

# **GLOBAL EMPLOYMENT TRENDS FOR YOUTH**

August 2010

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**Special issue on the impact of the global economic crisis on youth**

**ADVANCE COPY**

**International Labour Office, Geneva**

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# 1 Overview

## 1.1 Introduction

In the current context of economic instability, young men and women today face increasing uncertainty in their hopes of making a satisfactory labour market transition. Clearly, the global economic crisis has further exposed the fragility of youth in the labour market highlighted in previous editions of the *Global Employment Trends for Youth*. At the end of 2009, there were an estimated 81 million unemployed young people in the world. This was 7.8 million more than the number in 2007 at the start of the global crisis. The youth unemployment rate rose sharply during the economic crisis – more sharply than ever before – from 11.9 to 13.0 per cent. This report forecasts a continued increase in the youth unemployment rate in 2010 to 13.1 per cent, followed by a moderate decline in 2011.

### Box 1 Defining youth

“Youth” in this report are defined as the age group 15 to 24 years. Differences continue to exist in the way national statistics programmes define and measure youth. Definitions of “youth” are based in part on the end use of the measurement. If one aims to measure, for example, the age span at which one is expected to enter the labour market then the statistical definition of 15 to 24 years may no longer be valid, given that today more and more young people postpone their entry into labour markets to well beyond the age of 25. Alternatively, there are numerous situations, especially in the developing world, where the typical age of entry into the labour market may be below that of 15 years, in which case the delineation between youth and child labour become blurred.

In developed and some emerging economies, the crisis impact on youth is felt mainly in terms of unemployment and the social hazards associated with joblessness and prolonged inactivity. Numerous studies show how entering labour markets during recession can leave permanent scars on the generation of youth affected and, recently, fears have been expressed regarding a possible crisis legacy of a “lost generation” made up of young people who detach themselves from the labour market altogether. Finding and motivating young people who have given up hope for a productive future is an expensive venture. Nonetheless, the alternative of doing nothing is even more expensive when the social, economic and possibly even political costs are added together.

Young workers in the lower-income regions have been less obviously impacted by the crisis, at least as reflected in the most readily available measures such as unemployment. The reasons pointed out in this report are that most developing economies have a much smaller share of youth working in fixed establishments that might lay off workers – most workers are self-employed and engaged in informal sector activities – and because few countries have the social protection framework for offering unemployment benefits that can subsidize the job search. But this is not to say that youth in low-income countries have not been affected. The current crisis threatens to exacerbate the challenges of rampant (but difficult to quantify) decent work deficits in developing regions, adding to the number of working poor and slowing the rate of progress being made in recent years on poverty reduction, educational attainment, fertility and health, all the elements of human development that shape the current and future generation of young people. As more young people remain (or enter) in poverty over the course of the crisis, the hope of seeing a youth-driven push toward development in

low-income countries remain stalled. It is fairly safe to argue, therefore, that the true “lost generation” of youth is the poor in developing regions.

Young men and women today build the foundations for the economies and societies of tomorrow. They bring energy, talent and creativity to economies and make important contributions as productive workers, entrepreneurs, consumers, agents of change and as members of civil society. There is no doubt that what young people strive for is the chance of a decent and productive job from which to build a better future. Take away that hope and you are left with a disillusioned youth trapped in a cycle of working poverty or in danger of detaching from the labour market altogether – thus representing a vast waste of economic potential.

## 1.2 Organization of the report

This report is the fourth in the series, with previous editions produced in 2004, 2006 and 2008. As in the previous reports, it incorporates the most recent labour market information available to explore the theme of the vulnerabilities of youth to unemployment and decent work deficits, showing where progress has or has not been made in absorbing the energy, talent and creativity of young people into the productive potential of the economy. Chapter 2 updates the world and regional youth labour market indicators and provides detailed analyses of the longer-term trends in youth population, labour force, employment and unemployment, and provides a first glimpse at new estimates of working poverty among youth.

The *Global Employment Trends for Youth, August 2010* remains unique, however, as the only report in the series to be written in the midst of a global economic crisis. As such, it is imperative that the report address the impact of the crisis on young men and women around the world. The impact on young people is defined and placed in a broader context in terms of comparisons among regions, between sexes and among other age cohorts (namely, that of adults). Chapter 3 explores the question of whether young men and women, already defined as a group with serious vulnerabilities even at the best of times, can become even more vulnerable during times of economic shocks. It looks at where the crisis impact is being felt the hardest in terms of youth employment and unemployment and where the impact is showing up more indirectly in view of longer-term development prospects. Finally, Chapter 4 looks at some lessons learned from evaluated youth employment programmes. Ideally, such lessons can help to shape future developments as countries continue to prioritize youth in their national recovery policy agendas.

## 1.3 Key findings in youth labour market trends

This is a dense report, packed with data and information. The following summary is therefore added to assist readers seeking only the main empirical findings in youth labour market trends.

### 1.3.1 Measuring youth vulnerabilities: Summary of long-term trends, 1998-2008 (Chapter 2)

#### *At the global level*

- *Both youth labour force participation rates and employment-to-population ratios are declining.* The youth labour force participation rate decreased globally from 54.7 to 50.8 per cent between 1998 and 2008, which means that in 2008 only every second young person was actively participating in labour markets around the world. In 2008 the number of employed young people was 540 million, an increase of 34 million from ten years before. However, because the youth population grew at a quicker pace than youth employment, the share of youth who are employed in the youth population (the youth employment-to-population-ratio) saw a decrease from 47.9 to 44.7 per cent between 1998 and 2008. The main “driver” of both trends is gains in the number of young people participating in the education system, although in some regions discouragement among youth also plays a role.
- *Youth unemployment rates were on a downward trend prior to the economic crisis but were still nearly three times higher than adults.* The youth unemployment rate stood at 12.1 per cent in 2008 compared to 5.8 per cent for the overall global unemployment rate and 4.3 per cent for the adult unemployment rate. Compared to adults, youth are almost three times as likely to be unemployed; the ratio of the youth-to-adult unemployment rate was 2.8 in 2008, up from 2.6 in 1998.
- *Young people suffer disproportionately from decent work deficits, measured in terms of working poverty and employment status.* Evidence shows that young people have a higher likelihood than adults of being among the working poor. An estimated 152 million young workers were living in poor households (with per-capita expenditure below US\$1.25 a day) in 2008, down from 234 million young working poor in 1998. The working poverty rate at US\$1.25 among youth (share of working poor youth in total youth employment) was 28.1 per cent in 2008. Young people therefore accounted for 24.0 per cent of the world’s total working poor, versus 18.1 per cent of total global employment in 2008. The higher labour force participation rates of the young working poor, most of which are engaged in the agricultural sector, reflect lost opportunities for many of the youth who might otherwise attend school and acquire skills and education that could raise their future productivity and potential earnings. Many young working poor lacked even a primary-level education.
- *Many young people in developing economies begin their labour market attachment as unpaid contributing family workers before moving into own-account work as adults.* Country-level evidence supports the finding that in developing economies many more young people than adults engage in family businesses (likely to be an informal enterprise) or farms. The chances for young people in low-income countries of ever transiting to paid employment in the formal sector are slim.

#### *Regional findings*

- *Demographic and education trends are easing pressure on youth in most regional labour markets but the youth labour force continues to grow in the poorest regions, adding pressure to the already saturated job markets.* The annual growth of the youth labour force in South Asia and Sub-Saharan Africa shows little likelihood of slowing down. In these two regions, where poverty rates are among the highest in the world, an

average of 1.0 and 2.2 million young people, respectively, are expected to enter the labour market every year between 2010 and 2015.

- *Regions showing some encouraging trends with declining youth unemployment rates over time (comparing only 1998 and 2008):* Developed Economies & European Union, Central & South-Eastern Europe (non-EU) & CIS, East Asia, Latin America & the Caribbean, North Africa and Sub-Saharan Africa.
- *Regions showing some discouraging trends with increasing youth unemployment rates over time:* South-East Asia & the Pacific, South Asia and the Middle East. It is worth noting that in more recent years (before the economic crisis) these same regions also started to show some encouraging signs, with youth unemployment rates descending from peaks in 2005 (South Asia and South-East Asia & the Pacific) and 2003 (Middle East).
- *More than 20 per cent of the youth labour force in the Middle East and North Africa in 2008 was unable to find jobs.* In Central & South-Eastern Europe (non-EU) & CIS, the youth unemployment rate was not far behind at 17.3 per cent. In the Asian regions and Sub-Saharan Africa youth unemployment rates are lower but this is likely to reflect the high rates of poverty and lack of social protection in the regions which forces the poor into low-productivity employment.
- *Most regions demonstrated encouraging gender trends* with decreasing gaps in both male-to-female labour force participation rates (except South-East Asia & the Pacific) and employment-to-population ratios (except Central & South Eastern Europe (non-EU) & CIS, South-East Asia & Pacific and the Middle East).
- *The likelihood of a young person working was very low in Central & South-Eastern Europe (non-EU) & CIS, the Middle East and North Africa.* In the latter two regions, four out of ten male youth were working in 2008 (40.7 and 39.5 per cent in North Africa and the Middle East, respectively) compared to less than two of ten young women (15.9 and 14.9 per cent, respectively). There is clear segmentation in youth labour market opportunities in these regions with the result being severe underdevelopment in the productive potential of the economies. Employment opportunities are rare for young men in the region and nearly non-existent for young women. In Central & South-Eastern Europe (non-EU) & CIS, low youth employment-to-population ratios are more a reaction to limited employment opportunities, with young people reacting to a highly competitive labour market by discouragement, underemployment or migration.

### 1.3.2 Summary of youth labour market trends in the crisis years, 2007-09 (Chapter 3)

#### *Impact on global youth unemployment*

- *The economic crisis is reflected in the largest ever cohort of unemployed youth.* Since the onset of the economic crisis, between 2007 and 2009, youth unemployment increased by 7.8 million at the global level (1.1 million in 2007/08 and 6.6 million in 2008/09). To put this in perspective, over the course of the ten-year period prior to the current crisis (1996/97 to 2006/07), the number of unemployed youth increased, on average, by 192,000 per year. In 2009 there were 80.7 million young people struggling to find work.
- *At the peak of the crisis period, the global youth unemployment rate saw its largest annual increase ever.* The youth unemployment rate rose from 11.9 to 13.0 per cent between 2007 and 2009. Between 2008 and 2009, the rate increased by 1 percentage

point, marking the largest annual change over the 20 years of available global estimates and reversing the pre-crisis trend of declining youth unemployment rates since 2002.

- *Youth unemployment rates have proven more sensitive to economic shocks than adult rates.* Between 2008 and 2009, there was a 14.6 per cent increase in the number of unemployed adults, compared to a 9.0 per cent increase in unemployed youth. In terms of unemployment rates, however, the impact on youth has proven to be greater than that of adults. The youth rate increased by 1.0 percentage point compared to 0.5 points for the adult rate over 2008/09. There are likely to be significant consequences for young people as upcoming cohorts of new entrants join the ranks of the already unemployed.
- *Young women have more difficulty than young men in finding work.* The female youth unemployment rate in 2009 stood at 13.2 per cent compared to the male rate of 12.9 per cent (a gap of 0.3 percentage point, the same gender gap seen in 2007).

### *Regional findings and other labour market impacts*

- *The timing of the impact differs by region.* Youth unemployment rates began to increase in the 2007/08 period in the Developed Economies & European Union, East Asia, Latin America & the Caribbean and the Middle East, while in the other regions the crisis-specific impact on youth unemployment rates is reflected in the 2008/09 period.
- *Youth in Developed Economies & European Union and Central & South-Eastern Europe (non-EU) & CIS were hit hard.* Youth unemployment rates increased by 4.6 percentage points in the Developed Economies & European Union between 2008 and 2009 and by 3.5 points in Central & South-Eastern Europe (non-EU) & CIS. These are the largest annual increases in youth unemployment rates ever recorded in any region. The youth unemployment rate of 17.7 per cent in 2009 in the Developed Economies & European Union is the highest the region has seen since regional estimates have been available (since 1991).
- *In most regions, young women continued to be the hardest hit by unemployment. The Developed Economies & European Union region was the exception.* In most regions, there was an increase in the gap between female and male youth unemployment rates as young women became even more likely to be unemployed than young men during the crisis. In contrast, in the Developed Economies & European Union, the increase in the male youth unemployment rate between 2007 and 2009 was 6.8 percentage points compared to 3.9 points for young women.
- *Temporary employment has not proved sensitive to the crisis, but more young workers were seen to take up part-time employment in the European Union countries analysed.*
- *Some evidence of rising discouragement.* In some countries there was an increase in inactivity among youth in the crisis years. This implies an increase in discouragement, whereby growing unemployment has led some young people to give up the job search.
- *In developing economies, the crisis adds to the ranks of vulnerable employment and informal sector employment.* There is supporting evidence of such an increase in Latin America where between the second semester of 2008 and the same period in 2009 the number of own-account workers increased by 1.7 per cent and the number of contributing family workers by 3.8 per cent. The region also experienced an increase in the share of teenagers aged 15-19 years engaged in informal sector employment during the crisis period.

### 1.3.3 Looking ahead, 2010 and 2011

- *Youth unemployment numbers and rates are expected to decline only in 2011.* The ILO forecasts a continued increase in global youth unemployment to an all-time high of 81.2 million and a rate of 13.1 per cent in 2010. In the following year, the number of unemployed youth is projected to decline to 78.5 million and the global youth unemployment rate to decline to 12.7 per cent. Only in the Middle East and North Africa are youth unemployment rates expected to continue the upward path in 2011. For all other regions, slight improvements over the peak years (2010 in most cases) are forecast. The largest decrease (1 percentage point from the peak rate in 2009) in youth unemployment rates is expected for Central & South-Eastern Europe (non-EU) & CIS. The projected 2011 rate in the Developed Economies & European Union would represent a 0.9 percentage point decrease from the previous year. However, the expected rate of 18.2 per cent would still be higher than was ever seen in pre-crisis period (1991-2007).
- *The projections show a longer expected recovery for youth compared to adults.* While the youth unemployment rate is projected to drop significantly to 12.7 per cent in 2011 from 13.1 per cent in 2010 (compared to the projected adult rates of 4.8 per cent in 2010 and 4.7 per cent in 2011), the greater sensitivity of youth rates to the business cycle means the projected recovery of youth is more uncertain than that of adults as economic instability continues.

#### Box 2

#### Why focus on youth?

Youth unemployment and situations in which young people give up on the job search or work under inadequate conditions incur costs to the economy, to society and to the individual and their family. A lack of decent work, if experienced at an early age, threatens to compromise a person's future employment prospects and frequently leads to unsuitable labour behaviour patterns that last a lifetime. There is a demonstrated link between youth unemployment and social exclusion. An inability to find employment creates a sense of uselessness and idleness among young people that can lead to increased crime, mental health problems, violence, conflicts and drug taking. The most obvious gains then, in making the most of the productive potential of youth and ensuring the availability of decent employment opportunities for youth, are the personal gains to the young people themselves.

The second obvious gain to recapturing the productive potential of underutilized youth is an economic one. Idleness among youth can come at great costs. They are not contributing to the economic welfare of the country – quite the contrary. The loss of income among the younger generation translates into a lack of savings as well as a loss of aggregate demand. Some youth who are unable to earn their own income have to be financially supported by the family, leaving less for spending and investments at the household level. Societies lose their investment in education. Governments fail to receive contributions to social security systems and are forced to increase spending on remedial services, including on crime or drug use prevention efforts. All this is a threat to the growth and development potential of economies. Focusing on youth, therefore, makes sense to a country from a cost-benefit point of view. Young people might lack experience but they tend to be highly motivated and capable of offering new ideas or insights. They are the drivers of economic development in a country. Foregoing this potential is an economic waste.

## 2 Labour market trends for youth

### 2.1 Demographic and youth labour force trends

From 2000 to 2010, the world's population grew at an average annual rate of 1.2 per cent, from approximately 6.1 to 6.9 billion people. The highest average annual population growth rates over the last ten years were registered in Sub-Saharan Africa (2.5 per cent), the Middle East (2.1 per cent), North Africa (1.7 per cent) and South Asia (1.6 per cent). The global population growth rate is expected to remain relatively unchanged (an average annual rate of 1.1 per cent) through 2015. Sub-Saharan Africa will continue to have the fastest population growth, with an annual average of 2.4 per cent, while population growth will remain lowest in the Developed Economies & European Union region, at 0.4 per cent.

*Globally, the share of youth in the overall population is declining...*

In all regions (but not in all countries) the share of youth in the overall population is currently declining, a clear sign that the developing world is nearing the final stage of the demographic transition.<sup>1</sup> As shown in figure 1, this process began at different times in each region, and there remains a marked difference in youth population shares across regions in 2010. In those with a low share of youth in the overall population, especially in the Developed Economies & European Union (12.5 per cent), the ageing of the population has become a particular concern. In contrast, youth continue to make up approximately one-fifth of the total population in many developing regions, including the Middle East (20.5 per cent), Sub-Saharan Africa (20.3 per cent), North Africa (20.0 per cent), and South Asia (19.5 per cent). In these regions, the share of youth in the population started to decline only as late as 2005 or, in the case of Sub-Saharan Africa, even more recently.

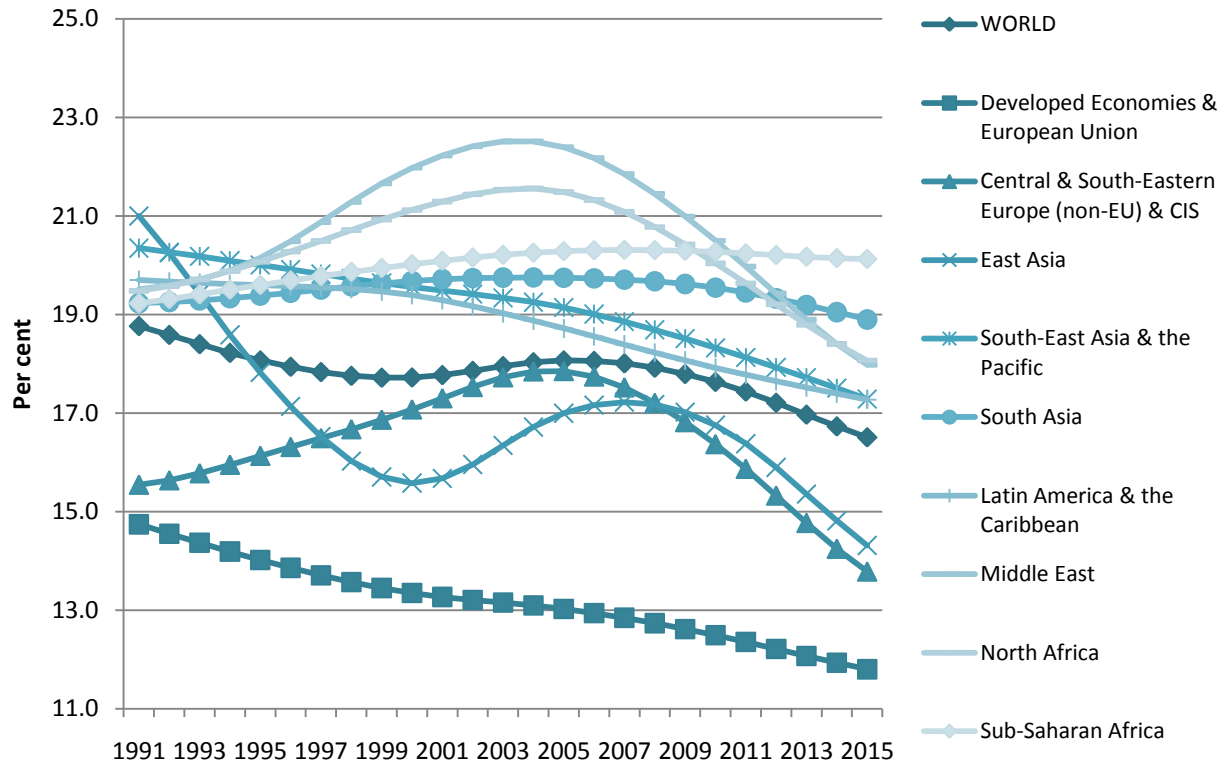
*but it continues to be high in many developing regions.*

Globally, as much as 90 per cent of youth are living in developing economies in 2010, with the three Asian regions accounting for more than half (55 per cent) of the world youth population (see figure 2). In the next five years the share of youth living in the developing world will remain unchanged, as decreases in the youth population in East Asia and Central & South-Eastern Europe (non-EU) & CIS are balanced by large increases in South Asia and Sub-Saharan Africa. Between 2010 and 2015 the number of youth living in Sub-Saharan Africa is expected to increase by 19.4 million, which translates to an increase in the share of Sub-Saharan Africa in the global youth population from 14 to 15 per cent. Similarly, the number of youth in South Asia will increase by 12.1 million, or from 27 to 29 per cent of the global number of youth. Latin America & the Caribbean is the only other region where an increase in the number of youth is projected, but this increase is much smaller in relative terms.

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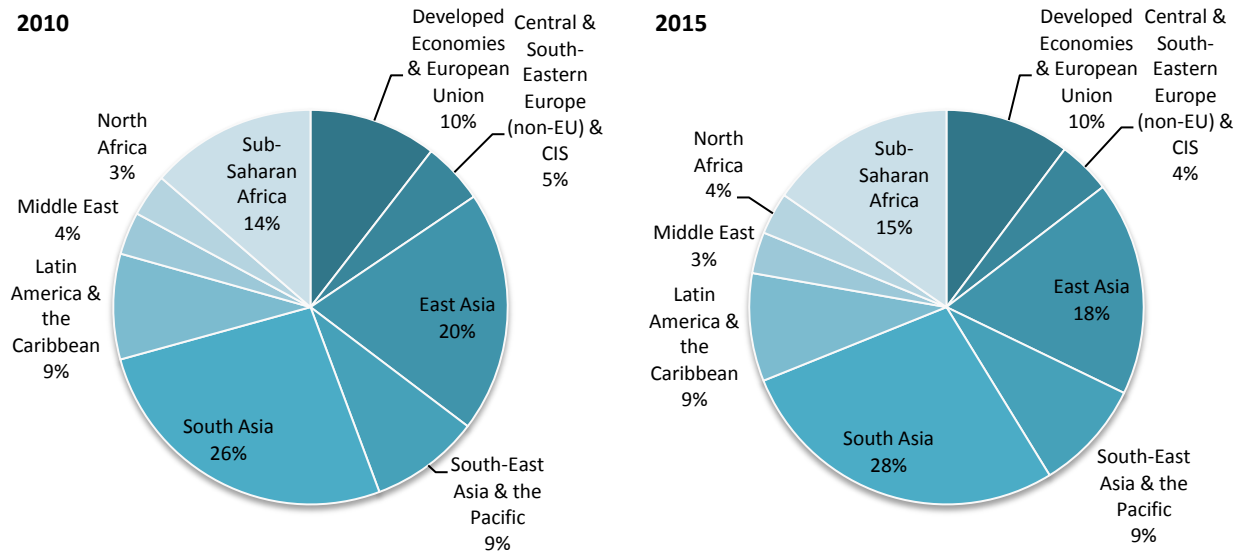
<sup>1</sup> In general, a country proceeds through three stages of demographic shifts: in the first stage, the proportion of the young in the population rises; in the second stage, the proportion of young people declines, that of the elderly cohort (aged 65+ years) increases modestly and, most importantly, that of adults (aged 25-64 years) increases sharply; finally, in the third stage, the proportion of adults falls while that of older people rises.

**Figure 1**  
Share of youth in the total population, by region, 1991 to 2015



Source: United Nations, World Population Prospects 2008 Revision Database.

**Figure 2**  
Regional distribution of the youth population, 2010 and 2015



Source: United Nations, World Population Prospects 2008 Revision Database.

*Youth labour force participation rates are decreasing in all regions, mainly as a reflection of improved educational enrolment...*

The increase in labour supply that results from population growth can be examined by considering the labour force participation rate for young people, which is the percentage of the working-age population that is economically active (employed or unemployed). (See Annex 3 for a glossary of labour market concepts.) Labour force participation rates can be high or low depending on cultural traditions, social norms, educational attainment and the degree of inactivity (voluntary or involuntary) in a country. Youth labour force participation rates are highest in East Asia (59.2 per cent) and Sub-Saharan Africa (57.5 per cent). The lowest rates are those of the Middle East and North Africa (36.4 and 38.0 per cent, respectively).

As shown in table 1, youth labour force participation rates decreased globally from 53.8 per cent in 2000 to 50.9 per cent in 2010, which means that today only every second young person is active in labour markets around the world. The global decrease in youth labour force participation between 2000 and 2010 reflects the decreases seen in all regions, and in most regions applies to both young men and women. Labour force participation rates for young women are lower than for young men in all regions except East Asia, mainly reflecting differing cultural traditions and the lack of opportunities for women to combine work and family responsibilities not only in the developing world but also in the industrialized world.<sup>2</sup> In many regions, gender gaps in youth participation rates have narrowed over the past decade, but they remain large in South Asia, the Middle East and North Africa. In the latter region, the female participation rate decreased faster than the male rate, actually increasing the gender gap.

**Table 1**  
**Youth labour force participation rate, by region and sex, 2000, 2010 and 2015**

	Total (%)			Male (%)			Female (%)		
	2000	2010	2015	2000	2010	2015	2000	2010	2015
WORLD	53.8	50.9	50.2	62.5	58.9	58.2	44.7	42.4	41.6
Developed Economies & European Union	53.1	50.2	50.2	55.9	52.6	52.5	50.3	47.7	47.9
Central & South-Eastern Europe (non-EU) & CIS	42.4	41.7	40.8	48.9	47.7	47.0	35.7	35.5	34.3
East Asia	67.2	59.2	56.9	65.8	57.0	55.0	68.7	61.6	59.2
South-East Asia & the Pacific	55.8	51.3	50.6	63.5	59.1	57.9	48.0	43.3	42.9
South Asia	48.0	46.5	46.3	66.1	64.3	64.0	28.5	27.3	27.2
Latin America & the Caribbean	54.2	52.1	51.4	66.5	61.3	59.3	41.7	42.7	43.5
Middle East	36.9	36.3	34.7	52.6	50.3	48.1	20.2	21.5	20.5
North Africa	39.4	37.9	36.5	53.4	52.5	50.2	25.1	22.9	22.3
Sub-Saharan Africa	57.8	57.5	57.4	64.1	62.7	62.1	51.4	52.2	52.7

Source: ILO, Economically Active Population Estimates and Projections, 5th Edition, revision 2009.

The trend of decreasing rates is mainly a result of more young people engaging in education and extending their stay in education, so in this regard can be viewed as a positive development (see the discussion on education and the impact on the employment-to-

<sup>2</sup> See ILO: *Women in labour markets: Measuring progress and identifying challenges* (Geneva, 2010) for an in-depth analysis of female labour market trends around the world.

population ratio of youth below in section 2.2). But there can also be negative circumstances behind declining labour force participation rates. The inactive youth population, the inverse of the youth labour force, consists of persons who neither work nor seek work for a number of reasons: they might be fully engaged in education, thus hopefully improving their future employment prospects; they might be already married with children and tending the household; they might be sick or disabled and unable to work; or they might be so frustrated with the lack of available prospects that they have given up the job search and are idly waiting for better times (a negative reason). This latter group are the “discouraged workers”.

### Box 3

#### A double burden: Being female and young in the Middle East and North Africa

In 2008, on the brink of the economic crisis, as little as 21.5 and 22.9 per cent of young women in the Middle East and North Africa, respectively, were participating in labour markets. And this is despite great gains in female education in the regions. Normally, increasing the level of educational attainment raises the opportunity costs of inactivity and improves access to employment opportunities. Yet in these two regions, the expected relationship does not hold for young women. Despite education gains, the labour force participation rate of young women in the Middle East increased by less than 2 percentage points between 1998 and 2008, while in North Africa the rates actually decreased from 25.2 to 22.9 per cent. Still, the majority of young women who do attempt to break into the labour market in the regions are those with a higher level of education. Dhillon and Yousef report a labour force participation rate of 50 per cent for young women with a higher education degree compared to 25 per cent for young women with basic or technical secondary education.<sup>1</sup>

The gender gaps in most labour market indicators, including youth unemployment rates and labour force participation rates, are consistently higher in the Middle East and North Africa than in all other regions, reflecting the strong cultural, social and economic gender divisions. While the gap in youth labour force participation rates have declined over time in the Middle East (from 32.7 percentage points in 1998 to 28.1 points in 2008), in North Africa the gap has continued to hover between 28 and 30 percentage points. Some employers openly give preference to male jobseekers. Others might prefer female workers but the jobs offered are low-skilled and low-paid and therefore not attractive to the few women holding out for employment.<sup>2</sup>

The educated young women mainly attempt to find work in the shrinking public sector, hence the extremely high female youth unemployment rates in both regions (30.8 and 30.3 per cent in the Middle East and North Africa, respectively, in 2008). Dhillon et al. (2007) also cite the lack of economic diversification outside the male-dominated growing oil industry as a cause of high female unemployment.<sup>3</sup> Women’s entrepreneurship in the regions is also reportedly low compared to other regions. Although, there are not significant differences between the types of enterprises owned by women and men, women are confronted with more hostile business environments (for example, the time needed to resolve a conflict via the legal system was found to be longer for women than for men).

