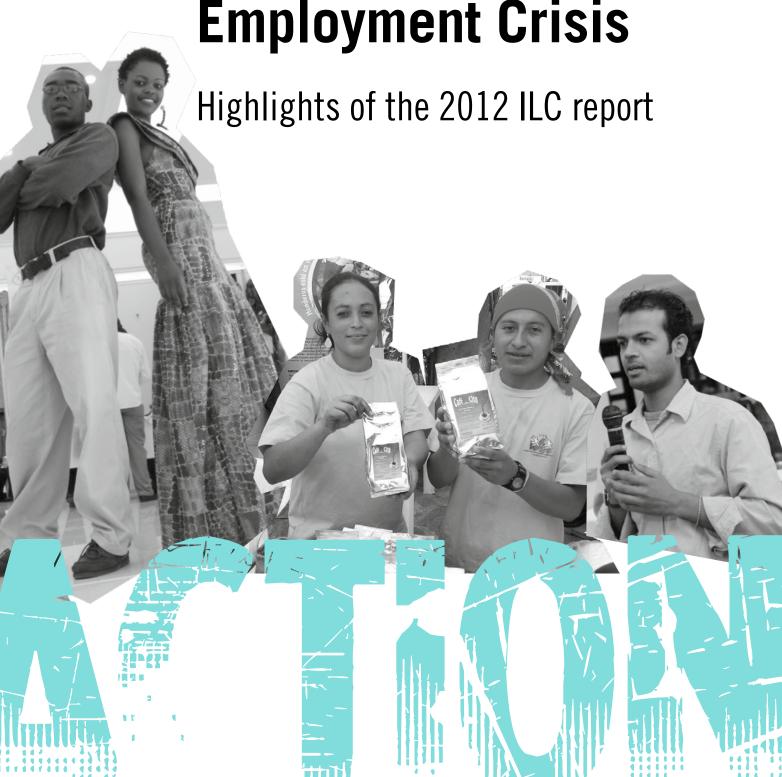


The Employment Crisis



THE YOUTH EMPLOYMENT CRISIS: TIME FOR ACTION

This report prepared by youth for the Youth Employment Forum (Geneva, 23–25 May 2012) is a summary of the 2012 ILC report titled "The Youth Employment Crisis: Time For Action".

The full report that will be discussed by the Committee on Youth Employment of the 101st Session of the International Labour Conference in June 2012 is available at http://www.ilo.org/ilc/ILCSessions/101stSession/reports/reports-submitted/WCMS_175421/lang--fr/index.htm.

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ISBN 978-92-2-126345-6 (print) ISBN 978-92-2-126346-3 (Web pdf)

First edition 2012

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Introduction

Across the world, young people face real and increasing difficulty in finding decent work with each passing day. Youth unemployment has become a threat to the social, economic and political stability of nations.

Over the course of the past year, those between the ages of 18 and 35 have probably either joined a protest or watched one unfold. The youth-led movement calling for "social justice, freedom and jobs" was ignited by a street vendor in Tunisia, picked up by young Egyptians in Tahrir Square, and spread to Europe, passing through Madrid and Greece, reaching Wall Street and becoming the "Occupy" movement. At the heart of these protests was the need for political freedom and a more secure economic future. The frustrations of young people and their anxiety about their future life prospects featured a common question, which was evident in their protests: What am I going to do? What is my future?

Even before the recent global financial crisis, prospects for youth employment were declining. Many developing countries, even rapidly growing ones such as India and China, were witnessing decreasing rates of job creation and many young people had to settle for low-quality jobs in the informal economy. The financial crisis merely made this situation worse. The job prospects of the current youth cohort in developed countries are far worse than those of their predecessors, and a slowdown in growth in developing countries would increase the existing problem of unemployment, underemployment and poverty. Therefore, whether they are living in a developed, developing or transition economy, young people are likely to be affected by the crisis.

The situation of youth employment thus deserves urgent attention. Not only does it threaten to violate the principle of equality and solidarity between generations, which is an important aspect of social justice, but any further prolonging or deepening of the crisis will also increase the likelihood of political and social unrest as more and more young people lose faith in the current economic paradigm. In addition, while unemployment damages the economic and personal welfare of all those affected by it regardless of age, the damage is most pronounced when it occurs at the fragile start of one's working life.

Therefore, there is a renewed urgency to take all possible national and international measures to avoid a second and potentially more dangerous phase of the global crisis and to restore faith in the current economic and social paradigms and their ability to ensure decent work and social justice for all.

In 2005, motivated by this realization, a resolution was adopted at the International Labour Conference (ILC) calling for an integrated approach to solving the youth employment crisis. This approach aimed at combining micro- and macroeconomic interventions that would address both the demand and supply sides of the labour market and the quantity and quality of employment.

This report provides an introduction to some of the resolution's policies and mechanisms that can allow youth "multiple pathways to decent work". However, young people's participation and representation is key to their success. Therefore, as you read, think of how each policy can be applied to your country, region or firm. Imagine what

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¹ ILO: *Resolution concerning youth employment*, Resolutions adopted by the ILC at its 93rd Session, Geneva, June 2005, http://www.ilo.org/public/english/standards/relm/ilc/ilc93/pdf/resolutions.pdf.

other means could help resolve the crisis and ensure decent work for all. At the end of this report there is a section dedicated to readers' insights, ideas and feedback.

The report comprises four chapters, each of which deals with an aspect of the youth employment crisis. Chapter 1 will highlight trends and characteristics of the crisis; Chapter 2 assesses national commitments made all over the world to youth employment and review progress made in each of the resolution's policy areas; Chapter 3 discusses the ILO's support and some of the global partnerships forged for youth; and Chapter 4 concludes the report with a set of key issues and lessons learned.

Chapter 1. The youth employment crisis: Trends, characteristics and new challenges

In this chapter we will analyse some of the trends, characteristics and challenges of this global phenomenon.

1. Trends in the youth population: A diverse demographic

Altogether there are over 1.2 billion young people in the world between the ages of 15 and 24. About 90 per cent of them live in developing countries: the largest population of young people the world has ever seen. ¹ (See figure 1 for the share of the youth population in your region.) ²

Developed economies and Sub-Saharan Africa **European Union** 14% Central and South-10% Eastern Europe North Africa (non-EU) and CIS 3% 5% Middle East 4% East Asia 19% Latin America and the Caribbean 9% South-East Asia and South Asia the Pacific 27%

Figure 1. Regional distribution of the youth population, 2012

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

Most developing countries are experiencing a youth bulge, where young people represent more than 30 per cent of the working-age population. Developed economies, on the other hand, are undergoing population ageing. Both stages pose challenges and require adjustments.

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

² United Nations: World Population Prospects 2010 Revision Database, http://esa.un.org/unpd/wpp/unpp/panel_population.htm.

At present, developing countries are facing challenges absorbing youth into education and labour markets. Consequently, they are not benefiting from the innovation and productivity or "youth dividend" that young people can contribute to their societies. Between 1980 and 2000, a 10 per cent increase in the youth population in developing and transition countries led to a 6 per cent increase in youth unemployment. ³ Developed economies also need the productive employment of young people to sustain economic development and balance the effect of their declining labour force.

All in all, for the world at large, turning youth employment into a tool for promoting development is increasingly urgent. Prioritizing youth employment is not only a question of fulfilling young people's aspirations for a better life but also a necessity if the well-being of entire societies is to be maximized.

2. Characteristics and challenges of the youth employment crisis

Youth unemployment is not a new phenomenon; it is part of the global jobs crisis. What is new is the sheer scale of the problem. This crisis may not be a mere deterioration related to slow growth or uncertain recovery, but a trend with a more critical dimension if current policies continue, as shown in the figures below.

Did you know that in 2012 youth were three times more likely to be unemployed than adults?

GET for Youth, 2011



(a) Skyrocketing youth unemployment

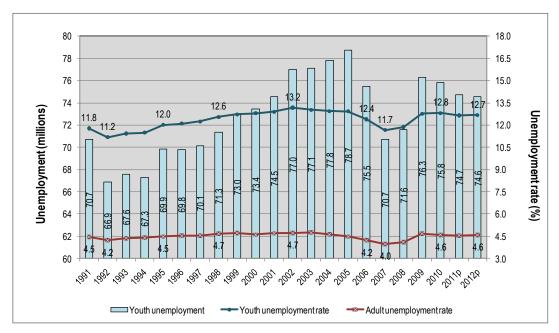
From 2000 to 2011, the number of employed young people increased by 16 million, which is a positive development. However, the total youth population increased at an even quicker pace, which led to a decline in the share of employed youth in both the *total labour force* (from 52.9 to 48.7 per cent), and the *total youth population* (from 46.2 to 42.6 per cent). ⁴

The global financial crisis was another major blow to young people, more so than to adults, since youth unemployment rates have proven more sensitive to economic shocks (see figure 2).

³ World Bank: World Development Report 2007: Development and the next generation (Washington, DC).

⁴ ILO: Global Employment Trends 2012: Preventing a deeper jobs crisis, Geneva, 2012.

Figure 2. Global youth and adult unemployment rates and youth unemployment, 1991–2012



p = projection

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

At the peak of the crisis, youth unemployment showed the largest annual increase on record over the 20 years of available global estimates, reversing the pre-crisis trend of slow but steady decline in youth unemployment. Even though the timing and extent of the crisis differed by region, young people were first and hardest hit in industrialized countries. In Spain and Greece specifically, youth unemployment doubled between 2007 and 2011, and now stands at 46 per cent and 42 per cent, respectively. To have four out of every ten youth unemployed is a social and economic catastrophe! ⁵ (For more unemployment rates by region, see figure 3 below.)

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⁵ ILO: *Short-term indicators of the labour market*, national sources, http://laborsta.ilo.org/sti/sti_E.html.

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Figure 3. Youth unemployment rate by region, 1991–2011

p = projection

Source: ILO: Global Employment Trends for Youth: 2011 update (Geneva, 2011).

