Impact Evaluation of the Department of Labor and Employment's Special Program for Employment of Students (SPES)

What is an impact evaluation?

An impact evaluation analyzes changes in outcomes caused by a program or policy to determine its effectiveness. Innovations for Poverty Action (IPA) uses randomized evaluations to measure impact since they provide the most credible and reliable way to learn what works and what does not. Randomized evaluations use the same methods frequently used in high quality medical research and rely on random assignment to measure impact.

Why conduct an impact evaluation of SPES?

SPES has been implemented since 1993 and currently serves more than 200,000 students annually with a budget of more than 800 million pesos. Although DOLE conducts regular monitoring on total outputs, we know little about its actual *impact* on beneficiaries. In line with the performance-informed budgeting system, which requires government offices to use the general appropriations allocation in programs with demonstrable outcomes, then-DOLE Secretary Baldoz requested that all programs running more than five years undergo a rigorous impact evaluation, and SPES was identified as a priority program for evaluation. 3ie and the Australian Department of Foreign Affairs and Trade (DFAT) chose SPES, among other Philippine government agency programs, to receive a grant to conduct an impact evaluation. IPA was selected as the independent research team to design and implement the evaluation research.

What are the objectives of the impact evaluation?

The SPES impact evaluation addressed two main objectives:

1) To measure the causal impact of SPES on (i) youths' academic outcomes, including school enrollment and grade repetition, (ii) youth employability, as measured by aspirations, self-empowerment, self-esteem, and subjective labor market perceptions, and (iii) youth job-search effort, type of position, duration of job search, employment, and income in the medium-run (8-12 months); and,

2) To document how the impacts are achieved and to develop recommendations to maximize program impact.

How is the impact evaluation implemented?

To measure program effectiveness, we need a group that receives the program ("treatment" group) and **a comparison group** that *does not* receive the program ("control" group). Without a comparison group, we cannot know what would

have happened without the program. The only way of having an **equitable comparison group** is by using random assignment (i.e. lottery) to determine who receives the program and who does not.

For the SPES impact evaluation, we considered PESOs that received more applications for SPES than there were employment slots[1]. We randomly selected some applicants to receive SPES, and the remainder not to receive SPES. We asked each PESO to make sure comparison group members do not enroll for 12 months, until the research period ends.

The figure on the right shows the research design and timeline of the impact evaluation.

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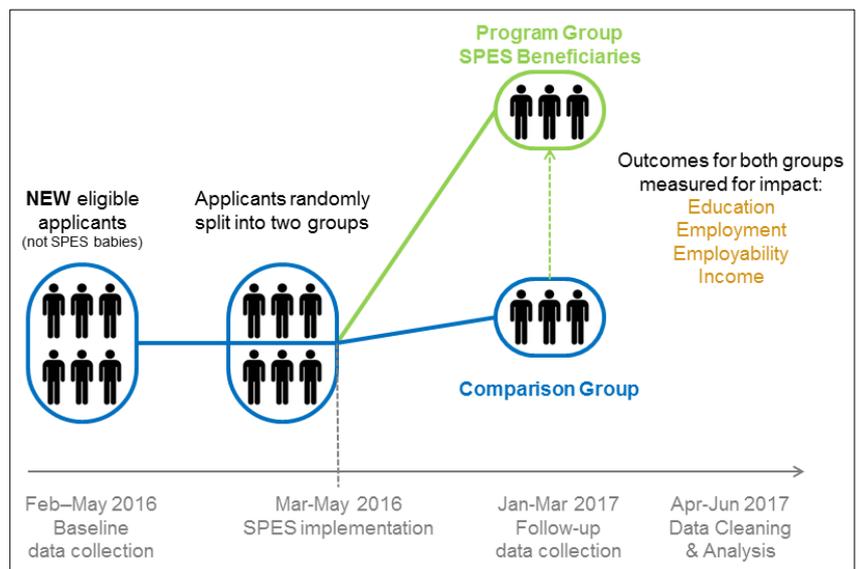
[1] PESOs were asked to target an oversubscription rate of 20%.

