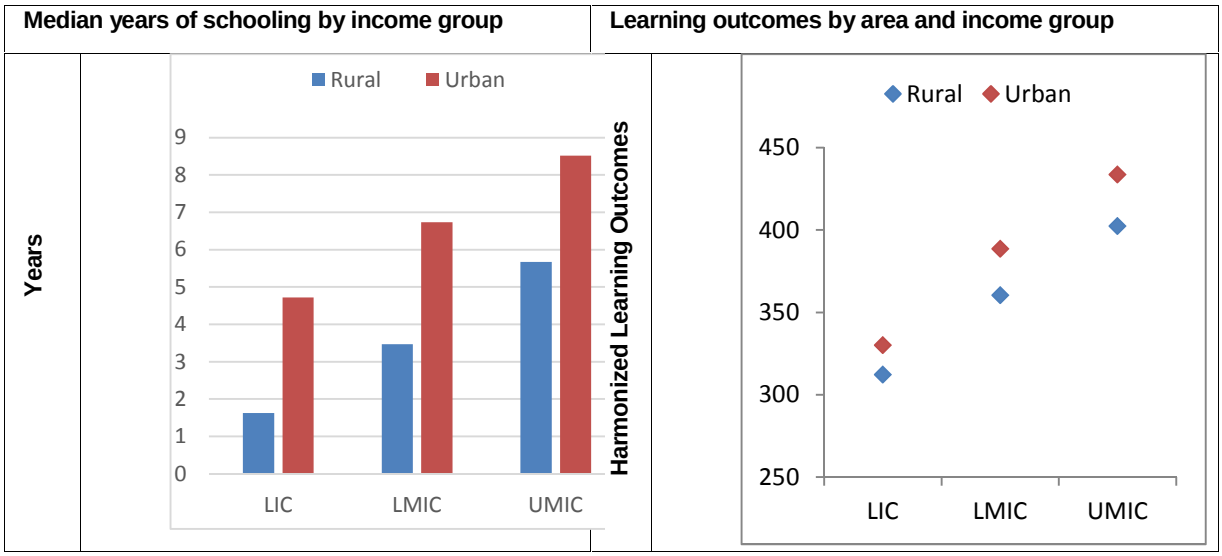
MICs, middle-income countries: Cambodia, Nicaragua, Nigeria, Mexico, Peru. Data shown as percentage of age and gender group.

[2] Calculated from online data. See https://www.younglives.org.uk for data, results and publications.

In the 25-34 age group, most males have started working, although a small proportion report neither working nor being in school. At 25, they may not be working full-time, however, as figure 5 below include anyone who reported working any hours during the last 12 months as in work. Young women of all ages are more likely to report being out of the labour force. This is not surprising, as these are prime childbearing and child-rearing years for young women, but the percentage in the youngest age group that report being out of school is unfortunate.

Rural youth in developing countries today are more educated than their parents, but educational attainment in rural areas remains substantially behind urban levels (Figure 4). In part, this represents a legacy effect; education expanded first in urban areas, and then in rural areas. However, even among the population aged 15-24, those living in urban areas are more likely to be continuing their schooling and are more likely to complete secondary education. Richer countries, and more transformed countries, have a lower rural-urban gap in educational attainment.

Figure 4. Rural education outcomes lag behind urban ones



Sources: years of schooling – DHS Statcompiler, most recent year; educational outcomes – Patrinos and Angrist, 2018)

Data on LICs exclude rural for Niger, Mali, Chad and Democratic Republic of the Congo

The gap in actual learning in rural areas is substantially higher because of the poor quality of education that rural schools provide. In low-income countries, the quality of education in both urban and rural schools is very low. There are also learning gaps between males and females in developing countries, but in the richer and more transformed countries these gaps narrow.

3.2 What skills are needed to enter into and be successful at rural economic activities?

At the early stages of rural transformation, most rural occupations are classified as unskilled (skill level 1) in the International Standard Classification of Occupations (ISOC; see ILO, 2012), as they involve simple or routine physical or manual tasks: use of hand-held tools, lifting and carrying materials, sorting and storing, all by hand, or picking crops by hand. They require few cognitive skills: at most basic numeracy or literacy skills developed through attending or completing primary education.

Only a few rural occupations would be classified as medium skilled (ISOC level 2) at early stages of rural transformation. These include driving a truck or other vehicle, operating or repairing electrical or mechanical equipment, or ordering and/or storage of information. These occupations do require

education, in some cases completion of lower secondary schooling, as more advanced numeracy and literacy skills are required to read and follow instructions; communication skills may be also required, as well as trade or craft skills. These occupations are more likely to be found in the non-farm sector, and include drivers, mechanics (basic), tailors and dressmakers, welders, hairdressers and clerks.

As the transformation proceeds, economic activities such as commercial farming and off-farm processing start to require skills learned in secondary education (higher-level numeracy and literacy; problem solving) to use modern inputs and meet quality standards required by downstream economic actors (processors or exporters). Occupations classified at skill level 3 (high skilled) and level 4 (professional), rarely found in rural areas during the early years of the transformation, become more important as well, as demand increases for teachers, factory technicians and managers, veterinarians and other skilled agrifood specialists. Demand for these skills grows as value chains and markets transform.

Despite the low skill requirements of many rural activities, lack of learning still disadvantages rural youth, as they do not acquire the cognitive and socio-emotional skills needed for success as the agricultural system transforms and the economy modernizes. Research has shown that the cognitive skills developed in basic education have high returns in agricultural transformation, as they contribute to increased use of technology in agriculture (Foster and Rosenzweig, 1996) They are also helpful for changing sectors to non-farm activities (Estudillo et al., 2008) and have high returns there as well. Some cognitive skills normally acquired in primary school seem to be more important than others. Laajaj and Macours (2017) found that farmers' reading skills were not correlated with maize yields in rural Kenya, but scores on a timed arithmetic test were. Transformation of agricultural value chains increases the demand for educated labour in rural areas in support functions such as agricultural extension and quality inspection. Wage jobs in urban areas generally require some secondary education as well (aside from pure "brawn" jobs such as carrying items or other forms of casual labour). As production becomes more capital-intensive and quality standards rise, education requirements for urban jobs rise even higher. Lack of education thus hinders youth who may wish to migrate to urban areas for wage work.