(b) Lower quality jobs, low pay and informality

The youth employment crisis affects even those who have some form of work. Young people who cannot live without working are more represented in *minimum-wage* and *low-paid work*, and therefore have a higher likelihood than adults of being among the *working poor*. ⁶ In the United States, young workers constituted about half of all those earning the minimum wage or less. ⁷ The cost of this high rate of working poverty is felt in lost educational and training opportunities that might otherwise have boosted their future productivity and earnings.

The crisis affects even those who have some form of work. It is not only about quantity, but about quality as well.



Young people are also disproportionately represented in the *informal economy* relative to adults. In Europe, the share of young people in the informal economy is 17 per

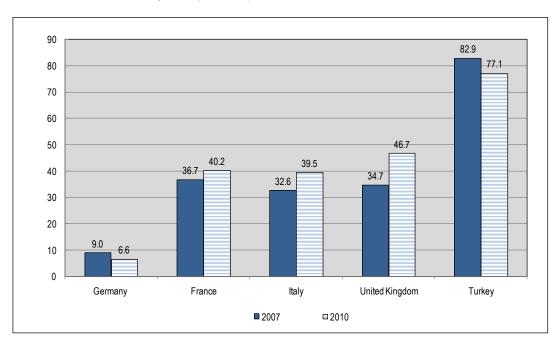
⁶ See ILO: *Key Indicators of the Labour Market*, 7th edition (Geneva, 2011), Ch. 1, section A, for more information on the working poverty estimates.

⁷ D. Grimshaw: *Decent pay for young people: Assessing the challenge before and during the crisis* (Geneva, ILO, Employment Working Paper, forthcoming).

cent compared with 7 per cent for prime-age workers (25–54 years). ⁸ In Chile, Colombia, Ecuador, Mexico, Panama and Peru, informal employment among young people (15–19 years) was 30 percentage points higher than among adults (2009). ⁹ As for Africa, the informal economy is the largest provider of jobs for young people. In Zambia, no fewer than 99 per cent of working teenagers are active in the informal economy. ¹⁰ This is a result of the inability of the formal sector to create sufficient employment opportunities, a phenomenon worsened by the financial crisis that made the informal economy even more crowded. ¹¹

The youth employment crisis is not only about quantity, but about quality as well. The deterioration in the *quality of jobs* available to young workers is visible in the expansion of *temporary employment* and the shorter duration of *fixed-term contracts*. The question is whether these types of jobs act as stepping stones towards permanent employment, or traps that expose young people to a spiral of temporary jobs. (See figure 4 for clues.) ¹²

Figure 4. Proportion of young temporary workers who could not find permanent employment (2007–10)



Source: ILO elaboration based on EUROSTAT data.

⁸ ILO: *Youth employment in Eastern Europe: Crisis within the crisis*, a background paper for the Informal Meeting of Ministers of Labour and Social Affairs during the 100th Session of the International Labour Conference, Geneva, 2011.

⁹ ILO: Labour Overview Latin America and the Caribbean (2009).

¹⁰ See M. Garcia and J. Fares (eds): *Youth in Africa's labor market* (Washington, DC, The World Bank, 2008); Zambian Central Statistical Office: *Labour force survey report 2008* (Lusaka, Zambian Central Statistical Office, Labour Statistics Branch, 2008).

¹¹ ILO: *Including the informal economy in the recovery measures*, Global Jobs Pact Policy Brief No. 3 (Geneva, undated).

¹² ILO, based on EUROSTAT data.

(c) Challenges in youth transitions to decent work

Young people face difficulties during the transition from school to work. Recent surveys have shown that the time needed to find a first job and the transition periods between jobs have both increased.

If you are wondering what kind of difficulties young people face during their job search, think of the times you read a job advertisement but were not able to apply because of the required years of experience. This is called the "experience trap". Young people are also less efficient when looking for jobs than experienced adults. During their search, they alternate between jobs in the hope of finding better ones. These factors prolong their transition to decent work. Even though there is no internationally known figure for the average transition period, a survey in Egypt suggested that this period was becoming longer and the end result less predictable. In Indonesia, for example, the average job search period for the young unemployed has risen from 6.9 months in 2001 to 14.7 months in 2009. ¹³

What about after they find a job? Young people are more likely to be fired than adult workers and have a higher turnover rate. The financial crisis has shown that they are "last in, first out". This is because they are cheaper to dismiss and are less valuable since they have had less time to acquire firm-specific knowledge.

Two additional emerging factors are worsening the youth employment crisis even further and causing challenges in the transition to decent work:

Increase in "discouraged youth", in other words young people "neither in education nor in employment or training" (NEET). These young people give up the job search altogether, because of the low prospects of finding jobs during a crisis, or the low quality of jobs relative to their skills. They also include school dropouts who were exposed to gang culture and drugs early on, or who come from deprived socio-economic backgrounds that diminish their chances of employment.

In Ireland, for example, youth unemployment rose from 8.5 per cent in 2007 to a massive 27.5 per cent in 2010. This is alarming, but not the full extent of the problem. The gap between the official rate based on pre-financial crisis trends, and the adjusted rate, shown in figure 5, represents the young people who are either "hiding out" in the education system rather than face a job search, or idly waiting at home for prospects to improve before taking up an active job search. ¹⁴ If these young people were instead looking for work, they would add 19.3 percentage points to the youth unemployment rate.

¹³ ILO's preliminary estimates from SAKERNAS data, 1996–2009. The distribution of average duration of job search while in unemployment is truncated on the right-hand side (by the date at which respondents were surveyed). A jump in the job search duration was observed in 2008, possibly owing to the inclusion of an additional question in the questionnaire on the "number of years of job search", in addition to the "number of months of job search".

¹⁴ ILO: Global employment trends for youth: 2011 update (Geneva).

60 50 40 30 20 10 Kotes Republicon NewZealand United States United Kingdom Canada Keland Morocco Sweden Official youth unemployment rate (%) ☐ Adjusted youth unemployment rate (%)

Figure 5. Official youth unemployment rates and adjusted rates accounting for reduced labour force participation, 2010 (per cent)

Source: ILO: Global Employment Trends for Youth, op. cit.

Rising unemployment among university graduates, and more generally graduates of tertiary education institutions. This is either because of a deterioration in education standards, or a mismatch between graduates' skills and available jobs. This phenomenon is a cause for concern for several reasons: it contradicts the assumption that higher education increases employability; it is wasteful because of the high cost of investment in higher education and the low social returns from unemployed graduates; it is behind the "brain drain" of skilled youth in many developing economies; and it causes personal and political frustration, as evident in the "Arab Spring" uprisings.

(d) Widening disadvantages among young people and increasing polarization

Not only are youth at a disadvantage compared with adults, there are also particular groups among them that are more vulnerable to underemployment and other social disadvantages. The determinants of such disadvantages include:

■ Age. In most countries, the younger a person is, the more vulnerable he/she is to unemployment, informality and involvement in hazardous jobs.

Did you know that from 2004 to 2008, the number of young people in hazardous jobs increased from 51 to 62.5 million? And that the unemployment rate of teenagers (aged 15–19) in Costa Rica is more than three times that of young adults (aged 20–24)?



- *Gender*. Female unemployment in most cases is higher than male unemployment. Young women's wages are also usually lower, and young women tend to be segregated into traditionally accepted "female" jobs. ¹⁵
- Literacy, education and skills. Less-educated youth are more likely to have to accept poor quality jobs. The exception to this is in the Middle East and North Africa, where unemployment rates are higher for the more rather than the less educated: a clear manifestation of the phenomenon of "educated unemployment" mentioned in Chapter 2 below.
- Socio-economic background. Young people from poor households tend to become young working poor, because of missed education and poor employment opportunities.
- *Migration*. As early as 2009, young migrants were the most affected by the global crisis and the first to lose their jobs. Their level of unemployment rose to almost twice that of national workers in Ireland, Spain and the United Kingdom.
- National and ethnic origin. In Australia, young indigenous people are nearly four times more likely to be unemployed than non-indigenous nationals: ¹⁶ an example of how ethnic and national origin affects employment opportunities.
- Disabilities and the AIDS epidemic. Young people with disabilities face more disadvantages in the labour market than their non-disabled peers. In 2009, for example, the employment rate of young Americans with disabilities aged 16–20 was 21.2 per cent, while that of the same cohort of young people without disabilities was nearly 15 percentage points higher. ¹⁷

Moreover, *job polarization* is also increasing the disadvantages faced by young people. To understand this phenomenon, imagine how technical progress, especially computerization, can affect employment patterns. It reduces manufacturing and clerical work, where routine jobs are now performed not by people but by machines. This phenomenon, together with higher income inequality in industrialized countries, has caused a surge in the proportion of service-sector employment. Therefore, there has been higher demand for high- and low-skilled employment, but not middle-level jobs. ¹⁸ This means that current and future cohorts of young workers face not only the problem of fewer jobs and fewer opportunities for advancement, but also the realization that they have to settle for low-skilled, low-wage jobs that are almost always temporary and part time. It will probably become even more difficult to reduce labour market discrimination against young people.

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¹⁵ For more information, see ILO: *Gender equality at the heart of decent work*, Report VI, International Labour Conference, 98th Session, Geneva, 2009.

¹⁶ Steering Committee for the Review of Government Service Provision, Productivity Commission: *Report on Overcoming Indigenous Disadvantage: Key Indicators 2011* (Canberra, 2011).

¹⁷ http://www.disabilitystatistics.org [accessed on 19 Nov. 2011].

¹⁸ D.H. Autor and D. Dorn: *The Growth of Low Skill Service Jobs and the Polarization of the U.S. Labor Market*, NBER Working Paper No. 15150; and M. Goos, A. Manning, and A. Salomons: "Job Polarization in Europe", *American Economic Review: Papers and Proceedings* 2009, 99:2.

