

Authors

Craig McIntosh
University of California, San Diego

Andrew Zeitlin
Georgetown University

Youth Employment and Productivity: Medium-term Experimental Evidence from Rwanda

Craig McIntosh^{*} and Andrew Zeitlin[†]

May 2022

Abstract

We present the results of a 3.5-year followup on a randomized experiment benchmarking a workforce training program against cash transfers. Examining self-employment outcomes in a sample of poor and underemployed youth, this study measures the impact of the training program relative not only to a control group, but also to the counterfactual of simply disbursing the cost of the program directly to beneficiaries in cash. We continue to find impacts of the job training program on time use, productive assets, and business knowledge, while the cash transfers have strong continued effects on productive assets, livestock values, and subjective well-being. Both interventions enhance the likelihood that individuals operate businesses and the sales in those businesses, with large cash transfers containing strong improvements in business profits more than three years after disbursement. Nonetheless, impacts have faded by roughly one-half compared to what was seen at the 18-month milestone, making most on-line comparisons at end-equivalent levels statistically insignificant. Estimated consumption effects are attenuated by approximately one third, and are statistically significant relative to control at the 10 percent level only in a combined arm that received both cash transfers and RTD. Our results suggest that these interventions lead to modest medium-term improvements in the well-being of participants, but that impacts achieved at milestone were not robust to economic shocks in either the job-training or cash-transfer arms. Deeper reforms may be necessary to allow self-employment to provide a transformative pathway out of poverty.

Keywords: Employment, Entrepreneurship, Cash Transfers,
JEL Codes: O12, C85, J21

Study Information: This study is registered with the AEA Trial Registry as Number AEABCTB-0004388, and is covered by Rwanda National Ethics Committee IRB 114/RNEC/2017, IPA-IRB:14608, and UCSD IRB 161112. The research was paid for by USAID grant AID-6AA-A-13-00002 (SUB-00009051). We thank the Education Development Center, GiveDirectly, USAID, and DRL/CEGA for their close collaboration in executing the study; Leonard Miron and Melissa Mahoro of Innovations for Poverty Action for outstanding management of the fieldwork; USAID Rwanda, DEV, and Google.org for funding. This study is made possible by the support of the American People through the United States Agency for International Development (USAID.) The contents of this study are the sole responsibility of the authors and do not necessarily reflect the views of USAID or the United States Government.

^{*}University of California, San Diego, cmcintosh@ucsd.edu

[†]Georgetown University, andrew.zeitlin@georgetown.edu

Youth Employment and Productivity: Medium-term Experimental Evidence from Rwanda

We present the results of a 3.5-year followup on a randomized experiment benchmarking a workforce training program against cash transfers. Examining self-employment outcomes in a sample of poor and underemployed youth, this study measures the impact of the training program relative not only to a control group, but also to the counterfactual of simply disbursing the cost of the program directly to beneficiaries in cash. We continue to find impacts of the job training program on time use, productive assets, and business knowledge, while the cash transfers have strong continued effects on productive assets, livestock values,

savings, and subjective wellbeing. Both interventions enhance the likelihood that individuals operate businesses and the sales in those businesses, with large cash transfers sustaining strong improvements in business profits more than three years after disbursement. Nonetheless, impacts have faded by roughly one-half compared to what was seen at the 18-month midline, making most endline comparisons at cost-equivalent levels statistically insignificant. Estimated consumption effects are attenuated by approximately one third, and are statistically significant relative to control at the 10 percent level only in a combined arm that received both cash transfers and HD. Our results suggest that these interventions lead to modest medium-term improvements in the well-being of participants, but that impacts achieved at midterm were not robust to economic shocks in either the jobtraining or cash-transfer arms. Deeper reforms may be necessary to allow self-employment to provide a transformative pathway out of poverty.

July 19, 2022