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## ► Is the future ready for youth?

Youth employment policies  
for evolving labour markets

# ▶ **Is the future ready for youth?**

Youth employment policies  
for evolving labour markets

Juan Chacaltana and Sukti Dasgupta  
Editors

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## ► Preface

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The youth employment challenge is constantly evolving. Each generation is not only different to the one preceding it but they face different circumstances in their lives. The current generation of youth, which the International Labour Organization now calls the “lockdown generation”, is likely to contend with tremendous challenges for the rest of their lives due to the still not completely understood social, educational and economic consequences of the COVID-19 pandemic and the corresponding medical responses imposed.

This book was written before the pandemic emerged and brought much of the world to a screeching halt. The discussion that it comprises is on the future of work, which is still extremely valid because the pandemic accelerated much of the issues and challenges this book takes on, in the sense that there has been a substantive jump in the use of new technologies at work and new work arrangements. And they are here to stay.

There is a risk of further polarization and inequalities in the labour market in the coming generations.

Unfortunately, the rapid transformations in the world of work (before and due to the pandemic) for youth have not been matched by a similar evolution in policies.

In reflecting on these issues, this book brings together contributions from several ILO colleagues related directly or indirectly to youth employment policies. The usual question about whether youth are ready for the future places the burden of preparation on them. For that reason, this book poses the opposite question: “Is the future ready for the youth?” It specifically discusses how to transform traditional youth employment policies to help build a better future for the youth.

This project was launched by my predecessor, Azita Berar Awad, who has kindly shared her thoughts and insights with us in the foreword to the book. We hope this book promotes greater discussion at the international level and at the country level, where the ILO supports constituents to develop, implement and monitor coordinated and context-specific policies and programmes for more and better decent jobs.

**Sangheon Lee**

Director

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## ► Foreword

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The youth employment issue has been a sharp focus of policy and research since the 2008–09 global financial crisis unfolded its devastating impacts on labour markets and, in particular, on young people. The youth in the Arab uprisings of 2010, exploding with their blended demands for decent jobs, aspirations for democratic participation and a quest for more inclusive development models, were the first glimpse of what would come.

Complex dynamics underlie youth integration into the world of work and society in general.

Comprehending the unprecedented “youth employment crisis” requires a range of unconventional indicators beyond the unemployment rate. Wage deflation, informality, uncertainty in access to decent jobs and instability in holding on to them and short-term contracts, including for young overqualified workers, have become typical features of the new fragility in labour markets around the world.

Analysis of the trends over the past decade from the standpoint of these indicators clearly points to a deep structural transformation in the terms and conditions of youth integration that cannot be entirely explained by the cyclical fluctuations of economic growth.

This new persistent vulnerability in youth transitions has been laid bare once more with the COVID-19 pandemic and its massive socio-economic impact. The unfolding implications for the education, training and access to jobs of young people are significant and further aggravating the risks of poverty and inequality in opportunities.

The youth employment crisis has global reach. It spares no region, despite the great diversity of situations of the youth in different countries and local contexts and even among themselves: Almost everywhere, the realities of young women and men remain below their aspirations and their potential.

It can be stated that what the present generation of youth now experience is not due to the standard vulnerability that comes with their young age and associated lack of experience. Rather, they are entering the labour market at a time of significant and multiple transformations in the global economy, in the production processes, in the sourcing of resources, in the environment and in technology.

The youth are taking the full blow of the winds of change. They can no longer use the compasses and markers of the previous generation – those of their parents. And their parents’ generation is dismayed to find that social progress is not linear and that acquired labour and human rights may not be a descendant legacy.

The crisis is a generational one and is not confined to the situation of the most disadvantaged among young women and men.

Three factors bind and divide this present, and likely the ensuing generation of youth, in the new context: One, this generation of youth shares an awareness of the competitive pressures at all stages in their journey and the uncertainty of outcomes. Competition among educated youth for the scarce number of qualified and good-paying formal jobs, strongly impacted by gender, ethnicity, socio-economic background and other variables, is leading to multiple layers of intragenerational inequalities, polarization and frustrations.

Two, with increasing digitalization access and exposure to global social media, there is a convergence of ideals and aspirations among young people of diverse social and economic backgrounds and living in different locations. These global representations often contrast with young people’s everyday realities and opportunities.

Three, this generation of youth faces policy discourses that stress individual responsibility for creating their own job or business; for equipping themselves with a range of hard and soft skills; for continuously investing to upgrade these skills to keep up to date with the changing technology; and for showing flexibility and mobility. In short, roles and responsibilities that once were the shared duty of the State, the private sector and education and labour market institutions are increasingly transferring to the youth. In numerous circumstances, due to their limited access to resources, decision-making or to cushioning protections and rights, young women and men are relying on overstretched family and other solidarity networks.

Young people certainly do not shy away from responsibility or their agency in shaping the world around them. The present generation of youth is no exception. Their global mobilization for the environ-

ment and saving the planet from climate change is a remarkable case in point.

The versatility of youth for adapting to change and for creative and innovative solutions, however, should not be interpreted as an open invitation for unlimited risk-taking and for continuous job churning. Poll after poll shows that what youth aspire to foremost is decent, purposeful and stable job prospects. They also view their school-to-work transition experience as the fundamental pillar facilitating all other transitions in their lifetime. Motivated by values, justice, rights and purpose, they are ready to occupy spaces that offer them the means and opportunity for meaningful participation and contribution. But they also look to policy leaders and institutions, public and private, to deliver on their responsibilities.

Policies and programmes prioritizing youth employment have increased in number and scope in different parts of the world. This is a positive development, considering that in the wake of the 2008–09 financial crisis, countries with the most elaborate range of labour market policy instruments found themselves ill-equipped to respond with conventional measures and at the scale needed.

The announced recovery and stimulus packages to deal with the consequences of the COVID-19 pandemic often include targeted action for youth.

Not all policies that are adopted are implemented in full. Some of them lack the scale, resources and coherence to reach the intended objectives and are hampered by lack of clarity in institutional responsibility and/or weak capabilities. But then, few impact evaluations have been carried out to assess the impact and effectiveness of the various approaches.

There is a need for greater accountability and transparency in policy interventions. In the fast-changing landscape, the space for experimentation of new policies and learning from them is amazingly limited.

On the content of policies, two issues have yet to be resolved.

First is the management of demand in the overall economy. The post-crisis consensus that the slump in labour demand was a major factor behind the scarcity of quality jobs – which was reflected in the 2012 International Labour Organization's call for action on the youth employment crisis – has not translated into massive and large-scale productive investments.

There is strong need and potential in different countries and regions for investment in infrastructure, in greening the economy, in digital transformations and

in services. These are the types of investments that, inter alia, can create quality job and income opportunities that exploit the range of skills possessed by the best-educated youth generation the world has ever known. Youth entrepreneurship and start-up schemes, which have multiplied, are not significantly increasing market share or job opportunities. The majority of policy interventions include supply-side initiatives and intermediation programmes that have no impact on demand but further increase the competitive pressures.

And second, education and work remain a conundrum. Increased access to education and increased school attendance in all regions in the past two decades no longer guarantee the expected return in labour markets. The phenomenon of graduate unemployment is a serious concern in many emerging and developing economies. Student debt is becoming a major burden in numerous countries. And the policy debate on skills mismatches is far from settled.

Many advanced countries experience skills mismatches characterized by overeducation, whereby overqualified youth occupy jobs that do not require the scope of skills that they have. They are pushing down or out of the labour market the low-skilled or semi-skilled youth, who, a couple decades ago, would have found matching jobs. The high incidence of informality among educated youth in the emerging and developing economies indicates the difficulty in accessing formal labour markets and the serious risk of skills underutilization and depreciation.

Greater recourse to quality apprenticeships, encouraging tertiary education in the science, technology, engineering and mathematics disciplines and increasing life-cycle opportunities for continuous training are only partial solutions. Actually, given the time lag between education reforms and outcomes for the labour market and society, such one-sided policies can have disturbing downside effects. Imagine if, hypothetically, all youth opting for tertiary education chose a discipline in science, technology, engineering or math – what would the world look like with the ensuing deficits in the humanities and social sciences? Who would do the critical thinking in defining the goals and patterns for sustainable and inclusive development or for putting ethics and humanity at the helm of technological transformations and environmental transition?

Comprehensive solutions have yet to be developed that better handle the education-work nexus, such as the rights and responsibilities of the State, enterprises, individuals and their families for financing,

regulating, reskilling and upskilling while ensuring inclusiveness, quality and effectiveness.

All this suggests that youth should remain a priority focus of policies, innovation and development financing. Interdisciplinary policy research on multiple aspects of youth transitions should be expanded.

Some policymakers, researchers, social partners and so on might question this proposition. After all, if changes are structural and affect all generations eventually, why should we focus on youth? Would not the problem take care of itself in the medium term, with demographic transitions and population ageing that are under way everywhere?

The answer lies in the question. Youthfulness is a transient stage in an individual's life as well as in terms of the demographic structure in any given country. How every generation of youth fare has long-lasting impact on their life trajectory and the economy, the polity and society at large. For all societies, whether experiencing advanced ageing or a youth bulge, this is a one-time opportunity, with limited possibilities of redressal, to value and enable their young generation, which is currently more than a billion young women and men – the largest the world has ever known.

We should look at youth employment policy from the macro and micro perspectives and at the convergence of both. More than ever, this attention must be cast within the broader challenges of inequalities, the future of work and the environmental transition.

From a macro perspective, taking advantage of the youth dividend in sub-Saharan Africa and in the Middle East and Northern Africa is time-bound, as it was for the youth dividend that contributed to the remarkable rise of the East Asian so-called “tiger economies” in the second half of the previous century. Although historical comparisons have their limitations, an important lesson to be drawn from the East Asian experience is that it took a range and large scale of supporting industrial strategies and education and training policies by the State to enable the fruition of that youth dividend. In today's silver economies, proactive policies are urgently needed to prevent the peripherization of the youth and to help redefine their roles.

Regardless of the type of demographic challenge societies are experiencing, policies must prevent intergenerational inequalities, which are becoming a significant dimension of the rising global inequalities, from deepening and settling in.

From a micro perspective, individual youth pathways and behaviours are determined by the intersection of aspirations and opportunities and the gap between them. In today's world, few options are available for young women and men who cannot access the small number of formal and stable jobs with decent pay and an upward mobility prospect. The majority of youth in developing and emerging economies find their way into the informal economy and its diverse segments of casual, irregular or undeclared salaried employment or informal own-account work and businesses, the so-called “entrepreneurs of necessity”. Unfortunately for many, this turns out not to be a temporary stepping stone but a trap affecting their future prospects of progression and benefits.

For persons in the composite group who are not in employment, education or training, the time span of wait and see can lead to loss of self-confidence and trust in institutions and sometimes to more drastic forms of disconnect from their society.

Young women and men in search of better opportunities and prospects opt to migrate, either moving from rural homes to urban centres or to more dynamic development poles and areas within a country. Or they cross back and forth across the borders to neighbouring countries or attempt a new start further abroad and sometimes through dangerous journeys. But the desire among the youth to migrate is far more prominent than the actual opportunity to realize it.

There are many indications that these fragilities are transcending into the new spaces created by the technological transformations, such as in the digital economy. Within each option and any given youth cohort, the dynamic interaction of aspirations and opportunities is affected by endogenous and exogenous factors, such as socio-economic background, gender expectations, education, skills, geography, network, mobility and others.

These dynamics vary from one generation of youth to the next, hence the tendency to characterize the different X, Y (millennial) and Z generations with specific attributes, vision and expectations that cross the boundaries of intersectionality and geography.

Policies and institutions matter in helping or hindering these multiple transitions. They must simultaneously address the macro and the micro perspectives, understand the individual and generational dynamics. And then they must innovate.

More than ever, the fluid and fast-changing landscape requires expanding policy-relevant research

and increasing resources devoted to social innovation and experimentation. Improving the uptake of evidence in policymaking and the valuation of applied research by academic communities in the global North and South will be indispensable but are currently insufficient to sustain democratic dialogues in such a dynamic context.

Last but hardly least, we need to dissociate the development and security policy narratives regarding youth. The amalgamation that has become mainstream in this decade, at the national and global levels, has not helped to advance either agenda. It has

simply stereotyped and alienated millions of youth who are unemployed, poorly employed or in constant transition between these states and millions more who are trapped in or fleeing from fragile situations of conflict and violence. Positive and constructive approaches to the multidimensional insecurity that the youth are experiencing and building trusted space for their participation in political and civic spheres are called for.

The future of the planet, of work, of innovation and of equality and justice will depend on how today's youth find their rightful place in society.

**Azita Berar Awad**



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# ▶ Part 1

## Overview

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## ► The future is here... is it ready for the youth?

Juan Chacaltana and Sukti Dasgupta

### ►► The youth employment challenge is constantly evolving, but the policies are not keeping pace.

Inadequate employment opportunities for youth are a never-ending policy concern. In 2019, there were more than 1.2 billion persons aged 15 to 24 – the youth – in the world. Among them, around 430 million were working and nearly 68 million were unemployed. This made the global youth unemployment rate about 13.6 per cent, which was 3.4 times the rate of the older adults. It is a ratio that has been increasing in the past few decades. Some 22.2 per cent of all youth (roughly 267 million persons) did not study nor work in 2019 (ILO 2020).<sup>1</sup>

Although there are great differences across regions, these figures suggest the magnitude of difficulties that young persons are experiencing in accessing labour markets. But it is an evolving problem. In times of crisis, youth are often the first and worst hit. This is borne out by the experience of young workers during the 2008–09 financial crisis and even more so now in the COVID-19 pandemic-induced economic crisis. While many young workers are losing their jobs because they are over-represented in the hard-hit sectors and in the informal economy, the commonly used indicator of the so-called “youth labour market problem” – the open unemployment rate – seems increasingly to be less accurate in reflecting the situation. Many more young people are employed in work that is vulnerable, informal and insecure, and during crises, the situation gets worse. The share of youth in working poverty is growing larger.

The international agenda has focused on young persons who are neither employed nor in education or training. This is a heterogeneous group, with the majority of them women in several regions, which

reflects an exclusion from the labour market and from education that leaves long-term scarring effects on lives and life trajectories.<sup>2</sup> This under-utilization of youth also has negative effects on economies and societies.

Of course, acquiring a job does not assure young people of employment security. For instance, for 77 per cent of the 363 million young people in 2018, the first job experience was in informal employment. This is worrying because young people who start with informal employment are more likely to remain in it or return to it later in life.

For other young people, especially those in situations of crisis or fragility, international migration has become an appealing idea. According to United Nations data, at least 20 per cent of youth worldwide would migrate to another country if they had the chance; this proportion increases to 40 per cent for developing countries. Most policy discussions, especially in receiving countries, focus on this 12 per cent. But sending countries need to also worry about the other 88 per cent who would like to migrate if given the opportunity.

In all countries, the generation of young workers who entered the labour market at the start of the twenty-first century are encountering tremendous challenges in these times of great change and transformation in the world of production, work and societies. The literature on the future of work highlights the many changes in demography, technology, climate and forms of production, among others, that are already shaping labour markets and will continue to do so. This type of change seems

1 The proportion of young people who are not in employment, education or training in the youth population has become a youth-specific target for the post-2015 Sustainable Development Goals (SDGs). SDG indicator 8.6.1 states: “By 2020, substantially reduce the proportion of youth not in employment, education or training (NEET).”

2 The popularity of the NEET concept stems from how it addresses the employment and educational dimensions at the same time, both of which are critical for young people. The relationship between the NEET rate and the unemployment rate can be expressed as  $NEET = (P - N - E)/P$ , where  $P$  is the total youth population,  $N$  is the number of employed persons and  $E$  is the proportion of youth in education but not in employment. Following the discussion by O’Higgins (2010) and if  $\varepsilon = E/P$ , this can be expressed as  $NEET = 1 - p(1 - u) - \varepsilon$ . See Elder (2015) for a methodological discussion.

significantly different from what confronted previous generations, at least in recent times.

This book represents the work of researchers within the International Labour Organization (ILO) on the risks and opportunities that these transformations are ushering in with great speed and tenacity and our ideas for how youth employment policies can lead this unprecedented time into a boon for individuals, economies, societies and the planet.

## How youth labour markets are evolving

After decades of rapid youth population growth, the world has started to experience a decline in their absolute numbers. Only Africa and a few countries in other regions continue to have increasing numbers. Recent studies highlight, however, that Africa's youth share of the working-age population peaked at the turn of this century and is now on the decline,

although it remains growing in absolute numbers (Fox 2019).

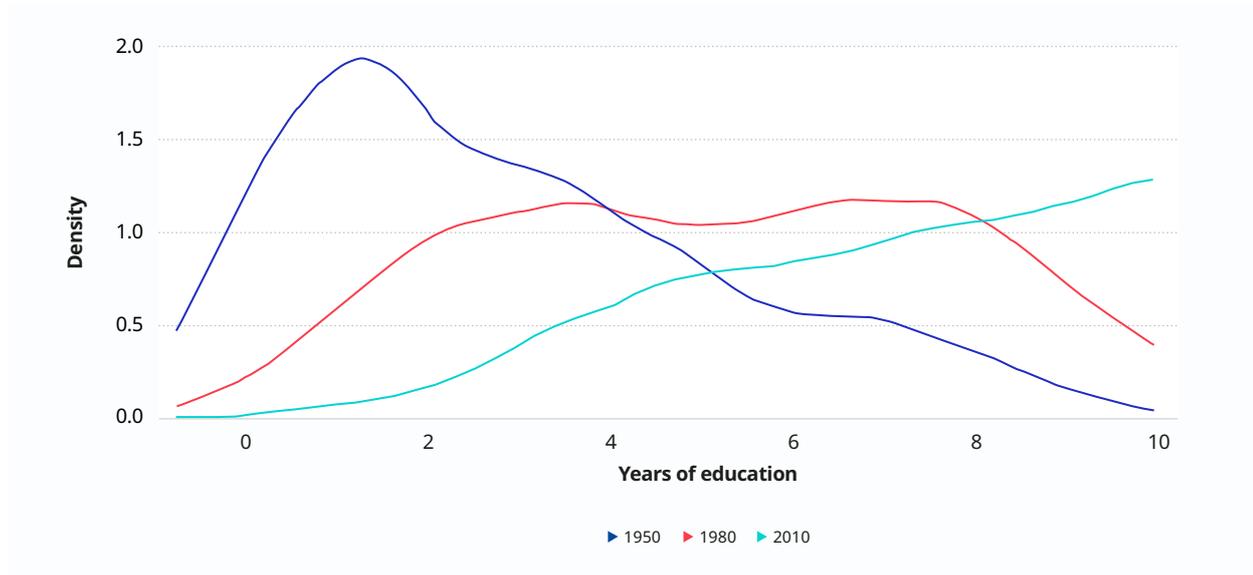
Today's youth will have longer life (and labour) trajectories than previous generations, with the median age of the population (the age that divides the population in two equal halves) increasing from nearly 21 years old in the early 1970s to almost 30 years in 2015.

These transformations in the age structure of populations are influencing the evolution of youth labour markets. The global youth population is decreasing (by around 3.8 million persons per year in the current decade), while the number of older adults (aged 25 and older) is increasing (table 1). Labour participation rates are also decreasing, thus contributing to a sharp decline in the economically active population (labour supply) of youth: it decreased by 7.7 million persons per year from the previous decade. For the younger cohort (aged 15–19), a main determinant of falling participation rates correlates with more young people engaged in

► **Table 1. Global structure of the labour market, by age, 1991–2019 (millions)**

	Total				Female				Male			
	1991	2000	2010	2019	1991	2000	2010	2019	1991	2000	2010	2019
<b>Population (working age)</b>												
Aged 15+	3 642.8	4 290.9	5 078.8	5 736.5	1 826.5	2 152.3	2 542.3	2 868.2	1 816.3	2 138.6	2 536.5	2 868.4
Aged 15–24	1 015.1	1 085.1	1 215.4	1 205.0	497.2	530.8	591.2	582.6	517.9	554.3	624.2	622.4
Aged 25+	2 627.7	3 205.7	3 863.4	4 531.5	1 329.2	1 621.5	1 951.1	2 285.6	1 298.4	1 584.3	1 912.3	2 245.9
<b>Economically active population</b>												
Aged 15+	2 390.3	2 777.6	3 172.7	3 482.4	935.9	1 097.9	1 241.6	1 354.0	1 454.4	1 679.7	1 931.2	2 128.4
Aged 15–24	588.6	567.7	561.5	496.5	245.2	227.7	219.8	191.2	343.3	340.0	341.7	305.3
Aged 25+	1 801.7	2 209.8	2 611.2	2 985.9	690.7	870.1	1 021.7	1 162.8	1 111.0	1 339.7	1 589.4	1 823.1
<b>Employed</b>												
Aged 15+	2 277.1	2 617.5	2 984.9	3 294.7	891.4	1 032.8	1 166.2	1 278.6	1 385.6	1 584.7	1 818.7	2 016.1
Aged 15–24	532.1	496.6	487.0	428.9	223.9	200.5	191.3	166.2	308.2	296.1	295.7	262.7
Aged 25+	1 745.0	2 120.9	2 497.9	2 865.8	667.6	832.3	974.8	1 112.4	1 077.4	1 288.6	1 523.1	1 753.4
<b>Unemployed</b>												
Aged 15+	113.2	160.0	187.8	187.7	44.4	65.0	75.4	75.4	68.8	95.0	112.4	112.3
Aged 15–24	56.5	71.1	74.5	67.6	21.3	27.3	28.5	25.0	35.2	43.9	46.0	42.6
Aged 25+	56.7	88.9	113.3	120.1	23.1	37.8	46.9	50.4	33.6	51.1	66.4	69.6

Source: ILOSTAT database, <https://ilostat.ilo.org/>.

► **Figure 1. Average years of education of the working-age population (15 and older), 1950, 1980 and 2010**

Source: Barro-Lee data set, [www.barrolee.com/](http://www.barrolee.com/), accessed May 2019.

higher levels of education. For persons aged 20–29, the main reason discouraging participation is the lack of viable employment opportunities (ILO 2016). This has led to falling youth employment and youth unemployment at the same time.

An upward trend in education levels is evident, with increasing enrolment rates for secondary and tertiary levels of education. The evolution is remarkable. In the majority of countries, the most common level of education among persons entering the labour market in 1950 was primary school; in 1980, it was secondary school; for 2010, it was a tertiary degree (figure 1). Several studies have found that this evolution has spurred a reduction in returns to education due to more graduates and increasing concerns with the quality of education (ILO 2020).

Young people are indeed studying more, with a downward trend in youth drop-out rates. According to statistics of the United Nations Educational, Scientific and Cultural Organization,<sup>3</sup> school drop-out rates for women fell from 28 per cent in 1998 to 16 per cent in 2017. There has been as well a reducing trend among men, although less pronounced. Still, the proportion of persons with an incomplete

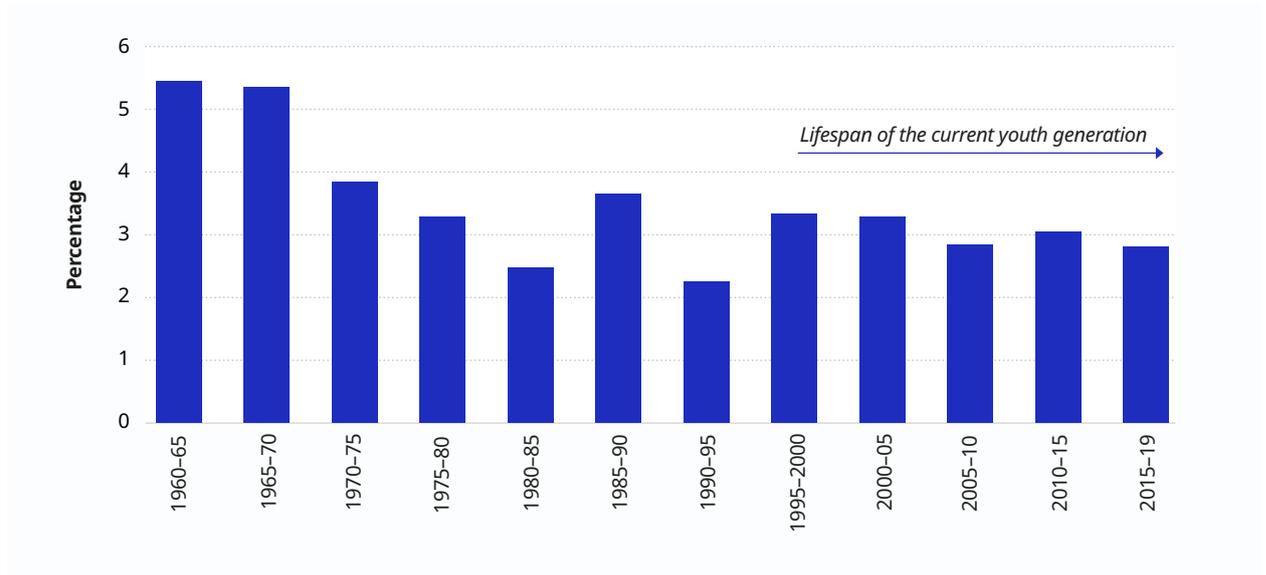
education remains large.<sup>4</sup> To stop studying limits or restricts the education of young people as well as their personal life trajectories. Education does not merely serve the purpose of finding a job and earning income; it also inspires and empowers young people to have greater personal and career achievements in life. Leaving school for economic reasons, which is the most frequent response in some cases, can seem beneficial in the short term but their work trajectories are affected due to their restricted education.

The current generation of youth – born between mid 1990s to mid 2000s – are entering labour markets in which new forms of production are emerging, including production in global value chains, fragmentation of the production processes and automation. This is a time also marked by increased economic uncertainties due to business cycles becoming more difficult to forecast. The phenomena are manifesting in new forms of work (platform work, gig economy, etc.) and more job and income uncertainty. Temporary jobs, shortened job tenure and the reduction in lifetime jobs or careers are becoming a standard around the world.

3 Varying years, see <http://uis.unesco.org/>, accessed December 2018.

4 Conducted at various times between 2012 and the end of 2015, the ILO school-to-work transition survey findings suggest several reasons for stopping studying: Some young people were not interested in further education (at 22 per cent), while others stopped studying due to economic reasons (at 27 per cent). There were significant differences between the sexes: for men, an economic reason (at 33 per cent) was the main cause but for women, the main reason was to marry (at 28 per cent).

► Figure 2. Average gross domestic product growth rates, 1960–2019 (%)



Source: World Bank, <https://data.worldbank.org/>, accessed December 2020.

For every percentage point of gross domestic product growth, the generation of employment is less, especially among the youth. Kapsos (2005) found that while total elasticities were around 0.3 for the total population for 1999–2003, it was low for youth, at 0.06. A simple update of this calculation indicates that the youth elasticity turned negative after the international financial crisis of 2008–09.

There has been much discussion on why this occurred. Several studies cited youth employment regulations, although the evidence was not conclusive.<sup>5</sup> These studies, however, understated the importance of other factors, such as the composition or pattern of growth, which has an impact on demand for workers. A simple shift-share analysis of the youth-to-adult employment ratio found that it fell by 2.9 percentage points in the period just before and just after the 2008–09 crisis (table 2). The shift-share analysis deconstructed this variation into two components: one linked to changes within each economic sector and the second related to the redistribution of employment across sectors. Most of this reduction is explained by the changes within each sector (consistent with the overall fall in youth labour demand). But the redistribution of

employment had influence, especially the sharp reduction in the agriculture sector, which was not offset by increases in other sectors (so the net effect was still negative). Premature de-industrialization in many developing countries has contributed to a slow structural transformation and a declining trend towards job creation in manufacturing and the more productive services (see Dasgupta, Kim and Pinedo 2019).

Technology has changed and will continue changing labour markets. According to the International Telecommunications Union,<sup>6</sup> the number of mobile phone subscriptions reached nearly 100 per 100 habitants worldwide in 2016. The percentage of people using the internet increased from 15 per cent in 2005 to 47 per cent in 2016 (figure 3). Studies now highlight the expansion of automation. In 2015, there were nearly six new robots in the world per 1,000 workers, while in 2003 it was fewer than two.<sup>7</sup> The trends in the robot-to-worker ratio are rapidly increasing in the world, although with great geographical differences.

5 Kapsos (2005), for example, correlated low elasticity with a diverse set of variables. He concluded that there are reasons to believe that changes in youth employment may not be as linked with total output as changes in output among the overall population or among adults.

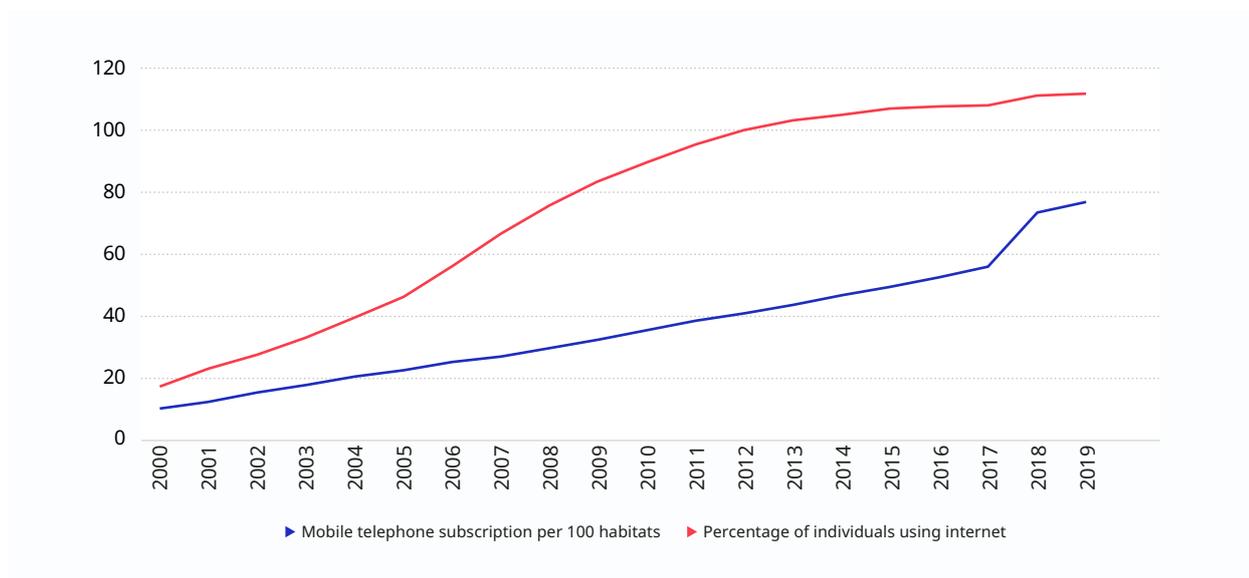
6 See [www.itu.int](http://www.itu.int).

7 The number of robots comes from <https://ifr.org/free-downloads/>, accessed July 2018; that number was divided by the number of workers in the world according to ILOSTAT, <https://ilostat ilo.org/>, accessed July 2018.

► **Table 2. Shift-share analysis of the youth-to-adult employment rate, (circa) 2005–2015 (%)**

	Youth-to-total employment rate		Composition of total employment		Decomposition of change		
	Pre- crisis	Post- crisis	Pre- crisis	Post-crisis	Within sector	Change of structure	Sum
Agriculture, forestry and fishing	27.8	23.2	35.5	26.5	-1.2	-2.5	-3.7
Manufacturing, mining, electricity	32.1	30.3	15.8	16.0	-0.3	0.1	-0.2
Construction	31.7	27.5	5.8	7.3	-0.3	0.5	0.2
Transport, storage and communication	27.1	25.7	5.1	6.7	-0.1	0.4	0.4
Trade, hotels and restaurants	33.1	29.6	14.8	17.0	-0.6	0.8	0.1
Financial intermediation	24.3	26.5	1.4	1.8	0.0	0.1	0.1
Real state, business activities	25.8	23.9	4.5	6.7	-0.1	0.6	0.4
Public administration	15.3	15.8	4.1	4.6	0.0	0.1	0.1
Education	21.0	20.6	4.4	5.0	0.0	0.1	0.1
Health	22.3	21.6	3.4	4.2	0.0	0.2	0.2
Other services	30.8	26.4	5.3	4.3	-0.2	-0.3	-0.5
<b>Total</b>	<b>28.5</b>	<b>25.6</b>	<b>100.0</b>	<b>100.0</b>	<b>-2.9</b>	<b>-0.1</b>	<b>-2.9</b>

**Source:** Authors' calculations based on Dasgupta, Kee and Pinedo 2019.

► **Figure 3. Access to information and communication technologies, 2000–2019**

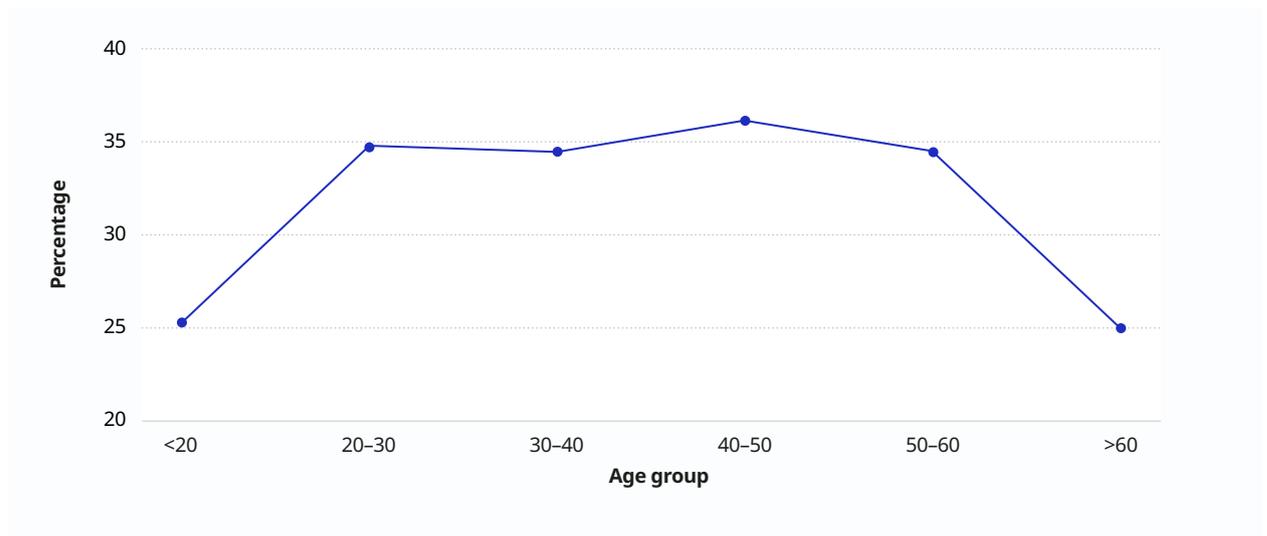
**Note:** Due to data availability, no African countries are represented in this graph.

**Source:** International Trade Union, [www.itu.int](http://www.itu.int), accessed December 2020.

An increasing number of studies and institutions are examining the impact of technology on the level of employment and the way the labour market functions. Youth will be disproportionately affected

by these changes. They are already more prevalent in platform work, for example. And the risk of automation is greater for the youth than for any other previous generation (ILO 2020).

► Figure 4. Proportion of people worried about losing their job, by age, 2015 (%)



**Source:** ILO calculation based on GESIS, ZA6770: International Social Survey Programme: Work orientations IV-ISSP 2015, [www.gesis.org/issp/home](http://www.gesis.org/issp/home), accessed December 2018.

Interestingly, according to International Social Survey Programme data (figure 4), the youth below 20 years old generally do not seem to be too concerned about losing their jobs, with the proportion of those worried at around 25 per cent, although after age 20, the proportion rises to 35 per cent. It only decreases after age 60. This perspective is mixed when it comes to automation. The ILO (2017b) found that youth in some developed countries are more worried than youth in developing countries. The differences in perceptions indicate that young people can accept that their current labour or education situation may not be the best, but they have the same aspirations for the future as all other generations: a good-quality job with social protection.

The absence of long-running labour and personal perspectives for the youth is an increasing concern in many countries. Full and productive employment policies for the youth should aim to ensure the best trajectory possible for them, which will favour ascending mobility processes and thus reduce poverty in a sustained way.

## Transitions of young people need greater support

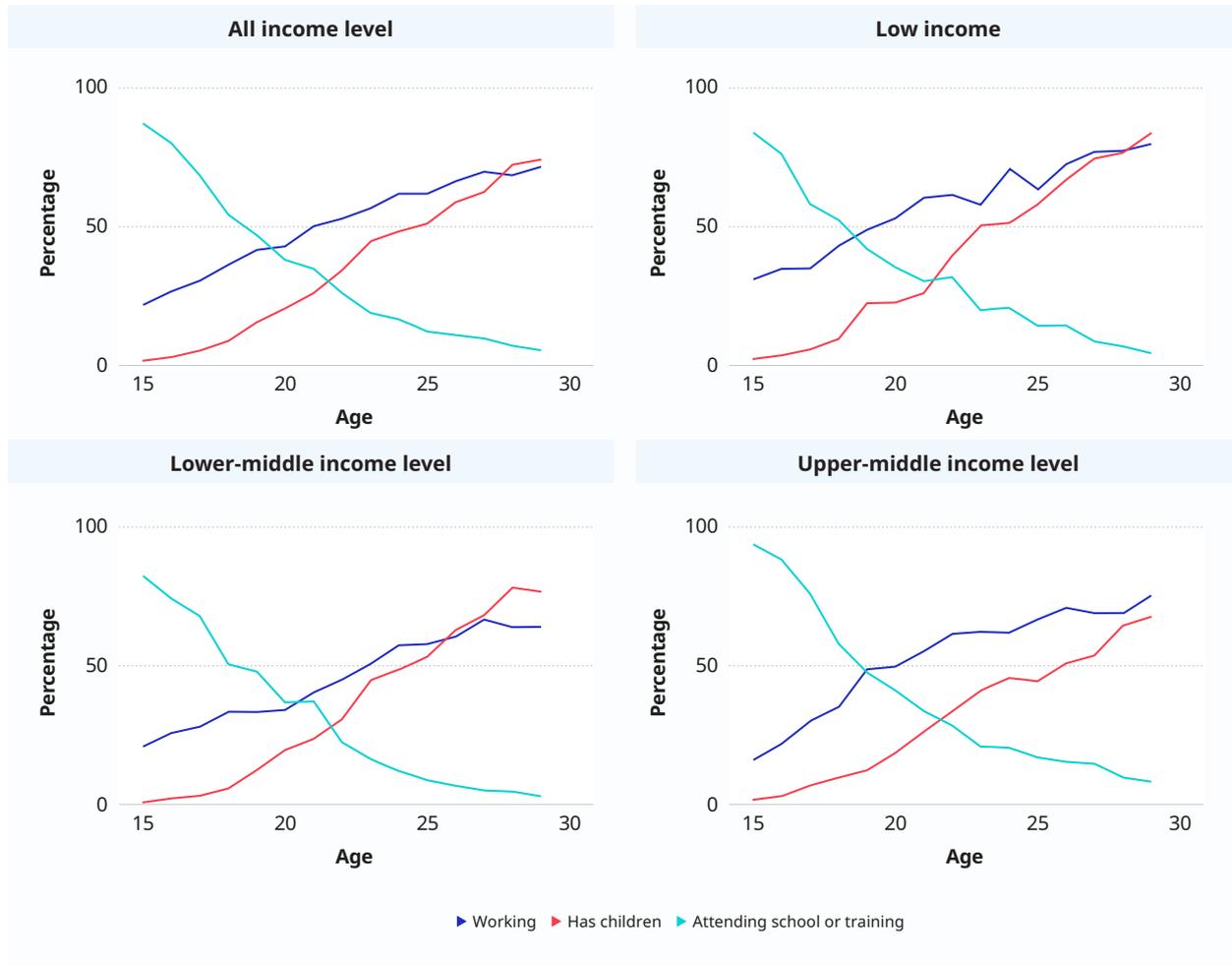
The many transformations already being studied and the many not yet foreseen will generate opportunities but also risks and inequalities for young people.

All young generations go through tremendous personal changes and transformations as they hurtle into adulthood, usually referred to as the “youth transition” (Chacaltana, Elder and Lee, 2020). Perhaps the most important transformation for youth relates to reproduction (having children). It is this stage in life when most young people move from being children to being parents. But it varies. Some young people, have children very early, during their teens (aged 15–19).

Almost 50 per cent of the total population aged 25 has a child and that percentage increases to almost 75 per cent at age 29 (figure 5). These percentages grow more rapidly among young women, underscoring that this transition affects them more than young men. The main problem arises when this transition is not planned, which introduces many risks for labour trajectories. One of these risks is abandoning school (World Bank 2008) or becoming discouraged to work, which leads to inactivity, often moving into the not in employment, education or training status.

Then there is the educational, or the school-to-skills, transition. At age 15, all young people should be

► Figure 5. Primary transitions of young people aged 15–29, by age (%)



**Note:** Data with missing values on the status were excluded.

**Source:** Authors' calculations based on findings from the ILO school-to-work transition surveys, conducted between 2012 and the end of 2015 (the latter year is used in countries with two rounds of the survey).

studying (basic education), although in practice this is not the case.<sup>8</sup> Of the young people who finish basic education, some leave school and enter the labour market typically in a low-skill job. Other young people start their transition into post-secondary (vocational, technical or university) education, where they should then acquire the skills needed in the labour market.

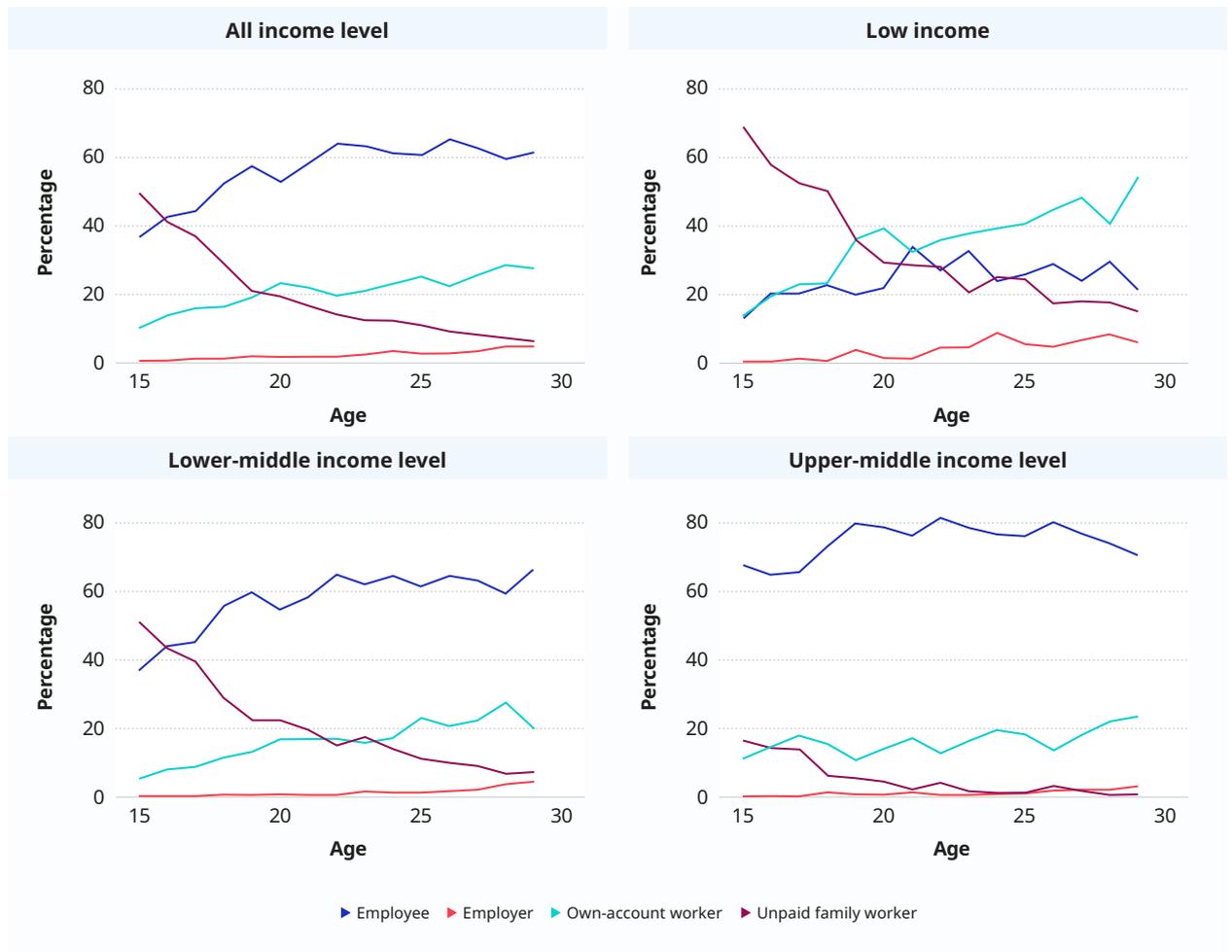
Individuals who go through this educational transition start to encounter different sorts of challenges. What do I study? they typically ask themselves. According to the literature, many young people make their career choice based on personal preference alone, without taking into account the

labour market situation. This often leads to skills mismatch. Mismatches generate the paradox that while there are many employers with the perception that they cannot fill their vacancies, there are many qualified people looking for jobs who do not have the qualifications that are demanded.

Another question young people ponder: Where do I study? Even if they choose a career that is in high demand, they need to find an institution that they can trust will give them quality education or training. Many studies emphasize that quality education, one that includes practical experience, values and core labour skills that employers look for, is not easily available. In some cases, an increase of

<sup>8</sup> In Latin America, for example, some 20 per cent of young people are out of the education system for many reasons, among them, the need to work.

► Figure 6. Status of young people (aged 15–29) in employment, by age (%)



**Note:** The less frequent employment statuses (member of cooperative, other) are not depicted.

**Source:** Authors' calculations based on findings from the ILO school-to-work transition surveys, conducted between 2012 and the end of 2015 (the latter year is used in countries with two rounds of surveys).

tertiary education rates has been accompanied by a reduction in their quality.

Then there is the school-to-work transition. Around 20 per cent of all young people in the ILO school-to-work surveys began working at age 15. They probably started before, as working children. This proportion increased to about 60 per cent at age 25 and then to nearly 70 per cent at age 29. This transition is crucial because the first job experiences or the age for having a first job can heavily influence the labour trajectory, on a varying degree depending on the region or country.

According to recent ILO analysis of the school-to-work survey findings:<sup>9</sup>

- Most young people start their labour trajectories working for somebody else as employees.
- Adolescent workers (aged 15–17) mainly start as unpaid family workers.
- In many cases, the first experiences are precarious, mostly in informal employment.
- The percentage of youth working as employees increase until the age of 23, when it stagnates more or less at around 60 per cent.

9 For a list of publications using the school-to-work transition surveys, see [www.ilo.org/employment/areas/youth-employment/work-for-youth/publications/lang-en/index.htm](http://www.ilo.org/employment/areas/youth-employment/work-for-youth/publications/lang-en/index.htm).

- The entrepreneurship profile increases with age for persons who become own-account workers, but less for those who become employers (except for low-income countries) (figure 6). Although many young people would like to have their own business, the process is not simple, and not all of persons who would like to start a business actually do so. Many youth businesses do not last long.

Once in the labour market, the first experience for most young people is sometimes an informal job or working for others (in some cases, as unpaid family workers). The transition to formality is large and complex. Recent research indicates that there is an inverse-U shaped age-formality profile, which means that formalization policies could have a lifetime approach, and specific measures in the youth ages could have significant impacts in their lifetime trajectories. A similar difficult path opens also for those youths who, after a while and having accumulated labour market and occupational experience, want to become entrepreneurs. Here they have to face the enormous challenges that exist in the culture of entrepreneurship or in the process of turning promising ideas in real life businesses, especially for young persons with little or no business experience, credit history or collateral.

All the transitions take place in a short period. But young people do not always have access to enough information, advice, counselling or resources to make sound decisions. For some of them, these transitions empower their skills, creativity and talent and prepare them for the lifetime ahead, granting them easier access to decent work trajectories. For others, unfortunately, this does not occur. In particular, these transitions may involve risks for the most vulnerable youth because they start to encounter unemployment or even exclusion, such as young people not employed or in education or training. Because these transitions have enormous consequences over the life course and influence life trajectories, they should be taken into account when drafting youth employment policies.

## This book talks about today and the future

Youth labour markets have evolved rapidly over the past two decades. New technologies have changed the nature of labour markets for all persons, but particularly for young workers. At the same time, more young people are better educated than ever before. While new technologies require better education, the job market for young workers is not promising. As the relationship between labour, capital and skills changes, the number of workers needed to create per unit of output declines, leaving young people searching for employment despite being better educated. A major deficit of youth employment policies has been the lack of coherence between those that prepare young people for the labour market and those that create opportunities for young people to use their education and skills. The latter has fallen far short. Furthermore, during a crisis, youth are the first to lose work and often the last to be hired because they lack experience. Crisis after crisis has hit the youth hard. Yet, unless we are able to create the jobs that they can aspire towards, we will not be realizing the potential dynamism of our young population. While youth employment is in crisis everywhere, it is particularly the case in Africa, where the youth labour force is growing while job opportunities in an evolving labour market are scarce.

The book is organized in three parts. Beyond this introductory chapter, the second part consists of nine thematic chapters, covering gender realities, the gig economy, regulations, education and training, entrepreneurship, formal employment, rural employment, crisis and fragility and green jobs. Given the particularly huge policy challenge in Africa, the book dedicates one chapter on rural employment in the African context. The third part looks forward in terms of youth employment measures, youth aspirations and a final reflection on youth and the future.

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# ▶ Part 2

Thematic areas

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## ► Young and female – A double strike?

Sara Elder and Sriani Ameratunga Kring<sup>10</sup>

### ►► After many years of expounding the importance of gender equality ... we are still reporting on gender inequality in the world of work.

Achieving gender equality and women's empowerment remain two of the most pressing challenges for inclusive economic growth and sustainable development. Over recent years, a wealth of studies and research has amplified that enhancing gender equality, particularly through increased levels of female education, is beneficial to individual women in terms of greater decision-making power and autonomy in the household, reduced fertility and higher household income while also contributing (by a more circuitous path) to wider development goals. One example of such links is the transmission of gains in educational access and higher income for women into the greater nutritional and educational status of their children. Research has also shown that such links are less likely when the additional income gains go to men (Gakidou et al. 2010).<sup>11</sup>

There is no dearth of evidence on how gender equality boosts productivity and economic growth primarily through more effective use of the full array of human productive potential of men and women. The "smart economics" position sees equality in instrumentalist terms: as a means to achieve other goals, including poverty eradication.<sup>12</sup> Aguirre et al. (2012) claimed that raising female employment to male levels would have direct impact on gross domestic product, increasing it by 34 per cent

in Egypt, 12 per cent in the United Arab Emirates, 10 per cent in South Africa and 9 per cent in Japan. From a sector perspective, the historical experience of the industrialization process underscores the importance of female labour. The East Asian tiger economies benefited greatly from female-dominated manufacturing in the export sector. The Food and Agriculture Organization of the United Nations (2011) estimated that agricultural output in developing countries would increase by 2.5–4 per cent if female farmers had the same access as men to productive resources, such as land and fertilizers.

While the economic benefits of gender equality are abundantly clear, what remains less clear are the modalities of the inverse relationship. Unfortunately, economic growth on its own cannot increase gender equality. Some critics of the smart economics thesis, such as Seguino (2000), argue that economic growth actually benefits from gender inequality, particularly in terms of occupational segregation and wage gaps.<sup>13</sup>

This discussion looks at gender equality from the perspective of the youth cohort aged 15–29. The data drawn from the findings of the International Labour Organization's (ILO) school-to-work transition survey conducted at some time between 2012 and the end of 2015 in 32 developing countries<sup>14</sup> as

10 This chapter draws from S. Elder and S. Kring, *Young and Female – A Double Strike? Gender Analysis of School-to-Work Transition Surveys in 32 Developing Economies*, Work4Youth Publication Series No. 32 (ILO 2016). Figures associated with the global and regional aggregates are updated from the time of the report's publication.

11 Using data from 1970–2009 from 219 countries, Gakidou et al. (2010) found that for every additional year of education for women of reproductive age, child mortality decreased by 9.5 per cent. Similarly, evidence from a range of countries, including Bangladesh, Brazil, China, India, South Africa and the United Kingdom, shows that where women have more control over household income, either through earnings or through cash transfers, children primarily benefit in terms of nutrition and schooling (Gonzales et al. 2015; Heath and Mobarak 2014; World Bank 2014).

12 See, for example, Gonzales et al. 2015; Elborgh-Woytek et al. 2013; and Revenga and Shetty 2012. Making the business case for gender equality can be particularly helpful as an advocacy tool in contexts in which policymakers may be less convinced by a rights-based approach or believe that gender equality is a luxury only available to high-income countries.

13 See also Kabeer and Natalie 2013 and Duflo 2012. Both reports show evidence of a positive correlation between increased gender equality, especially in education and employment status, and economic growth but less consistent evidence to support an inverse causality – that of economic growth leading to gender equality.

14 At the time of analysis, data were available for only 32 of the final 34 countries and territories in the database.

well as the ILO Trends Econometric Model<sup>15</sup> indicate that being young and female can be a double strike for such workers seeking productive employment.

With more young people going to school and staying in education for longer periods, there is a long-term trend of decreasing labour force participation rate for both sexes. Yet, the labour force participation rate of young men remained 16 percentage points higher than that of young women in 2017. Parenthood exacerbates the gaps, pushing young men into employment and young women out of employment. Gender gaps also remain evident in the unemployment rates, the informality rates and the levels of labour underutilization. The underlying causes of young women's weaker employment outcomes are many but certainly include early marriage, the gender roles that ascribe greater unpaid work burdens for females, limited access to productive resources and persistent job segregation.

After many years of expounding the importance of gender equality and gathering evidence on its social and economic gains and after more than 20 years since the adoption of a global platform for action on gender equality and women's employment (the Beijing Platform), we are still reporting on gender inequality in the world of work. And this is the situation despite the widespread proliferation of "gender mainstreaming" policies, despite the setting of gender-specific targets on nearly every youth employment policy and programme initiative of international organizations, governments, civil society and social partners and despite the progress made on educating young women around the world.

The increased investment in female education will not bring about the productive transformation of economies if educated young women are unable to find work. In the very regions where gender gaps in the youth labour force participation rate remain among the highest – Latin America and the Caribbean, the Arab States and Northern Africa – the share of young women with a tertiary degree now outnumbers that of men. Education certainly helps in terms of longer-term labour market prospects, and the data show that young women with higher levels of education are more likely to attain stable employment and receive higher wages than those without education. But education alone is

not enough to create the circumstances of gender equality in the labour market. The lingering gender gaps and exclusion of many young women from opportunities to empower themselves and their families should raise "red flags" at a time when the international community has pledged to support efforts towards the 2030 Agenda for Sustainable Development and its Goal 5 to "achieve gender equality and empower all women and girls" and Goal 8 to "promote inclusive and sustainable economic growth, employment and decent work for all".

In the face of limited progress over the past several decades, how exactly should we go about "achieving full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value", as specified in Sustainable Development Goal target 8.5? A first step requires granting young women and men the possibility to make choices about their labour market entry. Some young women will choose to work while others will choose to stay at home. The same for young men. Some young women will choose to work part-time or engage in temporary work while others will hold out for full-time permanent employment. The same for men. The important thing is that both women and men are accorded the same degree of freedom and equality of opportunity to choose their respective labour market path.<sup>16</sup>

## Main data findings on female youth

***The roles of young women beyond the household remain limited to a much greater extent than for young men.***

► For youth, declining labour force participation rates among males in all regions and mixed regional trends among females resulted in decreased gender gaps in all regions but Central and South-Eastern Europe (non-European Union) and the Commonwealth of Independent States and South-Eastern Asia and the Pacific. Nevertheless, the size of the gap remained excessively large – above 20 percentage points – in the Arab States, Northern Africa and Southern Asia.

15 The methodology for estimations in the ILO Trends Econometric Model is summarized in ILO 2010b. The age definition for youth used in the model is 15–24, while it is 15–29 in the school-to-work transition survey findings.

16 Even though this discussion is on the constraints that young women experience, it does not underestimate the serious challenges that young men experience. Rather, the issues here highlight that while youth can be a marginalized identity in the labour market, young women face specific supply and demand determinants that generate even worse youth employment outcomes. Identifying these determinants through analysis of the rich data generated by the school-to-work transition surveys can help to differentiate between the situations of both sexes and thus potentially facilitate more effective policy development.

- More than three quarters (76 per cent) of inactive, non-student youth were female.
- The gender gap in labour underutilization of youth existed in all regions but was largest in the five countries of the Arab States and Northern Africa, where 49.3 per cent of the female youth population remained underutilized (as unemployed, in irregular work or as inactive non-students), compared with 32 per cent of the male youth population.
- Having children was a push factor towards employment for young men but had the opposite impact for young women. Fewer than one in two (45.9 per cent) young mothers worked, compared with more than four in five (83.6 per cent) young fathers.
- Overall, the female youth neither in employment nor in education or training among the countries conducting a school-to-work transition survey was double that of young males, at 29.7 per cent and 15.1 per cent, respectively.
- Across regions, the female rate for not in employment, education or training ranged from 22.5 per cent in the school-to-work transition survey countries of sub-Saharan Africa to 42.5 per cent in the Arab States and Northern African region.

***The struggle for universal basic education continues, with young women still more likely to be excluded.***

- Of the 32 school-to-work transition survey countries and territories, 5.6 per cent of young women and 3.3 per cent of young men never attended school; 23.7 per cent of young women and 22.3 per cent of young men left school before completion.
- The likelihood of exclusion from education continued to be most problematic among young women in sub-Saharan Africa, where one half (49.8 per cent) of the female youth population had either no education or limited education.
- Early marriage and motherhood remained stubborn impediments to female access to education and labour market participation in many developing countries. The proportion of female adolescents (aged 15–19) who were already mothers was especially large among countries in the Arab States and Northern Africa (at 37.8 per cent on average) and sub-Saharan Africa (at 15.9 per cent on average).

***Gender gaps continue in the job search and in the quality of jobs attained.***

- Among the low-income countries in the school-to-work transition survey findings, the gender gap (female–male) in the youth unemployment rate among university graduates was 12 percentage points, compared with 3 percentage points for youth with only a primary school education.
- Sales work and agricultural occupations (subsistence farming and market-oriented farming) accounted for the largest shares of both young male and female workers in the school-to-work transition survey countries.
- The third- and fourth-ranked occupations for young female workers in the school-to-work transition survey countries were teaching (at 7.5 per cent) and personal care work (at 6.8 per cent); for young men, top occupations were agricultural labourer (at 7.1 per cent) and building and related trades worker (at 6.9 per cent).
- The gender wage gap (male–female) was evident in all the school-to-work transition survey countries (at between 1 per cent and 35.8 per cent) and within all occupations.

***The labour market transitions of young women are less certain than for young men.***

- In the 25–29 age group, when a young person would be most expected to have completed their labour market transition, a young man was 1.9 times more likely to have completed his labour market transition than a young woman.
- A university-educated young woman was 1.9 times more likely to complete the labour market transition than a less-educated (with only a primary school achievement) woman.
- It took an average of 7.8 months for young women to attain their first job after completing their education. Young men transitioned quicker, at an average duration of 6.9 months.
- For youth who changed jobs after their first one, the full duration of transition from school to current stable and/or satisfactory job was extremely long; the average time for young women between first and current “transitioned” job was 34.9 months, compared with 37.3 months for young men.

***Too many young women move directly into inactivity (outside of education) and remain there.***

- One third (32.7 per cent) of inactive non-student females had no work experience prior to their inactivity, compared with 18.1 per cent of

inactive non-student males. With a few exceptions, the majority of countries showed that young women who dropped out of the labour market continued in their inactivity.

**For both sexes, job quality matters.**

▶ As many as 45.8 per cent of the young female workers (with a 25 per cent country average) and 48.4 per cent of young male workers expressed a desire to change their job. And there was little gender difference in terms of the main reasons for wanting to change.

▶ The most frequently cited reason by both sexes for wanting to change jobs was to find a higher wage. The second top reason was the temporary nature of the job, followed by “to find better working conditions” and “to make better use of one’s qualifications”.

The school-to-work transition survey findings indicate the degree of marginalization by region (see the following box).

### Regional summaries of selected decent work indicators for young women

#### Asia and the Pacific

- ▶ Nearly six in ten female workers were in vulnerable employment (40 per cent of them were in contributing family work).
- ▶ As much as 91 per cent of female workers were in informal employment.
- ▶ Only one in three paid female workers had a contract duration greater than 12 months.
- ▶ Around 40 per cent of female workers were employed in agriculture, 24 per cent in industry and 35 per cent in services.
- ▶ 8 per cent of female workers were in involuntary part-time work.

#### Eastern Europe and Central Asia

- ▶ Most female workers were in paid employment; only 7 per cent in own-account work and 12 per cent in contributing family work.
- ▶ Informal employment rates among female workers were 49 per cent (61 per cent in rural areas).
- ▶ Three in four paid female workers had a contract duration longer than 12 months.
- ▶ Around 70 per cent of female workers were in services, 15 per cent in agriculture and 14 per cent in industry. Even in rural areas, only one third worked in agriculture.
- ▶ 7 per cent of female workers were in involuntary part-time work.

#### Latin America and the Caribbean

- ▶ Most female workers were in paid employment (at 68 per cent); 19 per cent were in own-account work and 12 per cent in contributing family work (with little difference between female and male shares by status).
- ▶ Around 80 per cent of female workers were in informal employment.
- ▶ One in two paid workers had a contract duration of greater than 12 months.
- ▶ Female work was more strongly services based (at 81 per cent) than male work (at 53 per cent in services).
- ▶ 16 per cent of female workers were in involuntary part-time work.

#### Sub-Saharan Africa

- ▶ Nearly eight in ten female workers were in vulnerable employment.
- ▶ Around 93 per cent of female workers were in informal employment.
- ▶ Only 11 per cent of paid workers had a contract duration longer than 12 months.
- ▶ Most females worked in services (49 per cent), but agriculture was not far behind, at 42 per cent; only 9 per cent worked in industry.
- ▶ 17 per cent of female workers were in involuntary part-time work.

**Note:** All statistics refer to youth.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey findings.

### Additional notes on data sources

Some countries conducted the school-to-work transition survey twice. National, thematic and regional reports summarizing the survey results as well as the data (raw and tabulated) are available on the ILO website.<sup>17</sup> Two rounds of survey data were analysed where possible.<sup>18</sup> In some countries, such as Egypt (2012), there were larger shares of young men in the (unweighted) sample than young women; in others there were larger shares of young women. In most of the countries, the school-to-work transition survey was conducted by the national statistical office. Only in Brazil, Nepal, the United Republic of Tanzania, Ukraine and Zambia did a private institution conduct the survey. The average sample size was 3,531 persons, with the smallest (1,158 youths) in the Republic of Moldova (in 2013) and the largest (9,197 youths) in Bangladesh (in 2013). National weights were applied in all countries except Madagascar (in 2013), where only structural weights were available (see Annex II of Elder and Kring 2016 for more details on survey partners and sample sizes).

## Labour market trends of young women and the challenges they continue to endure

### Participation of young women in the labour market

The ILO (2010a) reported a “sort of inevitability about women’s increasing engagement in labour markets”, whereby countries and regions with female participation rates that were initially below the world median showed gradually increasing participation levels. In some countries in which female labour force participation was higher than the median in 1980, probably due to the prevalence of poverty in the country and the necessity of working for survival, the rates showed a long-term decline. This result means that, over time, there has been both a general increase in female economic participation overall and a shrinking of the gap between countries with low levels and countries with high levels of participation.

The data in the 2010 report were for the total working-age population (aged 15 and older) over a 28-year period. It is thus important to qualify the long-term trend by noting that increased female participation inevitably slows down over time and also to acknowledge that the age group under consideration matters. There are two diverging dynamics at play, which are hidden in the aggregate picture: one, an increase in female participation in education, which puts downward pressure on the labour force participation rate of young women, and, two, a likely increase in female labour force participation of adult females as they exit education.

The balance of labour force participation rates changed from 1991 to 2017 between the two age groups – youth aged 15–24 and adults aged 25 and older – and between the sexes (figure 1). While all regions but Latin America and the Caribbean experienced a significant decrease in the female labour force participation rate among youth (from 2 to 10.1 percentage points), with one exception (Southern Asia), the female rate among adults increased (from 1.3 to 13.7 percentage points). Declining trends in the male rate were both stronger and more universal in comparison to those of women, regardless of the age group.

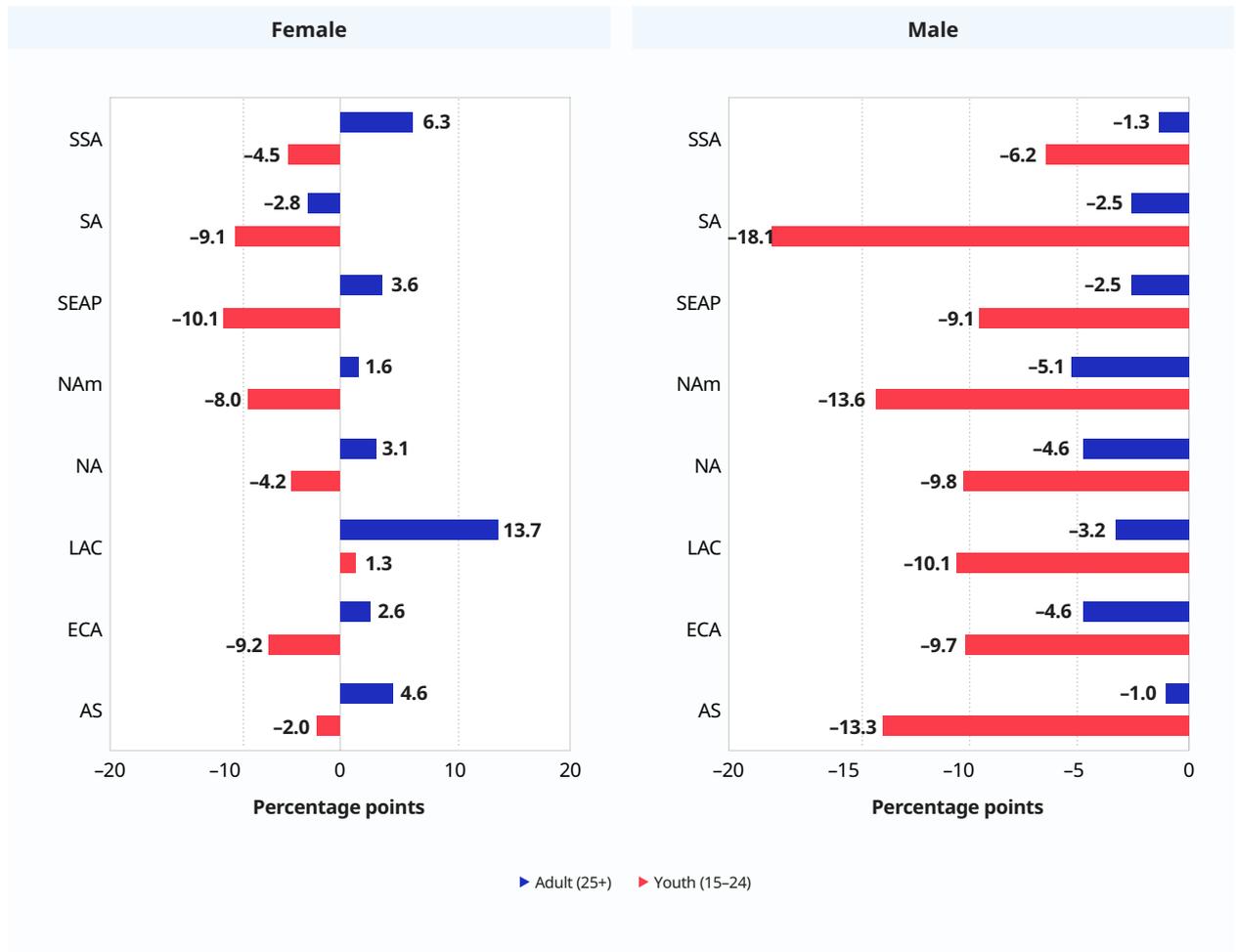
For youth, declining rates among males and mixed trends among females resulted in declines in the gender gap in the youth labour force participation rate in all regions except South-Eastern Asia and the Pacific. Nevertheless, the size of the gap remained excessively large – at more than 20 percentage points – in Northern Africa, Southern Asia and the Arab States (figure 2). In these regions, cultural restrictions placed on young women and prevailing gender norms continued to hinder opportunities for them to combine work and family life. Gender gaps in labour force participation rates were significantly smaller among the youth cohort than for older adults, reflecting the influence that participation in education and child-bearing can bring to the indicator among the respective age cohorts.

This short analysis of trends in labour force participation demonstrates that a nuanced and gendered view is necessary for understanding labour market dynamics. The determinants of participation vary according to sex and age. Other socio-economic characteristics also influence the labour force participation rates of youth, including geography,

<sup>17</sup> See the ILO Work4Youth website, [www.ilo.org/w4y](http://www.ilo.org/w4y).

<sup>18</sup> Second round data sets were not yet available in Jamaica, Madagascar, Occupied Palestinian Territory, Ukraine and Viet Nam at the time of writing the 2016 report. For the list of countries and which survey rounds were used for this analysis, see box 2 of Elder and Kring 2016.

► **Figure 1. Change in female and male labour force participation rates from 1991 to 2017, youth (aged 15–24) and adults (aged 25 and older), by region**



**Note:** SSA = sub-Saharan Africa; SA = Southern Asia; SEAP = South-Eastern Asia and the Pacific; NAm = Northern America; NA = Northern Africa; LAC = Latin America and the Caribbean; ECA = Europe and Central Asia; AS = Arab States. Eastern Asia is not shown due to some anomalies in the data for China.

**Source:** Authors' calculations based on ILOSTAT database, <https://ilostat.ilo.org/> and ILO modelled estimates, accessed July 2017.

education level, health, culture and household wealth. While the analysis here centres on the sex and age variables, other factors were considered, such as the fact that not all young men and women aspire to labour market participation or place primary importance on their future working life.

The school-to-work transition surveys generated limited information regarding the motivation of young people, with a question on “main goal in life”. The results offer interesting insight into the mentality of the young respondents in the survey countries. In general terms, the young women seemed to be slightly less economically motivated than the young men; 27.1 per cent of young women and 32.2 per cent of young men (with a country average

of 22 per cent) said they would like to be successful in work, and 12.4 per cent of young women would like to have lots of money, compared with 21.7 per cent of young men. In contrast, the young women in all regions were more likely than young men to aim for a good family life as their primary life goal. One other question in the survey asked about their future economic participation intention after completion of their education. The portion of students who stated they did not want to work in the future was small, at 1 per cent of the female students and 0.3 per cent of the male students.

Trends in the youth employment-to-population ratio closely followed those of the labour force participation rate (the employed are the dominant

► **Figure 2. Gender gaps (male–female) in the youth labour force participation rates, by region, 1991 and 2017**



**Note:** SSA = sub-Saharan Africa; SA = Southern Asia; SEAP = South-Eastern Asia and the Pacific; NAm = Northern America; NA = Northern Africa; LAC = Latin America and the Caribbean; ECA = Europe and Central Asia; AS = Arab States. Eastern Asia is not shown due to some anomalies in the data for China. pp = percentage point.

**Source:** Authors' calculations based on ILOSTAT database, <https://ilostat.ilo.org/> and ILO modelled estimates, accessed July 2017.

share of the labour force). The female youth employment-to-population ratio in 2017 ranged from the extremely low 7 per cent in the Arab States to 47.1 per cent in Northern America.<sup>19</sup> The lowest rate for young men, in contrast, was 32.2 per cent in Northern Africa. It is not overly surprising to see the largest gender gaps in the youth employment-to-population ratio among the regions with the smallest female shares (the Arab States, Northern Africa and Southern Asia). In Southern Asia, the gap was as large as 29.7 percentage points in 2017, just behind the 30.4-point gap in the Arab States. While the general trend was a slight narrowing of gender gaps between 2000 and 2017 (with the largest improvements in Latin America and the Caribbean and Southern Asia), the statistics imply that a long road lies ahead in the quest for equal access to work.

Among the survey countries and territories, the female youth employment-to-population ratio ranged from 7 per cent in the Occupied Palestinian Territory to 80.1 per cent in Cambodia. The highest female rates were found among the low-income

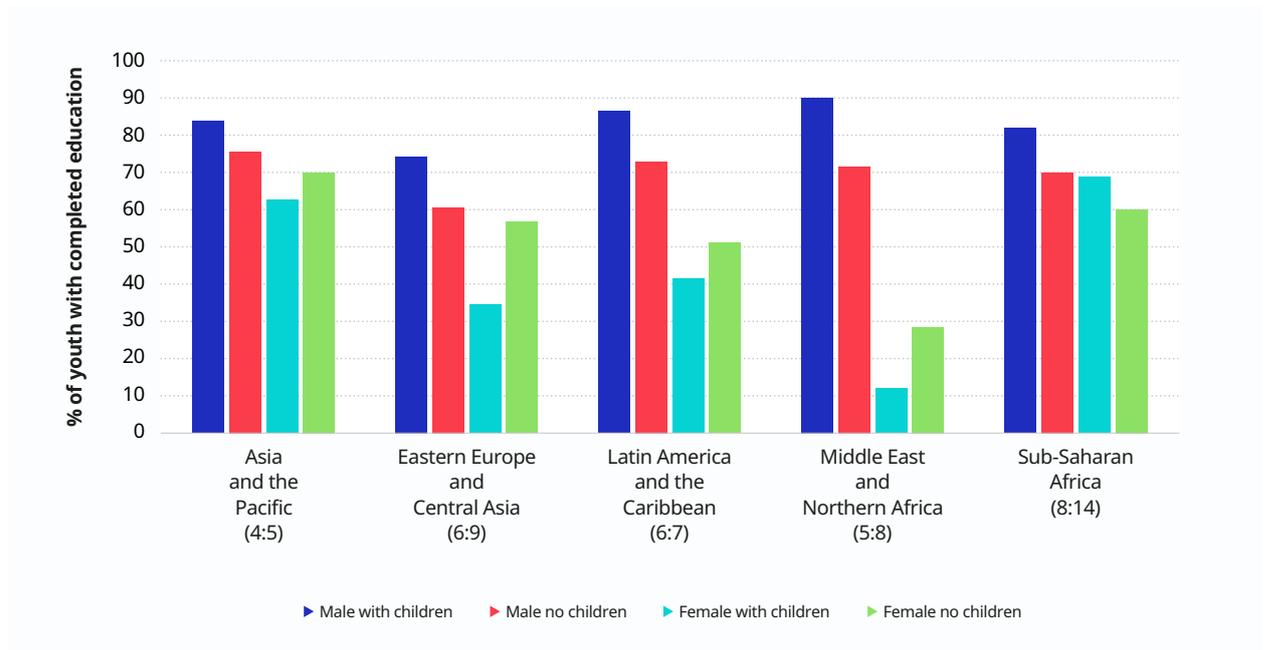
countries (Cambodia, Madagascar and Malawi), which signals the poverty-driven necessity to seek an income. Yet the income and employment links are not perfect. A low rate was found for young women in lower-middle-income Bangladesh, Egypt and the Occupied Palestinian Territory. These are areas where social norms that oppose female employment outweigh the economic urgencies of low-income households.

Having children is a push factor towards employment for young men but has the opposite impact for young women (figure 3). The employment-to-population ratio of young men (with completed education<sup>20</sup>) with children was 8–18 percentage points higher than that of young men without children across the regions. For young women, it was only in sub-Saharan Africa where parenthood positively correlated to employment (with an employment-to-population ratio of 68.7 per cent for young mothers, compared with 59.9 per cent for non-mothers). In the remaining regions, having children lowered the likelihood that a young woman would work. The mother and non-mother

<sup>19</sup> Data source is ILOSTAT database, <https://ilostat.ilo.org/> and ILO modelled estimates, accessed May 2018.

<sup>20</sup> The non-student youth population is taken as the denominator.

► **Figure 3. Employment-to-population ratio of non-student youth with and without children in 29 school-to-work transition survey countries, by sex and regional average (%)**



**Note:** The first number in the parentheses is the number of countries covered in the regional average. The second number is the number of surveys (data points) included in the regional average. Youth = aged 15–29. What is termed “Arab States” in the modelled estimates was called “Middle East” and grouped with “Northern Africa” in the survey findings. Country data are available in Elder and Krings 2016, Annex I, table A.3.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 29 countries (43 surveys in 2012–13 and/or 2014–15). For meta-information on reference periods, etc., see Annex II of Elder and Krings 2016.

gaps in the ratios were particularly high in Eastern Europe and Central Asia and the Arab States and Northern Africa.<sup>21</sup> The diverging influence that parenthood brings to employment trends means that the gender gap in the employment-to-population ratio of youth with no children is significantly smaller than that of young parents. Fewer than one in two (45.9 per cent) young mothers worked, while more than four in five (83.6 per cent) young fathers worked (with 29 per cent the country average).

### Increasing inactivity

The inverse of labour force participation is inactivity. So as the youth labour force participation rate decreases, the youth inactivity rate increases. However, for the case of youth, it makes better sense to isolate the portion of the inactive are

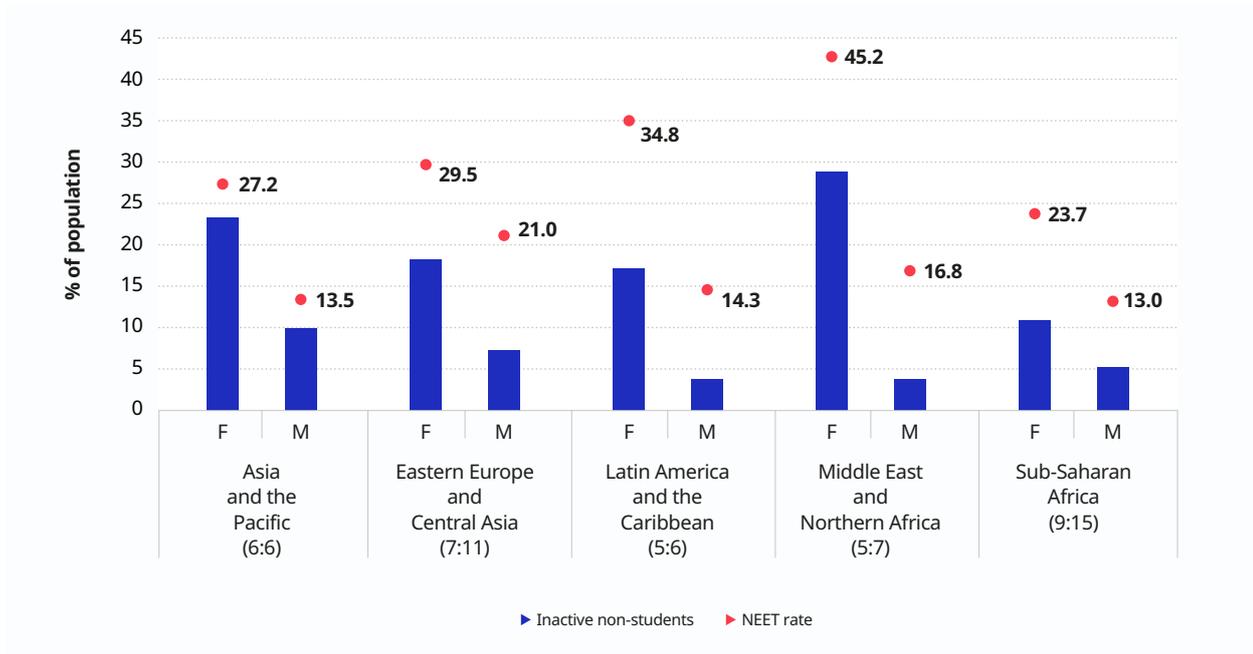
inactive for reasons other than participation in education. Youth in school can be considered to be at least potentially engaged in productive activities, and numerous school-to-work transition survey analyses have shown that investing in one’s education brings greater returns to youth in terms of job quality attained and earning potential.<sup>22</sup> Figure 4 shows only the portion of youth who were inactive for reasons other than education. Such reasons can include engagement in household duties, including childcare; injury, disability or illness that prevents labour market engagement; waiting for seasonal work; or reasons related to a sense of discouragement with the prospects of finding work.

Young women, regardless of region, were more likely to be inactive and not in school than young men; in certain regions, the share of young women falling within this category was significant (at most,

<sup>21</sup> The ILO regional groupings applied for production of regional statistics in the ILO modelled estimates vary slightly to what was used for the school-to-work transition survey analysis but only in naming. What is termed “Arab States” in the modelled estimates was called “Middle East” and grouped with “Northern Africa” in the survey findings.

<sup>22</sup> See, for example, Sparreboom and Staneva 2014.

► **Figure 4. Share of inactive non-students and youth not in employment, education or training in 31 school-to-work transition survey countries, by sex and regional average (%)**



**Note:** The first number in the parentheses is the number of countries covered in the regional average. The second number is the number of surveys (data points) included in the regional average. NEET = not in employment, education or training. Youth = aged 15–29. What is termed “Arab States” in the modelled estimates was called “Middle East” and grouped with “Northern Africa”.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 31 countries (45 surveys in 2012–13 and/or 2014–15). For meta-information on reference periods, etc., see Annex II of Elder and Kring 2016.

29 per cent of young women in the Arab States and Northern Africa). Overall for the school-to-work transition survey countries, 59 per cent of total inactive youth were female – 35 per cent in school and 24 per cent not in school. In comparison, 34 per cent of total inactive youth were male students, while young men who were inactive but out of school accounted for only 7 per cent. More than three quarters (76 per cent) of inactive, non-student youth were female, thus making inactivity a clear gender issue and one that starts from an early age; the roles of young women outside the non-household productive sphere remain limited to a much greater extent than those of young men, and it is unlikely that the picture will change much as young women move into adulthood.

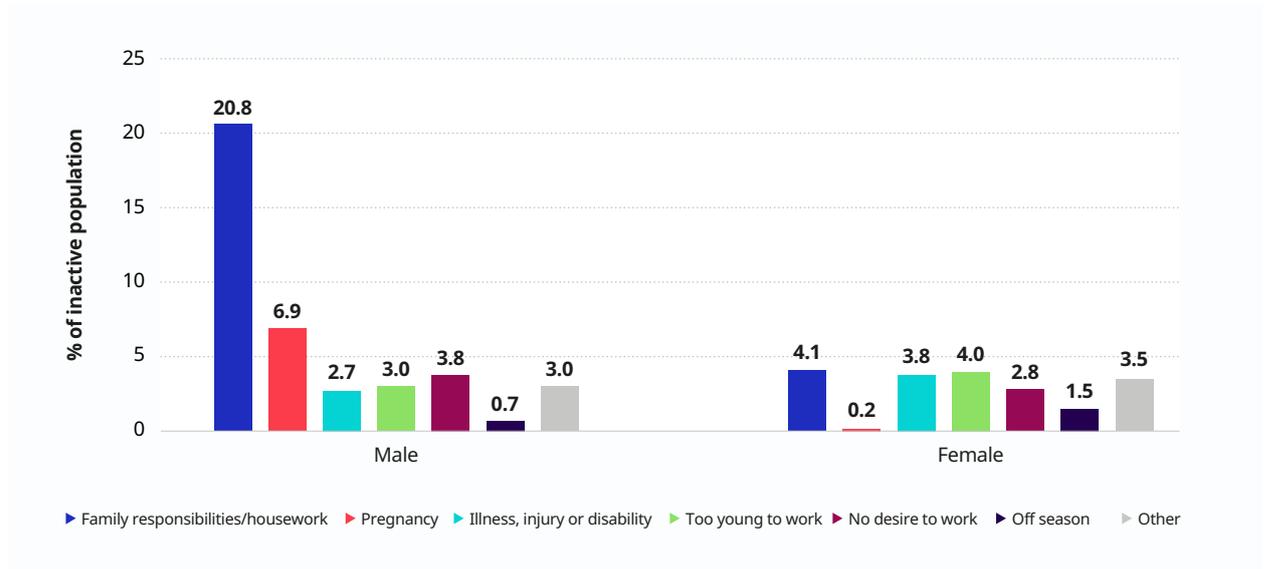
Labour underutilization can be examined by looking at youth not in employment, education or training (NEET). The concept merges two groups: inactive youth who are inactive for reasons other than edu-

cation (the inactive non-students just discussed) and youth who are without work but looking for it or who are unemployed (non-students).<sup>23</sup> The NEET indicator is increasingly used to guide responses to a broad array of vulnerabilities among youth, touching on issues of unemployment, early school leaving and labour market discouragement. It is also included under Sustainable Development Goal 8.

As an indicator for understanding disadvantages in the youth labour market by sex, the NEET rate has its weaknesses. In the school-to-work transition survey findings, there was a strongly female bias among the first component of NEET youth (inactive non-students) in most countries. In contrast, the second component (unemployed non-students), more often than not, had a male bias. For policy purposes, it is advisable to look at the two elements in isolation rather than in a merged NEET rate, whereby the specific contexts of sex and age can become blurred. Overall, the female NEET rate

23 Caution is advised in the interpretation of the indicator because it merged two categories – the unemployed with inactive non-students – that result from distinct determinants and different policy responses (Elder 2015).

▶ **Figure 5. Inactive youth in 26 school-to-work transition survey countries, by reason for inactivity and by sex (%)**



**Note:** The figure excludes the majority shares of youth who were inactive due to school attendance (at 58.1 per cent of inactive young women and 79.1 per cent of inactive young men). Youth = aged 15–29.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 26 countries (35 surveys in 2012–13 and/or 2014–15). For meta-information on reference periods, etc., see Annex II of Elder and Kring 2016.

among the school-to-work transition survey countries was double that of young males, at 29.7 per cent and 15.1 per cent, respectively (figure 4). Regionally, there was wide dispersion of female NEET rates, ranging from 22.5 per cent in the survey countries of sub-Saharan Africa to 42.5 per cent in the Arab States and Northern Africa.

Looking at the differences between NEET rates by age bands led to interesting results. For adolescents aged 15–19, a period when most youth attend school, the gender gap in the NEET rate was only 6 percentage points. For young adults aged 25–29, however, the gender gap jumped to 26 percentage points, with a female NEET rate of 42.3 per cent, compared with a male rate of 16.7 per cent. At the upper age band, the issue of youth NEET was essentially that of inactivity among young women because the element of engagement in education was hardly relevant.

Finally, the survey findings enabled deeper digging into the inactivity among young women to see why they remain outside the labour market. Beyond the most obvious reason of going to school (at 58.1 per cent for the young women), respondents reported household responsibilities (at 20.8 per cent) and pregnancy (at 6.9 per cent). Only 4.1 per cent of the

young inactive men cited family responsibilities as their reason for inactivity (figure 5).

### The challenge of finding work

Are young women at a disadvantage when it comes to finding work? The answer to this question is not as obvious as one might think. There are fewer unemployed female youth in the world than unemployed male youth: The composition of total youth unemployment in 2017 was 41.5 per cent female (26.9 million persons) and 58.5 per cent male (37.9 million persons) (table 1). In adulthood (25 and older), the female share in total unemployment increased, but only slightly, to 44 per cent of the adult total. The disproportion in unemployed numbers by sex was strongest – where unemployment comes out strongest as a primarily male domain – in the Arab States and Northern Africa. Only in sub-Saharan Africa were more young females unemployed than young males in 2017, but only slightly so.

With more unemployed young men than young women in the world, why do we talk about female disadvantages in finding work? Considering the mathematical explanation alone, the answer has

► **Table 1. Indicators of youth unemployment, by sex and region, 2017**

Region	Youth unemployed (thousands)		Female share in youth unemployment	Youth unemployment rate (%)		Female–male gap in youth unemployment rate
	Male	Female		Male	Female	
Arab States	1 340	559	29.4	19.1	36.5	17.4
Eastern Asia	5 544	3 873	41.1	11.4	9.3	-2.1
Europe and Central Asia	4 229	3 240	43.4	16.7	16.9	0.2
Latin America and the Caribbean	5 148	4 836	48.4	15.8	22.7	6.9
Northern Africa	2 195	1 303	37.2	25.3	40.3	15.0
Northern America	1 397	1 003	41.8	10.6	8.2	-2.4
South-Eastern Asia and the Pacific	3 174	2 296	42.0	9.4	9.6	0.2
Southern Asia	9 502	3 671	27.9	10.4	12.2	1.8
Sub-Saharan Africa	5 371	6 137	53.3	10.3	12.9	2.6
WORLD	37 900	26 918	41.5	12.1	13.4	1.3

**Note:** pp = percentage points. Youth = aged 15–24.

**Source:** Authors' calculations based on ILOSTAT database, <https://ilostat.ilo.org/> and ILO modelled estimates, accessed May 2018.

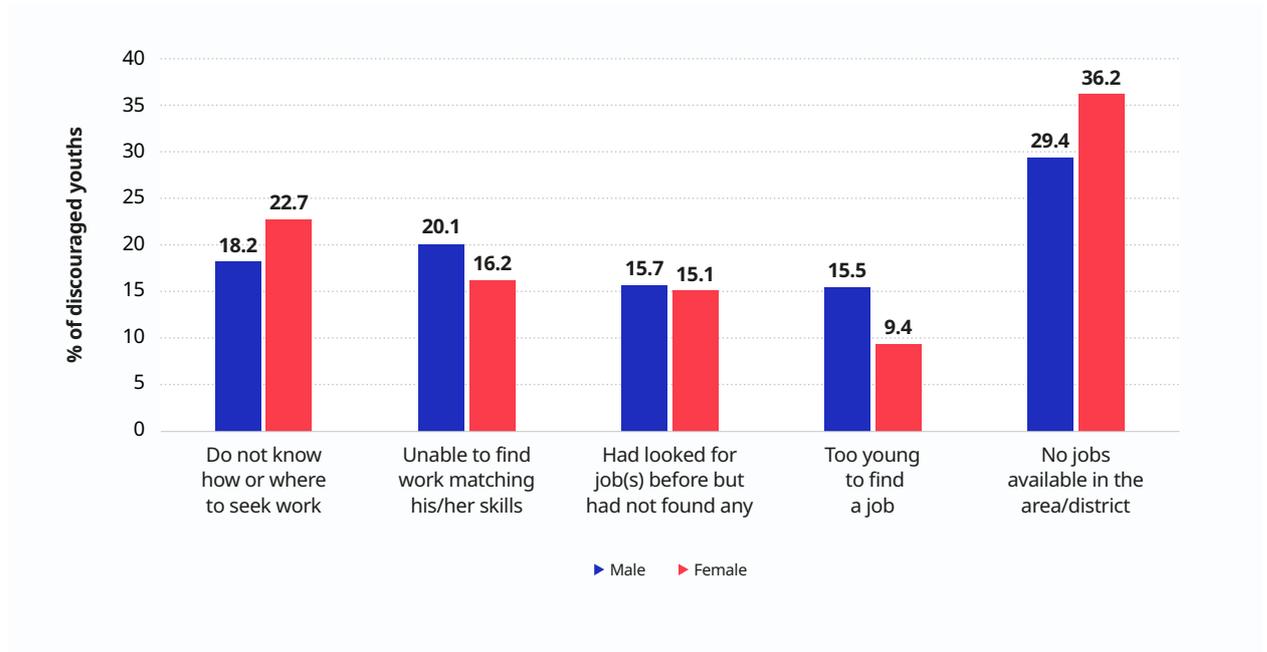
to do with the more limited scope of economic activities that are available to young women or, rather, the wider scope of non-economic activities in which young women engage (voluntarily or not). As pointed out previously, among the survey countries, a young woman was 1.5 times more likely to remain outside of the labour force than a young man. This means that young women were less frequently working or available to take up work than young men. So, not only were there fewer female unemployed youth than male youth (in most regions) but, in all regions, the size of the female youth labour force – the sum of employed youth plus unemployed youth – was smaller than that of the male youth. This is important because the labour force is the denominator of the unemployment rate. A comparatively smaller numerator divided by a significantly smaller denominator results in a comparatively higher rate.

The Arab States is a good example of this situation: The number of unemployed young women in 2017 was slightly more than two fifths that of the young men (at 600,000 and 1.3 million persons, respectively) and the female youth labour force was one fifth the size of the male labour force (at 1.5 million and 7 million persons, respectively). The resulting female youth unemployment rate in 2017 was nearly double the male rate (a gap of 17 percentage points)

(table 1). Only when looking at unemployment as a share of the labour force – as a share of the youth who are economically active – do the female disadvantages in finding work become visible. This is an important distinction because it reveals the more limited options available to female youth in many parts of the world; the (comparatively fewer) young women who do participate in the labour force experience a harder time finding work than their male counterparts. This is the case in all regions except Eastern Asia and Northern America.

The global and regional estimates presented here refer to the strict definition of unemployment, which encompasses those persons who meet the following three criteria: (i) being without work; (ii) being available to work; and (iii) actively seeking work. The “actively seeking work” criterion poses problems in certain contexts where formal jobseeking institutions (newspaper advertisements and public employment services) are weak or where work is largely seasonal and informal. In many countries, a person without work is more likely to wait for word-of-mouth informal connections to lead to occasional work than to engage in an active job search. Excluding the criterion from the calculation of the unemployed results in a measurement of “available potential jobseekers”. Another subcategory of the unemployed are those who are “unavailable job-

► **Figure 6. Discouraged youths’ reason for not seeking work in 24 school-to-work transition survey countries, by sex (%)**



**Note:** Youth = aged 15–29.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 24 countries (first round). For meta-information on reference periods, see Annex II of Elder and Kring 2016.

seekers”, meaning they meet the first two criteria of not working and seeking work but are not at that moment available to take up work. This subcategory tends to be more represented by women than men because it includes women who were unable to find alternative childcare, for example. The two groups together make up the “potential labour force”, and, depending on the country, can be a sizable portion of the population and thus underlies a much broader problem of labour underutilization (ILO 2018a, box 7).

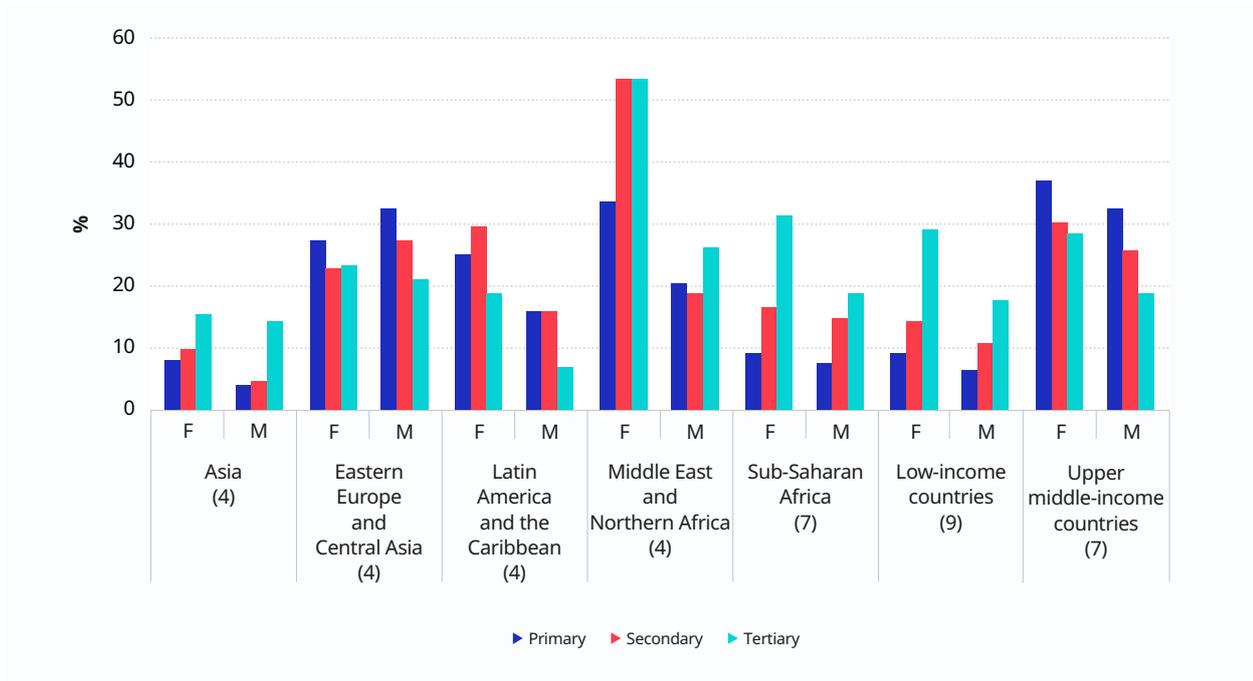
The school-to-work transition survey data were not assessed for the size of the potential labour force in each country; instead, the analysis looked at persons who were available potential jobseekers and their reason for not actively seeking work. In all but a handful of countries, young women showed a higher tendency than young men to be an “available potential jobseeker”. Many of them reported they were unable to job search due to household

responsibilities; some also expressed a feeling of being too “discouraged” to bother.<sup>24</sup> The analysis also found that young women in the majority of countries were more likely than young men to give up their job search due to discouragement.