What then are the future prospects?

Globally, the world will need to create some 40 million new jobs each year for new market entrants, in addition to absorbing the 200 million who are unemployed in 2012 (of whom 75 million are young people). The challenge is formidable. Unless there are significant changes in the policy environment, there are likely to be considerable consequences for young people, with the associated risks of social unrest and loss of faith in social progress. These risks are no longer potential, but real. All indicators of youth employment signal a worsening of the problem. Possibly the best illustration is the situation of youth in the Middle East and North Africa region. While the region has the largest and best educated youth population that it has ever had, more than 26 per cent of young people in the labour force in the Middle East and more than 27 per cent in North Africa were unable to find jobs in 2011. The economic growth rates of the period prior to the global financial crisis and the Arab Spring did not translate into productive and decent jobs for young women and men in the real economy. ¹⁹ Therefore, it is clear that reversing these trends calls for a different policy approach. In the coming chapter, we will be discussing some of these policies that can help tackle the youth employment crisis.

¹⁹ A. Berar, M. Fortuny and I. Awad (eds): *Jobs, freedom and social justice* (Geneva, ILO, forthcoming).

Chapter 2. Decent work policies for youth: Key issues and lessons learned

In 2005, the ILC resolution defined a set of policies and programmes to tackle the youth employment problem. In this chapter we will assess national commitments made to youth employment, and review progress made since 2005 in each of the resolution's main policy areas.

1. Youth employment priority: On the rise

Assigning national priority to youth employment means that overarching policy agendas define specific objectives to be met by establishing targets and measurable results. This could be done by making youth employment a crosscutting theme in national policies, or dealing within specific sectors. In some regions, such as Latin America and Africa, there are ministries for youth affairs in charge of this task, while, in others, ministries of trade or employment have this responsibility. No matter what the institutional model is, what is important is for the agency in charge to have appropriate technical capacity, and an ability to muster political support to ensure implementation and smooth coordination among the different institutions and social partners. Why do you think social partners should be involved? The private sector is the main source of job creation; hence, employers are best placed to provide feedback on constraints and opportunities for job creation, and on the adequacy of current education policies and future skill requirements. There are many country-level initiatives involving multiple stakeholders (actors from both the public and private sectors).

Did you know that ten East Asian countries have made youth employment their fourth highest policy priority?

OECD and ILO (2011), Job-rich growth in Asia



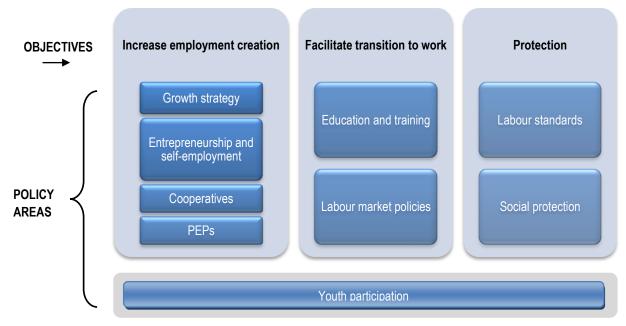
After reviewing 138 countries' policy frameworks, we found that youth employment is actually receiving a good deal of attention. Nearly 30 per cent of those countries have explicit strategies, while others have provisions for youth employment in their policies. The problem, however, is that only 35 countries have formally adopted action plans with specific targets, indicators and monitoring and evaluation systems. Allocated funding is also very limited. In fact, only 13 per cent of the reviewed national employment policies identified a budget for the implementation of youth employment priorities.

In addition, most national policies concentrate on supply-side measures highlighting the importance of skills development, while interventions to increase demand for young workers and businesses are less frequent – even though the diagnosis of jobs deficits suggests that the problem is with the demand side failing to create enough jobs! In many cases, policies result in conflicting measures and goals; their impact is very limited; and when targets are established they deal with nominal objectives for reducing unemployment or creating a number of training opportunities, rather than focusing on improving the quality of jobs and reducing vulnerabilities.

The conclusion is that although youth employment is a declared priority in policy agendas, it is seldom translated into a comprehensive policy framework.

Each of the policy areas identified by the 2005 ILC resolution for tackling the youth employment crisis is geared towards achieving three objectives, as indicated in figure 6. They will be presented sequentially in this chapter because it is not always possible to group them exclusively in one category or the other. Many of them are interlinked, focusing on both demand and supply, and impact both quantity and quality of work

Figure 6. 2005 ILC resolution policy areas



2. Growth strategy

Conventionally, governments have pursued economic growth as a way to increase employment opportunities for both adults and youth. However, even in the pre-crisis period, high growth alone was not sufficient to solve the employment problem. There is an urgent need for governments to pursue not just any kind of growth, but "pro-employment" growth. This can be done through promoting investment in employment-intensive sectors, encouraging new lines of activity through the use of incentives, and supporting micro-, small and medium-sized enterprises (MSMEs). Let us take a brief look at some policies that could be considered part of a pro-employment growth strategy:

(a) Promoting economic diversification

A diverse economy in which income generation relies on more than one sector and an industrial policy that promotes manufacturing can boost job creation for adults and young workers. ¹

(b) Reducing economic instability

Economies usually go through cycles of ups and downs. Since young people are more sensitive to economic cycles and shocks, it is important to reduce the negative impact of economic volatility. This can be done by using "counter-cyclical" policies, namely, measures intended to counter the effects of cycles, either by stimulating the economy if it

¹ See, for example, D. Rodrik: *The real exchange rate and economic growth* (Cambridge, Harvard University, 2008).

is in a recession, or cooling it down if it is in a boom, in order to maintain a balanced macroeconomic performance.

(c) Loosening constraints on MSMEs and private sector growth

Economic policies can help job creation by alleviating constraints on the private sector's ability to create jobs. Across various regions of the world, firms highlight the lack of *access to finance*, a *reliable supply of electricity*, and *reliable transportation* as the most important constraints on doing business. ² Alleviating such constraints would help promote youth entrepreneurship and self-employment, and encourage the transition to formality. Such policies should also be targeted towards MSMEs. *See the boxed text on Egypt*.

Egypt's MSME sector

Micro-, small and medium-sized enterprises make up over 99 per cent of the private sector in Egypt and account for 85 per cent of employment. It has been the primary absorber of new labour force entrants in the last years, and contributes significantly to employment generation, although mostly informally. These enterprises are also the major provider of products and services for local markets. However, MSMEs are highly vulnerable. They cannot get formal bank credit, because they cannot prepare business plans and loan applications, and/or have unclear financial statements or none at all. There are also high administrative costs, and lack of banking skills and business development services for MSMEs. In addition, they are subject to bureaucratic and legal regulations that hinder their work. While Egypt has a large banking system, only 1 per cent of total bank credit goes to MSMEs. This hindrance represents lost potential for the economy and lost job opportunities for youth.

(d) Focusing on demand-side interventions

Focusing on building workers' skills, as we mentioned earlier, is not enough. Many measures discussed in later sections of this report can boost employment opportunities for young people by targeting the demand side of the labour market and encouraging enterprises to hire young workers.

(e) Youth-friendly fiscal policy

Designing and implementing programmes and interventions to promote youth employment require adequate and predictable funding. Countries aiming to address this problem and engage in "pro-employment" growth need to prioritize young people in their budgets and adopt a "youth-friendly" spending policy.

3. Education and training: A lifelong journey

The second policy area that could enhance youth employment opportunities is the area of education and training. In most countries, lifelong learning improves a young person's chances of securing a better-quality job, and increases his/her productivity and income. In OECD (Organisation for Economic Co-operation and Development) countries, for example, unemployment among young people aged 20–24 who have completed upper secondary education is reduced by 7.4 percentage points. ³ We also live in an

² These are surveys conducted in more than 100 countries by the World Bank. See: http://data.worldbank.org/data-catalog/enterprise-surveys.

³ OECD: Education at a Glance 2011: Highlights.

interconnected world where technical progress is on the rise. How many times have you gone to a high-tech store and not found at least one or two new inventions? That is why countries need to continuously upgrade the educational and skill levels of their labour force to find a place for themselves in the global economy. ⁴

(a) Basic education

Despite major improvements, gaps in the access to and quality of education still prevail in developing countries, and between men and women.

■ In 2009, the total number of children of *primary school age* who were not enrolled in primary school was 67 million, 35 million of whom were girls! ⁵

Did you know that almost half of the world's out-ofschool girls are in sub-Saharan Africa?

World Bank (2011). A Statistical Summary of Gender and Education around the World



- 130 million young people emerge from education without the *basic reading, writing* and *numeracy skills* needed in everyday life, making it difficult for them to compete in the labour market and pursue sustainable livelihoods. They are not able to fully understand the elements of a healthy lifestyle or negotiate business and legal systems. ⁶
- In 2007, approximately 71 million adolescents were not enrolled in *lower secondary education* either because they had not completed primary school first, or could not make the transition to lower secondary school. ⁷ These adolescents drop out because for many of them the educational system is not sufficiently flexible to adapt to their needs or their families simply cannot afford it. This can be remedied through social protection measures that help poor families manage their risks without compromising their children's education.

Another reason for dropping out is when the quality of students' basic education is insufficient to allow them an easy transition to secondary schooling. A World Bank study using data from 2003 on student test scores in mathematics and science in a sample of 26 developing and 21 advanced countries found that only 5 per cent of students in advanced countries failed to reach a minimum level of functional literacy in both subjects,

⁶ ILO: *Resolution concerning youth employment*, Resolutions adopted by the ILC at its 93rd Session, Geneva, June 2005, http://www.ilo.org/public/english/standards/relm/ilc/ilc93/pdf/resolutions.pdf.

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⁴ ILO: *Skills for improved productivity, employment growth and development*, Report V, International Labour Conference, 97th Session, Geneva, 2008.

⁵ ibid.

