



CONCEPT NOTE

Mexico Youth Labor Market Inclusion (ID: P163362)

Mexico (Latin America and Caribbean)

World Bank

2018

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CONTEXT: STATEMENT OF PROBLEM

A crucial ingredient for alleviating poverty and promoting shared prosperity is equality of opportunity in labor markets; being able to participate and engage in productive employment. Early work experiences are crucial in shaping future employment status and earnings. However, youth are affected by inadequate skills and lack professional and work search experience. This can deter firms from hiring them and/or offering better wages. Equally important, although medium-sized firms are more numerous and produce as many jobs as larger firms, they face relatively higher recruitment costs that can constrain their capacity to grow. Enhancing cognitive, hard and soft skills can open up a wider spectrum of labor opportunities for youth, while a larger pool of adequately skilled workers can reduce search costs, generate productivity gains among firms, and increase the number of jobs created. The expected result is higher intergenerational mobility as more youth have access to jobs and higher wages.

The Government of Mexico has several initiatives underway in the area of youth employment, particularly oriented to address supply-side constraints. Examples include vocational orientation programs, soft skills trainings, and technical skills trainings. However, these initiatives are fragmented, duplicative, inadequately targeted, and under-resourced, which limits their efficiency. On the demand side, although strong advances have been made in terms of improving communication with the private sector to inform the design of training programs or to match job seekers with job opportunities, there are no interventions that focus squarely on the market failures that affect the creation of quality jobs. Achieving better job outcomes for youth requires improving the supply and demand side of the labor market and the interaction of these two

DEVELOPMENT OBJECTIVE

The objective of this Advisory Services and Analytics (ASA) will be to support the school to labor market transition of targeted youth through (i) the design of an integrated supply- and demand-side labor inclusion approach, and (ii) the design and impact evaluation of a jobs pilot aimed at helping the insertion of targeted youth into quality formal jobs in strategic productive sectors. Targeted youth will be low income youth, including youth from Prospera households, who either are studying the last year of high school or just graduated from high school and decided to enter the labor market.

ACTIVITY SUMMARY

The project seeks to support the efforts of the Government of Mexico to promote the labor market inclusion of low-income youth, including Prospera youth, into formal employment in strategic economic sectors. The project will focus on (i) the design of an integrated supply- and demand-side labor inclusion approach to support the school-to-work transition of targeted youth, building on existing government programs; and (ii) the design and impact evaluation of a jobs pilot aimed at tackling the problem of asymmetric information between workers and firms, which results in misallocation of labor across sectors.



Targeted youth will be low income youth, including youth from Prospera households, who are studying the last year of high school, or just graduated from high school and decided to enter the labor market. The project will engage targeted youth before they enter the labor market, offer them a package of interventions to guide their study and work decisions, strengthen their skills, and connect them with quality employment opportunities in medium-size firms in strategic productive sectors. In Mexico, medium-size firms are more numerous and create as many formal jobs as large firms, but have more difficulty recruiting qualified workers. By increasing their access to qualified youth, medium sized firms are expected to benefit from increased worker productivity.

The project is well aligned with the World Bank Country Partnership Strategy for Mexico, 2014-2019; the Government of Mexico's National Development Plan 2013-2018; the National Committee on Productivity's Programa para Democratizar la Productividad; and the Acuerdo para el Fortalecimiento Economico y la Proteccion de la Economia Familiar.

EXPECTED RESULTS AND OUTCOMES

As part of the implementation and impact evaluation of the project, the team will collect survey data and administrative process data that will allow to monitor key outcomes and outputs. Examples of outcomes and outputs that will likely be monitored and impacted by the project are: number of targeted youths who are employed in formal jobs; number of vacancies at targeted firms that are filled; number of vacancies at targeted firms that are filled by targeted youths; number of targeted youth channeled into appropriate training and/or work placements services; number of targeted unemployed youths who receive information on job vacancies; number of targeted employed youth who receive a wage subsidy

DISSEMINATION AND OUTREACH STRATEGY

The project approach and activities have been formulated through consultations with counterparts at the Unidad de Productividad Economica–Secretaria de Hacienda y Credito Publico, Sistema Nacional de Empleo, Prospera Programa de Inclusión Social, and Subsecretaria de Educacion Media Superior, as well as discussions with non-government and private sector organizations which are leading initiatives in the area of youth employment and labor market inclusion in Mexico. Advice received from World Bank experts, local and international academics have also informed this project.

Such collaborative model will be maintained at the center of the dissemination and uptake strategy. Regular work groups will enable the continuous involvement of relevant stakeholder throughout the design, implementation and evaluation of the project. In addition, high-level meetings organized jointly



with the Unidad de Productividad Economica will provide a platform for policy discussion with key decision makers.

The feedback received in multiple project preparation meetings indicates potentially high buy-in and likelihood that the project may be scaled up as policy tool if it proves to be effective. In fact, due to the integration of existing government programs as part of the project, the take up of the project would require limited additional resources in terms of infrastructure improvements or staffing requirements. The project is also well positioned to influence the employment services currently provided by the government. As the result of the technical support to be offered throughout the duration of this project, improvements in current government programs’ design, implementation, data collection systems and metrics are expected. Government agencies will further benefit from the ability to more efficiently channel their resources into services that are shown to work, as evidence becomes available in the course of this project.

Finally, the results from the project will be disseminated through at least one impact evaluation report and academic paper, as well as brief policy notes and blog articles available in Spanish and in English that will explain findings in a more accessible and policy focused way. The team will also explore opportunities to disseminate the project findings in various venues, including regional and international fora, networking events, policy and research conferences, so as to reach a broad audience

TEAM

Project Team

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