The reasons for discouragement in labour market prospects had a gender bias. In general terms, more young women than young men were pessimistic about their chances of finding work in their area or district (although this reason represented the largest proportions among both sexes, as shown in figure 6); and more of them than young men said that they did not know how or where to look for work. Both responses imply a degree of powerlessness on the part of young women to determine their economic future. The young men, in contrast, may have felt more empowered to leave their parental or spousal household to find work and thus were slightly less inclined to cite discouragement. Rather, more young men than young

24 Discouraged workers were defined as those who are not working and who have expressed a desire to work but do not seek work for a range of reasons, implying that they felt that undertaking a job search would be a futile effort. The term is frequently used for advocacy purposes. It was presented as a growing phenomenon among youth during the global financial crisis (2008–09) and a danger to national prosperity and security. In terms of scale, however, the number of discouraged youths was small, reaching 4.9 per cent of the youth labour force among the school-to-work transition survey countries (at 7.9 per cent for young women and 3.5 per cent for young men).

► **Figure 7. Youth unemployment rate, by level of completed education, sex and regional and income groupings in 23 school-to-work transition survey countries (%)**



**Note:** F=female; M=male. The number of countries is shown in parentheses. The lower-middle income group is not shown because the figure is intended to show only the extreme income groups. Youth=aged 15–29.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 23 countries (first round). For meta-information on reference periods, see Annex II of Elder and Kring 2016.

women cited discouragement due to an inability to find work that matched their level of skills and that they did not seek work because they felt too young.

In terms of youth unemployment rates by levels of completed education, the trends were the same for both sexes, with a few exceptions. In the regions of Asia, the Arab States and Northern Africa and sub-Saharan Africa and for the low-income grouping, the school-to-work transition survey findings indicate that the youths with the highest level of education (tertiary) had higher unemployment rates (figure 7). With the exception of young men in the Arab States and Northern African countries, youth (male and female) with tertiary education were between two and three times more likely to be unemployed than youth with only a primary education. “Graduate” unemployment remained a significant concern in the primarily lower-income countries, where demand for high-skilled workers remained somewhat limited and where the more

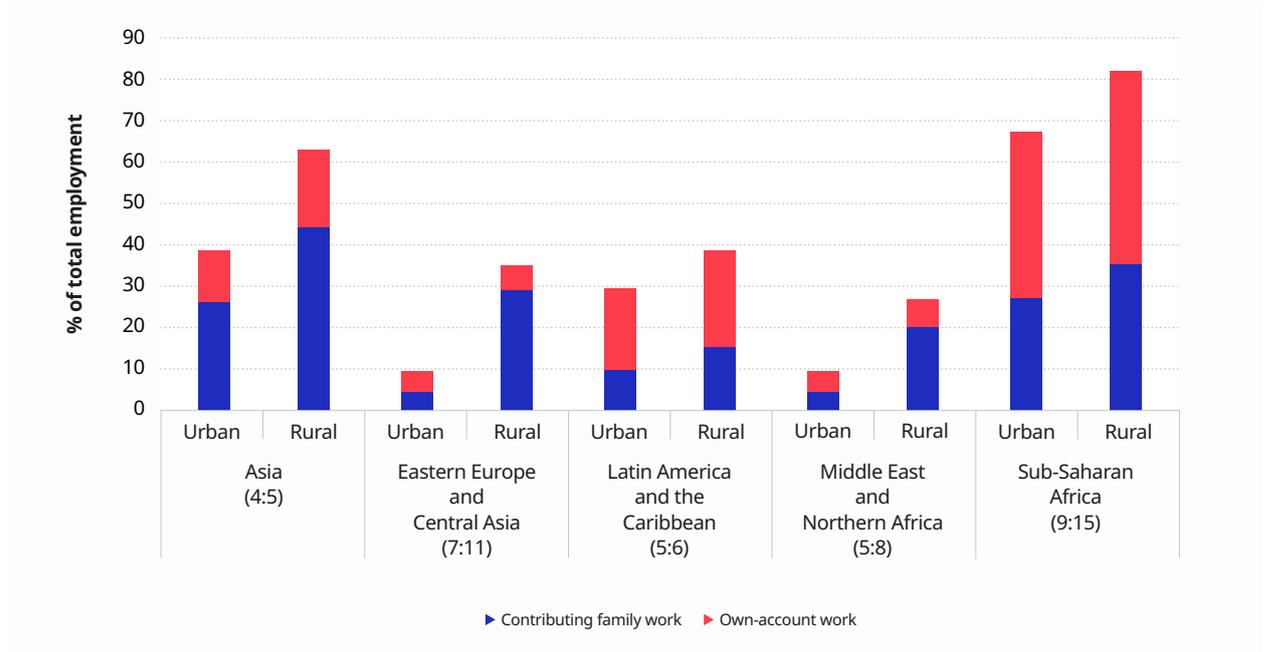
highly educated youth were prepared to invest in a longer search to find a job that better matched their expectations and skill level. For the Arab States and Northern Africa countries, where more than half of the university-educated female youth remained in unemployment, socio-cultural barriers impeded the young female jobseekers.<sup>25</sup>

### The challenge of finding decent work

As shown in the previous sections, young women remain the more disadvantaged sex when it comes to joining the labour market and finding work. For the young women who find work, the quality of the job is not necessarily worse than that of young men, at least not in terms of access to paid work with a stable contract. One reason for this has to do with the type of jobs that young women take (or rather, that are available to them). Except in sub-Saharan

<sup>25</sup> Mansuy and Werquin (2015) referred to a statistical survey in Morocco in which 22 per cent of the young female respondents reported that searching for a job had been vetoed by their father or their husband.

▶ **Figure 8. Vulnerable employment shares among young women in 30 school-to-work transition survey countries, by subcategories, urban or rural and regional average (%)**



**Note:** The first number in the parentheses is the number of countries covered in the regional average. The second number is the number of surveys (data points) included in the regional average. Youth = aged 15–29.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 30 countries (45 surveys in 2012–13 and/or 2014–15). For meta-information on reference periods, see Annex II of Elder and Kring 2016.

Africa, the employment status most common in the school-to-work transition survey findings for young women was as paid employee, and the female and male shares in paid employment were close in size. The large female proportions in paid employment reflected two contexts: the first being those countries in which access to female work is most severely restricted and where tradition and cultural norms dictate what qualifies as “acceptable” female work. In some countries, especially in the Arab States and Northern Africa, one acceptable outlet for female labour was in the public sector. In other countries, particularly in Southern Asia (Bangladesh, for instance<sup>26</sup>), it was acceptable for young women to earn a living in paid employment in manufacturing, especially in the garment sector.

The second context in which the majority shares of both male and female work were in paid employment was where labour market institutions were more firmly established and the economy was primarily services based, as is typically the case in coun-

tries at the upper-middle-income or high-income levels. Many of the countries in Eastern Europe and Central Asia, Latin America and the Caribbean and some in the Arab States and Northern Africa fit this description, so it is not surprising to find that the shares of young women in paid employment in these regions were large (at 79.2 per cent, 67.9 per cent and 81.5 per cent, respectively).

The main differences between male and female employment statuses were found in the subcategories of vulnerable employment. In all regions except Eastern Europe and Central Asia, the vulnerable employment rate of young women was higher than that of young men, although the gap was generally not large. The composition of vulnerable employment was such that, in most countries, young female workers were more often in contributing family work (helping out, without pay, in a family enterprise or farm) than young men, while young male workers were more often in own-account work. At most, 40.2 per cent of the young female

26 In Bangladesh, according to Toufique (2014), only 14.9 per cent of young women worked but, among them, a majority was in paid employment (at 55.9 per cent) and more than one third of them (39.5 per cent) were involved in paid work in manufacturing (primarily in the garment industry).

workers in the school-to-work transition survey countries of Asia were engaged in contributing family work, and 45.4 per cent of young female workers in sub-Saharan Africa were engaged in own-account work.

The proportions of people in vulnerable employment were greater in rural than urban areas (figure 8). Among the Asian countries, for example, nearly two in three young female workers in rural areas were in vulnerable employment (at 18.9 per cent in own-account work and 44.4 per cent in contributing family work), compared with two in five female workers in urban areas (at 12.5 per cent in own-account work and 26.8 per cent in contributing family work). In sub-Saharan Africa, the two categories amounted to 82.2 per cent for female workers in rural areas and 67.6 per cent in the urban areas.

A previous thematic analysis of the school-to-work transition survey findings found that informal employment among the youth was an issue shared equally between the sexes (Shehu and Nilsson 2014). Also looking at the survey findings, O'Higgins (2017) found that the informal employment rate among young men was 76.9 per cent but 76.5 per cent for young women. Informal employment was particularly widespread in low-income countries, but the middle-income and even high-income economies were not immune because the concept measures jobs in the informal sector as well as informal jobs in the formal sector. It is a phenomenon that affects all labour markets but to different degrees and with different manifestations. It is particularly prevalent in agriculture and services, which are sectors with weak regulatory environments and large concentrations of women. And youth are especially prone to informal employment: The younger they are, the higher their risk, which reflects in part the lower levels of education and experience of youth in the 15–19 age cohort.

Even though the informal economy provides poor-quality work and inferior working conditions regardless of sex and age, there is strong evidence to suggest that women and girls are engaged in the most marginalized segments of it. The same problems that confront formal labour markets – gender discrimination, unequal pay, occupational segregation, the burdens of unpaid work – are mirrored in the informal economy and are often even more

pervasive. Women in the informal economy often have fewer assets and less access to resources, including land, technology, productive inputs and skills, which makes their income-generating activities more precarious than young men's. For rural women, these problems are compounded by a lack of infrastructure and service provision, which constrain both their income-generating activities and their ability to manage their household tasks.

## Occupational segregation

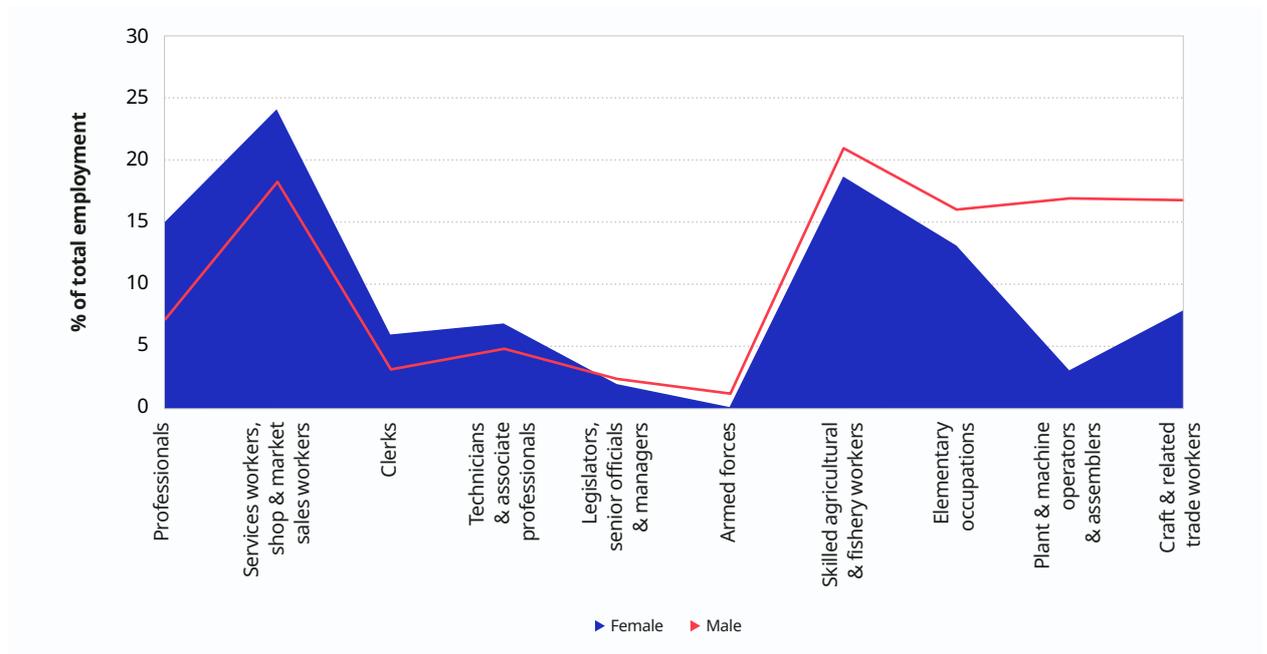
Women, regardless of age, are often over-represented in sectors, occupations and positions in which wages tend to be moderate. Two types of segregation are common: first, horizontal segregation, which relates to the large concentration of women in certain occupations and sectors, and second, vertical segregation, which refers to the large concentration of women in low-ranking positions. The school-to-work transition survey findings allow for investigation of the degree of horizontal segregation of young women but not the vertical segregation.<sup>27</sup>

There are multiple causes of occupational segregation. The seeds may be sown in the earliest stages of the life cycle, when differing levels of parental investment in education can set girls and boys on different tracks throughout childhood and into adulthood. Social norms ascribing specific gender roles also shape the visions and ambitions of girls and boys, which may be further reflected in stereotypes found in the school curriculum. Even where more equitable resources are directed to the education of both sexes, gendered choices in subjects mean that girls and boys may develop different aspirations and skills that eventually push them into different occupational trajectories. Even today, fewer young women are found in high-growth fields, such as technology, engineering, information technology and science, representing a loss to the productivity and innovation capacities of economies.

One of the most important determinants of horizontal segregation is the unequal distribution of household responsibilities that keep women and girls out of the labour market or in contributing (unpaid) family work to a much greater degree than men and boys. As women struggle to balance these responsibilities

27 Motherhood can limit career advancement in the absence of (i) measures to combine work and family responsibilities, (ii) childcare opportunities and (iii) adequate maternity coverage. Recruitment and promotion are also often hampered by the lower value attributed to women's work, which is often treated as a secondary income. Societal beliefs that young women have less attachment to the labour market may be reflected in employers' perceptions and result in their reluctance to hire them.

► **Figure 9. Youth employment in 30 school-to-work transition survey countries, by occupation (ISCO-08) and sex (%)**



**Note:** Occupational categories are the major groups of the International Standard Classification of Occupations, 2008. Youth = aged 15–29. Country data (females only) are available in Elder and Krings 2016, Annex I, table A.9.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 30 countries (42 surveys in 2012–13 and/or 2014–15). For meta-information on reference periods, see Annex II of Elder and Krings 2016.

with earning an income, inevitably jobs that are part-time or enable female workers to keep their children close by offer the best opportunities for combining these roles even though they may be poorly paid and offer few advancement opportunities.

Among 30 countries’ findings on the distribution of occupations at the one-digit level for young men and women, the female share was larger for professional, service and sales workers, clerks and technicians, while the male share was larger among managers, skilled agricultural workers, plant and machine operators, crafts workers and in elementary occupations (figure 9). The findings mask the more limited choice of occupations for young women in many countries and the influence that these narrower options can have on employment outcomes. It is interesting to see that sales work and agricultural occupations (subsistence farming and market-oriented farming) accounted for the largest shares of both young men and women, although with differing concentrations. The diversity of male- and female-dominant occupations is only visible beyond the third-ranked occupation. The fourth- and fifth-ranking occupations for young women

in the school-to-work transition survey countries were teaching (at 7.5 per cent) and personal care work (at 6.8 per cent). The data thus support the typical gender trends for over-representation of female workers in care occupations, while the men dominated in a variety of industrial occupations (in this case, building and related trades work).

Job segregation not only takes the form of a horizontal clustering of a particular sex into a specific type of job but also manifests in the vertical dimension – constraining women’s opportunities to be promoted to positions of authority and management within a job and to gain higher salaries. The “glass ceiling” can occur as a result of discrimination in recruitment processes, including non-investment in female personnel due to the expectation that they will eventually detach from the labour market when they have children. It is also due to female choices to take jobs in which they feel better able to balance work with home duties.

Regarding employers’ hiring preferences, evidence from certain ILO labour-demand enterprise surveys reflect an element of bias. In Viet Nam, for

example, 37 per cent of employers expressed a preference for hiring male workers for professional posts (compared with 55 per cent who claimed no preference and 8 per cent who preferred women). For production work, the male bias was even stronger, at 40 per cent (Nguyen et al. 2015). In Zambia, the preference for men was 15 per cent in professional posts (4 per cent for women) and 24 per cent in production posts (5 per cent for women) (Chigunta, Chisup and Elder 2013). The strongest gender bias was expressed within the labour-demand enterprise survey in Tunisia. For production posts, there was a clear bias towards the recruitment of men (expressed by 45 per cent of employers) but also for professional posts, with 28 per cent of employers admitting they preferred to hire men (ILO 2015).

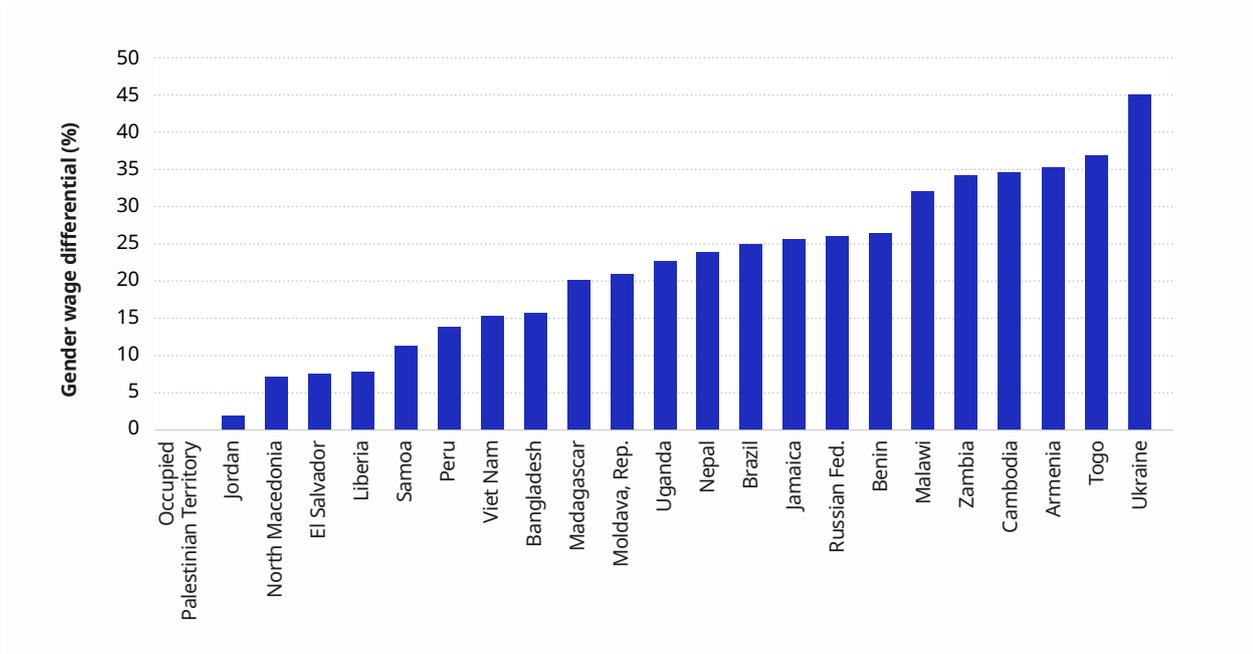
From an economic perspective, continued labour market segmentation signals labour market failures and the inefficient allocation of human resources. It also acts as a drag on efforts to reduce poverty for a number of reasons: It contributes to the underutilization of women's labour despite their investment in skills and education, and, because it clusters

women in underpaid work, it deprives households of income that could be used to improve family welfare. This is particularly pertinent in the context of the widespread evidence that increases in women's income result in greater spending on the health and education of children than increases in men's income. Importantly also, from a rights point of view, segmentation counters the fundamental principles and rights of equality of opportunity and treatment in the labour market.

### Gender pay differentials and working poverty

Around the world, young people earn considerably less than older adult workers and, unfortunately, being young and female results in a double penalty when it comes to pay and income. This raises equity, rights and non-discrimination issues as well as economic concerns. Less purchasing power among young people has the effect of weakening aggregate demand, which has spin-off effects in the wider economy. Recent analysis highlighted that the "youth wage discount" – the gap in wages

► **Figure 10. Gender wage differentials of young wage and salaried workers in 23 school-to-work survey countries and territories (%)**



**Note:** Gender wage differentials are calculated as the average monthly wage of young male employees minus the average monthly wage of young female employees divided by the average monthly wage of young male employees. Youth=aged 15–29.

**Source:** Authors' calculations based on the ILO school-to-work transition survey data in 23 countries (first round, 2012–13). For meta-information on reference periods, see Annex II of Elder and Kring 2016.

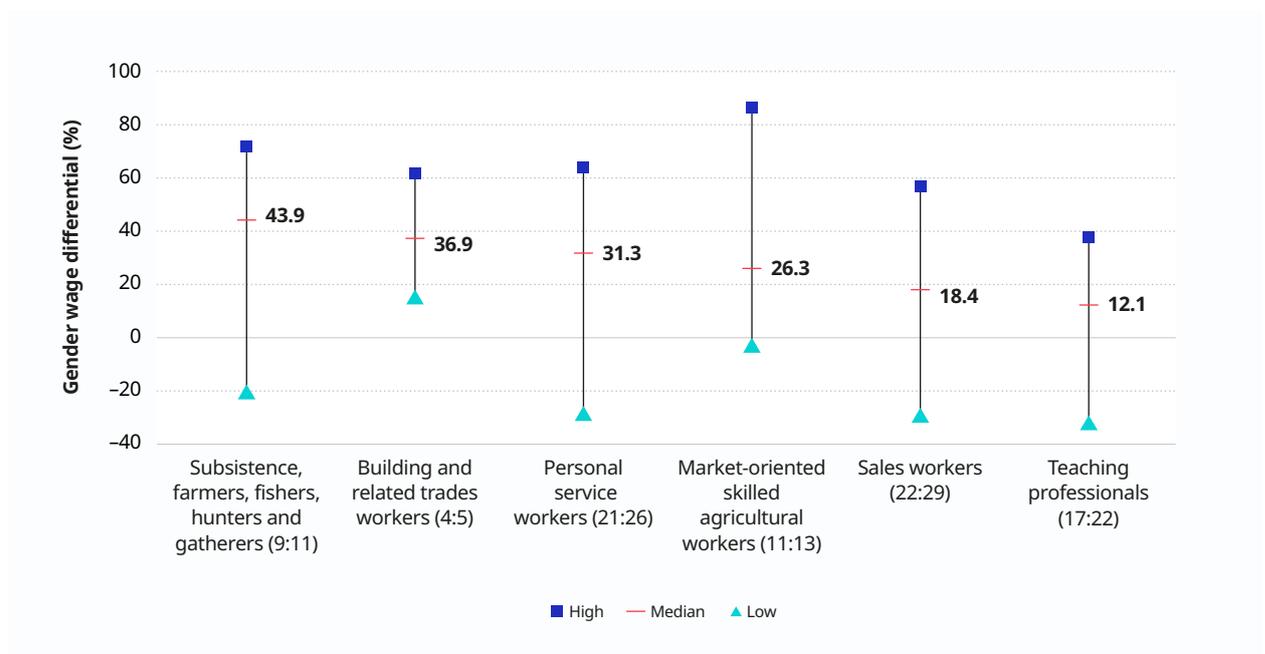
between young and older workers – is increasing in all regions and that this has occurred, paradoxically, in spite of increasing educational attainment and a decline in the youth share of the working-age population (Grimshaw 2014). That study also found that even though around 90 per cent of ILO Member States had some form of minimum wage, nearly half of them had subminimum wages for young people.

The Global Wage Report 2018/19 places the average gender wage gap at approximately 19 per cent of men’s wages (ILO 2018b). The school-to-work transition survey data (first round) for paid employees revealed a range, from 2 per cent or less in Jordan and the Occupied Palestinian Territory to 45.7 per cent in Ukraine (figure 10). The ILO report talks of an “explained” part of wage differentials, whereby traceable characteristics, such as the level of an individual’s education, can be used as dependent variables. Another example of a measurable factor is the choice of occupation (the “segregation effect”); numerous studies have measured its explanatory power. In looking at Bangladesh, Kapsos (2008), for

example, found that the occupation or sector differentials of men and women accounted for nearly one third of the gender wage differential. The low gaps in Jordan and the Occupied Palestinian Territory are also likely to be explained in large part by the fact that the few young women who work do so in the public sector, where wage scales are more frequently respected, regardless of sex. The “unexplained” elements of gender pay gaps, in contrast, comprise what remains after adjusting for these observable characteristics. In another report, the ILO (2014) concludes that erasing the unexplained variables would reverse the wage gap in nearly half of the countries studied.

Research consistently finds that gender wage differentials are present in all occupations and skills bases. The occupations with the lowest differential tend to be those that are dominated by women (ILO 2018b). The top occupations of young women in the school-to-work transition survey findings were teaching professional and personal service. The strongest male-dominated occupation was in building and

▶ **Figure 11. Gender wage differentials of young wage and salaried workers in 22 school-to-work transition survey countries, by occupation, 2012–15 (%)**



**Note:** The occupation groupings are according to the International Standard Classification of Occupations, 2008. Gender wage differentials are calculated as the average monthly wage of young male employees minus the average monthly wage of young female employees divided by the average monthly wage of young male employees. The first number in the parentheses is the number of countries covered in the median. The second number is the number of surveys (data points) included in the median. Records with insufficient response rates (less than 5 per cent) were discarded. Youth = aged 15–29.

**Source:** Authors’ calculations based on the ILO school-to-work transition survey data for 22 countries (2012–13 and/or 2014–15). For meta-information on reference periods, see Annex II of Elder and Kring 2016.

related trades, while the agricultural occupations and sales worker categories were more mixed.

The analysis of the survey wage data for the gender wage differentials across the most common occupations of young workers confirmed a positive wage gap between young men and women, regardless of the gender composition within each occupation. The female-dominated profession of teaching showed the lowest wage differential. In this occupation, the young male teachers earned approximately 12 per cent more than the young female teachers (17-country median). The male-dominated occupation of builder or related trades workers indicated a strong pay gap, at 36.9 per cent, although a higher wage differential was seen among youth engaged in subsistence farming (at 43.9 per cent).

## Determinants of labour market disadvantages

Labour market transitions are influenced by multiple dimensions that are sometimes beyond a young person's control (Assaad and Krafft 2014). Pathways to adulthood typically involve non-linear manoeuvring by individuals through stages of education, employment and family formation. These stages are intertwined, and success in one facilitates a prosperous transition to the next. However, the paths available at each point in time for any young person vary depending on their family background, social standing, sex and their country's national institutions.<sup>28</sup> Not only do individuals' aspirations vary according to their surroundings and socio-economic background but so too does their likelihood of achieving those life goals.

### The role of educational attainment

The tendency for more youth to engage in secondary and tertiary education is a main determinant of the declining youth labour force participation rates among both men and women. There has been a continued increase in school enrolment for both males and females across regions, particularly at the tertiary level. In the school-to-work transition survey data analysis, enrolment among females at the secondary level increased to a greater extent than among males in all regions, with the excep-

tions of Southern Asia and sub-Saharan Africa; and the same could be said for the tertiary level. If there is one area in which significant progress has been made in closing gender gaps, it is in educational attainment. According to the survey data, more young women had a tertiary degree in those countries than a young man (at 15 per cent and 11.5 per cent, respectively). In the same regions where gender gaps in the youth labour force participation rate remained the greatest – Latin America and the Caribbean and the Arab States and Northern Africa, the share of young women with a tertiary degree exceeded that of the young men. Thus, a disconnect between investment in female education and the potential for productive transformation of economies persists in those countries where the educated young women are unable to find work.

Among the survey countries, 5.6 per cent of the young women and 3.3 per cent of the young men never attended school; and 23.7 per cent of the young women and 22.3 per cent of the young men left school before completion. The likelihood of exclusion from education remained most problematic among young women in sub-Saharan Africa, where one half (49.8 per cent) of the female youth population had either no education or only limited education. In most countries and regions, the primary reason given for leaving school early was economic (an inability to pay the school fees or a need to earn an income). In some countries, the primary reason for young women to leave school was to marry (such as in Bangladesh and Nepal) (Elder 2014).

### Early marriage and motherhood

Early marriage, especially for young female adolescents, can compromise their physical and emotional development, result in early pregnancy and social isolation, interrupt their schooling and limit their opportunities for training and employment (UNICEF 2014). Early marriage also contributes to underinvestment in girls' education and general welfare in childhood because a girl is perceived as no longer being of value to her birth family after her marriage. Enabling girls to stay in school longer has been shown to be a strong force in avoiding early marriage.

The school-to-work transition survey data provide evidence of early marriage in some countries: In six countries, the portion of female adolescents

28 The persistence of the ties between young people and their family as they enter the labour market is a useful mechanism for helping youth to withstand the vulnerable and uncertain employment conditions that they are prone to encounter.

(aged 15–19) already married was greater than 10 per cent (ranging from 10.6 per cent in Nepal to 39.8 per cent in Bangladesh). Additionally, the data reveal that more than 4 per cent of women already married were wed before the age of 15 in Benin, El Salvador, Liberia, Madagascar, Nepal and Uganda.

Early motherhood is another issue of concern. For adolescents, maternity carries both economic and health risks. It is a major contributor to maternal and child mortality and to a lifetime of working poverty. According to the World Health Organization (2012), complications arising from pregnancy and childbirth are the leading cause of death in young women aged 15–19 in low- and middle-income countries. Global data point to a strong though uneven decrease in birth rates among adolescent girls since 1990. Despite this fall, 11 per cent of all births worldwide were to girls aged 15–19 in 2008, and the vast majority of those births (at 95 per cent) occurred in the low- and middle-income countries. The average share of female adolescents (aged 15–19) who already had children in the school-to-work transition survey findings was especially large among countries in the Arab States and Northern Africa (at 37.8 per cent) and sub-Saharan Africa (at 15.9 per cent) but also among countries in the Latin America and Caribbean region (at 12.3 per cent). As with early marriage, education is critical towards reducing fertility among this age group. Thus, increased schooling for girls and adolescents is both a cause and an effect of their reduced fertility.

## Unpaid work burden

The challenge of reconciling work and family life is a determinant of female labour force participation and quality of employment. Unpaid care work reinforces labour market segmentation and restricts women's and girls' ability to participate in education, skills training, networking, finding formal sector jobs or simply resting. Women's resulting time poverty and a lack of organized childcare limit their employment options (pushing them towards low-status, low-income, informal or part-time work) and reinforces a dependency on male breadwinners.<sup>29</sup> When the State lacks the capacity or political will to provide care services, households take on a greater share of its provision. In rural communities, in particular, the gendered division of labour makes women's and girls' work more arduous and time-consuming in the absence of adequate

infrastructure, utilities and services. Girls and young women are at risk of being withdrawn from schooling or the labour market to help run households, care for siblings and dependant relatives, collect fuel and water and carry out other chores.

## What can help shape youth employment policies for better female outcomes

The school-to-work transition survey findings echo what is obvious – that young women are doubly disadvantaged in the labour market, first as youth and second because they are female. From unemployment rates to informality rates and levels of labour underutilization, gender gaps are apparent in all regions covered by a survey. Youth employment outcomes for women periodically fall short to that of men due to a combination of context-specific economic and social pressures. The analysis of the findings led to many policy recommendations that are based on successful trials, as the corresponding good practices illustrate.

### ► Stimulate demand and create jobs for youth through gender-sensitive pro-employment and macroeconomic policies.

Youth employment trends are particularly sensitive to a country's business cycles. Countercyclical policies remain an essential tactic to ensure that aggregate demand continues to be stimulated and that young women and men are both targeted through these measures.

### ► Invest in education and training to enhance employability, break down occupational segregation and facilitate school-to-work transitions.

Education, training and lifelong learning foster a virtuous cycle of improved employability and greater productivity, income growth and development. Skills training for young women – including in science, engineering, technology and mathematic fields (STEM) – and public awareness-raising also will diminish supply-side biases that continue to result in situations that perpetuate gender inequality (such as occupational segregation).

**Good practice:** The ILO Women in STEM Workforce Readiness and Development Programme is funded by JPMorgan Chase Foundation and implemented

<sup>29</sup> ILO 2018c summarizes the latest trends and policy implications related to care work.

in Indonesia, the Philippines and Thailand. The programme, which runs through December 2020, provides young women with critical soft and technical STEM-related skills, employability and leadership training, coupled with targeted mentorship to trainees to gain quality employment and advancement opportunities in specific STEM sectors.<sup>30</sup>

**Good practice:** The Saksham programme of Plan International targeted changing attitudes on female work in the slums of New Delhi and offered young women an opportunity to escape poverty through employment. The programme trained 5,500 young women and led to the employment of 3,400 of them. Within two years, 80 per cent of the programme participants doubled their monthly income.<sup>31</sup>

► **Improve labour market integration of young people through targeted, gender-responsive labour market policies.**

Labour market policies are geared towards promoting a smooth interaction between labour supply and demand and can be helpful in redressing some of the disadvantages that women experience in the labour market. These policies include activation measures for people who are unemployed and other target groups, including job-orientation measures, self-employment, public works and special job-creation programmes, and the promotion of quality apprenticeships.<sup>32</sup>

**Good practice:** In Liberia, the Economic Empowerment of Adolescent Girls and Young Women project, implemented by the Ministry of Gender and Development, supported young female graduates in their transition to the workforce through training, job placements and internships. The project provided 2,500 young women with six months of training on job skills or business skills, followed by a six-month placement with a business. Transport and childcare allowances were also provided.<sup>33</sup>

► **Provide career options to young people by supporting entrepreneurship and self-employment.**

Although own-account work remains the largest source of employment creation in many low-in-

come countries, most young people still aspire to wage employment and remain wary of starting a business. Young women are even less likely than young men to contemplate starting a business and, when they do, enterprise development prospects are often limited due to various additional barriers to entry, such as access to finance.

**Good practice:** In northern Sri Lanka, the first all-female cooperative was established in 2018 with funding from the Employment Generation and Livelihoods Through Reconciliation in Sri Lanka project. By enabling female beneficiaries to take up employment and managerial positions that are often occupied by men, the project is also empowering women to break out of conventional gender roles.<sup>34</sup>

► **Ensure that young people receive equal treatment, with their rights at work protected.**

The overlapping marginalized realities of being young and being female mean that the wage position of young women is, more often than not, doubly precarious (in comparison with that of young men and older adults). Pay differentials remain one of the most persistent forms of inequality between men and women. Many factors contribute to the gap, and it is difficult to distinguish between differences that result from labour market characteristics (skills, education level, participation rates, etc.) and direct or indirect discrimination.

**Good practice:** In 2018, the ILO, UN Women and the Organisation for Economic Co-operation and Development launched the Equal Pay International Coalition to help reduce the gender pay gap and make equal pay for work of equal value a reality across all countries and sectors. It intends to engage with the public and private employers to accelerate the closing of the gender pay gap and the achievement of pay equity.<sup>35</sup>

► **Address unequal household responsibilities in unpaid care work.**

In all countries, women have a disproportionately large share of household responsibilities as a result of gender roles and social norms. Hours

30 For more information on the project, see [www.ilo.org/asia/publications/WCMS\\_673416/lang-en/index.htm](http://www.ilo.org/asia/publications/WCMS_673416/lang-en/index.htm).

31 See <https://plan-international.org/because-i-am-a-girl/skills-succeed-indias-young-women>.

32 For an excellent review of good practices in gender-sensitive labour market policies in the framework of national employment policies, see Goulding 2013.

33 See Adoho et al. 2014.

34 See [www.ilo.org/colombo/whatwedo/projects/WCMS\\_615611/lang-en/index.htm](http://www.ilo.org/colombo/whatwedo/projects/WCMS_615611/lang-en/index.htm).

35 See [www.ilo.org/global/topics/equality-and-discrimination/epic/lang-en/index.htm](http://www.ilo.org/global/topics/equality-and-discrimination/epic/lang-en/index.htm).

spent on unpaid care work in the home is one of the most important determinants of women's employment outcomes, typically impeding their ability to engage in training, paid work, full-time work and formal sector jobs.

**Good practice:** In Japan, some companies are taking advantage of government subsidies to start their own nursery school to counter their shortage of workers (and thus hire women with young children). As of February 2017, more than 500 companies were granted subsidies to open

more than 600 day-care centres, with a capacity for about 14,000 children.<sup>36</sup>

**Good practice:** In Cambodia, providing access to low-cost, fuel-efficient cooking stoves reduced the time that women devoted to collecting firewood and subsequently increased their incomes by freeing up time for non-household production.<sup>37</sup> In Kenya, the introduction of pre-school nurseries next to schools significantly reduced the burden on siblings – usually girls – to care for younger children.<sup>38</sup>

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36 See "Firms Tap State Subsidies to Start Day Care Facilities to Woo Working Moms", in Japan Times, 2 March 2017, [www.japantimes.co.jp/news/2017/03/02/national/social-issues/firms-tap-state-subsidies-start-day-care-facilities-woo-working-moms/#.XrrPsy9h28U](http://www.japantimes.co.jp/news/2017/03/02/national/social-issues/firms-tap-state-subsidies-start-day-care-facilities-woo-working-moms/#.XrrPsy9h28U).

37 See [www.asia-pacific.undp.org/content/rbap/en/home/ourwork/climate-and-disaster-resilience/successstories/cambodia-women-entrepreneurs-embrace-green-growth.html](http://www.asia-pacific.undp.org/content/rbap/en/home/ourwork/climate-and-disaster-resilience/successstories/cambodia-women-entrepreneurs-embrace-green-growth.html).

38 See Lokshin, Glinskaya and Garcia 2000.

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## ► Young people and the gig economy

Luis Pinedo Caro, Niall O'Higgins and Janine Berg

### ►► It is safe to assume that gig work is here for the long run.

Historically, as countries grow richer, their economically active young people become more likely to be found in wage employment (ILO 2017). It is a tendency typically explained by rural-to-urban migration and the economic expansion of companies but also by the decreased labour supply arising from extended schooling. More recently, some of the most developed countries have achieved a close-to-zero rate of independent employment among young people; in 2005, for instance, a mere 0.3 per cent of German youth were self-employed, while it was 0.7 per cent in France and 0.6 per cent in Austria.<sup>39</sup> These trends are not as pronounced in southern European countries, in the United Kingdom or the Netherlands although the same pattern of increasing youth wage employment is associated with economic growth.

Since the global financial crisis of 2008–09, there has been a noticeable increase in youth self-employment rates in high income countries, with the formerly generalized trend towards salaried employment reversing in some of the more developed economies. Is this trend just an outburst of “entrepreneurial activity” among twenty-first century young Europeans, or is it the result of changing configurations in the world of work?

France and Germany boast rates of 3 per cent and 6 per cent, respectively, of young people in own-account work. The rates in countries that already have a greater tendency towards workers in this type of contractual arrangement also surged; for instance, the share of independent workers among young people reached 11.4 per cent in Italy, 5.7 per cent in Spain, 5.3 per cent in the Netherlands and 4.9 per cent in the United Kingdom in 2015 (figure 1). A year later, however, the European Foundation for

the Improvement of Living and Working Conditions (2016) raised concerns over the fraudulent use of self-employment and freelance work in 23 European Union member countries.

Such a substantial number of young self-employed persons, together with the reports of fraud in European Union Member States in this type of contractual relationship, should raise eyebrows. From an empirical point of view, it is uncommon to find independent workers at such a young age because entrepreneurs launching a business are typically in their 30s, when they have acquired enough know-how as well as the desire to work independently. An increase in own-account work is not a negative phenomenon per se – indeed, many governments encourage it, but there are growing doubts over the legitimacy of this type of relationship, especially regarding young self-employed workers. These doubts have emerged partly because of the so-called gig economy, which comprises extremely short-term jobs (gigs) in which workers are classified as independent contractors but have limited opportunities to determine the scope of their business.<sup>40</sup> The Global Commission on the Future of Work (2019) raised these and similar concerns regarding gig workers in a report that advocated expansion of social protection coverage as well as the extension of basic labour rights to all workers, including those engaged in the gig economy because many of them are excluded from the exercise of a majority of their rights.<sup>41</sup>

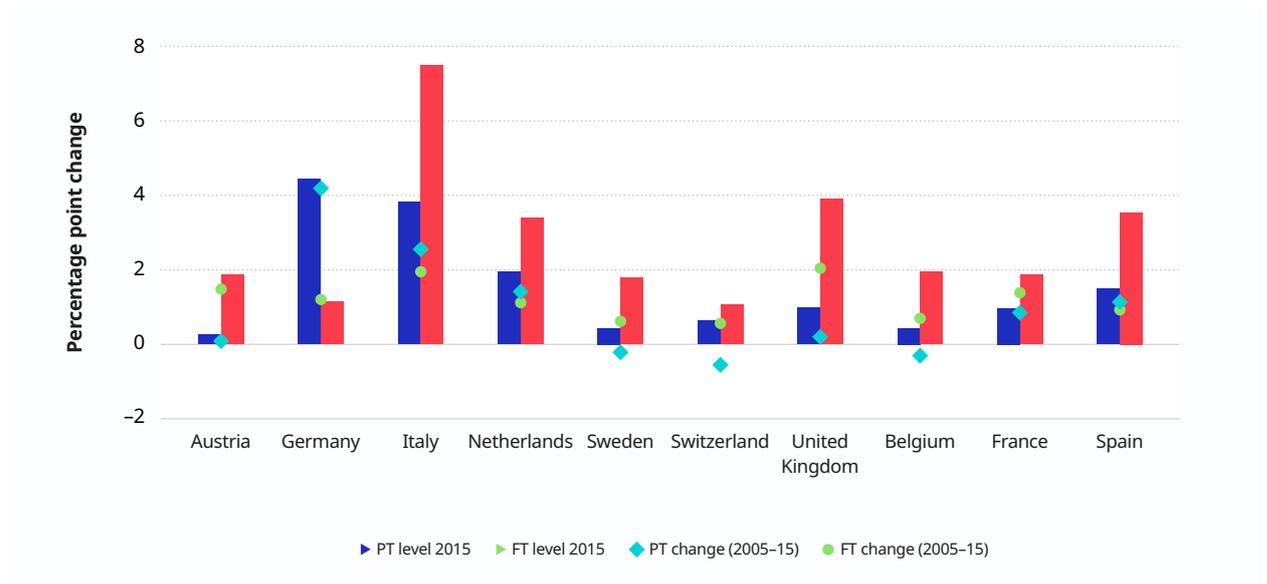
Although platform-based work has not changed the nature of the tasks being performed in most instances, it has radically altered the way people are hired, the conditions under which they work and, in some cases, where the work is performed. As Berg

39 Authors' calculations based on European Union Statistics on Income and Living Conditions.

40 In a ruling of the United Kingdom tribunal in the case of Uber v. Aslam, Farrar and others (case number A2/2017/3467) wrote in their judgment that it was “faintly ridiculous” that “Uber in London is a mosaic of 30,000 small businesses linked by a common ‘platform’...no driver is in a position to [grow their own business], unless growing his business simply means spending more hours at the wheel”.

41 See the report written by De Stefano and Countouris (2019) for an explanation of these limitations from a legal point of view.

▶ Figure 1. Share of part-time and full-time young own-account workers (aged 16–24), by country, 2005–15



**Note:** The graph shows the percentage point change (2005–15) and the level (2015) in the share of part-time (PT) and full-time (FT) own-account workers aged 16–24. Part-time work is defined as fewer than 35 hours a week.

**Source:** Authors’ calculations based on European Union Statistics on Income and Living Conditions and Socio-Economic Panel microdata for 2005 and 2015. See, <https://ec.europa.eu/eurostat/web/microdata/european-union-statistics-on-income-and-living-conditions> and [www.diw.de/en/diw\\_02.c.222518.en/research\\_data\\_center\\_of\\_the\\_soep.html](http://www.diw.de/en/diw_02.c.222518.en/research_data_center_of_the_soep.html) respectively for details and data access.

et al. (2018) explained, platforms offer businesses the potential to access a large group of workers – “the crowd” – to complete specific services, tasks or projects at any time in the day or night. They offer a means to outsource the work. And because workers are classified as independent contractors, there is no need to pay regular salaries, thus no need to compensate workers during down times or pay social security and other benefits.

Some labour economists<sup>42</sup> and lawyers question the legitimacy of this type of contract. First, they argue, the employment relationship may be misclassified. But they also point out that self-employment contracts leave workers vulnerable due to the uncertainty of available work in the future and their limited ability to contest platforms’ decisions. There are additional concerns about the fees charged to workers and the role of the platform as an intermediary that assesses these fees. And there has been an increase in judicial processes, which so far have

produced varying outcomes. Some recent court rulings, for example, accepted and some dismissed<sup>43</sup> the claims of an employment relationship.

On statistical grounds, the gig economy creates challenges to national statistical offices and researchers. The lack of a separate definition for “dependent self-employment” means that analysis (like what was used to generate the data in figure 1) will never be satisfactory. The nineteenth International Conference of Labour Statisticians took a step forward and revised the International Classification of Status in Employment, or ICSE-93, to account for non-standard forms of work (ILO 2013). This resulted in ICSE-18-A,<sup>44</sup> which separates own-account workers into independent workers without employees and dependent contractors. It will take time, however, for the ICSE-18-A changes to be integrated into the questionnaires of statistical offices around the world.

42 See, for instance, Williams and Lapeyre 2017 or De Stefano 2016.

43 For example, the nine court rulings accepting and the same number of rulings rejecting the self-employed status of such workers in the case of Glovo (a competitor of Deliveroo with a similar business model) in Spain underscores how contentious this issue is from a legal standpoint. On 27 November 2019, the Madrid High Court of Justice ruled that riders for the firm are employees and are thus not self-employed; see [www.lexology.com/library/detail.aspx?g=0df5ef0c-882f-4ee8-b575-26a9714bd670](http://www.lexology.com/library/detail.aspx?g=0df5ef0c-882f-4ee8-b575-26a9714bd670). On February 19, the UK’s Supreme Court ruled UBER drivers to be workers not self-employed, <https://www.bbc.com/news/business-56123668>.

44 The new classification separates workers according to (i) type of authority and (ii) type of economic risk. In the discussion here, we focus on the former because it emphasizes the divide between dependent and independent workers. See <https://ilostat.blog/resources/methods/icse/> for more information.

Due to the relatively recent introduction of gig jobs and crowdwork, research on these dynamics are only beginning. The remainder of this discussion features analysis of the findings from, first, a nationally representative survey with European gig workers and then a global survey with crowdworkers.

## The gig economy in Europe: No longer a market niche

The European gig economy survey was a joint effort of the Foundation for European Progressive Studies, UNI Europa, the European Services Workers Union, the University of Hertfordshire and Ipsos MORI.

Ipsos MORI conducted online surveys in seven countries (Austria, Germany, Italy, the Netherlands, Sweden, Switzerland and the United Kingdom) between April 2017 and June 2018 to gather information and build knowledge on the gig economy. The surveys were designed to be nationally representative, with stratification<sup>45</sup> that includes (among other variables that vary from country to country) age, sex, region and working status.

### Defining gig work

The survey contained a socio-economic module with the usual questions on age, sex, educational attainment and economic status as well as questions regarding online activities of respondents. Three questions asked whether respondents worked in (or searched for) online platforms through which they provide services from their home (such as Upwork and Clickworker), online platforms providing local services (such as TaskRabbit and MyHammer) or online platforms connecting people who need transport with a car and driver (such as Uber and Cabify). The choice of answer was ordinal, ranging from “at least once a year” to “every day”, to determine the intensity at which the activity in these platforms was exercised. To define a gig worker for this analysis, the standard International Labour Organization (ILO) definition of an employed person as someone who spent at least an hour in an economic activity during the reference week had to be adapted. The survey’s terminology that more closely matched the ILO definition was “working at

least once a week” and thus it became the criteria for defining a gig worker.

In some cases, the definition for a gig worker contradicted a respondent’s perception of their economic status, with some gig workers characterizing themselves as unemployed or even as economically inactive. This problem became more acute in the tails of the age distribution, where 50.7 per cent and 41.1 per cent of persons aged 16–25 and 55 or older, respectively, classified themselves as not working. In contrast, as many as 81.2 per cent of persons aged 25–34 classified themselves as workers. Even if surprising, this is a common situation; the ILO definition of employment sometimes clashes with the perceptions of full-time students or housekeepers, who often do not self-identify as workers.

De Stefano (2016) has suggested that the practice of online platforms referring to their workers with catchy names like “rabbits” (TaskRabbit) or “Turkers” (AMT) is done to convince them that they are not “working” but instead providing a “favour” or doing a “task”. These companies rarely speak about working; instead, they use “turking”, “tasking” or “collaborating”. The belittling effect of such a practice might affect the perceived economic status reported in the survey and perhaps explain why the proportion of wrong statuses (those reporting not working when doing gig work at least once a week) does not change with the gig work intensity, even though that would be the expected outcome if the status was selected based on purely rational criteria, like the number of hours worked.

Sticking to the ILO criteria for defining who is employed does not mean ignoring the different circumstances of people who are gig workers. Students looking for petty cash, stay-at-home mothers wanting home-based work and full-time workers looking to supplement their income are only some of the groups who exemplify the wide heterogeneity found within the supply of workers in online platforms. To cater for the different motives behind gig work in the analysis, gig workers were divided between full-time (the ones who report doing gig work every day) and part-time (those who do not do gigs every day). Using this classification, only 31 per cent of the (young) gig workers (34) in the seven European countries surveyed did gig related jobs full-time.

<sup>45</sup> See Huws et al. 2017, appendix table 1, 53 for more details and comments on the sampling design and implementation of the surveys. The survey micro-data are available at [ahra.herts.ac.uk](http://ahra.herts.ac.uk).

## A cross-country characterization of gig workers

The prevalence of gig workers (using the adapted ILO definition of employment) among the working population in the seven surveyed countries ranged from 8.1 per cent in the Netherlands to 27.9 per cent in Italy. When considering only persons who worked full-time, the portion sharply decreased to 1.4 per cent and 10.5 per cent, respectively (figure 2). The prevalence increased dramatically among the youngest population group (aged 16–24<sup>46</sup>) analysed, with a rate of gig work penetration into their working arrangements of 29.1 per cent. Put differently, 13.3 per cent of the overall youth population engaged in the gig economy. Even after these numbers were corrected downwards because the survey was carried out online, the extent of the phenomenon remained strong.

Although the prevalence of gig workers among young people stands out, the age group-specific share of gig workers does not decrease smoothly with age. On the contrary, there is a marked jump between persons aged 16–24 and the others (fig-

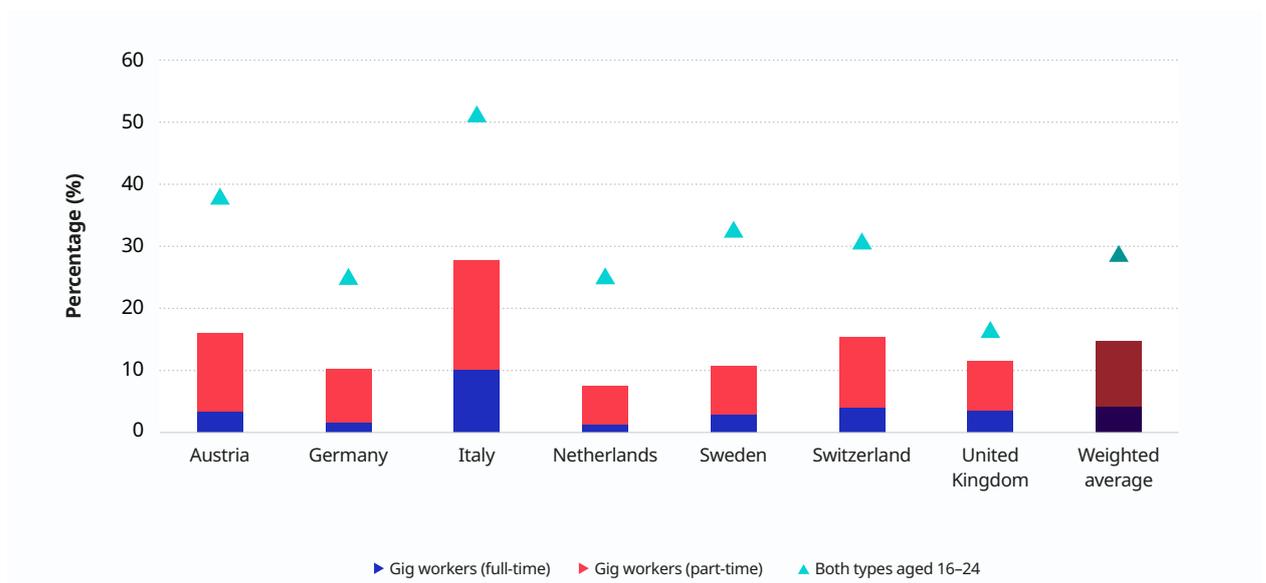
ure 3). The drop becomes more disproportionate among full-time gig workers, who accounted for 38.7 per cent of gig workers aged 16–24 and 28.8 per cent of the adjacent group, aged 25–34.

One of the main issues that arises when analysing a subpopulation like young people, who are transitioning from education to the labour market, are the strong composition effects. The percentages here give the impression that gig work is primarily the preserve of youth; yet, the total number of gig workers by age group shows that this perception is misleading. Actually, the total number increases in older cohorts, and it is only among persons aged 45 and older that the absolute number is lower than of the 16–24 age cohort.

In terms of policymaking, these figures indicate that young people are not the only ones affected by the gig economy working conditions and that gigs are not something temporary that only young people do while studying. The danger of widespread labour precariousness exists for all population strata.

It is tempting to associate gig workers with unskilled workers who have trouble finding employment,

▶ Figure 2. Prevalence of gig workers among the employed population, by country surveyed, 2016–17 (%)

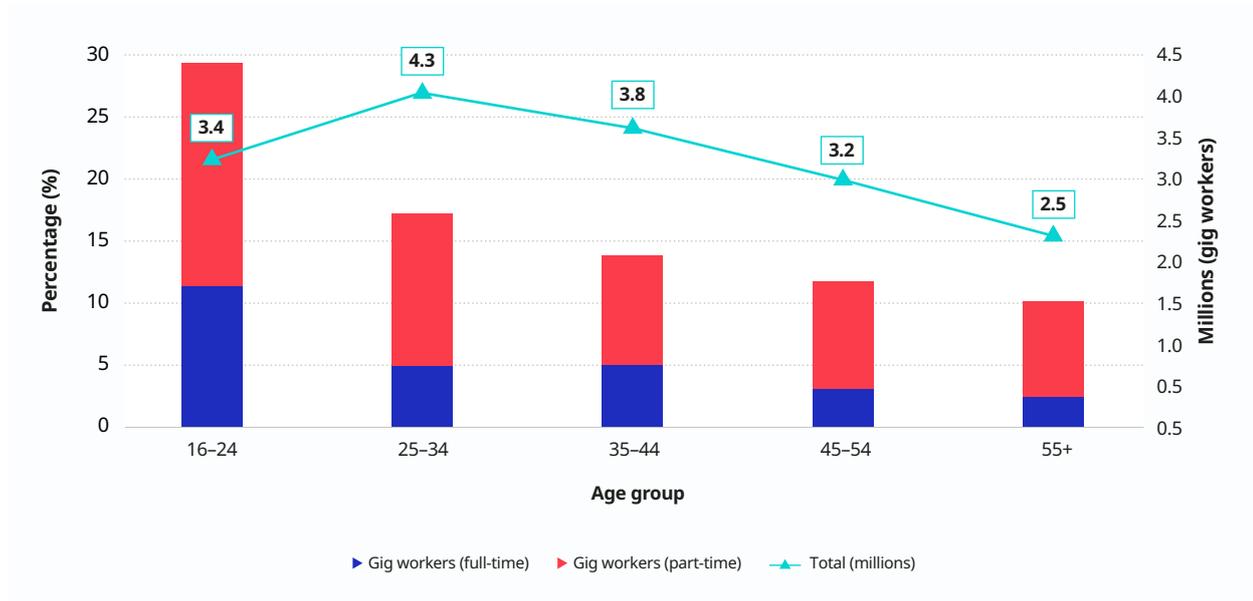


**Note:** The figure shows the country-specific share of workers who (i) performed gigs every day (full-time gig workers) and (ii) performed gigs weekly but not every day (part-time gig workers). In addition, the figure reports the share of gig workers (any type) among the population aged 16–24.

**Source:** Authors’ calculations based on the European gig economy survey data.

<sup>46</sup> In six of the countries the survey was administered to persons aged 16 and older; in Austria, it was administered to persons aged 18 years or older.

► **Figure 3. Prevalence of gig workers among the employed population in the seven European countries, by age group, 2016–17 (%)**



**Note:** The figure shows (in bars) the age group-specific share of workers who (i) perform gigs every day (full-time gig workers) and (ii) perform gigs weekly but not every day (part-time gig workers). It also shows (line) the age group-specific number of gig workers in the seven countries where the survey was carried out.

**Source:** Authors' calculations based on the European gig economy survey data.

► **Table 1. Educational attainment and occupation distribution of gig workers and other workers, in the seven European countries surveyed, 2016–17 (%)**

Education level	Type of worker		Occupation (ISCO-08)	Type of worker	
	Gig workers	Other		Gig workers	Other
Primary	0.8	0.8	Managers and professionals	21.8	30.2
Lower-secondary	17.0	21.0	Technicians	17.1	10.1
Upper-secondary	47.6	47.0	Clerical support, sales	41.5	31.5
Tertiary	34.7	31.2	Craftsmen and related trades	19.6	28.2

**Note:** The table reports the share of gig and non-gig workers across educational attainment level and occupation. Occupational classification is by ISCO-08 codes. Managers and professionals correspond to ISCO codes 1 and 2. Technicians to group 3, clerical support and sales to groups 4 and 5 and craftsmen and related trades to groups 7, 8 and 9.

**Source:** Authors' calculations based on European gig economy survey data.

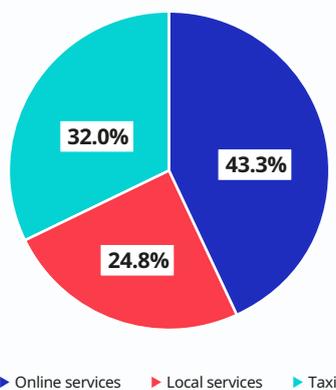
thus arguing that the gig economy provides opportunities they would not have had otherwise. But this description is not accurate. In the survey findings, the gig workers had, on average, a higher level of educational attainment than other workers; more gig workers have upper-secondary and tertiary degrees than did workers not engaged in the gig economy (table 1).

The scenario changes when looking at the occupations of gig workers. As opposed to educational attainment, which is affected by institutional and personal factors, occupations provide a more accurate reflection of what the current economic structure demands. Interestingly, the data reflect that gig workers tend to cluster themselves in highly skilled and semi-skilled professions (technicians,

clerical support) more often than the general population of workers. This suggests that the demand for precarious labour is greater in professions where there has been less job growth – a finding in accordance with Goos, Manning and Salomons (2009) in their work on job polarization in Europe.

In this context, the increasing precariousness of employment might be a signal of increased competition for various types of work, particularly for work that can be delivered online. In the survey findings, 43.3 per cent of European gig workers were in geographically dispersed online platforms (figure 4). They ranged from freelancing experts (in IT and web design) to clerical labour and workers doing menial tasks (survey filling, reading of labels), which are often grouped under the umbrella of crowdwork. The most interesting part of these online platforms, in which employers post small tasks in exchange for a fixed fee, is that they constitute a global market, with a consequent downward pressure on earnings that is independent of where the worker is based.

► **Figure 4. Type of gig work performed in the seven European countries surveyed, 2016–17 (%)**



**Note:** The distribution of gig work across the three general types: (i) online services; (ii) local services; and, (iii) taxi services. The categories were made mutually exclusive for simplicity; ties were resolved randomly.

**Source:** Authors’ calculations based on the European gig economy survey data.

## Earnings in the gig economy

Messages posted on online platforms searching for gig workers encourage potential candidates to join the company with arguments that speak of freedom, flexibility, ownership of one’s own time and the ability to make decisions for oneself. Even though gig workers arguably enjoy the possibility of working part-time hours, a non-negligible number of them, and especially the young, used this type of job as full-time employment and as the main source of earnings (figures 2 and 3). Among the full-time gig workers in particular (though it applied to all gig workers), significant time was spent on “unpaid activities” resulting in lower overall hourly earnings. For example, time spent travelling between jobs, which would be counted as paid work and thus remunerated if a person were under an employment contract, was not taken into account when setting local gig workers’ fees (nannies, handymen, etc.). This might convert what beforehand seemed an interesting deal into an hourly rate lower than the minimum wage.

Gig workers looking for a suitable task in a platform experience a similar problem. The time spent looking can dramatically lower their hourly rate if the supply of tasks is limited and a person needs the work. Media reports in the United States<sup>47</sup> and the United Kingdom<sup>48</sup> have pondered how gig workers can cope with their monthly expenses with such low pay. In the findings of the European survey on gig workers, full-time gig workers made, on average, 35.2 per cent<sup>49</sup> of the median monthly earnings in their respective country (figure 5). There was some variation at the country level, with the ratio of gig work pay to median earnings ranging from 18 per cent in Italy to 45 per cent in Sweden. The average full-time earnings of gig workers did not reach the minimum wage in any of these countries.<sup>50</sup>

From the point of view of gig workers, low pay might be one of their most pressing problems. But the gig economy phenomenon may also have indirect consequences economy-wide. Some of these consequences may include tax evasion and lower social security contributions, both of which weaken the welfare state of any country, similar to other

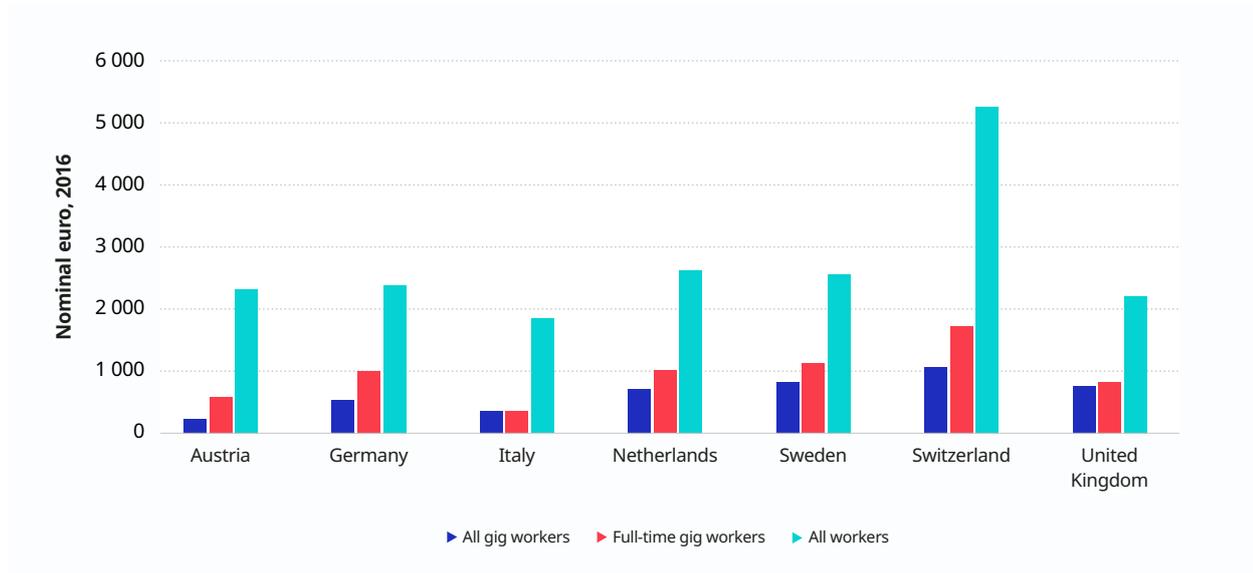
47 See, for example, a relatively recent article at <https://lithub.com/the-gig-economy-lower-wages-more-injuries-horrible-benefits/> about gig workers in the United States.

48 See [www.theguardian.com/business/2018/oct/20/deliveroo-uber-workers-pay-gig-economy](http://www.theguardian.com/business/2018/oct/20/deliveroo-uber-workers-pay-gig-economy).

49 Unweighted average of the ratio of full-time gig workers’ monthly earnings to median earnings in the country.

50 Minimum wages may refer to (i) legally binding minimum wages, as in Germany, the Netherlands and the United Kingdom; (ii) proposed minimum wages but not binding, as in Austria, Italy and Switzerland; and (iii) other sector-based minimum wages, as in Sweden.

► **Figure 5. Median monthly labour earnings, by worker type in the seven European countries surveyed, 2016–17**



**Note:** The graph covers median earnings for all gig workers (those working in or searching for a gig at least once a week) and for full-time gig workers (those working in or searching for a gig every day), using data from the European gig survey findings. It also shows the median earnings of all workers from the European Union Statistics on Income and Living Conditions. Currencies were harmonized to the nominal euro value of 2016.

**Source:** Authors' calculations based on the European gig economy survey data.

forms of informal employment. Thus, finding ways to formalize these activities is critical.

## The demand side of the gig economy

Most of the surveyed gig workers (at 56.7 per cent) were involved in the provision of local services (figure 6). Some of this provision was due to demand for these services, although in many instances the demand was inflated due to subsidies provided by the platform companies to users to build market share (Horan 2017). As for the demand side of gig work, 24.2 per cent of the population aged 16 or older in the seven surveyed countries used a gig economy-related service at least once during the previous year. That was a broad demand of more than 43 million people. The narrow demand (those who used gig services at least once a week) reached 9.2 million, or 5.2 per cent of the relevant subpopulation. Young people were the main requesters of these services, which engaged workers of all ages equally (figure 4).

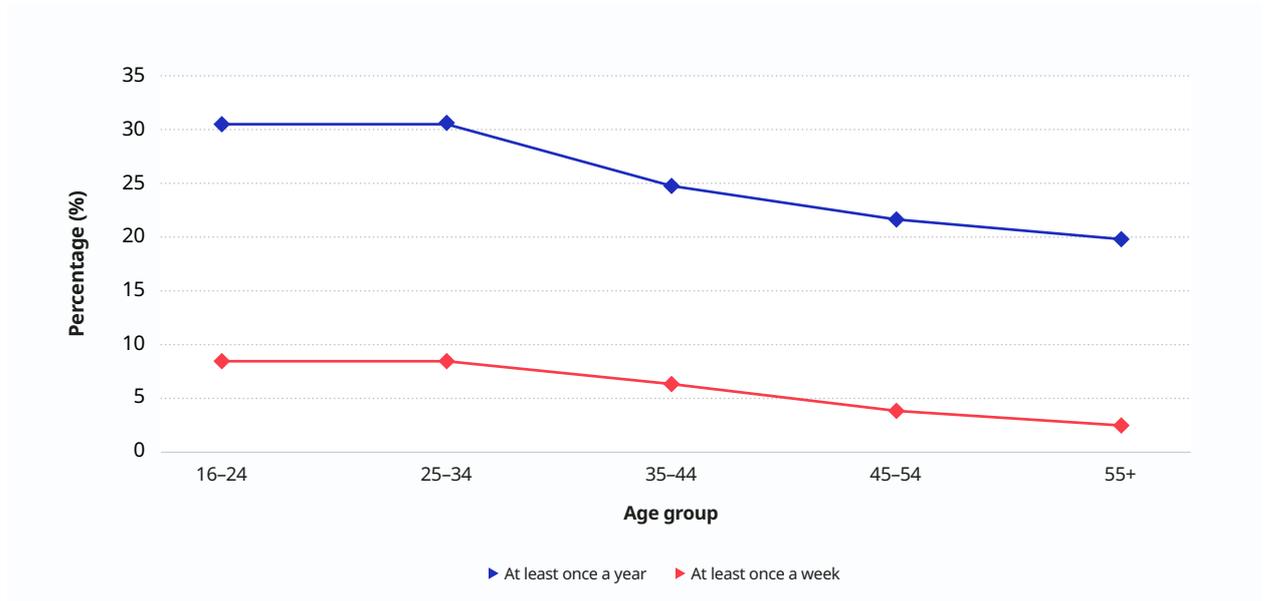
The demand had a significant urban bias among young people, which partly reflects the greater

availability of these services in urban areas (this is particularly true of food delivery). The survey findings reflect the regional or provincial breakdown for where the respondents typically resided. The regions featuring capitals or densely populated cities (as is the case for Geneva and Zurich in Switzerland) were singled out to see the penetration of the gig economy among young people. The broad demand for gig services in Vienna, Stockholm, Zurich, Geneva and London reached up to 60 per cent (figure 7).

These results confirm that the gig economy involves most strata of the population, with a bias towards persons living in highly urbanized areas. Even though the contact of the society with the gig economy was sporadic in most cases, a sizeable percentage of the population used gig services on a weekly basis, and many people performed this type of work.

There is enormous potential for work to be outsourced to geographically dispersed online platforms covering a range of occupations and industries, from clerical work to creative work and software development for a range of industries, including health services. It is safe to assume that gig work is here for the long run.

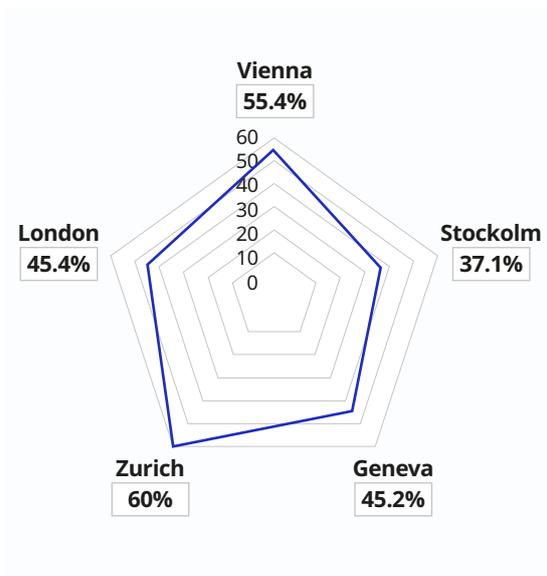
▶ **Figure 6. Demand for gig work in the seven European countries surveyed, by age group and intensity, 2016–17**



**Note:** The figure covers five age group-specific percentages of the population that purchased gig economy-related services at least once a year and at least once a week.

**Source:** Authors’ calculations on the European gig economy survey data.

▶ **Figure 7. Demand for gig services in selected capitals and densely populated areas among youth aged 16–24 in the seven European countries surveyed, 2016–17 (%)**



**Note:** The figure covers five region-specific percentages of young people (aged 16–24) who purchased gig economy-related services at least once a year.

**Source:** Authors’ calculations based on the European gig economy survey data.

Given this and despite the positive side of the gig economy in terms of flexibility, there are risks to not regularizing this type of work. At the individual level, it shifts the uncertainty that historically characterized business ownership to persons who have the least capacity to manage it – the worker. At the macroeconomic level, the low pay and lack of transparency from the platforms as to who is performing this type of work make the collection of taxes and social security contributions difficult, which, again, potentially damages the welfare state at the expense of the companies benefiting from this type of activity.

### Crowdworking: An online opportunity for young people?

The internet has changed the way many people live: allowing for instant calls from anywhere in the world, home-based learning and matchmaking on online platforms, among a multitude of other services. It has transformed the world of work and the jobs we do. One of these transformations has expanded the choice of employers and employees in terms of whom to hire and whom to work for, from a few thousand local candidates to millions

► Table 2. ILO global survey of crowdworkers, by average of selected variables, 2017

Variable	Young people (aged 18–29)	Adults (aged 30–65)	Variable	Young people (aged 18–29)	Adults (aged 30–65)
Hourly wage	4.24	4.24	Weekly hours	23.0	24.8
Student	0.36	0.07	Platform		
English native	0.58	0.62	AMT	0.34	0.41
Underqualified	0.05	0.03	F8	0.18	0.19
Overqualified	0.79	0.82	Clickworker	0.12	0.15
Tenure			Prolific	0.15	0.15
<6 months	0.33	0.23	Microworkers	0.21	0.11
6–12 months	0.18	0.16	Satisfaction		
More than 1 year	0.49	0.60	Neutral or dissatisfied	0.22	0.28
Education			Satisfied	0.51	0.53
Less than secondary	0.02	0.02	Very satisfied	0.26	0.19
Secondary	0.36	0.27	Health		
Associate's degree	0.10	0.12	No problem	0.83	0.80
Bachelor's degree	0.38	0.36	Yes, not affecting work	0.08	0.08
Master's degree	0.13	0.22	Yes, affects work	0.09	0.11

**Note:** Hourly wages were measured in nominal 2017 US dollars. Age is in years, and the rest of the variables, with the exception of the hours worked, reflect age group proportions (%). Neutral satisfaction includes unsatisfied and very unsatisfied.

**Source:** Authors' calculations based on the ILO survey of crowdworkers 2017 data. See ILO 2018 for details of the survey.

of candidates based worldwide. Berg et al. (2018)<sup>51</sup> distinguished two types of digital labour market: web-based and location-based. The analysis here centres on web-based platforms, which encompass freelance markets as well as microtasking.

Even though crowdwork does not employ the majority of Europeans, it is likely the branch of the gig economy with the highest potential in terms of market expansion, given the potential for a multitude of business services to shift to online, from data processing, website development and graphic design to legal and health services. And, given that it spans borders, it has the potential to create a true “planetary labour market” (Graham and Anwar 2019). One of the advantages of crowdworking is the capacity to mitigate discrimination. On some online labour platforms, particularly microtask platforms, employers advertise tasks without know-

ing who will accept them. Workers who might be discriminated against in their labour market will benefit from these platforms.<sup>52</sup> In addition, crowdworking platforms can be accessed remotely, allowing certain groups with physical or family-related constraints to engage in paid work.

Crowdwork also possesses many of the negative characteristics found in gig work. Uncertainty, low earnings, informality and a lack of grievance mechanisms are some of the most problematic concerns. In this analysis of crowdworkers and the opportunities and challenges of gig work, young people are singled out because they are more likely to be affected by or exposed to this transformation in the world of work.

The data used in this analysis come from the global ILO survey of crowdworkers in 2017. In total,

51 Using the Schmidt (2017) categorization of digital labour platforms.

52 Some of the microtask platforms allow requesters to select or exclude workers from particular countries. This practice might be needed for some culturally specific tasks, but it can also lead to country-based discrimination and is a concern of workers from the Global South (see Berg et al. 2018).

► **Table 3. Median hourly earnings (2017 US\$) for young people in the ILO global survey on crowdwork, selected variables**

Variable	Income group		Variable	Income group	
	High	Low/middle		High	Low/middle
Women	3.33	1.33	Satisfaction		
Men	4.35	1.25	Neutral	4.00	0.87
Education			Satisfied	3.95	1.25
Less than secondary	2.00	1.74	Very satisfied	4.29	1.54
Secondary	3.75	1.09	Health		
Associate's degree	5.00	1.17	No problem	4.17	1.25
Bachelor's degree	4.35	1.35	Not affecting work	3.57	1.05
Master's degree	2.57	1.33	Affects work	2.47	1.42
Tenure			Weekly hours		
<6 months	2.63	0.86	<=15	3.67	2.14
6–12 months	4.17	0.84	16–30	4.17	1.00
More than 1 year	5.00	1.75	>30 hours	4.55	0.79

**Note:** The table shows age-specific median wages for young crowdworkers in middle- and low-income countries combined and high-income countries. Income classification comes from the World Bank.

**Source:** Authors' calculations based on the ILO survey of crowdworkers 2017 data. See ILO 2018 for details of the survey.

3,159 crowdworkers from 75 countries responded to the online questionnaire, which was posted as a task in one of five crowdworking platforms: Amazon Mechanical Turk, Crowdfunder,<sup>53</sup> Clickworker, Prolific Academic and Microworkers. The worker respondents could be also enrolled in other online platforms at the same time. The analysis covered basic demographic information (age, native language, country of residence, highest education level achieved) and economic status, such as the reason for doing crowdwork, the number of hours worked, how much pay was received, how long had respondents been doing crowdwork and their perceptions of their own skills and the skill required for the job.

Earnings and hours worked were of particular importance for this analysis. Earnings were measured in nominal US dollars for 2017 and were reported in a weekly format. Two measures of hours worked were constructed based on the crowdworkers' responses: The first one considered in exclusivity the number of hours spent completing the tasks, while the second one also considered the

time used to (i) search for suitable tasks; (ii) take unpaid qualification tests to qualify for the work; and (iii) write reviews of their employers. The more comprehensive measure of paid and unpaid work was used to calculate earnings because these unpaid activities are inherent to the organization of platform work. As a result, hourly earnings were weekly earnings divided by the broad definition of hours worked.

### A description of crowdworkers

Based on the survey data, young people (aged 18–29) earned more than adults per hour, were more likely to use crowdwork as their main source of income and were more satisfied with crowdwork than adults (table 3). Other statistics were as expected ex ante; for instance, 29 per cent of the workers aged 18–29 were still students, and most of them used crowdwork as a part-time job. They were less educated than older cohorts but that would likely change once the students finished

53 The company changed its name to Figure Eight in 2018, but Crowdfunder is used here instead because it is where the task was originally posted.

their current studies. Given that this was a global survey, the relatively high educational attainment of crowdworkers is noteworthy, with half of them having achieved a university degree.

The data indicate extraordinary educational attainment of crowdworkers from middle-income countries: Around 79 per cent of the crowdworkers from lower-middle-income countries had tertiary studies, compared with only 54.3 per cent of those from upper-middle-income countries and 56.1 per cent in the high-income countries. This phenomenon might be explained by societies in lower-middle-income countries in which computer skills and even computer ownership tend to be the domain of relatively wealthier, more educated families. It also signals the existence of poverty as an entry barrier to crowdwork. This is evident in the type of occupations demanded by the gig economy (table 1), where there is a tendency towards high-skill or semi-skill occupations.

More education does not seem to pay off in the crowdworking platforms. Crowdworkers with high levels of education did not earn more than less-educated workers. Crowdwork may require some minimum technological savviness, but beyond that minimum, any extra training did not raise the wage rate. No wonder that around 80 per cent of crowdworkers thought they had skills for more complex tasks than those required for the crowdworking tasks.

Young crowdworking women in high-income countries earned, on average, 23.4 per cent less than young men (table 3), which is somewhat surprising, given the nature of the hiring process in online platforms. In addition, young people's hourly earnings in developed economies increased with the number of hours spent in the platform. This is paradoxical, given that young people in emerging and developing economies showed the opposite tendency, although it could be attributed to restricted access to certain high-paid tasks for workers from low- and middle-income countries. Young people also earned more per hour than older adults in almost all of the categories (table 3). An unexpected relationship emerged between health and earnings, however: Even though health was negatively correlated with hourly earnings in the high-income countries, no such relationship emerged in the less-developed economies.

## Determinants of pay in crowdworking platforms

Pay in crowdwork is likely to be affected by several factors simultaneously and, even if informative, raw statistics might not be accurate in their predictions. To factor in all available information, the analysis relied on a simple econometric model that used (log)<sup>54</sup> hourly pay in crowdworking platforms as a dependent variable. Of course, hourly pay required a broad definition of hours worked in the calculation: not just hours actually paid but also hours spent searching for tasks and other work-related duties.

The basic specification used as potential determinants job-related as well as individual characteristics. Among the individual characteristics included in the analysis were sex, age group of youth (aged 20–29) and older adults (aged 30–65) and the highest education level achieved. For the job-related variables, three tenure (experience in crowdwork) interval indicators (less than 6 months, 6–12 months and more than 12 months) were used to test for the existence of learning in online platforms. Binary indicators were then added, taking the value 1 for each of the platforms where the survey questionnaire was filled in, with the intention of controlling for differences due to the type of tasks performed. Then the calculation was controlled for the health status of persons, with two binary indicators: health problems that (subjectively) did not affect the work performed on the platform and problems that, in the opinion of the respondent, had a negative impact on their performance.

In addition to the base econometric specification, a second was included with a twofold aim: first, testing the existence of different returns to crowdwork experience for young people and older adults. This was achieved by adding interaction terms for two of the tenure intervals with the variable “young” as follows,  $young \times tenure_{6-12}$ ,  $young \times tenure_{+12}$ , where the subscripts in the variable tenure refer to the number of months already spent doing crowdwork. Second, testing for the existence of different returns to hours worked to see whether the findings (increasing hourly earnings in high-income countries and decreasing in less-developed countries) held when other factors were equal.

The results from the estimation of both specifications are consistent with the differences emerging

54 The use of the logarithm of hourly wage was extended due to the (negative) skew shown by the distribution and because it facilitated the interpretation of the results as semi-elasticities, such as percentage increase.

from the descriptive analysis (tables 2 and 3). One of the most striking results was the reduction in wage rate of crowdworkers as the number of hours worked increased. People working fewer than 15 hours a week tended to be paid around US\$5.70 or US\$4.40 an hour in, respectively, high-income and low and middle-income countries. However, in the light of the results of the first specification, full-time crowdworkers did not maintain such rates for longer working hours, greatly reducing the potential of crowdwork as a sustainable source of income. The second specification (table 4) further clarified this issue, showing that the reduction in the wage rate due to an increase in the number of hours worked had greater impact on workers based in low- and middle-income countries. This could be the result of a shortage of high-paying tasks due to geographical discrimination in some of the platforms and might warrant further research to better understand the potential of this type of work in developing countries.

The sex and age-group differences were also confirmed (and both were significantly different from zero), with young people (specification 1) earning 11.4 per cent more per hour than the older adults, and women earning 18.4 per cent less than men, holding the other determinants constant. With the second specification, positive coefficients emerged in the interaction terms of young people with the different crowdwork experience levels. In practice, the returns accrued by young people with 6–12 months of experience were 18.8 percentage points higher than those of older adults. The difference was smaller among those with one or more years of experience but still remained significant, at 16 per cent higher for workers with more than one year of experience. This can be interpreted as young people learning more and faster than older adults (figure 8) or, in other words, as experience accumulates, young people obtain higher returns and also obtain them in less time. The explanation for this phenomenon may lie in young people’s technological savviness, perhaps due to their having used computers since early childhood.

The opportunities that crowdworking offers to young people, aside from having higher returns than adults, are amplified in the least developed countries. To exemplify the extent to which workers in developing countries see crowdworking differently, two questions were selected from the survey: (i) whether the respondent does crowdwork because the earnings are higher than what is available locally and (ii) whether the respondent pays taxes on the earnings obtained in crowdwork.

▶ **Table 4. Log hourly wage regressions for crowdwork in global survey, 2017**

Variable	Coefficient (specification 1)	Coefficient (specification 2)
Weekly hours	-0.023***	-0.029***
Weekly hours*high income		0.010***
Weekly hours <sup>2</sup>	0.00005*	0.0001***
Weekly hours <sup>2</sup> high income		-0.0001*
Education (high school or less=0)		
Secondary	0.00	-0.01
Associate's degree	-0.06	-0.06
Bachelor's degree	-0.05	-0.04
Master's degree or higher	-0.12	-0.11
Female	-0.18***	-0.19***
Young	0.11***	0.01
Tenure (<6 months=0)		
6–12 months	0.10*	0.01
6–12 months* young		0.19*
1+ years	0.28***	0.21***
1+ years* young		0.16**
English	0.17***	0.14***
Platform (AMT=0)		
Crowdflower	-0.23***	-0.26***
Clickworker	0.04	-0.05
Prolific Academic	0.00	-0.05
Microworkers	-0.60***	-0.62***
AMT*US	1.04***	0.92***
Health (healthy=0)		
Problems, not affecting work	-0.03	-0.03
Problems affecting work	-0.13**	-0.14**
Constant	0.89***	0.99***
Adjusted R2	0.3504	0.3555

**Note:** The table shows regression coefficients that can be interpreted as the percentage increase in wages due to the activation (for instance, being female instead of male) or a small increase (an extra hour worked) in the variable. Significance: \*\*\* at 99%, \*\* at 95%, \* at 90%.

**Source:** Authors’ calculations based on the ILO survey of crowdworkers 2017 data. See ILO 2018 for details of the survey.

► Figure 8. Returns to experience for young people and older adults in the ILO global survey of crowdwork, 2017



**Note:** The figures are based on econometric estimates of the determinants of hourly wage rates, including interaction terms for age and crowdwork experience.

**Source:** Authors' calculations based on the ILO survey of crowdworkers 2017 data. See ILO 2018 for details of the survey.

► Table 5. Young people and two pay-related indicators (agreement) in global survey of crowdworkers, 2017 (%)

Income level	Pay is better		Payment of taxes	
	Young people	Adults	Young people	Adults
High	7.23	3.49	46.15	58.66
Low and middle	25.40	23.12	39.65	42.45

**Note:** The table shows age-group and income level-specific percentages of agreement with (i) I do crowdwork because it pays better than other available jobs and (ii) I pay taxes on my crowdwork earnings.

**Source:** ILO survey of crowdworkers 2017 data and authors' calculations.

The crowdworkers' survey responses were tabulated by the income level of their country of residence: high income, and low and middle income combined (table 5). Around 25.4 per cent of the young people in the low- and middle-income countries chose crowdwork because the pay rate was higher than in other available options; somewhat lower than the percentage of adults and almost four times higher than the level of agreement found among young people in high-income countries, where a mere 7.2 per cent said they would not obtain better pay elsewhere. This can be explained in terms of older adults, and of course young people in high income countries, having better outside options than young crowdworkers.

The formality rate among young people in the less-developed economies was not far from the rate in the high-income countries. These rates were quite low for high-income and even upper-middle-income countries (for example, 75.1 per cent of non-agricultural employees were registered in Brazil and 91.6 per cent in the Russian Federation), yet they competed with the rate in Nigeria (at 43.2 per cent among non-agricultural employees and 58.8 per cent among crowdworkers) and India (at 35.3 per cent and 51.9 per cent, respectively).<sup>55</sup>

<sup>55</sup> Data on formality for non-agricultural employees obtained from nationally representative household surveys.

## Career prospects for crowdworkers

Young people were attracted to crowdwork because it represented an easy and quick way to enter paid work from the convenience of their home. For young workers still in school or just finishing their education, crowdwork allowed them to avoid the difficulties encountered by many young people as they transitioned from school to work. Yet, the ease of entry into online crowdwork has a potentially risky downside to young workers' careers. In many crowdworking platforms, such as the microtask platforms analysed earlier, the worker is not identifiable by name and merely accepts and completes tasks. The person can acquire a rating and the website shows how many tasks the worker has completed, but the worker remains anonymous. This means that if and when a young person decides to look for work in the offline labour market, they have no way of proving to potential employers that they have been working. They also are unable to provide any references to potential employers. A similar problem also exists with respect to the public administration when requesting subsidies or benefits if the person has not registered as an own-account worker. While many people have completed thousands of hours of work for large and important technology companies, often the companies post these tasks under pseudonyms. Thus, workers do not know for whom they are working and cannot prove that they were the ones who did that work.

In freelancing platforms, crowdworkers have more visibility because they must post their photo and a short work biography. Thus, the ratings and amount of work can be proven, but here too, workers may not be in a position to ask their former clients for a reference, especially for tasks or projects of a highly short-term nature. These potentially career-hampering obstacles are often not considered by young people eager to secure remunerated work. While this is something that young people should give more thought to, there is also a need to establish with the platforms some sort of mechanism that allows workers to prove that they have done the work and to demonstrate the evaluations that they have received. Such a mechanism would ease labour market transitions between online and offline labour markets.

## Policy action is needed

Over the past decade in the seven European countries surveyed, (the gig economy has evolved from a marginal form of work, unknown to the wider

public, into a full-time reality for 4.9 per cent of workers. The impact of gig work is deeper though, with 14.9 per cent of the workers doing weekly gig work with varying intensity and 24.2 per cent of the population aged 16–70 having used this type of service at least once during the year prior to the survey. Young people are at the forefront of this trend in terms of labour supply (29.1 per cent of workers aged 16–24 engaged in gig work in 2017) but also in terms of their use of this type of service. The gig economy offers them flexibility (particularly demanded by students) and ease of access when compared with offline labour markets.

The analysis of crowdwork (a type of gig work that is delivered online) indicates that young people are more adept than older adults at this type of task, being able to learn faster and more efficiently and translating this aptitude into higher earnings. Partly due to the higher earnings received, young people also reflected a higher degree of satisfaction with crowdwork and tended to agree more often than prime-age adults that the pay received is fair.

In spite of the positive employment-related features brought into the lives of many workers (especially young workers), the gig economy has also brought other not-so-positive aspects. First of all, low earnings are the norm even among full-time gig workers; average monthly earnings are not just below median earnings, they are also below minimum wages (prevailing or proposed) in their respective European countries. To make matters worse, the analysis of the crowdworking labour market revealed a strong penalty on the hourly pay of full-time workers; the longer they worked the less efficiently they were able to do so, perhaps because of the lack of available tasks. There are also important questions as to whether crowdwork can help young workers secure employment in the offline labour market, if and when they choose to do so, given the difficulty in demonstrating that they have done this work and the competencies thus acquired.

The characteristics of this type of work – low profile, hard to detect, short duration and involving small amounts of money – may also encourage tax evasion while lowering social security contributions.

The negative aspects of the gig economy, paired with its global dimension, require responses that, as pointed out by the Global Commission on the Future of Work (2019), should include an extension of social protection to all workers as well as an international governance system that requires online platforms establish a set of minimum working conditions.

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## ► Regulating work experience for young workers

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**Maria Luz Vega Ruiz**

### ►► For the most part, legislation is failing youth.

Labour markets are undergoing considerable change. The evolving demographic, economic, sociological and legal elements as well as the incredible technological developments of the Fourth Industrial Revolution are rapidly creating disruptions, with some unexpected impacts.

Job creation seems to be positive generally, albeit at slightly below the rate of population growth. Total employment (including employees, contributing family workers, own-account workers and employers) continues to rise, accompanied by significant improvements in workers' education. Despite the recession triggered by the 2008–09 financial crisis, total employment in 2016 hit 3.2 billion jobs (nearly 1 billion more than in 1991). Yet, the employment-to-population ratio (ratio of employment to persons aged 15 and older) fell marginally between 1991 and 2016; women and young persons (aged 15–24) remain more likely to be unemployed than their male and adult counterparts, respectively. In 2018, there were more than 64 million unemployed youth worldwide, and 145 million young workers living in poverty.<sup>56</sup>

In emerging economies and developing countries, changing population dynamics have led to a jump in the proportion of the young population entering the labour market, which is increasing urbanization and contributing to international migration. Informality is also a challenge for this particular age segment because formalization of employment opportunities has not progressed as predicted. There is tremendous opportunity, however, to leverage the potential of this sizeable youth cohort and accelerate economic growth. Yet, in many parts of the world, such as Northern Africa, youth unemployment hovers at an unprecedented level.

In some developed countries, the changes taking place derive from the 2008–09 financial crisis and are likely to decrease if economic recovery contin-

ues. Other changes are structural and thus more long-term in impact. This is a particular concern for the younger working-age population who have inherited a precarious labour market with more non-standard and low-paid work and who feel these changes more than prime-age and older people in terms of implications for their lives.

Younger cohorts are particularly at risk of having worse financial outcomes and fewer opportunities in their lives than their parents had due to the generational inequalities. The widespread youth unemployment may even lead to a socially excluded generation at great risk of poverty as well as increased social and economic inequalities.

These circumstances are creating considerable policy challenges around the world, making a fair and smooth transition from school to employment among young workers a massive concern in the current and future world of work. Many countries are exploring different measures to combat youth unemployment and to promote reforms that better facilitate the transition to work. These interventions include guarantees for youth, youth coaching and orientation centres. While they appear to be helping, they are not sufficient to enable employment for all youth who want it.

The persistence of youth unemployment is attributed to several factors, largely labour market regulations and the quality and pertinence of the education received (in 25 of 27 developed countries in 2010, for instance, the highest unemployment rate was among people with only a primary school education or less (ILO 2012)). As for regulations, legislation is often cited as hampering new employment because of its rigidity as well as the cost to put the laws and labour protections into practice.

Numerous arguments are used to demarcate legislation as the primary cause of youth unemployment. Some specialists argue that the high level of

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<sup>56</sup> See [www.ilo.org/global/topics/youth-employment/lang-en/index.htm](http://www.ilo.org/global/topics/youth-employment/lang-en/index.htm).

employment protection regulations lead employers to exercise caution when hiring more than a minimum number of workers and especially young workers (because it is difficult to offer short-term contracts or the severance pay is high should they ever need to lay off workers, for example). While this is perceived as a classical argument nowadays, it has not been well substantiated by academic research.

Attitudes concerning labour laws and regulations are evolving in different directions. The emergence of temporary forms of work, such as internships, seasonal jobs (particularly in the gig economy) and short-term assignments, has introduced the perspective that these non-standard forms of employment are highly useful for the youth, but adequate regulations are lacking. For example, some youths look for part-time work while still engaged in tertiary education and there is no regulation supporting or framing this particular employment trend. Even though the rate is low for this type of employment in developed countries like France, Italy and Spain, nearly one third of students in the United States combine education and work, and there should be some degree of legislation covering it (Martin 2009).

Workers and specialists are questioning the legitimacy of some employment arrangements, such as unpaid internships, because the objective of allowing students or recent graduates to acquire work experience is not respected. Yet, in many countries, an internship seems to be the only viable alternative to job placement for young individuals.

Despite the different arguments raised against regulation, the demand for a highly skilled and flexible workforce adapted to changing market needs remains the core of the debate. Legislation should thus balance protection with flexibility.

Although most young people fare well as they move from childhood to adulthood, they still encounter challenges. Having good health, shelter, physical safety, positive personal relationships and economic security are all important elements to measure the level of youth well-being in a country. Legislation should respond to these needs as well as the requirements and wants of new generations of youth. For the most part, legislation is failing youth.<sup>57</sup>

Young workers are actors in the labour market and this should be considered when preparing new

legislation so that it avoids reductionist views of protection or promotion (to integrate youth into the labour market).

How does legislation need to evolve with the times so that it creates a constructive environment in which all young people can shift through their many stages of youth and come out of it prepared for employment as well as the many uncertainties looming in the world of work?

## How far have we come, how far behind are we?

The constitution of most countries defines the age of majority as coinciding with the beginning of active voting rights (ability to vote in elections) but differing sometimes from the age at which passive voting rights are granted (ability to stand in elections). A large proportion of these constitutions contains provisions dealing with special protection to be afforded by the State to minors and orphans that are often based on international human rights and children's rights instruments. While every country's constitution recognizes education as a basic human right, rarely does a constitution promote active youth participation in society (Article 45 in Colombia, for instance) or in the country's development (Article 56 in Paraguay, for example).

Labour law originated out of concerns for young people and the perceived need to regulate minors' and youths' participation in work. Eighteenth-century legislation, for instance, prevented minors from working excessive hours, operating unsafe machinery and working in dangerous occupations. In the nineteenth century, France introduced the concept of special protection for children, which enabled the progressive development of "minors' rights". Beginning in 1841, French law provided for the protection of children in their workplace. In 1881, French law included the right for children to be educated.

As of 1919, the international community, following the creation of the League of Nations (later to become the United Nations), began embracing the child protection concept. A Committee for Child Protection was established in 1924 and was followed by the first international treaty concerning children's rights: the Declaration of the Rights of the Child. This Declaration articulates that children

57 According to Article 56 of the Paraguay Constitution, "Conditions for the active participation of youth in the social, economic, political and cultural development should be promoted."

have the right to the means for their development; special help in times of need; priority for relief; economic freedom and protection from exploitation; and an upbringing that instils social consciousness and duty. Several international declarations and conventions<sup>58</sup> have ensued to declare the rights of the young population to education, care, assistance and protection.

The need to regulate young people's work circumstances continued gaining importance over time in terms of protecting their health and development and to consider the special needs of young workers (legal age). Overall, the associated labour laws for young workers that have evolved from eighteenth century Europe have been essentially protective.

The bulk of what is applicable to young people today is found in the ordinary laws and the procedural or substantive legal codes relating to civil, criminal and family circumstances and health and labour regulations, among others. But there is no general trend. Some countries, such as Croatia, Cyprus, Denmark, Hungary, Poland and Slovakia, do not even have regulation specific to youth workers.

In other regions, such as Latin America, and as result of the ratification of the Convention on the Rights of the Child, the majority of countries have adopted a code of laws for children and adolescents.

To what extent do current laws cater for young people at the national level? Not all countries have youth laws, and where they do exist, the content varies from one national context to another. Although most of them cover social conditions and the development of youth, the scope differs markedly. Some European countries contain targeted provisions, such as Iceland, where two youth-related laws were adopted: one on youth policies that refer to the establishment of youth organizations and parameters for government aid granted to them, and the other on youth activities. Estonia is drafting legislation that will define youth and its relationship with the State (describing participation in democracy, in policymaking or representation and organization).

