



Adolescent
Girls Initiative

Results-Based Approaches to Improve Inclusion and Job Placement

Job placement services that help young people put their new skills to use are an important element of successful youth skills training programs. This note looks at how pilots in the Adolescent Girls Initiative focus on employment as an outcome and emphasize placement assistance alongside training. The note also describes how results-based approaches can be applied to encourage training providers to assume greater responsibility for achieving employment outcomes, and discusses the need for outcome verification and safeguards against potential pitfalls that incentive schemes may invoke.

Lesson Learned: Plan for placement activities in the project cycle.

Job placement is hard, especially for young women. In many contexts around the world, challenges to women's entry into quality employment include widespread stereotypes about male/ female trades, cultural restrictions that limit women's ability to travel and work outside the home, women's triple burden of juggling income generation, household duties and childrearing, and so on. For all of these reasons, it is critical that projects include placement assistance as part of training. Projects should allocate sufficient time and resources for placement assistance. Although the appropriate balance of classroom training versus placement support has not been rigorously tested in youth employment programs, experience suggests that placement support may deserve greater attention than is typically the case. The AGI pilots are providing between 4 and 6 months of placement assistance following the training.

Lesson Learned: Results-based payments conditional on placement can improve outcomes.

Determining how to encourage training providers to support trainees after the classroom phase ends can be a challenge. Most training providers are accustomed to delivering an output (x hours of training) rather than an outcome (job placement). Tasking training providers with the responsibility of placement is akin to asking them to share some of the project's risk and reward. In Liberia and Nepal, the AGI uses innovative performance-based incentive schemes to improve the employment of graduates.

- In Liberia, the project uses a "Withheld Incentive Payment" (WIP), meaning that 10% of total contract value is withheld until 6 months after the classroom training ends. Of the withheld amount, the training provider receives an amount proportional to the number of graduates employed, relative to a pre-set target (e.g., if they meet 90% of their target, they receive 90% of their withheld amount).
- In Nepal, the project uses an "Outcome-based Financing" scheme (see Figure 1). During the procurement process, the direct training costs for each occupation are negotiated with each training provider. The outcome price (i.e. the payment received for one "gainfully" employed graduate)¹ is calculated as the direct training costs plus an incentive that covers the costs of monitoring and job placement. The outcome price for each trainee is paid to the training provider in three installments in relation to the results achieved, without any advance payments (see Figure 2).

1. The Nepal AGI defines "gainful employment" as wage or self-employment in the same occupation and earning at least 4,600 rupees monthly for a minimum of six months.

"By repairing mobile phones, I have found a new meaning in my life. Although, I hardly knew how to use a mobile, I put a lot of efforts during training to understand this new technology. Slowly but steadily, I began to improve my skills. Nowadays, I am employed at a mobile repairing shop where I earn 8-10,000 Rupees per month. This has changed my life and gave me a lot of dignity."

**Nepal AGI Graduate,
age 18**

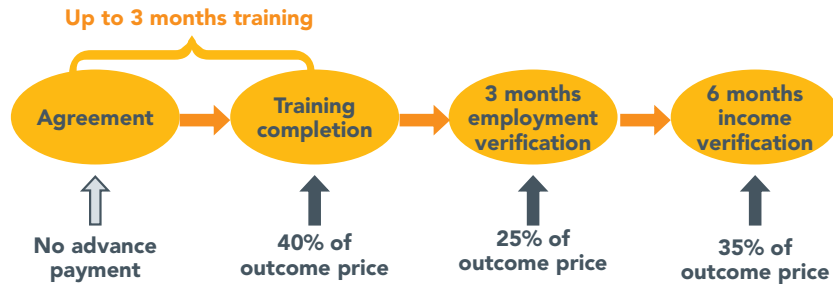


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Figure 1: Outcome-Based Pricing in Nepal



Figure 2: Schedule of Payments in Nepal



"After the completion of the training we started together with four friends our own electrical shop. I am earning more than 3,000 Rupees per month from the shop and additionally I have some income from electrical work I am conducting at the customer's houses. Training made me courageous even more so as I work in so-called men's trade."

Nepal AGI Graduate,
age 22

Lesson Learned: Incentive schemes should be monitored closely for unintended consequences.

There are several potential risks that incentive schemes can trigger. Incentive schemes may encourage training providers to collude with employers to over-report outcomes. Another concern is that training providers may discourage poor-performers so they drop out of the training and can be replaced with better performers. There is also a potential risk that training providers could cream-skim, or select beneficiaries who appear more "employable", thereby neglecting more vulnerable girls. Projects should weigh these concerns carefully when designing incentive schemes, monitor closely, and try to minimize such risks. The Nepal AGI deals with the risk of cream-skimming with a differential pricing mechanism that awards a higher incentive to service providers who agree to train (and place) more disadvantaged groups, according to established vulnerability criteria. The highest incentive is awarded for training and placing the most disadvantaged, and incentives are gradually lowered for less prioritized groups (see Table 1). Training providers that are able to cater to these higher priority target groups are therefore eligible to receive a higher outcome price, but they also face a higher risk of failing to achieve the outcome (gainful employment). The combination of a results-based system with a progressive incentive scheme ensures that training providers with the capacity to work with vulnerable groups will likely opt to do so.

Table 1: Progressive Incentive Pricing in Nepal to Promote Inclusion

Category	Trainee Profile	Incentive (% of direct training cost)
A	Highly vulnerable women (widows, ex-combatants, disabled women, etc.) and AGI girls	100%
B	All other women	90%
C	Socially-excluded men (Dalit, Janajati, ex-combatants, etc.)	70%
D	All other men	60%

Lesson Learned: Define a robust verification process.

