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INTERNATIONAL LABOUR ORGANIZATION

Employment Sector

# Starting right: Decent work for young people

**Background paper**
**Tripartite Meeting on Youth Employment: The Way Forward**

Geneva, 13-15 October 2004

INTERNATIONAL LABOUR OFFICE GENEVA

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# Preface

This technical document has been prepared as a background paper for the Tripartite Meeting on Youth Employment: The Way Forward, to take place in Geneva on 13-15 October 2004. Reflecting the agenda of the Tripartite Meeting, as approved by the ILO Governing Body in March 2004, the report draws on extensive research carried out within the ILO and elsewhere to examine current knowledge on youth employment throughout the world. It reviews the current debate on youth employment in the context of the Decent Work Agenda, the Global Employment Agenda and the recommendations of the High-level Panel of the Youth Employment Network. It examines national-level initiatives which have been undertaken to promote quality jobs for young women and men, focusing on lessons learned and good practices and, in particular, on the role of tripartism in promoting youth employment. It highlights points for discussion at the Tripartite Meeting.

This document and the conclusions of the Tripartite Meeting will contribute to the report to be prepared by the Office for the general discussion based on an integrated approach on youth employment that will take place at the 93rd Session (2005) of the International Labour Conference, together with the 2004 General Survey of the Committee of Experts on the Application of Conventions and Recommendations on employment promotion. While the focus in the present document is on national-level action to tackle the youth employment challenge, the report for the Conference will highlight ILO action to promote decent work opportunities for young persons, through its standard-setting, knowledge-building, advocacy and technical assistance activities.

***Contents***

# 1. Introduction

There are more than 1 billion young people between the ages of 15 and 24 in the world today, comprising 18 per cent of the global population. [1] Youth and children together account for about 40 per cent of world population. [2]

Across the globe, young women and men are making an important contribution as productive workers, entrepreneurs, consumers, citizens, members of civil society and agents of change. Their energy and capacity for innovation are priceless resources that no country can afford to squander.

Although they are a national asset in every country, young people are also extremely vulnerable. They face high levels of economic and social uncertainty. All too often, their full potential is not realized because they have no access to productive and decent jobs.

Young people are not a homogeneous group. Their employment prospects vary according to sex, age, educational level, ethnicity, health status and disability, etc. In many countries, female youth un(der)employment rates are almost invariably higher than male ones. Teenagers (aged 15-19) tend to experience higher unemployment rates than people in their early twenties.

The ILO estimates that about 88 million young men and women were unemployed in 2003, accounting for 47 per cent of the 186 million unemployed globally. In the same year, the world youth unemployment rate was 14.4 per cent, more than double the overall unemployment rate of 6.2 per cent, and significantly higher than the youth unemployment rate of 11.7 per cent registered a decade earlier. [3]

Open unemployment, however, reflects only the tip of the iceberg. Across the world, young people are more likely to work longer hours under informal, intermittent and insecure work arrangements, characterized by low productivity, meagre earnings and reduced labour protection. In developing countries, young people, especially young women, make up the bulk of the underemployed and working poor in the informal economy in both rural and urban areas. Where there is a discouraged worker phenomenon, it is frequently among young people, especially young women.

The youth employment challenge has long-term and community-wide costs. The lack of decent work among today's youth mirrors and perpetuates the vicious circle of poverty, inadequate education and training, poor jobs and thereby the intergenerational transmission of poverty. Family income is a strong determinant of the decision to send a child to school or work. Child labour leads to the reproduction of household poverty and impairs

[1] Within the United Nations system, and in all its statistics and indicators, young people are identified as those between 15 and 24 years of age.

[2] United Nations: *World Youth Report 2003: The global situation of young people* (New York, 2004), pp. 2 and 55.

[3] ILO: *Global employment trends for youth* (Geneva, 2004).

employment prospects later in life. [4] Hazardous forms of work harm the employability of young people as they grow older and sometimes for their entire life. [5]

The cycle of deprivation and social exclusion affecting young people at the time of their transition to work can have damaging effects on societies and economies. Unemployed or underemployed youth are less able to contribute effectively to national development and have fewer opportunities to exercise their rights as citizens. They have less to spend as consumers, less to invest as savers and often have no "voice" to bring about change in their lives and communities. Widespread youth un(der)employment also prevents companies and countries from innovating and developing competitive advantages based on human capital investment, thus undermining future prospects.

The costs go beyond lost output and include new charges on individuals and society. As a result of poor labour market conditions, young people stay longer in their parents' home and often postpone starting their own families – a phenomenon termed "the parasite singles" in some countries. The psychological costs to individuals include reduced self-esteem, discouragement and diminished levels of well-being, in some cases escalating into risky behaviour, violence and juvenile delinquency. In other cases, democracy itself and the underpinning political processes are at risk when frustrated young people react through extremism and political escapism.

Today, governments and the international community recognize the political urgency of responding to the challenge of youth employment as a precondition for poverty eradication, sustainable development and lasting peace. Decent and productive employment for youth is a commitment of the Millennium Declaration; the ILO has taken the lead in organizing the work of the United Nations Secretary-General's Youth Employment Network (YEN) as a means of meeting this commitment.

In November 2003, the Governing Body of the International Labour Office approved the holding of an international Tripartite Meeting on Youth Employment: The Way Forward, and identified youth employment as a topic for general discussion at the International Labour Conference (ILC) in 2005.

The international Tripartite Meeting on Youth Employment: The Way Forward will be held in Geneva from 13 to 15 October 2004. The agenda of the Meeting, as determined by the Governing Body, is:

- to highlight the political, economic and social significance of youth employment issues in developing and developed countries;
- to place youth employment in the context of the Decent Work Agenda, the Global Employment Agenda and the recommendations of the High-Level Panel of the Youth Employment Network;
- to review national policy frameworks and specific policies and programmes conducive to the creation of quality jobs for young women and men;

[4] ILO: *Working out of poverty*, Report of the Director-General, International Labour Conference, 91st Session, 2003 (Geneva, 2003).

[5] ILO estimates put at 59 million the number of young people aged 15-17 years engaged in hazardous forms of work. See ILO: *A future without child labour*, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work (Geneva, 2002), figure 3, p. 17.

- to distil country-level experiences, lessons learned and good practices, in particular as regards the role of tripartism in promoting youth employment, and to provide guidance for the formulation of national action plans on youth employment which should draw on the conclusions of the forthcoming discussions on youth employment at the 2005 session of the International Labour Conference.

The present report serves as a background paper for the Meeting. It raises issues that should help in designing policies to promote decent work for young people and paves the way for further discussion at the ILC in 2005.

# 2. Youth employment: Defining the challenge

## 2.1. Where are young people in the labour force today?

While youth employment is part of the larger employment picture, it has particularities that merit special attention. Some distinctive features of the youth labour market are discussed in this subsection.

### *2.1.1. Youth labour force participation trends*

Youth labour force participation fell by almost 4 percentage points in the world as a whole in the decade 1993-2003. This partly reflects the growing share of young people in education. [1] As shown in table 1, the highest participation rates in 2003 were registered in East Asia (73.2 per cent) and sub-Saharan Africa (65.4 per cent). The Middle East and North Africa had the lowest rate (39.7 per cent).

Table 1. Principal labour market indicators of youth, 1993 and 2003

| | Youth labour force participation rate (%) | | Youth employment-to-population ratio (%) | | Youth unemployment rate (%) | | Ratio of youth-to-adult unemployment rate | |
|---|---|---|---|---|---|---|---|---|
| | 1993 | 2003 | 1993 | 2003 | 1993 | 2003 | 1993 | 2003 |
| World | 58.8 | 54.9 | 51.9 | 47.0 | 11.7 | 14.4 | 3.1 | 3.5 |
| Industrialized economies | 53.0 | 51.5 | 44.9 | 44.6 | 15.4 | 13.4 | 2.3 | 2.3 |
| Transition economies | 47.6 | 39.9 | 40.5 | 32.4 | 14.9 | 18.6 | 2.9 | 2.4 |
| East Asia | 77.4 | 73.2 | 73.6 | 68.0 | 4.8 | 7.0 | 3.1 | 2.9 |
| South-East Asia | 58.5 | 56.5 | 53.3 | 47.3 | 8.8 | 16.4 | 3.9 | 4.8 |
| South Asia | 48.0 | 44.4 | 41.8 | 38.3 | 12.8 | 13.9 | 5.9 | 5.9 |
| Latin America and the Caribbean | 57.3 | 54.7 | 50.2 | 45.6 | 12.4 | 16.6 | 2.8 | 3.1 |
| Middle East and North Africa | 39.3 | 39.7 | 29.2 | 29.6 | 25.7 | 25.6 | 3.4 | 3.3 |
| Sub-Saharan Africa | 64.4 | 65.4 | 50.3 | 51.6 | 21.9 | 21.0 | 3.6 | 3.5 |

Source: ILO, Global Employment Trends Model, 2004.

In 2015, approximately 660 million young people will either be working or looking for work: this is an increase of 7.5 per cent over the 2003 figure. The youth labour force is expected to grow in sub-Saharan Africa and to decrease in East Asia and transition economies. [2]

[1] ILO: *Global employment trends for youth*, op. cit.

[2] ibid.

### *2.1.2. Youth unemployment trends*

Youth unemployment is increasing in many regions ...

Between 1993 and 2003, the increase was close to 19 million (11.2 million men and 7.5 million women), an overall rise of 26.8 per cent. In 2003, the youth unemployment rate reached the historical peak of 14.4 per cent, with 88.2 million young people (52.4 million men and 35.8 million women) without a job (see table 2).

Table 2. Youth unemployment in the world, 1993, 1998, 2000-03 (millions)

| | 1993 | 1998 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|
| Youth, total | 69.5 | 79.3 | 82.0 | 82.9 | 86.5 | 88.2 |
| Youth, male | 41.2 | 46.9 | 48.5 | 49.1 | 51.3 | 52.4 |
| Youth, female | 28.3 | 32.4 | 33.5 | 33.8 | 35.2 | 35.8 |

Source: ILO, Global Employment Trends Model, 2004.

As shown in table 1, youth unemployment rates in 2003 were highest in the regions of the Middle East and North Africa (26 per cent) and sub-Saharan Africa (21 per cent) and lowest in developed economies (13 per cent) and in East Asia (7 per cent). In the latter region, however, youth unemployment increased by 46 per cent between 1993 and 2003. In industrialized economies, on the other hand, the rate saw a notable decrease (from 15.4 per cent in 1993 to 13.4 per cent in 2003).

... is higher than adult unemployment

The ratio between youth and adult unemployment increased worldwide from 3.1 in 1993 to 3.5 in 2003 (see table 1). South Asia and South-East Asia had the highest ratios. The youth share of the total unemployed (186 million) reached 47 per cent in 2003. The youth-to-adult unemployment ratio quantifies the difficulties faced by young people in finding employment, compared to adults. In industrialized economies the ratio of 2.3 indicates that young people are more than twice as likely to be unemployed as adults. Although youth unemployment rose in both transition economies and East Asia during the same decade, the youth-to-adult unemployment ratio declined as a result of a sharper increase in adult unemployment. South-East Asia experienced a severe increase in the ratio (from 3.9 to 4.8). In all other regions the ratio stayed more or less stable, including in South Asia, where it remains the highest in the world (5.9).

... affects some groups more than others

Particular groups of young people are more prone to unemployment than others. Youth unemployment often varies according to:

- *Age* – In most countries for which data are available, the unemployment rate tends to fall with increasing age. [3] In Latin America, for example, the unemployment rate of teenagers (aged 15-19) in most countries is more than double that of young adults (aged 20-24). [4]

[3] P. Ryan: "The school-to-work transition: A cross-national perspective", in *Journal of Economic Literature* (Mar. 2000); available at website: http://www.econ.cam.ac.uk/faculty/ryan/jelfinal.pdf .

[4] C. Fawcett: *Latin American youth in transition: A policy paper on youth unemployment in Latin America* (Panama City, Banco Interamericano de Desarrollo, Nov. 2001), p. 5.

- *Sex* – Figure 1 shows that, except in the industrialized economies, East Asia and sub-Saharan Africa, unemployment among young women exceeds that of young men, with Latin America and the Caribbean, and the Middle East and North Africa displaying the greatest differences.

- *Literacy, education and skills* – Figure 2 shows that low literacy rates are strongly associated with high youth unemployment, especially in Africa and South Asia. In most developed economies, in Latin American countries [5] and some developing countries in other regions, youth unemployment is higher among less educated than among more educated youth. In South Africa, for example, nearly two-thirds of unemployed youth do not hold a secondary school certificate. [6] However, in other developing countries, such as Indonesia, Jordan and Thailand, unemployment rates are higher for the more, rather than the less educated. [7] For instance, in Indonesia unemployment is lower among primary-school leavers who may accept poor quality, insecure jobs than among secondary- and tertiary-level school leavers, whose skills may not meet labour market demand.

- *Disadvantaged youth* – Socially disadvantaged young people generally face more problems obtaining employment. Several factors work against them. They are less likely to have a good basic education and often suffer discrimination on the basis of social class, ethnic origin, sex or disability. In Australia, about 70 per cent of young adults from indigenous groups were neither in full-time education nor working in 2001. [8] In the United Kingdom, the labour force survey for the winter 1994-95 showed that unemployment rates for 16-24-year-old men and women with disabilities were respectively around 31 and 25 per cent, compared with 17 and 12 per cent among young men and young women without disability. [9] In several countries, youth joblessness is more and more concentrated in households in which no member is employed. For instance, in the United States 31 per cent of youth from families in the lowest income quartile were unemployed in March 1999. By contrast, only 12 per cent of those whose families had incomes in the top quarter of the distribution were unemployed. [10] The rate of urban unemployment among young people (under 20 years of age) from the poorest households in Argentina in 1998 was approximately 50 per cent, compared to 17 per cent of those belonging to the wealthiest households. [11]

[5] ibid.

[6] R. du Toit: "Unemployed youth in South Africa: The distressed generation?", Paper presented at the Minnesota International Counseling Institute (27 July-1 August 2003); available at website: http://www.hsrc.ac.za/research/output/outputDocuments/2286_duToitRUnemployedYouthinSA.pdf .

[7] ILO: *Training for employment: Social inclusion, productivity and youth employment*, Report V, ILC, 88th Session (Geneva, 2000).

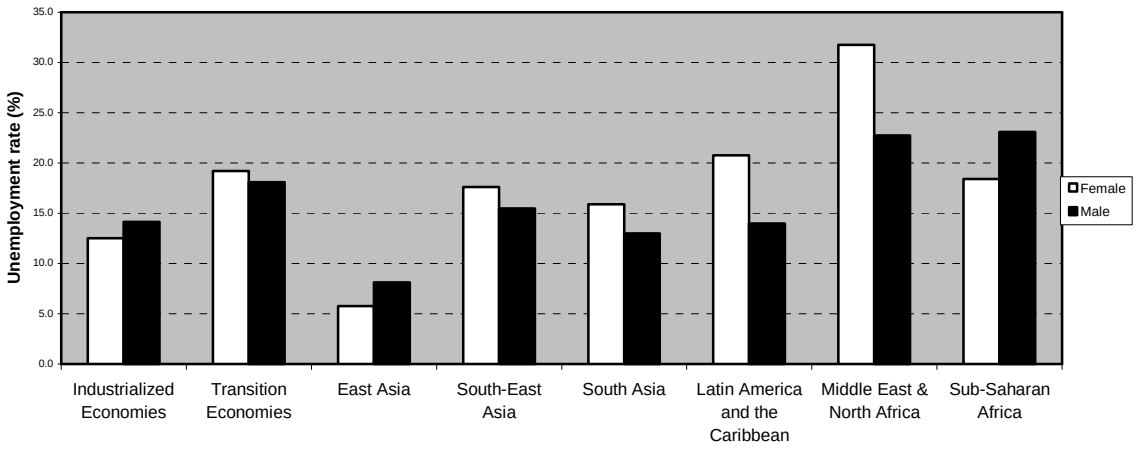
[8] Dusseldorp Skills Forum (DSF): *How young people are faring: Key indicators 2003* (Glebe, Aug. 2003), p. 4.