In short, the employment situation facing young women in the Middle East and North Africa is dire and can only be made worse as the economic crisis closes even the few doors open to those who seek to gain some income and satisfaction through employment. There is a gross waste of the productive potential of young women in these two regions and an almost insurmountable battle to instigate any challenge to the deeply embedded gender norms. Unfortunately, the priority given to enforcing policies to combat discrimination and promote female employment and public awareness campaigns regarding the benefits of increasing the economic activity of women fall off the radar in an environment of crisis response.

<sup>1</sup> N. Dhillon and T. Yousef: “Inclusion: Meeting the 100 million youth challenge”, Middle East Youth Initiative, a Joint Initiative of Wolfensohn Center for Development at Brookings and Dubai School of Government, 2007.

<sup>2</sup> ILO: *Global Employment Trends for Youth, October 2008* (Geneva, 2008), p. 21.

<sup>3</sup> N. Dhillon, D. Salehi-Isfahani, P. Dyer, T. Yousef, A. Fahmy and M. Kraetsch: “Missed by the boom, hurt by the bust: Making markets work for young people in the Middle East”, An Agenda for Policy Reform and Greater Regional Cooperation, Middle East Youth Initiative, a Joint Initiative of Wolfensohn Center for Development at Brookings and Dubai School of Government, 2009.

The *Global Employment Trends for Youth, October 2006* identified discouragement as the most damaging reason for inactivity since a discouraged youth is vulnerable to facing a difficult process of reintegration into the labour force and is in danger of feeling useless and of being alienated from society.<sup>3</sup> Unfortunately, few countries quantify discouragement, so the knowledge on the extent of the problem tends to be more anecdotal than factual. Another indicator that is more likely to be found is that of the share of young people who are neither in education nor employment (NEET). It captures the non-utilized labour potential of the youth population, including young people who are unemployed as well as those who are inactive for reasons other than participation in education (thus including discouraged workers but also persons who are inactive for other reasons such as disability or engagement in household duties). A recent study on youth in Latin America reported an aggregate NEET rate of 19.8 per cent in 2008, down slightly from 21.1 per cent in 2005.<sup>4</sup> This compares to a NEET rate of 13.6 per cent for the same year in the EU-27 countries.<sup>5</sup>

*but the youth labour force is expected to continue growing in the poorest regions and each year's cohort of entrants adds pressure to an already saturated job market.*

From 2010 to 2015 youth participation rates are expected to continue their decrease, but at a slower pace than the previous period, resulting in a global participation of 50.2 per cent by 2015 (see table 1). There is an expected decrease in the global number of young people in labour markets of 15.6 million, with an average decrease over the period of 3.1 million active young people per year (see table 2). This will mark a significant change over the previous five-year period when the global youth labour force continued to grow year-to-year, but is in line with the population dynamics that forecast large decreases in the number of youth in both East Asia and Central & South-Eastern Europe (non-EU) & CIS. A decreasing labour force can also be a challenge when labour shortages start to hinder economic growth prospects as has been witnessed in recent years in many developed economies, (former) transition economies and, to a certain extent, also in East Asia.

**Table 2**  
**Five-year average of youth labour force growth, thousands**

	1995-99	2000-05	2006-10	2011-15
WORLD	-1'322	4'254	2'239	-3'110
Developed Economies & European Union	-581	-541	-373	-438
Central & South-Eastern Europe (non-EU) & CIS	4	-21	-319	-855
East Asia	-6'364	-203	-229	-4'363
South-East Asia & the Pacific	434	51	-317	-194
South Asia	1'732	1'871	1'533	990
Latin America & the Caribbean	551	160	-117	4
Middle East	478	455	-52	-251
North Africa	424	314	-35	-198
Sub-Saharan Africa	2'001	2'167	2'147	2'195

Source: ILO, Economically Active Population Estimates and Projections, 5th Edition, revision 2009.

<sup>3</sup> ILO: *Global Employment Trends for Youth, October 2006* (Geneva, 2006), p. 31;  
[http://www.ilo.org/empelm/what/lang--en/WCMS\\_114243/index.htm](http://www.ilo.org/empelm/what/lang--en/WCMS_114243/index.htm).

<sup>4</sup> ILO: *Trabajo Decente y Juventud en América Latina, Avance – Febrero 2010* (Lima, 2010);  
[http://www.cinterfor.org.uy/public/spanish/region/ampro/cinterfor/newsroom/resenas/2010/tdec\\_juv.htm](http://www.cinterfor.org.uy/public/spanish/region/ampro/cinterfor/newsroom/resenas/2010/tdec_juv.htm).

<sup>5</sup> Calculated from tables in EUROSTAT, European Labour Force Survey, online database.

In sharp contrast to the other regions, the annual growth of the youth labour force in South Asia and Sub-Saharan Africa show little or no likelihood of slowing down. In these two regions, where poverty rates are among the highest in the world, an average of 1 and 2.2 million young people, respectively, are expected to enter the labour market every year between 2010 and 2015.

A growing labour force can be an asset for labour markets and societies if the economy needs labour and has enough jobs to offer. However, if economic growth is not matched by growth of decent employment opportunities, labour force growth can be a threat since the competition to find jobs among the many young people entering the labour market becomes more intense. In labour markets where an excess supply of jobseekers compete for vacancies, it is the young people who lack social networks and the know-how to market themselves as potential employees and who will be the ones left behind to join the growing number of unemployed or discouraged youth. Alternatively, they will accept work under inferior conditions or move into the informal economy. This vicious circle that results when economic growth cannot accommodate labour force growth has been observed over long periods in the Middle East, North Africa, South Asia and Sub-Saharan Africa. It is particularly worrying that in the latter two regions large increases in the youth labour force are projected for the next five years. These increases add to the challenge of creating sufficient decent employment in these regions, both of which already have large decent work deficits for young people.

## 2.2 Trends in youth employment

### *Youth population growth continues to outpace employment growth*

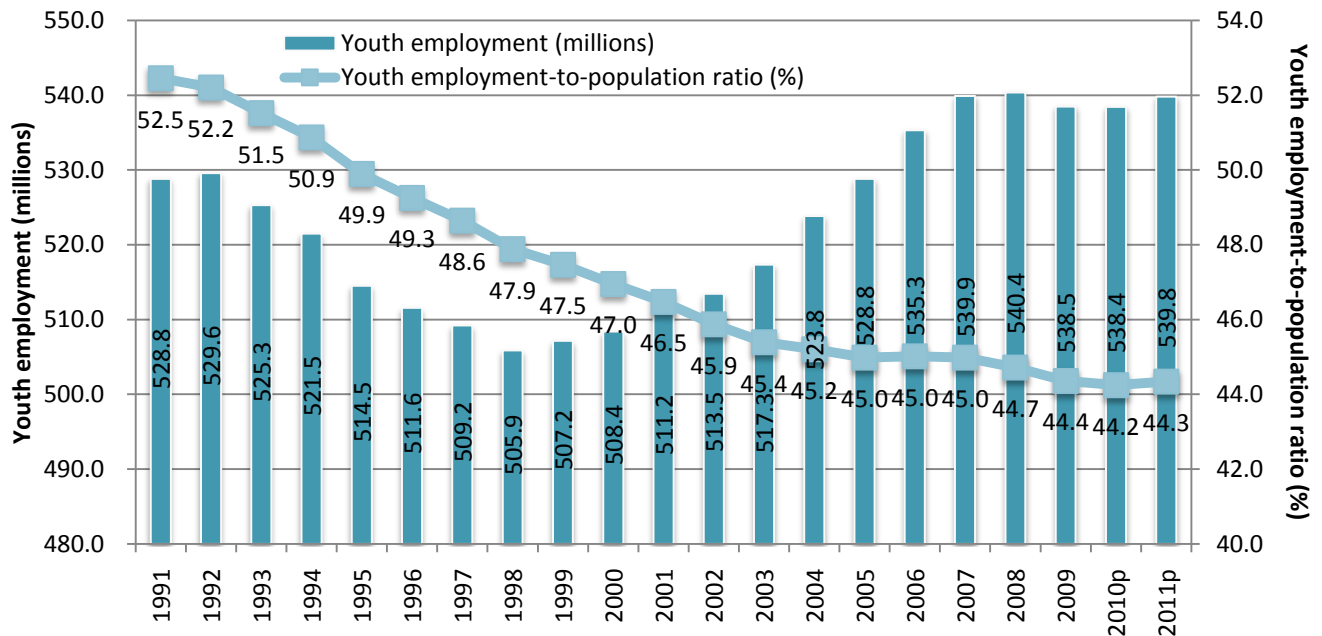
Between 1998 and 2008,<sup>6</sup> the number of employed young women and men increased on an annual basis at the global level to reach 540 million, with the sharpest employment growth seen over the period 2002-07 (see figure 3.) Overall, the youth employment gain amounted to a 6.8 per cent increase whereas the youth population grew by 14.4 per cent over the same period. There are both positive and negative impacts associated with this discrepancy between population and employment growth. It is negative when the majority of the difference is explained by increasing numbers of unemployed youth (see discussion in section 2.3) and by increased numbers of discouraged youth (see discussion in section 2.1); it is positive when the majority of the difference is explained by more young people participating for longer periods in the educational system and if decent employment opportunities will be available to youth when they finally leave the education system.

With the youth population increasing at a faster pace than employment, the result is a declining trend in the youth employment-to-population ratio. In 2008, 44.7 per cent of youth were working, compared to 47.9 per cent in 1998. The only regions where the youth employment-to-population ratio increased were Central & South-Eastern Europe (non-EU) & CIS and Sub-Saharan Africa, albeit very slightly by only 0.7 percentage points in both regions (see figure 4 and table A4). The increased ratio in Sub-Saharan Africa is particularly noteworthy given the tremendous growth of the youth population there (31.4 per cent) that the labour market has had to accommodate during this period. The increase in the number of

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<sup>6</sup> Henceforth in Chapter 2, the analysis ends with the year 2008. Estimates for 2009 are presented in Chapter 3, along with projections for years 2010 and 2011.

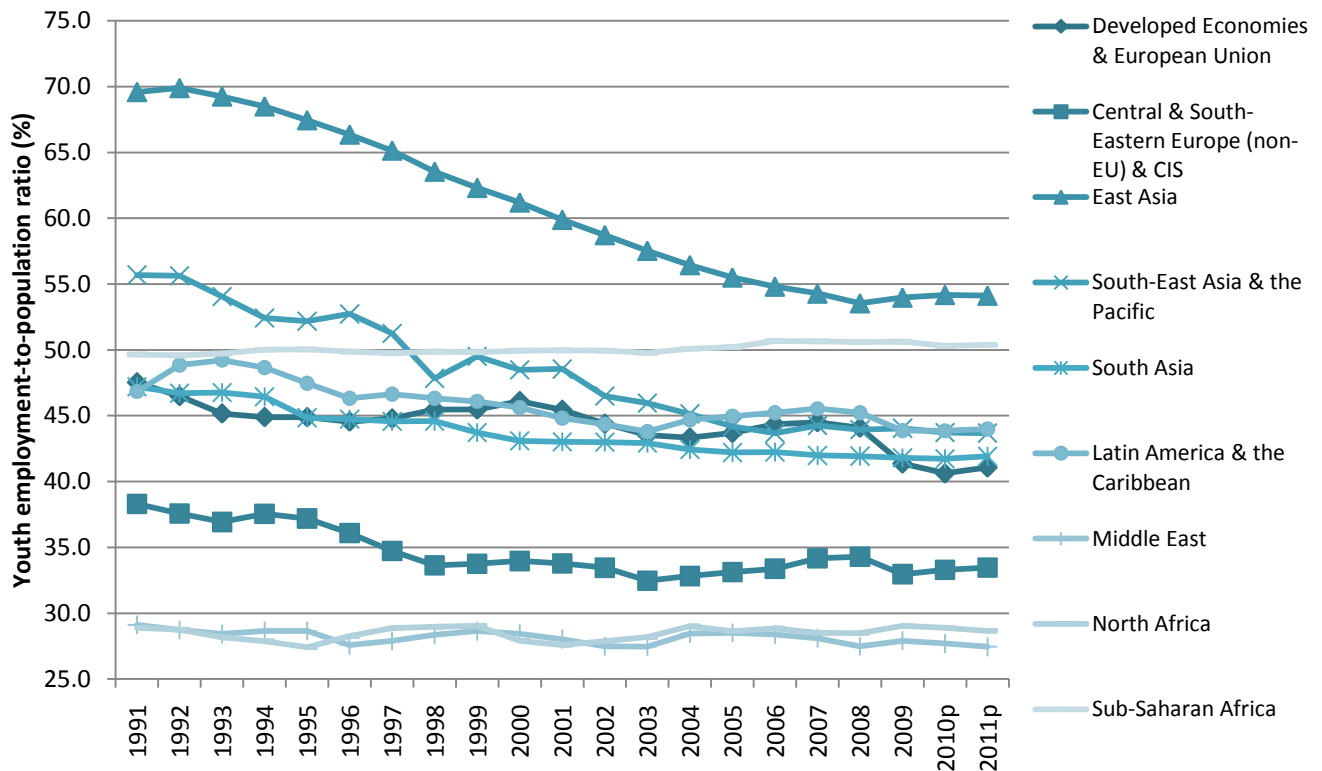
**Figure 3**  
Global youth employment and employment-to-population ratio, 1991 to 2011



p = projection

Source: ILO, Trends Econometric Models, April 2010 (see boxes 4 and 8 for more information).

**Figure 4**  
Youth employment-to-population ratio, by region, 1991 to 2011



p = projection

Source: ILO, Trends Econometric Models, April 2010 (see boxes 4 and 8 for more information).

employed youth in this region, at 33.3 per cent, surpassed that of any other region. Three other regions also showed double digit growth in youth employment – the Middle East, North Africa and South Asia – but with even faster youth population growth, the overall effect was one of slight declines in the youth employment-to-population ratios.

Between 1991 and 2001, the number of employed youth fell in East Asia by an average of 3.4 per cent per year. Only between 2001 and 2002 did the numbers of employed youth begin to increase again on an annual basis. Clearly, these trends are driven by China and, specifically, by the declining youth population throughout the 1990s as the enforcement of the one-child policy in previous decades began to show its effect. That youth employment numbers fell by more than the youth population numbers hints to another explanation, namely the progress made in China toward getting more youth into education at the secondary and tertiary levels. Youth in East Asia still have the highest probability of working compared to those of any other region (with the youth employment-to-population ratio at 53.5 per cent in 2008) but its gap with the next highest region, Sub-Saharan Africa, has narrowed significantly over the decade.

Sub-Saharan Africa, as the region that consistently demonstrates the second highest youth employment-to-population ratio, merits special attention because of both the volume and nature of youth employment in the region. As already stated, it was only in Sub-Saharan Africa that the number of youth who engaged in work increased by a noteworthy 33.3 per cent between 1998 and 2008. Unfortunately, this does not represent a positive development for the region and serves as a reminder that a trend of increasing employment for young people is not necessarily a good thing. This then begs the questions: when is rising employment among youth a negative trend, and how does one judge? In response to the first question, increasing youth employment and employment-to-population ratios are not positive indicators when they mean that more young people face an economic need to work for income in an environment marked by widespread poverty and a lack of social protection. Unfortunately, poverty and a lack of viable alternatives in the education system remain the motivation for the majority of working youth in Sub-Saharan Africa (see box 9 on youth and choices).

As to the second question: how does one judge when employment trends are positive or negative for young people? The trick is to look at labour market indicators together. In the case of Sub-Saharan Africa, for example, while the youth employment-to-population ratio in 2008 was the second highest in the world at 50.6 per cent, the youth unemployment rate was among the lowest of all regions at 11.9 per cent (above only East Asia and South Asia at 8.6 and 10.0 per cent, respectively) (see section 2.3 on youth unemployment trends). The combination of comparatively high employment-to-population ratios and low unemployment rates is a strong sign of widespread low-productivity, poverty-driven employment. Add to this the regional majority share of employment in the agriculture sector (59.3 per cent in 2008 for the population aged 15 years and above), in vulnerable employment (77.3 per cent in 2008 for the population aged 15 years and above) and in working poverty (81.6 per cent of workers above the age of 15 years living in households with per-capita expenditure of less

than US\$2 a day in 2008)<sup>7</sup> and the dire reality of decent work deficits for the region become all too obvious.

Four regions show youth employment-to-population ratios between 40 and 50 per cent over the ten-year period. These are the Developed Economies & European Union (44.1 per cent in 2008), South-East Asia & the Pacific (43.9 per cent), South Asia (41.9 per cent) and Latin America & the Caribbean (45.2 per cent). There is, however, a main difference among the regions in terms of the distribution of employment by sex. Young men and women in the Developed Economies & European Union show an almost equal propensity for working (employment-to-population ratios in 2008 were 45.7 and 42.4 per cent for young men and women, respectively). In clear contrast, there was a gap of 33.1 percentage points between the youth male and female ratios in South Asia, and one of 20.6 points in Latin America & the Caribbean (see table A4). For South Asia, the gap did not narrow at all between 1998 and 2008, while in Latin America & the Caribbean, there has been improvement in narrowing gender differences as a result of both an increase in the female ratio and decrease in the male ratio over time. In South-East Asia & the Pacific the male-female gap in youth employment-to-population ratios was less but still significant at 14.0 percentage points and, unusually, showed a tendency to increase over time (the gap in 1998 had been 11.8 percentage points). With the tendency to work among both young men and women decreasing in the region, the explanation may have more to do with increasing education opportunities for both sexes than to discriminatory access to employment for young women.

Finally, at the low end of youth employment-to-population ratios are Central & South-Eastern Europe (non-EU) & CIS, the Middle East and North Africa. As shown in figure 4, the ratios in these three regions are persistently lower and have changed little over the period 1998-2008. The portrait of youth employment in the latter two regions is quite similar; while four out of ten male youth were working in 2008 (39.5 and 40.7 per cent in the Middle East and North Africa, respectively), less than two of ten young women engaged in work (14.9 and 15.9 per cent, respectively). There is clear segmentation in youth labour market opportunities in these regions with the result being severe underdevelopment in the productive potential of the economies. Employment opportunities are clearly low for young men in the region and nearly non-existent for young women (see box 3).

In Central & South-Eastern Europe (non-EU) & CIS a different story emerges. Here the low overall ratio has less to do with nominal female employment (although there was a gap of 10.7 percentage points between male-female ratios of youth in the region) and more to do with the education system in the region which is both well developed and well utilized. Educational attainment is typically above the world average for countries of this region.<sup>8</sup> Nonetheless, education alone cannot explain the low youth employment ratios in the region; enrolment rates are equally high in countries in the region of the Developed Economies &

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<sup>7</sup> The three indicators mentioned here have been adopted as indicators for tracking progress toward MDG 1b on promoting full and productive employment and decent work for all, including women and young people: the employment-to-population ratio, vulnerable employment rate and working poverty rate (the latter two are more fully defined in sections 2.5 and 3.2.3). See ILO: *Guide to the new Millennium Development Goals employment indicators* (Geneva, 2009) for more information about how to analyse the employment-related MDG indicators together. The data referred to here are from the ILO, Trends Econometric Models, November 2009, as reported in ILO: *Global Employment Trends, January 2010* (Geneva, 2010).

<sup>8</sup> ILO : *Global Employment Trends for Youth, October 2008* (Geneva, 2008), p. 41.

European Union, yet in this region the overall youth employment-to-population ratio was 10 percentage points higher (44.1 per cent compared to 34.3 per cent). Youth unemployment rates are high in the region, 17.3 per cent in 2008, and the two indicators together – low employment-to-population ratios and high unemployment rates – can be indicative of severe structural employment issues resulting in high dependence on State and/or family assistance (more likely the latter for youth in this region). With only limited jobs available to the highly skilled graduates that enter the labour force year after year, some youth accept work that is below their skills levels, others migrate to other countries and others fall outside of the labour force in discouragement.

#### Box 4

##### A note on data sources: ILO Trends Econometric Models

The biggest challenge in the production of aggregate estimates is that of missing data. In an ideal world, producing world and regional estimates of labour market indicators, such as employment, for example, would simply require summing up the total number of employed persons across all countries in the world or within a given region. However, because not all countries collect and/or report data in every year and, indeed, some countries do not report data for any years at all, it is not possible to derive aggregate estimates of labour market indicators by merely summing across countries.

To address the problem of missing data, the ILO Trends Unit has designed and actively maintains three econometric models which are used to produce estimates of labour market indicators in the countries and years for which no real data exist. The Trends Labour Force Model is designed to produce estimates of labour force participation rates and the economically active population. The Global Employment Trends Model is used to produce estimates – wherever possible disaggregated by age and sex – of unemployment, employment-to-population ratios, status in employment, employment by sector, labour productivity and employment elasticities. Finally, the estimates of the working poor around the world come from the Trends Working Poverty Model. The models are collectively referred to as the “Trends Econometric Models”.

For a detailed description of the methodology used in the Trends Econometric Models, readers can consult Annex 4 of ILO: *Global Employment Trends, January 2010* and the following paper: ILO: “Trends Econometric Models: A review of methodology” (Geneva, 2010); these and other background documents are available on website: [http://www.ilo.org/empelm/what/projects/lang--en/WCMS\\_114246/index.htm](http://www.ilo.org/empelm/what/projects/lang--en/WCMS_114246/index.htm).

## 2.3 Trends in youth unemployment

*Youth unemployment was declining before the crisis hit in most regions of the world.*

The number of unemployed youth increased by 3.0 per cent between 1998 and 2008 to 74.1 million in the latter year (see figure 5). The average annual growth rate of youth unemployment over the period was 0.3 per cent while the average annual growth rate of the youth labour force was 0.6 per cent, hence the overall declining trend in the youth unemployment rate. A closer look at the different regions shows an increase in the number of unemployed youth between 1998 and 2008 of 27.5 per cent in South Asia, 25.0 per cent in the Middle East, 21.1 per cent in South-East Asia & the Pacific and 14.7 per cent in Sub-Saharan Africa. There were slight decreases in East Asia, Latin America & the Caribbean and North Africa, and considerable decreases of 11.4 and 25.8 per cent in the Developed Economies & European Union and Central & South-Eastern Europe (non-EU) & CIS, respectively (see table 3).

Worldwide, the youth unemployment rate stood at 12.1 per cent in 2008 (compared to 5.8 per cent for the total unemployment rate and 4.3 per cent for the adult unemployment rate). The rate increased from 2007 by 0.2 percentage points, while compared to the rate in

1998 it had decreased by 0.4 percentage points (see figure 5). The highest regional youth unemployment rates were observed in the Middle East and North Africa at 23.3 per cent. Central & Eastern Europe (non-EU) & CIS had the third highest rate in the world with 17.3 per cent. The rate in South-East Asia & the Pacific was 14.5 per cent, followed by Latin America & the Caribbean (14.3 per cent), the Developed Economies & European Union (13.1 per cent), Sub-Saharan Africa (11.9 per cent), South Asia (10.0 per cent) and East Asia (8.6 per cent).

**Table 3**  
**Change in youth unemployment and unemployment rates between 1998 and 2008, by region**

	Change in youth unemployment (%)	Change in youth unemployment rate (percentage point)
WORLD	3.0	-0.4
Developed Economies & European Union	-11.4	-1.0
Central & South-Eastern Europe (non-EU) & CIS	-25.8	-5.7
East Asia	-9.3	-0.5
South-East Asia & the Pacific	21.1	2.2
South Asia	27.5	1.1
Latin America & the Caribbean	-5.9	-1.2
Middle East	25.0	0.5
North Africa	-1.5	-3.2
Sub-Saharan Africa	14.7	-1.7

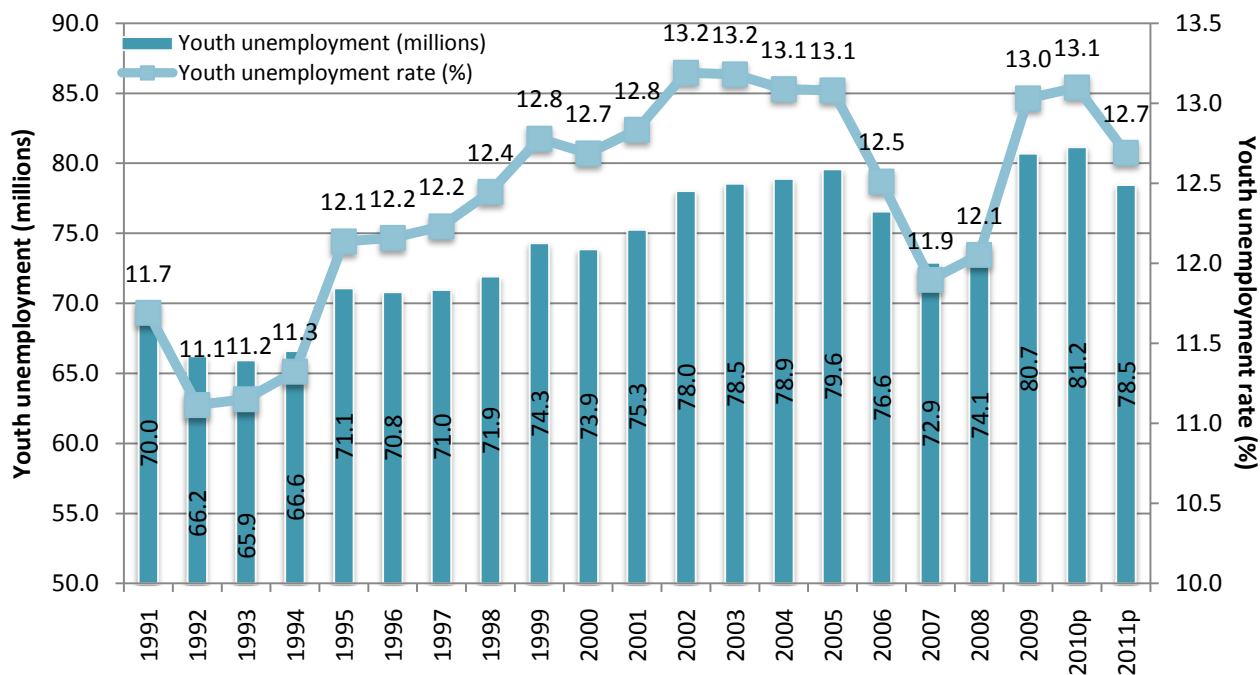
Source: ILO, Trends Econometric Models, April 2010 (see box 4 for more information).

The youth unemployment rate decreased over the period 1998 and 2008 in all regions but South-East Asia & the Pacific, South Asia and the Middle East (see figure 6 and table A5). The regions that saw the most considerable improvements in youth unemployment rates were Central & South-Eastern Europe (non-EU) & CIS (decrease of 5.7 percentage points) and North Africa (decrease of 3.2 percentage points). In the former region, the improvement seems to indicate an abatement of at least some of the structural problems identified in section 2.2 as a result of a combination of successful youth employment strategies and strong economic growth. Discouragement among youth remains a strong issue in the region, however. In contrast, in North Africa, the main explanation is the declining growth rate of the youth labour force (the annual growth rate of the youth labour force in North Africa was 2.9 per cent in 1998 and only 0.1 per cent in 2008).

*Youth are more likely to be unemployed than adults.*

In order to shed more light on the labour market situation of young people, it is interesting to compare their unemployment rates to those of adults. Youth unemployment rates continued to be much higher than adult rates in all regions. In most regions youth were nearly three times more likely to be unemployed than adults, resulting in a global average ratio of youth-to-adult unemployment rate of 2.8 in 2008. The two extreme values were found in Sub-Saharan Africa, where the youth unemployment rate was “only” 1.9 times higher than the adult rate and, at the other end of the scale, South-East Asia & the Pacific, where the ratio was 4.6 (see table A6).