Beyond the legal age and rules regarding wages, young workers are otherwise treated in the same way as older workers. Young people older than the school-leaving age but younger than 18 are entitled to the same employment rights as older workers (for example, not to be unfairly dismissed or dis-

criminated against). But they are accorded some additional protection on safety and health (persons younger than 21 may be prohibited in specific activities, for instance), work hours and rest hours.

To facilitate young workers' access to employment, several programmes and incentives began to be introduced in the 1980s that offered apprenticeships or training contracts that were time bound. The laws on first employment in place at the beginning of this century were extensively used in some countries and led to singular contractual situations (cost reduction, temporary arrangements, etc.).

Still, in this new panorama, these regulations and safeguards are proving insufficient to cover the new forms of work and new work arrangements, such as telework. Protection provisions, while necessary, need now to expand with provisions that consider the requirements of young workers (education and skills) and their needs of physical and professional development. And these legal maturations need to take place in a world in which values and living aspirations differ greatly from those of previous generations.

## Contract arrangements for young workers: An uneven situation

Youth employment is regulated in labour laws, employment acts or in specific text related to contractual arrangements or training and qualification. Few constitutional texts cover it; the Italian Constitution, for instance, guarantees young workers equal remuneration for equal work (Article 37).

At a supranational level, only the European Union has adopted regulations. Article 32 of the European Union Charter requires, albeit vaguely, that young people "have working conditions appropriate to their age". Directive 94/33/EC requires Member States to issue regulations on working time, night work, breaks, rest periods and annual rest for young workers and to prohibit the employment of young people in specified harmful occupations. European labour laws and the European Union Charter of Fundamental Rights prohibit child labour and provide for the protection of young people at work. Article 32 of the Charter requires young workers to "be protected against economic exploitation",

58 Among many others, the Universal Declaration of Human Rights and the Declaration of the Rights of the Child (1959), which describes in ten principles children's rights (1948) and recognizes that "motherhood and childhood are entitled to special care and assistance.

as does Directive 94/33/EC (Article 1(3)). This raises many questions about employment and labour standards in Member States' regulation of young workers.

In the 1970s and 1980s, labour contractual arrangements for young workers became a normal element in legislation, often related to training or apprenticeship or as a form of promoting or enhancing the hiring of labour market entrants (vulnerable workers). In most countries, apprenticeship regulations targeted the establishment of a dual education system<sup>59</sup> (such as in Austria, Germany and Switzerland), considered at that time as the more effective strategy to encourage the hiring of young people with skills. The Republic of Korea also introduced this kind of dual system in 2016. Some countries, such as France, Paraguay and Spain, introduced contractual arrangements that target a specific segment, such as informal workers or workers with disabilities.

Some contractual arrangements are used in the same way in some regions and in the same period of time. This is the case in Europe, for example, where apprenticeships are typically regulated under an employment contract<sup>60</sup> with a limited (fixed-term) duration of two or three years on average and often with fixed-age limits. These contracts also combine school or institutional training and on-the-job practice. In many countries, such as Denmark and Spain, the contract law requires a written contract with a special template.

Even if apprentices generally have similar working conditions as regular workers (based on the equality of treatment principle), they often receive different remuneration partly due to the view that they are paying for their formal education, hence their learning is "charged" to their wages. In Denmark, apprentices receive between 50 per cent and 79 per cent of a regular worker's wage in the same workplace (O'Higgins 2017). In Spain, the remuneration for an internship contract should not be less than 60 per cent (in the first year) or 75 per cent (in the second year) of the wage provided for workers in

a similar or equivalent job. In Belgium, the average monthly minimum wage is applied but is prorated according to the age of the student (from 70 per cent at age 17 to 100 per cent at age 21). In Greece, when an apprenticeship is largely involving effective work, the apprentice remuneration rate is proportional to the national minimum wage for unskilled workers, starting at 50 per cent and rising to the full minimum wage.

In Slovakia, a system of dual education (introduced in 2015 through the Act on Vocational Education and Training<sup>61</sup>) does not consider an apprenticeship as an employment contract. Even though the law requires a formal arrangement between an employer and a student, the apprentice does not become an employee but remains a student of their school. According to the law, employers are responsible for the organization, quality and content of the practical education, and that student pays all expenses related to the financing of the practical education.<sup>62</sup>

The German apprenticeship system is considered one of the more successful strategies in Europe.<sup>63</sup> It is the result of a close alliance between the federal Government, the federal states (the Länder) and enterprises. It consults with workers' and employers' associations (in the preparation of new training regulations or occupational profiles). The foundation of the system is the occupational concept: Apprentices are trained in a recognized training occupation according to nationally valid standards. The overall aim is to equip individuals with the abilities, knowledge and skills – referred to as "professional ability to act" – necessary for the exercise of a qualified vocational activity in a changing working environment. This approach aims to balance the interests of apprentices to gain a labour market-relevant qualification and of enterprises to cultivate a skilled labour force. The occupation also serves as a resource for social integration and personal identification.<sup>64</sup>

Similar social partner involvement is fundamental in the Danish apprenticeship system. For instance,

59 A dual education system combines apprenticeships in a company and vocational education at a vocational school in one course.

60 This is the case in Denmark, Estonia, France, Germany, Ireland, Italy, the Netherlands and Spain, among others.

61 See [www.zakonypreludi.sk/zz/2015-61](http://www.zakonypreludi.sk/zz/2015-61).

62 See [www.cedefop.europa.eu/en/publications-and-resources/data-visualisations/apprenticeship-schemes/country-fiches/slovakia#ftn6](http://www.cedefop.europa.eu/en/publications-and-resources/data-visualisations/apprenticeship-schemes/country-fiches/slovakia#ftn6).

63 It is regulated by the Vocational Training Act of 1969, which was amended in 2005.

64 In 2017, the calculated share of the resident population starting an apprenticeship in the dual system in Germany was 52.9 per cent. In total, around 1.3 million persons were in an apprenticeship in 2017. Among the apprentices starting in 2017, 42.3 per cent had a general secondary education certificate, 24.7 per cent had a secondary education certificate and 29.2 per cent held a university entrance qualification. The share of persons with a university entrance qualification has steadily increased since 2009 (to 20.3 per cent). See [www.apprenticeship-toolbox.eu/germany/apprenticeship-system-in-germany/143-apprenticeship-system-in-germany](http://www.apprenticeship-toolbox.eu/germany/apprenticeship-system-in-germany/143-apprenticeship-system-in-germany).

courses as well as participating employers must be approved by a joint employer-trade union committee.<sup>65</sup>

In Spain, the Workers Chart (Estatuto de los Trabajadores)<sup>66</sup> established two training contracts, depending on the level of education: (i) the internship contract for workers who have obtained a vocational training degree or a tertiary education degree during the previous five years, or seven years for workers with disabilities; and (ii) the apprenticeship contract for workers older than 16 but younger than 25 who lack the qualifications required for the internship contract.

A similar two-contract scheme for youth is recognized in France, with an apprenticeship contract and a training-for-employment contract. The latter one is more flexible, allowing youth far from employment to have a tailor-made training that is more adapted to their needs.

Since mid-2014 in Belgium, the apprenticeship, or dual vocational training, has been regulated by different communities and not by the State, hence, there are slight differentiations in the regulations. In addition, national law stresses that working students older than 15 can be covered by a student occupation contract, which is a fixed-term contract subject to additional conditions and rules.

Several European countries recently initiated reforms in the area of youth employment. Italy, which has a long tradition of apprenticeship, often reforms its legal framework surrounding the apprenticeship contract. There are now three types of apprenticeship contracts that reflect participation in a formal education or training programme or on-the-job training. Even though the latest labour law reform<sup>67</sup> covers all apprenticeship types, the Government promotes the formal programmes in which young people can achieve a formal qualification, diploma or certificate at the upper-secondary (type 1), post-secondary (type 2) and tertiary (type 3) levels, which reflects a combination of instruction from an education or training institution and a company (Cedefop 2017).

Greece recently reformed its apprenticeship system.<sup>68</sup> As result, the apprenticeship contract is subject to labour law provisions. When training is the more dominant element, the apprentice may engage in on-the-job training without an employment contract and without having the right to any remuneration.

A May 2017 reform in the United Kingdom took place in the framework of the Government's plan to increase the quality and quantity of apprenticeships. The system is now based on "apprenticeship agreements", whereby there is essentially a normal employment relationship between an employer and apprentice. The law makes it clear that the apprenticeship agreement is a contract of service and not a contract of apprenticeship.<sup>69</sup>

In Africa, youth employment contracts are not typically covered by regulations, but there are practices similar to how they are used in Europe in terms of the dual vocational system and limits on age and contract duration. A few countries have enacted regulations. In Morocco, for instance, the apprenticeship system,<sup>70</sup> which is open to persons older than 15, combines 80 per cent of work engagement with 10 per cent of training (the remaining 10 per cent can be either training or work) under an agreement with the public administration or a public organization. The duration cannot exceed two years, and a written contract is needed. According to the law, youth apprentices must receive a stipend, although it is lower than the minimum wage.

In South Africa, the employee status of apprentices varies across sectors and enterprises. Unemployed people can only enter an apprenticeship if an employer is willing to accept the application. The law distinguishes between "apprenticeship" and "learnership".<sup>71</sup> Apprenticeships are limited to technical areas, while learnerships can be for any job. Apprenticeships (for youth at least 15 years old) combine on-the-job training and related classroom instruction in a programme that must be certified by the Institute for the Development of Learnerships and Learnership Assessment (O'Higgins 2017).<sup>72</sup>

65 Act on Vocational Training (Lov om erhvervsuddannelsen), 2015.

66 Real Decreto Legislativo 2/2015, de 23 de octubre del Estatuto de los Trabajadores.

67 Legislative Decree 81/2015.

68 Law 4386/2016.

69 National Apprenticeship Service, United Kingdom.

70 Loi No. 12.00 on creation and organization of apprenticeship.

71 Apprenticeship is regulated in the Manpower Training Act, 1981.

72 See also [www.labour.gov.za/DOL](http://www.labour.gov.za/DOL).

Apprenticeship contracts were only recently instituted in several countries in the Asia and Pacific region, such as Japan,<sup>73</sup> where the dual system combines instruction at an education and training institution with practical on-the-job training. The apprenticeship is considered an employment contract and can be part-time or a fixed term.

In China,<sup>74</sup> any work a student engages in cannot be considered as an employment relationship and thus is not eligible for benefits (Wanga 2010). But an employer can establish an informal agreement with an apprentice on a voluntary basis that covers their tasks and some remuneration (it is informal and not akin to a classical employment contract) (O'Higgins 2017). In Indonesia, as in China, apprentices are not treated as employees and therefore are not protected by the labour law.

In the Americas, regulations are quite extensive but heterogenous from country to country. In the United States, the apprenticeship is an employer-driven, learn-while-you-earn model that combines on-the-job training, provided by the employer, with job-related instruction in the education curricula tied to the attainment of national skills standards. In 2008, revised regulations shepherded in a flexible training strategy that can be customized to meet the needs of any business. The apprentice is now treated as an employee who receives a paycheck. Wages increase over time as apprentices advance in their knowledge, skills and abilities. The eligible starting age can be no younger than 16, although most programmes require individuals to be at least 18 years old. Every apprenticeship programme has a "sponsor" who is responsible for the overall supervision of the apprentices. After completing an apprenticeship programme, the apprentice earns a nationally recognized credential from the United States Department of Labor that is portable and stackable. This means that other employers in that industry will recognize its value and that the apprentice can build on its foundation to further their knowledge and education. The length of an apprenticeship depends on the complexity of the

occupation and the type of programme model the sponsor chooses. Apprenticeship programmes range in duration from one to six years.<sup>75</sup>

In Latin America, the majority of countries have promulgated specific youth employment legislation that includes an apprenticeship contract and/or other modalities of contracts to promote young people into work (Nicaragua is the only exception, having nothing of this kind of regulation). The regulations, however, are quite diverse in scope and extension. Peru is the only country that does not consider apprenticeship as an employment arrangement (therefore, it is not covered by the labour laws), while Mexico established provisions to protect working people younger than 18.

In Bolivia, where the law does not define the minimum age, the apprenticeship contract obliges employers to train apprentices on the job. The contract is limited to two years and may or may not be remunerated.

Most of the Latin American countries define the apprenticeship contract, and some include an age limit: In Argentina, only workers aged 16–28 can be an apprentice; in Brazil it is workers aged 14–24, while in Costa Rica it is 15–25, in Panama it is 14–20 and in Venezuela it is 14–18. The Colombian law says apprentices must be at least 15 years old<sup>76</sup> and have completed primary school; the Chilean law says any worker younger than 21 can apprentice. Some laws include limits on duration: It is one year in Argentina and two years in Brazil (it can be longer for workers with disabilities<sup>77</sup>), Chile and Panama. There are no limits in Guatemala and Venezuela, and the duration depends on the training.

Concerning wages, the law in Costa Rica provides that young employees (not only apprenticeships) be paid a percentage of the minimum wage (at 50 per cent, 75 per cent or 100 per cent, depending on how long they have been in the company). In Chile, Colombia<sup>78</sup> and Guatemala, employers are not obliged by the minimum wage rules when it comes to remuneration for apprenticeships.<sup>79</sup>

73 The Youth Independence and Challenge Plan of 2004 was established at the Summit on Challenges and Strategies for Youth Independence, which involved four Cabinet ministries: the Ministry of Health, Labour and Welfare; the Cabinet Office; the Ministry of Economy, Trade and Industry; and the Ministry of Education, Culture, Sports, Science and Technology. The goal was to achieve a turnaround in the trend of increasing numbers of unemployed youth and part-time workers within three years.

74 Labour Law, 1995.

75 See [www.dol.gov](http://www.dol.gov).

76 Article 35, Law 1098 /e 2006, Code of Minors and Adolescents.

77 Article 428, Consolidação das Leis do Trabalho.

78 Article 35, Law 1098/f de 2006 Minsor Code.

79 Articles 79 and 81, Labour Code versión of 28/4/ 2011.

The law on the apprenticeship contract in Paraguay provides for remuneration of at least 60 per cent of the minimum wage (adopted in 2013). But it also covers a second type of contract for youths aged 18–29<sup>80</sup> to promote their access to training and formal employment. This contract is designed particularly for vulnerable groups, such as youth with at least 33 per cent of a disability degree, youth in poverty and women with children or whose last job was as a domestic worker.

A variety of contracts are also specified in other countries. Uruguay has promoted youth employment<sup>81</sup> since 2013 with four contractual arrangements: (i) The contract for first-work experience and (ii) the contract for labour practice for graduates, both of which offer young people their first opportunity to work. (iii) The protected work for youth targets unemployed people aged up to 30 years old living in socio-economically vulnerable households and (iv) the apprenticeship contract targets youths aged 15–29. Both contracts provide access to experience and skills, guaranteeing social protection and remuneration of at least 75 per cent of the minimum wage.

The law in El Salvador specifies an apprenticeship contract and a first-employment contract<sup>82</sup> for young people aged 18–29 years who have no labour experience. The contract can be permanent or fixed term. Both the apprentices and the employees must be paid at least the minimum wage and must be covered by social security provisions.

Several countries have established a quota for apprentices in enterprises. In Brazil, Costa Rica and Honduras, the quota is defined as a percentage of the number of regular employees.<sup>83</sup> Apprentices cannot exceed 10 per cent of the total number employees with permanent contracts in Argentina or full-time workers in Chile. In Paraguay and Uruguay, the youth employment arrangements cannot surpass 20 per cent of the total employee contracts. Paraguay even requires that when an enterprise has two or more young people under an apprentice-type contract, half must be women.

Colombia,<sup>84</sup> India, Italy, South Africa, Turkey and Venezuela also enforce a quota for apprentices.

In some countries, enterprises hiring young people receive a government subsidy, such as Brazil, Turkey and Uruguay. In Morocco, apprenticeship programmes are tax free.<sup>85</sup>

In France as well as in Spain, employers may enjoy social security exemptions when hiring young people, while in the United States, enterprises are allowed a tax reduction and social benefits.<sup>86</sup>

Even with no quantitative data or impact evaluations available, it is difficult to see how youth employment legislation could be considered a burden for increasing the employment rates. Such legislation is not extensive or found in every country globally. Few countries offer similar rights to regular workers. There are no evident trends in most of the countries for regulating apprenticeships and even less a tendency in guaranteeing principles related to equality of treatment. Several studies have documented a low level of enforcement of youth-related labour laws and high statistical levels of non-compliance among labour inspectorate records.

## Youth in regulations for occupational safety and health, working conditions and social protection

According to the European Agency for Safety and Health at Work, youth aged 18–24 are more likely to have a serious accident at work than older adults. They may lack experience and often lack both physical and psychological maturity. Thus, the European Directive 94/33/EC specifies the legal obligation of employers in relation to young workers in terms of protecting and monitoring their safety and health.<sup>87</sup> The directive insists that Member States must prohibit the employment of children (as defined by national law) and specify the work or jobs that must be prohibited for young people, such as work

80 Law No. 4.951/13, Youth Employment Insertion.

81 Law No. 19133 on regulation to promote youth employment.

82 Decree No. 57 of 2012, First Employment Law.

83 Enterprises with 20 employees or more must hire at least 5 per cent of apprentices.

84 Article 33, Ley No. 789 del 27 de Diciembre de 2002.

85 Loi 12.00 portant institution et organization de l'apprentissage.

86 See [www.dol.gov](http://www.dol.gov).

87 This directive applies to people younger than 18 but older than 15. It considers young people as younger than 18 and children as younger than 15 or who are still in compulsory education full-time.

beyond their physical or psychological capacity; work involving exposure to dangerous agents or to radiation; and work with a risk to health from cold, heat, noise or vibration. Due to the directive, European countries' provisions on occupational safety and health and on working conditions that refer to youth are similar.

Belgium has special protection rules for employees aged 15–18 (work is prohibited for anyone younger than 15): Some activities are prohibited along with overtime and night work (with some exceptions). Hours of work cannot go beyond eight per day or 38 per week. In addition, the Code of Well-being at Work provides preventive measures for young people; employers are required to assess all risks at work for the safety and the physical or mental health and development of young people, taking into account that young people often have insufficient attention to safety, lack experience and that their development is sometimes not yet complete. Employers must also welcome and support young people, promote their adaptation and integration into the work environment and ensure that they can perform their work properly. A tutor accompanies youth in the workplace.

Denmark requires similar protections for workers younger than 18. Their working hours must not exceed the normal working hours for adults employed in the same sector, although they are subject to a maximum of eight hours in any 24-hour period and 40 hours in a week. Their rest period must be at least 12 consecutive hours during each period of 24 hours and of two consecutive 24-hour periods within each seven-day period. As far as possible, one of these 24-hour periods must be a Sunday. In addition, they cannot work between the hours of 8 p.m. and 6 a.m. Along with the sector-based collective agreements that apply, supplementary agreements on apprentices cover cooperation and how to deal with complaints; working hours; compulsory school attendance; school preparation and training evaluation; wages, including overtime pay; holidays and days off; illness and injury; and work clothing and tools to be provided by the employer (O'Higgins 2017).

In France, anyone younger than 16 is not allowed to work, with some exceptions, such as through an apprenticeship or during the holidays for people

aged 14 and older (in this case, labour inspection authorization is required). Some activities are prohibited for the youth as well as night work. Working hours of young people cannot exceed 35 hours per week and eight per day (seven hours if someone is younger than 16). Extra hours are allowed up to five hours per week in some exceptions. Apprentices are entitled to five weeks of holidays per year plus five working days to prepare for exams. They also benefit from the rights applicable to any employee regarding maternity leave, paternity leave or leave for family events.

In Spain, anyone younger than 16 is not allowed to work, except in entertainment and only then with labour authority authorization. Minors (younger than 16) are prohibited from night work, extra hours and some dangerous activities.<sup>88</sup> They are also protected with a workplace assessment that must look at any risk to their safety, health and development.<sup>89</sup> Apprentices' working time may not exceed 75 per cent of the normal working time during their first year and 85 per cent during the second and third years, and their wage cannot be lower than the minimum wage.

In Greece, workers aged 16–18 cannot work more than eight hours per day or 40 hours per week. Their wage cannot be below the minimum wage, except for persons aged 15–18 working as apprentices through an apprenticeship contract.

In Italy, the regulation of work conditions of all types of apprenticeship contracts is covered through inter-sector agreements or national collective labour agreements.

In Morocco, anyone younger than 15 is prohibited from working. Night work for anyone aged 15–16 is also prohibited, with some exceptions. Some work and activities are also forbidden because of the risks involved. Apprentices are not covered by social security, although the training institution should provide insurance coverage for the apprenticeship period (O'Higgins 2017).

In Colombia, the minimum age to work is 15. Adolescents aged 15–17 need a labour inspection authorization to work.<sup>90</sup> In Venezuela, the authorization of the labour inspector is not needed, but they need to be informed, as does the Council for the Protection of Children and Adolescents.<sup>91</sup> In

88 Article 6, Workers Chart.

89 Article 27, Law 31/1995, Occupational Risks Prevention.

90 Article 35, Law 1098/e 2006, Minor Code.

91 Article 305, Employment Law.

Ecuador, teenagers aged 15 and older have the legal capacity to sign an employment contract without the need for any authorization.

In Argentina, apprentices cannot work more than 40 hours per week, including the hours of training. In Uruguay, young employees under the contractual modalities established in Law No. 19.133 are protected by social security and enjoy the rights and benefits included in the labour law, except in the case of the apprenticeship contract, in which the apprentice is covered by social security but does not enjoy other rights. Employees younger than 18 are prohibited from dangerous work in all cases.

In Paraguay, young people under one of the four types of contracts promoting youth employment must receive ten hours of training on their rights and discrimination at work. Young employees are covered by the social security benefit, except in the case of the vocational training and practice at work contracts, for which they are covered by a private health insurance scheme paid for by the employer.<sup>92</sup>

In the Dominican Republic, apprentices cannot work more than 36 hours per week, and extra hours are prohibited.

Conditions of employment for Australian apprentices are the same as for other employees. This includes hours of work, overtime, holidays, sick leave, personal leave, superannuation and other penalty provisions. Awards and registered agreements can have specific entitlements or rules that apply to apprentices. Some of these, like whether they are paid to attend training and who pays for their training fees, are the same. Other entitlements, such as overtime pay and pay increases, are different per award. Australian apprentices are also covered by state or territory legislation, such as anti-discrimination laws and occupational safety and health laws in the workplace. The Government has issued a National Code of Good Practice for Australian apprenticeships to assist both parties entering into a training contract with a clear understanding of each other's obligations and expectations.<sup>93</sup>

## International regulations

There are limited international standards on youth that are binding on States. Probably the two most important pieces of international legislation are the Convention on the Rights of the Child, which protects children and young people up to age 18 and takes into account the vulnerabilities that particularly affect them because of their age, and the Universal Declaration of Human Rights, which established the rights to good health and information, including the promotion of sexual and reproductive healthcare for young people. While these instruments establish rights and protection for certain aspects of young people's lives, they are not youth-specific pieces of legislation.

A long list of international declarations, recommendations, resolutions and other documents has been elaborated on youth and youth-relevant themes. Even if these do not constitute legally binding legislation at the national level, they help establish standards and good practice in relation to youth policy development and implementation for countries. Their provisions can be transformed into programme objectives and interventions.

A prime example is the World Programme of Action on Youth, which is a set of targets or principles towards which governments have agreed to work in support of young people. The programme has no enforcement mechanism, and even the World Conference of Ministers Responsible for Youth, which adopted it, has not been sufficiently institutionalized for regular reviews of progress to take place.

At the regional level, some importance has been given to charters,<sup>94</sup> which provide a common basis for individual state implementation. They also provide advocacy tools to the non-governmental youth sector. The African Youth Charter and the European Charter on the Participation of Young People in Local and Regional Life are good examples. In addition, certain kinds of political declarations, while having no legislative implication or value, have had significant influence on the political will and awareness of youth policy-related issues and concerns. This is certainly the case of the European Youth Pact, which accelerated protection by the European Union countries in relation to young workers.

92 Law 4951/13, Youth Employment Insertion.

93 See [www.australianapprenticeships.gov.au/sites/ausapps/files/publication-documents/national\\_code\\_of\\_good\\_practice\\_for\\_australian\\_apprenticeships.pdf](http://www.australianapprenticeships.gov.au/sites/ausapps/files/publication-documents/national_code_of_good_practice_for_australian_apprenticeships.pdf).

94 These are agreements to which individual States commit, through a process of adoption and ratification, after which they are morally bound to implement the provisions.

Regional integration processes increase the chances for implementation and enforcement. The responsibility of the European Union and its regional partners (the Council of Europe, for example) for youth affairs has increased and become more accepted by Member States.<sup>95</sup> The youth employment guarantee part of the 2010 Youth Employment Package and the European Social Fund are primary resources to implement the different programmes and schemes.

In more focused labour aspects, international labour standards have improved young people's employment opportunities and working conditions.

## Young people and ILO instruments

The Constitution of the International Labour Organization (ILO) cites the need to protect young people in its preamble, and several instruments have been adopted over the past 100 years of the Organization's history that endorse the important role of young workers in its scope.

Several ILO Conventions target young people or contain measures for their protection (ILO 2018):

- The Minimum Age Convention, 1973 (No. 138) establishes the minimum age for employment or work that, by its nature or the circumstances in which it is carried out, is likely to jeopardize the health, safety or morals of young persons at 18 years, albeit with some exceptions.
- The Worst Forms of Child Labour Convention, 1999 (No. 182) considers the worst forms of child labour, which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. Those works are to be eliminated as a priority.
- The Conditions of Employment of Young Persons (Underground Work) Recommendation, 1965 (No. 125) calls for the adoption of measures designed to safeguard the life and health of young persons employed or working in underground mines.
- The Medical Examination of Young Persons (Industry) Convention, 1946 (No. 77), the Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946 (No.

78) and the Medical Examination of Young Persons (Underground Work) Convention, 1965 (No. 124) require that there be pre-employment medical examinations for persons younger than 18 to check their fitness for the work in question, and they require that there be medical supervision until workers reach the age of 18. These requirements are extended to the age of 21 for occupations that involve high health risks. The Medical Examination of Young Persons Recommendation, 1946 (No. 79) recognizes that protection is still needed beyond the age of 18 because, in most cases, the adolescent stage of development does not end at age 18.

Other instruments also address the youth from a different perspective, such as the standards regulating safety and health:

- The Safety and Health in Agriculture Convention, 2001 (No. 184) contains a section on young workers and hazardous work and states in article 16 that the minimum age for assignment to work in agriculture is 18 (exceptions are permissible for persons aged 16–18 under strict conditions). The accompanying Recommendation (No. 192) provides for the adoption of health surveillance measures for young workers.
- The Construction Recommendation, 1988 (No. 175) requires a minimum age for drivers and operators of lifting appliances.
- The Asbestos Recommendation, 1986 (No. 172) gives special attention to the employment of persons younger than 18 in activities involving a risk.
- The Welfare Facilities Recommendation, 1956 (No. 102) states (article 16) that in undertakings in which any worker, especially women and young workers, have reasonable opportunity for sitting without detriment to their work, seats should be provided and maintained for their use.

The Human Resources Development Convention, 1975 (No. 142) establishes that Member States should develop comprehensive and coordinated policies and programmes of vocational guidance and vocational training, closely linked with employment. Its article 4 specifies that Member States should gradually extend, adapt and harmonize their

<sup>95</sup> The treaties provide for the European Union and Member States to work towards this objective in a number of ways. Title IX of the Treaty on the Functioning of the European Union enables it to promote the coordination of employment policies by adopting yearly conclusions on the employment situations, making country-specific recommendations to Member States and drawing up an annual set of guidelines that Member States are required to take account of in creating their employment policies. The treaties also allow the European Union to adopt "incentive measures" designed to encourage cooperation and the sharing of good practice (Article 149).

vocational training systems to meet the needs for vocational training throughout the life of young persons and adults in all sectors of the economy and branches of economic activity and at all levels of skill and responsibility.

Even with no specific wording for youth, most ILO Conventions cover all workers, including the youth, and this is particularly important in the case of the standards that protect vulnerable cohorts, where young workers are especially affected.

During its 101st International Labour Conference in June 2012, the ILO adopted a resolution calling for immediate, targeted and renewed action to tackle the youth employment crisis. Although not mandatory, the resolution provides a portfolio of tried-and-tested measures; the ILO call for action on youth employment asks governments and social partners to foster pro-employment growth and decent job creation through macroeconomic policies, employability, labour market policies, youth entrepreneurship and rights to tackle the social consequences of the crisis, while ensuring financial and fiscal sustainability; to promote macroeconomic policies and fiscal incentives that support employment and stronger aggregate demand, improve access to finance and increase productive investment, taking account of different economic situations in countries; and to adopt fiscally sustainable and targeted measures, such as counter-cyclical policies and demand-side interventions, public employment programmes, employment guarantee schemes, labour-intensive infrastructure programmes, wage and training subsidies and other specific youth employment interventions. Such programmes should ensure equal treatment for young workers.

Youth are an integral element of the ILO Decent Work Agenda, and achieving the 2030 Agenda for Sustainable Development will be dependent upon policies that better gear youth for the near future, especially a changing world of work.

## More balanced employment protection needed for young workers

The role of labour market policy, regulations and institutions varies considerably from country to country. But overall, more balanced employment protection for permanent and temporary workers and for all new standard forms of work is needed.

It will ensure that young people who lack work experience can prove their abilities and skills to then progressively transition to regular employment (OECD 2013). It will also encourage an equal treatment between permanent and temporary workers and help combat informal employment. This idea has led to multiple discussions at the national level on flexible contracts to be designed and offered to youth.

Discussions among social partners in some countries focus on the level and spread of income support provided to unemployed youth. While some governments consider shifting their support from direct financial assistance to funding apprenticeships, others are increasing their support by tying it back to stricter obligations of active search and training. Unfortunately, assessments are lacking that could point to good solutions; job-related legislation providing this type of incentive should be carefully reviewed.

Governments are progressively involving employers and trainers to create a holistic approach to address youth employment, including regulations on youth unemployment and providing intensive programmes on remedial education, work experience and adult mentoring (McKinsey 2013). A skills and occupational training policy should be a core element of any legislation.

The world continuously changes and creates new forms of challenges. Workers' skills do not always match with the jobs available now and even less so tomorrow. The rapidly evolving digital economy will change the employment map. The expanding population of young people will exacerbate youth unemployment and migration pressures.

What is the role of legislation in this context? Equal treatment and equal distribution of benefits is still a fair aspiration in a modern and democratic system. New regulations and policies should guarantee that all segments of a population receive the same benefits and enjoy the same rights. In this context, any reform of youth legislation should contemplate employment as a whole and define social needs as well as youth protection in a general way. Specific legislative measures should focus on facilitating the transition from school to the world of work and avoid treating youth workers as second-class workers. New laws should emphasize protecting contractual arrangements for all workers; evaluate and compensate work performed with equal criteria; and consider diversities, such as age.

The principle of equal remuneration for work of equal value should be considered “mutatis mutandis” for the work performed by young workers as well as their right to receive similar social and employment protections as older workers.

The future of work needs a more equalitarian and flexible society. The recent ILO report of the Global Commission for the Future of Work (ILO 2019) emphasizes “supporting people through transitions with the aim to expand their choices and provide security to cope with the change”. The report highlights that the transition from school to work is a pivotal moment for young people, but one in which many of them are left behind and which could “create long-term developmental and societal consequences”. Young people need strong support to become active members of society. Legislation is a tool of paramount importance for guaranteeing the generational transition and to ensure decent work.

For addressing the future of work, countries need to design and apply more and better policies and interventions to ensure the delivery of relevant skills and facilitate a successful transition into employment, both today and tomorrow. It is key to build on rigorous evidence and market sensing to inform

the design of effective interventions, and education and skills training curricula.

An enlarged social dialogue that includes youth representatives is a precondition to reducing the skills mismatch. It is also necessary to invest in lifelong learning and making the education system more adaptable and attuned to the needs of the labour market.

Several studies and institutions single out insecurity, the lack of social protection and precarious working conditions as the main problems facing young people in the current and future labour environment. To resolve these issues, it seems necessary to build adaptable and responsive social security, education and training systems, to promote lifelong learning and to ensure smooth school-to-work and work-to-work transitions as well as equal access to quality jobs for all young people.

To offer youth a bright future of work, young people’s personal development and evolution to autonomy need a nurturing policy environment to help build up their resilience and equip them with the necessary resources to participate in society, thereby contributing to the eradication of youth poverty. Only if we succeed with young people will we have the future of work we want.

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## ► Education and training for rapidly evolving labour markets

Marcelo Cuautle Segovia and Mariana Costa Checa

### ► Digital tools are changing the way in which we prepare youth for work.

Automation, digitalization and new technologies herald new challenges in limiting the relevance of previous education and training. Young men and women are spending more time in education, allowing them to achieve more knowledge and qualification levels. Yet, the main labour market challenge they face nowadays is the school-to-work transition. The International Labour Organization (ILO) defines this transition as the passage of a young person aged 15–29 years from the end of schooling to the first regular or satisfactory job.<sup>96</sup>

As new forms of work arise, youth employment policies need to support young people with the tools to navigate an already complex labour market. A considerable share of the youth population in many developing countries lacks basic labour market-relevant skills, and they cannot access technical and vocational education or training. Worldwide efforts to improve this situation are reflected in Sustainable Development Goal 4, which highlights the importance of skills for employment and entrepreneurship and aims to “substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills for employment, decent jobs and entrepreneurship” by 2030.<sup>97</sup>

### Young people and challenges in contemporary labour markets

Education and training are paramount. But their effectiveness depends on how relevant they are

to the needs of the labour market. In recent years, researchers and policymakers have concentrated on skills mismatch to determine how relevant education and training (labour supply) are to labour demand. Skills mismatch in the labour market refers to the inadequacy of the skills developed in the education or training systems in relation to what is required in the job market, specifically: “the degree to which workers in firms possess skill or education levels that are above, below or poorly connected to those required within their current job [...] and, in the case of vacancies, the degree to which the education and skills of job applicants meet the requirements of the hiring firm” (McGuinness, Pouliakas and Redmond 2017). Because young people represent the largest share of the population in education and training, skills mismatches are particularly relevant to them.

Skills mismatches affect young people’s employability in different ways (table 1). From the labour supply perspective, vertical and horizontal mismatches have greater effect on young workers. Vertical mismatch refers to the level of skills to perform a job. While some experienced workers struggle to find a job because they are overskilled, young people tend to be underskilled for many of the job offers available.<sup>98</sup> Horizontal mismatch is the discrepancy between the field of education of a given worker in relation to the job offers. This type of mismatch is particularly relevant to young people because it affects recent graduates in fields with little or no demand, resulting in poor labour market outcomes.

96 While in most contexts a young person is defined as 15–24 years, the ILO extends it to 29 years for the purpose of the school-to-work transition to recognize that some young people remain in education beyond age 24 and thus to capture more information on the post-graduation employment experience. This definition is relevant because it considers the status in employment (employee, employer, own-account worker, contributing family worker, etc.) as well as job satisfaction. See [www.ilo.org/employment/Whatwedo/Instructionmaterials/WCMS\\_140857/lang-en/index.htm](http://www.ilo.org/employment/Whatwedo/Instructionmaterials/WCMS_140857/lang-en/index.htm).

97 Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. See <https://sustainabledevelopment.un.org/sdg4>.

98 It is important to differentiate between skills and education. A young person can be overeducated (in terms of years of education and qualifications) but still be underskilled.

► **Table 1. Typology of skills mismatches**

Vertical mismatch	Overskilled
	Underskilled
Horizontal mismatch	Field of study or training relevant
	Field of study or training not relevant
Skills shortages	Unfilled vacancies
	Hard-to-fill vacancies
Skills gap	Skills to perform current job
	Lack of skills to perform current job
Obsolescence	Maintains skills relevance over time
	Skills become obsolete over time

Source: McGuinness, Pouliakas and Redmond 2017.

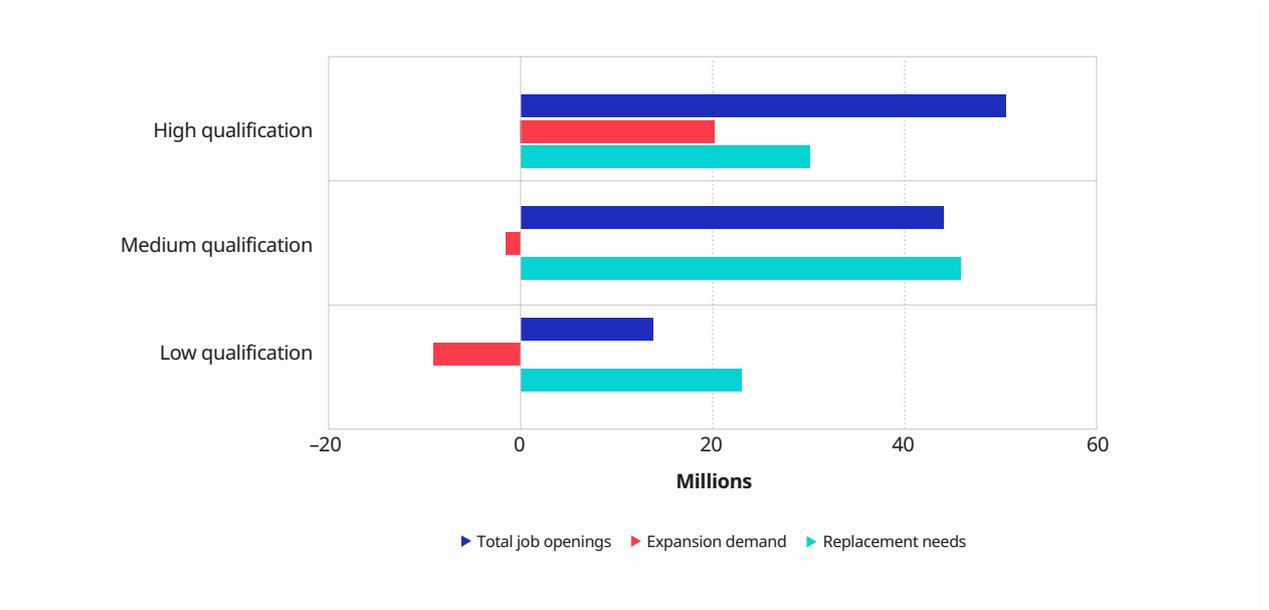
From the labour-demand perspective, young people are mostly impacted by the skills gap (lack of skills to perform a job) and skills shortages (unfilled and hard-to-fill job vacancies) because the demand for a certain type of skill is greater than the supply. Skills obsolescence (uselessness of skills to per-

form a job over time<sup>99</sup>) tend to affect older workers because their skills become less relevant due to new technologies. Due to the rapid technological change and digitalization taking place, skills gaps and skills obsolescence are increasingly affecting young peoples' employability.

Skills mismatches affect young people in many ways, but until recent years, most research centred on analysing the vertical and horizontal mismatches. Evidence indicates that the demand for low-skill jobs remains high, and workers are often overqualified for the jobs they perform in both developing and developed economies. In advanced economies, overeducation<sup>100</sup> accounts for an average of 22 per cent of workers (OECD 2016b), while the incidence of overeducation in developing economies is, on average, 36 per cent (Handel n.d.). Undereducation seems to impact young people to a greater extent. According to ILO data, the incidence of undereducation in the youth population of 28 low- and lower-middle-income countries is, on average, 37 per cent, while overeducation averages 16 per cent (Sparreboom and Staneva 2014).

It is not clear yet to what extent overeducation influences the level of employability, but it can also affect

► **Figure 1. Total job opportunities in the European Union, by qualification, 2013–25 (millions)**



Source: See [www.cedefop.europa.eu/en/publications-and-resources/publications/9098](http://www.cedefop.europa.eu/en/publications-and-resources/publications/9098), accessed 18 November 2019.

99 Situations in which the skills previously required in the labour market are no longer required or their importance has been reduced. See [www.eqavet.eu/eu-quality-assurance/glossary/skills-obsolescence](http://www.eqavet.eu/eu-quality-assurance/glossary/skills-obsolescence).

100 Overeducation refers to workers having more years of education than the job requires.

wage levels and job satisfaction (OECD 2016b). According to forecasts by the European Centre for the Development of Vocational Training, the demand for jobs that require high qualifications in European Union Member States is expanding while the demand for jobs that require medium and low qualifications is contracting.<sup>101</sup>

Although differences between advanced and developing economies must be considered, this forecast provides an indication of the trend for the demand of qualifications in the near future. Hence, there are major implications for governments to articulate policies for youth employment that ensure the development of labour market relevant skills for which there is growing demand. It is thus important and useful to see what types of policies national governments around the world are using to promote youth employment.

### Reviewing education and training policies for youth employment

Of the 485 youth employment policy and legislation documents from 65 countries (and dating between 1947 and 2015) in the ILO Youth Employment Policies and Legislation database,

known as YouthPOL,<sup>102</sup> almost half (44.6 per cent) of them dwell on education and training (figure 2). “Education and training” refers to all organized, systematic education and training activities in which people take part to obtain knowledge and/or learn new skills for a current or future job, to increase earnings, to improve career opportunities in a current or other field and generally to improve their opportunities for advancement and promotion (OECD 2003).

### Global perspective

**Labour market policies** account for around one in five interventions in the YouthPOL collection. These policies aim at establishing an efficient and functioning labour market by correcting the imbalances between the supply and demand of labour. Labour market policies can be distinguished from other general employment policy interventions in that they act selectively to favour particular groups in the labour market (Eurostat 2013).

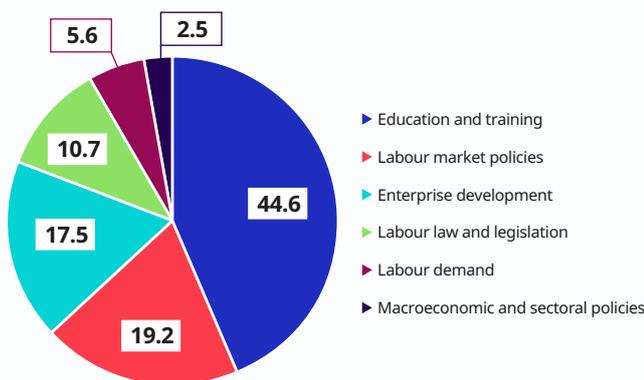
Measures for **enterprise development** account for almost 20 per cent of the total number of youth employment interventions. They focus on businesses to accommodate their growth and to help realize their potential through, for example, tax rebates, subsidies, access to finance and formalization.

**Labour law and legislation** represent one in ten of the interventions at the global level. These typically included legal measures to provide youth with different means of protection, such as contractual arrangements, anti-discrimination legislation and occupational safety and health.

**Labour demand interventions**, which target employers’ demand for workers, account only for 5.6 per cent of the total. These types of measures include waivers for social security contributions and tax rebates for hiring young people as well as incentives to promote the transition of informal workers to the formal economy.

Finally, **macroeconomic and sectoral policies** only represent 2.5 per cent of the total policies. The macroeconomic policies include monetary, fiscal and exchange rate policies. They involved government spending and central banks, generally intended

► Figure 2. Measures for youth employment across 65 countries, by policy area (%)

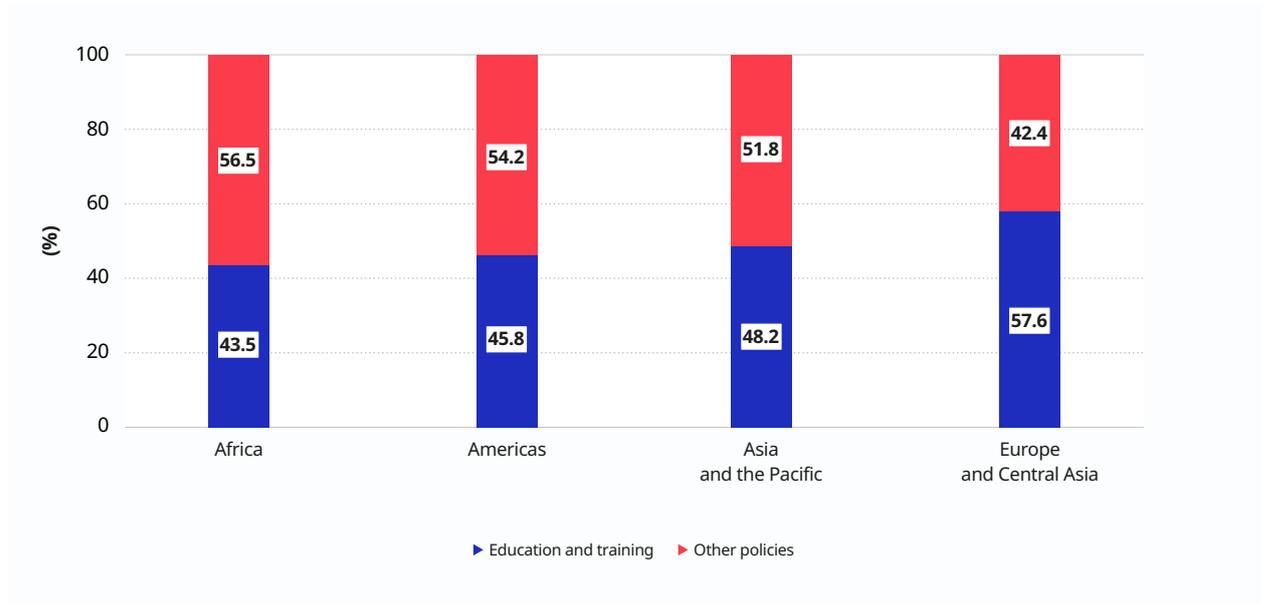


Source: Authors’ 2019 review of 478 youth employment policy and legislation documents.

101 See [www.cedefop.europa.eu/en/publications-and-resources/publications/9098](http://www.cedefop.europa.eu/en/publications-and-resources/publications/9098).

102 YouthPOL is an ILO online inventory of policies and legislation relevant to youth employment collected from 2012 to 2016. Though many of the policies and legislation contained in the inventory are still valid, some of them may have been amended or replaced by new ones after the collection period. See [www.ilo.org/employment/areas/youth-employment/youth-pol/lang-en/index.htm](http://www.ilo.org/employment/areas/youth-employment/youth-pol/lang-en/index.htm).

► **Figure 3. Education and training measures as a percentage of all youth employment interventions in 65 countries, by region**



**Source:** Authors' 2019 review of 478 youth employment policy and legislation documents.

to maximize growth while keeping down inflation; sometimes they include an employment target. Although macroeconomic policies “have a critical influence on decisions by companies to produce, hire or fire workers or export and import goods” (World Bank 2014), they are not frequently used as instruments for promoting youth employment or employment in general.

**Sectoral policies**, which are adopted by governments as a plan of action for a particular sector of the economy, do not seem to be a common means to promote youth employment. Most employment in many developing countries concentrates only in a few sectors (such as agriculture).

### Regional perspective

The importance of education and training at the regional level is consistent with the global picture. In most regions, education and training represent about half of the total number of interventions. In Africa, they account for 43.5 per cent, in the Americas it is 45.8 per cent, in Asia it is 48.2 per cent, and in Europe and Central Asia it is 57.6 per cent. Despite the different employment policy

approaches of governments across regions, education and training receive similar importance. In the Europe and Central Asian region, the percentage is slightly greater. This is in part explained by the inclusion of many European Union countries, such as Austria and Germany, where education and training systems are advanced.

Education and training can be delivered in different forms, through various means and for specific purposes. The YouthPOL database integrates the forms of education and training that have greater relevance to youth employment.<sup>103</sup> They include technical and vocational education and training (TVET), career education and career guidance, apprenticeships, other work experience provisions (including internships), remedial education, scholarships and other incentives (including conditional cash transfers) and lifelong learning.

The analysis of education and training policies revealed some areas more frequently than others. Almost one quarter of the education and training policies were part of TVET. Lifelong learning represents 16.2 per cent of the total policies. Internships, other work experience provisions, career education and career guidance account for

<sup>103</sup> The policy areas and sub-areas, including education and training, were developed by the ILO Youth Employment Programme in 2012–13 in line with the ILO call for action to tackle the youth employment crisis (ILO 2012). These are the operational definitions used to analyse policy and legislation documents in the YouthPOL database.

## Categories of education and training relevant to youth employment

**Technical and vocational education and training:** A comprehensive term for education and training beyond compulsory education but excluding degree-level programmes, which provide individuals with occupational or work-related knowledge and skills (Rosas and Corbanese 2006).

**Career education and career guidance:** Career education is delivered by education institutions to help students make education and career choices. It provides young learners with knowledge of the labour market and with skills to make choices about education, training and life generally. Career guidance is the process, services and activities aimed at assisting individuals of any age and point in their life to make education, training and occupational choices and to manage their career. It can also include the provision of a mentor (Watts 2013).

**Apprenticeships:** A system of training that usually combines on-the-job training and work experience with institution-based training. It can be regulated by law (formal apprenticeship, normally providing remuneration to apprentices) or by custom (traditional or informal apprenticeship where remuneration and/or institution-based training are not always envisaged) (Rosas and Corbanese 2006).

### Internships and other work experiences

Internships involve a limited period of work experience with an employer, usually lasting a few weeks to one year. They are neither part of a regular employment relationship nor a formal apprenticeship. Three types of internship are typically distinguished:

- ▶ Internships that link to a course of academic study.
- ▶ Work experience undertaken as part of an active labour market programme.
- ▶ Open market internships, which is work experience in enterprises or organizations that do not fall under either of the previous criteria (O'Higgins and Pinedo 2018).

**Remedial education:** Education through formal institutions for adults who left education without mainstream schooling or other qualifications and who now want to gain basic literacy skills, primary education or secondary education. These also include activities or programmes aimed at helping students with learning difficulties or supporting students who may need to develop better learning skills as well as master content (International Bureau of Education n.d.).

**Scholarships and other incentives, including conditional cash transfers:** Conditional cash transfers refer to an exchange of financial support for certain behavioural guarantees (see <https://ec.europa.eu/social/BlobServlet?docId=12638&langId=en>).

**Lifelong learning:** A process that encompasses all learning and training activities undertaken throughout a person's life for the development of competencies and qualifications (Rosas and Corbanese 2006). This refers to all general education, vocational education and training, non-formal education and informal learning undertaken throughout life, resulting in an improvement in knowledge, skills and competencies within a personal, civic, social and/or employment-related perspective (European Commission 2011).

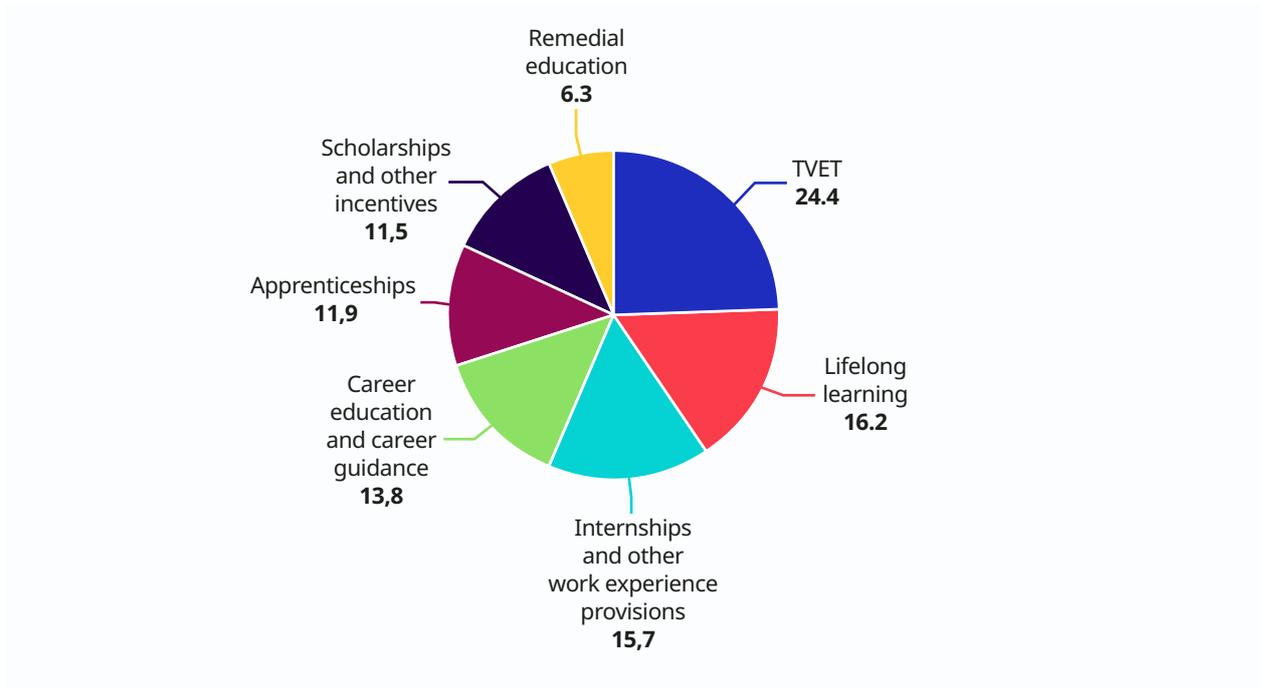
Lifelong learning involves more than the skills needed to work; it is also about developing the capabilities needed to participate in a democratic society. It offers a pathway to inclusion in labour markets for youth and people who are unemployed. It also has transformative potential: investment in learning at an early age facilitates learning at later stages in life and is in turn linked to intergenerational social mobility, expanding the choices of future generations (Global Commission on the Future of Work 2019).

nearly a third of the total provisions. Apprenticeships represent slightly more than one tenth of the total measures. And scholarships and other incentives and remedial education represent 11.5 per cent and 6.3 per cent of the total, respectively.

The education and training provisions present a different distribution across regions (table 2). Apart

from scholarships and other incentives, Europe and Central Asia have the largest share of measures for each type of intervention. This is largely due to the greater representation of countries from Western Europe, a region with highly developed and sophisticated national education and training systems. This region accounts for more than half of the interventions for career education, career

► Figure 4. Education and training measures across 65 countries, by sub-policy area (%)



Source: Authors' 2019 review of 478 youth employment policy and legislation documents.

guidance, internships, other work experience provisions and remedial education and almost half of the provisions for apprenticeships and lifelong learning. TVET interventions, scholarships and other incentives account for about a third of the education and training measures in Europe and Central Asia.

Other regions demonstrated similar trends in the breakdown of education and training measures. TVET interventions in Africa, the Americas and Asia and the Pacific represent about two in ten education and training measures in each region. Lifelong learning interventions in Asia and the Pacific account for almost four in ten of the total and slightly more than one third of the provisions for scholarships and other incentives – more than in Europe and Central Asia. Remedial education is an important policy provision for education and training in Africa, where it represents almost one third of the total, only behind Europe and Central Asia. Apprenticeships account for a similar share in Asia and the Pacific, the Americas and Africa, with

the exception of Europe and Central Asia, where they represent almost half of the total.

While the data underscore the relevance of education and training policies for youth employment around the world, some provisions are more relevant than others, depending on the region. In the analysis of the 65 countries, TVET and apprenticeships emerge as the more common components in most national strategies for youth employment. Apprenticeship training, which is a form of TVET, is singled out in the next section for three reasons: First, it facilitates the school-to-work transition of young people and has proven to be more effective in employing them in countries with developed apprenticeship systems. Second, the direct involvement of enterprises in this type of training guarantees that young people develop labour market-relevant skills, including core skills.<sup>104</sup> And third, apprenticeship training is increasingly considered by policymakers in government and multilateral agencies as a resourceful means against youth unemployment.

<sup>104</sup> Core employability skills build upon and strengthen the skills developed through basic education; the technical skills needed for specific occupations or to perform specific tasks or duties (such as nursing, accounting, using technology or driving a forklift); and professional and personal attributes, like honesty, reliability, punctuality and loyalty. See [www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/publication/wcms\\_234467.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_234467.pdf).

► Table 2. Education and training interventions across 65 countries, by region (%)

Region	TVET	Career education and career guidance	Apprenticeships	Internships and other work experience provisions	Remedial education	Scholarships and other incentives	Lifelong learning
Africa	20.9	11.6	18.5	11.5	27.0	6.1	11.7
Americas	19.7	9.4	15.1	13.4	7.9	27.0	8.0
Asia and the Pacific	23.0	23.2	21.0	22.9	12.7	34.8	38.9
Europe and Central Asia	36.5	55.8	45.4	52.2	52.4	32.2	41.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

## Apprenticeship training

Transiting from school to work is the main challenge for most young people. Regardless of their level of education, they often lack labour market-relevant skills and have little or no work experience, which is a critical issue for most employers. The quality and relevance of education is often insufficient and not adapted to the needs of enterprises. This results in a situation in which job offers remain vacant while many young people are unemployed or underemployed.

TVET aims at equipping students with specific occupational and core skills. It is typically delivered at vocational schools. A functional and structured TVET system increases young people's employability and their chance to have a job. However, in many developing countries, the TVET curricula is outdated and/or is often developed without the involvement of employers. Rapid technological change in economic sectors, industries and occupations makes it difficult for vocational schools to ensure the relevance of their programmes to meet employers' needs. In fact, recent research suggests that young people with TVET training are more likely to be working in an automatable job than those with a university degree (ILO 2020b). For this reason, TVET curricula need to be modernized and constantly updated, in line with technological change. However, some forms of TVET, in particular the dual apprentice-

ship system, seem to better facilitate young's people entry into the labour market (Biavaschi et al. 2012).<sup>105</sup>

Apprenticeships have developed over many centuries from schemes in which young people were trained by master craftsmen to develop trade-specific skills. Currently, there are sophisticated and structured apprenticeship systems involving the participation of various actors, including enterprises, vocational schools, employers' associations and trade unions. Advanced apprenticeship systems exist mainly in developed economies, while informal apprenticeships are mostly found in developing countries. The primary difference between them is that formal apprenticeships are based on training policies, institutions and legislation, while agreements in informal apprenticeships are embedded in local culture and traditions, with the incentive to participate on both sides rooted in a society's norms and customs (ILO 2012). The importance of informal apprenticeships is undeniable because they are widespread in the developing world<sup>106</sup> and are a proven system for providing technical skills.<sup>107</sup> Yet, they often lack many quality elements that a formal apprenticeship system offers.

There is no international standard that provides a universal definition of a formal apprenticeship.<sup>108</sup> Apprenticeship training and other forms of work-based learning, such as internships and trainee-

105 As cited in ILO 2020b.

106 Informal apprenticeship systems are widespread in many countries. They are considered by far the most important source of skills training in Africa and Southern Asia. Informal apprenticeships are believed to be responsible for the majority of all skills development in Ghana and account for almost 90 per cent of all training for trades in Benin, Cameroon and Senegal (ILO 2012).

107 An informal apprenticeship is a socially accepted practice for transmitting skills from one generation to the next. In their workplaces, apprentices learn relevant technical skills and are introduced to a business culture and a business network. Familiarity with these environments increases their chances of employment once the apprenticeship is complete.

108 Although it is not an international standard, the ILO Vocational Training Recommendation, 1962 (No. 117) defines apprenticeships as "systematic long-term training for a recognized occupation taking place substantially within an undertaking or under an independent craftsman should be governed by a written contract of apprenticeship and be subject to established standards." See [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO::P12100\\_ILO\\_CODE:R117](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO::P12100_ILO_CODE:R117).

► **Table 3. Typical differences between apprenticeships and other forms of work-based learning**

	Apprenticeship	Informal Apprenticeship	Internship	Traineeship
Tripartite governance	Yes	No	No	No
Remuneration	Yes	Possibly	Probably	Possibly
Written contract	Yes	No	Possibly	Possibly
Social security coverage	Yes	No	No	No
Legal framework	Yes	No	No	No
Programme of learning	Yes	No	No	Possibly
On-the-job training	Yes	Yes	Yes	Yes
Off-the-job training	Yes	No	No	No
Formal assessment	Yes	No	No	No
Recognized qualification	Yes	No	No	No
Duration	1–4 years	Variable	Up to 12 month	Up to 12 month

**Note:** The table is from the ILO Toolkit for Quality Apprenticeships.

**Source:** ILO, on the basis of Steedman 2012.

ships, are used interchangeably in many countries. Formal apprenticeships have four main features: First, they consist of a training regime set up by or with the approval of the government. In other words, they are regulated by law. Second, they combine off-the-job-training (typically in a vocational school) and on-the-job training (in an enterprise). Third, the employer holds the main responsibility for the development of the apprentice. And fourth, apprentices are awarded some type of official recognition that enables them to practise an occupation independently after the completion of the apprenticeship training (Smith 2010). Other forms of work-based learning, such as internships and traineeships, do not have many of the features of apprenticeship training (table 3).<sup>109</sup>

Apprenticeships bring together the supply and demand sides of the labour market. They equip young people with labour market-relevant skills and provide enterprises with qualified labour. But

apprenticeship systems are not all the same nor will all of them provide quality training conditions. While some apprenticeship schemes only transfer skills to an apprentice with minimum or no compensation, developed apprenticeship systems provide remuneration and social security coverage. The ILO promotes the concept of “quality apprenticeships”, which encompasses what apprenticeships should be, based on six criteria or building blocks (figure 5).<sup>110</sup>

In recent years, the quality apprenticeship concept has caught the attention of governments and multilateral organizations for their potential to improve employment outcomes for young people. In 2016, labour and employment ministers from the G20 countries<sup>111</sup> adopted the G20 Initiative to Promote Quality Apprenticeships. In doing so, they acknowledged:

*“Apprenticeship (training) has proven to be an increasingly useful method to deliver vocational training globally. Quality apprenticeship*

<sup>109</sup> Formal apprenticeships do not necessarily feature each and every characteristic mentioned in the table, apart from the legal framework, on-the-job training, off-the-job learning and the recognition of a qualification.

<sup>110</sup> The ILO defines quality apprenticeships as “a unique form of technical vocational education and training, combining on-the-job training and off-the-job learning, which enable learners from all walks of life to acquire the knowledge, skills and competencies required to carry out a specific occupation. They are regulated and financed by laws and collective agreements and policy decisions arising from social dialogue and require a written contract that details the respective roles and responsibilities of the apprentice and the employer; they also provide the apprentice with remuneration and standard social protection coverage. Following a clearly defined and structured period of training and the successful completion of a formal assessment, apprentices obtain a recognized qualification”.

<sup>111</sup> The G20 is an informal group of 19 countries and the European Union, with representatives from the International Monetary Fund and the World Bank.

► Figure 5. Building blocks of quality apprenticeship systems



Source: ILO Toolkit for Quality Apprenticeships.

*programmes provide workers with unique opportunities to receive training, job experience and wages, while contributing to growth and innovation in the broader economy. Apprenticeship (training) builds human resources and can improve opportunities for individuals, including disadvantaged youth and other vulnerable workers by facilitating their entry into the labour market, strengthening their skills, and thus contributing to higher wages and better-quality jobs. They provide businesses with skilled workers needed to adapt to the rapidly changing technology and markets and help support national prosperity and more inclusive growth.” (G20 2016)*

This initiative was endorsed by the G20 Leaders’ Summit in Hangzhou, China in 2016 with ten action points.

In 2013, the L20<sup>112</sup> and the B20<sup>113</sup> workers’ and employers’ organizations in the G20 countries issued a joint appeal to governments to increase apprenticeship numbers and emphasizing seven principles that are key to making apprenticeships work.<sup>114</sup> Many countries have improved their national apprenticeship system through various measures, including by upgrading their regulatory framework, building partnerships, developing funding mechanisms and reviewing occupational profiles.

In 2018, the ILO conducted a survey among government units, national trade unions and employers’ organizations in the G20 countries to track their progress on the ten action points of the Initiative to Promote Quality Apprenticeships. In the survey report, the ILO (2018) concluded that “the wide

112 The L20 represents the interests of workers at the G20 level. It unites trade unions from G20 countries and global unions and is convened by the International Trade Union Confederation and the Trade Union Advisory Committee to the Organisation for Economic Co-operation and Development.

113 The B20 is the private sector’s voice of the G20 community. It addresses the global challenges and priorities defined by the G20 countries, by building solid consensus among business leaders, international organizations and civil society regarding how they should be approached.

114 See [www.ituc-csi.org/key-elements-of-quality](http://www.ituc-csi.org/key-elements-of-quality).

### Ten actions of the G20 countries' Initiative to Promote Quality Apprenticeships

1. Establish national goals or targets to develop, expand and improve apprenticeship programmes, including for higher education levels.
2. Raise the quality of apprenticeships by fully engaging social partners in the design, development and delivery of apprenticeship and ensuring a strong work-based training component; for instance, through dual training systems, effective career guidance and integration with formal schooling and skills recognition systems.
3. Promote apprenticeship programmes in a broad array of occupations and sectors, particularly emerging sectors and those with skill shortages.
4. Foster the engagement of businesses in the apprenticeship systems, make apprenticeships more attractive to employers, in particular [small and medium-sized enterprises], by reflecting their skill needs in training programmes, addressing legal and regulatory disincentives and promoting an adequate or appropriate sharing of costs among employers, providers and public authorities.
5. Ensure that apprenticeship programmes offer good working and training conditions, including appropriate wages, labour contracts and social security coverage as well as respect for labour rights and occupational safety and health.
6. Implement initiatives to raise the awareness and highlight the benefits of apprenticeships among enterprises, guidance counsellors, jobseekers and the general population.
7. Improve access to quality apprenticeship for disadvantaged groups through income subsidies, training credits, pre-apprenticeship programmes, affordable quality childcare and family-friendly work opportunities, among others.
8. Strengthen partnerships between businesses and vocational schools in apprenticeship programme design, delivery and certification.
9. Support programmes to upgrade informal apprenticeships and to facilitate the inclusion of informal apprentices in the formal economy, either through certification and recognition of prior learning, supplementary training or other appropriate measures.
10. Expand quality apprenticeships globally, including through technical cooperation and regional initiatives.

**Source:** See [www.g20.utoronto.ca/2016/160713-labour.html](http://www.g20.utoronto.ca/2016/160713-labour.html).

range of examples and descriptions [...] show that the governments, workers' and employers' organizations in the G20 Member States are improving apprenticeship systems and actively promoting apprenticeship training opportunities". Major gaps were also cited, including:

- the concentration of apprenticeships in only a few industry areas;
- difficulties with monitoring rapidly expanding apprenticeship systems;
- difficulties with encouraging employers to participate in the system;
- low status of apprenticeships and perceived unfairness in the distribution of financial incentives; and

- poor-quality training by private providers, among others.

These challenges persist and indicate that much work is still needed to improve apprenticeship systems in both developed and developing countries. TVET, including apprenticeship training, is an effective means to deliver labour market-relevant skills to young people. But the quickening pace of new technologies and new forms of work organization are increasing the stress on rigid education and training systems. Technological change not only affects the ways the production of goods and services are organized. It also changes the way we learn and develop new skills. Adapting learning and training models to the new technologies will be essential for lifelong labour market transitions.

## Education and training in the Fourth Industrial Revolution

Rapid technological change and digitalization are two factors that have direct impact on youth employment. New technologies change and, in some cases, destroy jobs. But they also create opportunities. In 2011, the University of Phoenix and the Institute of the Future described the drivers that would “reshape the landscape of work” (Davies, Fidler and Gorbis 2011). These drivers have proven relevant for changing labour markets around the world.

The first driver is human longevity. It has major implications for education and training systems because a longer life expectancy, coupled with rapid technological change, means that workers must continue learning and developing new skills throughout their lifetime. The second and third drivers – smart machines and systems and the computational world – spell the progressive end of occupations that involve repetitive tasks and low levels of creativity due to automation and the exponentially growing capacity of computers to process information. Other drivers of change – new media ecology, supersaturated organizations and a globally connected world – will reshape the development of information and communication technology (ICT) skills and digital skills.

Digital skills are, according to the United Nations Educational, Scientific and Cultural Organization,

“a range of abilities to use digital devices, communication applications and networks to access and manage information. They enable people to create and share digital content, communicate and collaborate and solve problems for effective and creative self-fulfilment in life, learning, work and social activities at large.”<sup>115</sup> The European Centre for the Development of Vocational Training estimated that around “85–90 per cent of jobs will require ICT skills by 2020” (EU Science Hub 2013). This estimation contrasts with the results of a 2016 survey by the Organisation for Economic Co-operation and Development showing that 56 per cent of the adult population lacked or had poor ICT skills (OECD 2016a). The survey also revealed that the younger share of its sample (adults aged 25–34) had better ICT skills and were capable of completing “tasks involving multiple steps and requiring the use of specific technology applications”. Although young people are more prone and apt to learn, use and develop new technologies, there are disparities depending on their level of education, sex and geographical location (urban or rural).

To build systems that offer youth the channels to create a better future, it is necessary to analyse the changes taking place in the global economy. Most occupations will be transformed, and the imminent automation of repetitive tasks, particularly in low- and middle-skill jobs. Governments and social partners must design systems that prepare youth for increasingly high-skill jobs that take advantage

### Drivers of change for future work skills

1. **Extreme longevity:** Increasing global lifespans are changing the nature of careers and learning.
2. **Rise of smart machines and systems:** Workplace automation is nudging human workers out of rote, repetitive tasks.
3. **Computational world:** Massive increases in sensors and processing power are making the world a programmable system.
4. **New media ecology:** New communication tools are requiring new media literacies beyond text.
5. **Supersaturated organizations:** Social technologies are driving new forms of production and value creation.
6. **Globally connected world:** Increased global interconnectivity is putting diversity and adaptability at the centre of organizational operations.

Source: See [www.iftf.org/futureworkskills/](http://www.iftf.org/futureworkskills/).

<sup>115</sup> See <https://en.unesco.org/news/digital-skills-critical-jobs-and-social-inclusion>.

of technology. Millions of manufacturing, production and administrative roles will be depleted, while job gains will emerge in computer, data and engineering-related fields. This trend has significant implications for gender equality because women tend to be over-represented in the former fields and under-represented in the latter.

Under these circumstances, it is critical to innovate on how to help youth acquire the skills that will prepare them for the jobs of today and those of the future, especially young women and low-income youth who are more vulnerable to being left ill-prepared. Teaching high-demand technical skills to sustain employment is imperative. Even in non-technical roles, such as customer service, sales and care work, digital skills are increasingly needed to make candidates more competitive.

In addition to technical skills, the new labour market landscape is making core skills more important than ever before. In an era of automation, skills that no computer can replace (for now), such as adaptability, creativity and collaborative problem-solving, gain immense value. Social and emotional intelligence will be of great importance for future workers. All actors in the education and training space should prioritize these soft virtues in their skills-building programmes.

Technological change is not only influencing what skills youth need to successfully transition to employment but is also tremendously enhancing student learning in a way that facilitates their transition to employment. Digital technologies today are more widespread and accessible than ever. Online education enables students to learn at

their own time and pace. Online career portals help better match candidates with job opportunities. And online job-assessment platforms help youth better understand what skills they need for a job. Using these technologies properly to advance youth employability prospects at a broad scale could significantly help young people and all service providers overcome the current challenges.

Although there is still a long road before seeing enough successful examples scale up through public policy, there are already many initiatives using innovative approaches with promising results. These endeavours, often promoted by an array of players, such as social entrepreneurs, non-profit organizations, government agencies, B corporations<sup>116</sup> and international cooperation, encompass good practices that could be scaled up to reach millions of people. They also help expose the risks that could hamper their impact. Two such examples of innovative learning initiatives through which young people are trained to develop skills for the digital economy are featured here. The first case study from Peru, spotlights a non-profit organization that helps young women from disadvantaged backgrounds develop programming and life skills. The second case study from France, illustrates the work of a French social enterprise that targets vulnerable youth, in partnership with the national public employment services. The learning models of both organizations have proven successful and have been replicated in many countries. Although their impact is still limited to the scale of their funding and operational capacity, they provide insights into what learning models might look like in the near future.

## Programming and life skills for the technology sector in Peru

### **Background**

Laboratoria is a non-profit social enterprise that started in Peru in 2014 with the goal of preparing young women from low-income backgrounds with programming skills and life skills to also help fill the talent gap in Latin America's growing tech sector. According to data from the Inter-American Development Bank, software development is one of the fastest-growing careers in Latin America, with 1.2 million developers needed by 2025 (Alaimo et al. 2015). Demand for coders who can build digital products is growing rapidly with the digital economy, and unlike many other sectors, employers are making hiring decisions based more on skills than degrees. In fact, 56 per cent of developers responding to the Stack Overflow's annual survey in 2016 did not have a degree in computer science or related field. The non-profit social enterprise targeted this niche and prepare talented young women who had been unable to access quality higher education – and hence were typically limited to low-skill, low-paying jobs – for transformatio-

116 Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corporations are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy. See <https://bcorporation.net/about-b-corps>.

nal careers in tech fields. In Latin America in 2019, young women were significantly more vulnerable than men to remaining out of employment or education and training opportunities, at 28.9 per cent of all women aged 15–29, compared with 14.5 per cent of men (ILO 2020a). For these reasons and given the staggering gender gap in the tech fields, Laboratoria focuses only on women. Targeting women is paramount for (i) closing the gender gap, (ii) giving them the skills behind the types of jobs the digital economy will increasingly need and (iii) instilling diversity into the sector, which will arguably lead to better products.

Since its launch in Lima, Laboratoria has refined its training and job-placement model and accomplished positive results. The organization now operates five training centres across Latin America: in Lima (Peru), Santiago (Chile), Mexico City (Mexico), Guadalajara (Mexico) and São Paulo (Brazil).

### **Characteristics**

Laboratoria begins with a widespread call for talented female applicants aged 18 or older who have not been able to access quality higher education due to economic limitations and are therefore unemployed or doing low-skill, informal work with minimum pay. Most of the targeting is done through social media, mass media and alumnae referrals. The selection process, which validates their socio-economic context through a baseline survey, has multiple steps to evaluate candidates across several skill sets. Candidates do not need to demonstrate any previous experience in technical skills, but they are assessed in basic math, logic and reading comprehension. The evaluation also includes an introductory course on programming to evaluate each candidate's interest in technology, a personal interview and a pre-admissions week to assess skills, such as communication, group work and emotional intelligence. Through this process, candidates are selected according to who is best equipped to finish the programme and transition to employment.

Once enrolled, students go through a six-month, full-time immersive programme (bootcamp style) involving nearly 1,000 hours of training. The curriculum, which is open source and validated by hiring companies and developer communities, covers core programming tools and languages, such as JavaScript, HTML5, CSS3, Git and Github. They offer two sub-specializations: front-end development and user experience design. One of the most important innovations of this programme is their Agile Classroom, a learning methodology by which they build up the values of agile software\*\* development in their students. Collaboration, self-learning and constant retrospection are part of what makes their classrooms an intense, challenging experience. Students receive continuous feedback on their progress, and teachers obtain immediate data on student performance through a learning management system. This approach to education helps the students build up soft skills for work. More than 20 per cent of the programme is dedicated to strengthening socio-emotional skills like self-awareness, self-esteem and leadership.

Laboratoria also provides a job placement service for graduates. Its strategy is to build close relationships with leading employers, from software factories to banks, retailers, start-ups and digital agencies. Each local team continuously sources job opportunities and has worked to consolidate its image as a great resource of tech talent. They host distinctive events – Talent Fests and Hiring Games – to engage companies and get them to assess their students' skills in a practical way. This close relationship also ensures that students develop the skills that employers need and continuously refines the programme based on company feedback. Digital technology helps maximize the placement process through an online hiring platform where companies can access the profile of each graduating student, including data on the level of mastery of each skill taught. Companies place their offers through the platform, providing important data on their culture and needs to enable the best company-developer match.

After graduating the bootcamp, participants join Laboratoria's alumnae community, which organizes activities and trainings aimed at promoting the professional growth and leadership of its graduates. The community is also a source of peer-to-peer support, which is crucial for the women in their first few months at work.

Students do not pay for the first six immersive months and can even qualify for a transportation stipend if needed. Once they secure a job, graduates begin paying a monthly fee of approximately US\$150 for two years. On average, this represents between 15 per cent and 20 per cent of their salary, and only graduates who find a job must pay it. This helps protect the primary goal of connecting graduates with the best jobs. This business model, at this point, is geared towards building a self-sustaining organization; until then, it relies on grants from philanthropic, corporate and multilateral donors for its operations and growth.

### **Impact to date**

Since its launch in 2014, more than 1,000 female developers have graduated. Their placement rates have increased with every cohort, averaging 80 per cent of their latest class. The salary its students attain significantly jumps year after year because the students are better prepared and join better employers. With their latest cohort, the average monthly salary of graduates was US\$900. This represents, on average, a 2.7-fold increase in income for women who were working before and is comparable to what university graduates earn after a quality five-year degree. More

than 40 companies hire their graduates, including world-class players in the tech sector, such as Accenture and IBM. Through their transition to high-skill careers, the young women graduates of this non-profit social enterprise considerably change their income, social networks and their perspective for the future. They join a growing industry, contributing diverse talent and becoming an example for thousands of other women in the region.

### ***Practice highlights***

#### **1. The right candidate-programme match backed by data**

The selection process finds the candidates with the right skills to succeed in the programme. Given their emphasis on transitioning their students to a high-skill career, they use a unique process to select high-potential youth from low-income backgrounds. This makes them selective but also highly effective with the youth they reach. They continuously refine this selection process with their students' track record, through an algorithm that enables them to fill their capacity with young women who can make the most out of the programme.

#### **2. An externally verified, continuously evolving curriculum**

The technical curriculum is open source. This means developer communities and employers globally can review it, validate it and suggest improvements. This ensures their content stays updated and relevant. In the tech sector, which changes so fast with new frameworks and tools emerging yearly, this is a significant benefit.

#### **3. A constant connection with hiring companies**

An innovative model on how graduates connect with potential employers, designing a placement process that responds to company needs. This includes a digital platform to facilitate the process, and multiple recruitment events year-round. These strategies build close and constant connections with the market, growing their reputation as the best source of diverse junior tech talent.

\*\* Agile software development comprises various approaches to software development under which requirements and solutions evolve through the collaborative effort of self-organizing and cross-functional teams and their customers or end users. See Collier 2011.

## **Closing the gap in accessing education in the digital sector for disadvantaged youth in France**

### ***Background***

Simplon is a French-based solidarity enterprise of social utility.\*\* According to the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission (2016), such an entity is a social enterprise whose sole aim is to achieve social utility, which means that financial surpluses are to be redirected towards consolidating the objective, and financial profitability must be limited. The highest-paid employee, for instance, cannot have a wage that exceeds ten times the minimum wage.

Simplon's social mission is the inequality gap in access to education in the digital sector. In France, the employment gap between prime-age men and disadvantaged groups is 27.5 per cent (OECD 2018). Within the digital sector, there is an increasing gap in the diversity of digital workers, despite the growing demand for qualified web developers that the European context presents. According to the European Commission (Kiss 2017), by 2020, Europe may encounter a deficit of up to 756,000 ICT skilled workers. Not helping matters is the reality that an estimated 45 per cent of the European Union's population does not have satisfactory digital skills.

Simplon targets disadvantaged groups with free training on web development and coding. They work to educate women, unemployed youth, refugees, older persons, people with disabilities, people in rural areas or at a geographical disadvantage or any person who considers themselves in unfavourable circumstances regarding access to education in technology. The training Simplon provides for technical jobs is directed at "populations who are distanced from the labour market and unrepresented in the digital industry" (Bardeau 2017). The enterprise both prepares people for jobs in the digital sector and promotes popular awareness on the increasing importance of web development and the digital world.

### **Characteristics**

Anyone can apply to Simplon, but the prioritized candidates are disadvantaged youth. There is no required background in web development or advanced computer skills. The first step of the application process consists of filling out an online form and following a short online coding course that comprises several steps that, when completed, earn the candidate a “badge”. There is a minimum number of badges that each candidate must earn for their application to be approved, and this number varies according to the specialization each person pursues: HTML, CSS, JavaScript, PHP or Ruby. This part of the process is essential because it determines if a candidate has the skills to become a developer and proves whether or not coding is something that motivates them and something they like doing. Candidates who are pre-selected are invited to Simplon for an interview and take part in group workshops, a process through which the company makes its final selection.

The programmes Simplon provides vary depending on the origin of a candidate, their initial level of digital ability and the type of work that they want to pursue in the future. There is a programme for dataristians (people who want to specialize on data preparation), another one centred around software development, one that specializes predominantly on WordPress training and several others. The duration of the programmes varies, from six weeks to nine months of full-time training, depending on the specialization that is chosen, with six months of training the average. Each programme contains special characteristics according to who it is designed for. For instance, programmes created specifically for youth not in employment, education or training offer short digital acculturation trainings (Bardeau 2017) that aim to help them ease into the process of being incorporated into a professional workplace. The programme for refugees includes four hours of French classes a week, and the WordPress programme provides skills to easily personalize a website without a high level of knowledge on web development. Some of the programmes connect students with internships and job opportunities.

Simplon’s teaching methods distance themselves from conventional educational methods and emphasize the importance of interactive classes in which each student’s motivation is tapped so they can discover their potential: Their courses involve learning by doing, peer programming, test-driven and project-oriented training and a strong focus on inspiring a collaborative and entrepreneurial mindset (Bardeau 2017).

Because the programmes offered by Simplon are free of charge, it is financed largely through partners who are committed to creating social change. These include public and private organizations, philanthropic foundations and companies interested in digital development. The French public employment service agency (Pôle Emploi) partially sponsors the training of unemployed students, who constitute 76 per cent of the student population (Bardeau 2017). Simplon also works with a social web agency, Simplon Prod, which is dedicated to creating “digital solutions for non-profit organizations and associations and offering a wide range of special training for corporate innovation” (Bardeau 2017) through the hiring of former Simplon students.

### **Impact to date**

Since its launch in 2013, Simplon has trained more than 4,000 people, 31 per cent of whom were women and 41 per cent who were youth. After each six-month training period, an average 75 per cent of students found a job, either in a company in need of digital workers or as freelance and independent workers. Simplon has expanded to 54 locations in France and 15 overseas, in places such as Cote d’Ivoire, Lebanon and Romania. Many of the centres operate as a social franchise, enabling the rapid expansion to date. As for indirect social impact, Simplon has reached more than 42,000 children with information on the importance of coding and digital culture for the future.

### **Practice highlights**

#### **1. An innovative, publicly backed financing system**

By partnering with public sector agencies willing to invest in the training of vulnerable youth, Simplon has developed an effective financing model with which they can build a robust education system while relying on public funding to continue targeting specific populations in need.

#### **2. A scalable model**

By developing a social franchise system, the solidarity enterprise has rapidly scaled up nationwide and internationally. This is usually one of the core challenges for education models and this experience provides important lessons for scaling up similar initiatives.

### 3. Broad programme for different needs

Simplon provides several training programmes, all within the world of digital skills. This enables them to cover several professional profiles with high demand and provide youth with several alternatives than can match their skills and interests.

\*\* See [www.simplon.co](http://www.simplon.co).

The two initiatives highlighted here represent a mix of public, private and civil society-backed programmes that incorporate digital technologies in different ways to strengthen the job prospects of underserved youth. Both cases focus on teaching youth digital skills across an array of levels while also relying on digital platforms, either partly or fully, to impart their training. Partnerships with external education providers that reduce costs and tap into existing expertise are also a common component of the two initiatives. In a world economy impacted by automation, market demand is rapidly shifting to technology-related jobs, and it is not surprising to see the surge of new youth employment programmes revolving around these skills.

Likewise, digital tools are changing the way in which we prepare youth for work, with many interventions now primarily online and self-paced. While these approaches are highly disruptive and have proven to be effective in transitioning lower-income youth to the job market, their potential to reach many more youths has yet to be seen. These examples were chosen because they are innovative and give insights on future approaches for youth employment. Initiatives like these are relatively new, which still limits the evidence on their impact and potential.

## From technology disruption to new youth employment pathways

To improve youth employment outcomes, policymakers and social partners likely could benefit with guidance and ideas to improve the design and implementation of policies in a labour market increasingly disrupted by technological change and thus to improve youth employment outcomes. The following offers a few such ideas.

**1. Rethink the learning experience.** The apprenticeship model as well as the case study in Latin

America (Laboratoria) have a common element that has led to successful transitions to employment of young people: the high engagement of employers throughout the programme to guarantee a learning experience that replicates the work environment. Work-based learning environments help students build the skills needed for work and become better prepared for their formal transition to employment. Learning experiences that do not take place in the work environment can still find ways to replicate the work dynamics through such methodologies as project-based learning and company engagement (from curriculum design to execution). This proximity of the learning and work experiences requires a rethinking of the traditional learning schemes and the flexibility of education and training systems to adapt to the needs of the labour market.

- 2. Promote self-learning in students as a tool for success.** In a world in which technological change is constantly redefining jobs and the skills needed to perform them, a core skill that young people should develop throughout their training is self-learning. The better prepared youth are to learn continuously and independently, the more successful they will be in their labour market transitions. With information widely accessible online, preparing students to properly research, organize and source their learning process will have significant impact on better equipping them for work, especially those with limited access to formal training environments.
- 3. Prioritize the use of technology for lifelong learning.** Digital technologies are becoming a core part of the content and teaching methodologies of youth training programmes. But with technology penetrating every aspect of life, there are significant opportunities to better use the technology tools to attain efficiencies for lifelong learning. Among the many advantages,

technology can better inform and connect youth to training opportunities; it can provide more flexible, remote learning experiences; and it can connect youth to employment opportunities. As actors in the economy continue to digitalize their activities – from youth to training providers and employers, it is crucial that policymakers design interventions that align and take advantage of this reality.

- 4. Build partnerships at all levels between education, training and the labour market.** Education and training involve different stakeholders and multiple stages. From policy design to financing, execution and evaluation, there are varied roles and responsibilities, and building partnerships at all levels can massively increase the chances of success in these interventions. Governments are best placed to lead on policy design and regulations. Training delivery can be a responsibility that the other actors share. Social impact organizations, such as the ones cited in the case studies, have more flexibility to experiment and take the risks that result in greater innovations. Private companies might be the best actor to understand market demand and connect candidates with opportunities. Financing training for young people should also be a shared responsibility between governments, the private sector and individuals. Private and philanthropic interests can help with financing early-stage innovative initiatives.

Governments can scale up the investments for these initiatives once as they prove to be effective. Different actors can grow to specialize on what they do best – be it financing, training or connecting – and work in partnership to advance opportunities for youth on a bigger scale.

- 5. Adapt and advance the protection of young people's rights as new forms of work emerge.** Ensuring that young people's rights are respected and that they benefit from social protection is essential in light of the new forms of work and employment relationships. It is important that education and training systems inform youth about their basic rights (including labour rights), in accordance with national laws. Governments should ensure that young people benefit from basic social protection, and they should update their labour legislation to better regulate work-based learning schemes, such as apprenticeships. As new technologies make it possible to work outside the workplace (teleworking) in many occupations, governments and social partners should work to ensure that young people's privacy is protected and that they can enjoy a work-life balance (for example, the right to disconnect). Finally, governments and social partners need to support young people to ensure their right to freedom of association and collective bargaining in the emerging forms of work, such as in the gig economy and the platform economy.

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## ► From school to business: Policy support to youth entrepreneurship and self-employment

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Felix Weidenkaff and Marc Witte

### ► Enable growth-oriented and opportunity-driven young entrepreneurs to transition into productive business, expand and create additional jobs that provide productive wage employment and decent work opportunities...

Fostering youth entrepreneurship is frequently associated with innovation, youth-led job creation and economic development. Yet, for the majority of young people, self-employment is not a dynamic or highly profitable venture. Self-employment is often associated with lower earnings as well as limited rights and social protection in the informal sector (Burchell et al. 2017). But it doesn't have to be that way. Policy responses that support productive entrepreneurship and self-employment can encourage voluntary and profitable self-employment. A distinction is made in the discussion here between young entrepreneurs driven by opportunity and young people who are driven by necessity and become self-employed as a last resort to cope in the world of work. Structural and cultural barriers to wage employment may also lead youth, including young women and young persons with disabilities, to consider self-employment.

Youth have emerged as active agents and drivers of economic growth in the approach to youth employment policies since the late 1990s, building on advances in the promotion of rights and education of young people in the twentieth century (Barcucci, Chacaltana and Morena 2018).

The international policy development agenda reinforces this perspective. The 2012 resolution of the International Labour Organization (ILO) on the youth employment crisis cited youth entrepreneurship and self-employment as a pathway to decent work and sustainable enterprise for young people (ILO 2012). The 2030 Agenda for Sustainable

Development reaffirmed this priority through the Sustainable Development Goals and relevant targets, focused on labour-demand and supply-side measures. Goal 8 on economic growth and decent work, for instance, includes the promotion of "development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services" (target 8.3). Goal 4 on education and lifelong learning aims to "substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship" (target 4.4) (DESA 2019).

The 2019 ILO Centenary Declaration for the Future of Work adopted a human-centred approach to re-emphasize the role of entrepreneurship in an era that requires policymakers to shape an active society and invest in lifelong learning and transitions.<sup>117</sup>

The world of work is undergoing fundamental changes driven by technology, demography, climate change and globalization, with critical repercussions for young people in the labour market and for employment relationships. These trends affect the pathways young people embark on and shape their personal and labour market trajectories and transitions (Chacaltana, Elder and Lee 2018). These trends are also opening up a range of opportunities, from digital start-ups to green entrepreneurship.

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<sup>117</sup> See [www.ilo.org/ilc/ILCSessions/108/reports/texts-adopted/WCMS\\_711674/lang-en/index.htm](http://www.ilo.org/ilc/ILCSessions/108/reports/texts-adopted/WCMS_711674/lang-en/index.htm).

Historically, the private sector drove the increases in the quantity and quality of jobs along the development trajectory of countries undergoing rising per capita incomes and levels of education (Gindling and Newhouse 2014). But the level of self-employment in a country can be a sharp lens through which to view the status of the labour market and overall economic development. Most of the world's 1.2 billion young people aged 15–24 live in developing economies (DESA 2017), where small and medium-sized enterprises account for a large share of total employment (ILO 2017). Yet, with large numbers of young people entering the labour market and limited opportunities for wage employment in many economies, (formal) entrepreneurship and self-employment have become critical options to manage the youth employment crisis, to contribute to sustainable development and to overcome social and environmental challenges, including through social entrepreneurship. For youth in fragile situations or affected by conflict or disaster, entrepreneurship and self-employment can provide otherwise-hard-to-find income. Entrepreneurship has the potential to help empower young women, but unfortunately, persistent gender biases stymie their likelihood of starting a business.

The premise of this policy development is that providing young women and men with an enabling business environment as well as access to skills, knowledge, finance, markets and networks can empower them to become drivers of economic opportunities that create jobs for themselves and their peers. Although small and medium-sized enterprises and young firms are often more dynamic than large firms in terms of relative employment growth (ILO 2017b), the closing rates are highest for young enterprises whose owners' stage in life coincides with a phase of high job mobility and less time for capital and skill accumulation. Remaining below the size threshold needed for profitable operations is a driver of enterprise demise. Yet, enterprise demise may not imply a permanent exit from self-employment, with re-opening rates increasing over time (McKenzie and Paffhausen 2017).

Policies promoting youth entrepreneurship and self-employment need to support youth throughout their transitions into the labour market and need to adapt to the changing nature of work. In particular, emerging non-standard forms of employment and employment relationships are affecting social security, earnings and working conditions for employed and self-employed young people (ILO 2016a). Non-

standard forms of employment, such as temporary employment as well as disguised employment and dependent self-employment in the gig or platform economy, have led to increased policy attention (ILO 2016c).

Policy responses need to adjust and evolve with the ongoing evolution of the world of work if they are to truly support youth in the transition from school to business. The discussion that unfolds here centres on what policymakers likely need to know.

- Who are the young people becoming self-employed, what are their working conditions and trajectories, and what distinguishes opportunity-driven from necessity-driven self-employment? Using evidence from the unique data set of school-to-work transition surveys, the analysis here covers the state of youth entrepreneurship and self-employment by region and country income groups to elaborate on the reasons for self-employment, hours of work, underemployment, job satisfaction, starting up and funding, income and education.
- If policymakers, social partners and other stakeholders decide to intervene, what are relevant policy options? Drawing on data from the ILO Youth Employment Policies and Legislation database, known as YouthPOL, the analysis looks at the evolution of policies that aim to remove restrictions to generate and initiate business and support the productivity of young entrepreneurs over time and by region.
- In countries where comprehensive policies and programmes have been initiated, what do we know about which programmes and interventions have worked? Using evidence from the Youth Employment Inventory and a global systematic review and meta-analysis of rigorously evaluated youth employment interventions and other research, the analysis explores the design and characteristics of youth entrepreneurship interventions to synthesize what works to support young women and men in starting and growing a business.

Self-employment is defined to include all individuals who are employers, own-account workers, members of producers' cooperatives and contributing family workers (ILO 2016b). Self-employment covers jobs for which "the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). The incumbents make the operational

decisions affecting the enterprise or delegate such decisions while retaining responsibility for the welfare of the enterprise. In this context, ‘enterprise’ includes one-person operations” (ILO 1993).

While policy responses need to tackle the barriers to entrepreneurship, programmes also need to become more inclusive for disadvantaged groups and tailored to the needs of youth to realize their full potential (Global Initiative on Decent Jobs for Youth 2017). Policies and interventions aimed at promoting youth entrepreneurship and self-employment are described throughout this discussion as “entrepreneurship policies” and “entrepreneurship programmes”, respectively, in the exploration of the role of youth entrepreneurship and self-employment as part of national strategies for youth employment.

## Current state of youth entrepreneurship and self-employment – evidence from the school-to-work transition surveys

### Global and regional distribution of employment of young people

Global employment trends point towards a steady decrease in the self-employment rate over the past 20 years, mainly due to a shift from contributing family workers into wage employment. Looking at the global composition of the workforce by status in employment (working-age, mostly from age 15) since 2000, an increasing majority of individuals work as employees, reaching almost 55 per cent in 2017. This represents an increase of more than 10 per cent in less than 20 years (ILOSTAT). The trend is likely to reflect the rise in global income levels: with growing national income, an increasing share of agricultural workers take up non-agricultural wage employment opportunities (Gindling and Newhouse 2014). The proportion of own-account workers and employers has remained remarkably stable, at approximately 31 per cent and 3 per cent, respectively, over the past 20 years (ILOSTAT). In contrast, the share of individuals classified as contributing family workers has decreased by almost 40 per cent, from 18 per cent in 2000 to 11 per cent in 2016–17 (ILOSTAT). Once more, this

reflects global shifts from agricultural to industrial wage employment as well as a larger proportion of women in dependent employment (Gindling and Newhouse 2014).<sup>118</sup>

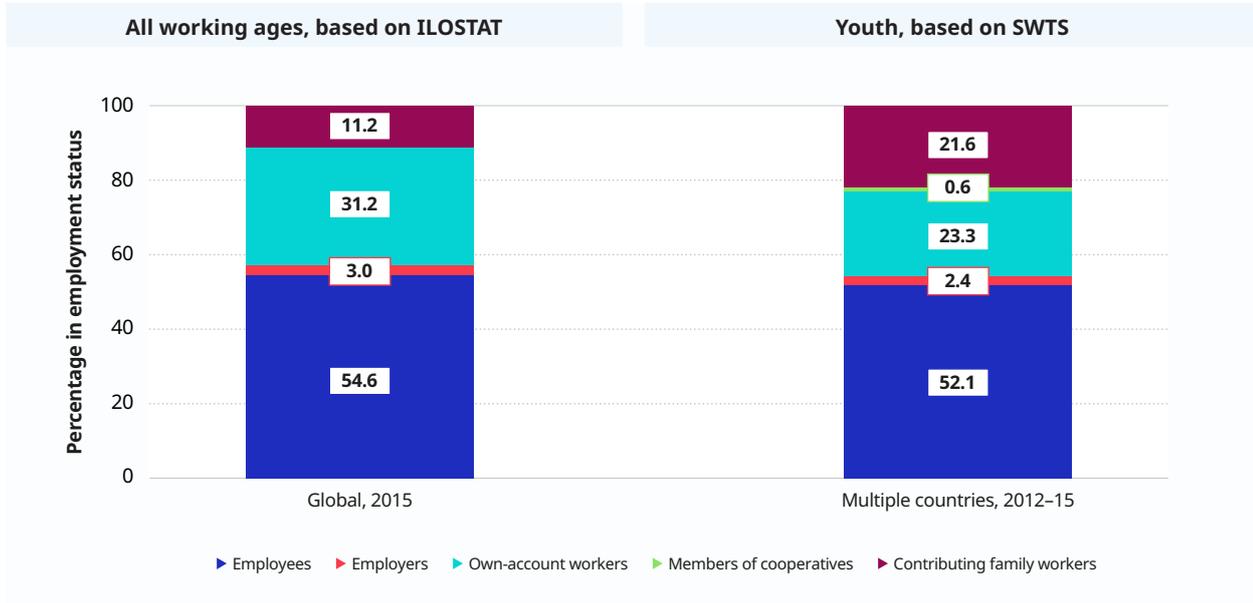
Are these global trends in the status of employment also representative for young people? The ILO school-to-work transition survey, a series of representative cross-sectional surveys with young people aged 15–29 conducted between 2012 and the end of 2015 in 34 countries, is a good resource for labour market trajectories and characteristics of self-employed young people. In this data set, the share of contributing family workers was significantly larger than in the overall workforce, at more than 21 per cent, while own-account workers made up a smaller proportion, at only 23 per cent (figure 1). The share of individuals working as employees or employers was remarkably similar to the global workforce, without any age restrictions. Our analysis of the school-to-work transition survey findings focused mainly on policy options that have been used to break down the barriers that young entrepreneurs and self-employed people experience. But policy interventions can and do also intervene at earlier stages of the entrepreneurship pipeline to tackle the constraints hindering young people from starting a business, from risk aversion to lack of an entrepreneurial culture.