[9] F. Sly, R. Duxbury and C. Tillsley: "Disability and the labour market: Findings from the labour force survey", in *Labour Market Trends*, Vol. 103 (London, 1995), pp. 439-459, table 11.

[10] US Department of Labor: *Report on the youth labor force* (Washington, DC, June 2000), p. 33.

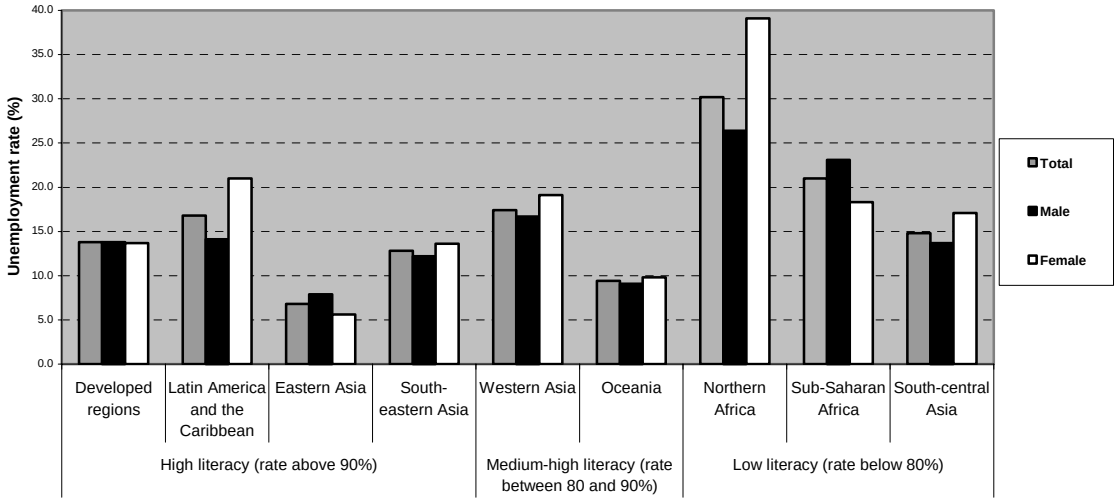
[11] R. Diez de Medina: *Jóvenes y empleo en los noventa* (Montevideo, ILO-CINTERFOR, 2001), p. 106.

Figure 1. Regional youth unemployment rates, by sex, 2003




Source: ILO: Global Employment Trends Model, 2004.

Figure 2. Youth unemployment rates, by region, sex and literacy grouping, 2000




Source: ILO: *Key indicators of the labour market*, 3rd edition (Geneva, 2003); and United Nations Statistics Division: "World and Regional Trends", Millennium Indicators Database, http://millenniumindicators.un.org .

## ... discourages the engagement of many young people

The concept of discouragement refers to individuals who, owing to the lack of success, have stopped seeking employment, although they are willing and able to engage in productive activities. Discouragement, which is a subjective measure of unemployment, is becoming significant in many countries. The number of discouraged workers in OECD countries was estimated at 4 million in 1993, of which two-thirds were women. Young people were more affected than adults in Belgium, Greece, Hungary, Norway, Sweden and the United States. [12]

[12] Organisation for Economic Co-operation and Development (OECD): *OECD Employment Outlook 1995* (Paris, 1995), p. 47.

### *2.1.3. Youth employment trends*

Shifts to the service sector but agriculture is still important in developing countries ...

The lack of data disaggregated by age makes it difficult to gain a global perspective on the sectoral distribution of young people in the labour market. All over Europe, youth are over-represented in the hotel and tourism sector, courier services or in new types of employment such as teleworking. [13] Over the last 50 years advanced technologies and increased international competition have produced a progressive shift towards the service sector as an overall trend. [14] In many Latin American countries the service sector absorbs eight to nine young workers in every ten, with the remainder in manufacturing or construction. [15] However, agriculture continues to employ half the increase of the youth labour force in sub-Saharan Africa, East Asia, South-East Asia and Oceania. [16]

... youth at work but often in low-productivity and precarious jobs

Young people who find a job are often employed in poor conditions, in the informal economy, and with short-term or temporary work arrangements. Many are poorly paid and have little social protection. Some of the qualitative dimensions of youth employment are discussed below:

- *Underemployment* – This can be work of inadequate duration, both involuntary part-time employment and temporary short-term work; the term also refers to work of inadequate productivity. [17] Some studies indicate that in many countries disproportionate numbers of young people are working fewer hours than they would like. They may accept jobs that are not ideal because they view them as temporary or because they have little power to bargain for better working conditions. In the European Union as a whole, the majority of all temporary employees have this type of contract because they could not find permanent employment. [18] In the developing world some 550 million working poor can be considered underemployed as they engage in low-productivity work that earns them less than US$1 per day. The young working poor number around 130 million, or some 25 per cent of the total. [19]

- *Part-time and temporary work* – In many OECD countries the increase in part-time and temporary work was an important factor in the growth of youth employment between 1992 and 2002. Figure 3 shows that a higher proportion of young people

[13] Commission of the European Communities: *EC White Paper: A new impetus for European youth*, COM(2001)681 final (Brussels, 2001), p. 41.

[14] ILO: *Key indicators of the labour market*, 3rd edition (Geneva, 2003), p. 141.

[15] C. Fawcett (2001), op. cit., p. 14.

[16] ILO: *Employing youth: Promoting employment-intensive growth* (Geneva, 2000), p. 6.

[17] H. Görg and E. Strobl: *The incidence of visible underemployment: Evidence for Trinidad and Tobago* (Centre for Research in Economic Development and International Trade, University of Nottingham, 2001).

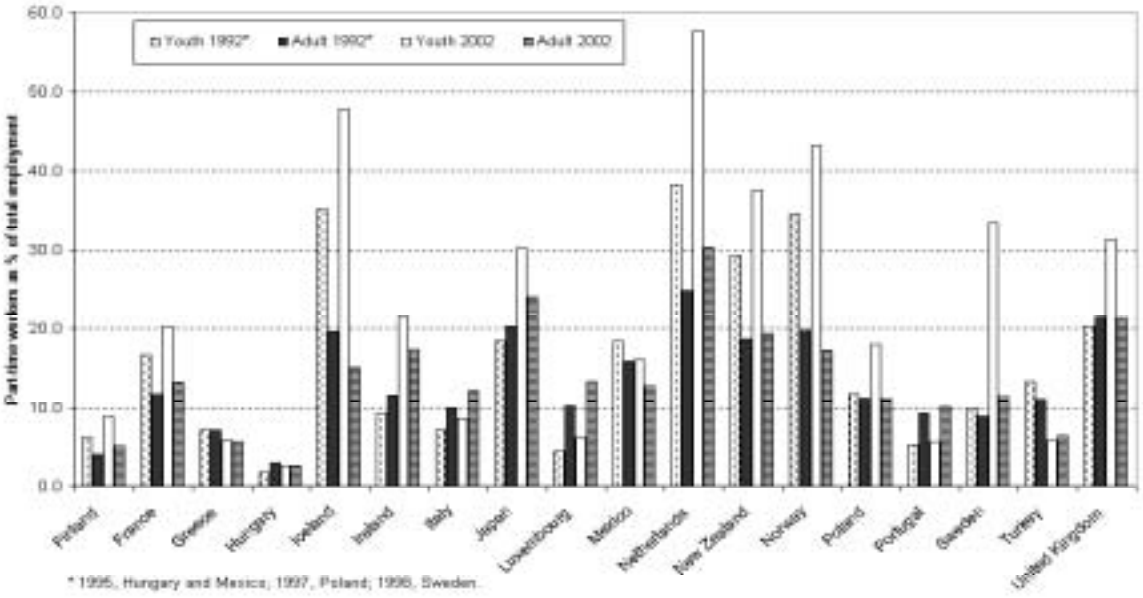
[18] European Commission: *Employment in Europe 2003: Recent trends and prospects* (Brussels, 2003), p. 127.

[19] Tentative estimate based on UNFPA estimates on the regional shares of young people in total population.

than adults were working part time in many OECD countries except for Italy, Luxembourg, Portugal and Turkey. In the same group of countries, younger and less educated workers are disproportionately represented in temporary employment. They are about three times as likely as adults to hold a temporary job. [20] This could indicate that temporary work can help youth gain a foothold in the labour market. In much of the developing world, young people often have no choice but to accept temporary and increasingly insecure jobs. In many Latin American countries, the increase in temporary contracts has particularly affected young people, especially those from the poorest households. [21]

- *Informal employment* – Despite a substantial improvement in data collection on the informal economy, information disaggregated by age is still inadequate. The available figures show an increased engagement of young people in the informal economy, which absorbs the large majority of labour market entrants in many developing countries. It is estimated that during the period 1990-2002 about 66 per cent of new jobs in Latin America were in the informal economy. [22] This percentage is even higher in South-East Asia (nearly 75 per cent) and in Africa (93 per cent). [23] National statistics in Indonesia indicate that in 2000 approximately 60 per cent of youth worked in the informal economy. [24] Most young people in the informal economy lack adequate incomes, social protection, security and representation. In a vicious cycle, low productivity, low incomes and inadequate working conditions combine to undermine the capacity of the informal economy to provide productive and decent jobs.

Figure 3. Youth and adult part-time employment rates, selected OECD countries, 1992 and 2002




Source: OECD online database, employment by full time/part time.

[20] OECD: *OECD Employment Outlook 2002* (Paris, 2002), p. 137.

[21] R. Diez de Medina (2001), op. cit., p. 83.

[22] ILO: *Panorama laboral 2003* (Lima, 2003), p. 34.

[23] ILO: *Youth and work: Global trends* (Geneva, 2001), p. 5.

[24] ILO: *Youth employment in Indonesia* (Jakarta, 2002), p. 17.

### *2.1.4. Potential gains from halving youth unemployment*

The un(der)employment of young people represents a substantial missed opportunity. It is estimated that halving youth unemployment from the present 14.4 per cent to 7.2 per cent, i.e. approaching adult unemployment, would add 4.4 to 7 per cent to global GDP, depending on the assumptions. [25] Table 3 shows the potential gains by region; the largest relative gains would be in sub-Saharan Africa, with an estimated 12 to 19 per cent increase in GDP.

Table 3. Estimated increase in GDP if youth unemployment is halved

| | GDP in 2003 (billions) | Estimated additional GDP (lower estimate, billions) | Estimated additional GDP (upper estimate, billions) | % increase in GDP (lower estimate) | % increase in GDP (upper estimate) |
|---|---|---|---|---|---|
| World | 49 870 | 2 173 | 3 477 | 4.4 | 7.0 |
| Industrialized economies | 26 656 | 1 136 | 1 818 | 4.3 | 6.8 |
| Transition economies | 3 111 | 205 | 329 | 6.6 | 10.6 |
| East Asia | 7 383 | 114 | 183 | 1.5 | 2.5 |
| South-East Asia | 2 190 | 101 | 162 | 4.6 | 7.4 |
| South Asia | 3 579 | 149 | 238 | 4.2 | 6.7 |
| Latin America and the Caribbean | 3 835 | 186 | 298 | 4.9 | 7.8 |
| Middle East and North Africa | 1 939 | 138 | 221 | 7.1 | 11.4 |
| Sub-Saharan Africa | 1 177 | 143 | 228 | 12.1 | 19.4 |

Source: ILO: *Global employment trends for youth*, 2004.

The direct economic gains to society would be matched by a reduction in expenditure to counter risky behaviour, violence and crime, as well as social benefits in terms of reduced vulnerability and exclusion. Young people are likely to seize the opportunities offered and so work themselves out of poverty in a virtuous cycle of decent jobs, improved incomes and social inclusion.

## 2.2. What factors affect job opportunities for youth?

The opportunities for young people to obtain a decent job are influenced by factors such as aggregate demand, demographic trends, labour market regulations, education and training outcomes, work experience, entrepreneurship options, representation and voice, and the aspirations of young people themselves. The relative influence of these factors varies across and within regions and countries. Their impact on young people depends on

[25] GDP is measured in current PPP-adjusted dollars for 2003. The estimates are based on historical country-level GDP-to-youth-employment elasticity. If the elasticity is negative or greater than 1.75, the subregional elasticity is substituted. The lower estimate is based on a diminishing returns scenario in which for the first quarter of additional employment the elasticity is 100 per cent of value, for the second quarter the elasticity is 75 per cent of its value, for the third quarter it is 50 per cent of its value, and for the final quarter it is 25 per cent. The upper estimate is based on a constant returns assumption, whereby there is no decline in elasticity.

the personal characteristics of young people themselves. These factors are discussed briefly below.

### *Overall increase in aggregate demand is essential but youth vulnerabilities require specific responses ...*

Inadequate aggregate demand is a major cause of labour market disadvantage for young women and men. The lower the aggregate demand, the lower the demand for labour, including young people. Improving overall employment is, therefore, a prerequisite to improving youth employment. However, youth employment also has its own dimensions, which require special attention in national strategies to increase the overall quantity and quality of job opportunities.

Low labour demand disproportionately affects young people, who are more vulnerable to the business cycle and, therefore, more exposed to social exclusion. In times of economic recession young people are more likely than adults to become or remain unemployed. There are several reasons for this. On the one hand, they are the first to be made redundant during economic downturns, reflecting the "last hired-first fired" practice. It is often less onerous for firms to dismiss young workers, who have fewer skills, limited legal protection and less training. In addition, the first reaction of firms to a recession is often to freeze or cut down recruitment. As young people account for a large share of first-time jobseekers, they tend to be heavily penalized in the process. [26]

In developing countries, where very few can afford to be openly unemployed, the fall in labour demand has forced large numbers of people into underemployment and poor-quality jobs in the informal economy. [27] As new entrants to the labour force, often hampered by cumulative disadvantages, many young women and men are confronted with the choice between informal work or no work.

In many countries, a factor that compounds and exacerbates youth vulnerability today is HIV/AIDS (see box 1).

Box 1
Impact of HIV/AIDS on young people

Health issues influence both access to and positioning of young people in the labour market. In recent years, *HIV/AIDS* has become a major threat, affecting young people in particular. Nearly a quarter of all people living with HIV/AIDS globally are aged between 15 and 24. This age group accounts for half of all new HIV infections worldwide. While all young people can be exposed to infection, the risk is unevenly shared. Young women are far more likely to become HIV-positive than young men. In addition, more than 95 per cent of HIV transmission is occurring in low- and middle-income countries. This epidemic undermines the productive potential of youth and reduces their chance of securing decent jobs. HIV-positive people face additional barriers, including discrimination, in finding and maintaining employment. Illness, death and loss of skills and work experience reduce the productivity and profitability of enterprises and increase labour costs. In high-prevalence countries, many children, especially girls, are forced to leave education to supplement the household's diminished income or to care for sick relatives. Consequences of this trend include lowered skills and impoverishment as well as further transmission of HIV.

Source: UNAIDS: *2004 report on the global AIDS epidemic: 4th global report* (Geneva, 2004); ILO: *HIV/AIDS and work: Global estimates, impact and response* (Geneva, 2004).

[26] N. O'Higgins: *Youth unemployment and employment policy: A global perspective* (Geneva, ILO, 2001).

[27] ILO: *Decent work and the informal economy*, Report VI(1), ILC, 90th Session (Geneva, 2002).

### *A smaller youth cohort does not necessarily relieve youth unemployment ...*

The more young people entering the labour market, the more jobs will be required for them. In theory, declines in the youth cohort size should reduce youth unemployment and increase their wages relative to adults. Over the last decade, however, the share of youth in total population has fallen in most regions – with the exception of Africa – and in many countries the demographic change has not reduced youth unemployment. In most OECD countries, the economic position of young people worsened during the 1980s and 1990s. Studies have concluded that other factors, especially rapid changes in the economy and weak global aggregate demand, have had a stronger effect than the youth cohort size. [28] One implication is that reductions in the youth labour force may not suffice to overcome youth employment problems.