Education enables the attainment of other skills important for starting a business and earning income. Research in developed countries on the importance of socio-emotional or "soft" skills found them strongly linked to employment and earning outcomes (Heckman and Kautz, 2013). New research is emerging on the importance of these skills for self-employment and microenterprise outcomes in developing countries, including rural areas. For example, Campos et al. (2017) found that teaching Big Five socio-emotional skills (a standard taxonomy developed by psychologists in the 1960s; see Box 2) applied to business (including customer service and negotiation skills, and persistence) had a positive effect on the profits of household and micro-businesses. Montalvao et al. (2017) found that, in Malawi, soft skills such as perseverance increased the probability of adoption of a cash crop and the use of productive inputs including extension services. Laajaj and Macours (2017) found that commonly used measures of the Big Five correlated with maize yields among farmers in rural Kenya, although they also found high non-sampling measurement errors in their socio-emotional skills questionnaire, indicating that the Big Five may be a poorer measure of socio-emotional skills in this population (and probably in other less educated rural populations).

When asked about the skills youth lack, employers' biggest complaint in Africa is the lack of socio-emotional behavioural skills (Filmer and Fox, 2014). While most research covers urban employers, research in Nigeria among employers in the agrifood value chains indicates it is a problem in rural areas as well (Adelaja et al., 2018).

> *The key characteristics that hinder employers from hiring youth are (a) the poor attitude of youth to work generally, and particularly to work in agriculture, and (b) lack of required skills and illiteracy. Attitudinal factors perceived by potential employers that make youth unattractive to hire include a lack of initiative and indecision, unreliability, immaturity, poor integrity, and low morals. Employers also described some youth as overly ambitious and suffering from "quick money syndrome," lacking the patience and commitment needed to succeed as employees.* (Adelaja et al., 2018, p. 8)

Similar responses were elicited from employers in rural Tanzania (Tschirley, 2018).

Good pedagogical methods in schools help can help teach these skills; they can also be learned at home and in the community. Other socio-emotional skills useful for earning a living in rural areas are planning, networking and relationship building. It is not necessary to have developed all these skills prior to entering the labour force. While the work of Heckman and his collaborators has focused on the benefits of developing these skills in the first five to seven years of life (hence the focus on early childhood development and school readiness programmes), more recent brain research and psychological testing indicates that social and other socio-emotional skills can be learned at least up to the age of 30 (Bertrand et al., 2013).

Box 2. Socio-emotional skill measurement: how universal are the Big Five personality traits?

Developed by psychologists in the 1960s, the Big Five models a set of personality traits (behaviours) that have been shown to correlate with academic success and earnings. [3] The five dimensions have been shown to contain most known personality traits. The structure was developed using a set of questions about a person's usual behaviour in various settings (the Big Five Inventory, or BFI), and factor analysis was applied to group the behaviours. The five factors are:

- openness to experience (inventive/curious versus consistent/cautious)
- conscientiousness (efficient/organized versus easy-going/careless)
- extraversion (outgoing/energetic versus solitary/reserved)
- agreeableness (friendly/compassionate versus challenging/detached)
- neuroticism (sensitive/nervous versus secure/confident)

Note that less is better on neuroticism. It is sometimes called emotional stability to indicate a positive trait like the others.

The BFI has been translated from English into 28 languages and tested successfully all over the world (Schmitt et al., 2007). Some differences have been found across cultures in the median response and the variance. For example, people from East Asia are on average less open than those from North America in cross-country tests (Schmitt et al., 2007). However, researchers have found that the BFI and the structure hold up among urban populations around the world, across a range of cultures and societies.

There are situations where the BFI may not hold up, for example in traditional small-scale societies, far removed from modern urban culture and history. Gurven et al. (2013) tested the BFI in a group of indigenous and remote villagers in Bolivia and did not find all five distinct personality traits. They found that extraversion did not separate from agreeableness or openness, so they were able to identify only two factors: (1) a general prosocial disposition and (2) industriousness in the context of subsistence labour (Gurven et al., 2012, p. 365). They suggest that, in subsistence agriculture, there may be no payoff to inventiveness or curiosity, so this trait might not develop. Collectivist and or authoritarian norms may also limit the

[3] See Wikipedia (n.d.a.) for the history and a longer explanation of the different traits and how they are measured.

development of openness; gender-specific norms could deter females from developing this trait as well. Laajaj and Macours (2017) likewise found the separation among personality traits poorer, and also overall low reliability in standard quality checks such as test-retest correlations.

This evidence does not invalidate the Big Five as a typology, especially as related to the skill demands of a transforming economy and society. If the BFI approach were to become standard in employment-related studies around the world (such as evaluations), it would be easier to compare results and draw conclusions. The evidence on limitations, however, suggests that measurement needs to be done carefully. Some psychologists argue against the self-reported aspect of the typical BFI, especially in situations where the desired traits may be known, such as in a job interview situation. Psychologists continue to test alternative measurement approaches and, interestingly, the BFI is now being used by neurobiologists to study the genetic and biological determinants of personality, a fast-developing field.

Source: Wikipedia (n.d.a)

Socio-emotional skills are an example of tacit skills: ones that are learned through observation and practical experience, and impossible to transfer to another person by writing down or verbalizing, because they are not codified. These more intuitive skills are transferred through human interaction and practice and require personal contact and trust.[4] Often people learn (or at least develop) socio-emotional skills and demonstrate them on the job, including during job-related training. General youth development programmes focus on developing these skills, with some success (USAID, 2017). One reason internships are popular is they support tacit socio-emotional skill development.[5]

Industry-specific skills are often tacit skills as well, and usually necessary to enter a level 2 or above occupation. Examples include trade skills such as carpentry or plumbing, professional skills such as the practice of engineering, architecture or management, or medium-level skills such as machine operation and maintenance.[6]

Agricultural activities benefit from industry-specific tacit skills (Laajaj and Macours, 2018). These farming and animal husbandry skills are usually acquired by learning from family or the community. Extension programmes aim to expand these skills for specific crops or animals, and may involve some explicit (e.g. written or codified) knowledge as well. When new inputs such as seeds, pest control or fertilizer are introduced, private dealers may offer training to prospective local agents using written materials as well as demonstration and coaching to build tacit knowledge. This type of training relies on the development of both basic cognitive skills and the ability to learn from observation and practice.

