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Report V

The youth employment crisis: Time for action

Fifth item on the agenda

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Introduction

A youth employment crisis of unprecedented proportions

1. It is the youth employment crisis – and the unprecedented proportions it has assumed – that prompted the Governing Body of the International Labour Office, meeting in March of 2011, to put this topic on the agenda of the 101st Session of the International Labour Conference for a general discussion. While there is broad consensus that the Conference’s 2005 resolution concerning youth employment remains entirely relevant, there is a renewed sense of urgency for action. In countries severely affected by the global financial crisis, youth unemployment has reached staggering proportions. To have four out of every ten young people unemployed is a social and economic catastrophe.¹ The global financial crisis has aggravated the pre-existing “crisis before the crisis”. Across the world, young women and men face real and increasing difficulty in finding decent work. Over the last two decades, youth unemployment on average has remained at three times that of adult unemployment and, in some regions, this proportion is now as high as five times the adult rate.
2. In 2011 the world witnessed a surge in significant youth-led political and social protest movements across the world, with young people clamouring for “jobs, freedom and social justice”. The grievances of young people over high unemployment and authoritarian rule in Tunisia were a major spark that ignited the Arab Spring in 2011. Young people were also prominent in the mass occupation of Tahrir Square in Cairo that precipitated the downfall of the regime in Egypt. Lack of productive employment opportunities, coupled with aspirations for political freedom, social justice and a better economic future, were important factors that fuelled the protests. In both cases the initial mobilization and subsequent organization of the movement relied heavily on the use of the Internet and social networking media, evidencing the significant involvement of young people.
3. The spirit of youth protests soon reverberated throughout several of the industrialized countries that had been most affected by the economic crisis. In Spain the *indignados* movement and its occupation of the Puerta del Sol square in Madrid, mobilized youth across the country in protest against the handling of the economic crisis by the political establishment and the ensuing catastrophic rise of youth unemployment. A central demand of the movement was for more participatory forms of democracy, reflecting the younger generation’s sense of alienation and economic and social exclusion. The movement soon spread to other European countries, in particular Greece, where the protests were initially directed against the austerity programme.

¹ For example, in Spain and Greece the youth unemployment rate doubled between 2007 and 2011 and now stands at 46 and 42 per cent, respectively (see Chapter 1).

4. By September 2011, the same spirit had spread to the United States in the form of the Occupy Wall Street movement. Centred on the occupation of Zucotti Square near Wall Street in New York City, the primary target of protest was the financial establishment whose greed and irresponsibility were seen to have triggered the global financial crisis in 2008. But the wider underlying demand was for the reform of an economic and political system that was generating extreme inequalities of wealth and income and protecting the interests of the super rich – the 1 per cent – at the expense of those of the vast majority of the people – the 99 per cent. The protests soon spread from New York to other major American cities.
5. Similar youth-led protests against economic injustice have erupted in Israel and Chile, among other countries. In Chile, university and secondary school students have been engaged in a mass protest movement against the social inequities of an education system that is largely privately run and geared towards profits rather than equality of opportunity. In a similar vein, there were mass student protests in the United Kingdom against the trebling of university fees, as the Government slashed funding for higher education. The youth-led protests, ranging from the *indignados* to “Occupy Wall Street”, “Occupy All Streets” and “Occupy Together” took place in more than 1,000 cities and 82 countries in the autumn of 2011.
6. It would be a mistake to characterize all these movements as a reaction of youth around the world to the lack of employment opportunities, since there are significant differences in the specific national circumstances that gave rise to the protests. For example, the quest for democratic rule was a major driving force behind the Arab Spring, while this was not at the core of the protests in Western democracies. Nevertheless, it is clear that the frustrations of young people over the lack of employment opportunities and their deep anxieties over their future life prospects featured prominently among the factors that spurred the surge in youth protests around the world, as widely expressed and spread through the Internet and the social media. Their concerns are clear: *What am I going to do? What is my future?*
7. Labour market statistics aside, the situation is so dire that it threatens an important foundation of the current economic and social model. Economic and social policies across the world are still underpinned by faith in the possibility of achieving continuous economic and social progress. Virtually all countries are committed to the goal of achieving high rates of economic growth and rising living standards for all.
8. Within this paradigm, each generation has been prepared to save, invest and make sacrifices to provide higher standards of living and better economic prospects for the next generation. In a sense this is simply an extension, at the national scale, of the natural aspiration of most parents to secure a better future for their children.
9. On the whole, in most countries these aspirations have been met. While there have been recessions during the past seven decades, they have usually been followed by robust recoveries. Similarly, while there have been serious financial crises, none have been as deep, as prolonged, and as globally contagious as the current crisis. One has to look all the way back to the Great Depression in the 1930s to find a comparable threat to the goal of continuous economic and social progress. The loss of faith in the paradigm, however, is what makes the current youth employment crisis so significant worldwide.
10. In the industrialized countries most affected by the financial crisis, the job prospects of the current cohort of youth are already clearly worse than those faced by earlier ones. Not only are jobs more difficult to find, but many among the young will have to live with the scars of diminished employability caused by unusually prolonged unemployment and detachment from the labour market. Moreover, the future prospects

of even the ones who do find employment are bleaker than those of previous generations. They are likely to find it more difficult to progress to better quality jobs and to secure rising incomes in weaker post-crisis labour markets. The prospects for securing a decent pension and adequate social protection are also diminished by the current parlous state of public finances. The latter also implies a potentially higher tax burden that will be required to pay for the costs of bailouts, fiscal stimulus packages, and the containment of the sovereign debt crisis. Similarly, access to free or subsidized higher education and training is also likely to be reduced considerably because of deep cuts in public expenditures.

11. In developing countries, the crisis has resulted in a slower rate of economic growth because of trade and investment linkages with the industrialized countries. It has also made the future prospects for growth more uncertain because access to financial markets, foreign direct investment and official development assistance are now more limited than before the crisis. While less alarming than an outright economic contraction, a slowdown in growth aggravates the already serious problems of youth unemployment, underemployment and poverty that most developing countries face.

12. Even before the onset of the crisis, many developing countries, including rapidly growing ones such as China and India, were facing declining rates of job creation in the modern sector.² The employment content of growth in the modern sector, especially in manufacturing, had been declining due to the increasing capital intensity of new investments. As a result, a growing share of new employment creation has been in the low productivity informal segment of the economy. At the same time, there has been an increase in precarious forms of employment in the modern sector. Youth in developing countries have been facing increasing difficulty in finding decent work in the modern formal segment of the economy, and a growing proportion of young people have had to settle for inferior jobs in the rural and informal economy. From this perspective, any persistence of the global economic crisis would further weaken the employment prospects of youth in developing countries.

13. Thus, the current youth employment crisis is undermining belief in the norm that each successive generation will see improvements in its employment and economic prospects. It is also threatening the principle of equality of opportunity across generations. Such a decline in the economic and employment prospects of youth could also be a harbinger of the onset of economic stagnation or even retrogression.

14. The intensification of the youth employment crisis not only poses problems from an inter-generational perspective but also threatens to cause a sharply growing gap in inequality within the current cohort of youth. Before the crisis, inequalities among youth in terms of access to decent work, as well as inequalities between youth and adults, were already a source of concern. A prolonged youth employment crisis can only intensify these inequalities. Over time, this will further aggravate the problem of rising income inequalities, which most countries were already experiencing in the relatively prosperous decades before the onset of the global financial crisis. Thus, there is a clear risk of an inexorable march towards ever more unequal societies if the youth employment crisis is allowed to persist.

15. That is why it is so difficult to countenance the continuation or exacerbation of the current youth employment crisis. Such a prospect raises the spectre of pervasive social

² For a review of the recent literature, see ILO: *The challenge of employment creation in G20 countries*, paper submitted to the G20 meeting of employment experts, Paris, May 2011.

and political tensions that could reshape the entire social fabric and economic system in unpredictable and unwelcome ways.

The ILO and youth employment

16. The ILO has had a long-standing concern for the problems faced by young people. The Organization's work in the first two decades after 1919 was to a large extent focused on setting standards to protect the welfare of young workers. Among the earliest Conventions adopted by the ILO were the Night Work of Young Persons (Industry) Convention, 1919 (No. 6), the Medical Examination of Young Persons (Sea) Convention, 1921 (No. 16), and the Medical Examination of Young Persons (Industry) Convention, 1946 (No. 77).

17. From the 1950s onwards, the ILO's work began to expand in scope to cover policies and programmes for the promotion of youth employment. This is reflected in the inclusion of this issue in the ILO's major Conventions and Recommendations relating to employment policy, human resource development, and labour market policies (see section 2.8 of this report). Five resolutions were adopted by the International Labour Conference on issues relating to youth employment between 1978 and 1998.³ The Conference held its latest major discussion of the topic of youth employment in 2005. The Global Jobs Pact, adopted in 2009 in response to the financial crisis, identified youth as one of the groups at high risk whose needs had to be addressed by crisis response policies. The slow pace of the recovery and the deepening of the financial crisis in 2011 and 2012 have only served to underscore the vulnerability of young people.

The Conference's 2005 resolution:⁴ A call for comprehensive action

18. The resolution concerning youth employment, adopted in 2005, highlighted the fact that "there are too many young people who do not have access to decent work" and "face challenges in the labour market". This is all the more regrettable since "young women and men bring numerous assets to the labour market". To overcome this problem, young people should be given "multiple pathways to decent work", especially since "young workers are not a homogeneous group; they have different needs, capacities and expectations."

19. To this end, the resolution called for "an integrated and coherent approach that combines macroeconomic and microeconomic interventions and addresses both labour demand and supply and the quantity and quality of employment." In this connection, it highlighted the importance of achieving high, sustained and employment-intensive growth; of aligning monetary, fiscal, trade and social security policies to the goal of creating decent jobs; of ensuring that the regulatory environment for investment and enterprises and labour law creates an investment climate that fosters economic growth and decent employment for young people; of providing access to universal, free, quality public primary and secondary education; of a comprehensive policy to enhance the

³ ILO: Resolution concerning youth employment (1978); Resolution concerning follow-up to the World Employment Conference (1979); Resolution concerning young people and the ILO's contribution to the International Youth Year (1983); Resolution concerning young people (1986); Resolution concerning youth employment (1998).

⁴ ILO: Resolution concerning youth employment, International Labour Conference, 93rd Session, Geneva, 2005.

employability of young people through vocational education and life-long learning systems that are responsive to labour market needs; of effective active labour market programmes; and of the development of entrepreneurship among young people. The resolution also called for the establishment of social benefit programmes to support unemployed and underemployed youth; for measures to enable young people in the informal economy to make the transition into the formal economy; and for urgent action to “enhance the involvement of young workers, workers’ organizations, and employers of young workers and their organizations in development, implementation and monitoring of youth labour market policies and programmes.”

20. The main messages that can be distilled from past ILO work on youth employment could be summarized as follows. Meeting the employment aspirations of young people requires a high rate of overall job creation. Economic policies must therefore include employment creation as a major goal. Within this framework, it is also essential to have specific policies targeted at the employment problems faced by youth. Educational and vocational training policies are especially important and must impart employable skills to youth entering the labour market, while labour market institutions such as employment services should assist youth in finding appropriate employment. Active labour market policies are required to support unemployed youth to regain employment, and to provide remedial training and support to disadvantaged youth. Enterprise development programmes are also needed since self-employment and small business creation are an important means for young people to find gainful employment. All these programmes should ensure gender equality, target the most disadvantaged young people, and eliminate all forms of discrimination. These programmes should be carefully designed, monitored and evaluated, to ensure high economic and social benefits. Finally, it is important to ensure the involvement of workers’ and employers’ organizations in all youth employment programmes.

21. An important motivation for this work was the recognition that young people face special vulnerabilities and needs as they make the transition from childhood to the world of work. For many young people this is a path strewn with obstacles. These often include inadequate education and training to prepare them for a job; lack of institutions to guide and support them in choosing a career and securing a job; and labour market structures that make it especially difficult for them to gain a first secure foothold on the employment ladder and to progress thereafter. In the face of these obstacles, a significant number of youth often fail to make a durable and successful transition to work; this group is at high risk of chronic social exclusion unless there are policies in place to provide them with a “second chance”. Much of the ILO’s work on youth employment has focused on promoting effective policies and programmes in member States to overcome the multiple obstacles faced by young people.

22. A related motivation was the realization that solving the problem of youth unemployment was of vital importance from a societal perspective. A high level of unemployment among young people represents a waste of potential human resources and talent that is vital for rejuvenating the labour force. Correcting the problem offers a potentially huge economic payoff. Similarly the social costs of high youth unemployment (and detachment from the labour market) are extremely high. Unemployment breeds social exclusion that, in turn, gives rise to high welfare dependence, crime and anti-social behaviour, and makes societies more vulnerable to civil disorder and political upheaval.

23. Reducing youth unemployment also deserves the highest priority because its consequences can be so devastating for those concerned. While unemployment damages the economic and personal welfare of all those it touches, regardless of age, the damage

is most pronounced when it occurs at the fragile start of one's working life. Legitimate hopes of finding a job and a career are shattered and replaced by the pain of undeserved social rejection. This is tantamount to a denial of economic citizenship and gives rise to despair and resentment. The consequences of these early wounds are often deep and long lasting, taking the form of diminished future employability and earnings.

Taking up the new global challenge: Time for action

24. The depth and breadth of the current youth employment crisis, and the social unrest that is unfolding, underscore how much is at stake in international and national efforts to avert a second and potentially more dangerous phase of the global crisis. It is nothing less than the belief that globalization can be fair and inclusive, and that it can bring decent work and social justice for young women and men.

25. The time has come to translate the broad consensus of the Conference's 2005 conclusions, and the experience gained through their practical implementation, as well as the post-crisis debate on policy paradigms to achieve job-rich inclusive growth and fair globalization, into large-scale action by the global community to tackle the youth employment crisis.

Structure and content of the report

26. This report is composed of four chapters. Chapter 1 reviews the characteristics of the youth employment crisis in its quantitative and qualitative dimensions across different regions and countries, and discusses new emerging challenges, such as educated unemployment and the increasing "detachment" of youth from labour markets. Chapter 2 analyses the patterns of interventions and policies implemented by countries around the world since the last general discussion. It highlights the key lessons that can be drawn from the experience of, and the responses to, the global financial crisis. It covers a broad range of the policy areas included in the conclusions of the Conference's 2005 discussion, ranging from macroeconomic considerations to labour market policies and programmes, entrepreneurship development, rights and labour markets institutions, social protection and other factors affecting the demand and supply and the quantity and the quality of employment. This integrated analysis across the Decent Work Agenda applies the ILO Declaration on Social Justice for a Fair Globalization, 2008, principle of integrated, inseparable and mutually supportive objectives. It highlights the significance of policy coherence and coordination at national and global levels to tackle the youth employment crisis. It also points to a major deficiency – that of limited voice and participation by youth themselves in forging their present and future. Chapter 3 briefly reviews the International Labour Office's strategy of support to constituents, developed since 2005, and the main global and regional partnerships focusing on youth employment. Chapter 4 presents the conclusions emerging from this review and analysis, and points to some possible ways forward.

Chapter 1

The youth employment crisis: Trends, characteristics and new challenges

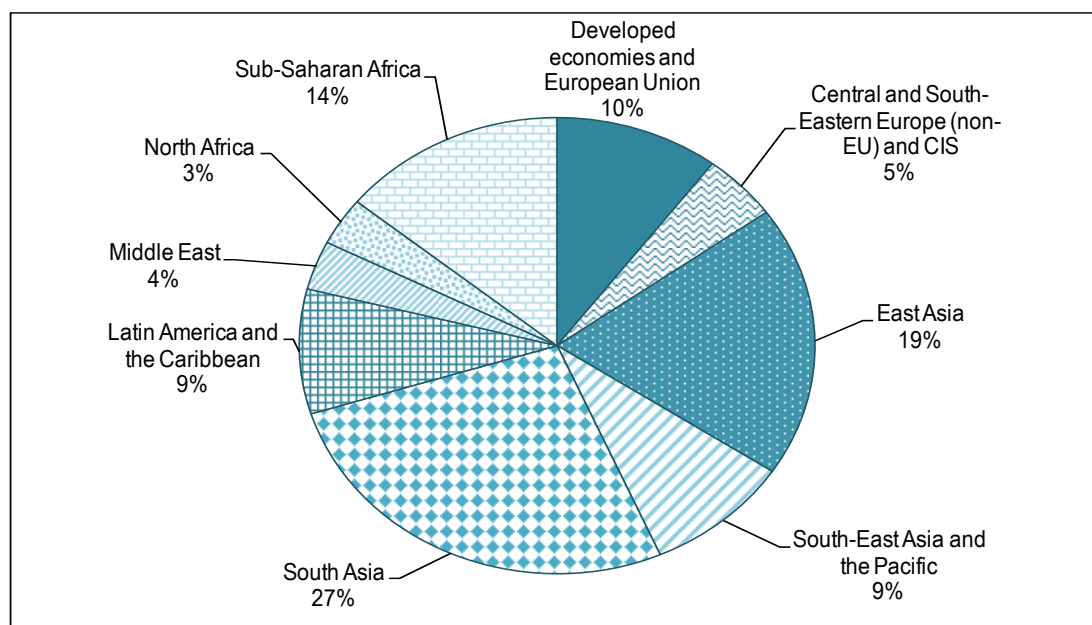
27. The youth employment crisis is a global challenge, though its social and economic characteristics vary considerably in size and nature from one country and region to another. This chapter analyses some of its more significant features from a demographic and labour market perspective, highlighting structural changes and a number of new emerging issues.

1.1. Trends in the youth population

1.1.1. Diversity in the demographic challenge

28. Today almost one person in five is between the ages of 15 and 24 years. Altogether, there are over 1.2 billion youth in the world. The majority of young people – about 90 per cent – live in developing countries, with 60 per cent in Asia and 17 per cent in Africa (see figure 1.1). The current population of young people in developing countries is the largest the world has ever seen – around 1 billion. It will reach a maximum of 1.1 billion in 2060 and gradually decline thereafter.¹

Figure 1.1. Regional distribution of the youth population, 2012



Source: United Nations: World Population Prospects, the 2010 Revision database.

¹ The source of all population data presented in this section is the United Nations “World Population Prospects, the 2010 Revision” database. All data are medium variant projections. <http://esa.un.org/unpd/wpp/index.htm>.

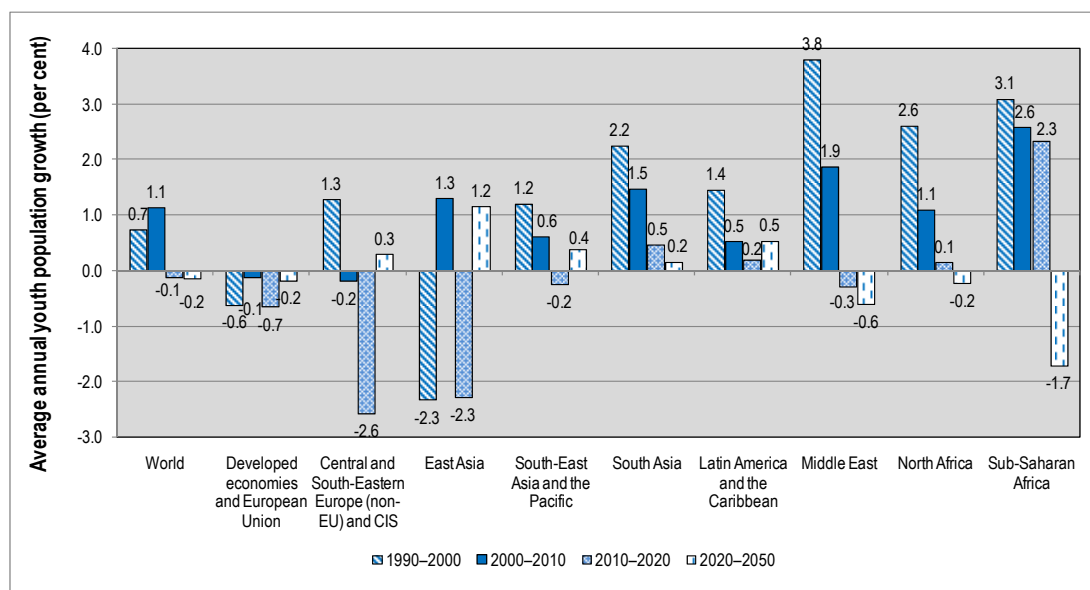
29. In all regions (but not in all countries) growth in the youth cohort is decelerating and the share of youth in the overall population is declining. This is a clear sign that at the aggregate level, the world is approaching the final stage of demographic transition, typically labelled as “population ageing” (see box 1.1).

Box 1.1
The three stages of demographic transition

The demographic transition involves three stages. First, lower mortality rates among children lead to an increasing proportion of youth in the population. Second, declines in fertility lead to lower proportions of young people and a higher proportion of adults of working age. Finally, declines in mortality and fertility lead to increasing proportions of older persons – a phenomenon called “population ageing”. The youth bulge in the working-age population during the second stage of the transition is temporary, lasting typically about 50 years. Yet, the time period is long enough to have significant implications for the countries concerned. Characterized as “the demographic dividend” this stage can provide a window of opportunity for accelerated economic growth and development. During the third stage, the rapid ageing of the population may pose particular challenges for public policy, as major adjustments in a variety of spheres are required to cope with a declining labour force and an increasing demand for health care and old-age support.

30. However, as shown in figure 1.2, this transition is occurring at different speeds in different regions and countries. A decline in the youth population is projected in the developed economies and European Union (EU), Central and south-eastern Europe (non-EU) and the Commonwealth of Independent States (CIS), East Asia, South-East Asia and the Pacific, and the Middle East. At the other end of the spectrum, rapid growth in the youth population is projected in sub-Saharan Africa; moderate growth is projected in South Asia, Latin America and the Caribbean and North Africa. The youth population in sub-Saharan Africa will continue growing until 2050 and beyond; between 2010 and 2050 it is expected to increase by 182 million. The number of youth in South Asia is projected to increase by 15 million between 2010 and 2020. In Latin America and the Caribbean the youth population will continue growing until 2020 and in North Africa until 2035, before it begins to decline.

Figure 1.2. Average annual youth population growth, world and regions, 1990–2050



Source: United Nations: World Population Prospects, the 2010 Revision database.

1.1.2. Turning the demographic challenge into the youth “dividend”

31. A youthful population is considered a formidable asset for innovation and creativity in economies and societies. However, in order for countries fully to realize this potential and capitalize on the “youth dividend”, young people need to be productively employed and integrated in the society.

32. Most developing countries are in the second stage of the demographic transition and are experiencing the youth bulge, with youth representing more than 30 per cent of the working age population for a few more decades to come.

33. In the present context, developing countries with large youth cohorts are facing growing challenges in absorbing youth into education systems and labour markets, and are thus not fully benefiting from the youth dividend. Evidence shows that in developing countries and transition economies, a 10 per cent increase in the youth share of the population between 1980 and 2000 increased youth unemployment by an estimated 6 per cent. In Ethiopia, local labour markets with the largest share of youth in the population had the lowest youth employment rates, with uneducated youth being the most affected.²

34. Developed economies, in general, are in the third stage of the demographic transition and their age structure is considerably older than that of the developing countries. Still, the productive employment of youth remains a key to sustaining economic development, intergenerational solidarity and pension systems. Although youth are a smaller cohort in developed countries, young people, as a group, paid the highest price during the global crisis; they are particularly disadvantaged relative to adults when it comes to their prospects of being absorbed into distressed labour markets.

35. From a longer term demographic perspective, all countries face the challenge of turning youth employment into a developmental bonus. But the clock is ticking. The renewed sense of urgency for prioritizing youth employment in policy agendas is not only a question of meeting young people’s aspirations for a better life, but also a necessity for enhancing the well-being of societies at large.

1.2. Trends in youth and labour markets

36. The youth employment crisis is a major aspect of the global jobs crisis. Its gravity is linked not only to the levels and the duration of unemployment, but increasingly to what evidence suggests is the declining quality of jobs available to youth. The main fear, however, is that the youth employment crisis, in all its manifestations, is not merely a transitory development related to sluggish economic growth, but that it may become a structural trend if no significant policy changes are put in place. This is why the issue acquires a critical new dimension.

1.2.1. Declining labour force participation

37. Both youth labour force participation rates and youth employment-to-population ratios have been on a declining path. The youth labour force participation rate decreased globally from 52.9 to 48.7 per cent between 2000 and 2011, which means that in 2011 fewer than one in two young persons around the world was actively participating in labour markets. In 2011, the number of employed young people was 516 million, an increase of 16 million since 2000. However, because the youth population grew at a

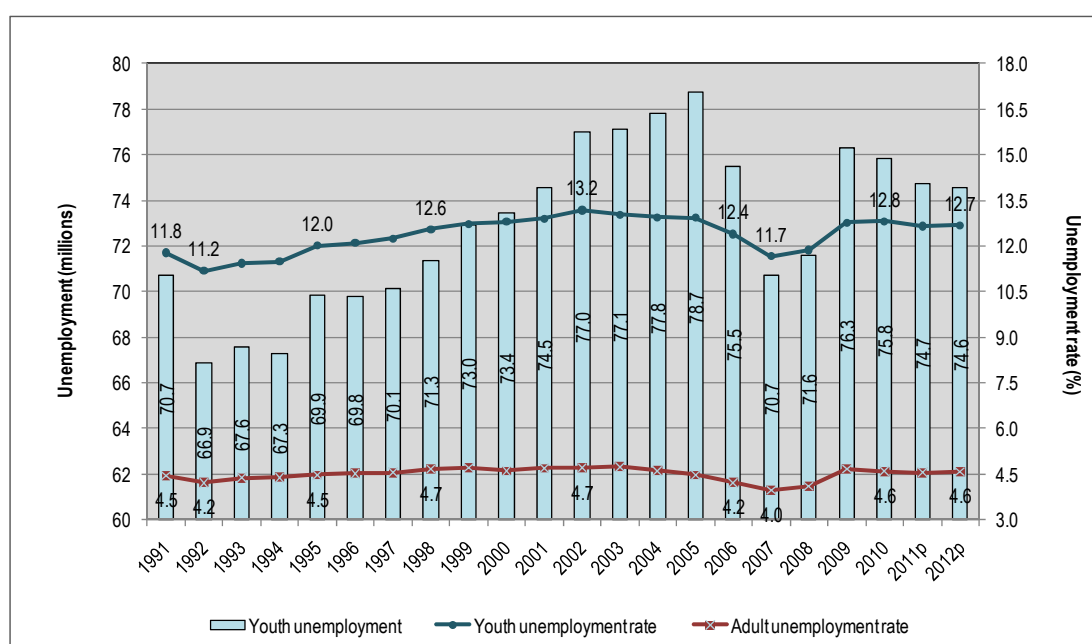
² World Bank: *World Development Report 2007: Development and the next generation* (Washington, DC, 2006).

quicker pace than youth employment, the share of youth who are employed out of the total youth population (the youth employment-to-population ratio) fell from 46.2 to 42.6 per cent between 2000 and 2011. One of the main causes of these trends may have been a rise in the number of young people in education systems, which in itself is not unwelcome. However, in some regions discouragement among youth also played a significant role in accounting for these trends, as we shall see later.³

1.2.2. Youth unemployment reaching unprecedented proportions

38. In 2011, four out of ten unemployed persons was a young woman or man. Globally, youth were three times as likely as adults to be unemployed (see figure 1.3), and five times as likely in South Asia and South-East Asia.⁴

Figure 1.3. Global youth and adult unemployment rates and youth unemployment, 1991–2012



p = projection

Source: ILO: *Trends econometric models: A review of the methodology* (Geneva, 2011).

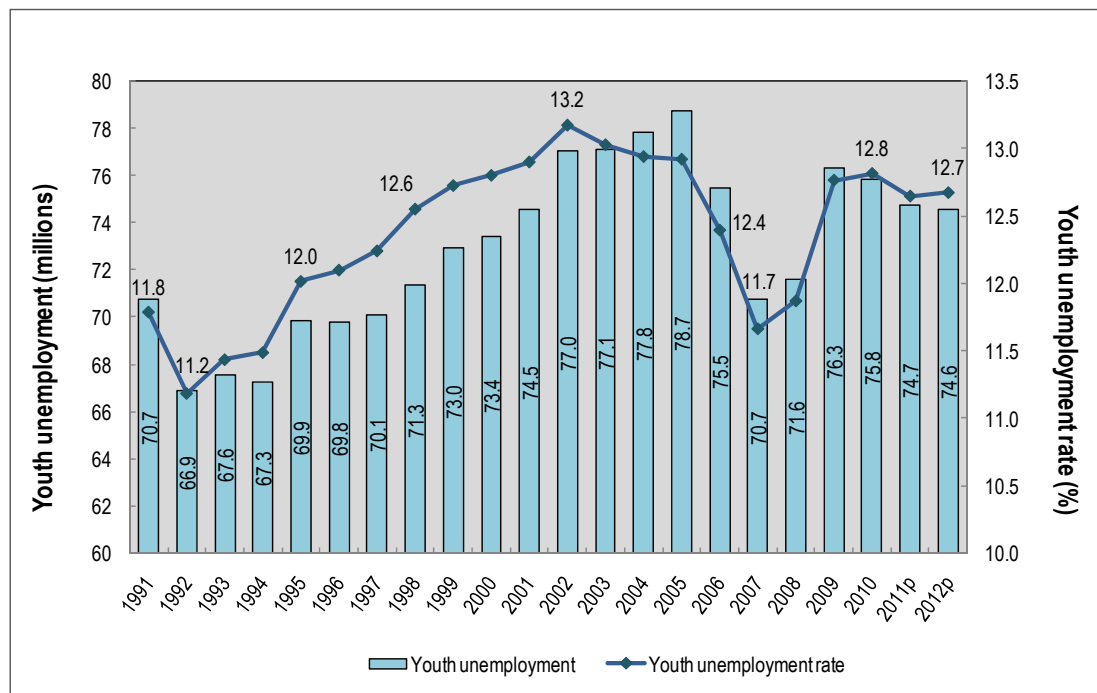
39. Youth unemployment is not a new phenomenon; what is new are the staggering proportions it has reached. Since the 1990s – during the “crisis before the crisis” – the youth unemployment rate had held steadily at above 11 per cent. The global financial crisis and the sluggish recovery that has followed it, dealt a major blow to youth unemployment.

40. At the peak of the crisis, in 2009, the global youth unemployment rate saw its largest annual increase on record. Over the course of one year, 2008–09 it rose from 11.9 to 12.8 per cent, marking the largest annual increase in the 20 years for which global estimates are available, and reversing the pre-crisis trend of a slow but steady decline in youth unemployment (see figure 1.4).

³ ILO: *Global employment trends*, op. cit.

⁴ ILO: *Global employment trends for youth: 2011 update* (Geneva, 2011).

Figure 1.4. Global youth unemployment and unemployment rate, 1991–2012



p = projection

Source: ILO: *Global employment trends*, op. cit.

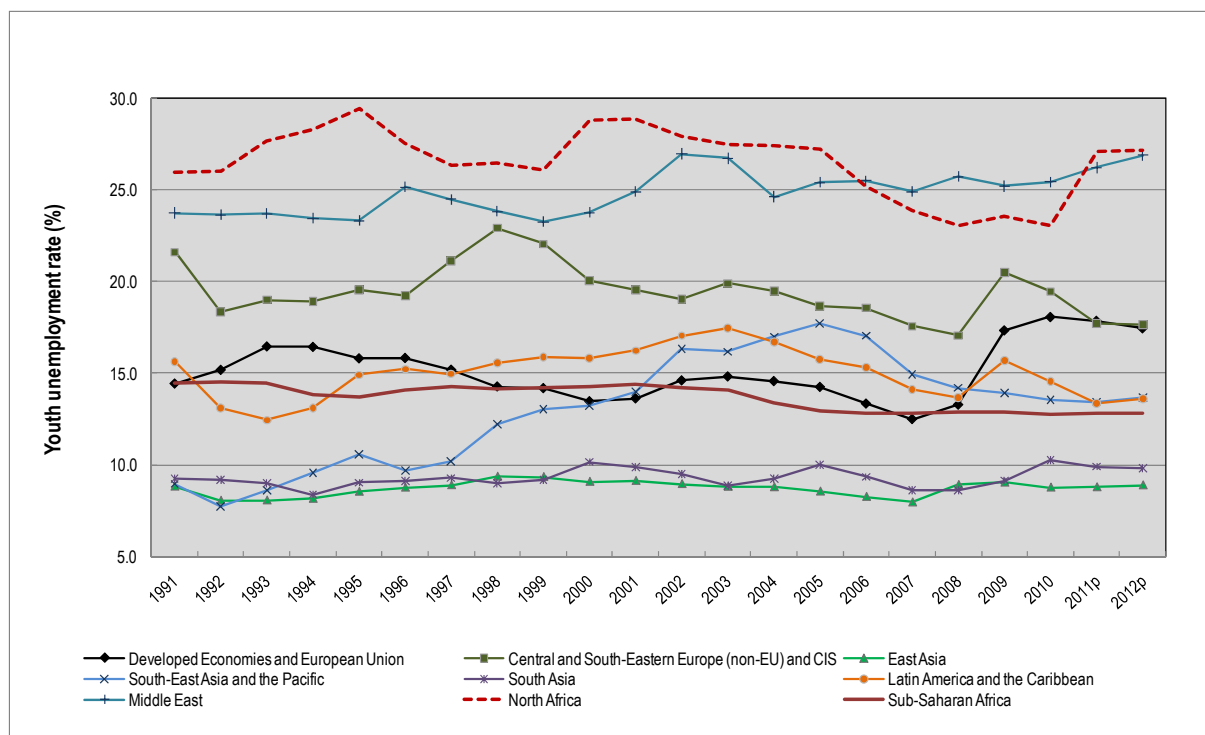
41. Between 2007 and 2011, youth unemployment increased by 4 million at the global level. To put this in perspective, over the course of the ten-year period prior to the current crisis (1997–2007), the number of unemployed youth increased, on average, by 60,000 per year.

42. Youth unemployment rates have proved time and again to be more sensitive to economic shocks than adult rates. The global youth unemployment rate increased by 0.9 percentage points, compared to 0.5 points for the adult rate in the period 2008–10.

43. The female youth unemployment rate in 2010 stood at 13.1 per cent, compared to the male rate of 12.6 per cent (a gap of 0.5 percentage points – the same gender gap seen in 2008).

44. The timing and the impact of the economic crisis on youth employment differed by region. The strongest impact in the developed economies and EU, East Asia and the Middle East was observed in 2007–08, while in the other regions, the crisis-specific impact on youth unemployment rates was concentrated in the 2008–09 period. In South-East Asia and the Pacific, the regional youth unemployment rate actually declined during the crisis years (see figure 1.5).

Figure 1.5. Youth unemployment rate by region, 1991–2012



p = projection

Source: ILO: *Global employment trends for youth: 2011 update*, op. cit.

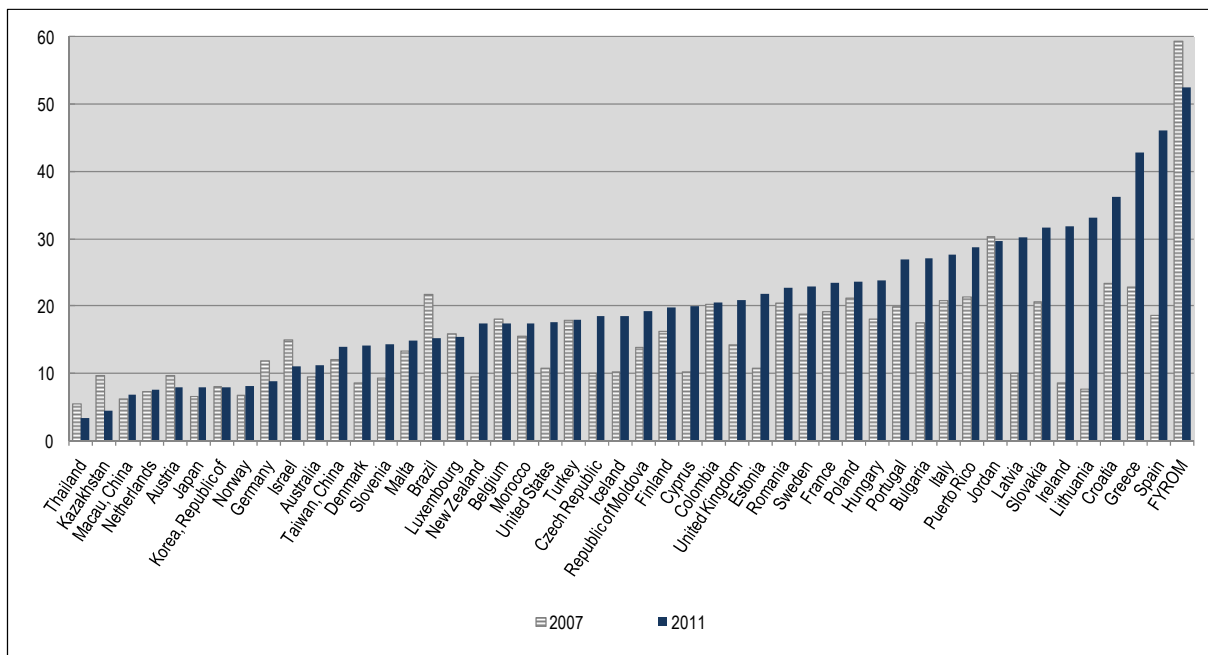
45. Youth were hardest hit by the global crisis in the industrialized countries. Youth unemployment rates increased by 4.1 percentage points in the developed economies and the EU in 2008–09 and by 3.4 percentage points in Central and south-eastern Europe (non-EU) and CIS. These are the largest annual increases in youth unemployment rates ever recorded in any region. The youth unemployment rate of 18.1 per cent in 2010 in the developed economies and the EU is the highest the region has seen since regional estimates became available in 1991.

