

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, formality, likelihood and duration of youth employment** in Mongolia.

The project was conducted in collaboration with Metropolitan Employment Department, in charge of implementing the VTPs in the capital (Ulaanbaatar).

Follow up summary statistics: Mean, Differences and p-value

Outcome Variables	Follow-up 1				
	Treatment	Control	Difference	p-value	No obs
	(1)	(2)	(3)	(4)	(5)
Employment	0.49	0.46	0.03	0.36	1075
Labor force participation	0.58	0.59	-0.02	0.62	1075
Monthly earnings	616,919	530,200	86,719	0.09	460
Hourly wage	12,353	10,596	1,758	0.19	455
Hours	58.30	58.85	-0.56	0.79	511
Job contract	0.47	0.47	0.00	0.99	512
Social security	0.37	0.36	0.01	0.87	512
Skill match	0.53	0.47	0.06	0.20	510

Outcome Variables	Follow-up 2				
	Treatment	Control	Difference	p-value	No obs
	(6)	(7)	(8)	(9)	(10)
Employment	0.52	0.56	-0.03	0.34	1003
Labor force participation	0.62	0.63	-0.01	0.87	1003
Monthly earnings	637,598	556,667	80,932	0.05	527
Hourly wage	13,085	10,549	2,536	0.30	523
Hours	59.86	61.48	-1.62	0.43	534
Job contract	0.54	0.59	-0.05	0.27	537
Social security	0.44	0.49	-0.04	0.32	537
Skill match	0.53	0.46	0.07	0.12	536

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.

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

Intention to treat (ITT) estimates were used to evaluate the impact of offering the program to young people.

Treatment of the treated (TOT) and difference-in-difference (DID) estimators were used to measure the effects of the (training) interventions on participants.

The effects of the interventions were measured on the following groups of outcome variables:

- employment and earnings
- attendance, completion and drop-outs

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.

In the current program design, there are limits on the number of slots for each vocation. But it is clear that some vocations are much more popular than others among young applicants.

- **Improving the screening procedure for eligibility** in order to reach the neediest.

Current eligibility status cannot distinguish applicants with relatively moderate livelihood.

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.

