



# Demand -Driven Youth Workforce Development Program: Can It Be Done at Scale and Be Self- Financing?

---

Suezan Lee, USAID

Mona Mourshed, MSI/Generation

Nancy Taggart, USAID

MOE-2013

# Background

- In 2014 USAID awarded a 5-year cooperative agreement to McKinsey Social Initiative (MSI) (ending 2019)
- Global Development Alliance: \$15 million USAID funds are matched with \$15 million (cash + in-kind) from McKinsey and a leverage of \$100 million from other partners



# Generation Objectives

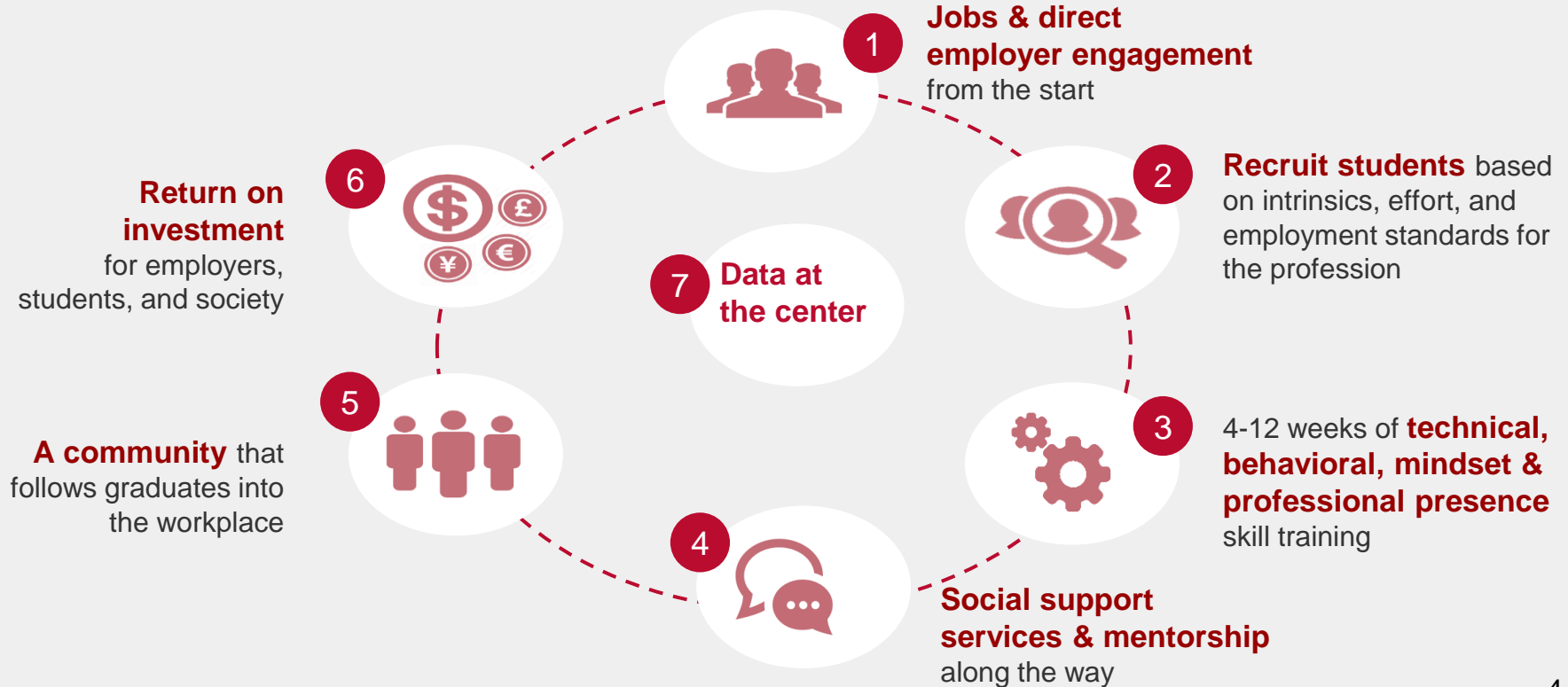
- Employment Methodology
- Return on Investment
- Global Coalition
- Self-Financing

