Generating youth employment
Insights from three field experiments

Chris Blattman, Columbia University
Fundamental issue: No firms
Most employment is self-employment
Farm, off farm
What holds the poor back from self-employment?

Helps to think in terms of constraints:
What is holding people back from reaching their potential?
The good news

There seem to be a few constraints that simple programs reliably relieve
Ultra-poor women in Uganda

900 receive $150 and support preparing business plans, 900 receive the program 18 months later
Most start a small trading or retail enterprise

Work increased by 50%, earnings by 100%, and savings by 150%
Stimulating skilled work among unemployed youth

Cash grants of $400/person to groups of youth who had prepared a business plan for vocational skills/tools
High returns to capital, mainly invested in tools
Earnings increase 40%, work hours increase 17%
Begin to formalize and hire others
What about high risk young men?

Liberian ex-coms: Illicit mining, rubber tapping, logging
Mercenary recruitment to Guinea or Cote d’Ivoire
Give skills and inputs to be farmers?

Half offered 4 mo training and $125 in inputs

Assumption: Main constraint is skills/knowledge
Shift from illicit activities to farming by 20%

But all contingent on receiving the capital inputs
Reduced mercenary recruitment

Again, contingent on receiving capital
A common binding constraint: Capital

Returns to skills probably lower than returns to capital

Microfinance too short term and costly for investment
Cash transfers are producing impressive results.

More and more, the evidence shows most people don’t “waste” cash, and most use it well.