Limited evidence suggests that youth, with higher education levels than older adults, have a better foundation to acquire specific formal and tacit agricultural skills, and actually benefit disproportionately from these opportunities, in part because one of the benefits of formal education is learning to learn – also a tacit skill. For example, when the Guatemalan agribusiness company Popoyan recruited and trained lead farmers to demonstrate the integrated pest management techniques that their products supported, half of those who were chosen and participated turned out to be under 24. Similar results were found in a USAID-financed programme in Nepal.[7]

[4] See Wikipedia (n.d.b) for examples and references. In some cases, the skills can be learned through observation and experimentation without human interaction, for example taking an engine apart and putting it back together by oneself, or learning a language just by listening.
[5] One hypothesis is that the opportunity to learn these skills is the main benefit of apprenticeships and internships; the technical skills learned may be secondary.
[6] Higher-skill occupations often require a combination of specific formal skills and tacit skills. For example, a licensed electrician needs to understand the science of electricity (a formal cognitive skill) and the practice of wiring a building (learned through practical experience).
[7] See USAID (2016) for these and other case studies.

Technical skills required for level 2 occupations (e.g. hair cutting, tool-making, machinery repair, construction) are usually learned in rural areas, towns and secondary cities through informal apprenticeships (Filmer and Fox, 2014). Youth usually access these apprenticeships through the community (word of mouth); often a fee is paid to the master for some of the training costs and, if accepted, the apprentice may be asked to work for some time under the master's direction as a condition of the training. There is limited evidence that in urban areas poorer youth may be priced out of this market (see Hardy and McCasland, 2017, on Ghana).

3.3 Other requirements: land and capital

Entering into farming (including animal husbandry) requires land. Increasingly, youth are finding this to be a constraint. Asia has been a land-scarce continent for decades, whereas Africa is only now entering this period. The chief obstacle for youth is the traditional community land tenure system, which does not facilitate land transfer, especially to rural youth (Jayne et al., 2018). Where land tenure and transfer systems have been implemented, it is often richer urban families who benefit by acquiring rural land as a portfolio investment (Jayne et al., 2018). In densely populated countries, especially those with higher fertility, land is simply not available, or plots have become very small and fragmented. As parents live longer (and farm until later in life) they do not transfer land to their children when the children are entering the labour force. This forces the children to work their parents' land (losing independence and decision-making authority), rent someone else's land (which may be of poor quality and/or far away) or abandon farming on their own plot. In Nigeria, access to land is a key determinant of youth engaging in farming, controlling for education (Adelaja et al., 2018). Lack of land rental markets in some countries exacerbates this problem, as youth are more likely to be able to rent land than to purchase it (Jayne et al., 2018).

Lack of savings exacerbates the barriers to youth starting up a household farm or firm. Rural areas tend to have weaker financial service options, making it harder for youth to save and borrow. Few banks lend for start-ups anyway; most require at least some savings from the owner to reduce risk. Interventions such as savings groups and microfinance have helped to fill this gap, especially by encouraging youth to save while they do wage labour or other activities. Evidence suggests that increasing the supply of formal and informal savings options does increase savings among people of all ages (Steinert et al., 2018). Mobile money, enabled by the rapid expansion of mobile phones, has extended the reach of both traditional banks and microfinance, enabling youth to save more safely than if the money is kept at home.

3.4 Economic networks and social capital

Networks and know-how are particularly important for urban youth seeking to land their first real job in a factory or business. For example, job seekers need to know how to present themselves to a potential employer: arrive on time, dress properly, be polite. They need to know how to find out about vacancies, what jobs they might qualify for with their skills (and what might be the benefits of skill upgrading), and what to expect in terms of hours of work, pay and benefits. They need perseverance – which sometimes means the funds to travel the city every day to seek information from formal and informal sources (Franklin, 2016). And they need to know whom to trust – which employers will engage in abusive relationships and which ones will be honest and pay the wages promised. As wage-earning opportunities expand in rural areas and towns with agricultural transformation, this local knowledge may become important for rural youth (although there is little evidence for this now).

While the type of know-how described above is not as important for start-up household farms and firms in rural areas and towns, similar types of tacit knowledge and skills are still relevant, as is trust. Knowledge about, for example, how to find out the prices in different markets, which suppliers are trustworthy and have the best products, how to get a market stall or a place to do business, or what delayed rains mean for a new seed variety, is necessary, and may be hard or easy for youth to

acquire, depending on their social capital or the traditions where they live. Everyone, including youth, relies on word of mouth within the community to learn about new programmes or initiatives, including how to access them. Finally, households in agricultural communities tend to rely on each other for economic support. This can take the form of farmers' cooperatives, savings groups or informal borrowing/insurance support.

These informal networks and institutions are especially important for youth seeking to establish themselves. Youth need to tap into these networks to start their own livelihood. Often this means having a mentor or patron in the village or town. Youth may have to depend on the mentor to mediate for them with local governments or traditional authorities.[8] Existing HEs and small business owners in rural Tanzania interviewed by Tschirley (2018) reported that youth complain about lack of financial capital, but in their view social capital is more important for youth.

Traditional leaders sometimes limit the participation of youth in community social or economic organizations, and youth can be sensitive to this. Traditions and practices can be a hindrance to youth's participation in rural income generation programmes, obstructing efforts to develop a livelihood. Social friction between youth and elder elites may prevent needed information transfer and assistance; gender discrimination often acts in the same way, or even multiplies the difficulties for young women to acquire tacit knowledge.