Implementing results-based contracts is a challenge because measuring results often relies on self-reports from the service providers. A robust and transparent verification process is required to minimize misreporting. In the AGI pilots, verification is based on a randomized stratified sample of trainees (25% in Liberia,

30% in Nepal). Reported outcomes are verified among this random sample by talking with employers, nearby market women, community members, and accessing the trainee's business records. The percentage of employed youth within the sample is extrapolated to the whole population claimed to be employed by the training provider, and is used as a basis for the final outcome payment. Any inaccurate claims by the training providers proportionally reduce their payment, and if discrepancies are large enough this could even jeopardize the service provider's eligibility to participate in future rounds of training.

Lesson Learned: Build the results-based financing system through a collaborative process.

A transparent monitoring and payment system should be developed collaboratively with the training providers in order to ensure that it is applied properly. Verification of employment and income should be conducted jointly by the project team and the training providers in order to reduce disagreements on the results and claims. In both Liberia and Nepal, the project teams spent ample time familiarizing the training providers with the entire verification process, including the random sampling and extrapolation, and the terms were explicitly articulated in their contracts. Multiple discussions were needed to build trust and to agree on details during the contract negotiations. Project teams were careful not to make the systems overly complex or to set targets so high that training providers would be discouraged from participating altogether.

Lesson Learned: Define outputs and outcomes in a SMART way (Specific, Measureable, Attainable, Reliable and Time-bound).

Both Liberia and Nepal established clear definitions of what counts as "employed". For example, do unpaid internships count as "employed"? What is meant exactly by "self-employed"? What if the participant has only been employed for one week? What about a trainee who didn't complete the training, but still found employment? In Nepal, the outcome is "gainful employment", defined as wage or self-employment in the same occupation and earning at least 4,600 rupees monthly for a minimum of six months (see Box 1 for Liberia's outcome definitions). Each AGI handled these issues differently, but a key success ingredient was that the project teams developed their own definition of employment and clearly articulated this to the training providers.

Box 1: How Outcomes are Measured in Liberia

Training providers can receive a maximum score of 1 point per trainee. To receive a full point, the young woman has to satisfy the core WIP criteria, that is:

- i. She successfully completed the classroom training (minimum requirement is at least 75% attendance); and
- ii. Six months after completing the classroom training, she has either (a) been employed as a wage worker (for a minimum of 20 hours per week) for at least three months; or (b) has an ongoing business and has kept regular account books for at least three months.

Partial points are awarded for:

- iii. Employment for less than 3 months;
- iv. Participants who are employed but did not achieve 75% attendance during the training

Moreover, partial points are awarded for placements that partially met the outlined criteria. A limited number of quality internships are included in the placement figures (if they are long-term and compensated).

Lesson Learned: Performance-based contracts can work, for big and small projects, even in fragile settings.

The cases of Liberia and Nepal show that with appropriate planning and systems in place, performance-based contracts can be successfully implemented. These approaches worked in the relatively small program in Liberia (targeting 2500 young women) as well as in the Nepal AGI which is embedded within a national program (targeting 2000 young women through the AGI, and 13,000 additional women and men). In Liberia, most of the service providers were able to meet (or nearly meet) their pre-set targets and access the withheld payment (see Table 2). However, the WIP points received after the verification

process were lower than the placement rates reported by the service providers—signaling the need for good verification and reflecting the reality that many graduates were only partially meeting the program’s success criteria. Despite numerous challenges in finding employment, the service providers effectively supported trainees in their transition from the classroom to the world of work. These results are validated by an impact evaluation which found that EPAG led to a 47% increase in employment among participants and increased average weekly earnings by 80%.

Table 2: Results of WIP Verification Process during EPAG Round 1

	NGO 1: Job Skills	NGO 2: JobSkills	NGO 3: Business Skills	NGO 4: Business Skills
Number of trainees (1191 total)	248	164	429	350
Reported placement rate	130 (52.4%)	116 (70.7%)	404 (94.1%)	306 (87.4%)
Total points received*	96	99	343	266
Target (% of employed graduates needed to recoup 100% of WIP)	136 (55%)*	90 (55%)**	365 (85%)**	298 (85%)**
Percentage of WIP recouped	70.4%	100%	94.1%	89.4%

* Includes partial points awarded.

** Note that the placement targets for the job skills trainees was intentionally set lower (55%) than that for business skills trainees (85%) knowing that opportunities for wage employment are limited in Liberia.

Lesson Learned: Performance-based project management can be adopted at all levels of implementation to improve project outcomes.

In Liberia the final WIP payment ensures that service providers make their best effort to transition trainees into jobs and businesses. In addition, the service provider contracts include payments tied to key deliverables to ensure strong oversight in contract administration throughout the project cycle. The Liberia AGI monitoring system, which generates monthly quality ratings, also stimulates healthy competition among the service providers. Even the trainees participate in performance-based stipend and savings schemes, as well as regular attendance and quizzing contests. The main contest in each round of training is the Business Plan Competition in which trainees compete to win cash prizes for micro-enterprise development.

Summary Checklist for Incentivizing Placement in Training Programs

- ✓ Have placement services been adequately planned for in the project timetable and budget?
- ✓ Can the project use a results-based contract? If so, is there:
 - A clearly defined system for full and partial outcomes?
 - A reliable verification process?
- ✓ Has the project ensured against potential pitfalls, such as:
 - Making the incentive scheme too complex for service providers
 - Setting targets so high that no one bids for the contract
 - Under-investing in the verification process
 - Service providers’ circumvention of the incentives or unintended responses