### *Promoting efficiency and equity through labour market regulations ...*

Labour market regulations are a key element of policies aimed at promoting efficiency and equity in the distribution of income and assets. However, youth wages and employment protection legislation (EPL) have often been considered a cause of high youth unemployment.

It has been argued that low *youth wages* compared to adult wages improve employment prospects for young people by making them more attractive to employers. This argument assumes that young workers and adults are interchangeable; but they often have different skills and different experience, and therefore compete for different jobs (especially in the case of skilled workers). If youth and adults are complementary in the workplace, relative wages should have no influence. [29] The decline in earnings experienced by young workers relative to adults in virtually all OECD countries during the 1990s did not suffice to stabilize their employment rates. [30]

Recently, the debate on youth wages has centred on the link between *minimum wage* and youth employment. There is no general agreement about the impact of minimum wages on youth employment. [31] Research based on OECD countries suggests that any negative effects of minimum wages on youth employment are small compared to other factors such as general economic and demographic conditions. [32] In some European countries declines in minimum wages were accompanied by declines in youth employment. [33] In short, many authors believe there are few grounds for reducing

[28] D.G. Blanchflower and R. Freeman (eds.): *Youth employment and joblessness in advanced countries* (NBER, University of Chicago Press, 2000); N. O'Higgins (2001), op. cit.

[29] N. O'Higgins: *The challenge of youth unemployment* (Geneva, ILO, 1997).

[30] OECD: *OECD Employment Outlook 1996* (Paris, 1996), pp. 109-159.

[31] See Y. Ghellab: *Minimum wages and youth unemployment*, Employment and Training Papers No. 26 (Geneva, ILO, 1998).

[32] N. O'Higgins (2001), op. cit.

[33] ILO: *Employing youth: Promoting employment-intensive growth*, op. cit., p. 44.

minimum wages of young people as a means of cutting youth unemployment or increasing the demand for young labour. [34]

As far as *employment protection legislation* is concerned, it has been argued that EPL increases youth unemployment by making labour too expensive. Certain types of labour regulation, especially concerning lay-offs, are thought to discourage employers from hiring workers they cannot dismiss during an economic downturn. Labour protection, however, is a question not just of rights and moral obligations but also of productivity and development. The central concern is to identify mechanisms that strike a fair balance between increased market competitiveness and workers' rights to security and dignity at work.

Some recent studies indicate that the degree of strictness of EPL influences the type rather than the number of persons who are unemployed. Young people seeking their first job may be penalized by strict EPL that makes it difficult for them to compete with workers who are already employed. EPL may thus enhance the dualism between protected workers with permanent contracts on the one hand, and jobseekers and temporary workers on the other (insider-outsider effect). [35] This does not mean, however, that reduced labour protection is the way to improve employment prospects for young people (see section 3.2.1 of this report).

### *Both quality and relevance of education and training are important for decent work ...*

Despite significant improvements in educational attainment, the literacy rates of young people aged 15-24 remain low in many countries. Significant educational gaps prevail between industrialized and developing countries and between women and men. In 1990-2000 the youth literacy rate in the least developed countries (LDCs) increased faster than in other groups of countries. Nevertheless, only 63.5 per cent of young people in those countries were literate in 2000, and half the young women were illiterate. The net enrolment ratio remains very low in countries such as Niger (30 per cent) and Burkina Faso (36 per cent). Thirty-seven developing and transition countries had less than 80 per cent of primary school-age children enrolled in primary education in 2000. During the same year, some 113 million children in the world did not attend school; 60 per cent of them were girls. [36]

Many young people face difficulties in finding a job because of the mismatch between educational outcomes and labour market requirements. In some countries, higher educational attainment has not automatically led to better employment opportunities. Many college and university graduates have jobs that do not correspond to their qualifications, often leading to a high level of underemployment. [37] Higher levels of education have not proved sufficient in themselves for entering the labour market. Studies have indicated that in many developing countries, but to a lesser extent in Latin America, better educated

[34] N. O'Higgins (2001), op. cit.; M. Godfrey: *Youth employment policy in developing and transition countries: Prevention as well as cure* (Washington, DC, World Bank, 2003).

[35] ILO: *Improving prospects for young women and men in the world of work* (Geneva, 2004).

[36] United Nations Statistics Division: *World and regional trends, Millennium indicators database*, http://millenniumindicators.un.org (June 2004), based on data provided by UNESCO.

[37] United Nations: *World youth report 2003*, op. cit.

young people have higher unemployment rates than those with less schooling. [38] The phenomenon of the "educated unemployed" is closely linked to weak aggregate demand. Part of the problem, however, stems from the mismatch between qualifications and skills or occupations in demand.

### *Gaining work experience ...*

Young people who enter the labour market generally lack work experience, which is highly valued by companies. Up to a decade ago, especially in industrialized countries, teenage students often gained such experience through part-time and/or summer jobs. However, the economic recession of the 1990s forced many older, more experienced and skilled workers to take these jobs, thus reducing the opportunities open to youth.

In many developing and transition countries employers often do not have incentives to hire first-time jobseekers. Companies may hesitate to recruit them because the return on the required investment could be uncertain. The lack of record may restrain decisions to hire first-time jobseekers who may not have the appropriate skills and attitudes to meet job requirements. In addition, the initial training of inexperienced young workers can be a huge cost to employers, who may not have the financial or human resources to train new entrants. [39]

The pace of integration of first-time jobseekers into the labour market varies greatly by age, gender, social class and family background and educational attainment, as well as other dimensions of disadvantage. Teenagers tend to be regarded by employers as a greater risk than young adults – in addition to being more likely to lack work experience, they are less mobile, less productive in relation to their wage rate and often less educated. [40] For young people from poor households, access to the first job may be further impaired by the lack of information, resources and networks associated with low levels of social integration, as well as pressure to take up any job to earn an income.

### *Youth entrepreneurship as an avenue of opportunity ...*

Entrepreneurship can unleash the economic potential of young people. It is also associated with more flexible hours of work, greater independence, higher income potential and job satisfaction. However, young people tend to be less active in entrepreneurship than adults, and teenagers are less active than young adults. Research in 41 countries found that only 12 per cent of entrepreneurs were aged between 18 and 24. [41] Young people have less capital, in the form of skills, knowledge and experience, savings and credit, business networks and sources of information. Banks and financial institutions regard them as a high-risk group because of their lack of collateral and business experience.

In many transition and developing countries young people engage in self-employment because of limited wage-employment opportunities. They often have less access to training

[38] M. Godfrey (2003), op. cit.

[39] A. Kolev and C. Saget: *Toward a better understanding of the nature, causes and consequences of youth labour market disadvantage: Evidence for South-East Europe* (draft, 18 Nov. 2003).

[40] M. Godfrey (2003), op. cit.

[41] P.D. Reynolds et al.: *Global entrepreneurship monitor 2003. Executive report* (Kansas City, Ewing Marin Kauffman Foundation, 2004).

and less job security than those in wage employment. Self-employed young women face additional hurdles, not only because of age but also because of gender-related constraints. They are influenced by attitudes towards risk-taking, roles in the family and society, and the availability and affordability of day care for children and other dependants. Self-employed women are less likely than men to be employers and more likely to be in the informal economy. [42]

### *Representation and voice are essential for decent jobs ...*

Today's young people are often not represented in trade unions or employers' associations, and do not belong to political parties. One reason for the decline in youth membership in labour, business and political groups is that traditional forms of association have become less appealing to youth. As a result, decision-makers take little account of their needs and aspirations.

Politicians and policy-makers in many countries need to pay more attention to young people's interests and listen to their views in order to build more inclusive and accountable forms of governance. [43] Trade unions and employers' organizations also acknowledge the need to give youth more "voice" and are pioneering a number of strategies to bridge the representational gap. [44]

A particular challenge is the organization of young workers and entrepreneurs in the informal economy. In this regard, young people tend to face more obstacles than adults. They are frequently less knowledgeable about their rights as workers and citizens and therefore experience higher decent work deficits. Sometimes they are denied – in law or in practice – the right to organize and thus have little or no leverage in bargaining for better working conditions.

### *An inclusive and equitable labour market responds to youth aspirations ...*

Productive and rewarding work is among the chief aspirations of many young people (see box 2). Besides providing income, work fulfils ambitions for security, participation, recognition and better quality of life. Placing young people in the best position to reach their own life goals and contribute to the general well-being is at the heart of a more inclusive and equitable society. Often labour market realities do not meet youth aspirations. In some contexts and under certain circumstances, youth may have a "reservation wage" [45] and, more broadly, "job reservations" if they feel that the available jobs do not correspond to their aspirations – not just in terms of desired income but also in

[42] ILO: *Time for equality at work*, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work (Geneva, 2003), p. 42.

[43] A. Vromen: "Three political myths about young people", in *Australian Review of Public Affairs* at http://www.econ.usyd.edu.au/draing boards/digest/0403/vromen.html (2004).

[44] See ILO: *Promoting gender equality: A resource kit for trade unions, Booklet 5: Organizing in diversity* (Geneva, 2001), pp. 14-22; idem: *Meeting the youth employment challenge: A guide for employers* (Geneva, 2001), pp. 31-46.

[45] Reservation wage refers to expectations about a minimal income threshold set as a condition for accepting work.

terms of their role in the world of work and in society at large. [46] Factors such as gender, education and training levels, as well as family or community background, influence job reservations. This may explain the longer unemployment spells of some young people who are less in need of an income. Educated young people may also have job reservations, leading to the educated unemployed phenomenon.

Box 2
The employment aspirations of Sri Lankan youth

As part of an initiative to assist governments in easing the youth transition to work, the ILO has designed an instrument to capture both the quantitative and qualitative dimensions of employment. A survey using this instrument found that success in work is among the top life goals for young people in Sri Lanka. The ILO survey, covering a sample of 1,800 youth equally divided among students, jobseekers, self-employed and employees, shows the following distinct variations across groups:

*Types of jobs:* When asked what kind of job they would expect to obtain, nearly 23 per cent of respondents mentioned clerical work, 21 per cent manual work and a further 22 per cent technical work. A significant proportion of young women expected to do clerical work (41 per cent) compared to young men (28.8 per cent).

*Sectoral preferences and employment status:* Working in the government sector was regarded as the most appealing option for students (53.3 per cent) and jobseekers (42.4 per cent). Reasons for this preference included job security. The majority of youth engaged in self-employment preferred to work independently and more than 70 per cent stated that financial support was the most important assistance required to improve their businesses.

*Desired job characteristics:* Only 6.7 per cent of the youth interviewed mentioned high income as the most important characteristic of a job. Factors such as "being able to work independently" (32.1 per cent) or "workplace is close to home" (13 per cent) or "steady job/job security" (12.7 per cent) figured much more prominently. More than half thought it would be difficult to find a decent job. About 46 per cent of jobseekers viewed an unsuitable general education as the largest obstacle in their job search.

Source: S.T. Hettige, M. Mayer and M. Salih (eds.): *Report of the survey of the school to work transition of youth in Sri Lanka* (Geneva, ILO, forthcoming).

Parents' attitudes also play an important role in shaping the employment aspirations of youth. Their desired return on the investment they have made in educating their children is not limited to financial aspects. Factors such as permanent employment, social security and status often count more than salary levels because they affect social integration.

[46] See V.E. Tokman: *Desempleo juvenil en el Cono Sur. Causas, consecuencias y políticas*, Opciones ProSur (Friedrich Ebert Stiftung, 2003).

# 3. Promoting youth employment at national level

Full, productive and freely chosen employment for young people cannot be achieved through isolated and fragmented measures; it needs long-term, coherent and concerted action over a wide range of economic and social policies. National policies and programmes promoting youth employment are most effective if they are integrated into the overall macroeconomic and sectoral policies. These need to address the particularities of young people, taking full advantage of their potential role in promoting economic and social change.

This chapter provides a brief overview of national initiatives; it also gives examples of policies and programmes addressing job creation for young people, as well as education and training.

## 3.1. Assigning priority to employment in national policy-making

The most effective means of promoting youth employment is to ensure an economic policy environment that stimulates growth with high employment creation. This would generally require a high rate of economic growth coupled with incentives and institutions to make growth employment intensive. Much could be achieved by making employment central in economic and social policies and by using social dialogue to design sound labour market policies.

In many countries macroeconomic policies could play a more effective role in realizing the full potential of growth. Many developing countries are in a low-level stabilization trap that constrains the macro policy role in stimulating demand. While stringent stabilization measures have led to low levels of inflation, reduced budget deficits and a manageable balance of payments, they have failed to spark the economic growth vital for job creation and poverty alleviation. In some developed countries, especially in Europe, macro policies have not been consistent with a sufficiently strong commitment to employment objectives. Many governments would be able to pursue more expansionary monetary and fiscal policies that could lead to faster economic, employment and productivity growth; this in turn would generate resources to ensure fiscal stability and avoid inflationary pressures.

It is important to ensure that economic growth is employment intensive. This might involve simplifying the regulatory procedures for business creation and expansion as well as providing supporting infrastructure and services at competitive prices. Job creation can also be stimulated by using more employment-intensive techniques in infrastructure and investment programmes that do not compromise on job quality.

In the context of globalization, the policies of a leading economy can have serious spillover effects on other economies. The problems of sustaining economic and employment growth must therefore be solved at both national and international levels. This calls for improved policy coordination between the multilateral institutions in evaluating the employment impact of the policies they recommend. Any policy discussion on youth employment should be incorporated in the broader policy framework related to the macroeconomic environment. A number of important questions are central to promoting youth employment (e.g. how to boost aggregate demand through appropriate macroeconomic policies; the fiscal space available to pursue such policies; the appropriate labour market policies to ensure that change is well managed; reforms needed at national

and global level to pursue pro-employment growth policies). A detailed analysis of these questions goes beyond the scope of this report.

### *Coordinating and integrating national policies ...*

Some countries are giving an increasingly central role to *coordinated and integrated national policy agendas*. Some are including employment in their overall *poverty reduction strategies*. Others are piloting integrated approaches within *national decent work agendas*. Some focus on *sectoral policies*; while others have *youth development policies*. There is no single successful recipe, and the frameworks often reflect the level of development and other socio-economic factors in a country.

In December 2003, the Tenth African Regional Meeting of the ILO adopted a resolution on decent work for youth in Africa. This recognizes that both qualitative and quantitative dimensions should be addressed through a combination of policies and interventions and within "holistic and comprehensive macroeconomic frameworks that are employment intensive, enterprise friendly, poverty reducing and socially inclusive". [1]

The European Employment Strategy (EES) adopted by the **European Union** is an integrated employment policy approach centred on three overarching objectives: full employment; promotion of quality and productivity; and strengthening social cohesion and inclusion. The strategy is implemented through employment guidelines that are translated into yearly national action plans monitored through a multilateral surveillance system. The establishment of common objectives, targets and deadlines has helped mainstream employment into economic and social policies. Both guidelines and national action plans incorporate youth-specific issues. Three targets are directly related to young people: (i) every unemployed young person should be offered a new start in the form of training, retraining, work practice, a job or other employability measure before reaching six months of unemployment; (ii) 85 per cent of 22-year-olds will have completed upper secondary education by 2010; and (iii) the average rate of early school leavers should be no more than 10 per cent by 2010. [2]

**South Africa** provides another example of a comprehensive and multidimensional approach that addresses youth employment within broader policy interventions. Employment policies are embedded in broader pro-growth and poverty alleviation policies, but also linked to both youth-specific and anti-discrimination policies (see box 3). This integrated employment framework was adopted along with structural reforms through a process of consultation and negotiation with the social partners.

In its recent General Survey on the application of ILO standards on employment promotion, the Committee of Experts on the Application of Conventions and Recommendations notes a general trend towards better integration and coordination of employment with economic and social policies and within the overall macroeconomic framework. [3] Closer inter-ministerial coordination is still needed in designing and implementing policies that affect employment. The information available for the survey does not permit an assessment of youth employment in these endeavours.

[1] ILO: "Resolution on decent work for youth in Africa and the ILO's response", document GB.289/5, Governing Body, 289th Session (Geneva, Mar. 2004), pp. 49-50.