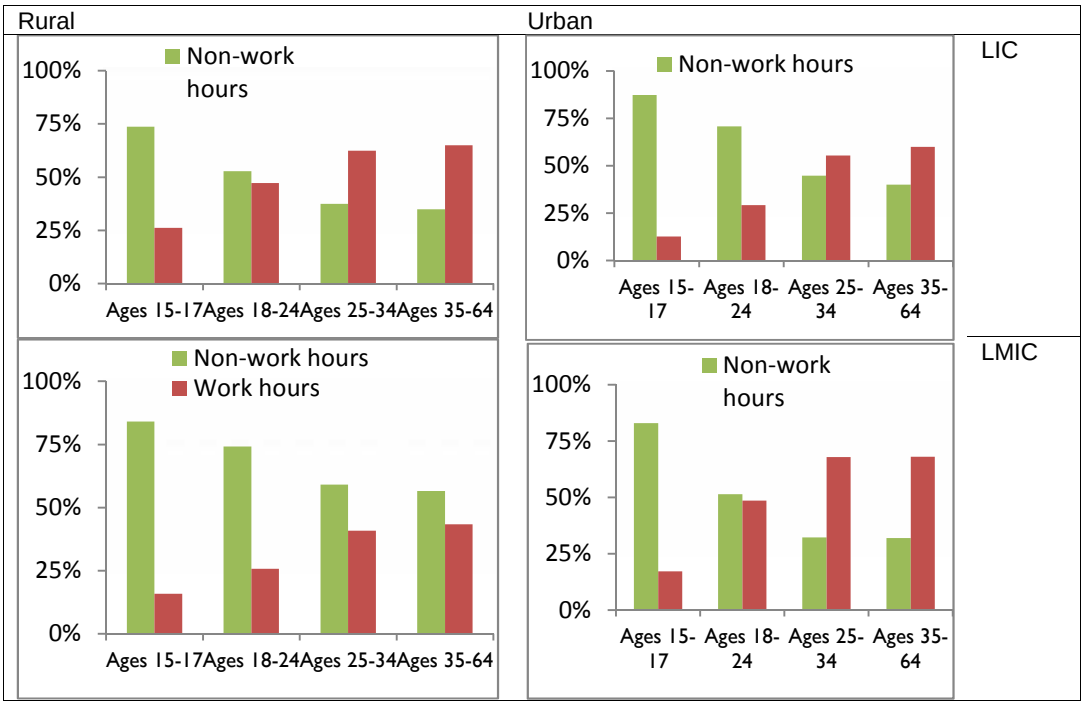
Agricultural extension is important for diffusion of new technologies. Most methods rely on a lead farmer or demonstration plot. Yet new evidence suggests that farmers learn the most from self-experimentation and from networks of those closest to them (peer-to-peer learning; see Kondylis et al., 2017). Social friction may cause youth to be excluded from programmes. To the extent that research on learning in rural settings focuses on demographics of programme effectiveness, it has looked at gender differences. Results highlight the importance of having women as extension agents to reach other women as well as to provide income-earning opportunities for women (Kondylis et al., 2017). Similar results may hold for youth, especially if their social capital is limited, but this research has not been done.

3.5 Making the transition to a rural livelihood

How do youth make the transition to a stable rural livelihood? What skills do they deploy, and how important are challenges such as weak skills, incomplete land markets, lack of financial inclusion, or social frictions and traditions? Actually, we know very little about youth pathways and how the economic forces described above affect them. We have some cross-sectional evidence from SSA that youth have different employment patterns from adults. Youth are less likely to work full-time (Figure 5), even when out of school. In richer countries, adults can find full-time employment, especially in urban areas. Figure 2 above shows that rural youth are more likely to be farming and less likely to have a rural non-farm enterprise than adults, perhaps implying that they need to make some money in farming or working as farm labour before they can open a business. However, it may also reflect a bias towards those with lower education (and therefore out of school during most or all the youth age range), who are less likely to have the skills to start a business. In other countries, where land is scarce (e.g. in Latin America), youth seem to be more likely to enter the labour force as agricultural labourers to build up capital for another livelihood.

[8] The MasterCard Foundation project Invisible Lives provides evidence on this point. See Williams (2017).

Figure 5. Youth report working fewer hours than older adults



Source: author's calculations from IFAD's tabulation of household survey data; students enrolled in school excluded.

LICs, lower-income countries: Ethiopia, Malawi, Nepal, Niger, Tanzania. LMICs, lower-middle-income countries: Bangladesh, Cambodia, Indonesia, Mexico, Nigeria, Peru.

Limited evidence about youth pathways indicates that youth are not very satisfied with their outcomes. Evidence from the School to Work (S2W) studies conducted under the auspices of the International Labour Organization (ILO), surveying people aged 15-24 years, indicate that rural youth have high aspirations for their future jobs, but the reality is much different, and as a result they are not very satisfied. Three-fourths of survey participants still in school at the time of their interview reported that they hoped to work in high-skill occupations (manager, professional or skilled technical), but only 12.5 per cent of those working reported that they were working in these occupations. In part, this result reflects the fact that those still in school were mostly completing secondary or in post-secondary education and thus were likely to attain higher qualifications than those youth who were out of school and working. Nevertheless, the gap is striking. A surprising number of the rural participants who were out of school and working in medium-skill (level 2) occupations aspired to higher-paying, higher-skill jobs as well. As a result, almost half of rural participants, and even more from upper-middle-income countries such as Jordan and Ukraine, wanted to change jobs, hoping for a better employment outcome (OECD, 2018).

A qualitative study of 240 rural youth in Ghana and Uganda (including activity diaries and interviews) documented the efforts youth are making to navigate their transition (MasterCard Foundation, 2017). They found that almost all youth were engaged somehow in family agricultural production, but did not get much income from it. For income, youth relied on odd jobs, including casual agricultural labour during peak times such as harvest and minding livestock, and odd jobs in someone else's informal business – helping out in the market stall at weekends, for example. Some youth had started self-employment businesses, but these were low productivity and low capital. In the words of one study participant: "I ride a motorcycle for hire. I also blast some stones, I do farming, I look after animals, and I do business. That is how it is. You earn money here and there" (MasterCard Foundation, 2017, p. 21).