The years between ages 15 and 29 represent an important period of school-to-work transitions for young people. The proportion of individuals in school drops sharply after age 18, which is mirrored by the proportion of individuals out of the labour force (left panel of figure 2). The proportion of young people with children, working as employees and in self-employment all increase with age, with only small increases in self-employment levels (from an initially high level of almost 20 per cent). The incidence of unemployment has an inverse-U shape, with a peak of almost 20 per cent around the age of 22, which then slowly decreases.

For young people who are in employment (right panel of figure 2), being a contributing family worker dominates until age 18, when employees take over as the most frequent type of employment. Overall, these two variables display opposite trends, with employees plateauing at 60 per cent from the age of 23 onwards. The proportions of young people working for their own account or as employers increase monotonically with age.

118 The ILOSTAT database does not display rates and changes for members of cooperatives. See <https://ilostat.ilo.org/>.

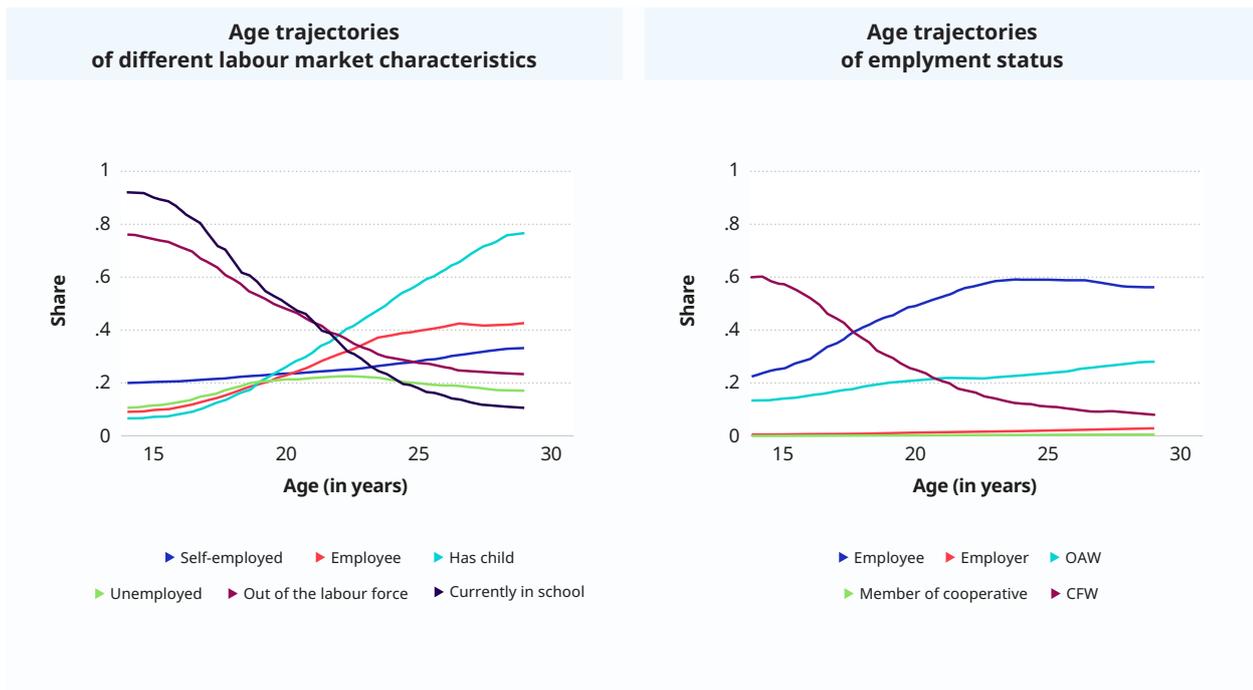
► **Figure 1. Employment status, all ages, based on ILOSTAT data, 2015 (%) and youth, based on school-to-work transition survey data, 2012–15 (%)**



**Note:** The school-to-work transition survey (SWTS) data cover the following countries and territory: Armenia, Bangladesh, Benin, Brazil, Cambodia, Colombia, Congo, Dominican Republic, Egypt, El Salvador, Jamaica, Jordan, Kyrgyzstan, Lebanon, Liberia, North Macedonia, Madagascar, Malawi, Republic of Moldova, Montenegro, Nepal, Occupied Palestinian Territory, Peru, Russian Federation, Samoa, Serbia, Sierra Leone, United Republic of Tanzania, Togo, Tunisia, Uganda, Ukraine, Viet Nam and Zambia.

**Source:** Authors' calculations based on the ILOSTAT database, <https://ilostat.ilo.org/> and the ILO school-to-work transition survey data.

► **Figure 2. Labour market transitions in the ILO school-to-work transition surveys, 2012–15, by age**



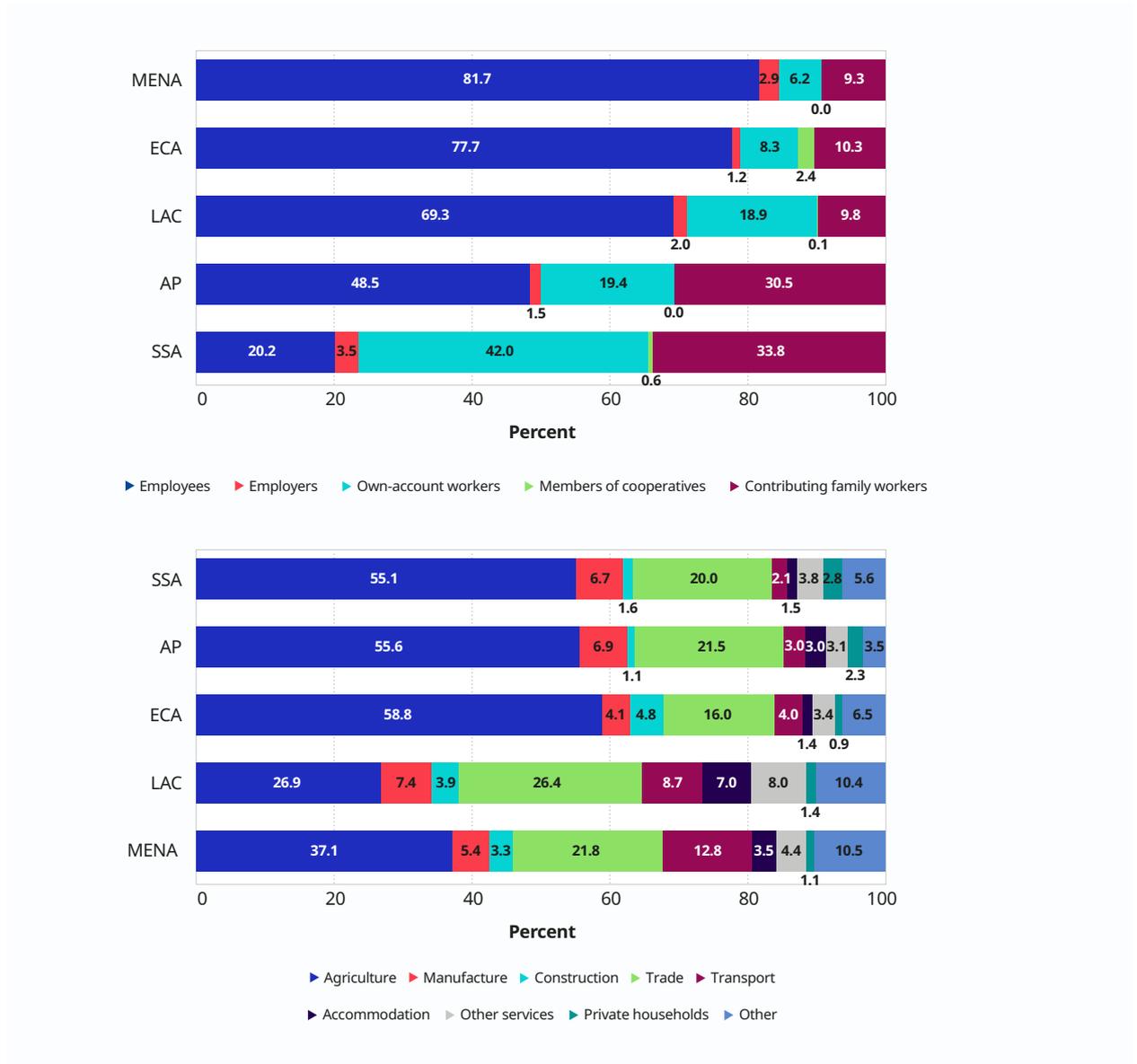
**Note:** OAW=own-account worker; CFW=contributing family worker.

**Source:** Authors' calculations based on the ILO school-to-work transition survey data.

Data on the global employment status of young people masks considerable regional heterogeneity (Figure 3). More than 40 per cent of young sub-Saharan Africans, for instance, were engaged

in own-account work (mostly as subsistence farmers) in the survey period, while it was less than 10 per cent of young workers in the Arab States and Northern Africa and Europe and Central Asia.

► **Figure 3. Employment status for youth, by region in the school-to-work transition survey findings, 2012–15**



**Note:** The school-to-work transition survey data cover the following countries and territory: Armenia, Bangladesh, Benin, Brazil, Cambodia, Colombia, Congo, Dominican Republic, Egypt, El Salvador, Jamaica, Jordan, Kyrgyzstan, Lebanon, Liberia, North Macedonia, Madagascar, Malawi, Republic of Moldova, Montenegro, Nepal, Occupied Palestinian Territory, Peru, Russian Federation, Samoa, Serbia, Sierra Leone, United Republic of Tanzania, Togo, Tunisia, Uganda, Ukraine, Viet Nam and Zambia.

MENA: Arab States and Northern Africa; ECA: Europe and Central Asia; LAC: Latin America and the Caribbean; AP: Asia and the Pacific; SSA: sub-Saharan Africa.

Bottom panel: Only self-employed individuals, excluding employees. The other category includes for example finance, education, health, real estate and more.

**Source:** Authors' calculations based on the ILO school-to-work transition survey data.

The share of people engaged in own-account work inversely relates to the share of young employees, who make up the majority of young workers in the Arab States and Northern Africa and in Europe and Central Asia as well as in Latin America and the Caribbean. Employees accounted for almost 50 per cent in Asia and the Pacific but only made up a fifth of the young workforce in sub-Saharan Africa. This suggests that the lack of formal or other dependent employment opportunities, both in the private and public sectors, is keeping young people in own-account work. This finding is in line with Gollin's (2008) argument that aggregate productivity differences trap people in small-scale self-employment with limited growth potential – self-employment is seen a market-efficient outcome in least developed countries with low productivity levels, whereas this form of own-account work almost entirely disappears in high-income economies.

The majority of young workers in sub-Saharan Africa live in extreme or moderate poverty and cannot afford to be unemployed (ILO 2017). From this

perspective, own-account work in developing countries is not opportunity-driven but necessity-driven and, together with contributing family work, can be regarded as an “employment of last resort”. In line with this argument, contributing family workers made up a third of the young workforce in sub-Saharan Africa and in Asia and the Pacific, and only a tenth in the other regions in the survey period. The proportion of young people working as employers did not vary as much and did not display such a clear relationship at the regional level: between 1.2 per cent (Europe and Central Asia) and 3.5 per cent (sub-Saharan Africa) of young persons engaged in this type of employment. These rather small proportions could indicate that employment in this sector is not driven as much by the availability of outside options but is more strongly influenced by the characteristics of and opportunities available to young employers.

The regional analysis of employment status by sector, focusing on self-employed individuals (employers, own-account workers, members of cooperatives and contributing family workers), led to a deeper glimpse

► **Table 1. Differences between young employees and self-employed young people in the ILO school-to-work survey findings, 2012–15**

	Difference	Employees	Self-employed
Age	1.41***	23.51	22.10
Female	-0.12***	0.36	0.48
Male	0.12***	0.64	0.52
Urban	0.30***	0.60	0.30
Rural	-0.30***	0.40	0.70
Has any children	-0.11***	0.35	0.46
Has any schooling	0.09***	0.97	0.88
Currently in school	-0.10***	0.15	0.25
Weekly working hours	11.20***	42.53	31.33
Wants to change job	-0.06***	0.44	0.50
No specific job training	-0.12***	0.78	0.90
Single	0.11***	0.66	0.55
Matching qualifications	0.20***	0.47	0.26
Undereducated	-0.20***	0.27	0.46
Overeducated	0.07***	0.13	0.06
Number of observations	79 825		

**Source:** Authors' calculations based on the ILO school-to-work transition survey data.

of what prompts young people into self-employment (bottom panel, figure 3). For instance, more than half of the self-employed young people in sub-Saharan Africa, Asia and the Pacific as well as in Europe and Central Asia worked in agriculture, with much smaller proportions in the remaining regions, in particular the Latin American and Caribbean countries. These figures support the notion that self-employment is driven by the absence of better opportunities for subsistence farmers in lower-middle-income countries. The largest share of agricultural work in the Europe and Central Asian region correlates with the small presence of self-employment in the region (both panels, figure 3). Among the meagre 22 per cent of young self-employed workers, the dominance of the former Soviet Union countries in the sample of the school-to-work transition survey drives the large share of agricultural employment (in particular, Kyrgyzstan, the Republic of Moldova and the Russian Federation). The share of young people engaged in trade, the second-largest sector, ranged from 16 per cent in the Europe and Central Asia region to 26 per cent in the Latin America and Caribbean region.

So, who are the self-employed young people?

Understanding the characteristics of self-employed young people is essential to improve the policies and programmes aiming to support them. Drawing on the ILO school-to-work transition survey findings once more, the analysis here compares the characteristics of self-employed young people with those of young employees.

Young people who were self-employed in the survey period differed from employees across a range of socio-demographic and economic characteristics. The particularly striking differences were in terms of location (with fewer self-employed youth living in urban areas), having children, weekly working hours (employees worked an average of 11 hours or more), relationship status (fewer self-employed youths were single) and the matching of qualifications to the job (more self-employed persons were undereducated and fewer had a good match of qualifications to the job).

Based on the data, a typical self-employed young person lived with their family in a rural location, working only a moderate number of hours on a job that required more skills than the person obtained in school, mostly without specific job training. This type of rural self-employment is markedly different

from what is often considered productive self-employment, entrepreneurship or business creation – both in developing countries, where it is often subsistence agriculture, and in developed economies (Faggio and Silva 2014).

## Dynamics in transiting from school to business

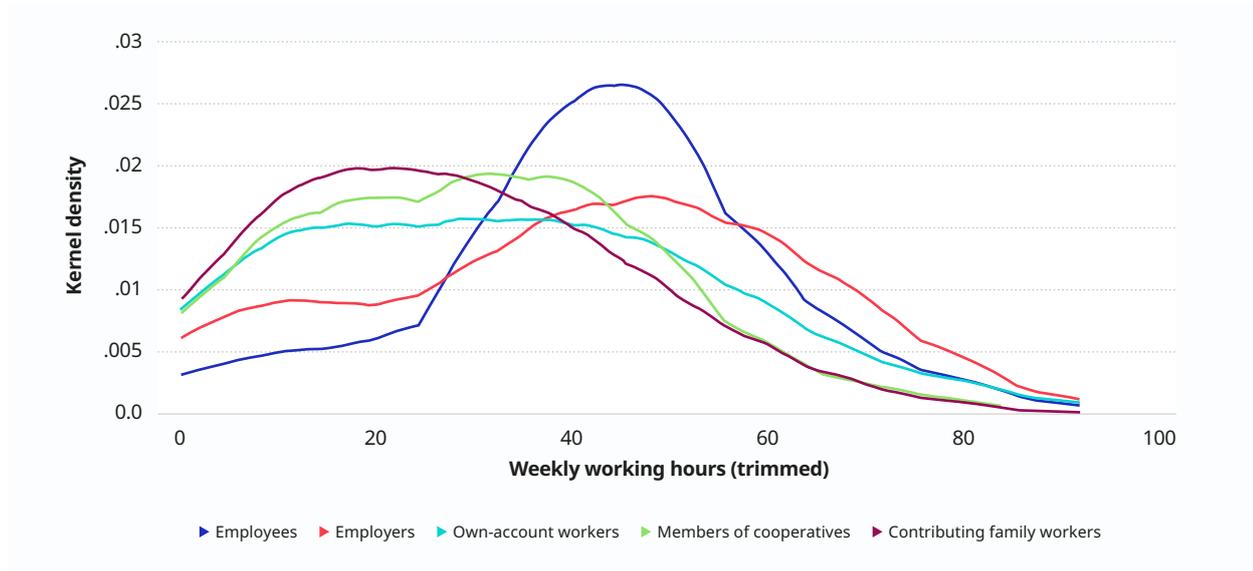
The ILO school-to-work transition surveys provide a rich data set for characterizing the important period between school and employment and for examining which individuals experience a smooth transition to self-employment. The following elaborates the differences between the various types of employment that young people chose at the beginning of their work life, with emphasis on working hours, income, job satisfaction, start-up funding and educational fit.

**Working hours:** The previous analysis pointed out how self-employed young people worked roughly 11 hours fewer per week than employees, suggesting that some self-employed young people were affected by underemployment. By looking deeper into the categories of self-employment, the analysis found that, as a benchmark, 73 per cent of young employees reported working more than 40 hours per week. This share was considerably lower for own-account workers (at 42 per cent), cooperative members (at 38 per cent) and contributing family workers (at 28 per cent). Young employers were found in the middle, with 60 per cent reporting they worked more than 40 hours per week.

There was much variation in weekly working hours. The variance was smallest for employees, peaking at around 43 hours per week (figure 4). All types of self-employment had larger variances in working hours. Cooperative workers, own-account workers and contributing family workers reflected similar distributions, with most respondents working fewer than 40 hours per week. Employers' working hours, in contrast, were distributed almost bimodally: there was a small spike at around 15 hours per week and then a more substantial peak at around 50 hours per week. The distribution for employers was the rightmost one, with a substantial share of respondents working more than 60 hours per week. Most employers worked long hours, but a non-negligible portion of them at the lower end of the distribution worked fewer than 20 hours a week.<sup>119</sup>

119 It is unclear whether this is indicative of employers choosing to work such few hours or whether the business situation did not allow for more work.

► **Figure 4. Distribution of working hours, by status in employment in the school-to-work transition survey findings, 2012-15**



**Note:** The figure uses a kernel density estimate of the probability density function of weekly working hours to illustrate the distribution of weekly working hours by status in employment. The data on working hours were trimmed at the top 99 per cent level but not at the bottom.

**Source:** Authors' calculations based on the ILO school-to-work transition survey data.

Underemployment often means that individuals work fewer hours than they could and would like to, with potential implications for their earnings. Indeed, the correlations between weekly working hours and salary or profits were small but positive in the school-to-work transition survey data, at around 0.08 and 0.1, respectively. This could be indicative of “hidden unemployment”, in which a smaller number of workers produce a similar amount of output. The literature emphasizes a strong gender dimension in underemployment (see Kjeldstad and Nymoer 2012; Fairlie and Robb 2009). In splitting the analysis of working hours by sex across all five categories, young women emerged as less likely to work more than 40 hours per week (the median number of hours in the full sample) than young men. The sex differences were particularly strong (at around 15 percentage points) for employers, own-account workers and cooperative members, while they were less pronounced for employees (at 4 percentage points) and contributing family workers (at 8 percentage points).

Fewer than a fifth of employers, a tenth of employees and own-account workers and some 5 per cent of cooperative members and contributing family workers worked more than 66 hours per week, which was, again, driven by the male workers.

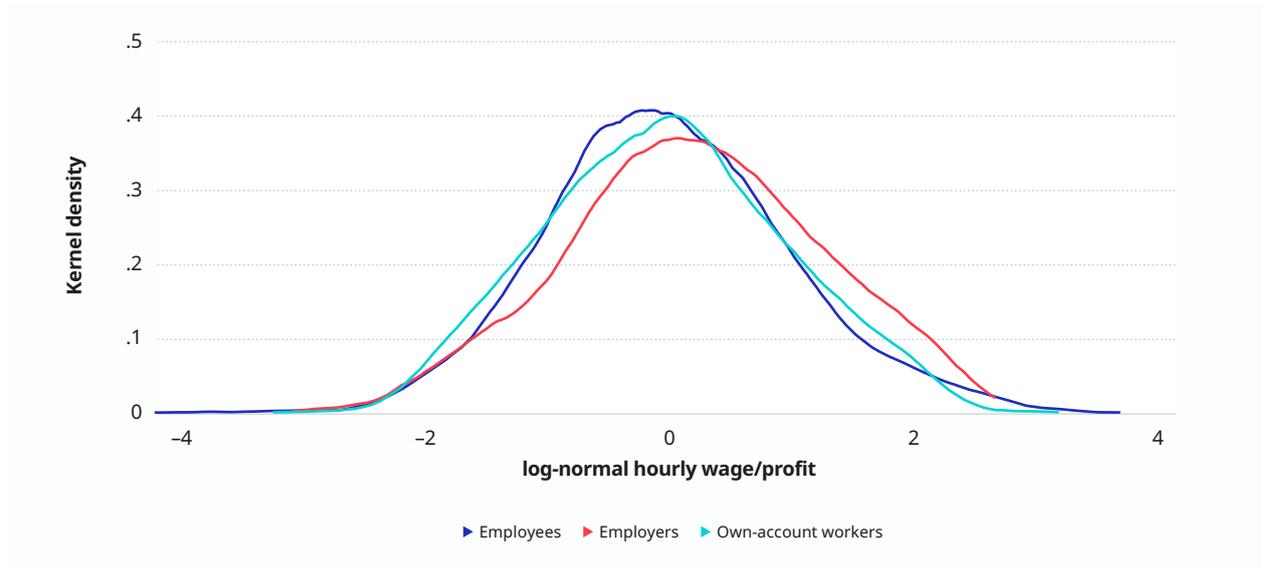
These sex differences are in line with microdata findings from American business owners (Fairlie and Robb 2009).

At least some respondents across all employment categories reported they would have liked to work more hours, varying between 24 per cent (employees and cooperative members) and 36 per cent (contributing family workers). Interestingly, there were no sex differences in terms of wanting to work longer hours, which is in contrast to the sex differences in terms of actual hours worked.

This analysis confirms that certain groups work less than a certain threshold, want to work more and are available, which means they are underemployed.

**Income:** One main indicator of a successful transition from school to employment, including self-employment, is the income of a young worker. Among the self-employed respondents in the survey data, only employers fared better than employees (figure 5): the log-normalized hourly income of employers was higher along the whole distribution than it was for employees or own-account workers, meaning that for every hour worked, employers earned more than employees. Own-account workers earned less than employees at the lower end of the distribution but more at the higher end, therefore

► **Figure 5. Distribution of log-normalized wages or profits in the school-to-work transition survey findings, 2012–15**



**Note:** Log-normal hourly wage for employees, log-normal hourly profits for employers and own-account workers.

**Source:** Authors' calculations based on ILO school-to-work transition survey data.

displaying a higher variance in their hourly earnings than employees, while the mean was similar.

**Job satisfaction:** The data on working hours shed light on actual and desired levels of employment. In a next step, the analysis looked at whether the self-employed young people were satisfied with their work, regardless of the amount of time spent doing it. Among the self-employed respondents, only employers (at 83 per cent) were satisfied with their current job to the same extent as employees (at 82 per cent). The proportions were smaller for own-account workers (at 73 per cent), contributing family workers (at 72 per cent) and particularly for cooperative members (at 64 per cent). There were no sex differences in job satisfaction. These findings strongly follow the trends previously described for underemployment. Perhaps unsurprising, the satisfaction levels also mirror the regional income levels. Across almost all categories, satisfaction levels were highest in Latin America and the Caribbean (at 87 per cent) and in Europe and Central Asia (at 86 per cent), followed closely by Asia and the Pacific (at 83 per cent) and then the Arab States and Northern Africa (at 77 per cent). The satisfaction levels were by far the lowest in sub-Saharan Africa, with average levels at only 67 per cent.

**Start-up funding:** Almost every transition from school into self-employment requires initial financial capital to set up the business, buy equipment or contribute to a cooperative fund. The availability of such start-up funding can be central to determining the success of young people in non-dependent employment. The school-to-work transition survey data indicate that only about a quarter of self-employed young people (excluding contributing family workers<sup>120</sup>) required no start-up funding, while approximately a third of them tapped into their savings (at 34 per cent) or received money from their family (at 32 per cent). Only 4 per cent of young employers took loans from microfinance institutions, and 5 per cent from banks, while only 2 per cent of own-account workers relied on either of these financing sources. This indicates that support for young self-employed people from financial institutions is limited. The analysis also suggests that the availability of financial assistance allowing young people to transit into productive self-employment should be extended.

**Undereducation and overeducation:** A determinant of how smooth the transition can be between school and work is how well a worker's educational background fits their job. Both undereducation,

<sup>120</sup> Employees and contributing family workers did not respond to this section.

meaning that a respondent’s educational background was insufficient for their current job, and overeducation, where the respondent was overqualified, can be problematic. Interestingly, more than a third of the survey respondents felt underqualified (at 36 per cent). In particular, employers (at 45 per cent), own-account workers (at 53 per cent) and contributing family workers (at 39 per cent) said they felt underqualified. In contrast, only 10 per cent of all the workers reported feeling overqualified, with the larger shares among employees (at 13 per cent) and cooperative members (at 18 per cent).

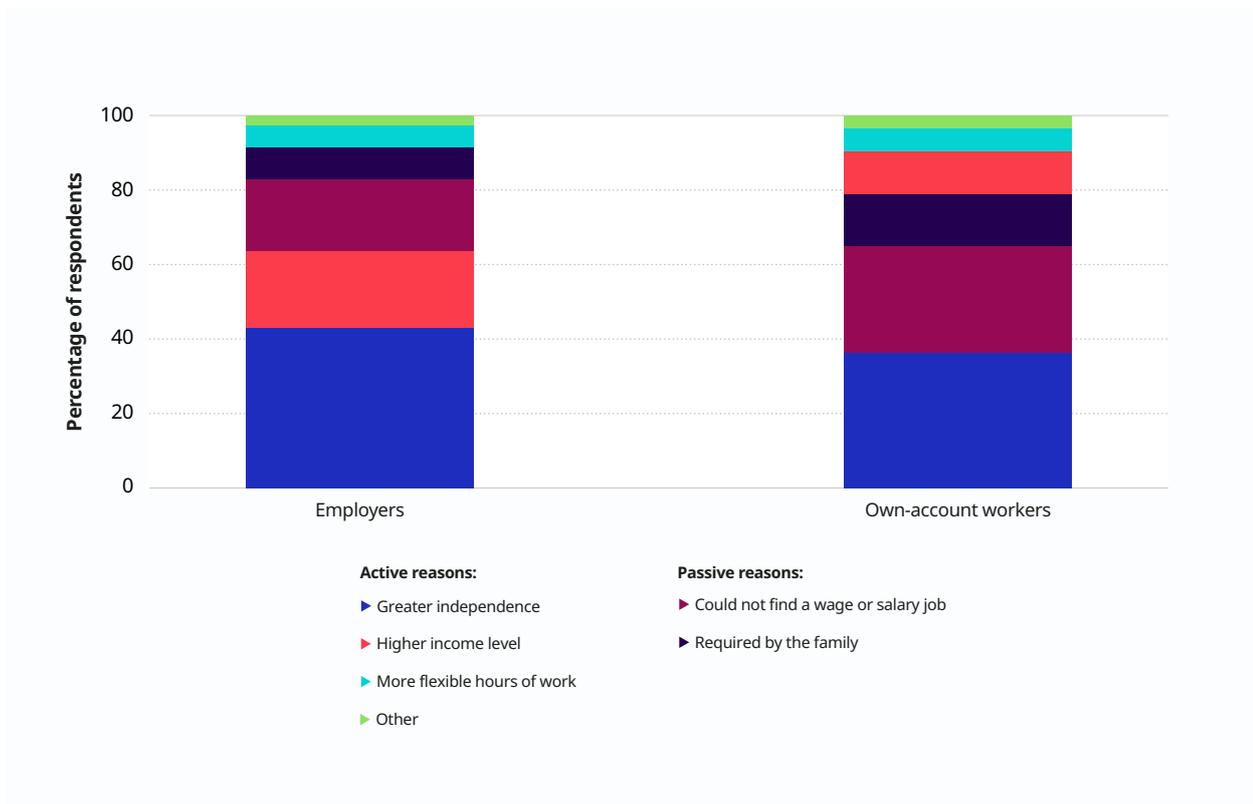
**School to work:** The analysis of the transition from school to work assumed that young individuals had finished school and then moved into employment, even though some young workers were still in school at the time of the survey (table 1). But the analysis also examined the differences in characteristics of young people who had graduated from school, were currently in school or had dropped. Individuals who had finished school were only half as likely to be in self-employment than those who were in school or had dropped out. Additionally,

school finishers were more likely to be satisfied with their job (and in turn least likely to want to change their job), work the most hours and have the best match between their education and job. School drop-outs were more likely to live in rural areas, to have children, to be undereducated for their job and to mention insufficient financial support or market competition as problems for their self-employment. Not surprising, workers who were in school were the youngest, had no children, worked the fewest hours and were almost exclusively single.

### Opportunity-driven compared with necessity-driven self-employment

**Reasons for self-employment:** Making the transition from school to self-employment is a risky step. Too often, young people deplete their savings to set up in self-employment. As a consequence, self-employment is typically not the first-best choice for young workers. Even though survey responses

► Figure 6. Reasons for self-employment in the school-to-work transition survey, 2012–15 (%)



Source: Authors’ calculations based on the ILO school-to-work transition survey data.

might be influenced by ex-post rationalization, it can be useful to ask young people why they chose self-employment rather than working for someone else.<sup>121</sup> Almost 30 per cent of respondents in the school-to-work transition survey data stated that they could not find a wage job and were self-employed by necessity, which was the most prominent reply among own-account workers. More than 35 per cent of respondents (mostly employers and own-account workers) claimed they sought it out for greater independence. Family requirements were cited by 13 per cent of respondents, again largely own-account workers. Higher income levels were cited by 12 per cent of respondents, but substantially more so by employers (at 21 per cent). These employers thus seem to have ended up in their current condition voluntarily. Only 6 per cent of self-employed respondents mentioned flexible hours as a reason for choosing self-employment.

Overall, “active” reasons for choosing self-employment (independence, income, hours) dominated among employers (at 70 per cent), whereas “pas-

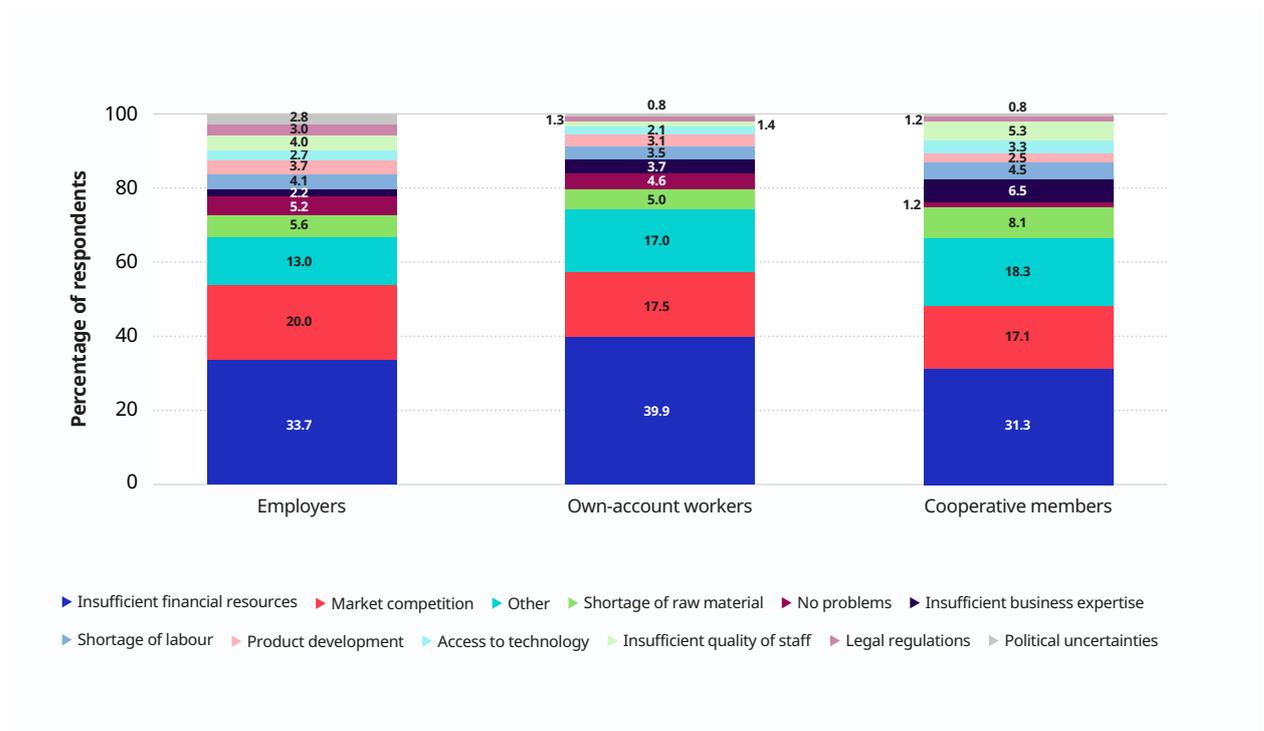
sive” reasons (family requirements, no luck in finding wage job) were more prevalent for own-account workers (at 43 per cent) and cooperative members, at 42 per cent.

## Policy responses to youth entrepreneurship and self-employment

### Common barriers to youth entrepreneurship and self-employment

As previously indicated, self-employment and entrepreneurship are not always decisions made from a position of opportunity. Nearly half of the respondents in the school-to-work transition survey cited a passive reason (family requirements, no luck in finding a wage job), which is an indicator of necessity-driven self-employment. But whether

► **Figure 7. Problems young self-employed people reported experiencing in the school-to-work transition survey findings, 2012–15 (%)**



Source: Authors’ calculations based on the ILO school-to-work transition survey data.

121 Again, employees and contributing family workers were not asked this question, for obvious reasons.

their self-employment was due to necessity or opportunity, young self-employed people in the data period often encountered problems that impeded the productive operation of their business. By far, the most important problem mentioned – by more than 30 per cent of the respondents across the categories – was insufficient financial resources, followed by market competition and then “other” problems (both characterized as most important by slightly less than a fifth of the respondents) (figure 7). That “other” was cited so frequently suggests that self-employed workers and entrepreneurs likely struggle with issues idiosyncratic to their business. The remaining barriers were only of highest importance to, at most, 5 per cent of respondents, including shortages of raw material and labour. Only around 4 per cent of respondents reported having no problems in their self-employed economic activity.

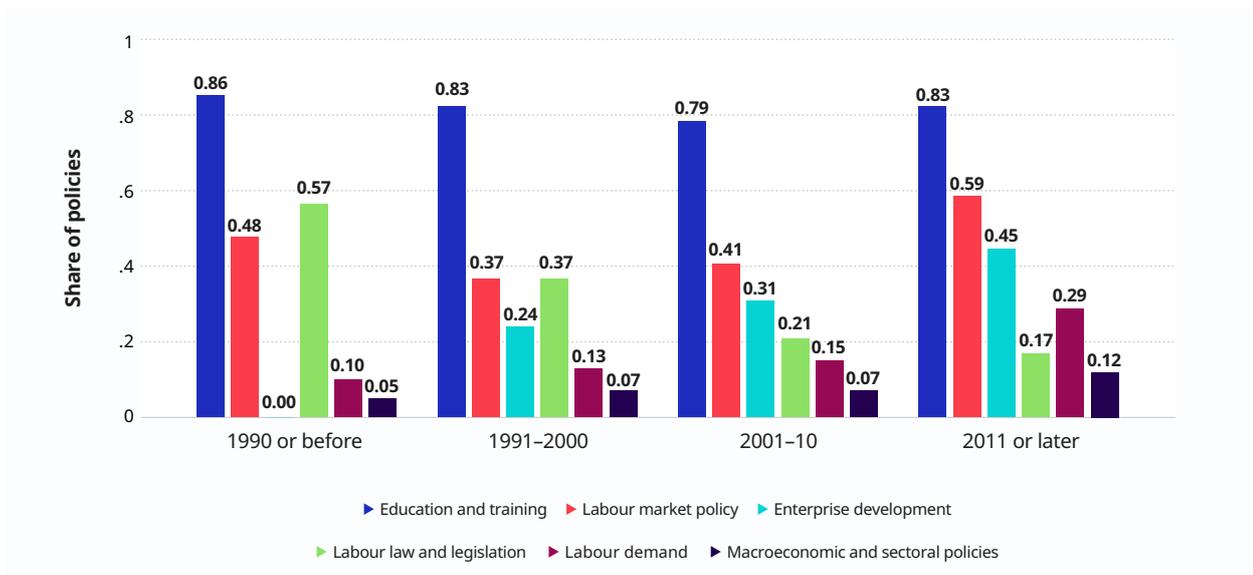
That insufficient financial resources dominated the list of most important problems suggests that start-up funding and financial capital more generally are lacking for self-employed young people. This is an area around which policy and financial sector conditions could potentially make a big difference, including through technology-based solutions, such as crowdfunding channels. Market competition is highest in business areas of low innovative capacity, such as self-employment in standard services or trades (like barber shops or beauty salons). Active

labour market policy instruments might not have strong leverage in this context, and the “problem” might be a characterization of a healthy competitive market environment. But rather than creating less market competition, policymakers (or market forces) should redirect young people aspiring to become self-employed away from businesses with high market saturation and low profitability (McKenzie and Puerto 2017).

### Policy responses to entrepreneurship barriers

Have the problems reported by young self-employed individuals made their way into policy responses? Traditionally, policy responses speak to “classic” labour market and education issues. As a joint synthesis report of the ILO and the World Bank (2012) points out, vocational training programmes were the most commonly implemented policy type after the financial crisis of 2008–09. To assess policy responses over time, our analysis trawled through the ILO Youth Employment Policies and Legislation, or YouthPOL, database of 485 policy documents from 65 countries (dating between 1947 and 2015). The proportion of policies targeting enterprise development increased enormously after 2011, at 45 per cent (figure 8). This was the largest rise among all policy categories, making enterprise development the third-most frequent policy area

► Figure 8. Policy areas targeted in policy documents, 1947–2015 (share)



Note: A policy document can relate to more than one policy area, which is why the sum of percentages by time period exceeds 100%.

Source: Authors’ calculations based on the ILO Youth Employment Policies and Legislation database.

► **Table 2. Policy documents in the YouthPOL database focusing on enterprise development, by country income status**

	Country income status		
	High income	Lower and middle income	Total
<b>Total number of policy documents in the YouthPOL database</b>	<b>193</b>	<b>292</b>	<b>485</b>
<b>Number of countries</b>	<b>22</b>	<b>43</b>	<b>65</b>
Enterprise development [n=173 documents]	50	123	173
Share of overall policies (%)	26	42	36
Number of countries	17	39	56
Access to non-financial services (%)	52	60	58
Access to finance (%)	44	71	54
Measures for enterprise start-ups by young people (such as tax rebates, subsidies, registration) (%)	66	43	50
Measures to promote registration and compliance of existing enterprises in the informal economy (%)	4	6	5
Other self-employment and enterprise development measures for youth (%)	30	59	51

**Source:** Authors' calculations based on ILO Youth Employment Policies and Legislation database.

contained in the YouthPOL database, behind education and training as well as labour market policy.

There is substantial regional heterogeneity in the extent to which policies on enterprise development have been implemented: the Arab States and Northern Africa region only reached a share of 20 per cent for enterprise development for policies introduced in 2011 or later, while the Latin America and the Caribbean and sub-Saharan Africa regions have high rates, at around 40 per cent, since the 1990s, reaching around 70 per cent after 2011. The Asia and Pacific region emphasized enterprise development in approximately 50 per cent of their policies after 2011.

The analysis focused on those policy responses that specifically include enterprise development, starting with an overview (table 2) across high-income countries and low- and middle-income countries. Although the analysis looked at mostly young workers already in self-employment, policymakers can and do intervene much earlier, with interventions on entrepreneurship education and culture in the school curriculum. Often, enterprise development and educational policies are combined.

The analysis of the policies that address enterprise development found variation, with a larger propor-

tion of those policies in lower and middle income countries than high-income countries. The policy documents on enterprise development can be classified into those dealing with access to non-financial services, access to finance, other self-employment and enterprise development measures for youth, measures for enterprise start-ups by young people and measures to promote registration or compliance of existing enterprises in the informal economy (table 2). A single policy document can take on multiple categories.

Encouragingly, more than half of the documents, and particularly so in lower and middle income countries, target access to finance, which was the most pressing issue cited in the sample of self-employed young people in the school-to-work transition survey findings. In this context, increased access to finance for young entrepreneurs can also be fostered through technology-based solutions. Access to non-financial services is also more frequently addressed in lower and middle income countries, but the gap with the high-income countries is considerably smaller here. The only policy sub-area that appears more frequently in high-income country legislation are measures for enterprise start-ups by young people, presumably because they rely on a more formalized market environment for

### Supporting the transition to formality of youth-led enterprises

At the age of 29, Yafa had three daughters and two sons when her district in Azerbaijan was selected as a pilot rural area for an innovative entrepreneurship programme under the Partnerships for Youth Employment in the Commonwealth of Independent States project. The project by the International Labour Organization (ILO) took an integrated approach to improve the effectiveness of policies and programmes for youth employment. To support her family, Yafa wanted to start teaching computer classes. But as an informal entrepreneur, she could not issue official certificates to the graduates. The project allowed Yafa to apply for a subsidy from the Public Employment Service of Azerbaijan under the Ministry of Labour and Social Protection of Population. The ILO Start and Improve Your Business programme proved useful for supporting participants in drafting their business plan as a first step in their transition to formality.

In 2015, the ILO adopted the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). It provides guidance to facilitate the transition of workers and economic units from the informal to the formal economy; promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and prevent the informalization of formal economy jobs.

**Source:** ILO, *Get Formal, Be Successful: Supporting the Transition to Formality of Youth-led Enterprises in Azerbaijan* (2015). See also [www.ilo.org/global/about-the-ilo/newsroom/features/WCMS\\_373481/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS_373481/lang--en/index.htm).

entrepreneurship. Other self-employment and enterprise development measures for youth, which predominantly include entrepreneurship education and business training, are almost twice as frequent in the lower and middle income countries than in the high-income countries. It is important to emphasize that these policies include a set of diverse measures with different objectives, from raising awareness about entrepreneurship to equipping young entrepreneurs with adequate business skills. The challenges encountered by young entrepreneurs are typically further aggravated in the context of the informal economy, which thus requires dedicated policy responses. The formalization of new businesses, for instance, could be supported through electronic and mobile payment methods.

### What barriers are removed by policies addressing enterprise development?

While the scope of enterprise development policies in the YouthPOL database goes beyond youth entrepreneurship and self-employment, the barriers targeted are substantially out of line with the constraints reported by self-employed young people in the school-to-work transition survey data. Only a quarter of all the policies reviewed mention financial capital as the main challenge, which means that it only ranks seventh of ten potential challenges in the YouthPOL data.

The relevance and quality of technical training is the most frequent barrier singled out, followed by the match of labour demand and supply and then social inclusion. Working conditions and discrimination rarely are cited in the challenges that the policies intended to tackle.

Although the relevance and quality of technical training is the most frequently tackled problem across all regions, there are some regional specificities worth pointing out: labour demand and social inclusion are not frequently targeted in Asia and the Pacific (compared with the other regions) but working conditions are. The school-to-work transition is a relatively frequent issue targeted in Europe and Central Asia but, relative to the other regions, the relevance and quality of general education or technical training is little mentioned. This latter pattern also holds true for the Latin America and the Caribbean countries, where school-to-work transitions also have minor presence. Perhaps surprisingly, sub-Saharan Africa looks similar to Asia and the Pacific in the types of barriers that are tackled.

Among the 173 policy documents on enterprise development, only 8 per cent have a singular focus, with the remaining 92 per cent target multiple issues. Some 40 per cent of the documents cover more than three policy areas. Over time, the relative share of multipronged policies has varied, from 100 per cent in the 1990s to 87 per cent between 2001 and 2010 and then up to 94 per cent from

2011 onwards. Of the multipronged policies, 87 per cent also include education and 64 per cent include the labour market.

The dominance of multipronged policymaking is encouraging: research on how to enable innovative ecosystems for opportunity-driven self-employment has documented that integrated approaches are required, combining the geographical clustering of start-up scenes in urban centres with human capital development, infrastructure provision and the establishment of networks of entrepreneurs.

## What works in promoting youth entrepreneurship and self-employment

The analysis here is based on available evidence for what works in promoting youth entrepreneurship and self-employment. It is necessary to assess the effectiveness of enterprise development policies and hence to evaluate their performance. Solid monitoring and evaluation systems are essential instruments to create a results-based cycle of learning, managing and improving youth employment programmes, but they are rarely well implemented. Over the past decades, there has been a good increase in evidence at the programme level, but there has been little progress in assessing the policies found in the YouthPOL database: the proportion of unevaluated policies has remained constant since the 1990s, at around 60 per cent.

Policy responses supporting the transition of young people from school to business are expected to have positive impacts on young people in the short, medium and long terms. Heightened awareness of youth entrepreneurship and knowledge of what influences young people's attitudes, behaviours and mindsets can shape their aspirations and pathways into the world of work. Tackling restrictions to initiate and grow a business has medium- and long-term implications for the ecosystem surrounding young entrepreneurs, ideally leading to opportunities that will shape their labour market trajectories and those of their peers. A systemic and integrated policy approach that also takes into account general equilibrium effects is needed to help the youth create productive self-employment. Stand-alone youth entrepreneurship interventions may have adverse effects that result in merely redistributing existing employment opportunities. For instance, supporting one group of young people may displace or disadvantage another group without increasing

overall employment. Creating additional jobs will also depend on the macroeconomic and labour market environment.

The effectiveness of policies promoting youth entrepreneurship and self-employment can be measured by the change in outcomes of young people. Because capturing the impact of policies can be challenging, given the multitude, interaction and complexity of policy interventions, understanding what works at the programme level, why and how is essential for policymakers to determine the best resource allocation.

## Towards evidence-based programming on youth employment

The discussion here builds on country-level inventories of youth employment interventions and rigorous evidence synthesized in a quantitative systematic review of counterfactual impact evaluations of youth employment interventions (Kluve et al. 2019; 2017) as well as on recent literature to examine the impact of active labour market programmes as a common instrument to follow through on policies in support of youth entrepreneurship and self-employment.

Entrepreneurship programmes are “designed to address the individual and external constraints that young people encounter in starting or growing a business by providing entrepreneurial skills and facilitating access to capital for self-employment – including physical, financial and social capital” (Kluve et al. 2017). Kluve et al. (2019; 2017) have detailed a theory of change for doing so.

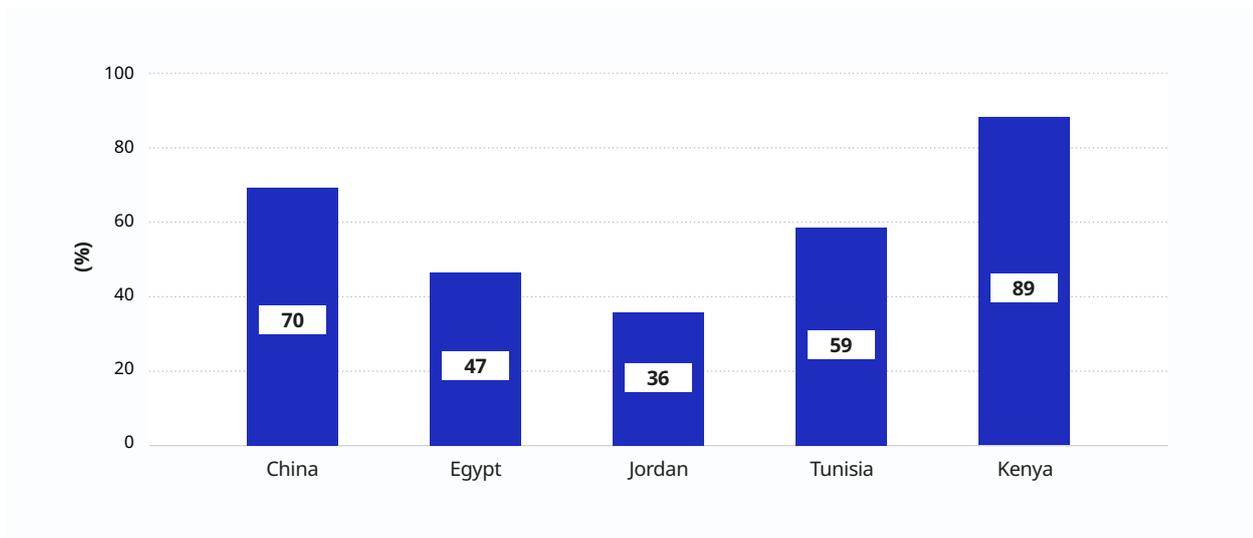
Interventions have been introduced independently and collectively by governments, civil society and youth organizations, private sector actors, financial and business-support service providers as well as international and regional institutions, but they generally fall into three categories:

- 1. Entrepreneurship training:** access to knowledge and skills, including business and management training programmes.
- 2. Advisory services,** mentoring and coaching as well as access to networks, markets and value chains.
- 3. Access to finance** through credit, monetary or in-kind grants and microfranchising.

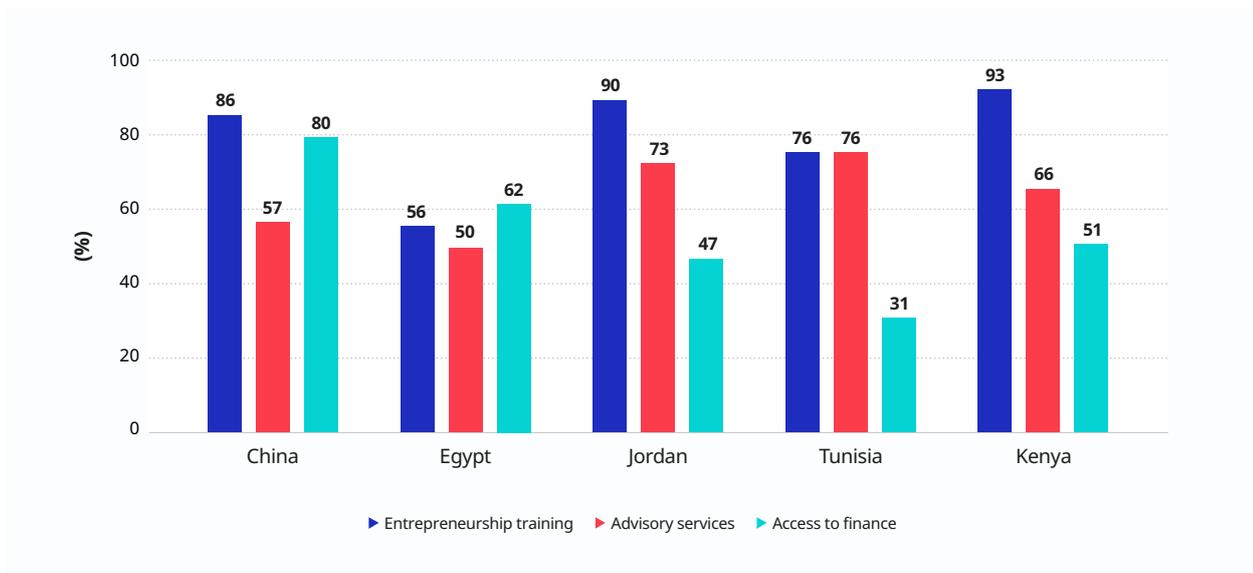
Technology-based solutions have the potential to support young people across entrepreneurship programmes to acquire digital literacy, financial and entrepreneurial skills (including through online courses, coaching and digital training materials) and to facilitate access to markets and market information.

Entrepreneurship programmes are common instruments to operationalize policies aimed at improving the labour market situation of young people. From 2013 to 2016, the ILO carried out comprehensive country-level inventories of youth employment interventions in China (2016), Egypt (2013), Jordan (2016), Kenya (2013) and Tunisia (2014) in search

► Figure 9. Youth-focused active labour market programmes with entrepreneurship components (%)



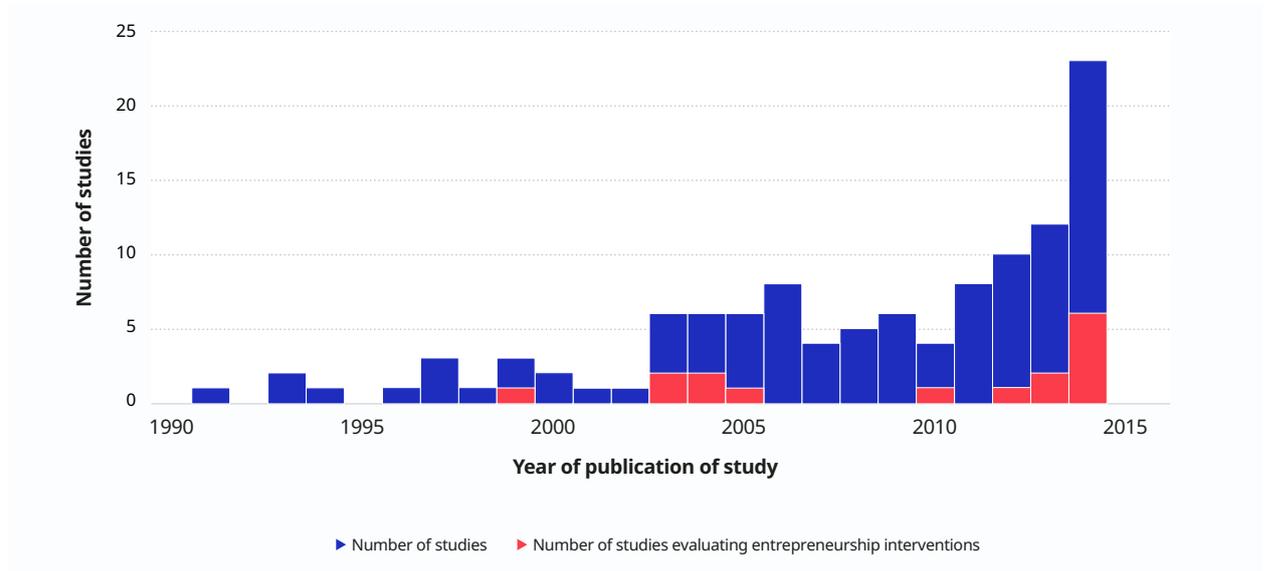
► Figure 10. Entrepreneurship components across entrepreneurship interventions (%)



**Note:** An intervention may include more than one entrepreneurship component and therefore percentages in this chart do not add up to 100% by country.

**Source:** Authors' compilation based on Youth Employment Inventory data for China (2016, n=70 youth-focused active labour market programmes), Egypt (2013, n=182), Jordan (2016, n=84), Kenya (2013, n=115) and Tunisia (2014, n=83).

► **Figure 11. Number of impact evaluations of youth employment interventions, including entrepreneurship interventions, by year of publication, 1990–2015**



**Source:** Authors, based on Kluve et al. 2017.

of intervention trends. The data from the Youth Employment Inventory<sup>122</sup> show that youth-centred active labour market programmes with at least one entrepreneurship component, such as entrepreneurship training, advisory services or access to finance, accounted for 36 per cent of all programmes in Jordan and up to 89 per cent in Kenya in the period analysed (figure 9).

The presence of entrepreneurship components within the youth employment programme landscape supports the argument that efforts in lower and middle income countries tend to concentrate to a substantial yet varying extent on youth entrepreneurship and self-employment, given the limited capacity of the labour market to absorb young people in wage employment.

Entrepreneurship training is an essential component in most programmes, according to the Youth Employment Inventory data for China, Egypt, Jordan, Kenya and Tunisia (figure 10). Yet, entrepreneurship programmes frequently adopt a multiple-component approach when targeting the multiple constraints that young people experience. This may include combining access to finance with business skills training and business advisory

services, as demonstrated by such rigorously evaluated programmes as CréaJeunes in France (Crépon et al. 2014), Calificación de Jóvenes Creadores de Microempresas in Peru (Jaramillo and Parodi 2003), Formación Empresarial De La Juventud (Project JUMP) in Peru (Jaramillo and Parodi 2005) and Women’s Income Generation Support in Uganda (Blattman et al. 2014; 2013).

Until recently, systematic evidence on the effectiveness of labour market programmes targeting youth was scarce. There are studies on the effectiveness of active labour market programmes for the general population (see Card, Kluve and Weber 2015; 2010), but few reviews have focused on youth (Betcherman et al. 2007). There is now, however, increasing research on the effectiveness of youth employment interventions using experimental and quasi-experimental methods. A quantitative systematic review by Kluve et al. (2019; 2017) found 113 impact evaluations published between 1990 and 2014 that assessed the effectiveness of 107 youth employment interventions worldwide towards improving labour market outcomes of young women and men (figure 11). In the area of youth entrepreneurship and self-employment, the

122 The Youth Employment Inventory is a comprehensive database of active labour market programmes targeted at young people. The interventions include skills training, entrepreneurship promotion, employment services and subsidized employment – either as a stand-alone or combined intervention. Information about the geographic coverage, scale and targeting characteristics of each intervention is complemented by information about their design, costs, implementation and financing mechanisms as well as monitoring and evaluation information.

evidence is notably recent and shows an increase in rigorous impact evaluations, such as randomized controlled trials.

## What works in youth employment?

The recent rigorous evidence on youth employment interventions also provides insights for youth entrepreneurship and self-employment interventions. Evidence from the Kluve et al. (2019; 2017)'s quantitative systematic review and meta-analysis of youth employment interventions and other research (Fox and Kaul 2018; McKenzie 2017; Grimm and Paffhausen 2015; Cho and Honorati 2013) highlight useful lessons.

First of all, investing in youth pays off. The evidence demonstrates that interventions that support youth in the labour market lead to positive employment and earning outcomes (Kluve et al. 2017). The research also underscores that this is an investment that needs time to grow. The effects of youth-focused programmes, especially those dealing with human capital development, more likely will increase over time and substantiate in the medium and long terms (Kluve et al. 2017; Card, Kluve and Weber 2015). Contrary to a silver-bullet approach, youth employment programmes should be treated as medium- to long-term strategic investments, taking into account that their ultimate impact depends on other measures, including a well-functioning labour market and an enabling environment for business.

Youth employment programmes tend to have greater impact in lower-middle-income countries where marginal investments in human capital can lead to significant changes in the labour market outcomes of young people. Comprehensive employment programmes that integrate multiple services tend to have more impact in lower and middle income countries because they are better positioned to take on the multiple challenges encountered by young people (Kluve et al. 2017). Because youth employment programmes lead to better outcomes when they target low-income and disadvantaged youth, the country context really matters when it comes to tailoring the design and implementation of programmes.

The evidence also demonstrates that the design and delivery of youth employment interventions – the “how” – drive results much more than the type of intervention – the “what”. The evidence points to

design features that allow implementers to better respond to the needs of young people, enhance programme participation and ensure quality in the delivery of services, including:

- Profiling participants to provide services that meet individual constraints.
- Engaging participants and individualized follow-up systems, such as mechanisms that improve their engagement by providing incentives or by emphasizing supervision and monitoring. The Women’s Income Generation Support in Uganda, for example, required staff to maintain close supervision of participants’ business activities for the first few business cycles and provide advice on meeting market challenges.
- Providing incentives to service providers, such as payments (or bonuses) that are conditional on participant performance.

The impacts of youth employment programmes will remain modest if they only target the supply side. Fox and Kaul (2018) argued that most programmes helping youth find employment in developing countries simply redistribute the limited number of wage employment opportunities and may displace others. To confront the labour market constraints in a comprehensive manner, demand-side issues need to be considered in a way that increases the wage employment opportunities in existing enterprises, encourages enterprise creation and supports young people’s entrance into productive self-employment.

McKenzie (2017a) argued that active labour market programmes may have limited impact partly because labour markets in developing countries tend to work better than anticipated. While McKenzie emphasized the continued relevance and role of these programmes, he proposed an increased focus on structural demand-side measures beyond them that support enterprises in overcoming the challenges they encounter when innovating, growing and creating more jobs (see also Hardy and McCasland 2018).

Although Fox and Kaul (2018) and McKenzie (2017) made compelling arguments for renewed attention to demand-side measures that boost youth employment, active labour market programmes should be considered as complementing rather than substituting measures. This is particularly relevant in the context of the needs of disadvantaged young people and the drive to leave no one behind. The role of adapting a systemic, integrated approach of employment and economic policies, labour market policies, measures to enhance employability, youth

entrepreneurship and the protection of rights at work for young people was recognized in 2012 when the ILO adopted the resolution on the youth employment crisis and call for action.

## Findings on youth entrepreneurship and self-employment

Kluve et al. (2017)<sup>123</sup> summarized the evidence from 12 studies on the impact of 15 entrepreneurship programmes targeting youth that offered a combination of business skills training, business advisory services and/or access to credit or grants. Most of the interventions were carried out in low-income countries (Liberia and Uganda) and middle-income countries (Bosnia and Herzegovina, Colombia, Peru and Tunisia). Only two interventions were conducted in high-income countries, which implies they had to be dropped from the Kluve et al. analysis due to insufficient sample size. Most of the interventions were carried out in factor-driven and efficiency-driven economies. There is less evidence presented to understand the impact of youth entrepreneurship interventions in innovation-driven economies.<sup>124</sup>

The findings indicate that, on average, entrepreneurship programmes lead to significant positive effects on employment, earnings and business performance outcomes. When compared with other youth employment interventions (Kluve et al. 2017), they also seem to have the largest magnitude of impact on labour market outcomes for youth. The effectiveness of entrepreneurship programmes also demonstrates substantial heterogeneity, with great variation of effects, depending on the services provided, the entrepreneurship programme and the context (Kluve et al. 2017; Cho and Honorati 2014). The programmes that Kluve et al. (2017) reviewed tended to be small in scale and target poor and disadvantaged populations in low-income countries. This may be an important aspect when considering the validity of findings in other contexts. However, entrepreneurship programmes can have considerable impact when combined with other active labour market measures, such as wage subsidies (ILO 2017a).

Two thirds of the evaluated entrepreneurship interventions in the Kluve et al. review combined business skills training, business advisory services (including mentoring) and/or access to finance in an effort to reduce the multiple constraints that young people experience. The Women's Income Generation Support programme in Uganda, for example, adopted such a multipronged approach, combining business skills training, cash grants and follow-up support to young women. Of all the interventions in the review, this Uganda programme had the largest effect size for employment outcomes.

Cho and Honorati (2014) also found that entrepreneurship programmes impact business knowledge and practice, but the changes do not immediately translate into business creation, expansion or increased income. Similarly, meta-analysis by Grimm and Paffhausen (2015) revealed that finance (including microfinance) and training interventions positively affect management practices, skills and investments but without further impact on business performance and employment. A review of business training programmes by McKenzie and Woodruff (2013), though not limited to youth-focused programmes, found that training had relatively modest effect on business survival even though it helped prospective owners launch their businesses more quickly. Evidence from the Partner Microcredit Foundation Experiment in Bosnia and Herzegovina also demonstrates that while a business and financial literacy programme resulted in improvements in business practices and entrepreneurial impetus, it did not directly translate into improved chances of business survival (Bruhn and Zia 2013).

Going beyond business skills training, creating an entrepreneurial mindset, attitude and culture can be stimulated early in the education system by encouraging critical thinking, communication, problem-solving, creativity and risk-taking (ILO 2014). The results of a study commissioned by the Youth Employment Funders Group (2017) on soft skills development for youth employment emphasize that soft skills can be learned and the findings make a compelling argument for continued investment in positive developmental experiences for youth. Incorporating a soft skills component into youth programmes is useful because it can positively

123 The search for evidence for the systematic review by Kluve et al. (2017) was concluded in January 2015. Since then, more evidence has emerged in the area of youth entrepreneurship. Our analysis does not aim to provide an exhaustive synthesis of evidence published since then but complements the evidence base with selected research findings.

124 The Global Entrepreneurship Monitor adopts the classification of the level of economic development into factor-driven, efficiency-driven and innovation-driven economies, as detailed in the World Economic Forum's *Global Competitiveness Report*.

### Empowerment and Livelihood for Adolescents programme in Uganda

In Uganda, the Empowerment and Livelihood for Adolescents programme targeted teenage girls with vocational and life skills training in a series of courses on income-generating activities (preferably for self-employment) and financial literacy. Four years later, an impact evaluation of the programme found that the adolescent girls who had received vocational training and information on sex, reproduction and marriage were more likely to engage in income-generating activities. The evaluation also discovered that the teen pregnancy rate had declined by a third and that early entry into marriage or cohabitation had reduced substantially. The results highlight the importance of comprehensive interventions that focus on economic and social empowerment to overcome the constraints that young people encounter.

**Source:** Bandiera et al. 2018.

influence broader development outcomes, such as conflict and violence prevention, responsible citizenship and reproductive health.

Supporting young people to develop productive business models is critical for their own business survival and that of their peers. But Burchell et al. (2017) cautioned that entrepreneurship programmes may lead to unintended negative consequences for non-participants due to market competition. They called for a careful approach to encourage self-employment in market segments with growth potential and unmet demand. However, an impact evaluation of a business training programme for women in Kenya (McKenzie and Puerto 2017) found that the positive impacts on the profits of businesses did not have any negative spillover on competing businesses. On the contrary, it appeared that the markets as a whole grew in terms of number of customers and sales volumes due to enhanced customer service and new product introduction. While the findings of this evaluation are not specific to youth, they provide critical insights into the importance of tailored support for productive business models in competitive business environments.

Entrepreneurship interventions, including access to finance, appear to be most effective if they tackle specific constraints of young people (Kluve et al. 2017). In the school-to-work transition survey findings, young people in business cited limited access to finance as their most pressing constraint. Yet, the evidence on grants appears not conclusive with regard to growing and expanding the businesses of young entrepreneurs (Kluve et al. 2017). A randomized experiment with the ILO Start and Improve Your Business programme in Uganda found that

a combination of business training and loans had differential impacts across the sexes, with better outcomes for the subsample of young men who had expressed an interest in growing their business. Evidence also suggests that family pressure on women can lead to diverting grants or credit for non-business purposes (Fiala 2014).

Targeted policy measures to support opportunity-driven young women and men with potential for high-growth entrepreneurship are instrumental to spur the job-rich expansion of enterprises. A study of a large-scale national business plan competition for young entrepreneurs, the Youth Enterprise with Innovation in Nigeria (YouWiN!), examined the impact of the four-day business plan training course combined with a conditional yet substantial grant of US\$50,000 for each winner of the competition. Over five years, the programme led to greater enterprise creation, higher profits and sales, more business survival and greater employment, including increases in the likelihood of having ten or more workers (McKenzie 2017b). The intervention appears to have been an effective tool to support entrepreneurs with potential to create jobs that offer an alternative pathway for wage employment instead of pushing necessity-driven young people into self-employment as a last resort. Interestingly, McKenzie and Sansone (2017) compared the relative performance of the business plan picked by the judges with machine learning predictions of outcomes for participants in that business plan competition. Notably, the business plan scores from the judges did not correlate with employment, sales, business survival or profits of the competitors three years later. But the modern machine learning methods did not appear any more effective in predicting outcomes either. The overall predictive power was

### Youth Opportunities Programme in Uganda

The Youth Opportunities Programme in Uganda was a government grant programme aimed at helping beneficiaries become self-employed artisans through one-time unsupervised cash grants (US\$400 per person) for non-agricultural vocational training and enterprise start-up. Four years after the intervention, a long-term impact evaluation found that grants for non-agricultural vocational training and business start-up resulted in substantial economic impacts on earnings in a capital-constrained environment of a conflict-affected region. However, after nine years, the grants appeared to have only served as a kick-start, with the control group converging to have reached the same level of investment, employment and earnings as the grantees.

**Source:** Blattman, Fiala and Martinez 2018; 2013.

low, which underlines the fundamental challenge in spotting high-growth entrepreneurs.

To reach the level of scale needed to resolve the youth employment challenge, the ownership and involvement of national and local actors are essential. Most of the entrepreneurship interventions in lower-middle-income countries that were rigorously assessed by impact evaluations were small scale, with various implementation arrangements between public and private actors (Kluve et al. 2017). The policymaking required nowadays would benefit from more insights into the effectiveness of large-scale interventions at a national level, such as YouWIN! in Nigeria, but of which there are few studies.

Entrepreneurship programmes can stimulate change in gender relations, yet they need to be considered as part of an overall ecosystem surrounding young women in their efforts to start or expand a business. An impact evaluation of a business, vocational and life skills training and empowerment intervention for young women in rural Egypt (Elsayed and Roushdy 2017) showed that labour market outcomes, economic aspirations and business knowledge improved. But the social empowerment measures, such as decision-making capacity, were not affected because intra-household decision-making and attitudes towards the role of women in society are not easily influenced by stand-alone empowerment interventions. In contrast, an impact evaluation of an edutainment TV programme in Egypt designed to promote entrepreneurship among young adult viewers found that it had a positive impact on gender-related beliefs associated with self-employed women (Barsoum et al. 2017).

The evidence on youth entrepreneurship and self-employment suggests that interventions overall

are an effective approach to support business creation by young people and have a positive impact on business. Still, the evidence remains inconclusive on mechanisms to support young entrepreneurs to grow and expand their business and to explore the link between entrepreneurship intervention and additional job creation (Kluve et al. 2017).

### Encourage entrepreneurship where it is wanted and productive

Insufficient financial resources and market competition are the most constraining issues reported by self-employed youth. But these are issues against which policy and financial sector responses could make a difference. The limited take up of loans from microfinance institutions or banks by self-employed young people suggests scope for improvements in ensuring youth-friendly access to financial resources. The challenge of market competition points to a need to promote youth entrepreneurship and productive self-employment only in market segments with growth potential and unmet demand.

The objective of youth policies has evolved since 1990 and now are characterized by multipronged policies increasingly supporting enterprise development. But there remains a stark misalignment of entrepreneurship policies and the demands of self-employed youth, with most policies promoting technical training and labour market matching rather than access to finance. This might be because only a few policies aiming to support self-employed young people have been evaluated. Around six in ten of the policy documents in the

YouthPOL database have not been evaluated, a trend that has remained constant since the 1990s. Policies aimed at supporting youth entrepreneurship and self-employment need more and better evaluations, but global trends shift slowly towards more transparency and accountability. Going beyond lessons learned from previous policies, it might also be an indication that public sector policies need to pursue an integrated approach with other public and private sector actors to tackle the most pressing issues, including access to finance. The role of innovative financing in sharing the risk of supporting youth entrepreneurship and self-employment among public and private sector actors should be further explored.

Entrepreneurship programmes are common instruments to operationalize policies aimed at the transition of youth into productive business. While impact evaluations are still too few (but increasing), the available evidence argues that investing in youth entrepreneurship and self-employment interventions pays off. Youth entrepreneurship programmes lead, on average, to significant positive effects on employment, earnings and business performance outcomes. While those interventions demonstrate the largest impacts on labour market outcomes for youth when compared with other youth employment interventions, they also reveal substantial heterogeneity, with the greatest variation of effects depending on the services provided within the entrepreneurship programme and the context.

Entrepreneurship interventions, including access to finance, appear to be most effective if they tackle specific constraints of young people, and programmatic attention needs to be dedicated to the design of interventions. Dedicated mechanisms to support disadvantaged youth, including young persons with disabilities and youth in fragile situations affected by conflict or disaster, are effective design features of entrepreneurship programmes. In addition, green and social entrepreneurship initiatives can help take on social and environmental challenges, digital entrepreneurship and internet-enabled businesses. They can open new business opportunities and access to markets for youth.

The analysis of policies on enterprise development and active labour market programmes promoting youth entrepreneurship and self-employment underscores that a comprehensive and holistic approach towards productive self-employment and demand-side measures is required. While stand-alone entrepreneurship programmes can have tremendous impact in the short term, those impacts will remain modest or fade over time if policy measures do not impact market systems. Integrated approaches towards policy measures and market systems can enable growth-oriented and opportunity-driven young entrepreneurs to transition into productive business, expand and create additional jobs that would provide productive wage employment and decent work opportunities to other young women and men.

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## ► The youth transition to formality

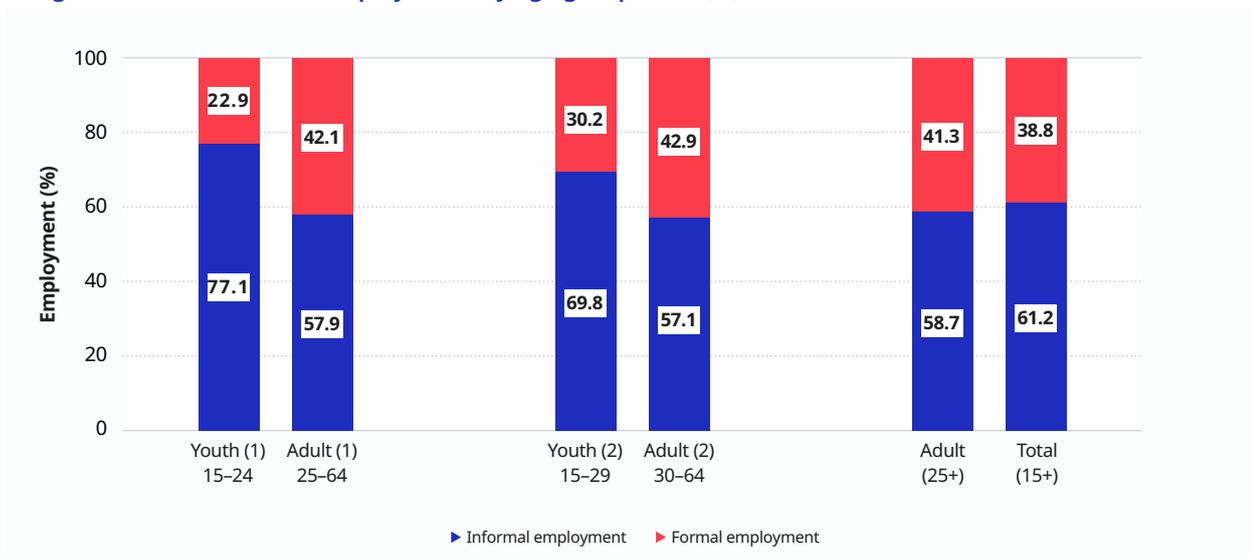
Juan Chacaltana, Florence Bonnet and Vicky Leung<sup>125</sup>

Formality initiatives thus may be most effective if designed with a lifetime approach in mind.

Statistics indicate that working young people are more likely to be in informal employment than working adults in other age groups.<sup>126</sup> Recent International Labour Organization (ILO) analysis echoes that assessment with an estimate of 77 per cent for the share of informal employment among young people aged 15–24, which is higher than the global average of about 61 per cent (ILO 2018).<sup>127</sup>

There are approximately 363 million young people engaged in informal employment globally, with more than half of them located in sub-Saharan Africa and Southern Asia (ILO 2018). Around 37 per cent of this total are young women, who are particularly over-represented in informal employment statistics in low-income countries (figure 1).

► Figure 1. Global informal employment, by age group, 2016 (%)



Source: ILO 2018, based on national labour force and household surveys from 110 countries.

125 The authors extend special thanks to Miso Lee for her valuable research assistance and to the participants in the internal ILO webinars entitled The Youth Transition to Formality, for their useful comments.

126 Unless noted otherwise, the discussion here uses the United Nations definition of youth: persons aged 15–24.

127 These figures are ILO estimates based on household survey micro data sets from 110 countries representing more than 85 per cent of the working population globally. To allow for comparisons and the calculation of global and regional estimates, a harmonized definition of employment in the informal sector and of informal employment was applied systematically (ILO 2018). In line with the ILO resolution concerning statistics of employment in the informal sector, adopted by the Fifteenth International Conference of Labour Statisticians in 1993, the operational definition to identify workers employed in the informal sector is based on the institutional sector, the final destination of production, the absence of registration or of a complete set of accounts. Alternatively, the size of enterprises combined with the place of work and, for employees, the absence of social security contributions by the employer, were used as proxy criteria. As per the ILO Guidelines Concerning a Statistical Definition of Informal Employment, adopted by the Seventeenth International Conference of Labour Statisticians in 2003, an operational definition of informal employment includes the following components: (i) among own-account workers and employers, the formal or informal nature of employment depends on the formal or informal nature of the economic unit; (ii) among employees, informal employment is defined by the absence of social security gained through employment (via employer and employee contributions) or, in case of missing information, by the absence of entitlement and benefits related to annual paid leave and paid sick leave; and (iii) all contributing family members are involved in informal employment.

A large volume of literature exists on informality and its nature, causes and consequences. Less attention, unfortunately, has been given to the processes surrounding the transition to formality, although such research has proven particularly useful in policy creation.<sup>128</sup> These elements in the context of young people merge with ILO-generated data in the following discussion on a winding path towards responding to certain policy-relevant questions: Why are informality rates higher among young people? Do we need specific policies targeting the transition of young people to formality?

## The age formality profile

Based on data from national labour force and household surveys, the relationship between formality and age reflects a concave or inverted-U shape. In 2016, formality rates (at 23 per cent) were low in the beginning of an individual's working life. Although the rates increased with age, reaching a maximum of 44 per cent among workers aged 35–54, they began to drop off for older workers. Formal employment rates for people older than 64 then became as low as those for young people.<sup>129</sup> This phenomenon is considered an empirical regularity and is observed worldwide (figure 2, panels A–D).

Although the overall extent of formal employment and its age-related variations indicate significant differences depending on the income groups of a country, the U shape remains. In low-income countries, the formal employment rates were low in all age groups, mostly at less than 10 per cent. This was especially evident when agricultural work was included in the 2016 statistics. Less than 5 per cent of persons aged 15–24 and less than 10 per cent of persons aged 25–29 were employed formally in 2016. Formal employment barely reached 10 per cent among persons aged 30–54 and declined in the older age groups (ILO 2018).

Formal employment rates were generally higher in middle-income countries, at an average of 33 per cent; the rates ranged from 17 per cent for youth employment to more than 35 per cent for adults aged 35–54 years. In middle-income countries, the link between access to formal employment

and older age, as well as an increase in experience and assets, was more pronounced than in low-income countries. In high-income countries, formal employment was the norm: approximately 82 per cent of total employment, regardless of age, was formal, with a sex breakdown in formal employment of 81.1 per cent for men and 82.4 per cent for women. In high-income countries, the rate of formal employment for young people (aged 15–24) was 81 per cent, with the majority of them starting as employees.

The empirical regularity in the age formality profile has many implications. Chief among them: young people are not alone in labour markets, rather, they work alongside other generations; and their formality rates may be influenced by and also have influence on the formality rates of other generations. Formality thus can be seen as part of the overall labour trajectory of an individual person and may be a decisive factor in their working-life success. From a policy perspective, formality initiatives thus may be most effective if designed with a lifetime approach in mind.

The age-to-earnings profile demonstrates a similar statistical trajectory, although earnings do not fall as drastically as formal employment does after reaching retirement age.<sup>130</sup> It is not surprising that the formal employment trend increases up to a certain age, after which both formality and earnings begin to decrease. Formality is a product of the labour market, similar to outcomes regarding employment levels and earnings; formality is also closely associated with the quality or level of functionality within the labour market.

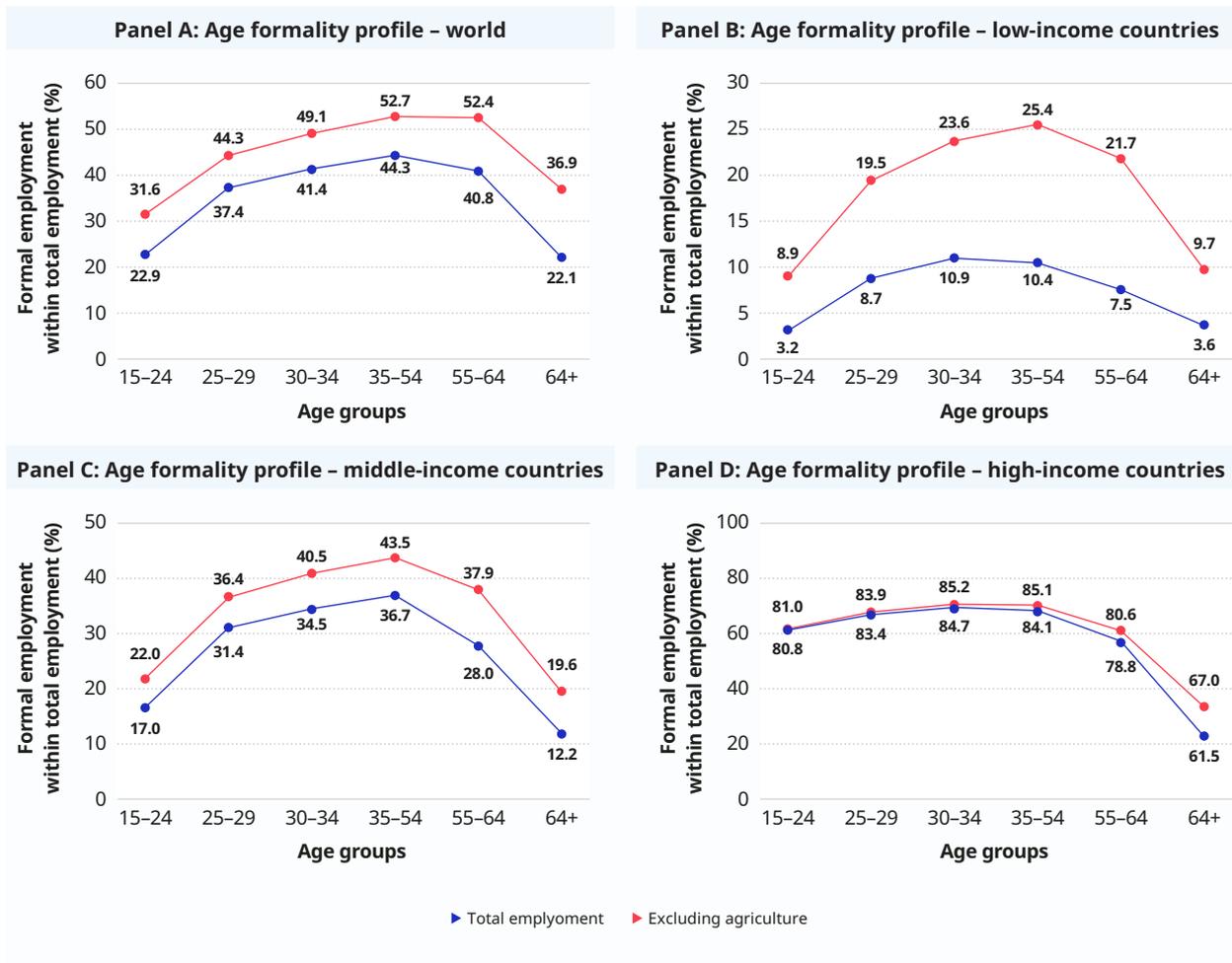
The overall rates of formal employment and the accompanying patterns that occur over the course of an individual's working life are largely determined by the structure of the labour market and an individual's employment status (figure 3 panel A). In other words, the respective proportions of workers in employment statuses who are more likely to be employed informally, including contributing family workers and own-account workers, shape the overall share of informal employment. The variations in the inverted-U shape, based on individual employment status, are noteworthy: Globally, formal employment rates increased rapidly with

128 The ILO adopted Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy in 2015.

129 Low formality rates among adults aged 65 and older could be related to working after retirement, either in combination with or as a substitute for a retirement pension, but it is a topic beyond the scope of this chapter.

130 The age-to-earnings profile is generally used to assess the effects of experience, or age, on earnings. See Murphy and Welch 1990; Mincer 1974.

► **Figure 2. Age formality profile for overall and non-agricultural employment, globally and by country income groups, 2016 (%)**



Source: ILO 2018, based on national labour force and household surveys.

age and reached their highest rates for employees and, to some extent, employers<sup>131</sup> but remained flat and below 20 per cent across all age groups for own-account workers. All categories decreased as workers aged.

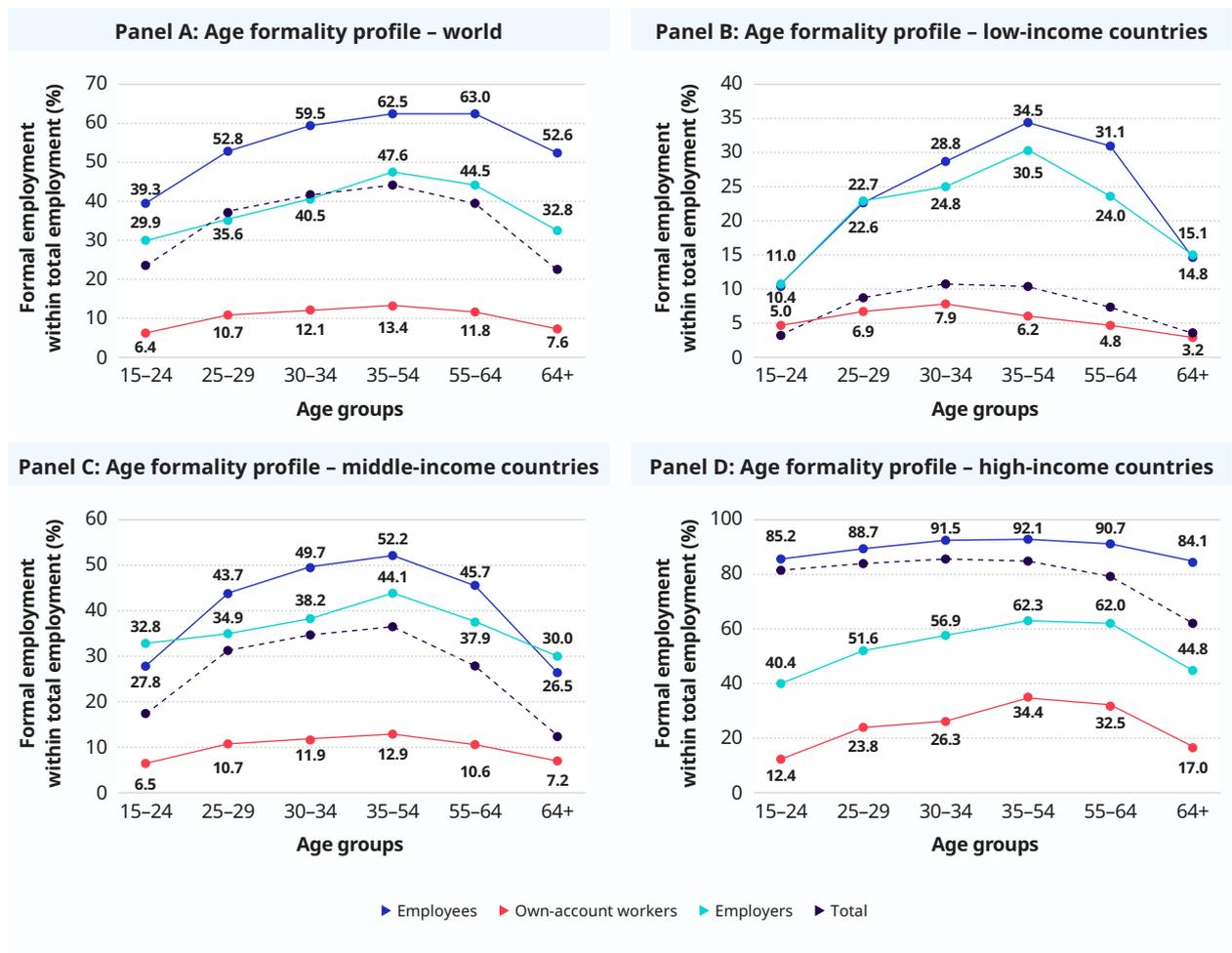
In low-income countries, the overall data on both young people and other age groups were driven by the situation of own-account workers, which represented the majority of those employed in the labour market. The main difference in formal employment rates between young and prime-age adults occurred in the categories of employees and employers, where there appears to be some opportunities to move from informal to formal

employment. Among employees in middle-income countries, there were viable opportunities for transitioning to formal employment in the higher age brackets that influenced the formal employment rates overall. However, as was the case in low-income countries, in the absence of dedicated interventions or changes to the macroeconomic context, own-account workers in middle-income countries had lower levels of formality at all ages and limited prospects for formalization during the course of their working lives.

In high-income countries, the situation was significantly different, particularly among employers and own-account workers, with a clear trend towards a

<sup>131</sup> For employers, older age tends to increase access to critical factors, including assets, finances, networks and experience. Formality rates increased from approximately 30 per cent for the 15-24 age group to nearly 48 per cent for the 35-54 age group.

► **Figure 3. Age formality profile, by employment status globally and by country income groups, 2016 (%)**



Source: ILO 2018, based on national labour force and household surveys.

transition to formality as the age and experience of workers increased (at least until reaching retirement age). In the high-income countries, formality among employees was high overall, with formality rates of 85 per cent for young people. The predominance of employees within the total employment numbers largely explains the high rates observed in the total employment data.

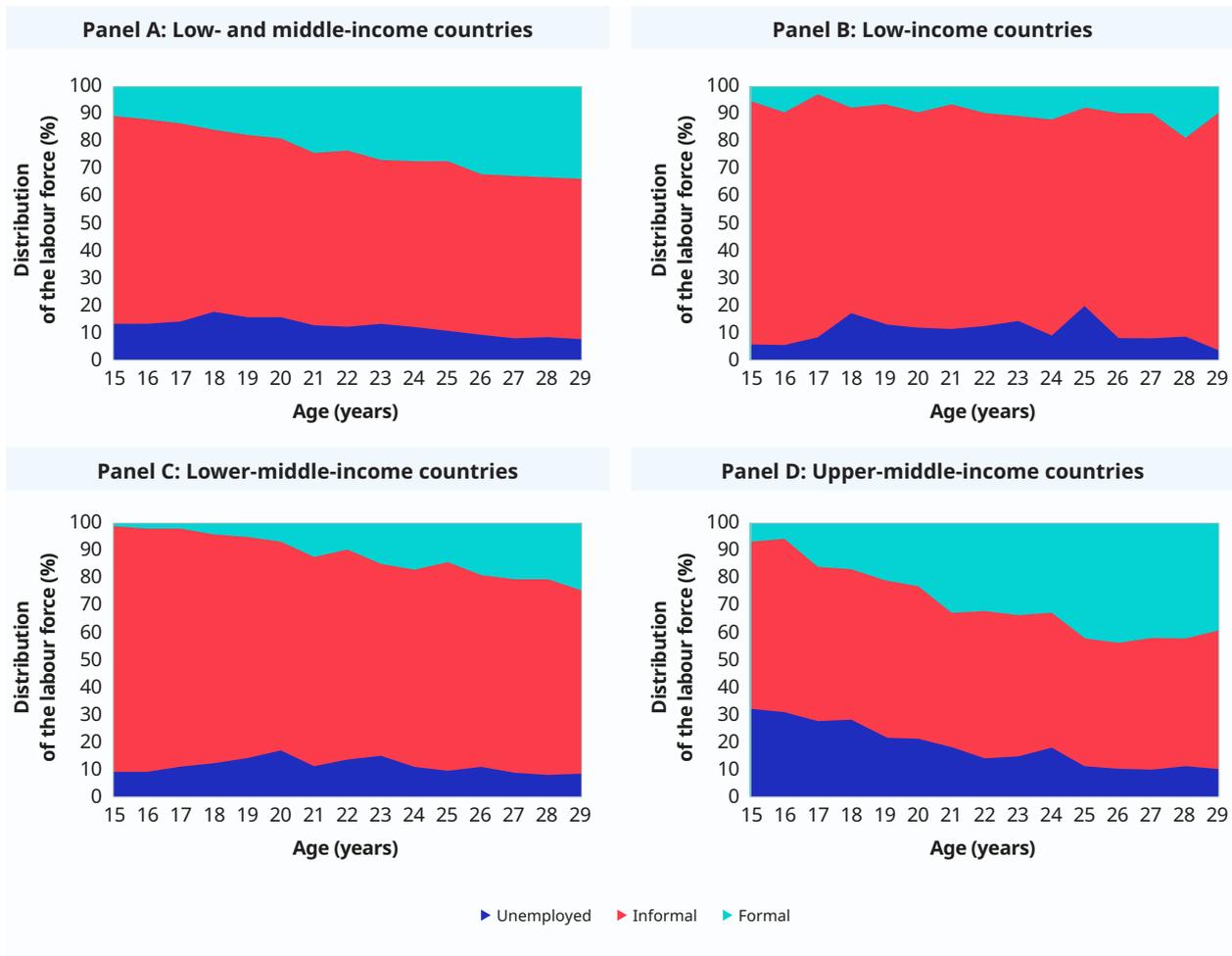
The situation of high formality rates for employees and low rates for own-account workers has been extensively studied, although not from the perspective of the trajectory of work over a lifetime. The data demonstrate that the reasons why many individuals have informal jobs vary greatly, and therefore, there can be no one solution for facilitating transitions to formality. As the 2015 ILO Recommendation No. 204 concerning the Transition from the Informal to

the Formal Economy (ILO 2015b) suggests, an integrated approach to policy development is needed, and this involves simultaneous intervention and coordination combined with an assessment of needs, as elaborated further on.

### Causes and consequences: Evidence from the school-to-work transition surveys

Although there has been much research and discussion on the causes and consequences of informality in general, there have been far fewer conversations regarding young people and the same issue. Yet, the low formality rates for youth employment merit an explanation. Why does the trend occur?

► **Figure 4. Share of unemployed and employed populations aged 15–29 in 34 low- and middle-income countries, by age (%)**



**Note:** The data that did not include information on formality were not included in the calculations. The graph shows formal employment, informal employment and unemployment as a percentage of the economically active population.

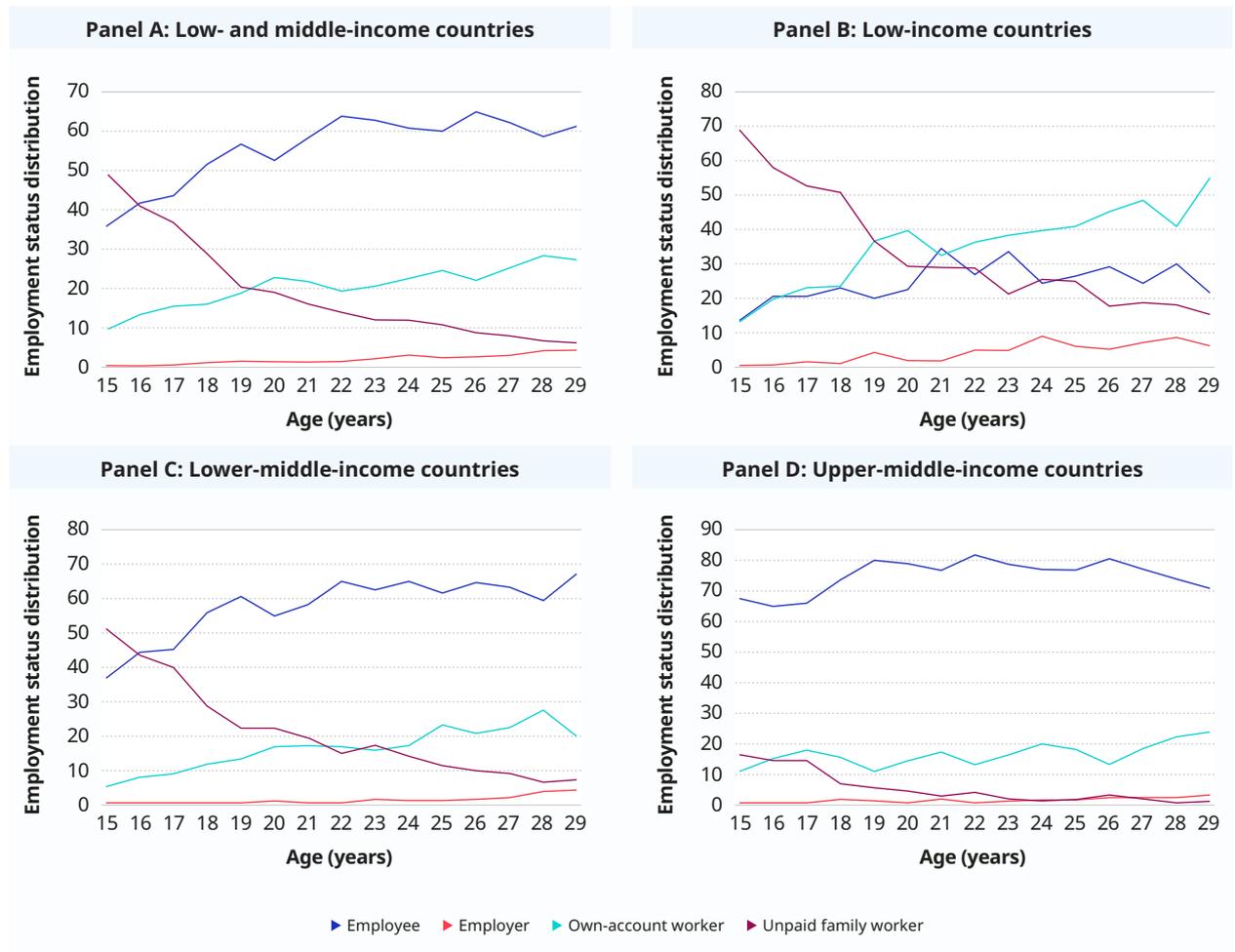
**Source:** The calculations are based on the ILO school-to-work transition survey data. In the case of a country with two rounds of surveys, the most recent data were used.

