



Vocational training and resilience to the COVID-19 shock in Uganda

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- Between 2020 and 2022, we conducted three follow-up surveys of youth who had participated in a vocational training program years before, to study how the provision of vocational skills facilitated resilience to the COVID-19 shock in Uganda. We exploit a randomised control trial where economically disadvantaged youth were randomly assigned to receive vocational training in 2013, and track the workers again after the two COVID-19 lockdowns that took place in Uganda in 2020 and 2021.
- Vocational trainees still reported better labour market outcomes in early 2020, before the onset of the crisis. That is, vocational training still had a positive effect over 7 years after the end of training.
- Vocational trainees were hit hardest during the lockdowns, because they were more likely to work in small-scale trades and services sectors affected by the lockdown. However, vocational trainees also recovered faster after the lockdowns, so that on net vocational training continued to have overall positive impacts on labour market outcomes throughout the pandemic.
- Increased mobility between firms after the lockdowns, facilitated by the certification of vocational skills, played a key role in explaining the positive impacts of vocational training during the pandemic.
- These results highlight the promising role of formal vocational training in improving sustained economic resilience during a period of heightened economic uncertainty. The findings also highlight the important role of certification in addition to skills. Programs targeting both human capital accumulation and skills certification are likely to be most promising.

Motivation: building resilience to macroeconomic shocks

The COVID-19 pandemic caused huge uncertainties over people's health. As the pandemic unfolded, governments throughout developing countries responded by putting severe restrictions to economic activity and mobility. This is also true in Uganda, where schools, public transport, and non-essential businesses were shut down repeatedly in two prolonged lockdowns over the course of 2020 and 2021, resulting in a significant slowdown of economic growth.

Youth unemployment and underemployment are major policy challenges in Uganda and other developing countries (ILO 2020). The global youth unemployment challenge has become even more pressing since the onset of the pandemic and resulting global economic slowdown: the ILO estimates that over 140 million jobs were lost in 2020 due to the pandemic, and such negative impacts have disproportionately affected young people (ILO 2022).

Understanding which active labour market policies are effective at building resilience to negative macroeconomic shocks such as the one caused by COVID-19 is thus critical to reducing poverty and ensuring global economic and social stability.

In this policy brief, we summarise the results of a field experiment that we conducted in Uganda to evaluate the impact of skills training in facilitating the transition of youth into the labour market. The experiment was conducted pre-pandemic, but we followed-up with our sample even after the onset of COVID-19, which allows us to study also the role of skills training in building resilience to the crisis.

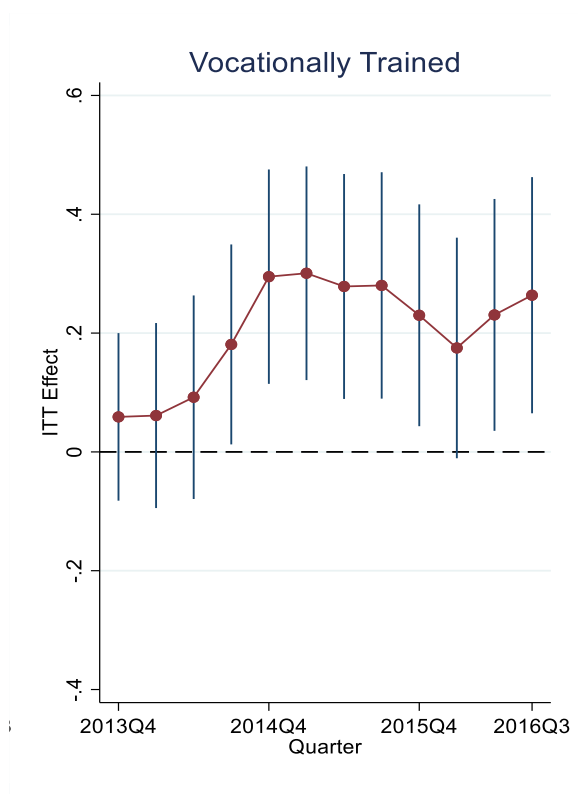
An experiment on skills training in the Ugandan labour market

In 2013, BRAC NGO implemented a labour market intervention where a group of young and economically disadvantaged workers were offered six months of formal vocational training (VT) at institutes. The intervention was implemented as a randomised control trial: since more workers applied for vocational training than slots were available, a group of workers was randomly selected not to receive the intervention and to serve as control group.

The VT offer included a scholarship to attend six months of training at a partner vocational institute. The training was sector-specific, and workers could select among vocations that are in high demand in Uganda, such as motor-mechanics or hairdressing. Workers received a skills certificate upon training completion.

The baseline survey and randomisation took place in 2012 and the training programs in 2013. We then followed up with the workers yearly until 2016, and we used these three rounds of follow-up survey data to evaluate the impacts of the VT intervention on skills and labour market outcomes during normal economic times. These results are reported in Alfonsi et al. (2020): there we show that workers in the VT group experienced an increase in the probability of employment of about 20% in the three years post intervention, with such effects initially rising over time and then stabilising (Figure 1). We also found that VT led to a significant increase in earnings of a similar magnitude. When looking at the mechanisms behind these results, we found that the fact that vocational training came with a skills certificate played an important role, as this improved the ability of vocational trainees to exit unemployment and find a job, by making it easier for firms to observe their skills.