⁷ United Nations Educational, Scientific and Cultural Organization (UNESCO): *EFA Global Monitoring Report: Reaching the marginalized* (Paris, 2010). http://unesdoc.unesco.org/images/0018/001866/186606E.pdf.

while more than half of the tested students in developing countries did not reach this threshold. ⁸ Low learning achievement happens because schools in many developing countries are in a poor state, and teachers are poorly paid. Teacher deployment is also uneven: all too often the poorest regions and most disadvantaged schools have the fewest and least-qualified teachers. Sub-Saharan Africa needs to recruit 1.2 million primary school teachers by 2015 to be able to create a good learning environment for all its children. Can you imagine the challenge? Developing countries not only need to expand the educational opportunities available for young people, they also need to raise the quality of education. This is critical for increasing the individual and economic productivity of their young people. ⁹

(b) Second chance initiatives

The average rate of dropping out from schools or apprenticeships in the European Union (EU) is about 14 per cent, while in some countries it reaches 20–30 per cent. ¹⁰ In the United Republic of Tanzania, for example, girls' drop-out rates from secondary schools are much higher than those of boys, even though their enrolment rates are the same, which means that even fewer young women continue to post-secondary and higher education. ¹¹ Therefore, providing a second chance at formal education can help those who dropped out early or never attended school to acquire the basic knowledge and competencies required, through the use of practical curricula, flexible schedules, and less formal instruction methods that can attract and retain young people. Programmes that engage young people throughout adolescence appear to be the most effective. ¹² Such second-chance initiatives should target the poor, particularly girls, where it has been found that increasing the share of young women with secondary education by 1 percentage point can boost annual per capita income growth by 0.3 per cent on average. Moreover, an extra year of schooling beyond the average boosts girls' eventual wages by 10–20 per cent. ¹³ Isn't this worth a second chance?

⁸ E.A. Hanushek and L. Wossmann: *Education quality and economic growth* (Washington, DC, World Bank, 2007).

⁹ UNESCO: EFA Global Monitoring Report: Reaching the marginalized, op. cit.

¹⁰ European Commission: Youth Opportunities Initiative, Brussels, COM (2011), 933.

¹¹ United Republic of Tanzania: *National Strategy for Growth and Reduction of Poverty (NSGRPII)*, Ministry of Finance and Economic Affairs (2010).

¹² Many countries have broadened their definition of youth. When it comes to skills development strategies for youth, this is problematic. It is difficult to prepare transition to work strategies for the category of "youth" where ages range from 15 to 25. It is more efficient and more promising to focus interventions on young people aged 15–19 (teenagers) where the prospects of keeping them in school or returning to school are more appealing to young people. For the 20–24 age group, strategies outside formal schooling are more effective.

¹³ G. Psacharopoulos and H.A. Patrinos. *Returns to investment in education: A further update*, Policy Research Working Paper (Washington, DC, World Bank, 2002).

Would you like to know how China is tackling the graduate unemployment problem?

They created an "internship programme" to provide in-house training to 1 million university graduates; encouraged graduates to work at the grass-roots level and in the underdeveloped western regions to support rural education, agricultural construction and rural health services; promoted cooperation between industries, universities and research institutes; highlighted entrepreneurship promotion through a national entrepreneurship competition among university graduates; and established career development courses and counselling services to facilitate smooth school-to-work transition.

Source: National Bureau of Statistics of China, Labour and Social Security Statistics www.stats.gov.cn, 2010 and Chinese Academy of Social Sciences Yearbooks, W. Meiyan, W. Dewen, The China Population and Labour Yearbook, Vol. 3, 2011.

(c) Tertiary education

Tertiary education can also enhance employment. But access to it is challenging. Recent protest movements (e.g. in Chile, Israel, United Kingdom and United States) have been sparked by the rising costs of university education that bar access by young people and increase inequalities among them. Even if they can afford tertiary education, excessive costs are either borne by their families or result in their long-term indebtedness.

The worsening quality of tertiary education is another problem. Diplomas obtained from certain institutions are devalued by employers and enterprises, thus resulting in the phenomenon of educated unemployment mentioned earlier. Low demand for high skills means working conditions and pay that are shunned by graduated youth in developing economies, causing detachment from the labour market and/or migration.

(d) Linking education and training to the world of work

Many young people face difficulties in finding a job because of the mismatch between their education and labour market requirements. Innovation, technology and market developments have turned the world of work into a fast-changing environment. There is a need to equip a growing young workforce with skills required for the jobs of the future, not to mention re-equipping the current workforce with the skills required to keep up with a changing world. The greatest challenge lies in the technology- and knowledge-intensive sectors that also have the highest potential for economic growth and employment. ¹⁴

To solve this problem, most countries in the EU attempt to measure skill shortages and adjust their learning policies and strategies. Many also try to forecast skill needs for the medium and long term to better match education to the demands of the labour market. These efforts have brought significant improvements in many countries, especially when they are coupled with counselling, guidance and information, to help young people make informed choices and enable decision-makers to allocate appropriate financial resources and adjust immigration policies. ¹⁵ The United Kingdom Commission for Employment and Skills (UKCES), for example, is a public body that comprises a social partnership between CEOs in different sectors, trade unions and others, synthesizes research outputs and

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¹⁴ O. Strietska Ilina: "Skill shortages", in *Modernising vocational education and training*, Fourth report on vocational education and training research in Europe (Luxembourg, European Centre for the Development of Vocational Training (CEDEFOP), 2008).

¹⁵ ibid.

determines skill needs for the future. ¹⁶ The skills mismatch can thus be addressed by strengthening the link between education and the world of work.

(e) Technical Vocational Education and Training (TVET)

Countries are also focusing now on reforming their TVET to ensure that its focus is relevant and appropriate to the newly emerging economic circumstances. ¹⁷ TVET needs to be coordinated and delivered through high-quality systems that take into account geographical, gender and economic diversity and meet the needs of industries. Countries are thus taking steps to address poor public perception, weak monitoring and evaluation mechanisms, inadequate financing and poor management. Viet Nam, for instance, is diversifying its vocational training to include full-time and regular training, mobile training, and training in enterprises and traditional "occupational villages". It is also expanding its reach to particular target groups such as farmers who have lost their land, and ethnic minorities. ¹⁸

Given the current technological revolution, information and communications technology (ICT) can modernize TVET curricula, increase the relevance of skills provided, and expand the enrolment capacity of institutions. The increasing outreach of infrastructure and connectivity and continuously declining costs for equipment have made ICT integration into TVET affordable. Imagine the potential, for example, of emerging technologies in Africa. African mobile communications have grown since 2000, outpacing all other regions. ¹⁹ With improved connectivity, 69 per cent of mobile phones in Africa will have Internet access by 2014. ²⁰ Can you imagine the prospects if this were to be used for the benefit of education and training? Policy-makers need to create initiatives to use these emerging technologies to address challenges in skills development, something which traditional educational practice is not doing, especially since young people tend to be early adopters of new technologies.

(f) Apprenticeship, internship, on-the-job training and training contracts

Apprenticeships are considered an effective way to prepare young people for the labour market. Some apprenticeship schemes are part of the formal educational system; others involve final examination to prove theoretical and practical understanding of the

¹⁶ The UK System of Inter-institutional Coordination and Collaboration for the Anticipation of Skill Needs, draft case study produced for the ILO, unpublished.

¹⁷ Recognizing this policy agenda, the Inter-agency Group on TVET was formed in January 2009 to gain an understanding of the contributions of the various bodies involved in TVET, identify areas for potential collaboration at headquarters level in terms of research and coherent policy advice and at country level in terms of policy reviews. Members include ILO, UNESCO, ETF, OECD, European Commission, World Bank and regional development banks.

¹⁸ ILO: *Increasing the employability of disadvantaged youth*, Skills for Employment Policy Brief (Geneva, 2011).

¹⁹ E.B. Kapstein: "Africa's capitalist revolution", in *Foreign Affairs*, July-Aug. 2009, pp. 119–128.

²⁰ J.M. Ledgard: "Digital Africa", in *The Economist: Intelligent Life Magazine*, Spring 2011.

occupation. ²¹ European countries with a strong apprenticeship system have a lower ratio of youth-to-adult unemployment, and young people have a larger share of skilled and highwage occupations. In 12 European countries, apprenticeship schemes were found to perform well compared to school-based education. ²² In several developed countries, these schemes have been strengthened during the crisis. France offered a one-year exemption from social security charges for firms recruiting young apprentices, for example, while Australia instituted a bonus payment for employers for successfully completed apprenticeships. Firms employing apprentices also received preferential treatment in bids for new government-funded infrastructure projects.

The question is how far these successes can be replicated in developing countries, where the formal wage sector is small and institutions are weak. Since the majority of youth work in the informal economy in the developing world, informal apprenticeship schemes, while imperfect, may be the only option available. Such schemes can be complemented with literacy and numeracy training to ensure that young workers have minimum livelihood skills.

Internship schemes also play a role in introducing young people to the labour market. In Uruguay, for example, students supplement their theoretical learning by acquiring skills through work performed in a company for a minimum period of three months. Other schemes, such as on-the-job training in Bulgaria, offer employment contracts to young people for a period of six months, during which they receive vocational training, and a minimum salary if they are employed on a full-time basis. In return, employers receive significant subsidies for the period of the training course. Italy has also implemented a training contract to enable young workers to acquire skills required for a particular job. ²³ Its duration is 9–18 months and it is conditional upon the adoption of a specific training plan. In return, employers are eligible for benefits in the form of tax relief and other advantages.

4. Labour market policies

This brings us to the second policy area recommended by the ILC resolution to enhance youth employment. The use of labour market policies such as public employment services, wage subsidies, in-work benefits and other tools can greatly benefit disadvantaged youth. In the table below, you will find a brief description of each of these measures and some of their benefits and drawbacks. ²⁴ (While you read, think of another innovative labour market policy that could promote youth employment.)