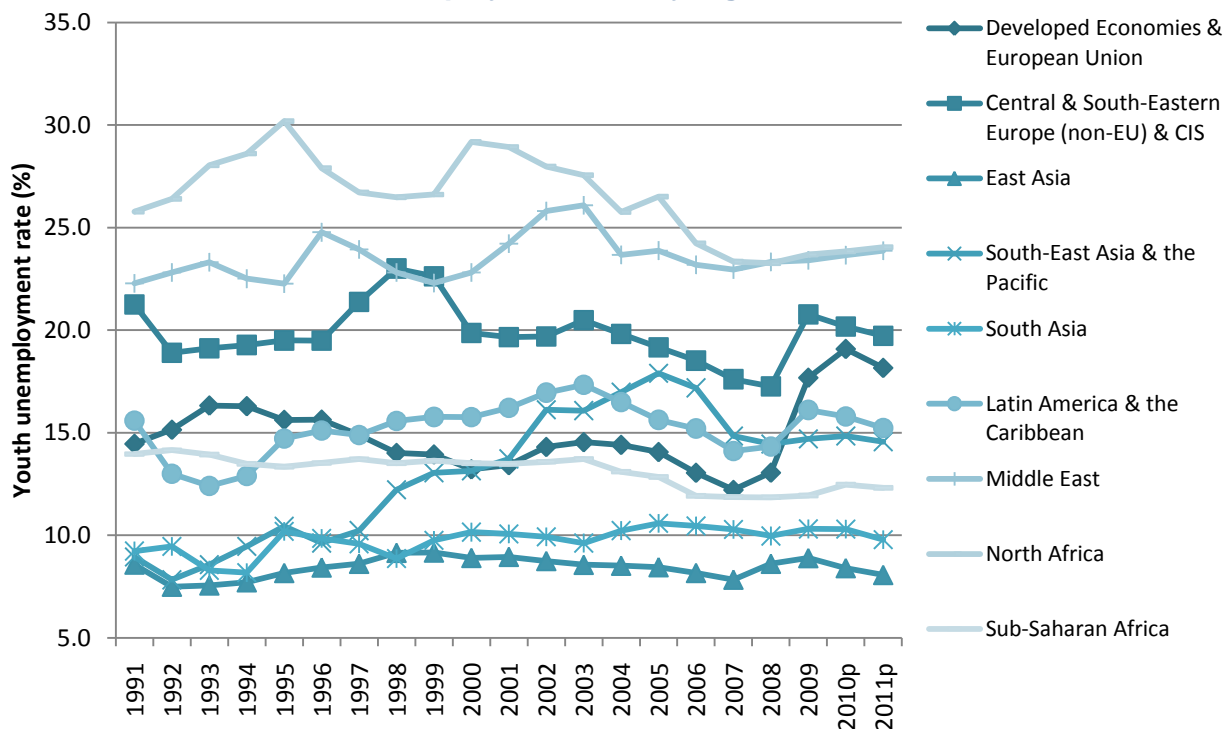
**Figure 5**  
Global youth unemployment and unemployment rate, 1991 to 2011



p = projection

Source: ILO, Trends Econometric Models, April 2010 (see boxes 4 and 8 for more information).

**Figure 6**  
Youth unemployment rate, by region, 1991 to 2011



p = projection

Source: ILO, Trends Econometric Models, April 2010 (see boxes 4 and 8 for more information).

There are various reasons behind the perpetually higher youth unemployment rates and not all of them are negative. On the supply side, a young person might voluntarily engage in multiple short spells of unemployment as they gain experience and “shop around” for an appropriate job. This implies, however, that a support structure, such as the family, exists to economically support the young jobseeker as he or she searches for work. In low-income countries, this support structure does not exist for the majority of the population; as a result, many young people simply cannot afford to be unemployed and are likely to take up any work that becomes available, regardless of working conditions or whether or not the job fits his/her education or skills-base. In addition, youth often lack both labour market information and job search experience. In many developing countries, it is only through informal placement methods – typically through family and friends – that a young person finds work.<sup>9</sup> Beyond the word-of-mouth approach through families and friends, youth simply might not know how and where to look for work. Furthermore, because of the opening and closing of educational institutions over the course of the year, young students are far more likely to enter and exit the labour force as they move between employment, school enrolment and unemployment.

The plethora of supply-driven reasons should not discount, however, the reasons behind the comparatively high youth unemployment rates that are the consequence of a labour market bias against young people. For example, employers are less reluctant to lay off adult workers first because the cost to establishments of releasing them is generally perceived as higher than for younger workers, because young employees are likely to have less work experience than adults (i.e. less company funds invested in them for training purposes, young employees have fewer firm-specific skills and it is more likely that they are on a temporary contract) and employment protection legislation usually requires a minimum period of employment before it applies, while compensation for redundancy usually increases with tenure.<sup>10</sup> Thus, young workers will be the “first out”. In times of surplus labour competing for a limited number of jobs, youth with their shorter work histories, will also be the “last in”. Since they comprise a disproportionate share of new jobseekers, young people will suffer most from economically induced reductions or freezes in hiring by establishments.

Looking at figure 7 that plots data for 107 countries with both youth and adult unemployment rates for at least one year beyond 2003, it is clear that in most countries youth unemployment rates are between two and three times greater than that of adults. At least one country from all regions is represented within those bands. Where ratios are closer to 2, then, it is reasonable to say that unemployment is more or less a challenge for the whole population; young people are affected, certainly, but not to a degree that is excessive in comparison to the adult population. Very few countries had a youth unemployment rate that

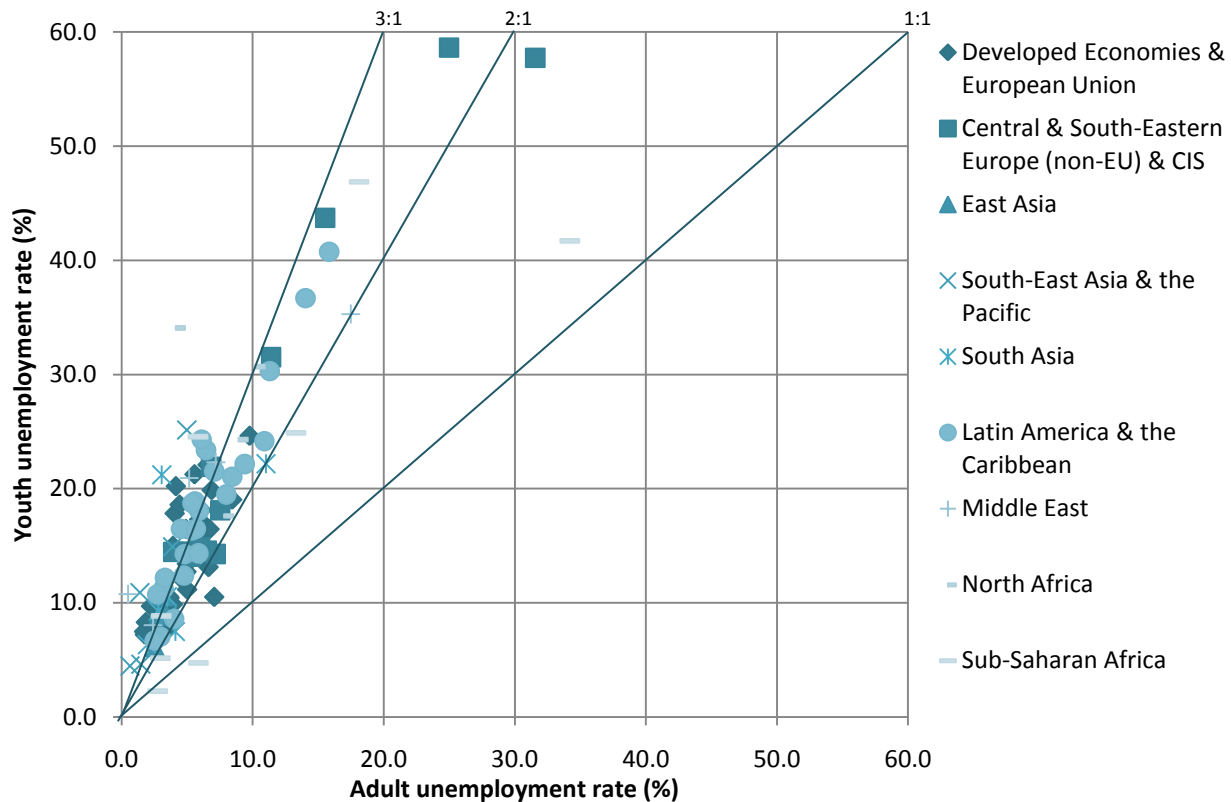
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<sup>9</sup> The premise is supported in a recent analysis of ILO school-to-work transition surveys. It reports that the large majority of employed youth in the surveyed countries (all in developing economies) found their current job through families or friends. See, M. Matsumoto and S. Elder: “Characterizing the school-to-work transition of young men and women: Evidence from the ILO school-to-work transition surveys”, Employment Paper No. 51, ILO, 2010; [http://www.ilo.int/wcmsp5/groups/public/---ed\\_emp/---emp\\_policy/documents/publication/wcms\\_141016.pdf](http://www.ilo.int/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_141016.pdf).

<sup>10</sup> For example, see S. Cazes and M. Tonin: “Employment protection legislation and job stability: An European cross country analysis”, Discussion Papers in Economics and Econometrics, University of Southampton, 2009; <http://www.soton.ac.uk/socsci/economics/research/papers/documents/2009/0902.pdf>.

was less than two times that of adults and, of the ten countries that did, five were in Sub-Saharan Africa (two other sub-Saharan African countries, Liberia and Madagascar, were unique in showing adult unemployment rates that exceeded that of youth). In contrast, the situation of young jobseekers in comparison to adults is indisputably difficult in some countries in Asia, the Middle East and North Africa – countries such as Egypt, Indonesia and Sri Lanka where youth unemployment rates (in excess of 20 per cent) were more than five times those of adults.

**Figure 7**  
**Youth and adult unemployment rates, country data, latest years ( $\geq 2004$ )**



Source: Figure 9a in ILO: *Key Indicators of the Labour Market, 6th edition* (Geneva, 2009), p. 414.

An additional way to look at unemployment that helps to complete the picture is the youth share of total unemployment. The share was 40.2 per cent in 2008 at the global level, meaning that almost every second unemployed person in the world was between the ages of 15 and 24 years (see table A8). It is a particularly troublesome indicator as youth only make up 24.7 per cent of the total working-age population. Like the youth unemployment rate, the share has shown a tendency to decline slightly over the last ten years. The share in 1998 was 1.7 percentage points higher at 41.9 per cent. The share of unemployed youth in total unemployment was highest in South-East Asia & the Pacific, the Middle East and North Africa where nearly six out of ten unemployed people were young in 2008. The lowest share was in the Developed Economies & European Union at 27.7 per cent.

### Box 5 Inequalities in youth labour markets

Young people as a group are not homogenous; there are certain subgroups that, in addition to being young, face other disadvantages that make it even harder for them to find a decent job. The data needed to find out which subgroups suffer most are still mainly available only for OECD- and EUROSTAT-covered countries, but anecdotal evidence shows that the following trends observed in these countries are replicated in the developing world:

- In general, young women have even more difficulties finding work than young men. Even though there are countries and regions where unemployment is lower for young women than for young men, this often only means that women do not even try to find a job but leave the labour market altogether due to discouragement. When they do find a job it is often lower paid and in the informal economy, in unprotected low-skilled jobs. (For more information on labour market difficulties specific to women, see ILO: *Women in labour markets: Measuring progress and identifying challenges* (Geneva, 2010); [www.ilo.org/trends](http://www.ilo.org/trends).)
- The unemployment rate tends to fall with age in most countries where data are available. The very young (aged 15-19 years) – typically those with the least education and certainly those with the least experience – have the greatest difficulties finding work, which makes it more difficult for them to gain the experience sought by the employers.
- In most OECD countries, unemployment is higher among less educated young people. Higher education generally not only reduces the risk of unemployment, but also increases the chances of obtaining full-time employment with a long-term contract. In developing countries, however, where the supply of highly educated youth has outpaced the supply of jobs to accommodate them, unemployment tends to increase among better-educated young people, who also tend to be those best placed to support the job search since there is a tendency for the well educated to come from wealthier families. This is particularly true in the Middle East and North Africa and in areas of Asia (see box 5.1 in *Global Employment Trends for Youth, October 2008*). A logical consequence is often that the well-educated young people leave their countries resulting in a loss to the country of the investment placed in them and a brain drain.
- Almost every country for which data are available shows higher unemployment among ethnic minorities, a reflection of both lower education levels among minorities and discrimination in the labour market. (See, for example, V. Corbanese and G. Rosas: “Young people’s transition to decent work: Evidence from Kosovo”, Employment Policy Papers, No. 2007/4, ILO, 2007.)
- The poorer the parents the more likely it is that the children will be unemployed. Poor youth face more (persistent and structural) barriers to entry than middle income youth. One study on the Latin American region found that the unemployment rates of the poorest youth (aged 20 to 24 years) were on average 19 percentage points higher than those of middle-income youth in the same age cohort.<sup>1</sup> Why? Emerging economies, as they shift from an agricultural base to a services base, have little demand for poor, unskilled and uneducated workers. But the correlation does not hold in all cases. In the Middle East, for example, poverty is low due to resource wealth and strong redistributive policies, but the youth unemployment rates are the highest in the world. Here it is the strong patriarchal structure of families that permits youth to spend extended periods of time searching and/or waiting for employment in a limited number of (preferred) public sector jobs, as well as discrimination against young women that explains high youth unemployment.

<sup>1</sup> Based on C. Fawcett: “Building a bridge for the road too far: Policy analysis for the school-to-work transition in Latin America”, in B. Ruble, J. Tulchin, et al., eds., *Youth explosion in developing world cities* (Washington, DC, Woodrow Wilson International Center for Scholars, 2003), p. 73.

## 2.4 Other labour market indicators for youth

*More information on the quality of work is needed.*

As discussed in previous editions of this report, the traditional indicators discussed above only show the tip of the iceberg concerning young people’s performance in labour markets. The most disturbing trends perhaps relate to the conditions of work for young

people, but the paucity of data available disallow the estimation of more detailed employment-specific labour market indicators at the global and regional levels. Even at the country level, age-disaggregated labour market information is rarely disseminated beyond the most common employment and unemployment rates. The available country-level data, backed up by anecdotal information, do suggest, however, that among young people who do manage to find work, working conditions tend to be below standard. Young workers often find themselves working long hours, on short-term and/or informal contracts, with low pay, little or no social protection, minimal training and no voice at work.<sup>11</sup>

The recent acquisition of micro-data from household income/expenditures surveys in association with the working poverty programme summarized in box 6 do allow for an additional assessment of at least some of the more qualitative indicators in developing economies, albeit for limited years. There is strong evidence in the datasets that young people are much more likely than adults to engage in unpaid contributing family work. In Benin (2003), for example, 49.1 per cent of young workers were classified as contributing family workers compared to 7.3 per cent of adults (see figure 8). What seems to happen is that many young people in developing economies start out as support labour in family businesses (likely to be an informal enterprise) or farms and then, as they become older, begin to earn income as own-account workers. In Benin, the shares of youth and adult in own-account work in 2003 were 45.8 and 81.2 per cent, respectively.

An occasional survey aimed specifically at capturing more of the qualitative characteristics of youth labour market situations, such as the ILO school-to-work transition surveys, can also help shed more light on the situation of young people's working conditions.<sup>12</sup> A recent synthesis of survey results from eight countries has shown, for example, that:<sup>13</sup>

- 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.

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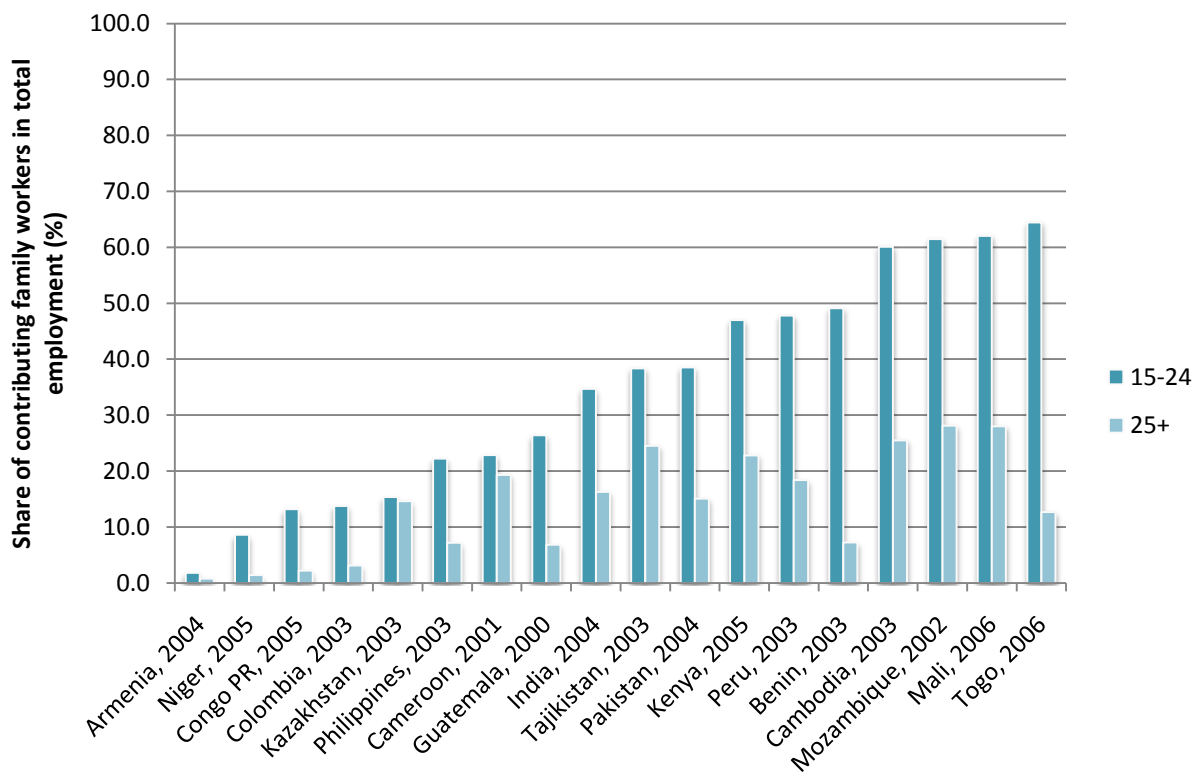
<sup>11</sup> Some country-level studies and cross-country studies exist which look in detail at issues such as the wages, hours of work, etc. of young people. See the website of the ILO Youth Employment Programme for a bibliography of country or regional studies of youth issues at: [www.ilo.org/youth](http://www.ilo.org/youth). Temporary work has also been quantified but only for countries covered by EUROSTAT. The data showed that in 2007, 41.1 per cent of young workers in the European Union (EU-27) were employed under temporary contracts (compared to 11 per cent of adults). See EUROSTAT, European Labour Force Survey, online database.

<sup>12</sup> For more information on the surveys, see S. Elder: *ILO school-to-work transition surveys: A methodological guide* (Geneva, ILO; 2009); [http://www.ilo.org/employment/Areasofwork/lang-en/WCMS\\_140862/index.htm](http://www.ilo.org/employment/Areasofwork/lang-en/WCMS_140862/index.htm).

<sup>13</sup> The list of countries (or territories) analysed include Azerbaijan, China, Egypt, Islamic Republic of Iran, Kosovo, Mongolia, Nepal and Syrian Arab Republic. See M. Matsumoto and S. Elder, op. cit.

- 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 relationships. 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.

**Figure 8**  
Share of contributing family workers in total employment, youth and adult cohorts, country data



Source: Tabulations based on national household income/expenditure surveys.

## 2.5 Measuring working poverty among youth

There is perhaps no stronger example of a decent work deficit than that which applies to those workers around the world who live in extreme poverty – the working poor. Poverty affects workers of all ages; however workers at different stages of the life cycle face different types and degrees of vulnerability to poverty. On the basis of available data, young workers appear to be disproportionately susceptible to poverty, reinforcing the notion that youth are not just disadvantaged in terms of accessing work, but also in finding productive work that provides sufficient income to escape poverty.

*Working poverty rates among youth exceed those of adults.*

An ongoing collaborative effort between the ILO and World Bank is providing, for the first time, a comprehensive profile of the working poor across countries through tabulation and analysis of internationally comparable cross-country poverty and labour market data, based on household surveys. As the data tabulations are disaggregated by age and sex, the project has provided new insights on the young working poor.<sup>14</sup> Figure 9 shows national working poverty estimates for 30 countries, disaggregated into youth and adult cohorts. The rates indicate the share of workers living in households with per-capita expenditure below the US\$1.25 a day poverty line. Working poverty rates among youth exceed the corresponding adult rates in 27 out of 30 countries for which data are available, providing the clearest evidence yet that young people face a comparatively worse scenario than adults not only in terms of significantly higher relative unemployment rates, but also in terms of a greater likelihood of being among the working poor. In Bhutan, the working poverty rate among youth exceeded the adult rate by more than 10 percentage points, and the youth working poverty rate exceeded the adult rate by 5 percentage points or more in Bolivia, the Republic of Congo, Ghana, Guinea, Mali, Sierra Leone, Togo and Viet Nam.

The existence of poverty among young workers reflects the reality that many young people are in the labour market not out of personal choice, but rather because of the need to help support their families – younger siblings, parents and grandparents and even extended relatives. Labour force participation rates of poor youth (below the US\$1.25 a day poverty line) versus youth above the US\$2 a day poverty line confirm this. Looking at the data for the 30 countries for which youth working poverty data are available, in 25 countries, labour force participation rates among poor youth exceeded the corresponding rates for youth above the US\$2 a day poverty line, often by wide margins (see figure 10). If one assumes that the participation rates of the non-poor youth provide a reasonable estimate of “freely chosen” participation in the labour market, the gap provides an indication of labour market participation driven by the desperate state of poverty.

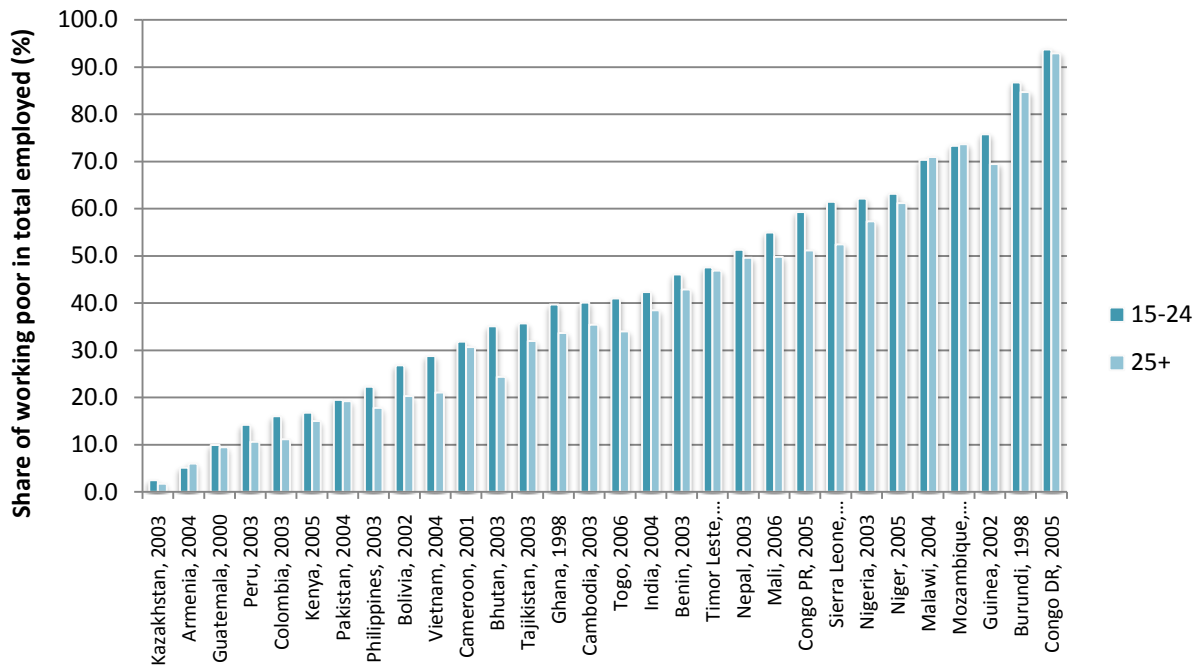
Higher labour force participation rates of the young working poor also reflect lost opportunities for many of the youth who might otherwise attend school and acquire skills and education that could raise their future productivity and potential earnings. Many young working poor lacked even a primary-level education: In Colombia, 59.9 per cent of the young working poor (in 2003) did not have a primary education, versus 19.9 per cent of youth living above the US\$2 poverty line. In the Philippines, 35.4 per cent of the young working poor lacked a primary-level education, versus 6.2 per cent of the non-poor working youth. These examples highlight the vicious circle of poverty, being trapped in low-

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<sup>14</sup> The ILO/World Bank collaboration uses existing national household income/expenditure survey datasets to tabulate and publish country-level estimates of the number of working poor, as well as their share in total employment, along with cross-tabulations of poverty status with other key labour market indicators. This has resulted in the first ever published set of national estimates of the working poor based on a consistent methodology and applying a definition of poverty based on US\$1.25 per day at purchasing power parity. The same definition is used for monitoring progress towards the Millennium Development Goals. The ultimate aim of the project is to significantly improve the understanding of poverty-employment linkages in developing countries throughout the world, with all estimates disaggregated by age and sex. Initial working poverty estimates are now available in ILO: *Key Indicators of the Labour Market, 6th Edition* (Geneva, 2009), table 20b. Chapter 1b of the KILM provides an overview of the effort to produce national working poverty estimates.

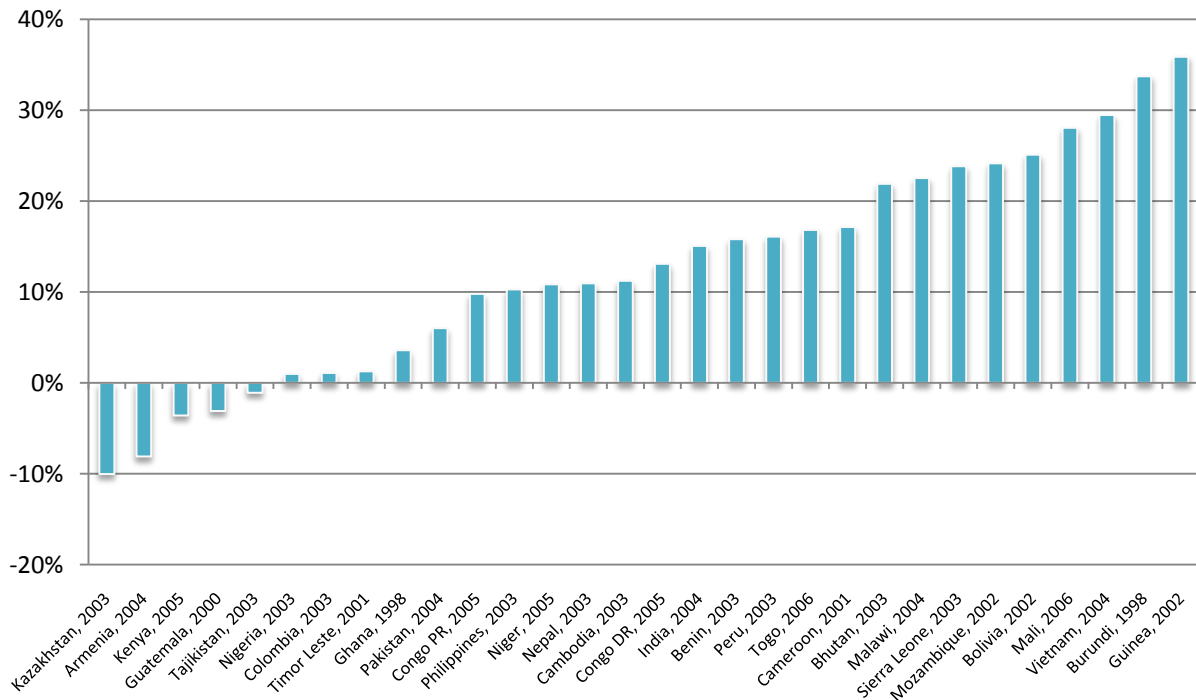
productivity work that is passed from generation to generation as children and youth continue to leave school far too early due to economic necessity.

**Figure 9**  
Working poverty estimates, youth and adult cohorts, country data



Source: Tabulations based on national household income/expenditure surveys.

**Figure 10**  
Gap in labour force participation rates between working poor youth (below US\$1.25 a day) and working youth above US\$2 a day, country data



Source: Tabulations based on national household income/expenditure surveys.

**Box 6****How many young working poor are there in the world?**

As this report examines broad global and regional trends in key labour market indicators with a focus on youth, and in light of the new MDG indicator on the “working poverty rate for persons aged 15 and above”, a natural question is “what is the global incidence of working poverty among young people?” Utilizing the observed relationships between the incidence of poverty among youth versus adult workers from the 30 countries currently included in the ILO working poverty database, it is possible to produce a preliminary estimate of the overall global incidence of working poverty among youth.

Two main sources were utilized to generate the global estimate for the number and share of young working poor in the world: (1) working poverty estimates for 30 countries based on household surveys conducted during the period 1998 to 2006, including youth and total working poverty numbers and youth and total employment numbers; and (2) ILO Trends Econometric Models estimates for the numbers and rates of the working poor (aged 15+), and youth and total employment at the country level (see box 4 for more information on the Models).