**Target: Reach 1 million youth who will gain skills and employment**





# Program Components



# Generation currently offers 14 professions across four sectors, and is live in 31 cities across five countries



## Healthcare

- Certified nursing assistant
- Home health aide



## Retail/sales/ hospitality

- Retail associate
- Cashier
- Pharmacy technician
- Door-to-door sales
- Front desk clerk
- Food/beverage steward
- Call center operator



## Information Technology

- Web developer
- Digital marketer
- IT Help Desk technician



## Skilled Trades

- Construction helper



USA



Mexico



Spain



India



Kenya



After two years of operation, Generation is today live in 31 cities and 92 locations across five countries

Across Kenya, India, and Mexico, Generation is in 18 cities and has graduated 7,500+ students in the past 18-24 months

**85%**

*program  
graduation  
rate*

**84%**

*employment  
after 90 days  
of graduating*

**84%**

*1<sup>st</sup> employer  
job retention  
after 90 days*

**98%**

*of employers  
would hire  
graduates  
again*

# Generation assesses three types of ROI

 <b>Program impact on participants</b>	<ul style="list-style-type: none"><li>• Immediate job placement</li><li>• Career trajectory</li><li>• Financial income</li><li>• Physical &amp; mental well being</li></ul>
 <b>Return on investment for employers</b>	<ul style="list-style-type: none"><li>• Lower training and recruiting costs</li><li>• Higher productivity and quality</li><li>• Lower turnover, absenteeism, and tardiness</li><li>• Faster speed to promotion</li></ul>
 <b>Impact of Generation program variations</b>	<ul style="list-style-type: none"><li>★ Cost effectiveness of different interventions</li></ul>



***Gallup, our research partner, supports us in tracking ROI***



# India

## Preparedness and placement

**70%** 90 day job attainment

## Performance

**79%** outperform their peers

## Retention

**77%** remain in 1<sup>st</sup> job after 90 days

## Employer satisfaction

**100%** would hire again

## Spotlight: Nurse Assistant (GDA) program

### *Outperforming job placement*

Generation India's nurse assistant program has achieved a 97% job offer rate and a 70% **job placement** rate, as compared to 5% placement rate for government programs

### *Cost effective graduates*

90 day retention is **77%**, compared to an industry average of 40%. This has helped employers achieve up to a **75% cost reduction** in hiring and training expenses

### *Productive, quality employees*

35 minutes of nurse supervisor time is saved on each shift with a Generation graduate, leading to **0.5% EBITDA improvement** (93% of employers state that Generation graduates are better trained than their peers)



# Kenya

## Preparedness and placement

**88%** 90 day job attainment

## Performance

**80%** outperform their peers

## Retention

**91%** remain in 1<sup>st</sup> job after 90 days

## Employer satisfaction

**100%** would hire again

## Spotlight: Financial Sales (for bank/insurance products) program

### *Return on Investment - retention*

Due to improved retention, Generation saves **~1.9x** an employee's monthly salary (~66k KES) per graduate hired. The industry's 12 month attrition is 90%, while Generation graduates have 33% attrition during the same time frame.

### *Graduate quality*

Bank employers made **offers to 60% of our graduates whom they interviewed** (who have a KCSE of grade C or below); they typically only extend offers to 10% of university graduates

### *On the job performance*

**52%** of graduates have better than average performance at work and are better than their peers at building team relationships