One possible explanation could be the nature of the demand side and/or the structure of labour markets. In some countries, informality seems to be the major point of entry for young people into the labour market, according to data from the ILO school-to-work transition survey findings, which included interviews with individuals aged 15–29. (The school-to-work transition survey database covers 34 low- and middle-income countries that conducted at least one round of the survey between 2012 and 2015.) In those cases, unemployment is not an option, and these young people must enter the labour market even if the work is not formal employment. This scenario is especially true for persons who leave the education

system prematurely because of a financial need to work.

Again in those cases, the next relevant question becomes: What jobs are available to young people? The ILO school-to-work transition survey findings show that the majority of young people, especially those younger than 18, began their working lives as unpaid workers in businesses run by their families, which were generally small businesses or microenterprises and mostly informal (figure 5). The labour market share of employees greatly increased with the age of workers and was always larger than the share of own-account workers in the overall labour market for all income groups, except for low-income countries.

► Figure 5. Employed population aged 15–29 in 34 countries, by status and age



**Note:** Less frequently occurring employment statuses, including members of a cooperative or similar designation, are not represented in the graphs.

**Source:** The calculations are based on the ILO school-to-work transition survey data. In the case of a country with two rounds of surveys, the most recent data were used.

Contributing family workers are informal by definition, and as already noted, informality among own-account workers is high. Based on the school-to-work transition survey findings, the most frequent response recorded for own-account workers was a desire for independence, especially among young men (table 1). This response was the most likely rationale given when a family business was involved. For both family workers and own-account workers, lack of finding a salaried job was the second-most cited reason. In addition, in all scenarios, women were more often influenced by family obligations than men.

Another possible explanation for the preponderance of informal work among young people could

be the characteristics of employed youth (the supply side). Young people are at a stage of life in which they are still accumulating certain assets, including skills and funds, and those will be useful for their working lives in the future. Accumulation of education is a good example of assets. Young people are still learning skills needed in the labour market, both at school and at work. As expected, a positive correlation is observed between the education level of the labour force and formality rates in work among the findings of the school-to-work transition survey. Literature on this transition discusses the heterogeneity of young people in this regard even though circumstances may vary, with some young people not having started the transition to work,

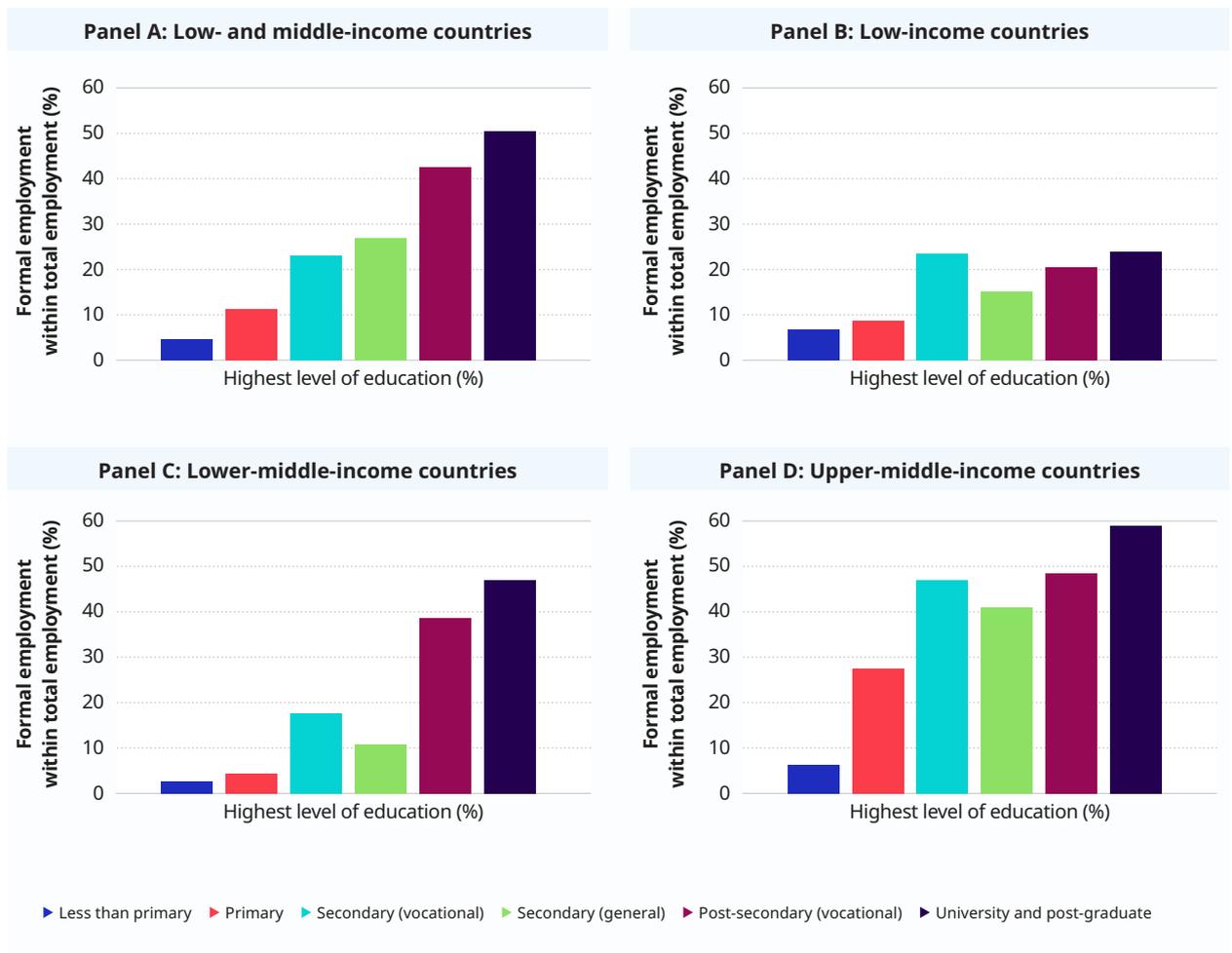
► Table 1. Reasons why young people (aged 15–29) were own-account workers, by sex (%)

	Male	Female	Total
<b>Why are you in own-account work? (low- and middle-income countries)</b>	100	100	100
Could not find wage work	29	31	30
Greater independence	42	27	36
More flexible working hours	7	12	9
Higher income level	13	10	12
Required by family	7	14	10
Other	3	5	4
<b>Why are you in own-account work? (low-income countries)</b>			
Could not find wage work	33	36	35
Greater independence	36	26	31
More flexible working hours	7	9	8
Higher income level	12	9	10
Required by family	9	17	13
Other	3	3	3
<b>Why are you in own-account work? (lower-middle-income countries)</b>			
Could not find wage work	23	18	22
Greater independence	53	39	49
More flexible working hours	5	8	6
Higher income level	12	12	12
Required by family	7	18	10
Other	0	4	1
<b>Why are you in own-account work? (upper-middle-income countries)</b>			
Could not find wage work	33	31	32
Greater independence	31	20	26
More flexible working hours	10	22	15
Higher income level	16	11	14
Required by family	4	7	5
Other	6	10	8

**Note:** Missing values were not included in the calculations, which were based on 34 low- and middle-income countries.

**Source:** The calculations are based on the ILO school-to-work transition survey data. In the case of a country with two rounds of surveys, the most recent data were used.

► **Figure 6. Share of informal employment among persons aged 15–29 in 34 low- and middle-income countries, by education level**



**Note:** Missing values were not included in the calculations.

**Source:** The calculations are based on the ILO school-to-work transition survey data. In the case of a country with two rounds of surveys, the most recent data were used.

some being in transition and others having fully completed the transition into the labour market and decent work.

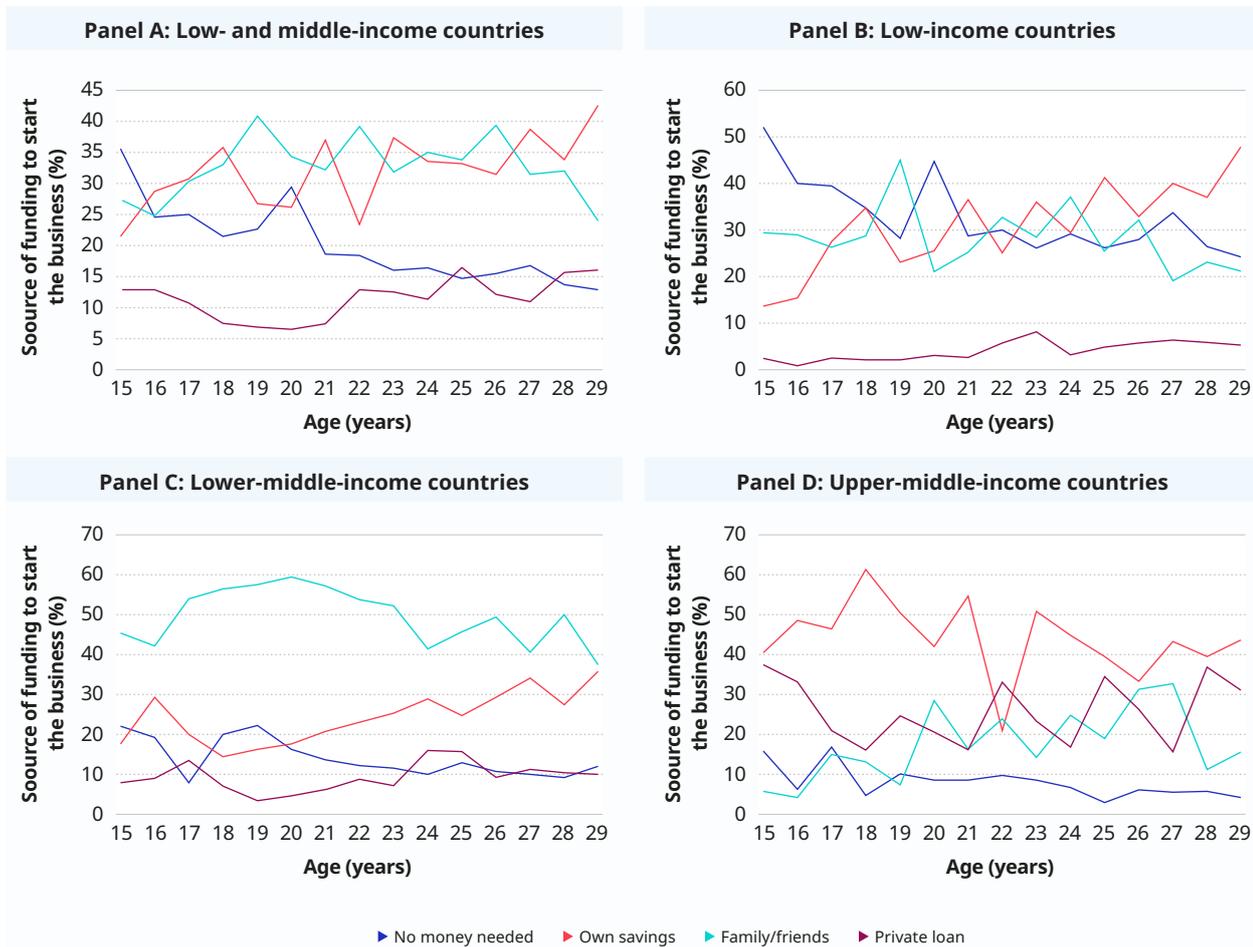
In the case of workers who made the transition to owning a business or self-employment, other assets became relevant in their set of work skills. Entrepreneurial training was fundamental, but funding to start the business was typically also crucial. Although no data were collected from persons aiming to start a business, the school-to-work transition survey asked employers and own-account workers how they had acquired funding for their entrepreneurial activities.

The most common answer to that question by the youngest workers was “no money needed”

(figure 7). This response indicates that these individuals started a business or their own-account work without significant capital. The response of “own savings” increased with age, as did “private loans”, while help from family and friends remained relatively flat for all ages, at around 30 per cent. This indicates that the young entrepreneurs and own-account workers lacked financial assets in their early years but began to accumulate them in later years.

In terms of asset accumulation, young people are generally at a disadvantage. The most notable exception to this phenomenon, and this is characteristic of the current generation of young people, is access to and the ability to learn and use new technologies. Several studies have found that even

▶ Figure 7. How did young people (aged 15–29) acquire funding to start their business?



**Note:** Based on 34 low- and middle-income countries.

**Source:** The calculations are based on the ILO school-to-work transition survey data. In the case of a country with two rounds of surveys, only the most recent data were used.

though technologies have developed rapidly over the past few decades, people born more recently are more used to them (World Bank 2016). The first question for this analysis thus becomes: What is the relationship between new technologies and formality? Certain recent studies demonstrated that new technologies have the potential to generate new forms of informality, while others pointed out that they also have the potential to facilitate the transition to formality (ILO 2016).<sup>132</sup> When developing youth-centred policies, this dimension should be explored in great detail.

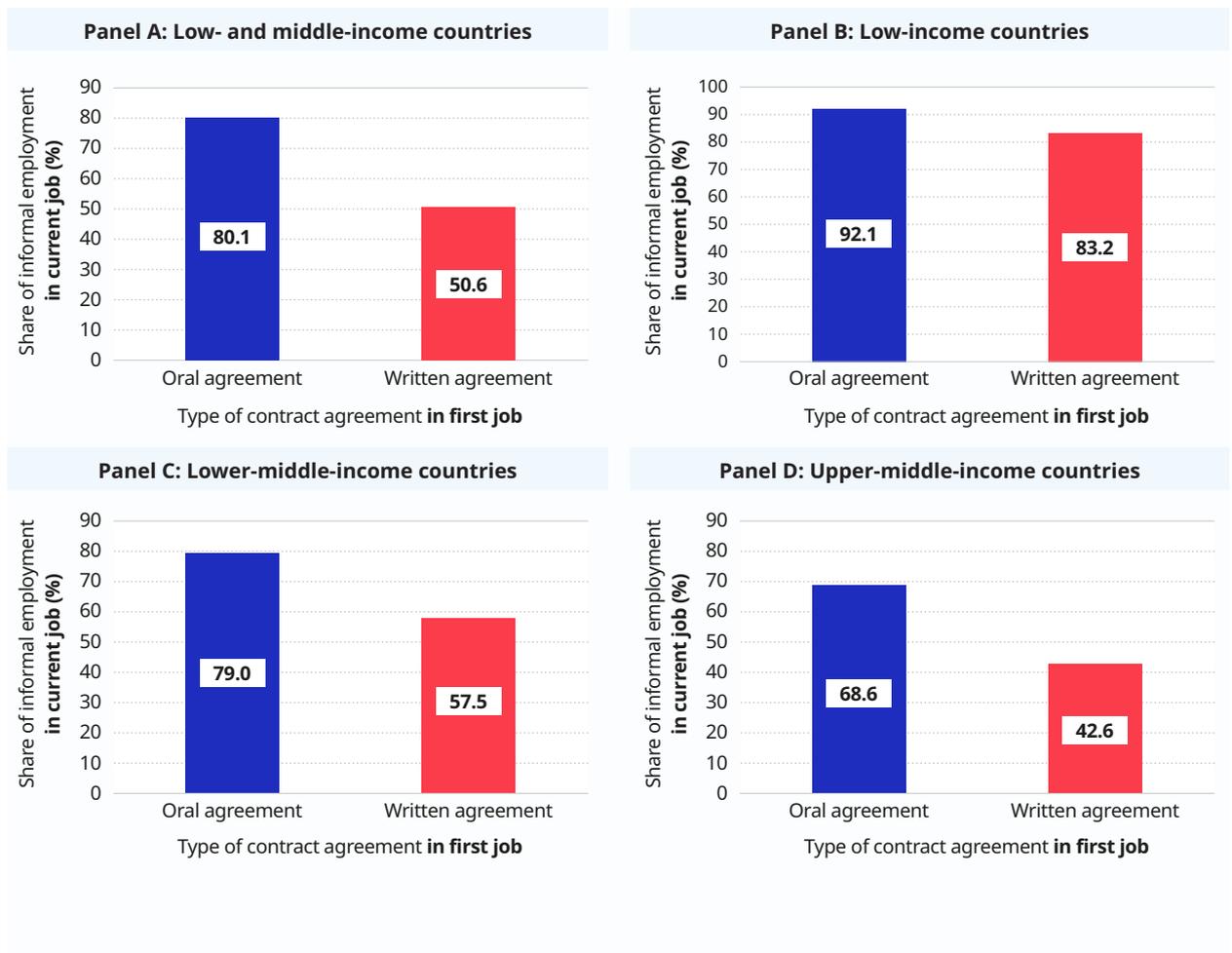
A second question then becomes: What are the consequences of low formality rates among

younger people? Because formality rates have a pattern that follows an entire working life, interventions for improving the transition to formality aimed at younger people could impact an individual later in life.

This hypothesis was demonstrated by a recent study in Latin America that compared the characteristics of current jobs and first jobs (Dema, Chacaltana and Diaz 2015; ILO 2015a) among a group of individuals. The study found that in four of the countries covered, people who had had a good start with certain formal arrangements in their working life had a greater chance of obtaining a formal job later. The analysis assumed that a written agreement was

<sup>132</sup> See also Chacaltana, Lee and Leung 2018; Chen 2016.

► **Figure 8. Share of workers with informal employment in current job in 34 low- and middle-income countries, according to type of agreement in first job, by income group**



**Source:** Authors' extrapolation based on the ILO school-to-work transition survey findings.

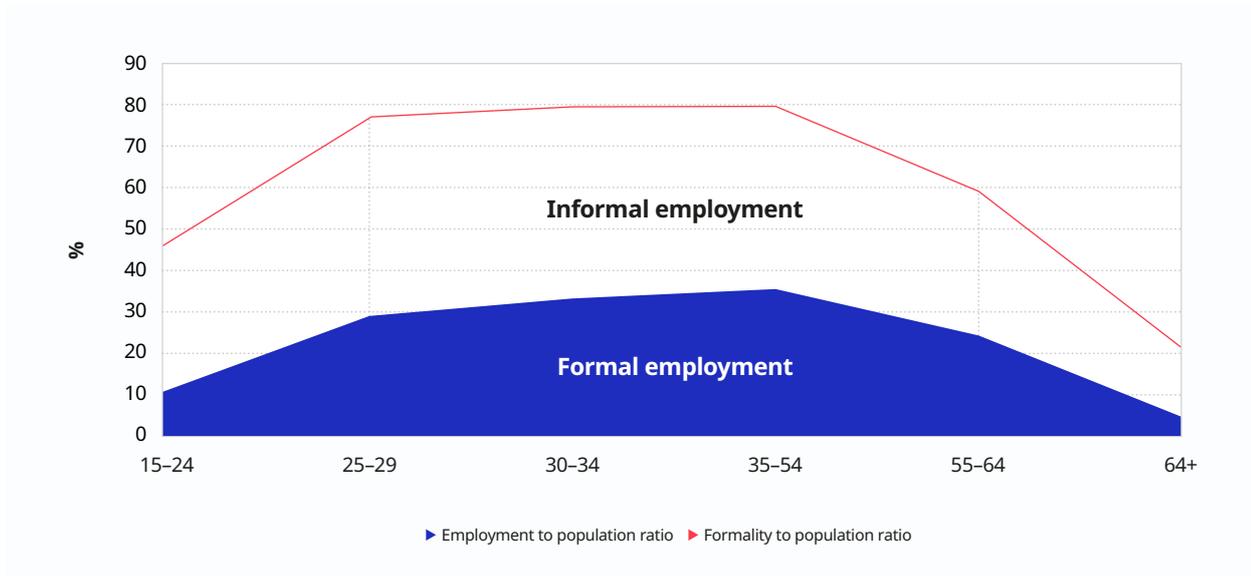
more formal and binding than an oral agreement. Overall, 50 per cent of persons working informally in their current job (at the time of the study) had had a written agreement in their first job, whereas 80 per cent of those with only an oral agreement in their first job were working informally in their current job. The similar differences also existed in the low-income countries in the school-to-work findings (figure 8).<sup>133</sup>

## Policies need to be age sensitive

ILO Recommendation No. 204 provides a comprehensive policy framework for the transition from the informal to the formal economy. An empirical age earnings profile could have different policy implications for different age groups. Formality in work increases with age and then, at a certain point, it decreases, but the employment-to-population ratio remains the same (figure 9). The difference between the employment-to-population ratio and the formality rate is the informality gap, and this

<sup>133</sup> These differences were not controlled for in the data. Interestingly, another case study on Peru indicated that these differences persisted at rates of around 17 per cent even when controlled for as characteristics. See Cavero and Ruiz 2016.

► Figure 9. Informality gap



Source: Authors' calculations based on ILO 2018.

must be countered with specific policies. It is clear that while some transversal policies are applicable to all age groups, certain aspects could be emphasized for specific groups. For example, policies applicable to young people are not necessarily relevant for older adults.

Young people require comprehensive measures that will facilitate their school-to-work transition. These measures could include youth guarantee schemes that provide access to training and ongoing productive employment. Policies aimed at providing childcare and access to productive assets would benefit women and younger women in particular. Policies intended to improve legislation and regulatory frameworks to mitigate the exclusion of certain individuals, including domestic and agricultural workers, for example, would be needed to bring them under the scope of formal work arrangements.

Policies for managing the traversal drivers of informality include pro-employment macroeconomic policies that support aggregate demand, productive investment and structural transformation for formal job creation and measures to improve the efficiency of social security systems and services.

What are the most common approaches for supporting the transition of young workers to formality? The ILO Youth Employment Policies and Legislation, or YouthPOL, database, which encompasses 485 policy documents concerning young people in 65 countries around the world dating from 1947 to 2015, is a good source of ideas. The database classifies various policy types, including from training to macroeconomic measures.<sup>134</sup>

The most common approaches to promote youth employment relate to incentives for labour demand, mainly for work as employees, and to enterprise development for entrepreneurs. These types of policies are generally known as “first-job” and/or “first-business” initiatives. However, initiatives for both business and employment formalization are not common: Of the 485 policy documents in the YouthPOL database, only 11 of them concentrate on registration and compliance of enterprises in the informal economy and only ten documents provide incentives to promote the transition of informal young workers to the formal economy (table 2).

Regarding first-job measures aimed at promoting salaried jobs, the most common approach is to provide incentives, in particular, by providing wage

134 See [www.ilo.org/employment/areas/youth-employment/youth-pol/lang-en/index.htm](http://www.ilo.org/employment/areas/youth-employment/youth-pol/lang-en/index.htm).

► **Table 2. Documents in the YouthPOL database concerning policy approaches to youth employment and formality**

	Total
<b>Total policy documents in the YouthPOL database</b>	<b>485</b>
<b>Number of countries included</b>	<b>65</b>
Is education and training addressed in the document?	392
Are labour market policies addressed in the document?	239
Is enterprise development addressed in the document?	173
Is there an explicit strategy for ensuring access to non-financial services?	102
Is there an explicit strategy for ensuring access to finance?	96
Is there an explicit strategy for any other measures regarding self-employment?	90
Is there an explicit strategy for enterprise start-ups for young people?	79
Is there an explicit strategy for promoting registration and compliance of existing enterprises in the informal economy?	11
Is labour law and legislation addressed in the document?	111
Is labour demand addressed in the document?	103
Is there an explicit strategy for raising incentives for employers to recruit young people?	
Yes	80
Yes, on tax rebates	13
Yes, on wage subsidies	40
Yes, on waiver for social security contributions	21
Yes, on other measures to reduce labour costs	23
No	23
Is there an explicit strategy for incentives to promote the transition of informal young workers from the informal to the formal economy?	10
Is there an explicit strategy outlined for any other measures aimed to boost the demand for youth labour?	22
Are macroeconomic and/or sectoral policies addressed in the document?	45
Have these policies been evaluated? Yes.	37

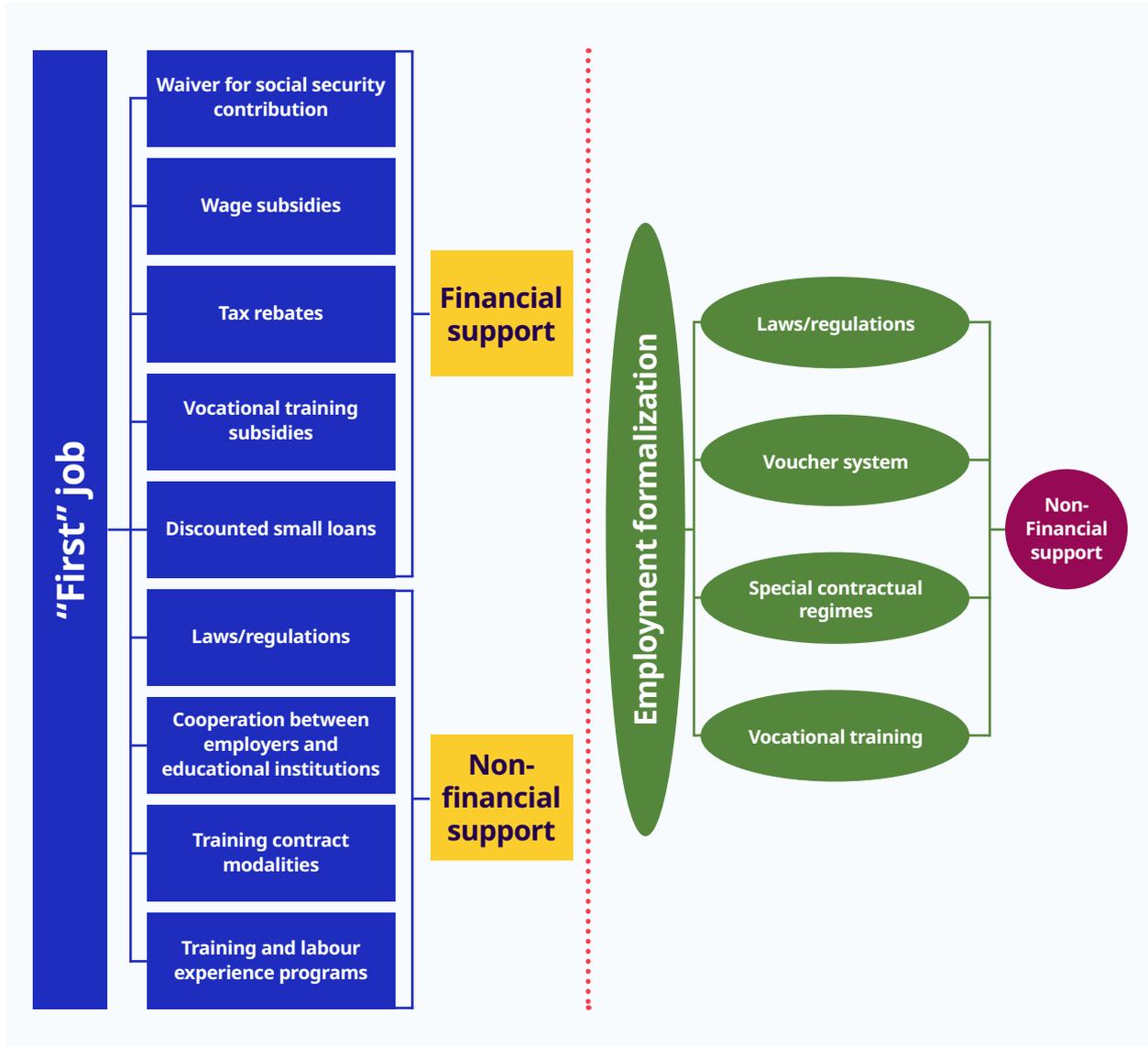
**Source:** ILO 2017, based on the ILO Youth Employment Policies and Legislation database.

subsidies for formal enterprises to hire young people. That measure allows authorities to monitor the hiring practices of formal entities. Other approaches include social security contribution waivers, tax rebates, vocational training subsidies and discounts on small loans, all with the aim of bringing young people into the labour market. In addition, amending laws to ensure job security, promoting cooperation between employers and educational institutions, offering special training contracts and labour experience programmes that aim to aid poor and vulnerable young people are common non-financial means of support to facilitate access for young people in obtaining their first job.

A more detailed review of the ten policy documents intended to promote the transition of young workers from the informal to the formal economy found measures to enact laws and regulations that facilitate formalization, promote a voucher system and call for special contractual regimes and vocational training programmes (figure 10).

In the case of first-business interventions, the most common policy approach is to provide general non-financial services to young people. For example, the approach could include laws and regulations to support youth entrepreneurship and solidarity economy, provide opportunities for young

► Figure 10. Type of financial and non-financial support in youth policies focused on first job and the formalization of informal employment among young people



Source: ILO 2017, based on the ILO Youth Employment Policies and Legislation database.

people to engage with enterprises, training, start-up support and follow-up guidance and mentoring and, lastly, through the building of infrastructure, including incubators and one-stop-shop access aimed at improving the business environment.

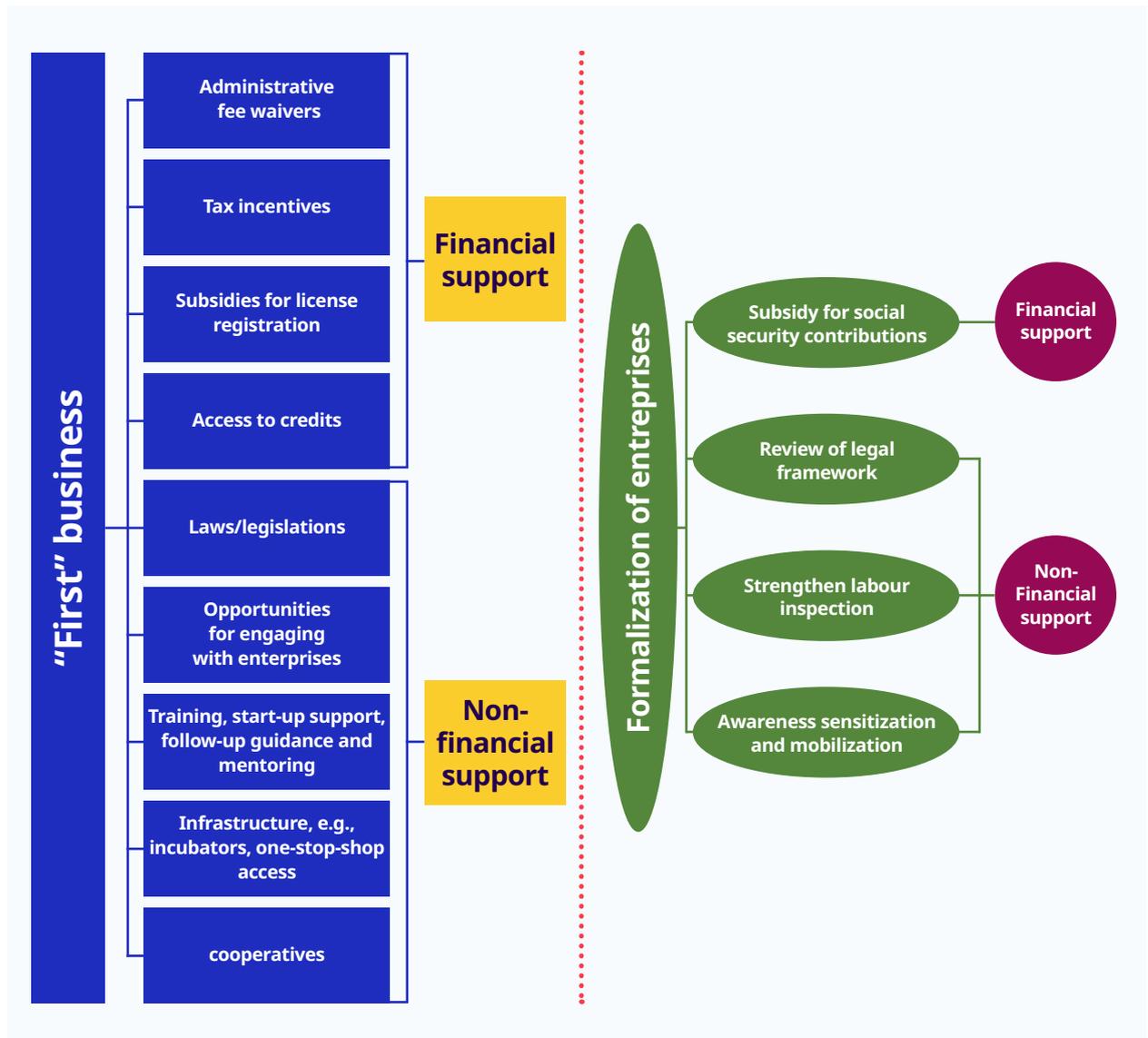
Because it is more difficult to monitor whether a start-up enterprise will be formal, there is greater need for a more targeted approach to formality. Interventions documented in the YouthPOL database related to formality concentrate on social security contribution subsidies, the strengthening

of enforcement bodies, the building of legal frameworks and awareness and mobilization.

Are these policies effective? Unfortunately, few of the policies in the YouthPOL database have been evaluated, at only 8 per cent. In general, literature on the impact of formalization policies is rather new, and there is not that much available.

Jessen and Kluge (2019) conducted a systematic search and review for English- and Spanish- language documents and found approximately 30 impact studies. Among their many findings,

► Figure 11. Types of financial and non-financial support in youth policies focused on start-up businesses and the formalization of informal enterprises operated by young people

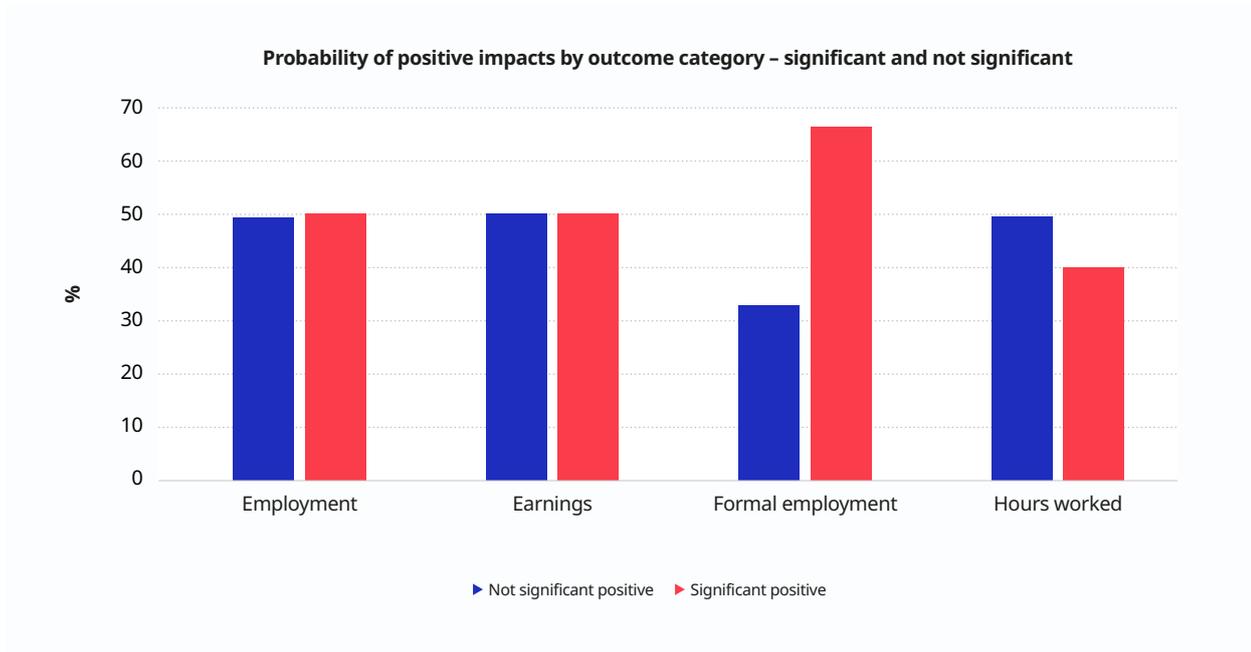


Source: ILO 2017, based on YouthPOL database.

they pointed out that the "formal jobs and labour registration" factor, also known as labour formalization, had a much higher probability of a positive and significant impact on labour market outcomes than other factors, including enterprise registration, wages, enterprise profitability, tax revenue and investment. Jessen and Kluge concluded that this was an important finding and that it may indicate that worker registration is a pivotal factor in labour market formalization. Concentrating on that issue could potentially be more promising than interventions that target other aspects of formalization.

Overall, most evaluations on youth have looked at the impact of active labour market policies (see Kluge et al. 2017). Few of these studies, however, cited formality as a targeted variable. Interestingly, while reviewing the impact of the active labour market policies in the Latin America and Caribbean region, one recent study found that (when compared to other outcomes, including employment, earnings or hours worked) formal employment was the outcome with the highest probability of having a significant positive impact on the labour market (figure 12 and Escudero et al. 2017).

► **Figure 12. Latin America and Caribbean study results: Formality as an outcome of active labour market policies**



**Note:** The number of total observations in the four outcome categories are: 89, 108, 59 and 37.

**Source:** Escudero et al. 2017.

## Applying new technologies will be integral to the world of work

The most important conclusion to be drawn from the age-related formality profile and its characteristics, causes, consequences and policy implications is that policies aimed at the transition of young people to formality affect more than a young worker's current situation. They also impact the lifetime formality profile of that individual. Hence, youth employment strategies should make young people aware of the long-term implications that a good start to their working life will have on their entire career.

In many developing countries, young people begin their working careers as unpaid family workers. This phenomenon highlights the importance of finding ways to facilitate workers' transition to formality within this context, including, for example, through informal apprenticeships.

Youth formality policy approaches primarily emphasize first jobs, including through wage subsidies and

first-business strategies. Although there is a lack of information available regarding the effectiveness of these strategies in terms of formalization of the overall labour force, there is even less information on youth employment formalization and on informal enterprises operated by young people. More evaluations on policy interventions that facilitate the transition of young people to formality are needed.

More studies are also needed that examine the impact that formalization interventions have on the labour market. Particular attention should be given to youth issues, including first-job and first-business interventions, to verify to what extent these programmes actually lead to formality and for how long and to determine other policy measures that could facilitate transitioning young people from the informal to the formal economy.

Most current policy approaches to both individual employment and business generation assume that the employment created by those policies is formal. That is not necessarily the case. Therefore, more policies should be directed at the transition of young people to formality. It is not simply that

a greater number of jobs are needed but, rather, good jobs must be created to facilitate full and productive employment for individuals and to promote the Decent Work Agenda.

The reasons for higher informality rates among young people may be attributed to both the demand and supply sides. Factors contributing to the demand side include the fact that young people often work in sectors with higher rates of informality, while a lack of assets that contribute to better labour market outcomes, including education, skills and financing, affect the supply side.

Young people have ample access to a new and critical asset: new technologies. For this reason, the use of new technologies to improve formalization for young people is promising (Chacaltana, Leung and Lee 2018). Applying new technologies

has become a critical part of the world of work, and this is expected to continue. The role that technology can take in facilitating the youth transition to formality in the twenty-first century labour market deserves attention, especially regarding the use of technology in the financial inclusion of young people and in delivering public services by capitalizing on technological improvements.

Goals regarding the achievement of transitioning young people to formality should refer to the policy guidance outlined in Recommendation No. 204, including applying the threefold objectives of creating formal employment, transitioning workers and economic units from the informal to the formal economy and preventing the informalization of formal employment.

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## ► Rural youth employment in sub-Saharan Africa: Moving away from urban myths and towards structural policy solutions

Bernd Mueller

►► A large share of the discourse of rural youth employment in Africa is dominated by a range of common ‘perceived truths’ or myths.

**urban myth** noun [UK], also urban legend: *story or statement that is not true but is often repeated and believed by many to be true* – Cambridge Dictionary

The agriculture sector is the largest employer in Africa. The majority of African youth live in rural areas, and their number is expected to increase for decades to come. As a result, the majority of youth in sub-Saharan Africa work in agriculture and in rural areas<sup>135</sup> (World Bank and IFAD 2017). Thus, any discussion on the challenges and approaches to youth employment in sub-Saharan Africa<sup>136</sup> must consider the realities of rural employment to inform any proposed solutions.

Yet, urban contexts and concerns tend to dominate discourses on youth employment in Africa in various ways. They tend to focus on occupations that are presumed attractive to youth, which mainly infers a focus on white-collar jobs, technology-intensive jobs or other occupations that generally depend on high levels of education and/or skill sets. Another common focus lies squarely on entrepreneurship development and the promotion of self-employment for youth. Similarly, rural-to-urban migration by youth – often claimed to be resulting from rural unemployment – and the stresses it brings to urban infrastructure, labour markets and safety are frequent topics of concern. Relatedly, there is

a common fear of ageing rural populations and a widespread lack of interest of youth in agriculture. Consequently, a large share of the discourse of rural youth employment in Africa is dominated by a range of common “perceived truths”, or myths.

These urban myths run across a spectrum, from the seemingly plausible to the outright ludicrous. Yet, unfortunately, many authors, policymakers, public servants and development practitioners too often seem to be struggling to circumnavigate these myths. Common misperceptions about rural African youth need to be exposed by juxtaposing them with evidence on the actual realities that many rural youths live with. The aim is to clarify and – ideally – arrive at a slightly more realistic description of their livelihoods and employment realities and ultimately to derive implications for policy solutions and technical support models to improve their employment outlooks. This is of particular importance because these urban myths can have substantial impact on what would be perceived as the best ways to advance the cause of youth employment creation in rural Africa.

135 There is no standard definition of “rural”. As Losch (2016, 31) highlighted, rural areas do not have a positive definition but are defined as being all those places that are not urban. “According to the FAO, the rural population is the residual number after subtracting the urban population from the total population and this view is adopted by most countries in the world. [...] As a consequence, the vision of what is urban and what is rural is blurred by definition and the ongoing changes are only increasing the uncertainty – a major difficulty for action and forward thinking.”

136 The term “Africa” is used as a synonym for sub-Saharan Africa, unless stated otherwise.

The discussion here centres on six common urban myths on rural African youth, arguing that they are based on misguided perceptions, which in turn shape predominant but ill-fitting policy, programme and project responses. These six myths:

1. *“Unemployment is a major issue for rural African youth.”*
2. *“Agriculture is unattractive to youth,” and “We need to make agriculture ‘cool’ again.”*
3. *“Rural population in Africa is ageing rapidly,” and “The average age of the African farmer is 60.”*
4. *“Rural-to-urban migration by youth is a major concern.”*
5. *“Rural labour markets are ‘thin’ and there are very few wage jobs.”*
6. *“Rural youth employment is best promoted by fostering self-employment and entrepreneurship.”*

The term “urban myths” is used not just as a pun but advisedly because these myths likely originated from the urban sphere and urbanized perceptions of rural youth. They appear throughout the published literature and are commonly encountered during public discussions on rural youth employment – discussions that, more often than not, tend to take place in invariably urban conference venues or other public fora. In these discourses, it is typically urban-based policymakers, academics or development practitioners (including this author) who deliberate on how to reduce the plight of their young compatriots and beneficiary communities living in rural areas. Regardless whether “international” or “national”, the majority of us experts and panellists invariably have benefited from an upbringing, education and life in urban spaces. Our perception of the youth employment realities and challenges has likely been shaped by our own as well as our families’, sons’, daughters’ and friends’ experiences and life trajectories, which predominantly are situated in urban spaces, schools, universities and workplaces. As an unsurprising result, this profoundly urban yet anecdotal set of experiences and reference points shapes and dominates the perceptions and suggested solutions that we are likely to develop.

This is a special type of “urban bias”, not unlike but slightly different from the one purported by Michael Lipton<sup>137</sup> in the 1960s and 1970s. A widespread symptom of this bias is an at-times lopsided focus on predominantly urban issues, such as graduate youth unemployment and the need for development of “white collar”, “new collar”, digital, soft or employability skills as well as entrepreneurship training to allow them to “create their own jobs”.<sup>138</sup> While these issues and approaches clearly bear some general value, their relevance applies predominantly to a particular subset of African youth: mostly urban and educated (graduate) youth, who “still represent only a tiny fraction (about 3–4 per cent) of the labour force, come from the richest households and have the best job prospects” (Filmer and Fox 2014, 5). For this reason, it is important to come up with a better understanding of the actual employment challenges, trends and outlooks for rural African youth rather than assuming that their goals and ambitions would be comparable with those predominant in urban contexts.

And let’s be clear: The fact that an analyst, commentator, policymaker or activist might not share the same experiences as their beneficiaries or subject matter does not in any way disqualify their work or views. That said, to hold relevance, our work requires a careful and analytical approach to prevent our perceptions from superseding evidence and primary information.<sup>139</sup> The propositions made here are based on several years of primary and secondary research on rural (youth) employment and labour markets across a range of African countries, but without claiming intimate knowledge of rural African youths’ thoughts, perceptions, wishes and ambitions. Yet, these propositions are based on an extensive and in-depth understanding of rural African economies and labour markets. The description of rural youth presented here is based on this research. It does not substitute closer engagement with them directly to yield the most precise and first-best policy solutions. For this, it will be indispensable for policymakers and programme designers to reach out, to empower and to listen actively.<sup>140</sup>

137 At the time, Lipton found fault with the lack of attention devoted towards rural development as a result of the industrialization efforts, and he famously associated this period with what he termed “urban bias”. Urban bias refers to the perceived extraction of surplus from the “rural class” by the “urban class” through overtaxation, unidirectional resource transfers (including brain drain), unequal distribution of political power and prices skewed in favour of industries. See Lipton 1968 and 1977.

138 A notion that is comprehensively debunked by Flynn et al. (2016), as also discussed under the sixth urban myth.

139 Admittedly, this can be a tall order due to limited availability and quality of statistics in Africa in general and rural Africa in particular (Losch 2016). Nevertheless, statistics and data are available, and their quality is constantly improving, both in the form of official surveys and case studies. So, there is little excuse for fudging the issue and eschewing evidence-based strategies.

140 Achieving effective youth representation thus becomes more and more pressing.

## Discussing six widespread urban myths on rural youth employment

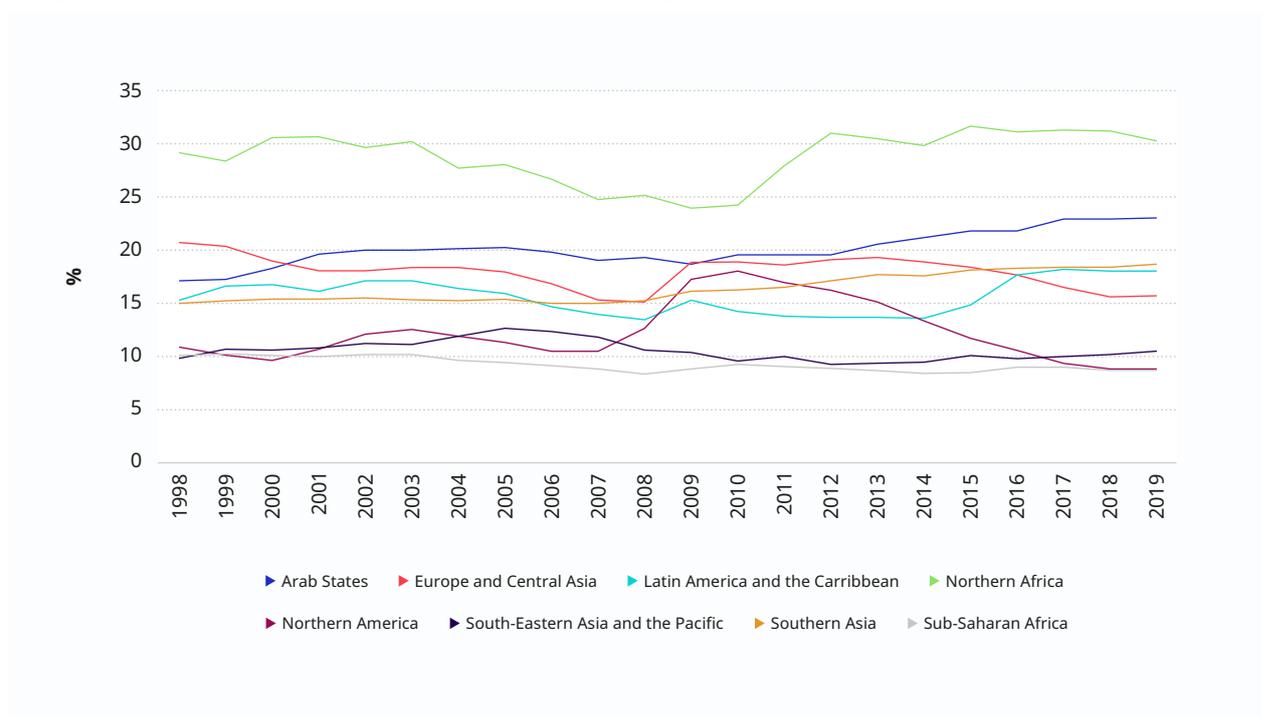
### Urban myth 1: “Unemployment is a major issue for rural African youth.”

The first urban myth concerns the often-repeated idea that youth unemployment is a major problem and threat in most African countries. “Despite rapid economic growth in recent years, *youth unemployment in Africa, especially sub-Saharan Africa, has remained stubbornly high*” (Chigunta 2017, 1, emphasis added). Without providing any source, Awogbenle and Iwuamadi (2010) claimed that a staggering 60 per cent of the 200 million African youth were unemployed. Garcia and Fares (2008) similarly painted a grim picture of the multiple labour market challenges that African youth face. They claimed (again, without sources) that in 2003, 21 per cent of all youth in sub-Saharan Africa were unemployed and that this rate would exceed that of any region, with the exception of the Arab States and Northern Africa.

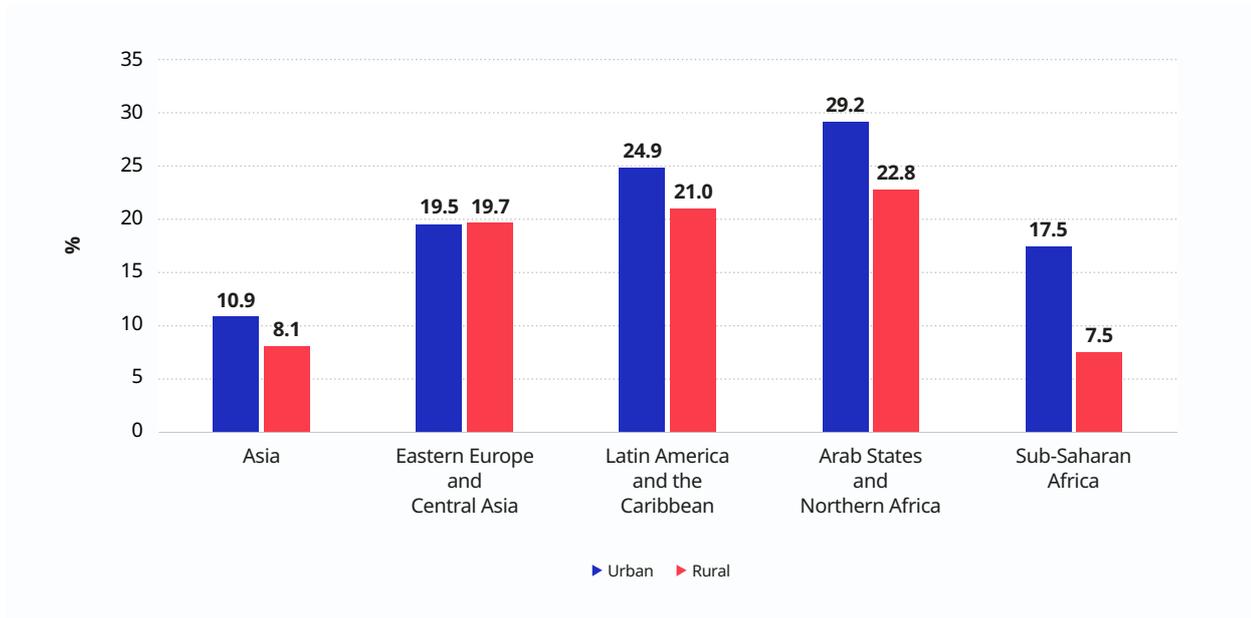
Unfortunately, these figures and statements do not sit well with the evidence. The International Labour Organization (ILO) estimated youth unemployment in sub-Saharan Africa at 15.7 per cent in 2003. Consistently over the past 20 years, unemployment was only lower in Asia and Northern America (figure 1). In fact, until 2015, youth unemployment in sub-Saharan Africa had consistently decreased, whereas trends were much more volatile in all other regions. Of course, it is fair to point out that youth unemployment in rural Africa is higher than average unemployment overall. But this statement holds true globally for virtually any context and locality and therefore amounts to not much more than a tautological suggestion.

Looking closer at rural employment statistics, it is generally clear that unemployment is much lower compared with urban areas (World Bank and IFAD 2017). Based on data from school-to-work transition surveys in 28 countries, Elder et al. (2015) found that, with the exception of Eastern Europe and Central Asia, rural youth unemployment was generally lower than urban youth unemployment. This common gap was by far the largest in sub-Saharan Africa, with 10 percentage points difference between urban and rural youth unemployment

► Figure 1. Youth (aged 15–24) unemployment rate, by region, 1998–2019



Source: Author’s illustration based on ILO modelled estimates, using ILOSTAT database, <https://ilostat ilo.org/data/>, accessed 6 April 2020.

► **Figure 2. Youth unemployment rate (strict definition), by region and area of residence (% of labour force)**

**Note:** Rates are averages of available country results in each region (Asia: three countries; Eastern Europe and Central Asia: six countries; Latin American and the Caribbean: three countries; Arab States and Northern Africa: four countries; sub-Saharan Africa: eight countries).

**Source:** Elder et al. 2015, using the ILO school-to-work transition survey data for 25 countries.

rates. Generally, they found that rural youth unemployment in Africa was the absolute lowest across all regions included in the survey (figure 2).<sup>141</sup>

If youth unemployment is so low in rural Africa, why is it commonly described as a serious problem? Part of the reason lies in the definition of employment as well as the dire economic realities of most rural African communities. The official definition (ILO 2013) of “persons in employment” covers everyone of working age who, during a short reference period (usually one week), was engaged in any activity to produce goods or provide services for pay or profit (usually for at least one hour). This measure provides a relatively low threshold for any work performed in a week, and it does not include any determination on the conditions of such work (for instance, whether it is formal or informal, let alone decent).

As a consequence, “most rural youth are either employed (waged and self-employed) or ‘not in the labour force’. Almost one quarter of young people live in households where income per head is less than one dollar a day. The unemployed are mainly

better-educated urban youth who can afford to engage in relatively protracted job search”; and “in countries without unemployment benefit systems, total employment is largely supply determined and employment elasticities tend to vary inversely with output growth. Consequently, an increase in the demand for labour is reflected in an increase in the quality rather than the quantity of employment: workers move from unpaid to wage jobs, from worse jobs to better jobs etc. Subsistence agriculture and informal sectors are ‘sponges’ for surplus labour” (Bennell 2007, 4, 6).

Although many analysts and commentators implicitly or explicitly refer to the youth employment problem as the “youth unemployment problem”, (measured) unemployment in low-income sub-Saharan Africa, and even in middle-income countries outside of Southern Africa, actually is not that high because most poor people cannot afford to be unemployed. In the absence of any public social security system or other safety nets, most rural Africans are “too poor to be unemployed” and thus must accept any employment activity for survival, no matter how poorly paid, dangerous or

<sup>141</sup> This already indicates that especially in the context of rural Africa – with its many problems of economic hardship and (working) poverty – unemployment is not a useful measure for labour market performance.

insecure. Unemployment thus can be considered a luxury due to the unemployed person's ability to fund periods of job searching (Fox, Senbet and Simbanegavi 2016).

The challenges that rural communities experience thus might often be mistaken for unemployment by many commentators but are in fact more correctly defined as a combination of underemployment, low productivity, informality, vulnerable and precarious employment and generally low incomes and harsh working conditions. Or to bring all these together in one term: working poverty. In fact, a recent ILO *World Economic and Social Outlook* reports that around two thirds of workers in sub-Saharan Africa are working poor (ILO 2017).

This is not the same as saying that employment creation would not be important. A driver of underemployment and bad working conditions is the huge oversupply of labour in the face of few viable employment opportunities. Correcting this imbalance and reducing the gap between labour supply and demand ("tightening" the labour market) is an important element in resolving the situation. Creating a large number of jobs (of increasingly better quality) for the rural poor must be a major element of such a strategy, as discussed under urban myth 5 and in conclusion.

## Urban myth 2: "Agriculture is unattractive to youth," and "We need to make agriculture 'cool' again."

This is an exceedingly common argument that can be found both in everyday discourses as well as the literature on youth employment: the idea that agriculture would somehow be inherently unattractive to youth, that youth are not interested in agricultural livelihoods, that there is a "youth and agriculture problem" in Africa or – bordering on the condescending – the notion that agriculture is simply not "cool". In its many variants, this probably is one of the most common tropes encountered in discussions about youth employment in (rural) Africa, as evidenced by a selection of quotes (all emphases added):

- "[A]griculture in its present state appears to be so *unattractive to young people* that they are turning away from agricultural or rural futures. As the Future Agricultures Consortium (2010) concluded for Africa: *Young Africans are increasingly*

*reluctant to pursue agriculture-based livelihoods.*" (White 2012, 11)

- "The agriculture sector has huge potential to drive growth, but investments are needed to *make it attractive for young people.*" (Feed the Future 2017, blog entitled, "Making Agriculture Cool Again for Youth in Africa")
- "*Agriculture as a profession has failed to attract the youths.*" (IMoT Agri Forum 2018)
- "Today, *many young people in Africa do not find agriculture attractive* as a career and will largely migrate to urban areas." (Rukuni and Zvavanyange 2014)
- "*Let's make agriculture cool again.*" (González 2016)

As Sumberg et al. (2012) also demonstrated, there has been a great increase in the discussion of what they call "the youth and agriculture problem" in Africa, while evidence and contextualized analysis are gravely lacking.

First of all, this trope of how youth are fleeing agriculture due to its "unattractiveness" can be debunked on straightforward empirical grounds. "Agriculture is still the biggest employer of rural youth in most low- and middle-income countries. In [sub-Saharan Africa], agriculture employs a higher proportion of youth than adults, and a recent review of nine major countries in [sub-Saharan Africa] shows that farming is the largest employer of youth overall. Over the last decade, while farming's share of youth employment has generally declined [...] the absolute number of youth farmers are increasing at different rates" (World Bank and IFAD 2017, 9).

Similarly, Yeboah and Jayne (2016, 27) pointed out that agriculture will continue to be the largest sector of employment in a range of African countries for decades to come. They even showed that in several countries, new jobs for youth are primarily located in farming, and therefore they argued that "despite the conventional wisdom that young Africans are exiting farming in great numbers leading to an ageing of rural areas, the evidence presented [...] indicates that this view is greatly exaggerated". There is increasing evidence in the literature that many (educated) African youth consider a career in agriculture desirable under certain conditions (Melchers and Büchler 2019; Muthoni Mwaura 2017).

The result of the preoccupation with the "unattractiveness" of agriculture for youth is that it shifts the discourse and the nature of proposed solutions in a number of undesirable ways. First

of all, as some argue, this urban-driven discourse risks becoming a self-fulfilling prophecy because it (perhaps unwittingly) repeats and reiterates the notion of how urban lives and careers are more desirable. White (2012) spoke of an “assault on rural culture” and a “general downgrading of rural life” in this regard.

Even more damaging, youths’ lack of participation in agriculture might have less to do with any sense of attractiveness but more with a realistic appraisal of the actual (limited) opportunities and substantial constraints towards successfully and gainfully entering the sector. The discussion on the level of attractiveness overlooks that the decision to leave agriculture and rural spaces behind may not be driven so much by their relative attractiveness but much more by a lack of opportunities in agriculture and thus the compulsion to find a livelihood elsewhere. The youth struggle to gain access to land due to a combination of population pressures is well documented (Headey and Jayne 2014),<sup>142</sup> both fragmentation and concentration of land (regarding the United Republic of Tanzania, see Mueller 2015; 2011b), large-scale land acquisitions (foreign and domestic) (White 2012) and intergenerational tensions over access to land, with parents taking longer

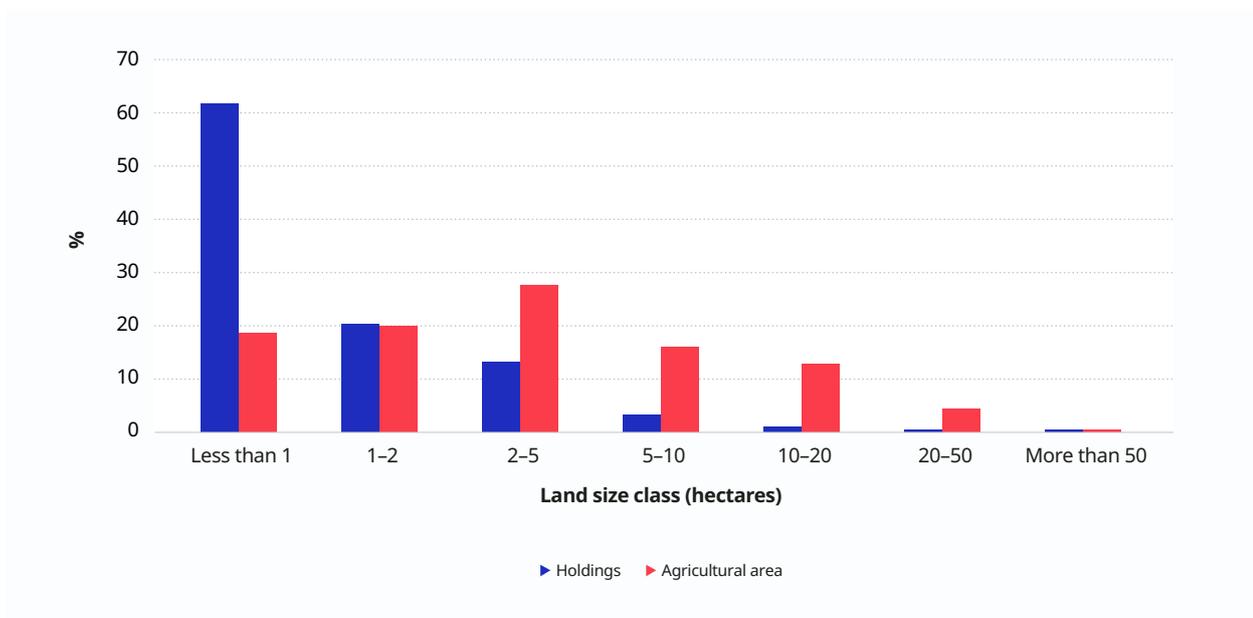
to inherit the land and inherited parcels becoming increasingly miniscule (Bezu and Holden 2014; White 2012). Also, numerous institutional and financial hurdles exist that prevent access to agricultural opportunities, such as commercial banks frequently hesitating to venture into rural areas or agricultural enterprises for a range of reasons, such as limited securities and collateral (Filmer and Fox 2014).

Additionally, the discourse on the attractiveness of agriculture has a general tendency towards portraying youth as without agency, having little self-determination and merely subject to external push and pull forces. Te Lintelo (2012, 93) highlighted how national youth policies also tend to portray youth either as “passive clients of government services” or as “constrained decision-makers”.

The most important argument for why the agriculture-is-unattractive proposition is disingenuous is that it is not agriculture itself that is scorned by youth. Instead, the unattractive element is nothing else but the widespread and often extreme poverty across rural Africa as a result of a profound lack of decent employment opportunities in rural areas.

The majority of agricultural production in Africa is small scale. According to a substantial estimation

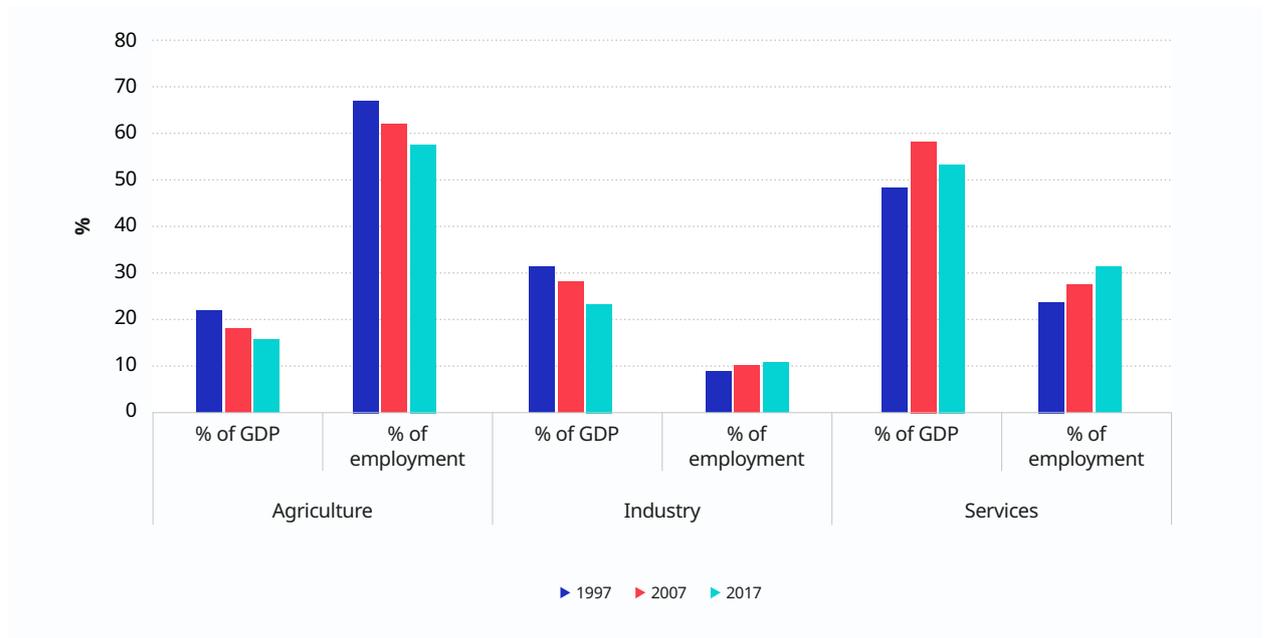
► Figure 3. Distribution of farms, by size of landholding, across sub-Saharan Africa



Source: Lowder, Scoet and Raney 2016.

<sup>142</sup> More and more authors are doubting Boserup's (1985; 1965) famous thesis of population growth being the main determinant for technological innovation and advancement.

► **Figure 4. Comparing sector shares in gross domestic product and employment, sub-Saharan Africa, 1997, 2007 and 2017**



Source: Lowder, Skoet and Raney 2016.

based on agricultural census data, Lowder, Skoet and Raney (2016) calculated that around 80 per cent of farms in sub-Saharan Africa operate on less than 2 hectares of land and they occupy about 40 per cent of the total agricultural land (figure 3). Agriculture, and especially small-scale agriculture (including animal husbandry and pastoralism), has been and remains the single-most important livelihood source for rural Africans, and it remains the dominant mode of production across rural Africa (Gollin 2014). At the same time and most unfortunately – and keeping the importance of context in mind – rural African villages tend to be where incisive poverty is most prevalent. Poverty in Africa still is a predominantly rural phenomenon, and extreme poverty is more prevalent in rural areas (IFAD 2016; Dercon 2009;). The correlation between smallholder agriculture and deep poverty is not a coincidence.

Although this has been the subject of extensive and century-old debates,<sup>143</sup> it is becoming more and more evident that small-scale agriculture suffers from profoundly lower levels of productivity and that it provides limited scope for sustained escapes from poverty. This is evidenced by macro-level statistics, which consistently show that agriculture in sub-Saharan Africa contributes on average less than 20 per cent to gross domestic product while employing around 60 per cent of the labour force (figure 4). This is a direct manifestation of the productive inefficiency and resulting poverty of most African agricultural producers and workers. Simply put, a large share of the population across Africa (people living in rural areas and depending on agriculture) produce only a small share of the (already low) gross domestic product. Rural poverty is the direct outcome.

143 It is impossible to exhaustively cover here the debate on whether there exists an “inverse relationship” between farm size and productivity in agriculture. Debates on this general topic reach back centuries, arguably beginning with the works of classical political economists, such as Arthur Young, Adam Smith and John Stuart Mill, on mostly pre-industrial revolution agriculture. These were followed by a range of other debates, including: between Engels (1972, first published in 1894), Lenin (1899), Kautsky (1899) and later Chayanov (1966, originally published in 1925) on the peasant mode of production and the “agrarian question” of how the peasantry will be absorbed into the capitalist mode (for a summary, see Bernstein 2009); the heated academic disagreements between the likes of Terry Byres and Michael Lipton on the notion of “urban bias” (Jones and Corbridge 2010; Byres 1979; Lipton 1977) in the 1970s; the active debates on the inverse relationship in the second half of the twentieth century (kickstarted by Sen 1962; for a summary, see Fan and Chan-Kang 2005); and more recently, discussions on family farming (Garner and de la O Gender 2014; for a critical perspective, see Johnston and Le Roux 2007), contract farming and out-grower schemes as well as large-scale land acquisitions and so-called “land grabs” (Cotula et al. 2014; Edelman, Oya and Borras Jr 2013; Oya 2013b; Oya 2012). In various guises, all of these debates, which can display a general tendency of being ideologically loaded, pivot on the question of whether smallholder farming is efficient and inherently more productive than large-scale farming. For recent summaries of these debates, see Gibbon (2011), Mueller (2011b; 2011a) and, more prominently, Collier and Dercon (2014), who all come to the conclusion that the evidence base on the inverse relationship is at best shaky and that “a focus on smallholder agriculture for growth is not proven” (ibid, 98).

At the micro level, smallholders increasingly are squeezed out by competition from medium-sized and larger farmers who own a growing share of agricultural land but are much fewer in numbers (figure 3 and also as reported by Lowder et al. 2016; White 2012). The concentration of land in the hands of fewer farmers is a typical outcome, as observed in the United Republic of Tanzania by Mueller (2015). This means that agriculture is less and less able to create a direct livelihood for the majority of rural Africans,<sup>144</sup> and the consistently decreasing share of employment in agriculture is a direct result of this.

Agriculture, especially in its dominant smallholder form, is deeply associated with poverty. It thus appears entirely reasonable, but also disingenuous to lament, that youth may not be attracted to this particular “career path”. As Babbie (2016) reflected, “It is not that youth in [sub-Saharan Africa] are simply not interested in agriculture; it is that they are not interested in pursuing the *agriculture of their parents*” [emphasis in original]. The problem is that even their parents’ mode of agricultural production – smallholder farming – is increasingly under pressure and uncompetitive, at least at the scale and extent that it is currently undertaken across most of rural Africa. At the same time, there are few “newer” agricultural paths readily available for the majority of rural youth due to their constrained access to (sufficiently large) landholdings and capital. As Tadele and Gella (2012, 39) found in Ethiopia, “Although older farmers and officials were quick to lament that young people were too lazy and arrogant to acknowledge that agriculture can be a very lucrative livelihood, none wanted their children to follow in their footsteps.” Due to their struggles, “even the successful young farmers [...] who said they ‘thanked God’ for making them farmers instead of civil servants did not want their children to become farmers.”

Despite all this, the dominant policy recommendations that arise from the youth-are-not-attracted-to-agriculture myth is to promote pro-agricultural messages in schools and educational institutions and, as a major preoccupation of the majority of rural development efforts, to try to increase the incomes of farmers, particularly smallholders in various ways. Prominent academics and experts on rural youth employment, like

Losch (2016), Sumberg (2012) or White (2012), continue in some form or other to advocate for support to small-scale agriculture to address rural youth employment challenges. While this may be an understandable and valiant effort, completing such a development path is going to be an unrealistic uphill struggle due to African smallholder agriculture’s structural and close association with productive poverty. Based on careful and measured calculations, Gollin, Lagakos and Waugh (2013) estimated that in developing countries, value added per worker is four times higher in the non-agriculture sectors than in agriculture and still twice as high when controlling for potential measurement errors. Looking at the share of employment in agriculture across Africa, they concluded that there may be a substantial misallocation of labour.

Collier and Dercon (2014) summarized the argument to the point (emphasis added): “As a long-term poverty reduction strategy, it is then *not self-evident that agriculture is the sector that most effectively will reduce poverty* [...]. One could argue that the most intuitive process of closing this [productivity] gap would be to encourage more (labour) resources into the high return activities, taking away from the low return resources, as a means of bringing down this gap. *So we need growth that allows agriculture to start engaging in a process of releasing labour*” (p. 97).<sup>145</sup> “Even from the point of view of poverty reduction,” they continued, “the mere fact that a focus on smallholders is required because they are poor is not likely to be dynamically effective in reducing poverty. *Economic transformation will be required*, and a narrow focus on smallholders may not be a cost-effective route for transforming these poor peasants into a non-poor population. Instead, recognizing that *poverty reduction will involve creating opportunities to reduce the number of farmers*, [...] opens up a broader array of policy intervention options” (p. 99). In short, the important role of value addition and value chain development in creating job opportunities for rural youth cannot be understated.

The urban myth that agriculture is unattractive to African youth is, at best, incomplete and slightly condescending and, at worst, misleading and disingenuous. For decades and structural reasons, agriculture has been unable to provide an escape from poverty for the majority of rural Africans,

144 This is true, even taking into account the demand for more agricultural wage workers by the larger farms (see urban myth 5), which is unlikely to offset the reduction in agricultural own-account and family employment due to the continuing “squeeze” on smallholder farms.

145 The need for such a process to happen is virtually uncontested among development economists, and goes back to as early as Sir Arthur Lewis (1954), with several having repeated it since (for example, Mueller and Chan 2015; Szirmai et al. 2013). It seems obvious that this process must go hand in hand with some extent of (at least domestic) migration (see urban myth 4).

young and old. It should come as no surprise that younger generations are trying to escape this life of poverty. Even if they would favour an agricultural career, in many cases they may not be afforded any realistic, gainful employment opportunities in the sector, mainly due to a lack of access to land and capital as well as the lack of economies of scale in smallholder farming. (This discussion returns further on to the question of what alternative policy options can improve employment outcomes for rural African youth in and outside of agriculture.)

### Urban myth 3: “Rural population in Africa is ageing rapidly” and “The average age of the African farmer is 60.”

Following on from the previous (and next) urban myth, its proponents tend to lament an alleged mass exodus of youth from rural areas in search of careers and fortunes in towns and cities. This directly leads to the argument that rural populations across Africa would be ageing rapidly (Schatz and Seeley 2015; Pillay and Maharaj 2012; National Research Council 2006; Kinsella 2001; du Guerny 1997). Sources concerned with this (allegedly serious) problem, consistently cite the rural-to-urban migration of youth as one of the main contributors to such ageing of rural populations.

But beyond academic discourses on demographic trends, the argument of Africa’s ageing rural population has culminated in a, frankly, stunning statistic: that the average age of African farmers is 60. To this author’s knowledge, this figure was first claimed in a 2014 report by the Food and Agriculture Organization of the United Nations (FAO) and has since been circulated and repeated widely. Supposedly due to its potential shock value as a headline figure, this statistic was repeated by a range of publications, blog posts and journal articles (for example: Nwanze 2018; Dahir 2017; Enkhtur 2016; Mis and Esipisu 2016; Vos 2014). All of these seem to trace back to the original FAO report.

It was even repeated in the specific context of Kenya by academics (Njeru 2017) and other international organizations (UNDP Kenya n.d.). Some publications escalated this figure and stated that the average age of a Kenyan farmer is 63 (Atieno 2016). An elu-

sive AgriSA study (Sihlobo 2016; 2015) claimed that the average age of farmers in South Africa is 62. What links all these figures is that not in a single case has this author been able to trace the original study or data source. And the seemingly “original” report by the FAO does not provide any source.

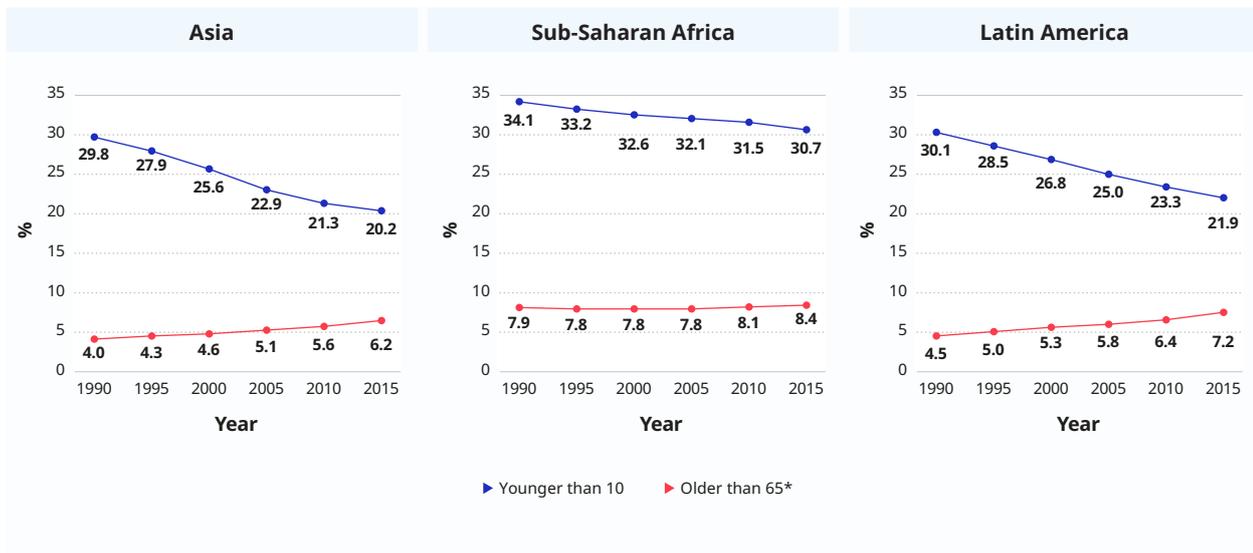
Statistically, these figures are extremely unlikely when viewed in combination with other demographic numbers. For example, life expectancy in Africa on average is 61 years for men (who according to common patriarchy are the majority of farm owners), 62.7 years in South Africa and 66.7 years in Kenya. For this reason, the referred-to statistic is entirely implausible when we consider that 60 per cent of the continent’s population is aged 15–24 years (United Nations 2017) and that a total of 57.4 per cent of all employment lies in the agriculture sector.<sup>146</sup> Given that African agriculture is dominated by own-account small-scale farming (as noted previously), it is impossible that the average age of the African farmer would be 60.

And indeed, a different report that transparently bases its findings on agricultural census data concludes that only 26.8 per cent of agricultural holders in Africa were aged 55 or older (Heide-Ottosen 2014). The report shows that, especially in comparison with Asia and Latin America, the ageing of rural populations is much less pronounced and dramatic in Africa than is often purported (as referenced previously). Over a span of 25 years, the share of persons younger than 10 years only decreased by 3.4 percentage points and was still much larger than in other regions. Conversely and over the same period, the proportion of persons older than 55 years only marginally increased, by 0.5 percentage points (figure 5). By these standards, it appears unjustified to speak of a dramatic ageing of the rural population in Africa.

The obvious alarmism behind the “African farmers are 60 years old” trope and general claims about the ageing of rural population has been instrumentalized to heighten the urgency of “attracting” youth back to rural areas and agriculture (see urban myth 2). Thus, the same policy conclusions tend to have evolved from it, and this third urban myth has been used to promote the agenda to reduce rural-to-urban migration (as well as, indirectly, structural transformation). Which leads directly to the next myth.

<sup>146</sup> See ILOSTAT database, <https://ilostat.ilo.org/>.

► Figure 5. Rural population ageing in Asia, sub-Saharan Africa and Latin America, 1990–2016 (%)



Note: \*=Due to the lack of sufficient disaggregated data for sub-Saharan Africa for persons older than 65, data for persons older than 55 were used.

Source: Heide-Ottosen 2014.

### Urban myth 4: “Rural-to-urban migration of African youth is a major policy concern and must be reduced.”

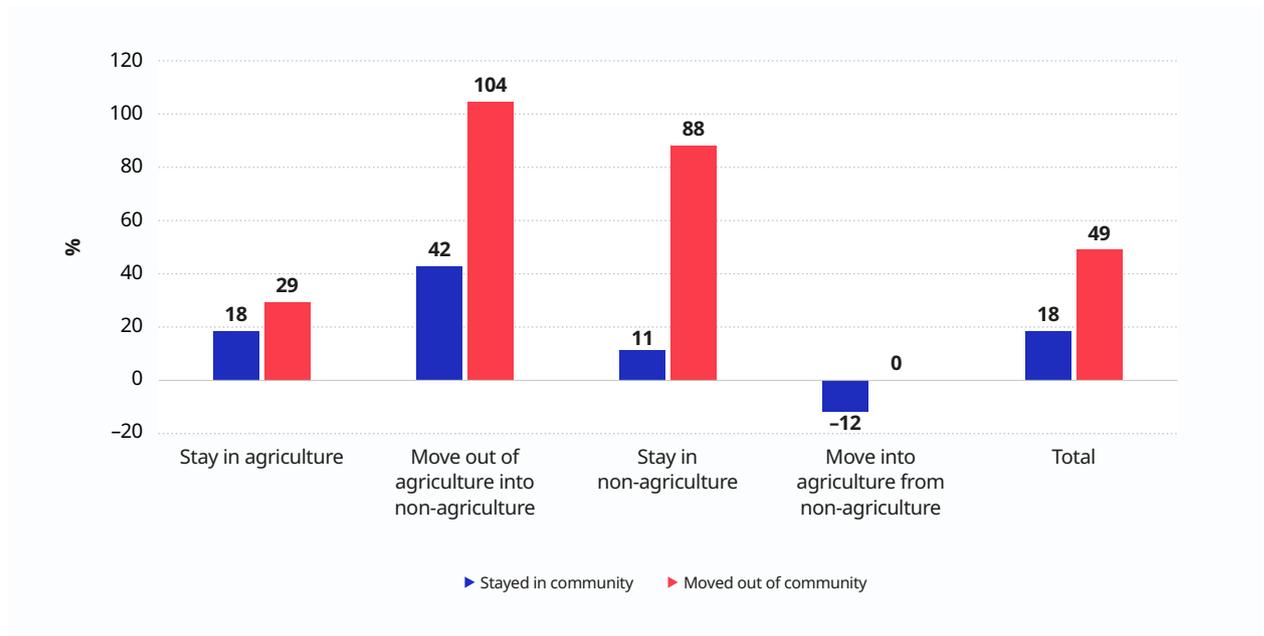
One common theme that appears to combine and run across the first three urban myths is that they seem to be motivated in part by a general fear of rural-to-urban migration, which is said to result in “overflowing” urban spaces and the “draining” of rural spaces. Rural unemployment (and resulting poverty) has consistently and for a long time been tagged as the main reason for the rural-to-urban migration and urbanization, both of which are often portrayed as major challenges (for early examples of this narrative, see Byerlee 1974; Singer 1973). At a somewhat recent joint African and European meeting, hosted by FAO, agricultural ministers were told to “address African rural youth unemployment now or they will migrate” (IPS World Desk 2017, emphasis added). Similarly, an FAO press release stated that “[m]aking agriculture more attractive to young farmers and creating decent employment opportunities in rural areas could reverse migration of youth to urban centres and abroad” (FAO 2017, emphasis added). And a synthesis report by the World Bank and IFAD (2017) also singles out rural youth unemployment as the main cause for youth exiting the rural sphere. This appears to be a com-

mon trend and fear, which again could be exacerbated by urban perceptions regarding the influx of rural migrants and the resulting stress on urban infrastructure.

Although youth have a greater likelihood of migrating to urban areas, the majority of young workers in sub-Saharan Africa still work in agriculture and rural areas, and the population of rural youth is expected to increase for some time (World Bank and IFAD 2017). Furthermore, the actual scale of the problem might be exaggerated, and the majority of new jobs for youth continue to be created in rural areas (Yeboah and Jayne 2016). As Fox (2012) pointed out, “The first (pervasive) misconception is that Africa is urbanising exceptionally fast due to intensive rural-urban migration. This is simply not true. Africa’s rate of urbanisation (i.e. change in the percentage of Africans living in urban as opposed to rural areas) is far lower than that of East Asia, for example, and not unusually rapid by historical standards.”

What is more, migration actively contributes to economic development, structural transformation and – above all – poverty reduction. It is closely linked with economic upward mobility. An innovative tracking survey in the United Republic of Tanzania’s Kagera region that followed individuals between 1991 and 2004 found that economic mobility strongly correlated with spatial mobility

► **Figure 6. Change of consumption expenditure between 1991 and 2004, Kagera Region, United Republic of Tanzania (%)**



**Source:** Author’s illustration based on Beegle, De Weerd and Dercon 2011.

(Beegle, de Weerd and Dercon 2011): (i) mobile respondents consistently were able to increase their consumption disproportionately, regardless of the sectors involved, but (ii) particularly those moving out of agriculture gained the most and (iii) those moving into agriculture were the only group that was worse off in 2004 than in 1991 (figure 6).

In addition, the study found that the type of migration matters, and the further anyone moved, the greater were their chances to move out of poverty. People moving out of the Kagera Region had the lowest initial poverty headcount, at 30 per cent, in 1991 but also reduced it the most, to only 7 per cent in 2004. People who stayed in the same village reduced their poverty headcount by only 4 percentage points (from 36 per cent to 32 per cent) in the same period.

People who migrate in search of jobs, both internally and internationally, typically do so seeking a pathway out of poverty. Migration often entails considerable investment to cover the cost of transport and living expenses during the job search.<sup>147</sup> Supporting poor household members to explore

employment options beyond their home village could have a big impact on poverty reduction. That said, although seeking better conditions than those obtainable in their region of origin, migrants often experience severe challenges of discrimination and exploitation in their destination areas. This in turn raises the need for targeted initiatives to protect them.

All this is not to say that urbanization, “slumification”, overstretched urban infrastructure and a rise in urban poverty are not serious challenges across Africa. But as argued, they must be seen in a context of structural transformation and economic development. It is not a given that rural-to-urban migration is the major cause or that rates of urbanization in Africa are disconcertingly high (by international and historical comparison). Instead, and as discussed further on, this migration should be recognized as an important element of development for a country, and rather than attempting to reduce it, focus on equipping towns and cities with the capacity to accommodate and productively employ their growing populations.

<sup>147</sup> The quoted study (Beegle, De Weerd and Dercon 2011) found that households who were already better off at the start of the survey were also more likely to profit from migration. However, even if this effect is controlled for the return of migration across the whole population, it still lies at approximately 36 per cent.

Rather than oversubscribing to fears of rural-to-urban migration, a more pertinent concern would be the quality of rural jobs and employment opportunities and whether they can lift rural workers, farmers, business owners and their families out of poverty.

### Urban myth 5: “Rural African labour markets are ‘thin,’ and ‘There are few wage jobs.’”

This directly leads to the fifth urban myth. It concerns the labour market realities within rural economies and how these are commonly misconstrued. When it comes to understanding the livelihoods of the rural poor, whether young or old, “conventional wisdoms” and “stylized facts” have consistently featured strongly (Oya 2013a; 2010). Particularly with reference to sub-Saharan Africa, the most common is the conflation of rural poverty with small-scale farming (often mistakenly labelled as “subsistence” agriculture). Another misconception is the often-held view that the (informal) non-farm economy mainly comprises self-employed workers, particularly micro-entrepreneurs, own-account workers and contributing family workers. As a result, it is often assumed that wage labour is only of limited importance for the rural poor and that rural labour markets are “thin” or even absent (Mueller 2012; Sender and Johnston 2004; Sender 2003).

This urban myth is common, as illustrated by a range of quotes (emphases added):

- “Most of the world’s poorest people are subsistence farmers.” (Purvis 2014)
- “There is almost *no hiring or exchange of labour* among resident farmers during the peak labour season.” (Binswanger, McIntire and Udry 1991, 125)
- “The share of *agricultural wage income is very low* and its importance [...] did not increase over time because of the *thinness* of agricultural wage labour market.” (Estudillo et al. 2012, 7)
- “The distinction between formal and informal income opportunities is based essentially on that *between wage-earning and self-employment.*” (Hart 1973, 68)<sup>148</sup>
- “All typologies of the [informal] sector agree that the *majority of workers in the sector are self-employed or family labour.*” (Potts 2008, 155)

► “Peasant farming dominates the economies of Sub-Saharan Africa [...]. Thus, *self-employment accounts for the major part of the labour market.* [...] The ‘informal’ sector is generally defined to also include some wage-workers [...]. But *the proportion of such workers is typically small.*” (Mazumdar and Mazaheri 2002, 3, at the opening of their book *Wages and employment in Africa*).

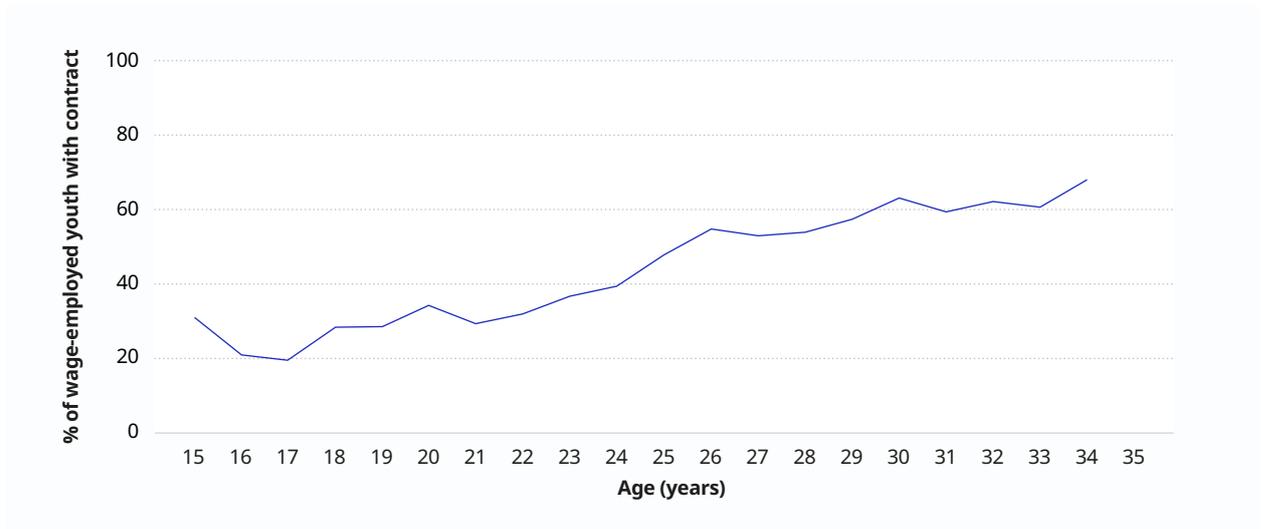
An increasing volume of published research, however, is challenging this notion of “thin” labour markets and the relative absence of wage employment in rural Africa. Studies across the continent (and beyond) are revealing that large shares of rural communities are heavily reliant on (often informal and casual) wage work (see Cramer et al. 2016; Mueller 2015; Oya and Pontara 2015; Oya 2013a; Cramer, Oya and Sender 2008). Here it is important to highlight that the majority of rural people do engage in a multitude of employment activities through what is commonly referred to as “livelihood diversification” (Ellis 2000; 1998). Consequently, several authors and practitioners continue to hold the notion that the farming and self-employed activities are the more important livelihood elements.

Methodological discussions have highlighted that because these own-account activities provide some sort of cultural and social identity, they are frequently over-reported in surveys while their real economic contribution to family income and livelihood might be smaller (Cramer et al. 2014; Oya 2013a; 2004). For example, Tadele and Gella found that many of their survey respondents in Ethiopia “were only “farmers by name” in the sense that they had little or no land to actually farm on” (2012, 35). Similarly, Mueller (2011b) reported that the majority of respondents in a Tanzanian labour market survey initially claimed “I’m a farmer” when asked about their employment but, on further probing, many of them said they relied mostly on casual and seasonal wage incomes for economic reproduction due to the marginal scale of their farming operations.

For these and a range of other methodological reasons, analysts argue that labour force surveys and other nationally representative surveys are largely ill-placed to disclose the full extent of wage employment, especially in rural areas (see Mueller and Chan 2015). More and more research reveal that it is in particular the poorest households who rely to a large extent on wage income. For example, Mueller (2012; 2011b) estimated, after finding that

148 Keith Hart is commonly considered as the founder of the phrase “informal sector” and as pioneering the thinking in this area, specifically with regard to African economies.

► **Figure 7. Young people are most often engaged in casual wage employment (%)**



**Note:** Based on standardized and harmonized household and labour force surveys 1991–2010.

**Source:** Filmer and Fox 2014.

around 60 per cent of survey participants engaged in casual wage work (*kibarua* in Swahili), that the poorest quintile of the population derived around 65 per cent of their annual income from such work. This is even true in extremely deprived regions that are devoid of much commercial activity, as Mueller and Bbosa (2016) demonstrated for southern Karamoja in Uganda. This is a desperately poor area with nearly no commercial agriculture, but the authors nevertheless observed extensive wage work activities, especially among the youth and poor people.

Consequently, as a comprehensive stocktaking report on the topic concludes: “Rural wage labour, typically low-paid manual labour in agriculture and beyond, is the most important form of employment for the poorest households, both for bare economic survival and as a pathway out of poverty” (Mueller and Chan 2015, 2). In a joint report on rural youth employment, the World Bank and the International Fund for Agricultural Development (2017, 9) argued: “The importance of agricultural wage employment is often underestimated. Wage employment is a key source of income for the poorest people in rural areas, as their assets, including land, are sometimes insufficient for their survival. Wage employment can also be a pathway to improved livelihoods. A recent synthesis of key features of agricultural wage employment, drawing on country case studies, indicates substantial underestimates of rural wage employment in official statistics; and shows

agricultural wage employment to be significant, heterogeneous and diverse, and to be dominated by casual and informal jobs.”

In summary, the notion of “thin labour markets” in rural Africa could not be further from the truth. It is young people who are particularly pursuing wage-labour activities in rural areas, both for survival and capital accumulation. They, however, tend to be the most vulnerable workers in rural settings, having to endure casual and insecure employment relations more regularly (figure 7 and Filmer and Fox 2014). Similarly, Mueller (2011b) found in the United Republic of Tanzania that 90 per cent of casual wage workers were aged 45 or younger (and 60 per cent aged 35 or younger), whereas wage workers with formal contracts tended to be much older on average.

So, unlike the common proposition that youth are best helped by supporting entrepreneurial and self-employment activities (see urban myth 6), there is a strong argument that strengthening their access to gainful, productive and freely chosen wage employment would be more beneficial. It is especially the poorest youth who rely on this type of work, and strengthening their job opportunities without reliance on land, start-up capital, entrepreneurial skills and so on is much more likely to be a sustainable route towards poverty reduction. As argued in the next section, promoting wage employment, both on-farm and off-farm, is a direct way of supporting the processes of structural

transformation and economic development in any economy.

Finally, this is not just an academic debate. Underlying labour relations and labour market realities are not easily observable but have profound impact on the incentive structures and constraints that a person experiences. By merely looking at young Africans weeding in a field of maize, it is impossible to determine whether they are tilling their own land as unpaid family workers or are employed as casual or seasonal wage workers. Yet, their actual employment relationship would have major impact on the best support mechanism to help them escape poverty. The own-account farmer might be interested in typical agricultural support systems (access to land, extension services, irrigation, seeds and fertilizer), while an unpaid family worker may have greater need for gender-responsive interventions that afford greater economic independence and self-determination and the wage worker would be mainly interested in more secure, safer and better-paid work. Thus, the optimal intervention to improve a beneficiary's life profoundly depends on the underlying employment situation (for a detailed discussion, see Mueller and Chan 2015).