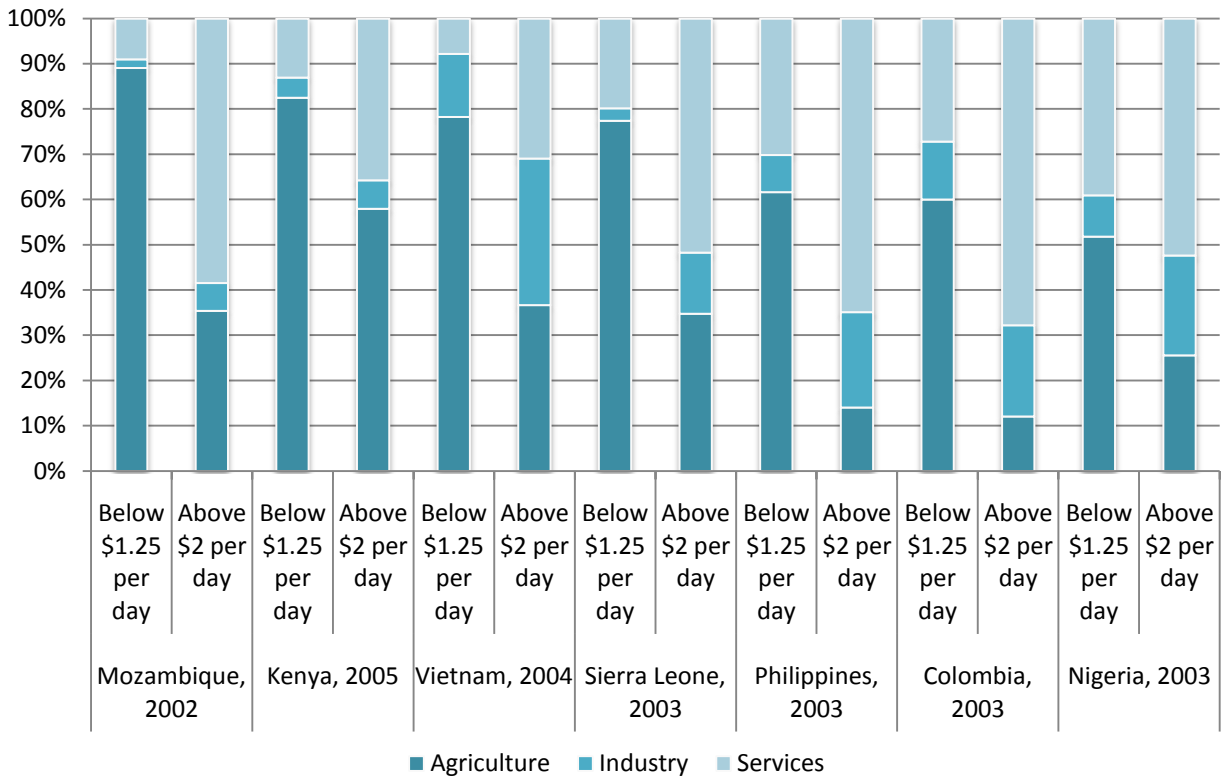
In the first step, the ratio of the youth share in working poverty to the youth share in total employment was calculated for all countries for which household survey-based estimates are available. Second, these ratios were used to calculate simple average regional ratios and a simple average global ratio. For regions in which household survey-based estimates are not available (North Africa, Middle East and East Asia), the global ratio was applied. Third, the general employment information (total working poor and youth and total employment) from the ILO Trends Econometric Models for the years 1998 and 2008 was used as a benchmark, and the country, regional and global ratios calculated above were applied to the country-level benchmark data in order to obtain estimates of youth working poor numbers and rates. As a last step, the country-level estimates were aggregated to produce the global estimate of the number and the share of young working poor for the years 1998 and 2008.

The use of a global ratio to estimate regional ratios clearly is a second-best option, and this procedure should be replaced once data become available for each region. Better availability of data is also a prerequisite to investigating the assumed time-invariance of the ratio of the youth share in working poverty to the youth share in total employment. These issues will be taken up in future work.

Overall, it is estimated that 152 million young workers were living in poor households (with per-capita expenditure of less than US\$1.25 a day) in 2008, amounting to 28.1 per cent of all young workers in the world. This is down from an estimated 234 million young working poor in 1998, which corresponded to a youth working poverty rate of 46.2 per cent. Young people therefore accounted for 24.0 per cent of the world’s working poor, versus 18.1 per cent of total global employment in 2008.

In which types of employment are the young working poor found? In many countries, the answer is in the agricultural sector. The (simple) average share of workers in the agricultural sector across the 21 countries for which sector-level data are available is 70.4 per cent for youth living below the US\$1.25 a day poverty line versus only 40.5 per cent for those above the US\$2 a day poverty line. On the other hand, the working poor youth are less likely to be in the services sector (a gap of 24.6 percentage points) than non-poor youth and also less likely to be in the industrial sector (a gap of 5.0 percentage points). Figure 11 provides the relative shares for seven countries.

**Figure 11**  
**Sectoral shares in employment, working poor youth (below US\$1.25 a day) and working youth above US\$2 a day, country data**



Source: Tabulations based on national household income/expenditure surveys.

Taken together, while the declining incidence of poverty among young workers in the world before the global economic crisis represents a clearly positive trend, a large number of youth still remain trapped in poverty and low-productivity employment, typically having very low levels of education and working in subsistence agriculture. While improved educational outcomes are clearly needed, ensuring that young people can acquire the skills required to secure more productive employment, more detailed country-level studies and econometric analyses are also needed to help inform the development of appropriate labour market policies that could effectively disrupt this vicious circle – reducing poverty among young workers and addressing the relative disadvantage of youth versus their adult counterparts in terms of the incidence of working poverty.

## 3 The impact of the global economic crisis

### 3.1 Introduction

There are many reasons why young people are vulnerable in times of economic shocks: Their lack of skills and work experience can make them less marketable to employers and the breadth of their social networks from which job offers often originate are likely to be less than those of older persons. Likewise, they may lack knowledge concerning where and how to look for work and may have few financial resources to support themselves through the course of the job search process, hence a need to rely on parental/household support, if available.

These factors of vulnerability characterize the youth population regardless of the state of the economy but it is likely that the disadvantages of youth are made even more apparent during times of economic crisis. This chapter attempts to pinpoint the impact that the current economic crisis had on youth in labour markets around the world and in a broader sense on youth development. Section 3.2.1 presents the main findings of global and regional aggregates of key youth labour market indicators through the course of the crisis to date (the period 2007-09); section 3.2.2 looks at some country-level evidence to flesh out the scope of the impact on developed economies; and section 3.2.3 then makes the case for youth in developing countries. In the latter section, the aim is to demonstrate that, given the current state of development in low-income countries, the impact of the current economic crisis on the labour market situation of youth is less visible in terms of the usual labour market indicators. Most youth in developing economies were already living with a reality marked by limited options for working their way out of poverty. The real danger is that the current crisis leads to a setback in some of the human development gains seen in recent years in the poorer countries and that it will be the youth of the next generation that suffer as a consequence. Section 3.3 examines existing research relating to the possible longer-term consequences for young persons who transition to labour markets during times of economic recession; and, finally, section 3.4 examines the recovery prospects for youth employment.

### 3.2 Using labour market information to define the who, what, where and why of the crisis impact on youth

#### 3.2.1 Global and regional estimates

Since the onset of the economic crisis, between 2007 and 2009, youth unemployment increased by 7.8 million at the global level compared to an overall increase of 28.9 million. The youth unemployment rate rose from 11.9 to 13.0 per cent. Between 2008 and 2009, the rate increased by 1 percentage point, marking the largest annual change over the 20 years of available global estimates and reversing the pre-crisis trend of declining youth unemployment rates since 2002. There can be no doubt that the generation of young men and women seeking work in today's job market are having a harder time finding suitable work.

*Youth in developed economies were hit hard by job losses.*

The crisis affects each region differently depending on the socio-economic context and policy responses of the countries in the region. Measuring in terms of youth unemployment

alone, the crisis impact on youth was largest in the developed economies. No other regions came close to the remarkable 4.6 and 3.5 percentage point increases in the youth unemployment rates seen between 2008 and 2009 in two regions, the Developed Economies & European Union and Central & South-Eastern Europe (non-EU) & CIS (see figure 6 and table A5). Youth in the lower-income regions were not impacted to a great extent by increased unemployment, with the exception of Latin America & the Caribbean where the youth unemployment rate rose from 14.3 to 16.1 per cent between 2008 and 2009.

The increase in the youth unemployment rate in the Developed Economies & European Union has been strong enough to propel the regional average above those of two regions – South-East Asia & the Pacific and Latin America & the Caribbean – that had higher rates in the pre-crisis years. In 2007, the Developed Economies & European Union showed the sixth highest youth unemployment rate; by 2009, it ranked fourth, below only Central & South-Eastern Europe (non-EU) & CIS, the Middle East and North Africa.

*In developing regions, the crisis exacerbated the challenges of young women in finding work.*

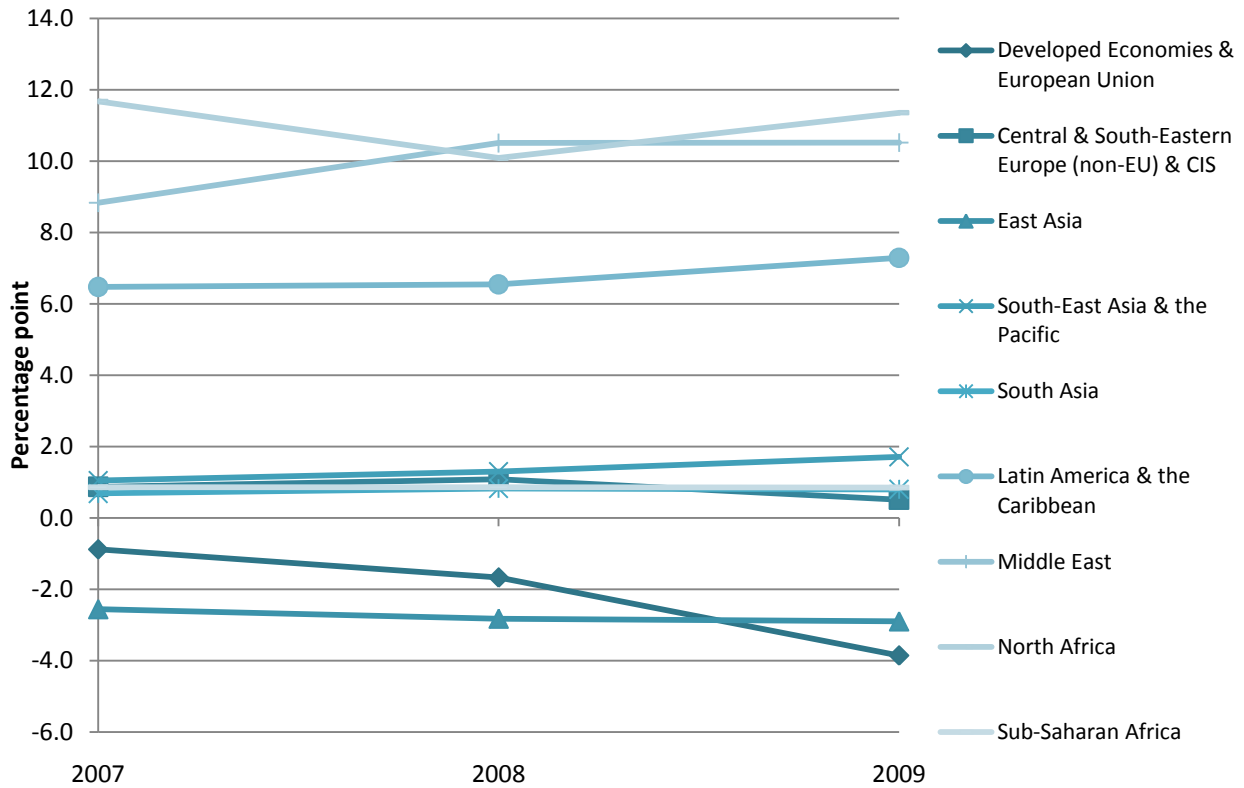
Is there a more obvious impact on youth of one sex than the other? In terms of overall job losses (all ages), there was no difference in the magnitude of the increase in the global female and male unemployment rates; female rates increased from 6.0 per cent in 2007 to 6.7 per cent in 2009 compared to an increase from 5.5 to 6.2 per cent for male rates.<sup>15</sup> For youth, however, the unemployment impact was greater for women than men. The youth female rate rose from 12.1 to 13.2 per cent between 2007 and 2009 and the youth male rate from 11.8 to 12.9 per cent. Looking at the regional situation, however, reveals a more mixed picture. In the Developed Economies & European Union, it has been the male youth who were hit harder (the increase in the male youth unemployment rate in the period 2007-09 was 6.8 percentage points compared to 3.9 points for young women).

The crisis has thus led to some changes in the gap between female and male youth unemployment rates. With the exceptions of the Developed Economies & European Union and East Asia, the unemployment rates of young females consistently exceed those of young males. Figure 12 shows that in the former region, the negative gap has increased during the crisis years as young men increase their probability of being unemployed vis-à-vis young women. In most other regions, there has been an increase in the gap, this time to the detriment of young women – young women in most regions have become even more likely to be unemployed than young men. There were three regions where in 2007 a young woman was already much more likely to suffer unemployment than a young man; by 2009, the gap had increased even further to 7.3 percentage points in Latin America & the Caribbean, 10.5 points in the Middle East and 11.4 points in North Africa. Clearly, what is happening in these regions is that where job markets were already highly competitive for youth, as the market becomes even more difficult during the economic crisis, young women are pushed even further to the back of the queue. (See box 3 for an additional analysis of the disadvantageous situation facing young women in the Middle East and North Africa.)

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<sup>15</sup> Box 6 in ILO: *Women in labour markets: Measuring progress and identifying challenges*, op. cit. explores the gender balance of job loss in greater detail.

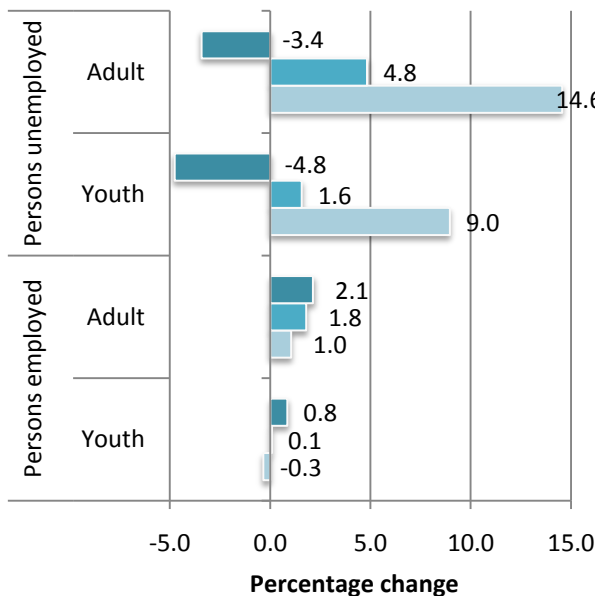
**Figure 12**  
**Gap in youth unemployment rate by sex (female-male), by region, 2007 to 2009**



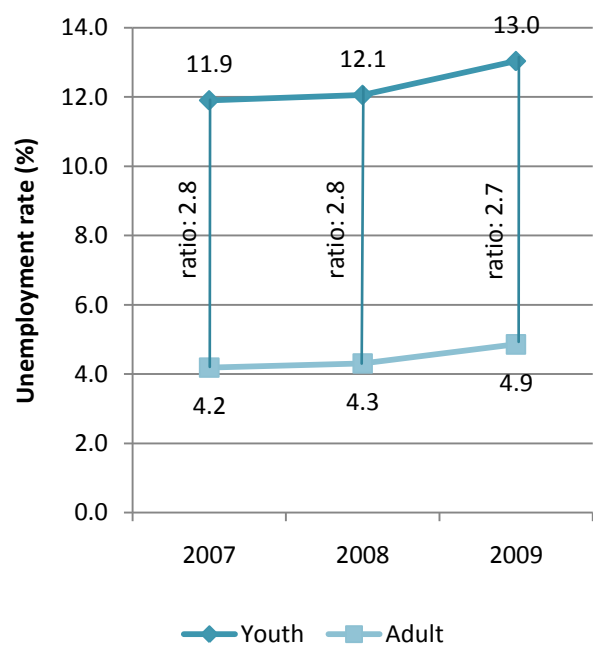
Source: ILO, Trends Econometric Models, April 2010 (see box 4 for more information).

**Figure 13**  
**Comparing youth and adult impacts of the economic crisis at the global level, 2007 to 2009**

**Annual percentage change in persons employed and unemployed**



**Youth and adult unemployment rates, 2007 to 2009**



Source: ILO, Trends Econometric Models, April 2010 (see box 4 for more information).

*Are young people hit harder than adults? Results are ambiguous...*

Figure 13 looks at the differences between youth and adult employment and unemployment outcomes during the crisis years. In 2006/07, labour markets were showing positive signs; there was a 3.4 per cent decrease in the number of unemployed adults, an even larger decrease of 4.8 per cent of unemployed youth, a 2.1 and 0.8 per cent increase in working adults and youth, respectively. The picture changes dramatically in 2008. While employment continued to increase, albeit to a much lesser degree, unemployment moved from a negative to a positive growth period in 2007/08. The annual nominal increases in the number of unemployed were larger for adults than youth, which helps to explain both the declining shares of youth among the total unemployed (see table A8) and the static ratio of youth-to-adult unemployment rate (see table A6). Between 2008 and 2009, the peak of the crisis, there was a 14.6 per cent increase in the number of unemployed adults, compared to a 9.0 per cent increase in unemployed youth.

*but youth unemployment rate rose more than that of adults...*

Turning to the picture of unemployment rates on the right-hand chart, the unemployment rate of youth has proven to be more sensitive to the economic crisis than that of adults, supporting the “first-out, last-in” argument posed in section 3.1. The overall percentage point increase in the global youth unemployment rate between 2007 and 2009 exceeded that of the adult rate (1.1 percentage points compared to 0.7 points), but still the ratio between the two rates actually decreased slightly from 2.8 to 2.7. It is suspected – and supported in the projections highlighted in section 3.4 – that youth will face a longer recovery than adults, mainly because they face a situation whereby upcoming cohorts of new entrants (first-time jobseekers) join the ranks of the already unemployed (job losers).

*and, unlike adults, global youth employment numbers have dropped as well during the crisis.*

There is, however, another important area of concern hinted at within these charts. Looking at the patterns in the level of employment, the employment of adults slowed in the course of the crisis but never showed a decrease. For youth, in sharp contrast, there was virtually no change in the numbers of working youth in the period 2007/08 while in 2008/09, the number of employed youth actually decreased by a nominal amount (from 540.4 to 538.5 million).

Global youth employment has decreased before. A decline in the youth population in East Asia along with a sharp decrease in youth labour force participation (driven by China; see discussion in section 2.2) led to the decline in youth employment in the region between 1991 and 1999, which in turn drove the decline in employment at the global level. But this recent decline in global youth employment is different. It cannot be explained solely by declining population trends in China and the positive increase in youth in education (so that the shift in employment showed up in a gain in the share of inactive youth). In the crisis years, the youth employment loss has been much more driven by “real” job losses, and the decline in the youth employment-to-population ratio has been offset almost entirely by the gain in the share of unemployed youth in the youth population (rather than a gain in the share of inactive youth).

### 3.2.2 Country-level evidence: The crisis impact on youth in the European Union

In order to better gauge the particular vulnerabilities of young men and women during times of crisis, it is necessary to expand the scope of the indicators analysed. This means delving into country-level data and facing the unfortunate reality of data gaps. Quarterly (or more frequent) observations of unemployment rates are currently available from labour force surveys in 76 countries.<sup>16</sup> Fifty of these countries provide the youth unemployment rate. With the exception of countries covered by EUROSTAT, it is difficult to find age-disaggregated data for any labour market indicator beyond the unemployment rate. (Note, an exception is the availability of some data of the crisis impact in Latin America, summarized in section 3.2.3.) This section looks at some of the less-standard labour market indicators for four countries in the European Union only, namely Estonia, Germany, Spain and the United Kingdom. The aim is to generate a more detailed picture of the crisis impact on youth in the labour market in developed economies before investigating in more detail the arguments relating to the longer-term consequences of crisis-related youth vulnerabilities in section 3.3.<sup>17</sup>

The group of charts captured in figure 14 offers a selection of labour market indicators, available by quarter from 2007 through 2009, for young people in Estonia, Germany, Spain and the United Kingdom. Undoubtedly, the main labour market impact on youth in the countries analysed has been on unemployment, but the outcomes vary greatly with significant increases in Estonia and Spain, a much smaller increase in the United Kingdom and virtually no change at all in Germany (chart 1). Interestingly, despite relatively low unemployment rates among youth, those who are unemployed in Germany have a higher tendency of being unemployed for one year or longer than the unemployed youth in Spain or the United Kingdom (no data for Estonia) (chart 2). Also interesting is that, despite the economic crisis, Germany has managed to bring down the incidence of long-term unemployment among youth but the shares in the other two countries increased significantly.

Chart 8 also deals with the composition of the unemployed. In Spain and the United Kingdom, while unemployment is hitting youth of all educational backgrounds, the increases in unemployment rates have been particularly pronounced for those with lower education levels. In Spain, the unemployment rate of youth with primary or less education more than doubled from 21.4 to 46.4 per cent between 2007Q4 and 2009Q4. At the same time, the unemployment rate of the highly-educated youth in Spain has also increased significantly, jumping from 15.0 to 27.8 per cent over the same period. In the United Kingdom, all youth have been hit but the increase in the youth unemployment rate was slightly greater for those with higher education levels.

The crisis has not greatly impacted temporary employment of youth in these four countries; the shares of temporary employment remain much higher in Germany and Spain

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<sup>16</sup> The ILO undertakes a substantial effort to harvest as many monthly and quarterly labour market indicators as possible for release on the ILO Global Jobs Crisis Observatory at: <http://www.ilo.org/pls/apex/f?p=109:11:4485462109126068>.

<sup>17</sup> For even more detailed dissection of the youth labour market during the crisis period and broader coverage of developed economies, see S. Verick, op. cit., N. O'Higgins: "The impact of the economic and financial crisis on youth employment: European Union, Canada and the United States", ILO Youth Employment Programme, forthcoming; and B. Ha, C. McInerney, S. Tobin and R. Torres: "Youth employment in crisis", Discussion paper, International Institute of Labour Studies, 2010; <http://www.ilo.org/public/english/bureau/inst/download/dp201.pdf>.

than in Estonia and the United Kingdom throughout the period with no change in any country either upwards or downwards (chart 4).<sup>18</sup> Nor has there been a marked shift away from the more standard wage and salaried employment status to the possibly less stable arrangements such as self-employment and contributing family work (both captured in the “other” category in chart 7). Only in Estonia and the United Kingdom were there small losses to the share of youth working with a wage or salary job (1.0 and 0.3 percentage point decrease between 2007 and 2009 in the two countries, respectively).

Part-time employment rates of young people, on the other hand, did increase (a maximum 6.6 percentage point increase in Spain between the fourth quarters of 2007 and 2009) (chart 3). Youth inactivity rates have shown some degree of sensitivity to the crisis in these countries, at least in two of the countries examined. Based on the quarterly averages (used to iron out seasonal effects), the rates decreased very slightly in Estonia and Germany between 2007 and 2009 (by 1.6 and 0.6 percentage points, respectively) and increased in Spain and the United Kingdom by 2.8 and 2.0 percentage points, respectively (chart 5). The increases are likely to imply some degree of discouragement among youth in the latter two countries, whereby growing unemployment has led some young people to give up the job search. Chart 6 shows the share of inactive youth who expressed a desire to work but who did not actively seek work. The discouraged youth are included in this measure. The shares in both Spain and the United Kingdom have increased slightly throughout the crisis period. By the last quarter of 2009, nearly one-quarter (23.7 per cent) of the inactive youth in the United Kingdom maintained some attachment to the labour force in their expressed desire to work. These are exactly the youth who are targeted in most labour market interventions. The goal is to locate the discouraged and draw them back into the labour market through training and placement assistance (see box 10 on crisis responses).

What can be concluded from this analysis of country-level indicators for four European Union countries? First, there are daunting challenges facing young people in the developed economies as a result of the current economic crisis. Labour market entrants are competing with growing numbers of jobseekers for fewer vacancies. The length of the job search period is increasing – more than one in five unemployed youth in Germany, Spain and the United Kingdom has been unemployed for longer than one year. The demand shock increasingly places the educated unemployed among the lesser-educated in the ranks of long-term unemployment whereas in pre-crisis times, an education was a more surefire guarantee of an easier labour market transition. More youth in Spain and the United Kingdom are becoming discouraged and are in danger of detaching themselves from the labour market entirely.

Governments are rightly concerned with both the economic costs of joblessness and discouragement as well as the possible social impacts, manifested by increased crime, mental

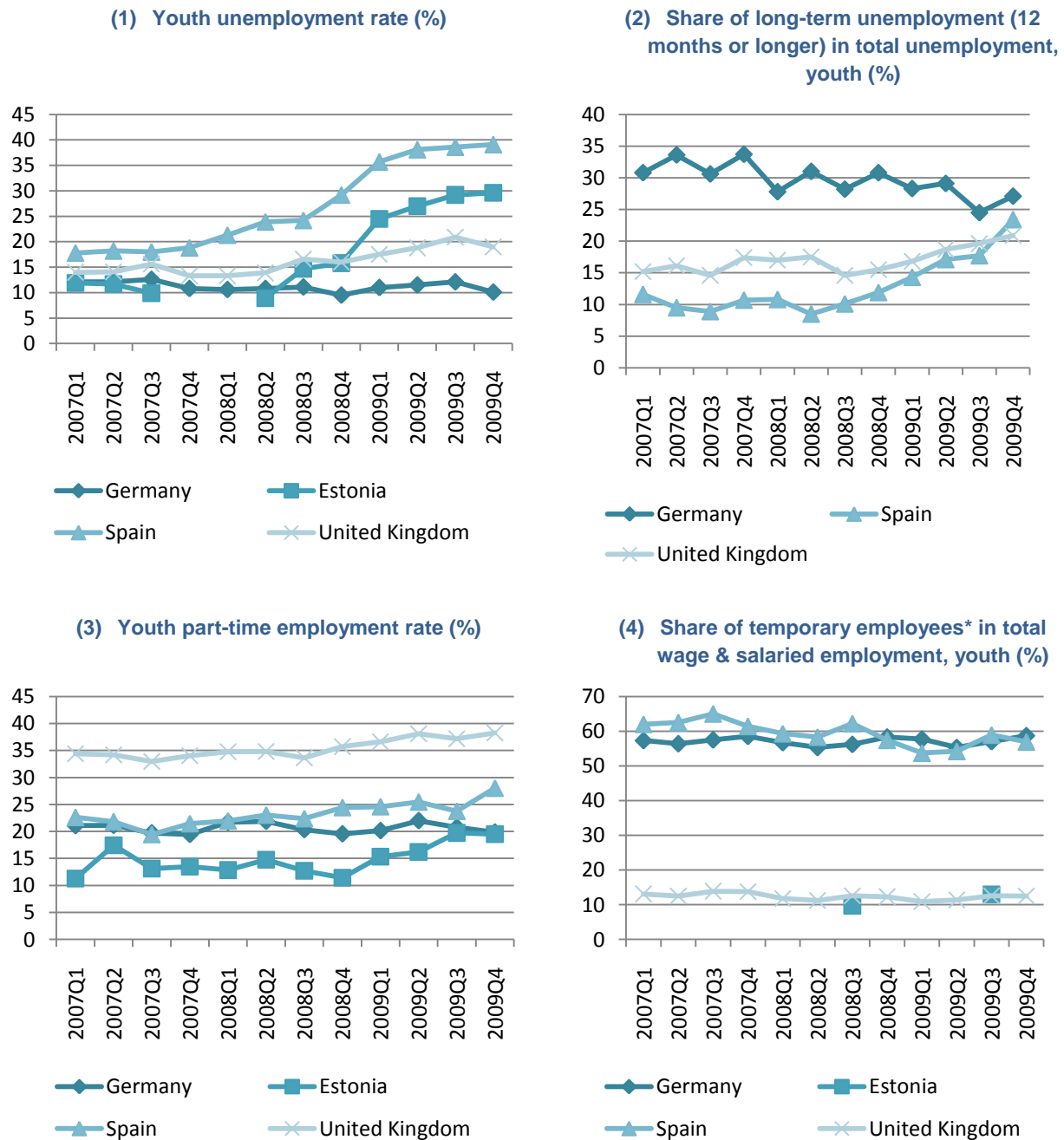
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<sup>18</sup> Similarly ambiguous findings were reported in an analysis of the crisis impact in six Latin American countries. The ILO’s *Panorama Laboral 2009* found a slight increase in the proportion of workers (not age disaggregated) with contracts in 2009 versus 2008 (60.8 to 62.1 per cent) but a slight decrease in the share of workers engaged in informal work in the formal sector over the period (-1.6 percentage points), a category that would contain persons working under temporary arrangements. ILO: *Panorama Laboral 2009* (Lima, 2009), pp. 56-57; [http://intranet.oit.org.pe/index.php?option=com\\_content&task=view&id=1932&Itemid=1155](http://intranet.oit.org.pe/index.php?option=com_content&task=view&id=1932&Itemid=1155). See also, section 3.2.3.

health problems, violence, drug taking and social exclusion.<sup>19</sup> With less room to “shop around”, many of the youth who do find jobs are likely to be stuck in work that does not match their skills level or desired career path. Section 3.3 explores the various arguments associated with the longer-term consequences to young people during the recession.