[2] See "Council Decision of 22 July 2003 on guidelines for the employment policies of Member States", in *Official Journal of the European Union*, L197 of 5 Aug. 2003 (EU, Brussels), pp. 13-21.

[3] ILO: *Promoting employment: Skills, policies, enterprises*, Report III (Part 1B), ILC, 92nd Session (Geneva, 2004), p. 24.

Box 3
Youth employment in South Africa: Policy integration and targeting

*Employment as part of pro-growth and poverty alleviation policies.* Job creation is the main strategy for poverty eradication and is promoted through macroeconomic policies, sectoral policies and individual programmes.

*Key elements of national employment policies.* The national employment strategy framework includes the following non-age-specific and youth-specific targets:

- create jobs;
- raise skills base and move into higher value added sectors;
- increase labour-absorptive capacity of the economy through SME promotion;
- improve functioning of the labour market;
- improve education and training;
- improve social security;
- address crime;
- address employment (targeting youth as a vulnerable group).

*Responding to the development and employment needs of young people.* The employment strategy framework aims to "*promote youth employment and skills development* through youth training subsidies, measures to avoid displacement of existing workers when young workers are taken on, improved career guidance in schools, internships and improved vocational training". Coordinated by the National Youth Commission, the *National Youth Policy (1997)* addresses broader issues relating to youth development including education and training, employment and unemployment, health, public participation and crime prevention. This policy recognizes the broader national context in which it was formulated and is being implemented. In addition, the *Employment Equity Act* of 1998 *prohibits discrimination on a wide range of grounds, including age*, and requires employers to implement affirmative action measures.

Source: Department of Labour: *Accelerating the rate of growth and pace of development through partnership, prioritisation and active participation*, Government's position paper on the Growth and Development Summit 2003; available on website: www.labour.gov.za/docs/pr/2003/apr/11_dol.htm .

In recent years, a number of countries have applied a new integrated approach to poverty reduction, known as the *Poverty Reduction Strategy Paper (PRSP)*. National PRSPs aim to promote growth and reduce poverty through macroeconomic, structural and social policies. They also promote partnerships and ownership by national stakeholders through a participatory and inclusive process. In several countries, however, the social partners have not been involved in the design and implementation of PRSPs. [4]

Notwithstanding the unequivocal relationship between employment and poverty, many PRSPs do not focus directly on employment, treating it as a derivative of macroeconomic and social policies. Because of this missing link, youth employment is also overlooked. While several PRSPs refer to young people's problems and needs, few have addressed the multiple aspects of youth employment. [5]

**Indonesia, Mongolia** and **Yemen** have recognized the specific needs of young people. In **Indonesia**, for instance, the ILO contribution to the PRSP stressed the link between age and poverty and proposed the lifecycle approach to poverty reduction, targeting young people in the transition to work as well as their poor families. Within a framework of improved governance and social protection, priority action revolved around

[4] ILO: *Poverty Reduction Strategy Papers (PRSPs): An assessment of the ILO's experience*, document GB.285/ESP/2, Governing Body, 285th Session (Geneva, Nov. 2002).

[5] More information on the PRSP and the national strategies is available at http://www.worldbank.org/poverty/strategies/index.htm (2004).

child labour, basic education, vocational training and preparing youth for the labour market. [6] **Mali** and **Nepal** are seeking to integrate different policies in an effort to maximize employment. In the case of **Mali**, the existing national employment policy framework was integrated into the PRSP. Emphasis is placed on labour-intensive policy interventions, particularly focusing on youth.

**Armenia, Bangladesh, Ghana, Honduras, Indonesia, Mozambique, Nepal, Nicaragua** and **Yemen** focused on failures of the educational system and the difficulty of school-to-work transitions. **Bosnia and Herzegovina** focused on unemployment leading to poor-quality jobs in the informal economy and migration.

Other countries are piloting integrated approaches that advocate the advancement of rights at work and freely chosen and productive employment within the context of a broader *national decent work agenda*. This approach, forged by the ILO and currently piloted in eight countries, aims to shape and implement decent work strategies that link into comprehensive development and poverty reduction frameworks. [7] These strategies stem from national tripartite dialogues and coordination with national and international actors. The focus of each decent work country programme is based on national priorities and conditions.

The priority accorded by decent work country programmes to youth employment varies across countries. The programme in **Bahrain** addresses three major priorities, one of which is a multi-component and integrated programme on youth employability and development. The Decent Work Action Plan in the **Philippines** addresses youth within three integrated objectives (a policy framework on employment and competitiveness, poverty reduction through a local economic and social development approach, and a programme of action to improve productivity and income in the urban informal economy). Decent work programmes in **Ghana, Kazakhstan, Morocco** and **Panama** mention youth in the context of vocational training and entrepreneurial development.

### *... focusing on sectors with youth employment potential ...*

Sectoral development offers a wide range of potential work opportunities. Sectoral policies work by channelling a concerted set of measures (fiscal incentives, infrastructure development, enabling regulations, training, etc.) and resources towards one or more priority sectors. The choice of sector(s) varies widely across countries. Finding the right link between sectoral development policies and employment promotion is a continuous and shifting challenge for many economies in the world. These policies can generate significant demand for labour in the medium to long run, when they have a large direct or indirect impact on employment generation (in a given sector and through linkages with other sectors), include employment-intensive methods, and are combined with human resource development and training strategies.

Certain sectors are particularly relevant to youth employment. In some countries for instance, because of the new skills required, young people account for a large share of

[6] ILO: *Working out of poverty: An ILO submission for the Indonesia PRSP* (Jakarta, 2004).

[7] To date, the eight pilot countries are: Bahrain, Bangladesh, Denmark, Ghana, Kazakhstan, Morocco, Panama and the Philippines.

workers in information and communication technology (ICT). [8] Other relevant sectors include textiles, infrastructure development and maintenance, building and construction, hotel and tourism, retail and wholesale distribution, and other services. [9]

In **Morocco**, the Decent Work Pilot Programme has focused on restructuring of the textile and garment sectors, which made up 39 per cent of industrial employment in 2001. Although the programme does not directly target youth, the choice of sector was motivated by its potential in fighting unemployment, which is persistent among youth, particularly young women. In **Burundi** and **Panama**, infrastructure development was chosen because of its direct and indirect job-creation potential. [10]

Sectoral development should also take into account the qualitative dimensions of employment. For instance, a sectoral policy focusing on productivity and working conditions in agriculture could help young workers move to the formal economy in countries where agriculture is largely in the informal economy. In other cases, sectoral initiatives should be accompanied by measures to improve working conditions. The hotel, catering and tourism sector, for example, is an important provider of employment for young people. However, working conditions for young people tend to be poor. [11]

The establishment of export processing zones (EPZs) and other types of industrial zone is a strategy for economic development. In many developing and transition countries EPZs have provided employment opportunities for large segments of the workforce, particularly young women. At the same time, EPZs often have few links back to the national economy, which limits the employment impact they could have in other sectors. [12] In some cases, the routine type of work offered by EPZs, coupled with low investment in workforce training, may constrain the future employment prospects of young people. To counter this, some countries, such as **Malaysia**, offer incentives on the basis of training provided to workers. In addition, the exemptions from national labour laws granted to EPZs in some countries raise concern over the qualitative aspects of work (see box 4).

### *... and broader youth development policies*

Youth development policies generally incorporate different combinations of social, economic, environmental and health objectives relating to young women and men.

[8] The conditions and quality of work in the ICT sector are ambiguous. For more details see ILO: *World Employment Report 2001: Life at work in the information economy* (Geneva, 2001), pp. 145-164.

[9] ILO: *Generating decent work for young people*, an issues paper prepared for the Secretary-General's Youth Employment Network, at http://www.ilo.org/yen/download/issuespaper.doc (2004).

[10] ILO: *Promoting employment: Skills, policies, enterprises*, op. cit., p. 29.

[11] ILO: *Human resource development, employment and globalization in the hotel, catering and tourism sector* (Geneva, 2001); and European Foundation for the Improvement of Living and Working Conditions: *EU hotel and restaurant sector, work and employment conditions* (Dublin, 2004).

[12] World Commission on the Social Dimension of Globalization: *A fair globalization: Creating opportunities for all* (Geneva, ILO, 2004), paras. 498-501.

Box 4
Young women in the export-led textile industry in Jordan

In 2002, the ILO, through a national tripartite working group, conducted a study to assess women's employment opportunities and working conditions in the recently established EPZs in Jordan.

The results indicated that about 70 per cent of the women workers were under 25 years of age and 90 per cent were single. Most had at least high secondary education and came from traditional and rural families. Women's access to education and employment was thus a significant achievement and in stark contrast with the opportunities which were available to their mothers. Furthermore, they were often the main breadwinners in their families (16 per cent were the sole breadwinners and 57 per cent were one of two breadwinners).

The research also revealed the existence of poor working conditions (e.g. bad ventilation, sanitary conditions and catering). Men were more represented in technical jobs while all the women were assembly-line workers, showing a clear occupational segregation. Because of their age and gender, young women were regarded as cheaper workers, with many hired as trainees receiving half the minimum wage during the first three months of employment. High labour turnover, due to a lack of career prospects, was also found. Finally, most young women workers had little knowledge of their rights. As many as 86 per cent of young workers did not belong to a trade union, because they were unaware of its existence or because they did not believe that it could help improve their working conditions.

Source: ILO: *Women workers in the textiles and garments industry in Jordan: A research on the impact of globalization* (Beirut, 2002).

In some countries youth development policies focus on education and training **(Chile, Japan** and **Singapore)**; others promote youth associations **(Serbia and Montenegro** and **Viet Nam)**, sports and other recreational activities **(Malaysia, New Zealand** and **Pakistan)**, cultural heritage **(Armenia** and **Botswana)**, prevention of substance abuse and HIV/AIDS **(Kenya** and the **Philippines)** and population planning **(Kenya** and **India)**. The variety of approaches is reflected in different institutional frameworks encompassing several ministries – such as education, health, labour, and sports – and, in some countries, a ministry of youth affairs.

Some governments *integrate employment* into the overall youth development issue. In **Jamaica** several youth development aspects, ranging from environment and health to participation and empowerment, are included in the national youth policy. Employment is a key aspect of this policy. Within a lifecycle perspective, a number of related employment issues (education, training and entrepreneurship) are addressed with a view to facilitating the integration of youth in the labour market. **Trinidad and Tobago** has recently adopted a youth policy aimed at empowering young people so that they can make informed choices leading to meaningful lives and contributing to sustainable national development.

## 3.2. Specific policies and programmes addressing youth employment

This section reviews a number of policies and programmes aimed at increasing either youth employment opportunities or employability and those that respond to both needs. Some of these initiatives have a long-term perspective and extend over different stages of the lifecycle (e.g. labour legislation, labour market information, education and training for employability and career guidance). Other targeted and short-term interventions, such as active labour market policies and programmes, tend to react to education and labour market failures addressing a specific life-stage.

To tackle the youth employment problem effectively, policies and programmes need to be integrated both horizontally and vertically. On the one hand, employment and unemployment are not evenly distributed among young people. Their needs, experiences and disadvantages depend on age, gender, ethnicity, social class, educational level, disability, and migrant or refugee status. These factors help identify measures that target

youth-specific vulnerabilities and prevent their social exclusion. On the other hand, targeted measures, such as active labour market policies and programmes, need to be linked to broader employment and other economic and social policies. The two sets of policies are not mutually exclusive; they should complement each other.

A number of countries are addressing youth employment within specific national action plans, promoted under the aegis of the Youth Employment Network (YEN). The Network – a global partnership between the United Nations, the World Bank and the ILO – supports the participation of employers' and workers' organizations as well as civil society, especially youth groups, in the design and implementation of government policies and programmes on youth employment. **Azerbaijan, Brazil, Egypt, Indonesia, Islamic Republic of Iran, Namibia, Rwanda, Senegal** and **Sri Lanka** have stepped forward as lead countries in preparing national action plans that address employment, employability, entrepreneurship and equal opportunities of young people. The YEN initiative is discussed in more detail in section 4.3 of this report.

### *3.2.1. Creating decent work for young people*

Government policies and programmes for increasing labour demand for young people are of two kinds: those that seek to improve youth employment opportunities through long-term *labour market regulations* (wages, employment protection legislation and fixed-term contracts); and *active labour market measures affecting demand* with targeted and short-term interventions (public and community works, employment subsidies, enterprise creation and self-employment).

(a) Promoting efficiency and equity through national labour market regulations ...

*... requires equal remuneration for work of equal value ...*

International labour standards on minimum wages [13] do not envisage different rates on the basis of age. Some countries apply the same minimum wage to all workers, regardless of age; others differentiate minimum wages by age or have a single rate for young people; and some apply a specific youth rate to certain sectors. For example, **Chile, Paraguay, United Kingdom, United States** and **Venezuela** have adopted specific minimum wage rates for youth. In **India, Malaysia, Mauritius, Nepal** and **Tunisia** reduced youth rates have been established in some sectors (e.g. agriculture, tea plantations). [14] Youth rates are applied on the assumption that statutory minimum wages would price young workers out of the labour market, because of their lower productivity. The reduction of youth relative wages is seen as a means of increasing labour demand for young people, although, as mentioned in section 2.2, there is no strong evidence to support this argument.

In accordance with the internationally accepted principle of "equal remuneration for work of equal value" set out in the Preamble to the ILO Constitution, the main criterion should be the value of the work performed, irrespective of the worker's age.

[13] The main ILO instruments on minimum wages are the Minimum Wage Fixing Machinery (Agriculture) Convention, 1951 (No. 99); the Minimum Wage Fixing Convention, 1970 (No. 131); and the Minimum Wage Fixing Recommendation, 1970 (No. 135).

[14] More information on minimum wage legislation in ILO member States is available from the following online database: http://www.ilo.org/travaildatabase/servlet/ILOMinimumWages .

The application of lower wages to young workers may be justified when the job offered requires higher skills. [15] In this case a differentiated wage would have the specific purpose of encouraging enterprises to invest in training and to share the costs with young workers. An example is the apprenticeship programmes in **Austria, Denmark, Germany, Switzerland** and the **United Kingdom**, where salaries are initially lower in recognition of the lower productivity expected during the training period and are adjusted once the training programme is completed. Even in this case, some may argue that initial lower productivity would be compensated by higher levels after the training period – hence there should not be a sub-minimum wage for youth. If a sub-minimum wage is introduced, the critical issue is to determine how much lower it should be fixed in order to compensate for lower productivity. The social partners have an important role in determining a suitable level of remuneration. Furthermore, the delivery and the quality of training should be monitored to ensure that lower minimum rates are not used to mask cheap labour.

One key function of the minimum wage is to protect earnings at the lower end of the pay scale and, by redistributing income, to boost aggregate demand through the multiplier effect. Most importantly, it prevents labour market discrimination on any grounds, including age, sex, ethnicity or disability. [16] A wage policy may be regarded as less relevant in developing countries, where most young workers are in the informal economy. However, evidence from **Latin America** suggests that minimum wages can affect wage determination in both the formal and the informal economy. For example, in **Argentina, Brazil, Mexico** and **Uruguay**, formal economy wages were found to be generally above the minimum wage, while those of many informal workers equalled the minimum wage and increased each time the minimum wage was adjusted. [17]

*... and a balance between flexibility and security*

The impact of employment protection legislation on youth employment is another controversial issue. On the one hand, it is argued that stricter EPL increases dismissal costs and reduces the flexibility of enterprises to adjust to the economic cycle. This would negatively affect employment, and youth employment in particular, by favouring those who are already employed to the detriment of those who are seeking employment. On the other hand, EPL is thought to ensure fairness and basic security, to increase incentives for employers to invest in human capital [18] and encourage cooperative labour relations. This should lead to improvements in productivity, competitiveness and overall efficiency. [19]

Evaluation studies, conducted mainly in **OECD countries**, do not give a clear indication of the costs and benefits of EPL and their impact on young workers. Cross-country comparison suggests that youth unemployment tends to be higher in countries where EPL is stricter. This result is very weakly confirmed by other methods. [20] A similar

[15] In a perfectly competitive system, wages would be fixed on the basis of productivity and firms would employ workers if wages were equal to the marginal product of labour.