²¹ G. Quintini and S. Martin: Starting well or losing their way? The position of youth in the labour market in OECD countries (Paris, OECD, 2006); V. der Velden, R. Welter and M. Wolbers: The integration of young people into the labour market within the European Union: The role of institutional settings, Working Paper No. 2001/7E (Maastricht University, 2001); M. Gangl: "Returns to education in context: Individual education and transition outcomes in European labour markets", in W. Muller and M. Gangl (eds): *Transitions from education to work in Europe – The integration of youth into EU labour markets* (Oxford, Oxford University Press, 2003).

²² M. Gangl: "Returns to education in context: Individual education and transition outcomes in European labour markets", op. cit.

²³ The initiative may also apply to other categories of workers in vulnerable situations, or to the long-term unemployed to assist them to return to the labour market.

²⁴ ILO: Resolution concerning youth employment, op. cit.

Labour market policy

Description

1. Active labour market policies (ALMPs)

- ALMPs are measures that seek to facilitate transition from school to work, reduce disadvantages among youth, prevent detachment from the labour market, and decrease labour market failures. They include measures such as providing employers with incentives for hiring young people, offering job search assistance to youth, encouraging public employment creation, and others. ALMPs are important, especially in times of crisis, because an increase of only 0.5 per cent of GDP in spending on ALMPs can raise employment by 0.2–1.2 per cent, depending on the country.
- The key to reaping maximum benefits from ALMPs is smart programme design and cost-effective implementation, avoidance of deadweight losses (the same results would have been reached without the programme), and creaming-off (helping those who are already better off). Successful implementation of ALMPs can lead to a cycle of higher income, and thus more demand for labour. Other social benefits include greater equity, and less anti-social behaviour that results from detachment from the labour market. In OECD countries, for instance, expenditures on ALMPs amount to 1–2 per cent of GDP, and they are the principal channels for addressing youth unemployment.

2. Public Employment Services (PES)

- PES can help reduce lack of information and poor skills matching by providing young people with personalized career guidance, helping them register as jobseekers, and reaching out to employers who are willing to hire disadvantaged youth, thus providing better matching and placement services. In Eastern European and Central Asian countries, young people are the majority of participants in job search and career guidance services. In the Republic of Moldova, 79 per cent of career guidance beneficiaries are young people under the age of 29.
- However, PES have not been able to keep up with the changing requirements of the labour market in all countries. In the Middle East and North Africa, for example, PES are weak, because most of the jobs are informal and vacancies are not recorded. Therefore, the unemployed see little advantage in registering and employers do not resort to such services in the first place. In addition, employment offices do not have the necessary infrastructure and technical and financial capacity to provide jobseekers with reliable and up-to-date information. In Jordan, for instance, almost 90 per cent of jobseekers have never used labour exchange or counselling services, preferring to rely on informal recommendations and information.
- 3. Wage subsidies, minimum wage and in-work benefits
- Wage subsidies occur in the form of wage sharing between employers and governments, or as financial incentives for employers who recruit young workers and/or provide on-the-job training. Overall, wage subsidies have had positive effects on the employment outcomes of youth. In Sri Lanka, for example, they have encouraged 22 per cent of eligible employers to hire a worker, and 86 per cent of them claimed that they continued employing the workers after the subsidy expired.
- Wage subsidies work best when they are designed to address specific disadvantages faced by young people for a limited period of time. For example, in some countries, subsidies are paid for limited-term employment, hoping they would serve as stepping stones into the labour market. Generalized subsidies that target young people on the basis of their age often result in labour market distortions, with employment lasting only as long as the subsidy is received. That is why it is important to associate subsidies with on-the-job-training. Strong monitoring and evaluation systems are also required to avoid abuses, and to ensure that the employability of young workers is improved rather than turning them into a cheap source of labour.

Labour market policy

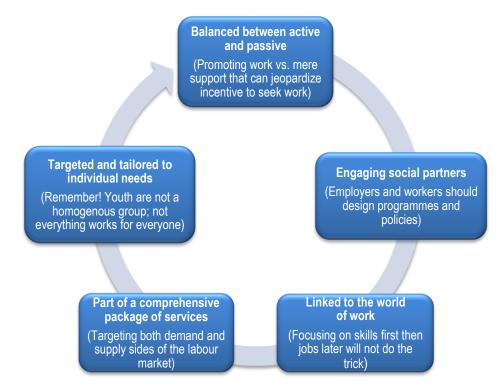
Description

- Another scheme developed to help sustain young workers' purchasing power is the minimum wage, especially that young people are over-represented in low-wage work, as mentioned earlier. In some countries, a youth minimum wage is set below that of adults to make young workers more attractive, while decreasing their incentive to leave school early. However, the results of such schemes have been inconclusive, and, while there are no international standards preventing countries from setting a lower minimum wage for young persons, the reasons behind the policy should be periodically reexamined in the light of the principle of "equal pay for work of equal value".
- In-work benefits also address low-paid employment by offering additional earnings in the form of tax credits or lump-sum payments to provide young people with incentives to take low-paid jobs. However, such benefits should be interpreted as a complement, not as a substitute, for minimum wage policies.
- 4. Employment contracts and workers' rights
- Employment protection regulations play an important role in ensuring the fair treatment of workers. A broad range of contracts now exist that are meant to ease the hiring of young workers by reducing their entitlements (e.g. pensions, health care, family allowances, etc.). However, experience suggests that promoting hiring at the expense of young workers' rights and social benefits results in increased longterm vulnerability and insecurity.
- This highlights the trade-off between the degree of protection provided to workers and the incentives for firms to hire them. The decline in the tenure of young workers in the EU, for example, between 1999 and 2006 was associated with weaker protection legislation and weaker trade unions. Under pressure from young people, the ILO and trade unions, many European countries reformed their legislation to ease restrictions on the use of temporary employment instead of reducing entitlements. Temporary employment, accounting for most new jobs for young people, relies on fixed-term contracts and contracts for specific tasks. It is important to note though that this arrangement creates market duality between the strict protection afforded to permanent employees, and the weaker protection provided to temporary young employees. During the crisis, temporary employment also accounted for the vast majority of job losses, young people were thus the ones most affected.
- 5. Policies easing the transition to formality
- The enhanced enforcement of laws on labour contracts and other complementary measures can support the transition from informal to formal employment. In Argentina, after the deep economic crisis of the early 2000s, the Government simplified worker registration procedures and increased funding for labour inspection to address high levels of informality. As a result, about one third of the informal workers identified through labour inspections were registered during the first two years of the programme, which helped to reduce informality among young employees. The Government also introduced legislation that required the issuance of fixed-term contracts with detailed provisions for training, social security contributions and wages, and imposed sanctions on enterprises exploiting apprenticeships and young workers.

Now, after reviewing the different measures, can you think of five characteristics ²⁵ that would make good labour market policies? Take a look at figure 7.

²⁵ ILO: Resolution concerning youth employment, op. cit.

Figure 7. Characteristics of good labour market policies



5. Youth entrepreneurship and self-employment

The promotion of youth entrepreneurship is another policy approach that can greatly reduce youth unemployment. It can provide young people with self-employment opportunities, and help create opportunities for other young people. In addition, entrepreneurship has a positive social impact on people's lives. For example, those who participated in the "Tap and Reposition Youth" programme that provided micro-credit to adolescent girls in Kenya had higher levels of assets and savings. In addition, beneficiaries had more liberal gender behaviour. ²⁶

Therefore, governments should adopt youth entrepreneurship promotion measures and programmes to encourage entrepreneurial activity among young individuals and help them overcome barriers they encounter as they set up their businesses, such as poor access to finance and a lack of physical capital. ²⁷ Interventions can be in the form of entrepreneurship training for young people, campaigns to change social and cultural attitudes towards youth entrepreneurship, increased access to finance, mentoring, business support services, and/or improvement of the administrative and regulatory environment. ²⁸

²⁶ Youth Employment Inventory, July 2011.

²⁷ U. Schoof: "Stimulating youth entrepreneurship: Barriers and incentives to enterprise start-ups by young people", SEED Working Paper No. 76, Series on Youth and Entrepreneurship (Geneva, ILO, 2006), p. 67.

²⁸ U. Schoof, op. cit., p. 23; W. Cunningham, M.L. Sanchez-Puerta and A. Wuermli: *Active labor market programs for youth: A framework to guide youth employment interventions*, Employment Policy Primer Note No. 16 (Washington, DC, World Bank, 2010); A.R. Hofer and A. Delaney:

Did you know that most entrepreneurs are between the ages of 25 and 34 years old?

Global Entrepreneurship Monitor (2010)



Youth entrepreneurship promotion is a significant instrument among the other different types of interventions for combating youth unemployment. In fact, in 2011, the total number of entrepreneurship promotion initiatives constituted 20 per cent of all programmes, making it the second most important project type after skills training. ²⁹ Africa boasts the largest proportion of these projects (31 per cent), followed by the Middle East and North Africa (26 per cent). Youth entrepreneurship promotion measures also had the highest positive impact on employment creation among all programmes reviewed by the Youth Employment Inventory of 2007.

However, for these programmes to be effective they need to:

- target the *specific barriers* faced by youth, and the *most disadvantaged groups* such as women;
- offer *comprehensive packages* with a broad range of services, such as theoretical classes, counselling and follow-up, rather than only providing managerial training or financial support;
- embed *entrepreneurship curricula* in secondary and tertiary education;
- offer a favourable *regulatory environment* conducive to business expansion; and
- undertake impact assessments for continuous improvement.

6. Cooperatives

Cooperatives are another significant source of self-employment creation. Their advantages include low capital requirements and limited liability. They can be applied in both urban and rural settings, in all sectors (e.g. architecture, design, IT services, accountancy, etc.) and by all skill levels. In Africa and OECD countries, MSMEs often come together to form a cooperative to share services. ³⁰ In Morocco, recent graduates have created the *Coopératives des lauréats* or Cooperatives of Young Graduates, which increased since 2005 by 38 per cent and represented, in 2010, 3.5 per cent of the national

Shooting for the moon: Good practices in local youth entrepreneurship support, OECD LEED Working Paper 2010/11 (Trento, Italy, OECD Publishing, 2010).

