

Stimulating Full, Productive and Freely Chosen Employment for Youth People

**Moving forward with the Global
Jobs Pact**

Youth Share of Working Age Population

	1997	1998	2006	2007	2008	2009
WORLD	25.8	25.7	24.9	24.7	24.7	24.4
Developed Economies & European Union	16.8	16.7	15.7	15.5	15.4	15.2
Central & South-Eastern Europe (non-EU & CIS)	22.0	22.1	22.2	21.9	21.5	21.0
South Asia	30.6	31.0	29.6	29.5	29.2	28.9
South-East Asia & the Pacific	29.8	29.4	26.9	26.5	26.0	25.6
East Asia	22.6	21.8	21.0	20.8	21.6	21.3
Latin America & the Caribbean	29.3	29.0	26.2	25.8	25.5	25.1
Middle East	34.4	34.9	33.3	32.7	31.6	30.8
North Africa	33.1	33.3	31.0	30.5	30.6	29.9
Sub-Saharan Africa	35.7	35.7	36.1	36.1	35.5	35.4

Is a large youth population a problem or an asset?

- Globally, the share of youth in the working age population has declined over the past ten years
- Sub-Saharan Africa is a notable exception
- Those regions with an above-average youth “bulge” within the overall demographics of the working age population are:
 - Sub-Saharan Africa (35.4%),
 - the Middle East (30.8%),
 - North Africa (29.9%),
 - South Asia (28.9%),
 - South-East Asia and the Pacific (25.6%) and
 - Latin America and the Caribbean (25.1%).

Youth Participation in the Labour Force

- The crisis has reinforced a long-term downward trend in youth participation which decreased by 3.4 percentage points between 1999 and 2009
- All regions saw decreasing youth participation rates.
- The change at the global level is driven by the large decreases (9.3%) in East Asia during the past ten years, and in South-East Asia and the Pacific (5.3 %).
- Only in the Middle East and Sub-Saharan Africa were changes in youth participation rates small, at 0.5 and 0.2 percentage points, respectively.
- Between 2008-2009 as a result of the crisis the “discouraged worker” effect was strongest in Developed Economies and the European Union with youth participation rates dropping 0.4 %, as well as in Latin America and the Caribbean (minus 0.5 %)
- In all other regions youth participation remained stable or increased demonstrating the added worker effect, pushing youth back into the labour market to supplement family income.

The Crisis and Youth Unemployment

- Unemployed youth increased by more than 10 million since 2007, and by 8.5 million between 2008 and 2009, the largest year-on-year increase in at least ten years.
- The global youth unemployment rate rose by 1.3 percentage points between 2008 and 2009 (from 12.7 to 14.0 %), compared to an increase by 0.7 percentage points for adult workers (from 4.3 per cent to 5.0 per cent).
- Unemployment rates showed the highest sensitivity to the financial crisis in
 - Developed Economies and the European Union (4.6 % increase),
 - Central and South-Eastern Europe (non-EU) & CIS (4.5 % increase),
 - Latin America and the Caribbean (2.2 % increase)
- Increases were much smaller in the Middle East and North Africa, but these two regions continue to show the highest absolute youth unemployment rates.
- In Sub-Saharan Africa youth unemployment rates remained stable during the crisis.

The Crisis and Informal Employment of Youth

- The dilemma:
 - This is the best education generation of young people ever
 - The majority of young people work in informal employment
- The crisis has led to an increasingly crowded informal economy
- Trends in six countries – Chile, Colombia, Ecuador, Mexico, Panama and Peru – found between 2008 and 2009:
 - 3.8 % increase in own-account workers
 - 1.7 % increase in contributing family workers (urban areas only).
 - 82.4 % of teenagers aged 15-19 years were engaged in informal sector employment compared to 80.8 % in 2007 (compared to a share of 50.2 per cent for adults aged 30-64 years).

ILO: *Panorma Laboral 2009*, op. cit., p. 52.

Traditional Approaches to Youth Employment

Vocational Education and Training

- Entra 21 active in 13 Latin American countries to “provide disadvantaged youth, ages 16-29, with employment training and job placement services so they can find decent jobs and increase their employability.” At the end of the seven-year phase I, more than 19,600 youth benefited from comprehensive training and job placement services. Job placement rates averaged 54% across 35 projects, with the number of youth who re-enrolled in formal education nearly doubling. A majority of employers surveyed rated the graduates they hired as having better than average competencies in a variety of areas.
- Result: an average 116 graduates placed per country per year with better than average competencies: is this the most cost-effective means available to helping young people find and retain jobs?

See International Youth Foundation, <http://www.iyfnet.org/entra21> .

Should we prepare young people for the labour market or prepare the labour market for young people?

Minsky argues that public policy that favours education and training over job creation puts “the cart before the horse” and is unlikely to succeed.

- Lays the blame on the unemployed
- Tells the poor that they must change their characteristics—including their behaviour—before they deserve to work.
- Can require a long time to see results
- A dynamic economy is always leaving old skills behind and demanding new ones. At any point, there will be a permanent, sizeable, pool of those with inappropriate skills and education
- There is the danger that the retrained will face a job shortage so that at best they simply displace previously employed workers who will join the ranks of the unemployed.
- Jobs must be made available that can “take workers as they are,” regardless of their skills, education, or personal characteristics.

Self-employment and Entrepreneurship

Development: Create your own job

- Most young entrepreneurs are self-employed.
 - Household data for a sample of 14 Latin American countries covering 89 percent of the total population show that 12.8 percent of workers between the ages of 16 and 24 are entrepreneurs. Most of them (11.9 percent) can be classified as self-employed by necessity, while the rest (0.9 percent) are employers.
 - Evidence shows that in a three-year period only a few are able to improve their situation. This poor overall performance means that they are highly vulnerable to business failure.
 - The income that this group generates does not have a large impact on overall economic activity, but it is basic to the survival of large number of young people.
 - The programmes are targeted towards those most likely to fail, namely vulnerable youth working in the informal economy.

Complementary Approaches

- Move from supply to demand driven programmes
- Revisit the roles of roles and public and private sectors in job creation
- Wage Policy: evidence that wage equality is correlated with low levels of unemployment
- Public sector's and industrial policies
- Regulatory Frameworks to improve productivity in the informal economy
- Rights based approaches: the state as employer of last resort