46. In Spain and Greece the youth unemployment rate doubled between 2007 and 2011, and now stands at 46 and 42 per cent respectively (see figure 1.6). In Ireland it increased from 8.5 to 31.9 per cent over the same period. In Portugal and Italy the current youth unemployment rate is over 25 per cent; it is over 20 per cent in Cyprus, Estonia, France, Hungary, Poland, Romania, Sweden and the United Kingdom.

47. The picture is not uniformly bleak. Some industrialized countries, such as Austria, Belgium, Germany and Luxembourg, saw a decline in the youth unemployment rate despite the crisis. Among the few developing countries for which the data are available, Brazil achieved a remarkable decline in the youth unemployment rate from 21.8 per cent in 2007 to 15.2 per cent in 2011.

48. In spite of these remarkable exceptions the overall picture is extremely disquieting. Of the 48 countries shown in figure 1.6, 33 had youth unemployment rates of more than 15 per cent, while only 9 had a rate of less than 10 per cent.⁵ It is particularly striking that 22 of the 48 countries had youth unemployment rates of over 25 per cent.

⁵ Countries for which quarterly unemployment data are available.

Figure 1.6. Youth unemployment rates in selected countries, 2007 and 2011 (per cent)

Source: ILO: Short-term indicators of the labour market – National sources.

49. With respect to regional trends before and after the global financial crisis, youth unemployment was and remains historically highest in the Middle East and North Africa, followed by the CIS and Eastern and Central European countries (non EU) (see figure 1.5).

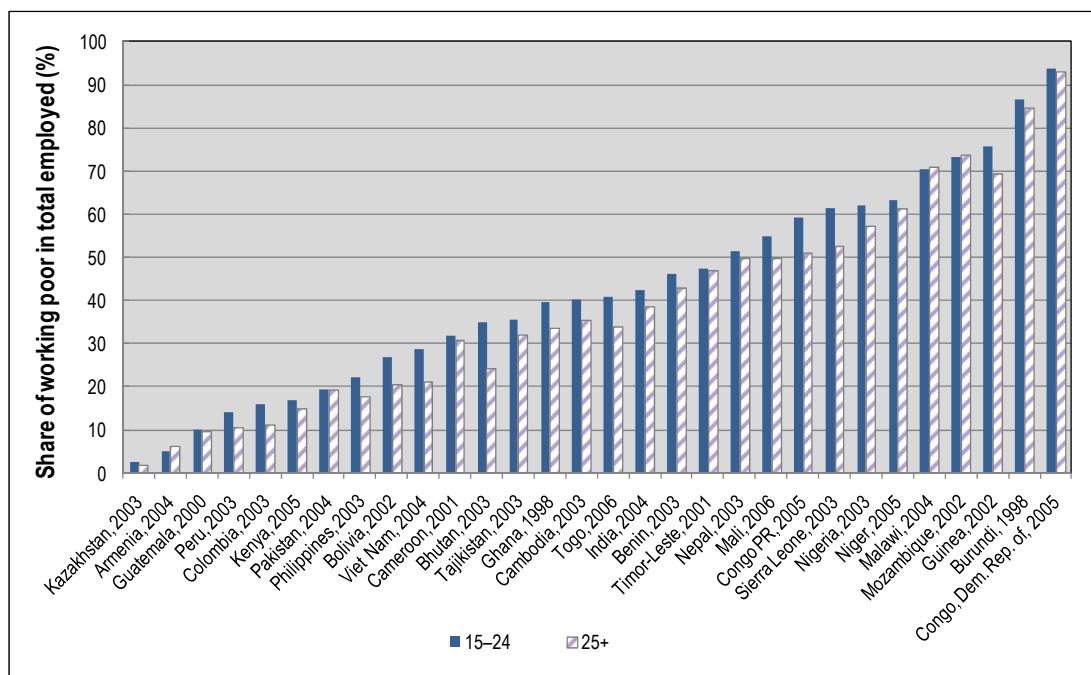
1.2.3. Lower quality jobs for youth: Working poverty, low pay and informality

Youth and working poverty

50. It should be emphasized that youth unemployment is only the tip of the iceberg and that the insecurity and vulnerability of many more young people who have some form of work are integral parts of the youth employment crisis. Young people suffer disproportionately from decent work deficits and low-quality jobs, measured in terms of working poverty, low pay and/or employment status, including the incidence of informality. In developing economies, where 90 per cent of young people live, the vast majority of young people cannot survive without working. In these countries young workers are especially vulnerable to underemployment and poverty. Evidence shows that young people are more likely than adults to be among the working poor. According to the latest ILO estimates on working poverty, young people make up a disproportionate large share of the world's working poor (see figure 1.7). In the 52 countries for which data is available, youth accounted for 23.5 per cent of the total working poor, but only 18.6 per cent of non-poor workers.⁶ Higher labour force participation rates of the young working poor, most of whom are engaged in the agricultural sector, reflect lost opportunities for many of the young people who might otherwise attend school and acquire skills and education that could raise their future productivity and earnings (see figure 1.8). Many young working poor lack a primary-level education.

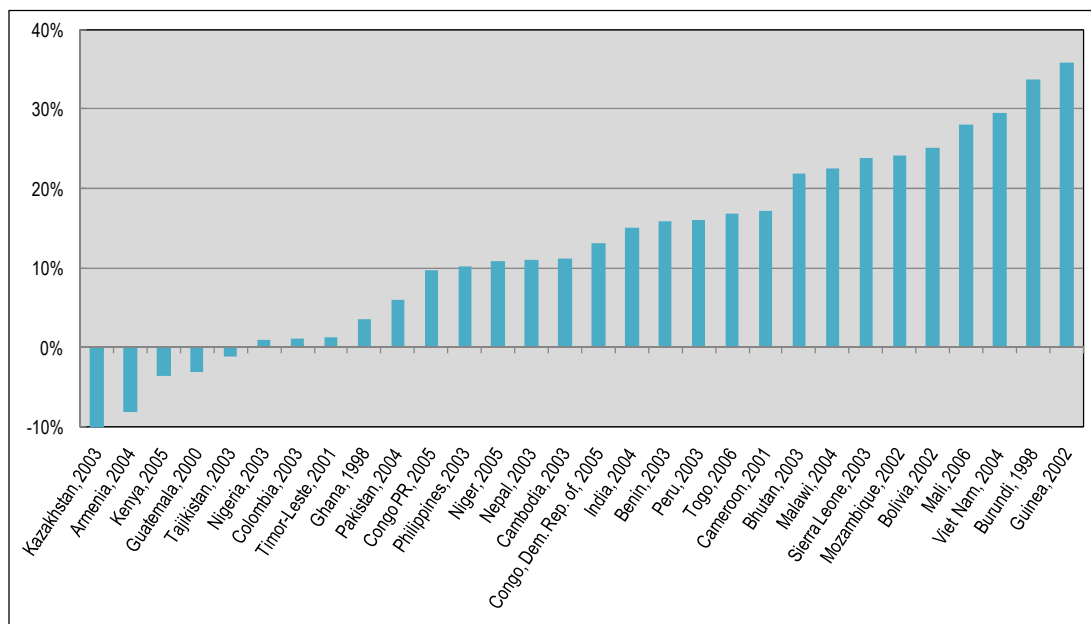
⁶ See ILO: *Key Indicators of the Labour Market*, seventh edition (Geneva, 2011).

Figure 1.7. Working poverty estimates, youth and adult cohorts, for selected countries



Source: ILO: *Key Indicators of the Labour Market*, seventh edition, op. cit.

Figure 1.8. Gap in labour force participation rates between working poor youth (below US\$1.25 a day) and working youth (above US\$2 a day), for selected countries



Source: ILO: *Key Indicators of the Labour Market*, seventh edition, op. cit.

Youth in low pay

51. Young workers are disproportionately represented in low-paid work, that is, work that pays less than two-thirds of the median wage. For example, in Brazil in 2009, 30.5 per cent of workers aged 15–24 were in low-paid work, whereas the corresponding figure for workers aged 25–49 was 18.5 per cent. Similarly, in the Philippines (2008) and South Africa (2007), 28.8 and 41.2 per cent respectively of young workers were in

low-paid jobs, whereas the corresponding figures for all workers were 14.6 and 32.5 per cent.⁷

52. Wage data from selected countries of the EU and from the United States showed that young women and men are between 2.5 and 5.8 times more likely to be in low-wage employment than the overall national average. In all except one of the countries reviewed, more than 50 per cent of low-wage workers were young workers.⁸

53. The over-representation of young workers in low-paid work is confirmed by the data on workers who earn only the minimum wage. For example, in the United States young workers constituted only 20 per cent of all hourly paid workers, but accounted for nearly half of all those earning the minimum wage or less. In Latin America the proportion of workers aged 16–19 earning the minimum wage is frequently 1.5 to 2 times higher than their share in the total working population.⁹

Youth in the informal economy

54. Where age-disaggregated data on informality is available, it confirms the higher incidence of informality among young workers compared to their adult counterparts, as illustrated in figure 1.9 for selected countries from various regions. Informality among young workers in Argentina is quite striking, as youth outnumber adult workers in the informal economy by nearly two to one. It is also significant in Brazil, Ethiopia, Mexico and Turkey.

55. In 2009, informal employment among young people aged 15–19 in Chile, Colombia, Ecuador, Mexico, Panama and Peru was over 30 percentage points higher than that of adults. In these countries the average rate of informality for the youth cohort was 82.4 per cent, compared to a rate of 50.2 per cent for adult workers.¹⁰

56. Recent studies on informality in Latin America and the Caribbean provide an interesting analysis of informal employment as a function of several variables, including age. These studies confirm that the likelihood of working in the informal economy is negatively correlated with age – the younger the worker, the more likely he or she is to be informally employed.¹¹

57. If young people work in the informal economy it is because the modern sector and the formal segment of the economy are unable to create sufficient formal employment opportunities. An unfavourable socio-economic background and the lack of safety nets make work a necessity for many youth who make their livelihoods in the informal economy. The financial crisis has also led to rising employment in an “increasingly crowded” informal economy in developing countries.¹²

⁷ ILO: *Global wage report 2010/11* (Geneva, 2010).

⁸ D. Grimshaw: *Decent pay for young people: Assessing the challenge before and during the crisis*, Employment Working Paper (Geneva, ILO, forthcoming).

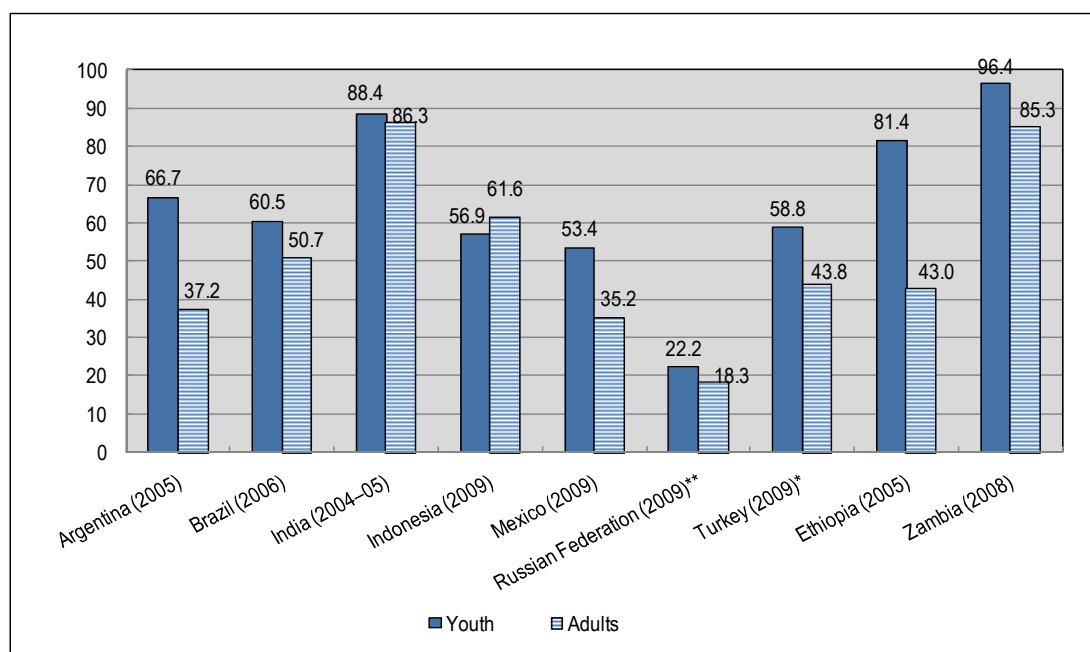
⁹ *ibid.*

¹⁰ ILO: *Panorama laboral 2009: América Latina y el Caribe* (Lima, 2009).

¹¹ L. Gasparini and L. Tornarolli: *Labor informality in Latin America and the Caribbean: Patterns and trends from household survey microdata*, Working Paper No. 46 (La Plata, Universidad Nacional de la Plata, 2007); OECD: *Employment Outlook 2008* (Paris, 2008); and J.G. Reis, D. Angel-Urdinola and C. Quijada Torres: *Informality in Turkey: Size, trends, determinants and consequences*, Background paper for World Bank Country Economic Memorandum (CEM) – Informality: Causes, Consequences, Policies (Washington, DC, 2009).

¹² ILO: *Including the informal economy in the recovery measures*, Global Jobs Pact Policy Briefs No. 3 (Geneva, undated).

Figure 1.9. Percentage of young and adult workers in the informal economy in selected countries



* The adult share refers to the total population. ** The adult share refers to the population aged 30–59, while the youth share refers to the population aged 15–29.

Source: ILO database.

58. In Europe, the share of youth in the informal economy is about 17 per cent, compared to 7 per cent for prime-age workers (aged 25–54).¹³ A recent analysis of informality among youth living in selected countries of Eastern Europe for which numerical estimates were available, showed that one-third of total youth employment was in the informal economy.¹⁴

59. In many countries of the African continent, the informal economy is the largest provider of jobs for youth. For instance, in the Democratic Republic of the Congo 96.2 per cent of young workers are informally employed; in Cameroon the percentage is 88.6.¹⁵ In Zambia, no less than 99 per cent of working teenagers work in the informal economy.¹⁶

Lower quality jobs for youth

60. The deterioration in the quality of jobs available to young workers is also evident in the progressive expansion of temporary employment, and the shorter duration of fixed-term contracts that several countries have reported in recent years. The question remains as to whether these types of jobs are a stepping-stone towards permanent

¹³ M. Hazans: *Informal workers across Europe: Evidence from 30 countries*, IZA Discussion Paper 5871 (Bonn, IZA, 2011).

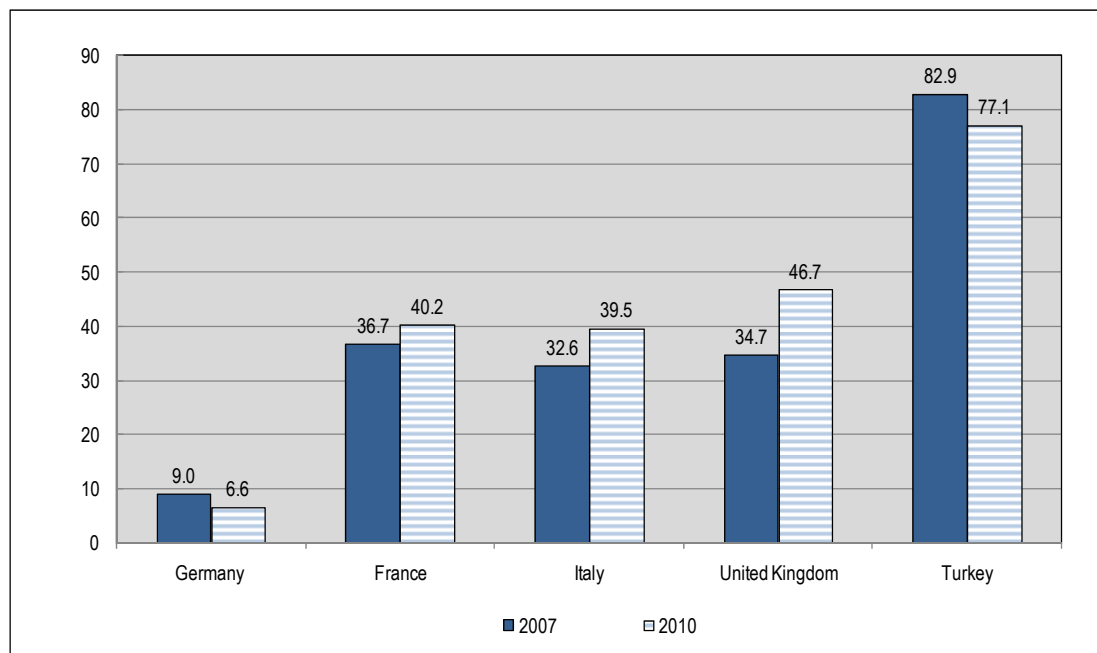
¹⁴ ILO: *Youth employment in Eastern Europe: Crisis within the crisis*, Background paper for the Informal Meeting of Ministers of Labour and Social Affairs during the 100th Session of the International Labour Conference (Geneva, 2011).

¹⁵ Développement Institutions & Analyses de Long Terme: *Youth and labour markets in Africa: A critical review of literature* (Paris, 2007).

¹⁶ M. Garcia and J. Fares (eds): *Youth in Africa's labor market* (Washington, DC, The World Bank, 2008); Zambian Central Statistical Office: *Labour force survey report 2008* (Lusaka, Zambian Central Statistical Office, Labour Statistics Branch, 2008).

employment, or a trap that exposes young workers to a spiral of temporary jobs with alternate spells of unemployment. For instance, in some EU countries significant numbers of young workers were still in temporary jobs five years after leaving school.¹⁷ Figure 1.10 demonstrates for certain European countries the increased proportion of young workers on temporary contracts who could not find permanent jobs.

Figure 1.10. Proportion of young temporary workers who could not find permanent employment in selected European countries, 2007 and 2010 (per cent)



Source: ILO, based on EUROSTAT data.

1.2.4. New challenges in youth transition to decent work

61. The difficulties faced by youth in transitioning from school to work are often captured by the following indicators: changes in the youth unemployment rate over time; the youth unemployment rate compared to the adult unemployment rate; the incidence of long-term unemployment among youth; the proportion of youth who are neither in education nor in employment or training (NEET); the time it takes to obtain a first job; and the duration of transition to a “standard” job after leaving school or after engagement in a first job.

62. Recent school-to-work transition surveys seem to point to increasing difficulties and a simultaneous deterioration in all or most of the abovementioned indicators.

63. It is well known that the transition from school to work entails some period of frictional unemployment as youth undertake the job search. Aspirations and the motivation to work are yet to be clearly formed at this stage in life. A period of experimentation with different jobs and labour market states is common. Young people can often afford this since they have fewer financial commitments and can rely on parental support and, depending on the reserve income they may have, take up some jobs on offer in hope of finding a “better” job in the near future.

¹⁷ EUROSTAT data.

64. There are other factors that make it more difficult for youth to find a job. They are less efficient than experienced adults in searching for jobs. Firms may also be reluctant to hire young people because they lack work experience. Youth are, therefore, often caught in the “experience trap”, where they have no work experience to show in their job applications simply because they have been unable to get a job in the first place.

65. Another factor that contributes to high unemployment among young people is the fact that even after they obtain a job, they are more likely to be laid off before adult workers when there are redundancies. They are less valuable because they have had less time to acquire firm-specific human capital. They are also cheaper to dismiss since redundancy payments are often experience-weighted and they may have less secure employment contracts. The financial crisis seems to have reinforced the “last in–first out” pattern for youth, and in most countries they have a higher rate of turnover between employment and unemployment than adults.

66. While the factors mentioned above help to explain why youth unemployment rates are habitually higher than those of adults, the new disparities in the rates of unemployment are reaching multiples of three to five times, which are clearly beyond the typical frictional unemployment levels that have prevailed until now.

67. There is no internationally recognized duration of the average transition period, but a survey in Egypt suggested that this period is becoming longer and the ultimate outcome is less secure. In Indonesia, the average job search period of unemployed youth rose from 6.9 months in 2001 to 14.7 months in 2009. And over the same period the share of long-term unemployed in total youth unemployment rose from 41.6 per cent in 2001 to 62.1 per cent in 2009.¹⁸

68. In the 34 OECD countries, on average, many of the indicators tended to worsen between 2000 and 2010 (see table 1.1). The youth unemployment rate, and the incidence of long-term unemployment, temporary work and part-time work have all risen. The only indicator that has shown a slight improvement over the decade is the incidence of NEET (i.e. those neither in education nor in employment or training), which has shown a slight decline. However, according to the OECD, in the second quarter of 2010, the NEET rate had climbed back up to 12.5 per cent, from 10.8 per cent in 2008.¹⁹

Table 1.1. OECD average scoreboard for youth aged 15–24, 2000 and 2010

	2000	2010
Unemployment rate (%)	14.6	18.9
Incidence of long-term unemployment (% of the age group)	20.1	22.6
Incidence of temporary work (% of employment)	31.0	38.0
Incidence of part-time work (% of employment)	19.9	27.8
NEET rate (% of age group)	13.4	10.9

Source: OECD project on Jobs for Youth (www.oecd.org/employment/youth). Unweighted average of the 34 OECD countries.

¹⁸ ILO’s preliminary estimates from SAKERNAS data, 1996–2009.

¹⁹ OECD: *Off to a good start? Jobs for youth* (Paris, 2010).

69. Two other emerging trends characterize the new youth employment crisis: an increase in “discouraged” youth and unemployment among university graduates.

70. *Discouragement* is a term associated with youth who are neither in education nor employment, and helps to describe the underlying reason and consequences of detachment from the labour market and society. There is evidence of rising discouragement in many countries, where growing unemployment has led some young people to give up the job search altogether.

71. In the world as a whole, there were nearly 6.4 million fewer young people in the labour force in 2011 than would have been expected based on long-term historical (pre-crisis) trends, indicating a sharp rise in discouragement among youth during the global financial crisis.²⁰

72. In the European Union, some 7.5 million people aged 15–25 are neither in education nor in employment or training. This represents an increase from 10.8 per cent in 2008 to 12.8 per cent in 2010 for the EU as a whole.²¹ According to one estimate, in 2008 the cost of long-term unemployment or inactivity among young people in 21 Member States for which data was available amounted to the equivalent of 1.1 per cent of GDP.²²

73. In Ireland the 2010 youth unemployment rate stood at an alarming 27.5 per cent, up sharply from 8.5 per cent in 2007. Yet even this shocking increase understates the extent of the problem: youth participation declined sharply in the country during the crisis and there is a massive gap between the size of the current youth labour force and that which would be expected based on pre-crisis trends. This means that many young people are either “hiding out” in the education system rather than face a job search, or are idly waiting at home for prospects to improve before taking up an active job search. If these youth were looking for work instead, it would add another 19.3 percentage points to the youth unemployment rate. In Spain, the gap is equal to an additional 9.9 percentage points, while in the Republic of Korea it is equal to 3.6 percentage points. In Austria and Hong Kong, China, the youth unemployment rate could be as much as double the official rate if these additional inactive youth were to enter the labour market (see figure 1.11). In the EU, in 2011, one out of every six young people was neither in education nor in employment.²³

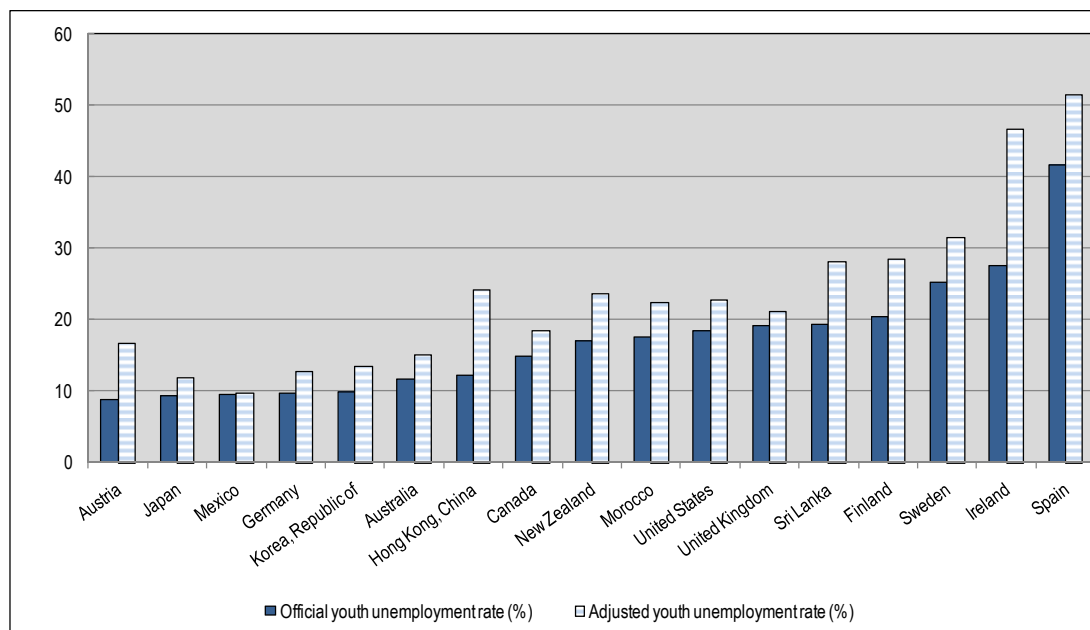
²⁰ ILO: *Global employment trends 2012*, op. cit.

²¹ EUROSTAT data.

²² European Foundation for the Improvement of Living and Working Conditions (Eurofound): *The social impact of the crisis*, Background paper (Dublin, 2011).

²³ ILO: *Global employment trends for youth: 2011 update*, op. cit.

Figure 1.11. Official youth unemployment rates and adjusted rates accounting for reduced labour force participation, 2010 (per cent)



Source: ILO: *Global employment trends for youth*, op. cit.

74. In Indonesia, the NEET rate for 15–24 year-olds rose from 27.1 per cent in 1996 to a peak of 31.9 per cent in 2005, falling back to 27.6 per cent in August 2009. Hence, over a period of a little more than a decade, this rate has worsened, and in spite of recent improvements, it has remained higher than in 1996.²⁴ In Brazil and the United Republic of Tanzania, the NEET rate tended to decline over the period examined: from 21.1 per cent in 1992 to 18.8 per cent in 2007 (Brazil), and from 17.6 per cent in 2000–01 to 13.4 per cent in 2006 (United Republic of Tanzania).²⁵

75. Detailed information as to reasons for labour market detachment are not always available. The youth concerned do not make up a homogeneous group. They include those who have given up looking for work because of the low prospects of finding a job during the recession induced by the global financial crisis, and those who, like many university graduates, consider that available jobs are of low quality and below their skills and aspirations. But, the group mostly includes school dropouts, as well as young people from poor and dysfunctional families and socio-economic backgrounds that diminish their chances of employment and integration, and those exposed from an early age to the gang culture and drugs.

76. Whatever the reasons, the implications of “detachment” or “alienation” are serious enough to warrant a special focus on this group.

77. *The unemployment of educated youth*, and especially that of graduates of tertiary educational institutions, is another challenging trend that is emerging in different countries and regions. It raises concern because it is a perverse outcome: it contradicts the assumption and the evidence that higher education and training increase the

²⁴ ILO’s preliminary estimates from SAKERNAS data, 1996–2009.

²⁵ ILO: *Decent Work Country Profile: Brazil* (Geneva, 2009), and ILO: *Decent Work Country Profile: Tanzania (Mainland)* (Geneva, 2010).

productivity and employability of young people. It is also a wasteful and, from a social and political perspective, potentially disruptive outcome. It is wasteful because of the high cost of the investment in higher education (both direct and indirect in terms of foregone earnings) and the zero social returns from unemployed graduates. It is also potentially disruptive because, from the personal standpoint of the unemployed graduates themselves, the frustration and resentment at being denied the promised rewards for their effort and sacrifice are understandably intense. The reasons advanced for educated unemployment vary: Is it due to the deterioration in the quality of tertiary education and the degrading of the diplomas obtained? Or is it about the “skills mismatch” and the non-marketability of skills acquired? Or, as most believe, is it a question of patterns of growth that do not create the type of good quality jobs that would match either the high skills acquired or the aspirations of youth. Whatever the reason, the political frustrations and resentment are immense, as shown during the “Arab Spring” uprisings. In many countries these frustrations are behind the emigration of highly skilled youth, and the consequent “brain drain” in the emerging and developing economies of origin.

1.3. The increasing polarization and widening disadvantages among young people

78. The relative youth-to-adult disadvantage in terms of employment is compounded by the heterogeneity among young people. The youth cohort, like other age groups, is composed of individuals with personal characteristics, needs and vulnerabilities; that is why young people should not be viewed as a homogeneous group just because of their age. Among them, there are particular groups that are more vulnerable to unemployment, underemployment, informality, discouragement and other social disadvantages. As the policy analysis in Chapter 2 will show, mapping the parameters of different vulnerabilities among youth is a key step in design of more effective and differentiated responses. Key determinants of disadvantages include:

- *Age – the younger, the more vulnerable.* In most countries for which data are available, the unemployment rate tends to fall with increasing age.²⁶ In Costa Rica, for example, the unemployment rate of teenagers aged 15–19 is more than three times that of young adults aged 20–24; it is more than double in Peru (22 and 10.3 per cent, respectively).²⁷ Informality is also much higher for the first cohort than the second. In 2010, the rate of informality among teenagers in Latin America was 82.4 per cent in 2010, compared to 56.5 per cent for young adults.²⁸ Furthermore, the number of young people aged 15–17 engaged in unacceptable hazardous jobs has substantially increased over the past few years, in contrast with the overall decrease in child labour. In 2008, an estimated 62.5 million young people were engaged in hazardous work, compared to 51 million in 2004. This represents an increase of nearly 20 per cent in a four-year time span.²⁹

²⁶ P. Ryan: “The school-to-work transition: A cross-national perspective”, in *Journal of Economic Literature* (Mar. 2001, Vol. 39, No. 1).

²⁷ ILO: *Trabajo decente y juventud en América Latina* (Lima, 2010).

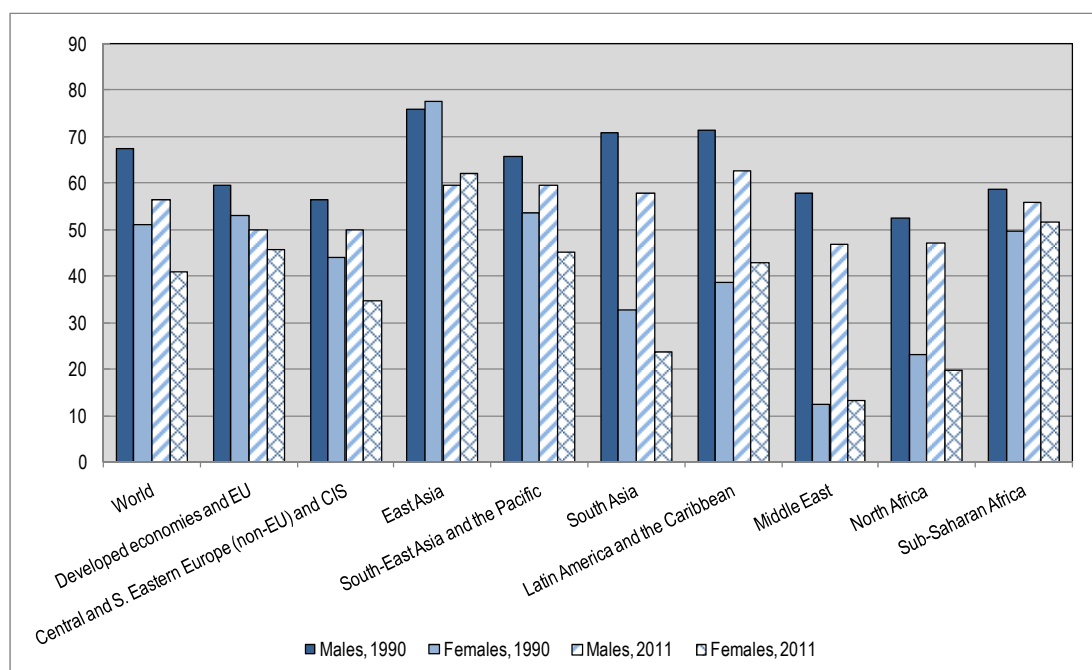
²⁸ ILO: *Panorama laboral 2010 – América Latina y el Caribe* (Lima, 2010).

²⁹ ILO: *Children in hazardous work: What we know, what we need to do* (Geneva, 2011).

It is important to highlight the linkage between child labour and youth employment, given the fact that childhood and youth are stages in the life cycle that carry particularly high risks and vulnerabilities with important long-term consequences. Because major physical, social and psychological development takes place in this period, it largely determines whether an individual “succeeds” or “fails” in later stages of life. The harmful effects that child labour might have on children’s development will also affect the opportunities of youth to make the transition to decent work. The cumulative labour market disadvantages incurred through child labour and experienced by vulnerable youth can lead to low quality employment, low income, social marginalization in adulthood, and insecurity in old age, creating a persistent cycle of poverty.

- *Gender – the gap has been closing, but young women are still at disadvantage.* Most regions demonstrated encouraging gender trends with decreasing gaps in both male-to-female labour force participation rates and employment-to-population ratios (see figure 1.12). But female unemployment in most cases is higher than for males in spite of lower participation rates. The likelihood of a young person working was very low in Central and south-eastern Europe (non-EU) and the CIS, the Middle East and North Africa, and particularly low for young women in these regions. In the Middle East and North Africa, fewer than four out of ten male youth were working in 2011 (36.9 and 36.2 per cent, respectively), compared to fewer than two of ten young women (11.5 and 7.7 per cent, respectively).

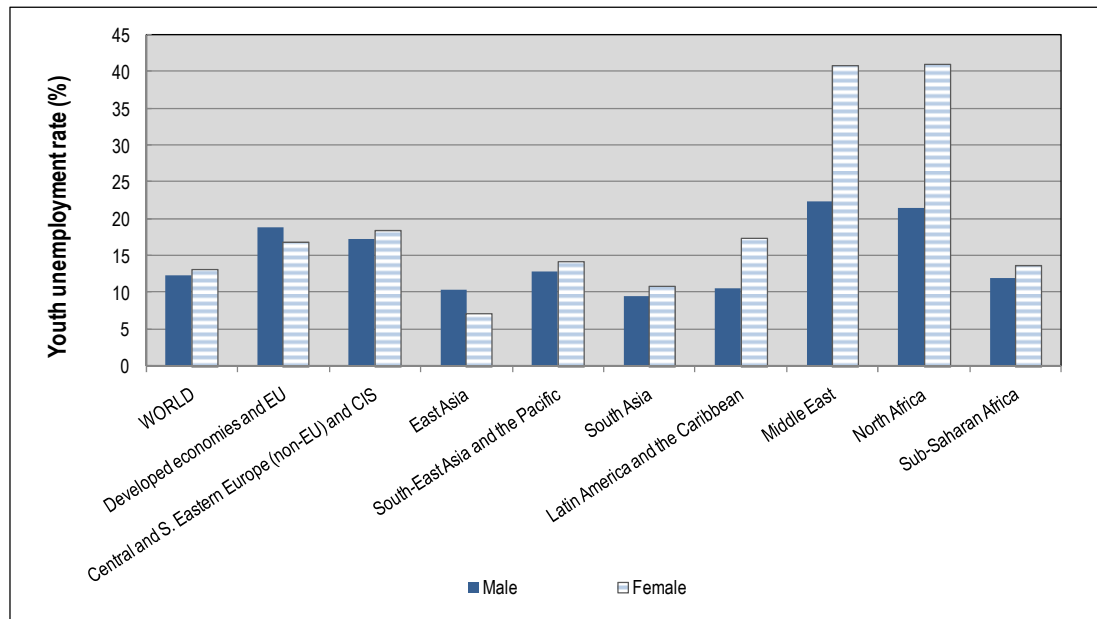
Figure 1.12. Youth labour force participation rates by sex, 1990 and 2011 (per cent)



Source: ILO: Economically active population estimates and projections database.

In most regions, during the global crisis there was an increase in the gap between female and male youth unemployment as young women became even more likely to be unemployed than young men (see figure 1.13). The exception to the pattern was in the developed economies and the EU, where the unemployment rate between 2007 and 2011 increased by 6.1 percentage points for young men, compared to 4.7 percentage points for young women.

Figure 1.13. Youth unemployment rate (per cent), by sex and region, preliminary estimates for 2011



Source: ILO: *Global employment trends for youth*, op. cit.

Another important youth employment “trap” relates to occupational segregation in traditionally accepted “male” and “female” jobs. The lower value placed on women’s economic contributions, as well as prevailing cultural attitudes, contribute to the more unfavourable position of young women in the labour market, as evidenced by wages that are usually lower than those of young men.³⁰

- *Literacy, education and skills* – In general, youth unemployment, underemployment and informality are higher among less educated youth than among their more educated peers. This confirms the positive influence of education on employment outcomes in all regions. The Middle East and North Africa are exceptions, as unemployment rates are higher for the more, rather than the less educated. Unemployment is lower among youth with less education, who may accept poor quality jobs, than among secondary- and tertiary-level school leavers, whose skills may not meet labour market demand or who have higher wage and job reservations. The phenomenon of educated unemployment is clearly a new characteristic of the current youth employment crisis. The relationship between education and employment is discussed in greater detail in Chapter 2.

³⁰ For more information see ILO: “*Gender equality at the heart of decent work*”, International Labour Conference, 98th Session, Geneva, 2009.

