Cost-effectiveness of youth workforce development

Lessons from three CRS YouthBuild models in four countries
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CREDITS
Authors: Kay Andrade Eekhoff (katharine.andrade@crs.org) and Matt Peckarsky (matthew.peckarsky@crs.org) for Catholic Relief Services, with Margarita Beneke de Sanfeliu and Stephany Milan (Salvadoran Foundation for Economic and Social Development)


Since 2009, CRS has partnered with YouthBuild International to bring the success of the YouthBuild model to Central America, adapting it for the context. CRS and our implementing partners are part of the YouthBuild International Network.

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Cost-effectiveness of youth workforce development

Lessons from three CRS YouthBuild models in four countries
1 THE CHALLENGE

Across the world there are 1.8 billion young people aged 16-25, 85 percent of whom live in developing/emerging economies or fragile states. They represent 40 percent of the world’s unemployed and are four times more likely to be unemployed than adults. To address the gap, employment and education solutions with and for youth need to be exponentially expanded. Catholic Relief Services (CRS), like many other organizations, is taking on this challenging opportunity. The main experience for this work is taking place in Central America, where on top of the employment gap, youth are at the center of the storm when it comes to undocumented migration and violence. The youth homicide rate in Guatemala, Honduras, and El Salvador is more than double their respective national averages, which already exceed epidemic parameters. And in Nicaragua, youth have been at the center of recent demonstrations and protest marches. Finding/creating jobs for the most excluded youth is part of the solution to these challenges.

Therefore, it is critical that governments address the scale of the challenge and respond by investing in evidence-based models that utilize clear information to assess program performance, costs, cost-effectiveness, cost-benefit, and return on investment (ROI). The analysis in this policy brief—based on programming led by CRS in Central America—sheds light on each of these points using rarely-reviewed aspects of youth workforce development programs. This study specifically focuses on the implementation of the YouthBuild model in the region.

2 THE RESPONSE

This challenge creates a unique opportunity to invest in the future of youth in Central America. Over the last decade, CRS, in partnership with YouthBuild International, adapted and expanded the successful YouthBuild model first developed in Harlem, New York in the late 1970s. YouthBuild is a comprehensive life and job skills training program that includes community service and a technical/vocational option. Young people intentionally engage in behaviors, values, and competencies that lead to success. YouthBuild staff members serve as mentors and support young people after graduation so they can find jobs, start a microenterprise, or return to school. At its core, CRS’s YouthBuild program empowers youth living in poor and marginalized communities to turn obstacles into opportunities through community service, leadership, and employment.

Figure 1. CRS’ YouthBuild implementation phases in Central America

<table>
<thead>
<tr>
<th>PILOT TO ADAPT</th>
<th>EXPANSION FOR GREATER SCALE AND SUSTAINABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guatemala, El Salvador, Honduras, and Nicaragua</td>
<td>Guatemala, El Salvador, Honduras, and Nicaragua</td>
</tr>
<tr>
<td>• 6 sites</td>
<td>• 27 sites</td>
</tr>
<tr>
<td>• 561 youth</td>
<td>• Standard model</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPAND AND DEVELOP STANDARDS</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>El Salvador</td>
<td>GRADUATES SINCE 2009: 10,912</td>
</tr>
<tr>
<td>• 6 sites</td>
<td></td>
</tr>
<tr>
<td>• First partnership with government</td>
<td></td>
</tr>
<tr>
<td>• 4,445 youth</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
</tbody>
</table>

/zero.tab/one.tab/one.tab/one.tab
In 2009, using the YouthBuild strategy, CRS turned its attention to Central America. As a result, three key programming phases emerged in that region (Figure 1). Between 2009 and 2011, CRS piloted an adapted version of the YouthBuild model, testing the model in four countries. A second phase (2010–2014) led to the creation of design and performance standards to guide program quality and an initial alliance with the Salvadoran government for the certification of graduates. CRS further expanded its reach during the third phase (2015–ongoing) with 27 program sites in four countries, using three versions of the YouthBuild model, including the Standard CRS-funded version, the Senderos donor-funded version (focused on combating the worst forms of child labor), and the Caminos version funded by the Salvadoran government. Although implementation is carried out through local partners, CRS’ intimate involvement in all three versions put it in a unique position to help analyze and critique the efficacy of each. Additionally, to safeguard impartiality and ensure transparency, the Salvadoran Foundation for Economic and Social Development (FUSADES) was brought on as an independent evaluator. See Figure 2 which highlights key similarities and differences between the three versions.