Figure 14

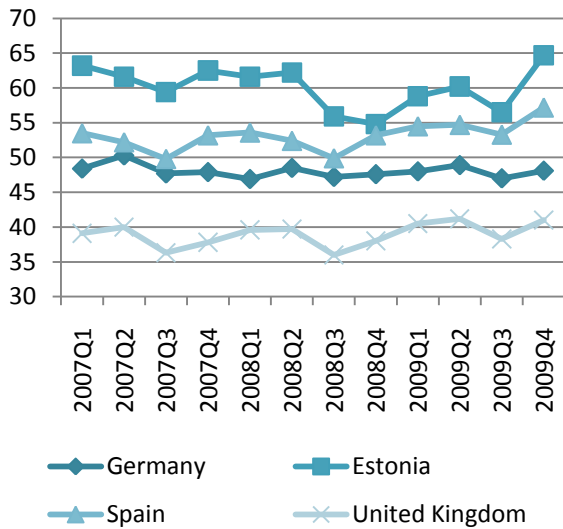
A selection of quarterly labour market indicators for youth in Estonia, Germany, Spain and the United Kingdom, 2007Q1 to 2009Q4



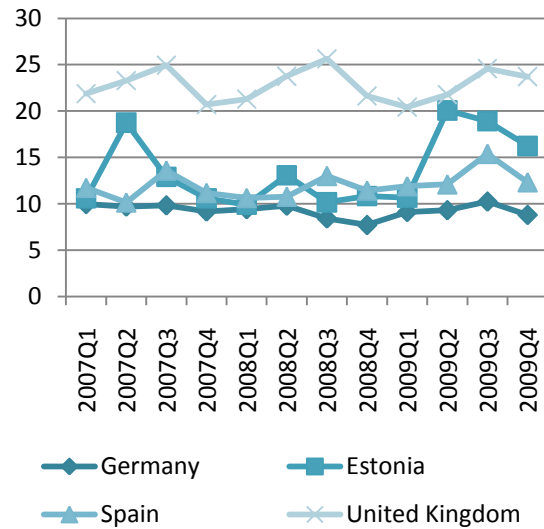
<sup>19</sup> S. Verick: “Who is hit hardest during a financial crisis? The vulnerability of young men and women to unemployment in an economic downturn”, IZA Discussion Paper, No. 4359, August 2009.

Figure 14 cont.

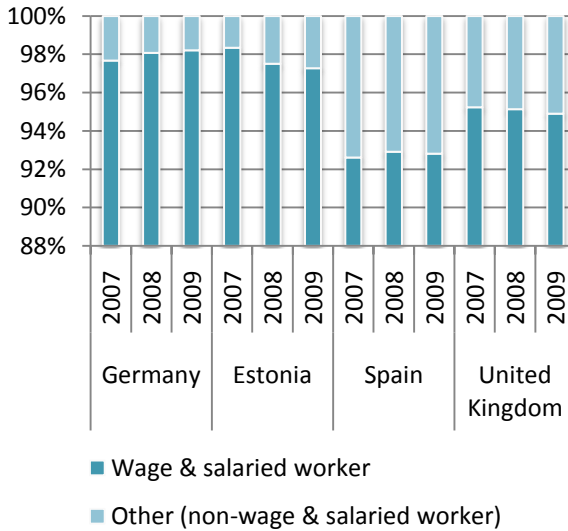
(5) Youth inactivity rate (%)



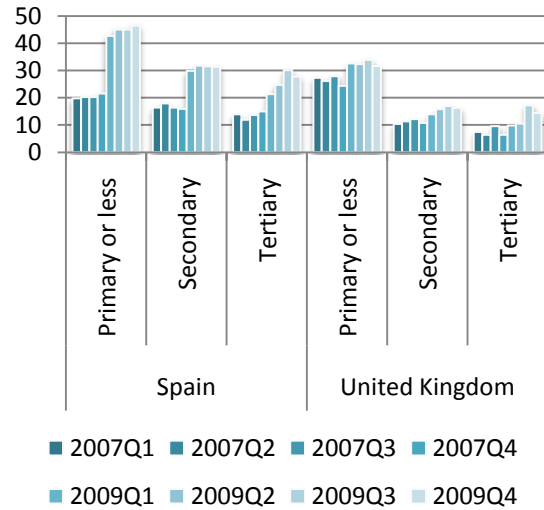
(6) Share of inactive who would like to work but did not seek work, youth (%)



(7) Distribution of employment by broad employment status, youth (%)



(8) Youth unemployment rate by level of educational attainment (%)



\* Temporary employees are defined as wage and salaried workers whose job has a pre-determined termination date as opposed to permanent employees whose job is of unlimited duration.  
 Source: EUROSTAT, European Labour Force Survey, online database; various tables in the LFS series – Detailed quarterly survey results.

### 3.2.3 The current crisis and the consequences for young people in developing regions

*For most youth in developing economies, a lack of decent work is nothing new, so the crisis impact must be considered in a different light.*

The economic crisis began in the developed economies but has since made its way to the rest of the world via several transmission mechanisms including trade, investment and

remittances.<sup>20</sup> Even where economic growth has proven relatively resilient in developing economies, there is evidence of dramatic declines in real wages as a result of soaring food prices and stagnating nominal wages. Poverty reduction targets may suffer as a result, an important part of which involves public investment in human capital – spending on education, for example, or social welfare programmes that facilitate the payment of education fees for households with children – which could in turn delay development that might have been led by the next cohort of educated youth.

The inaccessibility of decent employment was already a pre-crisis reality for most youth in developing economies and will remain a post-crisis challenge. The high employment-to-population ratios of youth in the poorest regions (see section 2.2) reflect the fact that the poor must work. And the higher labour force participation rates of the poor youth identified in section 2.5 add further evidence. There is a real danger that slowed economic growth and rising food prices in lower-income countries will widen the poverty base of the population and slow, if not reverse, the recent progress made in terms of poverty reduction and human development.<sup>21</sup> This section looks at how the impact is being played out in the regions that were already the most vulnerable to decent work deficits. It starts with the employment impact and then moves to other areas of possible impact, including school enrolment and training, fertility and health.

*The dominance of self-employment means that unemployment rates do not significantly increase in most developing economies and employment does not shrink.*

Despite the contradiction of the term, persons in “vulnerable” employment prove to be less exposed to job loss as a result of economic shocks; more vulnerable to poverty, yes, but less vulnerable to unemployment. In fact, there is a correlation between lower unemployment rates and higher vulnerable employment rates across the regions precisely because the lack of social safety nets such as unemployment benefits in low-income countries means the poor cannot afford to be unemployed. Instead, they struggle to earn an income through own-account work or sporadic casual wage employment. And it is precisely because most persons in developing economies do not have access to wage and salaried employment, where job losses occur, but rather make their living in self-employment (own-account work) or in contributing family work (see figure 8),<sup>22</sup> that the unemployment statistics hint at a limited impact of the crisis in developing regions when defined only in terms of unemployment.

Section 3.2.1 demonstrated the weak impact of the global economic shock on youth unemployment in all regions beyond the Developed Economies & European Union and

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<sup>20</sup> See I. Islam: “The global economic crisis and developing countries: Transmission channels, fiscal and policy space and the design of national responses”, Employment Working Paper No. 36, ILO, 2009; [http://www.ilo.org/emppolicy/what/pubs/lang--en/docName--WCMS\\_113733/index.htm](http://www.ilo.org/emppolicy/what/pubs/lang--en/docName--WCMS_113733/index.htm).

<sup>21</sup> For a well-rounded summary of the fuller breadth of impact on vulnerable populations in low-income countries, see UN Global Pulse: *Voices of the vulnerable: Recovery from the ground up* (Global Pulse, 2010); <http://www.unglobalpulse.org/voices-report>.

<sup>22</sup> The regional shares of vulnerable employment in total employment (defined as the sum of persons in own-account work and unpaid contributing family workers and unfortunately not disaggregated by age) were 53.8 per cent in East Asia, 61.6 per cent in South-East Asia & the Pacific, 79.0 per cent in South Asia and 77.3 per cent in Sub-Saharan Africa in 2008, compared to 9.6 per cent in the Developed Economies & European Union. The vulnerable employment rates are comparatively low in the Middle East and North Africa but only because the statistics there are dominated by migrant labourers who earn a salary and are thus designated as employees in the statistics. (Source: ILO, Trends Econometric Models, November 2009)

Central & South-Eastern Europe (non-EU) & CIS. Youth in Latin America & the Caribbean have also experienced significant growth in unemployment, largely because the structure of labour markets and labour market institutions are more closely affiliated to the developed than developing economies. Among the developing regions dominated by the more vulnerable forms of employment, the youth unemployment rate did not increase at all between 2007 and 2009 in South Asia, increased by less than 1 percentage point in Middle East (0.4), North Africa (0.4), South Asia (Sub-Saharan Africa (0.1), and even decreased slightly in South-East Asia & the Pacific (-0.1 percentage point).

*The impact is felt more in shorter hours and reduced wages for those who maintain wage and salaried employment...*

The different structure of employment in developing economies, particularly the lowest-income economies, hints to the fact that the unemployment rate is not the best indicator for measuring crisis impact on young people. In Asia, there are lessons to be learned from the previous Asian financial crisis of 1997-98 when unemployment and employment rates varied little but major changes were seen in the rate of underemployment (working less than normal hours) and in the wages earned.<sup>23</sup> Although workers were still employed, they worked fewer hours, and earned less income. In both Indonesia and the Philippines, the agriculture and services sectors acted as an employment buffer, absorbing many of the jobless. There are hints of the same in the current crisis. A rapid impact assessment run in Cambodia in 2009, found laid-off female garment workers returning to rural areas – albeit as a last resort – and presumably taking up whatever agricultural work was available.<sup>24</sup>

*...and an increase in vulnerable employment and casual labour in an ‘increasingly crowded’ informal economy.*<sup>25</sup>

As already stated, the workers living day to day in self-employment do not halt their income-seeking activities during times of economic shocks. In fact, the tendency is for more people to join the ranks of own-account and contributing family workers during times of crises in poor countries. If a worker in a low-income country loses a job in the formal sector – such as the garment worker in Cambodia – there is little chance of finding new work in the same sector as it continues to shrink, and social protection from the State is not sufficient to cover the living costs of themselves and their families; what choice does the person have but to take up whatever work they can find, regardless of the wage, condition and stability? The ILO’s *Panorama Laboral 2009* confirms that this is exactly what happened in the Latin

<sup>23</sup> G. Betcherman and R. Islam, eds.: *East Asian labor markets and the economic crisis: Impacts, responses and lessons* (Washington, DC, World Bank, 2001).

<sup>24</sup> K. Chandararot, S. Sina and L. Darnet: “Rapid assessment of the impact of the financial crisis in Cambodia”, ILO, March 2009; [http://www.ilo.org/asia/whatwedo/events/lang--en/docName--WCMS\\_101593/index.htm](http://www.ilo.org/asia/whatwedo/events/lang--en/docName--WCMS_101593/index.htm).

<sup>25</sup> It is important to remember that the category of “wage and salaried employment” also includes casual day labourers, a category of workers that tend to be unprotected and vulnerable to poverty. This classification hazard weakens the argument that during times of economic shocks, vulnerable employment will grow at the expense of wage and salaried employment. What could be happening instead is a shift of persons within wage and salaried employment from steady contract jobs to occasional wage labour in the informal sector. This implies a negative shift in labour market developments that is not captured in the analysis of the employment by status indicator. The “increasingly crowded” informal sector is taken from UN Global Pulse: *Voices of the vulnerable, Recovery from the ground up*, op. cit.

American countries studied. The report analysed the trends in six countries – Chile, Colombia, Ecuador, Mexico, Panama and Peru – between the second semester of 2008 and the same period in 2009 and found a 3.8 per cent increase in the number of own-account workers and 1.7 per cent increase in the number of contributing family workers (urban areas only).<sup>26</sup> In terms of the overall informality of employment, the report also shows that in 2009 as much as 82.4 per cent of teenagers aged 15-19 years were engaged in informal sector employment, a slight increase from the 80.8 per cent share in 2007, compared to a share of 50.2 per cent for adults aged 30-64 years.

*The crisis exacerbates the urgency of removing blockages to educational enrolment and quality of education in developing economies.*

It is unlikely that employment numbers will shrink in a low-income country even during times of global recession. There are, however, consequences that extend beyond employment. A good example is the impact that economic crises can have on school enrolment and training. In countries that experience rapid economic growth, the benefits of education become more apparent as school leavers are drawn into good jobs. This opens up possibilities for upward social mobility and provides incentives for parents and children to invest more time and effort in education. During times of economic recession, there is a real danger that, first, some parents can no longer afford to send their children to school, and second, that with limited demand in the labour market, parents and youth can no longer see the utility in continuing to invest in education. Some youth who might otherwise have stayed in education may be forced to take up work earlier than expected. In contrast, some youth who have the economic means (most likely family support), might opt to stay in education longer rather than face the lower wages and higher unemployment that are likely to await them in the labour market.

In the pre-crisis period, enrolments at the secondary and tertiary levels were steadily increasing in all regions.<sup>27</sup> But school enrolment is another social outcome that can be negatively impacted by economic shocks if education becomes too expensive for the household to afford. The UNDP reports on evidence that schooling has served as an adjustment variable in poor communities in national cases of past recessions meaning that economic crises do impact long-term educational attainment.<sup>28</sup> The report adds that contradictory evidence does exist, including a study of countries in Latin America where enrolment rates increased slightly during times of economic crises in four of the five countries studied. But this particular study concludes that it was the countries with better social protection systems where school enrolment behaved counter-cyclically and one cannot help but wonder how many sub-Saharan African countries have equally “good” income transfer policies.

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<sup>26</sup> ILO: *Panama Laboral 2009*, op. cit., p. 52.

<sup>27</sup> See the regional discussions linking rising enrolments to decreasing employment-to-population ratios of youth in ILO: *Global Employment Trends for Youth, October 2008*, op. cit.

<sup>28</sup> UNDP Cluster for Poverty, Human Development and MDGs: “Crisis update No. 5, The impact of the crisis on vulnerable populations: What do we know?”, 28 April 2009; <http://economiccluster-lac.org/images/pdf/crisis-update/CrisisUpdateNo5.pdf>.

**Box 7****Some voices of youth in crisis****Ros Reaya, aged 20 years, Cambodia**

Ros Reaya is a 20-year-old in Phnom Penh. When paid late at his regular security guard job, he quit and joined the growing queues of men looking for work in the construction sector. With no money saved, a family in the provinces dependent on his monthly remittances and shrinking demand in construction, Ros worries about the future. “Now there is less work”, he reports. “A lot of my friends are without work because many factories closed down, so they're looking for work in construction.” (<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPHALFYEARLYUPDATE/0,,contentMDK:22122516~pagePK:64168445~piPK:64168309~theSitePK:550226,00.html>)

**Bimba, aged 26 years, Guinea**

Bimba graduated from Donka University in Conakry. “I’ve got a problem finding work”, he reports. “My cousin owns this shop and she has let me work here while I look. Ideally, I would like a job as a functionary, but that means I need to know someone in a good place – that’s the system here and we cannot change it. ... If change is going to come here, it is going to come with violence. Me, I would take part. I could not ignore the chance to make a change.”

(<http://www.irinnews.org/InDepthMain.aspx?InDepthId=28&ReportId=69997&Country=Yes>)

**Almash, aged 18 years, Kyrgyzstan**

Almash, a garment worker, would visit multiple factories on a daily basis in search of work. As recently as 2008 it would be easy for a young girl like Almash to find employment, but with the current situation her story is typical of young people working in the garment industry. By February 2009, as many as 20 per cent of the garment factories of Kyrgyzstan and the Russia Federation had closed down. “I do not know what to tell my family”, she says. “There are no jobs in the place where I live.”

([http://www.ilo.org/global/About\\_the\\_ILO/Media\\_and\\_public\\_information/Feature\\_stories/lang--en/WCMS\\_108252/index.htm](http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Feature_stories/lang--en/WCMS_108252/index.htm))

**Edward, aged 24 years, United Kingdom**

Following graduation with a degree in English Literature, Edward was fortunate to find work in publishing. With the onset of the crisis he was one of a number of workers laid off as the company downsized. Following 16 months of unemployment, part-time and temporary work, he was eventually able to find himself another job in his field. “I was on the verge of giving up completely and thought I’d have to change direction altogether”, he said. “It was demoralizing and frustrating. I was ready and willing to work but the jobs weren’t there. Now I feel added pressure at work. It’s the last thing I want to have to be in that position again.” (Authors’ canvassing)

**“LJ”, age unknown, United States**

“I graduated from a top university with great grades. I had several internships and did all the right things. I haven't been able to find a job anywhere. I keep getting the same line, we want someone with more experience or we decided to go with someone with more experience. I think some people assume those who have been out of work for so long are lazy. Even when you make call backs, consistently apply for jobs and keep at it ... it’s still a dismal situation.” (Readers comment;

[http://app.businessweek.com/UserComments/combo\\_review?action=all&style=wide&productId=48432&pageIndex=2](http://app.businessweek.com/UserComments/combo_review?action=all&style=wide&productId=48432&pageIndex=2))

There are more indirect consequences to educational enrolment that are associated with poverty. A UNESCO report acknowledges that it is “education of good quality” that stimulates growth.<sup>29</sup> And poverty itself is one factor that determines the quality of education in terms of the student’s ability to learn (such abilities can be severely hampered if the student is malnourished, if there is stress in the home environment, etc.). There is a vicious cycle here in that an increase in poverty thus impacts the quality of education, which in turn impacts the perception of the utility of education, which impacts the decision to keep children in school, which finally impacts the longer-term growth potential of the economy thus prolonging the existence of poverty. With the recession, slowing the pre-crisis poverty reduction trend, the education-based consequences for future growth become much more real.

It is difficult to find country-level data to support or refute the educational crisis-consequence hypothesis. Data from Indonesia that measures the share of the working-age population (aged 15+ years) that attends school did show a large drop between 2008 and 2009 from 8.8 to 8.0 per cent but there seems to be some volatility in the share from year to year (7.5 per cent in 2005, 8.3 per cent in 2006 and 8.8 per cent in 2007) so it is not sufficiently clear that the 2009 drop was entirely crisis related.<sup>30</sup> UNESCO has gross enrolment data for only a few countries in 2009 and none of them showed a decline in the ratio between 2008 and 2009 (see table 4). It could be that the impact comes in later years.

**Table 4**  
**Gross enrolment rates in post-primary education, five low-income countries, 2004 to 2009**

	2004	2005	2006	2007	2008	2009
Bhutan	...	45.6	48.4	...	56.3	61.7
Burkina Faso	13.0	14.0	14.7	15.7	18.4	19.8
Kazakhstan	96.6	95.4	94.8	92.7	92.0	94.9
Sao Tome and Principe	41.3	45.3	45.5	49.8	46.3	51.3
Sudan	32.4	31.2	32.2	31.8	33.5	38.0

... = Not available

Source: UNESCO UIS, Data Centre;

[http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=143&IF\\_Language=eng](http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=143&IF_Language=eng).

While the data concerning a negative crisis-driven impact on educational enrolment remain ambiguous, the urgent need to focus attention on improving educational access and quality in low-income countries remains, nonetheless. It is an unfortunate fact that persons in extreme poverty usually have low education levels (see section 2.5). Enrolment rates beyond the primary level – i.e. the higher levels (secondary and tertiary) that would engage “youth” as defined by the traditional age band (15-24 years) – are still remarkably low. Net enrolment ratios remained below 25 per cent in 2007 in Burkina Faso, Madagascar, Malawi, Mauritania, Mozambique, Niger and Uganda compared to ratios of between 80 and 100 per cent in the majority of developed economies, according to data from UNESCO Institute of Statistics.

<sup>29</sup> S. van der Berg: “Poverty and education”, International Institute for Educational Planning (UNESCO) and International Academy of Education, Education Policy Series, 2008; [http://www.iiep.unesco.org/fileadmin/user\\_upload/Info\\_Services\\_Publications/pdf/2009/EdPo10.pdf](http://www.iiep.unesco.org/fileadmin/user_upload/Info_Services_Publications/pdf/2009/EdPo10.pdf).

<sup>30</sup> Data are from Statistics Indonesia (Badan Pusat Statistik Republik Indonesia), Population and type of activity; [http://dds.bps.go.id/eng/tab\\_sub/view.php?tabel=1&daftar=1&id\\_subyek=06&notab=1](http://dds.bps.go.id/eng/tab_sub/view.php?tabel=1&daftar=1&id_subyek=06&notab=1).

Although education is certainly not a panacea for all the woes of a developing country – an increased supply of well-educated labour force does not in itself create jobs – education offers at least a chance at escaping poverty and taking even this slim hope away can only raise the sense of despair and desperation of the poorer youth. UNESCO reports that “Throughout the world it has been found that the probability of finding employment rises with higher levels of education, and that earnings are higher for people with higher levels of education. A better educated household is less likely to be poor.”<sup>31</sup>

There are other possible negative consequences of the crisis that can impact young people in developing economies, which in turn impacts the country’s future development potential. For example:

- *Training.* Governments might be forced to cut public spending programmes, for example, youth vocational training facilities geared toward giving young people the skills to work and support themselves in a particular trade.
- *Pregnancy and parenthood.* High fertility and early childbearing continue to have a serious impact on youth employment outcomes in developing economies. An interruption of the recent progress made in getting more young women into schools is a possible consequence of the crisis. This means more young women leaving education (if they ever attended), getting married early and starting families. A recent report on the crisis impact in Uganda showed that approximately 25 per cent of 15-19 year-old women in the country were either already mothers or pregnant with their first child. The share increased to 50 per cent among teenage women with no education. The fact that the pregnant youth is forced to terminate her education brings longer-term consequences in terms of lost earning potential which in turn affects investments in the health, nutrition and education of the next generation of youth.<sup>32</sup>
- *Health.* The Uganda crisis impact report concludes that “the crisis is likely to have reduced the already limited access of large numbers of rural Ugandans to education and health.”<sup>33</sup> If fertility increases, there could be a spinoff effect in terms of maternal mortality.

### 3.3 Are there longer-term consequences for youth?

*There is a price to be paid for entering the labour market during a recession...*

Studies have shown that business cycles do impact youth employment in both the shorter and longer terms through a number of channels.<sup>34</sup> First, the state of the labour market may affect the timing of entry. If, for example, entry conditions are difficult at the time of

<sup>31</sup> S. van der Berg, op. cit. A recent UNDP report offers insight to the progress made toward reaching the MDG goals specific to promoting universal education. See UNDP: *What will it take to achieve the Millennium Development Goals? An international assessment* (New York, 2010), June; [http://content.undp.org/go/cms-service/stream/asset/?asset\\_id=2620072](http://content.undp.org/go/cms-service/stream/asset/?asset_id=2620072).

<sup>32</sup> J. Sender: “A rapid impact assessment of the global economic crisis on Uganda”, A study supported by the International Labour Organization for the Government of Uganda, Geneva, November 2009, p. 37; [http://www.ilo.org/employment/Whatwedo/Instructionmaterials/lang--en/docName--WCMS\\_118218/index.htm](http://www.ilo.org/employment/Whatwedo/Instructionmaterials/lang--en/docName--WCMS_118218/index.htm).

<sup>33</sup> *ibid.*, p. 41.

<sup>34</sup> See, for example, O. Raaum and K. Røed: “Do business cycle conditions at the time of labour market entry affect future employment,” Memorandum No. 12/2002, Department of Economics, University of Oslo; [http://www.frisch.uio.no/sammendrag/261\\_eng.html](http://www.frisch.uio.no/sammendrag/261_eng.html).

secondary- or tertiary-level completion, some youth will decide to delay labour market entry and prolong their participation in education. Second, poor conditions at the time of entry means fewer job offers and more competition among jobseekers with the result being that more young people face a disorderly transition, for example, with more and longer unemployment spells and/or spells in temporary or suboptimal employment in terms of skills-matching and lower wages. Finally, there are consequences in terms of the social norms that are adopted by the directly affected cohorts. For example, an early reliance on unemployment benefits and other government support mechanisms can permanently affect the current and future view the young recipient has vis-à-vis the State and the role of the State as mediator in labour markets. Recent research by Giuliano and Spilimbergo builds on the premise that young adulthood is a particularly impressionable age for the formulation of beliefs about how society and the economy function. Their study concludes that a person exposed to a recession between the ages of 18-25 years is more likely to believe that life success is due more to chance than to hard work, to support measures of government redistribution but to have little confidence in public institutions at the same time.<sup>35</sup>

Given the possible transition mechanisms between business cycles and youth employment, what are the potential costs in terms of future consequences for the youth who are unlucky enough to reach maturity at a time of economic crisis? A body of literature now exists on the topic of “scarring”. The premise is that there are longer-term consequences for young people whose first labour market experience is one of unemployment.<sup>36</sup> Presumably, the unemployed youth will lower his reservation wage with the passage of time, and accept poorer quality jobs that are less secure, and thus, be more vulnerable to future spells of unemployment (the disorderly transition mentioned above). Results are mixed in terms of the existing analyses, with stronger evidence to support wage scarring than the unemployment scarring argument; for example, a recent study by Kahn estimated that a 1 percentage point increase in unemployment in the United States results in a 6 to 7 per cent decrease in the wages of college graduates and that, while the wage cost lessens with time, it still remains statistically significant 15 years later. The effects are believed to be more severe for youth entering the workforce with an education level below the tertiary level.<sup>37</sup>

*although the costs differ widely based on one's skills level...*

The Organisation for Economic Co-operation and Development (OECD) has picked up on the concerns and recently issued a paper with policy advice for OECD member States concerned with prevention of long-term consequences for young people dealing with

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<sup>35</sup> P. Giuliano and A. Spilimbergo: “Growing up in a recession: Beliefs and the macroeconomy”, NBER Working Paper No. 15321, September 2009; [http://www.anderson.ucla.edu/faculty/paola.giuliano/NBER\\_WP15321.pdf](http://www.anderson.ucla.edu/faculty/paola.giuliano/NBER_WP15321.pdf).

<sup>36</sup> See, for example, D.N.F. Bell and D.G. Blanchflower: “What should be done about rising unemployment in the UK?”, IZA Discussion Paper, No. 4040, 2009; W. Arumlamplam, P. Gregg and M. Gregory: “Unemployment scarring”, in *The Economic Journal*, Vol. 111, No. 475, November 2001; <http://www.jstor.org/pss/798306>; M. Gangl: “Scar effects of unemployment: A cross-national comparison”, University of Mannheim; [http://www.allacademic.com/meta/p\\_mla\\_apa\\_research\\_citation/0/1/9/6/0/p19600\\_index.html](http://www.allacademic.com/meta/p_mla_apa_research_citation/0/1/9/6/0/p19600_index.html); and P. Gregg and E. Tominey: “The wage scar from male youth unemployment”, in *Labour Economics*, Vol. 12(4), August 2005.

<sup>37</sup> L. Kahn: “The long-term labor market consequences of graduating from college in a bad economy”, in *Labour Economics*, Vol. 17(2), April 2010; [http://mba.yale.edu/faculty/pdf/kahn\\_longtermlabor.pdf](http://mba.yale.edu/faculty/pdf/kahn_longtermlabor.pdf).

unemployment in the current crisis.<sup>38</sup> The paper reminds us that there are two streams of crisis impact when talking about youth employment in developed economies. There is the impact to the more educated youth, leaving school and making their first full-time entry to the labour market. During an economic boom, these are the young people that have little problem integrating into wage employment. In fact, they are likely to try out several jobs as they and their employers seek the best match quality for career growth (one explanation behind the habitually higher youth than adult unemployment rate, as explained in section 2.3). During economic recessions, this same category of youth faces the inevitable consequence of longer periods of unemployment, lower wages and less than perfect job matches. When economic recovery starts to take off there is another possible consequence for the educated youth according to the OECD; this is the danger posed by employers who are tempted to hire new graduates rather than the cohort of previous year graduates who are then stuck in long-term unemployment or inactivity. This is a real possibility, especially where employers recruit directly from educational institutions. But most OECD governments are aware of the danger and have taken up targeted measures that will prevent the creation of a marginalized cohort of educated youth, the so-called “lost generation”.<sup>39</sup>

There is even more cause for concern about another group of young people during times of crisis. These are the unskilled youth. While there is nothing new, i.e. crisis-specific, in the vulnerability of unskilled youth in developed economies, the crisis has worsened their situation, creating even longer queues for the limited number of unskilled jobs, thus swelling the ranks of the long-term unemployed and discouraged workers. The unskilled youth are most at risk of detaching themselves from the labour force to remain dependent on the State for the remainder of their lifetime. In reaction, most youth employment policy agendas in developed countries contain active labour market policies that target the (mostly unskilled) long-term unemployed and discouraged youth.<sup>40</sup> Such policies were strengthened during the crisis period in many countries (see box 10).