- *Socio-economic background* – Because of the transmission of poverty within the life cycle and across generations, young people from poor households tend to become young working poor. Household poverty is a key determinant of child deprivation which, in turn, can affect young people's well-being and that of their children. Poverty can be the cause of missed education, child labour, and poor labour market outcomes during youth and adult working life. The events that happen during this period (e.g. leaving school, starting work, getting married, and having children) play a significant role in the life cycle of the individual and in the levels of poverty of the current and next generations. Similarly, youth joblessness in several countries is increasingly correlated to membership in households in which no one is employed.
- *National and ethnic origin* is often a cause of poor labour market outcomes and decent work deficits. In Australia, for instance, young indigenous people are nearly four times more likely to be unemployed than non-indigenous nationals. They are also more prone to long-term unemployment and part-time employment, and a greater proportion among them are detached from the labour market (35.5 per cent of working age indigenous Australians, compared to 21.7 per cent of the non-indigenous working age population).³¹ Similarly, the available surveys on the employment of young Roma in the western Balkans show that the incidence of informal employment among young Roma and internally displaced persons in the 15–29 age bracket is much higher than that of the youth population living near communities of Roma and internally displaced persons.³²
- *Youth with disabilities* – Young persons with disabilities are less likely to attend school and more likely to face disadvantages in the labour market than their non-disabled peers. For example, in 2009, the employment rate of young Americans with disabilities aged 16–20 was 21.2 per cent (23 per cent for young women and 19.9 for young men), while that of the same cohort of youth without disabilities was nearly 15 percentage points higher.³³
- *Young people living with HIV and affected by the AIDS epidemic* – Five million young people are living with HIV in the world today.³⁴ They are particularly vulnerable to unemployment, underemployment and poverty. The HIV and AIDS Recommendation, 2010 (No. 200) specifically addresses the need for protecting young workers, including those in vocational training and in youth employment programmes and services, and preventing stigma and discrimination at workplaces and in communities.
- *Young migrants* – International migration for work by young people is an increasingly significant phenomenon in many countries.³⁵ The United Nations Population Fund estimates that young people between the ages of 15–25 now

³¹ Steering Committee for the Review of Government Service Provision, Productivity Commission: *Report on Overcoming Indigenous Disadvantage: Key Indicators 2011* (Canberra, 2011).

³² The UNDP dataset from these surveys is available online at <http://vulnerability.undp.sk>.

³³ Source: <http://www.disabilitystatistics.org>.

³⁴ UNAIDS: *Securing the future today – Synthesis of strategic information on HIV and young people* (Geneva, 2011).

³⁵ For a review of international migration trends, see United Nations: *International migration in a globalizing world: The role of youth*, Department of Economic and Social Affairs, Technical Paper No. 2011/1 (New York, 2011).

constitute one third of all international migrants worldwide. The lack of decent work opportunities in developing countries has led to significant emigration by many low-skilled and skilled young people. Young migrants are particularly affected by the global crisis. As early as 2009, migrant workers were the first to lose their jobs, which made the level of unemployment among this population almost twice as high as that of national workers in Ireland, Spain and the United Kingdom since the beginning of the crisis in 2008. In 2007, the rate was more or less the same – about 12 per cent – as that of national workers. In general, young migrants are a particularly vulnerable group in the labour market; they are subject to dismissal, discrimination and sometimes xenophobia. These phenomena are exacerbated by tight labour markets.

79. The crisis has also served as a reminder that the structure of employment is an important consideration. In the industrialized countries, a trend towards job polarization had set in before the crisis and is expected to continue. Most new jobs will come in the service sector because of the high income elasticity of demand for services. This demand becomes stronger in the context of growing income inequality (as has occurred in many industrialized countries) since high-income households have a high demand for personal services. Another contributing factor is the impact of technological progress, especially computerization, on the demand for different skills and tasks. In particular, it has led to the loss of many jobs that, because they involve routine tasks, can be performed more cheaply by computers. This has caused a fall in the demand for middle-level jobs in manufacturing and clerical work. At the same time it has raised the demand for non-routine low-skilled service jobs such as those in transport and distribution, retail trade, community services and health and personal care. The result has been an increase in employment in both the high-skilled and low-skilled ends of the labour market and a shrinking of middle-level jobs.³⁶

80. This shift in the structure of employment has direct implications for the youth employment crisis. New entrants to the labour market are now increasingly likely to have to settle for a low-skilled and low-wage job in the service sector. Furthermore, the prospect of upward mobility for those who are in such jobs will be significantly reduced because of the shrinking of the middle-level jobs. The problem is further compounded by the fact that many low-wage service jobs are also temporary and part-time jobs. Thus, the current and future cohorts of young workers face not only the problem of a shortage of jobs but also the reality that the average quality of jobs that are available will be lower.

81. An ebbing tide lowers all boats and leaves some stranded in the mud. The crisis has had a negative impact on all young people in general. The current crisis-affected youth cohort faces poorer prospects than their predecessors. In addition, there are signs of polarization within the youth group, with the “disadvantaged groups” identified in the foregoing paragraphs being particularly affected. In a severe economic downturn, youth with least education and lowest skills face a sharper rise in unemployment than their better educated and skilled counterparts because they lack the firm-specific human capital that enterprises consider worth retaining. This has been true of previous recessions in the industrialized countries and the current crisis has been no exception. Similarly, youth in temporary and insecure jobs, a category that overlaps significantly with the previous one, have been the most vulnerable to retrenchment. In the current

³⁶ D. H. Autor and D. Dorn: Inequality and specialization: *The growth of low-skill service jobs in the United States*, IZA Discussion Paper No. 4290 (Bonn, 2009); and M. Goos, A. Manning, and A. Solomons: “Job polarization in Europe”, in *American Economic Review* 99(2), 2009.

depressed state of the labour market many of these young people face long-term unemployment and chronic detachment from the labour market. A particularly vulnerable group during the current economic crisis has been young migrant workers, as mentioned earlier.

82. In developing countries the weakening growth and employment nexus suggests that young women and men living in poverty will have reduced prospects for moving into decent jobs. This means that a rising proportion of young people will remain trapped in poverty in rural areas and in the informal economy. More generally, slower employment growth will increase competition for the fewer decent jobs that are becoming available, pushing disadvantaged youth further back in the queue for those jobs. In such a context it is also likely to become more difficult to reduce labour market discrimination.

83. The worsened employment prospects for disadvantaged youth imply that the policy focus on this group has to become even sharper.

1.4. Future prospects

84. Globally, the world will need to create some 40 million new jobs each year for new labour market entrants and to absorb the 200 million who are unemployed in 2012 (of which 75 million are young people). According to the January 2012 *Global employment trends* report, the world faces the challenge of creating 600 million jobs over the next decade. And this does include the 900 million working poor who live on less than US\$2 per day, mostly in the developing countries.³⁷ The challenge is formidable given the present growth and economic forecasts, and without significant changes in the policy environment. There are likely to be significant consequences for young people as upcoming cohorts of new entrants join the ranks of the already unemployed. The associated risks of social unrest, detachment from the labour market and society, and loss of faith in social progress are no longer potential, but real, and expressed in many different ways around the world.

85. While demographic trends are easing pressure in most regions, with the exception of sub-Saharan Africa and South Asia, all the indicators of youth employment signal a worsening of the problem. In developed economies, the turning point after a period of encouraging decline in unemployment was the global financial crisis and the fear of a double-dip recession, scarring youth labour markets and raising fears of “a lost generation”.

86. In developing and emerging economies – though unevenly affected by the global crisis – the structural deficiencies in growth patterns and in the labour market, and the higher incidence of poverty and informality have by and large not resolved the youth employment crisis despite steady growth in most regions over the last decade. The model of growth and its weak content of employment and decent work have been analysed in ILO reports. Perhaps, the best illustration is the situation of youth in the Middle East and North Africa. While, the region has the largest and best educated youth population that it has ever had, more than 26 per cent of young people in the labour force in the Middle East and more than 27 per cent in North Africa in 2011 were unable to find jobs. The economic growth rates of 5–7 per cent across the region in the period prior to the global financial crisis and the Arab Spring did not translate into productive and decent jobs for young women and men in the real economy.³⁸ The quest for better opportunities for

³⁷ ILO: *Global employment trends*, op. cit.

³⁸ A. Berar, M. Fortuny and I. Awad (eds): *Jobs, freedom and social justice* (Geneva, ILO, forthcoming).

youth in the labour market and the demand for social justice were strong dimensions of the Arab Spring uprisings that swept the region in 2010 and 2011.

87. It is clear that reversing these trends calls for a different policy scenario in which employment, and youth employment, in particular, are among the principal goals of macroeconomic frameworks and a priority for fiscal policy. New patterns of growth are needed, including industrial and sectoral strategies that encourage economic diversification and the creation of good quality job opportunities, as well as a financial sector that serves its true purpose of investing in the real economy. What is needed is a policy framework in which the extension of social protection reduces vulnerabilities and inequalities and improves productivity. Some of these policy issues and lessons learnt are further analysed in Chapter 2.

Chapter 2

Decent work policies for youth: Key issues and lessons learnt

88. The resolution concerning youth employment, adopted by the Conference in 2005, defined a comprehensive set of policies and programmes for tackling the youth employment problem. As summarized at the outset of this report, these ranged from macroeconomic policies and regulatory frameworks for promoting a higher rate of employment growth, to labour market policies and targeted interventions directed at disadvantaged groups of young people.

89. This chapter will review the progress that has been made since 2005 in each of the main policy areas identified by that resolution. In doing so it will seek to provide a critical assessment of changes in patterns of interventions in countries at different levels of development; draw lessons on what works for whom; and discuss outstanding policy issues as well as options for addressing them.

90. A wide range of policy areas and topics are covered in this chapter under nine headings cutting across the four strategic objectives of decent work.

91. These policies can be grouped by the main objective and impact they aim to attain with respect to youth employment, such as:

- policies and programmes for increasing employment creation and affecting the demand side: these include growth and economic policies, the promotion of entrepreneurship and self-employment, and public employment creation programmes;
- policies and programmes for facilitating the transition from school to work: these include supply side measures such as education and technical and vocational training policies; active labour market policies (ALMPs) such as wage subsidies, tax exemptions and job search counselling, that facilitate the matching between demand and supply;
- labour market policies for improving the quality of youth employment, and policies for improving the social protection of young workers;
- policies for protecting rights, for promoting the respect for labour standards, and for strengthening social dialogue to ensure greater participation and voice for young workers.

92. However, as it is not always possible to group measures exclusively in one category or the other, they are presented sequentially. Many of the measures above affect the demand and/or supply of labour and impact both the quantity and the quality of work. Furthermore, the most successful schemes often consist of a coherent package approach.

93. Before proceeding to a discussion of these policy areas, this chapter will first briefly assess the national commitments to youth employment promotion, and the priority that is given to the question in national development frameworks.

2.1. Youth employment: A rising priority in the national policy agendas

94. Assigning national priority to youth employment means that overarching policy agendas such as national development frameworks and plans contain a set of coherent economic and social policies addressing youth employment and defining specific objectives. This priority needs to be made explicit through the establishment of realistic targets, measurable policy outcomes and expected results. If this priority is to be converted into action, appropriate resources also have to be allocated for implementation.

95. A review of the policy frameworks of 138 countries shows that, since 2005, there has been an increasing commitment by member States to place youth employment in national policy agendas.¹ An examination of the extent to which youth employment is prioritized in national development frameworks, as reflected in the Poverty Reduction Strategies (PRSs) in low-income countries, reveals that youth employment is receiving a good deal of attention in these strategies. Compared to the first generation PRSs, where youth employment was absent, nearly half of the second generation PRSs contain youth employment as a priority. This is also true of the national development strategies of countries that do not have PRSs.

96. The analysis of the results of the ILO's 2010 General Survey on employment instruments highlights similar findings in respect of the priority assigned to youth employment in employment policies and strategies. Similar conclusions are reached from the analysis of other surveys. For instance, a survey conducted by the Ministries of Labour of ten East Asian countries shows that youth employment is the fourth highest priority in a list of 11 policy priorities.² The analysis of the country reports concerning the application of the Employment Policy Convention, 1964 (No. 122), yields the same results, as most member States describe measures they have taken to promote youth employment as part of their active policy on employment.

97. The way youth employment is prioritized in these frameworks varies from one country to another. Youth employment is included in several policy priorities as a cross-cutting theme in the national employment policies of several countries of the EU (e.g. Austria, Belgium, Germany, Ireland, Malta, Portugal and United Kingdom). It is dealt with in specific sectors in Mali and Serbia, for example, and on the basis of "special groups" or "vulnerable population groups" in the policy frameworks of other countries, such as Costa Rica, Democratic Republic of the Congo and Kenya.

¹ ILO: *Review of approaches to mainstream youth employment in national development strategies and employment policies*, draft (Geneva, 2011).

² ILO and OECD: *Job-rich growth in Asia: Strategies for local employment, skills development and social protection* (Geneva, 2011).

98. Nearly 30 per cent of the abovementioned 138 countries have an explicit youth employment policy or strategy, while many others have articulated youth employment provisions in their youth development policies. For instance, the national youth policy of South Africa for 2009–14 aims to integrate youth development issues and youth employment into national policies and programmes, and the national budget is required to provide for policy implementation.

99. National youth employment action plans represent another example of a credible commitment to tackling the challenge of providing productive and durable employment opportunities for young men and women. These plans aim to ensure coherence between youth employment measures included in various policies, and to identify clear youth employment priorities and measurable outcomes using specific resources within a given time frame (see example in box 2.1). Such action plans play an important role in fostering inter-institutional coordination by bringing together the various policy-makers and actors, including representatives of employers' and workers' organizations, around a common platform for action. To date, only a modest number of countries (35 in all) have formally adopted national youth employment action plans.

Box 2.1

Peru's national action plan for youth employment

Despite a significant economic expansion between 2000 and 2010, by the end of the decade two out of every three unemployed persons in Peru were aged between 15 and 29 years, four of every five young employed persons worked in precarious jobs, and, given the chance, more than half (56 per cent) of the youth population (8 million) would have considered leaving the country.

Peru's Youth Employment Action Plan (2009–12) identifies priority action to tackle youth employment and underemployment in areas spanning employment creation, entrepreneurship and employability. The implementation of the Plan is overseen by a national tripartite committee that includes young representatives of employers' and workers' organizations.

Out of the 370,000 youth target population, more than 260,000 disadvantaged youth have so far benefited from the measures of the Action Plan. Building on the findings of a national survey that showed that more than 75 per cent of micro-enterprises run by young people did not last more than one year, the Government has introduced the following institutional reforms: reduction of the "red tape" and costs relating to job applications through the introduction by the Public Employment Service (PES) of a "one-stop-shop" free-of-charge single certificate that contains all pieces of information (*Certi Joven*); modernization of career guidance services; establishment of a training programme (*Joven Emprendedor*) targeting young entrepreneurs, alongside an information system that simplifies market assessments; and establishment of an information and orientation service for young migrants living abroad and young Peruvians planning to migrate (*Infomigra*). Some of the above measures have integrated into the newly developed National Employment Policy which mainstreams youth employment.

Source: ILO Youth Employment Programme.

100. Promotion of youth employment is carried out through a variety of institutional models at country level engaging various government institutions. In most countries, the ministry of employment and/or labour, the ministry of education, and the ministry of youth often have a lead and/or complementary responsibility. Other ministries can be involved in youth employment promotion. These include trade, industry and economy, finance or those with a coordination function, such as the ministry of planning.

101. In some regions, such as Africa and Latin America, the ministries in charge of youth affairs are increasingly given responsibility for the youth employment portfolio. This emerging trend is accompanied by the establishment of independent youth employment agencies, as is the case, for instance, in several countries of North and West Africa. This institutional set-up can contribute to improving the coherence of youth employment with youth development policies and employment services. However, it also has the potential to disconnect youth employment from other policies and services if the governance system is not able to ensure coordination across various ministers and agencies in charge of policies affecting youth employment.

102. There is not an institutional model of good practice, *sui generis*. What matters is that responsibilities lie with a government agency which has the appropriate technical capacity and can also muster political support to ensure policy coherence and coordination among government institutions and engage the social partners.

103. Employers' and workers' organizations are important partners for policy and programme development, and can help by strengthening links between business, education and promoting the rights of young people at work.

104. There is a multitude of country-level initiatives that involve multiple stakeholders (actors and institutions from the public and private sectors) in the development and implementation of youth employment programmes.

105. As the main source of job creation in market economies, the private sector has a key responsibility in promoting decent work for youth. Enterprises determine the composition of labour demand (e.g. skill levels, required experience), the supply of training and career development opportunities, and the quality of employment. They are an important source of knowledge on the constraints and opportunities for job creation. Employers can provide important feedback on the adequacy of current education and training policies, future skill requirements, and the effectiveness of labour market measures in terms of job creation. Governments often seek cooperation with enterprises in formulating and implementing youth employment interventions. In the following sections, examples of private and public partnerships are given. The reviews, however, show that there is the potential for greater cooperation between governments and enterprises.

106. There is a multitude of initiatives at local levels through community-based partnerships for youth employment. The community is well placed to identify the roles and comparative advantage of each partner, the needs of young people and the requirements of the labour market.

107. An ILO review of community-based partnerships for youth employment identified a series of common features.³ These partnerships included concrete and coordinated action in areas such as training, job creation through existing and new companies, career guidance and job placement services, and youth entrepreneurship development. The findings of this review highlighted the importance of multi-stakeholder approaches and the relevant contribution of local governments and institutions, the value of providing young people with a range of services and the benefits of an integrated approach, combining demand and supply-side interventions in specific sectors. They also highlighted the challenge of making these interventions replicable over time.

³ P. Kenyon: *Partnerships for youth employment: A review of selected community-based initiatives*, Employment Sector Working Paper No. 33 (Geneva, ILO, 2009).

108. The overall conclusion is that, although youth employment is a declared priority in policy agendas, it is seldom translated into a comprehensive policy framework establishing a clear set of policy priorities. In many cases the provisions of various policies result in conflicting measures and goals that lead to a lack of coherence. That severely limits the impact of such policies and actions. Moreover, when targets are established, they deal with the nominal targets of reducing unemployment or creating a number of training opportunities. There appears to be little focus on improving the quality of jobs and reducing vulnerabilities.

109. Nearly half the policies reviewed do not detail this priority with specific objectives, and only a quarter of them contain specific targets and indicators. Most lack of appropriate monitoring and evaluation systems. For instance, only 19 per cent of the national employment policies that were reviewed contain provisions for monitoring and evaluation.

110. Funding allocated for the implementation of programmes is limited and the resources earmarked for policy implementation are mostly underestimated. Only 13 per cent of the national employment policies, and 9 per cent of the PRSs reviewed, identified a budget for the implementation of youth employment priorities. Partnerships at regional and global levels support country initiatives. The United Nations Development Assistance Frameworks (UNDAFs), for example, increasingly promote youth employment by taking into account the special needs of young people, and particularly those of young women. These priorities are often made operational through joint programmes developed by the UN country teams. These programmes will be reviewed in Chapter 3 of this report.

111. Overall, national policies and programmes concentrate on supply-side measures, with skills development taking the lion's share, while interventions to increase labour demand for young workers are less frequent. This bias is striking because it seems to presume that supply-side factors are more important than demand-side factors in influencing youth labour market outcomes, while the diagnosis of jobs deficits before the current global crisis points to slack demand as a major impediment. This structural problem is magnified with the lowering of aggregate demand and sluggish growth prospects in 2011–12 in developed countries, in the context of the global crisis. Hence the importance of growth patterns, macroeconomic frameworks and economic policies for stimulating aggregate demand, which are discussed in the next section.

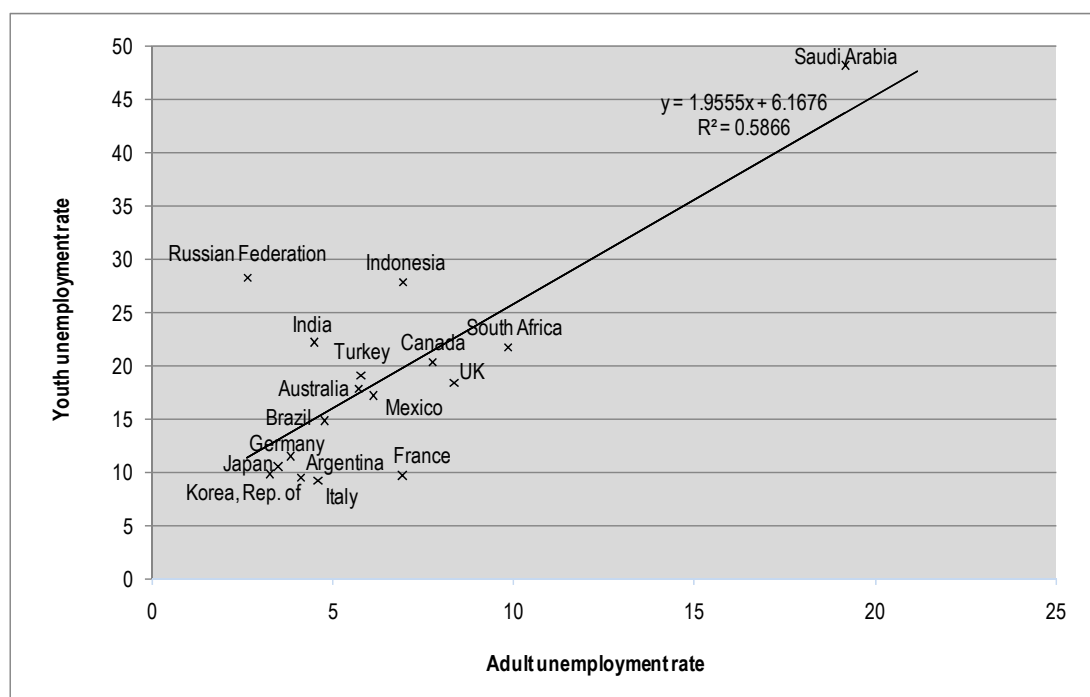
2.2. The growth strategy, macroeconomic policy environment and youth employment

112. The 2005 resolution concerning youth employment reaffirmed the major role that appropriate growth strategies and macroeconomic policies play in promoting productive and durable employment opportunities for young people. That conviction has only grown stronger in the wake of the global recession of 2008–09 that led to millions of job losses, especially among young people, and an unprecedented rise in youth unemployment, especially in advanced economies.

113. Youth employment is closely bound to the overall employment situation. The analysis of the unemployment rates of young workers and adult workers shows a positive correlation between these two age groups; specifically, an increase in adult unemployment results in a more than proportional rise in youth unemployment. For instance, a static comparison of youth and adult unemployment rates in the G20 countries (see figure 2.1) illustrates this positive relationship, with the adult

unemployment rate causing over 58 per cent of the variation in the youth unemployment rate. This relationship is largely confirmed by the results of the regression conducted for the same group of countries for the period 1990–2010. During this period, the adult unemployment rate coefficient generally remained positive and statistically significant.⁴ These results imply that improvements in the labour market situation for adult workers would yield significant benefits for young workers, hinting at the important role played by policies affecting aggregate demand.

Figure 2.1. Correlation between youth and adult unemployment rates, 2010



Source: Based on ILO's Key Indicators of the Labour Market database. All the data refer to 2010, except for India (2005), Saudi Arabia (2008), and Argentina, Brazil, Indonesia, Mexico, South Africa (2009).

114. Therefore, the policy framework for promoting job-rich inclusive growth is the cornerstone of youth employment promotion. The global crisis has also generated new debates on the policy paradigms that have led to the jobs crisis, and on what are perceived to be the limitations of growth models and of orthodox macroeconomic policies.

115. The policy responses to the crisis across the world have been extensively documented and analysed by the ILO, which has produced various papers in collaboration with the Organisation for Economic Co-operation and Development (OECD), the World Bank and the International Monetary Fund (IMF) on the impact of the crisis and the policy responses to it for G20 Summits and Ministerial Meetings.⁵

⁴ Youth Employment Programme: *Regression analysis of youth and adult unemployment in G20 countries for the period 1990 – 2010*, unpublished note prepared for the ILO/OECD policy note to the G20 Meeting of Ministers of Labour and Employment, Paris, 26–27 Sep. 2011.

⁵ For the papers on crisis responses and youth employment see ILO and IMF: *The challenges of growth, employment and social cohesion*, Background paper prepared for the Joint ILO–IMF conference, in cooperation with the office of the Prime Minister of Norway, Oslo (Norway), 13 Sep. 2010; ILO and OECD: *Giving youth a better start: A policy note for the G20 Meeting of Labour and Employment Ministers*, Paris, 26–27 Sep. 2011; ILO: *Youth employment in Eastern Europe: Crisis within the crisis*, a Background paper for the Informal Meeting

116. In the first two years after the onset of the global crisis in 2008, the general picture was one of sharp increases in public expenditure to finance fiscal stimulus packages designed to contain the fall in aggregate demand and output induced by the crisis. In the countries where the financial system was in danger of collapsing, sizeable additional public expenditures were committed for bailing out financial institutions. These expansionary fiscal policies succeeded in limiting the extent of the economic contraction and the rise in unemployment and prevented a global deflationary spiral that could well have led to a second Great Depression. Many countries also deployed additional measures to reduce the social impact of the crisis, such as increased spending on active labour market programmes and on social protection. Some countries also introduced reductions in working hours, hiring subsidies and reductions in non-wage labour costs to curtail the rise in unemployment. There was a broad global consensus on these crisis response policies as reflected in the adoption of the Global Jobs Pact by the International Labour Conference in 2009.

117. Within this framework several measures were targeted at youth employment.⁶ Youth being the group most severely affected by the rise in unemployment, crisis response measures rightly gave priority to tackling this problem. The overriding concern was to prevent a sharp rise in the numbers of the already sizeable group of youth who are detached from the labour market. The measures adopted centred on the expansion of ALMPs targeted on youth, such as direct employment creation in community and social work, training and retraining programmes, work experience schemes, and counselling and job search assistance. A common modality was to provide social assistance in exchange for participation in these schemes. This provided an incentive to participate in the schemes that, at the same time, extended social assistance without encouraging detachment from the labour market. Such measures were sometimes accompanied by other schemes to increase the demand for young workers, including hiring subsidies and exonerations or reductions in social charges for young workers. Other measures included incentives for young people to remain longer in education and training. In this way they could ride out the crisis by continuing to invest in their human capital, rather than join the ranks of the unemployed or those detached from the labour market.

118. There has since been a dramatic change of course in the policy stance of many industrialized countries where fiscal consolidation currently dominates the policy agenda, although the possibility of a double-dip recession is not excluded. The proximate trigger was the sovereign debt crises and subsequent bailout packages in several Eurozone countries such as Greece, Ireland and Portugal. Fears over sovereign debt defaults in larger European economies such as Spain and Italy created turmoil in bond markets, which intensified in the wake of the political impasse in the United States over debt ceilings, and the subsequent downgrading of the debt rating of that country by a major

of Ministers of Labour and Social Affairs during the 100th Session of the International Labour Conference, 15 June 2011, Geneva; N. O'Higgins: *The impact of the economic and financial crisis on youth employment: Measures for labour market recovery in the European Union, Canada and the United States*, Employment Working Paper No. 70 (ILO, Geneva, 2010); F. Tong: *El impacto de la crisis económica y financiera sobre el empleo juvenil en América Latina: Medidas del mercado para promover la recuperación del empleo juvenil*, Working Paper No. 71 (ILO, Geneva, 2010); ILO: *Policy options to support young workers during economic recovery*, Policy Brief No. 14 (Geneva, 2010). See also country inventory of crisis response interventions directly affecting youth employment, in ILO: *Global employment trends for youth: Special issue on the impact of the global economic crisis on youth* (Geneva, 2010).

⁶ S. Scarpetta, A. Sonnet and T. Manfredi: *Rising youth unemployment during the crisis: How to prevent negative long-term consequences on a generation*, Social, Employment and Migration Working Papers No. 106 (Paris, OECD, 2010).

rating agency. There were sharp falls in equity markets across the world in the summer and fall of 2011, and renewed fears of a second wave of financial crises in countries where the banking system had large exposures to the sovereign debt of troubled countries. There was imminent danger that the faltering recovery in major economies would stall, or worse, that a second and more virulent round of the global financial crisis might erupt and provoke a global depression.⁷

119. Views are sharply divided, both within national governments and among professional economists, on the best way to forestall a second global crisis. While there is broad agreement that the sharp increase in government debt that was incurred in responding to the crisis has to be reduced, there are opposing views over how swiftly and drastically this should be done. Fiscal conservatives argue for draconian cuts in public expenditures to restore fiscal balances, since they see this as an essential condition for restoring confidence in financial markets and reviving growth. Many of this persuasion also conflate the need for fiscal rebalancing with need to reduce the role of the State. The opposing view is that immediate and drastic cuts would result in a perverse reduction in aggregate demand at a time when private sector demand is feeble because of debt deleveraging and high unemployment. This could lead to a deflationary spiral instead of growth. What is required instead is to take a longer view of the problem of fiscal consolidation and minimize the fall in aggregate demand at a time when economies are on the brink of collapse. Maintaining some fiscal stimulus would also be the best means of restoring growth; this would in turn provide the basis for sustainable debt reduction over the medium term.

120. From the standpoint of the youth employment crisis, a sharp and immediate reduction in government expenditures is likely to aggravate the problem. If fiscal consolidation fails to deliver the promised growth, then overall unemployment is likely to rise and the youth employment problem will invariably worsen disproportionately as a result of this. In addition, expenditures on targeted measures to alleviate the youth employment problem are likely to be reduced.

121. There is, therefore, an urgent need for governments embarking on swift fiscal consolidation and austerity measures to consider ring-fencing expenditures on targeted youth employment measures when designing the pattern of expenditure cuts. The case for doing this is a very strong one, given the gravity of the youth employment crisis and the high current and future personal and social costs that will have to be borne as a result of a further deterioration of the situation.

2.2.1. Rethinking pro-employment macroeconomic policy frameworks

122. Beyond the current debt crisis and debate and the urgent measures needed, the fundamentals of macroeconomic policies and their impact on employment are analysed through a new lens and sense of urgency. The Conference's conclusions concerning the recurrent discussion on employment (2010) called for the pursuit of a new pro-employment macroeconomic framework that would place the provision of full and productive employment for all, including young people, at the core of national policies.⁸

⁷ This review refers to the situation in December 2011, at the time of the preparation of this report.

⁸ ILO: *Employment policies for social justice and a fair globalization – Recurrent item report on employment*, Report VI, International Labour Conference, 99th Session, Geneva, 2010.

The joint ILO–IMF conference in Oslo reinstated the call for integrating employment and social protection in macroeconomic policies.⁹

123. The conventional view of macroeconomic policy has been that governments should act as guardians of price stability, fiscal sustainability and a sustainable external balance. Such a role, when credibly conducted, can enhance investor confidence, promote growth and lead to employment creation for adults as well as young people, given that basic labour market indicators (such as the unemployment rate) are strongly positively correlated for both groups. In practice, this view of macroeconomic policy has taken the form of attaining and sustaining prudential targets pertaining to debts, deficits, inflation and external balances. Thus, “rule-of-thumb” targets – such as a 40–60 per cent debt to GDP ratios, supported by low fiscal deficits, low single-digit inflation, and minimum foreign exchange reserve holdings are often recommended by international financial institutions as hallmarks of good and growth-friendly macroeconomic management.¹⁰

124. The key assumption regarding the prevailing macroeconomic framework – namely, that it would ensure a high rate of economic growth and that this process would also increase the rate of employment creation – has not necessarily been validated empirically. Even in the pre-crisis period, high growth alone was not sufficient to solve the employment problem, as evidenced by the “crisis before the crisis”, analysed in ILO reports.

125. One reason for this was that in some countries high growth was achieved through the deliberate choice of a capital-intensive growth strategy. In others, it was due to a failure to consider the negative impact on employment growth of policies that maintained an overvalued exchange rate that retarded the growth of labour-intensive export industries, or to premature capital-account liberalization that led to high interest rates and increased exposure to destabilizing capital flows and financial crises.

126. Given the seriousness of the employment problem most countries face, it is now time to establish employment as a key co-objective of macroeconomic policies. This would open a new agenda beyond the current preoccupation with short-term macroeconomic stabilization and market liberalization. It will also compel policy-makers to examine ways in which macroeconomic policy could be made more supportive of both economic growth and employment creation.

127. A key issue would be how private fixed capital formation can be stimulated, especially in sectors that are either employment-intensive or have large employment multipliers. With respect to monetary policy, this will require an examination of questions such as whether real interest rates could be lowered, whether the exchange rate is being maintained at a competitive level, and whether short-term capital inflows are having a detrimental impact on growth and employment creation. On the fiscal policy side it will be necessary to consider whether the existing structure of fiscal incentives is consistent with the goal of increasing employment creation, including ways in which special incentives could be extended to sectors that can contribute most to boosting employment creation. It will also be necessary to consider ways in which income inequality could be reduced, given the fact that rising inequalities have been associated

⁹ ILO and IMF: *The challenges of growth, employment and social cohesion*, op. cit.

¹⁰ See, for example, IMF: *An evaluation of the IMF and aid to sub-Saharan Africa*, (Washington, DC, 2007). In the case of the Eurozone, the Stability and Growth Pact suggests explicit benchmarks for fiscal prudence. In the case of the United States, the Executive Branch of the Government has to seek congressional approval if the public debt exceeds statutory limits. There are also moves by some in the US Congress to introduce a balanced budget amendment to the US Constitution.

with a shift in demand away from labour-intensive goods. In addition, public investments in infrastructure and social protection need to be given high priority.

128. Structural policies will then need to be aligned with this broader agenda of macroeconomic policy. Industrial policy in particular has a potentially important role to play in overcoming frequently severe market failures in developing countries.¹¹

129. A major problem is that the incentives for entrepreneurs to enter into new lines of activity are typically weak. This arises from the fact that successful pioneers will see their returns eroded by subsequent entrants who do not have to bear the same risk because these activities have now been demonstrated to be profitable. To overcome this problem it will be necessary for governments to promote, including through subsidies, pioneering entry into new activities. Industrial policy will also need to consider possible measures, such as credit support to sectors that are likely to contribute significantly to employment creation, the strengthening of comprehensive support to small and medium-sized enterprises, stronger public-private coordination for sectoral skills development, and reforms to increase the competitiveness of product markets. Indeed, case studies show that successful “catch-up growth” countries have had some type of industrial policy entailing an appropriate mix of incentives and penalties (so-called “carrot and stick” policies) to nurture domestic capabilities that lie at the core of successful structural transformation.¹²

130. Macroeconomic policy managers can support the cause of youth employment in a number of ways, both in containing recessions and in sustaining long-run, job-rich growth.

131. Ongoing policy research points to the following key policy areas: (a) encouraging economic diversification and productive transformation by maintaining a stable and competitive real exchange rate, supported by prudent capital account management; (b) reducing macroeconomic volatility by engaging in timely and targeted counter-cyclical policies, aided and abetted by improved fiscal and institutional capacity, to enhance access to finance to promote self-employment and youth entrepreneurship; (c) facilitating line ministries to adopt a more balanced approach in policy design by focusing on demand-side interventions; and (d) ensuring adequate and predictable sources of financing that support targeted interventions to promote youth employment. Some of these policy areas are examined below in greater detail:

(a) *Promoting economic diversification and productive transformation*

132. In addition to the range of policy instruments to promote industrial policy and sectoral strategies, cross-country empirical studies have shown that stable and competitive real exchange rates, supported by prudent capital account management can positively influence resource allocation between the traded and non-traded goods sectors and thus promote economic diversification.¹³ This, in turn, can become an engine of job creation both for adults and young workers.

¹¹ R. Hausmann and D. Rodrik: “Economic development as self-discovery”, in *Journal of Development Economics*, Vol. 72, pp. 603–633; and D. Rodrik: *Doomed to choose: Industrial policy as predicament*, mimeo (Cambridge, Harvard University, 2006).

¹² See ILO: *Growth, employment and decent work in the least developed countries* (Geneva, 2011); and ILO: *Efficient growth, employment and decent work in Africa: Time for a new vision* (Geneva, 2011).

¹³ See, for example, D. Rodrik: *The real exchange rate and economic growth* (Cambridge, Harvard University, 2008).

133. Country-specific analyses of macroeconomic frameworks¹⁴ undertaken by the ILO and others suggest that an inappropriate exchange rate regime hurts growth and employment prospects, including those of young people. The recession and jobs crisis of 1999–2002 in Argentina was precipitated by a fixed exchange rate regime that could not be maintained. The subsequent economic and jobs recovery was propelled by the single-minded pursuit of the Argentine authorities to design and implement a stable and competitive real exchange rate regime.¹⁵ The Argentine case is particularly relevant because it demonstrates the benefits that flow from abandoning macroeconomic orthodoxy and adopting an alternative macroeconomic framework focused on job creation and poverty reduction.

134. In Malawi, an overvalued currency has led to an import boom and the contraction of import-competing domestic industries in recent years.¹⁶ In El Salvador, the “dollarization regime”, while bringing some benefits in terms of price stability, has hurt international competitiveness and the job creating potential of the economy.¹⁷ Both countries could profit by emulating the Argentine experiment with alternative exchange rate and macroeconomic policy regimes that have the potential to create new and better jobs for both adults and young people.

(b) *The growth and jobs dividends from reducing macroeconomic volatility through counter-cyclical policies*

135. There is a significant correlation between macroeconomic volatility and poor employment outcomes for young people. The analysis of employment trends in the wake of the crisis, in Chapter 1 of this report, showed the higher sensitivity of youth employment rates to the economic cycles. Young people employed in both the traded (such as garments) and non-traded goods sectors (such as construction) that are sensitive to regional and global business cycles were badly hit.¹⁸

136. An ILO study has pointed out that between 1960 and 2002, developing countries, on average, experienced a year of negative per capita growth 14 times, compared to East Asia, where the corresponding figure was seven times.¹⁹ However, countries in sub-Saharan Africa experienced negative per capita growth rates an average of 18 times, meaning they had a much higher frequency of downturns compared to East Asia, thereby inhibiting their potential for sustained growth.