**3 WHY DO A COSTING STUDY?**

Scale and sustainability of successful programs can only be achieved through government investment or market responses. To invest strategically, information about achieved results, along with rigorous cost-effectiveness analysis (CEA), cost-benefit analysis (CBA), and return on investment (ROI) are needed. Youth workforce development programs are often considered expensive. Unfortunately, costing studies are rarely performed and data on social return rates is scarce, particularly for Latin America.
Organizations like CRS also need these metrics to better assess performance and value for money in youth workforce programs. It is critical to understand what it takes to achieve results and to evaluate how its investment in YouthBuild compares with similar interventions in the region. Other youth workforce development programs also want to achieve scale and end up competing for scarce resources, even scarcer jobs, and in some cases—for the youth themselves. A costing study provides critical information on the investment needed to achieve key results, as well as the length of time to achieve a positive return on investment.

**METHODOLOGY**

This study analyzed approximately two years of performance data of the CRS YouthBuild model (2016–2018) using information from Guatemala, Honduras, El Salvador, and Nicaragua with 10 implementing partners. Among these partners, three versions of the YouthBuild model are being implemented and assessed (Figure 2).

Detailed financial data from each of the partners was used to link costs to performance. Programmatic costs were captured from finance records and spanned all relevant cost categories, including staff salaries and benefits, transportation, and equipment purchases. Researchers also accounted for the value of capital goods (e.g., vehicles and office space) used for program implementation. This allowed for the following levels of analysis:

- Performance results, including efficiency or graduation rate, and effectiveness or placement rate (in a job, self-employment, or returning to school)
- The cost to achieve results (per youth and per training hour per youth)
- The cost-benefit and time to achieve a return on investment

Comparisons between implementing partners and program versions were carried out. Attempts to gather comparable performance and costing information from other programs in the region was also conducted with limited results. Some programs had information on the total number of youth enrolled and graduated. Very few had data for results post-graduation. With regard to costs—when such data was available—only the cost per youth enrolled existed or was shared with researchers.

**Limitations of the Study**

- Short period of analysis (two years), which included key startup phase
- Conservative estimates related to crime and violence prevention
- Not possible to calculate costs/savings linked to migration
- No comparison or control group
Figure 2: Three versions of the YouthBuild model in Central America

**Standard**

- **LOCATIONS**
  - Belize
  - Guatemala
  - Honduras
  - El Salvador
  - Costa Rica

- **IMPLEMENTERS**
  - CRS provides funding to national implementing partners

- **COMPONENTS**
  - 6 Training components
  - 700–750 Hours of training
  - 6–12 months Post-program support

- **YOUTH PROFILE**
  - Age 16 to 25
  - Not studying or working
  - Low academic level

- **RESULTS**
  - Standard N=850

**Senderos**

- **LOCATIONS**
  - Belize
  - Guatemala
  - Honduras
  - El Salvador
  - Costa Rica

- **IMPLEMENTERS**
  - USDOL channels funding through CRS to national implementing partners for programs aimed at preventing adolescents and young adults from engaging in the worst forms of child labor.

- **COMPONENTS**
  - 6 Training components
  - 700 Hours of training
  - 6–12 months Post-program support

- **YOUTH PROFILE**
  - Age 16 to 20
  - Not studying or working
  - Low academic level
  - At risk of worst forms of child labor

- **RESULTS**
  - Senderos N=1540

**Caminos**

- **LOCATIONS**
  - Belize
  - Guatemala
  - Honduras
  - El Salvador
  - Costa Rica

- **IMPLEMENTERS**
  - Government provides funding to contractors who in turn implement programs.