Alas, it appears as if the default mode for most rural development programmes and policies is to assume that the vast majority of rural workers are self-employed. A subscription to urban myth 6 is the typical outcome.

### **Urban myth 6: “Rural youth employment is best promoted by fostering self-employment and entrepreneurship.”**

Among policymakers and development professionals, there appears to be a dominant assumption that the best way to help youth gain productive employment is to steer them towards entrepreneurial self-employment (including in agriculture, such as farmers). For example, Sumberg et al. (2014) found that agricultural programmes are dominated by aims to increase self-employment for youth (such as in Ghana's National Youth Employment Program and Ethiopia's Youth Development Programme). Similarly, Flynn et al. (2016) observed that entrepreneurship development is a common intervention that is widely promoted by development actors. This preoccupation with entrepreneurship and

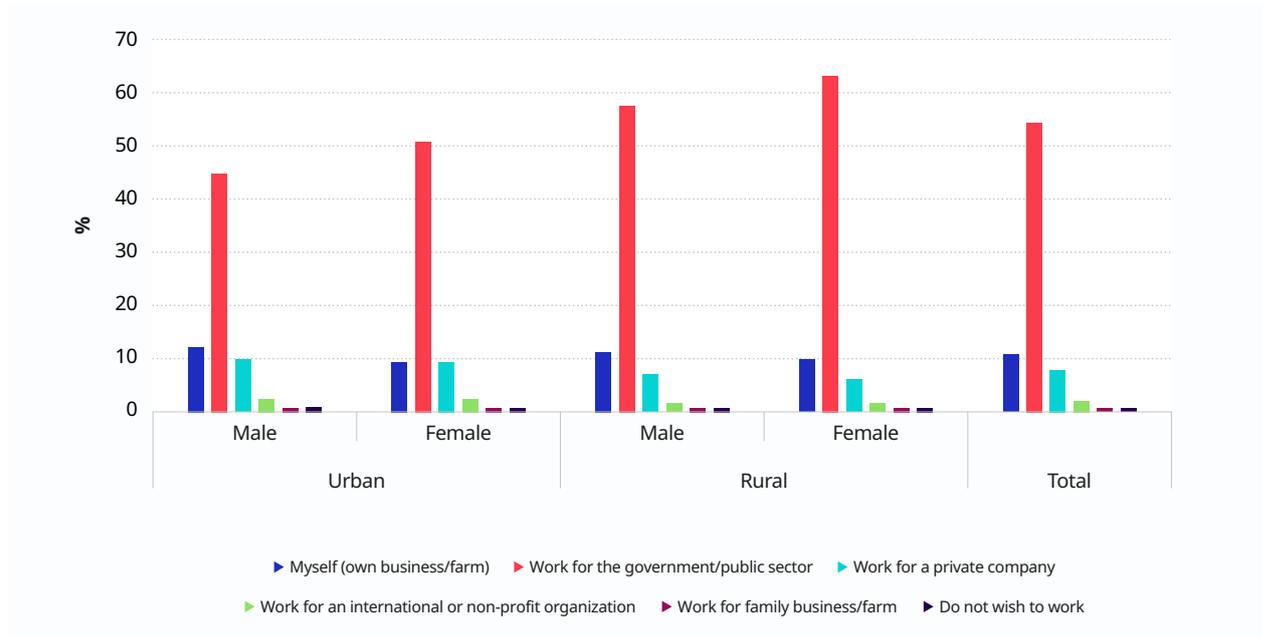
promotion of self-employment likely stems from two underlying assumptions.

First and as discussed and debunked earlier (see urban myth 5), there is an erroneous presumption that there are no or few wage employment opportunities in African economies, certainly in rural areas. Therefore, self-employment is seen as perhaps the only way to allow youth to “create their own jobs”, that is, to create demand for their own labour power. However, as Flynn et al. (2016, 26–27) eloquently argued, entrepreneurship interventions and promotion of youth business start-ups in fact are not demand-side interventions to create jobs for youth. They only seemingly tackle the demand side, but the actual demand-side constraints on their ability to sell their labour power remain and only resurface in other forms. “Contrary to what the term ‘self-employment’ may suggest, entrepreneurship does not (in some mysterious way) enable young people to create their own demand for their labour. Instead, self-employment entails using a small enterprise as a vessel for supplying labour to the market, in which young people must nonetheless navigate the structural constraints of the market. Rather than seeking payments from employers (wages), they instead strive to sell their labour to the consuming public directly, in the form of goods and services. Yet under conditions of poverty, the consuming public has very limited purchasing power.”

As a result, while it may help to formally reduce unemployment (as a statistical category), the respective interventions are unlikely to create sustainable and well-paid jobs or to have any transformational or structural effects on poverty reduction (Burchell et al. 2015; White 2012).

Second, the focus on entrepreneurship appears to be built on the assumption that youth actually want to be self-employed entrepreneurs. “For instance, some discussions hold young people to be essentially entrepreneurial, innovative, or needing more marketable skills, and deduce from this a need to support instrumentalist actions, such as providing skills training and access to finance” (Irwin, Mader and Flynn 2018, 1). Yet, the evidence is becoming increasingly clear that youth would in fact heavily prefer stable wage employment and only enter self-employment out of necessity (Fields 2013; White 2012). “‘Formal’ jobs are seen across many African societies as more prestigious than entrepreneurship, in spite of (or perhaps because of) small-scale entrepreneurship’s prevalence” (Irwin, Mader and Flynn 2018, 16).

► **Figure 8. Who would you like to work for? Answers from youth across sub-Saharan Africa**



**Source:** Author’s calculations based on the ILO school-to-work transition data.

This is backed by quantitative evidence. The ILO school-to-work transition surveys show that, on the question of their preferred employer, only 10–11 per cent of African youth answered that they would like to run their own business. These answers were highly consistent across sex and rural-urban locations. By contrast, around 54 per cent of respondents preferred to work for government or in the public sector. Strikingly, this figure rises to 63 per cent for rural women, while a relatively low 44.7 per cent of urban men would like to pursue such a path (figure 8).

Finally, as discussed further on, promoting self-employment may run counter to wider structural trends of development, which would usually move people into more and better wage employment as structural transformation unfolds in an economy. Promotion of self-employment through various forms may not be effective because it arguably sets up a large number of budding youth entrepreneurs for intense competition among each other, in contexts of already small domestic markets. Instead, it is regularly forgotten that “[g]rowth in productive-sector wage employment is a source of dynamism in the labour market as a whole. *When wage employment increases, the self-employed in both rural and urban areas also face less competition for assets and customers, and enjoy an increase in the demand*

*for their products.* The regions that have been most successful recently in increasing demand for labour and reducing the incidence of poverty are those where the share of productive-sector wage earners in total employment has been rising” (Bennell 2007, 6, emphasis added).

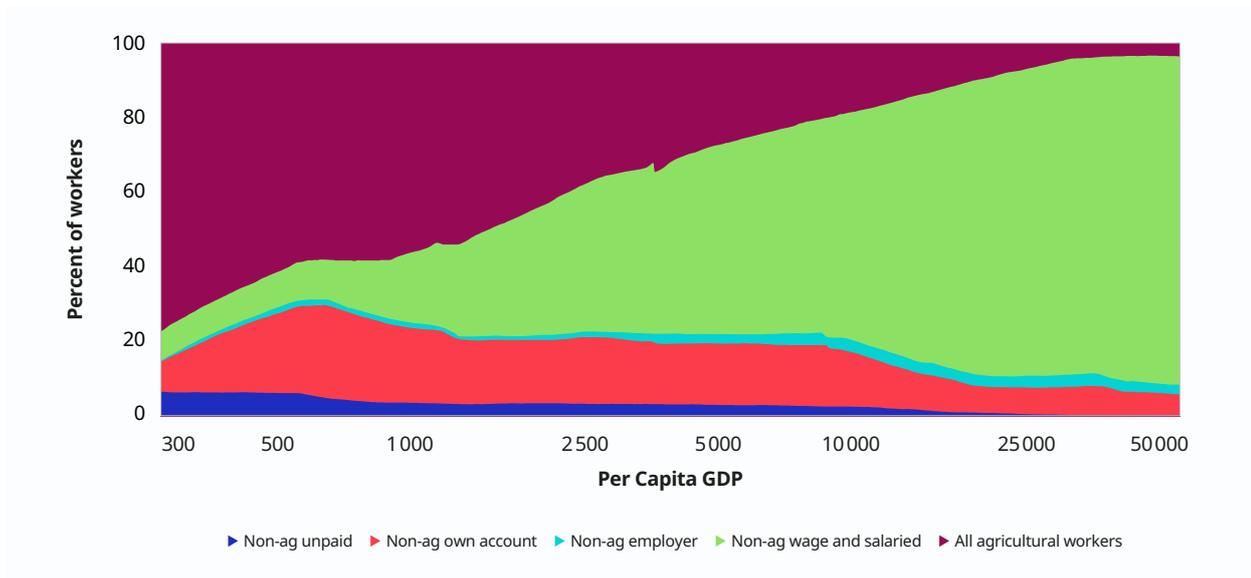
## Reconciling the argument and deriving policy principles

The common misperceptions about the employment realities and structures of rural youth in Africa, as well as a range of policy conclusions that are commonly derived from these misperceptions, share a few underlying elements. These are countered by the following alternative arguments and policy recommendations.

### The link between structural transformation and rural (youth) employment growth

The six urban myths are linked by a tendency to sideline structural elements of economic development and to focus solutions on the individual. In keeping with methodological individualism as

► Figure 9. Non-agricultural and agricultural work, by per capita gross domestic product level



Source: Gindling and Newhouse 2012, 29.

a central axiom of neoclassical economics,<sup>149</sup> the problem is described from the position of the individual (the jobseeker, farmer, entrepreneur, skilled or unskilled worker) rather than a structural problem of economic development. As White (2012, 11) aptly pointed out: “Structural problems require structural solutions, but in a neoliberal world, governments are not inclined to spend money on these things. The young are then forced to improvise their own survival strategies, and this is reflected in current policy shifts away from genuine ‘employment generation’ to an increasing emphasis on promotion of ‘entrepreneurial’ skills [...], thus a new kind of ‘do-it-yourself’ employment strategy for the young.”

The fundamental problem and challenge for rural communities across Africa is an insufficient demand for their labour power. While unemployment is mostly no option, the dominant results are informality, low productivity, underemployment, vulnerable or precarious employment and generally harsh conditions of work, income and poverty. From this angle, it is clear that the most important interventions for rural youth will be those that contribute to a “tightening” of the labour market by reducing the large gap between supply of and demand for their labour power. This will require increasing labour demand mainly by stimulating the number (and quality) of employment opportunities on offer

across all skill levels, while reducing the “undesirable” labour supply, such as removing children, school-age youth and older or unwell workers who would prefer to retire if they could from the labour market through adequate support and social protection systems.

This process is likely to rely fundamentally on the non-farm economy because, as structural transformation unfolds and labour productivity increases, the employment share of agriculture will inevitably drop. This trend is visible across all African economies. As Lanjouw (2007, 79) pointed out: “Growth of the non-farm sector, particularly the casual wage subsector, appears to be strongly associated with rising agricultural wages. The mechanism at work is likely to be a simple one of labour market tightening as the non-farm sector siphons labour out of the agricultural sector.”

This lies at the core of the process of structural economic transformation, which is generally agreed as the defining characteristic of the process of economic development and, for the most part, poverty reduction (Timmer et al. 2012). This process has been unfolding, particularly in Asia over the past few decades, leading to some well-founded optimism. This optimism is primarily driven by the Chinese success story in which the share of the rural

149 For a separate critique, see Fine and Milonakis 2009.

population has dropped from 80 per cent to 55 per cent within 20 years (Collier and Dercon 2014) while agricultural labour productivity has markedly increased (McErlean and Wu 2003). As a result, rural wages in Asia have increased sharply (Wiggins and Keats 2014). It appears that these trends are not isolated, and they reflect underlying structural labour market shifts. Going hand in hand, the evidence convincingly shows that, as development unfolds, increasingly more people rely on wage labour for their regular incomes and as a pathway out of poverty (Oya and Pontara 2015; Gindling and Newhouse 2012; Schaffner 1993) (figure 9).

Although the situation in the African context is still evolving, it is reasonable to expect highly positive spillover effects for its labour markets as Asian rural labour markets quickly mature (Wiggins and Keats 2014). This has yet to kick off at a meaningful scale, and currently the importance of small-scale agriculture and the low levels of productivity in rural Africa are undeniable. Several authors are concerned that Africa is “growing rapidly, but transforming slowly” (ACET 2013).

Many economists continue to argue that this process can only be fulfilled in Africa through the promotion of smallholder agriculture, reminiscent of Southern Asia’s “green revolution” (Mellor 2014; Dorosh and Mellor 2013; Lipton 2012). Others maintain that, although agriculture is important, it needs to be accompanied by growth in large-scale labour-intensive enterprises, including in agriculture and manufacturing (Collier and Dercon 2014; Foster and Rosenzweig 2004; Ashley and Maxwell 2001). Although the debate will not be resolved in this discussion (for a recent attempt, see Snodgrass 2014), there appears to be relative consensus on two points.

First, there is general agreement that agricultural growth and non-agricultural growth are concurrent events, without one preceding the other (Gollin 2010). Second, it is clear that the process of agricultural transformation, no matter how it is unfolding, will inevitably release redundant labour from (mostly small-scale) agriculture into urban and rural off-farm employment (Szirmai et al. 2013). This in turn will require an increase in employment beyond “traditional” forms of employment and thus increased attention towards and investment in higher-productivity labour-intensive sectors and subsectors. In the African context, there are signs that this process of transformation is unfolding and that it enables people to create pathways out of poverty. Consequently, a certain transition of

workers from rural to urban areas seems unavoidable (assuming that not all farmers and agricultural workers can be absorbed in the rural non-farm economy). Of course, it is rural youth in particular who drive this trend in Africa.

That said, the importance of agriculture and agricultural productivity, regardless of small or large scale, is undeniable for structural transformation and growth. “[As] agriculture intensifies and diversifies and economies develop, well-functioning rural labour markets and migration are crucial in reducing rural poverty and dampening rural-urban income disparities” (World Bank 2007, 221).

This process is already in full flow, as many observers are realizing. Rigg (2006, 195) expressed this trend most succinctly: “No longer can we assume that small farmers are better off than landless labourers. [...] No longer are agriculture and farming the desired, default position of rural households. [...] And no longer should we assume that agricultural development is the best way to promote rural development, and rural development the best means of raising rural incomes and improving livelihood.”

And as Inchauste (2012, 15) summarized: “More and better paid work is critical in lifting people out of poverty. More specifically, improving the returns to labour is critical in lifting people out of poverty. Whether additional labour income comes from greater diversification, higher earnings per hour, or a greater number of hours worked, jobs are at the core of what counts for poverty reduction.”

## Policy principles for more and better youth employment in rural Africa

How can we reshape policy approaches for rural youth that take into account their complex living and working realities and challenges while promoting (rather than counteracting) the much-needed process of structural transformation? Here are four general policy principles.

**1. Reducing the disparity between labour supply and demand should be the main priority.** In principle, initiatives to promote skills and education are always welcome and provide a valuable good, especially when aimed at school-age youth and others towards the lower end of the youth age bracket. That said, in the context of rural African communities, there is no getting away from the fact that

labour supply vastly exceeds demand. To achieve labour market “tightening”, policy interventions should seek to stimulate demand for labour and suppress any unwanted supply of labour. In this regard, typical interventions to combat child labour and reduce school drop-out rates are helpful, not just for the educational outcomes they produce but for their tightening effect on the labour market. Interventions must therefore combine the supply and demand sides.

However, in the context of rural Africa, interventions that stimulate the local and aggregate demand for labour across all skill levels, but particularly for manual labour and elementary occupations (because these areas still constitute the mainstay of the rural labour supply), are often more important. This involves stimulating employment-intensive sectors and value chains, both on-farm and off-farm, to absorb the maximum number of (paid) workers. In most contexts, traditional small-scale agriculture is unlikely to fall into this category; instead, promoting emerging commercial mid-scale farmers and their ability to create more and better farmhand jobs would be more promising. Linked to this, economic policies that stimulate a range of rural off-farm sectors (not limited to agroprocessing) is necessary to absorb the growing number of farmers and farm workers who are likely to be released from the sector. As argued previously, this situation cannot be solved through entrepreneurship development and micro and small business support alone. Instead, it requires structural policy solutions that provide palpable incentives and support to employing enterprises to gain a foothold in nascent or underdeveloped sectors with large employment potential.

This principle is not specific to youth, because the rural labour market in sub-Saharan Africa suffers from the structural lack of labour demand as a whole and not just in its youth segment. That said, a particular focus on promoting youth-relevant sectors is certainly welcome. But at the same time, it is important to avoid urban assumptions of youth expectations, such as assuming a preference for highly tech-driven sectors that would require skill levels that may not be sufficiently available in most rural settings and thus would not benefit rural youth as much as hoped. Instead, a focus on well-paying, safe and – above all – stable jobs is likely to be a much more important factor. Prioritizing sectors that provide an evenly spread and predictable distribution of labour demand is likely to go a long way.

## **2. Promote structural transformation while managing and reducing its more disruptive effects through social dialogue.**

Structural transformation is an integral part of the processes of economic development and poverty reduction. A core element of this structural transformation is the gradual transfer of labour from low-paying, unproductive occupations into gradually more productive and formal wage employment. The focus on wage employment should be emphasized and is not arbitrary because youth both prefer and aspire to stable wage employment rather than self-employment. And structurally, wage employment is more conducive towards facilitating structural transformation by stimulating domestic purchasing power for consumer goods as well as freeing market space and reducing the competition for viable businesses by reducing the extent of survivalist microenterprises.

For these reasons, rural youth employment should be promoted through emphasis on those sectors and enterprises that can create productive waged and salaried jobs. It is clear that “traditional” sectors and forms of production, such as smallholder farming – which is commonplace in rural development initiatives, are counterproductive in this regard. It is critical to highlight that this argument is not discarding the importance of agriculture, and investments in agricultural production are essential for economic transformations to occur. The emphasis lies in the types of agricultural businesses that are being supported; the focus should look to viable, competitive, emerging farms that operate at scale, which goes beyond a mere reliance on family labour.

At the same time, it is important to acknowledge that this process of structural transformation is intensely disruptive in its nature, and it is particularly the younger generations who can be caught in the midst of the changes (such as through reduced access to land), while perhaps holding the necessary dynamism to adapt to and profit from changing opportunities. It is absolutely vital to combine structural transformation measures with policy solutions that limit their adverse effects and protect vulnerable groups who are not in a position to benefit. Furthermore, the transformation must not end in wage dumping and the increased exploitation of workers; instead, it must manifest itself as a productive transformation that creates gainful employment and, ultimately, decent work. The role of strengthened workers’ and employers’ organizations that can keep up with the times and work beyond the strict confines of the formal economy also will be essential. Purposive skills development

with keen emphasis on new sectors and occupations as well as social protection systems for vulnerable groups are equally important elements.

### **3. Explore and nurture the synergies and linkages between rural and urban labour markets.**

A significant share of the discourse of rural youth employment is preoccupied with the aim of reducing the rural-to-urban migration and making rural employment, and especially agriculture, more “attractive” to youth. Migration (especially domestic) is an integral part of economic development, social upward mobility and poverty reduction. Any rural employment strategy cannot limit its scope only to rural localities but must also find ways to expand rural youths’ access to gainful and productive employment opportunities in urban areas, especially tertiary and secondary towns. Ideally, these urban opportunities should establish sectoral linkages to the rural economy.

Limiting youths’ geographical mobility from rural to urban areas should not be a major policy concern. Instead, if the limited absorptive capacity of towns and cities is a concern, then adequate policies and investments to strengthen urban infrastructure are certainly important. For this, an employment lens should be applied, and any infrastructure investments should be carried out with maximum (youth) employment intensity. This will further increase purchasing power and stimulate local economies for a virtuous cycle of general business and employment growth that will take the strain off rural labour markets. Enabling youth to benefit from these heightened market opportunities through greater market access and support in building and maintaining sustainable and employing enterprises will further add value.

**4. Promote innovative and localized forms of labour market institutions for more and better employment.** Rural labour markets mostly rely on highly informal processes of matching and arbitration. National and formal labour market institutions and mechanisms are all but absent and ineffective in most of these contexts. As a result, patronage, nepotism, inefficient labour allocation, skills mis-

matching, incomplete market clearing and a lack of voice and representation of both workers and employers are common challenges.

Rather than dwelling on technical and enterprise-support systems (such as agricultural extension services and microcredits), turn to the lacuna of innovative project and policy interventions that promote a better functioning of rural labour markets. Possible examples include village and district placement services for (informal) agricultural and non-agricultural rural wage workers. Improve rural youths’ knowledge of job opportunities, not just in their immediate locality but provide them with coordinated labour market information, especially on the times, seasons and locations of peak labour demand across all skill levels. Transport and job-search allowances would greatly facilitate their access to such opportunities. These could be coupled with specific support and promotional schemes for employers to promote their ability and willingness to create more and better jobs. This could, for instance, involve rating and incentive systems that reward good employment practices while at the same signalling employers’ good practices and thus opening up their access to a more productive and loyal workforce.

Research demonstrates that even in the context of highly informal and casual employment relations, improved freedom of association and collective bargaining rights can have great impact for better working conditions and higher labour productivity (see Mueller and Chan 2015, chapter 6). Thus, promoting simple (and usually informal) forms of rural associations and unions that allow these highly informal workers to speak with one voice and fight for better conditions is likely to have big impact on their well-being and livelihood outlook.

Concentrating on these four principles stands a much better chance of yielding sustainable impact for decent employment creation across the region than what policymakers and the international development community can currently claim to be achieving.

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## ► Youth employment in conflict and fragile settings

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Elisa Selva and Federico Negro<sup>150</sup>

### ►► Young women and men living in fragile contexts experience several labour market barriers that inhibit their ability to engage in productive activities and earn an income.

An estimated 600 million<sup>151</sup> young women and men live in contexts characterized by prolonged conflicts or fragility, largely contributing to the estimated 64 million young people unemployed globally and the more than 145 million youths who are working yet living in poverty in emerging and developing countries.<sup>152</sup> The anticipated increase of 41.8 million young people aged 15–24 in the global labour force by 2030, mostly driven by demographic pressures in Africa, threatens to worsen the situation if nothing is done to reverse current trends (ILO 2017a).

Fragile environments are generally characterized by absent or extremely weak institutions and by the poor and weak delivery of state functions (security, welfare, justice, representation), which feed chronic or recurrent vulnerability and instability. This translates into the extent to which labour market participants are no longer able to provide and/or access decent job opportunities. Fragility therefore entails severe implications, from causing or aggravating decent work deficits, unemployment and migration to halting or even reversing years of socio-economic development gains. Additionally, mass movements of refugees and migrants, lack of employment opportunities and low-quality jobs can also become triggers of socio-economic vulnerability and political instability.

Through analysis of the situational and contextual elements that may generate or intensify fragility, the International Labour Organization (ILO) identified exogenous and endogenous factors (Jütersonke et al. 2015). Exogenous factors are predominantly

beyond the control of a particular State and include (but are not limited to) catastrophic events, external military threats, global trade, financial shocks and flows of refugees or migrant workers. Endogenous factors stem primarily from specific conditions within a particular State (related to its territory, population and institutions), such as (but not only) weak democratic governance and dysfunctional public institutions, socio-political crisis, high levels of violence, demographic pressures, socio-economic inequalities and marginalization (figure 1). These factors affect employment and decent work at various levels of intensity. Mapping them and understanding how they interlink with one another in creating a “negative multiplier effect” helps determine root causes of fragility and then design responses that have the greatest chances of countering them.

The different impacts of fragility are disproportionately felt by the most vulnerable members of society, particularly youth. Young women and men living in fragile contexts experience several labour market barriers that inhibit their ability to engage in productive activities and earn an income: low levels of education, illiteracy, physical and psychological scars, early family responsibilities, crippling social norms and customs, scarcity of educational and vocational training, skills mismatches, failure of policies, security concerns, limited representation and participation in decision-making and policy formulation and limited employment prospects (ILO 2016a).

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<sup>151</sup> See [www.un.org/youthenvoy/workplan/](http://www.un.org/youthenvoy/workplan/).

<sup>152</sup> 2018 data, see [www.ilo.org/global/topics/youth-employment/lang-en/index.htm](http://www.ilo.org/global/topics/youth-employment/lang-en/index.htm).

**Fragile setting concepts**

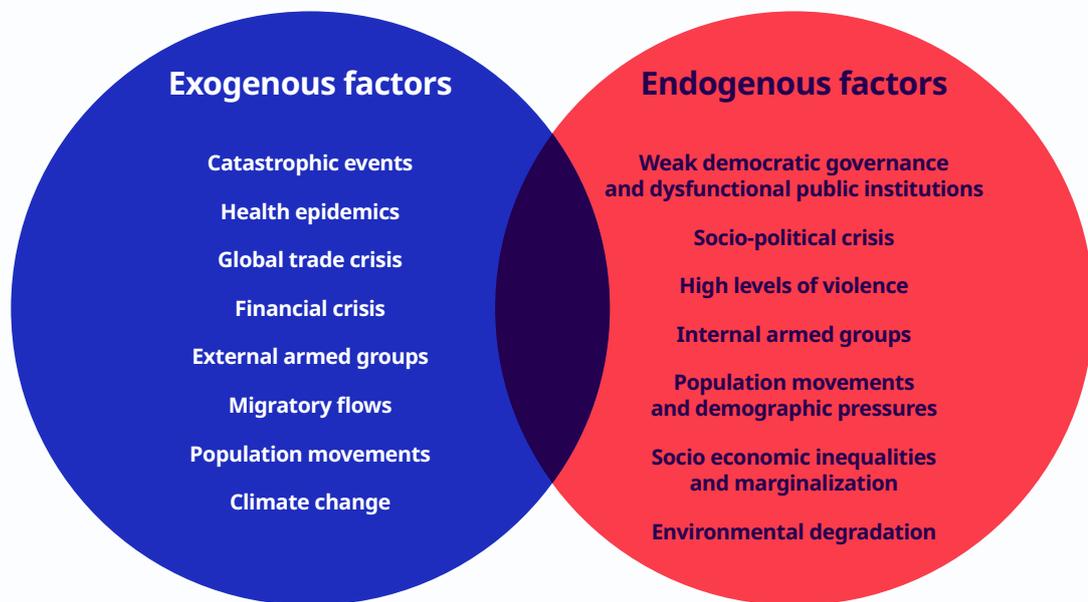
**Conflict:** A prolonged struggle between two or more parties, including international armed conflict (opposing two or more States) and non-international armed conflict (between government forces and non-government armed groups or between such groups) as well as other situations of violence that destabilize a society or economy (ILO, *Employment and Decent Work in Situations of Fragility, Conflict and Disaster – Guide* (2016)).

**Fragility:** The combination of exposure to risk and insufficient coping capacity of a State, system and/or communities to manage, absorb or mitigate those risks. Fragility can lead to negative outcomes, including violence, the breakdown of institutions, displacement, humanitarian crises or other emergencies (Organisation for Economic Co-operation and Development, *States of Fragility 2016: Understanding Violence* (2016)).

**Resilience:** The ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of essential basic structures and functions through risk management (United Nations Office for Disaster Risk Reduction, *Report of the Open-ended Intergovernmental Expert Working Group on Indicators and Terminology Relating to Disaster Risk Reduction* (2016)).

**Sustaining peace:** A process for managing conflict risk, creating peace in the long term and providing the basic opportunity for economic development (United Nations, *The Challenge of Sustaining Peace* (2015); United Nations, *Peacebuilding and the United Nations* (2007)).

► Figure 1. Exogenous and endogenous factors of fragility



Fragility therefore impacts employment outcomes for young people in terms of both availability and quality of jobs and aggravating pre-existing youth employment obstacles. As a consequence, the youth experience labour market inequalities

as well as longer and more uncertain transitions from school to work, remaining neither in employment nor education or training for long periods. Oftentimes they are pushed to engage in jobs that are informal, unstable, underpaid or even illicit, high

risk and harmful (ILO 2016a). This jeopardizes the prospects of young generations, trapping them in a vicious cycle of conflict, disaster and poverty and laying the foundation for further social instability.

Under such adverse conditions, young people can become prone to migrate across borders in search of a better livelihood, which can possibly lead them to being recruited by an armed group, becoming a refugee and/or becoming at risk of trafficking or exploitation. For countries of origin, the youth exodus can exacerbate economic stagnation and fragility through the loss of human capital; in receiving countries, where local labour markets must absorb large influxes of jobseekers, both young refugees and migrants may experience exclusion from employment and decent work and a lack of political voice and protection of their labour and human rights.

Fragility also presents countries affected by or prone to conflict with opportunities for social, economic and political improvements. Societies in post-crisis environments are often more receptive to change. Effective and sustainable responses, including for crisis prevention and recovery, require the adoption of people-centred solutions to reduce vulnerability, strengthen coping mechanisms, foster good governance and rebuild trust and confidence. Decent and stable jobs offer crisis-affected people not only income but freedom, security, dignity, self-esteem, hope and a stake in the reconciliation and reconstruction of their society (ILO 2016a). In this context, supporting the socio-economic integration or reintegration of young women and men increases their ownership of local recovery processes and allows them to become participants in the rebuilding of their community.

Initiatives that facilitate young people's entry into labour markets and access to livelihoods and income while enabling exercise of their rights can help them to overcome their vulnerabilities and ultimately contribute to the development of their country: Improving the employability of youth through the development of their vocational skills and entrepreneurship capacities improves opportunities for employment, including self-employment;

and facilitating access to markets and financial capital sustains the development of micro, small and medium-sized enterprises that constitute the backbone of developing economies. Thus, by empowering young women and men and harnessing their potential as agents of positive change, the promotion of employment and decent work for youth in fragile situations helps pave a way towards more peaceful and resilient societies.<sup>153</sup>

## Engaging youth for peace and resilience

► Youth should actively be engaged in shaping lasting peace and contributing to justice and reconciliation, [...] a large youth population presents a unique demographic dividend that can contribute to lasting peace and economic prosperity.”

► From the preamble to the United Nations Security Council Resolution 2250<sup>154</sup>

Youth are a highly heterogeneous group characterized by diverse profiles, backgrounds, experiences, challenges and needs. In fragile settings, they can be among the ex-combatants, persons with disabilities, indigenous and tribal peoples, single heads of household, forcibly displaced persons (refugees or internally displaced persons), migrants or among the returnees in the aftermath of conflicts and disasters. Because of the hardships they experience, they are often perceived as an at-risk group. Male youth in particular are often stigmatized because they are perceived as the principal drivers of political as well as criminal violence (Urdal 2012). This view, however, fails to acknowledge the youth demographic dividend prevalent in many developing countries and its potential contribution to development that forms the basis for social cohesion.<sup>155</sup> It

153 See [www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_577071/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_577071/lang-en/index.htm).

154 See [www.un.org/en/ga/search/view\\_doc.asp?symbol=S/RES/2250](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2250) (2015).

155 It has been construed that when young people reach working age in countries with youth bulges, the countries' dependency ratios decline (the ratio of the non-working-age population to the working-age population is an indicator of the size of potential productive resources in an economy relative to non-productive resources (see ILO 2017, 12). If the proportion of working-age youth can be employed in productive activities and decent work, the aggregate level of income per capita should rise, translating the youth bulge into a youth demographic dividend. However, if a large cohort of young people cannot find employment and earn satisfactory income, the youth bulge will become a demographic bomb because a large mass of frustrated youth will likely become a source of social and political instability. See <http://blogs.worldbank.org/developmenttalk/youth-bulge-a-demographic-dividend-or-a-demographic-bomb-in-developing-countries>.

also underestimates the cost of neglecting youth employment, which can entail adverse implications particularly for countries already prone to conflicts, based on the possible association between the inability to secure decent work and youth frustration, which could become a source of social and political unrest (Brück et al. 2017 and 2016; Idris 2016; Mallett and Slater 2016; Blattman and Ralston 2015; World Bank 2011).

The groundbreaking United Nations Security Council Resolution 2250 (2015) on Youth, Peace and Security rejects this negative view and, conversely, recognizes the pivotal role of young women and men in preventing conflict and sustaining peace. The resolution emphasizes the importance of creating policies aimed at social and economic development, local growth, youth employment and vocational training, both to prevent conflict and to foster the demobilization and reintegration of ex-combatants. The ongoing implementation of Security Council Resolution 1325 (2000) on Women, Peace and Security, which reaffirms the importance of women's equal participation and full involvement in all efforts for the maintenance and promotion of peace and security, follows along the same lines by advancing the inclusion of women in conflict prevention and resolution, peace negotiations, peacebuilding, peacekeeping, humanitarian response and in post-conflict reconstruction (United Nations 2000).

A positive outlook towards youth also responds to the call of the 2030 Agenda for Sustainable Development for "leaving no one behind" and "reaching the furthest behind first" by acknowledging that fragility, vulnerability, inequality and a lack of decent work opportunities remain the greatest impediments to achieving the 17 Sustainable Development Goals. Investing in youth employment in fragile situations boosts the labour market outcomes of some of the most vulnerable people, including young women and young persons with disabilities, who are most at risk of being excluded from development gains. Considering youth as part of the solution to respond to current crises, mitigate future conflicts and enhance community resilience is particularly relevant to the objectives of (i) ending poverty in all its forms everywhere (Goal 1); (ii) promoting sustained, inclusive and sustainable eco-

nomie growth, full and productive employment and decent work for all (Goal 8); (iii) reducing inequality within and among countries (Goal 10); (iv) taking urgent action to combat climate change and its impacts (Goal 13); and (v) promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels (Goal 16). Actions that promote employment and decent work for youth in contexts of fragility leverage the interconnected nature of the goals and contribute to realizing the transformative potential of the 2030 Agenda (ILO 2016a).

## **ILO policy frameworks, partnerships, instruments and approaches for promoting youth employment in conflict and fragile settings**

Working in partnership with countries experiencing fragility and assisting them in developing coherent and coordinated interventions to promote employment and decent work for peace has been a priority of the ILO since its creation in 1919 as part of the Versailles Peace Treaty that ended World War I. The very foundation of the ILO reflects the belief that "universal and lasting peace can be established only if it is based on social justice" and that the persistence of "conditions of labour involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled" calls for an urgent improvement of those conditions.<sup>156</sup>

Building on decades of work on the crucial link between employment and peacebuilding, the ILO and the United Nations Development Programme led the response of 20 agencies, funds and programmes to the United Nations Policy for Post-Conflict Employment Creation, Income Generation and Reintegration. The policy recognizes the vital role of employment to ensure stability, reintegration, socio-economic growth and sustainable peace.<sup>157</sup> Approved in 2008 by the United Nations Secretary-General, the policy speaks to the needs

156 Preamble of the ILO Constitution (1919), [www.ilo.ch/dyn/normlex/en/?p=1000:62:0::NO:62:P62\\_LIST\\_ENTRIE\\_ID:2453907:NO](http://www.ilo.ch/dyn/normlex/en/?p=1000:62:0::NO:62:P62_LIST_ENTRIE_ID:2453907:NO).

157 The policy, accompanied by an operational guidance note adopted by the United Nations Development Group in September 2009, contributes to a common understanding of, and approach to, employment creation and reintegration in post-conflict scenarios at country level. It aims to help scale up and maximize the impact, coherence and efficiency of employment support provided by United Nations agencies to post-conflict countries. See [www.ilo.org/gb/GBSessions/WCMS\\_116195/lang-en/index.htm](http://www.ilo.org/gb/GBSessions/WCMS_116195/lang-en/index.htm).

and capacities of conflict-affected groups, in particular unemployed women and youth, and encourages actors in the humanitarian-development nexus to tap into the positive energy and skills of young people to help them escape from the vicious cycle of violence, poverty, illiteracy and social exclusion. The policy recommends recognition of the needs of specific groups as part of an overall strategy that respects community-based demands, security concerns and equity considerations. And it emphasizes the importance of resolving root causes of conflict to facilitate long-term reconciliation.

The framework laid out by the policy includes three programming tracks to support upstream and downstream interventions at the country level. All three tracks promote employment, but their focus differs:

1. Track A targets stabilization through actions that provide quick peace dividends, such as immediate job creation to kick-start socio-economic recovery and restore livelihoods.
2. Track B targets recovery and reintegration through capacity development of local governments, authorities and providers of business services, community-driven investments in

socio-economic infrastructure and local economic recovery.

3. Track C targets a transition to sustainable employment creation and decent work through enabling policies, support for financial sector and business development services and the promotion of labour institutions.

The three tracks, which include the promotion of social dialogue, the protection and respect of fundamental human rights, and gender equality, especially among marginalized groups, should be implemented simultaneously but in varying intensity and duration depending on the context.

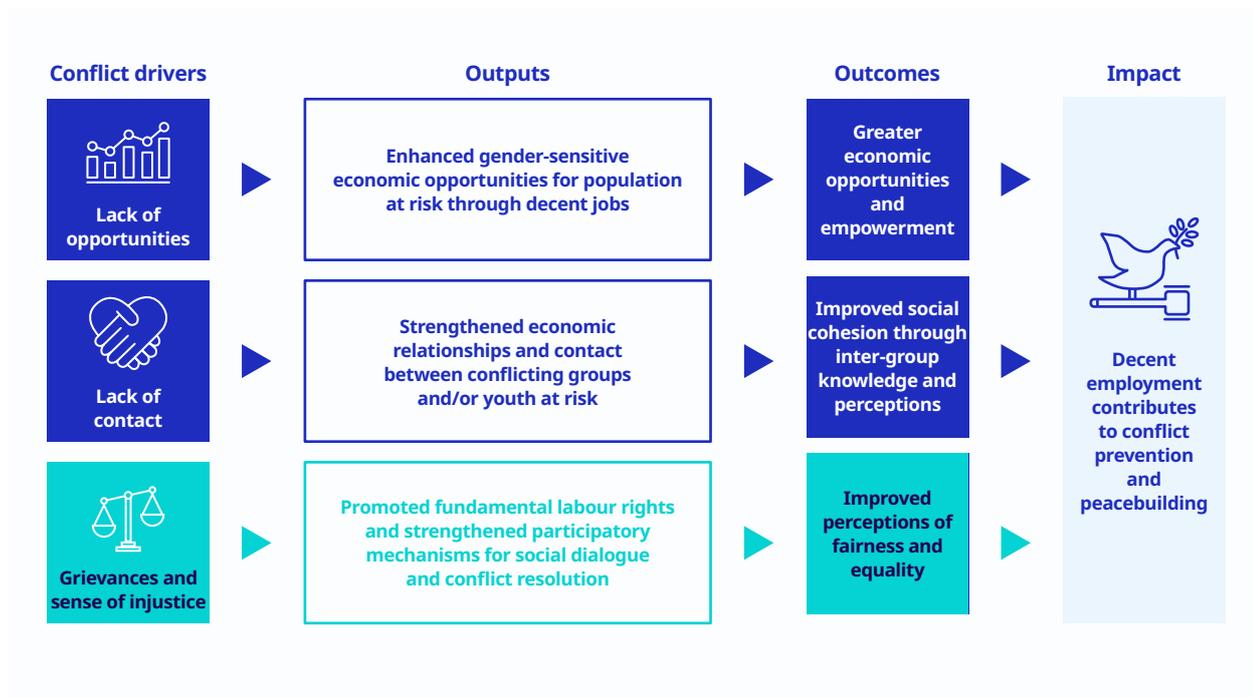
The ILO has intensified its efforts to strengthen the peacebuilding contribution of employment programmes through the establishment in 2016 of a partnership with the United Nations Peacebuilding Support Office, the United Nations Development Programme and the World Bank. The result of the first joint activity, an independent study (Brück et al. 2016) called for the consistent application of a theoretical framework underpinning the relationship between employment programmes and peacebuilding and highlighted the need and

► **Figure 2. The three concurrent tracks of the United Nations policy for post-conflict employment creation, income generation and reintegration**



Source: United Nations 2009.

► Figure 3. A theory of change for peacebuilding through youth employment interventions



opportunity to extend the empirical evidence on those linkages.

While recognizing that proof of the direct connection between jobs and peace was scarce and not always obvious,<sup>158</sup> the study allowed a theory of change based on three conflict factors: lack of opportunity, lack of contact and existence of grievances (figure 3).<sup>159</sup> These dimensions, recognized as the likely provocation for engaging in anti-social behaviours, provide a meaningful backdrop to understand how employment interventions can counter sources of youth unrest by:

- **Promoting opportunity.** The availability of and access to decent employment for youth at risk, including skills training, counselling, job creation and sustainable income, has the potential to provide greater economic opportunities and empowerment for young women and men, thereby increasing the opportunity costs of engaging in adverse behaviour.
- **Promoting contact.** Creating constructive contact between rivaling groups by strengthening

economic relationships through employment and bringing people together through social dialogue can challenge preconceived perceptions and forge better relationships and mutual understanding that should contribute to breaking down sources of division.

- **Addressing grievances.** The provision of equal and non-discriminatory access to employment and training opportunities to groups who hold grievances against the State and/or a sense of injustice compared with other groups can help strengthen participatory mechanisms for social dialogue and conflict resolution, thereby contributing to improving perceptions of fairness and equality.

According to this scheme, employment and decent work programmes can be a strategic entry point for mobilizing youth for peacebuilding. While providing livelihood opportunities, promoting social cohesion and social dialogue and advocating the respect of fundamental principles and rights at work, these programmes improve the economic prospects of

158 This has been contested due to mixed empirical evidence and data reliability issues. See Gilligan 2016; Idris 2016; Berman et al. 2011; Dube et al. 2013 and 2011; Miguel et al. 2004.

159 Joint statement by the ILO, United Nations Peacebuilding Support Office, the United Nations Development Programme and the World Bank (2016), [www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_535663/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_535663/lang-en/index.htm).

young women and men while laying the foundation for sustainable peace (ILO 2019a).

The collaboration among the four partner organizations, which also led to agreement on principles for action to inform the design, monitoring and evaluation of programmes, aligns with the priorities of the 2030 Agenda for Sustainable Development on peaceful and inclusive societies and decent work and growth and is consistent with the review of the United Nations peacebuilding architecture<sup>160</sup> around the goal of sustaining peace.<sup>161</sup>

Based on the outcomes of this joint work, the thematic priority of youth in fragile situations (ILO 2016b), formulated as part of the Global Initiative on Decent Jobs for Youth,<sup>162</sup> embraces the theory of change stipulating that, in crisis settings, employment can contribute to peace by (i) fostering skills and economic opportunities, which in turn reduces incentives for engaging in adverse behaviour and embarking on irregular migration; (ii) creating constructive contact between groups, thus overturning common stereotypes and improving inter-group knowledge and perceptions; and (iii) addressing grievances and perceptions of unfair treatment and inequality.

Recognizing that investments in job creation for crisis-affected youth can positively impact socio-economic integration and social cohesion, the global initiative emphasizes expanding evidence on what works to support the youth and on developing guidance for youth employment promotion in fragile settings to orient tailored interventions in countries and regions.

The continued relevance of the ILO mandate and the central role of employment and decent work in responding to fragile situations were reaffirmed in 2017 when the International Labour Conference adopted the Employment and Decent Work for Peace and Resilience Recommendation (No. 205),<sup>163</sup> The new Recommendation, a landmark instrument

for the world of work in addressing concerns that are at the crossroads of humanitarian and development assistance, provides updated guidance to ILO Member States on the role of employment and decent work in response to conflicts and disasters<sup>164</sup> and on related measures to prevent crises, enable recovery and build peace and resilience.

Recommendation No. 205 is the result of the revision of an earlier normative instrument, the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71) that expanded ILO guidance to cover reconstruction and recovery as well as prevention and preparedness. Presenting measures that span the Decent Work Agenda, Recommendation No. 205 calls for attention to population groups and individuals who have been made vulnerable by crises, including young people, and highlights response mechanisms that promote youth employment creation as well as peace and resilience building, such as:

- Provide income-generation opportunities, stable employment and decent work for young women and men through integrated training, employment and labour market programmes that are responsive to the specific situations of young persons entering the world of work; they should include youth employment components in disarmament, demobilization and reintegration programmes that incorporate psychosocial counselling and other interventions to counter anti-social behaviour and violence, with a view to reintegration into civilian life.
- Provide rehabilitation, social integration and training programmes for young persons who were formerly associated with armed forces and groups.
- Ensure that second-chance programmes for young persons are available and target their needs arising from interruptions of their education and training.

<sup>160</sup> In 2016, the General Assembly and the Security Council, through the twin resolutions on the review of the peacebuilding architecture (General Assembly Resolution 70/262 and Security Council Resolution 2282 (2016)), expressed their commitment to building and sustaining peace and highlighted the importance of Member States working better together to sustain peace at all stages of conflict. See [www.un.org/peacebuilding/news/%E2%80%98instead-responding-crises-we-need-invest-far-more-prevention%E2%80%99-says-un-chief](http://www.un.org/peacebuilding/news/%E2%80%98instead-responding-crises-we-need-invest-far-more-prevention%E2%80%99-says-un-chief) and <https://reliefweb.int/report/world/peacebuilding-and-sustaining-peace-report-secretary-general-a72707-s201843>.

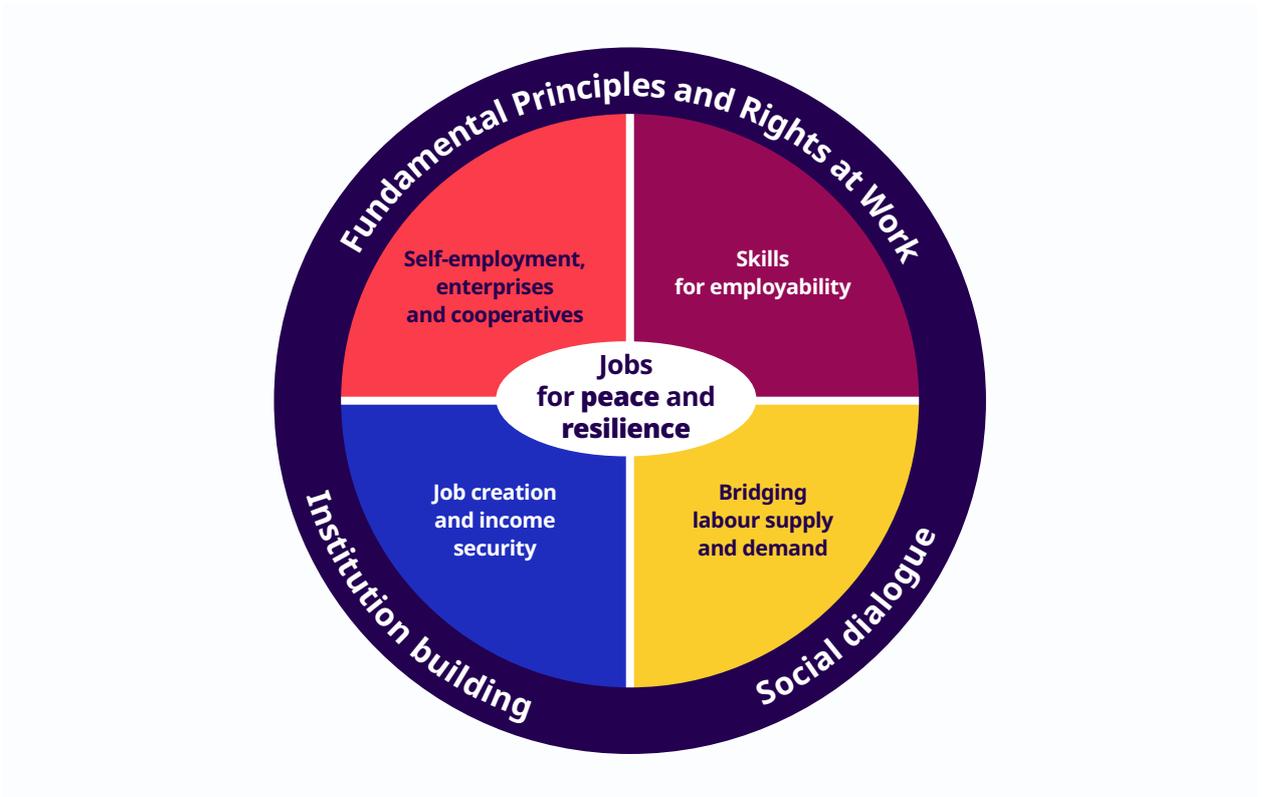
<sup>161</sup> Joint statement by the ILO, United Nations Peacebuilding Support Office, the United Nations Development Programme and the World Bank (2016), [www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_535663/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_535663/lang-en/index.htm).

<sup>162</sup> The global initiative aims to scale up action and impact on youth employment under the 2030 Agenda for Sustainable Development. Launched in 2016 with the endorsement of the executive heads of the United Nations, Decent Jobs for Youth is a unique platform for partners to target fragmentation and catalyse effective, innovative and evidence-based action at the country and regional levels. See [www.decentjobsforyouth.org/](http://www.decentjobsforyouth.org/).

<sup>163</sup> See [www.ilo.org/global/topics/employment-promotion/recovery-and-reconstruction/WCMS\\_631491/lang-en/index.htm](http://www.ilo.org/global/topics/employment-promotion/recovery-and-reconstruction/WCMS_631491/lang-en/index.htm).

<sup>164</sup> Recommendation No. 205 also covers disasters, including prevention, recovery and resilience building. Although there are some similarities in the types of decent work challenges that conflicts and disasters give rise to, and in responses to them, there are also significant differences. For example, institutions tend to be more affected and recovery usually takes longer in conflict situations. This discussion here is limited to examining conflict-related settings.

▶ Figure 4. The ILO Jobs for Peace and Resilience flagship programme



- ▶ Adapt education curricula and train teachers and instructors to promote peaceful coexistence and reconciliation for peacebuilding and resilience.
- ▶ Ensure that all response measures are developed or promoted through gender-inclusive social dialogue.
- ▶ Protect the labour rights and safe environments of youth migrant workers, in all sectors.
- ▶ Promote inclusion within the labour market of young refugees and returnees who are in situations of vulnerability.

The importance of crisis responses towards attaining decent work for all and the commitment of governments, employers and workers to these responses is highlighted in the ILO Centenary Declaration for the Future of Work, adopted in June 2019, which states that “decent work is key to sustainable development, addressing income inequality and ending poverty particularly in areas

affected by conflict, disaster and other humanitarian emergencies” (ILO 2019d, preamble). The Declaration also highlights the imperative of truly integrating young people into the world of work.

As one of the ILO global flagship programmes, Jobs for Peace and Resilience,<sup>165</sup> adopts an operational approach that translates the framework of Recommendation No. 205 into tangible action. The overall goal of the programme is to contribute to more peaceful and resilient societies through employment and decent work. It targets vulnerable young women and men in countries that are going through situations of fragility and conflict.<sup>166</sup>

Jobs for Peace and Resilience combines employment-intensive investments; technical, vocational and entrepreneurial skills training; employment services; and private sector and local economic development to achieve the following objectives:

- ▶ Provide direct job creation and income security.
- ▶ Enhance skills for employability.

<sup>165</sup> See [www.ilo.org/jpr](http://www.ilo.org/jpr).

<sup>166</sup> Like Recommendation No. 205, the Jobs for Peace and Resilience programme also includes slow-onset disasters, such as those caused by climate change.

- Support self-employment, enterprises and co-operatives; and
- Bridge labour supply and demand.

The promotion of social dialogue, the Fundamental Principles and Rights at Work and institution-building is an integral part of the approach.

The design of the Jobs for Peace and Resilience programme was based on the theory of change for youth interventions (figure 3) and on the complementary interaction between the peacebuilding objectives and the employment promotion objectives. By enhancing economic prospects, facilitating inter-group contact and redressing grievances of the most vulnerable communities, particularly of their youth, the programme aims to tackle root causes of fragility, reduce risks of social and political instability, reinforce social cohesion and build resilience to future shocks.

Articulating the theory of change is essential to capture the potential contribution of employment programmes to peacebuilding processes. In the development of programme ideas, this involves systematically conducting conflict analyses, including outcomes and performance indicators in the project design and accurately reflecting the correlation between employment, poverty reduction and peace consolidation in the results chain. The design of employment programmes operating in a fragile context leads to the availability of monitoring data and the possibility to evaluate the contribution to peace of the perceived changes in economic opportunities, inter-group relations and grievances (ILO 2019a).

## Targeted interventions for youth employment in conflict and fragile settings

In response to the protracted nature of contemporary crises and their adverse effects on young people and in line with its institutional mandate, the ILO promotes decent job creation, facilitates access to labour markets and reinforces social dialogue as a means to enhance the self-reliance and socio-economic integration and reintegration of youth in conflict situations. An array of ILO approaches has

been adapted and applied that consider the specificities of crisis contexts. They call for emergency relief measures to include sustainable livelihood strategies to reduce dependency on humanitarian assistance and establish conditions for sustainable development and resilience-building. Through its work on the humanitarian-development nexus, the ILO promotes sustainable recovery while tackling root causes of fragility, hopefully helping to avert future crises.

In this framework, the ILO provides assistance from the immediate post-conflict phase to the long term by integrating downstream initiatives that promote decent work with upstream actions for policy and institutional support. Downstream activities are rapid-impact projects targeting affected populations. They generate jobs and income to contribute towards stabilization, social cohesion and the creation of peace dividends. Upstream initiatives support the establishment, re-establishment or reinforcement of national systems, institutions and policies that create an environment conducive to sustainable employment growth. They include the development of employment recovery strategies, institutional capacity-building to address labour-related issues, such as employability, social protection and other aspects of labour administration, and the mainstreaming of the Decent Work Agenda into recovery and transition planning.

Through this combined approach and a strong focus on rights and social dialogue, which represent the ILO value added compared with other actors operating in fragile settings, the ILO aims to (i) bridge the humanitarian-development divide through stabilization interventions, skills development and livelihood recovery; and (ii) build sustainable resilience through improved labour markets by implementing well-recognized technical strategies.<sup>167</sup>

## Employment-intensive investment approaches for immediate employment creation

The promotion of employment-intensive work and public employment programmes in times of crisis links immediate job creation with infrastructure development for economic stabilization, social and

<sup>167</sup> Traditionally, the immediate aftermath of a crisis was met with relief and humanitarian efforts. In more recent times, it has become evident that the complex and protracted nature of fragility, coupled with the need for more sustainable actions, requires the concurrent implementation of humanitarian and development measures. Effective responses in the humanitarian-development nexus involve the early, coordinated and complementary intervention of humanitarian and development actors.

### Employment-intensive investment approach in the Central African Republic

Through the strengthening of community capacities and the construction of infrastructure through labour-intensive activities, the Promotion of Peace and Creation of Decent and Productive Jobs project created immediate income opportunities, facilitated access to infrastructure, strengthened social cohesion and reduced grievances against institutions. In the first year of the project, results included the training of 30 professionals (10 per cent of them women) and 100 young people (30 per cent of them women) in local resource-based approaches for infrastructure development; the uptake of the local resource-based approach across the country, with several other projects making use of it; development of a guide and establishment of a multisector committee on the methodology; and the generation of direct employment in the construction sector with the expectation of sustainable job creation beyond the project duration thanks to the creation of public works cooperatives and the development of business relationships with partners to facilitate their access to public markets (ILO 2019c).

In terms of peace dividends, the project activities strengthened social cohesion through which young people from different and formerly antagonistic communities and religious affiliations learned to work together in infrastructure rehabilitation and to form and manage cooperatives jointly. The job opportunities and incomes they secured through this work encouraged them to see the future differently, thus reducing feelings of injustice and hopelessness, which can otherwise jeopardize peace.

environmental protection, provision of essential services and community cohesion while offering opportunities for promoting enterprises, skills development and the improvement of working conditions. These approaches, which afford measures for the physical reconstruction of destroyed areas, the restoration of natural resources and the management of the environment for climate change adaptation, have positive impacts both in conflict mitigation and post-conflict recovery and reconstruction (ILO 2018a).

Employment-intensive programmes can assist governments in generating emergency livelihood support mechanisms for large numbers of vulnerable young women and men. Employment-intensive approaches applied to rural infrastructure, for example, have generated up to five times more jobs than equipment-intensive methods (ILO 2013a). By participating in these programmes, young people receive work experience; new skills (such as carpentry, masonry, basic accounting); incomes above the minimum wage; guidance on occupational safety and health and access to personal protective equipment; health and accident insurance; and social protection.

While employment-intensive work in crisis settings may only grant wage employment for a short period of time, the impact persists into the long term. The infrastructure developed through

these programmes can create multiplier effects on employment and income by enhancing the economic performance of other sectors. And the increased purchasing power of people participating in emergency employment schemes ultimately stimulates the local economy, potentially leading to the creation of more jobs.<sup>168</sup>

### Skills development for improved employability

Although macro-level economic improvements are critical for supporting job growth, they will not lead to positive results unless needed skills are developed in parallel. Employment-based solutions to fragility cannot overlook the need for technical and vocational education and training among affected populations of all ages but particularly of young people whose life, education and career paths have been disrupted by conflict. In sudden or protracted crises, women, men, girls and boys may be affected by the interruption of education services for a long period of time and eventually drop out due to the urgency to earn a living for them and their family. Overage youth may find themselves excluded from formal education. Young people engaged in informal learning and looking for a job may experience difficulties with skills recognition, while others who completed their schooling may lack core work skills

168 ILO, "Self-employment of Women as a Coping Mechanism in War-Torn Yemen: Enterprise Development as a Means of Economic and Social Empowerment of Women in Times of War in Yemen, 27 October 2017, [www.ilo.org/beirut/media-centre/fs/WCMS\\_586686/lang-en/index.htm](http://www.ilo.org/beirut/media-centre/fs/WCMS_586686/lang-en/index.htm).

(ILO 2013b).<sup>169</sup> As a result, young people in crisis settings often become part of the population not in employment, education or training, join the informal economy for survival or migrate in search of better opportunities.

To promote decent work for young people in fragile environments, the ILO directs considerable attention to the conditions under which education and training are planned and undertaken in affected communities, ensuring connection to employers, emphasis on the quality and relevance of training and inclusiveness of all people whose livelihoods have been disrupted or destroyed. Interventions integrate hands-on training with livelihood activities, whether in emergency employment, self-employment, micro and small enterprise development or infrastructure development, thus combining learning with earning. Rapid assessments of both the available skills and skill needs arising from market opportunities are conducted to build on existing skill sets and identify viable employment opportunities. Training and vocational guidance programmes are adapted and adjusted to respond to emerging skills needs for recovery and reconstruction. Skills are certified to enhance young people's employability.

To support early recovery, short-cycle skills training courses should centre on skills not available in the market. Enterprises still operating and providing goods and services with market potential are crucial partners to establish quality apprenticeships, either by upgrading informal apprenticeship practices (ILO 2012b) or by introducing quality apprenticeships as a combination of on-the-job training and school-based education, which should also ensure high levels of instruction and adequate remuneration.<sup>170</sup> To improve employment opportunities for youth, programmes need to be comprehensive and include core skills for employability (often called "soft" skills). This includes conflict mediation, social awareness, cooperation and personal skills. The training should be accompanied with psychosocial support that works to enable young people engage in peaceful coexistence and contribute to reconciliation in their communities (ILO 2019b).

In the context of the Syrian refugee crisis, many Syrians who had sought refuge in Jordan and Lebanon did not have certificates or evidence of qualifications (ILO 2018b). Due to the protracted nature of a conflict like what Syria is experiencing, skills erosion is a risk for refugees, given their limited labour market access. Yet, later, reconstructing Syria will require numerous qualified workers. In response, the ILO and the Centre of Accreditation and Quality Assurance are implementing a recognition-of-prior-learning scheme for Syrian refugees and Jordanians with experience in the construction sector, with the objective of improving workers' employability in occupations that are subject to licensing.<sup>171</sup> The scheme includes a compulsory 40-hour training course that helps refugees gain knowledge on occupational safety and health and upgrade their technical expertise. Upon taking an assessment at the end, participants obtain a certificate that enables them to receive an occupational licence and work permit. Thanks to the project, skill-qualification certificates were given to 9,200 workers in 14 occupations in the construction sector from September to December 2017, increasing their employability, both in the host country and in the event of their return to Syria. The scheme is being extended to the agriculture sector.

### Enabling environments for self-employment and for micro, small and medium-sized enterprise and cooperative development

The private sector represents the main source of employment creation across economies worldwide. For example, small and medium-sized enterprises account for an estimated two thirds of all jobs in the world; in developing countries, this estimate is often higher (ILO 2015a). In the aftermath of conflicts, the development of sustainable enterprises is essential for helping societies strengthen their resilience and transition to peace.

In situations in which young people's access to education, training and employment is disrupted due to conflict, setting up micro, small and medi-

169 Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork, problem-solving, information and communications technology and communication and language skills. This combination of skills enables them to adapt to changes in the world of work.

170 Oftentimes these courses address the immediate labour skills needs of humanitarian and development agencies in implementing their construction, transportation, education, health and security projects.

171 Recognition of prior learning gives credit for competencies gained through previous learning, other training and work or life experience as part of skills assessment. It formally recognizes the skills and knowledge that a person already possesses against competencies in the National Training and Vocational Qualifications Framework.

um-sized enterprises, cooperatives and other types of social and solidarity economy enterprises and the strengthening of existing ones in challenging contexts (limited service availability, disrupted market functioning, etc.) is imperative for creating livelihood options and incomes for young women and men.

Different enterprise forms face different constraints and offer different opportunities in such circumstances. For example, due to the democratic nature of cooperatives, their establishment can be a relatively lengthy undertaking. Unless they are already well established, they may not be the most appropriate mechanism for providing post-conflict humanitarian relief. When already established, cooperatives can operate in unstable situations, often at times when other forms of private business have ceased to function fully. Young people tend to choose cooperatives because of the collaborative approach they promote, which combines self-help with mutual aid; the possibility to circumvent the challenges of establishing new start-ups; and their function as a medium for formalizing informal work arrangements (ILO 2012a). Being jointly owned and democratically controlled enterprises, they also support trust-building and are true schools for democracy, help combat xenophobia and racial, tribal and religious hatred and help rebuild communities (ILO 2016a). They are essential for generating decent work, strengthening resilience and building peace.

The value added of integrating entrepreneurship promotion and access to finance is demonstrated by the higher returns generated on productive work for young people (ILO 2015b). Assisting youth in conflict settings to access financial resources, for example through the provision of recovery grants or loan guarantees, not only boosts their drive for entrepreneurship and self-employment but has also positive impacts on their resilience by improving their preparedness, coping capacities and ability to manage risks.

It is vital to build the skills of young women and men entrepreneurs in business and cooperative management, improve their financial literacy and facilitate their access to financial services. It is also necessary to ensure that the environment in which enterprises operate is as enabling as possible. The ILO provides assistance through the delivery of programmes that support sustainable enterprise development.

To guide the formulation of responses and the most appropriate interventions, the ILO has developed methodologies for assessing the environment in which enterprises operate and identifying needs, constraints and opportunities. These include local economic recovery and development approaches that encompass the territorial dimension of the enterprise ecosystem through a territorial diagnosis, value chain and market systems analysis and enabling environment analysis that take stock of the overall micro, small and medium-sized enterprises.<sup>172</sup>

One such methodology is the Approach to Inclusive Markets, which analyses markets and sectors for high potential to include forcibly displaced persons and host communities. For instance, in the Somali Region of Ethiopia, the ILO and the United Nations High Commissioner for Refugees carried out a market systems assessment and determined that the small ruminants sector had the greatest potential to improve the livelihoods of refugee and host community members. Interventions along the value chain were designed to improve links between livestock herders and local export abattoirs and regional markets; improve the organizing of herders to enhance their bargaining power with traders; and improve entrepreneurship and business skills among the refugee and host community members. As a result, the refugee and host community members now have improved access to livestock markets and regional traders travel regularly to the refugee camps to purchase livestock.

Once practical support needs are determined, the ILO turns to a number of mechanisms, including high-impact training packages to enhance management capacity, such as the Start and Improve Your Business programme for small and medium-sized enterprises, the GET Ahead for Women in Enterprise training package and resource kit and the Managing Your Agricultural Cooperative and the My.Financial.Coop programmes for different types of cooperatives.

In addition to assisting young people in adapting to volatile situations, business development training in crisis settings can help reintegrate youth who were formerly associated with armed forces and groups into civilian life. In the eastern Democratic Republic of the Congo, for instance, the ILO trained demobilized ex-combatants in entrepreneurship and cooperative management, complementing vocational training provided by

172 See [www.ilo.org/empent/lang-en/index.htm](http://www.ilo.org/empent/lang-en/index.htm).

partner organizations in 11 trades chosen by the beneficiaries (ILO, UNDP and UNHCR 2017).<sup>173</sup> The young ex-combatants, who were almost illiterate because they rarely could attend school due to the conflict, learned about cooperatives, enterprise development and community activities while still in the Centre for Preparation and Reintegration, which promoted social cohesion, peace and community values. A better understanding of concepts relating to savings, costs and income contributed to their engagement in vocational training by clarifying how to manage a profitable occupation. While enhancing the livelihood opportunities of the young demobilized soldiers, the project helped them break down military attitudes, improve their confidence, rebuild constructive relationships with their communities and adjust their behaviours, all geared towards promoting peaceful coexistence.

## Employment services bridging labour demand and supply

Fragile contexts are often characterized by dramatic shifts in the labour supply and demand, particularly in the rehabilitation and reconstruction phase post-crisis. Influxes of crisis-affected people seeking employment put pressure on the supply side of the market. On the demand side, specific skills are required to support physical reconstruction, the provision of services and the reinvigoration of economic activities. Emergency public employment services fall under the umbrella of active labour market policies, which, when directed towards young people in crisis settings, facilitate their access to decent work and contribute security in a volatile climate, which thus helps create equity and ultimately helps reduce poverty. Emergency public employment services are essential to link jobseekers in affected populations, including youth, with temporary work and job-training opportunities, thereby contributing towards advancing recovery objectives. During and after the recovery period, employment services continue their importance by ensuring a more efficient matching of skills and jobs and promoting employability and lifelong learning.

Emergency public employment services can be instrumental in supporting initiatives that speak to the needs of youth or other groups but also provide general employment assistance to anyone affected by a crisis. They offer a range of services that

include the registering and matching of jobseekers and vacancies; employment orientation and counselling on paid jobs and self-employment; up-to-date labour market information based on needs assessments of local labour markets to jobseekers and employers for making informed decisions; referrals for jobseekers to special employment programmes, such as public works, training options, entrepreneurship and self-employment schemes and employment and wage subsidies where available. Overall, they seek to prevent discrimination by promoting equal access to job opportunities.

Emergency public employment services can be activated immediately after a crisis to deliver short- and medium-term interventions that prioritize young people or other specific groups and that capitalize on employment and training opportunities offered by international organizations, non-government organizations and other national and international actors as well as the private sector.

In the medium to long term, employment services are critical for developing local capacities. They facilitate access of affected populations to training, jobs or emerging employment opportunities. Long-term sustainability of these services can be ensured only if the capacity of local government structures in the affected areas is strengthened.

Because young people constitute a significant proportion of the jobseekers in conflict settings, emergency public employment services should offer assistance to youth and school leavers (ILO 2003):

- Provide young people with registration, referral services and access to special vocational guidance and counselling.
- Conduct information sessions for youth on job choices, skills training opportunities, job search techniques and other services, paying special attention to gender issues and to young people who have never attended school or who left early.
- Encourage youth to stay longer in education and training.
- Assist young people in learning about the importance of generic employability skills, including communication skills, personal management competencies and team work.
- Design and develop special programmes, including on-the-job training, to facilitate the transition of young women and men to employment.

<sup>173</sup> The partners are the National Institute for Professional Preparation, Caritas and the Food and Agriculture Organization of the United Nations. See also [www.ilo.org/global/about-the-ilo/newsroom/features/WCMS\\_575564/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS_575564/lang-en/index.htm).

### Employment centres for nationals and refugees in Jordan

In Jordan, the labour code allows private employment agencies to operate upon authorization by the Ministry of Labour and according to regulations. The Minister of Labour may authorize associations, syndicates, professional associations, universities, municipalities, chambers of industries and commerce or any public body to provide intermediation services to Jordanians for free.\* While the open entry into employment services market ensures wider outreach to affected communities and perhaps increases their choices, it requires coordination among service providers, which may not be possible where public sector capacity is weak.

In response to the Syrian refugee crisis in Jordan, around 26 service providers comprising international non-government organizations and United Nations agencies were operating as of mid-2017, in addition to the government, the private sector and local NGOs operating in the country. Thirteen of them were registering jobseekers in their employment centres; each provider operated one or more (up to 37) employment centres. Among them, the ILO supported 13 employment service centres across Jordan. The services ranged from registration, job search assistance and placement to group counselling, referral to active labour market programmes and management and dissemination of labour market information (Kattaa 2017).

Additionally, the ILO helped the Ministry of Labour establish a Coordination Group for international organizations that provides employment services that meets regularly. The Coordination Group adopted core principles and minimum standards of services for the delivery of employment services, such as free services, confidentiality, equity, empowerment, durable solutions, social partners, work conditions, labour dispute mechanism and coordination. With support of donors, the ILO developed an online job counselling and guidance platform that provides Jordanians and Syrian refugees online registration and matching services, career guidance and training opportunities across multiple sectors, a mapping of services in the area and labour market information. The ILO and other international organizations also have worked to coordinate their efforts at the regional level to contribute to improved quality and coherence of the refugee crisis response in Syria and five neighbouring countries (ILO et al. 2017).

**Note:** \* Labour Code, Law No. 8, 1996, [www.ilo.org/dyn/natlex/docs/WEBTEXT/45676/65048/E96JOR01.htm#c3](http://www.ilo.org/dyn/natlex/docs/WEBTEXT/45676/65048/E96JOR01.htm#c3); see also [www.ilo.org/beirut/media-centre/news/WCMS\\_671346/lang--en/index.htm](http://www.ilo.org/beirut/media-centre/news/WCMS_671346/lang--en/index.htm).

- ▶ Use wage subsidies and training allowances to encourage employers to recruit young people.
- ▶ Provide advice on the demand and skills required for particular occupations.
- ▶ Help organize career information days at educational institutions, job fairs and youth clubs to ensure that school leavers are well informed about the labour market and are well equipped with the tools for informed decision-making about their prospective careers.
- ▶ Encourage entrepreneurship and promote self-employment opportunities and training.
- ▶ Collect labour market information from employers on career patterns, required qualifications and further training needed.

In line with developments in international labour markets and labour standards<sup>174</sup> and in accordance with evolutions in domestic law, many employment services, both in emergency situations and post-crisis,

can be delivered through public, private and third-sector organizations.

### Cross-cutting components

Fragile and post-conflict environments are characterized by weakened institutional and governance structures and depleted social capital, where loss of confidence and trust in formal authorities combines with destroyed relationships and community values. Crises have adverse effects on the most marginalized and disadvantaged persons and can originate or exacerbate violations of the Fundamental Principles and Rights at Work, such as discrimination, child labour, forced or compulsory labour, limitations of freedom of association and the right to collective bargaining.

Cognizant of the need to rebuild trust in institutions, support social cohesion and protect labour and human rights in order to provide sustainable responses to a conflict, ILO interventions aim at

174 See, for example, the Employment Services Convention, 1948 (No. 88) and the Private Employment Agencies Convention, 1997 (No.181).

creating employment and decent work opportunities for youth in situations of fragility through:

1. **Institution-building.** The knowledge and capacity of local institutions are developed to help them improve governance and take responsibility for the design and implementation of employment policy and programmes that contribute to peace and resilience.
2. **Fundamental Principles and Rights at Work.** The respect, promotion and realization of these principles as well as international labour standards is advocated as a way to address grievances and tackle root causes of conflict through employment programmes.
3. **Social dialogue.** Active dialogue between governments, employers and workers is instrumental to ensure the thorough determination of needs and locally appropriate solutions, increase local ownership and transparency, support consensus-building and restore trust.

In the aftermath of a crisis, there should be a concentration on restoring the capacity of national institutions and communities to recover, revitalize the economy and prevent relapses. The ILO provides assistance to strengthen the resilience of institutions by including employers' and workers' organizations and local, regional and national institutions in the conceptualization, design and implementation of interventions, based on local needs.<sup>175</sup> As the situation moves from relief to recovery, the process of transition is increasingly led by the national actors.

In the wake of the 2006 crisis in Timor-Leste, for example, the ILO provided direct technical assistance within the national labour administration to increase the ability of the Government to manage employment policy and programmes. The project inserted international staff directly within national institutions and worked through national institutional systems to respond to unaddressed emergency needs and support the establishment of credible and effective national leadership, which is an imperative for peace consolidation and State-building. The aim of the embedded approach was not just service delivery but service delivery by and through the Government. The effectiveness and efficiency of the embedded approach were demonstrated by the sustainability of its results. The ILO in Timor-Leste continues to

deliver decent work objectives through programmes and work in three priority areas: youth employment promotion, rural economic development and labour market governance (ILO 2016b).

## What works for youth employment in conflict and fragile settings

Promoting employment and decent work for young women and men in countries affected by conflict and fragility is particularly challenging due to the complexities associated with these contexts and to the intrinsic characteristics of youth. Nevertheless, responding to the unique needs of young people is a requisite for stabilizing crisis-affected societies. For instance, in the case of young ex-combatants, evidence demonstrates that successful reintegration measures rely on both the generation of opportunities in the labour market and the improvement of the employability of youth formerly associated with armed forces and groups.<sup>176</sup> Exclusion from decision-making processes in post-crisis recovery and development efforts, on the contrary, can exacerbate young people's pre-existing vulnerabilities and animate anti-social behaviours, ultimately feeding a downward spiral of poverty, frustration and violence. Promoting youth employment in conflict and fragile settings has become paramount for reducing the vulnerability of young people and to seize their positive transformational potential.

As the following highlights, ILO engagement in youth employment promotion in a multitude of crisis settings have generated a wealth of insights that should be useful to many countries.

- **It is absolutely necessary to understand labour market requirements to avoid skills mismatching while promoting the right of youth to shape their career.** Labour market assessments should identify the relevant sectors and opportunities for young people through a participatory approach involving youth whenever possible. While it is imperative to consider youth interests (agricultural activities might be unattractive to some young people, for instance), it is equally essential to formulate interventions that respond to the market needs (skills in demand, microenterprises and self-employment)

<sup>175</sup> This is in line with the New Deal on Fragile States; see [www.pbsdialogue.org/en/new-deal/new-deal-principles/](http://www.pbsdialogue.org/en/new-deal/new-deal-principles/).

<sup>176</sup> Integrated Disarmament, Demobilization and Reintegration Standards, 2006, revised in 2019.

because this can facilitate the youth transition into growth sectors and burgeoning industries.

- ▶ **Whatever is done should be guided by a theory of change that links employment and peace outcomes.** The objectives of job creation interventions should be clarified through a theory of change that links positive labour market outcomes for youth to peace and resilience. Generally, more resources should be allocated to comprehending the diverse dynamics and potential mechanisms through which these interventions can bring change. A first step when designing programmes for youth employment in conflict and fragile contexts is to understand – through such reflections on the theory of change – how the desired outcome can be achieved.
- ▶ **Context-specific analysis will help build an understanding of youth heterogeneity and gender-specific needs and aspirations.** Interventions should respond to the specific heterogeneous needs of youth subgroups (young ex-combatants, young returnees and refugees, displaced youth, young women and young migrants), and data should be disaggregated based on their individual characteristics (age, sex, education level, socio-cultural background). Attention should be directed towards understanding the push-and-pull factors related to decision-making processes at the individual level within a given social context. For example, it is necessary to consider the factors that may stimulate youth reluctance to engage in certain income-generating activities due to negative perceptions or social stigma and, where possible, provide support to curtail such negative associations. Similarly, emphasis should be placed on comprehending the multifaceted dynamics of youth engagement in anti-social behaviours at a local level. In line with this, interventions should attempt to confront the structural and contingent elements that contribute to adverse behaviours through decent employment generation and the amelioration of the quality and availability of education and training opportunities as well as through psychosocial support, conflict-resolution training and social dialogue. Analyses of the specific dynamics and the needs of diverse subgroups are necessary to ensure programme relevance and flexibility during volatile crises.
- ▶ **Constructive participation and contact must be established at several levels (youth-youth, youth-community, youth-business and youth-government connections).** The

lack of exposure to alternate ways of thinking and values can fuel insularity. Creating spaces for contact, for example, by connecting young ex-combatants with other youth who did not engage in armed conflict, can facilitate the overall integration of these youths into their societies. Programmes that incorporate components for young ex-combatants while tackling the needs of other youth subgroups have been relatively more successful in breaching the element of segregation that hampers effective youth reintegration. Supporting youth cooperatives can be one vehicle of disseminating positive values, such as responsibility, teamwork, accountability and democracy, together with essential business skills training. Another issue exacerbating youth grievances is distrust of the government and institutions and disillusionment with the private sector. Providing a platform for social dialogue allows youth to engage with the government and employers' organizations at a community level. For example, strengthening social connections and building personal relationships within the framework of apprenticeships and engaging with local councils and community groups can be a conduit for social integration and cohesion.

- ▶ **Ownership at all levels must be cultivated among the youth, communities and national agencies and government.** One dimension of project effectiveness is the inclusion of young people and their communities in project design and implementation to enhance peer-to-peer and community relationships and to ensure ownership and empowerment. In line with promoting local ownership of projects, all other actors, such as employers' and workers' organizations, unions, NGOs and donors, also should be involved in the project design and implementation to facilitate the transition of youth into the world of work.
- ▶ **Every effort must be made to reach out to and include all youth.** Several interventions targeting youth in conflict and disaster settings have focused on involving young people who are easy to reach, such as those engaged in education programmes or in their communities, thus leaving behind young persons who are hard to reach but who are equally or more vulnerable during crises. Innovative approaches, including technology-based solutions, should be explored to reach youth who have been detached from community systems and interventions due to their geographic (or other type of) isolation.

- **Mechanisms for monitoring and evaluation need to be amplified to ensure that programmes generate employment and peace outcomes.** Rigorous monitoring of interventions is recommended to ensure continued relevance in volatile political and socio-economic climates. Emphasis should be directed to comparing the outcomes and perception changes of programme participants versus non-participants to understand the effects of employment programmes on both employment and peace.

When designing and implementing programmes for youth employment in conflict and fragile settings through, for example, skills development, employment services or enterprise and cooperative development, the process should attend to the following factors: linking short-term job creation with skills development and long-term employment opportunities to promote sustainability; involving the private sector and local businesses to ensure that interventions are demand-led and market-based; and integrating youth into programme design while working with communities

and employers' groups. Promoting tripartism to stimulate youth agency and trust, encouraging community ownership and establishing constructive dialogue will ultimately support peaceful coexistence and strengthen resilience.

When such initiatives meet the needs of youth, the enhanced economic opportunities they provide, the contact they stimulate and the reduction in grievances they bring about will enable young women and men to use their energy for generating positive peace dividends.

Ultimately, ensuring that interventions work for youth is not only important for optimal employment outcomes for young people in situations of conflict and fragility but is also fundamental for sustainable peace. The future of any country inevitably lies in the future of its youth; investing in youth and unleashing their potential for contributing positively to peace is a necessary precondition for prosperous, peaceful and stable societies and decent work for all persons.

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## ► Green jobs and green futures for youth

Valter Nebuloni and Kees van der Ree

►► The transition to green economies has far-reaching implications for the world of work and can generate, if well managed, ample decent job opportunities, including for young people.

Decent work deficits are widespread. A majority of the 3.3 billion people employed globally in 2018 experienced a lack of material well-being, economic security and access to equal opportunities; an estimated 172 million people were unemployed and, although the global unemployment rate should remain at roughly the same level (at 5 per cent) in 2019 and 2020, the number of people unemployed is projected to increase as a result of the expanding labour force. Among other vulnerable groups, young people aged 15–24 continued to be much less likely employed than other segments of the population. By 2030, 77 per cent of the youth labour force aged 15–24 will be in the developing countries of Africa and the Asia and Pacific region (ILO 2019).

Where will jobs be created? With many countries turning to green-growth scenarios to achieve reductions in greenhouse gas emissions that are consistent with the goals of the 2015 Paris Agreement on climate,<sup>177</sup> the expanding green economy will engender new employment opportunities. The transition to green economies<sup>178</sup> has far-reaching implications for the world of work and can generate – if well managed – ample decent job opportunities, including for young people. A relevant finding of the International Labour Organization’s (ILO) *World Economic and Social Outlook 2018* report on “greening with jobs” is that some countries have suc-

ceeded in improving labour market outcomes while decoupling growth from carbon emissions. Yet, the full potential remains to be met. The report also projects a net employment gain of approximately 18 million jobs globally by 2030 from measures taken in the production and use of energy, including changes in the energy mix, the anticipated growth of electric vehicles and improved energy efficiency in buildings.

To have a larger, positive impact on employment levels and youth labour market outcomes, governments will need to embrace a comprehensive policy approach<sup>179</sup> that stimulates investment in green sectors while updating the skill levels and employability of workers.

A decent work for youth perspective should be guided by several questions: What are the economic sectors and activities with high employment-creation potential? What can national governments and social partners do to enable green investments in such sectors and to the benefit of young jobseekers in particular? What skills development strategies can be devised so that young women and men are better prepared to take up green jobs? What kind of entrepreneurship programmes for green businesses can be undertaken on a sufficiently large scale to make a significant contribution to youth employment?

177 At COP 21 in Paris in 2015, Parties to the 1992 United Nations Framework Convention on Climate Change reached a landmark agreement to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low carbon future. The Paris Agreement builds upon the Convention and – for the first time – brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so.

178 The United Nations Environment Programme (2011) defines a green economy as “one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services”.

179 The 2015 ILO Guidelines for a Just Transition to Environmentally Sustainable Economies and Societies for All offer policy recommendations that can help governments and social partners promote opportunities for decent work when designing national low-carbon strategies.

## The concept of green jobs and its relevance to youth

The transition to greener economies will continue to have important effects on labour markets. There will be job losses in certain sectors while new job opportunities will arise. Many workers will need to reskill and engage in work practices entailing a larger use of new technologies introduced to improve resource efficiency and reduce wastage (WESO 2018). Expected changes can be categorized as follows:

- **job creation** (in both existing and new occupations, such as solar panel technicians, organic farmers, recycling managers, staff in ecotourism resorts, workers in natural resource conservation and restoration, environmental advisers, workers in bicycle shops);
- **job reduction** (such as coal miners and workers in the packaging industry adopting resource-saving technologies);
- **job substitution** (such as transport systems moving to rail, electric cars and shared vehicles, waste management jobs in landfill or dump sites moving to incineration and recycling, jobs in quarries for construction using new building materials and the reuse of leftovers and waste); and
- **job transformation** (changes in occupational profiles, such as operators and managers adopting practices and technologies that reduce environmental impacts or improve environmental quality across a range of sectors; workers in sectors in which energy and resource efficiency are introduced, such as bottling companies changing to new materials and products; staff in financial institutions adopting sustainable investment strategies).

Green jobs can be understood in two ways: (i) employment that contributes towards producing environmentally sustainable *output* and (ii) employment that contributes to making a production pro-

cess more environment-friendly. Jobs in organic agriculture, waste recycling or green buildings are examples of the first category. Workers involved in cleaner production processes in industry or contributing to lowering water and electricity consumption in hotels are examples of the second category of green jobs.

More specifically, green jobs can be defined as jobs that reduce the consumption of energy and raw materials, limit greenhouse gas emissions, minimize waste and pollution, protect and restore ecosystems and enable enterprises and communities to adapt to climate change. They can be found in any economic sector and any enterprise, including the environmental goods and service sector. In addition, green jobs must be decent (UNEP 2008). The decent work<sup>180</sup> dimension is necessary to define environmentally sound occupations as green jobs. The resolution concerning statistics of work, employment and labour underutilization adopted by the nineteenth International Conference of Labour statisticians in 2013 is a useful reference.<sup>181</sup>

Anticipating and managing these changes and what relates to new occupations and profiles is particularly relevant for students, young jobseekers and young workers. Young people generally tend to have stronger aspirations for work that benefits society, in this case by contributing to environmental sustainability.<sup>182</sup> With better standards of education, they can more easily acquire the new skills and competencies required by employers in the green economy and adapt to changing labour market requirements. Young workers have already proved themselves able to perform better than older adults in technology-rich environments (ILO 2017c), which is where green jobs tend to associate.<sup>183</sup>

Tapping into these comparative advantages will require an enabling policy environment and institutional capacity to deal with all the changes and to leave no one behind – because some youth will remain at risk of exclusion.

180 In ILO terms: “Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.”

181 See [www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms\\_230304.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf).

182 See two recent articles, at [www.euronews.com/2019/02/01/youth-climate-change-protests-spread-through-belgium-in-fourth-week](http://www.euronews.com/2019/02/01/youth-climate-change-protests-spread-through-belgium-in-fourth-week); and [www.theguardian.com/environment/2019/mar/01/youth-climate-strikers-we-are-going-to-change-the-fate-of-humanity](http://www.theguardian.com/environment/2019/mar/01/youth-climate-strikers-we-are-going-to-change-the-fate-of-humanity).

183 Relevant examples relate to the use of sensors, survey drones and smart tractors in agriculture, electric automobile manufacturing, intelligent housing and mobile payment systems applied to clean energy and other services, among many others.

## National employment policies that promote green jobs for youth

To optimize the employment gains from the transition to a greener economy and to create green job opportunities for youth, supporting measures are fundamental. These encompass macroeconomic, sector, investment, trade and enterprise development policies to promote job-rich green growth as well as education, training and labour market policies that ensure that youth can acquire the right skills and competencies and are appropriately prepared to take up the green jobs on offer. Spanning all these dimensions, a national employment policy<sup>184</sup> can be instrumental.

Since 2012,<sup>185</sup> governments have increasingly considered climate change and/or environmental sustainability in the formation and implementation of their national employment policies (van der Ree 2017). Several countries have adopted a holistic approach to policymaking, such as in the context of the Partnership for Action on Green Economy (PAGE).<sup>186</sup> In Senegal, for instance, PAGE helped to formulate a National Strategy on Green Jobs, which has been integrated into the national employment policy towards ensuring policy coherence and synergy among actors in the environmental sphere and the world of work. In Peru, an ongoing PAGE review of the national employment policy includes a focus on green jobs as well as on youth. A National Plan for Green Jobs reinforces the policy with concrete measures proposed in distinct areas. And a series of capacity-building workshops for staff of the Ministry of Labour and Employment Promotion has significantly enhanced their understanding of ways to promote green jobs, including through regional youth employment initiatives.

As with any other policy, the national employment policy process is a series of phases, from a situation analysis to ex-post evaluation (ILO 2012a). The cre-

ation of green jobs for youth can be pursued during the different phases of the policy cycle and through the national dialogue underpinning it.

At the preparation stage, it is important to take stock of policy instruments in the social and environmental fields and to map all relevant national actors, including youth-led organizations that should be invited to actively participate in the policy dialogue. The policy vision emerging from a broad-based consultation would ideally refer to young people's views and aspirations.

In reviewing the socio-economic and labour market situations, the identification stage should then describe priority needs pertaining, for example, to insufficient financial incentives to environmental activities or the unavailability of the skills required by green industries. Youth-specific labour market challenges should be assessed at this stage. Climate change and/or environmental sustainability may be included in the problem statement. This stage would also benefit from age-disaggregated studies on current and potential employment effects of climate change and responsive policies across economic sectors.

An employment projection model is a useful tool (ILO 2017b) to anticipate the likely losses and gains in employment if a given increase in sector demand occurs, for instance, when stimulated through targeted investments. A range of analytical instruments is available to assess the green jobs potential of national investment choices.<sup>187</sup> The ILO has applied dynamic social accounting modelling based on the input-output tables of national economies.<sup>188</sup> The approach involves close interaction with national stakeholders, especially to differentiate the most environment-friendly economic activities from others and to determine what jobs link to climate change adaptation. It also involves intensive capacity-building. In undertaking national green jobs assessments over the years, the ILO has also supported the emergence of the Green Jobs Assessment Institutions Network (GAIN),<sup>189</sup> which is

184 The ILO defines a national employment policy as a concerted and coherent policy framework with interventions on the demand and the supply sides and at the macro and micro levels, and that aim to improve the quantity and quality of employment.

185 Participants at the Rio+20 Conference on Sustainable Development in 2012 adopted the Future We Want document, which includes a call for the promotion of a green economy and knowledge sharing on green jobs.

186 PAGE is a global initiative by five United Nations agencies to accelerate the transition to a green economy through national policy reform, sector strategies and capacity-building. Supported by a multi-donor trust fund, it provides technical assistance to a growing number of countries. See [www.UN-PAGE.org](http://www.UN-PAGE.org).

187 A useful overview is presented in ILO and GAIN, *How to Measure and Model Social and Employment Outcomes of Climate and Sustainable Development Policies: A Training Guidebook* (2017). The handbook also contains a full chapter on explaining the rationale for undertaking a green jobs assessment and how to use its results for policymaking.

188 See the series of green jobs assessment reports at [www.ilo.org/global/topics/green-jobs/publications/assessments/lang-en/index.htm](http://www.ilo.org/global/topics/green-jobs/publications/assessments/lang-en/index.htm).

189 See [www.ilo.org/global/topics/green-jobs/areas-of-work/WCMS\\_565193/lang-en/index.htm](http://www.ilo.org/global/topics/green-jobs/areas-of-work/WCMS_565193/lang-en/index.htm).

### Market systems research for youth employment

Reasons for a lack of green employment opportunities for youth are not always obvious. For instance, green business innovation might be stifled by capital constraints, which could be the result of banks lacking knowledge about the viability of green products and services; or it may be disadvantaged by tight regulatory standards. Market systems frameworks map out all relevant functions and relationships and can facilitate changes to remove the most critical constraints to inclusive green growth and the creation of green jobs for youth. When these dynamics are understood, appropriate interventions can be designed to facilitate changes in the way the system works rather than provide support to a specific function or actor.

For example, market systems research in the United Republic of Tanzania's tourism sector, including ecotourism, found that young women and men working in the industry lacked sufficient skills for inclusive growth of the sector. As it turned out, there was a large mismatch between the skills that service providers offered and those demanded by the market. This was due to several factors, including information asymmetry between the private sector and training systems, the business management capacity of training providers and the limited enforcement of training standards. The research proposed various entry points to confront the problem, including working with associations and government agencies to develop more effective coordination and information-sharing mechanisms, developing a business case to increasing incentives for more effective training service provision and facilitating stronger dialogue to increase industry partnership promotion, invest in better capacity development and enforce higher industry standards. The research uncovered opportunities to improve access to finance, human resource services and working conditions.

**Source:** ILO, 2017a. See also [www.ilo.org/thelab](http://www.ilo.org/thelab) on a global initiative funded by the Swiss State Secretariat for Economic Affairs that generates knowledge on how a market systems approach can lead to sustainable decent work outcomes.

a growing body of professionals engaged in green jobs analysis.

Having assessed the job absorption (green jobs) potential of a given economic sector, it would then be necessary to understand what hampers or what can facilitate the development of that sector and the creation of green jobs for youth therein. That will depend on the interplay of a number of factors, including policies, values, norms, services and the influence of actors in government, social partners, the private sector and civil society. Market system frameworks are instrumental in assessing these factors and interactions.

At the formulation stage, an appropriate mix of policy measures will be proposed that are relevant, for example, financing options for green investment, the provision of skills for green jobs or to support youth entrepreneurship and youth-led enterprises in selected branches of the green economy. The measures with the highest predicted benefits for youth should be prioritized. Planning and budgeting require considerations on possible operational synergies and cost-sharing arrangements across ministries (economy, labour, environment, industry and others), national funds and development partners who should be sensitized towards youth-tar-

geted measures. Policy implementation may entail the execution of pilot projects benefiting young people, including through links with national educational and training institutions, climate change and green economy networks and other youth-development interventions. It should be accompanied with a communication campaign on green jobs for youth (activities and results) that can enhance visibility and attracts further support for policy implementation. Monitoring and evaluation are critical functions, and appropriate indicators will need to be selected and applied to prove the achievement of the desired policy outcomes.

National employment policies vary in scope and objectives from one country to another. Years ago, the ILO developed a guide (2012) for national employment policymaking, which has been adapted for green job relevance (table 1). To help improve national employment outcomes, the guide covers (i) measures to stimulate labour demand; (ii) supply-side measures; and (iii) institutional strengthening. Under each of these pillars, suggested actions are included that can be designated for promoting green jobs for youth.

At the regional level, useful guidance comes from the European Union. European countries increas-

► **Table 1. Employment policy instruments and their relevance for green jobs for youth**

Selected component	Relevance to green jobs for youth (illustrative examples)
<b>I. Demand-side measures</b>	
1. Pro-employment macroeconomic policies	
Monetary policy – quantitative easing, credit expansion.	Initiatives that enhance access to credit for micro, small and medium-sized enterprises in the green economy, including by promoting microfinance.
Fiscal policy – stimulus packages; strategies to create fiscal space.	Support to green start-ups.
Investment policies and improving the investment climate, including investment in infrastructure, in public services, in green production and research and development.	Targeting green investments in sectors and regions and localities with a large share of youth unemployment. Linking green research and development with tertiary educational institutions (including for green start-ups and incubators).
<b>2. Sector-based policies:</b> agriculture, services, environmental industries and services, industrial policies that enhance economic diversification.	Sustainable agriculture, green construction, sustainable tourism, waste management, ecosystem services in climate change adaptation (nature conservation, restoration, reforestation, irrigation, flood protection, etc.).
<b>3. Financial policies:</b> national supervisory and regulatory framework for the financial sector, development of the financial sector and financial institutions (including microcredit, funds); credit facilities, access to credit, guarantees and payment facilities.	Green funds for green entrepreneurship among youth. Support to greening business practices in youth enterprises.
<b>4. Trade and regional integration:</b> Policies that promote efficient and well-regulated trade and markets that benefit all workers.	Measures to support the export of sustainable agriculture products. Facilitate the import of renewable energy equipment. Attract foreign visitors for sustainable tourism destinations.
<b>5. Private sector development:</b> Support to public and private enterprises (including cooperatives) and micro-entrepreneurs.	Support to enterprises in green sectors and value chains with high potential for youth employment. Support to incubators and technology hubs.
<b>6. Active labour market measures:</b>	
Incentives and subsidies to hire.	Green enterprises employing youth.
Social stabilizers, including public employment guarantee schemes, emergency public works, other direct job creation schemes.	Green works, such as public employment schemes targeting youth that create or maintain climate-proofing infrastructure (such as flood protection) or improve environmental quality (land restoration and rehabilitation, afforestation, etc.). Payment for ecosystem services that provide an income for anyone who protects and supports ecosystems through certain land management or agricultural practices, etc.
<b>II. Supply-side measures</b>	
<b>1. Human resources development and vocational and technical skills:</b>	
Training policies and systems, with vocational training policy review and development; management of training institutions and systems; investment in training; core work skills and work-based learning, including apprenticeships.	Anticipating skills for green jobs among youth; Developing training modules and curricula relevant to green occupations. Training within green enterprises
Technology for improving capacity to innovate and invest; improving training delivery through ICT; improving access to ICT to reduce the skills gaps.	Green technology and innovation centres. Facilitating access for youth
<b>2. Active labour market measures:</b>	
Job-orientation measures.	Publicizing and promoting green job prospects and vacancies in green enterprises.
Skills development, skills upgrading and reskilling to improve employability, especially for people who lost or are at risk of losing their job and/or other vulnerable groups.	Sector-specific green skills promotion. Reskilling programmes targeting youth in precarious or recently acquired jobs in sectors and enterprises under pressure from environmental regulations or market changes (such as plastic packaging material production, cement industry).
Entrepreneurial skills development programmes.	Green entrepreneurship promotion for youth.