Their key reported constraints were:

- In **agricultural livelihoods**, lack of access to land and capital, unstable markets and risk, including weather risks. Youth usually did not specialize, but rather grew food for their own consumption and one or two cash crops: fruits or vegetables or a traditional non-food crop. But they had no money to invest in upgrading their technology, and they perceived the risk to be too high to invest.
- For **self-employment**, lack of capital. Youth generally did not report a lack of skills, although this is not an indication that they had all the skills they need.
- For **wage employment**, lack of demand. Young women also reported discrimination in favour of men.

These constraints are mostly not youth-specific (e.g. lack of labour demand), but reflect the slow employment and agricultural transformation. Youth also noted the importance of a mentor or adult guiding them, suggesting that tacit knowledge and social networks are perceived to matter in their success.

Qualitative work in rural and peri-urban southwest Nigeria echoes these results (Adelaja et al., 2018). Youth described themselves as lost after leaving school. They did not know how to connect with employment and entrepreneurial activities, or how to signal to employers that they have the skills (cognitive and socio-emotional) that employers want. At the same time, youth with secondary degrees did not want to take unskilled farm jobs as a way to enter the sector. Whether taking a less skilled job really is a good pathway was not addressed in the research.

In sum, rural youth generally receive fewer years and poorer-quality education than their urban counterparts, but they usually have more education than their parents. Overall, this tends to help them in finding and taking advantage of new opportunities which emerge in the agricultural transformation. However, many rural youth are still not getting the education they need to be successful in the urban, full-time, regular wage job environment, or in a transformed agrifood system. There are limited data on the socio-emotional skills youth possess, but educational reviews as well as qualitative evidence suggest that youth are not gaining these skills in school (World Bank, 2018). If youth want to enter farming, land can be an obstacle. Lack of savings can be an obstacle to youth starting a business, and low financial inclusion in rural areas exacerbates this problem. Traditional networks can be a help or a hindrance to youth in acquiring tacit knowledge and building up the networks they need, whatever sector they enter. Limited qualitative evidence suggests that, in rural Africa, rural youth may undertake multiple activities before settling into one major one.

4. Youth needs and evidence base

In any developing country with a large youth population, one can find literally hundreds of individual programmes that target youth and promise employment outcomes. This is because, in many parts of Asia and SSA, the absolute number of youth entering the labour market is large and still growing, even if youth's proportion of the labour force is declining. For economic, social and political reasons, stakeholders (governments, NGOS, donors, communities) in lower-income countries fear the "youth bulge" and are increasingly looking for ways to improve youth employability and earnings. However, most of the programmes implemented are local, and reach a small fraction of youth seeking to enter the labour market. They often fail to scale beyond a local area because they (1) are implemented by a charismatic leader who has learned by doing, and thus do not have a scalable approach, or (2) are too expensive to bring to scale. While many programmes track and report programme outputs and outcomes, few have been rigorously evaluated to really test programme impacts. Even fewer have

rigorously evaluated the constraints on employment and economic opportunity locally, and checked to see if these are indeed youth-specific.

Of the larger programmatic interventions to help youth enter the labour force or secure a better job that have been rigorously evaluated, almost all have taken place in urban areas. This is primarily because idle urban youth have been an important political concern, and idleness is believed to be more common in urban areas than in rural ones. Meanwhile, of the rural programme interventions to improve employment outcomes that have been rigorously evaluated, most tend not to target youth, or to address youth-specific constraints, and do not report age-specific data on participants. As a result, the evidence base, on both rural youth needs and what works to help them attain a stable livelihood, is weak. This section discusses what is known about the success of programmatic interventions for youth employment, and how this applies to rural youth.

The majority of studies in the youth employment impact evaluation literature (and the range of programmes being implemented) focus on helping youth enter wage employment. Project design has assumed that wage opportunities exist which are not being filled and the problem is with the characteristics of youth. Interviews with potential employers do highlight youth's lack of experience in a stable job as an issue when they start working. However, it is not clear that there are a lot of entry-level job vacancies for youth without high levels of education – completed secondary, for example – or that these entry-level vacancies go unfilled for months at a time. Surveys of employers do find shortages of trained engineers, for example, or trained health workers, but these are not the skills that most youth gain even if they do attend post-secondary education. Youth with IT skills are also in demand in developing country labour markets. But firm surveys rarely find shortages of candidates for entry-level jobs on the factory floor, or in retail or other service sectors.

What studies do find is a shortage of wage jobs relative to the number of youth who want them (OECD, 2018). This is a structural problem, as discussed above. Poorer countries are poor in part because of the shortage of enterprises producing goods and services. This means that not everyone who wants a wage job could possibly get one. Programmes that succeed in placing youth participants in jobs may have simply excluded someone else from the stable wage job sector (displacement – see French example at the end of Box 3 above). This is what happened in Uganda, when a youth employment programme evaluated with an experimental design sent participants to a special vocational training programme. Endline data showed that the participants had higher earnings than their control group, but also that the manufacturing firms that hired them would have hired someone else anyway. This means that the training programme succeeded in building the human capital of the participant, probably allowing them to get higher wages on entry, but did not create any new jobs, so someone else lost an opportunity.

Box 3. Why use impact evaluation research to understand the effects of employment programmes?

Attributing outcome changes observed among a group of people to their participation in a targeted programme (i.e. concluding that the programme caused or contributed greatly to the outcomes observed) requires two key conditions to be satisfied:

1) Other possible causes (e.g. economic growth or other exogenous factors) for the observed participant outcomes must be excluded. For example, if most participants in a youth employment project got a job afterwards, was that because of the project, or was it because of overall economic growth, which created more job opportunities?
2) It must be known what participants would have achieved if the programme had never been available (called a counterfactual). Observed participant outcomes may be related to unobservable differences between themselves and other members of the target population. For example, are those youth who were selected to go to a highly selective college such as Harvard the same as all college-bound youth? Presumably not, so the fact that Harvard graduates earn high incomes cannot be attributed entirely to the Harvard education. This is called selectivity bias.