²⁹ The Youth Employment Inventory which is a database containing information on over 400 projects for youth employment creation in over 90 countries. Its purpose is to identify effective approaches promoting youth employment. Launched by the World Bank, the Youth Employment Inventory is now a joint activity of the German Ministry of Economic Cooperation and Development, the Inter-American Development Bank, the International Labour Organization, the World Bank, and the Youth Employment Network. See www.youth-employment-inventory.org.

³⁰ N. Göter von Ravensburg: Enterprise future lies in cooperation: Entrepreneur cooperatives in Africa, CoopAFRICA Working Paper No. 2 (Geneva, ILO, 2009).

cooperative movement. ³¹ A study in Québec has also shown that cooperatives tend to last longer than other businesses (more than six out of ten survive more than five years, as compared to four out of ten in the private sector in general). ³²

Did you know that cooperatives provide 100 million jobs worldwide?

The International Cooperative Movement and World Summit for Social Development: The Basis for an Effective Partnership

Financial cooperatives ³³ constitute the second largest banking network worldwide with 45 per cent of their branches in rural areas. ³⁴ They also have a proven history of high resilience in times of economic and financial crises. ³⁵ They provide services for young people and entrepreneurs to help them start, maintain and grow their enterprises. In Africa, for example, some cooperatives have established special credit lines for young entrepreneurs. In other cases, they provide support for cooperative entrepreneurship education and training through apprenticeship programmes. In Italy, an innovative intervention placed young people in cooperatives and other social enterprises as part of their civil service requirement, and resulted in 10 per cent of the participants being employed by the cooperative itself. ³⁶

7. Public Investment and Employment Programmes (PEPs)

PEPs are also gaining momentum in tackling the jobs crisis, especially in disadvantaged communities with a high prevalence of informality. Such programmes are often linked to the development of infrastructure and target youth participation of about 50–60 per cent. ³⁷ In developing countries, investing in low-cost infrastructure projects,

³¹ H. Zouhir: "Les coopératives des jeunes diplômés: Une expérience d'auto-emploi qui s'affirme", in *Revue Marocaine des Coopératives*, No. 1, 2011.

³² A study conducted by the Ministry of Industry and Commerce, Government of Québec, 2008. Contributors: Lise Bond, Michel Clément, Michel Cournoyer, Gaétan Dupont.

³³ Savings and credit cooperatives (SACCOs), credit unions and cooperative banks.

³⁴ The Consultative Group to Assist the Poor/The World Bank: *Financial access 2010: The state of financial inclusion through the crisis* (Washington, DC, 2010), p. 13.

³⁵ ILO: Resilience of the cooperative business model in times of crisis (Geneva, 2009).

³⁶ In Italy, an innovative programme that places young people in cooperatives and other social enterprises as part of their civil service requirement resulted in 10 per cent of the participants finding employment in the cooperative. Source: Lega Nazionale delle Cooperative e Mutue (Legacoop), Italy and http://www.ekoes.net/serviziocivile.

³⁷ M. Lieuw-Kie-Song, K. Philip, M. Tsukamoto and M. Van Imschoot: *Towards the right to work: Innovations in public employment programmes*, Employment Sector Working Paper No. 69 (Geneva, ILO, 2010).

such as small-scale irrigation, and water and land resource management in rural areas, can create jobs for a whole range of qualifications, from semi-skilled to skilled technicians to engineers and ICT specialists and others. Training programmes are also often integrated into PEPs to improve workers' skills. Exposure to project implementation and management offers youth a unique working experience of high value for their professional development.

PEPs are well suited to dealing with the consequences of climate change that expose the poor and disadvantaged to increased risks of flooding and drought that affect their crop yields and livelihoods. The development of infrastructure can play a major role in countering the negative effects of climate change on the rural poor, while promoting jobs and incomes. ³⁸

Apart from infrastructure development, there are also programmes that provide social services, such as health care, education, care of the aged and youth recreation, which can create opportunities for young workers. For example, in the face of an AIDS crisis in many parts of the world, the need for extensive home-based care services is rising, as it has for the care of orphans and vulnerable children. However, the track record of PEPs in this area is not a strong one.

8. Social protection

Young people face challenges in access to social protection. Social protection measures include unemployment and insurance benefits and others. First-time jobseekers are usually not covered by such schemes, because in some instances they require young people to have minimum work experience, be capable of and available for work, and/or register at an unemployment office. Young workers are thus less likely to be eligible to receive such benefits than adults, especially since most of them work in forms of employment that are not covered by unemployment insurance, such as temporary, part-time, precarious and informal work. (For a comparison between adults and youth receiving unemployment benefits, see figure 8).

Chile: Unemployed by sex and age: Laborsta; Unemployed receiving unemployment benefits by sex and age: Superintendencia de Pensiones, http://www.spensiones.cl/safpstats/stats/.sc.php?_cid=50 [accessed Sep. 2011];

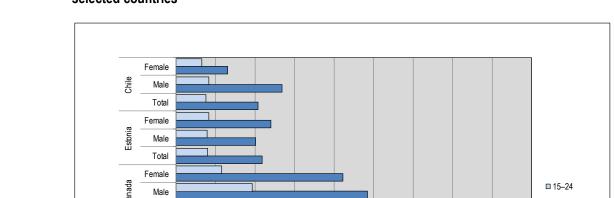
Denmark: Statbank, Unemployment insurance fund. Labour market – registered unemployment – AUF02: Unemployed persons (final) by region, type of benefits, unemployment insurance fund, age and sex, http://www.statbank.dk/statbank5a/default.asp?w=1024 [accessed Sep. 2011]. Note: Unemployment benefits including unemployed recipients of unemployment benefits and social assistance.

Estonia: Statistical Office. Persons receiving unemployment insurance benefit by sex and age group (months), http://pub.stat.ee/px-web.2001/I_Databas/Social_Life/15Social_protection/06Social_insurance/08Unemployment_insurance/08Unemployment_insurance.asp [accessed Sep. 2011];

Netherlands: Statline. Central Bureau of Statistics, http://statline.cbs.nl/StatWeb/dome/?LA=EN [accessed Sep. 2011].

³⁸ M. Harsdorff, M. Lieuw-Kie-Song and M. Tsukamoto: *Towards an ILO approach to climate change adaptation*, Employment Sector Working Paper No. 104 (Geneva, ILO, 2010).

³⁹ Canada: Statistics Canada, Table 282-0047 – Labour force survey estimates (LFS);



Total

Total
Female
Male

0

10

20

30

Female

Denmark

Figure 8. Percentage of unemployed persons receiving unemployment benefits, by sex and age, in selected countries

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

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

However, because of the particular vulnerability of young people to unemployment shocks, many countries have taken measures to enhance access to unemployment benefits for young adults in the wake of the global crisis. For example, several countries, such as France and Japan, have reduced the number of months of contributions required, in order to improve access to income support for young people and prevent them from slipping into informal forms of employment. ⁴⁰

Not many other social security programmes are specifically designed for young people, yet young people, like those in other age groups, need access to basic social security benefits such as health care. If a national health service does not exist to ensure access by young people to health care, then health insurance should be subsidized for unemployed youth.

Other forms of protection required include maternity protection, affordable access to childcare facilities, and cash family benefits to ensure income security for young families.

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■ All unemployed

⁴⁰ OECD and ILO: Giving youth a better start: A policy note for the G20 Meeting of Labour and Employment Ministers, Paris, 26–27 September 2011; S. Scarpetta, A. Sonnet and T. Manfredi: Rising youth unemployment during the crisis: How to prevent negative long-term consequences on a generation, Social, Employment and Migration Working Papers No. 106 (Paris: OECD, 2010); F. Bonnet, E. Ehmke and K. Hagemejer: "Social security in times of crisis", in International Social Security Review, No. 63:2, 2010, pp. 47–70.

Insurance coverage of *employment injuries and disabilities* is also important. These schemes are being reformed in many countries, especially ageing OECD countries, and made dependent on how long and how much people contribute throughout their careers. This means that young people who are late entering formal employment will receive low pensions that might not prevent them from falling into poverty in old age.

Therefore, a major policy challenge is to put in place social protection measures specifically targeting young people in the form of a comprehensive package of unemployment insurance, job search assistance and other benefits.

9. International labour standards

It is important to improve young workers' opportunities in the labour market, as mentioned earlier, while at the same time protecting and safeguarding their rights. A whole range of international labour standards exist to protect the welfare of all workers regardless of age. However, some are specifically tailored for young workers, such as those pertaining to child labour and hazardous jobs. (For a full list of international labour standards relevant to work and young persons, see the appendix.) Such international standards not only provide a framework for declaring national commitment, they also define policy objectives and safeguard the rights of young workers.

Among such standards are four Conventions and two Recommendations, known as the employment instruments, which, in combination, require member States to take three main steps to attain and maintain full, productive and freely chosen work for all. The steps are:

- (a) to commit politically to obtain full employment;
- (b) to build or strive to build institutions necessary for the achievement of this goal; and
- (c) to make the best possible effort to attain it.

Political commitment is essential, but it is not sufficient. It has to be followed through by the building of *institutions* such as employment services and an educational and training system (provided for in Conventions Nos 88 and 181, and 142, respectively). The promotion of employment creation through SMEs and cooperatives (Recommendations Nos 189 and 193) is also important. These must then be supplemented by the allocation of sufficient resources, and the design and implementation of coherent and effective policies and programmes to attain the objective of full employment.

Figure 9. The employment instruments



These labour standards are relevant to youth employment in multiple ways:

Firstly, the attainment of full employment is of fundamental importance for solving the problem of youth employment.