*and certainly on the level of development within the country.*

The literature of scarring draws almost exclusively on evidence from developed countries, largely within the European Union and the United States as the group of countries with available longitudinal panel data. This does not necessarily discredit the exercise, however, since it can be argued that the impact of economic crises on youth employment and the transmission mechanisms that connect impact to outcome are entirely diverse for

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<sup>38</sup> S. Scarpetta, A. Sonnet and T. Manfredi: “Rising youth unemployment during the crisis: How to prevent negative long-term consequences on a generation”, OECD Social, Employment and Migration Papers, No. 106, 2010; [www.oecd.org/els/workingpapers](http://www.oecd.org/els/workingpapers).

<sup>39</sup> The “lost generation” concept has been picked up in numerous media reports. For example, see D. Blanchflower: “Credit crisis creates lost generation” at Bloomberg.com; <http://www.bloomberg.com/apps/news?pid=20601110&sid=aJ62yIOdJaAI>; “Lost generation?”, in *OECD Observer*, No. 279, May 2010; and “The lost generation”, in *Bloomberg Businessweek*, 8 October 2009; [http://www.businessweek.com/magazine/content/09\\_42/b4151032038302.htm](http://www.businessweek.com/magazine/content/09_42/b4151032038302.htm).

<sup>40</sup> There is extensive literature on the topic of disadvantaged youth and the policy options aimed to promote their employability. See L. Brewer: “Increasing the employability of disadvantaged youth: Responding to the impact of the financial and economic crisis”, Guidance Note, ILO, forthcoming; D.H. Freedman: “Improving skills and productivity of disadvantaged youth”, Employment Working Paper No. 7, ILO, 2008; [http://www.ilo.org/public/libdoc/ilo/2008/108B09\\_346\\_engl.pdf](http://www.ilo.org/public/libdoc/ilo/2008/108B09_346_engl.pdf). The OECD has also discussed the issue on numerous occasions, including its annual *OECD Employment Outlook*. See, for example, “Off to a good start? Youth labour market transitions in OECD countries” (2008) and “Policies targeted at specific workforce groups or labour-market segments” (2006).

developed and developing economies. The scarring arguments – measured mainly in terms of unemployment and wages – presume the presence of a highly organized, formal economy where labour markets are dominated by well-defined, wage-based and enterprise-driven employment. Such is the case in the developed economies only with the possible addition of a few emerging economies in Latin America & the Caribbean and Asia. Youth in developing economies, especially in the lowest-income economies, face an entirely different set of constraints, as examined in section 3.2.3. In the low-income economies, youth are “scarred” in a different way. As more young people remain in poverty in the course of the crisis, the hope of seeing a youth-driven push toward development in low-income countries remains stalled.

### 3.4 Recovery prospects for youth in labour markets

The global economy is in the early stages of recovery from the largest negative economic shock since the Great Depression. According to the IMF’s April 2010 *World Economic Outlook*, following the contraction in global output of 0.6 per cent in 2009, the world economy is projected to grow at a robust annual pace of 4.2 per cent in 2010 and 4.3 per cent in 2011 (see table 5).<sup>41</sup> Nonetheless, there remains an element of uncertainty about recovery prospects. Indeed, while upgrading forecasts for overall global economic growth, the IMF’s July 2010 *World Economic Outlook Update* warned that downside risks to the economic recovery have risen sharply in recent months. In a simulation of the potential effects of increased financial stress and contagion on trade, consumer confidence, investment and overall growth, the IMF found that global growth in 2011 could be reduced by as much as 1.5 percentage points over the current forecast. There are also risks that fiscal stimulus measures may be withdrawn too early in some economies, threatening to curb growth prospects before private sector-led demand resumes.

**Table 5**  
**Global GDP growth, unemployment and unemployment rates, youth and total (15+)**  
**2007 to 2011**

	2007	2008	2009	2010p	2011p
Annual real GDP growth (%)	5.2	3.0	-0.6	4.2	4.3
Total unemployment (millions)	177.8	184.0	206.7	209.0	204.9
Total unemployment rate (%)	5.7	5.8	6.4	6.4	6.2
Youth unemployment (millions)	72.9	74.1	80.7	81.2	78.5
Youth unemployment rate (%)	11.9	12.1	13.0	13.1	12.7

p = projection

Source: ILO, Trends Econometric Models, April 2010 (see boxes 4 and 8 for more information) and IMF, *World Economic Outlook*, April 2010.

<sup>41</sup> In July 2010, the IMF released an updated forecast for global economic growth of 4.6 per cent in 2010, with no change to the forecast for 2011. The current outlook follows upward revisions to growth of 0.3 percentage points in the advanced economies, led by an upward revision in the newly industrialized Asian economies of 1.5 percentage points, an upward revision of 0.5 percentage points in emerging and developing economies and an upward revision to global trade volumes of 2 percentage points. For further information, see: <http://www.imf.org/external/pubs/ft/weo/2010/update/02/pdf/0710.pdf>.

### Box 8

#### A note about data estimates and projections, 2010-11

Halfway through 2010, 55 out of a total sample of 178 countries have released a set of basic labour market indicators for at least some months or for the first quarter of 2010. This information is utilized in order to generate a projection of the 2010 annual unemployment rate. The 2010 projection for the rest of the sample (countries without any data for 2010), and the projections for 2011 onwards are produced by an extension of the GET model, described in box 4, using the relationship between economic growth and unemployment during countries' previous recovery periods.<sup>1</sup>

In generating the 2010 point estimate for the 55 countries for which 2010 data are available, the first step was to take an unweighted average of the (seasonally adjusted) unemployment rate over the available months or quarters of 2010, which is defined as the point estimate. A confidence interval of one standard deviation of the monthly or quarterly unemployment rates since the beginning of 2008 was built around this point estimate.<sup>2</sup> In order to integrate the short-term and long-term trends in the movement of unemployment rates, the above point estimate is adjusted according to whether the two trends are in agreement.<sup>3</sup> Specifically:

- if both trends were positive (negative), then the above point estimate was recalculated as a weighted average of 60 (40) per cent of the upper bound and 40 (60) per cent of the lower bound.
- if the two trends were in opposite directions, the unemployment rate of the latest month or quarter available was assigned to the remaining months or quarters of 2010, and the above point estimate was recalculated as an unweighted average over the 12 months or four quarters of 2010.

The projections for the unemployment rate of the sub-components for 2010 onwards were also produced with the extension of the GET model, using separately for each sub-component (sex and age) the same model specifications as for the total unemployment rate. The nominal unemployment for the various sub-components estimated with the extension of the GET model was aggregated to produce a nominal total unemployment, which may differ from what the above procedure separately estimates for the total nominal unemployment. The difference between the total nominal unemployment produced as the sum of the sub-components and the total nominal unemployment estimated separately was distributed among the sub-components.<sup>4</sup> These adjusted point estimates are the final point estimates for the sub-components. See Annex 5 of the *Global Employment Trends, January 2010* report for more detailed information on projections.

The methodology behind the construction of the confidence intervals (CI) around the current year point estimate for all the countries in the sample is described in full in Annex 4 of the *Global Employment Trends, January 2010* report. For the sake of simplification, the 2010 and 2011 projections referred to throughout this report are the point estimates. The values associated with the upper- and lower-bound confidence intervals are shown only in tables A9 and A10.

<sup>1</sup> For a detailed description of the methodology used in the Trends Econometric Models, please consult the following paper: ILO: "Trends Econometric Models: A review of methodology" (Geneva, 2010); available with other background documents on website: [http://www.ilo.org/empelm/what/projects/lang--en/WCMS\\_114246/index.htm](http://www.ilo.org/empelm/what/projects/lang--en/WCMS_114246/index.htm).

<sup>2</sup> In cases where the ratio of the point estimate and the standard deviation is less than or equal to 5, the standard deviation is instead constructed since the beginning of 2010. The rationale is that the exceptionally high volatility of unemployment rates during the early period of the global financial crisis is unlikely to persist over the short-to-medium term. Rather, the most recent level of volatility can be expected to persist.

<sup>3</sup> The shorter-term and the longer-term trends are defined as the percentage point differences between the unemployment rate of the latest month M (or quarter Q) available and the unemployment rate of the month M-3 (or quarter Q-1), and of the month M-6 (or quarter Q-2), respectively.

<sup>4</sup> The underlying assumption is that the relationship between the total unemployment rate and GDP growth is better understood than the relationship between unemployment rates of sub-groups of workers and GDP growth. Each sub-component's share of the total nominal unemployment is used to distribute this difference among the sub-components.

While the baseline global macroeconomic forecast is favorable, labour markets around the world remain severely strained. The crisis resulted in an unprecedented increase in unemployment around the world, with nearly 29 million more unemployed in 2009 versus 2007, 7.8 million of which were young people. Despite the robust economic growth forecast for 2010, global unemployment is projected to continue to rise, with a baseline forecast of 209 million unemployed in 2010, an increase of 2.3 million versus 2009. This projection implies that the global unemployment rate will remain elevated at 6.4 per cent, versus 5.7 per cent in 2007 (see table 5). It is clear that the labour market recovery is occurring with a significant lag, and in a much less pronounced fashion, to the overall economic recovery.

This chapter has discussed the impact of the current economic crisis on young people. In the developed economies, the impact on youth is felt mainly in unemployment and the social hazards associated with joblessness and prolonged inactivity. In developing economies, the possibility of attaining a fulfilling, empowering, well-paid and protected job was already limited for most young men and women. Still, the crisis in these regions of the world has exacerbated ongoing challenges by threatening to stall progress in poverty reduction and thus touching upon all poverty-related externalities (education enrolment, fertility, health, etc.).

*Slight recovery in youth unemployment rates are expected over the next year...*

Table 6 presents the ILO forecasts of labour market indicators for 2011 with a comparison to the same indicator during the crisis years. The rebound of GDP growth rates is expected to lead to tentative improvements in prospects for young people by 2012. The current ILO forecast is for a continued increase in youth unemployment around the world in 2010, followed by a moderate decline in 2011, with the number of unemployed projected to decline by 2.7 million to 78.5 million, and the global youth unemployment rate declining to 12.7 per cent (see figure 5 and table 6). Only in the Middle East and North Africa are youth unemployment rates expected to continue the upward path in 2011. For all other regions, slight improvements over the peak years (2010 in most cases) are forecast (see figure 6 and table 6). The largest decrease (1 percentage point) in youth unemployment rates is expected for Central & South-Eastern Europe (non-EU) & CIS. The 2011 rate in the Developed Economies & European Union would represent a 0.9 percentage point decrease from the previous year. However, the expected rate of 18.2 per cent would still be higher than was ever seen in the region over the pre-crisis period (1991-2007).

*but the pace of recovery is expected to be slower than that of adult rates and also more uncertain.*

The adult unemployment rates, which rose less than those of youth during the crisis period (see section 2.3.1), are also forecast to decrease slightly less than youth in all regions but South-East Asia & the Pacific. The global youth unemployment rate is projected to drop significantly to 12.7 per cent in 2011 from 13.1 per cent in 2010. In comparison, the adult unemployment rates are expected to decline from 4.8 per cent in 2010 to 4.7 per cent in 2011 (see table 6). In general, though, the higher elasticity of youth unemployment rates in the current economic crisis means that the unemployment impact in 2011 is harder to predict. As economic instability continues and recovery forecasts from the IMF face revisions in each coming quarter, the projections of youth unemployment prospects remain tentative.

**Table 6**  
**Projections of GDP growth rate, youth and adult unemployment rates, by region, 2010-11**

	GDP growth rate (%)			Youth unemployment rate (%)			Adult unemployment rate (%)		
	2010 p	2011 p	Change from 2009*	2010 p	2011 p	Change from peak year**	2010 p	2011 p	Change from peak year**
WORLD	4.2	4.3	4.9	13.1	12.7	-0.4 ('10)	4.8	4.7	-0.2 ('09)
Developed Economies & European Union	2.1	2.2	5.5	19.1	18.2	-0.9 ('10)	7.4	7.2	-0.2 ('10)
Central & South-Eastern Europe (non-EU) & CIS	4.1	3.5	9.6	20.2	19.7	-1.0 ('09)	8.2	8.0	-0.4 ('09)
East Asia	9.0	8.9	2.2	8.4	8.1	-0.8 ('09)	3.3	3.1	-0.3 ('09)
South-East Asia & the Pacific	5.4	5.6	4.1	14.8	14.6	-0.3 ('10)	2.9	2.8	-0.3 ('08)
South Asia	7.9	7.8	2.5	10.3	9.8	-0.5 ('09)	3.2	3.1	-0.3 ('07)
Latin America & the Caribbean	4.0	4.0	5.8	15.8	15.2	-0.9 ('09)	5.9	5.7	-0.2 ('09)
Middle East	4.3	4.4	2.8	23.7	23.9	0.2 ('10)	6.2	6.2	0.0 ('10)
North Africa	4.7	5.1	1.4	23.8	24.0	0.2 ('10)	6.5	6.5	0.1 ('10)
Sub-Saharan Africa	4.7	5.8	3.7	12.5	12.3	-0.2 ('10)	6.2	6.1	-0.1 ('09)

p = projection

\*2009 represents the trough year in all regions in terms of GDP growth rates.

\*\*The number in parentheses represents the peak year.

Source: ILO, Trends Econometric Models, April 2010 (see box 8 for more information on the methodology behind the projections). See also table A10.

It is interesting to note that the unemployment rate of adults is expected to show recovery one year earlier (in some cases, two years) than that of youth. The projections thus support the argument that young people, perhaps due to their lack of experience, remain at the back of the unemployment queue as markets begin to recover. In general then, despite the tentative signs of recovery, there is no room for complacency. Past research has shown that there can be substantial differences in the immediate impacts of an economic shock compared to the longer-term effects. In a situation where there is a large pool of jobless persons, the lesser job experience of the younger person can serve as a disadvantage when competing for fewer jobs against persons with more experience. On the other hand, the success of the job search depends on: (1) the survival strategy of enterprises attempting to stay afloat during hard times (some will prefer to hire “cheaper” young labour); (2) the strength of institutional arrangements in the country or sector (the power of unions, etc.); (3) the sectoral pattern of where lay-offs and recovery are occurring; and (4) the extent of policy responses. If recovery happens in the sectors that tend to attract young workers – construction and tourism, for example – then youth employment prospects are less dire.

It will not be easy for youth struggling to start out in the labour market in the current or coming years, particularly in the developed economies. The demand shock increasingly places the educated unemployed among the lesser-educated in the ranks of long-term unemployment. With less room to “shop around”, many of the youth who do find jobs are likely to be stuck in work that does not match their skills level or desired career path. In the meantime, youth born to developing economies will continue with the usual struggle to gain advantages in an environment marked by limited options and fragile poverty thresholds. Youth in poverty may be habituated to having few choices or relying on education to bring them better options (even if the option means leaving their home village or even country)

(see box 9). The danger here – and the same could be said for youth everywhere – is when the perception among youth is that they have fewer opportunities than previous generations, when they believe that somehow their chances at an easy future have been destroyed by forces beyond themselves. Under such circumstances, resentment sets in and unrest among youth cohorts becomes a real threat.

### Box 9

#### Youth and choices: Advocating hope and empowerment

One UN report notes that “For the majority of young people in developing countries the innocence and freedoms of childhood end early as the harsh realities of survival, gaining an education, and preparing for the responsibilities of adulthood take over.”<sup>1</sup> The option open to the poor youth is: “do whatever it takes to survive”. This might mean migrating hundreds of miles away from the family to work 55 hours a week cleaning dishes in a restaurant. It might mean helping one’s mother to break up stones to sell as gravel. It might mean prostitution. There is an endless number of non-decent jobs taken up by young people every day. The UN report tells the story of many such disadvantaged youth who find themselves in horrendous circumstances all because they have no other choice. As a result, they can feel trapped and angry.

A happy youth is one faced with exciting options for the future. The contrast then is a young person who feels trapped in a situation that offers little opportunity for building a better future. Even more unhappy are the youth who perceive little hope for future prospects and have acquired a sense of injustice regarding the inequality of their situation. These are the youth who feel themselves victimized by the “system” and the ones who focus their anger on the most obvious culprit to them; they might blame globalization in general, the greed of the capitalist system, national politicians, government corruption, their parents, a specific ethnic group.

In many countries with stagnant economies and poor prospects for productive employment, religious sects, secular ideologies and revolutionary movements such as the Maoists in Nepal find fertile ground for converts among discontented youth, oftentimes found principally in rural areas.<sup>2</sup> Such groups can offer youth excitement and a (false) hope for the future. Youth in developed economies might be less likely to join extremist groups but might seek an outlet for their idleness and frustrations in drugs and crime.

The lack of prospects for young people of ever being able to work for a reasonable living poses a real threat to national stability and even global peace, security and development. Fortunately, many national agendas prioritize youth employment challenges through policies and programmes, and campaigns for focusing on youth development feature prominently on the global agenda. In September 2000, the Millennium Summit – the largest gathering ever of Heads of State and Government – recognized the political urgency and relevance of addressing the problem of youth unemployment and underemployment. In the Millennium Declaration, the Summit resolved to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work”. Achieving full and productive employment and decent work for all, including women and youth, is a target of MDG 1 which aims to eradicate extreme poverty and hunger. This commitment re-affirms youth employment as one of the United Nations’ key development priorities that are part of the UN World Programme of Action for Youth. Likewise, the forthcoming UN International Year of Youth – starting on 12 August 2010 – will hopefully make inroads in advocating for empowerment among youth and raising the hopes of this and future young generations for a positive future.

<sup>1</sup> IRIN: “In-Depth: Youth in crisis: Coming of age in the 21st century”, UN IRIN, In-Depth report, February 2007; <http://www.irinnews.org/InDepthMain.aspx?InDepthId=28&ReportId=69977>.

<sup>2</sup> Youth Employment Summit (YES) Campaign: *Employment for rural youth in Asia and the Pacific: Jobs and empowerment on and off farm* (Education Development Center Inc.); <http://www.yesweb.org/docs/rdbook.pdf>.

*Governments have played an active role in responding to the employment crisis, focusing specific attention on youth.*

Many governments around the world have taken up the call for action to support youth at risk that was made in the Global Jobs Pact, adopted by the International Labour Conference in 2009.<sup>42</sup> They have introduced measures to sustain youth employment through a combination of incentives for new employment, employment services, skills development, income support, public works and community services, and youth entrepreneurship. Annex 2 offers an inventory of crisis policy interventions aimed to directly impact young people while box 10 summarizes the types of interventions undertaken. The active response of governments and the social partners has been successful in mitigating the full impact of the crisis in terms of both youth unemployment and development.<sup>43</sup> The strengthening of income transfer programmes in numerous Latin American countries, for example, has prevented the possible decline in educational attainment discussed in section 3.2.3.

### Box 10

#### Youth employment measures adopted during the recent crisis

Several employment measures were adopted to cushion 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).<sup>1</sup> 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.

Although evaluations of the specific national measures summarized in Annex 2 are not yet available, findings from past evaluations of certain programmes (not policies) are the subject of chapter 4 of this report.

<sup>1</sup> In developing training programmes, constituents may benefit from a training strategy document prepared by the ILO at the request of the G20 Leaders. The document, "A skilled workforce for strong, sustainable and balanced growth" (September 2009) will be made available shortly at:

[http://www.ilo.org/public/libdoc/jobcrisis/download/g20\\_skilledworkforce.pdf](http://www.ilo.org/public/libdoc/jobcrisis/download/g20_skilledworkforce.pdf).

Source: Reproduced from ILO Youth Employment Programme: "Policy options to support young workers during economic recovery"; [www.ilo.org/youth](http://www.ilo.org/youth). For additional guidance on how to promote youth employment prospects, see B. Ha, C. McInernay, S. Tobin and R. Torres: "Youth employment in crisis", Discussion paper, International Institute of Labour Studies, 2010;

<http://www.ilo.org/public/english/bureau/inst/download/dp201.pdf>. For a more general inventory of the labour market policy response tools available to countries during times of economic crisis, see S. Cazes, S. Verick and C. Heuer: "Labour market policies in times of crisis", Employment Working Paper No. 35, ILO, 2009.

<sup>42</sup> "Recovering from the crisis: A Global Jobs Pact", adopted by the International Labour Conference at its 98th Session, Geneva, 19 June 2009.

<sup>43</sup> "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, 20-21 April 2010, Washington, DC; <http://www.ilo.org/pls/apex/f?p=109:12:0>.

## 4 An evaluation of lessons learned in youth employment programmes<sup>44</sup>

### 4.1 Introduction

Investing in young people is an opportunity to utilize the potentially large dividend of today's sizeable youth cohorts. If properly tended, a youth demographic window can translate into high economic growth – as experienced in Asia during the 1970s and 1980s – that can also conduce to social inclusion and poverty reduction (see section 2.1 for information on demographic trends). If untapped, the potential downside of having a large number of young people is quite significant and can lead to unemployment, socio-economic instability, and political unrest.

Youth unemployment is already imposing a toll on a number of economies worldwide, particularly following the recent economic downturn as highlighted in this report. This report estimates a global average youth unemployment rate of 13.0 per cent in 2009, up 1.1 percentage points from 2007. Even in the absence of precise measures of youth underemployment, precarious informal jobs and contributing family work, this report provides clear evidence on the high level of vulnerability of young people today. Now, more than ever, there is urgency in answering the following questions:

- *How to effectively invest in youth?*
- *How to maximize the chances of having a positive impact on their labour market prospects?*

While there has been increasing interest and spending on labour market programmes for youth in recent years, there is still a considerable lack of information on the constraints faced by young people in entering the labour market and, more importantly, information on effective, proven interventions to tackle these constraints. According to the Youth Employment Inventory (YEI),<sup>45</sup> *this gap in evaluation evidence as a basis for policy and programme design is a serious issue that has led to overestimation of programme impacts.* Only one in four of projects implemented around the world and documented in the inventory had an impact evaluation, i.e. an assessment of the net change in beneficiaries' outcomes that could be attributed to the intervention, and only 35 per cent of the evaluated projects had a measure of cost-effectiveness.

This chapter focuses on the lessons learned from evaluated youth employment programmes and, in doing so, sheds some light on what works to improve employment and earnings of young men and women. It adds other information from promising, still to be evaluated, interventions that are proving to be innovative in the promotion of youth

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<sup>44</sup> This chapter is a contribution of the Youth Employment Network (YEN) (see box 11), written by Susana Puerto (puerto-gonzalez@ilo.org).

<sup>45</sup> The Youth Employment Inventory ([www.youth-employment-inventory.org](http://www.youth-employment-inventory.org)) is a World Bank initiative, supported by the Youth Employment Network (YEN) and the German Organization for Technical Cooperation (GTZ), which in 2007 gathered information on and drew lessons from 289 active labour market programmes for youth around the world. The inventory has turned into a live global platform for information sharing on youth employment initiatives that has attracted interest and support from other development organizations, including the Inter-American Development Bank and the ILO.

participation, private sector involvement and the prioritization of youth employment at the local and national levels. Section 4.2 outlines a systemic strategy to invest in youth employment. The strategy prioritizes the analysis of the current conditions of youth before the selection of programmes to address youth employment challenges. A number of labour market barriers faced by youth are described and subsequently linked in section 4.3 where lessons learned from specific programme evaluations are provided.

### Box 11

#### The Youth Employment Network (YEN)

YEN is a partnership of the UN, ILO and the World Bank set up after the Millennium Summit in 2001 to find new and durable solutions to the youth employment challenge. The network is a global platform whose goal is to prioritize youth employment on the development agenda and to exchange knowledge on effective policies and programmes to improve employment opportunities for youth.

#### What does YEN Secretariat do?

##### Advise

YEN's flagship programme is a network of policymakers from countries across the globe who have committed to prioritizing youth employment on 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. *Key product: Lead Country Network*

##### Evaluate

YEN's Evaluation Clinics provide technical and financial support to policymakers 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. *Key product: Evaluation Clinics*

##### Innovate

YEN believes youth should be given the opportunity to articulate their needs and to become active partners in implementing employment-generating programmes. In this spirit, YEN implements a Youth-to-Youth Fund in East and West Africa, making a concrete offer to youth-led organizations to contribute to employment generation while simultaneously teaching youth project management skills. *Key product: Youth-to-Youth Fund*

##### Broker partnerships

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. *Key product: Marketplace*

See: [www.ilo.org/yen](http://www.ilo.org/yen) for more information.

## 4.2 How to invest in youth employment

### 4.2.1 The strategy

Cunningham et al. introduce a strategy to effectively invest in labour market interventions that reduce youth unemployment.<sup>46</sup> Likewise, an ILO guide sets out the desired

<sup>46</sup> W. Cunningham et al.: "Active labor market policies for youth: A framework to guide youth employment interventions", Employment Policies Primer Notes, World Bank, forthcoming.

process underpinning the preparation of national action plans for youth employment.<sup>47</sup> Both strategies integrate the important step of undertaking an in-depth diagnosis of youth labour market issues at the country level, identifying the most prominent barriers that restrict the integration of youth into employment. The subsequent step in the strategy is to set national priorities and explore best matches in terms of the available scope of labour market interventions to address the identified barriers. The selection of the proper intervention requires consultation and analysis to ensure a suitable design, relevant to the needs and means of the country. The process for the subsequent design of interventions can then benefit from the lessons learned from programmes undertaken in other countries and the identification of best practices as outlined here in section 4.3. Lastly, a strategy for investing in youth employment should ideally build in the important step of evaluation of interventions to learn what works and what does not in counteracting labour market barriers for youth.

#### 4.2.2 Identifying the barriers youth face in the labour market

Labour market information as well as supply and demand analyses can provide a comprehensive picture of the labour market barriers affecting young people.<sup>48</sup> They provide information on current conditions of youth and assess the needs of employers and young workers/jobseekers. A number of labour market barriers for youth are identified in figure 15. To a varied extent, these barriers are common to both developed and developing economies. They cover four key areas:

*First*, barriers related to job skills mismatches hinder the chances of finding employment due to lack of adequate competences. Mismatches occur between the technical and non-technical skills that employers require and those that the potential working population has. The incidence of this barrier is illustrated by the popularity of active labour market training programmes. An overview study of the YEI highlights the high frequency of training programmes compared to other measures such as employment services, wage/employment subsidies, public works and entrepreneurship schemes for youth. Thirty eight per cent (111 out of 289) of youth employment interventions recorded in 2007 addressed skills barriers through training.<sup>49</sup>

Mismatches in non-technical skills, such as numeracy, literacy, soft and life skills, are increasingly recognized as a key barrier to employing youth. A recent study of the Youth Employment Network and the International Youth Foundation shows that lack of life skills, lack of initiative and insufficient literacy skills were seen as the primary constraints when hiring young workers in Ghana and Senegal.<sup>50</sup>

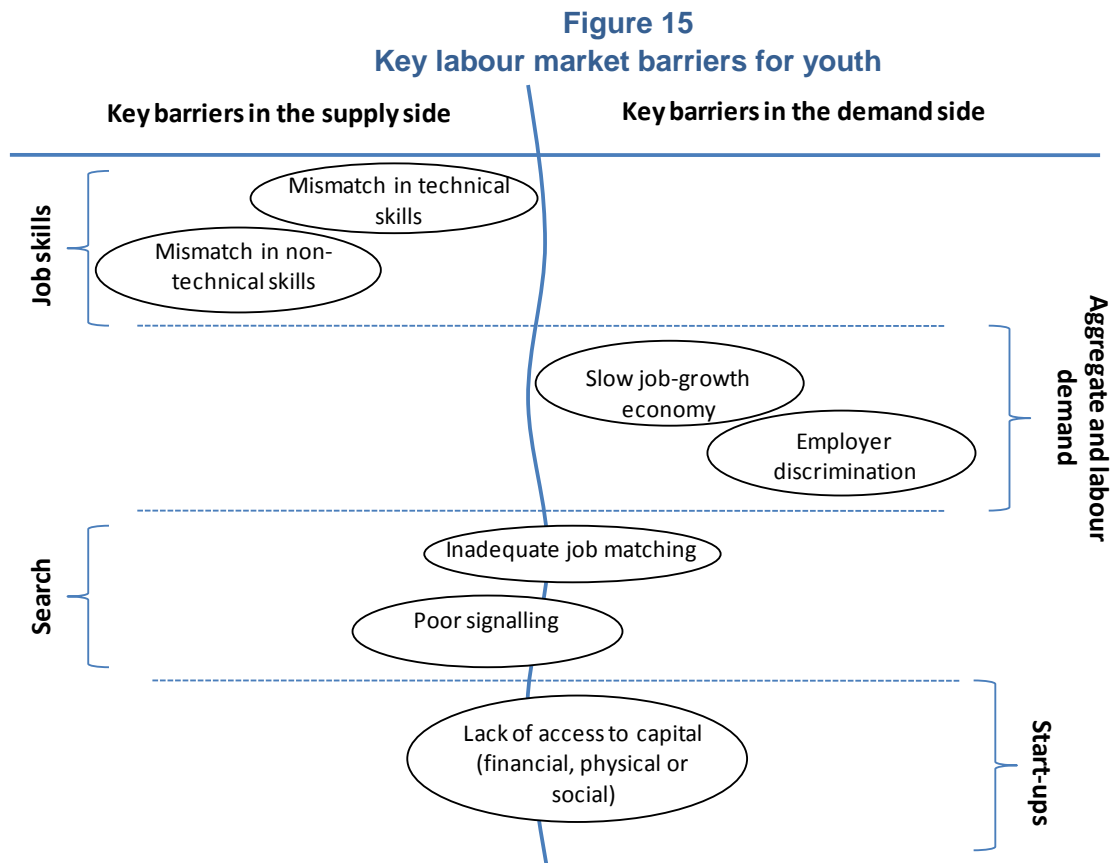
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<sup>47</sup> G. Rosas and G. Rossignotti: *Guide for the preparation of National Action Plans on Youth Employment* (Geneva, ILO, 2008); [http://www.ilo.org/employment/Whatwedo/Instructionmaterials/lang--en/docName--WCMS\\_116007/index.htm](http://www.ilo.org/employment/Whatwedo/Instructionmaterials/lang--en/docName--WCMS_116007/index.htm).