- **COMPONENTS**
  - 4 Training components
  - 380 Hours of training
  - 2 months Post-program support

- **YOUTH PROFILE**
  - Age 18 to 25
  - Finished high school

- **RESULTS**
  - Caminos N=760
Key results

1 EFFICIENCY AND EFFECTIVENESS

The graduation rate (percentage of youth who complete the program compared to the total enrolled) is used to determine efficiency. While all three program models demonstrate strong efficiency results, there are differences with respect to the graduation rate (Figure 3). The Caminos version of the program demonstrates a high level of efficiency with a 90 percent graduation rate, followed by the Standard version at 84 percent, and the Senderos version at 73 percent. It is important to note that several of the Senderos program sites are in neighborhoods with high levels of gang activity or were impacted by political violence following the 2017 Honduran elections. This had a negative impact on the ability of youth to attend and complete the program.
When looking at effectiveness (the ability to produce the desired outcome—in this case placement in a job, self-employment, or returning to school) between the three versions, the results again vary significantly (Figure 4). The Standard model has a higher overall placement rate (71 percent of those who graduate from the program find a job, start a business, or return to school), with stronger results related to quality placement⁹ (42 percent of graduates: 22 percent with quality work, 15 percent of non-secondary school graduates who return to school, and 5 percent of secondary graduates who return to school). The Senderos model has an overall placement rate of 58 percent but only 22 percent are in quality placements. Lastly, the Caminos model reports a 30 percent placement rate among graduates with 18 percent in quality opportunities. While Caminos participants tend to be older and have a higher level of education (almost all have at least a high school degree), it must be noted that the Caminos version provided fewer supports post training (e.g., coach/mentor one to two months after graduation for placement in a job, business startup, or returning to school).

"Figure 4. Effectiveness: Placement rate per graduate by program version"

<table>
<thead>
<tr>
<th>Quality placement</th>
<th>Other placement</th>
<th>Total % placed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22%</td>
<td>15%</td>
<td>28%</td>
</tr>
<tr>
<td>Senderos</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td>14%</td>
<td>36%</td>
</tr>
<tr>
<td>Caminos</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td>N/A</td>
<td>12%</td>
</tr>
</tbody>
</table>

QUALITY WORK (A JOB OR SELF-EMPLOYMENT) NON-HIGH SCHOOL GRADUATE THAT RETURNS TO SCHOOL HIGH SCHOOL GRADUATE THAT RETURNS TO SCHOOL EMPLOYMENT WITHOUT LEGAL BENEFITS OR SELF-EMPLOYMENT WITHOUT REGULAR TRACKING OF INCOME AND EXPENSES.

Figures’ sum may not equal total due to rounding.
COST TO ACHIEVE RESULTS: YOUTH ENROLLED, GRADUATED, AND PLACED

This study has found that one-time operational costs per youth enrolled in the YouthBuild model are comparable with many other programs in the region.\textsuperscript{11} Per youth enrolled, the Caminos government-funded model is the least costly, followed by the Senderos donor-funded model, with the Standard CRS-funded model having the highest cost per youth\textsuperscript{12} (Figure 5). However, the Standard and Senderos versions are more cost-effective when it comes to placement ($2,157 and $2,204 per youth placed respectively) with Caminos significantly higher at $2,671 per youth placed. Except for one program in Guatemala, researchers were not able to obtain any information from other organizations for cost per youth placed—often because those programs do not track results after graduation.

The total number of training hours per youth is yet another critical difference among the three versions of the YouthBuild model (Figure 6). The Caminos model provides up to 380 hours of training, the Senderos model provides 700 hours of training, and the Standard model provides an average of 735 (up to 750) hours of training. When analyzing the cost per youth enrolled and graduated by hours of training, the Senderos model has the lowest cost, followed closely by the Standard model, and then Caminos. In addition to having a lower cost per hour of training, youth receive more services and support in the Senderos and Standard models compared with the Caminos version. For example, the Senderos and Standard models have a lower youth-to-staff ratio and employ full-time staff dedicated to life and job skills, entrepreneurship and vocational training, and community service. They utilize individualized case management and coaching around a personal development plan, with referrals to complementary programming. These sort of services are scaled back in the Caminos version of the program.
End-result cost-effectiveness needs to be analyzed in a comparative manner considering what it takes to achieve the results for a particular population. Considering the three versions of the YouthBuild model, what initially appears to be the least expensive option (cost per youth enrolled), ends up being the least cost-effective when considering cost per hour of training, taking into account graduation and placement.