Experimental research strategies, increasingly involving randomized control trials, have been developed to address these problems.

The essence of an experimental technique is the treatment and control groups. After a target group is identified, random allocation means that the group of people who get the treatment will be very similar in other aspects of their lives to those who do not (the control group). Because of this, any subsequent differences between the two groups will very likely have been caused by the treatment alone. Both the effect of the external environment and the specific unmeasured characteristics of the participants can be excluded as factors causing the result.

Impact evaluations have shown much lower benefits from training programmes designed to create positive employment outcomes than were found using non-experimental methods such as participants' satisfaction measures or observational research techniques. For example, regression analysis for a population in western Kenya showed high returns to vocation training. To check these results, researchers found youth in the same area who wanted to go to vocational training. Half of these were provided with vouchers allowing them to attend the vocational training programme of their choice (plus a stipend to help finance their expenses such as travel and food), and half were told they did not win the voucher lottery and were sent home. Even after seven years, there was no difference in employment or earnings outcomes between those who received the vouchers and those who did not (Hicks et al., 2015). This implies that the positive return to vocational training found in the regression estimate was probably completely attributable to their unobservable characteristics, not the vocational training. In other words, it was mostly a selectivity effect.

Impact evaluation evidence does have shortcomings. The two most notable ones are external validity and general equilibrium effects. External validity issues arise from multiple sources.

- Is the group included in the experiment somehow different from the general population? Such differences can be both an advantage and an intended feature of the programme. Programmes seeking to encourage entrepreneurship, for example, are more effective when participants have an entrepreneurial ability or mindset and will recruit such people. However, just from the fact that these participants benefit, it is not possible to conclude that the average person would benefit from an entrepreneurship programme.

- Is the situation unusual? A rigorous RCT evaluation showed strong results when youth in post-conflict northern Uganda were given a grant to purchase vocational training and equipment to start a business. Could this result be explained by the fact that the economy was rebounding after a long period of decline and there were more opportunities for business start-ups to be successful? Would youth groups in other parts of the country, which did not have the same economic climate, show similar good results given the same intervention? The impact evaluation cannot tell us the answer; the intervention and evaluation would have to be repeated in a different setting (or several different settings) to know the answer.

- Another external validity issue is if the programme implementers are somehow different from the general population of implementers. Evaluations done by academics, for example, often use graduate students and NGOs as programme staff rather than public employees or local hires. The strength of the results may depend on the special characteristics of the staff used in the evaluated programmes and may not be generalizable to a locally operated or national public programme.

A second serious problem is the general equilibrium effect, which in employment programmes shows up as displacement. Youth in the treatment group might get better results than the control group, but not because the intervention created more jobs (or filled jobs that would not have been filled). The intervention simply pushed those youths in the programme to the front of the queue for jobs. If all youth got the treatment, then nobody would benefit. Crépon et al. (2012) showed that this was exactly what happened in France in a youth employment services programme: the more youth participated, the lower the employment rate.

Most impact evaluations of youth training programmes for wage employment do not look for this displacement, so we do not know how big the issue is. What we do know, however, after 10 years of evaluating these programmes is that:

- employment outcome success (earnings, formal employment) relative to control group tends to be small;
- significant success happens only about one third of the time – which may reflect heterogeneous quality, heterogeneous participants or lack of need; and
- success fades over time (e.g. after about three years the control group catches up), suggesting that these youth training programmes are indeed more about giving one set of job seekers a boost in the labour market – which is mostly displacement – than about raising productivity or creating new employment.[9]

Why are results so mixed from these programmes? Poor basic education systems may be part of the answer. In SSA and South Asia, even secondary school graduates have not mastered key foundational cognitive skills, and school systems do a poor job of teaching socio-emotional skills that matter for employment and earnings. One hypothesis is that vocational programmes that do not address these deficits may have less success teaching industry-specific skills; programmes that do address these deficits (through internships or other on-the-job learning programmes plus mentorships) are more successful but at a high cost. This would also explain why “comprehensive” programmes that address a variety of skill deficits are more successful – but also more expensive. Costs range from

[9] These conclusions, and the evidence underlying them, are further developed by Fox and Kaul (2018). It should be noted that shortening job search time does have value. The question remains, at what price?

US$1,500 to US$5,000 or more per participant, a lot of money in a country where the per capita income is only US$1,000 a year or less. There might be cheaper solutions, such as keeping students in school longer and improving instruction, or after-school programmes for socio-emotional skill development and information about opportunities.

Another hypothesis is that urban labour markets are already doing a good job of matching employers and job seekers (McKenzie, 2017). It is just that, in many countries, there are too many job seekers relative to the number of firms. In other words, the real issues relate to economic policies which do not encourage new firm entrance and expansion to create jobs, and to lack of capital from domestic or foreign sources for productive investment in labour-intensive production of goods and services.

An additional wrinkle is that many firms do train new entrants in needed industry- and sector-specific technical and vocational skills. They are also happy to have someone else do it for them, in part because it ensures that no firm can shirk paying this cost. In this case, cooperative arrangements among firms to boost the supply of trained workers could be helpful, combined with regulations that permit the payment of a training wage or similar type of contract. Firms have reported that they use attendance at technical and vocational training (TVT) programmes as a signal that potential workers might be interested in the jobs on offer, and more likely to stay in the job, justifying the training with which a firm would provide a new employee.

Impact evaluations have also researched the effectiveness of interventions to help youth enter non-farm self-employment (Fox and Kaul, 2018). Although most of these studies also focused on urban programmes, these results may have more relevance in rural settings. Most programmes were supply-driven, meaning they did not do a serious investigation of the key obstacles not related to individual characteristics. Evaluations usually focused on a specific outcome, and did not measure intermediate results such as skills learned.