¹⁴ In the follow-up to the Conference conclusions concerning the recurrent discussion on employment, the ILO’s Employment Policy Department initiated 11 country studies (Argentina, Bangladesh, Egypt, El Salvador, Jordan, Malawi, Nigeria, Peru, Sri Lanka, Turkey and Uganda) that evaluated the prevailing macroeconomic framework in terms of its impact on employment and poverty. The studies used this evaluation to suggest a range of policy recommendations that have the potential to lead to a pro-employment macroeconomic framework. All the studies have been validated at technical workshops either at the national level or in Geneva and are being progressively released as ILO publications that would serve as the basis for further policy dialogue with national governments.

¹⁵ M. Damill, R. Frenkel and R. Maurizio: *Macroeconomic policy for full and productive employment and decent work for all*, paper presented at the ILO Knowledge Sharing Workshop, Geneva, 20–23 Sep. 2011. See also M. Weisbrot, R. Ray and J.A. Montecino: *The Argentine success story and its implications* (Washington, DC, Center for Economic and Policy Research, 2011).

¹⁶ S. Deraniyagala and B. Kaluwa: *Macroeconomic policy for employment creation*, Employment Working Paper No. 93 (Geneva, ILO, 2011).

¹⁷ G. Martinez: *Política macroeconómica para empleo pleno productivo y trabajo decente para todos*, paper presented at the ILO Knowledge Sharing Workshop, Geneva, 20–23 Sep. 2011.

¹⁸ I. Islam and S. Verick (eds): *From the Great Recession to labour market recovery: Issues, evidence and policy options* (Geneva, ILO, and London, Palgrave Macmillan, 2011).

¹⁹ ILO: *Efficient growth, employment and decent work in Africa: Time for a new vision*, op. cit.

137. Another ILO study has shown that, in the case of the United Republic of Tanzania, a moderate reduction of its generally high levels of pro-cyclical spending could have added almost 170,000 jobs per year over the period 1991–2008, which is equivalent to 10 per cent of its current employment level.²⁰

138. Reducing macroeconomic volatility requires the use of timely and targeted counter-cyclical policies. This in turn requires enhanced fiscal and institutional capacity for countries to undertake counter-cyclical measures. The benefits of such counter-cyclical capacity from a pro-employment macroeconomic perspective cannot be overstated. The analysis in this report has shown the higher sensitivity of youth employment to economic cycles.

139. In addition, there is a case for a renewed commitment to the UN system-wide initiative on “social protection floors”, because such floors, when adequately funded and institutionally anchored, can provide “automatic stabilizers” that enable countries to cope with the adverse consequences of business cycles and external shocks.

(c) *Boosting jobs by loosening constraints on private sector growth, with particular emphasis on access to finance for micro, small and medium-sized enterprises (MSMEs)*

140. Macroeconomic policies can play a constructive role in job creation by alleviating binding constraints on the capacity of the private sector to create jobs. Enterprise-level surveys show that across various regions of the world, and most notably in developing countries, firms themselves highlight access to finance, and the reliability of transport networks and the supply of electricity as important constraints from a business perspective.²¹ Similar patterns emerge from other data sources, as well. For example, executive opinion surveys undertaken in more than 100 countries in the Global Competitive Surveys produced by the World Economic Forum show that lack of access to finance was considered as one of the five “most problematic factors in doing business” by 85 per cent of respondents from a cross-country sample that included high-, middle- and low-income countries. The policy implication is that enhancing access to formal finance through appropriate changes in the design of monetary and financial policies will help to promote self-employment and youth entrepreneurship and encourage transition to formality. Such policies should be targeted primarily towards small and micro-enterprises.

141. Overall, lack of access to finance has been a major factor constraining micro, small and medium-sized enterprises (MSMEs). According to the International Financial Corporation, around 2.1 million MSMEs do not have access to finance, although this may be a conservative estimate and may not include all micro-level informal enterprises. The 2009 World Bank Investment Climate Assessment found that firm size is the most influential factor associated with whether or not a firm had a loan or overdraft facility. Only 13.4 per cent of manufacturing firms have loans. Small firms have the least access: less than 4 per cent of small manufacturing firms report having loans, as opposed to 12 per cent of medium-sized firms and 25 per cent of large firms. In services, a similar pattern is repeated, except that less than 3 per cent of small firms have loans. Overdraft facilities are similarly rare, especially for small firms: small manufacturing firms financed only 1.5 per cent of their total working capital and only 1.8 per cent of their investment with bank loans.

²⁰ ILS: *The World of Work Report: From one crisis to the next?* (Geneva, ILO/IILS, 2010).

²¹ Surveys conducted in more than 100 countries by the World Bank.

142. ILO country analyses offer further evidence. Egypt provides a good illustration of the skewed imbalance in the availability of finance for the needs of the real economy, especially the MSMEs. MSMEs make up over 99 per cent of private enterprises in Egypt and account for 85 per cent of total employment. They have been the primary absorber of labour force entrants in the recent years and contribute significantly to employment generation, although mostly of an informal nature. These enterprises are also the major providers of products and services for local markets. The stock of MSMEs has grown at an average annual rate of over 4 per cent during the past ten years, and their employment has increased at an annual rate of over 5 per cent. However, MSMEs are highly vulnerable. The average Egyptian MSME has only 2.3 workers and almost 75 per cent of all private enterprises have fewer than three employees.

143. The problems that limit the access of MSMEs to formal credit include their lack of capacity to prepare a business plan and loan application, opaque or non-existent financial statements, and insufficient collateral. Furthermore, there are the high administrative costs of small-scale lending, inadequate banking skills for dealing with MSMEs, as well as a lack of business development services. MSMEs are also subject to a legal and regulatory framework that is cumbersome and bureaucratic. The benefits of trade liberalization and increased foreign direct investment are not trickling down to these enterprises.

144. While Egypt has a large banking system, credit to the private sector remains very much confined to the largest and best established enterprises. According to the Central Bank of Egypt, only 1 per cent of total bank credit goes to MSMEs. Banks that have microfinance units operate within defined loan brackets catering to specific segments, largely through conventional products. Compounding this dearth of MSME finance, banks are increasingly investing in treasury bills and government bonds, reflecting their inefficacy in identifying profitable private projects and their highly risk-averse lending policies.

145. In El Salvador, the difficulties in access to finance are repeatedly identified as one of the major constraints to the development of MSMEs. According to an authoritative source, the second obstacle in terms of importance for the development of SMEs in El Salvador is access to financing. The problem is due to a number of factors: (a) the prevalence of collateral-based lending ties to property; (b) lack of expertise in private banks in assessing SME credit risks; (c) the high cost of credit; and (d) the short duration of the loan period, which limits the possibility of capitalization, especially for new businesses and/or companies that wish to use credit in technological innovation.²²

146. In Uganda, there is a continuing divergence between lending and deposit rates and the problem has worsened since 2009. High interest rates have made it difficult for domestic business to access affordable credit for investment. The high cost of credit represents a major constraint for many large and small Ugandan investors. As a result, firms are reluctant to take advantage of investment opportunities that could lead to employment generation through borrowing. This concern was probably the single most recurring issue that the authors of a report on Uganda encountered during interviews.²³

²² G. Martinez: *Política macroeconómica para empleo pleno productivo y trabajo decente para todos*, op. cit.

²³ E. Waeyenberg and H. Bargawi: *Macroeconomic policy for full and productive employment and decent work for all: Uganda country study*, Employment Working Paper No. 91 (Geneva, ILO, 2011).

(d) *The role of targeted demand-side interventions in boosting employment opportunities for young people*

147. Table 2.1 sets out examples of targeted interventions that can, in principle, boost the demand for the skills and services of young people.

Table 2.1. Examples of targeted interventions to promote jobs for young people: A demand-side perspective

Constraints on employment opportunities for young people	Type of targeted intervention
Lack of labour demand due to slow growth	Labour-intensive public works Public service programmes Wage or training subsidies
Financial constraints on private sector growth	Well-regulated credit allocation programmes to provide enhanced access to finance, especially for SMEs and micro-enterprises

(e) *Youth-friendly fiscal policy*

148. Making youth employment a priority objective of fiscal policy entails adequate and predictable funding to support sustainable policy interventions geared towards improving youth labour market outcomes. These policy interventions, as detailed in subsequent sections of this report, each address a specific dimension of the problem. Unfortunately, there is very little evaluation of the financial and fiscal sustainability of interventions geared towards the youth labour market.²⁴ In OECD countries, expenditures on ALMPs amount on average to 1 per cent of GDP, although this figure can rise to over 2 per cent of GDP in some cases. These are some benchmarks that can be used by emerging and developing economies in designing the allocation of resources to ALMPs. Policy-makers in both developed and developing countries can also be encouraged by the fact that simulation models show that well-designed and well-funded ALMPs can have a positive impact on youth employment. For example, a modest increase in ALMPs (between 0.2 and 1 per cent of GDP) can boost employment by as much as 1.2 per cent over the medium term.²⁵

149. A necessary ingredient in undertaking financial and fiscal sustainability analyses is to have an assessment of the unit costs of programme delivery pertaining to various interventions, and then to work out aggregate resource requirements based on coverage rates. This information is relatively rare. It can be observed that unit costs vary enormously, both across countries and across programmes, ranging (at 2005 prices) from as low as US\$39 per beneficiary in Bulgaria to as high as \$17,151 in the United States.²⁶ In sum, future knowledge-building activities on youth employment programmes should treat them as part of fiscal policy design. This will motivate policy makers to focus on assembling regular and rigorous knowledge of the long-run fiscal requirements of youth employment programmes, and thus enable policy-makers to develop a credible resource mobilization strategy, including from domestic and external sources, to support effective implementation of targeted demand-side interventions to boost youth employment outcomes.

²⁴ About 25 per cent of interventions on youth employment in the 289 documented cases noted in the text have estimates of net impact.

²⁵ ILS: *World of Work Report: Making markets work for jobs* (Geneva: ILO/IILS, 2011).

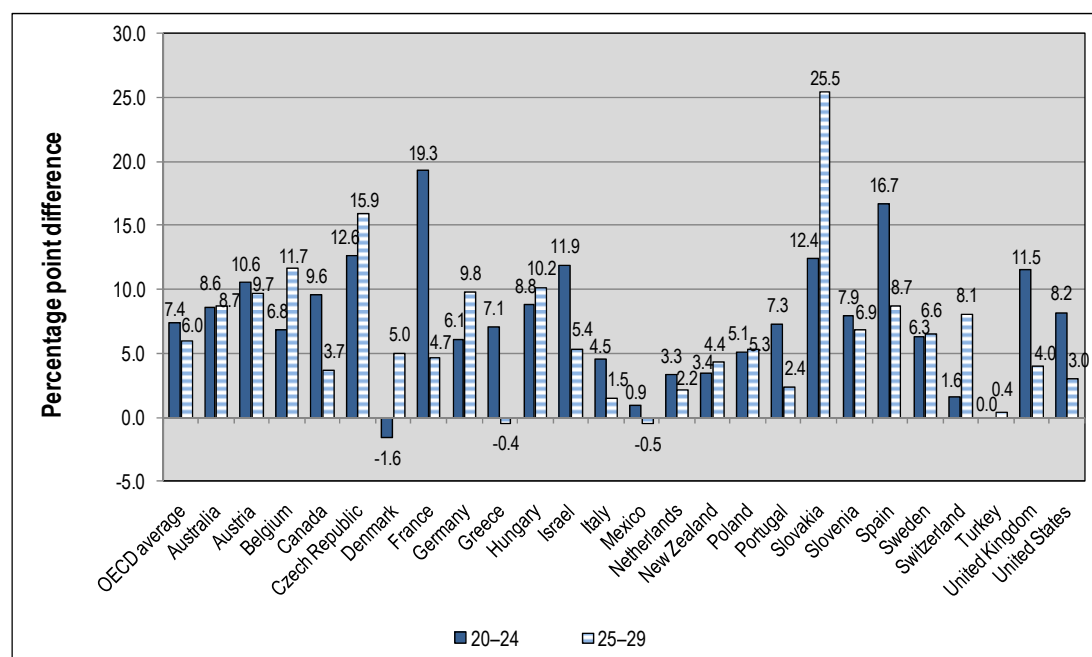
²⁶ O.S. Puerto: *International experience on youth employment interventions: The youth employment inventory* (Washington, DC, World Bank, 2007).

2.3. Education and training

150. Education and training for young people and lifelong learning foster a virtuous circle of improved individual employability, higher productivity, employment of better quality, income growth and development. Their importance is now greater than ever in an era of accelerating technological progress and globalization, and in a world of work where soft skills matter as much as vocational qualifications to improve youth employability.²⁷ Finding a niche in a global economy that is becoming increasingly skill-intensive requires countries continuously to upgrade the educational and skill levels of their labour force.

151. Evidence from OECD countries shows that there is a significant correlation between youth employment outcomes and educational attainment. The employment rate for young persons aged 15–29 who left school with an upper secondary education qualification is significantly higher than the rate for young persons who left school with no diploma.²⁸ On average, completing upper secondary education reduces unemployment among 20–24 year-olds by 7.4 percentage points, and among 25–29 year-olds by 6 percentage points (see figure 2.2).²⁹ As educational attainment increases, the incidence of long-term unemployment decreases. However, in many countries education does not guarantee a job, as will be discussed later on in this report.

Figure 2.2. Percentage point differences in the share of unemployed among the out-of-school population for those with less than upper secondary education and those with upper secondary and post-secondary non-tertiary education, for 20–24 and 25–29 year-olds



Source: OECD: *Education at a glance 2011*. Countries for which data were available.

²⁷ ILO: *Skills for improved productivity, employment growth and development*, Report V, International Labour Conference, 97th Session, Geneva, 2008.

²⁸ OECD: *Tackling the jobs crisis: The labour market and social policy response*, Background document presented at the OECD Labour and Employment Ministerial Meeting, Paris, 28–29 Sep. 2009.

²⁹ OECD: *Education at a glance 2011: OECD indicators* (Paris, 2011).

2.3.1. Basic education: Challenges of access and quality

152. Notwithstanding major improvements in educational attainment, gaps in access to and quality of education prevail in developing countries and between women and men. Between 1980 and 2010, countries in sub-Saharan Africa increased the mean years of schooling of the population from 2.8 to 5.5, while the corresponding figures for South Asia were 2.9 and 5.6 years. However, the levels attained in 2010 were still considerably lower than those in other developing regions and in the advanced countries. The mean years of education for East Asia and Latin America in 2010 were 8.3 and 8.4, respectively, while for the advanced countries the figure was 10.6 years.³⁰

153. In spite of progress in many countries towards achieving the Millennium Development Goal of universal primary education, a significant number of low-income countries are unlikely to meet this target by 2015.³¹ In 2009, the total number of children of primary school age that were not enrolled in primary school was 67 million, and around 35 million were girls. Almost half of the world's out-of-school girls are in sub-Saharan Africa and around one-quarter are in South Asia. While there are still more females out of school than males, the gender gap has decreased greatly over time.³²

154. An estimated 130 million young people lack the basic reading, writing and numeracy skills needed in everyday life. Many are emerging from education without these basic skills, making it difficult for them to obtain the technical skills needed to compete in the labour market. In addition, they are unlikely to have the knowledge or skills to pursue sustainable livelihoods, to fully understand the elements of a healthy lifestyle or to negotiate business and legal systems³³ (see table 2.2).

Table 2.2. Youth literacy by region, 2008

Region	Youth literacy rate (%)				Number of youth unable to read and write (000s)			
	Total	Male	Female	GPI*	Total	Male	Female	% Female
Developed regions	99.6	99.5	99.6	1.00	579	310	269	46.40
Commonwealth of Independent States (CIS)	99.8	99.7	99.8	1.00	122	77	46	37.50
Northern Africa	86.1	89.8	82.2	0.92	4 778	1 779	2 999	62.80
Sub-Saharan Africa	71.9	76.8	67.1	0.87	46 581	19 299	27 282	58.60
Latin America and the Caribbean	96.9	96.7	97.2	1.01	3 181	1 749	1 432	45.00
Eastern Asia	99.3	99.4	99.2	1.00	1 669	772	898	53.80
Southern Asia	79.3	85.7	73.3	0.86	66 115	24 158	41 956	63.50
South-Eastern Asia	96.1	96.3	95.8	0.99	4 236	2 018	2 218	52.40
Western Asia	92.7	95.6	89.8	0.94	2 873	891	1 982	69.00
Oceania	73.0	72.0	74.1	1.03	450	240	210	46.60
World	89.0	91.7	86.4	0.94	130 584	51 292	79 292	60.70

* GPI = Gender Parity Index

Source: UNESCO Institute for Statistics database, 2009.

³⁰ H.A. Patrinos and G. Pscharopoulos: *Education: Past, present and future global challenges*, World Bank Policy Research Working Paper No. 5616 (Washington, DC, 2011).

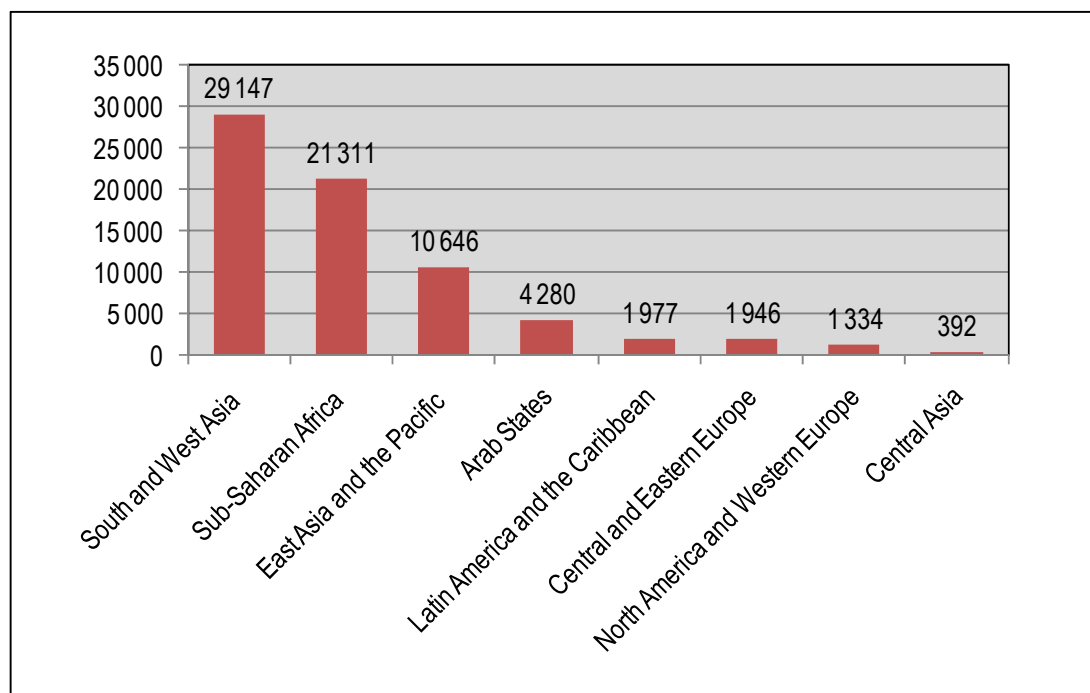
³¹ UNESCO: *EFA Global monitoring report – The hidden crisis: Armed conflict and education* (Paris, 2011).

³² World Bank: *A statistical summary of gender and education around the world* (Washington, DC, 2011).

³³ UNESCO: *EFA Global monitoring report – Reaching the marginalized* (Paris, 2010).

155. Approximately 71 million adolescents were not in school in 2007 (54 per cent were girls) either because they had not completed primary school or could not make the transition to lower secondary school³⁴ (see figure 2.3). For many adolescents the education system is not sufficiently flexible to adapt to their needs, and the quality of their basic education is insufficient to allow an easy transition; for others, their families simply cannot afford it.

Figure 2.3. Total out-of-school adolescents of lower secondary school age (in thousands) by region, 2007



Source: UNESCO Institute for Statistics database, 2009.

156. The gap between developing and advanced countries is in fact far greater than that suggested by statistics on the average number of years of education. The gap in the quality of education, measured in terms of the level of cognitive skills that are attained through education, is also very wide between developing and advanced countries.³⁵ This gap in the quality of education has serious implications for development prospects, since it is the level of cognitive skills attained through education (and not the mere number of years spent in school) that is the critical factor for increasing individual as well as economy-wide productivity.

157. A World Bank study, using data from 2003 on student test scores in mathematics and science in a sample of 26 developing and 21 advanced countries, found that only 5 per cent of students in advanced countries failed to reach a minimum level of functional literacy in mathematics and science. In contrast, more than half of the students tested in developing countries failed to reach this threshold. Among the countries covered by the survey, those with the largest shares of students who were functionally illiterate were Peru (82 per cent), Saudi Arabia (67 per cent), Brazil (66 per cent),

³⁴ UNESCO: *EFA Global monitoring report – Reaching the marginalized*, op. cit..

³⁵ E.A. Hanushek and L. Wossmann: *Education quality and economic growth* (Washington, DC, World Bank, 2007).

Morocco (66 per cent), South Africa (65 per cent), Botswana (63 per cent) and Ghana (60 per cent).³⁶ It is interesting to note that the developing countries included in this list of the poorest performers are mostly middle-income countries, and not from the ranks of the least developed countries.

158. Low learning achievement stems from many factors. Schools in many developing countries are in a poor state and teachers are in short supply and poorly paid. By 2015, the poorest countries need to recruit some 1.9 million additional primary school teachers, including 1.2 million in sub-Saharan Africa, to create a good learning environment for all children. More equitable teacher deployment is also vital; all too often, the poorest regions and most disadvantaged schools have the fewest and least qualified teachers.³⁷ Furthermore, in sub-Saharan Africa HIV/AIDS is having a devastating effect on the already inadequate supply of teachers.

159. Developing countries thus face a huge challenge not only in expanding educational opportunities for young people but also in raising the quality of education. This is important not only for enhancing the potential for economic growth in developing countries but also for giving youth a chance of obtaining a decent job in an increasingly knowledge-intensive global economy. More and higher quality education for future generations of young people is clearly a basic requirement for finding a durable solution to the youth employment problem in developing countries.

160. Early drop-out from school or from apprenticeship schemes is also an issue in developed countries. The average rate in the EU is about 14 per cent while in some countries it reaches 20–30 per cent.³⁸

161. To mitigate the negative effects of poverty on education requires the scaling-up of social protection measures to help poor households manage the risks without compromising on education. Transfers of cash or food implemented in a number of Latin American countries show the potential to both mitigate the short-term impact of an income crisis and attenuate its long-term negative effects. These measures are more likely to succeed when they are integrated into a broader social protection strategy, rather than implemented as temporary fixes. The institutional and financial capacities available for implementation are critical. Means-based programmes require time, financial resources and an institutional framework. During the crisis, some Latin American countries (Brazil, Costa Rica, Honduras and Mexico) with well-established cash transfer programmes have extended the reach to poor youth by lowering the eligibility criteria, thus enhancing their opportunities to continue in the education system.

162. Another approach to expand the reach of formal education involves distance learning strategies that rely on a relatively basic model that integrates print-based material, remote study and access centres, and incorporation of face-to-face components for imparting skills. The acquisition and adaptation of print-based learning material from other regions is a cost-effective strategy for expediting implementation. With relatively small levels of additional investment in technology, a basic study centre can become a cost-effective mechanism for providing access to information and communication technologies.

³⁶ *ibid.*

³⁷ UNESCO: *EFA Global monitoring report – Reaching the marginalized*, op. cit.

³⁸ European Commission: *Youth opportunities initiative*, online news item (Brussels, 2011).

2.3.2. Second chance initiatives

163. Providing a second chance at formal education can facilitate the acquisition of the basic knowledge and competencies for those who dropped out too early or never attended school. Programmes that engage youth throughout adolescence appear to be the most effective.³⁹ Practical curricula, flexible schedules, and less formal instruction methods are likely to attract and retain young people.

164. To increase the cost-effectiveness of second chance initiatives, programmes need to target the poor, particularly girls. Increasing the share of young women with secondary education by one percentage point can boost annual per capita income growth by 0.3 per cent on average, according to a study of 100 countries, conducted by the World Bank. An extra year of schooling beyond the average boosts girls' eventual wages by 10–20 per cent.⁴⁰ For example, in the United Republic of Tanzania, even though enrolment rates of girls in secondary schools are similar to those of boys, the drop-out rates are much higher for girls. One of the main reasons for the high drop-out rates is early pregnancy, which increased from 6.5 per cent in 2006 to 10.3 per cent in 2008.⁴¹ This means that an even lower proportion of young women continue to post-secondary and higher education.

2.3.3. Tertiary education and graduate unemployment

165. Access to and quality of education at the tertiary level is also challenging for many youth. Recent youth protest movements (e.g. in Chile, Israel, United Kingdom and United States) have been sparked by the rising costs of university education, which bar their access and contribute to rising inequalities among young people, and to excessive financial burdens for their families and long-term indebtedness.

166. The challenge of unemployment and/or detachment among graduate youth, discussed in Chapter 1, is becoming significant in more countries (see the example of China in box 2.2). It runs against the assumption and evidence that the higher the level of education, the better chance for integration in the labour market. More research is needed to analyse the underlying causes as these are multiple and context specific. In some cases, the deterioration of the quality of tertiary education is a problem, as formal diplomas obtained from certain establishments are devalued by employers and enterprises. Most importantly however, the main challenge resides in the low demand for high skills in many developing economies, as the patterns of growth are creating higher demand for jobs with a lower content of skills. These types of jobs, and the conditions of pay and work associated with them, are shunned by graduated youth and explain some of the detachment and discouragement observed, for example, in the Middle East and North Africa. Migration to developed economies, with the hope that skills acquired will be valued and remunerated, is increasingly growing and leading to “brain drain” in many countries of origin.

³⁹ Many countries have broadened their definition of youth. When it comes to skills development strategies for youth, this is problematic. It is difficult to prepare transitions to work strategies for a category of “youth” where ages range from 15 to 25. It is more efficient and more promising to focus interventions on youth aged 15–19 (teenagers), where the prospects of keeping them in school or returning to school are more appealing to youth. For the 20–24 category, strategies outside formal schooling are more effective.

⁴⁰ G. Psacharopoulos and H.A. Patrinos: *Returns to investment in education: A further update*, Policy Research Working Paper (Washington, DC, World Bank, 2002).

⁴¹ United Republic of Tanzania: *National Strategy for Growth and Reduction of Poverty (NSGRP II)*, Ministry of Finance and Economic Affairs (2010).

Box 2.2

Tackling the graduate unemployment problem in China

China is one of many countries facing the problem of graduate unemployment, with 30 per cent of its annual output of university graduate failing to find employment upon graduation. In addition, there is significant underemployment among graduates who end up in jobs that require only a secondary school education. The decision taken in 1999 to achieve a substantial expansion in university enrolments resulted in increasing university enrolments at an annual rate of 22 per cent per year between 1999 and 2006. The Government has taken a number of measures to tackle the challenge:

- ❑ An “internship programme” was launched in 2009 to provide in-house training to 1 million university graduates by 2011.
- ❑ A programme to encourage graduates to work at the grass roots level to support rural education, agricultural construction and rural health services was initiated in 2006. By 2010, 143,000 graduates had participated in the programme.
- ❑ A similar programme to encourage graduates to work in the underdeveloped western regions was launched in 2003.
- ❑ Methods were adopted to improve the performance of universities and colleges, notably by promoting mergers and supporting specialization of certain fields of study of particular institutes.
- ❑ The Government is also promoting cooperation between industry, universities and research institutes through the establishment of science parks, and high-tech economic zones.
- ❑ Entrepreneurship promotion is highlighted through a national entrepreneurship competition among university students.
- ❑ Career development and guidance courses and counselling services are offered to facilitate smooth school-to-work transition.

Data sources: National Bureau of Statistics of China, *Labour and Social Security Statistics* (2010) and W. Meiyang and W. Dewen: *The China Population and Labour Yearbook*, Vol. 3 (Chinese Academy of Social Sciences Yearbooks, 2011).

2.3.4. Strengthening the link between education and training systems and the world of work

167. Many young people face difficulties in finding a job because of the mismatch between educational outcomes and labour market requirements. The persistent constraints of “skills’ shortages” and “skills mismatches” often raised by employers and businesses are addressed through different approaches for strengthening the link between education and the world of work.

168. Innovation, technology and market developments have turned the world of work into a rapidly changing environment and training must keep pace with this reality. Education and training systems face the challenge of equipping a growing young workforce with the skills required by the jobs of the future, not to mention re-equipping the current workforce with the skills, including soft skills, needed to keep up with a changing world.

169. The main reasons for skill shortages include: insufficient labour supply in some sectors due to demographic and migration trends; skills mismatch; underestimated growth of some sectors, such as green technologies; and deficiencies in recruitment practices, work organization, wage policies and working conditions. Skill shortages are greatest in technology- and knowledge-intensive industries, which have the highest potential for economic and employment growth.⁴²

170. Most countries in the EU attempt to measure skill shortages and to analyse skill gaps in order to adjust lifelong learning policies and strategies. Many attempt to forecast skill needs for the medium- and long term to enable a better match between initial education and the demands of the labour market. These efforts have brought about significant improvements in many countries, especially those where forecasting and analytical efforts are tightly linked to providing information, counselling and guidance (e.g. Austria, France, Netherlands). This information helps young people to make informed choices and enables decision-makers to allocate financial resources more effectively; to modify curricula; to adjust immigration policy (e.g. Germany, Ireland and United Kingdom); and to take steps to attract workers for certain occupations or specific skill needs (see box 2.3).⁴³

171. Other measures include efforts by Public Employment Services (PES) to improve job matching and provide more training and retraining in the fields most affected by skill shortages; to redesign skill profiles of qualifications required by employers in fast growing sectors and in new occupations; and to increase the efficiency of matching and placement services. Sectoral approaches are increasingly popular among countries. “Sector or industry skills councils” represent “public-private partnerships”; they commission research and decide on the training that is provided to respond to the identified demand for skills. Alongside well-established sectoral skills councils in countries such as Australia, Canada, New Zealand and the United Kingdom, many other countries are pursuing a similar path (e.g. Bangladesh, Czech Republic, India and Republic of Korea).

Box 2.3 Anticipating skills needs

Anticipating future skills needs is the first building block of strong training and skills strategies. Several methods are used to forecast future skills needs. These include: forecasting occupational and skills profiles at various levels of disaggregation; social dialogue; labour market information systems and employment services; and analysis of the performance of training institutions, including tracer studies.

Country experience provides lessons on the limits of skills forecasting: it is better to focus on providing adaptable core and transversal skills, and especially on building the capacity to learn, than on training to meet detailed forecasts of technical skill needs, because these may change before curricula can adjust. Shorter training courses, which build on general technical and core skills, can minimize time lags between emerging skill needs and the provision of adequate training. Quantitative analysis based on labour market information is useful when complemented by qualitative information from employers and workers. Some examples from countries include:

⁴² O. Strietska Ilina: “Skill shortages”, in *Modernising vocational education and training*, Fourth report on vocational education and training research in Europe (Luxembourg, European Centre for the Development of Vocational Training (CEDEFOP), 2008).

⁴³ *ibid.*

The United Kingdom Commission for Employment and Skills (UKCES) – a non departmental public body which comprises a social partnership that includes CEOs of large and small employers across a wide range of sectors, trade unions, the voluntary sector and representatives from the devolved administrations. UKCES synthesizes major research outputs on skills needs in the United Kingdom and advises local governments on their progress towards becoming a “world leader” in skills and related policies.

The Republic of Korea's sustained growth pattern includes a government-led skills development strategy. The rapid progress in closing the productivity gap reflects an economic development strategy based on investment, and research and development. Investment in a well-educated and highly skilled workforce was an integral part of encouraging the adoption of new technologies. A current challenge is to avert shortages in the more highly skilled vocational occupations by increasing the attractiveness of non-academic skills development paths.

Identification and forecasting of current and future skill needs serves not only the policy function but also an information function, feeding data into the counselling and guidance systems and enabling young individuals to make vocational and career choices. In **Netherlands**, quantitative forecasting results are adapted to end-users' needs and delivered through the guidance services, in the form of soft indicators of labour market prospects, for current and potential workers as well as for employers.

Source: ILO: *A skilled workforce for strong, sustainable and balanced growth. A G20 training strategy* (Geneva, 2011).

2.3.5. Reforms to technical vocational education and training (TVET)

172. Countries are focusing on technical vocational education and training (TVET) as an important policy agenda item, and striving to ensure that its focus is relevant and appropriate to emerging economic circumstances.⁴⁴ The Human Resources Development Convention, 1975 (No. 142), and the Human Resources Development Recommendation, 2004 (No. 195), provide guidance to constituents on how to strengthen and adapt vocational training systems to effectively equip young people with the core and technical skills and knowledge required in the labour market.

173. Countries recognize, and are taking steps to address, poor public perception, weak monitoring and evaluation mechanisms, inadequate financing, poor management and ill-adapted organizational structures. Experience also shows that TVET needs to be coordinated, regulated, and endowed with high quality delivery systems that address geographical, gender and economic diversity and meet the needs of industry (see box 2.4 for examples of TVET reforms in selected countries).

⁴⁴ Recognizing this policy agenda, the Inter-agency Group on TVET was formed in January 2009 to gain an understanding of the contributions of the various bodies involved in TVET, and to identify areas for potential collaboration at headquarters level in terms of research and coherent policy advice, and at country level in terms of policy reviews. Members include ILO, UNESCO, ETF, OECD, the European Commission, the World Bank and regional development banks.

Box 2.4
TVET reforms in selected countries

Some countries are increasing funding for vocational and technical schools, thus opening up places for more youth (e.g. Chile, China, Colombia, Egypt, Germany, Republic of Korea, Malaysia, New Zealand, Thailand and Turkey). Colombia is doubling the training places in some of the technical levels at the National Training Service (SENA), offering 250,000 new places to unemployed youth and young people living in extreme poverty in urban areas. In China, “skilled workers’ schools” (a comprehensive vocational training base) offer long- and short-term training courses. By the end of 2008, there were about 3,075 skilled workers’ schools nationwide, with close to 400 million registered students. Nearly 95 per cent of graduates find jobs. Viet Nam is diversifying its vocational training to include full-time and regular training, mobile training, and training in enterprises and in traditional “occupational villages”. It is also expanding its reach to particular target groups such as farmers who have lost their land and ethnic minorities.

Source: ILO: *Increasing the employability of disadvantaged youth*, Skills for Employment Policy Brief (Geneva, 2011).

174. Increasing outreach of infrastructure and connectivity and continuously declining costs for equipment have made it affordable to integrate information and communication technologies (ICT) into TVET. The possibilities for efficient deployment of ICT to modernize TVET curricula, increase relevance of skills provision and expand enrolment capacity of institutions should be harnessed. ICT has a central role to play in making the TVET learning environment more relevant to the world of work.

175. The potential of emerging technologies in Africa is immense, given the opportunities to leap-frog technological advances in other regions. Mobile communications growth since 2000 in Africa has significantly outpaced expansion in all other regions.⁴⁵ With improved connectivity by way of under-sea cables, it is estimated that 69 per cent of mobile phones in Africa will have Internet access by 2014.⁴⁶ Youth tend to be early adopters of emerging technologies, and yet traditional education systems are not using these technologies to address the challenges in skills development. Policy-makers need to create initiatives to harness the technological revolution for the benefit of education and training.

2.3.6. Apprenticeship, internship, on-the-job training schemes and training contracts

176. Apprenticeship is considered an effective way to prepare young people for the labour market. Structures and systems of apprenticeship vary within and between developed and developing countries.

177. In developed countries, formal apprenticeship schemes, combined to a varying extent with part-time schooling, have had a positive impact on employment for young men and on earnings for young women. Schemes in which employers provide apprentices with proper mentoring and supervision, and high-quality training on and off the job bring about the best results.⁴⁷

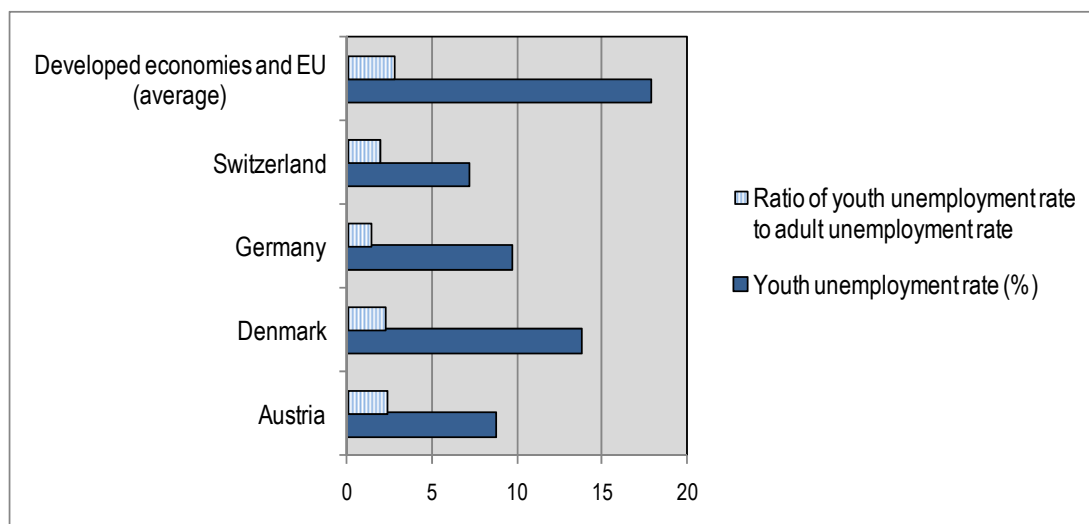
⁴⁵ E.B. Kapstein: “Africa’s capitalist revolution”, in *Foreign Affairs*, July–Aug. 2009, pp. 119–128.

⁴⁶ J.M. Ledgard: “Digital Africa”, in *The Economist: Intelligent Life Magazine*, Spring 2011.

⁴⁷ M. Gangl: “Returns to education in context: Individual education and transition outcomes in European labour markets”, in W. Muller and M. Gangl (eds): *Transitions from education to work in Europe – The integration of youth into EU labour markets* (Oxford, Oxford University Press, 2003).