<sup>48</sup> For general information regarding sources of labour market information and the relevance of labour market analysis, readers are recommended to see ILO: *Key Indicators of the Labour Market, 6th Edition* (Geneva, 2009), specifically, Chapter 4 on youth unemployment; <http://www.ilo.org/kilm>.

<sup>49</sup> G. Betcherman, M. Godfrey, S. Puerto, F. Rother and A. Stavreska: “Global inventory of interventions to support young workers: Synthesis report”, Social Protection Discussion Paper Series 0715, World Bank, 2007.

<sup>50</sup> Youth Employment Network and the International Youth Foundation: “Private sector demand for youth labour in Ghana and Senegal: Ghana and Senegal study findings”, 2009.



*Second*, there are barriers linked directly to labour demand. Teenage (aged 15-19 years) labour force participation, in particular, shows a tendency toward sensitivity to shifts in aggregate demand. As mentioned in chapter 3 of this report, insufficient or non-employment-conducive economic growth affects not only youth unemployment through high turnover and job instability, but also the morale of young people and their attitude toward work and adulthood in general.

Labour demand barriers comprise observed discrimination of employers towards youth. Lack of job experience, insufficient exposure to a working environment and bad stereotypes often take their toll on youth. These entry constraints translate into higher probabilities of working part time, working informally, and therefore receiving lower wages than adults. These facts intensify under economic recessions, when youth are additionally the first penalized when employers determine lay-offs on the basis of seniority.

*Third*, job search barriers create information gaps between jobseekers and potential employers. Inadequate job matching leads to sub-optimal job allocations, especially among the most disadvantaged jobseekers that lack access to job networks and social capital. Another gap derives from poor signalling, which limits the ability of jobseekers to inform employers of their level of skills. In many countries, particularly developing ones, acquiring a degree does not mean much in the labour market if employers ignore what the degree means in terms of skills level.

*Lastly*, there are barriers to the creation and development of businesses, particularly in gaining access to financial, physical, and social capital. Young entrepreneurs face numerous barriers to start-up a business, especially when their initiative is driven by necessity rather

than choice. Entrepreneurs by necessity choose entrepreneurial activities as a response to lack of opportunities in formal sector jobs or in education. This is the case despite the inherent risks and difficulties involved in creating a successful business.<sup>51</sup> Difficulties in accessing capital derive from factors such as lack of personal savings and resources, lack of securities and credibility, lack of business experience and skills, and insufficient financial instruments to target youth.<sup>52</sup>

### 4.3 Interventions to address youth employment barriers

This section offers lessons and best practices from active labour market programmes for youth that have shown positive and promising impacts on their employment and earnings outcomes.<sup>53</sup> It follows the sequence of labour market barriers displayed in figure 15 and highlights factors for success under selected intervention types.

#### 4.3.1 Addressing technical skills mismatches

Offsetting the mismatch of technical skills among youth entails facilitating access to vocational training, creating an enabling environment for the development and expansion of a competitive job training sector and providing effective active labour market programmes to unemployed youth and youth living in isolated areas where the market does not reach. It may also involve workplace training schemes, the creation or improvement of apprenticeships systems, the promotion of subsidized training programmes that provide financial incentives to employers for in-service training and the delivery of entrepreneurship skills training for youth seeking self-employment opportunities.

**Vocational training programmes** have provided experience over a long period. They focus on the needs of the productive sector and deliver training in the corresponding demanded skills. They are generally sponsored and managed by governments in a classroom setting. Lessons learned from successful experiences, such as the *National Plan of Professional Education* of Brazil and the *Summer Youth Employment and Training Program* of the United States, stress the importance of the following initial conditions:

- (i) adequate government resources for training;
- (ii) ample supply of high-quality training providers, both public and private; and
- (iii) capable technical management and supervision units that ensure transparency and quality in a “competitive” environment.

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<sup>51</sup> Llisterri et al (2006) show a high incidence of youth entrepreneurship activities among the poor in Latin America. Their analysis indicates that, on average, over 57 percent of young entrepreneurs (aged 16-24 years) came from the two lowest income quintiles, while nearly 17 percent of young employers were in the two lowest income quintiles. Llisterri et al.: “Is youth entrepreneurship a necessity or an opportunity? A first exploration of household and new enterprise surveys in Latin America”, Sustainable Development Department Technical Papers Series, Inter-American Development Bank, 2006.

<sup>52</sup> 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, ILO, 2006.

<sup>53</sup> The OECD defines active labour market measures as the set of non-education social investments seeking to improve employment prospects of beneficiaries or to increase their earnings capacity. Measures comprise public employment services and administration, labour market training, measures to ease the school to work transition, measures to promote employment for the unemployed, and special programmes for the disabled.

**Training “plus”, comprehensive programmes.** Fares and Puerto (2009) show a general pattern of transition from vocational, in-classroom training towards combined measures of training – from in-classroom to workplace and other supplementary services.<sup>54</sup> The more comprehensive programmes have a higher tendency of being evaluated positively in terms of their impacts on labour market outcomes of trainees.

An example of an identified “good example” in training plus programmes for youth are the *Jóvenes Programmes*, a series of active labour market training programmes implemented across Latin America and the Caribbean since the early 1990’s. These programmes combine vocational and on-the-job training with a number of intermediation and support services. Impact assessments of these programmes in Argentina, Colombia, the Dominican Republic, Paraguay, Peru and Uruguay identify the following success factors:

- (i) an holistic training approach that combines in-classroom and on-the-job training provides technical and non-technical skills, supports entrepreneurial thinking, and facilitates job placement;
- (ii) the provision of financial assistance to ensure trainees’ participation, e.g. stipends and transportation vouchers;
- (iii) demand-driven training content;
- (iv) cooperation of prospective employers in the design of training content and its delivery through workplace training;
- (v) a competitive bidding system for training services;
- (vi) financial incentives for employers to subsidize labour and training costs;
- (vii) appropriate targeting and screening strategies to attract and benefit the intended population; and
- (viii) coordination among public agencies at national and local level.

**Entrepreneurship training programmes.** Skills training for young entrepreneurs is regarded as one of the most important investments to carry out in developing countries where employment opportunities are scarce and self-employment is often the only option for disadvantaged youth. While the evaluation evidence is very limited, a lesson learned from training “plus” programmes is the importance of providing entrepreneurship skills in a comprehensive training context.

Based on evidence from a self-employment programme in Peru, *Programa de Calificación de Jóvenes Creadores de Microempresas*, Jaramillo (2006) suggests that a comprehensive approach works better in promoting development and creation of small businesses.<sup>55</sup> An integrated package of in-classroom training, counselling and follow-up services, internships, and access to credit tend to yield greater impacts than managerial training alone. This approach will be further explored later under interventions to address lack of start-up capital (section 4.3.7).

#### 4.3.2 Addressing non-technical skills mismatches

Non-technical skills comprise insufficient numeracy and literacy skills. A mismatch at this level creates significant disadvantages in the labour market and requires the active

<sup>54</sup> J. Fares and S. Puerto Gonzalez: “Towards comprehensive training”, Social Protection Discussion Paper Series 0924, World Bank, 2009.

<sup>55</sup> M. Jaramillo: “Supporting youth facing labor market risks”, Policy note for the study *Youth at-risk in Latin America and the Caribbean*, World Bank, Washington DC, 2006.

participation of governments in improving the standards and facilitating access for youth to general education and skills training within and outside the formal education system. Non-technical skills also involve soft and life skills which go to the core of behaviours and attitudes of youth towards the work environment. Solving this mismatch requires training on communication, leadership, capacity to work in teams, motivation, and discipline.

**Soft and life skills training programmes** target primarily disadvantaged youth and youth with multiple issues, from substance abuse to criminal offences, teen pregnancy, and low educational, social, and vocational skills. While no impact evaluations of soft and life skills training programmes are available, promising experiences seen in recent programmes highlight the following factors for success:<sup>56</sup>

- (i) Trained teachers;
- (ii) Programme performance standards; and
- (iii) Institutional capacity and coordination among implementing agencies at national, state and local levels.

Life skills training has been regularly incorporated in the content of training “plus” programmes. Experiences in Latin America, such as the *Entra 21* model, highlight the positive impact of expanding a traditional curriculum to encompass life skills training.<sup>57</sup>

#### 4.3.3 Addressing slow job growth barriers

The lack of labour demand prompted by insufficient growth has a significant impact on involuntary unemployment and discouragement, particularly among youth. It remains the toughest barrier to tackle, particularly in developing economies. While there are other macroeconomic and investment climate aspects that play a role in addressing employment growth, active labour market measures such as wage and training subsidies as well as public works programmes can motivate employers to hire young people as well as to counteract the excess labour supply of young workers in times of crisis. In Annex 2, related current crisis interventions are listed under the category “employment creation”.

**Wage and/or training subsidies** aim to reduce costs for firms and create incentives for hiring youth during times of low labour demand. Subsidies are provided by the government upon hiring or training an entitled unemployed young worker during a specified period of time. In some cases the subsidy goes directly to the workers. The amount of the subsidy is set and provided directly by Employment Offices.

Programmes providing training “plus” comprehensive services along with wage subsidies tend to have better impacts on labour market prospects of young people. Other services that have been successfully combined with subsidies are on-the-job training, counselling, and job search assistance. Betcherman *et al.* (2004) point to the relevance of adequate design features, in particular the importance of minimizing the risks of deadweight effects and potential substitution costs.<sup>58</sup> Other important risks to take into account are the

<sup>56</sup> A. Hahn, T. Leavitt, and S. Lanspery: “The importance of policies in support of life skills training to assist vulnerable groups of youth in the Latin America and Caribbean region”, World Bank Policy Toolkit meeting, Washington, DC, 2006.

<sup>57</sup> International Youth Foundation (IYF): *Final Report on the Entra 21 Programme Phase I 2001-2007* (2009).

<sup>58</sup> G. Betcherman, O. Karina and A. Dar: “Impact of active labor market programmes: New evidence from evaluations with particular attention to developing and transition countries”, Social Protection Discussion Paper Series 0402, World Bank, 2004.

turnover effect that occur when employers lay off subsidized workers after the programme has finished and the potential stigma effect.

**Public works programmes** provide direct and temporary employment opportunities at low-wage rate in public works and other activities that produce public goods or services. These jobs comprise labour-intensive infrastructure projects as well as community activities and civic projects. Public works have been widely implemented in developed and transition economies and are regularly managed by governments aiming to reduce unemployment rates and improve prospects for the target population, namely, disadvantaged workers, including the poor, the unskilled and the long-term unemployed.

Evaluation evidence indicates that public works can be an effective safety net strategy to tackle poverty in times of crises by providing relatively low wages to poor families (e.g. *Programa Trabajar* in Argentina). However, viewed as an employment creation strategy, public works programmes for workers of all ages show no significant effect and even negative impacts on post-programme employment outcomes as recorded by Kluve (2006) from a sample of European programmes.<sup>59</sup>

Evidence regarding programmes that specifically target youth is mixed. An evaluation of the *Temporary Employment Programme* of the Government of Bulgaria showed a positive effect on the probability of employment for participants aged younger than 30 years. A cost-benefit analysis however indicated that the benefits were not enough to recover the high costs of the programme. Other experiences from Poland (*Public Service Employment Programme*) and France (*Contrat d'Emploi Solidarité*) show zero or negative impacts on labor market outcomes for youth. Key design features drawn from these evaluations include:

- (i) adequate wage setting;
- (ii) appropriate timing (slow job-growth);
- (iii) community participation in the identification and selection of works;
- (iv) private sector participation in management and implementation;
- (v) multi-sectoral coordination in implementation;
- (vi) maintenance of assets created; and
- (vii) combination of employment and other measures, such as training, to facilitate exit from welfare.

Public service programmes promote participation of youth in development and often incorporate infrastructure projects into their activities in a similar fashion to public works. An evaluation of the *Youth Corps* in the United States showed a positive impact on employment prospects and earnings of young people. The benefits to young participants surpassed the programme costs by nearly 6 per cent.<sup>60</sup> A recent evaluation of *Americorps*, also implemented in the United States, also indicates the benefit of an improved attitude

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<sup>59</sup> J. Kluve: "The effectiveness of European active labor market policy", IZA Discussion Paper, No. 2018, 2006.

<sup>60</sup> J. Jastrzab, J. Masker, J. Blomquist and L. Orr: "Evaluation of national and community service programs impacts of service: Final report on the evaluation of American Conservation and Youth Service Corps", Abt Associates Inc., August, 1996. See also, C. M. Johnson and A. Carricchi Lopez: "Shattering the myth of failure: Promising findings from ten public job creation initiatives", Center on Budget and Policy Priorities, 22 December 1997.

toward employment among young participants and greater chances of participants choosing public service careers.<sup>61</sup>

#### 4.3.4 Addressing discrimination in the labour market

A number of measures to counteract age discrimination towards youth include affirmative action programmes and employee mentoring.<sup>62</sup>

**Affirmative action programmes** are interventions and laws that provide financial incentives to firms for hiring young workers and set mandatory quota systems to ensure balance and punish discrimination. The evidence on their effectiveness is mixed. Holzer and Neumark (2000a and 2000b) and Price (2002) studied their impact in developed countries and found positive programme effects that rely greatly on enforcement and sanction measures.<sup>63</sup> Evidence from the *First Job Agreements Programme* in Belgium, which required a 3 per cent quota of youth (aged 26 years and below) in firms that had more than 50 employees, showed no overall positive impact on youth employment.<sup>64</sup>

**Employee mentoring programmes** provide mentoring services to new employees by more experienced workers, often members of a discriminated group. While there is no evaluation evidence on their effectiveness, some promising experiences have indicated positive effects on integrating and retaining young workers (women) in non-traditional trades in the United States and on improving the employment prospects and attitudes of youth in the Netherlands.<sup>65</sup>

#### 4.3.5 Addressing inadequate job matching

Matching failures occur frequently among youth who often lack relevant information and access to networks that can help them find the right job for their skills. **Employment and intermediation services** have been effective match-makers through updating records on vacancies and jobseekers qualifications. Some intermediation programmes have successfully provided unemployment subsidies contingent on participation in job search assistance courses. This is the case in the United Kingdom, through the *Restart Programme* and later the *New Deal for Young People Programme*, which incorporated rules for compliance that seem to account for positive employment outcomes, particularly in the short term.<sup>66</sup> Evidence from Romania indicates that public employment services have been effective for

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<sup>61</sup> Frumkin et al.: “Inside national service: AmeriCorps’ impact on participants”, in *Journal of Policy Analysis and Management*, Vol. 28, No. 3, 2009, pp. 394-416.

<sup>62</sup> Cunningham, op. cit.

<sup>63</sup> H. Holzer and D. Neumark: “What does affirmative action do?”, in *Industrial and Labor Relations Review*, Vol. 53, No. 2, 2000, pp. 240-270. See, also: H. Holzer and D. Neumark: “Assessing affirmative action”, in *Journal of Economic Literature*, Vol. 38, No. 3, 2000; and V. Price: “Race, affirmative action, and women’s employment in US highway construction”, in *Feminist Economics*, Vol. 8, No. 2, 2002, pp. 87-113.

<sup>64</sup> G. Carlens: “L’insertion des jeunes sur le marché du travail: le contexte européen et l’expérience belge”, Presentation at the Technical Seminar on Youth Employment Policies and Unemployment Insurance Systems. Brussels, 2010.

<sup>65</sup> Price, op. cit. See, also: Drost and van Wel: “Youth unemployment in the Netherlands: No youth, no future”, Presentation at the Technical Seminar on Youth Employment Policies and Unemployment Insurance Systems. Brussels, 2010.

<sup>66</sup> P. Dolton and D. O’Neill: “The long-run effects of unemployment monitoring and work-search programmes: Experimental evidence from the United Kingdom”, in *Journal of Labor Economics*, Vol. 20, No. 2, 2002. See, also: J. van Reenen: “Active labour market policies and the British New Deal for the young unemployed in context”, NBER Working Paper No. 9576, 2003.

displaced workers with little access to informal job-search channels such as youth and jobseekers living in isolated or impoverished areas.<sup>67</sup>

Recent initiatives, still to be evaluated, show the importance of communication campaigns and innovative “youthful” approaches in increasing awareness of public employment services and fostering youth participation and registration as eligible beneficiaries by recognizing their unemployment status.<sup>68</sup> In Annex 2, related current crisis interventions are listed under the category “employment services.

#### 4.3.6 Addressing poor signalling

An intrinsic factor for success in the school-to-work transition is the ability of (first-time) jobseekers to signal their acquired skills to employers. **Skills certification systems**, also called competency-based certification, work as a quality assurance bridge that recognizes and attests skills and competencies. They facilitate skills comparisons in the labour market and therefore reduce asymmetric information between employers and prospective employees. In addition, they improve occupational mobility and promote lifelong learning.<sup>69</sup>

Skills certification experiences come mainly from OECD countries with recent replications in Chile and South Africa. Despite little evidence on impact, some factors of success within the broader perspective of national qualification frameworks include: (i) an incremental approach in building the system and gradually linking past and new standards; and (ii) coordination and consultation among all stakeholders.<sup>70</sup>

#### 4.3.7 Addressing lack of access to start-up capital

**Comprehensive entrepreneurship programmes** that combine skills training, mentoring and financial support can significantly improve the chances of starting a successful business. The Peruvian experience (*Programa de Calificación de Jóvenes Creadores de Microempresas*) as well as other evaluated initiatives such as Bulgaria’s *Public Self-employment Programme* and Argentina’s *Proyectos Productivos* point to the following factors for success:

- (i) demand-driven training content that focuses on growing sectors with potential for employment creation;
- (ii) private sector participation in the design and delivery of the programmes;
- (iii) appropriate targeting and screening mechanisms to better exploit competitive advantages of youth and reduce programme drop-out rates;
- (iv) access to financial capital and the development of financial and banking instruments that are tailored to youth;

<sup>67</sup> N. Rodriguez-Planas: “Understanding why public employment services and small-business assistance programmes work at getting the unemployed back to work: Evidence from Romania”, IZA Discussion Paper, No. 3051, 2008.

<sup>68</sup> Drost and van Wel, op. cit.

<sup>69</sup> A. Boudier, F. Dauty, J-L. Kirsch and P. Lemistre: “Readability of qualifications: A question as old as Europe”, in *Modernising vocational education and training: Fourth report on vocational training research in Europe: Background report*: Vol. 2, Cedefop Reference series, Luxembourg, 2008. See, also: R. Armstrong, C. Beduwe, et al.: “New and emerging issues in vocational education and training research beyond 2010” in the same publication.

<sup>70</sup> M. Young: “National qualifications frameworks: Their feasibility for effective implementation in developing countries.” EMP/SKILLS Working Paper No. 22, ILO, 2005.

- (v) access to workspace through free or subsidized space in a business incubator;<sup>71</sup> and
- (vi) support services for participants, such as stipends, reimbursement and, transportation vouchers.

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<sup>71</sup> O'Higgins et al.: "Targeting youth employment policy in Bulgaria", in *Economic and Business Review*, Vol. 3, No. 2, 2001, pp. 113-135.

## Annex 1 World and regional tables

Unless otherwise specified, the source of tables shown here and analysed in this report is: ILO, Trends Econometric Models, April 2010. For more information regarding the methodology for estimation of the world and regional aggregates of labour market indicators used here and in other *Global Employment Trends* reports, see box 4.

**Table A1**  
**Global labour market indicators for youth (15-24) and total (15+), 1998, 2008 and 2009**

	Total			Male			Female		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
<b>Youth (15-24)</b>									
Labour force (millions)	577.8	614.4	619.2	340.6	364.7	368.5	237.2	249.7	250.6
Employment (millions)	505.9	540.4	538.5	298.6	321.3	321.0	207.2	219.1	217.5
Unemployment (millions)	71.9	74.1	80.7	41.9	43.4	47.5	30.0	30.6	33.2
Labour force participation rate (%)	54.7	50.8	51.0	63.2	58.8	59.1	45.9	42.5	42.5
Employment-to-population ratio (%)	47.9	44.7	44.4	55.4	51.8	51.4	40.1	37.3	36.9
Unemployment rate (%)	12.4	12.1	13.0	12.3	11.9	12.9	12.6	12.3	13.2
<b>Total (15+)</b>									
Labour force (millions)	2689.0	3166.7	3212.9	1624.3	1898.7	1928.1	1064.7	1268.0	1284.8
Employment (millions)	2517.5	2982.7	3006.2	1525.3	1791.7	1807.8	992.2	1191.0	1198.4
Unemployment (millions)	171.5	184.0	206.7	99.0	107.0	120.2	72.5	77.0	86.4
Labour force participation rate (%)	65.5	64.7	64.7	79.3	77.7	77.7	51.8	51.7	51.6
Employment-to-population ratio (%)	61.3	61.0	60.5	74.5	73.3	72.9	48.2	48.6	48.2
Unemployment rate (%)	6.4	5.8	6.4	6.1	5.6	6.2	6.8	6.1	6.7

**Table A2**  
**Youth labour force participation rate, by sex and region, 1998, 2008 and 2009**

	Total (%)			Male (%)			Female (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	54.7	50.8	51.0	63.2	58.8	59.1	45.9	42.5	42.5
Developed Economies & European Union	52.9	50.7	50.3	55.7	53.1	52.7	49.9	48.2	47.7
Central & South-Eastern Europe (non-EU) & CIS	43.7	41.4	41.6	50.0	47.6	47.6	37.2	35.1	35.4
East Asia	69.9	58.6	59.2	68.7	56.3	57.1	71.2	61.2	61.6
South-East Asia & the Pacific	54.5	51.4	51.6	61.1	59.1	59.4	47.8	43.4	43.6
South Asia	48.9	46.6	46.6	66.6	64.1	64.4	29.9	27.7	27.4
Latin America & the Caribbean	54.9	52.8	52.3	68.1	62.8	61.8	41.6	42.6	42.6
Middle East	36.7	35.9	36.4	52.7	49.6	50.6	20.0	21.5	21.6
North Africa	39.4	37.1	38.0	53.3	51.0	52.7	25.2	22.9	23.0
Sub-Saharan Africa	57.7	57.4	57.5	64.1	63.0	62.9	51.2	51.8	52.1

Source: ILO, Economically Active Population Estimates and Projections, 5th Edition, revision 2009.

**Table A3**  
**Youth population, employment and unemployment, by sex and region,**  
**1998, 2008 and 2009**

	Total			Male			Female		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
<b>Youth population (millions)</b>									
WORLD	1056.5	1208.5	1214.0	539.2	620.5	624.0	517.3	588.0	590.0
Developed Economies & European Union	129.9	128.9	128.3	66.3	65.9	65.7	63.6	62.9	62.6
Central & South-Eastern Europe (non-EU) & CIS	61.7	64.3	63.0	31.2	32.7	32.0	30.5	31.7	31.0
East Asia	212.1	243.8	243.0	109.3	128.0	128.0	102.8	115.8	115.0
South-East Asia & the Pacific	100.4	109.1	109.3	50.6	55.4	55.6	49.8	53.7	53.8
South Asia	263.4	313.9	317.8	136.5	162.9	165.0	126.9	150.9	152.8
Latin America & the Caribbean	98.6	104.8	105.0	49.5	52.7	52.8	49.1	52.1	52.2
Middle East	34.1	42.8	42.7	17.5	21.9	21.9	16.6	20.9	20.8
North Africa	35.8	42.7	42.6	18.1	21.6	21.6	17.7	21.0	21.0
Sub-Saharan Africa	120.6	158.4	162.2	60.2	79.4	81.3	60.4	79.0	80.9
<b>Youth employment (millions)</b>									
WORLD	505.9	540.4	538.5	298.6	321.3	321.0	207.2	219.1	217.5
Developed Economies & European Union	59.1	56.8	53.1	31.7	30.2	27.9	27.3	26.7	25.2
Central & South-Eastern Europe (non-EU) & CIS	20.8	22.1	20.8	12.1	12.9	12.1	8.6	9.1	8.7
East Asia	134.8	130.5	131.2	67.1	64.8	65.6	67.7	65.7	65.6
South-East Asia & the Pacific	48.0	47.9	48.2	27.2	28.1	28.4	20.8	19.8	19.7
South Asia	117.4	131.6	132.8	82.8	94.3	95.6	34.6	37.4	37.3
Latin America & the Caribbean	45.7	47.4	46.1	29.3	29.2	28.4	16.3	18.1	17.7
Middle East	9.7	11.8	11.9	7.3	8.7	8.8	2.4	3.1	3.1
North Africa	10.4	12.2	12.4	7.4	8.8	9.1	3.0	3.4	3.3
Sub-Saharan Africa	60.1	80.1	82.1	33.7	44.3	45.2	26.5	35.9	36.9
<b>Youth unemployment (millions)</b>									
WORLD	71.9	74.1	80.7	41.9	43.4	47.5	30.0	30.6	33.2
Developed Economies & European Union	9.6	8.5	11.4	5.2	4.8	6.7	4.4	3.7	4.7
Central & South-Eastern Europe (non-EU) & CIS	6.2	4.6	5.4	3.5	2.6	3.1	2.7	2.0	2.3
East Asia	13.6	12.3	12.8	8.0	7.2	7.5	5.6	5.1	5.3
South-East Asia & the Pacific	6.7	8.1	8.3	3.7	4.5	4.6	3.0	3.5	3.7
South Asia	11.4	14.6	15.3	8.0	10.2	10.7	3.4	4.4	4.6
Latin America & the Caribbean	8.4	7.9	8.8	4.3	3.9	4.3	4.1	4.0	4.5
Middle East	2.9	3.6	3.6	1.9	2.2	2.3	1.0	1.4	1.4
North Africa	3.7	3.7	3.8	2.3	2.2	2.3	1.5	1.5	1.5
Sub-Saharan Africa	9.4	10.8	11.1	4.9	5.7	5.9	4.5	5.0	5.2

**Table A4**  
**Youth employment-to-population ratio, by sex and region, 1998, 2008 and 2009**

	Total (%)			Male (%)			Female (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	47.9	44.7	44.4	55.4	51.8	51.4	40.1	37.3	36.9
Developed Economies & European Union	45.5	44.1	41.4	47.9	45.7	42.4	43.0	42.4	40.3
Central & South-Eastern Europe (non-EU) & CIS	33.6	34.3	33.0	38.8	39.6	37.8	28.4	28.8	27.9
East Asia	63.5	53.5	54.0	61.4	50.6	51.2	65.8	56.8	57.0
South-East Asia & the Pacific	47.8	43.9	44.0	53.7	50.8	51.1	41.9	36.8	36.7
South Asia	44.6	41.9	41.8	60.7	57.9	57.9	27.3	24.7	24.4
Latin America & the Caribbean	46.3	45.2	43.9	59.3	55.5	53.7	33.2	34.8	33.9
Middle East	28.4	27.5	27.9	41.8	39.5	40.3	14.2	14.9	14.9
North Africa	29.0	28.5	29.0	40.7	40.7	42.0	17.0	15.9	15.7
Sub-Saharan Africa	49.9	50.6	50.6	55.9	55.8	55.6	43.8	45.4	45.6