RETURN ON INVESTMENT

Return on investment (ROI) expresses the results of cost-benefit analysis (CBA) in terms that help make clear at what point an investment breaks even (or recovers the investment made) and begins to generate greater financial benefits than the costs incurred. Two types of benefits were calculated for this study: direct and indirect. These were selected based on availability of data from CRS and outside sources.

Direct benefits are those related to an increase in salary that can reasonably be attributed to the program. FUSADES calculated projected increases to salary among those youth who obtained a job, started a business, or returned to school. These calculations were carried out only for those youth who were placed, and considered the approximate time to achieve these income increases (for example, in the case of returning to school, pushing out the starting point for generating income to coincide with when a young person might complete that phase of study). Increases in salary were calculated based on data available from a longitudinal or panel study that FUSADES led on the Senderos program.

Indirect benefits are those related to the savings that the government (i.e., society or taxpayers) would incur by avoiding incarceration of youth who reported having been arrested and convicted of a crime. FUSADES was able to conservatively estimate the annual cost of incarceration per inmate (i.e., administrative expenses of the prisons, not including other judicial proceedings) in each of the four countries ($1,300–$2,800 per inmate). For each YouthBuild participant who reported having a criminal record (6 percent of youth enrolled in the program), these savings were calculated as part of indirect benefits that could reasonably be attributed to society. And while it is impossible to know whether incarceration was avoided (none of the countries have data related to recidivism nor has it been possible to carry out an evaluation with a control group), FUSADES considers this a reasonable parameter for calculating a portion of the benefits.
The full report, which includes details on each of these calculations and assumptions, can be obtained by contacting the authors.

All three versions of the YouthBuild model recover their costs and begin to generate a positive return on investment within two to three years when considering both direct and indirect benefits (Table 1, Column C).13 If only looking at direct benefits, the return on investment for young people varies between three and seven years. The Senderos and Standard versions of the model are generating a faster return on investment. Table 1, Column B reflects the estimated benefit-cost ratio (BCR) after five years. If the value is greater than 1, the benefits exceed the costs. For example, the Standard model’s BCR of 3.2 means that, at five years, the benefits are 3.2 times greater than the initial costs. Conversely, if the value is less than 1, the costs exceed the benefits. For the Senderos model’s BCR of 0.85 (only considering direct monetary benefits of increased wages) means that, at five years, the total benefits are still 15 percent less than the initial costs, and it will take an additional year to recover the costs. These results point to the importance of supporting youth who face even greater obstacles for success, such as a criminal record. Despite higher up-front costs, programs that meet the needs of these youth are more cost-effective and recover costs more quickly. Furthermore, the benefit to society and public investment is likely even greater than what has been calculated in this study.14

Table 1. Benefit-Cost Ratio (BCR) and Internal Rate of Return (IRR)

<table>
<thead>
<tr>
<th>Version of the YouthBuild model</th>
<th>B. Five-year BCR</th>
<th>C. Years for IRR &gt;0%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Including direct and indirect benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>3.20</td>
<td>3</td>
</tr>
<tr>
<td>Senderos</td>
<td>2.81</td>
<td>2</td>
</tr>
<tr>
<td>Caminos</td>
<td>2.97</td>
<td>3</td>
</tr>
<tr>
<td><strong>Overall average</strong></td>
<td><strong>2.43</strong></td>
<td><strong>3</strong></td>
</tr>
<tr>
<td><strong>Direct benefits only</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>1.94</td>
<td>3</td>
</tr>
<tr>
<td>Senderos</td>
<td>0.85</td>
<td>6</td>
</tr>
<tr>
<td>Caminos</td>
<td>0.72</td>
<td>7</td>
</tr>
<tr>
<td><strong>Overall average</strong></td>
<td><strong>1.07</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

As a rough comparison, the three previous studies identified in Latin America that carried out a cost-benefit analysis over a decade ago (Jóvenes en Acción in Colombia, 2012; Chile Joven, 2005; and Projoven in Peru, 2002) found a positive return on investment after 5 years (for implementation costs) or 12 years (including both direct and indirect costs). The Central America YouthBuild programs generate a faster rate of return.
OUTSTANDING RESULTS IN ADVERSE CONTEXTS: WHAT IS BEHIND THEIR SUCCESS

Most of the YouthBuild implementation sites are in severely marginalized neighborhoods (e.g., impoverished, few local jobs, and varying levels of gang activity), but some are more extreme than others (e.g., violent crime, drought-stricken, narcotics trafficking routes, and no formal employment). While adversity may explain part of the variation in site-level performance (Figure 7), CRS has seen strong results in some of the most challenging conditions.