178. There is evidence that European countries with a strong apprenticeship system also have a lower ratio of youth unemployment to adult unemployment (see figure 2.4 and box 2.5).

Figure 2.4. Youth unemployment in countries with strong apprenticeship systems



Source: ILO: *Key Indicators of the Labour Market*, op.cit.

179. These countries generally enjoy better youth employment outcomes also in terms of a larger employment share in skilled occupations and in high-wage sectors. A study of labour market outcomes of different types of school/work-based qualifications – including apprenticeships – for 12 European countries found that apprenticeships performed rather well both compared to school-based education at the same level of training, and across different qualification levels.⁴⁸

Box 2.5

Dual system apprenticeships open doors to the world of work

The “dual system” – which combines school-based education with in-company training – is typical of Austria, Denmark, Germany and Switzerland, and more recently Norway. Apprenticeships are part of the formal educational structure, and are usually entered into after completion of compulsory education. They involve an employment relationship plus formal schooling over a period of three or four years. At the end of the programme, apprentices graduate through a final examination in which they have to prove their theoretical and practical understanding of the occupation.

Dual systems have proved successful in giving young people a good start in the labour market. Denmark, and Switzerland are among the OECD countries with the lowest unemployment rates for youth, and Austria is well below the OECD average. In addition, Austria, Denmark and Germany are among the countries with the lowest share of youth experiencing repeated spells of unemployment.

Some key features of the German system include:

- ❑ contents of enterprise-based training are determined jointly by government, employers and trade union representatives (federal level);
- ❑ individual firms choose their own training methods;

⁴⁸ *ibid.*

- ❑ training costs are shared between the government and employers (governments cover the school-based component, while employers finance enterprise-based training);
- ❑ salaries of apprentices are relatively low – ranging for 25–45 per cent of the average wage of a qualified worker in the same occupation;
- ❑ wage and working conditions are determined through collective bargaining agreements specifying the minimum apprentice wage;
- ❑ qualifications are awarded upon completion of written and practical exams, set and marked by tripartite external examiners;
- ❑ competent bodies (mostly chambers of commerce) issue certificates which are recognized throughout the country (such as chambers of commerce, and industry and trade);
- ❑ after graduation, workers can apply for work to their current employer or elsewhere.

Sources: G. Quintini and S. Martin: Starting well or losing their way? The position of youth in the labour market in OECD countries (Paris, OECD, 2006); V. der Velden, R. Welter, M. Wolbers: The integration of young people into the labour market within the European Union: The role of institutional settings, Working Paper No. 2001/7E (Maastricht University, 2001); M. Gangl: "Returns to education in context: Individual education and transition outcomes in European labour markets", *op. cit.*

180. In several developed countries, formal apprenticeship and on-the-job training schemes have been strengthened during the crisis. Incentives are being offered to employers to take on apprentices and retain them. Companies are encouraged to recruit under contracts combining training with work experience; to convert work placements to permanent employment contracts; and to offer disadvantaged youth additional training and job opportunities, leading to a qualification. Some countries (e.g. Australia, Canada, Denmark and France) have introduced bonuses for employers who take on apprentices to ensure that they complete their training.⁴⁹

181. Australia, for instance, has increased funding for pre-apprenticeship training and has expanded job training through the Productivity Places Programme, which aims to provide access to 711,000 qualifications over a period of five years, to meet existing and future industry-demands. France set out to offer apprenticeships and other training schemes to half a million young people in 2010.

182. The French plan included a one-year exemption on social security charges for firms recruiting young apprentices by mid-2010. Small businesses, where a large proportion of the apprenticeships take place, receive an additional subsidy. Australia has instituted a bonus payment for employers for each successfully completed apprenticeship or traineeship. Also, firms employing new trainees and apprentices receive preferential treatment in bids for new government-funded infrastructure projects. The incentives must be sufficient to entice both firms and young people.

183. Canada's Apprenticeship Incentive Grant is designed to encourage more apprentices to complete their training in a designated Red Seal trade. The Interprovincial Standards Red Seal Programme represents a national standard of training excellence in the trades and is highly valued by employers. The programme covers 50 skilled trades, representing approximately 88 per cent of registered apprentices in Canada and a substantial portion of the trades' workforce.

184. Questions have been raised about how replicable these successes can be in developing countries where the formal wage sector is small and institutions are weak. In many developing countries, where the majority of youth work in the informal economy,

⁴⁹ ILO: *A skilled workforce for strong, sustainable and balanced growth*, *op. cit.*

formal TVET is an option for only a small minority of young people, and informal apprenticeship continues to be the largest provider of skills for young people.

185. While the drawbacks of informal apprenticeships are widely recognized, for many informal economy workers, this may prove to be the first and often the only available option. Efforts are needed to improve the system, in particular to:

- complement learning at the workplace with more structured institutional learning;
- upgrade the skills of master crafts persons, e.g. by introducing modern technology and upgrading pedagogical skills;
- involve business associations and labour organizations, especially those representing the informal economy;
- introduce standardized contracts and certification;
- include literacy/numeracy training and livelihoods skills; and
- strengthen community involvement, especially to open more occupations for young women.

186. Some innovative experiences are summarized in box 2.6.

Box 2.6
Bridging the gap between formal and informal apprenticeships

West African countries, such as Benin, Mali, Senegal and Togo, are restructuring TVET systems to incorporate apprenticeships, including certification mechanisms. They are developing dual apprenticeship systems, where the craft enterprises which take on apprentices share responsibility for training. In parallel, some regulatory instruments have been developed to meet policy objectives and the specific arrangements for apprenticeship, such as the types of contracts and the rules governing vocational qualifications.

In Latin America, where there is a high rate of informality in the labour market, countries have adopted measures, including contractual arrangements, to support a transition from informal to formal employment relationships. Among these, legislation enacted in Peru in 2005 provides for five different training arrangements, including a “youth job training agreement” for 16–23 year-old workers who have not completed their schooling, allowing them to demonstrate their skills in a real work situation during periods ranging from six to 24 months, and a “learning contract” for 14–24 year-old workers, supervised by an authorized training centre and partly carried out in manufacturing plants of companies.

Sources: ILO: *Upgrading informal apprenticeship. A resource guide for Africa* (Geneva, 2012); ILO: *Trabajo decente y juventud en América Latina* (Lima, 2010).

187. In Uruguay, the Training and Internships Act of 2000 allows students enrolled in technical and vocational training institutions to supplement their theoretical learning and the acquisition of skills through work performed in an enterprise for a minimum period of three months.

188. Most internships do not involve the establishment of an employment relationship, but even when they do, questions have been raised in a number of cases on the grounds that the main objective of internship is distorted due to the numerous abuses that may occur, such as the recourse to interns in replacement of workers; the limited training content of internships; the lack of voluntary, non-remunerated supervision on the part of the educational institutions involved; and the presence of interns beyond the stipulated periods. Likewise, while the potential of internships is valued, the implementation of this

modality is difficult to organize on a massive scale, owing both to the small number of places available in productive undertakings, and the lack of a “culture of internship” that would otherwise ensure clarity on the objectives and strategies of all the stakeholders involved.

189. In Europe, a number of countries have introduced a “multiservice approach” that combines training with work practice. For instance, in Bulgaria the Government passed the Encouraging Employment Act in 2001, which aimed at supporting employers to open places for on-the-job training for young unemployed people up to 29 years of age. Under this arrangement young people are offered an employment contract for six months and additionally may receive vocational training. These workers are also entitled to a minimum salary if they are employed on a full-time basis. In return, employers receive significant subsidies for the period of the contract, for each young person employed on a half-day basis, covering all social insurance contributions, and compensation for annual leave and other benefits.

190. Italy has also implemented an “access-to-work contract” to enable young workers to enter the labour market and acquire the skills required for a particular working environment.⁵⁰ This initiative is intended for young workers aged 18–29, for a duration of nine to 18 months. Its implementation is conditional on the adoption of an individual training plan aimed at guaranteeing the adaptation of the professional skills of the employee to the workplace, and remuneration may not be more than two levels below the level specified in the national collective agreement for workers with the same employment grade. In return, these contracts also give rise to benefits in the form of tax and contribution relief for the employer.

2.4. Labour market policies and institutions

2.4.1. Active labour market policies

191. Active labour market policies and programmes can greatly facilitate young people’s entry and re-entry into the labour market. ILO and other studies indicate that, if properly targeted and implemented, ALMPs can effectively benefit the most disadvantaged youth by mitigating education and labour market failures, while promoting efficiency, growth and social justice. In many countries young people are the main beneficiaries of ALMPs.

192. ALMPs are also an important tool for alleviating the current youth employment crisis. Such policies are typically seen as a series of microeconomic interventions and are usually evaluated as such, without taking their macroeconomic effects into account. Yet these macroeconomic effects can be significant when spending on ALMPs, as a whole, constitutes a major share of social expenditures. In OECD countries, expenditures on ALMPs are the principal channel for tackling the employment crisis. They amount on average to 1 per cent of GDP, and in some cases to over 2 per cent of GDP.

193. ALMPs targeted on youth include a range of measures: some aim at facilitating the transition to work, while others target the disadvantages of specific groups among youth and/or seek to prevent detachment from labour markets and de-skilling in periods of low demand, such as the present crisis context. Measures include employment subsidies to increase the incentives for employers to hire young workers, direct public employment

⁵⁰ The initiative may also apply to other categories of workers in vulnerable situations, or to the long-term unemployed to assist them to return to the labour market.

creation schemes, and programmes to promote self-employment. At the same time the intensification of job-search assistance and personalized counselling programmes for young jobseekers increases the number of youth who find jobs in the regular labour market. These programmes contribute to an improvement in job-matching and hence reduce the rise in frictional unemployment in the labour market as a whole. Similarly, some of the training programmes discussed in the previous section are among the most widespread ALMPs that contribute to improve youth employability.

194. Success in reducing youth unemployment through such policies can set off a virtuous circle of rising demand through the income that is generated in the process. When these programmes succeed in integrating disadvantaged youth into the labour market, they also yield large economic and social benefits in terms of greater equity and, in some cases, a reduction in anti-social behaviour.⁵¹

195. Recent ILO research has shown that cost-effective ALMPs are of strategic importance for promoting youth employment in the current economic conjuncture of weak economic recovery and severe fiscal constraints. Simulations show that increasing spending on ALMPs by only 0.5 per cent of GDP increases employment by between 0.2 and 1.2 per cent over the medium term, depending on the country.⁵² These results show that countries with the lowest ALMP spending to GDP ratio can harvest the largest benefit by instituting such policies.⁵³

196. In the light of these results, it is likely that reductions in expenditures on ALMPs in the context of consolidation and austerity programmes will prove to be short-sighted and counter-productive. The key to reaping maximum benefits from expenditures on ALMPs is intelligent programme design and cost-effective implementation. The extensive literature on the evaluation of ALMPs shows that there have been many poorly designed and ineffective programmes in the past. Lessons learned from these evaluations suggest that programmes should avoid deadweight losses (the same result would have been reached without the programme), substitution effects (subsidized participants may replace non-participants), displacement (output of subsidized activities may displace that of non-subsidized activities) and creaming-off (they help those who are already better off).⁵⁴

2.4.2. Employment services

197. One barrier to matching the supply and demand of young labour is the lack of labour market information and job search skills. Employment services play this intermediation function as they are the main agent for the delivery of labour market services and policies. These services usually include the registration of jobseekers, provision of counselling and guidance, management of unemployment benefits and referral to active labour market programmes. However, the organizational structure,

⁵¹ V. Corbanese and G. Rosas: *Guide to the design, monitoring and evaluation of innovative active labour market programmes targeting individuals at risk of labour market exclusion* (ILO, Budapest, 2009).

⁵² ILS: *World of Work Report: Making markets work for jobs*, op. cit., p. 121.

⁵³ *ibid.*, p. 126.

⁵⁴ G. Rosas and G. Rossignotti: "Starting the new millennium right: Decent employment for young people", in *International Labour Review*, Vol. 144, No. 2; P. Auer, U. Efendioglu and J. Leschke: *Active labour market policies around the world: Coping with the consequences of globalization* (ILO, Geneva, 2004); World Bank: *Young people in South Eastern Europe: From risk to empowerment* (Washington, DC, 2005).

scope, funding and effectiveness of service delivery vary between countries.⁵⁵ Experience shows that employment services should particularly target those groups of young people who are most in need of assistance and tailor the services provided to their specific needs and labour market disadvantages. Profiling systems which identify the specific difficulties encountered by young jobseekers in finding employment can be very valuable in developing effective targeting mechanisms and devising early interventions. Box 2.7 summarizes the lessons learned by the PES in EU countries in dealing with young clients.

Box 2.7

The role of employment services in youth employment promotion in the EU

In most EU countries, the Public Employment Service (PES) is a key player in the implementation of strategies to ease the transition of young persons from school to work. A recent review points to the following lessons learned from experience:

- ❑ Person-centred approaches to counselling and guidance appear to be more effective than generalized approaches. In addition, individualized counselling and the establishment of an individual employment plan early in the period of unemployment is an effective tool for the implementation of activation strategies for young people. Case management and mentorship approaches have also shown good results.
- ❑ Profiling systems that build on accurate, timely and reliable labour market information and take into account the whole personal/life situation of young clients make labour market integration strategies more effective.
- ❑ Outreach activities need to focus on employers who are potentially willing to employ disadvantaged youth or to offer them work-based training measures. This includes good relationships with local enterprises and links to employers, social enterprises and the voluntary sector.
- ❑ In the case of young drop-outs, non-formal types of learning may be more successful than formal education alone. The interaction of in-classroom and workplace training increases the likelihood of positive labour market outcomes by 30 percentage points. When combined with other services, the probability of a positive outcome increases by 53 percentage points.
- ❑ If well targeted, training subsidies for firms that take on low-skilled youth can expand work-based training places for disadvantaged young people. Their effectiveness depends on their design and targeting: both can minimize distortion effects (i.e. deadweight and substitution).

Source: EU: *The role of Public Employment Services in youth reintegration. A review of European good practice*, Analytical Paper, DG Employment, Social Affairs and Inclusion (Brussels, 2011).

198. According to recent ILO research in Eastern European and Central Asian countries, youth represent the majority of participants in job search assistance, job placement and career guidance services. For instance, in the Republic of Moldova, 79 per cent of career guidance beneficiaries are young people under 29 years of age, while in the Ukraine 34 per cent of job placement services are targeted at young individuals.⁵⁶

199. However, PES have not been able to keep up with the changing requirements of the labour market, or to offer targeted packages of services that meet young people's needs

⁵⁵ On the role of public employment services see ILO: *ILO support for the role of public employment services in the labour market*, Governing Body, 306th Session, Geneva, Nov. 2009, GB.306/ESP/3/2.

⁵⁶ Based on the information available for eight countries: Armenia, Azerbaijan, Belarus, Croatia, Georgia, The former Yugoslav Republic of Macedonia, Republic of Moldova and Ukraine. ILO: *Youth employment in Eastern Europe: Crisis within the crisis*, op. cit.

in all countries. For example, in many countries in the Middle East and North Africa, despite recent efforts, PES are weak. The unemployed see little advantage to register with the PES and employers do not use these services. Another challenge is that many jobs in developing countries are in the informal economy and, by definition, the vacancies are not recorded or registered with the PES. In addition, employment offices are not equipped to provide jobseekers with reliable and up-to-date information on job opportunities. Almost 90 per cent of jobseekers in Jordan have never used labour exchange or counselling services, preferring to rely on informal recommendations and information supplied by relatives and friends.⁵⁷

200. In many countries, particularly in the developing world, major challenges for the PES to deliver on effectively targeted interventions include their lack or low levels of technical and financial capacity, and insufficient infrastructure and utilities needed to operate the employment offices.⁵⁸

2.4.3. Wage subsidies, minimum wage and youth employment

201. Well-designed wage subsidies or reductions in social contributions for young workers can help increase the demand for young workers. Wage subsidies help to ease the transition of young workers into the labour market and, during economic downturns, they can moderate employment effects and the depreciation of skills in the labour force. Some countries have therefore specifically targeted wage subsidy initiatives on youth. For example, Chile introduced a youth employment subsidy in 2009 for youth from poor families. The literature on wage subsidies presents some promising effects associated with their use in both developed and developing country contexts. In micro-enterprises in Sri Lanka, research indicates that wage subsidies induced 22 per cent of eligible owners to hire a worker. Moreover, among employers who hired employees, 86 per cent claimed to continue employing the workers after the subsidy expired.⁵⁹

202. In the G20 countries, there is a wide array of measures for sharing initial hiring costs between employers and government. The main features include: the duration of the contract, the amount of subsidy or employer's compensation, and the type of contractual arrangement. In some countries, subsidies are paid for the hiring of young people on fixed-term employment contracts, on the grounds that these contracts can serve as stepping stones in the labour market. In France and Italy, financial incentives are granted to employers who recruit and provide on-the-job training to young jobseekers.

203. Overall, in advanced and emerging economies, wage subsidies have in general had positive effects on the employment outcomes of youth. Existing evaluations of wage subsidies show that wage subsidies work best when they are designed and targeted to address specific labour market disadvantages faced by young people, and when they are provided for a limited period of time.⁶⁰ Therefore, generalized subsidies that target

⁵⁷ European Training Foundation (ETF): *Human capital and employability in the 14 partners of the Union for the Mediterranean*, Informal background paper to the Union of the Mediterranean-Euromed Employment and Labour High-Level Working Group meeting, Brussels, 26–27 Nov. 2009.

⁵⁸ ILO: *Support for the role of public employment services in the labour market*, op. cit.

⁵⁹ S. de Mel, D. McKenzie and C. Woodruff: "Field experiments in firms wage subsidies for microenterprises" in *American Economic Review*, Vol. 100, No. 2, May 2010, pp. 614–618.

⁶⁰ For instance, in 2010 South Africa introduced a wage subsidy scheme aimed at improving youth employment rates in formal sector firms. The subsidy is worth 5,000 rand (ZAR) – approximately, €670 – and is paid over a period of six months. This compares with a national median monthly wage for youth aged 20–24 of approximately ZAR1,500, i.e. slightly less than twice the monthly amount of the subsidy. However, the impact of the subsidy on the hiring of young people has not been evaluated yet.

young people mainly on the basis of their age are unlikely to have a long-term impact on their employment and earnings. If not targeted, these subsidies often contribute to labour market distortions in terms of deadweight and substitution effects, with employment lasting only as long as the subsidy is received. Evaluation results also stress the benefit of combining subsidies with on-the-job training and other measures in the form of comprehensive service packages offered to young workers. An efficient monitoring system is also essential to avoid abuses associated with wage subsidies, and to achieve the policy objective of improving the employability of young workers, rather than turning them into a cheap source of labour.

204. Given both the disproportionate share of youth found among low-paid workers and among those paid at minimum wage (discussed in section 1.3), minimum wages can play an important role in helping to sustain the purchasing power of the younger population.⁶¹

205. In several countries a lower youth wage rate or apprentice rate is set alongside the adult minimum wage rate. The rationale for this is that lowering the relative wage of young workers will make them more attractive to employers. At the same time, this will decrease the incentive for youth to leave school early and hence reduce the supply of young workers. It is believed that both these effects will contribute to a lowering of the youth unemployment rate. While no international standard prevents countries from setting lower rates, the reasons which are at the origin of the adoption of lower rates for some groups of workers, should be re-examined periodically in the light of the principle of equal remuneration for work of equal value. Any fixing of minimum wage rates on the basis of sex would be discriminatory under the terms of the Equal Remuneration Convention, 1951 (No. 100).⁶²

206. Although some studies continue to support the above arguments for a lower minimum wage for young workers, recent literature on the issue is less conclusive. For instance, in 2001 New Zealand imposed reforms which lowered the age at which an individual was able to receive the adult minimum wage (from 20 to 18) and simultaneously increased the youth minimum wage from 60 per cent to 80 per cent of the adult minimum wage. There was evidence of negligible employment loss by young workers two years after the change in legislation.⁶³ Other research provides cross-country evidence that shows that minimum wages, coupled with high employment protection and ALMPs, have enabled some countries to improve the youth employment situation.⁶⁴

207. In-work benefits also provide good examples of measures which address low-paid employment. In-work benefits are intended to provide financial incentives for workers to take low-paid jobs by offering additional earnings, thereby reducing poverty. They may take the form of tax credits, wage-related transfers or other lump sum payments. Among these, income tax credit schemes are fairly common. As these schemes tend to include

⁶¹ A. Cardoso: *Long-term impact of youth minimum wages: Evidence from two decades of individual longitudinal data*, IZA Discussion Paper No. 4236 (Bonn, Institute for the Study of Labour (IZA), 2009).

⁶² Y. Ghellab: "Minimum wages and youth unemployment", in ILO: *General Survey concerning minimum wages*, paras 169–185 (Geneva, 1992).

⁶³ D. Hyslop and S. Stillman: "Youth minimum wage reform and the labour market in New Zealand", in *Labour Economics*, Vol. 14, No. 2, 2007, pp. 201–230.

⁶⁴ D. Neumark and W. Wascher: "Minimum wages, labor market institutions, and youth employment: A cross-national analysis", in *Industrial & Labor Relations Review*, Vol. 57, No. 2, 2004.

elements of work incentive, the amount of the benefits is typically a function of gross income, with phase-in and phase-out elements. In other words, total benefits first tend to increase as income increases, then beyond a certain threshold remain flat, and finally begin to fall. The potential for these policies to improve the welfare of low-wage workers, without compromising the volume of employment, is indeed well-documented⁶⁵ and needs to be fully exploited in policy developments concerning low pay. However, the welfare-enhancing potentials of in-work benefits should be interpreted as a complement, as opposed to a substitute, for minimum wage policies.

2.4.4. Employment contracts, protection and integration of youth in the labour market

208. Regulations concerning the hiring and firing of workers play an important role in ensuring their fair treatment. Designing and enforcing employment protection regulations involve trade-offs between the degree of effective protection for the workers and the incentives for firms to hire, particularly among inexperienced youth and other new labour market entrants. In particular, strict and uncertain procedures concerning the firing of permanent workers along with high severance payments tend to make employers reluctant to hire youth on open-ended contracts.⁶⁶ Recent research found that the decline in the average job tenure of young workers in the EU between 1999 and 2006 was associated with weaker employment protection legislation and lower trade union density (a decline in unionization was associated with a decline in average tenure for young people).⁶⁷

209. Along with the broad range of new “training or internship contracts”, “first job contracts” are meant to ease the hiring of young workers. Their main objective is to help young people to get a foothold in the labour market by lowering hiring costs.⁶⁸ This is mainly achieved by either reducing the entitlements of young workers or subsidizing those contracts of employment.

210. Examples of countries that opted for reducing the entitlements of young workers include Paraguay, where legislation enacted in 2002, aimed at the insertion in the labour market of young people aged 15–28. While its objective was to establish rules that regulate, encourage and promote youth employment through subordinated and paid work activity, the legislation also provided for exclusions from social security contributions, to pension or family allowances, and from leave entitlements, among others. This reduction of young workers’ rights eventually led to the rejection of the legislation.

211. France enacted legislation implementing a “contract for first employment” (CPE) of indefinite duration, in March 2006, applicable to young workers up to the age of 26 in enterprises with more than 20 employees. However, due to strong opposition by youth and the trade unions, the law was abrogated in April 2006. One of the aspects of this instrument was that it provided for a “consolidation period” of two years during which the employee could be dismissed without any justification. Legislation enacted in 2005

⁶⁵ H. Immervoll and M. Pearson: *A good time for making work pay? Taking stock of in-work benefits and related measures across the OECD*, IZA Policy Paper No. 3 (Bonn, IZA, 2009).

⁶⁶ ILO: *Giving youth a better start*, op. cit.

⁶⁷ S. Cazes and M. Tonin: “Employment protection legislation and job stability: A European cross-country analysis” in *International Labour Review*, Vol. 149, 2010.

⁶⁸ In many cases this type of intervention is also intended to apply to other groups of workers, such as the long-term unemployed and women.

established the “contract for new employment” (CNE) with similar characteristics, except that it was restricted to enterprises with fewer than 20 workers and open to all workers with no age specification. Under a *Representation* procedure brought under article 24 of the Constitution of the ILO in 2007, a Tripartite Committee concluded that the CNE significantly departed from the protection afforded in the Termination of Employment Convention, 1982 (No. 158), ratified by France, and requested the Government to take measures to ensure that this employment contract could in no case be terminated without a valid reason.⁶⁹ The CNE was declared inapplicable by the French Supreme Court in 2008, on other grounds, among others, that it was incompatible with the provisions of ILO Convention No. 158. Taking into account the recommendations of the ILO Governing Body of 14 November 2007, France passed Act No. 2008-596 of 25 June 2008, repealing provisions relating to the CNE. The Act implements a national tripartite agreement. The CNEs in force at the time of the publication of the Act were reclassified as contracts of unlimited duration. The ILO Committee of Experts on the Application of Conventions and Recommendations noted subsequently with satisfaction the adoption of this new law.

212. Rather than establishing special hiring or firing rules for contracts of employment of young workers, many European countries reformed their legislation to ease restrictions on the use of temporary employment (fixed-term contracts, contracts for a specific task, on-call work, agency work, etc.). This form of employment quickly came to account for most new jobs for youth, and led to growing labour market duality between the strict protection afforded to permanent workers and the weaker protection provided to temporary young employees. For example, despite recent labour market reforms entailing considerable reductions of firing costs under permanent employment contracts introduced in Spain in 1994 and again in 1997 and 2010, and generous subsidies for the hiring of permanent employees, the proportion of temporary employment has not declined significantly.⁷⁰ The high proportion of young workers with a temporary employment contract is observed throughout Europe, where 40.2 per cent of workers aged 15–24 had a temporary contract in 2009 compared to 13.4 per cent for all workers aged 15–64.⁷¹ During the crisis, temporary employment accounted for the vast majority of all job losses in the twelve months to June 2009 according to the OECD, and fell from 32 per cent of total employment in the first quarter of 2007 to 25.1 per cent in December 2009. Since youth are most likely to have these types of contracts, they have borne much of the brunt of the recession, and the unemployment rate for young people reached 44.5 per cent in December 2009.⁷²

213. Some experiences suggest that incentivizing the hiring of young workers at the expense of their rights and social benefits, such as pensions, and health and unemployment insurance, results in increased vulnerability and insecurity on a long-term basis. The ILO has previously reviewed these consequences, highlighting of the fact that

⁶⁹ ILO: *Decision on the 20th item on the agenda: Report of the Director-General: Sixth Supplementary Report*, Governing Body, 300th Session, Geneva, November 2007, GB.300/20/6.

⁷⁰ J.J. Dolado et al: *Drawing lessons from the boom of temporary jobs in Spain*, CEPR Discussion Paper No. 2884 (Madrid, FEDEA, 2011).

⁷¹ F. Tros: *Analysis of the effects of legislation in youth employment contracts in Europe: A literature review*, Employment Sector Working Paper (Geneva, ILO, forthcoming).

⁷² ILO: *G20 country brief: Spain's response to the crisis* (Geneva, 2010).

low levels of protection and assistance by the State may impact the future development of young workers and their confidence in public institutions.⁷³

2.4.5. Transition to formality

214. In developing countries, low productivity jobs in the informal economy are the main provider of work and livelihoods for youth. Enhanced enforcement of legislation relating to labour contracts can be used in conjunction with other complementary measures to support the transition from informal to formal employment. Successful experiences in Argentina and Brazil are cases in point. In Argentina, after the deep economic crisis of the early 2000s, the Government introduced a number of reforms to address high levels of informality. These included new legislation that provided for an initial 12-month reduction in social security contributions for new recruits in small and micro-enterprises. In parallel, the Government introduced a programme (*Programa de Simplificación Registral*) to simplify administrative procedures through the establishment of a single worker registration system. To improve compliance by enterprises, in 2005 the Government adopted a National Labour Regulation Plan (*Plan Nacional de Regulación del Trabajo*) and increased the resources allocated to the labour inspection service.

215. During the first two years of this programme, about one-third of the informal workers identified through labour inspections were registered, which helped to reduce informality among young employees. In addition, legislation established sanctions for enterprises exploiting apprenticeships and young workers. It required the issuance of a fixed-term contract with detailed provisions for training, social security contributions and wages.

216. Various specific measures were adopted to curb informality in the most affected occupations, for example, by simplifying the registration of domestic workers and allowing the deduction of social security contributions from taxes paid by employers. Another measure, known as “*mono-tributo social*”, introduced a single “social contribution” for low-earning self-employed people in the informal economy. As a whole, these measures allowed for the extension of social security to include workers who had formerly been excluded.⁷⁴

2.4.6. Lessons learned⁷⁵

Interaction between active and passive labour market interventions

217. It is important to recognize the interactions between ALMPs and systems of passive income support, such as unemployment benefit and social assistance discussed in section 2.9. There is a risk that generous income support may jeopardize the incentive to seek work and to participate in ALMPs. The most effective way of reconciling these opposing tendencies is to link active and passive labour market through some form of conditionality. There has been a clear trend towards such policies of “activation” in most

⁷³ ILO: *Global employment trends for youth*, op. cit.

⁷⁴ ILO: *Trabajo decente para los jóvenes: El desafío de las políticas de mercado de trabajo en Argentina* (Buenos Aires, 2011); and ILO: *La formalización del empleo en Argentina* (Buenos Aires, 2011).

⁷⁵ For a summary of the main features of youth employment programmes that have been more effective than others, see *Policy options to support young workers during economic recovery*, Global Jobs Pact Policy Brief No. 14 (ILO, 2011).

industrialized countries.⁷⁶ The underlying rationale is that any job is preferable to economic inactivity and unemployment. This approach is based on a strict conditionality regime, with an emphasis on mutual obligations between the PES, providers of benefits, and the benefit claimant.⁷⁷ The PES has then to deliver on increasing the employability and employment prospects of youth. In order to achieve this, the PES has to focus on programmes which have been shown to be the most effective.⁷⁸ Most evaluations of ALMPs concur that job search assistance programmes involving in-depth counselling and mentoring are particularly effective. Similarly, small-scale training programmes that are tightly targeted and have a strong on-the-job training component have proved to be much more successful than large classroom-based training programmes.

Box 2.8
ALMPs and youth in Serbia

Unemployment rates among youth are three times those of adults (37.4 per cent and 12.3 per cent, respectively, in 2010), with severe challenges facing low-educated youth, young Roma, internally displaced youth and refugees.

The Youth Employment Policy and Action Plan (2009–11) emphasized employment-intensive growth, employability, labour market inclusion through targeted measures, and governance of the youth labour market. Some US\$3.9 million, from both Government and donor resources, channelled into the existing Youth Employment Fund, has supported the implementation of a wide range of integrated youth employment measures.

Active labour market programmes have targeted more than 3,500 disadvantaged youth (48 per cent young women and 52 per cent young men), most of whom have low levels of education (85 per cent), are long-term unemployed (60 per cent) and have no work experience (52 per cent). Government monitoring data show that, among young beneficiaries who are working, as many as 85 per cent have entered full-time employment, more than half of them work in the same enterprise from which they received training (57 per cent), and use the skills acquired through on-the-job training (62 per cent). As well, the wages of programme participants are between 10 and 20 per cent higher than the statutory minimum wage.

The ILO has worked with the Ministries of Economy and Regional Development, Labour and Social Policy and the social partners on the development and implementation of the Youth Employment Policy and Action Plan; the establishment of the Youth Employment Fund; the development of evidence-based youth-specific employment policy objectives and targets; the integration of labour market, migration and social services; and the provision of capacity building to labour market.

Source: ILO: Youth Employment Policy and Action Plan, Serbia 2009–11 (unpublished).

Well targeted and tailored to individual needs

218. ALMPs that recognize the heterogeneity among and between young men and women and that target both the individual characteristics (e.g. age, gender, educational level, socio-cultural background) and specific labour market disadvantages are more

⁷⁶ For example, a recent report from the Confederation of British Industry (CBI) includes recommendations to help young people moving from welfare to employment. These include matching the structure of benefit payments more closely with the reality of how employees are paid. See CBI: *Action for jobs – How to get the UK working* (London, 2011).

⁷⁷ A. Daguerra and D. Etherington: *Active labour market policies in international context: What works best? Lessons for the UK*, Department for Work and Pensions Working Paper No. 59 (Norwich, HMSO, 2009).

⁷⁸ W. Eichhorst and K.F. Zimmerman: *And then there were four: How many (and which) measures of active labour market policy do we still need?*, DIW Discussion Paper No. 685 (Berlin, DIW, 2007).

successful than generic targeting of youth as a group.⁷⁹ Their success derives from personalized attention and this implies that ALMPs must have sufficient resources to provide adequate staff-to-client ratios. As has been pointed out in an influential academic assessment of ALMPs, a major reason why many evaluations of such programmes show “small private and social benefits is that the per capita expenditures on participants are usually small relative to the deficits that these programmes are being asked to address. In order for such interventions to generate large gains they would have to be associated with very large internal rates of return”.⁸⁰ Examples of effective programmes underscore the importance of allocating sufficient resources to ALMPs. The costs and administrative capacity associated with targeted programmes should not be underestimated. Several developing countries have opted for public employment programmes (discussed in section 2.7), targeting disadvantaged communities.

219. In the United States, the American Recovery and Reinvestment Act led to increased funding for existing programmes which have been successful for disadvantaged youth, such as the Job Corps, the country’s largest and most comprehensive residential education and job training programme for at-risk youth that combines classroom, practical, and work-based learning experiences.⁸¹ Evaluations found positive effects on participants’ employability and earnings, and high social rates of return through a reduction in crime and incarceration rates. However, the positive impact on earnings persisted only for older youth, while it disappeared for teenagers after four years. In effect, the programme was found to be cost-effective for 20–24 year-olds. Programmes under the Workforce Investment Act (WIA) include early intervention to tackle disengagement; a strong mentoring component; comprehensive services dealing with education and job placement as well as personal support, health, childcare and housing issues; a focus on empowering youth; and regular follow-up after programme exit. WIA youth funds have not benefited out-of-school youth as much as those in school.

Links to work experience

220. One cannot underestimate the limitations of implementing ALMPs which focus on skills first, and job later, especially for disadvantaged youth. Evidence regarding this approach is discouraging. What is needed are programmes that combine learning with earning, developing an understanding of the value of saving and investing to maximize the benefits. Programmes linked to the world of work (e.g. in-company training, work placement, supported employment placement for people with disabilities) increase employment opportunities.

Part of a comprehensive package of services

221. The integration and sequencing of various components targeting both demand (e.g. tax incentives, self-employment) and supply (e.g. training, career guidance and other forms of job search assistance) are more effective in easing the school-to-work transition.

222. Multiple-service programmes combining classroom and workplace training increase the likelihood of positive labour market impacts by 30 per cent; but

⁷⁹ N. O’Higgins: *The impact of the economic and financial crisis on youth employment measures for labour market recovery in the EU, Canada and the USA*, Employment Working Paper No. 70 (Geneva, ILO, 2010).

⁸⁰ J.A. Heckman, R.J. Lalonde and J.A. Smith: “The economics and the econometrics of active labour market programmes”, in *The Handbook of Labour Economics*, Vol. III, 1999.

⁸¹ US Department of Labor: <http://www.dol.gov/dol/topic/training/jobcorps.htm>.

programmes that combine classroom and workplace training and other services increase the impact by 53 per cent.⁸² In Netherlands, the Investment in Youth Act is an example of an integrated intervention. Young people aged 18–27 are offered work, education or a combination of the two. If they refuse to accept the offer they are denied social benefits. If they accept a job they get paid by their employer. If they choose to study, they may be eligible to receive an income equal to social assistance. This scheme aims at facilitating labour market entrance for young people and prevents them from becoming dependent on the State. Thus, while this Act has activating measures, it also decreases the access of young people to social security.⁸³ It is the largest ALMP in the country.

223. In the context of the economic crisis, various countries have introduced or expanded a package of training, job search assistance and job placement. They include Argentina, Germany, Greece, Hungary, Netherlands, Peru, United Kingdom and United States. Peru, for example, has extended the coverage of its *Projoven* training programme for disadvantaged youth; the United Kingdom has established the Flexible New Deal for disadvantaged youth involving public–private partnerships; and as mentioned above, the United States has increased funding for the Job Corps, a residential programme for disconnected youth. Some countries are adopting a mutual obligations approach in income support schemes. Australia, for example, has introduced a new requirement that young unemployed be in full-time school or training to receive benefits. In Netherlands, young people applying for social assistance are offered an option of work, training or a combination of both in order to receive the cash benefit (see box 2.9).

Box 2.9
Youth employment measures adopted during the recent crisis

Several employment measures were adopted to ease the negative impact of the crisis on youth employment. Employment subsidies (e.g. contribution to salary, waivers to social security contributions, tax breaks) for hiring young people, or ad hoc premiums to transform temporary contracts into permanent ones, were introduced to sustain labour demand for young workers. Incentives to promote youth entrepreneurship – training and access to financial and non-financial services – were used to create jobs. Some governments increased funding to programmes offering paid summer employment, while others supported youth employment through large-scale public works and community services programmes to improve infrastructure and the environment, as well as to provide income support. Additional resources were allocated to public employment services for job-search assistance and other labour market services. During the downturn, many countries sponsored skills development programmes to enhance the employability of disadvantaged youth, including through skills in emerging occupations (e.g. green jobs). Employers were encouraged to provide apprenticeships and other work-experience programmes through bonuses and other incentives. Unemployment and social assistance benefits were granted to protect young people's income or help them stay in school through scholarships and other conditional cash transfers.

Source: ILO: *Policy options to support young workers during economic recovery*, op. cit.

224. The main ALMP for young people in the United Kingdom has been the Flexible New Deal. It was put in place in October 2009 and is an example of an integrated intervention that provides job search and career advice, training, subsidized employment and voluntary work to young people aged 18–24 who have been claiming unemployment

⁸² J. Fares and O.S. Puerto: *Towards comprehensive training* (Washington, DC, World Bank, 2009).