[16] ILO: *Time for equality at work*, op. cit., p. 56.

[17] A. Kolev and C. Saget (draft, 2003), op. cit.

[18] Recent studies on participation in employer-sponsored training in OECD countries indicate that employers prefer to invest in training of prime-age rather than young workers. See *OECD Employment Outlook 2003*, op. cit.

[19] ILO: *Improving prospects for young women and men in the world of work*, op. cit.

[20] The multivariate regression analysis provided very weak confirmation. See N. Bowers, A. Sonnet and L. Bardone: *Giving young people a good start: The experience of OECD countries*. Transition

result of statistically insignificant impact of strictness of EPL on youth unemployment was found for **Central and Eastern European countries**. [21]

More flexibility in the use of fixed-term contracts in many **OECD countries** has increased the recruitment of young workers under this form of contract. This may be a stepping stone to stable employment or it may be a trap, increasing the likelihood of short-term work combined with unemployment spells throughout working life. Evaluations provide a mixed picture with no clear conclusions. [22] A study on the partial reform of employment protection introducing fixed-term contracts in **France** revealed a substantial increase in the turnover of young workers, without a significant decline in unemployment duration. [23]

Labour market reform in **Denmark** was designed to balance employment flexibility with workers' economic and social security. This approach allows employers to respond rapidly to the changing international market environment by adjusting their workforce. At the same time, it grants unemployment compensation to young workers for six months, followed by an "activation" period that facilitates reinsertion through participation in labour market programmes. However, this approach may not be practicable in countries with limited resources. [24]

It should be borne in mind that the majority of young people in the informal economy are not covered, or are insufficiently covered, by formal arrangements. In this context, labour market flexibility may not be a remedy for unemployment since it does not increase labour demand. For instance, the flexibilization introduced in the 1990s in **Argentina, Colombia, El Salvador** and **Peru** did not produce the expected outcomes in terms of job creation but increased the number of workers without a contract or with fixed-term contracts. [25]

### (b) Raising labour demand for young people with targeted policies and programmes ...

Over the past 20 years, active labour market policies and programmes (ALMPs) have increasingly been applied to improve the labour market integration of young people. Their function is to mediate between labour supply and demand, to mitigate education and labour market failures, and to promote efficiency, equity, growth and social justice. They complement rather than substitute for macroeconomic policies and, if properly designed and implemented, can target the most disadvantaged youth.

There is no single type of ALMP. Their scope varies widely across countries and over time, although they frequently combine different measures, targeting both labour demand and supply. The design and implementation of ALMPs requires coherence and sequencing of different "tools". On average, a significant proportion of the ALMPs budget is devoted

from initial education to working life – OECD Ministries Conference on Youth Employment, 8-9 February 2000, London: Background report (Paris, OECD, 2000), p. 35.

[21] This result was confirmed by both the bivariate and multivariate regression analysis. See S. Cazes and A. Nesporova: *Labour markets in transition: Balancing flexibility and security in Central and Eastern Europe* (Geneva, ILO, 2003).

[22] N. Bowers, A. Sonnet and L. Bardone (2000), op. cit.

[23] O. Blanchard and A. Landier: "The perverse effects of partial labour market reform: Fixed-term contracts in France", in *The Economic Journal*, Vol. 112 (June 2002), pp. 214-244.

[24] C. Harasty (ed.): *Successful employment and labour market policies in Europe and Asia and the Pacific*, Employment Strategy Paper 2004/4 (Geneva, ILO, 2004).

[25] R. Diez de Medina (2001), op. cit., pp. 72-73.

to youth employment programmes, although the overall public expenditure on ALMPs is below 1 per cent of GDP. [26]

In recent years several countries have shifted from passive to active labour market policies in an effort to increase employment opportunities for the un(der)employed. *Activation strategies*, which are increasingly being adopted in many countries, are motivated by the desire for a productive allocation of public expenditure. [27]

The *demand side* of ALMPs aims to create employment opportunities, especially during recessionary periods, or to facilitate the labour market access of disadvantaged youth. Public and community works, targeted employment subsidies, and enterprise creation and self-employment are the most common types of job-creation programme. A number of lessons learned from the evaluation of these programmes are highlighted in box 5.

Box 5
ALMPs targeting labour demand: Opportunities and challenges

Lessons from evaluation

Several evaluations of ALMPs have shown that not all of them enhance participants' chances of gaining foothold in the labour market. The lessons learned from these evaluations suggest that programmes should avoid *deadweight losses* (the same result would have been reached without the programme), *substitution effects* (subsidized participants may replace non-participants), *displacement* (output of subsidized activities may displace that of non-subsidized) and *creaming-off* (they help those who are already better off). Some of the features of these programmes are summarized below.

| Type of ALMP | Opportunities | Challenges |
|---|---|---|
| Temporary public works and community services | – Help youth gain labour market attachment<br>– Improve physical and social infrastructure, especially if combined with (local) development strategies and sectoral policies<br>– Increase employability if combined with training | – Low labour market integration capacity<br>– Young workers can be trapped in a spiral of temporary public works programmes<br>– Often gender biased<br>– Displacement of private sector companies |
| Employment subsidies | – Can create employment if targeted to specific needs (e.g. compensate initial lower productivity and training) and groups of disadvantaged youth (e.g. unskilled, persons with disabilities) | – High deadweight losses and substitution effects (if not targeted)<br>– Employment may last only as long as the subsidy |
| Entrepreneurship promotion | – Can have high employment potential<br>– May meet youth aspirations (e.g. flexibility, independence)<br>– More effective if combined with financial and other services, including mentoring | – Can create displacement effects<br>– May have high failure rate which limits the capacity to create sustainable employment<br>– Often difficult for youth owing to lack of networks, business experience, know-how and collaterals |

Source: P. Auer, U. Efedioglu and J. Leschke, op. cit.; N. Bowers, A. Sonnet and L. Bardone, op. cit.

[26] P. Auer, U. Efedioglu and J. Leschke: *Active labour market policies around the world: Coping with the consequences of globalization* (Geneva, ILO, 2004).

[27] The aim of active policies is to promote labour market integration of jobseekers and the underemployed. They differ from passive policies, which provide replacement income during periods of joblessness or job search. For more details see ILO: "Active labour market policies", document GB.288/ESP/2, Governing Body, 288th Session (Geneva, Nov. 2003).

*... includes youth contributions to physical and social infrastructure development ...*

Public works and community services (improvement of public infrastructure, temporary work in public services, etc.) are job-creation measures that can easily target certain groups of young people, priority sectors and geographical areas. They provide employment and income support to participants and, at the same time, develop physical and social infrastructure, with benefits for the local economy and business development. Although these programmes do not offer long-term employment solutions, they can increase the productivity of low-skilled workers when combined with other interventions and support services (such as training, job search and counselling), as well as help young participants gain labour market attachment. They can be part of broader sectoral development programmes such as the upgrading of physical infrastructure in rural and industrial areas.

Many countries have implemented these programmes, especially during economic downturns and in the aftermath of natural disasters or armed conflicts. Employment-intensive approaches are becoming more common in infrastructure investment programmes. [28] Several public works programmes targeting youth in rural areas have been undertaken in **China**. They integrate other components such as flexible training, working arrangements in community services and communal work. The "First Job" programme in **Poland** targeted school dropouts and included public works and employment-creation loans. The **United Kingdom** has implemented several youth-targeted programmes, including "the Connexions Service" which combines skills training, mentoring and community services.

The evaluation of major public works and community service programmes targeting young people in the **United States** found that they improved the employment and earnings of disadvantaged youth and counterbalanced the stigma of "high public expenditure versus poor results". The positive employment outcomes of the "Youth Corps" programmes (box 6) were mainly attributed to the mix of several elements, such as teamwork and positive role models, access to informal job networks, education and training.

Box 6
Youth Corps in the United States

The "Youth Corps" are comprehensive community service programmes combining paid work on a wide range of community services (e.g. environmental projects) with education and training, job preparation, leadership and life skills programmes targeting disadvantaged youth (high-school dropouts and long-term unemployed youths). Young people are organized in work teams to foster peer support and provide positive adult role models.

The programmes are managed locally and funded from a variety of sources, including federal and state grants as well as income generated by the same programmes. In 1997, approximately 120 programmes were implemented in 37 states, enrolling around 30,000 participants.

An evaluation of these programmes demonstrated their success in improving long-term employment opportunities for at-risk youth. For instance, compared with a control group, young African American men in "Youth Corps" had higher employment rates (91 versus 61 per cent), higher earnings (50 per cent) and greater educational attainments. In addition, the value of the work performed, coupled with education and employment gains, yielded a net benefit of approximately US$600 over the costs for each participant.

Source: 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 (Washington, DC, 1997).

[28] For detailed information see ILO: "Employment generation for poverty reduction: The role of employment-intensive approaches in infrastructure and investment programmes", document GB.273/ESP/4/1, Governing Body, 273rd Session (Geneva, Nov. 1998).

*... supporting vulnerable youth in gaining a foothold in the labour market ...*

The school-to-work transition can be facilitated by government interventions in the form of wage subsidies and other incentives (e.g. tax or social security exemptions for a limited period) for employers who hire young people. This can offset the cost of initial training required for young workers. These subsidies allow the targeting of particularly disadvantaged youth, including persons with disabilities and school dropouts.

There is a wide array of schemes for sharing initial hiring costs between employers and government. The main components include: duration, amount of subsidy or employer's compensation, and type of contractual arrangement. In some European transition economies, employers receive the equivalent of the national minimum wage per person hired or apprenticed. **Lithuania** combines subsidized employment with limited-term employment contracts for young people. In **Austria**, the annual training premium relating to apprenticeship contracts is directly transferred by the Government to the employer. In the **Philippines**, a special programme prevents school dropout by subsidizing the seasonal employment of poor young people during the school holidays. [29]

Work-training contracts are used in many countries to facilitate the school-to-work transition. In the **Czech Republic**, labour market access for young people is facilitated by a one-year wage incentive to employers to provide on-the-job training. [30] Public incentives are also granted in **Belgium, France** and **Italy** to employers who recruit and provide on-the-job training to young jobseekers. [31]

An efficient monitoring system is essential to avoid abuses and prevent the exploitation of young workers. The training incentives are designed to improve their future employability, not to turn them into cheap labour.

*... youth entrepreneurship as an avenue of opportunity*

Starting a business or income-generating activity is increasingly seen as part of a strategy to address the youth employment challenge. Three elements are necessary for a comprehensive youth entrepreneurship promotion strategy: (i) supporting an entrepreneurial culture; (ii) promoting enabling policies and regulations; and (iii) building capacity for the provision of support services. [32] The promotion of an entrepreneurial culture should start while young people are still in education and training; the enabling environment and support services are key to helping young people who are setting up their own business.

Entrepreneurship can provide additional career options for young people. It "encourages young people to find new solutions, ideas and ways of doing things". [33] In some countries, however, this type of activity is not considered acceptable. In Sri Lanka,

[29] ILO: *Promoting employment: Policies, skills, enterprises,* op. cit.

[30] C. O'Leary, A. Nesporova and A. Samorodov: *Manual on evaluation of labour market policies in transition economies* (Geneva, ILO, 2001).

[31] N. Bowers, A. Sonnet and L. Bardone (2000), op. cit., Annex; N. O'Higgins (2001), op. cit.

[32] ILO: "Promoting decent employment through entrepreneurship", document GB.289/ESP/1, Governing Body, 286th Session (Geneva, Mar. 2004).

[33] S. White and P. Kenyon: *Enterprise-based youth employment policies, strategies and programmes* (Geneva, ILO, 2001), p. 5.

entrepreneurship is seen as a career choice of last resort. If young people never consider entrepreneurship as an option, countries may be losing the potential of new employers and, therefore, increased labour market demand. There may be an additional loss, as young people can learn how to deal with wider challenges in life through entrepreneurship.

To ensure quality, it is important that entrepreneurial culture promotes higher productivity and competitiveness, as well as advancement of rights at work. Entrepreneurship education and awareness campaigns normally pay scant attention to social and labour matters. Around the world, a number of entrepreneurship education initiatives exist at secondary schools, technical and vocational schools and universities. A common feature of these initiatives is the engagement of students and their assistance in developing their own business ideas, so that they grasp the main issues relating to business set-up. [34]

Specific programmes are likely to be more effective if embedded in an enabling policy and regulatory environment that is conducive to youth entrepreneurship. For example, efficient and fair regulations for business registration help young people start a business in the formal economy. As noted in section 3.1, sectoral development policies can be particularly promising for young entrepreneurs, but they need to take account of the special needs of young people, including market access.

To compensate for lack of experience and weak business networks, mentor support is particularly effective for young entrepreneurs during the first years of business start-up, since this is when youth enterprises tend to have high failure rates. Employers' organizations can play an important role in providing one-on-one mentoring to young entrepreneurs. [35]

Microfinance programmes are not successful in targeting youth if they are not accompanied by other support services. In **Senegal**, the National Fund for the Promotion of Youth combines financial services with business training. In **South Africa**, a youth fund supports entrepreneurs with a range of financial and non-financial services, such as business development services, information and counselling as well as skills development. [36] Similarly, the Commonwealth Youth Programme (CYP) combines credit with training and networking in **Guyana** and **Zambia**. Youth Business International (YBI) provides mentorship and financial support to disadvantaged young people.

Group-based youth entrepreneurship brings together complementary skills and experience that are valuable for starting and running an enterprise. Cooperatives are another important means of promoting decent jobs for young people. In many instances they combine social and economic goals. The significance of youth for the cooperative movement is recognized by the International Co-operative Alliance (ICA) whose members include a number of national associations of youth cooperatives (e.g. in **Argentina, Canada, Chile, United Kingdom** and the **United States**). [37]

[34] See K. Haftendorn and C. Salzano: *Facilitating youth entrepreneurship*, IFP/SEED Working Paper No. 59 (Geneva, ILO, 2003).

[35] Several examples that promote businesses run by young people can be found in ILO: *Meeting the youth employment challenge: A guide for employers*, op. cit.

[36] For more details see www.uyf.org.za (2004).

[37] Recognition of the importance of youth in the cooperative movement was acknowledged by the ICA Board, which, on the occasion of its General Assembly in 2003, decided to invite a

Many of the obstacles that young entrepreneurs face could be addressed by acting collectively. Employers' organizations provide young entrepreneurs with an opportunity to voice their concerns, participate in decision-making and pool their resources. In the **Philippines**, the Employers' Confederation of the Philippines (ECOP) supported the establishment of the Philippine Youth Business Foundation (PYBF). Junior Chambers of Commerce and associations of young entrepreneurs exist in more than 100 countries.

### *3.2.2. Education and training for decent work*

Education and training contribute to personal development, access to culture and active citizenship. They build portable skills that enhance the capacity to secure and retain decent work, move to different jobs, and cope with changes in technology and labour market conditions. [38] These skills are developed through basic education, then through initial training and work experience, followed by continuous learning during the individual's working life. [39]

#### (a) Building the foundations for employability through basic education

Educational attainment is a determining factor for a successful transition into the world of work, and discrimination in education and training is the first step to discrimination in employment. Figure 2 of this report illustrates the correlation between low youth literacy and high youth unemployment. In general, the burden of joblessness falls more on the least educated and the least skilled, although some countries face the problem of the "educated unemployed".

Exclusion from education and training is often systemic. It is also at the root of child labour, low-paid and poor-quality jobs, labour market segmentation and the vicious circle of intergenerational poverty and social exclusion. Early school leavers and other at-risk young people are disproportionately drawn from particular ethnic, social and regional groups.

The Millennium Declaration and the UNESCO Education for All Initiative pledge to make the universal right to education effective everywhere by 2015. The Declaration emphasizes the centrality of basic education for achieving the other Millennium Development Goals (MDGs) and reducing poverty and social exclusion. These goals include targets to redress current educational inequalities in and between countries and between boys and girls.