The sites that have the best placement results have three things in common—all of them linked to strong and consistent relationships. These relationships are what drive success in their programs, impacting performance as well as cost-effectiveness.

- Relationships with youth. Every YouthBuild program should meet with each young person on an individual basis to discuss and follow up on personal development plans. This support should continue after graduation to ensure placement. However, not all programs have been able to successfully execute this step. The sites that are outperforming others have consistently implemented this individualized support, which is particularly important post training.

- Relationships with the private sector. The YouthBuild design implies alignment with the private sector, but doing this continues to be a challenge. The more successful sites, usually with significant startup support from CRS, have embraced a relationship with the private sector during design, implementation, and placement. Joint reviews of training content before implementation, visits to places of business during training, and monitoring working conditions post training are all key pieces of establishing and maintaining a relationship with private sector partners. In Nicaragua, a significant amount of the training is done on the farm with members of the cattle ranchers’ association, which simultaneously

Expensive Compared to What?

Within CRS, the YouthBuild model is often considered to be a costly intervention, especially when compared to per-participant expenses in other programs around the world. But this simple cost per youth enrolled comparison does not take into account what it takes to achieve desired results.

Youth workforce development programs in Central America generally have a one-time cost of $1,000–$2,000 per youth enrolled, provided youth do not re-enroll. Programs vary greatly in training hours and content. Examples of cost per youth served in other YouthBuild international programs range from $1,500–$22,000/young person (Haiti, Brazil, Israel, Mexico, South Africa, and United States).17

Researchers have estimated that it costs U.S. taxpayers $50,000 for each apprehension of an unaccompanied minor at the U.S./Mexico border.18

The annual cost of “housing” inmates in Central America is $1,300–$2,888 per inmate (FUSADES estimate).19

A privately run shelter for unaccompanied minors detained in the United States charges the U.S. government $775 per day per child.20
contributes to the community service component. It is also essential to keep in contact and check regularly with both young people and business partners after youth start working, and especially if a problem arises.

- **Relationships among the implementation team.** Staff cohesion is critical to success. Many program sites hire new staff when program funding first arrives, which may delay team unity, productivity, and efficiency. Other sites have suffered high staff turnover or use short-term consulting contracts, which may affect commitment and consistency. The best performing sites already have a core staff that previously served together on a team before the YouthBuild program started, have relatively low turnover rates, and work well together. They function as an integrated team to meet actual needs of individual youth rather than just delivering their contracted number of training hours. And because there is lower staff turnover, experience and knowledge accumulate within each member and collectively as a team. These elements lower the learning curve when introducing a new approach and help galvanize the individuals toward a collective goal, focused on ensuring success for each young person.

Most programs have at least one of these key elements, but those that stand out have all three and it is the cumulative effect of relationships with individual youth, business partners, and among staff that builds cohesion and drives success, even in the most adverse environments.

![Figure 7. Performance by implementation partner](image)