In terms of skill development, programmes have focused on:

- remedying deficiencies of rural basic education programmes (or increasing household demand for these programmes) to develop cognitive skills;
- development of socio-emotional skills through positive youth development (PYD) or “soft skills” components of technical skills programmes; and
- development of industry-specific skills – technical and business skills.

Programmes have also tried to address the savings/credit constraint through savings groups and cash grants. Table 1 provides a summary of the available evidence; see Appendix below, and Fox and Kaul (2018) for details on studies.

Table 1. Summary of evidence on interventions to help youth enter employment

Constraint	Possible interventions	Evidence on success
Lack of foundational cognitive skills	Second chance education for out-of-school youth	*Effective:* Mixed outcomes depending on quality, but generally recommended
	Programmes to prevent dropout – conditional cash transfers; messages and information campaigns targeted at parents; community programmes to support/encourage young women to stay in school	*Somewhat effective:* Cash transfers show some success; also information and messages to parents If school of too low quality, these programmes have little impact on learning
	Programmes to improve quality of public education, such as extra tutors	*Promising:* Countries have had trouble identifying and scaling up successful interventions[10]
Lack of socio-emotional skills	PYD programmes including mentorships; after-school programmes for young women	*Promising* Broad evidence on building skills and on non-employment outcomes Limited evidence on youth employment outcomes; quality is an issue After-school programme for adolescent females successfully encouraged employment in Uganda; other important outcomes as well (see below)
Lack of industry-specific skills	*Farming:* Range of extension programmes; quality and outcomes vary[11] Programme to help youth re-enter farming after period outside rural area *Non-farm*: Vocational training; help private firms train on products Business skills: financial literacy training	*Promising:* Programmes to help youth re-enter farming by teaching skills, providing inputs (effective with ex-combatants in Liberia) Use effective extension to reach youth with new technology Connect private-sector input companies with rural youth *Not effective:* Traditional vocational training produces few results; not clear programmes are appropriate for rural areas Business skills training not well evaluated in rural areas; urban evidence suggests may not be effective but short, practical courses best
Lack of land	Few formal programmes to help youth acquire land; none have been rigorously evaluated	*Promising:* Overall efforts to improve land tenure and land rental and transfer markets

[10] See Kremer, Brannen and Glennerster (2013): https://science.sciencemag.org/content/340/6130/297.full?ijkey=tg1ax.4Tmcjac&keytype=ref&siteid=sci.
[11] See Abdul Latif Jameel Poverty Action Lab (2018a) for a non-youth-specific discussion of what works in agricultural training.

Constraint	Possible interventions	Evidence on success
Lack of savings/start-up credit	Microfinance; savings groups (VSLAs); cash transfers	E*ffective:* Microfinance does help people save and start businesses; cash does as well Expansion of access to cheap formal finance led to more savings in rural Malawi Provision of cash grants in urban areas in Africa and in rural Nicaragua were effective in helping youth start own HE *Not promising*: VSLAs; neither microfinance nor VSLAs have youth-specific evidence Overall, access to credit has little impact on smallholder incomes[12]
Lack of networks	Some PYD programmes have addressed	*Promising* but no clear evidence
Lack of social capital/inclusion	Youth inclusive or youth-targeted rural development projects After-school programmes for adolescent girls	*Promising* but no evidence; context matters *Effective*: After-school PYD programmes for adolescent girls in rural Uganda increased agency and ambition, improved reproductive health and helped develop networks at a low cost.

VSLA:village savings and loan association

Skill development programmes have mixed or uncertain results. Programmes to remedy basic educational deficits – for in-school youth or out-of-school youth – sometimes succeed in realizing this objective, but subsequent employment and earnings outcomes have not been measured. Programmes to develop socio-emotional skills (including networks and an understanding of opportunities) have also realized results in this area, but rarely measure subsequent employment outcomes either (USAID, 2017). These are usually the cheapest programmes; one famous programme run by the organization BRAC in rural Uganda for adolescent females cost less than US$100 per participant and delivered excellent results, including on employment outcomes (Bandiera et al., 2014). In urban Uganda, the Educate! programme in secondary schools also succeeded in developing business-related socio-emotional skills, including leadership skills, and achieved employment outcomes (primarily self-employment or MSE). As noted above, traditional TVET programmes have had poor results. One programme to teach ex-combatants farming in rural Liberia did succeed (in terms of employment and earnings outcomes); this approach needs more testing. Finally, there is a general narrative that youth (and other self-employed people) need business skills. Evidence for this narrative is weak, in that most programmes of this type have not had an employment or earnings effect.

Alleviating capital constraints seems to have the best results for helping youth start a non-farm business.

Multiple programmes providing cash to youth to start a business have shown positive results in urban and peri-urban areas. In Nicaragua, cash was combined with a one-day business plan training course; other programmes did not include this component but had good results. Medium term follow-ups do suggest that outcomes from pure cash interventions fade over time, so cash should be thought of as a

[12] See Abdul Latif Jameel Poverty Action Lab (2018b).

boost rather than a silver bullet. Evidence shows that microfinance also helps people start businesses, although it does not help them expand (Banerjee et al., 2015).

Impact evaluations research has also addressed the question of what works to raise smallholders' earnings, including effective extension techniques and credit. As noted above, none of this research has focused on youth populations, but some insights can be drawn. Importantly, peer-to-peer learning has emerged as one of the most effective ways to pass on information and teach tacit skills. This suggests that there may be scope for youth-specific interventions. The results from impact evaluations of schemes to increase credit to smallholder farmers indicate that these schemes are less effective, implying that credit is rarely the binding constraint. However, this research and the projects analysed have not targeted youth. Youth-specific farm credit interventions might be worth testing if this is indeed a youth-specific constraint.

The dearth of research on the impact of programmes to help rural youth develop stable livelihoods could be interpreted as evidence that such programmes, and research on their impacts, are needed. However, another interpretation of the research on both non-youth-targeted programmes for farmers and youth-targeted programmes for non-farm livelihoods is that we already know a lot.