# Mexico

## Preparedness and placement

---

**86%** 90 day job attainment

## Performance

---

**100%** outperform their peers

## Retention

---

**87%** remain in 1<sup>st</sup> job after 90 days

## Employer satisfaction

---

**95%** would hire again

## Spotlight: Retail sales and cashier programs

---

### *Return on investment - retention*

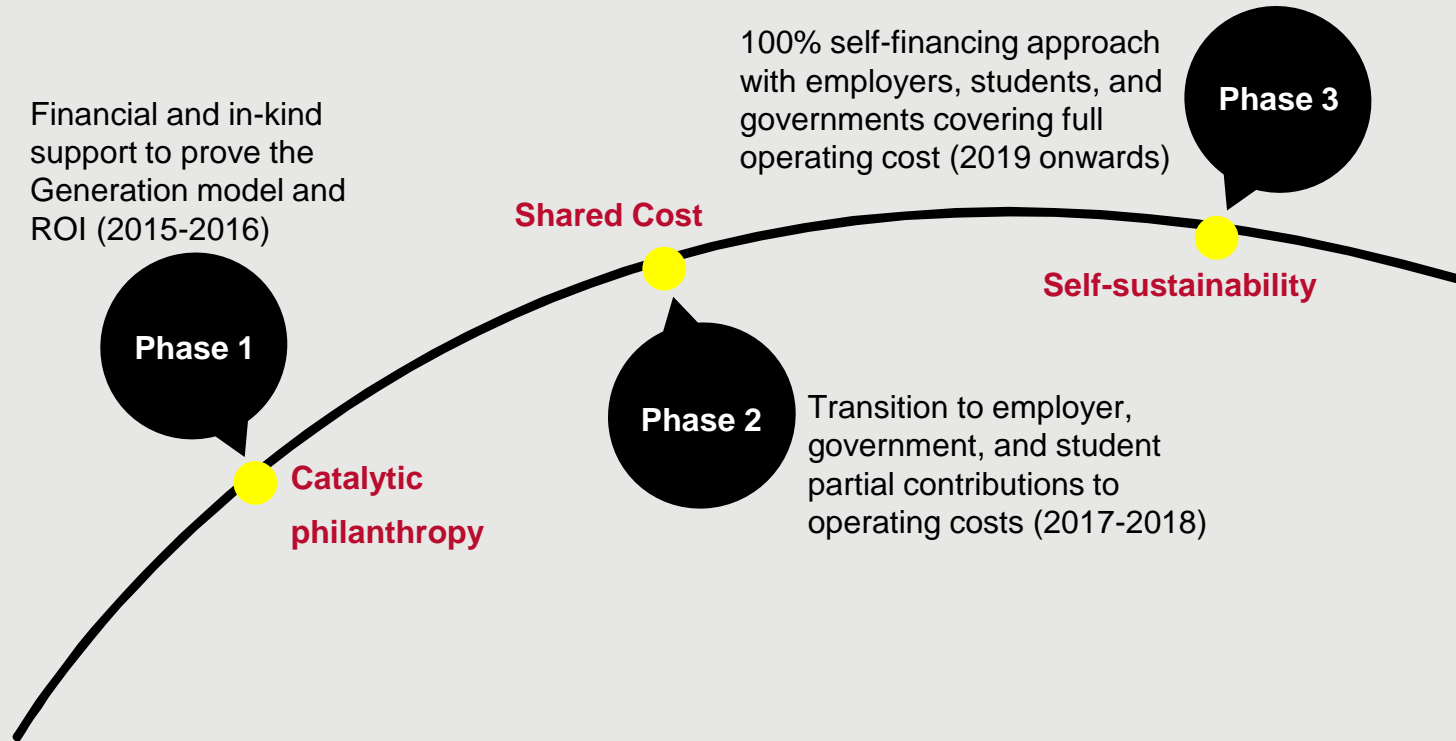
Generation graduates **reduce churn by ~40%**, resulting in savings of **1.6-1.8x** monthly salary per graduate hired

---

### *Improved salaries*

Prior to Generation, 14% of students were earning >10k MXN. 1 year after the program, this has **risen by +3x** to 53% of all graduates