Secondly, the instruments recognize the special problems faced by young people and the need to deploy policies directed at solving them.

Thirdly, the instruments relating to human resources development and employment services are of special importance to young people since access to opportunities for acquiring skills and to employment services is essential for successful entry into the labour market.

Finally, the employment instruments provide guidance to member States on the main principles of employment policy, and a mechanism for monitoring performance. The reports submitted by member States, together with the inputs from social partners, provide a valuable source of information on employment policies across the world. They serve as a basis for the exchange of information and for policy dialogue among ILO constituents on employment matters.

10. Youth participation and social dialogue

Social dialogue on youth employment can take the form of negotiation, collective bargaining, consultation or a simple exchange of information between representatives of governments, young people, employers, workers, and/or other parties on issues of common concern. There are two important dimensions of social dialogue and youth employment:

Firstly, there is the question of the right of youth to express their views on policies affecting their interests, and to have those views taken into account during the formulation and implementation of those policies. It is first and foremost a principle of democracy.

Secondly, youth participation leads to better policies, because policy-makers can have a more accurate picture of the problems that need to be addressed based on information shared by social partners. They can draw on their knowledge, hands-on experience and creative ideas to come up with the best suited policies and interventions for the needs at hand. How else can they know what needs are to be met, and which interests will be affected by their policies? Social dialogue also provides a forum where competing interests can be negotiated and resolved in the overall national interest. It gathers support for proposed policies and reduces the chance of future opposition and conflict that might reduce their effectiveness later on.

Therefore, it is important for young people directly affected by youth employment policies to have a say in their design and implementation. Mechanisms should be put in place to allow for their concerns, needs and aspirations to be voiced, either by themselves or through their direct representatives.

Social dialogue is first and foremost a principle of democracy!



Youth organizations are currently seldom represented in policy discussions that affect their lives, partly because youth are not organized enough in many countries. According to an ILO study, fewer than half the countries that have adopted youth employment policies involved social partners in the drafting of such policies. In fact, present youth-led protests point to the serious deficit in this respect and the pressing demand of youth for a voice and participation.

Efforts are being made to improve the organization of young people. For example, in 2010 the International Trade Union Confederation (ITUC) launched a campaign to connect global trade union work to the employment and organization of young people. ⁴¹ When the ILO is involved in the development of youth employment policies, it promotes and facilitates the participation of youth organizations and networks. Some countries are creating national and local-level institutions for youth employment. Paraguay, for example, created a body consisting of 26 institutions, including social partners, to focus on the design and implementation of youth employment policies and programmes. Peru set up a commission on social dialogue on youth employment with youth representatives. Other countries adopt ad hoc mechanisms, such as those used in Bulgaria and Albania to design crisis response measures for young people.

Examples of social dialogue are most widespread in the field of vocational education and training. For instance, across the EU the social partners have an extensive role in developing and managing apprenticeship and vocational training systems.

If we take the example of collective bargaining as one form of social dialogue, we can clearly see how it can play a role in addressing the employment and working conditions of youth through the forging of collective agreements on young people's entry into the labour

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⁴¹ International Trade Union Confederation (ITUC): "New ITUC Campaign on Organising Young People", online news item, 23 Mar. 2010.

market, their terms of employment, benefits, and other issues. Take a look at the example of collective agreements made on youth employment in selected countries: ⁴²

Area of focus	Country	Type of agreement	Main provisions	Participants
Labour market entry	France	Firm-level agreement	Commitment to substitute 55 per cent of retiring workforce with youth and to increase the share of young workers with a permanent contract	Bayard with CGT, CFDT, CFTC, CFE-CGC and SNJ
Employment	Germany	Regional agreement for the metal and electrical industry	Commitment to employ trainees at least 12 months after the end of their training	IB Metall and Gesamtmetall
Wages and other benefits	Denmark	National agreement for the manufacturing industry	Higher wage increases and disability insurance for apprentices	Danish Trade Union (LO) and Danish Employers' Confederation (DA)

Overall, for youth participation to become more effective in confronting the youth employment crisis, strong independent workers' and employers' organizations need to be developed with the technical capacity to engage in social dialogue. Commitment to dialogue on the part of all parties has to be strengthened. In addition, the fundamental rights of freedom of association and collective bargaining have to be respected.

11. Policy coherence, coordination and evaluation

The preceding sections have provided a snapshot of the wide range of policy areas that can impact decent work for youth, from job creation to the protection of workers' rights and labour standards. However, the effectiveness of these measures depends not only on resources and implementation but also on the *coherence* and *interaction* across policy areas.

Because of the wide range of policies and scarce resources, *coordination* is required among ministries, the private sector, trade unions and civil society to ensure maximum impact is achieved. For this to be done, youth employment objectives have to be centrally embedded in national development plans and a government agency to be established to design and advocate technical solutions and ensure coherence in programmes and projects implemented.

Monitoring and evaluation of performance is also essential for achieving maximum impact, because it provides the feedback needed to improving policy and programme design in the future. There is very little evaluation of the financial sustainability of programmes, for instance, which reduces their credibility. This should be reviewed, especially given that most youth employment programmes in some parts of the world, such as sub-Saharan Africa, are almost entirely dependent on external funding.

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⁴² ILO, Industrial and Employment Relations Department.

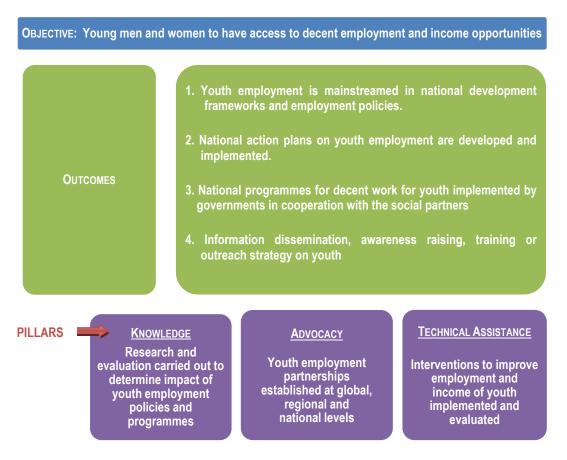
Chapter 3. ILO support to youth employment and global partnerships

In this chapter we will review the ILO's approach to promoting decent work for youth and some of the global and regional partnerships forged to tackle the youth employment crisis.

1. The ILO support strategy

The ILO has long been active on youth employment issues. Its approaches have evolved over the years in response to the changing economic environment and the needs of young people, from social protection of young workers to youth employment promotion. To implement its plan, it developed a three-pillar strategy, as shown in figure 10 below.

Figure 10. ILO support strategy for youth employment



The three-pillar strategy is implemented by its global team of technical specialists worldwide, at headquarters and in the field offices. Following is a brief description of how the ILO undertakes its strategy:

■ In the area of **knowledge building**, the ILO helps member States formulate national action plans, design and implement training courses, and share tools, guides and methodologies. The ILO has produced more than 60 publications on the youth

¹ ILO, Youth Employment Programme, Employment Sector.

employment challenge, including labour market indicators and assessments of country policies, programmes and institutional models. ² These analyses served as background papers for policy discussions and advocacy at national, regional and international events. ³ In addition, the ILO's *Global Employment Trends for Youth* has become the main global reference for statistics on youth employment. A new initiative is also being developed to build a global database on youth employment policies.

- In the area of **advocacy**, many initiatives have been undertaken, since 2006, to promote the 2005 ILC resolution through national, regional and international events. A number of campaigns have been implemented to promote youth employability, job creation and rights at work. In July 2006, for example, the ILO partnered with the MTV Europe Foundation to disseminate information and key messages on decent work for youth under the slogan "Doing something". This campaign was launched at the Exit Festival in Serbia, which was attended by nearly 150,000 people from around Europe.
- In the area of **technical assistance**, the ILO helps member States with the following steps: ⁴

STEP 4 STEP 1 Youth employment in national development strategies and Collection of data and employment policies, analysis of the youth development of youth labour market STEP 3 employment policies, CAPACITY BUILDING strategies and action plans Identification of youth employment problems and policy STEP 2 priorities STEP 5 Review of policies and Design, monitoring and institutional frameworks evaluation of targeted youth affecting youth employment programmes employment **SOCIAL DIALOGUE**

Figure 11. Country-level model for technical assistance on youth employment

Source: ILO: Youth Employment Programme.

The demand for ILO assistance on youth employment significantly increased in the 2010–11 biennium with 47 countries requesting support. This increase reflects the severity of the problems faced by young people in the labour market, the increasing priority given to youth employment, and the commitment of donors and international organizations to support youth employment interventions. In November 2011, the ILO's technical

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

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

⁴ ILO, Youth Employment Programme, Employment Sector.

cooperation programme has 53 projects under implementation. The projects combine institutional development with pilot programmes directly improving the livelihood of young people.

An independent evaluation of the ILO's strategy carried out in 2009 found that its approach and initiatives were relevant to the employment-related needs of youth and the priorities of ILO constituents. ⁵ The evaluation urged the ILO to support integrated approaches at the country level and ensure higher coordination between departments and programmes. Therefore, the ILO developed, in response, a set of management and planning tools; appointed youth employment focal points in each region and target country; and established a knowledge management facility for both face-to-face and online interregional events to improve collaboration across countries.