- Evidence suggests that technical skills are not the biggest obstacles to youth entering employment in low-income countries. In head-to-head trials, cash seems to win out over technical and vocational education. If they know how to learn, and have adequate socio-emotional skills, youth (and adults) can learn technical skills on the job, through private-sector training or informal apprenticeships. This may be why technical programmes for youth mostly do not have much impact in urban areas.
- We do know that basic, transferable cognitive and socio-emotional skills are critical as the agrifood system transforms, and they earn positive rates of return. Anecdotal evidence outside Organisation for Economic Co-operation and Development (OECD) countries, and studies inside OECD countries, show that mastery of these skills increases development of industry- and job-specific skills.
- The rural basic education system performs poorly in many low-income and lower-middle-income countries. Attainment and learning outcomes lag behind, to the detriment of rural youth. This situation needs urgent action.
- Community-based youth development programmes of various types have had positive outcomes on variables related to employment and earnings, including educational attainment, health outcomes, positive attitude and good mental health, empowerment and agency, and networks and social capital.
- Targeted approaches seem to work when peer-to-peer learning is effective (e.g. extension or other agricultural training).
- Specific norm-related or culture-related constraints cause social frictions and affect the opportunities of young women. Separate, female-only, socio-emotional skill development and mentoring support is probably warranted in most cases.

Ineffective youth-targeted programmes have an opportunity cost. If it is not possible for a government or donor to spend money on effective skill-building programmes in rural areas, such as increasing the quantity and quality of primary and secondary education and ensuring retention through completion, addressing other rural income-generation constraints could be the most effective intervention. After all, youth and their parents need roads, markets, quality inspections and cheap ways to get a business up and licensed too.

5. Conclusion and future areas for research

Employment opportunities (for youth and non-youth) depend on the development of the economy: structural transformation, agrifood system transformation and employment transformation. In rural areas, employment transformation (to steady, more productive wage employment) takes longer than in urban areas. Youth's entry into employment (the youth-specific employment challenge) must take account of this. When opportunities expand in urban areas, youth usually benefit (Filmer and Fox, 2014). We have limited evidence on how youth handle the employment challenge in rural areas as the rural economy transforms, but we have anecdotal evidence that they benefit there as well. We do not have much evidence on the effects of targeted programmes on this challenge, either general agricultural or non-agricultural productivity programmes or targeted youth programmes.

Evidence on programmes in urban areas to help youth enter wage and self-employment may hold lessons for programme design for rural youth. In general, the evidence on the lack of success of youth-targeted programmes in urban areas suggests caution with respect to supply-driven, youth-targeted approaches to address perceived supply-side constraints. However, it does suggest that there may be scope for youth-targeted programmes to develop skills not specific to farming or the agrifood system, but rather specific to a range of activities related to being an independent person – in the family, in the community and in the economy. Obviously, education is one such programme, but it does not seem to be succeeding at building even basic cognitive skills in rural areas. Positive youth development programmes which operate outside education, in the community, often as after-school programmes, may be a more cost-effective approach. Evidence on programmes to help rural youth address other constraints, such as lack of available land or lack of capital (financial or social), or social frictions within the community, is also lacking.

We currently lack evidence in a variety of contexts on what are the pathways youth follow into stable livelihoods and what are the common bumps in the road. Our evidence is limited to a few small-scale, mixed-methods surveys. The best way to study how youth progress, and who progresses, is through panel data – repeated observations on the same people. Collecting these data on youth is difficult, not least because youth are quite mobile, so it is hard to follow them over time. New data collection techniques are reducing these challenges. As these data become more available, it may be possible to glean new insights on youth's journey, and the different paths available. As we have seen above, qualitative data on youth's perceptions are also helpful, especially if they can be combined with quantitative data (mixed-methods research). While sometimes quite expensive, mixed-methods research can provide powerful insights; this route could be pursued more aggressively in the future.

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Appendix: Impact evaluation results for household enterprise and self-employment interventions

Authors	Country	Input	Intervention	Outcome
Bandiera et al. (2015)	Uganda	Business skills, life skills and mentorship	ELA after-school programme for adolescent females in rural towns and peri-urban areas – support, mentoring, health advice, life skills plus minimal vocational training	Positive effect
Blattman et al. (2013)	Uganda (north)	Business skills and finance	Cash grants (c. US$150) combined with financial literacy training for women working in agriculture to start trading (in a post-conflict setting)	Positive effect
Kwauk and Perlman-Robinson (2016)	Uganda (urban)	Life skills and mentorship	Educate! provides leadership training and mentorship in secondary school, combined with a business-skills-based curriculum for Ugandan youth	Positive effect
Hicks et al. (2016)	Kenya (western)	TVT only	Vouchers offering choice of public and private trainers	No effect
Charkarvarty et al. (2016)	Nepal	Vocational and business training	Private trainers, mix of vocational and business skills training (two out of three already had businesses)	Positive effect
Blattman et al. (2014)	Uganda (north)	Finance and TVT	Post-conflict, Northern Uganda Social Action Fund programme of cash grants for groups of youth; groups could purchase training if desired	Positive effect
Premand et al. (2012)	Tunisia	Business skills	Targeted university youth	No effect
Macours et al. (2012)	Nicaragua (rural and cities)	Business skills and finance	1-day business plan training + CCT + grants for HE start-up	Positive effect
Blattman and Annan (2016)	Liberia	TVT and finance	Provided agricultural training, capital inputs and counselling for ex-fighters	Positive effect
Brudevold-Newman et al. (2017)	Kenya (Nairobi)	Microfranchising	Business model, start-up capital and connections to local supply chains	No effect (long-term), speeded entry (short-term)
Banerjee et al. (2015)	Bosnia, Ethiopia, India, Mexico, Morocco, Mongolia	Microcredit	Microcredit	Slight effect on entry into business
Brudevold-Newman et al. (2017)	Kenya (Nairobi)	Finance	Cash grants (US$200)	Slight effect
Blattman and Dercon (2016)	Ethiopia	Finance and training	Cash grants (US$300) and limited training	Positive effects

Source: Fox and Kaul (2018); see that paper for specific citations.

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