Selected component	Relevance to green jobs for youth (illustrative examples)
<b>III. Institutional strengthening</b>	
<b>1. Employment services:</b> Support the reform and modernization of public employment services and promote cooperation between payment for ecosystem services and private employment agencies.	Services targeting youth in green sectors and enterprises.
<b>2. Passive labour market programmes:</b> Support for unemployment benefits, pre-retirement and pension schemes (especially in the context of external shocks and structural change to green economy).	Enhanced capacity to target youth in unstable employment in sectors under pressure, for example, due to stricter environmental regulations and taxation.
<b>3. Social dialogue and collective bargaining:</b> Measures and mechanisms to address environmental concerns in dialogue and negotiations with national, sector and enterprise levels.	Social partners advocating and promoting green jobs for youth. Mobilizing social partners to engage in designing just-transition low-carbon strategies. Work-based learning on green practices with incentives for operators and workers.

ingly link green growth strategies explicitly to employment, in particular in the context of the design of national strategies to reduce CO<sub>2</sub> emissions consistent with the commitments in the 2015 Paris Agreement. In some countries, the job absorption potential is high. In France, for instance, the

national employment agency reported that in 2015 the demand for green jobs had risen as much as 75 per cent in one year, representing 14 per cent of all vacancies offered by employers.<sup>190</sup> The shortage of qualified workers remains a recurrent challenge. In 2014, the European Commission (2014) recom-

### European Union Green Employment Initiative (selected elements)

#### Supporting job creation

- Improving access to and use of existing funding opportunities.
- Shifting taxes away from labour and towards polluting economic activities.
- Promoting green public procurement, assisted by regulations on certification and life-cycle costing approaches and supported by capacity-building for public sector managers and private sector enterprises.
- Promoting entrepreneurship and social enterprises in expanding green sectors, accompanied by a dedicated Green Action Plan for Small and Medium-Sized Enterprises with green skills upgrading of the workforce.

#### Bridging skills gaps

- Fostering skills development, meeting skills demands in growing eco-industries, upskilling across all sectors and reskilling in vulnerable sectors.
- Aligning sector-based training standards in vocational education and training with labour market needs.
- Improving forecasting of skill needs across sectors and industries.

#### Promoting social dialogue

- Encouraging social partners to develop joint activities at cross-industry and sector levels.
- Ensuring workers' participation in environmental management, more efficient use of energy and resources and the identification of new risks in the workplace.
- Enhancing workers' rights to information and consultation, including for the development of sector-wide resource-efficiency road maps.

**Source:** European Commission, 2014.

<sup>190</sup> See [www.pole-emploi.org/accueil/actualites/transition-energetique--quelles.html?type=article](http://www.pole-emploi.org/accueil/actualites/transition-energetique--quelles.html?type=article).

mended that its Member States take up measures that would realize the potential of the green economy. Most of these measures can be tailored to take on the specific challenges that young people face.

Promoting green jobs for youth also implies protecting and supporting young workers at risk of losing their jobs. Employment policies should also include measures to protect youth employed in sectors and enterprises in shock or under pressure due to tighter environmental regulations (such as high-emission industries).<sup>191</sup> The European Union Green Employment Initiative suggests the following measures to ensure a positive employment impact from the transition:

- Anticipating change and managing restructuring, building on sector initiatives.
- Promoting occupational mobility as well as mobility of jobseekers, including through competence-based job matching.
- Adapting labour market institutions through public employment services focusing on green employment strategies and programmes.

Similar measures can be considered for possible adaptation and application in different regional contexts.

## A sector approach to creating green jobs

The 2015 Paris Agreement catalysed countries to design and implement development strategies that will enable them to achieve the agreed targets for emissions reduction. In most cases, this includes specific sector policies to promote investment in green processes and products. An important issue here is to what extent sectoral shifts weigh in on employment and in particular for young unemployed persons and youth entering the labour market.

Sector-specific approaches have been adopted by many governments because interventions can be bundled and better targeted. Such actors as national ministries, business organizations and technical education and training institutions are often well

connected, providing good entry points for projection and support. Value chain development brings in a particular focus on how resources are obtained, processed, produced and traded. Enterprise development with decent jobs for youth along sustainable value chains can be purposely promoted, as many development agencies have done.<sup>192</sup>

The potential of generating green jobs is particularly high in certain sectors where there is scope to invest further in green technologies and to build green value chains.

Despite a decreasing trend globally, *agriculture* continues to be the leading sector in employment generation, notably in Africa. More than 23 million young people were employed in agriculture in sub-Saharan Africa in 2015, with young women making up 42 per cent of the agricultural labour force.<sup>193</sup> As sustainable and inclusive agro-based value chains expand and consumer markets grow in rural areas, more opportunities for off-farm employment are created. To facilitate change, appropriate business development services should be provided, including management advice and extension services, to adopt climate-smart farming techniques and cultivate more resistant crops.

Young people are well placed to embrace and apply innovations, thus becoming actors in advancing green transformation in agriculture. ILO research (2020) shows that innovations in information and communication technology (ICT) can boost agriculture and youth employment by facilitating information dissemination, access to skills development, use of mobile financial services and obtaining up-to-date market information. For example, Mkulima Young<sup>194</sup> in Kenya created a virtual farmers market that is also accessible using social networks. Buyers and sellers can finalize transactions on the MYSoko online platform after interacting on Facebook and Twitter. The social network pages are also a powerful channel to exchange experience and knowledge between “agripreneurs” and customers.

ICT can also help change any negative perception of agriculture among young people, including through social media, networking and participation in policy dialogue. As a possible downside, the adoption of modern technologies and production methods may

191 A recent example is the German Coal Commission report, 2019. See the abstract in English [www.euractiv.com/section/energy/news/whats-in-the-german-coal-commissions-final-report/](http://www.euractiv.com/section/energy/news/whats-in-the-german-coal-commissions-final-report/).

192 For a compendium related to food value chains, see <https://knowledge4food.net/knowledge-portal/youth-and-rural-employment/>.

193 The ILO calculation for young people aged 15–24 years old is based on the Labour Force Micro v1.5 database. The number increases to slightly more than 33 million for young people aged up to 29 years.

194 See [www.mkulimayoung.com/](http://www.mkulimayoung.com/).

affect labour intensity, thus reduce possibilities for young jobseekers, at least in the short term.

The rapid growth of investments and jobs in *renewable energy* holds potential for youth employment too. Job opportunities relate to the installation of photovoltaic panels, solar-heated home systems, wind-powered devices as well as large hydropower projects. Producing solar photovoltaic panels creates, on average, twice the number of jobs per unit of electricity generation than coal or natural gas (IRENA 2018). Given that these are often temporary jobs, it is more important to consider the employment multiplier through the renewable energy value chain and the jobs created as a result of access to improved energy access. In some countries, up to five indirect jobs could be generated for each installed megawatt of power.<sup>195</sup>

The expansion of renewable energy can provide opportunities for unemployed youth in rural areas. Sierra Leone,<sup>196</sup> for example, aims at providing access to electricity to all citizens by 2025 through a Power for All initiative. As a result of a more enabling business environment, many energy companies have been formed since 2016. An example is Ignite Power, intending to link youth with employment in the distribution of renewable energy. The company trains youth free of charge on solar panel installation and maintenance, while other youth are coached to set up a small business in mobile money transfers and decentralized charging stations. Solar equipment and the related services are rapidly expanding into remote rural areas, which would also benefit from induced effects on other services. Energy would allow the use of new technology and raise productivity of rural enterprises, including farms, stimulating local economic development and youth employment.

The transition to a greener economy is expected to have a positive employment impact on the construction industry, including *green housing*. In countries with a rapidly growing middle class and a shortage of housing stock, there is considerable potential for jobs in the construction of energy-efficient real estate using sustainable building methods and materials. Yet, there are several constraints for exploiting the full potential of jobs for youth in green building: Many countries have not yet crafted enabling policies with building codes and

certification systems on green building standards. They are also short on providing incentives for the private sector to adopt and compete with greener business practices. Finally, young workers are not adequately trained on handling new technologies and the use of sustainable materials in the construction industry.

The ILO has developed a systemic approach to transforming the building sector towards sustainable practices all along the value chain. Piloted in Zambia, the approach is now being introduced in other countries through capacity-building and advocacy. The Zambia Green Jobs programme<sup>197</sup> helped to create jobs among youth by promoting sustainable enterprises in an expanding market for green housing. Supportive actors along the entire construction value chain were included, from forest growers and processors to manufacturers and retailers of local building materials as well as buyers of green houses. Overall, some 4,300 jobs were created, nearly 75 per cent of which went to young people. The model of intervention consisted of three components: (i) shaping attitudes, practices and behaviours towards the advantages of green buildings and their related job creation potential; (ii) policy-level engagement that supports government and parastatal institutions to undertake a regulatory reform process to promote green-building practices among private and public housing developers and to support a green building association; and (iii) capacity-building of private sector associations and service providers, aimed at improving micro, small and medium-sized enterprises' access to industry-specific financial services as well as functional and technical and vocational skills training. A well-established theory of change, the strong engagement of the national government, good working relations among actors, an effective communication strategy and the development of a replicable model for future interventions in the construction and other sectors were identified as success factors.

While the tourism sector offers important employment opportunities, including for young people, a rapid and unregulated growth of this sector may represent a threat to natural resources, the protection of biodiversity and the preservation of unique cultural values. More countries are therefore

195 The Renewable Energy Sector and Youth Employment in Algeria, Libya, Morocco and Tunisia, AfDB.

196 *Standard Times*, Sierra Leone n.d., <http://standardtimespress.org/?p=7472>.

197 The ILO International Training Centre is offering annual courses on the subject and offers training of trainers on the Start and Improve Your Construction Business package for aspiring entrepreneurs. See [www.itcilo.org/en/areas-of-expertise/green-jobs](http://www.itcilo.org/en/areas-of-expertise/green-jobs).

embracing concepts falling under the category of *sustainable tourism* (ILO 2016).

In some countries, like Costa Rica and Peru, these forms of tourism represent lead segments of the national industry. In the Lao People's Democratic Republic, ecotourism is promoted as part of the Government's Tourism Strategy 2006–2020,<sup>198</sup> which aims to foster environmental protection and socio-economic development for host communities. Its training and capacity-building component works through a mobile training unit under the auspices of the Lao National Tourism Administration to coordinate and develop standardized training programmes and manuals.<sup>199</sup> The Government also supports the development of vocational training and bachelor's degree courses for youth aspiring to work in ecotourism. In South Africa, the Social Responsibility Implementation Programme<sup>200</sup> aims to stimulate employment creation in the tourism sector with a priority on youth development; skills development and other training to make young people fit for jobs in tourism are core elements of the programme.

In Indonesia, the ILO has been supporting development and implementation of a national strategy for sustainable tourism and green jobs (ILO 2012b), building on the results of a pilot project for youth employment in East Java. In 2018, a multiyear technical cooperation programme funded by the Swiss State Secretariat for Economic Affairs was launched to promote integrated sustainable tourism master plans and their implementation in five priority tourism destinations. The collaboration with polytechnic training institutions is expected to produce graduate students with relevant skills in line with the needs of the tourism industry and to contribute to the sustainable development of the sector.

Protecting and restoring ecosystems can help prevent the loss of jobs and income, considering that most of the world's populations who are poor depend on the use of natural resources, including soil, water, forest and fishing resources. *Natural resource management and related infrastructure programmes* offer job opportunities and can be designed to provide social benefits for the most

vulnerable of individuals. Payment for ecosystem services has become a much-used approach to preserving nature and rehabilitating degraded resources or preventing the situation from worsening. Workers, typically residing in the communities affected by degradation, earn an income by adopting specific natural resource management practices. Countries like Brazil, India, Mexico, Peru and South Africa are allocating vast amounts of public finance for such programmes in affected rural areas.<sup>201</sup>

Job opportunities for the youth are also created through public employment programmes related to basic sustainable infrastructure. This includes flood protection and anti-erosion provisions but also water supply and sanitation. An approach prioritizing locally available inputs and technical capacities can yield benefits in terms of both local employment generation and environmental protection. The ILO helped promote green jobs through "green works" (ILO 2011b) in several countries (Haiti, Mauritania and Timor-Leste, among others) and different subsectors, including irrigation, soil and water conservation, flood control and rural transport. Income and other benefits were obtained by young people who represented a large share of project beneficiaries. Capacity-building constituted a core component of these programmes at the local level.

South Africa has implemented large-scale public works programmes over many years related to the environment. The Expanded Public Works Programme has generated more than 8 million work opportunities since its inception in 2004. Water, parks, wetland and waste management are among the environmental services provided by the programme. The Working for Water is an ecological restoration programme to generate jobs, especially for women and youth. It has been running some 20 years, during which time it spawned a number of other natural resource programmes (such as wetland restoration). At the end of 2018, its 300 projects across South Africa were reported to have cleared more than 3 million hectares of invasive plants, and provided training and employment to more than 300,000 people over its lifespan.<sup>202</sup>

198 See [www.tourismlaos.org/files/files/Lao%20PDR%20Tourism%20Strategy%202006-2020%20in%20English.pdf](http://www.tourismlaos.org/files/files/Lao%20PDR%20Tourism%20Strategy%202006-2020%20in%20English.pdf).

199 See, for example, <https://sme-tools.org/about/>.

200 See [www.tourism.gov.za/CurrentProjects/SRI/Pages/SRI.aspx](http://www.tourism.gov.za/CurrentProjects/SRI/Pages/SRI.aspx).

201 For more guidance, see [www.social-protection.org/gimi/ShowTheme.action?id=4127](http://www.social-protection.org/gimi/ShowTheme.action?id=4127).

202 Green Economy Coalition, [www.greeneconomycoalition.org/news-analysis/working-for-water-in-south-africa](http://www.greeneconomycoalition.org/news-analysis/working-for-water-in-south-africa).

## Skills for green jobs

It should be emphasized that developing skills for green jobs is not only reactive but can be an important driver of change as well, especially among the youth. In fact, new and better skills foster innovation and trigger investment in green activities, thus accelerating the green transformation.

Adequate skills among workers and managers are requisite for advancing the green economy and creating green jobs for youth. However, given the sometimes-rapid development in green sectors, such as renewable energy and eco-construction, market expansion has been hampered in many countries by a shortage of appropriate skills and technical expertise. It is therefore important to anticipate expected changes in skills requirements (ILO 2015) and adapt or reform technical and vocational training systems and programmes.

The growing consensus on the pivotal role of skills development for inclusive green growth, however, does not always translate to high priority in policies and interventions. A recent ILO survey found that although the evolving skills needs are being monitored through platforms and other mechanisms in a majority of countries, only a few include a focus on green jobs (ILO 2018). The countries that have undertaken dedicated training programmes for green jobs have done so for specific sectors, such as waste management, construction or renewable energy, because a more holistic approach would have larger cost implications. The survey also found that the definition of skills for green jobs is not commonly agreed and data collection falls short. The lack of reliable data confounds the shaping of coherent skills development policies for the green transition.

Useful guidance in the form of a framework for policy analysis and programming for jobs and skills in the green economy is provided by the platform for Advancing Green Human Capital<sup>203</sup> created by the United Nations Educational, Scientific and Cultural Organization's International Centre for Technical and Vocational Education and Training, the ILO and French partners (the Ministry of Ecological and Inclusive Transition and the French Development Agency) on the occasion of the United Nations Framework Convention on Climate Change meeting in Fiji, 2017 (COP 23). This guiding framework is built around three policy areas and suggests distinctive policy actions and related trigger points to progressively integrate skills development into green policies (table 2). It signals the importance of aligning skills development across government institutions and other green economy stakeholders.

From a global review of 21 countries conducted in 2010 (ILO 2011a), the ILO distilled the following general policy messages on skills for green jobs, which are also applicable to youth-targeted strategies and activities:

- **Use social dialogue.** Engaging trade unions and employers' associations within skills development strategies can make the education and training systems more responsive and hands-on for rapidly changing needs. It also can catalyse change on a larger scale.
- **Improve policy coordination at all stages of a green development strategy.** For example, create dedicated task forces or steering committees on human resource development or incorporate training and skills issues into existing bodies for sustainable development.

► **Table 2. Examples of policy actions and trigger points to advance green human capital**

Policy area	Sample policy actions	Sample trigger point
1. Market analysis and policy orientation	Promoting political willingness and strategic vision.	Senior leaders across government are aware of the links between employment, social and environmental policies and the importance of acting on greening skills.
2. Stakeholder awareness and ownership	Designing a legislative framework and financial plan to act on greening skills.	A legal basis for policy actions, including laws, decrees and other forms of regulation, structures the efforts to adapt jobs and skills and technical and vocational education and training in various sectors.
3. Integrated governance	Enhancing mutual reinforcement between policies and targets across sectors and levels of governance.	Actions across sectors and territories are compiled, analysed, evaluated and disseminated to feed and accelerate the national effort towards sustainability-related skills.

Source: UNESCO, ILO and AFD 2017.

203 See [www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/publication/wcms\\_607491.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_607491.pdf).

- ▶ **Focus on retraining and the development of portable skills to encourage occupational mobility and improve employability.** Public employment services can be helpful, offering short vocational training courses that are tailored to employers' needs.
- ▶ **Prioritize training for disadvantaged groups, such as youth.** Training should be made accessible to disadvantaged youth, people with disabilities, rural communities and other vulnerable populations. This is a requisite to ensure that green growth is also inclusive and prevents the widening of inequalities.
- ▶ **Ensure that trainers keep up to date.** Information and knowledge on green technology, production methods and new products is changing rapidly, as are markets. Persons teaching young people should be abreast of the latest development to optimize the employability of graduates.
- ▶ **Improve systems for determining and anticipating the demand for green job skills.** Initiatives, as part of national human resource development strategies, should involve government officers, employers, workers and providers of training and education, possibly evolving into sector-based skills councils.

Governments can anticipate the skill needs for greening in priority sectors, in line with national employment policies and sustainable development strategies, in particular those to achieve emission reduction targets specified in the 2015 Paris Agreement. For instance, a list of occupations in high demand, including in green sectors, is published regularly in South Africa. In France, the National Observatory for Jobs and Occupations of the Green Economy runs regular assessments. Thailand's Occupation Trends report, regularly published by the Department of Employment, includes the demand for occupations related to green sectors.

Some countries have made worthwhile efforts to reflect an environmental dimension, including climate change in the national skills policies and programmes. For example, India established the Sector Skill Council for Green Jobs<sup>204</sup> to address the shortage of skilled workers in the installation and maintenance of solar panels. It is a joint initiative started in 2015 by the Ministry of New and Renewable Energy and the Confederation of Indian

Industry. Its broader mission is to determine the skilling needs of service users as well as manufacturers and service providers within the green businesses sector and then implement nationwide, now change industry-led, collaborative skills development and entrepreneur-development initiatives that will enable India to reach its potential for green businesses. The initiative underpins the country's investment in renewable energy, while intervening in other sectors, such as green construction, green transportation, solid waste management and e-waste management.

Other entry points can be used to develop skills for green jobs. National environmental legislation increasingly refers to skills development, although consensus has not yet been reached in many countries on the definition of skills for the green transition. Elsewhere, such as the 2014 Green Growth Framework for Fiji, job skills for sustainable development are enhanced as a way to reduce unemployment and underemployment among youth; this includes apprenticeship schemes, trade skills, incentives for micro, small and medium-sized enterprises and vocational training programmes. As for the recognition and uptake of skills for green jobs in technical and vocational education and training (TVET) institutions and curricula development, examples of good practice include:

- ▶ Fortalecimiento de sistemas integrados de Formación, Orientación e Inserción Laboral (FOIL) in Central American countries and the Dominican Republic (2010–14).<sup>205</sup> In the seven countries where the project was implemented, new standards were developed, together with training modules, for a range of green occupations. In turn, the collaborating training institutions reached 8,000 workers with technical vocational training in solid waste management, water treatment and the implementation of environmental management systems.
- ▶ Training of solar panel installers targeting youth and women in Bangladesh (implemented in 2008–10 by Grameen Shakti with the ILO and Australian Aid). In this good example of mainstreaming training into the national system of vocational qualifications, young women were also targeted in other countries, including through the Working for Water programme in South Africa and at the Barefoot College in India.<sup>206</sup>

204 See <http://sscji.in/>.

205 See [www.ilo.org/global/topics/green-jobs/projects/latin-america/WCMS\\_213186/lang-en/index.htm](http://www.ilo.org/global/topics/green-jobs/projects/latin-america/WCMS_213186/lang-en/index.htm).

206 See [www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_216960.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_216960.pdf).

- The Skills Development for a Green Economy programme of the German Agency for International Cooperation (GIZ) supports the Department of Higher Education and Training to replicate dual occupational programmes in South Africa and in line with its green economy strategy. The programme (2018–22) pilots an integrated dual training programme for electricians and plumbers: It combines learning at TVET colleges (theory and simulated practice) with structured workplace-based training in companies, just like an apprenticeship scheme. Based on the lessons learned from the implementation, mechanisms and procedures are established for replication.<sup>207</sup>

These successful initiatives have several features in common: (i) a strategic orientation with regard to reforming the national training systems; (ii) close collaboration with local training experts to contextualize and adapt new training modules appropriately; and, in the case of Central America, (iii) the involvement of the private sector, business organizations and trade unions to build consensus through social dialogue on the type and scope of skills reform.

## Entrepreneurship promotion

Entrepreneurship promotion is singled out here because it is particularly suited for the creation of green jobs for youth. Existing national employment strategies and development cooperation efforts often rely on entrepreneurship. Support programmes concentrate on the typical challenges that existing or potential young entrepreneurs struggle with, including lack of business and management skills, lack of technical knowledge and difficult access to financing and markets. The programmes tend to deploy a variety of approaches and instruments, ranging from measures to improve the overall business environment (for example, through fiscal reform, land titling, access to public procurement, trade regulations and infrastructure development) to direct service provision for enhancing market information, access to credit, technology support, innovation and start-up, entrepreneurship training and coaching.

Under a broader research line on “what works in youth employment”, the ILO coordinated a large-scale review in 2016–17 of youth entrepreneurship and other active labour market policies. Consistent

with other meta-analyses of a similar nature, the review concluded that entrepreneurship programmes have, on average, by far the biggest impact among all active labour market policies for young people. They appear to be particularly effective in low- and middle-income countries and stronger when a combination of support services are delivered rather than offering training alone. There is much heterogeneity in the impact of entrepreneurship, which seems influenced by the design of interventions as well as by the country context (Kluve et al. 2017).

Over the past decade, many generic entrepreneurship programmes have come to include green business ideas and the promotion of green business practices, while other interventions have focused solely on green sectors and enterprises.

As an example of the former, the ILO long-standing Start and Improve Your Business programme has introduced sector-specific adaptations to its training materials (for business development in green construction, waste management, organic agriculture, renewable energy, sustainable tourism and other sectors) in China, Egypt, Indonesia and the Philippines. A related tool is the ILO Green Business Option training kit, which explains how to transform environmental awareness and motivations of potential entrepreneurs into environment-friendly, economically viable and socially just business ideas. To date, more than 2,000 young green entrepreneurs have been trained on using this tool. The Youth Entrepreneurship Facility<sup>208</sup> programme implemented in East Africa (Kenya, the United Republic of Tanzania and Uganda) from 2010 to 2014 offers another relevant example of how a generic training instrument can evolve into a support package for young green entrepreneurs. By operating with strategic partners, including other United Nations agencies and national banks and associations, the programme achieved large-scale outreach and sustainable institutional impact.

Some agencies have built up large-scale facilities meant to catalyse business creation solely through green entrepreneurship development. As part of a larger European Union-funded facility, the SwitchMed programme has been aiming since 2012 at promoting innovative business solutions to environmental challenges that are economically viable and socially empowering. Participants benefit from training, and the best green business ideas are

<sup>207</sup> See [www.giz.de/en/worldwide/35089.html](http://www.giz.de/en/worldwide/35089.html).

<sup>208</sup> See [www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms\\_409910.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_409910.pdf).

selected for further technical and financial support. SwitchMed both helps business creation and builds and drives networks of green entrepreneurs and support organizations that are seen as change-makers and named “Switchers”.<sup>209</sup> Green entrepreneurship promotion for youth is prominent in SwitchMed.

Another inspiring example of similar scale is the global SEED initiative, exclusively focused on green entrepreneurship. Its strength lies in combining customized support to innovative start-ups with outreach and advocacy for creating an enabling “eco-environment” for green business development. SEED’s efforts on documenting local impact and attaining global visibility are exemplary.<sup>210</sup> Its many approaches includes the replication of business models or setting up of franchises through the provision of replication manuals and facilitating partnerships via Connect Workshops. The SEED Awards emphasize eco-inclusive enterprises in sectors of waste management, agroprocessing, energy and green technologies.<sup>211</sup>

As an interagency effort, the Global Initiative on Decent Jobs for Youth<sup>212</sup> includes a thematic plan on youth entrepreneurship and self-employment that recognizes that urgent action is needed to mitigate the critical challenges that young people encounter in their drive for entrepreneurship. The plan is organized around three action lines: (i) promoting and enabling policy and regulatory environment; (ii) facilitating access to markets, networks, knowledge and skills; and (iii) facilitating access to finance, including by equipping young entrepreneurs with financial capabilities.

The examples of these sizable programme interventions illustrate the efforts and funds that go towards promoting green entrepreneurship. Development partners like the World Bank<sup>213</sup> and, more recently, the Global Green Growth Institute<sup>214</sup> are supporting innovation centres, entrepreneurship training and start-ups of green business ventures primarily for youth. Yet, more needs to be done to make these programmes financially sustainable, for example, by attracting local business sponsors or by promoting matchmaking with local investment funds.

## Job potential waiting to bloom

In many countries, the green economy holds a largely unexploited job-creation potential, including for young women and men. Under these circumstances, it would appear appropriate for governments and their partners to give high priority to mobilizing investment in green sectors, technologies and skills to manage and operate new, more sustainable business models.

However, greening the economy does not automatically translate into decent jobs for young people. Dedicated initiatives are required, and the issue is whether to take a full-fledged green jobs promotion approach (“green only”) or to enhance the integration of green jobs within existing institutions and programmes (“green blending”).

No single blueprint is available or even recommended. But there are a multitude of entry points and possible synergies among policies and programmes of different kinds. Should a government prioritize formalization, for instance, a green jobs strategy for youth could focus on how to help set up registered green businesses or organize youth workers in cooperatives, possibly in renewable energy (ILO 2013) or waste management. In a similar vein, if migration is a national priority, the strategy could include green jobs employment services or skills training for youth considering leaving the country. These two approaches are not mutually exclusive.

A national employment policy framework must encompass different policy areas and instruments that enable a green economy to grow while promoting decent jobs, especially for young women and men. And then a national employment policy should recognize contemporary environmental challenges and the job opportunities linked to environmental and related policies.

An overall enabling environment for green economy investment is of overriding importance to induce markets and sustainable enterprises to create green jobs for young people.<sup>215</sup> The market

209 See [www.theswitchers.eu/en/](http://www.theswitchers.eu/en/).

210 See for example [www.seed.uno/publications/case-studies.html](http://www.seed.uno/publications/case-studies.html).

211 See <https://seed.uno/articles/news/seed-award-winners-lauded-as-green-economy-innovators-at-page-2019>.

212 See [www.decentjobsforyouth.org/](http://www.decentjobsforyouth.org/).

213 An example is Climate Innovation Centre, Kenya, <https://kenyacic.org/about/about-us>.

214 For the Green Entrepreneurship Accelerator Programme, see <http://gggi.org/green-entrepreneurship-accelerator-program/>.

215 This has been reflected, among others, in the programme design of the Partnership for Action on Green Economy as well as in the intervention model of Global Green Growth Institute’s country programmes (GGGI 2017) and in the policy guidance on green skills and green jobs by the French Agency for Development (Afd 2017).

systems framework can be applied to analyse what regulates the functioning of markets and value chains (Ripley 2017) and to enhance decent work creation by making markets of green products and services more inclusive, in this case for youth. Tapping into emerging opportunities in promising sectors will require that young women and men have the right skills; education and skills development systems and programmes should be revised accordingly. Youth entrepreneurship is among the viable policy options for decent jobs for youth in the green economy but, to succeed, young entrepreneurs require the commitment of multiple actors at all stages of the business cycle.

The Global Initiative on Decent Jobs for Youth (GIDJY 2017) proposes a theory of change that relies on a series of coherent actions at the institutional and enterprise levels:

- Identify market constraints to unleash job creation.
  - Conduct market systems analyses in green sectors and value chains with high potential for job creation.
  - Based on market systems analyses, develop intervention proposals and mobilize resources to scale up action on green jobs for young people.
- Stimulate youth-focused employment-intensive green growth.
  - Develop country-specific business cases for adapting current policies and programmes, particularly in employment-intensive infrastructure (“green works”), energy and food production.
  - Foster collaboration with champions in the public and private sectors who will drive forward the needed investments and policy changes.
  - Strengthen technical assistance on youth employment and green jobs at the country level, depending on the requirements of national partners.
- Foster demand-driven skills development in the green economy.
  - Conduct skills gap surveys to understand what specific skills employers in the green

economy demand but what young women and men typically lack. Develop recommendations for closing the gap.

- Collaborate with national service providers and training institutions that have the capacity and incentives to incorporate better skills development and matching, entrepreneurship and information services into their service portfolios.
- Strengthen cooperation with national education agencies to develop a plan for integrating green skills into schools or apprenticeship programmes.
- Strengthen national certification schemes to ensure conformity with training programmes.

This is only one of the possible intervention models, and other avenues can be explored to create more and better job opportunities for youth in the green economy.

Irrespective of the path taken by countries, some critical aspects will deserve continued attention. First, a strong articulation among different policy measures is desirable to scale up influence and impact. Accordingly, there is a need for enhanced collaboration among all national actors, including the government, the private sector and the different entities representing the civil society. Of course, youth, as part of the solution, must be meaningfully engaged in the green growth and related policy processes, programme implementation and evaluation.

Green job opportunities must be sufficiently attractive to young people. This can mean for them the possibility to apply skills they have previously acquired, learning and career development prospects and job quality and working conditions. Future action should not disregard that “green jobs are decent jobs”; it should systematically look into ways and means to promote and protect young workers’ rights, also considering the large proportion of youth in informal settings and hazardous occupations.

There is scope to do more towards reaching the green jobs for youth potential. Moving in this direction would help address a persistent youth employment challenge while preserving the environment and making economies more resilient to climate change.

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# ▶ Part 3

The way forward

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## ► Public employment services that work for young people

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Zulum Avila

### ►► Instilling resilience, adaptability and sustainability in the making and delivery of labour market services may be a more promising way forward...

Worldwide, far too many jobseekers aged 15–24 face a precarious transition to stable employment as they embark into working life. But looking for work should not be complicated, expensive or inefficient. Increasing available public support when they are prospecting for employers, applying for jobs and even making decisions on job and career paths can give young people a better start in the labour market.

Employment services are one of the most cost-effective active labour market interventions to match jobseekers with vacant positions. Assisting young people successfully, however, requires a different approach than for adults: a combination of mainstream services and targeted approaches for their transition into employment. There are many labour market services and programmes that are moving young people into jobs, self-employment or entrepreneurship. Available evidence shows delivery works when services are tailored to an individual's readiness for employment and the local context.

### Youth are struggling to find a solid foothold in today's job market

In 2019, 67.5 million youth around the world were unemployed, and many of them were actively looking for job opportunities (ILO 2020).<sup>216</sup> Connecting young jobseekers to their first job and ensuring quality employment poses different challenges from what older adult workers encounter. Available data reveal that too many young people face an

uneasy transition to stable employment. Estimates also indicate that the first contact with the labour market for more than seven in ten persons aged 15–24 worldwide is through informal employment (figure 1).

Although with strong variations across countries, such transition patterns place a large portion of these young workers in vulnerability, with many of them working in digital labour platforms, on-call positions, temporary work or part-time contracts. While these types of jobs offer young people an opportunity to gain work experience, they do not systematically function as a “stepping stone” towards regular work. Moving to the next job and the risk of becoming jobless with no social benefits, sick pay, pension credits or rights at work is greater for young workers in non-standard forms of work, including the gig and sharing economies.

In contrast, the biggest challenge for employers of all sizes is to reach potential job candidates with their match-required profile for vacancies. Survey findings repeatedly highlight that employers cannot find the skilled workers they need. For instance, McKinsey has reported since 2012 that about six in ten employers, in different emerging markets and developed economies, are struggling to fill more entry-level positions and fear not finding enough skilled candidates. Employers also reported that high turnover is adding pressure to their recruitment costs and time needed for identifying potential candidates, including for filling and maintaining workers in low-skill positions.

A poor transition into employment, followed by a series of low-quality jobs, could negatively affect

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<sup>216</sup> “Youth” refers to people aged 15–24 unless otherwise specified.

► **Figure 1. Young people's first transition into the labour market**

**77%** of all 15- to 4-years-olds working worldwide start working in informal employment



**Source:** Author, based on figures from Bonnet, Chacaltana and Leung 2019.

► **Figure 2. Employers having difficulty filling entry-level positions**

**60%** of employers from different countries and industries fear not being able to fill entry-level positions



**Source:** Author, based on Bughin et al. 2018.

a young person's long-term career and income and, most problematically, results in labour market exclusion and inequality. The difficulties young people are experiencing to find a job and employers are having in recruiting reflect the critical need for cost-effective policy interventions to connect labour supply and demand through a more transparent job market.

## An evolving job-search market

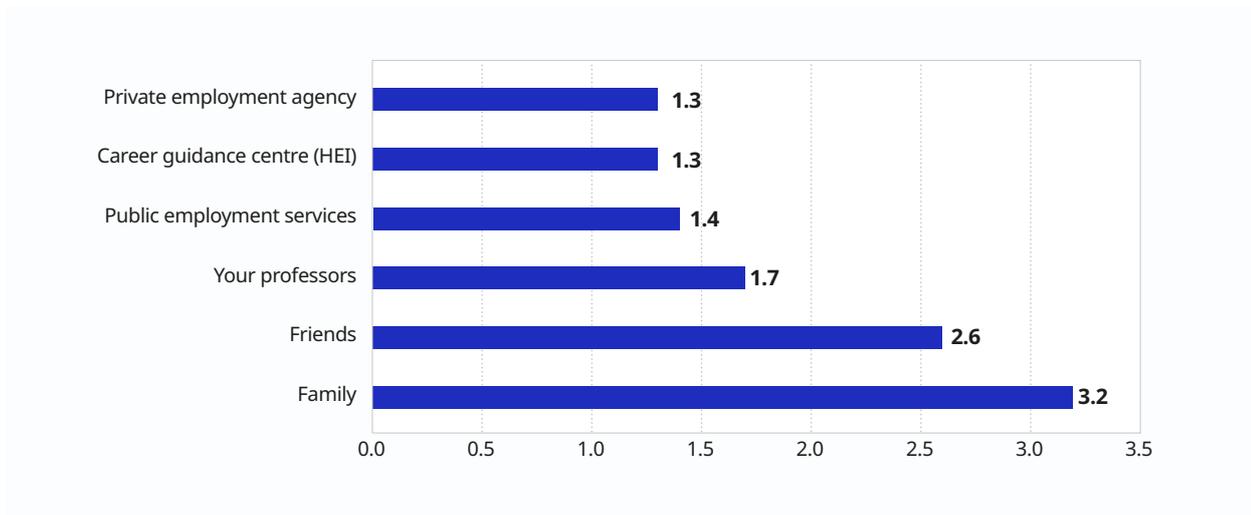
### A variety of job-search channels

Young people are hunting for jobs in a mixed context of declining routine-intensive occupations, additional demand for new skills, increasing job losses and task profiles becoming more technology-oriented. In the era of internet and smart phones, young jobseekers have at hand many job-searching channels, ranging from newspaper advertisements, direct enquires with employers, internet job sites (job aggregators, job forums, job posting sites), private recruitment agencies and government-run employment services to referrals by family and social networks.

Many young jobseekers, however, might not be aware of the support that is available to them and thus face a harder time finding a job. Increasing the

assistance available to young persons when they are deciding on their career path, prospecting for employers and applying for jobs can give them a better start in the labour market.

When searching for jobs, young people are still heavily reliant on family and personal networks and make little use of formal job-search methods through job intermediaries. While plenty of job matches occur (as they should) without the intervention of employment service providers, an over-reliance on personal networks for job hunting stresses the inequalities in entering the labour market. This practice is even more evident in labour markets where job-search services are limited in scope or perform poorly. For example, social and family networks remain the most popular method for job searching among young people in Arab countries: Less than 5 per cent of employed youth in Algeria and 9 per cent in Jordan declared public employment services helped them to land a job (Lassassi and Alhawarin 2018). A study on transitions from higher education systems to the labour market in the Western Balkans also found that young graduates received little support from career guidance centres and job intermediaries; in contrast, their social networks typically helped them the most with job-searching (figure 3).

► **Figure 3. Job-search sources used by young graduates in Western Balkans, 2015**

**Note:** HEI=higher education institutions. Data from a cross-country survey carried out from March to August 2015. Respondents were higher-education graduates (at 4,602) who had completed their studies since 2010. Answers were scored on a scale of 1–5, with 1 = “no help at all” and 5 = “very much helped”.

**Source:** Taken from Bartlett and Uvalić 2019.

In Finland, where public employment services are better resourced, unemployed youth in rural areas in 2004 had the reflex to first contact the public job centres when seeking work or information on training and education. Young jobseekers in urban areas, however, mainly used personal networks for their job searching (Jentshc and Shucksmith 2004). This might be indicative that individuals with different job profiles and locations use different job-searching strategies, thus reflecting how labour markets work in practice in a given socio-cultural environment. It could also signal that accessibility to effective job-search support makes a difference for improving early labour market entrance.

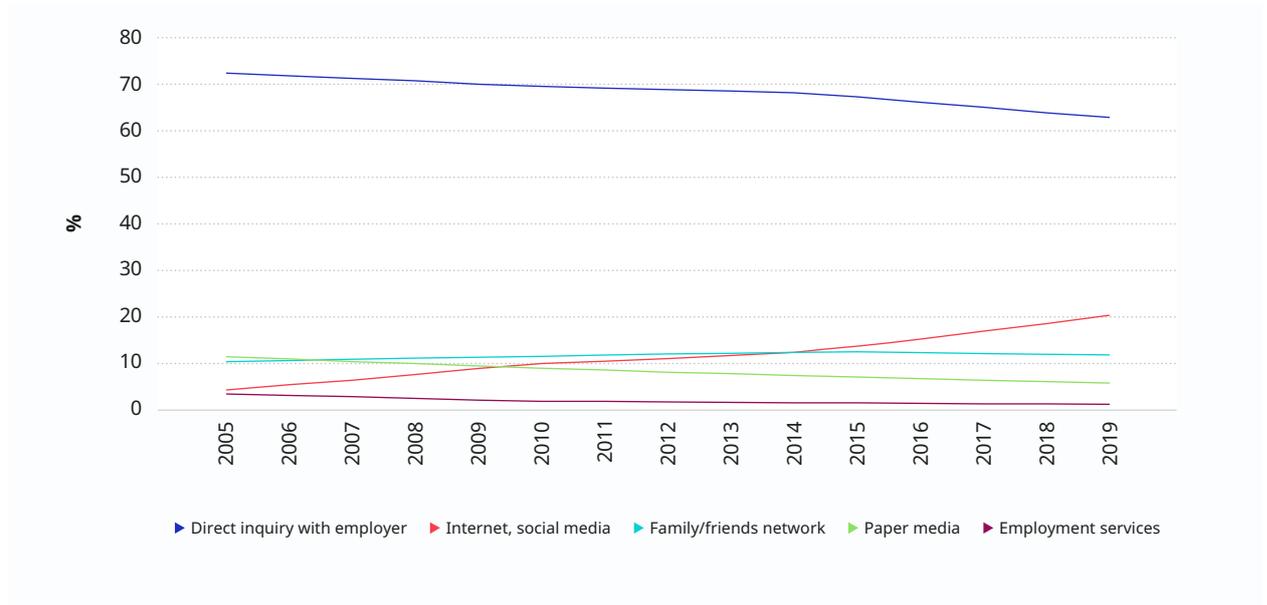
Family, professional and institutional networks around young people strongly influence their job-searching experience and results. This seems to be particularly the case for young people with little social capital or nascent professional networks. In Spain, for instance, evidence shows that formal job-search methods provide a better foothold in the labour market for disadvantaged groups, including young people. The fact remains, however, that individuals at risk of poverty tend to be disconnected from formal job-search channels and are not systematically aware of services offered by public employment offices or other private and third-sector providers (Gómez-Torres and Santero and Flores 2019).

## Are the internet and social media job-search channels rapidly taking over?

In today’s fast-evolving job market, the widespread use of the internet for job searching – using smartphones and social media – influences the way young people look for work. In the Eurozone, young persons (aged 16–29) used the internet to look and apply for a job twice as often as older adult workers. Available data (2015) reveal that in the European job market, social and professional networks, such as LinkedIn, were used for job hunting by 13 per cent of young people and 10 per cent of the whole population a few years ago (Eurostat 2017). This practice is picking up in other regions of the world; LinkedIn recently started an Arabic language network for professionals, with the intention of reaching 14 million users.

The increasing importance of the internet for young jobseekers can also be observed in emerging economies. In Mexico, the percentage of unemployed youth using the internet for job searching has doubled since 2005 (figure 4). The use of direct enquiry channels with employers, by contrast, has been going down for about a decade. Family and social networks, however, are still among the most popular channels for unemployed youth looking for work. Recurrence of job intermediaries shows

► Figure 4. Job-search channels used by unemployed youth in Mexico, 2005–2019



Source: National Survey on Occupation and Employment (Encuesta Nacional de Ocupación y Empleo), Q.1, 2005–2019, INEGI 2020.

no significant variation over the past 15 years and continues to be the least preferred choice among unemployed youth for job searching. This is in spite of impact evaluations finding that jobseekers who used public employment offices found a job of better quality (formal sector), albeit not necessarily faster than through the other searching channels.

While widespread access to the internet makes available new sources and tools to jobseekers, disparities persist when it comes to the devices that they have at hand to look for work. A 2015 study on jobseekers' behaviour in 13 countries<sup>217</sup> found that the preferred channel choice is the internet, especially for younger and highly skilled persons. Surprisingly, newspaper adverts were the second most used channel for jobseekers in the countries covered by the study, followed by referrals from family and friends (Okubo and Sakurai 2015).

On the other side of the spectrum, young people without continuous access to the internet are disadvantaged when applying to jobs online, particularly in sectors and industries heavily reliant on this recruitment channel to fill entry-level and hourly positions, such as retailing, e-commerce, call centres, logistics and supermarkets. Young jobseekers without a mobile phone or fixed telephone encounter

the difficulty of not being easily reached by employers for invitation to interviews and post-interview follow-up (Avila 2018). Relatives and friends also remain an important source of information on job vacancies for youth experiencing cumulative barriers to land a quality job, including low-employability persons, early school leavers, people with disabilities and migrant workers living in relatively closed social environments. Although social acquaintance networks can be effective for these young workers in finding a job quickly, they are not likely to help them in expanding their options because their personal relationship networks remain limited to a similar socio-culture environment.

And while the use of the internet for job searching offers great potential to expand access to information on available job vacancies, wages, career and occupational trends, online job searching is not yet the most effective channel for all young people. The choice of channel depends greatly on an individual's profile, their acquaintance networks, the institutional support and the local labour market ecosystem. In India, for example, internet penetration for job searching is still developing, and referrals by relatives and social networks continue to have a stronger role. Opposite to this, average

217 Such as Australia, the G7 advanced economies of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States or the BRICS: Brazil, Russian Federation, India, China and South Africa.

jobseekers in the United States extensively use print media, despite high levels of internet connectivity (Okubo and Sakurai 2015).

Local labour markets are not moving at the same pace regarding internet adoption for job searching. In 2018, 3.7 billion people – nearly half of the world's population – living and working in developing countries were still unconnected (ITU-UNESCO 2019). In addition, micro and small enterprises, which generate more than 50 per cent of employment worldwide (World Bank 2019), were not yet handling recruitment via online channels but relying on their own network's referrals. What seems to continue being effective in today's labour market for jobseekers and employers is the combination of job-searching and hiring strategies, with networking still dominating all other methods.

## Levelling the field for young people to access work

### Good governance for inclusive job markets

Good job matches are one of the important components for improving work transitions for young people, whether they are looking for jobs in tight labour markets where vacancies are difficult to fill or in labour markets where quality opportunities are typically in the hidden job market.

Landing a formal and stable job that matches the skills and aspirations of young people is far from a straight-line journey. Movements take place from, between and within work placement, traineeships or internships while in education, after completing education or following a period of inactivity. An entry-level job search can take an average of five months in predominantly formal job markets, such as in the United States (Randstand 2018), while the transition into a formal and full-time job might take up to seven years for higher education graduates in developing economies, where informal employment is abundant, such as Tunisia (ILO 2018b). When the criteria defining "transitions" in the labour market incorporate qualitative elements, such as feelings of personal satisfaction or identification to employer's values, findings from the International Labour Organization's (ILO) school-to-work transition surveys indicate that it takes an average of 13.8 months for youth (aged 15–29) in low- and middle-income countries to move into a satisfactory job (ILO 2017).

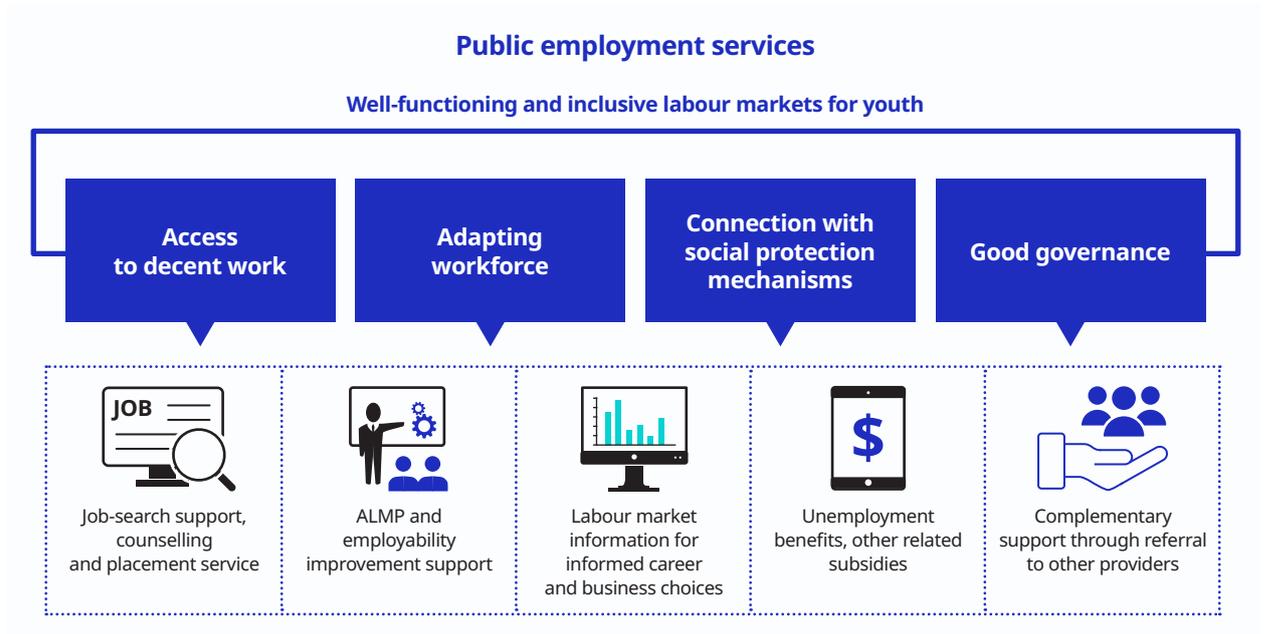
Levelling the opportunities for young people in the early stages of their productive life is paramount to their future labour market participation and the productive capacity of societies. A better understanding of the jobs and occupations that will move the economy of the future becomes immensely relevant with the rapid expansion of mobile telephone use, automation and the internet of things. Effective and inclusive policy mechanisms are needed to accommodate different kinds of young workers in the labour market, from today's media-savvy generation to youth at risk of poverty and social exclusion, who often require a wider and extended range of services.

In the face of extensive income inequality and wealth disparity, establishing fairness and equality of opportunity in employment for young people represents one avenue for shaping inclusive job markets. In promoting such an inclusive environment, employment service providers, whether public or private, become important for removing barriers to participation in the labour market and favouring a closer relationship with employers in dealing with recruitment bottlenecks.

Impact evaluations have found that well-run employment services help young jobseekers find a job that is in sync with their skills and aspirations faster and often with better quality than if they looked on their own (Mazza 2017). This impact is achieved in the short-term: a better job or a job found more quickly, while other interventions affect longer-term job prospects, such as education and skills training. Despite of their low penetration rate, government-run employment services (when compared with other job search sources and channels) are recognized and promoted as important institutions contributing towards increasing labour market participation, supporting successful transitions between jobs and careers and making the job market more transparent.

The reason that public employment services have such a large scope of influence boils down to their governance responsibilities as part of the institutional mechanisms ensuring that well-functioning labour markets remain inclusive. The provision of labour market services spills over positive policy effects, such as: (i) facilitating access to decent work; (ii) adapting workforce skills to labour market demand; (iii) connecting, through referrals, jobseekers with poverty-reduction programmes and social protection systems; and (iv) ensuring good governance when it comes to the participation of private employment agencies and third-sector providers in delivering services under partnering schemes (figure 5).

► Figure 5. Public employment services for well-functioning and inclusive labour markets for youth



**Note:** ALMP=active labour market programmes.

**Source:** Author.

There are many different providers of employability, job matching and placement services operating on the local and cross-country levels. Ensuring accessibility, gratuity and inclusiveness continues to be a fundamental challenge in countries with weak national laws and social protection systems. Provision of job-search support and placement services in fair labour markets must respond to international labour standards regarding the right to equal opportunity in employment for everyone and non-discriminatory access to related services free of charge for all jobseekers and employers.<sup>218</sup> Good labour market governance is rooted in international labour standards and works to improve job-matching and hiring practices by making information about job markets more accessible, for example, on salaries, working conditions and employers’ values, which help in making informed decisions.

### Digital technology for job matching: Equal treatment?

With the rapid emergence of online talent platforms and online social networks offering job advertisements on boards for jobseekers and employers,

international labour standards governing the provision of job search, recruitment and placement services are of particular relevance. A growing practice among some of these networks is the charging of fees for access to premium or advanced jobseeker services. Premium or advanced services differ from the advertising notices because they effectively connect potential candidates with other recruiters or the employer directly. In such cases, social networking for facilitating job advertising becomes borderline with job-matching services, which should be provided free of charge according to international labour standards (De Stefano and Wouters 2019).

The possibilities that technology offers for job matching also involve the use of machine learning, artificial intelligence and advanced automation tools to screen candidates and evaluate whether or not someone is fit for a job before setting up an interview. Many online job boards are exploring the possibilities to integrate job-searching services with automated recruitment. While these new tools can bring efficiencies to the pre-screening tasks, they also open up the possibility to discriminatory practices. Amazon, one of the bigger recruitment

<sup>218</sup> See the Employment Service Convention, 1948 (No. 88) and the Private Employment Agencies Convention, 1997 (No. 181).

companies in the United Kingdom, stopped using an artificial intelligence recruitment prototype after its algorithm failed to short-list job applicants in a gender-neutral way (Paterson and Maker 2018).

Good governance and regulation of job-matching and recruitment service providers are paramount for promoting equality of opportunity and treatment in access to the labour market. The processing and protection of personal data is another fundamental area that needs to be properly regulated by a public authority to ensure respect for workers' privacy, which should be limited to matters related to the qualifications and professional experience required for the position. Countries with more advanced ICT-oriented labour markets are also more likely to be concerned with the higher risk of cyberattacks and data fraud.

### What works in responding to young people's needs

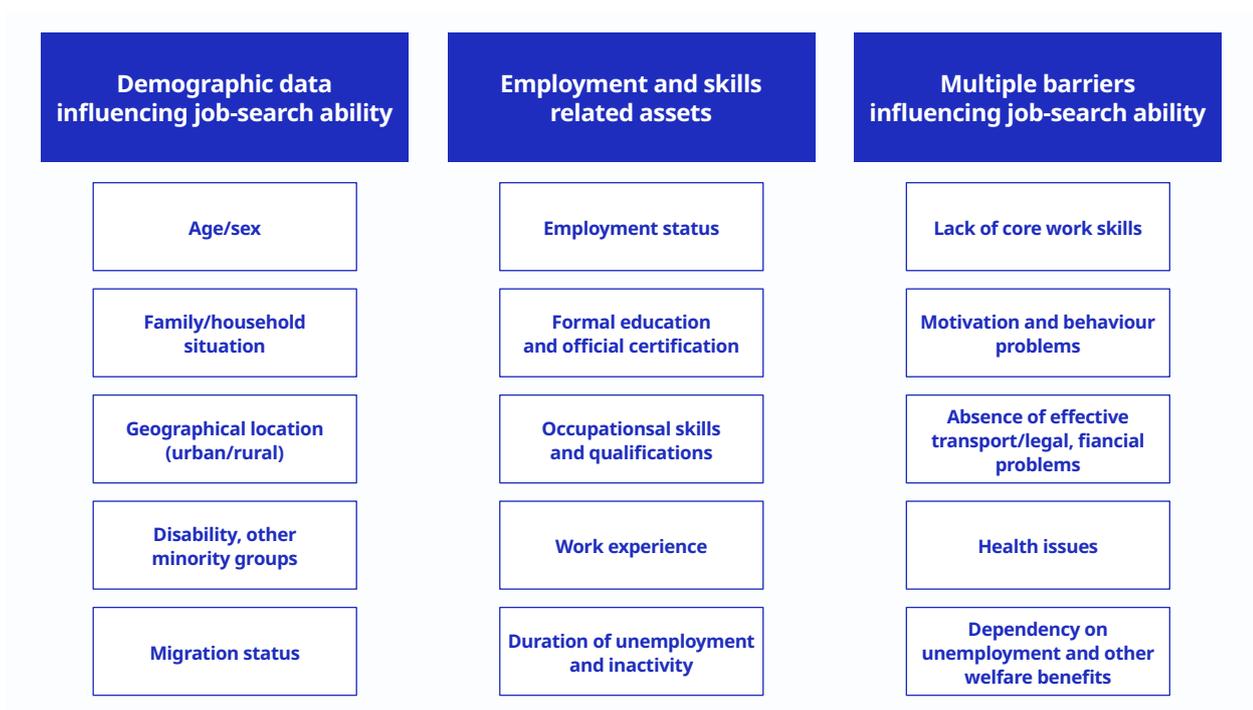
Young people's profiles vary considerably in terms of age, sex, place of residence, civil status, income, skills and occupation, education and culture. The young generation making their transition in today's labour market are likely to become prime-

age workers experiencing more frequent job and occupational changes; later in life, they will prepare for retirement in a technology-dominated labour market. Public employment services need to be more agile, making services accessible and readily available to young jobseekers with different needs and throughout the working life cycle. Youth diversity has resulted in labour market interventions that combine mainstream services and targeted approaches that support a successful set of transitions into jobs, self-employment or entrepreneurship.

### A targeted approach using segmentation and profiling methods

When supporting youth transition patterns into employment, targeting matters. Given the declining resources in many public employment services, it is vital to deliver in such a way that young persons are connected with the labour market while avoiding duplication and waste. The quantity and intensity of services provided to different categories of young jobseekers strongly depends on the needs of the population groups requiring them,

► Figure 7. Assessment of assets and potential barriers to employment



Source: Author.

individual circumstances and available resources (the number and skill mix of staff, funds, equipment and infrastructure).

Assessing the distance of jobseekers from the labour market has proven productive in directing resources to a particular group, in this case, young persons. Current practice indicates that public employment services working with profiling and segmentation methods can diagnose how close a jobseeker (young or not) is fitting into the current job market. This can either be a sophisticated data-driven (quantitative) system using predictive statistical models or a computer-based inventory conducted by trained counsellors. It can also be a relatively rough (qualitative) approximation from a short interview or a combination of methods. The methods of profiling jobseekers differ greatly across countries, but the objective is the same: to identify the assets and barriers to employment and segment clients according to the type of support they need for a successful transition into the labour market (figure 7).

The younger generations of jobseekers expect a personalized experience when approaching public employment services. Profiling and segmentation allow these employment services to better understand the needs of young people and provide the services they require the most for success in the labour market. These methods help providers improve job matching and tailoring their offer of services as close as possible to individual needs. They act as a filter, feeding information into various levels of decision-making, including: (i) a job-searching plan or transition journey that takes into account personal aspirations and responds to real-demand and job market trends; (ii) planning of mainstream and targeted services and defining of target populations; and (iii) improving a cost-effective allocation of scant resources on jobseekers requiring a more intense level of support for removing the barriers to employment. Tracking and monitoring jobseekers through different service circuits is a way of minimizing possible misclassification that might result from segmentation and profiling.

## Packing employment services to assist successful job and career transitions

### Readiness for the labour market

Profiling and segmentation provide the basis to tailor and sequence the type, intensity and timing of employment services and other complementary

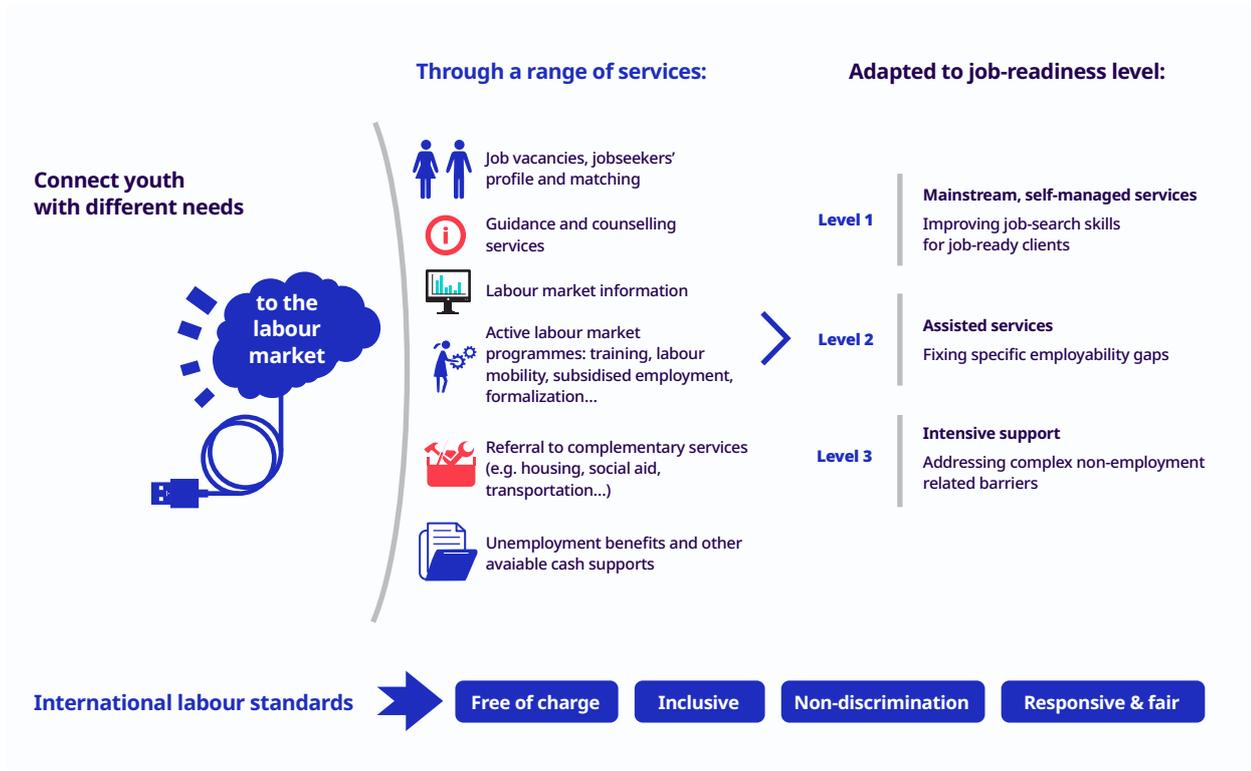
assistance that young people need for success in the labour market. Available evidence stresses the importance of first determining young people's readiness for the labour market before deciding the mix of services needed to help them. Tailoring and sequencing services in relation to the readiness of jobseekers for employment has proven to be a more customer-driven approach that considers individual and local labour market factors.

Service readiness becomes fundamental to serve jobseekers in general and, in particular, to empower young clients to make decisions on a menu of options. Such an approach also entails a rational use of available services, broadly ranging from job-search support, counselling and placement services to labour market information that facilitates informed career and job choices. Another level of service comprises active labour market programmes and support for improving employability, such as training for employment, self-employment or entrepreneurship. A third layer of support involves complementary services by specialist providers, whether public, private or third sector, through referral before focusing on job placement. This can include unemployment benefits and/or other related subsidies for job searching and transitions into the labour market become accessible through the public employment service (figure 8).

Young jobseekers are typically channelled towards three levels of support. This segmentation is admittedly highly generalized; in many countries, particularly the low- and middle-income economies, a three-level division has served as a framework on how to best adapt employment services for young people and apportion interventions for better success. Organizing services in terms of labour market readiness allows employment services to allocate resources to young people according to their specific needs for support. This ranges from improving job-searching skills and fixing employability gaps to tackling complex non-employment-related barriers.

Young jobseekers can transit across different levels of provision without this being a linear process. It is more of a continuum in-service provision targeting the individual needs. When packing services based on segmentation by readiness to employment, smart investments in service delivery, time and resources are concentrated on targeted groups of young people who otherwise would find it difficult to get support from other sources or providers to navigate the job market. The dotted triangle

► Figure 8. Employment services adapted to young persons' readiness for the labour market



Source: Author.

## Packing employment services to support successful job transitions

### Mainstream provision for improving job-searching skills

This is best suited for individuals who are most ready to be matched to existing vacancies; in other words, those closest to the labour market. For example, young people who have all the required technical, core work skills and experience but have insufficient information on the labour market conditions and available job vacancies may be easily referred to self-service facilities and basic services, including job-search support and targeted recruitment. Oftentimes, this group includes young people who have not considered relocation. There are also those who cannot afford inactivity and are ready to start in an entry-level role. These jobseekers, in particular, can be matched faster because there tends to be fewer barriers to fit in such positions, but access to assisted service can be sequenced for supporting transitions into a medium-term perspective.

Typically, the menu of basic and self-managed services includes:

- ▶ access to free job-searching tools and job banks;
- ▶ improving job-search skills: writing a resume, applying for jobs and tracking applications;
- ▶ preparation for interviews and advice on how to handle the recruitment process;
- ▶ information on how to start a new job and keep it;
- ▶ counselling and advice (apps, chat boots, workshops);
- ▶ referral to specialized services on entrepreneurship and self-employment;
- ▶ access to free massive open online courses; and
- ▶ online self-assessment tools.

### Assisted services for fixing specific employability gaps

Assisted services are for young people in need of fixing specific employability barriers. This group would benefit from a combination of basic employment services, counselling and career exploration services as well as participa-

tion in targeted programmes ranging from upskilling and retraining to gaining meaningful work experience to relocating in more dynamic job markets. Evidence shows that collaboration with local employers to target vacancies that are more difficult to fill or in expanding sectors and industries improves job-matching rates.

The offer of services includes basic support in a mixture of the following:

- ▶ job counselling, career guidance and vocational advice on occupational trends;
- ▶ support for early interventions in schools before young people's deficits become entrenched;
- ▶ help to develop an action plan;
- ▶ access to mentorships, apprenticeships and youth guarantees; and
- ▶ participation in active labour market programmes
  - various modalities of training and re-training
  - mobility and relocation
  - wage subsidies
  - temporary employment
  - public work programmes
  - entrepreneurship and self-employment
  - access to mentorships, apprenticeships and youth guarantees.

#### **Intense support for addressing complex non-employment-related barriers**

A dedicated level of support is advised for young people who do not have the required skill sets to get hired and maintain a job. In such cases, intense support and specialized services from providers other than employment services might be sequenced first or simultaneously to tackle the non-employment-related barriers before basic employment services can result in effective job placement. Many public employment services have progressively increased their links with other public sector agencies and with the private sector, non-profit bodies and non-government organizations to leverage capacity, knowledge and networks in such a way as to improve service provision and meet the needs of specific groups with complex barriers to employment (Powers 2017).

The delivery modality often involves the following possible streams of services to return to work, depending on the individual situation of clients.

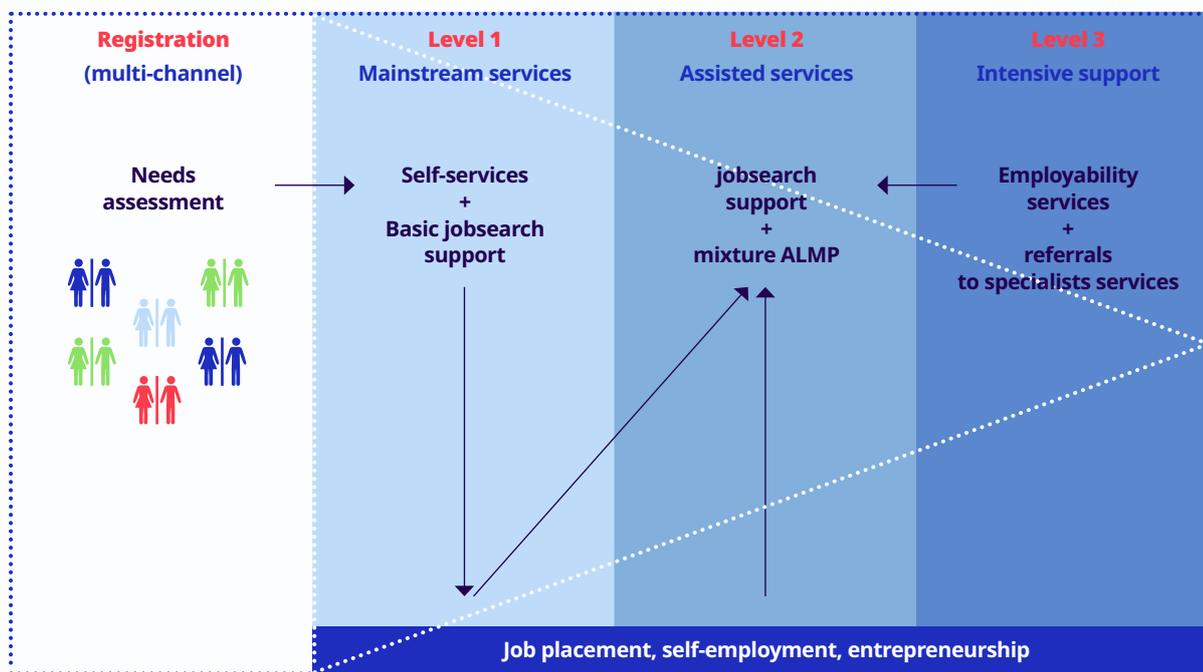
**(a) Employability services and referrals to social services and specialist providers.** The delivery of services is led by the public employment service for clients who have greater chances to return to work if supported by specialized employability services and the simultaneous mobilization of specific mechanisms of social aid, as listed.

- ▶ Specialized employability services:
  - structured individual counselling;
  - individual and regular follow-ups;
  - life and core-work skills training;
  - placement in voluntary work, part-time work, and mentoring at the workplace; and
  - self-esteem programmes for young people.
- ▶ Social aid mechanisms:
  - welfare benefits (housing and subsidies for child care);
  - microfinancing and non-refunded seed funds;
  - literacy and numeracy workshops and night schools; and
  - conditional cash transfer programmes, family interventions and clinical supervision of clients.

**(b) Enabling services and inclusion strategies led by social services and specialist providers.** For clients facing complex non-employment-related barriers, before-employment services might be effective, such as drug and substance abuse treatment and rehabilitation; back-to-school support and skills building; mentoring and peer modalities; and homeless assistance programmes. These types of interventions work better when building on the strengths of the person and are adapted to a client's individual circumstances to help them acquire new attitudes and behaviours to limit recidivism.

**Source:** Author.

► Figure 9. Segmentation of support services, by readiness to employment



Note: ALMP=active labour market programmes.

Source: Author.

(figure 9) illustrates how the volume of clients is likely to concentrate in each of the different levels of available support.

to other categories of young jobseekers in need of tackling employability and non-employment related barriers. The timing and sequencing in tailoring these services makes a difference.

## Current employment service delivery for young people

### Mainstream provision for improving job-searching skills

Mainstream services for improving job-search skills seek to support young people’s autonomy and capacity to maintain an active role throughout the process. Public employment services need to ensure that service providers and delivery modalities allow jobseekers to obtain what they need when they need it. International practice on how to connect young people to these services and adapt delivery modalities to their needs indicates that multichannel approaches are more likely to improve access and capture their willingness to seek and use the available services. Mainstream provisions are likely to work as stand-alone self-services for job-ready youth. These services can also be applied

### New technologies for job matching

The adoption of technology, including artificial intelligence, machine learning and advanced analytics by public employment services, have great potential to expand service provision, make information on vacancies, skills and wages more accessible while improving targeting for specific groups of clients and reducing cost per jobseeker placed in a new job. Diversifying channels to access job offers and information on the labour market through smart phone applications and geo-location technology has become an important building block in the offer of services for young people. **Estonia** is a notable example of the increasing use of new technologies in public employment services as a part of an “e-government” environment that relies on the secure internet-based exchange of data (X-Road) across all government agencies. This system makes the provision of web-based

proactive support possible by directing individuals to important information for job searching, training or similar services when they are reported as unemployed (rather than waiting for these persons to ask for this information).

Low- and middle-income countries are also modernizing their public employment services with new technologies. In 2018, **Paraguay** launched a job-matching engine called ParaEmpleo (For Employment), which uses semantic indexing and location mapping algorithms to recommend suitable vacancies to jobseekers. In **India** in 2015, the Government decided to overhaul its system and established the National Career Service based on an online job portal that brings together all players: employers, jobseekers, private employment providers, NGOs, training institutions, vocational guidance specialists, careers advisers and local artisans working in the informal economy. The Ministry of Labour in **Peru** also launched an online platform to coordinate the authentication of credentials of job applicants (aged 18–29) with a free Single Employment Certificate for Young People that covers various types of information required by employers, including identity data, education and judicial records and work experience. Geolocalization in the Peruvian labour market is also available for job searching.

The **Arab States** and **Northern Africa** have been using private and non-profit online job networks that engage young people. Rather than compete, public employment centres are adroitly combining forces with online services or making access easier through self-service centres. In some cases, new technologies are being used to look beyond qualifications in job matching. Ta3mal is an online portal supported by Microsoft and developed in collaboration with a number of stakeholders, including public agencies that provides access to employability resources, such as job searching for young people in the Arab States. Other similar examples include M-PESA: Kenya and Jobs Abu Dhabi. Souktel is an NGO and mobile service-ICT provider in the Arab States and Northern African that sponsors JobMatch, a platform for jobseekers. The World Bank studied this programme in six countries and territories and found it had particularly positive impacts on higher wage placements and better user rates for females, such as in the Occupied Palestinian Territory.<sup>219</sup>

In emerging and developing countries, digitalization can help to improve information for labour market signalling. This transformation, however, should ensure that young people without digital skills can access the new digital services too by maintaining other delivery channels or helping to develop necessary skills. Existing job-search workshops supported by counsellors to work with young people continue to be an effective method to help young people planning a job-search strategy, using their resources smartly and keeping motivated.

**North Macedonia** has developed a work-readiness training programme for young people that provides 25 hours of face-to-face career guidance to secondary and university graduates seeking their first job. The programme includes modules on personal development, job-search skills, communication, workplace behaviour, teamwork, leadership as well as basic financial skills (ILO 2014). In **Rwanda**, the Kigali Employment Service Centre offers Opportunity Scouting training to graduates of technical and vocational education and training or secondary school that consists of group training, counselling and field-exploration. The aim is to match the talent of young people to labour market requirements and help them establish a market-related career pathway while developing their capacity to independently search for opportunities that meet their needs. The trainees are also put into contact with technical and vocational education and training (TVET)-related employers and training providers through expos (KESC 2014).

### Labour market information gaps, career guidance and counselling services

Young people need to be well informed about labour market trends and employers' expectations. Public employment service investments in developing or providing access to timely and reliable labour market information have a positive effect on increasing accessibility concerning occupational trends, wages, working conditions and options for skills and vocational training. Solid labour market information systems help job-ready youth and other jobseekers in general to speed up and expand their access to job vacancies nationwide and sometimes abroad. Some technology-enabled platforms are able to supply up-to-date data on jobs that are highly in demand and the skills available in a local labour market. For example, **New Zealand's** public employment service has developed a sophisticated

219 See [www.souktel.org](http://www.souktel.org).

online tool in which careers are grouped and linked to labour market trends and to available vacancies so that young people can see a direct link between current entry-level job offerings and the careers they build into.<sup>220</sup>

Career development systems built by employment services typically use a strong labour market information system to publicize national trends in employment. **Mexico** is following this sequence, developing first a strong Labour Market Observatory (Observatorio Laboral) linked to the national employment service's job portal<sup>221</sup> and, from this foundation, is building an online career development tool.

With more frequent job and career changes in today's job market, guidance is needed to enable young jobseekers to make informed career choices throughout their working life. This means greater importance for young people in an employment service's career information, in career planning and in building links with educational and training institutions. In Flanders, **Belgium**, artificial intelligence is used to match jobseekers with job vacancies on the basis of their skills, location and preferences through an app called the Digital Advisor. The app also helps school leavers improve their job-interview skills through online teleconference sessions.

Early career counselling provided in cooperation with schools can shorten or even prevent unemployment spells. Particularly for older youth, employment services are now finding greater demand for targeting job searches to building skills and careers over time and particularly on how education and training links to employment. **Sweden** developed an online tool that includes seven chapters (on dreams and goals, information on the changing labour market, rights and responsibilities at work). Role models, like a popular young entrepreneur, are part of the guidance package to attract the young age group (ILO 2014).

Also important are tech-based and digital mechanisms to deliver skills training, including online courses, mobile learning apps and remote coaching. The public employment service in **France** was one of the first to introduce free access to digital training materials and MOOCs, or massive open online courses, through its *Emploi Store*. The virtual provision of training has clear cost-effective advantages but also offers the possibility to close

the gender gap in access to skills development opportunities. Some providers of employment services are also testing new alternative models of skills certification, such as Open Badges (ITU 2014).

### Job fairs, targeted outreach events and multiservice one-stop shops

Recruitment events and career job fairs oriented to entry-level positions, university graduates and sectors with high demand for young people, such as engineering and ICT, can attract both specialized employers and young jobseekers. **Benin** organizes Saturday fairs targeted to sectors in which employers were finding it difficult to hire skilled young workers. The events combined workshops and recruitment led by local employers with career advice, planning and information on local training and entrepreneurship programmes (Andersen et al. 2015). **Jamaica** is using satellite employment stations frequently visited by younger persons and mobile career fairs organized during popular events, such as football matches and music festivals. **China's** public employment service designates special months or time periods for activities for young people, for example, aligning with university graduates when they are beginning to think about their transition to employment. **Mexico** organizes online job fairs for high-demand professions on a regular basis. **Cambodia** runs recruitment events specifically for rural workers.

Employment service provisions throughout the developed and developing world have sought to combine services in multiservice centres, often called one-stop shops. These offer ripe opportunities to connect to young people who might be more reticent to walk into a traditional employment centre. The Government of **Mongolia** sponsors youth satellite centres in major universities so that students can seek assistance on a stop-in basis. Many public employment services in middle-income and developing countries, such as **Jamaica**, offer banks of computers stations for self-service in places frequently visited by young people (public libraries and training centres). These are widely used on the island. In **Germany**, youth employment agencies have been operating nationwide since 2010. These one-stop shop agencies offer several services all in one place and, importantly, ensure the active

<sup>220</sup> See [www.careersnz.com/](http://www.careersnz.com/).

<sup>221</sup> See [www.empleo.mx](http://www.empleo.mx).

participation of all relevant actors and partners in the field of youth employment. They also work with schools to reach out to young people who have left the education system prematurely (European Commission 2017).

## Labour market services and programmes for fixing skills and employability gaps

Young people who exhibit skill and employability gaps, although at different degrees, have profiles typically ranging from tertiary education graduates with an incomplete transition from school to work and first-time jobseekers leaving school before graduating (either from secondary or tertiary education) to low-skilled and unskilled young people with prior work experience. This category of clients experiences more difficulties entering the labour market and are more likely to need regular contact with employment counsellors to gain the skills and experience needed before job-search support and placement services become useful. Current practice underscores that a combination of basic services and participation in active labour market programmes has proven effective to (i) adjust skills to current demand through retraining and upskilling; (ii) develop the core work skills employers are looking for; (iii) gain work experience; or (iv) consider starting their own business.

Active labour market policies are particularly helpful to prevent prolonged unemployment spells and detachment from the labour market. Public employment services have a double role, either as the executor of active labour market programmes or as one of the providers delivering components of youth-specific employment programmes. This is where country variation and institutional capacities come into play. In all cases, employment services are bringing labour market intelligence and contacts with employers to help lead youth programmes towards local labour market demand. In many other cases, public employment services supervise programmes contracted out to non-government organizations or private providers; research has generally indicated that specialist services attain higher placement results, particularly if pay-for-performance incentives are enforced. In other cases, public employment services take a referral role; they profile young people and assign them to the best-suited combination of programmes and services.

When tailoring support to young jobseekers with employability gaps, employment counsellors need to find the right mix of services that best fits their needs. This is not always straightforward, however. Fully assessing the type of services likely to suit young people who need to fix their employability gaps also involves careful examination of labour market conditions to tailor interventions that target context-specific factors and individual barriers. This is because the outcomes for labour market policies and programmes are highly dependent upon the economic cycle and the prevailing type of unemployment problems. Active labour market programmes are also part of a more comprehensive strategy to address the cyclical pressure on the labour market. In any case, it is critical to keep a strong link between active labour market programmes, job-search assistance and placement services.

### Supporting successful job matches

In emerging economies and developing countries, job mismatch is usually not just a problem of poor anticipation of market skills by education and training institutions but also poor articulation and knowledge of skill needs by employers and poor market signals sent to young people about which careers to pursue. Public employment services can provide information about changing labour demand, emerging new occupations and the skills required by the hiring industries, sectors and enterprises. A combination of information on labour market trends, vocational counselling and skills training can help young jobseekers as well as employers to adapt to such changes and improve the job-matching process. Public employment services can also better support early interventions in schools before young people's deficits become entrenched.

The inadequacy of labour supply and labour demand can be expressed in qualitative and quantitative terms: The task of the public employment service is to promote measures that improve matches between the two sides. A labour market does not function optimally if there are scant workers with the skills required by a specific sector or if there are workers equipped with the necessary technical skills but who are unwilling to take certain jobs, preferring rather to wait for better working conditions. This all creates hard-to-fill vacancies. Sometimes, there are workers who have the essential technical qualifications and are willing to apply for available vacancies but lack either relevant work experience or core skills that employers consider important.

### Building core work skills for unemployed youth in Tunisia

In Tunisia, young people take an average of seven years to move from full-time schooling to full-time employment. The National Agency for Employment and Self-Employment (ANETI) offers a package of services to unemployed young people with tertiary education with the objective of facilitating the school-to-work transition while simultaneously helping employers to find candidates with core workplace skills. As a result of the joint work with employers, ANETI identified ten core work skills: self-esteem; stress management; leadership; team work; decision-making; negotiation; problem-solving; responsibility; communication and innovation. Some 88 employment counsellors were trained in four governorates to provide core work skills training to young people seeking employment through their local public employment service office.

Young people also benefit from group coaching services, entrepreneurship training and individual follow-ups in the event that referrals to complementary services are needed before placement. To best benefit from tailored support, young people should have developed a clear professional project aligned with current demand.

From January to December 2017, more than 1,200 young people had profited from the core work skills training and about 15 per cent of them had a positive outcome: They found work, took additional training or changed their career paths. In 2018, ANETI introduced “jobs clubs” in the four governorates to strengthen the support provided to young people. There are also plans to expand this modality of services nationwide.

**Source:** ILO 2018b.

In **Tunisia**, as in many countries in the Arab States and Northern Africa, the majority of educated young people would rather queue for formal jobs in the public sector than take jobs in the private sector or low-paid jobs (which are abundant) in the informal sector. This might seem contradictory, but employers frequently mention that it is difficult to find candidates who, while they may have the knowledge and abilities the job requires, are not able to demonstrate core work skills. The National Agency for Employment and Self-Employment set out to resolve the employability gaps that prevent unemployed youth with tertiary education from accessing jobs in the private sector.

### Upskilling and in-service training

In-service training in combination with basic employment service is the modality with a more solid record of impact evaluations (Gonzalez-Velosa et al. 2012). These programmes all focus on employing young people after the successful completion of training, and measure the outcomes in terms of placement and income. However, there are often limitations on the impact of short-term training programmes for young people or employment incentives in the absence of a changed economic dynamic that generates more suitable quality employment.

Linking regional development with labour market policies and local human capital development can

significantly expand the base of local jobs available to young people. It is important to remember that in regional development, considerations for this age group are only part of a larger economic development strategy to increase employment. In these types of interventions, the public employment service and private providers of employment services can focus service delivery in direct response to the evolving skills and employment needs driven by a regional development dynamic. In Mexico, a public-private partnership led to greater opportunities for young people as part of a regional development strategy to expand into luxury tourism. This case demonstrates that the support to young people comes in identifying the specific needs and skills for the private sector for new entrants and adapting instruments and services to fit those needs accordingly.

New models and strategies are being tested to advance the goal of boosting youth employment opportunities in the growing digital economy. These new trends in service provision are taking advantage of ICT innovations, combining digital services with personal counselling and job placement services and improving the availability of labour market information (in real time) to support decision-making. For example, Coding Bootcamps are interventions to boost youth employment and create a more inclusive digital society. The bootcamps are immersive, three- to six-month intensive

### Combining short-term training for unemployed youth and regional development in Mexico

Riviera Maya, a tourist destination in Mexico, did not have a public employment office when the local Hotel Association of Riviera Maya (AHRM) started planning a major competitiveness strategy to enter the luxury all-inclusive tourism industry. All-inclusive luxury tourism requires not only volume but also higher-skilled workers at entry- and mid-level positions (with adeptness in areas ranging from reservations to laundry services to air conditioning maintenance). As foreign investment was increasing, both the new and existing hotels could not hire the staff they needed locally. The AHRM felt that the younger applicants were not prepared, even though they graduated with vocational degrees in tourism. Their curricula were decades out of date, and the students did not know how to position themselves for jobs in a changing, more upscale industry. This tourist area also needed a more modern and more efficient public employment service and other private providers to handle such a big increase in hiring.

The local government worked through public-private partnerships with AHRM, schools, the Secretary of Education and the National Employment Service to increase the volume of hiring and upskilling. Two important elements of this partnership were adapting the teaching curricula to the needs of local industry and the introduction of new training modalities, both for new entrants and current workers. In just five years (2010–15), both the National Employment Service and private employment agencies instituted the following changes as part of a regional development effort. The AHRM turned its business into a full-service private employment service centre, with a range of diverse placement tools, including an industry electronic job portal encompassing a job bank, labour information observatory and descriptions of hotel career paths and e-learning platforms.

- ▶ Its job bank grew from just hundreds in 2010 to placing 3,787 jobseekers and listing 25,208 vacancies in 2015.
- ▶ It standardized 103 job profiles with sector experts to advance the hiring of young people more quickly, using standardized job positions that are now in use throughout the industry.
- ▶ It produced an annual, regional Inventory of Skill Needs and Workforce Indicators.

The National Employment Service opened an office working in partnership with the expanded private agencies. At the national level, they also:

- ▶ expanded their own new national employment portal ([empleo.mx](http://empleo.mx)) to find workers throughout Mexico and listed the AHRM private service icon on its national portal; and
- ▶ contributed training slots financed through its national short-term training programme (Bécate) to train young people and older adults for new positions in the hotel and related industries (transport and food service).

**Source:** Hotel Association of Riviera Maya, <http://empleosenrivieramaya.com>.

courses that equip young people with demand-driven advanced digital and soft skills. By working with employers, the bootcamps ensure relevance in content and secure placement opportunities in such jobs as junior web, app and blockchain development. The programme entails: (i) project team approaches that build soft skills and mirror the workplace environment; (ii) students developing their own coding portfolios to demonstrate their skills to employers; (iii) on-the-job training; and (iv) pair-programming interview tests. In some countries, these training models are graduating more women than university computer science programmes and are attracting students who may not have a technical background. In addition to coding bootcamps, other non-formal training programmes are also providing one- to two-year advanced digital skills training courses for jobs in the Internet of

things, cybersecurity and big data. Some of these growth areas include “new collar” jobs for which a university degree is not necessary (ITU 2016).

### Multi-service interventions

The impact of the 2008–09 financial crisis on young people and the resulting cuts in national budgets affecting labour market interventions led to the adoption of the Youth Guarantee Programme by European Union Member States in 2013. This policy guarantees that within four months of unemployment or leaving formal education, all young people residing in the European Union who are aged 25 or younger will have a good-quality work offer equal to their skills and experience or a chance to continue their studies or undertake an apprenticeship or professional traineeship. The public employment

service has a central role in executing these guarantees. Between 2013 and 2017, 18 million young people registered with their respective national public employment service in the European Union, and 11 million of them had pursued an offer of employment, education, traineeship or apprenticeship (European Commission 2017). The ILO, together with the European Commission, launched a two-year project in some of the countries with high youth unemployment rates to support the scheme. The lessons learned and conclusions from that project emphasized the need for inter-institutional coordination and partnerships, including among public employment service providers; coherence between the schemes and other employment and labour market policies to ensure better sustainability; and a balance between the quantitative and qualitative targets of offers of employment, education, traineeship and apprenticeships.

### Wage subsidies and public works

There are other active labour market policy instruments benefiting young people. Two typical ones are wage subsidies and public works offering temporary jobs, both of which are sometimes administered by a public employment service. These tend to be single-service rather than multiservice programmes, and, in general, the impact evaluation record for disadvantaged young people is not as strong as it is for multiservice interventions, which have more programme oversight and are more specifically designed to lead to job placement at the end of service delivery (Gonzalez-Velosa, Ripani and Rosas-Shady 2012.) These active labour market policy instruments are typically addressing a different type of employment problem: a crisis intervention, when large groups of young people are unemployed and a large-scale volume of delivery is called for.

Wage subsidies work by covering a percentage of a young person's (or adult's) salary for a given period, usually between three and six months, although some programmes can go up to a year. Many programmes require employers (who benefit from the subsidy) to offer a contract to participants demonstrating good performance. Ideally, the programmes measure whether the young people who took part in the programme are placed in employment after the wage subsidy period ends. Wage subsidies require further research in terms of effectiveness for placement; one danger is whether they aid young people's placement by displacing adult workers (Kluve et al. 2016). Public

employment services that manage wage subsidy programmes for young people should be careful to monitor and evaluate the placement effectiveness of the subsidies because they are typically expensive instruments when compared with multiservice interventions and may not develop basic workplace skills (if this is needed). In South Africa, a country with high youth unemployment, a wage subsidy programme was set up to test its potential benefits. Employers who hired young people (aged 20–24) were refunded 50 per cent of the wages for a period of up to six months. When evaluators traced people who had benefited from the programme a year later, they found a 25 per cent increase in employment probability. But it declined to 10 per cent two years after the programme (ILO 2016).

Public works programmes have an important role in income support during a period of employment crisis and in keeping people connected to the labour market. But it should be stressed that placement results are poor once participants have exited a programme, and this impacts early career stages (Gonzalez-Velosa, Ripani and Rosas-Shady 2012). However, if the ultimate policy objective of these types of interventions is clear, their outcomes can have an immediate positive effect to activate unemployed persons and help them to remain connected with the labour market. In **Cameroon**, a public work programme was initiated in 2013 with the aim of reducing youth unemployment by improving urban infrastructure. By the end of 2017, the project had employed 1,387 young people, 91 of whom were hired by private companies after exiting the programme. They all received job search training, and they were given the chance to access a loan to start their own business, if they were interested – 1,003 of them took the opportunity. They also received support to develop their business plans and a short training on business management (Ngompe Mambou 2017).

### Geographical mobility

The main objective of policy interventions that support geographical mobility of workers is to address labour supply and labour demand imbalances between regional areas within a country. This type of active labour market programme reduces information gaps and the costs of relocating workers for a job by providing moving subsidies and facilitating skills adaptation and job matching. Geographical mobility programmes are often targeted to specific groups of workers (such as farm workers) or some economic sectors or industries that are challenged

in finding qualified workers yet are making an important contribution to local development. As a general rule, the new location must have a lower unemployment rate than the one in which the job-seeker currently lives.

Relocating to find work should not only take into account labour market conditions but also the individual situation of jobseekers. Some of them might be less willing to move, such as single parents with children. Young people, however, might have more flexibility to relocate to a labour market offering better job prospects. Tianjin is one of the four most populated cities in **China**. This municipality has become a new growth pole and a hub of advanced industry and financial activity. In recent years, however, some emerging and labour-intensive industries have exhibited a significant increase in worker shortages, especially semi-skilled workers (assembly line workers, turners, fitters and electric welders) because they cannot recruit enough people locally. To address the recruitment challenges, the local public employment service mobilized partners of different kinds, including employment offices in neighbouring provinces and private employment agencies. The collaboration of vocational training institutions and colleges also helped to adjust the skills of their unemployed graduates to job vacancies and employers' medium-term needs. Together with the local employers, the training providers jointly managed internships and short-term training programmes for workers and unemployed graduates from neighbouring municipalities (Avila and Tian 2018).

### Self-employment and entrepreneurship for young people

Self-employment and entrepreneurship for young people is gaining greater attention. This is because informal employment is reaching up to 90 per cent in some low-income countries, and the services and manufacturing sector is taking on new roles in home work and informality (ILO 2018c). Much still needs to be learned. Particularly in the case of poorly educated young people, there is a danger in seeing self-employment as an alternative to the lack of qualifications for formal work. For the public employment service, it is important to point out that successful entrepreneurship programmes need even more multiple services working together than for formal employment: access to credit, financial support and literacy, technical and market assistance, often for as long as two years. It is crucial for the public employment service to work

in cooperation with service providers specialized in entrepreneurship and to refer candidates interested in pursuing this activation path. In **Uruguay**, the National Employment Agency, together with local governments, runs the Productive Investment Programme to help micro and small enterprises whose activities are connected with local development strategies through forgivable loans. Rural areas absorb 45 per cent of the total budget. Projects have been financed in such vocations as dressmaking, carpentry, blacksmithing, gastronomy, horticulture, cheese production, beekeeping, maintenance of green areas and automotive workshops. Men and women participate as entrepreneurs in equal numbers.

### Addressing complex non-employment-related barriers

Unemployed young people who are severely affected by precariousness and exclusion are likely to accumulate several barriers to employment. Even if willing to work, the young people in this group might have experienced repeated past job-search failures or become discouraged and stopped searching. In most cases, they are likely to be inactive and – when not registered with a public employment service – partner NGOs or specialist providers in other government agencies may refer them to the employment office. The time investment and flexibility required to work with this group are far more consequential than what is needed for other categories of jobseekers. Closing the gaps in hiring outcomes for young people profiled at this level requires the provision of dedicated employment services in combination with services from other government agencies or specialist providers to tackle the non-employment-related barriers. These barriers can range from literacy and basic workplace skills to family responsibilities, long-term illness, substance abuse, housing and financial constraints (ILO 2018a).

The key is to ensure that jobseekers receive the necessary continuum of support from public employment services and that they are referred to other government initiatives or specialist providers offering complementary services and support. Helping young people in need of an intense level of support requires multiple coordinated services or joined-up services that are sequenced over a period longer than a year. There are a variety of arrangements to connect services, but this delivery modality is largely dependent on the institutional

### Improving job prospects for poor at-risk youth in the Dominican Republic

The Youth and Employment Programme run by the National Employment Service of the Ministry of Labour of the Dominican Republic has been active since 2012. The main objective of this intervention is to improve the employability of poor young people (aged 16–29) who are out of school and lack a stable job. To better identify beneficiaries, the public employment service is using pre-screening mechanisms, such as the vulnerability index, which improves targeting and helps employment officers assess the level of support required by potential beneficiaries. The programme provides 75 hours of life skills training, including basic mathematics, communication skills, teamwork, conflict resolution, planning and customized services. It also provides structured individual counselling and regular coaching for young people who might have been neglected or abused to develop self-esteem and socio-emotional skills for their personal and professional development. The participants spend 240 hours in an internship with one of the 1,500 local enterprises that partner with the programme in expanding sectors and industries, including commercial services, hotels and restaurants, agro-industry, manufacturing, energy and mining. Following an impact evaluation of the programme, the number of hours of life skills training was doubled; and the participation of young women was actively promoted. Participation in the programme has demonstrated a reduction in the number of young women (aged 16–19) who become pregnant by 20 per cent due to their changed expectations regarding going back to school along with skills training for job placement and, consequently, consideration of a professional career (the country has the highest rate of teenage pregnancy in Latin America and the Caribbean).

Source: IADB 2016; ILO 2015.

capacities, resources and services at the local level (ILO 2018a). The capacity to establish common or sequenced protocols for clients' referral between public employment services and partner agencies is essential to reach inactive or disaffected young people and to keep them engaged and motivated throughout the intervention to reduce recidivism.

The type of services that public employment services offer to young jobseekers with employability and non-employment-related barriers require tailoring to develop needed core work skills, create regular work habits that contribute to keeping a job and removing the non-employment-related barriers. The objective is to prepare young clients to access mainstream employment services. Alignment of policy objectives within partnerships and referral protocols of clients to specialized providers can improve the experience of clients and the outcomes of the public employment service.

#### Partnerships to support poor at-risk youth

Demands are increasing on employment services to support vulnerable young people with employability and non-employment-related barriers. Integrated approaches, however, are still an area of development for many public employment services and other government agencies serving these groups of the population. Existing practices range from bridge programmes aimed at rebuilding

self-esteem and developing literacy and life skills to social, health and reintegration interventions. They typically last more than a year, even if subsequent years are only to ensure follow-up support and programme monitoring.

Partnerships are the most feasible way to implement comprehensive interventions for young people, whether they are between public employment services and other government agencies, multilateral development organizations or NGOs. An element of success for such comprehensive interventions is the involvement of employers as a partner and the empowerment of targeted populations as agents of change (ILO 2018a). Employment services continue to be an important source of labour market and job-vacancy information, even for comprehensive youth programmes. In the **Dominican Republic**, the public employment service takes part in the Youth and Employment Programme, which targets vulnerable youth. This constituency is not only affected by high unemployment rates but they have dropped out of secondary school and are likely to live in low-income households where basic needs may be unmet.

#### Programmes contracted out to social services and specialist providers

Specialist providers are able to do more direct supervision of young people and seem to deliver

### Nepal Employment Fund for young people

In 2007, following its devastating 10-year civil war, Nepal instituted a training programme for young people on a mass scale. The training was strictly conditioned on trainees being employed at the end of the programme. Placement rates were impressive, particularly given the scale of the initiative: 75,000 out of 100,000 participants were working post-training.

Features of the model included:

- **Contracting out:** Training is contracted out, and providers are paid based on their success in training that leads to job placement.
- **Pay for performance:** Training providers receive a first payment based on the graduation of the trainees, typically after six months of training. The larger share of the payment is provided only after graduates are placed in jobs and earn an income above a pre-defined threshold.
- **Wide range of sectors using training:** Training spans 80 occupations, including agriculture, garment, construction, electronics and hospitality.
- **Focus on disadvantaged youth and gender:** The Employment Fund particularly serves women (more than 50 per cent) and disadvantaged youth (more than 80 per cent) with both placement incentives and specialized counselling.

Source: Kluge et al. 2016.

positive results when coupled with interventions by public providers. Evidence demonstrates that interventions for individuals with weak qualifications work better for persons in their 20s than for younger people who may need more comprehensive interventions, such as further schooling (Kluge et al. 2016). Some training programmes for young people with work experience or transitions go up to age 30, even age 35, depending on the nature of the local youth unemployment problem. Particularly for low-income developing countries, the small and medium-sized enterprises that is the target of such programmes may be highly informal. Some programmes permit informal enterprises to receive young trainees and, if possible, create incentives and support to formalize. Nepal's Employment Fund programme demonstrated remarkable results for a short-term youth training programme in a difficult employment environment, which received a Good Practices Award from the ILO.

### Support for displaced populations and refugees

Recent developments linked to conflict, fragile settings and natural disasters have driven public employment services to initiate or intensify support for displaced populations within their own country

and refugees who have been granted asylum in a foreign country (ILO 2018a). The Government of **Jordan**, for example, together with the ILO and the United Nations High Commissioner for Refugees, opened a job centre for refugees where they can access work permits and formal work opportunities, counselling services, information on labour rights, training opportunities and job-matching services. Although it serves all ages, it is still considered a good practice for assisting the most vulnerable groups of people.

### Alternative and residential schooling

Alternative and residential schooling can be viewed as a coordinated multiple-service intervention for youth. While some multiservice programmes targeting the youth are financed by labour ministries, public employment services are not systematically involved in delivering such full-day interventions, even with extensive public financing. However, employment services need to identify, whether by profiling or by consulting with local authorities and relevant actors, which youth populations need specialized comprehensive interventions. An important element to achieve expected outcomes is the delivery of basic employment services that will lead to placement in a job. In the **United States**, for example, the Intensive Residential Youth

Offender Programme provides young people with a residency away from their poor neighbourhood, school learning or high school completion opportunity, TVET and job placement and internships in the final years of the programme. The Galpão Aplauso Programme in Rio de Janeiro, Brazil, targets highly disadvantaged youth using creative arts or sports to build self-esteem, basic literacy and workplace skills. Young people from the poorest favelas in Rio are engaged in full-time programmes outside of their neighbourhoods and receive placement assistance afterwards in local enterprises. Impact evaluations have demonstrated high rates of job placement post-programme (Calero et al. 2016).