How is the research design implemented?

1) **Selection of participating PESOs**
   After consultation with DOLE on the target areas, the researchers invited PESOs with the highest SPES beneficiary enrollment from Regions III, VI, VII, XI and National Capital Region to participate in the evaluation. Because some PESOs were unwilling to participate or did not have more SPES applicants than available slots, the impact evaluation includes PESOs from Regions III, XI, and NCR.

2) **Applicant screening and baseline data collection**
   We asked the PESOs to recruit applicants until a pre-determined cut-off date, *even if the number of applicants exceeded the number of slots,* and to screen applicants based only on the eligibility criteria[2] in Republic Acts 7372 and 9547 to standardize the screening process. Applicants completed a supplemental questionnaire on their employment history and aspirations at baseline.

3) **Applicant selection through random assignment of applicants**
   At each participating PESO, if there were more eligible **new** SPES applicants than slots, then the research team used a computer program to assign applicants at random into one of two groups:[3]
   a) Treatment group: the applicant was invited to enroll in SPES; OR
   b) Control group: the applicant was <u>not</u> chosen to enroll in SPES, and he or she could not be invited by PESOs to enroll in SPES or other similar programs until April 2017.

4) **SPES program implementation and process evaluation**
   Applicants randomly selected and invited to enroll in SPES were assigned slots and started their work as usual. The time period and duration of employment depended on each PESO's policies. IPA staff also conducted in-person interviews of PESO managers to learn about the variation in SPES implementation across PESOs.

5) **Baseline data analysis & report**
   The research team collected/encoded applicant data from the SPES application forms, supplemental questionnaires and SPES employer terminal reports. We analyzed data from applicants across all regions and wrote a report illustrating the characteristics of SPES applicants.

6) **Follow-up data collection & SPES impact analysis**
   The research team conducted the follow-up survey from January to May 2017. We contacted SPES applicants in the study sample by phone to learn about key outcomes like education, employment, employability, and income, and followed up in person with difficult-to-reach respondents. The team compared the outcomes of the treatment group (chosen to recieve SPES) with the control group (those chosen not to receive SPES) to measure the medium-run impact of SPES (8-12 months).

What can put the impact evaluation at risk?

The PESOs do not follow through with the random assignment of applicants into the treatment and control groups.
   Why? We used a lottery to create two groups that are very similar in characteristics and are comparable. For example, if the average age in the group chosen to receive SPES is around 20, then the average age of the group chosen not to receive SPES will also be around 20. This will be the same for other key outcomes of interest. After SPES implementation, any differences between the two groups can be attributed to SPES – this is the impact of the program. If PESOs did not follow through with random assignment to receive or not to receive SPES, then we cannot directly compare those who do and do not enroll in SPES without introducing bias, and it is more difficult to measure detectable impacts.

The PESOs enroll applicants from the control group into SPES (or a similar program) before April 2017.
   Why? The control group was created to understand what happens to applicants who do not receive SPES. If PESOs enroll applicants into SPES (or a similar program) before April 2017, then during the follow-up survey, members of both groups will have participated, so the study will produce the false result that SPES has minimal or no impact on its beneficiaries and is ineffective.

The impact evaluation research team
   IPA is a research and policy non-profit that discovers and promotes effective solutions to global poverty problems. The researchers leading the evaluation are Leigh Linden (University of Texas at Austin), Emily Beam (University of Vermont), Stella Quimbo (University of the Philippines), and Nathanael Goldberg (IPA). A DOLE Technical Working Group provides input and support for the evaluation. Its members include the Institute of Labor Studies, the Bureau of Local Employment, participating Regional Offices, and IPA.

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[2] In order to control for variation between the participating PESOs, PESOs were asked not to use other screening tools such as qualifying exams during the research period.
[3] Only eligible new applicants were subjected to the random assignment. SPES babies were enrolled as usual.