<table>
<thead>
<tr>
<th>Quality placement</th>
<th>Other placement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QUALITY WORK (A JOB OR SELF-EMPLOYMENT)</strong></td>
<td><strong>EMPLOYMENT WITHOUT LEGAL BENEFITS OR SELF-EMPLOYMENT WITHOUT REGULAR TRACKING OF INCOME AND EXPENSES.</strong></td>
</tr>
<tr>
<td>NON-HIGH SCHOOL GRADUATE THAT RETURNS TO SCHOOL</td>
<td>HIGH SCHOOL GRADUATE THAT RETURNS TO SCHOOL</td>
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<tr>
<td>HIGH SCHOOL GRADUATE THAT RETURNS TO SCHOOL</td>
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<tr>
<td>HIGH SCHOOL GRADUATE THAT RETURNS TO SCHOOL</td>
<td></td>
</tr>
<tr>
<td>EMPLOYMENT WITHOUT LEGAL BENEFITS OR SELF-EMPLOYMENT WITHOUT REGULAR TRACKING OF INCOME AND EXPENSES.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Standard</th>
<th>NI</th>
<th>1-GT</th>
<th>2-GT</th>
<th>3-GT</th>
</tr>
</thead>
<tbody>
<tr>
<td>63%</td>
<td>106%</td>
<td>53%</td>
<td>79%</td>
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<table>
<thead>
<tr>
<th>Senderos</th>
<th>1-HN</th>
<th>2-HN</th>
<th>3-HN</th>
<th>1-SV</th>
<th>2-SV</th>
</tr>
</thead>
<tbody>
<tr>
<td>68%</td>
<td>43%</td>
<td>55%</td>
<td>65%</td>
<td>65%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Caminos</th>
<th>SV</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td></td>
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</table>

*Placement is over 100% in 1-GT because additional youth were placed from outside the program.*
Relevance for policy makers, funders, and implementers
FOUR KEY ELEMENTS ENSURE THE CENTRAL AMERICA YOUTHBUILD MODEL IS A GOOD INVESTMENT

IMPROVED EFFICIENCY (GRADUATION) BY REDUCING OBSTACLES FOR THE MOST EXCLUDED YOUTH

Often the most excluded and marginalized youth cannot afford to attend a program, even if they do not have to pay for the actual training. To compensate for expense outlay or lost income, cash stipends can defray transportation costs or even lost income during training (many poor youth support their families through part-time, informal work). For young mothers, providing child care often makes the difference between dropping out and graduating. If youth cannot even get out of the starting gate by successfully completing a training program, efficiency is sacrificed, increasing the cost per youth graduated. Reducing these obstacles will involve a greater cost, but it will increase efficiency.

IMPROVED EFFECTIVENESS BY ENSURING SUPPORT FOR PLACEMENT POST TRAINING

Workforce development programs must track placement in order to guarantee a measurable return on investment. Tracking should take place for at least six months. Even more importantly, as identified in Central America, youth need staff support to overcome additional obstacles to placement such as social stigma. Many businesses exclude youth based on their address; most require polygraph tests as part of the hiring process, and if a young applicant gives a false address on their job application just to get past the first filter, the polygraph test will ensure that they get no further. Staff support is fundamental for success by engaging businesses, mentoring youth, and helping graduates navigate these additional obstacles for placement. This support increases costs but improves effectiveness and is the only way to ensure a return on the investment made through the training program.

INCREASED RETURN ON INVESTMENT WHEN WORKING WITH MORE VULNERABLE AND EXCLUDED YOUTH

More vulnerable and excluded youth, particularly those with criminal records, require greater support and most likely additional time in a program to help them engage in a more positive and prosperous path for their future. This again increases costs, but the return on investment and savings to society can be particularly significant. Working with higher-risk youth within the YouthBuild model reduces the time it takes to achieve a positive return.

EMPHASIS ON ESSENTIAL RELATIONSHIPS WITH YOUTH, THE BUSINESS SECTOR, AND AMONG STAFF

Despite extremely adverse environments, programs have achieved outstanding results. These programs all made certain that the staff developed caring relationships with individual youth during and after the program, supporting each one in his/her personal development objectives. These programs built relationships with key businesses during training as well as after placement. Additionally, staff cohesion ensured a team approach, collectively focused on the overall needs of each young person along with overall program results. It takes time to learn to work together and move from being a group to forming a team. Cohesion and teamwork will never happen if implementers experience continual and frequent staff turnover, or if in a desire to reduce costs, only hire short-term consultants, who are not committed long-term.
IMPLICATIONS FOR THE FIELD OF YOUTH WORKFORCE DEVELOPMENT

There is a need to compare these results with those from similar programs in the region, but that requires a level of collaboration and sharing that has been difficult to achieve given the competitive nature of funding and project cycles. Additionally, no organization has been able to reach the scale that is required to address the opportunity and challenge of youth employment. Not enough jobs are available or being created. Many programs compete for the same youth, jobs, and resources. Collaboration among competitors is needed if this is to be addressed, requiring a different way of thinking about how to achieve the required scale.