2. Global partnerships for youth employment

Over recent years, the ILO has also played a key role in international networks to build international consensus and influence the international agenda on the importance of decent work for youth. Take a look at some of the following global partnerships and international initiatives for youth employment:

Partnership/initiative			Brief description		
The UN system	UN Inter-Agency Network on Youth Development	•	The ILO partners with other UN agencies through this network to ensure coordination across the UN on youth employment issues. The Network aims at increasing effectiveness and raising understanding and visibility of the work of the UN in the area of youth development.		
	UN High-Level Meeting on Youth	•	In July 2011, the Meeting highlighted the importance of a global partnership involving governments, employers, trade unions, private sector, educational institutions, youth organizations and civil society, to address the global challenge of youth employment with the different social partners.		
	Youth Employment Network (YEN)	•	The Network was established between the ILO, the UN and the World Bank to mobilize action on commitment made at the Millennium Summit (2000) to decent and productive work for young people. The Network focuses on		
			 connecting policy-makers across the globe committed to youth employment; 		
			 helping practitioners and policy-makers evaluate their programmes and policies; 		
			 offering funds to youth-led organizations in West and East Africa to contribute to employment generation (Youth-to-Youth Fund); and 		
			 providing an online space for the global youth employment community to exchange innovative ideas expertise, advice and collaboration (YEN Marketplace 		

⁵ ILO: Independent evaluation of the ILO's strategy to increase member States' capacities to develop policies and programmes focused on youth employment, Governing Body, 306th Session, Geneva, Nov. 2009, GB.306/PFA/13/3.

Partnership/initiative		Brief description		
	The Millennium Development Goals (MDGs)	 Achieving "full and productive employment and decent work for all, including women and young people", thanks to the ILO's relentless advocacy, has been placed as a target under MDG 1. MDG 8 was also created as a result of member States' realization of the importance of establishing partnerships for youth employment. It aims at creating "a global partnership for development". Sponsored by the Achievement Fund of the MDGs (MDG-F), the ILO has been leading the implementation of joint UN programmes on youth employment across UN agencies and Country Teams. This has resulted in more integrated approaches that operationalize youth employment priorities. 		
The G20	Employment Task Force	■ At the 2011 Cannes Summit, G20 leaders created this task force with the immediate priority for 2012 being youth employment. The Task Force, supported by the ILO and other partners, had the responsibility of reviewing the youth employment policies of the G20 countries and developing a proposal for a full-blown youth employment strategy.		
		■ In addition, the ILO has also been supporting the work of the G20 summits on youth employment through several measures, including advising Finance Ministers on the global employment outlook in the wake of the crisis, and developing the G20 training strategy for developing a skilled workforce for strong, sustainable and balanced growth.		
The Youth Employment Inventory (YEI)		■ The ILO collaborates with the German Ministry of Economic Cooperation and Development (BMZ), the World Bank and the Inter-American Development Bank on developing and updating this Inventory to provide information on youth employment interventions worldwide.		
The European Commission and the OECD		The ILO partners with both in organizing policy forums, and conducting joint research on youth employment.		
Work4Youth		■ This project, created by the ILO and the MasterCard Foundation, aims at enhancing understanding of the youth employment challenge at national, regional and global levels, by producing, among other outputs, national surveys and a global database of good practices.		
The Global Partnership for Youth Investment		■ This partnership is an alliance of social entrepreneurs, investors, financial institutions, media and other organizations, working together to improve the lives of young people. It focuses on adolescent girls and young women, and aims to create innovative, large-scale investment strategies that promote development opportunities for young people in South-East Asia, southern Africa, and MENA.		

However, despite such a vast range of initiatives, the depth and breadth of the present youth employment crisis call for further strengthening and broadening of national, regional and global partnerships to gather more political support, pool expertise, promote policy coherence, and mobilize resources commensurate with needs and demands.

Chapter 4. Summary remarks and lessons learned

The youth employment crisis has reached intolerable dimensions. It poses a threat to political stability and social cohesion. This is evidenced by higher unemployment, lower quality jobs, rising marginalization of youth and among them, slow transition from school to work, detachment from the labour market, and other symptoms. Young people are particularly vulnerable to volatile and unstable economic conditions and a whole generation of young people, as a result, face much bleaker life prospects than any previous one.

Therefore, there is a pressing need to adopt a new policy paradigm to promote "pro-employment" growth, and make employment and social protection key objectives of economic policies and development strategies. ¹ Youth have to be firmly embedded in the policy-making process, and supported by sufficient political commitment and consistent resources.

Among the main lessons learned in this report are the following:

- Young people are not a homogeneous group; therefore, targeting specific groups and specific disadvantages in the labour market is more effective. This requires adequate resourcing and administrative capacities to deliver such complex targeted programmes.
- The quality of, and access to, universal education need to be improved to reduce school drop-out rates and prevent youth from falling into the unemployment and poverty trap.
- Focusing principally on supply-side interventions will not solve the problem. Demand management and the use of labour market policies, such as wage subsidies and apprenticeships, need to be adopted to promote job creation for youth.
- Entrepreneurship, public investment programmes and employment services should also be encouraged to increase employment opportunities, particularly in disadvantaged economies.
- TVET systems have to be made more responsive to the rapidly changing demand for skills across the world through the use of new information and communication technologies, to improve curricula and extend their outreach. More emphasis on lifelong learning and soft skills is key to improving youth employability.

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¹ ILO: Recovery and growth with decent work, Report of the Director-General, Report I(C), International Labour Conference, 99th Session, Geneva, 2010; ILO: – A new era of social justice, Report of the Director-General, Report I(A), International Labour Conference, 100th Session, Geneva, 2011; ILO: Resolution and conclusions concerning the recurrent discussion on employment, in Report of the Committee for the Recurrent Discussion on Employment, International Labour Conference, 99th Session, Geneva, 2010, pp. 56–70; ILO: Accelerating a jobrich recovery in G20 countries: Building on experience, An ILO report, with substantive contributions from OECD, to the Meeting of G20 Labour and Employment Ministers, Washington, DC, 20–21 April 2010; ILO: Employment and social protection policies from crisis to recovery and beyond: A review of experience, an ILO report to the G20 Labour and Employment Ministers Meeting, Washington, DC, 20–21 April 2010.

- Social media and networks can be used for youth mobilization, voice and outreach, and potentially for youth employment policies.
- Policies facilitating access to jobs should not undermine young workers' rights at work. They deserve a fair chance to acquire employment security, and to receive decent remuneration.
- Many young people are not adequately covered by current systems of unemployment benefits. Therefore, policies and measures should be adopted to provide them with greater social protection.
- Income support and employment assistance should go hand in hand to prevent perverse effects.
- International labour standards can help safeguard workers' rights and should be promoted and adhered to.
- Effective policies require a high degree of policy coordination and coherence nationally and internationally.
- While these and other lessons provide important benchmarks for the design of youth employment policies, there remain gaps in knowledge. Monitoring and evaluation of policies and programmes are required for knowledge building and to assess the impact for future interventions.

Finally, a youth employment crisis of this magnitude can only be tackled with a great deal of mobilization, coordination and partnerships at the global level. The ILO has the lead responsibility for garnering this support, including the promotion of social dialogue and the inclusion of social partners.

Appendix

International labour standards relevant to work and young persons

In addition to the Conventions on fundamental principles and rights at work and their related Recommendations - the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); the Right to Organise and Collective Bargaining Convention, 1949 (No. 98); the Forced Labour Convention, 1930 (No. 29); the Forced Labour (Indirect Compulsion) Recommendation, 1930 (No. 35); the Abolition of Forced Labour Convention, 1957 (No. 105); the Equal Remuneration Convention, 1951 (No. 100), and Recommendation, 1951 (No. 90); the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and Recommendation, 1958 (No. 111); the Minimum Age Convention, 1973 (No. 138), and Recommendation, 1973 (No. 146); the Worst Forms of Child Labour Convention, 1999 (No. 182), and Recommendation, 1999 (No. 190) - and to the priority Conventions on employment and labour inspection and their related Recommendations - the Employment Policy Convention, 1964 (No. 122), and Recommendation, 1964 (No. 122); the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169); the Labour Inspection Convention, 1947 (No. 81), and its Protocol of 1995; the Labour Inspection Recommendation, 1947 (No. 81); the Labour Inspection (Agriculture) Convention, 1969 (No. 129), and Recommendation, 1969 (No. 133) -, these instruments include in particular: the Employment Service Convention, 1948 (No. 88), and Recommendation, 1948 (No. 83); the Labour Administration Convention, 1978 (No. 150), and Recommendation, 1978 (No. 158); the Private Employment Agencies Convention, 1997 (No. 181), and Recommendation, 1997 (No. 188); the Human Resources Development Convention, 1975 (No. 142), and Recommendation, 2004 (No. 195); the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189); the Part-Time Work Convention, 1994 (No. 175), and Recommendation, 1994 (No. 182); the Promotion of Cooperatives Recommendation, 2002 (No. 193); the Workers' Representatives Convention, 1971 (No. 135), and Recommendation, 1971 (No. 143); the Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159), and Recommendation, 1983 (No. 168); the Migration for Employment Convention (Revised), 1949 (No. 97), and Recommendation (Revised), 1949 (No. 86); the Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143), and the Migrant Workers Recommendation, 1975 (No. 151); the Indigenous and Tribal Peoples Convention, 1989 (No. 169); the Occupational Safety and Health Convention, 1981 (No. 155), and its Protocol of 2002; the Occupational Safety and Health Recommendation, 1981 (No. 164); the Safety and Health in Agriculture Convention, 2001 (No. 184), and Recommendation, 2001 (No. 192); the Maternity Protection Convention, 2000 (No. 183), and Recommendation, 2000 (No. 191); the Medical Examination of Young Persons (Industry) Convention, 1946 (No. 77); the Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946 (No. 78); the Medical Examination of Young Persons Recommendation, 1946 (No. 79); the Protection of Wages Convention, 1949 (No. 95), and Recommendation, 1949 (No. 85); the Minimum Wage Fixing Convention, 1970 (No. 131), and Recommendation, 1970 (No. 135); the Social Security (Minimum Standards) Convention, 1952 (No. 102); the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), and Recommendation, 1988 (No. 176); the Hours of Work (Industry) Convention, 1919 (No. 1), and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30); the Night Work Convention, 1990 (No. 171), and Recommendation, 1990 (No. 178); the Employment Relationship Recommendation, 2006 (No. 198).

Source: Resolution concerning youth employment, International Labour Conference, 2005.

Insights, ideas and feedback