Figure 1: Impacts on number of months worked per quarter until end of 2016



Notes: The figure reports treatment effects of vocational training on the number of months worked per quarter in the post-intervention period. Intent to treat (ITT) effects are reported, together with 95% confidence intervals. Source: Alfonsi et al. (2020).

Long-run impacts and resilience to the COVID-19 lockdowns

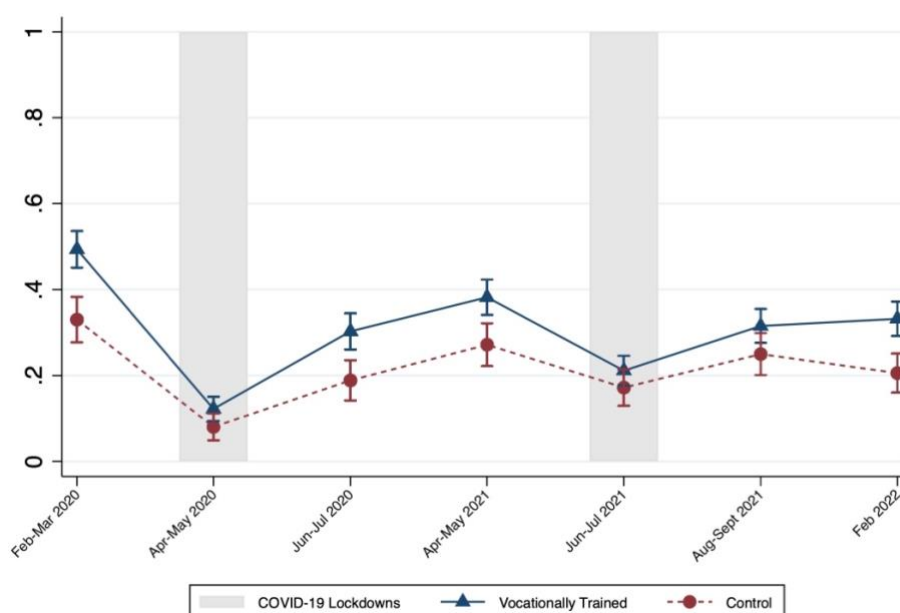
As a response to the onset of COVID-19, the Ugandan government implemented two extended periods of lockdowns, the first between April-May 2020, and the second in June-July 2021. During these lockdowns, most businesses had to remain shut, and severe mobility restrictions were imposed. Aside from the lockdowns, growth slowed significantly in Uganda since the onset of the pandemic, and the recovery has been slow.

We followed up again with the sample of workers assigned to vocational training and the control group in three more survey waves in late 2020, late 2021 and early 2022. In the 2020 and 2021 waves, we asked workers to report their labour market outcomes before, during and after the recent lockdown. These three waves of data allow us to: (i) study the long-run impacts of vocational training in early 2020, just before the onset of the COVID-19 pandemic, and (ii) study whether the provision of skills training facilitated resilience to the COVID-19 shock.

On long-term impacts pre-pandemic, we find that vocational trainees still reported better labour market outcomes in early 2020, before the onset of the crisis. That is, vocational training still had a positive effect over 7 years after the end of training. In particular, vocational trainees were still 43% more likely to have their main job in a skilled sector (such as motor-mechanics or hairdressing), and reported 15% higher earnings from wage or self-employment (as opposed to casual work).

On impacts during the pandemic, we find that vocational trainees were hit hardest during the lockdowns, because they were more likely to work in small-scale trades and services sectors heavily affected by the lockdown (as opposed to agricultural sectors and casual work that were less affected). However, vocational trainees also recovered faster after the lockdowns, so that vocational training continued to have positive impacts on labour market outcomes throughout the pandemic (Figure 2). We estimate that vocational trainees were 44% more likely to work in a skilled sector between the onset of the crisis and 2022 and they also earned 17% more than controls cumulatively over the same period. Our data again indicates that labour market mobility played a key role in explaining the positive impacts of vocational training during the pandemic: vocational trainees were more likely to move to different firms after each of the two lockdowns.

Figure 2. Employment in training sector throughout the COVID-19 pandemic



Notes: The figure shows the shares of wage- and self-employed workers in one of the eight training sectors: welding, motor mechanics, electrical wiring, construction, plumbing, hairdressing, tailoring, and catering. The blue line represents the VT group while the red represents the Control group. 95% confidence intervals are reported.

Policy implications

Our results provide new insights on the importance of investing in human capital in developing countries to tackle youth unemployment and build resilience to macroeconomic shocks such as COVID-19. In particular, they show that intensive formal vocational training provided at institutes can be cost-effective at improving the labour market outcomes of youth, with such impacts being sustained over several years and through a period of heightened economic uncertainty.

Our findings also highlight that human capital alone is not sufficient, however. Making sure that workers have credible means to show their skills to potential employers is essential to fully reap the benefits of the human capital investment and ensure that youth can transition to productive employment. Therefore, programs targeting both human capital accumulation and skills certification are likely to be most promising.

Finally, our results also show that skills training programs can increase the exposure of workers to sector-specific shocks by changing their sector of occupation. In our case, the provision of vocational training induced workers to move to sectors that ended up being more exposed to the COVID-19 crisis. This highlights one possible risk associated with programs that affect the

occupational choices of workers. Despite this, on net the benefits of vocational training in our case were sustained throughout the pandemic because vocational trainees also experienced a quicker recovery.

References

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