Educational levels have risen in all regions in the past decade. Today's young people are the most educated generation in history. [40] However, most developing countries, particularly in sub-Saharan Africa and South Asia, face the huge challenge of providing all school-age children with basic education. Many countries have to change their investment priorities in favour of basic education. Initiatives to boost literacy and basic education for young people (e.g. non-formal and informal learning, distance learning and adult literacy

representative of youth cooperative associations to attend all future Board meetings. Source: http://www.ica.coop/ica/info/youth.html (2004).

[38] ILO: "Recommendation concerning human resources development: Education, training and lifelong learning", *Provisional Record* No. 20, ILC, 92nd Session (Geneva, 2004), pp. 91-98.

[39] ILO: *Training for employment: Social inclusion, productivity and youth employment*, op. cit.

[40] ILO: *Working out of poverty*, op. cit.

programmes) can supplement national efforts to reach the MDG targets. [41] These initiatives would require a significant increase in educational expenditures, especially in the least developed countries, which would need to quadruple current annual government spending and official development assistance on education to achieve universal primary schooling by 2015. [42]

### (b) Boosting youth employability and easing the transition to decent work ...

#### *... includes learning and training for a successful integration into economic and social life ...*

The aim of vocational education and training (VET) is to prepare young people to participate effectively in the labour market and integrate fully into economic and social life. In several countries training systems are strongly school-based, often providing standardized, supply-driven education and training that do not always meet today's rapidly changing labour market requirements. VET reforms, under way in many countries, endeavour to bridge the gap between formal education and training and the world of work.

VET reforms have often focused on integrating vocational and general education by merging various types of educational institutions, increasing the general studies content of vocational streams, or integrating vocational subjects into general upper secondary education. The duration of compulsory education has been extended in many countries. Initial training is provided in schools and specialized institutions, and it increasingly includes workplace-based learning. The development of core work skills is an important element of VET reforms. These non-vocational skills, often termed "higher and different skills" (e.g. communication and interpersonal relations, learning-to-learn, problem solving, and ICT) are portable across occupations, enterprises and sectors. They build upon skills developed in basic education and are essential for employability and lifelong learning.

Many countries are also introducing broad, competency-based training programmes that meet the requirements of adaptability and flexibility in rapidly changing labour markets. Box 7 describes some reforms recently introduced in **Brazil. Australia, New Zealand, South Africa** and the **United Kingdom** (England and Scotland) have developed frameworks that provide for qualifications based on nationally agreed competency standards. Systems for recognition of prior learning (RPL) – whether formal, non-formal or informal – have been introduced in a number of countries. [43] RPL improves employability and facilitates entry and re-entry into education, training and employment. Qualification frameworks allow individuals to acquire, at their own pace, competencies leading to a full qualification. These frameworks provide a clear reference to young people for their learning and future careers and facilitate their mobility in the labour market.

[41] For instance, the radio and television programmes in some Latin American countries and the Indonesian Open Junior Secondary School for rural areas (STLP Terbuka) could be further expanded to other countries and regions. See United Nations: *World Youth Report 2003*, op. cit.

[42] UNDP: *Human Development Report 2003* (New York, Oxford University Press, 2003).

[43] RPL could be used to promote labour mobility of young workers in regional integrated areas, helping them move from the informal to the formal economy, as well as improving opportunities and the quality of employment of migrant workers. See ILO: *Lifelong learning in Asia and the Pacific* (Geneva, 2003).

Box 7
Reforming education and training in Brazil

The Ministry of Education in Brazil has introduced competency-based approaches and certification systems to modernize the VET system and facilitate lifelong learning and labour market integration. One pillar of the reform was the adoption in 1996 of basic guidelines for education, followed in 1997 by directives on national vocational education curricula. Vocational education is complementary to basic education, and can be acquired through school- and institution-based training or by workplace learning. Further education and training opportunities are encouraged by the new system through the recognition and certification of prior learning. Vocational education is linked to broad occupational areas. Based on the national guidelines and directives and within the given occupational areas, local education authorities can develop curricula that meet local needs.

Source: ILO: *Learning and training for work in the knowledge society*, Report IV(1), ILC, 91st Session (Geneva, 2002), pp. 34-35.

Two of the emerging features of recent VET reforms are the increasing involvement of the social partners in planning, monitoring and evaluating education and training and/or the devolution of these tasks to regional and local levels. These features have increasingly characterized the reforms in many **OECD countries, Latin America** and **South Africa**. They aim to make education and training more relevant to national and local labour market requirements and improve their responsiveness to socio-economic needs. [44]

*... strengthening the links between school and work ...*

Apprenticeship – or the "dual system" – which combines school-based education with in-company training, is a proven system of learning for work in **Austria, Denmark, Germany** and **Switzerland**. [45] In these countries, low youth unemployment is often attributed to the apprenticeship system which successfully provides large numbers of young people with quality education and training for recognized qualifications demanded by employers. The involvement of the social partners in programme design and implementation ensures that apprenticeship programmes meet labour market requirements. [46] However, apprenticeship training can also be narrow and rigid. It is sometimes slow to adapt to rapid changes in technology and work organization. Several countries have reformed their apprenticeship system to meet the demand for higher and different skills, combined with a better understanding of the broader economic and social context of occupations, work and industry. For example, **South Africa** has introduced a flexible system of apprenticeship called "learnerships". This system covers a wide range of qualifications and involves partnerships with several institutions (the public sector, enterprises, universities). [47]

In many developing countries, traditional apprenticeship is the largest provider of skills for the – mostly informal – labour market, far surpassing the output of formal education and training institutions. Its design and organization vary between societies. In most cases, skills are transferred through the observation and replication of tasks carried out by an experienced worker. In many traditional apprenticeships, training is limited to the practical skills of a trade. If not properly monitored, there is often a danger that

[44] N. Bowers, A. Sonnet and L. Bardone (2000), op. cit.; A.G. Mitchell: *Strategic training partnerships between the State and enterprises*, Employment and Training Papers No. 19 (Geneva, ILO, 1998).

[45] For a broad review of apprenticeship systems see P. Ryan: "Is apprenticeship better? A review of the economic evidence", in *Journal of Vocational Education and Training*, Vol. 50, No. 2, 1998.

[46] N. O'Higgins (2001), op. cit., p. 103.

[47] ILO: *Learning and training for work in the knowledge society*, op. cit., p. 36.

apprenticeships could degenerate into exploitation or child labour. Some efforts are under way to modernize the system. For instance, **Morocco** is transforming its traditional, informal type of apprenticeship, based on an oral contract, into a structured, formal system of learning and training, endorsed by law. The apprentices sign a contract for in-house training with an establishment or enterprise. This is combined with general and technological training at a recognized academic institution or public service establishment, or at another enterprise. They may also sit an examination for a diploma or other qualification. Enterprises are given incentives to take on apprentices, and the State pays for the training of supervisors. [48]

Another way of linking school to work is the in-company training model of **Japan**. This system is based on direct recruitment contacts between schools and employers. Schools teach general knowledge and skills, and employers train young workers in specialized and technical skills as part of lifetime career development. Until the early 1990s this system maintained high levels of educational achievement and low youth unemployment rates. However, its effectiveness has been challenged by a decade of economic downturn that saw a drastic reduction in the recruitment of young workers and lifelong employment.

*... social inclusion through targeted labour market training ...*

Active labour market training programmes aim at increasing the employability of young people through skills development. Increasingly, they target especially disadvantaged young people by offering a package of services including literacy and remedial education, vocational and job-readiness training, job search assistance, career guidance and counselling, and other support services. The implementation of these programmes involves public employment services, local authorities and other partners, including private employment agencies and training providers, frequently working under contract to the public sector.

Programme design and delivery vary according to country and local context, and many programmes link training with work experience. Traditional apprenticeship has been used in labour market programmes such as the Voucher Training Programme in **Kenya**. The "Programme of Support to Recruitment" in **Côte d'Ivoire** combines training for employment with practical on-the-job experience. Similar programmes have been implemented in **Bahrain, Cyprus, El Salvador, Ethiopia, Italy, Morocco, Nicaragua** and **Spain**. [49]

Evaluations suggest that youth labour market training programmes are more effective if they are well targeted and combine skills training with other support services. For example, the "Job Corps" programme in the **United States** resulted in significant gains in employment and earnings for participants, as well as substantial net benefits over costs for society. The programme targeted disadvantaged young people (school dropouts) by offering considerable remedial education and occupational training. [50] Similar results have been attributed to the *"Jóvenes"* programmes in **Latin America** (see box 8). Targeted training and the design of comprehensive packages have been identified as a success factor in these programmes.

[48] ibid., p. 63.

[49] ILO: *Promoting employment: Policies, skills, enterprises*, op. cit.

[50] J. Smith: "Can public job training reduce youth unemployment?", in *Policy Options*, Issue Unemployment and Youth, Apr. 1998, Institute for Research on Public Policy (Montreal, Quebec, Canada).

Box 8
The ***"Jóvenes"*** programmes: Lessons from Latin America

The *Joven* and *ProJoven* programmes are successful examples of youth labour market training in Latin America. The first programme was launched in 1990 in Chile and it has been implemented, with some adaptations, in Argentina, Colombia, Paraguay, Peru and Uruguay. The programmes target disadvantaged young labour market entrants (from low-income homes with low educational attainment) and combine institution-based with on-the-job training. Training institutions provide vocational and core work skills (communications, interpersonal relations, etc.), including literacy skills. In-company training is contracted from private enterprises working under the supervision and coordination of the public agency. Job-search assistance and self-employment training complement these programmes, as well as follow-up training after recruitment, if required. The Occupational Training Fund that sponsors *ProJoven* in Uruguay is co-financed by the State, employers and workers. This tripartite participation ensures that training is in line with labour market requirements. The programme aims at breaking the intergenerational cycle of vulnerability by targeting those who are not only vulnerable themselves but also tend to reproduce vulnerability. Programme evaluation has shown an improvement in the employment opportunities and earnings of participants. The common characteristics identified as contributing to the success of the same programmes in the six countries are: (i) effective coordination between the State, social partners, private companies and civil society; (ii) mechanisms that reach the targeted population; (iii) decentralized implementation through competitive bidding; and (iv) an integrated package of training services.

Sources: E. Abdala: *Experiences of work training for young people in Latin America* (Montevideo, ILO-CINTERFOR, 2000); M. Godfrey: *Youth employment policy in developing and transition countries: Prevention as well as cure*, op. cit.

Many evaluations carried out in industrialized countries indicate that labour market training programmes for young people often produce temporary rather than sustainable solutions. A number of lessons learned are summarized in box 9.

Box 9
What types of labour market training work for young people?

Lessons from OECD countries

The success of labour market training programmes is likely to increase when they are:

– *Well targeted and tailored to individual needs.* Programmes that identify and target both the individual characteristics (e.g. age, gender, educational level, socio-cultural background) and the labour market disadvantages faced by young people have been more successful. Pathways that allow young people to re-enter education are other factors of success. On the contrary, programmes which target individuals only on the basis of age might produce *creaming-off* or *deadweight* effects.

– *Designed to respond to labour market requirements.* Careful design that responds to the labour market (e.g. new skills in demand) facilitates the transition to work in growth industries and occupations. Programmes that are competency-based and combine both technical and core work skills improve the employment opportunities of participants. The availability of labour market information is essential for the design and monitoring of initiatives. Evaluation is also important for assessing the cost-effectiveness, relevance and impact of the interventions, as well as drawing lessons for future programmes.

– *Linked with work experience.* Training programmes linked with the world of work (e.g. in-company training, work placement) increase employment opportunities for young participants. The most successful programmes place trainees with private sector employers rather than offering temporary placement in public sector projects. The provision of public incentives that facilitate entry into the workplace may be an argument for combining training with these measures.

– *Part of a comprehensive package of services.* Labour market training combined with other active labour market programmes targeting demand (e.g. tax incentives, self-employment), as well as career guidance and other job-search assistance, is more effective in easing the school-to-work transition.

– *Involving the social partners.* Employers' and workers' organizations can help link schools to the world of work. Their involvement in the design and implementation of youth training policies and programmes enhances the relevance and quality of training.

Sources: N. O'Higgins: (2001), op. cit.; N. Bowers, A. Sonnet and L. Bardone, op. cit.

Although the debate on active labour market policies and programmes highlights both economic and social goals, most evaluations focus on labour market insertion and earnings, overlooking the social outcomes. Very little is reported on the social cost-benefit of these programmes resulting, for example, from reduced risky behaviour, violence and crime. [51]

### *... and labour market information and career guidance to meet youth aspirations*

Regardless of a country's stage of development, labour market information (LMI), job-search techniques and career guidance have important roles in guiding young people in their career choices. The use of these tools can bring about better labour market outcomes. In many countries these services are managed by public employment services and/or private employment agencies.

LMI improves the quantity and quality of job matches between employers and jobseekers, reduces unemployment spells and increases labour market efficiency. The collection, analysis and dissemination of LMI have a pivotal role in informing young jobseekers about employment opportunities and in providing indications for policy and programme design. Young people can make informed decisions in defining their career path, while policy-makers can better shape youth employment strategies. Medium- and long-term projections are also an important tool for improving the relevance of educational planning and policies to future labour market requirements.

In many countries, the labour market information available to young people is scanty. In others, it is instantly accessible. For instance, **Australia, Canada** and the **United States** use the Internet or call centre technology to provide information on job, career, and education and training opportunities. **Canada** has developed an online information service that helps young people understand job descriptions, work requirements, job titles and occupational codes, the essential skills required for those jobs, as well as job banks and matching tools. [52]

Job-search assistance techniques for young jobseekers are commonly used as a matching tool. They are usually integral components of comprehensive labour market packages, although in some cases they are offered as stand-alone programmes. This type of assistance aims at preparing young people for the labour market and improves information on job opportunities. It includes self-help provision, job-search techniques, career guidance and counselling.

Career guidance and counselling together match the skills and aspirations of young jobseekers with employment or education and training opportunities. They are an important instrument for facilitating the school-to-work transition (see box 10). If offered at the first stage of labour market programmes, guidance and counselling can play a key role in identifying and tailoring employment and training opportunities and in making realistic choices. Individualized assessment makes it possible to map vulnerability and target labour market programmes to the most disadvantaged jobseekers.

[51] For instance, the cost of one career criminal in the United States has been estimated at around US$1 million and that of one chronic substance abuser at US$300,000 to 800,000. See M.R. Burt: *Why should we invest in adolescents* (Washington, DC, Pan American Health Organization, 1998).

[52] For detailed information see the online programme "Build Your Occupational Profile" at the following website: http://www.labourmarketinformation.ca (2004).

Box 10
Career guidance to facilitate the school-to-work transition (United States)

In the United States, school-to-work transition systems integrate career orientation, and academic and occupational orientation with high- and post-secondary schooling, work-based learning and skills development. These systems are developed through partnerships between schools, employers and trade unions and are decentralized at the community level. Their three major components are:

- *School-based learning:*
  - teaching in high school that meets national standards;
  - career exploration and counselling;
  - initial selection of a career path by students;
  - instruction that includes both academic and occupational learning;
  - coordination between education and training;
  - constant evaluation of students' progress, personal goals and additional learning requirements.
- *Work-based learning:*
  - on-the-job training and work experience recognized and certified;
  - broad instruction in all aspects of industry;
  - workplace mentoring.
- *Connecting activities:*
  - activities to encourage employers and trade unions to participate in the system;
  - matching students with work-based learning opportunities;
  - assistance in integration between school- and work-based learning;
  - liaison among students, parents, employment offices and employers;
  - assistance to graduates in finding appropriate jobs or additional on-the-job training;
  - monitoring progress of participants;
  - linking youth development activities with employers and skills development strategies for young workers.

Source: ILO: *Employment counselling and career guidance: A trainer's guide for employment service personnel* (draft, unpublished).