⁸³ S. Bekker: EEO Review: *Youth employment measures 2010: Netherlands* (European Employment Observatory, 2010).

benefits continuously for six months. Flexible New Deal, building on lessons learned from previous evaluations, offers a more personalized approach for disadvantaged youth, involving partnerships with public, private and voluntary sector providers of social services.

225. There is a range of youth multi-service programmes in Latin America, combining education, demand-driven job training and internships. Initiated in Chile at the beginning of the 1990s, the *Jóvenes* programme has been replicated with some variants in Argentina, Colombia, Dominican Republic, Haiti, Panama, Paraguay, Peru, Uruguay and the Bolivarian Republic of Venezuela. Chile's *Jóvenes* programme was created as a response to the long-term negative effects of the economic downturn of the previous decade. Subsequent programmes in other Latin American countries were designed to address constraints faced by low income, poorly educated youth in entering the labour market. Generally, effects on employment across the Latin American programmes are positive; the largest impact is on improving engagement in formal employment or in employment offering non-wage benefits. The benefits vary among youth groups; the largest effects on earnings, employment and likelihood of being in formal employment in the Chilean programme are for those under the age of 21; significantly positive effects on employment and earnings for women were found in Peru's *Projoven*, Panama's *ProCaJoven* and Colombia's *Jóvenes en Acción* programmes.

Involvement of the social partners

226. Employers' and workers' organizations can help connect young people with the world of work by participating in the design and implementation of policies and programmes targeting young people. For example, the involvement of social partners can bring focus on issues (e.g. informal economy, working conditions, youth discouragement and inactivity, the promotion of socially responsible enterprises) that are not always on governments' agendas.

2.5. Promoting youth entrepreneurship and self-employment

227. The promotion of entrepreneurship among young people has an important role to play in reducing youth unemployment. Encouraging and facilitating business start-ups by young people provides them with a pathway to enter the labour market through self-employment. Viewed from a macroeconomic perspective, this adds to the total number of employment opportunities being created for youth, not only through the self-employment of young entrepreneurs but also thanks to the wage employment that successful enterprises will generate for other young people. This is why it is important for governments to address the special problems faced by young potential entrepreneurs.

228. At the same time youth also face special vulnerabilities when they enter self-employment. Some potential entrepreneurs, because of their lack of experience and knowledge, may have unrealistic views of their ability to succeed in business and end up burdening themselves with debt at the start of their working life. This is why youth entrepreneurship promotion programmes have a responsibility to ensure that youth without the necessary qualities for succeeding in business should not be pushed into creating their own enterprises. Advice to young potential entrepreneurs should give realistic information about both the rewards and the downsides of setting-up a business.

229. Youth entrepreneurship promotion consists of programmes and measures adopted to foster the entrepreneurial activity of young people with the objective of encouraging them to start and develop a business, and at the same time improve their general employability.⁸⁴

Box 2.10
ILO survey on business climate perceptions of young entrepreneurs in Indonesia

In 2010, the ILO conducted the first comprehensive business climate survey among 1,600 young entrepreneurs in Indonesia. Key findings are:

- ❑ The majority of young entrepreneurs (YEs) run a micro-business with fewer than five employees (65 per cent) or are self-employed (29 per cent). Most of them are in trade or services, where capital or technology requirements are not too high. YEs have a higher educational degree than the average Indonesian worker.
- ❑ The most prevalent motivations to become an entrepreneur are to be independent and to earn more income (72 per cent). The fact that the lack of other options ranks third (11 per cent) suggests that the majority of YEs are entrepreneurs by choice and not by necessity.
- ❑ YEs highly value their profession. They rank the profession of entrepreneur as most appealing, followed by careers as government employee and lecturer/teacher. This view is particular to entrepreneurs and is not shared by the general public in Indonesia.
- ❑ There is a high degree of informality among YEs: 55 per cent of all firms do not even have one generic business license. The legal set-up is considered the most difficult regulatory barrier; other hurdles are business taxes and specific licenses.
- ❑ The majority of YEs (63 per cent) feels the strong need for additional skills development, especially in the areas of financial management, marketing and specific technical skills. At the same time, the awareness and use of business support services are very low. However, those who make use of them are very satisfied and are also willing to pay for the services.
- ❑ Most indicators of the survey do not reveal discrimination against female YEs except as regards access to finance.
- ❑ 70 per cent of YEs report an increased turnover in the past year, and 23 per cent plan to hire additional staff in the next year.

Source: ILO: *Business environment for young entrepreneurs in Indonesia* (Jakarta, 2011).

230. These programmes try to overcome barriers that youth encounter in starting and developing a business, which typically consist of a lack of financial, social or physical capital. Youth entrepreneurship interventions cover a broad range of areas, including entrepreneurship training for out-of-school youth, offered either by PES or private training providers, entrepreneurship education in secondary or tertiary schools, campaigns to change social and cultural attitude towards youth entrepreneurship, access to finance, mentoring, other business support services, and an improvement of the administrative and regulatory framework.⁸⁵

⁸⁴ U. Schoof: *Stimulating youth entrepreneurship: Barriers and incentives to enterprise start-ups by young people*, SEED Working Paper No. 76, Series on Youth and Entrepreneurship, (Geneva, ILO, 2006), p. 67.

⁸⁵ U. Schoof, op. cit., p. 23; W. Cunningham, M.L. Sanchez-Puerta, A. Wuerml: (2010) *Active labor market programs for youth: A framework to guide youth employment interventions*, Employment Policy Primer Note No. 16 (Washington, DC, World Bank, 2010); A.R. Hofer and A. Delaney: *Shooting for the moon: Good practices in local youth entrepreneurship support*, OECD LEED Working Paper 2010/11 (Trento, Italy, OECD Publishing, 2010).

231. According to the Youth Employment Inventory, the only global repository documenting the results of youth employment programs, youth entrepreneurship is a significant instrument among the different types of interventions for combating youth unemployment. In 2011 the total number of entrepreneurship promotion initiatives constituted 20 per cent of all programmes, making it the second most important project type after skills training. This represented a significant increase as compared to 2007, when the share had been only 11 per cent.⁸⁶

232. Africa boasts the largest proportion of projects (31 per cent), followed by the Middle East and North Africa which register a share of 26 per cent. OECD countries, South and East Asia and the Pacific, account for 20 per cent and 14 per cent, respectively.

233. Furthermore, the Global Entrepreneurship Monitor, which conducts surveys on entrepreneurship in 59 countries, provides information on the relevance and attractiveness of entrepreneurship for young people.⁸⁷ It reports that, in general, regardless of the national development level, the highest number of entrepreneurs can be found in the 25–34 age group. It adds that globally the largest share of early stage businesses is also found in this cohort.

234. Developing countries record the highest proportions of business start-ups and firms which are less than three years old. Early stage entrepreneurial activity is particularly common in sub-Saharan Africa. Countries at the lowest development level also register the highest number of necessity-driven entrepreneurs, who decide to start a business because they need a source of income, and not because they intend to pursue an opportunity which could lead to business expansion and the recruitment of other people.⁸⁸ Although there are no statistics available, it can be assumed that many of the necessity-driven entrepreneurs in developing countries belong to the informal sector. While there is general agreement on the effectiveness of supporting opportunity-driven entrepreneurs, there is some controversy over promoting necessity-driven firms, and over their impact on poverty eradication.⁸⁹ Because of a lack of robust impact evaluations on the effects of youth entrepreneurship promotion projects on income generation, job creation, and job quality, at present it is not possible to take an evidence-based position on this issue.

235. The proportion of women entrepreneurs compared to men varies from country to country, but overall women are under-represented. As revealed by the Flash Eurobarometer 2009 and other studies, successful entrepreneurs in Europe and Latin America are predominantly male. In the Republic of Korea the number of male entrepreneurs is five times that of female entrepreneurs, whereas in Ghana there are more women than men starting a business.⁹⁰ Targeting women entrepreneurs as is often

⁸⁶ The Youth Employment Inventory, which is a database containing information on over 400 projects for youth employment creation in over 90 countries. Its purpose is to identify effective approaches promoting youth employment. Launched by the World Bank, the Youth Employment Inventory is now a joint activity of the German Ministry of Economic Cooperation and Development, the Inter-American Development Bank, the International Labour Organization, the World Bank, and the Youth Employment Network. See www.youth-employment-inventory.org/.

⁸⁷ D.J. Kelley, N. Bosma, J.E. Amoros: *GEM 2010 Global Report* (London, Global Entrepreneurship Monitor, 2010).

⁸⁸ *ibid.*

⁸⁹ W. Maudé: “Promoting entrepreneurship in developing countries: Policy challenges”, in *European Journal of Development Research*, 2010, Issue 4, 2010; E. Duflo and A. Banerjee: *Poor economics: A radical rethinking of the way to fight global poverty* (New York, Public Affairs, 2011).

⁹⁰ D.J. Kelley et al: *GEM 2010 Global Report*, op. cit.

the case through specific measures, seems to be an appropriate approach because women often experience more obstacles in starting and developing a business compared to men. For example, in Cameroon there is no apparent discrimination against women entrepreneurs in national legislation. However, in practice women have little access to land and property ownership. Their husbands can easily pledge the title of family property and women find it difficult to meet the collateral requirements to receive credit from banks.

2.5.1. Impact of youth entrepreneurship programmes

236. There is little evidence about the quality or impact of youth entrepreneurship programmes as very few projects have been carefully evaluated. This is particularly true for developing countries.⁹¹ An analysis based on an evaluation of entrepreneurship programmes from the Youth Employment Inventory of 2007 revealed that entrepreneurship promotion measures had the highest positive impact rating on employment creation among all programmes reviewed. However, no firm conclusion could be drawn due to the small number of entrepreneurship projects considered. The only recommendation which could be formulated was that the choice of a specific type of intervention must be based on the problems that youth face in the labour market. Table 2.3 presents some figures from the impact evaluations of a few interventions.

Table 2.3. Impact of youth entrepreneurship programmes

Country and project	Impact on employment (%)	Impact on earnings (%)	Impact on business expansion (%)	Impact on added assets (%)
Bangladesh: Empowering Adolescent Girls in Rural Bangladesh (<i>Kishori Abhijan</i>)	–	28–54	–	–
Bulgaria: Self-Employment Programme	50 (51.5 for women)	< 40%	–	–
Kenya: Jua Kali – Training Vouchers For “Workers Under The Sun”	–	–	67	40
Peru: Entrepreneurial Training for Youth (<i>Formación Empresarial de la Juventud</i>)	25	23.5	–	–
Peru: Young Micro-entrepreneurs Training Scheme (<i>Calificación de Jóvenes Creadores de Microempresas</i>)	17.3	61	40% increase in probability of having a business operating more than a year later	–

Source: ILO: Youth Employment Inventory database (July 2011).

237. In Latin America many youth entrepreneurship promotion programmes have been launched, but only a few have been evaluated and it is difficult to draw conclusions. Projects targeting young necessity-driven entrepreneurs tend to provide motivational activities and short training courses, whereas those for opportunity-driven entrepreneurs focus on mentoring, tutoring and networking methodologies. In this region, small programmes organized by NGOs and private sector institutions which have a smaller outreach and more focused target groups seem to be more effective than large-scale

⁹¹ World Bank: *Moving from wish list to action: The importance of evaluating youth interventions* (undated).

projects promoted by public institutions. Small focused initiatives offer a wider range of services which seem to yield more positive results for enterprise development. Such services include information on business opportunities, mentoring, training and access to credit.

238. In general, entrepreneurship skills seem to yield better results when they are acquired in a comprehensive training context. For example, the Peruvian Young Micro-entrepreneurs Training Scheme (*Programa de Calificación de Jóvenes Creadores de Microempresas*) shows that a package including theoretical classes, counselling and follow-up services, on-the-job training and credit, is more effective for business development than the provision of managerial training alone.

239. A successful project on business creation and expansion is the “Bharatiya Yuva Shakti Trust” in India. The programme offered financial support, counselling and business support services to beneficiaries. Mentoring played a pivotal role. An evaluation of this project revealed that 10 per cent of entrepreneurs participating in the programme became Rupee millionaires, and 15 per cent of them provided employment to over 20 people.⁹² One factor that contributed to the success of the project was its partnership with both the public and private sector. The relevance of partnership with the private sector for business development has been highlighted also by other sources.⁹³

240. An enabling environment conducive to enterprise development is a very important factor for business expansion. An initiative in this regard is the enactment of a 2000 Enterprise Act in Viet Nam. An evaluation of this policy measure indicates that 72,601 new firms had registered as of September 2003 since the adoption of the Act. The frequency of registration of new businesses per year was 3.75 times higher than before 2000. As of September 2003, between 1.6 and 2 million jobs were created as a result of the adoption of the Act. The Viet Nam Association of Young Entrepreneurs claims that young entrepreneurs set-up the three-quarters of all private firms established between 2000 and 2002.⁹⁴

241. Some projects in sub-Saharan Africa have helped to improve the social situation of their beneficiaries. This is the case of the “Tap and Reposition Youth – Savings and Micro-Credit for Adolescent Girls” initiative in Kenya. This project underwent an impact evaluation and its net results are also known. Girls who participated in the programme had higher levels of assets and savings. In addition, beneficiaries had more liberal gender behaviour after participating in the programme. A similar project called “Empowerment and Livelihood for Adolescents” in Uganda produced similar results.⁹⁵

242. There is some limited evidence that entrepreneurship education embedded in secondary school curricula can change attitudes and promote entrepreneurship as a viable alternative to wage employment. The Flash Eurobarometer Survey indicates that in China, Turkey and United States more than two-thirds of interviewees reported that their school education contributed to the development of an entrepreneurial attitude. The same survey conducted in 2007 revealed that in some European countries such as Norway and Portugal respondents felt that school education prepared them to become

⁹² ILO: Youth Employment Inventory database.

⁹³ Making Cents International: *State of the field in youth enterprise, employment and livelihoods development: A guide for programming, policy-making, and partnership building*, Global Youth Enterprise and Livelihoods Development Conference, Washington, DC, 2010.

⁹⁴ ILO: Youth Employment Inventory database.

⁹⁵ *ibid.*

entrepreneurs in higher proportions than those found in the United States. The trend was reversed in the 2009 survey results, where interviewees from the United States registered the highest percentage. The overall impact of school education on entrepreneurship development was the highest in the United States and China.

Box 2.11

Lessons learned from successful youth entrepreneurship programmes

Targeting specific groups which suffer from specific market barriers, such as women, makes sense.

Offering packages with a broader range of services, rather than only providing managerial training or financial support, might be more effective.

Conducting more rigorous impact assessments based on a control group approach is a must in view of the lack of solid evidence.

Embedding entrepreneurship curricula in secondary and tertiary schools is an effective way of changing attitudes towards entrepreneurship.

Source: ILO Job Creation and Enterprise Development Department.

2.6. Promotion of youth employment through cooperatives

243. It is estimated that cooperatives provide 100 million jobs worldwide.⁹⁶ Although the exact proportion of youth in this total is difficult to determine, cooperatives are clearly a significant source of employment creation. Cooperatives provide young people the opportunity to create their own enterprises and gain self-employment. The advantages of cooperatives include low capital requirements, limited liability and the fact that they bring together both economic and social aims.

244. The cooperative business model lends itself to rural and urban areas and to all skill levels, including those of recent graduates who have limited prospects of finding jobs. For example, in Morocco graduates are forming cooperatives of young graduates (*Coopératives des lauréats*). Found in all sectors of activity, these cooperatives have seen a 38 per cent increase since 2005, and in 2010 represented 3.5 per cent of the national cooperative movement.⁹⁷ In OECD countries, there are similar indications that the formation of young professionals' cooperatives in the liberal professions (architects, designers, IT services, accountants, etc.) is increasing, and that these are sometimes taking the form of entrepreneurs' cooperatives where small and medium businesses come together to form a cooperative to share services. Micro, small and medium-size enterprises in Africa are also showing a tendency to register as entrepreneurs' cooperatives.⁹⁸ In addition, studies have pointed to the fact that cooperative enterprises are more resilient and sustainable than other start-ups. A study by the Quebec Government showed that cooperative businesses tend to last longer than other businesses.

⁹⁶ International Cooperative Alliance and United Nations Department for Policy Coordination: *The international cooperative movement and world summit for social development: The basis for an effective partnership*, Background Information Note No. 1 (undated).

⁹⁷ H. Zouhir: "Les coopératives des jeunes diplômés: Une expérience d'auto-emploi qui s'affirme", in *Revue Marocaine des Coopératives*, No. 1, 2011.

⁹⁸ N. Göter von Ravensburg: *Enterprise future lies in cooperation: Entrepreneur cooperatives in Africa*, CoopAFRICA Working Paper No. 2 (Geneva, ILO, 2009).

More than six out of ten cooperatives survive more than five years, as compared to fewer than four businesses out of ten for the private sector in Quebec and in Canada in general.

245. Financial cooperatives⁹⁹ constitute the second largest banking network worldwide with 45 per cent of their branches in rural areas,¹⁰⁰ and have a proven history of comparatively high resilience in times of economic and financial crises.¹⁰¹ Financial cooperatives are increasingly providing specific services to cater to young people and young entrepreneurs to allow them to start, maintain and grow their enterprises and cooperatives. In Africa, some savings and credit cooperatives have established special credit lines for young entrepreneurs.

246. Cooperatives participate in youth placement schemes, and provide support for cooperative entrepreneurship education and training, including through apprentice programmes. Some noteworthy new programmes include the Cooperative Apprenticeship Academy, an initiative of the cooperative movement of the United Kingdom. This programme provides 2,000 young people transferrable skills, competences and qualifications. In Ontario, Canada, a survey conducted by the Ontario Co-operative Association showed that nearly 60 per cent of the interns find full-time or contract employment with cooperatives following the completion of a 26-week internship. In Italy, an innovative programme that places young people in cooperatives and other social enterprises as part of their civil service requirement resulted in 10 per cent of the participants finding employment in the cooperative.

247. The potential of cooperatives to create and maintain jobs is increasingly captured in programmes that introduce cooperatives to students within national curricula, in line with the Promotion of Cooperatives Recommendation, 2002 (No. 193), and UN guidelines aimed at creating a supportive environment for the development of cooperatives.

248. There are numerous interventions for youth employment through cooperatives; however, evaluations of the programmes have been incomplete and evidence on impact is limited.

2.7. Public Investment and Employment Programmes (PEPs)

249. Public Investment and Employment Programmes (PEPs) are gaining momentum in tackling the jobs crisis and poverty, especially in disadvantaged communities with a high prevalence of informality. Such programmes are often linked to the development of infrastructure and can efficiently target disadvantaged groups. Youth figure prominently in these programmes, in which specific targets of 50–60 per cent are common across the world. PEPs can take the form of public works or employment guarantee schemes, or some other variations engaging public and private partnerships. Limited administrative, managerial and financial capacities in developing countries, especially in the least developed countries, for deploying targeted ALMPs interventions reviewed in the preceding paragraphs, show the relevance of PEPs. PEPs have also proved their anti-crisis impact and counter-cyclical role in the countries that have resorted to them,

⁹⁹ For example, savings and credit cooperatives (SACCOs), credit unions and cooperative banks.

¹⁰⁰ The Consultative Group to Assist the Poor/The World Bank: *Financial Access 2010: The state of financial inclusion through the crisis* (Washington, DC, 2010), p. 13.

¹⁰¹ ILO: *Resilience of the cooperative business model in times of crisis* (Geneva, 2009).

including some of the countries implementing the Global Jobs Pact (e.g. Indonesia and South Africa) (see box 2.13).

250. In developing countries, a major part of the governments' own resources, supplemented by external resources, is allocated to infrastructure development. In this context it is important to allocate sufficient resources for local low-cost infrastructure projects with high employment multipliers that serve the needs of the poor, such as small-scale irrigation, water and land resource management projects in rural areas. When labour and local resource-based methods are used in such schemes, direct and indirect employment generation, and induced employment through increased local consumption, can generate substantially higher employment and multiplier effects in the economy. It has been proved that public investments are an efficient means to create jobs and business opportunities through employment-intensive investment approaches.¹⁰²

251. Beneficiaries of PEPs include not only unskilled workers, but also substantial numbers of semi-skilled and skilled workers, technicians and community workers at the project site as well as entrepreneurs, engineers, socio-economists, ICT specialists and financial officers at the management level. In other words, these programmes provide employment opportunities for a whole range of young people with different qualifications. Training programmes are often integrated into PEPs as is the case in Mali (see box 2.12), and improve the skills of participants. The exposure to project implementation and management offer youth a unique working experience of high value for their professional development. Such employment-intensive projects can generate employment and incomes for the poor with good targeting of special groups (through categorical or geographical targeting), and when they are implemented through a public employment guarantee scheme, they can be an efficient way of providing the employment component of the social protection floor (discussed in Section 2.9).¹⁰³

Box 2.12

Employment-intensive investment programmes for young people in Mali

In Mali 73 per cent of the economically active population work in the informal economy and one-third of the workers are young (aged between 15 and 39 years). The youth unemployment rate is remarkably higher than the total average (12 per cent in the whole country and 32 per cent in Bamako).

The Agency for Promotion of Youth Employment (APEJ) is implementing a national programme that includes a project on youth labour market integration through labour-intensive approaches (PEJHIMO). A youth employment tax of 2 per cent on the payroll has been implemented to finance the National Fund for Youth Employment.

The implementation of PEJHIMO has created more than 70,517 workdays since 2006, and has directly contributed to the integration of nearly 700 young workers into the labour market through irrigation development and marketing of agricultural produce, the rehabilitation and maintenance of rural roads, and the extraction of stones from quarries used for street paving. Paving techniques and use of local materials techniques are included in the vocational training programmes as well as in all youth camps across the country. Labour-based implementation techniques in construction have been progressively extended to other investment programmes such as the Agricultural Sector Support Programme, and the National Road Construction Project.

¹⁰² ILO: *Employment and social protection policies from crisis to recovery and beyond: A review of experience* (Geneva, 2010), p. 78.

¹⁰³ M. Lieuw Kie-Song, K. Philip, M. Tsukamoto and M. Van Imschoot: *Towards the right to work: Innovations in public employment programmes*, Employment Sector Working Paper No. 69 (Geneva, ILO, 2010).

The ILO has worked in partnership with APEJ to develop pilot studies in employment-intensive techniques; to strengthen the capacity of local communities and local administration so that they can assume the responsibility of investments included in national and local budgets; and to set up a National Framework Agreement that encourages dialogue among national partners in charge of investments at a decentralized level, in particular State representatives, workers and employers, territorial administrations and Members of Parliament. The PEJHIMO is funded by Mali's Government and by the Grand Duchy of Luxembourg, in its first phase. It is being executed by APEJ with the ILO's technical assistance and in collaboration with several other partners, among them the Technical School for Engineering, Architecture and Urbanism, the Agricultural Sector Support Programme and the Niger Office for the Maintenance of Irrigation Schemes.

Source: ILO: Project "Mali : Insertion des jeunes dans la vie professionnelle à travers les investissements à haute intensité de main d'œuvre en milieu rural et en milieu urbain (PEJIMO)"

252. PEPs are well-suited to deal with the consequences of climate change; investments in infrastructure are likely to grow in response to climate change. In many developing countries, climate change will expose the poor and disadvantaged to increased risks of flooding and drought that will reduce crop yields and adversely affect their livelihoods. The development of local infrastructure and public works can play a major role in countering the negative effects of climate change on the rural poor, while promoting jobs and incomes.¹⁰⁴

253. A good example of a PEP based on infrastructure development is the Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) in India which was launched in 2006 and presently has some 55 million beneficiaries. It provides a legal guarantee for 100 days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage. Another example is the Expanded Public Works Programme (EPWP) in South Africa, which aims to create 4.5 million job opportunities over the next five years.

254. Apart from public works for infrastructure development there is also significant scope for organizing employment programmes to provide social services. In many countries, there is a large unmet need for social services in areas such as healthcare, education, care of the aged and youth recreation. Existing gaps are exacerbated by cuts in social spending in many countries. In many contexts, social service delivery has come under such strain that the more skilled end of the spectrum has been supplemented with auxiliary work. For example, in the face of an AIDS crisis in many parts of the world, the need for extensive home-based care services has risen, as it has for the care of orphans and vulnerable children.

255. However, the track record of PEPs in this area is not a strong one. There are only a few examples of PEPs with a concerted social sector focus. In South Africa a social sector component was included in EPWP focusing on two areas: (1) home/community-based care for people with HIV/AIDS or TB (HCBC); and (2) early childhood development (ECD) notably crèches. While results were mixed, many social services are being implemented through the Community Works Programme (CWP). This is a promising sector, highly labour-intensive and better adapted to young female participation than traditional public works.

¹⁰⁴ M. Harsdorff, M. Lieuw-Kie-Song and M. Tsukamoto: *Towards an ILO approach to climate change adaptation*, Employment Sector Working Paper No. 104 (Geneva, ILO, 2011).

Box 2.13**The Expanded Public Works Programmes in South Africa**

With 50 per cent of youth jobless, South Africa is faced with rampant unemployment – coupled with high levels of poverty and inadequate skills. In 2004, The South African Government introduced the labour-intensive Expanded Public Works Programme (EPWP) to provide income relief through temporary work and contribute to the national goal of alleviating poverty.

The EPWP is a nation-wide programme which makes systematic use of public investments, mostly infrastructure at municipal level, to create employment opportunities and to develop marketable skills and entrepreneurship capacities among targeted marginalized sections of society. The Government's New Growth Path (December 2010) sets job creation as the priority; it aims at reducing unemployment by 10 percentage points by 2020. It established infrastructure development as one of six priority areas for job creation. The EPWP plays an important role in linking infrastructure development and job creation and actively contributes to inclusive economic growth and sustainable development. The Government created the Community Works Programme (CWP) in 2007 as an employment safety net to supplement existing livelihood strategies through access to a minimum level of regular and predictable work opportunities in social sectors.

The programme created over 1.6 million jobs from 2005 to 2009, 60 per cent above its target of 1 million opportunities. Some 250 entrepreneurs and 15,000 managers, technicians and artisans were targeted for training during this phase. In 2010–11, EPWP created some 200,000 full-time jobs where 50 per cent of the jobs went to youth and 60 per cent of the participants were women. Its social profile is confirmed through the requirement that people with disabilities have to be targeted (2 per cent). EPWP is targeting 4.5 million job opportunities in its second phase, equivalent to creating 2 million full-time jobs over a five-year period, including about 1 million jobs for the youth. The CWP had by April 2011 created close to 100,000 work opportunities across all nine provinces. The programme will now be scaled up to a million positions by 2013–14.

The Government receives technical support from the ILO in the design and implementation of EPWP at national and provincial levels. ILO's technical support is focusing on increasing labour intensity in the delivery and maintenance of government projects.

Source: L. Gamoo and B. Johannessen: *Study on enhancing the labour intensity in the Expanded Public Works Programme road infrastructure projects* (South Africa, ILO, 2011).

2.8. International labour standards and youth employment

256. International labour standards play an important role in protecting the rights of the young workers and in improving their opportunities in the labour market. The 2005 resolution concerning youth employment recalls the body of international labour standards relevant to youth employment.¹⁰⁵

¹⁰⁵ See: "Appendix – International labour standards relevant to work and young persons" in *Resolutions adopted by the International Labour Conference*, International Labour Conference, 93rd Session, Geneva, 2005, pp. 11–12.

257. Conventions and Recommendations dealing with the promotion of employment invite member States to attain full, productive and freely chosen employment as a vital issue for improving the prospects of young workers. There are four Conventions and two Recommendations that are collectively known as the employment instruments of the ILO. They are:

- The Employment Policy Convention, 1964 (No. 122);
- The Human Resources Development Convention, 1975 (No. 142);
- The Employment Service Convention, 1948 (No. 88);
- The Private Employment Agencies Convention, 1997 (No. 181);
- The Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189); and
- The Promotion of Cooperatives Recommendation, 2002 (No. 193).

258. These six employment instruments were the subject of a General Survey carried out by the Committee of Experts on the Application of Conventions and Recommendations (Committee of Experts) in 2009. The General Survey was discussed by the Committee on the Application of Standards of the International Labour Conference in June 2010.¹⁰⁶

259. As set out in the General Survey, the employment instruments, taken as a whole, require member States to take three fundamental steps to attain and maintain full, productive and freely chosen employment. These are to commit politically to obtain full employment, to build or strive to build institutions necessary to ensure the realization of that objective, and to make the best possible effort to attain it. Political commitment is essential for obvious reasons, but is not sufficient. It has to be followed through by the building of necessary institutions, such as system of employment services as provided for in Conventions Nos 88 and 181; an education and training system as provided for in Convention No. 142; and the promotion of employment creation through small and medium-sized enterprises and cooperatives, as provided for in Recommendations Nos 181 and 193. This must then be supplemented by the best possible effort to allocate sufficient resources and to design and implement coherent and effective policies and programmes to attain the objective of full employment.

260. The employment instruments thus provide guidance to member States on the main principles of employment policy, as well as a mechanism, through the Committee of Experts, for monitoring performance and providing feedback to member States. In addition, the reports submitted by member States to the Committee of Experts, together with the inputs from the social partners and the comments of the Committee itself, provide a valuable source of information on employment policies across the world. This can serve as a basis for the exchange of information and for policy dialogue among ILO constituents on employment issues.

261. The relevance of these standards for youth employment is several-fold. First, the attainment of full employment, as set out in Convention No. 122, is of fundamental importance for solving the problem of youth employment. Secondly, the employment instruments recognize the special problems faced by youth and the need to deploy policies directed at solving them. Thirdly, the instruments relating to human resources

¹⁰⁶ ILO: *General Survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization*, Report III (1B), International Labour Conference, 99th Session, Geneva, 2010.

development and employment services are of special importance to youth since access to opportunities to acquire employable skills, and to employment services help to ensure successful entry into the labour market. In its concluding remarks,¹⁰⁷ the Committee of Experts observed that there was a growing problem of unemployment among young university graduates, who were unable to find secure employment commensurate with their skill levels. This was an issue for the advanced market economies as well as developing countries. Not only are the skills of young workers under-utilized, but this pattern of casual jobs can prove detrimental to their lifetime career progression.

262. International labour standards not only provide a framework to declare national commitment and to define the key policy objectives, but also help to protect rights in the context of ALMPs.¹⁰⁸ In addition, the supervisory mechanisms and ILO technical assistance play an essential role in constantly encouraging the required actions by member States and in ensuring that those actions are consistent with ILO principles and rights at work.

263. As mentioned in the Introduction to this report, the initial work of the ILO regarding youth focused on setting standards for the protection of young workers. Since then the number of Conventions dealing with this issue has grown to cover the minimum age for employment in industry, non-industrial employment and underground work, night work, the conditions of employment of young workers, and the elimination of child labour.¹⁰⁹ Among these, the Conventions relating to child labour (the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182)) play an important pre-emptive role in securing a decent life for young people. The elimination of child labour prevents the infliction of irreparable damage to the employment prospects of youth even before they reach the minimum age for employment.

264. Young workers above the minimum age but under 18 are more exposed to injury through workplace accidents and are more vulnerable to the negative effects of noise, heat, toxic substances and radiation. Like workers under the minimum age, they risk being scarred permanently by the negative health and psychosocial effects of engagement in hazardous work. This, together with the foregone opportunities to benefit from further education and training and of starting off in decent work, greatly diminishes their future labour market prospects. It has been estimated that in 2008, 17 per cent of youth between the ages of 15–17 who were in employment were engaged in hazardous work. In addition, it is relevant to note that between 2004 and 2008 the number of youth in this age group who were engaged in hazardous work increased by 20 per cent. It is therefore important that labour standards and youth employment policies give increased attention to the plight of this group. This should be done in coordination with child labour programmes since they are clearly overlapping problems that require similar and complementary solutions.

¹⁰⁷ *ibid.*, para. 800.

¹⁰⁸ See for example the French Supreme Court decision with respect to “Contract for New Employment”.

¹⁰⁹ Prior to 1973, ILO instruments on the minimum age for admission to employment or work only addressed specific sectors. However, the Minimum Age Convention, 1973 (No. 138), was meant to apply to all sectors (with some flexibility).

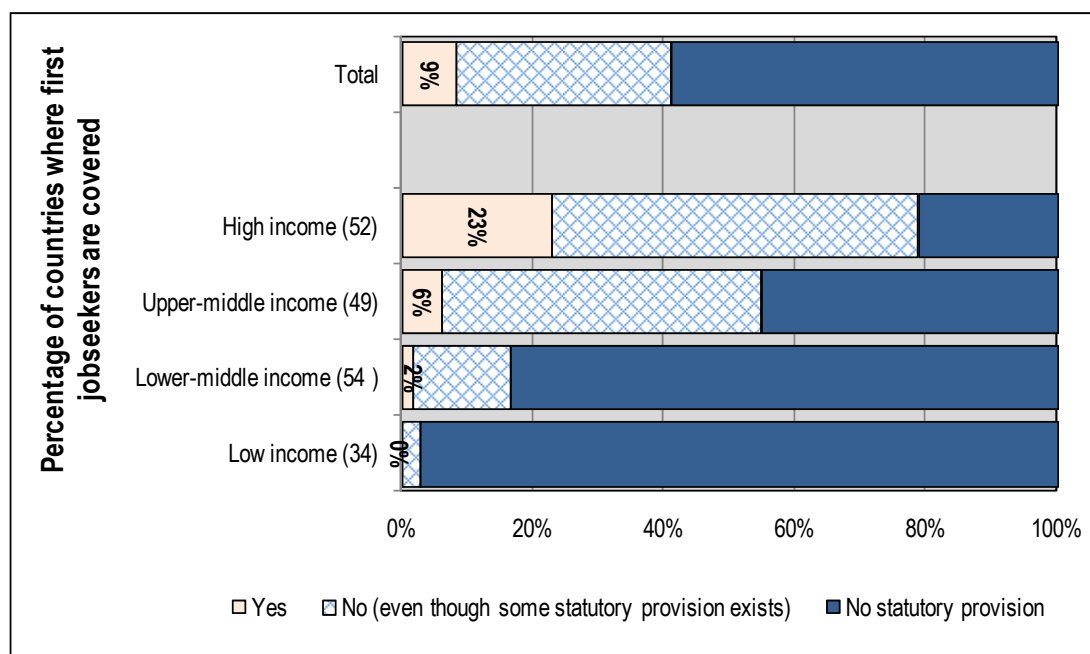
265. Beyond international labour standards specifically directed at young workers, it can be argued that the whole corpus of international labour standards is relevant to improving the welfare of all workers regardless of age. This is particularly true of the standards relating to fundamental rights at work, in particular, fundamental Conventions Nos 87 and 98 on freedom of association, the right to organize and collective bargaining. Within the whole body of standards, some are of special relevance to young workers since their provisions address problems to which they are particularly vulnerable. For example the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), provides safeguards against age discrimination in access to training, placement services, and to employment. Similarly, the Minimum Wage Fixing Convention, 1970 (No. 131), helps to ensure that young workers are paid a fair wage even though it may be below adult wages when this is justifiable on special grounds, such as the provision of training by employers. Furthermore, the Employment Relationship Recommendation, 2006 (No. 198), is particularly relevant to young people.

2.9. Social protection for young workers

266. Young people face special challenges in access to social protection. A basic problem is that in most countries first-time jobseekers, who are predominantly youth, do not have adequate income support during their period of job search. As we have noted earlier, the search for a first job is often a slow and difficult process.

267. First-time jobseekers are usually not covered by unemployment benefit schemes, but they may be eligible for non-contributory unemployment benefits, such as unemployment assistance benefits. As shown in figure 2.5, some sort of statutory coverage by unemployment benefits for first-time jobseekers exists in a minority of countries (16 of the 78 countries with a statutory unemployment benefit scheme). In a number of countries, first-time jobseekers are eligible for unemployment assistance benefits if they are not eligible for insurance benefits (e.g. in Bahrain, Finland, Luxembourg and Turkmenistan). In others, non-contributory unemployment benefits are provided through a comprehensive social security assistance programme (Australia, New Zealand). Jobseekers usually need to register at an unemployment office and be capable of and available for work to qualify for benefits. In some countries (e.g. Finland for jobseekers below the age of 24), first-time jobseekers also need to have completed a vocational training programme before becoming eligible for unemployment benefits. In other countries, such as Estonia, first-time jobseekers are eligible for benefits if they have completed periods considered as equivalent to employment in the previous 12 months; this may include full-time education, military service, rearing a child younger than age 7, treatment in a hospital, providing care for a sick person, or periods of disability or detention. In some countries (e.g. Belgium, Estonia), benefits are payable only after a certain waiting period. Elsewhere, unemployment benefits available to first-time jobseekers may be means-tested (e.g. Australia, New Zealand), in others they are payable independently of the jobseeker's own resources but sometimes at a reduced level (e.g. Luxembourg and Romania). Different regulations exist with respect to whether means tests consider only the income position of the young jobseeker, or whether such means tests also assess the income of his or her parents.

Figure 2.5. Coverage for first-time jobseekers in statutory unemployment benefit schemes, by country income level



Note: Only periodic cash benefits are considered (severance payments are excluded).

Source: ILO Social Security Department calculations, based on SSA/ISSA, 2009–10 and 2011.

