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**Timeline**

2016-2017

**Sample Size**

3,796 students

**Data Repository**

<https://github.com/eabeam/spesIE>

**Research Implemented by IPA**

Yes

# The Impact of a Youth Employment Bridging Program in the Philippines

## Abstract

Youth unemployment is a key barrier to economic growth in developing countries, and is a key policy priority for the Philippines Department of Labor and Employment (DOLE). Researchers partnered with DOLE and the International Initiative for Impact Evaluation to evaluate the impact of a national employment bridging program on education outcomes, youth employability, and employment. While the program did not improve education outcomes or youth employability, it did increase the likelihood of being currently employed.

## Policy Issue

According to the 2013 World Bank Development Report on Jobs, youth unemployment rates are usually between two and three times the overall unemployment rate in most countries.<sup>1</sup> Policymakers have pursued a range of youth employment policies, such as job training and wage subsidies. These policies could benefit youth by helping them to earn money to pay school fees, as well as improve their employability for future job opportunities. However, evidence of their effectiveness has been mixed, they are not often cost-effective, and there is little research on their impact on participants' school enrollment and long-term employment. To address this evidence gap, researchers evaluated the effect of a wage subsidies employment program on youth in the Philippines.

## Context of the Evaluation

While the unemployment rate is 5.4 percent in the Philippines as of 2018, the youth unemployment rate remains high at 14.1 percent.<sup>2</sup> Finding work is particularly challenging for those without university degrees: a 2012 Asian Development Bank study found that while 75 percent of college graduates find work within a year of graduation, only 20 percent of high school graduates do the same.<sup>3</sup>

Since 1993, the Philippines Department of Labor and Employment (DOLE) has attempted to increase graduation and employment rates through its Special Program for Employment of Students (SPES). SPES links low-income youth aged 15 to 25 to formal work opportunities at decent wages during their school breaks (20 to 52 days). DOLE offers employers a 40 percent wage subsidy and facilitates the application process. Since SPES's inception, DOLE has spent around 5.7 billion pesos (US\$105.4 million in 2018) to link approximately 2.6 million enrollees with employers.

## Details of the Intervention

DOLE partnered with IPA-affiliated researchers to conduct a randomized evaluation to investigate SPES's impact on youth education, employability, and employment. Researchers targeted Manila, Central Luzon, Western Visayas, Central Visayas, and Davao Region, which are broadly representative of the range of economic and labor market conditions across the Philippines, to conduct the evaluation. Within each region, researchers approached the 13 Public Employment Service Offices with the highest 2014 enrollment in SPES and requested their participation in the evaluation. Within these municipalities, where the number of eligible applicants exceeded the number of available slots, 2,511 students were randomly selected to receive SPES, and 1,285 students were assigned to the comparison group. Researchers conducted a phone survey 8-12 months later to measure the impact of SPES.

## Results and Policy Lessons

Overall, researchers found no evidence that SPES impacts academic outcomes or work readiness in the medium term, though SPES did help beneficiaries find work.

*Take-Up:* Researchers faced several limitations during the evaluation. There were fewer participating municipalities and a reduced sample size due to challenges in gaining the support and cooperation of the local chief executives. Researchers also saw high levels (28 percent) of non-compliance with randomization.

*Education:* SPES did not increase school enrollment, which was already 95 percent regardless of participation. However, SPES increased enrollment for men by 6.2 percentage points, who are more likely to drop out. The Philippines recently implemented K-12 education, adding Grades 11 and 12 to high school, which resulted in no graduating high school class in 2017. The shorter timeline and addition of Grades 11 and 12 made it challenging to measure the impact of SPES on graduation and other education outcomes.

*Employability:* SPES did not impact students' self-esteem or self-reported life skills. While it improved students' confidence about their post-graduation work prospects, SPES did not affect their wage expectations.

*Employment:* SPES participation increased the likelihood of being currently employed by 3.9 percentage points, a 70 percent increase from the comparison group rate of 5.6 percent.

*Cost-effectiveness:* Researchers calculated the cost-effectiveness of the intervention, including only the DOLE cost of the program at 3,561 pesos (US\$67 in 2018) per beneficiary, and 49,464 pesos per additional person employed (US\$932 in 2018). There are variations in the overall cost per region, and this cost excludes the costs to the employers or additional administrative costs to regional offices due to variations in program implementation.

Researchers suggest an additional follow-up to determine the longer-run impact of SPES on education, employability, and employment.

## Sources

<sup>1</sup>The World Bank. (2013). World Development Report on Jobs. Chapter 1: The Jobs Challenge.

<sup>2</sup>Republic of the Philippines National Economic and Development Authority. 2018.

“Employment Up, Unemployment Down in July 2018”.

<http://www.neda.gov.ph/2018/09/05/employment-up-unemployment-down-in-july-2018/>

<sup>3</sup>Asian Development Bank. 2012. “Sector Assessment (Summary): Filipino Youth Labor Market Experience”.

<https://www.adb.org/sites/default/files/linked-documents/43396-013-phi-oth-02.pdf>

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