Guidance and counselling services are available in several countries for working-age jobseekers, although the type and scope of these services differ greatly. [53] Educational guidance and counselling are available in some countries from primary school onward to help children make their education and training choices. In the current context of rapid change, increased learning opportunities, and job mobility, many countries are making lifelong career counselling and guidance available to their citizens. "All-age career guidance" services are available, for instance, in the **Czech Republic, Germany, Luxembourg** and the **United Kingdom**. [54]

[53] The international instruments concerning career counselling and guidance, as well as information on 22 national initiatives, are available at http://www.logosnet.net/ilo/150_base/en/topic_i/t27_l.htm (2004).

[54] OECD: *Career guidance and public policy: Bridging the gap* (Paris, 2004).

# 4. Youth employment in the international policy context

## 4.1. The ILO and youth employment

### *4.1.1. A long-standing commitment*

The ILO has long been active on youth employment issues, through its normative action and through its technical assistance activities. International labour standards are an important pillar of the ILO's effort to promote the employment and improve the working conditions of young people (see box 11). However, the operational approaches adopted to achieve these goals have evolved over the years in response to the changing economic environment and the needs of ILO constituents.

Box 11
International labour standards relevant to youth employment

Protection of youth and employment promotion are two major aspects of the mandate assigned to the ILO by its Constitution that are reflected in a number of standards adopted over the years. While most ILO instruments are applicable to young people, some are particularly important as they address fundamental human rights at work or contain provisions specific to youth employment.

***Fundamental Conventions***

The two fundamental Conventions for the abolition of child labour contain provisions aimed at protecting young persons against hazardous or exploitative activities or conditions of work. The Minimum Age Convention, 1973 (No. 138), requires the setting not only of a general minimum age for admission to work – which cannot be less than 15 years of age and, according to its accompanying Recommendation No. 146, should be progressively raised to 16 years – but also of a higher minimum age of 18 years for admission to work likely to jeopardize the health, safety or morals of young persons. The Worst Forms of Child Labour Convention, 1999 (No. 182), aims for its part at putting an end to the involvement of all persons under 18 years of age in the harmful activities it lists.

***Protection of young workers***

In addition, many ILO instruments call for specific protective measures for young workers – i.e. workers who have not attained 18 years of age – in terms of working conditions and occupational safety and health. Some are especially designed for that purpose, such as Conventions and Recommendations on night work or medical examination of young persons. A number of instruments of general application provide for special measures for young workers. This is the case, for instance, of the instruments on occupational safety and health, which contain provisions to prevent or limit the exposure of young persons to specific occupational hazards.

***Employment promotion***

The Employment Policy Convention, 1964 (No. 122), is the leading ILO instrument for employment promotion. Its accompanying Recommendation No. 122 calls for "special priority" to be given to "measures designed to remedy the serious, and in some countries growing, problem of unemployment among young people". The Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169), details special measures that should be taken to assist young people in finding their first job and to ease the transition from school to work. It also makes the important point that these measures should be "carefully monitored to ensure that they result in beneficial effect on young people's employment" and that they should be consistent with the conditions of employment established under national law and practice.

Other instruments relevant to the promotion of youth employment include the Employment Service Convention, 1948 (No. 88), which provides for special arrangements for youth to be initiated and developed within the framework of the employment and vocational guidance services. The Employment Service Recommendation, 1948 (No. 83), adds that special efforts should be made to encourage young people to register for employment and to attend employment interviews. The Human Resources Development Convention, 1975 (No. 142), requires the gradual extension of vocational guidance and training systems closely linked with employment to meet the needs throughout life of both young persons and adults. In accordance with the Human Resources Development Recommendation, 2004 (No. 195), access of youth to education, training and lifelong learning should be promoted.

The Special Youth Schemes Recommendation, 1970 (No. 136), was adopted to specifically address the promotion of youth employment. It applies to "special schemes designed to enable young persons to take part in activities directed to the economic and social development of their country".

Up to the 1970s, most of the ILO's youth-related work focused on the protection of young workers and was developed mainly within the framework of the International Labour Conference (e.g. through the adoption of labour standards and Conference resolutions). By the mid-1970s, youth employment issues started to gain attention in ILO's policy analysis research and in operational activities, particularly under the World Employment Programme. Employment promotion, education and training featured strongly in this work. At the same time, youth unemployment began to emerge as an issue in the work of the ILO, consistently with developments in many countries: the youth labour market problem no longer related to conditions of work alone. [1]

From the 1980s onward, youth employment has figured constantly in the ILO's work. Since then, a wide range of initiatives have been implemented, including the Action Programme on Youth Unemployment (1996-97) and the Action Programme to Combat Youth Marginalization and Unemployment (1998-99). These programmes have significantly strengthened the ILO's knowledge base and experience on youth employment, particularly through research and technical cooperation projects.

In 1998 the International Labour Conference adopted a new *resolution concerning youth employment* [2] with an expanded focus on the multifaceted dimensions of the youth employment problem. In its preamble, the resolution states that "employment opportunities for young people are often part time, casual, temporary and insecure", and that "youth unemployment is one dimension of the general and widespread problem of unemployment and underemployment and a reflection of an unfavourable economic situation which cannot be resolved without a global increase in economic growth and employment". The resolution calls upon the Governing Body of the ILO to instruct the Director-General to cooperate with other international bodies in promoting international action on youth employment. This provision is particularly significant in light of the establishment of the Youth Employment Network.

In 1999 the Director-General's Report to the International Labour Conference introduced the concept of decent work, which is integral to the current ILO approach to youth employment.

### 4.1.2. The institutional approach: Decent work for young people in broader economic and social agendas

Through the concept of decent work, the ILO has reaffirmed its commitment to helping all women and men in the world of work to pursue their material well-being and aspirations in conditions of freedom, dignity, economic security and equal opportunities. "The goal is not just the creation of jobs, but the creation of jobs of acceptable quality." [3] Employment opportunities must be available, because there can be no decent work without jobs. But this alone is not enough. Work must be productive and generate an adequate income. Rights and representation must be guaranteed and basic socio-economic security achieved through adequate social protection.

[1] For example, in 1978 the ILC adopted the *resolution concerning youth employment*, which emphasized that youth unemployment problems should be treated in the context of an overall and well-balanced strategy for full employment.

[2] ILO: *Report of the Resolutions Committee*, ILC, 86th Session (Geneva, 1998), pp. 36-39.

[3] ILO: *Decent work*, Report of the Director-General, ILC, 87th Session (Geneva, 1999), p. 4.

The decent work paradigm is highly relevant in addressing the multifaceted dimensions of the youth employment challenge. Decent work deficits early in young people's careers can undermine their job and life prospects as adults. Moreover, the youth employment problem mirrors and perpetuates decent work deficits within families, communities and groups. Often today's unemployed and underemployed youth are yesterday's child labourers and tomorrow's working poor. Therefore, increasing the decent work opportunities for youth cannot be divorced from efforts to address child labour and to improve employment prospects for adults. This calls for policies that address the youth employment challenge, at the same time as breaking the vicious cycle of poverty, vulnerability and exclusion.

Meeting the objectives of decent work requires a range of integrated economic and social policies designed to promote not only full, productive employment but the other key elements of decent work as well. In this regard, the ILO's Global Employment Agenda (GEA) – the employment component of the ILO's broader Decent Work Agenda – calls for a series of policies that go beyond the scope of traditional labour market policies and places employment at the heart of economic and social policy. One significant aspect of the GEA is the emphasis on alliances and partnerships as a means of achieving policy coordination, and ultimately policy coherence. This calls for greater consistency within the multilateral system, but also close coordination between all the ministries concerned and strong, democratic, and accountable local institutions. [4]

The GEA, through its ten core elements, provides a comprehensive framework to address youth employment in an integrated approach to employment growth. This approach harnesses the forces of change that permit employment creation (namely trade and investment, technological change, sustainable development and macroeconomic policy), and combines them with policies to manage change in a socially acceptable and non-discriminatory manner (through entrepreneurship, skills development, active labour market policies, social protection, occupational safety and health, productive employment for poverty reduction and development).

Social dialogue, central to the GEA, is critical for consensus on policy recommendations and actions related to youth employment. Two more underlying principles are also critical for youth employment. First, the Agenda proposes that decent work is not just an output but also a productive factor. Young people who have decent work today are an asset for tomorrow's economy and society. Second, the Agenda calls for the end of discrimination in the labour market, emphasizing that discrimination on any grounds is a violation of human rights and has human and economic costs. A recent ILO report noted that "normally, individuals who face discrimination in access to a job tend to continue experiencing discrimination while in the job", and that "discrimination in the labour market, by excluding members of certain groups from work or by impairing their chances of developing market-relevant capabilities, lowers the quality of jobs they can aspire to. This, in turn, enhances their risk of becoming or remaining poor, which further reduces their ability to obtain jobs that can lift them out of poverty". [5]

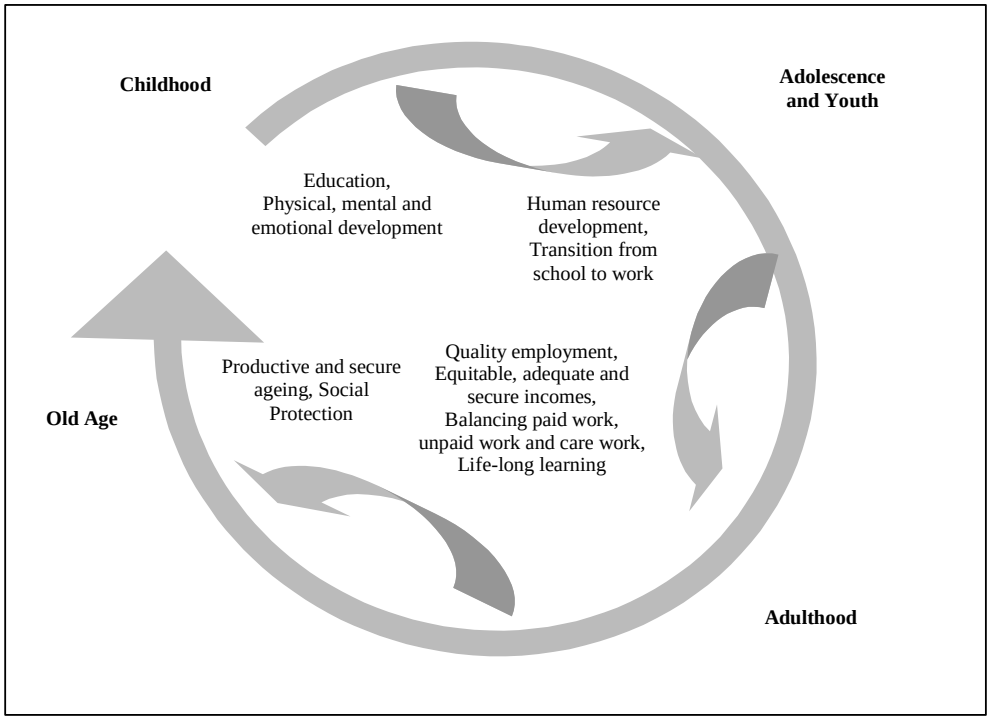
[4] See also World Commission on the Social Dimension of Globalization: *A fair globalization: Creating opportunities for all*, op. cit.

[5] ILO: *Time for equality at work*, op. cit, pp. 18 and 27.

### 4.1.3. The analytical approach: Decent work in the lifecycle for intergenerational solidarity

The ILO approach to youth employment recognizes that decent work must be for life (see figure 4). Decent work is not just about employment or a job. It is about enabling people to achieve and enjoy a long, healthy and productive life in conditions of freedom, equity, security and human dignity. And decent work can be achieved only if there is equality of opportunity for all individuals from childhood to old age; if disadvantage or discrimination faced at one stage in life is not perpetuated at later stages; if girls and boys are empowered from an early age to make smooth transitions to the next stages of their lives; if young school leavers are able to enter the labour market easily and effectively; if the availability of decent work opportunities for adults enables parents to give their sons and daughters a childhood rather than send them to work; and if older workers have access to adequate social protection when they most need it. [6]

Figure 4. Decent work in the lifecycle




Source: ILO, Gender Promotion Programme, 2003.

Addressing youth employment issues within a lifecycle and intergenerational perspective is useful for analytical purposes, and has important policy implications. First, the lifecycle approach affirms that youth is but one stage of life; it is influenced by and affects other stages of life. During childhood, adolescence and youth long-lasting aspects of personal development take place and determine "success" or "failure" later in life. If children are at work rather than in school, they will grow up with greater constraints and fewer prospects for decent work. In turn, they will be less able to positively influence the lives of their children – hence the transmission of cumulative disadvantage often coupled with poverty from one generation to the next.

[6] ILO: *Generation of equality to break the cycle of poverty: A lifecycle approach*, Proposal for Research and a Publication, Gender Promotion Programme (Geneva, 26 June 2003, internal document).

Second, the lifecycle approach emphasizes that economic and social reproduction cannot be separated. Within the life course, the school-to-work transition is key for young women and men. How easily and effectively they are able to make this transition depends on how well they are prepared for the labour market; it also depends on the demand for young workers as well as the information and assistance they receive. The transition, however, is not solely into the labour market and the world of work but also into adulthood. In this context, a more appropriate and encompassing perspective is the school-to-work-life transition. Work-life balance is about recognizing that young people are not just workers; they also have responsibilities and aspirations as parents, citizens and agents of change.

Third, the lifecycle approach recognizes that the transition is not necessarily one-way or one-time. In today's world, more and more people change jobs and work status and move in and out of the labour market at different stages of their lives. For young people transitions are likely to occur several times in and out of education and training institutions, in and out of the formal or informal labour markets, in and out of reproductive roles. Therefore, their need for lifelong learning and social protection to cope with change is greater than ever. The implication is that policies should aim to build a spectrum of choices to enable young people to make these transitions – for school dropouts to go back to education, for new entrants to the labour market to find a decent job, for those working to get extra training and increase their security at work, for young women and men to balance work with their other (family, civil and political) responsibilities.

In sum, the lifecycle approach can create a base for intergenerational solidarity today and for the social and economic development of future generations. In fact, the lifecycle approach focuses not just on the individual but also on the family, and ultimately the larger society. In every country and culture, it is the family that determines life and work strategies, assigns economic and social roles for girls and boys and shapes choices or decides on issues such as education, consumption and employment. [7] In turn, the socio-economic background plays a key role in shaping families' aspirations and choices, and ultimately young people's educational and employment opportunities. This means that efforts to improve the labour market situation of young people need to go hand-in-hand with efforts to promote a healthy economy and an equitable society.

## 4.2. Responses by employers' and workers' organizations

In recent years youth employment has become a policy priority for employers' organizations and trade unions alike. The policy prescriptions advocated by the social partners at national level differ on a number of counts, but there is a common concern about the socio-economic costs of joblessness and underemployment among young people. As actors in the labour market, employers' and workers' organizations have responsibilities to youth. In addition, they have a key role to play in the design and implementation of policies and programmes conducive to decent work opportunities for young people.

Clearly, action for youth employment must be pursued at country level, where the parties to such a process have the necessary knowledge and experience to make informed decisions. However, in the current borderless economy the possibilities for joining forces at the local, national and international levels are more relevant than ever. The involvement of the International Confederation of Free Trade Unions (ICFTU) and the International

[7] L.L. Lim: *Generation of equality: A lifecycle approach to rights and action* (Geneva, ILO, Feb., 2001, internal document).

Organisation of Employers (IOE) as partners in the United Nations Youth Employment Network (YEN) has to be seen in this context. Their contribution to the network supplements but does not substitute for the action taken by employers' organizations and the labour movement at international level over the past decade.

### *Employers' organizations ...*

For the IOE and its member organizations, youth unemployment is, to a large extent, "the reflection of an unfavourable economic situation which cannot be resolved without a global increase in employment. To achieve this, it is indispensable to promote an appropriate macroeconomic, educational, administrative and legislative framework which encourages employment creation". [8] The IOE emphasizes that within such a pro-employment framework, special policies and strategies for youth employment need to be considered. In particular, this involves "adapting education, skills development and overall human resources development policies to ensure that future workforces will have the opportunity to match their profiles to labour market needs. Policies which help to create opportunities for workers to continuously upgrade their skills and employability as they grow older are also necessary". [9]

Although governments are primarily responsible for creating an enabling environment for youth employment, the IOE acknowledges that employers as providers of jobs and workers as direct beneficiaries have an important role in the process. In this regard, direct action by employers' organizations can take several forms, which will vary according to country and circumstances.