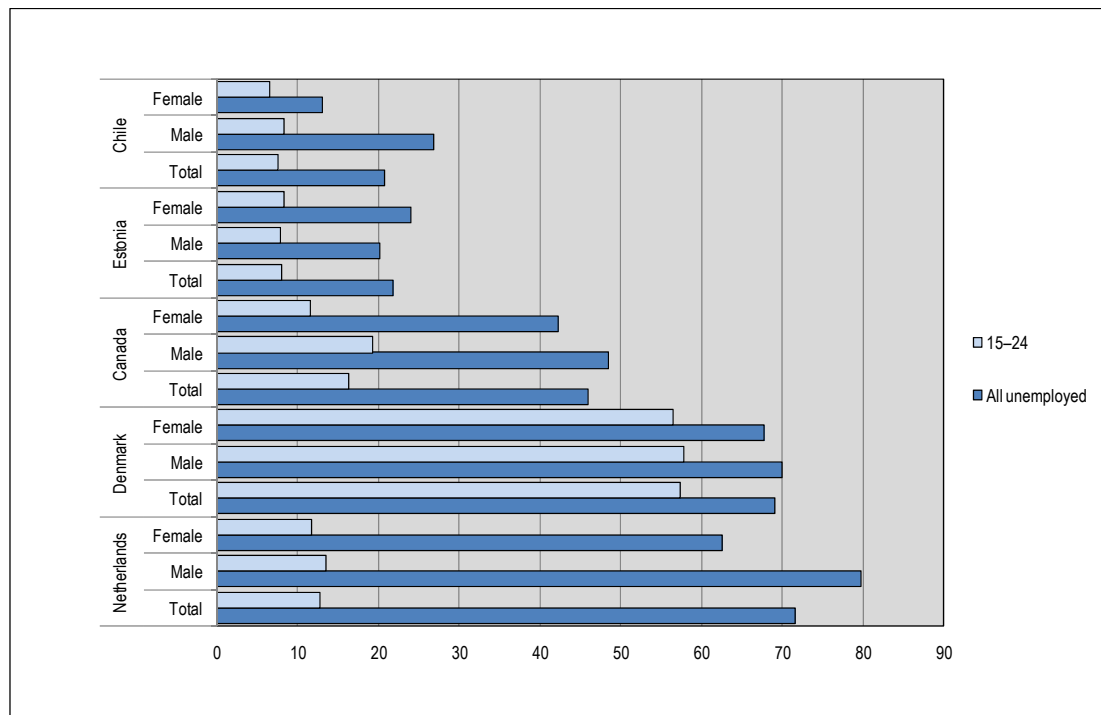
268. Measures to promote unemployment insurance coverage for young people include ensuring that young people in vocational training programmes, job insertion schemes or other public employment programmes are contributing to unemployment insurance, and are thus eligible to receive unemployment insurance benefits in case they face difficulties in finding a job after the completion of their training, as is the case in several countries, including Germany.

2.9.1. Unemployment benefits: Coverage of young unemployed persons with some work experience

269. Young unemployed persons who have already acquired some work experience are less likely to be eligible for statutory unemployment benefit schemes as compared to older workers. This can be attributed to several factors. First, minimum contribution periods in unemployment insurance programmes result in effectively excluding young adults who are made redundant before meeting these minimum contribution periods, and relegate young unemployed people to unemployment assistance schemes, where these exist. Second, young people are more likely to work in forms of employment which are not covered by unemployment insurance, including temporary contracts, part-time employment and forms of precarious or informal employment.

270. The combination of these factors results in a lower probability that young persons will have access to statutory unemployment benefits, as compared to older adults (see figure 2.6).

Figure 2.6. Percentage of unemployed persons receiving unemployment benefits, by sex and age, in selected countries



Note: Unemployment benefits including unemployed recipients of unemployment benefits and social assistance. Estonia: Statistical Office. Persons receiving unemployment insurance benefit by sex and age group (months). Netherlands: Statline, Central Bureau of Statistics.

Sources: Canada: Statistics Canada, Table 282-0047 – Labour force survey estimates (LFS). Chile: Unemployed by sex and age: Laborsta; Unemployed receiving unemployment benefits by sex and age: Superintendencia de Pensiones. Denmark: Statbank, Unemployment insurance fund. Labour market – registered unemployment – AUF02: Unemployed persons (final) by region, type of benefits, unemployment insurance fund, age and sex.

271. Except for Estonia, young women are less likely to have access to unemployment benefits than young men in all the countries considered. These differences are likely to be associated with gender employment patterns for young people.

272. Given the particular vulnerability of young people to unemployment shocks, many countries have taken measures to enhance access to unemployment benefits for young adults in the wake of the global crisis. For example, several countries, including France and Japan, have reduced the number of months of contributions required for eligibility to unemployment insurance benefits in order to improve access to income support for young people and to prevent young workers from slipping into informal forms of employment.¹¹⁰

2.9.2. Unemployment benefits: Linkages to active labour market policies

273. Many countries have also strengthened their efforts in combining income support benefits with employment services as well as with training, re-training and other measures increasing employability to help jobseekers to find new employment. As noted

¹¹⁰ S. Scarpetta et al: *Rising youth unemployment during the crisis: How to prevent negative long-term consequences on a generation?* (Paris: OECD, 2010). F. Bonnet, E. Ehmke and K. Hagemeyer: “Social security in times of crisis”, in *International Social Security Review*, No. 63:2, 2010, pp. 47–70.

in section 2.4.1, experience shows that both types of benefits – in cash and in kind – have to go in parallel. Effective employment services and measures supporting enhanced employability shorten unemployment spells and thus the need to be dependent on benefits. On the other hand, to be able to focus on their job search or to undertake training and retraining, people need income support benefits.

2.9.3. Social security coverage of youth for risks other than unemployment

274. There are not many social security programmes, other than unemployment benefits for new entrants to the labour market, specifically designed for young people. But young adults, like all other age groups, need to have access to a basic range of social security benefits to be protected for various life and social contingencies.

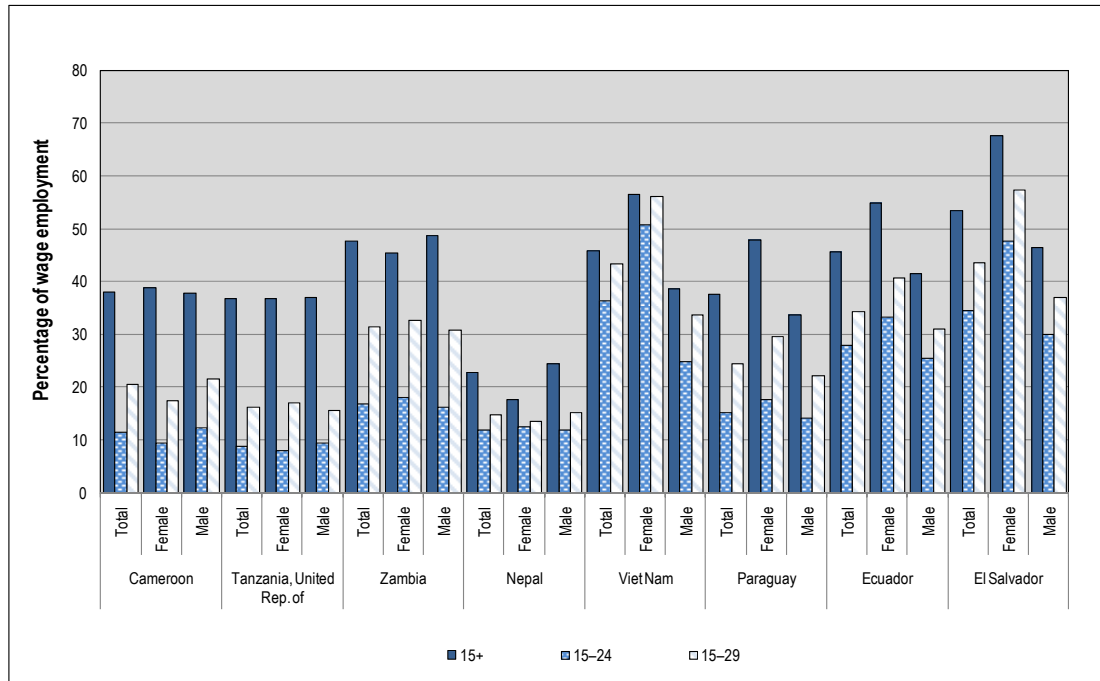
275. Young women and men require *effective access to health care*. Particular challenges arise for young women and men who find themselves in precarious employment without adequate health insurance coverage, especially in countries where such coverage is provided through employers. Unless there is a national health service in place to ensure effective access to healthcare for young people, programmes should be put in place, where necessary, to subsidize fully or partially the health insurance contributions of the unemployed youth.

276. Young people may already have *family responsibilities*. Maternity protection and affordable access to childcare facilities plays a key role in supporting and facilitating young mothers' and fathers' integration into decent and productive employment and ensuring income security for young families. In addition, social security policies need to ensure that cash family benefits are available to young families. Specific policies may be necessary in countries where family benefits are related to employment (either provided by employer or through contributory social insurance). In those countries, specific tax-funded cash benefits and appropriate social service programmes may be necessary to support young families.

277. In many countries, and especially, but not exclusively, in ageing OECD countries, *contributory pensions* are being reformed so that future pensions will strongly depend on how long people contribute and how much they contribute during their whole working careers. The later young people enter formal employment, the lower their pensions will be, and may not even prove sufficient to prevent them falling into poverty in old age. In addition, it is often overlooked that pension insurance also provides social protection in case of employment injury, disability and death of the breadwinner, which is of key importance for those affected by those risks. There is a need for a whole range of either actual tax-financed contribution subsidies or other forms of contribution credits for young people while they are in education or training, or are unemployed, participating in other labour market programmes, caring for children etc. In order to secure a meaningful level of protection, the calculation basis for such credited contributions should be higher than the value of benefits provided (minimum wage level at least).

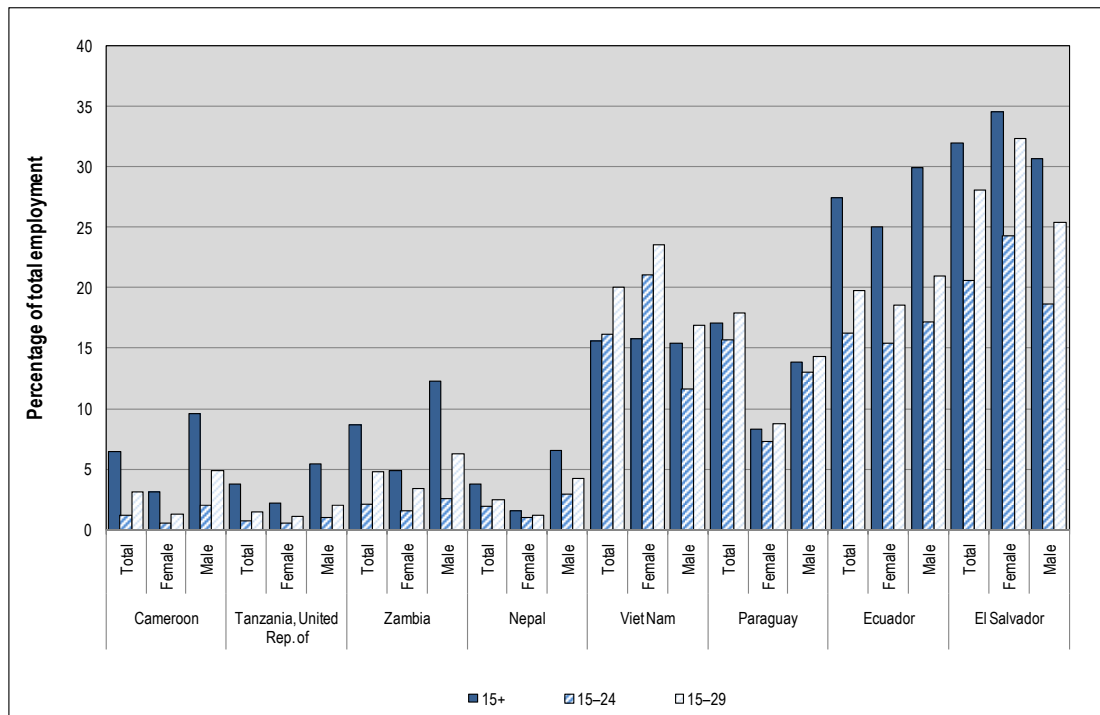
278. Figures 2.7 and 2.8 show the coverage of young women and men by *contributory social security schemes* in selected countries. Looking at those contributing to social insurance as a proportion of employees, there is a wide gap between coverage rates of youth (aged 15–24 or 15–29) and the total employed population in some of the countries considered. Young adults aged 15–24 are considerably less likely to contribute to social insurance in Cameroon, Ecuador, El Salvador, Nepal, Paraguay, United Republic of Tanzania and Zambia, whereas only a relatively small gap can be discerned in Viet Nam. The difference between youth and the total population is smaller if the 15–29 age group is considered.

Figure 2.7. Coverage of youth by contributory social security schemes (social insurance) in selected countries, as a percentage of wage employment



Note: Specific coverage may differ among countries.
 Source: Cameroon: ECAM3 2007. Ecuador: SIEH-ENEMDU – December 2009. El Salvador: CSES 2009. Paraguay: EPH 2010. Nepal: Labour force survey 2008. United Republic of Tanzania (mainland): Integrated labour force survey, 2005. Viet Nam: Labour force survey, 2009. Zambia: Labour force survey, 2009.

Figure 2.8. Coverage of youth by contributory social security schemes (social insurance) in selected countries, as a percentage of total employment



Note: Specific coverage may differ among countries.
 Source: Cameroon: ECAM3 2007. Ecuador: SIEH-ENEMDU – December 2009. El Salvador: CSES 2009. Paraguay: EPH 2010. Nepal: Labour force survey 2008. United Republic of Tanzania (mainland): Integrated labour force survey, 2005. Viet Nam: Labour force survey, 2009. Zambia: Labour force survey, 2009.

279. Social insurance coverage as a proportion of total employment (figure 2.8) again demonstrates a large gap between young people and the overall adult population for Cameroon, Ecuador, El Salvador, Nepal, United Republic of Tanzania and Zambia. In Paraguay and Viet Nam, the situation is slightly different, with some categories of young people achieving higher coverage rates than adult workers. A closer analysis of such examples could reveal important lessons on the interaction of employment structures and social security coverage, and on effective ways of ensuring social insurance coverage for young workers.

280. A major policy challenge is therefore to put in place unemployment benefit systems that provide adequate coverage for all workers in need, irrespective of age. One way for achieving this is through shifting to a means-tested unemployment benefit system, but this is likely to be more expensive to monitor and runs the risk of reducing the incentive to work. Ultimately, income support for young jobseekers who may need it, has to be provided through a combination of unemployment insurance, unemployment assistance, employment guarantee schemes and other forms tailored to the specific situations of different groups – as foreseen within the social protection floor concept¹¹¹ – in conjunction with labour market programmes. This is indeed a growing trend, as noted in section 2.3 of this report, as more governments adopt policies to make the receipt of social assistance conditional upon active job search or participation in an active labour market programme. However, these schemes must be comprehensive enough to cover all unemployed youth. They also need to incorporate special measures to promote greater participation by disadvantaged youth, especially those at risk of permanent detachment from the labour market.

2.10. Youth participation, social dialogue and collective bargaining

281. There are at least two important dimensions regarding social dialogue and youth employment. First, there is the question of youth participation and representation in the institutions and in dialogue on policy issues and options. Social dialogue is first and foremost a fundamental principle of democracy. It embodies the right of representative groups to express their views on public policies affecting their interests, and to have these views taken into serious account in the formulation and implementation of policies. Social dialogue includes all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest. While there is no systematic information and data about youth participation, it is clear that youth are not well organized in many countries and that youth organizations are seldom consulted or represented in policy discussions that affect their lives and future. The present youth-led protests of *indignados* and others mentioned in the Introduction of the report point to the serious deficits in this respect and their critical demand for voice and participation.

282. Secondly, social dialogue also has strong instrumental justifications. Dialogue between governments and the social partners leads to better policies because it opens the door to a wider pool of information and proposals that will be useful for the design and implementation of policies. By drawing on the knowledge and experience of the social partners, including the creative input of youth trade union networks and young

¹¹¹ See the Conclusions concerning the recurrent discussion on social protection (social security) adopted by the 100th Session of the ILC in June 2011.

entrepreneurs, policy-makers will have a more accurate picture of the nature of the problems that are to be addressed by the proposed legislation or policy, the interests that will be affected, the needs that should be met and the potential effects of the policy. In addition social dialogue provides a forum where the trade-off between competing interests can be negotiated and resolved in the overall national interest. Social dialogue also induces support for the proposed measures and hence pre-empts future opposition and conflict that would otherwise reduce their effectiveness.

283. From this perspective, it is important that representatives of the young people who are directly affected by policies towards youth employment have a say in the design and implementation of these policies. There should thus be mechanisms that allow for the aspirations, needs and special problems faced by different groups of young people to feed into the design of policies on youth employment. This can be ensured either by the social partners themselves or through the direct representation of youth organizations in the policy consultation process. Efforts are under way to improve the organization of young people. For example, in 2010 the International Trade Union Confederation (ITUC) launched a campaign to connect global trade union work to the recruitment and organization of young people.¹¹²

284. The current picture on the extent of social dialogue in the design and implementation of youth employment policies is a mixed one. According to an ILO study, fewer than half the countries that have adopted youth employment policies have actively involved the social partners in the discussion and drafting of these policies.

285. The situation is better when we consider the mainstreaming of youth employment into national employment policies. Among the countries that have developed comprehensive employment policies and integrated youth employment as a major area of concern, more than three-fourths actively consulted the social partners in the mainstreaming exercise. When ILO support has been sought for developing integrated action plans, for example, the participation of social partners, consultations with a wide range of youth organizations, and networks are promoted and facilitated.

286. Very few countries have formal national level institutions for dealing with youth employment issues. However, efforts are being made in some countries. In Spain a Tripartite Commission on Youth Employment was created in 2006 as a consultative body attached to the Ministry of Labour and Social Affairs. In Paraguay a National Board for Youth Employment Creation (*Mesa Nacional Para la Generación del Empleo Juvenil*) was created by Presidential decree in 2008. This is a participatory body comprising 26 institutions (including the social partners) focusing on the design and implementation of youth employment policies and programmes. In Peru a commission on social dialogue on youth employment with youth representatives has been set up.

287. There are, however, more examples of institutions for social dialogue on youth employment programmes at the local level. Examples include the Local Plan for the Integration of Youth (*Plans locaux pour l'insertion des jeunes*) in France, two tripartite youth employment pacts at the regional level in Bulgaria, and a similar pact in Albania.¹¹³ Ad hoc mechanisms have also evolved in some countries. For example, the current economic crisis has revealed several examples of crisis-response measures

¹¹² International Trade Union Confederation (ITUC): *New ITUC Campaign on Organising Young People*, online news item, 23 March 2010.

¹¹³ D. Rei: *Social dialogue on youth employment*, draft (Geneva, ILO, 2011).

developed through social dialogue in Austria, Belgium, France, Germany, Hungary and Republic of Korea.

288. Social dialogue is essential not only with respect to comprehensive youth employment policies but also in connection with specific labour market interventions that have an important influence on the employment prospects and conditions of work for youth. Such interventions include vocational education and training, the fixing of minimum wages, active labour market policies and labour legislation.

289. Examples of social dialogue are most widespread in the field of vocational education and training. For instance, across the EU the social partners have a formal and extensive role in developing and managing apprenticeship and vocational training systems. Similarly, in countries which have set up training funds, typically based on a levy grant system, the social partners are involved in the management of these schemes. There are also many examples of the involvement of the social partners in the design of the content of vocational training and of systems for the certification of skills. This is true for developed and developing countries alike. For instance, through the agreement “Future for youth through training”, the German Union of Chemical Workers and employers managed to increase by 8 per cent the number of apprenticeships offered by companies during the period 2003–08.¹¹⁴ In many Latin American countries the governance of the national training systems involves the social partners, while several Asian and African countries have tripartite involvement in their national manpower advisory councils. In addition, there is strong tripartite involvement in the design of national skill certification systems in Chile, Malaysia, Mauritius, South Africa, Sri Lanka, Tunisia and Turkey.

290. There are few cases where social dialogue contributed specifically to the design of ALMPs targeted on youth. Similarly, while tripartism and social dialogue are an integral part of labour administration in several countries, it is rare for such collaboration to be focused on issues affecting youth.

291. In the case of minimum wages it is significant to note that 118 countries specify a minimum wage and about half of these have put in place a specific sub-minimum wage for youth. However, these youth sub-minimum wages are fixed as part of the overall process of determining the general minimum wage. There is no known case of a separate process for determining the youth sub-minimum wage through social dialogue.

292. It is clear from the foregoing discussion that much more can be done on social dialogue with respect to youth employment policies, and in ensuring effective youth participation and representation in the policy decisions. These twin deficits need to be closed in the interest of achieving better designed and more effectively implemented policies to confront the youth employment crisis. This entails the development of strong, broad-based, representative and independent workers’ and employers’ organizations that have a strong technical capacity to engage in social dialogue; the strengthening of the commitment to social dialogue on the part of all parties; and full respect for the fundamental rights of freedom of association and collective bargaining. Stronger youth representation in organizations of workers and employers needs to be actively promoted.

¹¹⁴ ITUC and Trade Union Advisory Committee (TUAC): *Investing in quality jobs, better coherence and social protection: Trade union statement to the G20 high level experts’ seminar on employment policies*, Paris, 7 April 2011.

2.10.1. Collective bargaining and youth

293. One particular form of social dialogue is collective bargaining. It is interesting to examine the way in which collective bargaining is addressing the employment and working conditions of youth. This issue is particularly relevant since the social partners have been criticized in some countries for not attending to the representation of young workers' interests.

294. European countries have traditionally had a strong tradition of collective bargaining. A review of developments in respect of both single-employer and multi-employer collective bargaining reveals that depending on the type of industrial relations system, issues related to youth employment are addressed in agreements at different levels. Collective agreements at different levels typically deal with four types of issues. The first is young people's entrance into the labour market, in terms of policies and measures to encourage the hiring of young workers such as internships and apprentices. A second issue is the stabilization of employment for vulnerable categories of workers, including youth. A third issue relates to improvements in terms and conditions of employment for young workers, including the abolition of a youth pay rate (regulated instead by a minimum wage). The fourth issue in some of the more innovative agreements includes negotiated provisions regarding training (see table 2.4).

Table 2.4. Collective agreements on youth employment in selected countries

Content	Country	Type of agreement	Main provisions	Participants	Date	Source
Entry	Denmark	National intersectoral agreement	Reform of the reimbursement system to make it easier and more beneficial for companies to open internships; Intensified efforts to increase the number of internships	Danish Trade Union (LO) and Danish Employers' Confederation (DA)	14 Apr 2009	EIRO, 2011
	France	National agreement for the metal sector	Commitment to maintain the number of apprentices at the pre-crisis level and to strengthen the role of the tutor at the workplace	–	7 May 2009	EIRO, 2011
	France	Firm-level agreement	Commitment to hire 7,300 young workers, mainly as apprentices	Peugeot, Citroen with CGT, CFDT, CFTC, CFE-CGC and GSEA	12 Jan 2010	EIRO, 2011
	France	Firm-level agreement	Commitment to substitute 55% of retiring workforce with youths and to increase the share of young workers with a permanent contract	Bayard with CGT, CFDT, CFTC, CFE-CGC and SNJ	20 Jan 2010	EIRO, 2011
	France	Firm-level agreement	Prioritizing young workers in recruitment policies	La Poste with CGT, CFDT, CFTC, CFE-CGC	15 May 2008	EIRO, 2011
	Germany	National agreement for the chemicals industry	Commitment to create 9,000 new training positions from 2011 to 2013	IG BCE and BAVC	2010	EIRO, 2011
	Germany	Firm-level agreement	Commitment to provide 1,750 training positions per year, including 300 positions for university students	Volkswagen and IG Metall	2010	EIRO, 2011

Content	Country	Type of agreement	Main provisions	Participants	Date	Source
	Germany	Firm-level agreement	Commitment to maintain training positions at 2.9% of the workforce and to hire on a permanent basis 4,700 workers by 2013	Deutsche Telekom and Ver.di	2010	EIRO, 2011
	Germany	Regional agreement for the gas, water and electricity sectors in North Rhine Westfalia	Commitment of the employers to maintain the pre-crisis level of apprentices and to hire them within 12 months after the end of their training		Jul 2011	ETUI Newsletter, 2011
	Italy	Firm-level agreement	Commitment to prioritize "first-time jobseekers" (under 29) for recruitment through professional apprenticeships	Intesa San-Paolo and Dircredito, Fabi, CISL, Silcea, Sinfub, UGL, Credito and Uilca	Feb 2010	EIRO, 2011
	Italy	Firm-level agreement	50 early retirees substituted by 75 young temporary agency workers	EI-Ital	Sep 2010	EIRO, 2011
	Netherlands	Collective agreement for the painting, finishing and glass-setting industry	Commitment to keep the same number of internships		Autumn 2009	EIRO, 2011
	Netherlands	Collective agreement for the recreation sector	Commitment to give school leavers priority for future hiring		Spring 2010	EIRO, 2011
	Netherlands	Collective agreement for the drugstore sector	Creation of 100 traineeships positions for young unemployed		Spring 2010	EIRO, 2011
	Netherlands	National agreement for the metalworking and electrical engineering industries	Deployment of €30 million for maintaining the same number of training positions. Efforts to favour youths' entrance in the labour market through early retirement arrangements	FNV Bondgenoten	Feb 2010	ETUI Newsletter, 2010
	Russia	Regional agreement for the agricultural industry	Institution of industry committees for supporting employment policies (e.g. job quotas) for young farmers under the age of 35	Trade Union of Agrarian and Industrial Complex, Union of Peasant holdings of Kuzass with the regional department of agriculture	Oct 2011	bakutoday.net
	Sweden	Collective agreement in the wood industry	Relaxation of lay-off regulation for hiring young workers	Forest, Wood and Graphic Workers' Union and the Swedish Federation of Wood and Furniture Industry	2010	EIRO, 2011
Employment	Germany	Regional agreement for	Commitment to employee trainees at least 12 months	IG Metall and Gesamtmetall	Feb 2010	EIRO, 2011

Content	Country	Type of agreement	Main provisions	Participants	Date	Source
Wages and other benefits		the metal and electrical industry	after the end of their training			
	Germany	Metal sector in Bavaria	Young workers who are not employed with a permanent contract after their training may return to their former employer as temporary agency worker	IG Metall and Industriegewerkschaft Metall		EIRO, 2011
	Italy	Firm-level agreement	Stabilization of 1,100 apprentices. Recruitment of 120 new workers by the end of 2010 and 1,000 by 2013	Unicredit	Oct 2010	EIRO, 2011
	Poland	Firm-level agreement	Transition of 100 young fixed-term employees to permanent employment	General Motors Manufacturing Poland and Independent and Self-Governing Trade Union Solidarity GMMF	Sep 2010	EIRO, 2011
	Australia	Firm-level agreement	Abolition of youth wage scale	ACTU and SAD with IKEA	Jul 2009	Unions Australia
	Australia	Firm-level agreement	Benefits for discouraged young workers affiliated to "Youth Outreach Australia": higher wages, longer annual leave, housing facilities	Mission Australia with the Australian Municipal, Administrative, Clerical and Services Union; the Liquor, Miscellaneous and Hospitality Union; the Health Services Union; the Australian Nurses Federation and the Independent Education Union	2008	Collective agreement
	Belgium	National agreement for the chemicals industry	Abolition of youth wage scale	ABVV/FGTB and ACV/CSC	Apr 2011	ETUI Newsletter, 2011
	Canada	Regional agreement for the public sector	Inclusion of casual young workers in group insurance plans on an employee-paid basis	Regional government of Prince Edward Island and the Prince Edward Union of Public Sector Employees	Jul 2011	Collective agreement
	Canada	Regional agreement	Commitment of the district of Kitimat to implement provincially and federally sponsored youth employment projects	Kitimat Firefighters' Association and District of Kitimat	2009	Collective agreement
	Denmark	National agreement for the manufacturing industry	Higher wage increases and disability insurance for apprentices	Danish Trade Union (LO) and Danish Employers' Confederation (DA)	Early 2010	EIRO, 2011
Germany	National	Wage increase of €35 per	IG BCE and	Apr 2011	ETUI	

Content	Country	Type of agreement	Main provisions	Participants	Date	Source
		agreement for the chemicals industry	month for apprentices	representative employers' confederations		Newsletter, 2011
	Netherlands	National agreement for healthcare sector	Abolition of the youth wage scale	Abvakabo FNV	Apr 2011	ETUI Newsletter, 2011
	Netherlands	National agreement for healthcare sector	Wage increases for around 30,000 young workers in the health sector. The agreement also contains provisions regarding training and mobility	FNV Abvakabo and CNV Publieke Zaak with the MOgroep employers' organization in youth care	Oct 2010	ETUI Newsletter, 2010
	Netherlands	National agreement for the metal and electronic engineering industry	Abolition of youth wage scale	FME-CWM and FNV Bondgenoten, CNV Vakmensen, De Unie and VHP2	Apr 2011	ETUI Newsletter, 2011
Training	Sweden	Inter-industry agreement	Commitment of the employers to provide educational and training experiences to youths entering the labour market	IF Metall and the Swedish Industrial and Chemical Association, the Employers' Association of the Steel and Metal Industry, the Trade and Employers' Federation of Welding Engineering, the Association of Swedish Engineering Industries, and the Mining Employers Association	Nov 2010	EIRO, 2011

Source: ILO, Industrial and Employment Relations Department.

2.11. Policy coherence, coordination and evaluation

295. Sections 2.2–2.10 of this report have provided a snapshot of the wide range of policy areas that impact on decent work for youth – by creating employment opportunities, protecting rights, and improving the quality of work and life. The effectiveness of these measures depends on several critical factors: a good diagnosis of the constraints in any given context and for specific groups of youth; the level of resources allocated; the quality of implementation; and especially, on the coherence and interaction across policy areas.

296. A high level of policy coherence and coordination is essential in dealing with the youth employment crisis. Policy packages needed to tackle the problem include macroeconomic policies, sectoral strategies, social policies and microeconomic interventions. This requires strong policy coordination among ministries responsible for economic policies such as planning, finance, trade and industry on the one hand, and those responsible for education and training, labour market policy and social protection, on the other. At the level of microeconomic interventions, the number of agencies that are involved in programmes and projects relating to youth employment is even greater.

They include agencies responsible for facilitating the transition from school, for a wide range of ALMPs (including special programmes directed at different disadvantaged groups of youth), for direct employment creation projects in the rural areas, for enterprise promotion, and for social assistance to families.

297. In addition to public agencies, the crucial role of the private sector, of public-private partnerships and of trade unions has been underscored in section 2.1. A variety of actors from civil society, including youth organizations are also involved in youth employment schemes.

298. This poses a complex challenge for policy coherence and coordination that must nevertheless be faced. Given scarce resources available for dealing with the youth employment problem, it is imperative to ensure that their impact is maximized through enhanced policy coordination. Better policy coherence and coordination will yield benefits in terms of both exploiting potential synergies between different policies, and avoiding the costs of having contradictory policies and unnecessary duplication of effort.

299. It is essential that youth employment is centrally and effectively embedded as a priority objective in national development plans and employment policies, given the overriding role that the overall rate of growth and patterns of growth in output and employment have in shaping the employment prospects for youth. Without achieving a high rate of output and employment growth, it will be difficult to bring about a significant reduction in youth unemployment, however well designed and well implemented supply-side policies such as training and ALMPs may be. The success of these policies, essential as they are in their own right, is highly dependent on the overall level of job creation in the economy and the types of jobs created.

300. Section 2.1 discussed the various institutional models to deal with youth employment. At country level, a key requirement is that there is a substantive technical agency within the government to deal with the issue of youth employment. Its remit should be to design technically solid policy proposals on how the youth dimension should be incorporated into the employment objective and to play an advocacy role for their acceptance. This will require that such an agency has a strong capacity for research and policy analysis in order to credibly address issues such as which current policies impede youth employment, what are the sectors and industries that can contribute most to increasing the demand for young workers, how can they be promoted, and which policies are likely to be the most effective in increasing youth employment. Where such an agency is located within the structure of government is less important, than whether it has sufficient technical capacity and political status to fulfil its mandate.

301. Such an agency should also have an oversight and role over the degree of coherence in major action programmes and projects directed at youth employment. This will include the identification of existing problems and the formulation of proposals on how they could be overcome.

302. There are other examples of policy coherence. The “skills mismatch” and labour shortages in certain sectors of the economy are sometimes a reflection of poor conditions of work and pay and cannot be addressed by improved training. There needs to be close synergies between income support and activation measures, as this report has repeatedly emphasized.

303. Policy coherence for employment also has a key dimension at the level of global governance. In the wake of the global crisis, the question of policy coherence among

multilateral organizations and their impact on policy space at country level have been widely discussed and documented.¹¹⁵

304. The issue now is how best to ensure that the youth employment dimension is effectively reflected in this framework. Global partnerships with a focus on youth employment are reviewed in Chapter 3. With the intolerable dimension that the youth employment crisis is acquiring, it may be the time to revisit, strengthen and provide a new impetus for action at all levels, including through regional and global coalitions and partnerships.

2.11.1. Monitoring and evaluation

305. Rigorous monitoring and evaluation of performance and outcomes is also essential for maximum impact from the resources allocated for promoting youth employment. The process of monitoring and evaluating policies, programmes and project implementation should aim at identifying key failures and how they might be corrected as well as for recognizing the main ingredients for success. This provides vital feedback for improving policy, programme and project design in the future. At the same time, a focus on evaluating the outcomes of different types of interventions will provide a basis for a beneficial reallocation of resources from less to more effective programmes.

306. While there is some evaluation of the impact of interventions geared towards the youth labour market, there appears to be very little evaluation of their financial and fiscal sustainability.¹¹⁶ Such evaluations are of considerable importance, especially where youth employment programmes are almost entirely dependent on external funding, as is the case in sub-Saharan Africa.

¹¹⁵ See, for example, ILO and IMF: *The challenges of growth, employment and social cohesion*, op. cit.

¹¹⁶ Only 25 per cent of interventions on youth employment in the 289 documented cases noted in the text have estimates of net impact.

Chapter 3

ILO support to youth employment and global partnerships

307. This chapter discusses the ILO's approach to promoting decent work for youth through support to its constituents, and through advocacy at the global level. Numerous examples in Chapter 2 have shown the cross-cutting dimension of this approach and its links to the Decent Work Agenda. This chapter also reviews existing partnerships at the global and regional levels for tackling the youth employment crisis.

3.1. The ILO support strategy

308. As already mentioned, the ILO has long been active on youth employment issues through its normative action and its technical cooperation activities. These approaches have evolved over the years in response to the changing economic environment and the needs of constituents. Up to the 1970s, most of the ILO's youth-related work focused on the protection of young workers and was developed mainly through the adoption of labour standards and Conference resolutions. Since the 1970s, youth employment promotion started to feature more prominently in the ILO's policy analysis, research and technical cooperation activities.

309. Currently the Office's work is guided by the Decent Work Agenda and all relevant frameworks, including the Global Employment Agenda, the Global Jobs Pact, the Conference's Conclusions concerning the recurrent discussion on employment (2010), and the 2005 resolution concerning youth employment.

310. The 2005 resolution is the most comprehensive and up-to-date framework for the ILO's work in this area. To give effect to its plan of action, the Office established a strategy based on three pillars: (i) knowledge building; (ii) advocacy and promotion of decent work for youth; and (iii) technical assistance to support ILO constituents in their endeavours to improve both quantity and quality of jobs for young people. Figure 3.1 illustrates the objective, outcomes and means of action of the integrated approach of ILO's work on youth employment. The three-pillar approach is applied by the global team of technical specialists at headquarters and in the field offices.

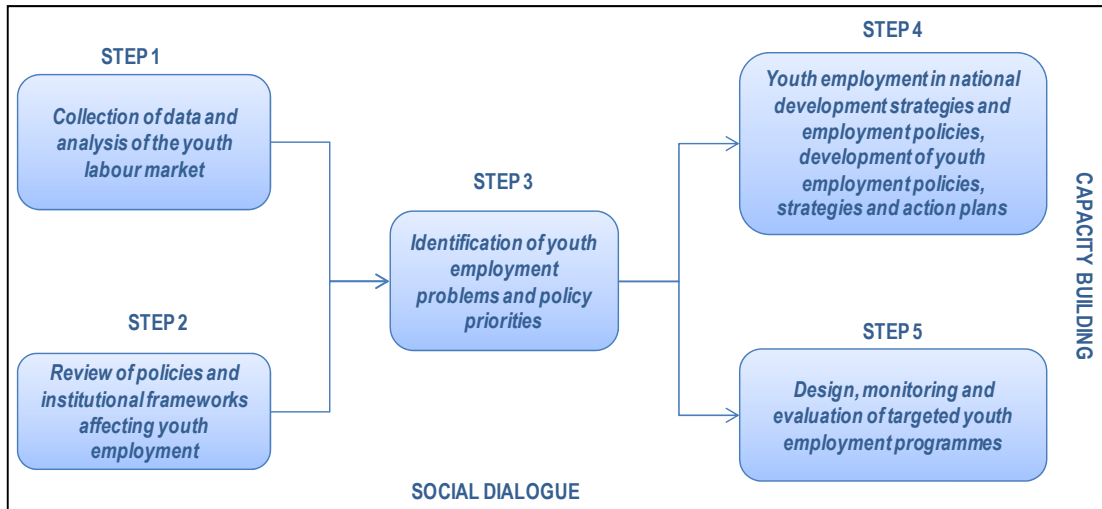
Figure 3.1. ILO support strategy for youth employment

Objective: Young women and men have access to decent employment and income opportunities		
Outcomes	Youth employment is mainstreamed in national development frameworks and employment policies	
	National action plans on youth employment are developed and implemented	
	National programmes for decent work for youth are implemented by governments in cooperation with the social partners	
	Information dissemination, awareness-raising, training or outreach strategy on youth	
Knowledge	Advocacy	Technical assistance
<ul style="list-style-type: none"> <input type="checkbox"/> Youth employment methodologies and tools used by policy makers <input type="checkbox"/> Research and evaluation carried out to determine impact of youth employment policies and programmes 	<ul style="list-style-type: none"> <input type="checkbox"/> Advocacy and promotional activities for decent work for youth undertaken <input type="checkbox"/> Youth employment partnerships established at global, regional and national levels 	<ul style="list-style-type: none"> <input type="checkbox"/> Youth employment mainstreamed in national development frameworks and employment policy <input type="checkbox"/> Evidence-based youth employment policies and national actions plans adopted and implemented <input type="checkbox"/> Interventions to improve employment and income of youth implemented and evaluated

Source: ILO: Youth Employment Programme.