# Generation is building a model to reach self-sustainability



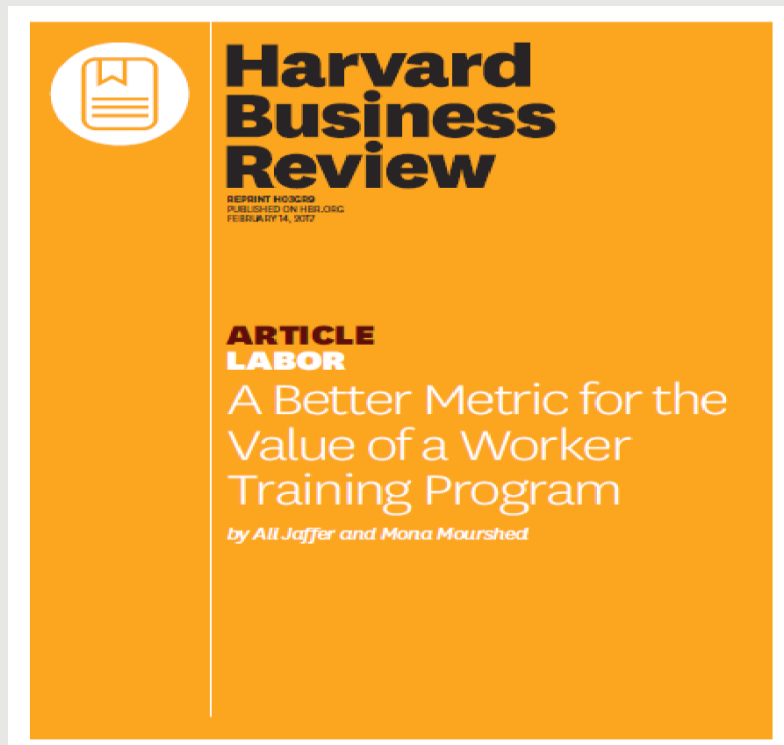
# Our graduates are earning above average youth incomes in each country, with few exceptions



**Generation graduates earn multiples of their income immediately after graduating Generation as compared to before enrolling – for example, 3X in the US and 6X in India**

\* Kenya is measured against full adult population; India is estimated based on typical entry level salaries

# Generation proposes a new way to think about the value of youth employment programs



- We have published and are seeking to spread an approach to assessing youth employment program value – Cost per Employed Day (CPED).
- CPED combines cost per student, job attainment, and retention.
- Our aspiration for CPED is similar to how ‘total cost of ownership’ changed the approach to purchasing. Our goal is to influence how funders and policymakers allocate resources.

	Est days employed	Cost per employed day
	107	\$28
	109	\$5



## How Generation seeks to scale

## Non-profits

- Non-profit training providers or local/global community organizations implement the Generation model

## Employers

- Employers embed the Generation methodology in their recruitment and training processes



## Public training/funding programs

- Government training institutions implement the Generation methodology and/or government funding supports Generation implementation providers

## Blended/on-line

- We create digital Generation, leveraging simulations and interactive animations to provide repeat and intensive practice at scale

# Contextual Factors for Scale: Comparing Across Countries

- **Culture**
- **Economy**
- **Employer mindset**
- **Leadership in govt and civil society**

# Challenges & Opportunities to Scaling

- **Streamlined Package**
- **Participant Selectivity**
- **Emphasis on ROI & Fees**

## Questions for Consideration

- What are effective strategies for reaching marginalized youth at scale?
- What are employers' responsibilities in a WFD program?
- What is realistic to ask from employers as financial support for a WFD program?
- Does your WFD program gauge employer satisfaction or benefits in some form?
- What are challenges to doing this effectively?

---

### Point of Contacts:

USAID: Nancy Taggart, [nataggart@usaid.gov](mailto:nataggart@usaid.gov)

MSI: Mona Mourshed,  
[mona@mckinseysocialinitiative.org](mailto:mona@mckinseysocialinitiative.org)



**USAID**  
FROM THE AMERICAN PEOPLE