An IOE report describes a number of initiatives that have been promoted by employers and their organizations throughout the world to tackle the youth employment challenge, and draws some lessons that could further guide employers' actions. [10] Based on the review of a wide cross-section of national experiences, the report indicates that employers can and do make a substantial contribution to vocational education and training. They can also help in the job search process.

Employers' actions on youth employment are often best mobilized through their organizations, which can perform several strategic functions. At national level, these include: encouraging companies to create new jobs in the context of government programmes and incentives; promoting subsidy programmes to get young people into work; providing governments with feedback on the impact of different programmes; exploring the possibilities of structured links between business and education; pooling resources so as to maximize shared activities (e.g. apprenticeship programmes, workplace learning, job banks); participating in policy-making and implementation through social dialogue and collective bargaining; forging partnerships with key actors and institutions, etc. At international level, employers' organizations can contribute to raising awareness of the youth employment problem, fostering action and sharing the results of interventions.

[8] IOE: *IOE programme of work on youth employment* (Geneva, June 1997), at http://www.ioe-emp.org/ioe_emp/pdf/youth_employment.pdf (2004), p. 1.

[9] IOE: *A framework for an employment policy: Employers' perspectives*, Position paper adopted by the Management Board on 21 March 2003, at http://www.ioe-emp.org/ioe_emp/pdf/Employment_Policy.pdf (2004), p. 7.

[10] IOE: *Enhancing youth employment: Employers' actions*, draft programme (Geneva, 1998), at http:// www.ioe-emp.org/ioe_emp/pdf/youth_employment1.pdf (2004).

### *... and workers' organizations*

The issue of youth employment has featured prominently in the policy agenda of global trade unions for a long time. [11] To date, reducing youth un(der)employment and redressing the deterioration in young people's jobs are top priorities for most of the organizations that make up the international labour movement. At the same time, changes in production and work organization have made it more difficult for young workers to organize and join unions. In that sense, low unionization rates among young people are both a cause and a result of their weak position in the labour market. That is why many global unions have come to regard the recruitment of young people as essential. [12]

Over recent years, different activities have been promoted to achieve these goals. Examples include the ICFTU youth campaign "The future starts now – Join a union", which began in April 1999 and was relaunched on May Day 2000. This campaign stands out because of its comprehensive scope and the wide support triggered within and across ICFTU national affiliates and Global Union Federations (GUFs). [13] From the outset, the objective of the campaign has been twofold: organizing young people in unions, on the one hand, and campaigning for quality education and more and better jobs for youth, on the other. This two-pronged strategy is a central feature of the international labour movement drive to improve the situation of young people in the labour market. [14]

Trade unions have always asserted the right to education for all children and young people, but "in today's world, the mission of quality public schooling is not limited to the basic years of education, but includes secondary school and the acquisition of vocational qualifications". [15] In this context, a shared position across the international labour movement is that governments "must maintain the responsibility for general education, enabling all young people to acquire the skills and competences that will enable them to take their places in societies". [16]

Young people's access to quality employment requires job creation and special measures in the labour market. [17] On their own, unions cannot create jobs for youth.

[11] See, for example, ICFTU: *ICFTU Youth Charter*, adopted by the 110th ICFTU Executive Board meeting (Brussels, Nov. 1996); Public Services International (PSI): *PSI European Youth Charter* (draft, May 1999), at http://www.world-psi.org/psi-nsf (2004).

[12] ICFTU: *Youth: Starting our future now*, op. cit.; Union Network International (UNI) Americas: *Organising and campaigns*, 1st Regional Conference, 21-23 August 2002, Río de Janeiro, Brazil, at http://www.union-network.org/Unisite/Regions/Americas/Rio2002/Index-en.html (2004).

[13] See "A campaign for action, not talk", in *Impact* (ICFTU Youth Magazine), Issue No. 3, Oct. 1999, at http://www.icftu.org (2004).

[14] The 133rd ICFTU Executive Board in November 1999 adopted two Youth Action Plans respectively on organizing and increasing the participation of young people in unions *(Our future starts with integrating young people today)* and on youth education and employment *(Starting now with more and better jobs for young people)*.

[15] *Partnership to achieve education for all*, resolution adopted at the 3rd World Congress of Education International, Jomtien (Thailand), 25-29 July 2001, at http://www.ei-ie.org /main/english/index.html (2004).

[16] Trade Union Advisory Committee to the OECD (TUAC): *Creating more and better jobs*, TUAC statement to the 2003 OECD Meeting of Labour and Employment Ministers, Paris 29-30 September 2003, para. 13, at http://www.tuac.org (2004).

[17] ICFTU: *Starting now with more and better jobs for young people*, at http://www.icftu.org (2004).

Neither can they improve the working conditions and promote the rights of young people at work. Nevertheless, they have an important role in keeping these issues high on their political agendas during collective bargaining procedures and at the tripartite level. In addition, one common basis of the policy prescriptions advocated by global unions is that youth employment cannot be addressed through isolated measures. It has to be tackled in the context of an overall employment strategy, based on a comprehensive and integrated approach. [18]

## 4.3. A global alliance on youth employment: The Youth Employment Network

The challenge of creating decent work for youth has been identified as a major priority by the international community. 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". [19]

The United Nations system has placed this commitment in the framework of the Millennium Development Goal (MDG) on global partnership for development, to be implemented through partnerships between governments, employers' and workers' representatives, civil society, and young people themselves. Youth employment is also a key contribution to meeting other MDGs, particularly those relating to poverty reduction, education and gender equality.

In order to support this commitment to youth employment, the Secretary-General of the United Nations, together with the Director-General of the ILO and the President of the World Bank, convened the Youth Employment Network (YEN) and appointed 12 eminent persons, which included representatives of both workers and employers, as the High-Level Panel members responsible for preparing a set of policy recommendations. These recommendations were discussed in the General Assembly in 2001 in the framework of the implementation of the Millennium Declaration. [20]

The recommendations comprise three elements: (i) *a new approach* that presents young people as an asset or a solution, not a problem, hence emphasizing the importance of investing in them; (ii) *a new political commitment* that calls upon world leaders to take personal responsibility for translating the political commitment made at the Millennium Summit into action, so as to make the next generation of youth the first "decent work generation"; and (iii) *a new partnership* for full employment, based on a clear recognition of the different responsibilities and different roles of the United Nations system, national governments, social partners and civil society.

The Panel's recommendations encourage Heads of State and Government to develop national action plans on youth employment, based on a critical review of past and present

[18] See, for example, TUAC: *Promoting youth employment: Policy lessons from a trade union perspective*. A TUAC discussion paper submitted to the OECD/UK Ministerial Conference on Youth Employment, London 8-9 February 2000, at http://www.tuac.org/statemen/comuniq/stYouthEmploy2000e.htm (2004).

[19] United Nations General Assembly, A/RES/55/2, 18 Sep. 2000, para. 20.

[20] United Nations General Assembly document A/56/422, 28 Sep. 2001.

initiatives, and through a wide process of consultation with employers' organizations, trade unions, youth organizations and other civil society groups. In developing action plans, governments are invited to mainstream actions for youth employment into a comprehensive employment policy. The recommendations suggest that national action plans be analysed on the basis of the ILO Employment Policy Convention, 1964 (No. 122).

On a technical level, the recommendations identify four global priorities for national action:

- *Employability:* invest in education and vocational training for young people, and improve the impact of those investments.
- *Equal opportunities:* give young women the same opportunities as young men.
- *Entrepreneurship:* make it easier to start and run enterprises to provide more and better jobs for young women and men.
- *Employment creation:* place employment creation at the centre of macroeconomic policy.

Based on the recommendations of the YEN High-Level Panel, the United Nations General Assembly adopted in December 2002 a resolution on "Promoting youth employment", [21] which calls upon member States to prepare national reviews and action plans on youth employment and to involve youth organizations and young people. The resolution also calls upon the ILO, in the context of the YEN, to assist these efforts. In March 2003, the ILO Governing Body reinforced the call by requesting the Office to assist and support, upon request, the elaboration of national reviews and action plans on youth employment and to undertake by May 2005 a global analysis and evaluation of progress made in this regard.

In July 2003, the High-Level Panel of the YEN proposed five new steps to be taken by the Network, one of which recommends an initiative on social dialogue for youth employment, inviting employers' and workers' representatives to participate in the design and implementation of the national action plans. In response, the IOE and the ICFTU agreed to unite their efforts "to encourage governments in developing and transition countries to take a comprehensive review of their approach to youth employment and explore more effective ways to tackle the challenge by elaborating national action plans with their social partners". [22]

Since September 2002, the ILO has been hosting the YEN permanent secretariat and has taken the lead in organizing its work. The ILO's lead role in YEN provides it with a major opportunity to continue building international consensus on youth employment and to influence the international agenda with a comprehensive strategy on employment. Youth employment is the ILO's most explicit foothold in the MDGs, and work toward the Millennium Declaration's commitment on decent and productive work for youth represents an opportunity to integrate the ILO's values into the international development agenda and policy debate.

In addition, the Network has the potential to enhance the impact of the ILO's regular programme of work on youth employment by securing collaboration and coordination across United Nations agencies and by strengthening partnerships within and between

[21] United Nations General Assembly, A/RES/57/165, Dec. 2002.

[22] Joint letter of the IOE and ICFTU to the Director-General of the ILO, 25 July 2003.

countries. This kind of multilateral and participatory approach to youth employment responds to the recommendations of the World Commission on the Social Dimension of Globalization to achieve policy coherence for improved effectiveness of action and outcomes. It also provides a unique opportunity to maximize the contribution that the tripartite constituency of the ILO can make to meeting the youth employment challenge.

# 5. Conclusions: The way forward

Today's young people are the most educated generation ever. They want opportunities for personal autonomy and active citizenship and have clear ideas about fulfilling aspirations at work and in society. At the start of the new millennium, they want *the chance of a decent job*.

Getting the right foothold in the labour market is crucial not only for "success" at work but also in the personal lives of individuals, their families and their communities. The transition into the world of work is also a transition into adulthood. It is during this life stage that young people meet their aspirations, assume their economic independence and find their place in society.

Investing in young people means investing in the future of a country. Democratic participation and equitable distribution of wealth are the measure of progress and development. A society that cannot offer labour market opportunities to young people is wasting their productive potential and their contribution as agents of change.

Over the past decades, growing political attention has been paid to youth employment – a challenge shared by all countries across the globe. Youth unemployment and underemployment have economic and social costs that can undermine political stability and development.

In industrialized countries, the critical aspects of this challenge are mostly related to the difficulties young people face in entering the labour market. Youth unemployment rates are persistently higher than those of adults. Developing and transition countries face the additional burden of large numbers of young workers who are underemployed and mostly in the informal economy.

Countries have responded differently to the youth employment challenge. Almost every country in the world has sought to address the issue, and a wealth of approaches have been implemented at national level. However, many interventions have been confined to specific programmes that are narrow in scope and limited in time. The priority attached to them varies over time and is usually influenced by the business cycle. In addition, the emphasis is frequently placed on labour market entrants, with little attention to the poor working conditions of many young workers. Many programmes fail to address the multiple aspects of the youth employment challenge and focus either on job creation or labour market training. Active labour market policies and programmes that combine different tools to address both demand and supply of labour are an attempt to articulate these programmes into broader and more comprehensive initiatives. They can be an effective mechanism if well designed and targeted to meet specific needs, especially those of disadvantaged young women and men.

Despite the efforts deployed to address this challenge during the past 30 years, the youth employment problem has persisted and sometimes worsened, especially during recessionary periods since young people are disproportionately affected by the business cycle. They are the first to suffer from economic downturns and the last to benefit from economic recovery.

As briefly discussed in section 4 of this report, youth employment is not a new issue for the ILO. Recent developments in the economic, political and social context call for a renewed commitment to giving young people a real chance of a decent job. This report highlighted some of the most recurrent features in the response to the youth employment challenge. The elements that may be considered in identifying the way forward are briefly summarized below.

## Not only more but decent jobs ...

The challenge of youth employment is often depicted only in terms of unemployment. The predominance of young people in intermittent and insecure work arrangements in some countries and their over-representation in the informal economy in others require urgent action to improve working conditions and advance rights at work. International labour standards offer a benchmark of fairness for the governance of the youth labour market. The decent work paradigm provides an integrated framework for addressing the deficits faced by young people in terms of rights at work, productive employment, social protection and social dialogue.

## ... over the lifecycle for intergenerational solidarity

Addressing the youth employment problem is crucial for achieving decent work over a person's life course and promoting intergenerational solidarity, thereby contributing to a virtuous circle of development and poverty reduction. The lifecycle approach focuses not just on the individual but also on the family, and ultimately on society as a whole. Strategies to give young people a chance to get decent work cannot be divorced from efforts to improve employment prospects for adults and, in many countries, to combat child labour.

## Pro-employment and pro-youth growth ...

Given that youth employment is highly dependent on overall employment, any strategy to improve employment prospects for young people should be part of broader policies that promote sustained growth through increased aggregate demand. This is a necessary condition in itself, but is not sufficient.

## ... with employment at the heart of economic and social policies ...

Many policy prescriptions have regarded employment as a derivative of sound macroeconomic policies, and not as an objective in its own right. To make sure that growth translates into more and better jobs, employment must be central to economic and social policies. A pro-poor strategy cannot be successful if it does not consider employment as a major vehicle to break the intergenerational transmission of poverty. The GEA provides a comprehensive framework to address youth employment through an integrated approach to employment growth.

## ... but combined with targeted interventions for the social inclusion of disadvantaged youth

Employment and unemployment are not distributed evenly among young people. Their needs, experiences and disadvantages differ depending on age, gender, ethnicity, social class, household size, educational and training levels, disability, migrant or refugee status, as well as the level of national development. These factors help identify young people's vulnerability to social risk and exclusion. This calls for a holistic approach that combines macroeconomic and development policies with targeted interventions aimed at overcoming the specific disadvantages faced by many young people in entering and remaining in the labour market.

## Improving knowledge for policy and advocacy ...

Data availability is a central issue for policy-making and awareness-raising purposes. Especially in developing countries, the lack of data disaggregated by age is a major obstacle to appreciating the magnitude and patterns of the youth employment challenge. Very little is known about the sectoral distribution of young people in the labour market, their working conditions, earnings, participation in training, etc. In countries with a vast informal economy, it is of paramount importance to better understand the patterns of transition to work and the links between child labour and youth un(der)employment. At the same time, labour market information available to young people is scanty. On the one hand, this prevents youth from making informed choices and seizing available opportunities and, on the other, does not allow labour market institutions and the social partners to respond effectively. As highlighted in box 2, the ILO has designed a statistical tool to capture both quantitative and qualitative variables through surveys that help countries improve the effectiveness of their interventions in easing young people's transition to work. This tool has been pilot-tested in a number of countries, notably Indonesia, Sri Lanka and Viet Nam.

## The ILO is a strong player with strong partners ...

Within the international community, the ILO has a special role to play in promoting policies and initiatives on youth employment. With its tripartite constituency and global alliances, the ILO can act as a catalyst in mobilizing support and action on youth employment. At national level, governments and the social partners are the major players in the development of youth employment policies and programmes. In addition, employers' and workers' organizations have countrywide and international structures and networks which they can use to raise awareness and build support around this challenge. At international level, the ILO's lead role in the YEN provides a major opportunity to build international consensus and influence the international agenda with a comprehensive strategy for the employment and social inclusion of young people.

## Suggested points for discussion

1. What are the main distinguishing characteristics and factors shaping the youth employment challenge in the twenty-first century?

2. What national policies and programmes encourage decent work for young people?

3. What are the respective roles of governments and employers' and workers' organizations in addressing the youth employment challenge?

4. How can employment of young people be promoted in the context of the ILO's decent work paradigm, the Global Employment Agenda and other major international initiatives?

5. What should be the key elements of the ILO's policy message and technical programme on youth employment?