Assessing the impact of vocational training programs on youth unemployment in Mongolia

Background

Mongolia’s economy is undergoing a significant shift in activities towards the mining sector, and away from the labour-intensive sector. Meanwhile, the rates of youth unemployment remain consistently high (around 20%). Short-term vocational training programs (VTPs) are the oldest (2003) and most popular government policy tools in terms of “Active Labour Market Programs” (ALMP).

Research question and objectives

However, no quantitative estimates have yet been produced regarding the actual impacts of these training program interventions on youth employment. This impact evaluation project thus aims to assess the effects of the government’s short-term VTPs on earnings, formally, likelihood and duration of youth employment in Mongolia.

Data and methodology

Data: collection of primary data from 1,188 eligible applicants to the VTPs, including baseline and two follow-up surveys. 774 of them were selected for treatment.

Method: randomized control trial (RCT)

The randomization of participants (treatment and control groups) was done at various stages and levels of the intervention.

- Of the 774 applicants assigned to the treatment group, 342 did not show/participate in training
- Of the 432 who participated, 30 dropped out

Two differentiated treatments for participants:

- 119 receive training only
- 291 receive training and letters with information about labour markets in Mongolia

The experiment was conducted between 2013 and 2015 - i.e. effects were measured in the short and medium terms.

Policy implications

Based on their findings and problems encountered during the evaluation project, the researchers make the following recommendations for the design and implementation of VTPs:

- Removing the quota by vocation, in order to increase the take-up rate for young participants.
- Improving the screening procedure for eligibility in order to reach the neediest.

A key policy outcome of this project was also to raise awareness amongst authorities on the relevance of impact assessments (and RCT method) for such policy/program interventions. In particular, the Ministry of Labor and the Metropolitan Employment Department have committed to use these findings to improve the VTP.

Key findings

The evaluation results show that the vocational training program (VTP) had differentiated effects on:

Employment: The results from the follow up surveys show positive impact on employment in the short term, but none in the medium term.

Earnings: The impact of training on beneficiaries’ earnings is positive both in the short and medium terms - and even stronger in the latter. It also seems that the treatment “with information” about labour market (vs training only) resulted in:

- increased class attendance
- higher positive short-term impact on employment
- higher positive medium-term impact on earnings.

Key words

Mongolia’s economy, short-term VTPs, youth unemployment, impact evaluation, randomized control trial, METED.