**Table A5**  
**Youth unemployment rate, by sex and region, 1998, 2008 and 2009**

	Total (%)			Male (%)			Female (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	12.4	12.1	13.0	12.3	11.9	12.9	12.6	12.3	13.2
Developed Economies & European Union	14.0	13.1	17.7	14.1	13.8	19.5	13.9	12.2	15.6
Central & South-Eastern Europe (non-EU) & CIS	23.0	17.3	20.8	22.5	16.8	20.6	23.7	17.9	21.1
East Asia	9.1	8.6	8.9	10.6	10.0	10.3	7.6	7.2	7.4
South-East Asia & the Pacific	12.2	14.5	14.7	12.1	13.9	14.0	12.4	15.2	15.7
South Asia	8.9	10.0	10.3	8.9	9.7	10.1	8.9	10.6	10.9
Latin America & the Caribbean	15.6	14.3	16.1	12.9	11.7	13.2	20.1	18.2	20.4
Middle East	22.8	23.3	23.4	20.6	20.3	20.4	29.1	30.8	30.9
North Africa	26.5	23.3	23.7	23.7	20.2	20.3	32.6	30.3	31.7
Sub-Saharan Africa	13.5	11.9	11.9	12.7	11.5	11.6	14.5	12.3	12.4

**Table A6**  
**Ratio of youth-to-adult unemployment rate, by sex and region, 1998, 2008 and 2009**

	Total (%)			Male (%)			Female (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	2.6	2.8	2.7	2.8	2.9	2.8	2.5	2.7	2.6
Developed Economies & European Union	2.3	2.6	2.5	2.6	2.9	2.8	2.1	2.3	2.2
Central & South-Eastern Europe (non-EU) & CIS	2.3	2.5	2.5	2.3	2.4	2.4	2.3	2.7	2.6
East Asia	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
South-East Asia & the Pacific	4.7	4.6	5.0	4.8	4.5	5.2	4.7	4.7	4.8
South Asia	3.8	3.1	3.1	4.0	3.2	3.3	3.2	2.8	2.8
Latin America & the Caribbean	2.6	2.8	2.7	2.6	2.8	2.7	2.6	2.8	2.7
Middle East	3.8	3.8	3.8	3.9	4.0	3.9	3.1	3.2	3.2
North Africa	3.4	3.7	3.7	3.7	4.1	4.0	2.7	3.0	3.1
Sub-Saharan Africa	2.0	1.9	1.9	2.1	2.0	2.0	2.0	1.9	1.9

**Table A7**  
**Youth inactivity, by region, 1998, 2008 and 2009**

	Inactive youth (millions)			Youth inactivity rate (%)			Female share of inactive youth (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	478.7	594.1	594.8	45.3	49.2	49.0	58.5	56.9	57.1
Developed Economies & European Union	61.2	63.5	63.8	47.1	49.3	49.7	52.0	51.3	51.3
Central & South-Eastern Europe (non-EU) & CIS	34.7	37.7	36.8	56.3	58.6	58.4	55.1	54.5	54.4
East Asia	63.8	100.9	99.0	30.1	41.4	40.8	46.4	44.6	44.6
South-East Asia & the Pacific	45.7	53.0	52.9	45.5	48.6	48.4	56.8	57.3	57.4
South Asia	134.5	167.7	169.7	51.1	53.4	53.4	66.1	65.1	65.4
Latin America & the Caribbean	44.5	49.5	50.1	45.1	47.2	47.7	64.5	60.4	59.8
Middle East	21.6	27.4	27.2	63.3	64.1	63.6	61.6	59.8	60.2
North Africa	21.7	26.8	26.4	60.6	62.9	62.0	61.0	60.4	61.2
Sub-Saharan Africa	51.0	67.5	68.9	42.3	42.6	42.5	57.6	56.5	56.2

**Table A8**  
**Youth share of working-age population, youth share of total unemployment and youth unemployed as percentage of the youth population, by region, 1998, 2008 and 2009**

	Youth share of working-age population (%)			Youth share of total unemployment (%)			Youth unemployed as percentage of the youth population (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	25.7	24.7	24.4	41.9	40.2	39.0	6.8	6.1	6.6
Developed Economies & European Union	16.7	15.4	15.2	28.4	27.7	26.8	7.4	6.6	8.9
Central & South-Eastern Europe (non-EU) & CIS	22.1	21.5	21.0	30.9	30.9	30.0	10.1	7.2	8.6
East Asia	21.8	21.6	21.3	38.5	35.2	34.9	6.4	5.0	5.3
South-East Asia & the Pacific	29.4	26.0	25.6	58.7	52.3	54.1	6.7	7.4	7.6
South Asia	31.0	29.2	28.9	56.3	48.2	48.1	4.3	4.6	4.8
Latin America & the Caribbean	29.0	25.5	25.1	47.0	41.9	40.6	8.5	7.6	8.4
Middle East	34.9	31.6	30.8	56.4	52.5	51.6	8.4	8.4	8.5
North Africa	33.3	30.6	29.9	54.0	51.3	51.2	10.4	8.6	9.0
Sub-Saharan Africa	35.7	35.5	35.4	45.3	43.6	43.3	7.8	6.8	6.9

**Table A9**  
**Global labour market indicators for youth (15-24) and total (15+), projections 2010-11**

	Total						Male						Female					
	2010p			2011p			2010p			2011p			2010p			2011p		
	CI LB	PE	CI UB	CI LB	PE	CI UB	CI LB	PE	CI UB	CI LB	PE	CI UB	CI LB	PE	CI UB	CI LB	PE	CI UB
<b>Youth (15-24)</b>																		
Employment (millions)	532.9	538.4	544.0	533.4	539.8	546.3	318.2	321.4	324.7	318.9	322.7	326.5	214.7	217.0	219.3	214.4	217.1	219.7
Unemployment (millions)	75.6	81.2	86.7	72.0	78.5	84.9	44.3	47.6	50.9	42.1	45.9	49.7	31.3	33.5	35.8	29.9	32.6	35.2
Employment-to-population ratio (%)	43.8	44.2	44.7	43.8	44.3	44.9	50.8	51.3	51.9	50.9	51.5	52.1	36.3	36.7	37.1	36.3	36.8	37.2
Unemployment rate (%)	12.2	13.1	14.0	11.6	12.7	13.7	12.0	12.9	13.8	11.4	12.5	13.5	12.5	13.4	14.3	12.0	13.0	14.1
<b>Total (15+)</b>																		
Employment (millions)	3036.0	3050.7	3065.4	3082.9	3100.3	3117.6	1826.6	1835.1	1843.7	1855.1	1865.1	1875.2	1209.4	1215.6	1221.7	1227.8	1235.1	1242.4
Unemployment (millions)	194.3	209.0	223.7	187.6	204.9	222.2	112.2	120.7	129.2	108.0	118.0	128.0	82.1	88.3	94.4	79.6	86.9	94.2
Employment-to-population ratio (%)	60.2	60.5	60.8	60.3	60.6	60.9	72.5	72.9	73.2	72.6	73.0	73.4	47.9	48.1	48.4	47.9	48.2	48.5
Unemployment rate (%)	6.0	6.4	6.9	5.7	6.2	6.7	5.7	6.2	6.6	5.4	6.0	6.5	6.3	6.8	7.2	6.0	6.6	7.1

\* 2010p and 2011p are projections; PE = Point estimate; CI = confidence interval; LB = Lower bound; UB = Upper bound.

**Table A10**  
**Labour market indicators for youth, by region, 2009 and projections 2010-11**

	Youth employment-to-population ratio (%)							Youth unemployment rate (%)						
	2009	2010p			2011p			2009	2010p			2011p		
		CI LB	PE	CI UB	CI LB	PE	CI UB		CI LB	PE	CI UB	CI LB	PE	CI UB
WORLD	44.4	43.8	44.2	44.7	43.8	44.3	44.9	13.0	12.2	13.1	14.0	11.6	12.7	13.7
Developed Economies & European Union	41.4	40.0	40.6	41.3	40.3	41.1	41.8	17.7	17.8	19.1	20.4	16.6	18.2	19.7
Central & South-Eastern Europe (non-EU) & CIS	33.0	32.7	33.3	33.9	32.8	33.5	34.1	20.8	18.8	20.2	21.5	18.1	19.7	21.4
East Asia	54.0	53.8	54.2	54.6	53.7	54.1	54.6	8.9	7.7	8.4	9.1	7.3	8.1	8.9
South-East Asia & the Pacific	44.0	43.2	43.7	44.2	43.1	43.7	44.3	14.7	13.9	14.8	15.8	13.4	14.6	15.7
South Asia	41.8	41.4	41.7	42.1	41.5	41.9	42.3	10.3	9.5	10.3	11.1	8.9	9.8	10.7
Latin America & the Caribbean	43.9	43.3	43.9	44.4	43.4	44.0	44.6	16.1	14.8	15.8	16.8	14.0	15.2	16.4
Middle East	27.9	27.1	27.7	28.3	26.8	27.5	28.1	23.4	22.1	23.7	25.3	22.0	23.9	25.8
North Africa	29.0	28.1	28.9	29.7	27.7	28.7	29.6	23.7	21.8	23.8	25.9	21.6	24.0	26.5
Sub-Saharan Africa	50.6	50.0	50.3	50.6	50.0	50.4	50.8	11.9	11.9	12.5	13.0	11.7	12.3	13.0
	Youth share in total unemployment (%)							Ratio of youth-to-adult unemployment rate (%)						
	2009	2010p			2011p			2009	2010p			2011p		
		CI LB	PE	CI UB	CI LB	PE	CI UB		CI LB	PE	CI UB	CI LB	PE	CI UB
WORLD	39.0	38.9	38.8	38.8	38.4	38.3	38.2	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Developed Economies & European Union	26.8	27.0	26.9	26.8	26.3	26.2	26.1	2.5	2.6	2.6	2.6	2.5	2.5	2.5
Central & South-Eastern Europe (non-EU) & CIS	30.0	29.3	29.2	29.1	28.6	28.5	28.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5
East Asia	34.9	34.4	34.4	34.4	33.6	33.6	33.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
South-East Asia & the Pacific	54.1	53.8	53.9	53.9	53.3	53.4	53.4	5.0	5.1	5.1	5.1	5.1	5.1	5.1
South Asia	48.1	48.3	48.3	48.4	47.7	47.7	47.8	3.1	3.2	3.2	3.2	3.2	3.2	3.2
Latin America & the Caribbean	40.6	39.7	39.6	39.6	38.9	38.9	38.8	2.7	2.7	2.7	2.7	2.7	2.7	2.6
Middle East	51.6	50.5	50.6	50.6	49.5	49.5	49.6	3.8	3.8	3.8	3.8	3.8	3.9	3.9
North Africa	51.2	50.2	50.1	50.0	49.2	49.0	48.9	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Sub-Saharan Africa	43.3	44.4	44.4	44.3	44.3	44.2	44.1	1.9	2.0	2.0	2.0	2.0	2.0	2.0

\* 2010p and 2011p are projections; PE = Point estimate; CI = confidence interval; LB = Lower bound; UB = Upper bound.

## Annex 2 Country inventory of crisis response interventions directly affecting youth employment<sup>72</sup>

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
ARGENTINA					Training, job-search assistance, work placement and entrepreneurship, especially for youth threatened by social exclusion ( <i>Programa Jóvenes con Más y Mejor Trabajo</i> ).	
AUSTRALIA	Establishment of a \$500 million Teaching and Learning Capital Fund for Vocational Education and Training (December 2008 <i>Nation Building Package</i> ). Redundant apprentices may complete off-the-job training through registered training organizations (February 2009, <i>Nation Building and Jobs Plan</i> ). Increased funding for pre-apprenticeship training through registered training organizations (October 2009, <i>Economic Security Strategy</i> ). Increased funding for job training through existing Productivity Placements Programme, expanding from 57,000 to 113,000 placements.	Additional job search support for young jobseekers (aged 19-24 years) from July 2009.	Preferential treatment in public tendering if employing apprentices. Bonus up to \$2,800 for employers based upon successful completion of apprenticeships or traineeships.	Compact with Young Australians: "Learn or Earn", new requirement that young unemployed be in full-time school or training to receive benefits (April 2009).		

<sup>72</sup> The inventory was put together by the ILO Youth Employment Programme. Interventions are drawn from the ILO's G20 review of 51 country studies, from the OECD document DELSA/ELSA/RD (2009), "A summary of country responses to the OECD-EC questionnaire" and from extensive internet research. Directly affecting youth employment it intended to mean that the intervention is specifically targeted to youth. A vast number of other interventions put in place by countries will affect youth but are not designed specifically for them. All interventions listed should be part of special stimulus packages defined to respond to the economic crisis, hence they do not include "ordinary" interventions or expenditures.

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
AUSTRIA	Youth employment package: training for apprentices leaving school (aged up to 18 years) and for other young people. The Public Employment Service offers special training measures to enhance young people's employability and individualized training support (Future for Youth Programme).	Establishment of agency (foundation) to support redundant young workers. Former employers contribute to programmes with 1,000 euros per person.				
BAHRAIN					Retraining, income support and work experience (internship/traineeship) to enhance the employability of educated unemployed (university graduates).	
BANGLADESH			National job service scheme – competitive placement process for jobs in public administration for educated unemployed (upper high school education or equivalent) in two underdeveloped districts.			
BELGIUM	Increase in the number of vocational training and apprenticeship places. Reorientation of the Walloon general training provisions toward energy efficient sectors (skills for green jobs).		Expansion of youth entrepreneurship measures.			
BELIZE			Credit to small farmers, young entrepreneurs and small businesses.			

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
BRAZIL				Additional funding to conditional cash transfer programme "Bolsa Familia" with components to support young people's schooling and vocational training.		
BULGARIA	Apprenticeship programmes.		Work placement in public administration through funding from the Operational Programme for Human Resources Development.	Free transport and special tuition for children and youth with special needs, together with investments in IT training.		
CANADA	\$3.5 million allocated to support graduate internships (industrial R&D). Additional funds to help youth find summer jobs through training (\$55 million over two years) and introduction of bonus payment for completion of apprenticeships.		\$20 million of new public-service subsidized jobs programme targeted at Aboriginal people and youth. \$20 million to for non-profit sector for summer jobs for students and \$15 million for internships in the non-profit sector.		\$7 million for the Canada Skills and Transition Strategy, additional aid to the most affected Canadians by the economic crisis (employment insurance, capacities and training development).	
CHILE	Financial support to training institutions to expand youth participation in training programmes.		Introduction of a wage subsidy to encourage formal employment for workers with low wages aged between 18 and 24 years. Additional budget reallocation for employment-intensive plans or investment (to be executed in case of unemployment increase or a larger decrease of GDP than expected.	A series of guarantees (CORFO) to ensure the continuity of higher education during the crisis.		

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
CHINA	Launch of graduate trainee programmes, including income support for graduates. Enhancement of technical training for graduates from vocational schools with a "double certificate" programme. Schools help students get vocational qualification certificates when they leave school, in addition to their graduate certificates. Training on Internet usage for young students (Hong Kong, China).		Financial incentives for private companies to recruit more graduates. Subsidized internship programmes for university graduates (Hong Kong, China). Government small guaranteed loans were increased to RMB50,000 for those starting a business after graduation. Hiring companies eligible for tax breaks and loans.		Public employment and income support. Subsidies and social insurance to those who are willing to work in villages and local communities, and help to those who work in remote areas or join the army to settle their student loans. Students taking up remote jobs have university fees refunded. Cities to waive residency requirements.	
COSTA RICA	Increase of beneficiaries of the AVANCEMOS programme raising the number of scholarships to youth.			Increase in the number of scholarships for secondary school ( <i>colegio</i> ) graduation (+18.000).	Entrepreneurship training and start-up capital for young people wishing to develop production projects (PROJOVEN).	
COLOMBIA	Use of public debt obligations for organizing training courses (vocational and technological) for unemployed and living in extreme poverty youth (aged 16-26 years) (budget US\$130 million).					
CROATIA		Career advice prior to leaving school. Professional counselling, further education for unemployed youth. Subsidizing of first employment, supported by the Croatian Chamber of Crafts.				

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
CZECH REPUBLIC	Project “Anticipating Labour Market and Skills Needs” launched aiming at building a system of anticipating skills and needs at national, regional and sectoral levels.			Reduction of contributions to social security and unemployment insurance paid by employers for low-paid workers. Increase of monthly child-care benefits for families supporting young people aged up to 26 years.		
CYPRUS	Accelerated training programmes for newcomers to the labour market: 440,013 euros. A scheme for the promotion of training for unemployed, 2007-13: target 2,200 persons. Training for unemployed tertiary education graduates to strengthen the management capacity of enterprises and to create employment opportunities.				New Modern Apprenticeship Scheme: ensure mobility between education, apprenticeship and employment, minimizing the risk of social exclusion.	
DENMARK	Targeting of training and education towards sectors with skill shortages and towards low-skilled jobseekers. Training for unemployed individuals within enterprises. Increase the number of apprenticeships by providing economic incentives to companies establishing training placements.				Training and job search. Entitlement/obligation to participate in active labour market policies (ALMP) after three months (previously six months).	
DOMINICAN REPUBLIC					Training and financial support for entrepreneurs. A training programme for rural youth will also be rolled out, endowing young people with land from the agrarian reform to attract them into the sector.	

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
EGYPT	Financial support to training institutions to expand young people's participation in training courses.					
EL SALVADOR			Creation of 100,000 new jobs in 18 months, improving and increasing public services, basic infrastructure and social housing.	Enhance the Red Solidaria Programme, doubling the amount of aid available to families with children attending primary education.		
ESTONIA		The PES organizes job search clubs for young unemployed individuals.				
FINLAND	Increase in the number of available training places for youth. More flexibility to undertake private training is warranted. Extension of apprenticeship training to young graduates. Increasing initial vocation training.	Increase entrepreneurship.	Employment of experts with higher education qualifications.			
FRANCE			Expansion of the number of subsidized jobs. Bonuses for employers hiring apprentices.	Extension of eligibility for partial unemployment schemes to temporary agency workers, part-time workers and fixed-sum workers.	Specific recovery plan to support youth employment: 1.3 billion euros to assist 500,000 young people in 2010 (apprenticeships, bonuses to employers recruiting apprentices, subsidized jobs in local government and NGOs).	
GERMANY	Extension of training programmes. Targeted programmes for young people without qualifications. Industry commitment to increase the number of training places.			Extension of eligibility for short-term allowance to temporary agency workers.	The PES provides services for training promotion and improving vocation orientation and training.	

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
GREECE	Special training programmes with NGOs for young people with special needs and women outside the labour market.		Programme of subsidized employment for young people. Temporary expansion of job creation programmes for employment and self-employment (some targeted at youth).			
GRENADA	Launch of Skills for Inclusive Growth Programme (focus on young people).	Launch of a small business entrepreneur's programme (finance, training, services); establishment of a rural credit scheme.				
HONDURAS	Distribution of educational voucher for graduating youth.					
HUNGARY	A training programme (previously funded by the European Social Fund) is continued within the frame of the Social Renewal OP scheme (TÁMOP 2.2.1).		Employment of young people is supported by the START programme that covers non-wage costs of the employers in case of employing first jobseekers. Public works schemes: currently 80,000 individuals taking part.	Incentives to support the return of young mothers to employment. Tightening. Lowering the oldest age of eligibility for family allowance from 23 to 20 for those young people who still study at this age, from 31 August 2010.	Training and job placement, Social Renewal OP scheme (TÁMOP 1.1.2) is continued. Young unskilled people receive support to finish basic education and participate in training within the framework of the "Pathway to work".	
INDIA	Regional programme: Himachal Pradesh central government to offer stipend-supported hospitality training courses to unemployed youth.					
IRELAND	Introduction of 11-week certified training programme for up to 700 redundant apprentices a year. Pilot programme of immediate activation for selected unemployed 18-19 year-olds.		2,000 subsidized work places under the new "work experience" scheme will be created, targeting unemployed graduates.	Tightening. Jobseekers' allowance for those aged under 20 years was reduced by half.		

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
ITALY			Creation of a single Fund for Supporting Occupation and Youth Entrepreneurship.	Extension of income support benefits (ordinary and extraordinary) to contract workers and apprentices made redundant.	PARI Programme: access to employment for disadvantaged groups by providing training or self-employment.	
JAPAN	Rural Labour Squad: US\$13 million government-supported training programmes for underemployed urban youth to work in sectors that have historically suffered labour shortages, such as rural labour.	Strengthening of career counselling and placement services.				
JORDAN					Programme includes training, employment through private sector support and income subsidies. Specialized vocational training is targeted at sectors with high labour intensity. After-training employment for at least one year. Monthly rewards. Transportation means to the workplace. Social security. Medical insurance.	
KENYA			Programmes of labour-Intensive public works (some with a "green" focus). Youth Enterprise Development Fund to extend credit for business start-up and expansion throughout the country.		Training and public works programmes. After training young people are placed in public works programmes.	
KOREA, Republic of	Extension of existing state-supported Youth Internship Programme until the end of 2010. Increase in vocational training programmes.		New wage subsidies for SMEs for hiring interns on regular contracts at conclusion of internship.			

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
MALAYSIA	Government is buying places to train youth in private training institutions (200 million Ringgit Malaysia (RM)). RM100 million for youth <i>Rakan Muda</i> projects targeting youth and training them in soft-skills (leadership, citizenship, workplace behaviour) have been allocated. On-the-job training programmes for unemployed graduates have been started.					
MALTA	Apprenticeship and traineeship schemes. Basic Employment Training Scheme (ten-week intensive training programme).	Youth Employment Programme co-financed by the European Social Fund to raise labour market awareness. Aid programme, reintegration into the labour market.				
NEPAL	Special fund to promote literacy among young people.					
NETHERLANDS	Guarantee of a traineeship place for all school leavers unemployed for at least three months. Increase in tax credit or reimbursement for employers to compensate for training costs.		The PES will employ 200 young trainees to provide employment services to young jobseekers.		Youth Action Plan: keeping youth longer in education (16 million euros), agreements with 30 regions (153 million euros), intensive support and guidance (10 million euros), extra jobs, learn-work posts, internships and charity work (25 million euros), opportunities for vulnerable youth (40 million euros).	

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
NEW ZEALAND	NZ\$8 million for 700 more students in polytechnics; NZ\$4 million for 1,600 new places in summer research scholarships. Expansion of Industry Partnerships programme: number of reserved places for unemployed 16-24 year-olds increased from 2400 to 3000.		Job Ops programme (NZ\$20 million) – wage subsidy for low-skilled 16-24 year-olds of NZ\$5,000 over six months to assist move into jobs. Employing business to receive NZ\$3,000 for employing a person up front and then NZ\$2,000 at the end of the six-month period. NZ\$5.3 million to encourage developers of cycleway projects to hire 500 young people.	Tightening. Introduction of graduated sanctions for benefit recipients not meeting work-test requirements from 2010. Community Max (NZ\$40.3 million) 3,000 places in community programmes; government to pay workers minimum wage for 30 hours per week and NZ\$1,250 training payment to community group.	NZ\$2.6 million for extra training places in the defence forces; NZ\$19.1 million for 1,250 more places in six-week military-style training programmes.	
NICARAGUA	Training of unemployed persons, especially youth, focused on priority sectors.		National employment insertion programme to insert 1,000 youth into the labour market. Give access to the labour market to new graduates through agreements with business chambers.			
NORWAY	Follow-up of early school leavers and support tripartite cooperation in order to keep apprentices during workforce reductions.					
PAKISTAN	Programmes to enhance the employability of educated post-graduates through internships have been initiated. Internship programme for educated youth: 30,000 youth to be provided jobs in government departments for one year.		Employment-intensive construction projects to be initiated by the Government.	Benazir Income Support Programme (BISP), monthly grant to the poorest families in the current financial year.	Training, income support and microcredit. The Benazir Bhutto Shaheed Youth Development Programme (BBSYDP) skills training, monthly stipend.	
PANAMA	Training for youth with focus on the skills required in the free zones and other priority production sectors.	Employment services by PES to match labour supply and demand.			National Labour Market Integration Programme to support youth transition to work.	
PARAGUAY			Job creation programme: labour-intensive jobs for community infrastructure.			

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
PERU	Extension of the coverage of the youth-targeted vocational training programme: "Projoven". Subsidies for employers hiring and training young people aged 18-24 years for a period of at least nine months are currently discussed and will likely be adopted.					
PHILIPPINES	Extension of support for high school graduates to complete college education. Private sector pays tuition fees and a minimum wage.	Strengthening of public employment service offices, providing career guidance and employment facilitation to jobseekers, especially youth.	Youth Employment Summer Programme - 6,000 short-term jobs during the summer break for students, some jobs are specifically targeting green initiatives.			
POLAND	12-month apprenticeships.		Financial support for engaging youth in internships.			
PORTUGAL	Creation of new training places for young graduates in areas of high unemployment. Vocational apprenticeships.		Direct subsidies or exemptions from social security contributions for employers hiring long-term unemployed or youth (aged up to 35 years) in full-time, permanent jobs. Support for business creation among young people.			
ROMANIA			61 million euros allocated to enterprises that recruit unemployed individuals, subsidy of 50 per cent of the salary (up to 12 months).			
SERBIA	Expansion of subsidized apprenticeship programmes.					
SINGAPORE	A total of 2,500 new traineeships, accompanied by a stipend (targeting graduates). Additional traineeships will be available for graduates in technical subjects (SGD100 million available for the latter).			Additional income support for needy students.		

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
SLOVAKIA	Education, training and preparation for the labour market.	Advisory services. For young graduates without work experience, specific schemes are available to allow them to gain work experience.				
SLOVENIA	Ensuring that youth undertake training programmes which are relevant for areas of skill shortage.		Subsidies to employers who recruit graduates.			
SOUTH AFRICA					Training and public employment. A new expanded public works programme (EPWP II) shall be started soon. It will consist of training will be offered while the duration of the jobs will be longer while the beneficiaries (including youth) of public employment programme directed at socially useful activities.	
SPAIN			11,000 million euros to create 300,000 jobs. Local Investment Fund to support public works. Reduction in social contributions for youth or disabled workers who start self-employment.			
ST. LUCIA			Stimulus package of US\$10 million for creating jobs in the short term.			

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
SWEDEN		Job Clubs on the internet: virtual meetings with job coaches, chats with employers, online guidance material, etc. Career guide for young people: a book sent home to all students in Sweden leaving upper secondary school (proposals for various job-searching strategies, tips and checklists for writing an application, the rights and obligations at work, among others).	Local mentoring programmes: local entrepreneurs and managers provide support to young unemployed people.	Lowering of social security contributions for workers aged under 26 years.	The Job Guarantee for young people has the purpose of offering young people specific measures at an early stage to allow them to find work or begin or return to education.	
SWITZERLAND	More funds allocated to training.		Subsidies will be given to companies to hire young people entering the job market or who increase the number of apprenticeships offered.			
THAILAND	Financial support for vocational schools and apprenticeship schemes and environmental reforms. Vocational training in addition to recruitment services.		Subsidy to the insurance premiums of the newly employed.			
TUNISIA					Training and private sector support. Coverage of part of the employers' social security contribution and of the costs of insertion and training by the State.	
TURKEY	Extra allocations to support vocational schools and apprenticeship schemes have been provided. Employment services should start offering vocational training in addition to recruitment services (e.g. New Labour Act 5763).		Permanent reduction in employer social contributions for the first five years of employment for new recruitment of unemployed women and youth (aged 18-29 years).			

Country	Training	Employment services	Employment creation	Income support	Multi component	Other
UNITED KINGDOM	New regulation obliging successful public contractors to have apprentices as an identified proportion of their workforce.	New graduate pool. A web-based search engine to match employers with suitable graduate interns. New "Clearing House" to enable apprentices at risk of redundancy to be matched with employers needing new staff.	GBP1 billion to support the creation of jobs for long-term unemployed young people. The Future Jobs Fund: encourage local authorities and others to create 150,000 new jobs of benefit to the local community. New incentive payments for employers who recruit and train individuals with more than 6 months of unemployment.	Rise in all the minimum wages (including youth ones).	Training and public employment. Young beneficiaries will undergo training and obtain job subsidies, as well as job search assistance.	
UNITED STATES	Additional funds for construction, rehabilitation or acquisition of Job Corps centres (Job Corps is a residential training programme for at-risk youth aged 16-24 years).		Expansion of existing programme of tax credits to apply to employers hiring unemployed veterans or disconnected youth (aged 16-24 years) in 2009 and 2010. Expansion of funding for youth activities with particular emphasis on providing summer job opportunities for young people, typically vulnerable and disadvantaged ones.		American Recovery and Reinvestment Act: ease access to health services to students and unemployed. Also includes scholarships, special education, education for persons with disabilities, training for displaced workers and nutritional services.	