This study fills a critical gap in performance and costing analysis for youth workforce efforts and provides insights on better ways to compare between program models. This comparison needs to be expanded to include other similar youth workforce programs in the region. It also needs to be contrasted with other types of youth workforce programming (e.g., combinations of entrepreneurship training, mentoring, and access to seed capital). Supporting youth to create jobs must be one of the critical strategies if we are going to collectively address this challenging opportunity for youth to thrive.
Endnotes


3. This policy brief is based on the results from Salvadoran Foundation for Economic and Social Development (FUSADES), 2019, “Estudio de costos, relación costo-rendimiento y costo-beneficio YouthBuild expansión en Centroamérica: Guatemala, El Salvador, Honduras y Nicaragua.” Result information was prepared for CRS, San Salvador, El Salvador.

4. YouthBuild programs exist in over 200 cities in the United States and in 20 countries. The YouthBuild International partnership with CRS includes adaptation and expansion of the models in Honduras, Guatemala, El Salvador, Nicaragua, Ecuador, and Tanzania.


6. Urzúa and Puentes reviewed information on 215 skills-training programs for youth in vulnerable conditions aimed at promoting their insertion into the labor market and education; 35 of them were from Latin America and the Caribbean. They found that information is especially scarce on social return rates because cost analysis is rarely performed. In fact, only three studies in Latin America (Chile, Peru, and Colombia) included cost-benefit analysis, and these are over a decade old. See S. Urzúa and E. Puentes (2010), La evidencia del impacto de los programas de capacitación en el desempeño en el mercado laboral, Washington, DC: Banco Interamericano de Desarrollo. Accessed October 2018, https://publications.iadb.org/es/publicacion/15995/la-evidencia-del-impacto-de-los-programas-de-capacitacion-en-el-desempeno-en-el.

7. Success in the YouthBuild model is measured with performance standards, particularly post-training placement in a job, entrepreneurship, or returning to school, along with tracking the quality and length of that placement. Specifically, this included the number of youth enrolled; total number of training hours; youth graduated; youth placed in a job, self-employment, or returned to school; quality and length of placement; and basic socio-demographic indicators (age, gender, education level, and risk factors).

8. For purposes of comparability, the results analyzed here focus on direct operational costs.

9. Quality placement is defined as youth employed for at least a month in a job with legal benefits; youth who have maintained a small business for at least a month and track income/expenses weekly, netting some profit; and youth who return to formal education (for high school graduates this is a university or technical degree certification program; for non-high school graduates, returning to formal educational programs to complete the next level of education). Other labor placement options are jobs without legal benefits, or self-employment where youth do not track income/expenses on a weekly basis or may not generate a profit.

10. Data gathered after completion of this costing study has shown a significant improvement in placement—a result of changing strategies based on data availability for performance.

11. Similar programs in the region cost approximately $1,100–$2,000 per youth enrolled.

12. Costs took into account all programmatic expenses for each partner for implementation and divided that amount by the total number of youth enrolled, graduated, or placed. See the full FUSADES study for more detail on these calculations.

13. Column C reports the number of years until the Internal Rate of Return (IRR) reaches and exceeds 0 or breaks even. For the Standard model, it is estimated that it takes three years to break even.


15. In Guatemala, the site with the highest placement rate of youth is in the middle of an area rife with gang rivalries combined with narcotrafficking routes. In Nicaragua, the site has been able to obtain strong placement results despite being in a rural area with almost no jobs; in El Salvador, one program partner working in gang-impacted neighborhoods achieved the highest placement rate of youth in quality employment.


FOR MORE INFORMATION CONTACT:

CRS LACRO OFFICE
Diagonal 6 11-97
Zona 10 Ed. Centro
Inter Naciones 2nd Level,
Guatemala City, Guatemala
+502-2362-2173

CRS WORLD HEADQUARTERS
228 W. Lexington Street
Baltimore, MD 2101-3443
+877.435.7277