311. At the country level, the ILO’s technical support combines advisory services to strengthen the policy-making process and institutional reforms with direct interventions to demonstrate the effectiveness of youth employment policies and programmes (see figure 3.2). This approach engages relevant ministries and the social partners and, in some cases, other organizations that represent the interests of young people. Although support to youth employment is adapted to country and regions, contexts and authorities, it typically consists of: (i) analysis of the effectiveness of country policies and programmes on youth employment; (ii) capacity building and technical assistance to governments, and to employers’ and workers’ organizations in formulating and implementing youth employment policies and strategies; (iii) development of targeted programmes, including ALMPs, training, employment services, employment-intensive investment, transition to formality and youth entrepreneurship; (iv) advocacy and awareness-raising activities to promote decent work for youth; and (v) advisory services through the partnership of the Youth Employment Network (YEN), including evaluation clinics and support to YEN lead countries.

Figure 3.2. Country level model for technical assistance on youth employment

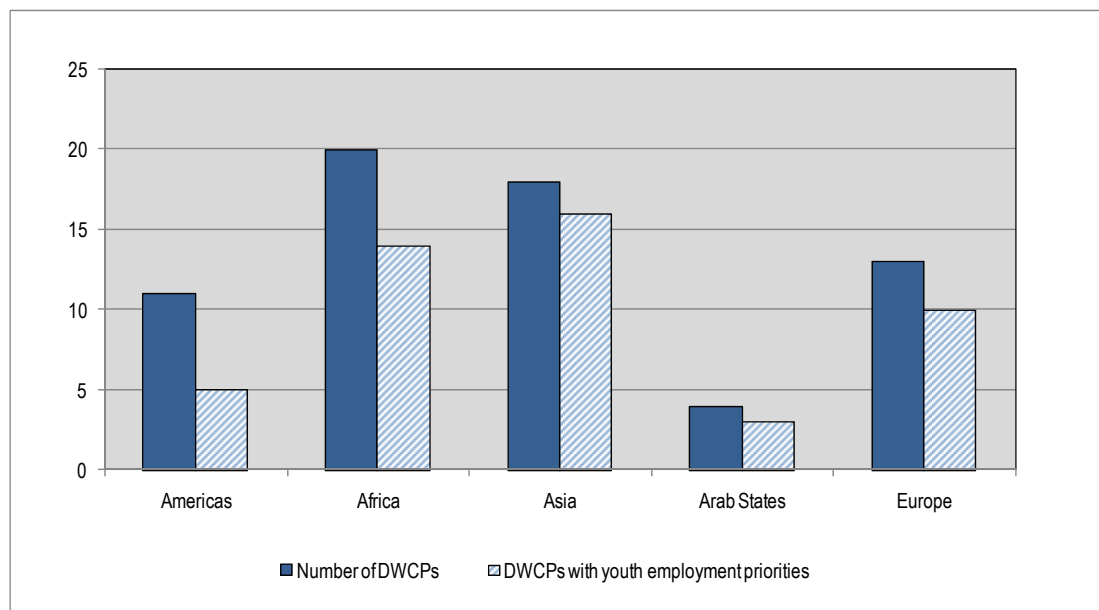


Source: ILO: Youth Employment Programme.

312. In the past six years, some 60 countries have received ILO support for developing and implementing strategies for youth (see Appendix I). As a result of the global crisis, the demand for ILO assistance on youth employment significantly increased in the 2010–11 biennium with 47 member States having requested support from the ILO. This reflects the severity of the problems faced by young people in the labour market, the increasing priority attached to youth employment in most national development strategies, as well as a renewed commitment by multi-bilateral donors and international organizations to support youth employment interventions in low- and middle-income countries.

313. The heightened priority given to youth employment by ILO constituents is also reflected in the Decent Work Country Programmes (DWCPs). More than 70 per cent of the 66 DWCPs in effect in 2010 included youth employment priorities and/or outcomes, with the highest number in Asia and Africa (see figure 3.3).

Figure 3.3. DWCPs including youth employment outcomes (by region)



Source: ILO: Youth Employment Programme.

314. In November 2011, the ILO's technical cooperation programme had some 53 youth employment-related projects under implementation (see Appendix II). Most of these projects support the implementation of the priorities and outcomes of the DWCPs. They focus on various aspects that are crucial to address the youth employment challenge. An increasing number of these projects combine institutional development with the implementation of pilot programmes that aim at directly improving the livelihood of young people (see box 3.1 for examples of interventions recently evaluated).

Box 3.1
Results from selected ILO projects on youth employment

The results of recent mid-term and final evaluations of youth employment projects demonstrated impact in terms of policy and institutional change, as well as action for improving employment of young people. More specifically:

The **Education and Skills Training for Youth Employment Project in Indonesia** achieved the following results: (i) more than 70,000 youth benefited from job and education counselling, employability and entrepreneurship services through the education system and employment centres; (ii) around 65 per cent of youth who attended skills training sessions are already (self) employed, and 47 per cent of them are women; (iii) the Ministry of National Education introduced reforms in the provision of non-formal competency-based training by private providers and NGOs.

The **Youth Employment Programme in Timor-Leste** generated 1,046,014 work days for 35,533 people in rural areas. About 70 per cent of young participants in the employment-intensive projects improved their literacy and numeracy skills. More than 12,000 young jobseekers received counselling and job placement services, internships and self-employment assistance. Funding was provided in part by the Employment and Training Fund that was established to support disadvantaged youth.

The regional programme on **Promoting Youth Employment in Latin America** provided cost-effective employment and training programmes to more than 17,000 disadvantaged youth. The institutional development component of this programme managed to produce systemic change by placing youth employment high in the development agenda of the eight Latin American countries concerned.

In Peru, the Youth Employment Action Plan (2009–12) developed by the Government with the technical support of the ILO has assisted more than 260,000 disadvantaged youth in finding a job. In line with the action plan, the Government has introduced the following institutional reforms: reduction of the "red tape" and costs relating to job applications through the introduction by the PES of a "one-stop-shop" and a free of charge single certificate that contains all pieces of information (*Certi Joven*); modernization of career guidance services; establishment of a training programme targeting young entrepreneurs, alongside an information system that simplifies market assessments; and an online information and orientation service for young migrants living abroad and young Peruvians planning to seek work abroad.

Source: Youth Employment Programme.

315. An independent evaluation of the ILO's strategy on youth employment carried out in 2009 found that the approach and initiatives were relevant to the employment-related needs of youth, national Decent Work Agendas and the priorities of ILO constituents.¹ The evaluation urged the Office to support integrated approaches to youth employment at country level, including through better coordination between departments and programmes.

¹ ILO: *Independent evaluation of the ILO's strategy to increase member States' capacities to develop policies and programmes focused on youth employment*, Governing Body, 306th Session, Geneva, Nov. 2009, GB.306/PFA/13/3.

316. To give effect to the recommendations of this evaluation, the Office strengthened joint programming on youth employment at country level, including through the development of a set of management and planning tools, the appointment of youth employment focal points in each region and target country, and the implementation of knowledge sharing events and virtual platforms. This fostered cooperation and synergy among youth employment experts and practitioners within and outside the ILO. A global knowledge management facility that includes face-to-face interregional events, online forums and communities of practice further improved collaboration across countries.

317. In the area of knowledge development, the Office has produced more than 60 publications on several issues relating to the nature and dimensions of the youth employment challenge. These include data on key indicators of the youth labour market, assessment of country policies and programmes, and review of institutional frameworks.² These analyses served as background papers for policy discussions and advocacy at national, regional and international events.³ The new thematic and country research on pro-employment macroeconomic policies is particularly relevant for youth employment.⁴

318. New initiatives are being launched to build a global database on youth employment policies in connection with the database on national employment policies, and as part of the Office-wide scheme of a new unified information gateway. New rounds of school-to-work transition surveys (SWTS) are planned. Research is being carried out on emerging patterns of youth integration in labour markets including on the nature of contracts and wages and youth migration.

319. Global and regional trends on youth employment have been issued regularly since 2004. The ILO's *Global employment trends for youth* has become the main global reference for statistics on youth employment. A number of tools and methodologies have been developed to support technical assistance to member States. These include the methodologies for implementing SWTS (see box 3.2), formulation of National Action Plans (NAP) on youth employment and for the design and implementation of training for rural economic empowerment, as well as various tools and guides on apprenticeships, job-search skills, rights at work and youth entrepreneurship.

² See web pages of the ILO's Youth Employment Programme at www.ilo.org/youth.

³ A recent example is the joint ILO–OECD study on youth employment to support the discussions of the G20 Ministers of Labour and Employment that resulted in the establishment of the Employment Task Force by the G20 in 2011. See Final Declaration G20 Cannes Summit at <http://www.g20-g8.com/g8-g20/g20/english/for-the-press/news-releases/cannes-summit-final-declaration.1557.html>.

⁴ In the follow-up to the Conclusions concerning the recurrent discussion on employment (2010), the ILO (Employment Policy Department) initiated 11 country studies across regions that evaluated the prevailing macroeconomic framework in terms of its impact on employment and poverty. The studies used this evaluation to suggest a range of policy recommendations that have the potential to lead to a pro-employment macroeconomic framework. All the studies have been validated at technical workshops either at the national level or in Geneva and are being progressively released as ILO publications that would serve as the basis for further policy dialogue.

Box 3.2

The school-to-work transition surveys (SWTS) of young people

Current restrictions in labour market information have led to a situation in which it is difficult to satisfactorily respond to the question of why the paths of transition from school to work are long and difficult for so many young people today. In response to this obvious information gap, the ILO developed the school-to-work transition survey (SWTS) and is now engaged in a Work4Youth Project to implement the surveys in 28 countries around the world over the next five years. The SWTS is composed of two surveys: one for young people and the other for enterprises. The two-pronged approach allows a country to generate a large pool of data on the characteristics and labour market attachments of young people as well as on the enterprises' needs and opportunities to absorb labour. The data in itself is not unique, although it tends to be more comprehensive than a typical labour force survey. What is unique about the SWTS is (1) the development of indicators that define the stages of transition and the quality of transition, and (2) the application of "decent work" as a concept to be integrated into the analytical framework built around the SWTS.

A SWTS serves a number of purposes. First, it detects the individual characteristics of young people that determine their labour market disadvantage. This, in turn, is instrumental to the development of policy response to prevent the emergence of risk factors, as well as measures to remedy those factors that negatively affect the transition to decent work. Second, it identifies the features of youth labour demand, including in specific areas, which help determine mismatches that can be addressed by policy interventions. Third, in countries where the labour market information system is not developed, it serves as an instrument to generate reliable data for policy-making. In countries with a reasonably developed labour market information system, the survey helps to shed light on areas usually not captured by household-based surveys, such as youth conditions of work, wages and earnings, engagement in the informal economy, access to financial products and difficulties experienced by young people in running their business. Finally, it provides information to governments, the social partners and the development community on the youth employment areas that require urgent attention.

A recent synthesis of ILO survey results from eight countries has shown, for example, that:

- ❑ More than two-thirds of unemployed youth in Egypt and Nepal would consider emigrating for employment purposes. The shares in the other countries – Azerbaijan, China, Islamic Republic of Iran and Mongolia – averaged around 40 per cent.
- ❑ Those with higher education are not guaranteed an easier transition from school to work.
 - ❑ On average, the time between the departure from school to attainment of a fixed-term and/or satisfactory job (for the transitioned youth) was 29 months for an Egyptian youth. The transition periods were longer for young men than women (32 versus 20 months respectively), and were progressively shorter given the increasing education level of the youth (96 months for youth with primary education versus 19 months for those with a university degree). But even the Egyptian youth with higher education remained in transition 33 months after graduation.
- ❑ The expected relationship between hours of work and earnings is an upward sloping curve. However, no such obvious relationships were observed for young people in the available survey data. Only in Azerbaijan and Egypt was the relationship positive, while in the other countries there were no obvious correlations. This may be due to considerable reporting errors in either the usual hours of work per week or monthly incomes, or it may be the case that hours of work vary significantly from one week to another. One indication is that no matter how long youth worked, their total earnings at the end of the month did not change considerably. It is likely that a significant proportion of young people were engaged in low productivity work, taken up as the only option to earning some income.

See M. Matsumoto and S. Elder: *Characterizing the school-to-work transitions of young men and women: Evidence from the ILO School-to-work transition surveys*, Employment Paper No. 51 (Geneva, ILO, 2010).

Source: ILO: Youth Employment Programme.

320. Several advocacy initiatives have been undertaken since 2006 to promote the Conference's 2005 resolution through national, regional and international events, including ILO Regional Meetings, tripartite youth employment events and ministerial conferences. A number of campaigns have been implemented to promote employability, job creation and rights at work. In July 2006, the ILO partnered with the MTV Europe Foundation to disseminate information and key messages on decent work for youth under the slogan "Doing something". This campaign was launched at the Exit Festival in Serbia, which was attended by nearly 150,000 young people from around Europe. Similar campaigns were implemented together with the youth networks of trade unions in several countries through ad hoc events or during the World Day for Decent Work.

3.2. Global partnerships for youth employment

321. In the recent past, the ILO's key role in international networks, including the YEN and the UN Inter-Agency Networks, has provided new opportunities to build international consensus and influence the international agenda for decent work for youth.

3.2.1. The Millennium Declaration, the Millennium Development Goals (MDGs) and the UN system

322. The need to establish partnerships for youth employment was first highlighted by the Millennium Summit in 2000. The Millennium Declaration recognized the urgency of addressing the youth employment challenge and issued a call to "develop and implement strategies that give young people everywhere a real chance to find decent and productive work".⁵ This call by member States became a target in the Millennium Development Goal on global partnerships for development (MDG8). As of 2008, and thanks to ILO's relentless advocacy, MDG1 on eradication of extreme poverty and hunger includes a new target (1b) consisting of full and productive employment and decent work for all, including women and young people.

323. The recent practice of joint UN programming at the country level has also served as a platform for establishing partnerships within the UN and among national institutions and partners and the UN country teams around youth employment. The youth employment and migration window of the MDG Achievement Fund has stimulated more integrated and mutually supportive approaches that operationalize national youth employment priorities within the overall decent work concept (see box 3.3).

⁵ United Nations: *United Nations Millennium Declaration*, A/RES/55/2, 18 Sep. 2000, para. 20 (New York, 2000).

Box 3.3

The MDG Achievement Fund: Improving coordination and coherence on youth employment through joint UN programming

The ILO has been leading the implementation of joint UN programmes on youth employment together with several UN country teams, such as those on youth employment and migration, under the sponsorship of the Achievement Fund of the Millennium Development Goals (MDG-F). MDG-F is funded by Spain; it involves joint action across several UN agencies, and has resulted in more integrated and mutually supportive approaches that operationalize national youth employment priorities within the overall decent work concept. There are currently 14 joint programmes on youth employment and migration. These programmes span the four pillars of the Decent Work Agenda, from rights at work to integrated youth employment initiatives, conditions of work, labour migration policies and protection of migrant workers. Examples include initiatives to: (i) promote rights at work – especially for migrant young workers; (ii) support to member States in the formulation of gender-sensitive youth employment policies and national or regional action plans; (iii) pilot innovative and multi-component youth employment programmes; and (iv) development of national partnerships involving the social partners and other actors. Other joint programmes involving the ILO are currently under way in partnership with FAO (Nepal) UNICEF (Somalia), UNDP (Lebanon, Liberia, Serbia and Sierra Leone) and UNIDO (Guinea, Liberia and Sierra Leone).

Source: Youth Employment Programme.

324. In July 2011, in recognition of the magnitude of the youth employment crisis, the UN High-level Meeting on Youth reviewed the call for a global partnership and encouraged “Member States, employers’ organizations, trade unions, the private sector, institutions of education at all levels, youth organizations and civil society”, to address the global challenge of youth employment.

3.2.2. The Youth Employment Network (YEN)

325. The YEN, established in 2001 among the ILO, the United Nations and the World Bank, was the first global partnership on youth employment to mobilize action on the Millennium Summit’s commitment to decent and productive work for young people. Since September 2002, the ILO has been hosting the YEN’s secretariat.⁶ In 2007 the work of the YEN secretariat was reorganized to focus on the delivery of its services on the basis of four key products (see box 3.4).

⁶ The YEN secretariat is hosted and supported by the Employment Policy Department of the Employment Section.

Box 3.4**The Youth Employment Network: Key areas of actions**

- (1) **Lead Country Network:** The flagship programme is a network of policy-makers from countries across the globe who have committed to prioritizing youth employment in national policy agendas. Member countries participate in a benchmarking exercise to improve capacity to monitor youth employment outcomes and to serve as a launching point for analysing what is driving these trends. Annual Lead Country meetings and reports serve as peer review mechanisms for learning and sharing.
- (2) **Evaluation Clinics:** Evaluation Clinics provide technical and financial support to policy-makers and practitioners to help them conduct rigorous evaluations of their programmes. The resulting body of knowledge attempts to answer burning questions on what works and what does not work in youth employment.
- (3) **Youth-to-Youth Fund:** A Youth-to-Youth Fund in East and West Africa makes a concrete offer to youth-led organizations to contribute to employment generation while simultaneously teaching youth project management skills.
- (4) **Marketplace:** The YEN Marketplace is an online space for the global youth employment community to exchange or offer innovative ideas, best practice, expertise and advice, as well as collaboration and partnership. The marketplace is the central location from which YEN carries out its partnership brokering and information exchange activities.

Source: YEN: www.ilo.org/yen.

326. The ILO partners with other United Nations agencies to ensure coherence and coordination on youth employment across the multilateral system through the United Nations Inter-Agency Network on Youth Development (see box 3.5). In addition, the ILO collaborates with FAO and IFAD to promote decent work for youth in rural areas, with UNESCO on technical vocational and education training, and with UNIDO on youth entrepreneurship.

Box 3.5**The UN Inter-Agency Network on Youth Development**

The United Nations Inter-Agency Network on Youth Development (IANYD) is a network of more than 30 UN entities whose work is relevant to youth development issues. The Permanent Chair is the Programme on Youth of the UN Department of Economic and Social Affairs, and the current Co-chair is the ILO. The Network aims to increase the effectiveness of UN work in youth development by strengthening collaboration and exchange, while respecting and harnessing the benefits of the entities' individual strengths and unique approaches and mandates.

In the framework of the World Programme of Action for Youth (WPAY), the Network advocates for, supports and reviews progress on the implementation of UN resolutions, conventions and the internationally agreed development goals that relate to youth. It also contributes to increasing the understanding and visibility of the UN system's work on youth development.

Effective and coordinated follow-up to the outcome document of the High-level Meeting on Youth (July 2011) is the present priority of the Inter-Agency Network. This includes the development of a set of indicators to monitor countries' progress in the implementation of the WPAY.

Source: UNDESA.

3.2.3. The G20 and youth employment

327. In the framework of its crisis response, the G20 has tasked several international organizations, including the ILO, IMF, OECD and World Bank, to report to Finance Ministers on the global employment outlook, and on how the Framework for Strong, Sustainable and Balanced Growth can contribute to job creation. More specifically, the ILO has been supporting the work of the G20 Summits in areas relating to growth, jobs (in particular the Training Strategy) and social protection (see box 3.6 on the G20 Training Strategy).

Box 3.6
**A Skilled Workforce for Strong, Sustainable and Balanced Growth:
A G20 Training Strategy**

At the G20 Summit in Pittsburgh, held in September 2009, the leaders agreed on the importance of building an employment-oriented framework for future economic growth. They asked the ILO to develop a training strategy to support strong, sustainable and balance growth. The training strategy presents a strategic framework to build bridges between the world of work and the world of education and training. This strategy recognized the diverse realities, and common yet different challenges. It presents a common framework to meet today's and tomorrow's skills needs, using a holistic approach and lifecycle perspective, which encompass the following features:

- ❑ broad-based good quality general education;
- ❑ seamless pathways from education to TVET to the world of work;
- ❑ employability through core skills, continuous learning and portability of skills, which enable workers and enterprises to adjust to change;
- ❑ sustaining a dynamic development process; using skills as a driver of change; and
- ❑ policy convergence and coordination mechanisms.

328. Youth employment has featured prominently in the discussion and deliberations of the G20 Leaders. At the 2011 Cannes Summit, G20 leaders established an Employment Task Force, with its immediate priority for 2012 being youth employment. This Task Force has been convened under the Mexican Presidency of the G20 with the ILO supporting its work together with other partners. The review of youth employment policies and programmes of the G20 countries and the proposal for a youth employment strategy are among the priorities discussed by the Task Force meeting in Mexico City (December 2011); the question is also on the agenda for its meeting in Geneva (March 2012), prior to the G20 Meeting of Labour and Employment Ministers of June 2012.

3.2.4. Other partnerships

329. Within the development community, the ILO collaborates with the German Ministry of Economic Cooperation and Development (BMZ), the World Bank and the Inter-American Development Bank in developing and constantly updating the Youth Employment Inventory (YEI), a global repository providing comparative information on youth employment interventions worldwide.⁷ The ILO also partners with the European Commission and the OECD in the organization of policy forums on youth employment and in conducting joint research on youth employment.

⁷ See www.youth-employment-inventory.org.

330. More recently, a partnership has been established by the ILO with the MasterCard Foundation – a non-State actor engaged in the promotion of youth employment, particularly in low-income countries of sub-Saharan Africa – for the development of a global product that aims to improve knowledge and understanding of the youth employment challenge and raise awareness on decent work for youth through a global communication campaign (see box 3.7).

Box 3.7
Work4Youth (W4Y)

A partnership between the ILO and The MasterCard Foundation has been established to address the youth employment crisis and promote decent work for young women and men. The “Work4Youth” project aims at improving youth employment policies and programmes through better knowledge of the youth employment challenge at national, regional and global levels, as well as through the application of good practices.

The project will produce 56 national surveys conducted in 28 countries, a global database of data and indicators of the surveys, a global database of information and good practices on youth employment policies and programmes, 10 reports synthesizing regional employment and transition trends for youth, covering five regions and published twice in each region (beginning 2013 and 2015), two *Global employment trends for youth* published in 2012 and 2014, five thematic global reports on key issues relating to the transition of young people to decent work published by end of 2015, a report on MDGs and decent work for youth, to be released in 2015. A global communications campaign has been launched to promote decent work with focus on employment creation, workers’ rights and employability as detailed in the Conference’s resolution concerning youth employment.

331. A youth employment partnership was established in 2008 by the International Youth Foundation, the YEN, the Arab Urban Development Institute, and the Understanding Children’s Work Project, to build and disseminate evidence on youth employment programmes. This Global Youth Employment Partnership receives financial support from the World Bank Development Grant Facility and focuses on Africa and the Middle East.

332. The Global Partnership for Youth Investment is an alliance of social entrepreneurs, investors, financial institutions, the media and other organizations working together to improve the lives of young people. This partnership focuses on adolescent girls and young women and works to create innovative, large-scale investment strategies that promote development opportunities for young people in South-East Asia, southern Africa, the Middle East and North Africa.

333. At the recently held ILO African Regional Meeting (Johannesburg, October 2011), four development partners, namely the African Development Bank (AfDB), the African Union (AU), the Economic Commission for Africa (ECA) and the ILO, launched a new regional partnership on Youth Employment in Africa.⁸

334. Similar regional partnerships are entertained with the Asia–Pacific Economic Cooperation (APEC) to address the problem of the worst forms of child labour and to promote decent work for youth; the Asia-Europe Meeting (ASEM), and Latin America

⁸ ILO: *Conclusions of the 12th African Regional Meeting*, Johannesburg, 11–14 October 2011, http://www.ilo.org/global/meetings-and-events/regional-meetings/africa/arm-12/reports/WCMS_165250/lang-en/index.htm.

and Europe Meetings to promote youth employment and social cohesion; the ASEAN+3 to explore strategies to promote youth enterprise in Asia; and with the MERCOSUR to develop a regional plan for youth employment.

335. It is clear that, while several initiatives have been taken at international and regional levels, the depth and breadth of the present youth employment crisis call for strengthening and broadening partnerships at national, regional and global levels, to garner political support, pool expertise, promote policy coherence and mobilize resources commensurate with needs and demands.

Chapter 4

Summary remarks and possible ways forward

336. The preceding analysis has shown that the youth employment crisis – measured in terms of significantly higher unemployment, lower quality jobs for those who find work, rising marginalization of youth and among youth, insecure and slow transitions from school to work and, above all, detachment from labour market – has reached intolerable dimensions. This crisis has widened the gap between the aspirations of youth and their potential and the opportunities offered to them in the labour market and in society.

337. The youth employment crisis is a threat to social cohesion and political stability. It lowers growth and development potentials, diminishes innovation and creativity in the economy, and threatens the sustainability of inter-generational solidarity and pensions schemes. It is undermining young women's and young men's own faith in the current policy paradigms and in the possibility of a better future.

338. A major lesson that has emerged from the current global crisis is that youth are particularly vulnerable to volatile financial and economic situations. A whole generation of youth now faces much bleaker life prospects than any previous one. It is inconceivable that this should be allowed to happen again.

339. The expectations of growth for 2012 have been lowered in many countries around the world with the fear of another recession in Europe looming again. In the short to medium run, it is imperative that every measure is taken to ensure that fiscal austerity measures do not undermine the policies and programmes that promote youth employment and/or prevent their marginalization and detachment from the labour market. More fundamentally, a key item for the global policy agenda is the reform of policy frameworks, including financial systems, to build in safeguards against a recurrence of such crises in the future and to limit their contagiousness when they do erupt.

340. The global crisis has exacerbated the pre-existing crisis of employment of which youth employment is an integral component. The need for a new policy paradigm to promote inclusive job-rich growth has been underscored in numerous ILO reports and meetings, including in the multilateral forums and through inter-agency initiatives.¹ It is

¹ ILO: *Recovery and growth with decent work*, Report of the Director-General, Report I(C), International Labour Conference, 99th Session, Geneva, 2010; ILO: Report of the Director-General – *A new era of social Justice*, Report I(A), International Labour Conference, 100th Session, Geneva, 2011 (Geneva); ILO: Resolution and conclusions concerning the recurrent discussion on employment, in *Report of the Committee for the Recurrent Discussion on Employment*, International Labour Conference, 99th Session, Geneva, 2010 (Geneva), pp. 94–116; ILO: *Accelerating a job-rich recovery in G20 countries: building on experience*, An ILO report, with substantive contributions from OECD, to the Meeting of G20 Labour and Employment Ministers, Washington, DC, 20–21 April 2010; ILO: *Employment and social protection policies from crisis to recovery and beyond: A review of experience*, an ILO report to the G20 Labour and Employment Ministers Meeting, Washington, DC, 20–21 April 2010.

important that this new focus on the youth employment crisis reinforces the call for action to make employment and social protection key objectives of economic policies and of development strategies.

341. The analysis in the report shows that slack aggregate demand globally, but also in specific country situations, is a major driving force behind the youth employment crisis. Paradoxically however, most national programmes and schemes on youth employment are focusing principally on supply-side interventions. These, as important as they are in their own right, will not resolve the crisis.

342. It is time to pay attention to demand management and to the role of pro-employment macroeconomic reforms and employment-led growth to promote quality-job creation and to secure friendly fiscal space for youth. This report has reviewed specific examples of such action, including the role of counter-cyclical policies, access to finance, anti-inequality policies to combat marginalization of youth and to sustain consumption and boost demand.

343. The youth dimension of employment promotion policies needs to be firmly embedded in the policy-making process, and supported by consistent resource and budgetary allocations. Despite progress, many countries still do not give sufficient political commitment to addressing the youth employment objective and to the effective implementation of the comprehensive policy portfolio included in the conclusions concerning youth employment which the Conference adopted in 2005.

344. Many valuable lessons were drawn in Chapter 2 from the review of specific measures and schemes implemented by countries since 2005, inter alia.

345. Despite significant progress in basic education, major deficits remain in access to and quality of education for many children and adolescents. More needs to be done to provide universal education and reduce school drop-out rates through early preventive interventions. The vicious circle of child labour and disadvantaged youth needs to be addressed by a coherent set of policies. Early school-leavers represent an important segment of disadvantaged youth; second chance schemes and ALMPs can play an important role in their integration.

346. Youth are not a homogeneous group; thus targeting specific groups and specific disadvantages and vulnerabilities in the labour markets is more effective. This implies adequate resourcing and administrative capacities to deliver such complex targeted programmes.

347. As the great majority of youth lives in developing countries, a strong focus is to be laid on growth patterns that deliver more productive employment opportunities in the formal segment of the economy and on policies that facilitate transition to formality for the large number of youth engaged in rural and informal economies.

348. Relatively little attention is given to the quality of jobs. Policies to facilitate access to jobs, including to a first job and experience, should not be to the detriment of young workers' rights at work. These policies should not establish patterns that trap youth in low-quality and low-pay jobs or lead to further segmentation in labour markets. Young workers deserve a fair chance to acquire employment security and to receive decent remuneration. Placing youth on temporary contracts or paying them lower wages than adults may not be the optimal policy option, and is likely to have a negative impact on their welfare and future career prospects. Better alternatives exist in the form of well-designed wage subsidies or the provision of in-work benefits.

349. Gender gaps persist in all aspects of the youth employment crisis; all policies need to integrate a gender differentiated lens in the design and implementation of policies, and to combine these with broader gender equality promotion policies.

350. Programmes to promote youth entrepreneurship can make a significant contribution to increasing employment opportunities for young people. The SME sector's limited access to finance, which has further deteriorated during the current global crisis, requires urgent attention through macroeconomic and financial reforms. Young entrepreneurs should be coached and protected from exposure to high risk start-ups.

351. Recent innovative PEP have proved their effectiveness in simultaneously providing employment and social protection to youth in poverty while generating high economic returns in creating small-scale infrastructure to increase productivity in disadvantaged economies.

352. TVET systems have to be made more responsive to increasingly rapid changes in the demand for skills across the world. The rapidly growing opportunities to use new information and communication technologies, to improve their curricula and extend their outreach need to be exploited. Dual systems of apprenticeships can be particularly effective to connect youth with the world of work. More emphasis on lifelong learning and soft skills are key for improving youth employability.

353. Active labour market policies are an important tool for all youth. They are particularly important for disadvantaged youth and for countering the increase in the number of youth who are detached from both the education and training system and the labour market. Integrated programmes that offer a package of services and tailor them to the heterogeneous needs of their clients tend to be more successful. ALMPs are also important for moderating the rise in youth unemployment during a crisis. Their effectiveness for job creation is more limited where the main problem is a global slump in demand, as in the present context.

354. Many young people are not adequately covered by current systems of unemployment benefits and social protection. First time job seekers are rarely entitled to unemployment benefits, while youth on temporary contracts are only eligible for limited benefits because of their short contributory period. Ways can be found to give greater social protection to these groups of young people. An important lesson is the need for close synergy between welfare and income support and activation measures to prevent perverse effects.

355. Experience shows that effective policies for youth employment require a high degree of complicated but necessary policy coordination and coherence nationally and internationally.

356. While these and other lessons emanating from ILO and other studies reviewed in this report provide important benchmarks for the design of youth employment policies, major gaps in knowledge persist. There have been relatively few rigorous evaluations of all these policies and programmes, of their impact in the short and long term, and of their relative cost-benefit, including in developed countries. This needs to be remedied since lessons learned from evaluations can lead to greater programme effectiveness and better targeting of scarce resources. Continuous building of the knowledge base on country policies and programmes and the impact evaluation of the range of measures is a paramount priority.

357. A major gap exists between youth's aspirations to participate in the social, economic and political policy-making processes, and the effective space given by the

political systems and labour market institutions, including in social dialogue. Social media and networks are important vehicles for youth mobilization, voice and outreach, and potentially for youth employment policies.

358. Finally, a youth employment crisis of this magnitude – a common challenge for countries in all regions and at different levels of development – can only be tackled with a great deal of mobilization, coordination and partnerships at the global level, by the G20 and the international community, including the international financial institutions, other multilateral and regional organizations and the United Nations system. The ILO has the lead responsibility in garnering their support.

Suggested points for discussion

1. *Employment and economic policies*
 - (a) What has been done by governments and social partners, at the national level, to implement the 2005 International Labour Conference resolution concerning youth employment,¹ with respect to employment, economic and sectoral policies affecting youth employment, including the role of the public sector and the social economy? Which policy approaches have been effective?
 - (b) What has the ILO done in this area to assist constituents, and what have the results of the ILO's work been?
2. *Employability – Education, training and skills, and the school-to-work transition*
 - (a) What has been done by governments and social partners, at the national level, to implement the 2005 resolution concerning youth employment with respect to the education, training, skills and employability of young people, as well as successful school-to-work transitions (including the recognition of prior learning and skills gained on the job)? Which policy approaches have been effective?
 - (b) What has the ILO done in this area to assist constituents, and what have the results of the ILO's work been?
3. *Labour market policies*
 - (a) What has been done by governments and social partners to implement the 2005 resolution concerning youth employment in regard to active and passive labour market policies, including employment services and social security? Which policy approaches have been effective?
 - (b) What has the ILO done in this area to assist constituents, and what have the results of the ILO's work been?
4. *Youth entrepreneurship and self-employment*
 - (a) What has been done by governments and social partners, at the national level, to implement the 2005 resolution concerning youth employment in regard to youth entrepreneurship and self-employment? Which policy approaches have been effective?
 - (b) What has the ILO done in this area to assist constituents, and what have the results of the ILO's work been?

¹ <http://www.ilo.org/public/english/standards/relm/ilc/ilc93/pdf/resolutions.pdf>.

5. *Rights for young people*

- (a) What has been done by governments and social partners, at the national level to implement the 2005 resolution concerning youth employment with respect to: (i) wages, working conditions and workers' rights; and (ii) contractual arrangements? Which policy approaches have been effective?
- (b) What has the ILO done in this area to assist constituents, and what have the results of the ILO's work been?

6. *The way forward*

In view of developments since 2005, including the exacerbation of the youth employment crisis, the global financial and economic crises, and in view of the discussions on points 1 to 5, what should be done to implement the 2005 Conference resolution more effectively by: (a) governments; (b) social partners; (c) the International Labour Office; and, where appropriate (d) multilateral institutions and dialogues in order to better contribute to employment and decent work outcomes for young people?

Appendix I

ILO support on youth employment to member States, 2006–11

Region	Youth employment in national development strategies and employment policies	National action plans on youth employment	Youth employment programmes	Youth employment training or outreach strategy and awareness raising
Africa	Democratic Republic of the Congo, Gambia, Ghana, Kenya, Lesotho, Liberia, Namibia, Senegal, Sierra Leone, United Republic of Tanzania, Uganda, Zimbabwe	Cape Verde, Democratic Republic of the Congo, Egypt, Kenya, Lesotho, Malawi, Nigeria, Rwanda, Sierra Leone, Togo, Uganda	Benin, Botswana, Côte d'Ivoire, Guinea-Bissau, Kenya, Liberia, Madagascar, Mali, Mauritania, Mozambique, Senegal, Sierra Leone, South Africa, Sudan, United Republic of Tanzania, Tunisia, Zambia	Sierra Leone, South Africa, Zimbabwe
Asia and the Pacific	Indonesia, Mongolia, Nepal, Timor-Leste	Indonesia, Kiribati, Philippines, Sri Lanka, Timor-Leste, Vanuatu, Viet Nam	China, Fiji, Islamic Republic of Iran, Nepal, Philippines, Solomon Islands, Timor-Leste, Viet Nam	Brunei Darussalam, Fiji, Indonesia, Nepal, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Vanuatu
Europe and Central Asia	Azerbaijan, Serbia	Albania, Serbia, Turkey	Albania, Bulgaria, Serbia, Turkey	Albania, Azerbaijan, Serbia, Turkey
Latin America and the Caribbean	Argentina, Plurinational State of Bolivia, Brazil, Costa Rica, Ecuador, El Salvador, Paraguay, Peru	Honduras, Peru	Argentina, Brazil, Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Paraguay, Peru	Argentina, Brazil, Costa Rica, Dominican Republic, Mexico, Nicaragua and Peru
Arab States	Jordan	–	Bahrain, Jordan, Lebanon, Syrian Arab Republic	Jordan

Source: ILO: Programme implementation reports, 2006-07, 2008–09 and 2010–11.

Appendix II

ILO's ongoing technical cooperation portfolio on youth employment

Region	Country	Donor	Budget
Africa	Algeria, Benin, Burkina Faso, Cape Verde, Comoros, Egypt, Guinea, Kenya, Liberia, Malawi, Mali, Mozambique, Senegal, Sierra Leone, Somalia, Sudan, United Republic of Tanzania, Tunisia, Uganda, Zambia, Zimbabwe	Belgium, Canada, Denmark, Germany, Italy, Japan, Luxembourg, MDG Fund, One UN Fund, RBSA, Spain, Sweden, UN Peace Building Fund, UNDP, UNFPA, UNIDO	48 617 330
Arab States	Syrian Arab Republic and Occupied Palestinian Territory	UNDP	310 000
Asia and the Pacific	China, Indonesia, Kiribati, Nepal, Philippines, Sri Lanka, Timor-Leste, Viet Nam, Yemen	Australia, Spain MDG Achievement Fund, Netherlands, One UN Fund, UNDP, UNICEF	37 931 480
Europe and Central Asia	Albania, Serbia, Turkey	Spain MDG Achievement Fund	4 190 000
Latin America and the Caribbean	Brazil, Costa Rica, Ecuador, Honduras, Nicaragua, Paraguay, Peru	Spain MDG Achievement Fund	12 841 652
Interregional	Multi-country	Spain MDG Achievement Fund, The MasterCard Foundation, Sweden and Switzerland	19 145 623
		Total	123 036 094

Source: ILO, Technical Cooperation database of the Youth Employment Programme, November 2011.