## Insights on current practice for the future

Ensuring young people their right to access to decent work, self-employment and opportunities for training is one of the main challenges for governments and societies, given the important economic, fiscal and social costs that unemployment and inactivity entail. In many countries, public employment services continue to be one of the main entry doors for accessing a variety of services and remain highly relevant in overcoming the dysfunctions prevalent in the labour market by facilitating job matches, the relocation of the workforce and improving skills utilization.

Public employment services and their partners are constantly testing methods and approaches to stay relevant by adapting mainstream services and active labour market programmes to the specific circumstances of young people and the local ecosystem where they actually live. The following elements are systematically present in successful interventions for helping young people navigate the job market:

- Multi-channel approaches help to ensure that services are accessible and readily available to young jobseekers when they need them.
- Using digital technologies for service delivery is meaningful when combined with counsellors' support and adapted to young people's readiness for the labour market.
- A combined provision of labour market services and active measures yields higher placement rates and allows for the fixing of employability gaps.
- Providing soft skills improves youth employment prospects.

- Offering added-value services to employers has a direct effect on placement rates.
- Needs-assessment tools improve the targeting and sequencing of interventions.
- Packing and sequencing employment services for young people work best when adapted to the economic cycle and local context.
- Measuring cost-effectiveness of interventions prevents misallocation of scarce resources.
- Developing a transparent monitoring and evaluation system allows the best interventions to scale up.
- Multi-service interventions work best when guided by the availability of complementary services locally.
- Setting minimum performance standards for partners' and providers' delivery to youth reduces incentives for "creaming" of target populations.

In some countries, public employment services are adapting their working methods by taking advantage of local capacities and the jobs landscape. Policy interventions with positive multiplier effects are more likely to ensure that young people stay connected with the labour market, in particular, those struggling with vulnerabilities and at risk of exclusion. This gradual transformation touches upon critical aspects of service delivery and creates a connection between responses to current needs and emerging challenges and opportunities.

- **Supporting young people's job-searching efforts:** Public employment services, particularly in low-income countries and emerging economies, are placing a strong focus on expanding access to job information beyond personal networks and the "hidden job market". A more frequent use of web-based job-searching tools is pushing greater access to information on the job market that might previously have been out of reach or unaffordable.
- **Managing job and career transitions:** Delivery of employment services activates upon a person's registration as unemployed. Punctual service delivery is turning into support that proactively helps transitions throughout the working life by guiding young people's efforts towards jobs that build careers and skills.
- **Tailoring added-value services for employers:** The support that public employment services are providing to employers is also evolving from

job-vacancy registration and matching to providing solutions for employability enhancement and effective use of skills.

## Trends reshaping employment service provision

The trends reshaping the way societies live and work are unlikely to change direction any time soon. On the contrary, change is expected to intensify in the coming years. The core ingredients making labour market services and programmes work today are not necessarily those that will respond to changes in jobs, tasks and work itself in the coming years. The impact of digital technologies in labour markets has direct implications on the way people and employers will manage job and career transitions. The following are some approaches to new realities policymakers need to start considering for future-of-work policy to deliver successful transitions to young people.

### A systemic approach to support labour market transitions

Improving job matching and active labour market interventions alone will not help reduce youth unemployment nor support young people in their transition to work. Demand-side policies are also needed to expand job opportunities for young people. Disjointed interventions have led to stand-alone programmes and vertical solutions disconnected from the local context. This often results in fragmentation and poor delivery of services, with policy solutions to tackle youth employment showing limited impact. Adopting a systemic approach that considers job searching and other labour market services as components of transitioning processes offers greater potential. Youth employment interventions for the future need to take into account the different dimensions of the labour market system: from supply-side policies, such as skills development, employability services and job matching, to demand-side policies, such as the provision of incentives for job creation. In a systemic approach, building inclusive labour markets also involves a strong link with social protection mechanisms that provide workers with stability through transitions between jobs, careers and different types of contracts and working modalities.

### Instilling inclusiveness in the labour market

Despite the different national dimensions, countries need to ensure that their workforce capacity in the

future will leverage inclusive economic growth and a fair society. Current approaches to help young people navigate the labour market largely focus on unemployed persons. Integrated policy interventions have the potential to cut across several policy fields to ensure that young people stay connected with the labour market throughout their working life, in particular, those whose social background puts them at high risk of exclusion. Moving away from stand-alone supply-side policies can be a way of reaching the millions of young people of working age not reported as unemployed or seeking employment, often owing to discouragement and the belief that there are no suitable jobs (ILO 2020). Adapting labour market services and programmes to the needs of young populations with no access to employment services and labour market programmes requires a combination of local resources, ranging from skills training, access to entrepreneurship and employability improvement to poverty reduction, job-creation initiatives and income-earning opportunities. Employment services need to be positioned as trusted partners in the supply circuit of services and programmes contributing to improving the employment outcomes of young people who lack the skills to take advantage of job opportunities in the digital era.

### Good governance in using digital technology for service delivery

It is recognized that the digital transformation of labour markets will be disruptive. Technologies, such as the internet of things, artificial intelligence, big data and blockchain, are changing job-searching and hiring practices, with both positive consequences, such as greater and affordable outreach, and consequences that raise concern, such as discriminatory practices in automated recruitment. Employment services will need to respond to technology-driven changes in the nature of work on various fronts. One of them involves removing skills and employability barriers to enable young people find the jobs to be created in the digital era. When it comes to technology adoption for service delivery, good governance mechanisms should be in place for e-services to benefit people in a way that is ethical, equitable, safe, reliable and sustainable. Developing digital labour market services that support young people's transitions in the future will need to respond to accessibility, inclusiveness, data security and privacy of personal data criteria. With half the world still unconnected, moving fully into digital labour market services does not seem to be

achievable for countries with limited required infrastructure. Nevertheless, the significance of technology adoption in the 2030 Agenda for Sustainable Development is reflected in the request made to donor countries to make budgetary provisions of at least 0.2 per cent of gross national income as official development assistance to least developed countries.

### **Building resilience in increasing health and climate-related risks**

Climate change is expected to have a significant impact on the global population, economies and jobs. A particular challenge still to be examined concerns climate-related risks becoming a major source of financial strain on fiscal expenditure and priority-setting for public spending. In Australia, non-government sources estimate the 2019 bushfires will wipe off between 0.25 per cent and 1 per cent of the country's gross domestic product growth in 2020 (Derwin 2020). The figures are worrisome, considering the average spending on active labour market policies, including employability services, job searching and job matching in Organisation of Economic Co-operation and Development countries represents 1.08 per cent of national gross domestic product (OECD 2019).

An interconnected world also provides a breeding ground for the rapid propagation of infectious diseases, with an immediate negative effect on productive capacity. In January 2020, the world is not yet certain about the magnitude of the impact that the coronavirus, which started in China, will have on the global economy, supply chains and employment levels. In the face of an increasing incidence of climate and health-related risks, the design and implementation of active labour market policies and employment services in particular will need a completely different timing and mix of policy responses and mechanisms to deliver services.

Active labour market interventions will need to be part of a triangulated design, including: (i) subsidies to preserve jobs and incomes, (ii) support to help employers adjust to a sudden drop or increase in

demand for some occupations (filling vacancies and on-the-job training) and (iii) linking clients to complementary support by specialist providers (child care support and social services). Employment services can provide effective response during a crisis and contingency situations, provided institutional capacities ensure sustainability and resilience in delivery. Sustainability is measured by the capacity to deliver over long-term horizons, while resilience involves supporting individuals, communities and employers to absorb, recover and prepare for future shocks. Resilience stresses the need for services and policies sufficiently flexible to adapt to evolving circumstances that are difficult to anticipate (climate and health-related risks). It also refers to the need for proactive spending to help people navigate in different labour market circumstances throughout their working life.

### **Co-design of journey maps**

The relationship between government services and young citizens is changing fundamentally.

Young people are no longer passive recipients of services and beneficiaries of policies. The young generations are interested in working with public agencies to create and produce results, including involvement in policy design and evaluation. Participation is taking shape in different ways, including the delivery of employment services with a stronger focus on empowering youth to make informed choices about their job and career transitions. Employment service provision is also moving from a prescriptive approach in the formulation of action plans for job searching to the co-design of journey maps that take a lifelong perspective to removing barriers to employment and foster adaptability to changing skill demands. Some public employment services are bringing young jobseekers into their participatory process to shape policy responses, with a view to reduce the risk of dependency and to build trust and confidence in the tools and programmes available to seeking work and advancing careers.

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## ► Youth aspirations and the future of work

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Drew Gardiner, Micheline Goedhuys and Michelle González Amador

### ►► The aspirations of young people are essential to their human capital investment, educational choices and labour market outcomes.

Poverty, despair and precariousness are commonly understood to deprive young people of significant opportunities, experiences and even freedom. The effects of poverty can extend beyond economic opportunities and deprive young people of their aspirations, creating psychological scars. Especially in the context of the massive current and future changes in labour markets around the world, is it possible to enhance the beliefs and aspirations of young people, even the most economically marginalized, in a way that helps them overcome what life throws at them? If beliefs and aspirations can be influenced to cause higher levels of labour market attainment, then appropriate policies can be developed.

As confirmed by recent trends analyses, young people remain particularly disadvantaged in the labour market. The transition from school to work is increasingly difficult, with the latest data putting the global youth unemployment rate at 13.6 per cent (ILO 2020). Three in four young people who are employed work in the informal economy, particularly in the developing parts of the world. Informal employment is one of the main reasons behind the high incidence of working poverty among young people. A considerable number of young people are not in employment, education or training (NEET). According to ILO estimates, more than one fifth of all youth, with three in four of them women, are NEET.

Compounding this situation, the world of work is changing rapidly, with technological and climate change altering the conditions of production and with labour markets undergoing substantial shifts. The transformation of employment relations, the expanding inequalities and economic stagnation greatly challenge the achievement of full employment and decent work for all persons.

If young people are to benefit from the changing nature of the world of work, they need to be prepared, both in terms of their skills attainment and the level of their ambition and aspiration. The aspirations of young people are essential to their human capital investment, educational choices and labour market outcomes. When realistic aspirations combine an individual's agency and belief that change can occur through own effort with the pathways and tools supporting that individual to achieve, success can be the outcome.

Understanding aspirations is important to develop effective employment policies. If the career aspirations and life goals of youth are not considered, employment policies aiming to "match" skills with labour market opportunities may continue to fail young people.

### The concept and determinants of aspirations

#### Understanding aspirations

Aspirations are the drivers of individuals' life paths and well-being. The idea of aspirations as proxies of human choice and determinants of socio-economic outcomes is not new to the social sciences. Since the examination of aspirations in Kurt Lewin's *Principles of Topological Psychology* (1936), social psychologists have been concerned with the concept and its effects on individuals' actions and interactions in society. The field of sociology introduced the notion of aspirations as determinants of educational and occupational attainment as early as the 1960s. Career aspirations can drive choices in education, job-seeking efforts and, consequently, salaries. Today, there is renewed interest in the role of aspirations in lifetime outcomes and in how they

shape social development. With the work of anthropologist Arjun Appadurai and economist Debraj Ray, there has been substantial research on how aspirations affect the lives of individuals and how aspirations are at the core of socio-economic development efforts. It is at the intersection of the study on aspirations and development policy action that this analysis investigates youth aspirations within the changing world of work.

Appadurai and Ray posited that aspirations are unevenly distributed across society and that people born into poverty, among other structural disadvantages, are less likely to aspire to significant changes in their lives. This then results in low human capital investment and hinders the social mobility efforts that policy tries to promote. According to Appadurai (2004), aspirations are defined as a “capability”: The capacity to aspire is the ability to navigate social life and combine wants, preferences, choices and calculations with the circumstances to which a person is born into. However, as a navigational capability, the capacity to aspire is not evenly distributed across society. Individuals born into less privileged backgrounds will have a more limited social frame to explore than their more privileged counterparts.

Ray (2006) contributed to our understanding of the capacity to aspire by introducing the concept of “aspirations failure”. He explained that the capacity to aspire can be measured as the distance between where we are and where we want to go. The size of this distance, the “aspiration gap”, determines whether aspirations are true motivators of change in the life course or if there is a likelihood of aspirations failure – lacking the capacity to aspire. If the gap is too small, then we will fail to aspire to significant change in our life. Conversely, if the gap is too large, we will fail to turn our aspirations into action. Setting unrealistic aspirations might decrease the motivations to fulfil them. Thus, the relationship between aspiration and action follows an inverted-U shape: too low or too high aspirations will yield limited action, whereas reasonable aspirations will motivate effort and action.

Dalton, Ghosal and Mani (2015) explained the phenomenon further by introducing aspirations failure as a “behavioural bias”, something that all people, regardless of their background, can be susceptible to. In their view, individuals can fail to recognize that there is an adaptive, dynamic mechanism between effort exerted and aspira-

tions. Aspirations spur effort and motivate action, but the level of effort we choose to exert will influence our future aspirations through realized outcomes. This dynamic is especially detrimental for individuals with a tremendous number of external constraints, such as limited or the lack of material resources. Because poverty imposes more external constraints, people who are poor must exert more effort to achieve the same result as people who are not poor. Failing to account for this susceptibility in the design of socio-economic development policies can result in low take-up of opportunities or missing them completely.

Acknowledging the relevance of aspirations for development efforts, Lybbert and Wydick (2018) investigated how aspirations can become realized, positive outcomes. They turned to Snyder’s (2002) theory of hope<sup>222</sup> to explain how to arrive at successful aspirations: First, individuals need to set a goal in the future (an aspired position). Second, they need to have the necessary agency to carry out the steps needed to reach that goal. Third, they need to visualize pathways to achieve that goal, such as access to cognitive or material tools for their journey.

When what we aspire for our future is aligned with what we believe can be achieved, given our circumstances and through our own effort (Dalton, Ghosal and Mani 2015; Bandura 1993), aspirations become analogous to expectations and more successful outcomes can be achieved. Therefore, while aspirations contain a dimension of preferences, expectations are the product of experiential perceptions, such that they become more context-specific. Through this framework, the inverse-U shape relationship between aspirations and action put forward by Ray can be better interpreted: If too low and too high aspirations discourage motivation, then there is a peak that can be found where aspirations meet expectations at the top of the inverse-U curve. By designing policies and programmes that help recipients visualize possible pathways to achieve their goals, development efforts can use the mobilizing and motivating power of aspirations.

In line with Appadurai’s notion of the capacity to aspire being defined by social frames, Bandura (1977) investigated how our social experiences shape how we behave in society. Social learning, either by setting personal boundaries through social norms or by imitating role models, determines how we behave and what we believe to

<sup>222</sup> For Lybbert and Wydick, aspirations belong in the larger framework of “hope”, defined as a function of “aspirational hope” (aspirations) and “wishful hope” (dreams). It is a middle ground between what is ideal and what is feasible.

be attainable for ourselves. Bandura introduced another component of cognitive and social learning: “self-efficacy”, or the belief in our capacity to succeed in any given situation. Self-efficacy is both shaped by personal experiences and an important driver of aspirations (Bandura et al. 2003).

The study of the capacity to aspire echoes Amartya Sen’s “capability approach”. Sen (1985) proposed a framework in which human development centres on individuals’ capabilities and the real opportunities presented to them to do what they have reason to value (Robeyns 2016). Not unlike Appadurai’s and Ray’s conceptions of aspiration formation, he posited that opportunities are not solely a factor of their choices but also of their social circumstance (Drèze and Sen 2002). However, Sen conceived social circumstance as what a society could provide for its citizens in terms of structures, as opposed to the cognitive road map envisioned by Appadurai and Ray. Together, they provide a larger picture of the phenomenon: A person’s capacity to aspire to, say, productive work, is contingent upon their own experiences (Dalton, Ghosal and Mani 2015), what they learn from society and what society can provide for them. The latter two are of particular interest for policy because it means that work aspirations are shaped by individuals’ experience with, the assessment of and their expectations about labour market institutions and policies in their society.

Aspirations require further investigation because they tell us about the well-being of individuals and they tell us something about the cooperative nature of the recipients of development policies and social programmes. If people believe that they have the ability to achieve meaningful change in their lives through effort (Lybbert and Wydick 2018; Dalton, Ghosal and Mani 2015; Bandura 1993) and that they have avenues and pathways, be it by their natural social circumstances (Ray 2006; Appadurai 2004; Bandura 1977) or by design through policy (Lybbert and Wydick 2018), then they will respond to the opportunities offered to them through policy interventions.

## What shapes aspirations?

The empirical literature defines aspirations as forward-looking behaviour. Aspirations capture the personal desires of individuals (preferences

and goals), their beliefs about opportunities available to them in society (opportunities and pathways) and their expectations about what they can achieve through their own effort in an uncertain future (self-efficacy and agency)<sup>223</sup> (Favara 2017; Ross 2017; Dalton, Ghosal and Mani 2015; Bernard et al. 2014; Bernard and Taffesse 2014). It is this working definition that has allowed policy and development researchers to disentangle the mechanisms through which the circumstances we live in affect aspirations formation and to which extent an update of aspirations can be reflected in improved outcomes.

Through the frameworks developed by Appadurai (2004) and Ray (2006), aspirations are understood to be socially determined: Our perception of what is available to us in society is greatly influenced by what others around us think and do. The behaviour of our immediate social network is a reference that informs our own behaviour (Chandrasekhar, Larreguy and Xandri, 2020)<sup>224</sup>. For example, in a review of risk preferences and social interactions, Trautmann and Vieider (2012) demonstrated that risk-taking behaviour changes along with aspirations when subjects are placed in peer groups in which they suddenly find themselves at risk of losing what they have. Peer frame, or peer structure, is perceived as a social reference point, which changes both aspirations and, as a consequence, risk-taking behaviour and actions. Similarly, with a sample of Chinese workers, Knight and Gunatilaka (2012) observed that income aspirations evolve positively over time with that of their peer frame. Favara (2017) showed that children’s and adolescents’ aspirations mirror that of their parents and that aspirations are revised over time to adapt to social expectations.

In the same vein, exposure to people outside of our immediate social network can have a positive impact on aspiration formation. With reference to Bandura, Bernard et al. (2014) discussed the relevance of role models in forming our perception of what is feasible in our environment, such as forming mental models and choice sets. Role models need to be people with whom we can identify with socially, and their stories must produce a vicarious experience, engendering emotions strong enough to spur willingness to change our status quo. By providing new information about what can be achieved in our circumstance, role models update

223 The first terms are mainly used in the aspirations literature, the second is coined by the theory of hope and introduced in the aspirations literature by Lybbert and Wydick.

224 See <https://web.stanford.edu/~arungc/CLX.pdf>.

our beliefs and positively change our aspirations and motivation (Lybbert and Wyddick 2018; Bernard et al. 2014; Beaman et al. 2012; Chiapa, Garrido and Prina 2012; Nguyen 2008; Bandura 1977).

Both Bernard et al. (2014) and Riley (2018) tested the exposure of relatable role models to adults and secondary school children and found a relationship wherein they positively affect behaviour. For Bernard et al., adults change their time allocation with aspirational changes: less leisure time means more time at work and thus increased investment in the education of their children. In Riley's study, the Ugandan secondary school children demonstrated better performance in a mathematics exam when exposed to positive role models.

If new information about what can be achieved in our system is important, so is our perception of the system we navigate (Bernard and Taffesse 2012). The O'Higgins and Stimolo's (2015) study provides an example. Using two-shot trust games with random, anonymous matching, they demonstrated that trust is lower in the face of unemployment or precariousness and that it varies across job-market structures. Bernard et al. (2014) also found the same phenomenon: A large proportion of poor, rural households in Ethiopia indicated signs of fatalistic beliefs, low aspirations and low self-efficacy. Poverty, precariousness and other strenuous circumstances and the opposite – relative richness and safe environments (Knight and Gunatilaka 2012; Stutzer 2004) certainly have an effect on the type of future-oriented behaviour we decide to engage in through the impact on the perception of our available choices and our ability to contest or alter our circumstances (Favara 2017; Dalton, Ghosal and Mani 2015; Appadurai 2004).

Schoon and Parsons (2002) demonstrated this effect by looking at the relationship between the relevance of educational credentials on two different cohort's aspirations and adult occupational outcomes. They found that when the socio-historical context puts more relevance on their academic credentials for employment, the younger generation increases academic aspirations and consequently has better occupational outcomes. Echoing these results, Lowe and Krahn (2000) compared two Canadian youth cohorts and found that occupational aspirations increase in the later cohort, matching the opportunities presented by the trends of the service-based economy in the country.

Finally, some studies suggest that early interventions are desirable for raising expectations and

aspirations. In their report, Gorard, See and Davies (2012) documented a series of studies that looked at aspirations and expectations, their stability over time and their effect on educational outcomes. For example, Gregg (2010) found that reported expectations at age 14 were the best predictors of the score gap between low- and high-income students and thus encouraged policymakers and education workers to start raising aspirations as early as primary school. Lin et al. (2009) found that reported expectations in grade seven (approximately age 12) were positively correlated with academic progress in grade eleven. In the same vein, Beal and Crocket (2010) and Liu (2010) observed self-reported aspirations from grades seven to nine and grade ten until the end of high school and found that they remained mostly stable and that they were decent predictors of educational outcomes. However, the knowledge that aspirations seem to be formed during early adolescence does not preclude programmes from targeting older youth cohorts. On the contrary, this information suggests that aspirations are constant motivators in life and should be approached early but continue to be engaged throughout the life course.

### The malleability of aspirations through policy interventions

As our understanding of aspirations in the context of policy and development improve, we gradually see research turn from aspiration formation to increasing aspirations. Natural and field experiments centring on the concept of aspirations and our ability to imagine a brighter future for ourselves have important implications for policy. Mainly, they demonstrate that the success of policy efforts can be partially secured by engaging people who are directly affected by them.

Perhaps in the most famous natural experiment on the topic, Beaman et al. (2012) used a gender quota policy in West Bengal to illustrate how exposure to role models increases educational and career aspirations and outcomes for young girls. In 1998, state policymakers introduced a gender quota for village councils. Some villages were asked to reserve at least one seat for women, some at least two seats; other villages were not asked to reserve any seats at all. Thanks to this design, Beaman et al. were able to compare what happened to the cohorts of girls who were exposed to councilwomen in their villages with girls who were not exposed. From the time of implementation in 1998 until the point of the first

round of data collection in 2007, they observed that exposure to female role models increased primarily occupational aspirations of adolescent girls and their parents, with fewer parents wanting their girls to be housewives, and it improved educational outcomes.

Chiapa et al. (2012) and García, Harker and Cuartas (2016) designed field experiments in which they combined a social programme with exposure to career role models and social leaders. Chiapa and co-authors observed the effect of a Mexican conditional cash transfer programme, PROGRESA, on educational outcomes. They demonstrated that PROGRESA as a social programme raises parental aspirations for their children for at least one third of a school year. When comparing persons who had received the cash transfer and were exposed to healthcare professionals, Chiapa and co-authors found that educational aspirations extended half a school year longer than among the parents who received the transfer but were not exposed to role models. They also found that parental aspirations

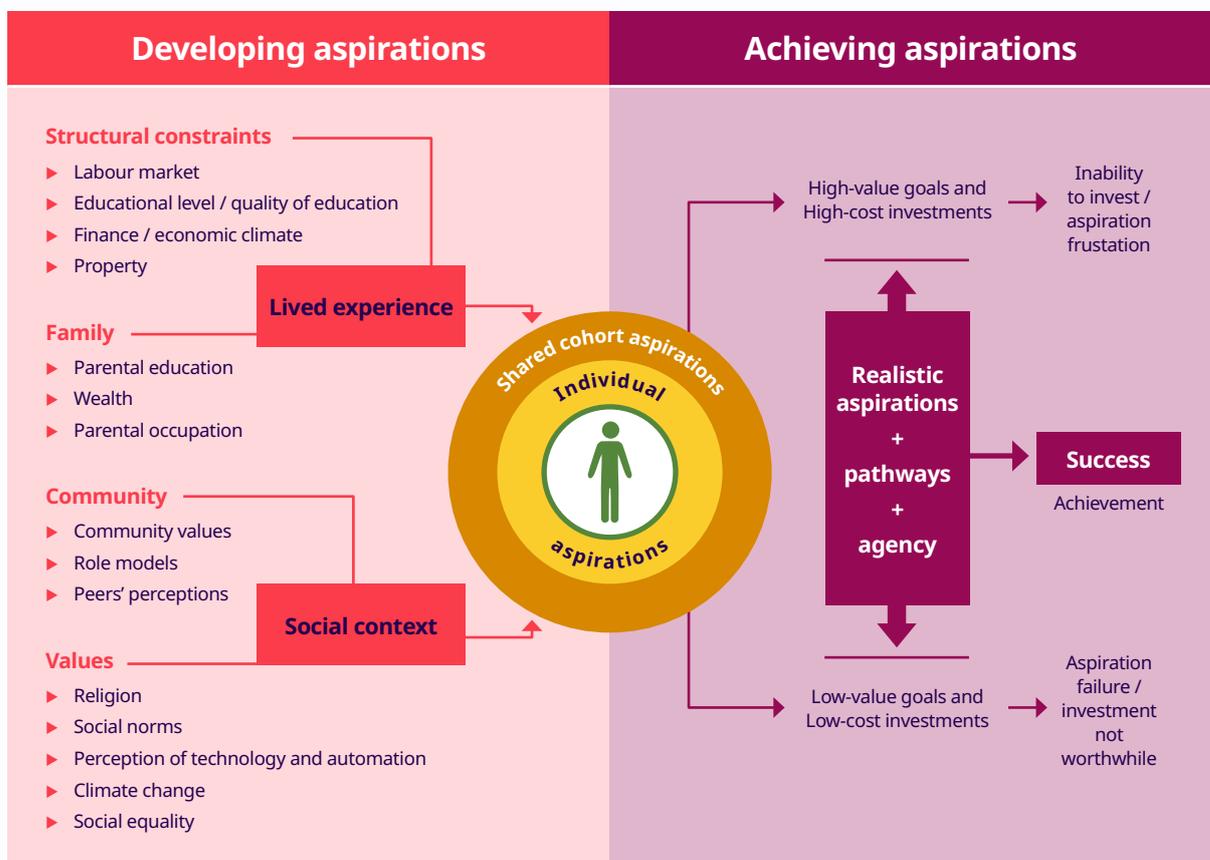
correlated highly with students' educational attainment (Favara 2017; Chiapa, Garrido and Prina 2012).

In studying the National Rural Employment Guarantee Act (NREGA) programme in India, Ross (2017) observed how a government has a crucial role in both shaping and maintaining a positive outlook on our environment and circumstances. The NREGA, initiated in 2006, provides poor households 100 days of salaried, low-skill employment in a financial year (if they want it). The stability provided by NREGA increased aspirations of parents and adolescents and is associated with higher educational attainment and an increased probability of being employed full-time.

### A framework for developing and achieving aspirations

Judging from the insights generated by natural and field experiments, there seems to be consensus

► Figure 1. Developing and achieving aspirations



Source: Author's adaptation based on Boateng and Löwe 2018.

that it is possible to manipulate the conditions under which aspirations are shaped and that individuals' aspirations matter for successful policy and social programmes as much as they do for life outcomes.<sup>225</sup> When policies assist in aligning citizens' educational and work aspirations with pathways to achieve them, they are more likely to be successful than when they are ignored. For example, programmes that provide both experiential information on how to integrate into the labour market and a financial scheme to aid in that process are more likely to garner a positive response from the targeted population than programmes that do not. Programmes that do not acknowledge that resource scarcity is sometimes more than just financial and that it can include a lack of social experiences that help visualize the different ways in which to put the financial resources to good use tend to miss their mark. Labour market policies thus benefit from a holistic design that includes role models (who generate vicarious experiences) in combination with skills development and other career-support interventions (financing schemes).

Based on insights from the literature and building on a conceptual framework developed by Boateng and Löwe (2018), there are definite determinants of aspiration formation: lived experiences (own and vicarious) and social context shape aspirations, both common aspirations shared by a larger age cohort and individuals' aspirations embedded therein (figure 1). When the aspiration gap is too large, the aspirations will be no motivator of change, and there will be likelihood of aspirations frustration. If the gap is too small, there will be failure to aspire to a significant change in life. When pathways and tools supporting an individual to achieve are combined with that person's agency and their belief that change can occur through their own effort, success can be the outcome.

## Labour markets and aspirations

Career aspirations typically drive individuals' educational and occupational choices (Haller 1968; Kuvlesky 1968; Kuvlesky and Bealer 1967) and vice versa. Career aspirations are influenced by the immediate social context through own experiences or vicarious experiences acquired from peers,

parents and successful role models (Bernard et al. 2014; Bogliacino and Ortoleva 2013; Bandura 1977).

In addition to financial remuneration, people aspire to various non-monetary elements related to work, including a healthy work–life balance, social protection, career development and flexibility. Labour market conditions and labour market trends can affect each of these components.

### Dimensions of occupational aspirations

Given the large variety of experiences, the availability of role models, social norms and (local) labour markets, aspirations also differ considerably across regions and countries and within countries (across rural and urban settings) and even within individuals, across different stages in life. Boateng and Löwe (2018) described how cocoa farmers in Ghana work in the most respected profession in rural communities because cocoa farming and crops are seen as the pride of the country. But in urban areas, respect is reserved exclusively for office and white-collar jobs. They also showed how aspirations change over the lifespan. As they noted, most young people earn a living from doing ad hoc jobs. “The priority for most young people is to make ends meet and to be seen to be contributing to their immediate and extended families' well-being and upkeep. In other words, the earning potential of various tasks and jobs was the key consideration for most young people.” This would enable them to build some savings in the medium term to allow them to raise a family. But for the longer term, they aspired to jobs that were less physically demanding once they passed middle age (Boateng and Löwe 2018).

This example demonstrates that what people value about a job and what they may realistically aspire to in the short, medium and long terms has many dimensions. An important dimension, if not the most important one, is the financial remuneration for the work. Earning a decent income is what enables young people to develop aspirations for the longer term, such as raising a family, building up emergency savings and supporting the family's well-being. But besides financial rewards, other job characteristics and personal occupational preferences come into play, including, for instance: the extent of social protection, the work–life balance, job flexibility, an aspired technical skill level and

<sup>225</sup> These results are in line with educational research that fall under the umbrella of “soft skills”. Personality traits and non-cognitive skills (soft skills), such as goals, motivation and other future-oriented behaviour, can predict success in life (Heckman and Kautz 2012) through their effect on schooling decisions and wages related to those schooling decisions (Heckman, Stixrud and Urzua 2006).

learning opportunities, the presence of labour union representation, income stability and, last but not least, outspoken preferences for work in certain sectors (public or private; wage or self-employment; agriculture, manufacturing or services). What exactly young people worldwide aspire to and find important in a job is an empirical question and varies with individual preferences and the socio-economic and institutional environments they operate in.

The following conceptual framework presents a two-way interaction between aspirations and labour market dynamics that jointly determine labour market outcomes and hence feed into future aspirations.

### Labour markets and realistic aspirations

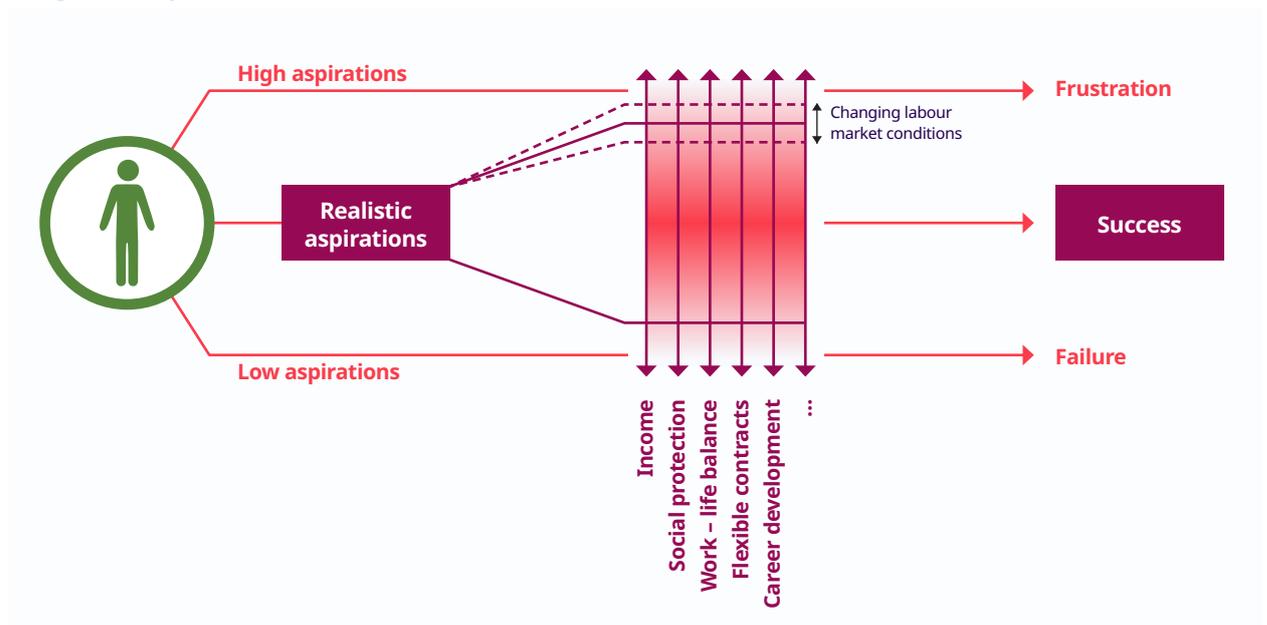
The framework reflects three levels of aspiration – low, realistic and high – for a given set of skills. As previously explained, aspirations and action follow an inverted-U shape, where realistic levels of aspiration are at the top limbs of the U and are most conducive to successful aspired outcomes.

The diverse set of aspirational dimensions for a given set of skills is reflected by the red set of arrows (figure 2). Each arrow represents a particular dimension (income), and aspirations can range from low to realistic to high. Individuals may develop strong

aspirations in one particular dimension and weaker ones in another dimension. For instance, when a person is hoping to have an enjoyable work–life balance, the aspired salary may be accordingly a bit lower than for career-driven young people, for whom salary and career development goals will be strong but with less of a work–life balance, demonstrating the links between the different dimensions. How people prioritize different aspirational dimensions is partially determined by their preferences and socio-economic environment and, again, the labour market.

Local labour market conditions also influence the range of realistic aspirations and successful labour market outcomes, as visualized by the dark red colour (figure 2). Yet, labour market conditions change in response to technological, social and economic forces shaping supply and demand, thereby shifting and potentially increasing or decreasing the range of realistic aspirations. Technological change influences how production factors, such as capital and labour, relate to each other and determines the required skills from workers. Automation and robotization may replace workers with machines and drive low-skilled workers and increasingly medium-skilled people out of the market, thus decreasing the likelihood that low- and medium-skilled people will find another job, earn a decent income and work at the technical level they hope to achieve. In that sense, they

► Figure 2. Aspirations and labour markets



Source: Author’s adaptation based on Boateng and Löwe 2018.

swipe away aspirations. Hence, more challenging labour markets affect how large the range of aspirations is that individuals are likely to achieve.

Along with technological change, social forces may shape labour market conditions. A minimum wage structure, social protection and employer-employee relationships are largely the result of labour market policy interventions that target the challenging evolutions in the labour market. More flexible labour markets can fuel the aspirations of people who want to combine jobs with study, family or life quality, but they can depress aspirations in, say, the dimension of social protection or career development.

Hence, labour market forces and labour market policies jointly determine how narrow or wide the realistic aspirations window is that can be achieved for any given skills set. A limited range of realistic aspirations for a given skills set can motivate people to engage in education and skills development to open up more perspectives, feeding into new future aspirations.

### A proposed framework

Naturally, concepts in the theoretical and empirical literature on aspirations must be operationalized to measure them in social science research.<sup>226</sup> As part of a larger project to assess trends in young people's work-related aspirations, the ILO reviewed 18 surveys with indicators on various dimensions of youth labour market aspirations. The review examined the indicators of work-related aspirations and the specific questions used. The goal was to twofold: to explore concepts and find survey questions that provide a conceptual framework to measure work-related aspirations and to gather the scattered evidence on aspirations and examine the global data trends of young people's aspirations.

The 18 surveys involving youth (or subpopulations of them) asked questions about their aspirations or goals for the future, about what they value in a job or career and about their beliefs and worldviews. While the objective of the surveys was not primarily to collect evidence of youth aspirations in the labour market, many touched on particular

aspects or dimensions of youth (career) aspirations and are hence a good starting point to look at methodologies applied.

The surveys tended to ask young people about their goals in terms of (i) their ideal sector of work, (ii) ideal occupation and (iii) their preferred working conditions. These data collection efforts have been important because little is known about what type of work young people aspire to and what matters to them in a job or career (OECD 2017).

However, identifying and analysing trends in the data proved difficult because of the diversity of data sources, coverage and target groups involved in the different surveys. For instance, the number of countries covered, the number of respondents and the mode of delivery varied widely (figure 3). Modes of delivery included online, SMS and face-to-face surveys and computer-aided personal interviews. Surveys using the internet to collect responses reached respondents in more countries. But the most important difference was the target populations. Most of the surveys targeted youth populations, but the age range differed. Some targeted even entire populations (including adults). The population was often further restricted beyond just the targeted age range.

Other restrictions occurred explicitly because the survey aimed to solicit responses from youth with specific characteristics (such as students). For example, Deloitte surveyed millennials who had university degrees and were employed full-time (mostly in large private-sector enterprises).

The restrictions presented potential sources of bias if the idea is to generalize to the entire youth population (or all millennials)<sup>227</sup> and limited comparison of findings across surveys.

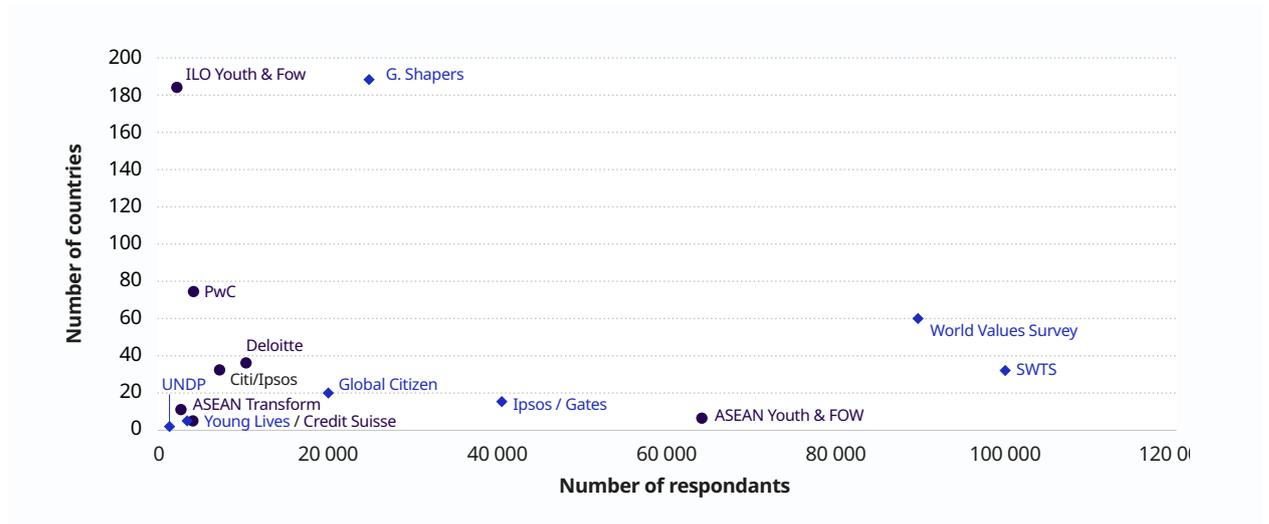
To measure the work-related aspirations of young people, the following framework thus established four domains or dimensions, with corresponding outcome indicators.

The first dimension, "aspirational goals" and related outcome indicators include desired occupation, sector of work and job characteristics. The second dimension, "expectations and obstacles", are

226 This is more challenging when constructs (or abstract concepts) are multidimensional (Bhattacharjee 2012). Aspirations are a multidimensional concept with many layers. In theory (and in reality), the formation of aspirations is shaped by a simultaneous feedback process in which own and vicarious experience, opportunities and social contexts, intermingle with preferences, psychological traits and ideas about expected outcomes, which evolve aspirations from one point in time to another. The concepts may be dynamic, so it is necessary to pinpoint and articulate constructs that have been used to measure particular dimensions of aspirations.

227 Many reports on the surveys have catchy titles, such as *2018 Deloitte Millennial Survey: Millennials Disappointed in Business, Unprepared for Industry 4.0*, which implies that the results, which were based on a restricted sample population of employed university graduates working mostly in large companies, was generalizable to millennials.

▶ **Figure 3. Country coverage and number of respondents in most of 18 surveys reviewed for youth labour market aspiration**



**Note:** FOW =Future of Work; ASEAN\_Transform = ASEAN in Transformation; SWTS = school-to-work transition survey. This figure does not include all the surveys. For example, the preliminary report for the Youth Speak Survey conducted by AIESEC does not report the number of countries or the mode of survey delivery.

**Source:** Authors’ elaboration based on information provided in the reviewed reports on the number of countries and number of respondents.

related but focus on the perceived probability of fulfilling the aspiration, in that it combines goals and preferences with pathways and agency. The proposal includes questions that fit the description and questions for assessing pathways and oppor-

tunities, or a lack thereof, by asking what are the perceived obstacles to achieving the aspirations. These perceived obstacles are distinguished from perceptions and beliefs about technology and from general perceptions of the world.

▶ **Table 1. A framework for surveying youth labour market aspirations**

Outcome of interest	Domains of aspirations	Outcome indicators
What future world of work do young people aspire to?	Aspirational goals	<ul style="list-style-type: none"> <li>▶ Occupations</li> <li>▶ Sector of work</li> <li>▶ Job characteristics: flexibility, income stability, learning</li> <li>▶ Worker-employer relationships: occupational safety and health, collective bargaining</li> </ul>
	Expectations and obstacles	<ul style="list-style-type: none"> <li>▶ Probability of fulfilling aspirations</li> <li>▶ Perceived obstacles to job prospects</li> <li>▶ Technology and automation</li> </ul>
	Pathways	<ul style="list-style-type: none"> <li>▶ Agency and self-efficacy</li> <li>▶ Social network</li> <li>▶ Value of work-based learning</li> <li>▶ Value of entrepreneurship</li> </ul>
	General perceptions	<ul style="list-style-type: none"> <li>▶ Life goals</li> <li>▶ Climate change mitigation</li> <li>▶ Income inequality</li> </ul>

**Dimension 1, aspirational goals:** The domain on goals and operationalizing the aspired goals includes questions on individuals' preferences or ideal sector of work or type of organization as an occupational or career-aspired goal and the related desired values and characteristics of jobs (or careers). An important indicator of aspirational goals is the preferred job characteristics. This indicator relates to the literature that found that aspirations capture personal preferences of individuals (along with their beliefs about opportunities available to them in society and their expectations about what they can achieve through their own effort in an uncertain future). In the context of work, this translates into survey questions that ask youth about the characteristics that their ideal jobs would have (or similar phrasing). In the review, this was assumed to be an underlying driver leading young people to form aspirations to work for a particular type of organization or in a particular sector, hence preferred job characteristics and aspired goals are linked.

**Dimension 2, expectations and obstacles:** As explained previously, when what we aspire to for our future (aspirational goals) is aligned with what we believe can be achieved, given circumstances (opportunities) and through own effort, aspirations become analogous to expectations. Therefore, while aspirations contain a dimension of preferences, expectations are the product of experiential perceptions, such that they become more context specific. By asking youths about the perceived obstacles to finding a job, their answers reveal perceived limitations or constraints to attaining the goal of a job that reflect a lack of opportunity. In the context of youth and the future of work, this question may reveal an important gap between aspirational goals and successful outcomes.

An indicator of expectations relates to perceptions and/or beliefs about technology. There is a strong debate and a wide range of opinions regarding how new technologies will affect employment opportunities. These perceptions range from a deep fear that jobs (or tasks within jobs) will be destroyed to overall technological optimism – that ultimately new jobs will be created by new technologies. Digitalization, automation and robotization are predicted to change the nature of how we work. This is important for all groups of people, but perhaps it is most concerning for today's youth who are new to (or entering) the labour market. But then again, young people have been exposed to some of today's technologies from a younger age than older

generations, and they may be more comfortable and competent with technology and therefore not feel as threatened by new technologies as older generations.

**Domain 3, assessment of opportunities (pathways):** Youths' assessment of the value of education, apprenticeships and particular labour market opportunities affect their aspirations (pathways). For example, young people were asked in several of the surveys, "In your opinion, a person needs at least what level of education or training to get a decent job these days?"

**Domain 4, general perceptions and beliefs about the world:** Certain survey questions captured general perceptions about the world and future possibilities that might help to shape aspirations. This relates back to the earlier framework that describes how aspirations are developed and achieved, where lived experiences and social messages and beliefs feed into aspiration formulation.

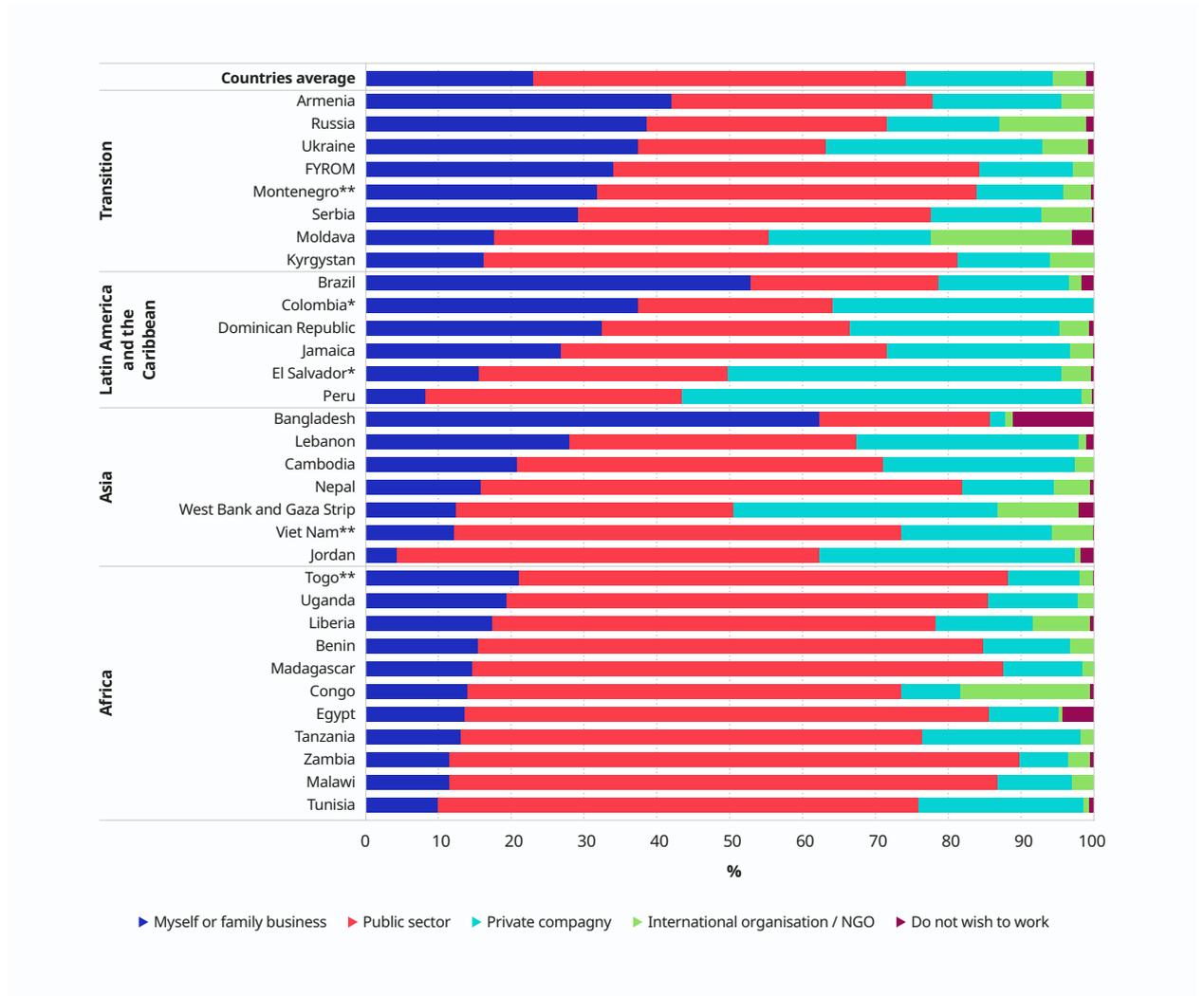
## A glimpse into the data reflecting aspirations

Based on the overview of the aspirations concepts, it can be argued that young people are well-off to the extent that their employment preferences are satisfied. In this case, it is important to measure the extent to which the aspirations of young people align with the reality of jobs, particularly in the developing world, which suffers from the largest decent work deficits. Young people who can fulfil their career aspirations and find jobs that bring about greater satisfaction at work are also likely to be more productive in the workplace and in society at large. In contrast, failing to shape such preferences in the light of the reality of the world of work can have serious economic, social and political consequences.

While it is not possible to present the full data analysis that was done on the 18 surveys, a few issues need to be singled out, particularly pertaining to the gaps between aspirations and labour market demand. These issues will provide important insights for policymakers.

For instance, the 2017 report *Youth Aspirations and the Reality of Jobs in Developing Countries*, from the Organisation for Economic Co-operation and Development (OECD), is based on the harmonization and analysis of data from 32 school-to-work transition surveys conducted by the ILO in

▶ Figure 4. What sector do young people want to work in? (%)



**Note:** The figure represents the distribution of answers from students who were asked: “Ideally, who would you like to work for?” Countries are sorted by the share of students within each group wanting to work for themselves or a family business. \* = Data for Colombia and El Salvador refer to the urban population only. \*\* = Estimations for Montenegro, Togo and Viet Nam do not account for sampling weights because they are missing in the data. A message of this study is that existing jobs in developing countries do not live up to youth aspirations and that policymakers and development partners should take this reality more seriously.

**Source:** OECD 2017.

developing and transition countries in Africa, Asia, Europe and Latin America and the Caribbean from 2012 to 2015. The report points out that the mismatch between youth aspirations and the projected labour demand is alarmingly large in many countries. The job characteristics valued by youth are also rare to find in many of the countries. In that report, the OECD cautions that a large gap between aspirations and reality will lead to lower levels of motivation and productivity, thus increasing frustration and decreasing well-being, and it could even lead to social unrest.

The summarized OECD findings (figure 4) highlight the discrepancies between what youth aspire to and their actual labour market opportunities. This point must be considered carefully, especially in developing country contexts where the absolute lack of opportunity for work is a binding constraint. In a chilling case, described in an ILO report on the *Future of Work We Want* in Latin America and the Caribbean (2017), a young participant told workshop facilitators that (paraphrasing), “If you help us find work, we can eat, and if we can eat, we can think.” That participant was subsequently shot by

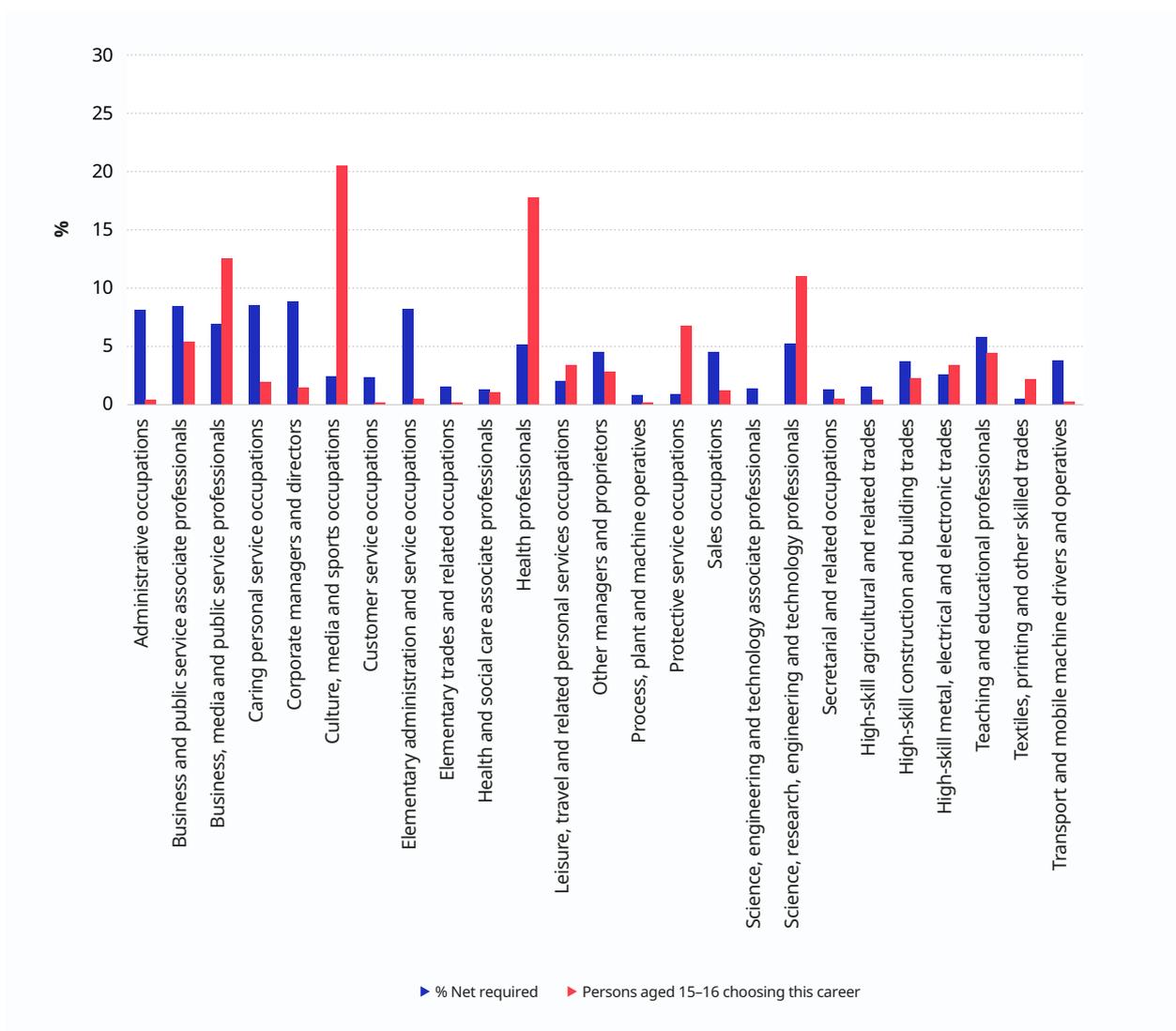
a neighbour in his village for playing music too loud (p. 73). It cannot be overstated that social and labour market conditions are a requisite for dreams and aspirations.

What the OECD researchers found, using the ILO school-to-work transition data, is that students in the countries surveyed overwhelmingly aspired to work in the public sector, at an average of 57 per cent. This contrasts with only 17 per cent of young workers actually employed in the public sector (which includes state-owned enterprises, international organizations, non-government

organizations and public enterprises). Also, in most countries, smaller percentages of youth desired to work in the private sector or self-employment or for a family business than the proportions who actually did. Another risky mismatch is the percentage of students (and even tertiary students) who wanted high-skill work; given the labour market trajectories, they most likely will not be able to fill those aspirations.

The OECD report offers several policy recommendations to help curb the mismatch between young people’s labour market aspirations and reality.

► **Figure 5. Aspirational gaps: What 15- and 16-year-olds in the United Kingdom aspire to does not match market demand, 2010–20**



Source: Excerpted from Chambers et al. 2018.

The first recommendation is to provide youth with information about labour market prospects to help guide their career choices. Indeed, around 33 per cent of respondents to the Citi and Ipsos survey said that if they “knew where to find information about job opportunities”, it would make it easier to find a job. Yet, the most cited need, by around 48 per cent of respondents, was “more on-the-job-experience” (Citi Foundation and Ipsos 2017).

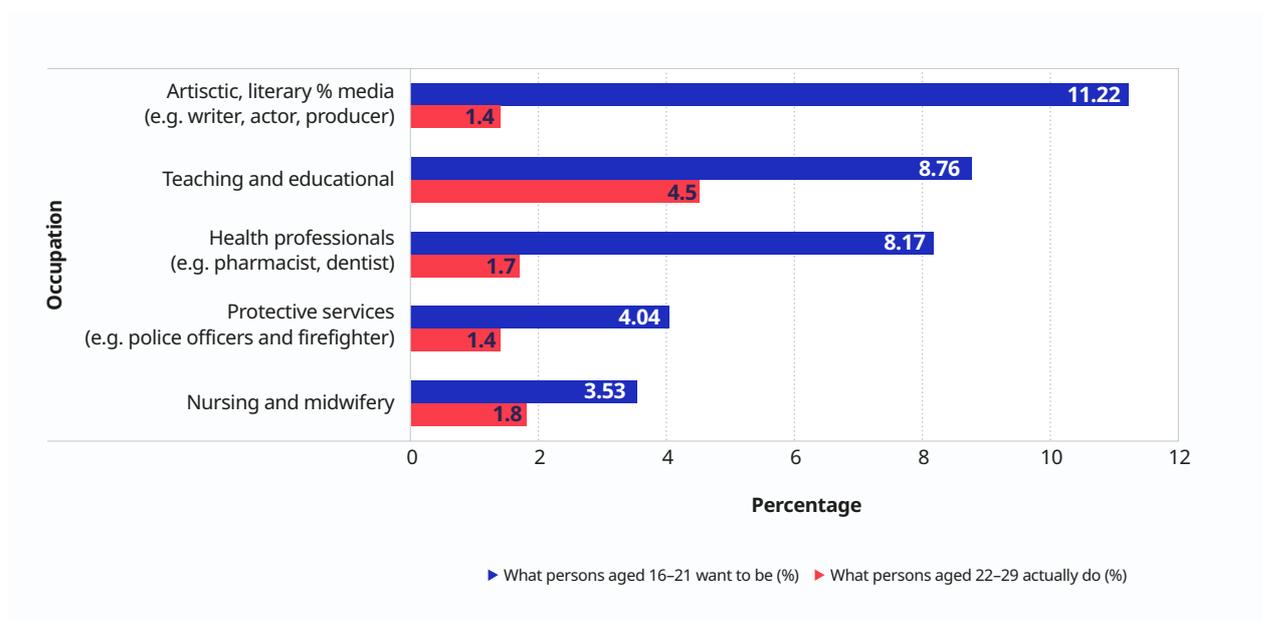
Although the OECD report gives some information about aspirational gaps, what is evident is a mismatch for a broad classification of sectors (private, public and self-employment). It would be interesting to have an analysis based on economic sector of employment or actual occupations. For example, a study conducted by Education and Employers with the United Kingdom’s Commission for Employment and Skills and B-live found that the aspirations of people aged 15–16 had “nothing in common” with the actual and projected demand in the workforce (as cited by Chambers et al. 2018) (figure 5).

Chambers et al. noted that these findings raised a major concern about the large gap between the jobs that actually existed (or was projected to exist) and what young people aspired to do and related this to lack of information. The Office of National Statistics in the United Kingdom published a blog in

September 2018 with similar concerns. They found that the top-five dream jobs of young people aged 16–21 in 2011–12 did not align with the proportion of persons aged 22–29 having those occupations in 2017 (figure 6).

A study conducted in Switzerland in 2010 found that around 80 per cent of young people in grade seven (aged 13–15) who were predominantly non-college bound had at least one realistic career aspiration. The Swiss education system is a dual system in which around two thirds of students go to vocational education and training in grade nine. The study asked 252 students to name the vocational education or training or the school they were considering after grade nine. Students were allowed to list as many options as they wanted (Hirschi 2010). Due to the particular structure of the Swiss education system, it was possible for the author to build a measure of how realistic this aspiration was. This analysis is quite distinct from the studies conducted in the United Kingdom, but one interesting difference stems from the fact that students were allowed to mention as many aspirations as they wanted. At least one of those for all but 20 per cent of the respondents was realistic. This suggests that the way in which the responses are solicited can yield different “matches” with reality. If a young

► **Figure 6. Aspirational gaps in the United Kingdom: Top five jobs that persons aged 16–21 wanted and the employment of persons aged 22–29 in 2017 (%)**



Source: United Kingdom Office for National Statistics, [www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/youngpeoplescareeraspirationsversusreality/](http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/youngpeoplescareeraspirationsversusreality/), accessed 27 September 2018.

person can list multiple career aspirations, what are the chances that at least one of those is consistent with the labour market demand? This is a different question from the one analysed by the Office of National Statistics and Education and Employers in the United Kingdom.

A message from this analysis is that jobs in developing countries do not live up to youth aspirations and that policymakers and development partners should take this reality more seriously. Reducing the youth employment preferences gap will take time, but it is possible, as evidence from the experimental studies and other analyses of interventions demonstrates.

## Improving our understanding of how aspirations affect young people's lives

Many recent surveys sought to better understand the aspirations and expectations of young people in the world of work. But the review of their research designs revealed potential biases in the selection of respondents. While the Deloitte Millennials Survey and the World Economic Forum's Global Shapers Survey targeted the situation of young people in the labour market and their preferences and outlook on the future of work, the respondents were only representative of restricted populations, such as "white collar" youth or students. Many surveys were also limited to collecting information on attitudes and aspirations without linking them to the employment situation or constraints that young people experienced. The ILO school-to-work-transition surveys captured the employment situation of young people but had only a limited set of questions on aspirations. Some surveys, focusing either on a specific region, such as the ILO ASEAN in Transformation Survey, or on a specific group of young people, such as university graduates in PricewaterhouseCoopers' Millennials at Work survey, bridged this gap only partly. They combined questions on attitudes and aspirations with information on the actual situation at work.

Hence, there is rationale to invest considerably into research projects that augment the general understanding of youth aspirations, which in turn should lead to conceiving and designing employment policies that support young people in their aspirations

by allowing them to visualize their prospects and then providing the necessary tools to achieve them.

In conclusion, some recommendations, informed by the in-depth review of the research design of youth-focused surveys, are as follows.

► **Draw a sample from the youth not in employment, education or training to provide useful comparisons with those youth who are engaged in education or work.** Many surveys used a restricted sample population of youths, either explicitly or by default, and solicited responses from youths who were employed or in school. These youths may have systematically differed from youths not employed or in education or training.

One strategy could be to follow an example used by the Young Lives survey<sup>228</sup> and sample young people from groups of interest, including those not working or in education or training. In the analysis of the trends around the world from the 18 surveys reviewed, regional differences emerged. Drawing a larger sample of youth not in employment, education or training does not necessarily imply targeting only developing countries. Comparing the aspirations of such youth in different regions and countries could yield interesting insights.

► **Consider the targeted age group carefully in the context of the survey objectives.** While most of the 18 surveys reviewed for this study targeted youth, a more recent study asked more than 20,000 children aged 7–11 to draw a picture of the job they want when they grow up (Education for Employers 2018). This revealed that social background also influences aspirations already at the age of 7. Thus, relevant questions for policymakers: What age is the right age to intervene if the goal is to help shape aspirations? And are there fundamental differences between aspirations that have been formed at a young age? Are they more deeply rooted and more challenging to reshape than aspirations in later years, or is it the other way around?

► **Include questions to self-assess the probability of achieving goals in survey instruments.** In general, when the surveys asked youth about their aspirational goals, they did not ask them to self-assess their chances of achieving those aspirations. Some of the surveys asked youth

228 Young Lives is an international panel study of childhood poverty that followed the lives of 12,000 children in Ethiopia, India (in the states of Andhra Pradesh and Telangana), Peru and Viet Nam over 15 years.

about their concerns when applying for jobs (or about obstacles to finding a job), but this is not the same as explicitly asking young people to evaluate their chances of achieving a particular aspiration. One exception is the United Nations Development Programme's survey in Armenia, in which people were asked to assess the probability of the fulfilment of their top goals. This self-evaluation could be introduced via direct (as the UNDP survey does) and/or indirect questions.

- ▶ **Include a self-assessment of digital and technical skills when a survey asks questions about technology.** The reviewed surveys tended to ask youth a variety of questions about beliefs or general perceptions of the world around them. When the surveys asked youth whether technology is creating or destroying jobs, the question should have been complemented with questions about the respondents' digital and technical skills and capabilities. Collecting this information would be useful because under almost any future scenario of work, generic digital technology will become increasingly important. Collecting information about

digital skill sets to complement young people's perceptions will yield results that are more actionable for policy and programme design.

- ▶ **Introduce additional questions about current activity or occupational status and personal and/or family characteristics.** The reviewed surveys often did not include enough information about the current job and personal and/or family characteristics within the same instrument. Because almost all recent survey data on this topic are cross-sectional, this makes it challenging to use the data to analyse the role that aspirations have in labour market outcomes.
- ▶ **Complement online surveys with mechanisms for reaching youth who do not have access to the internet.** Modes of survey delivery could inadvertently exclude youths who are not using the internet. To reach more youth respondents in a cost-effective way, many recent surveys have been conducted online. While this may yield a larger number of responses, it may also introduce bias.

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## ► Youth, employment and the future

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Sukti Dasgupta, Maria Prieto and Juan Chacaltana

### ►► The youth employment challenge is constantly evolving, but the policies are not keeping pace.

Youth is a passage in life – it is not a permanent condition. Yet, it is a period that can define the rest of a person's life, with access to work one of many preoccupations. Appropriate guidance and support during this passage into adulthood is necessary, no matter the culture or the country.

Every young generation tries to foresee its future. Even if they do not have enough information, they wonder about expected scenarios of the future labour markets they will encounter. And they make lifetime decisions based on those expectations: what they will study, where they will work, what type of business they will seek out, where they will live, whether they will marry, will they have children and, if so, when.

These questions and quandaries are nothing new for any young generation. But in addition to these usual issues, the current (and future) generation of young women and men are facing unique challenges due to the period of time in which all of humanity is living.

For one, they are living in a time of rapid change, with many implications for the capacities of economies and societies to guarantee good jobs for youth.

- i. They are likely to live longer than previous generations, including more years after their retirement from work. But healthcare and pension systems are already challenged, especially in regions with a high dependency ratio, and will probably face additional stress when the current generation retires.
- ii. Climate change is also critically affecting long-term job scenarios – new jobs will be created in the renewable energy sector while many traditional, less environmentally sustainable sectors will decline.
- iii. Migration may partially offset the effects of an ageing population and shrinking labour force.

Today, around 70 per cent of migrant flows involve people younger than 30 (ILO 2017a).

- iv. While new technologies are both creating and destroying jobs, young workers are more at risk of losing their jobs due to automation than older workers because they tend to be employed in sectors and occupations that are likely to automate (ILO 2020b). Technologies are also creating new forms of work and new employment relationships that are not within legislative frameworks. New business models, including in the sharing economy, are common destinations for youth that often remain unprotected.

To add to these challenges, the COVID-19 pandemic and its recessionary impact on the global economy will have devastating effects on the world of work, particularly on young workers. Youth are harder hit by recessions in general because they tend to be the first fired, and they suffer more than older workers from interruptions to hiring because they constitute a disproportionately large share of job-seekers (O'Higgins 2001). Young workers are also overrepresented in the informal economy and in economic sectors that are likely to be more severely affected by the pandemic, such as the wholesale, retail and tourism sectors. Overall, the pandemic already has dealt a triple shock to young people:

- i. disruptions to education, training and work-based learning that may reduce young people's chances to obtain decent work in the future;
- ii. increased difficulties for those previously unemployed as well as for young jobseekers who enter the labour market amid a collapse in job vacancies; and
- iii. job and income losses for those in employment, along with a deteriorating quality of their jobs (ILO 2020b).

As countries open up after the extended lockdown period, how young people are addressed in employment policies will be a crucial aspect of sustainable development.

Policies for youth employment must take into account the impact of these unique drivers of change, which requires a rethinking of how to meet the emerging challenges and leverage the opportunities through appropriate policy development and implementation. **Youth employment policies need to be upgraded to the new circumstances of the youth. A new approach must be embraced.**

The ILO has recently adopted an organisation-wide strategy to address the youth employment challenge post COVID 19. The ILO's Youth Employment Action plan 2020-30 is based on a longstanding engagement with policymaking to ensure more and better jobs for young women and men. In 2012, in the continuing response to the 2008–09 financial crisis, the ILO constituents adopted the Call for Action for Youth Employment and a follow-up plan on youth employment for 2012–19. The Call for Action recommends measures to foster pro-employment growth and decent job creation through macroeconomic policies, labour market policies, youth employability and entrepreneurship, and rights at work. It is based on the principle of an integrated, balanced and coherent approach that addresses the demand and supply sides of the labour market and employment quantity and quality and is built on social dialogue.

The normative underpinnings of the Call for Action are reflected in the ILO Centenary Declaration for the Future of Work, adopted by ILO constituents in June 2019. The Centenary Declaration, articulating the direction for going forward from the past 100 years as an organization, charts a people-centred approach, with social justice the goal. It is defined by three pillars: (i) strengthening the capacities of all people; (ii) strengthening the institutions of work; and (iii) promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all people.

As we look to the future and to policies that can address the evolving world of work for young women and men – a future that is likely to be different from what previous generations of youth faced, it is necessary to be pragmatic. **These**

**policies must be based on the solid and tested paradigm of the Call for Action while reflecting the human-centred approach of the Centenary Declaration.** In addition, they need to take into account the devastating impact of the COVID-19 pandemic on life trajectories.

## Youth aspirations for the future, in the context of recurring crisis

Young people today are experiencing a crucial stage in the labour market: They are part of the largest segment of the population of all those of working age. They were born in the late 1990s and have grown up in the midst of numerous and major transformations in the world of production and work – the globalization of markets, massive migration processes, increased use of information technology, automation, artificial intelligence and new forms of work.

Despite being more educated than previous generations, being a “digital generation” and having experienced one of the greatest economic growth and poverty reduction periods in recent history, they have also witnessed (in real time via television or other social media), major events that have had global impact. These include terrorist attacks, financial crises, trade wars, civil wars and now the coronavirus pandemic and other social protests. Each event has had and is having significant economic and social consequences. Today's youth, in some cases, are likely to be poorer than their parents, despite progress on many fronts.<sup>229</sup>

From the labour market perspective, all these events have likely influenced young people's expectations and perceptions about the future. With youth, aspirations are crucial because they are the basis for decisions that will greatly shape their life-long (personal and labour) itineraries or trajectories, such as education, emancipation, labour market insertion and reproduction.

The ILO organized national dialogues on the future of work (ILO 2017b) to contribute to its Centenary Initiative,<sup>230</sup> which launched the work of the Organization's 100th anniversary year. The dialogues sought to understand and thus best

229 See [www.if.org.uk/research-posts/will-young-people-be-poorer-than-their-parents/](http://www.if.org.uk/research-posts/will-young-people-be-poorer-than-their-parents/).

230 See [www.ilo.org/global/topics/future-of-work/WCMS\\_448448/lang-en/index.htm](http://www.ilo.org/global/topics/future-of-work/WCMS_448448/lang-en/index.htm).

respond to the ongoing changes in the world of work to advance the ILO mandate for social justice. The more than 110 dialogues contributed multifaceted perceptions of how national actors see developments in the world of work and how they see their influence in the future. Many of the national dialogues included a youth employment perspective, and some included youth groups in the dialogue. The main points that emerged from these dialogues reflected both concern about the increasing role of technology in the labour market and its effects on the quality of employment as well as the aspiration of youth to break new ground using technology to create innovative income-earning opportunities for themselves.<sup>231</sup>

An ILO survey on the aspirations of young people found similar leanings, albeit with differences among them based on where they lived – a more positive perspective in relation to new technologies was greater among youth in developing countries than in developed countries. The survey also found that for the young adult age group (25–29 years), what matters most is a stable and secure job (ILO 2017a).

Due to these uncertainties and to the reality that many young people have lived in a recurring youth employment crisis their entire working life, some of them may question whether education and/or the job market are vehicles for personal and social progress. For them, other options include a complete disconnection from the labour market. Indeed, a portion of the young population has emerged who are uprooted and even overlooked by the system, who do not study or work and who do not trust institutions. With them, there has been the proliferation of exclusion, frustration and even anger and protests against the status quo, which is challenging the cohesion of families and societies. Youth discontent has also been fuelled by the fact that they will be the main generation bearing the costs of the pandemic and its consequences.

If young people are to realize their hopes and aspirations for the future, structural-transformative investment in that future must be a top policy priority. Failure to do so will only exacerbate exclusion and inequalities, now and in the future. Knowledge, education and new technologies are vehicles of progress only for those who can access them. Those who cannot will be left out of the new

opportunities. **It is the role of public policies to equalize the access to those opportunities.**

## Youth employment policies for evolving labour markets

The transformations taking place in the labour markets will have important impact on the future prospects for youth. Whether these impacts are positive or negative will depend on the public policies and actions that must be put in place now. Young persons are already making decisions based on their expectations of the future, and sound youth employment policies should accompany those decisions.

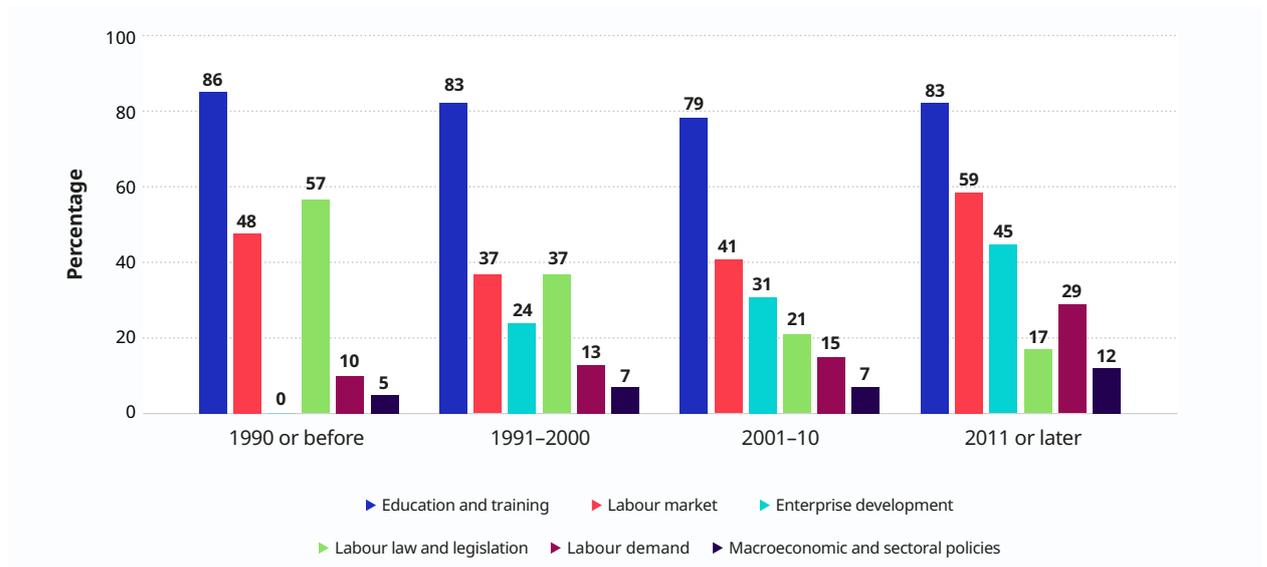
Putting the youth perspective into an overall context of a lifelong active society requires acknowledging that work and age should not be considered in a linear manner. Different stages of a person's life call for different needs and responsibilities. For today's world of work, there is an urgency to bring the generations together in support of improving living standards for all persons as well as productivity in general.

Over the past few decades, there has been extensive discussion on youth employment policies. The main policy lesson from the second part of the previous century is that the youth employment challenge requires integrated policy measures at the macroeconomic and the institutional dimensions. An interesting and positive trend is that approaches to youth policy, particularly youth employment policy, are evolving. At the country level, the evolution in policy discussion is occurring (although slowly) in different dimensions: from programmes to policies (because of the evolution of labour market institutions); from individual interventions to multiple drivers, including more integrated frameworks; from emphasis on salaried work to increasing attention on entrepreneurship; from interventions with social goals to more productive goals; from short-term goals to a lifetime approach; and from supply-side to demand-side interventions. This evolution is of course heterogeneous among countries.

The ILO database on Youth Employment Policies and Legislation, known as YouthPOL, contains 485 youth employment policy documents from 65 countries and dating from 1947 to 2015 that were recently reviewed. The review found that youth employ-

<sup>231</sup> A summary of the youth-related outcomes of the national dialogues are reflected in ILO 2017b.

▶ Figure 1. Evolution of youth employment policies in 65 countries, 1990–2015



Source: More, Barucci and Chacaltana (unpublished) based on the ILO Youth Employment Policies and Legislation database, [www.ilo.org/employment/areas/youth-employment/youth-pol/lang--en/index.htm](http://www.ilo.org/employment/areas/youth-employment/youth-pol/lang--en/index.htm), accessed February 2018.

ment policies are evolving in different dimensions as countries are increasingly embracing more integrated measures (at least in their policy documents). It also shows that an increasing number of countries are improving their policy coordination, including budget considerations, and conducting more impact evaluations (although they are still too few). These evolutions are far from complete, and there are large differences among countries.

Yet, youth employment remains a problem. So, are these strategies working? Perhaps these documents only reflect intentions but not implementation? Or is there too much focus on the supply side while fundamental changes to nature of economic growth and investment in job creation remains relatively neglected (ILO 2020a)? Certainly, the youth employment challenge is constantly evolving, but the policies are not keeping pace.

Due to the rapid changes in the labour market caused by persistent drivers of change alongside the slow adaptation of the major players (the private sector, the public sector, governments and civil society), there is a need to discuss – at the international and national levels – the next generation of employment policies for youth. While it is clear that youth employment should be approached from a lifelong active society perspective and not in isolation of the other cohorts, there are some features that a new generation of youth employment policies should contain:

### Job-rich growth and transformations that support decent work for young women and men

One of the most important concerns of our times is the scarce capacities of economies to generate good jobs. While it is true that good-quality jobs are needed in general, it is also true that this need is particularly acute for some demographic groups. This is especially relevant for the youth who are usually the first to lose their jobs in economic downturns and the last to recover in the growth periods. Matsumoto et al. (2010) argued that youth employment is much more sensitive to business cycles and policy-induced economic downturns than adult employment, and short-run demand shocks turn into long-run “scarring” effects that manifest in reduced employment and earnings opportunities that can last decades. From the policy perspective, macroeconomic policies are not distributional-neutral with respect to specific groups (Sen, 2019), and that applies to the youth as well.

ILO research has shown that prompt expansionary fiscal policy as part of an overall development and employment strategy can promote youth employment during economic downturns, considering that young people have a low propensity to save. In such an event, the multipliers are likely to be

high, thus transferring the stimulus to the rest of the economy (O'Higgins 2017). Youth are also more intensive users of non-cash transactions, giving further degrees of freedom – and speed – to monetary policy, for example, in emergency situations. However, fiscal and monetary policies need to be combined with a range of sectoral strategies and industrial policies for expanding youth employment. The Global Employment Trends for the Youth 2017 reported that the share of youth employment was growing in the services sector, in particular in the health and care sector, and led by young women, who account for more than 70 per cent of its employment, while it is declining in manufacturing (except in Asia and the Pacific). Investment in infrastructure and data systems may support other growing and dynamic sectors that have significant potential for youth. Investment in the health and care systems and sector, which is at the forefront of the COVID-19 crisis, would ensure that jobs in this sector are decent.

Because young people are relatively more adversely affected by crisis, preparing for downturns must be integral to the policy design. Lessons from the European Union's Youth Guarantee, which was introduced to prevent the long-term exclusion of young people from study and work in the aftermath of the 2008–09 financial crisis, could be a useful reference, even for resource constrained developing

countries. Targeted sectoral measures, particularly in the green and digital sectors, could also be the basis of a youth-friendly economic revival.

All these developments need to be accompanied with skills strategies to prepare youth for changing labour markets, such as skills policies that facilitate a lifelong learning approach for both adapting to new skills needs and the flexibility to respond to the fast-changing skill demands. In the context of a crisis, on-the-job training and apprenticeship schemes to complement other activation measures aimed at facilitating youth's transitions into the labour market can bring long-term gains.

### Support to lifelong learning and lifelong employability

Where it occurs, the discussion on the "integration" of youth employment policies should be re-examined. The usual approach involves combining multiple interventions with better coordination. While this is necessary, an additional issue is the balance of work and non-work activities to support personal trajectories as well as labour trajectories. Work-related policies must regard all facets of young people and not just their worker status. One possibility is to support multiple transitions, including the transition to emancipation, to parenthood,

► Table 1. A simple scheme for supporting multiple youth transitions

Level	Policies
Transition to parenthood or other care work (elder)	<ul style="list-style-type: none"> <li>► Prevention (sexual and reproductive health)</li> <li>► Mitigation (combine education or work with reproductive role)</li> <li>► Compensation (care economy)</li> </ul>
School-to-skills transition	<ul style="list-style-type: none"> <li>► Lifelong learning policies</li> <li>► Access to labour skills education or training</li> <li>► Improving pertinence and reducing skills mismatch</li> <li>► Improving quality of skills</li> </ul>
School-to-work transition	<ul style="list-style-type: none"> <li>► First-job orientation and insertion</li> <li>► Work-quality programmes</li> <li>► Occupational safety and health</li> </ul>
School-to-business transition	<ul style="list-style-type: none"> <li>► Removing restrictions to generate and initiate business</li> <li>► Creating an enabling environment for young entrepreneurs (including access to finance and business development services)</li> <li>► Supporting productivity of young entrepreneurs</li> <li>► Supporting entrepreneurship training</li> </ul>
Transition to migration	<ul style="list-style-type: none"> <li>► Youth-migration management (information and transparency in recruitment)</li> </ul>

Source: Authors.

the school-to-skills transition, the school-to-work transition, the transition to entrepreneurship or the transition to migration (table 1). The policy perspective also needs to take into account that these transitions are not linear and that they can occur simultaneously or in different sequences.

Policies should prepare young people for the multiple transitions they are likely to experience when they enter the labour market and facilitate their ongoing participation in the labour market. This implies supporting lifelong employability, for which lifelong learning is an essential entitlement for every (young) person. It is therefore essential that lifelong learning is included in social dialogues (Chacaltana and Prieto 2019).

Support for multiple transitions should lead to decent work trajectories. In this process, the quality dimension is critical, and hence, the transition to a formal job should also be part of this scheme. This means that specific policies for youth can be envisaged, including the first formal job or the first formal entrepreneurship programme. The most important message is that investing in formalization for youth employment has greater impact because

there is more time to recover those investments and it may be less costly.

Greater focus on work quality for youth requires increasing the overall quality in the labour market. This means formal employment-generation policies, structural transformation policies (so that every point of growth generates more formal employment) and general growth and general labour demand-boosting interventions.

### Harnessing new technologies for youth employment

Another re-examination required of countries relates to the new technologies that are transforming the way labour markets work. They are generating new forms of production and of work, increasing productivity and efficiency but also increasing risks and creating additional inequalities due to the uneven access to new technologies. These technologies are also transforming the way traditional youth employment policies are implemented (table 2). **Public policies need to keep up, or even better, get ahead of the changes if possible.**

► Table 2. Examples of how youth employment policies use new technologies

Youth employment policy area	Use of technologies	Examples
Training	Digital skills	<ul style="list-style-type: none"> <li>► The European Union's Digital Opportunity Traineeships provide participants with hands-on experience in fields that are in high demand. A certificate is issued by an enterprise to the trainee within five weeks after the conclusion of the traineeship.</li> <li>► The One Million Arab Coders, launched in the United Arab Emirates in 2017, aims to provide free training in coding and web development to 1 million young Arabs.</li> </ul>
	Delivery of skills	<ul style="list-style-type: none"> <li>► Using blockchain technology, Blockcerts in the Bahamas helps employers easily verify the academic credentials and professional certifications of job applicants. The National Training Agency provides jobseekers with a digital portfolio that employers can access.</li> <li>► In Chile, the National Training and Employment Service launched the Elige Mejor (Choose Better) programme, which is a website platform that provides more and better information for persons looking for training courses.</li> <li>► The Directorate General for Education and Culture of the European Union created the Europass, an electronic credential that seeks to ensure that workers' skills and qualifications are clearly understood and recognized across member countries, regardless of the differences in education systems.</li> </ul>
Public employment services	Online portals	<ul style="list-style-type: none"> <li>► The National Career Service of India launched an online job portal in 2015 that brings together employers, jobseekers, private employment providers, non-government organizations, training institutions, vocational guidance specialists, career advisers and local artisans working in the informal economy.</li> <li>► Estonia is increasingly using new technologies in public employment services as part of an e-society environment that relies on the secure exchange of data. A digital signature allows all citizens access to most public services, including employment services.</li> </ul>
	Artificial intelligence	<ul style="list-style-type: none"> <li>► In Flanders, Belgium, artificial intelligence is used to match jobseekers with job offers on the basis of their skills, residing location and preferences. Additionally, an app called the Digital Advisor helps school-leavers improve their job interview skills through online sessions.</li> <li>► In 2018, Paraguay launched a new job-matching engine called ParaEmpleo (For Employment), using semantic indexing and location mapping algorithms to recommend suitable vacancies to jobseekers.</li> </ul>
	Tool to improve multi-agency coordination	<ul style="list-style-type: none"> <li>► The Ministry of Labour in Peru began providing in 2011 a free single employment certificate for young people, called Certi Joven, with various types of credentials required by employers (identity, educational and judicial records, work experience). Employers can verify jobseekers' credentials at the Ministry's website.</li> </ul>

(Table 2 continued on page 236)

(Table 2 continued from page 235)

Youth employment policy area	Use of technologies	Examples
Youth entrepreneurship	Information about business opportunities	► The Peruvian National Institute of Statistics created a Geographical Information System for Entrepreneurs in 2012 for people thinking of starting a business. The georeferenced system, with a graphic format, uses data from the economic census and provides information on sales, profits, costs and the number of workers in similar businesses for jobseekers to compare.
	Support to tech industries	► The Republic of Korea is supporting the creation of “smart factories” with fully automated technology-based manufacturing systems. The Government and enterprises equally share the costs of establishing the smart factory system, which is expected to promote innovation and efficiency and to improve working conditions.
	App to improve business	► In Kenya, the digital platform UjuziKilimo helps farmers to plan their work better and reduce weather-related risks.** Drawing on real-time farm data from sensor devices, the platform uses machine learning and data analytics to provide farmers with timely and accurate information on fertilizers, seeds, weather, crop management and markets. This information is transmitted to farmers together with recommendations via text messages.

**Note:** \*\*=See [www.ujuzikilimo.com/](http://www.ujuzikilimo.com/).

**Source:** Based on ILO 2020a.

In the case of training, for example, initiatives to equip young people with technical skills that are in high demand, together with life skills (such as communication and teamwork) that enhance their general employability, are crucial. For public employment services, countries with different levels of development are embracing new technologies to improve service delivery and outreach and to promote efficiency. These technologies have been instrumental in expanding coverage, improving the range and quality of services and making the labour market more transparent, all at relatively low cost. Technology is also facilitating the integration of unemployment benefit systems with employment services. Technology-based solutions are being used to help young people realize their entrepreneurial aspirations by facilitating their access to markets and market information and by enabling them to acquire financial, entrepreneurial and digital literacy skills (through online courses and coaching, mobile learning apps and digital training materials).

### Rights at work, responding to the changing world of work for youth

New technologies can offer new employment opportunities for young people entering the labour market. The ILO (2020a and 2017a) finds that young workers perform better than adults in technology-rich environments. This suggests they might have greater probability of adapting to more technology-intensive working methods as well as training and education methods and finding a job virtually.

However, technologies also pose challenges that need to be properly regulated. Youth are still more affected by labour market changes and less protected by legislation. Policies must guarantee that the rights of young people are respected (Vega 2020). New regulations need to ensure that young people who lack work experience can prove their abilities and skills and to then progressively transition to regular employment. This will require updating labour legislation to provide basic rights protection and social protection in the new forms of work and employment relationships. As pointed out by the Global Commission on the Future of Work (2019), this includes an extension of social protection to all workers as well as an international governance system that requires online platforms to establish minimum working conditions.

As some studies suggest, digitalization is likely to contribute to labour market polarization, and access to technology or lack thereof will continue to exacerbate differences between high- and low-income countries (ILO 2017a). Programmes that include on-the-job-learning are extremely relevant. The high percentage of youth today and tomorrow in developing countries with limited access to new technologies will inhibit the positive effect on global youth employment.

As occupations evolve and technology makes working outside the workplace (at home or in a co-working space) easier, policymakers should establish mechanisms to ensure that young people enjoy a work-life balance. However, it is important to acknowledge that youth have a greater need to learn and be present in a workplace when they are entering the labour market to learn not only the work task but also “how to work”. In addition, their

personal data and privacy should be protected. And the rights of freedom of association and collective bargaining are of particular importance, especially in the new forms of on-demand work (for example, young people working in the gig economy could benefit from extended membership in trade unions).

Young people are a heterogeneous group, and many factors (age, geography, occupational insertion, work experience, forms of work, among others) could affect the likelihood of exposure to occupational hazards, accidents and diseases. Occupational safety and health management would benefit from risk assessments that consider young workers' needs, characteristics, strengths and limitations and then measures that are adapted to their stage in life, including adequate training, appropriate personal protective equipment and participation.

To mitigate future health problems as a result of telework and ensure a human-centred approach, the right to disconnect (during non-working hours, sickness, holiday), the rules concerning breaks and rest during online time, the right to deactivate GPS on office digital devices, etc. should also be addressed.

The challenges associated with the new technologies have been exacerbated or even accelerated by the COVID-19 pandemic. Young workers, highly represented among the self-employed, casual and gig workers, are likely to have been disproportionately hit by the lockdown measures because they have limited access to paid or sick leave mechanisms and are less protected by conventional social protection mechanisms and other forms of income smoothing. In addition, work-related risks associated with the pandemic, such as ergonomic and psychosocial risks, could impact young people, especially young women who experienced an increased unpaid care load. The widespread use of smart phones and other digital devices means that always being "on call" has become a reality for many people. This constant connectivity has been stretched during the COVID-19 times. The expectation that workers are available at almost any time for online or mobile communication is potentially hazardous to workers' health (EUROFUND), although legislation on this issue is lagging. In the digital age, governments and employers' and workers' organizations need to find new ways to effectively apply nationally defined hours of work (regardless of where the work takes place, at home or in the workplace) in tandem with the establishment of a right to digitally disconnect.

## Social dialogue for a lifelong active society

Social dialogue, which is at the heart of the work of the ILO, is first and foremost a fundamental principle of democracy. Experience tells us that social dialogue leads to better policies by drawing on the knowledge and experience of the social partners, and it provides a forum in which the trade-off between competing interests can be negotiated and resolved in the overall national interest. Social dialogue also induces support for proposed measures and hence can pre-empt future opposition and conflict that would otherwise reduce their effectiveness (ILO 2012).

Social dialogue is extremely important in the context of policies for young people, and must be ensured either by the social partners or through the direct representation of youth organizations in a policy consultation process. Unfortunately, it is not so common to include youth in social dialogue. There are, however, some interesting examples of formal or institutional spaces in which the voices of youth can be heard (ILO 2013 and 2012). Different countries deal with the process of consultation with youth differently. Some countries that have adopted youth employment policies have involved youth representatives in discussing and drafting them (Chacaltana and Prieto 2019). Others consulted social partners, although not necessarily the young population. And still others inserted the youth agenda into the broader labour market tripartite discussion (see examples in the following box).

There is a need to strengthen the capacity of workers' and employers' organizations to include all workers, regardless of age. The future, as uncertain and unpredictable as it may be, requires the participation of all actors in social dialogue. Considering that effective social dialogue would need to accurately reflect the different stages of a person's life, a lifelong active society supported through social dialogue would better facilitate the transitions of people between school, jobs, training, care and eventually retirement.

Social dialogue can improve youth labour outcomes through the inclusion of young peoples' priorities, such as skills and lifelong learning, occupational safety and health protection, decent wages, hiring opportunities, apprenticeships, internships and private data protection. For example, in Austria, tripartite social dialogue led to the 2008 reform of the youth employment package to include training programmes for young people. Similar

### Examples of formal or institutional spaces in which young voices can be heard

- A Tripartite Commission on Youth Employment was created in Spain in 2006 as a consultative body attached to the Ministry of Labour and Social Affairs. In Paraguay, a National Board for Youth Employment Creation was established by presidential decree in 2008; it is a participatory body comprising 26 institutions (including the social partners) and focusing on the design and implementation of youth employment policies and programmes. In Peru, a tripartite Social Dialogue Roundtable on Youth Employment with youth representatives was created in 2011 and formally included in the National Work Council structure.
- Many social partners have developed formal spaces for youth within their own structures. Examples include the development of young employers' organizations in Chile, Colombia and Mexico and the development of workers' organizations that target youth, such as in Tunisia.
- Institutions for social dialogue on youth employment programmes have emerged at the local level, such as the Local Plan for the Integration of Youth in France, two tripartite youth employment pacts at the regional level in Bulgaria and a similar pact in Albania.

training programmes were put in place in Lithuania that complemented reforms with incentives for employers hiring young people. Brazil launched the National Decent Work Agenda for Youth in 2011 as a result of tripartite social dialogue; the agenda confronts youth employment issues in a holistic way, including education, the work-life balance, employment and continuing social dialogue (ILO 2012).

Social dialogue with the participation of youth can be a powerful instrument to mitigate the negative effect of future economic and employment shocks on young workers. Issues to be addressed through social dialogue during a pandemic or other crisis may include hours of work, sick and other leave days, training that will accommodate new challenges, health implications at work and connectivity issues.

### Challenging questions for the way forward

Given the reality of the rapidly changing labour markets, some issues warrant immediate attention. These relate to both the supply and demand sides of the labour market and based on good data, analyses and evidence. A smooth transition into the labour market from education would require that youth have adequate skills and preparedness to adapt to the changes in the nature of jobs and their technological content and requirements. This would depend on up-to-date skills development systems and on-the-job training and apprenticeship opportunities for young women and men. New investments in jobs are needed to ensure that there is an

adequate supply of decent jobs for young people in the labour market. Job creation for youth (and in general) must form the core of all development strategies but be supported by macroeconomic and sectoral policies. For the African region, which will soon harbour the major share of young people globally, such sectoral strategies must focus on agriculture and rural industries along with new technology-intensive industries and more green production systems. A clear vision for the future, along with supportive industrial policy, will be critical if we are to address the youth employment crisis in earnest.

Developing countries will need to prepare for and harness the benefits of the changing demographics – the global ageing population with an increasing youth bulk in the least developing countries. Protection systems will need to adjust and become more inclusive and sustainable towards an ageing population while supporting the burden that will fall on young people. Migration from “labour-surplus” to “labour-short” countries must be carried out in a manner that benefits both entities as well as the youth who are migrating. An expansion of labour force participation of young women is essential. However, such expansion needs to be supported with increasing opportunities that help women move out of the “not in employment, education or training (NEET)” status. Investments in the care industry for new and decent opportunities for young women and men, along with care sharing, will be essential.

In short, policies must offer more and better opportunities for youth. They can no longer only ask the youth to better prepare for the future. Even

then, they must properly support the preparation process. This includes working simultaneously on the economic, social and labour fronts, tackling climate change and the demographic megatrends and strengthening the labour market institutions (including social dialogue) to meet the youth employment challenge today and in the future.

With strong differentials of course, the current generation of youth is probably the most informed in

history and the one that participates more, via social media, than any other young generation in the past. As a result, they are increasingly aware of what policies are being implemented elsewhere and in their context. The new generation of youth employment policies must upgrade and reflect an emboldened integration of all the challenges, nuances and realities of the new generation of youth.

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## ▶ Is the future ready for youth?

Youth employment policies for evolving labour markets

Youth labour markets have seen enormous changes in the last decade. While young people are typically more digitally capable than older generations, the current employment prospects for young women and men are extremely challenging. Youth are most often the worst hit social group in times of crisis, and the COVID-19 pandemic has been devastating for young people.

Instead of asking whether youth are ready for the future, which places the burden on them, this book asks “Is the future ready for youth?” How do we ensure that the policymakers and the global community prioritize youth employment, so essential for sustainable development and social justice? This book brings together contributions from ILO staff with broad global experience in successful youth employment policies. They discuss the policies needed to address the challenge, in a time of rapid transformation, of achieving a better future for the youth.

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