GETTING BY: YOUNG PEOPLE’S WORKING LIVES

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Globally, about half of all young people are unemployed or underemployed and this situation is likely to get worse. The World Bank estimates that 1 billion young people will enter the labour market in the next 10 years, with only 400 million of them likely to find jobs. Nine tenths of today’s 1.8 billion young people live in developing countries.

Work matters. It is not just about making a living. Young people want to make a contribution, they want to be respected in their communities. But many of the world’s youth will never have a ‘job’ as understood in the developed world. They talk instead of the multiple ways, formal and informal, in which they work to ‘get by’.

This report summarises the issues surrounding youth employment in lower income countries, and presents new research findings about young people’s experiences and ‘dreams’ of work – and what might help or hinder them in ‘getting by’. There is a pressing need for research in all these areas and young people have a central role in defining the most pertinent issues and in assessing what solutions might work best for them.

‘Peak youth’ brings with it the potential of enormous social and economic innovation from the energy and ideas of young people. But right now we are faced with an acute challenge in the scale of underemployment and working poverty, a challenge which may well be exacerbated by population growth.

This report is a background document for the “Getting by: how will young people make a living?” workshop. This is co-hosted by the University of Cambridge and Restless Development, an international NGO powered by young people. Young people will be engaged to identify nature of the challenge from their perspective, and to identify the next steps for policy and practice interventions.
“Young people are problem-solvers, not problems to be solved. They need to be included in all aspects of development.”

MEMBER OF SOLUTIONS FOR YOUTH EMPLOYMENT (S4YE)²
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary and acronyms</td>
<td>7</td>
</tr>
<tr>
<td>Introduction</td>
<td>9</td>
</tr>
<tr>
<td>The employment challenge</td>
<td>15</td>
</tr>
<tr>
<td>Youth employment programmes and interventions</td>
<td>25</td>
</tr>
<tr>
<td>Conclusions</td>
<td>43</td>
</tr>
<tr>
<td>References</td>
<td>46</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>50</td>
</tr>
</tbody>
</table>
# GLOSSARY AND ACRONYMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Labour Market Policies (ALMPs)</td>
<td>Government-led programmes to generate or improve employment opportunities.</td>
</tr>
<tr>
<td>Decent Work</td>
<td>“A fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men”.^3</td>
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<tr>
<td>Informal economy</td>
<td>“The term “informal economy” refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements”.^4</td>
</tr>
<tr>
<td>Least Developed Countries (LDCs)</td>
<td>A group of 47 countries, characterised by very low income, low human assets and high economic vulnerability.</td>
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<tr>
<td>School-to-Work Transition Survey (SWTS)</td>
<td>A longitudinal survey of young people aged 15 to 29 from: Benin, Congo, Liberia, Madagascar, Malawi, Sierra Leone, United Republic of Tanzania, Togo, Uganda, Zambia; Egypt, Jordan, Lebanon, Occupied Palestinian Territory, Tunisia; Brazil, Colombia, Dominican Republic, El Salvador, Jamaica, Peru; Armenia, Kyrgyzstan, the former Yugoslav Republic of Macedonia, Republic of Moldova, Montenegro, Russian Federation, Serbia, Ukraine; Bangladesh, Cambodia, Nepal, Samoa and Vietnam.</td>
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<tr>
<td>Sustainable Development Goals (SDGs)</td>
<td>A series of global goals aimed at ending poverty, set by the United Nations in 2015 with targets for completion by 2030.</td>
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<tr>
<td>Underemployment</td>
<td>“The underutilisation of the productive capacity of the employed population”.^5</td>
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<tr>
<td>Unemployment</td>
<td>When someone has been seeking work for at least four weeks and has no work.</td>
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<tr>
<td>Working poverty</td>
<td>People who, despite working, live in ‘moderate’ or ‘extreme’ poverty.</td>
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<tr>
<td>Young people and youth</td>
<td>Definitions of youth vary, and can be based on life stage or age. An increasingly popular, inclusive aged-based definition is ‘extended youth’, at 16-35 years.</td>
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</table>
INTRODUCTION

The quantity and quality of young people’s employment in lower income countries has, in recent years, become of pressing global concern. Here we explore why.
It is not difficult to see why the Director General of the International Labour Organisation, Guy Ryder, recognised youth unemployment and jobs for young people as being the top issue for nine out of ten Ministers of Labour in 2018. Amongst the hundreds of millions of people lacking sufficient decent work, young people consistently fare worse than adults, experiencing higher levels of working poverty and underemployment. Decent work for all is a “central pillar” of the post-2015 development agenda, constituting Goal 8 of the Sustainable Development Goals (SDGs). Many young people, governments, donors and NGOs are determined to achieve this.

Youth employment is a persistent issue, with the 1980s and 1990s being a time of deep concern over child labour. Many of the least developed countries are already confronted by the most acute challenges in youth employment and are projected to experience the greatest population increases (Figure 1). Today, some 90% of young people (under 30 years) live in ‘developing and emerging economies’.

As the international policy emphasis on ‘decent work’ reveals, the quality and quantity of work for young people is a major concern. The phenomenon of jobless growth, a burgeoning youth population and the roll-back of public sector employment under various neoliberal economic reforms since the 1980s in many lower income countries, has generated a perfect storm that greatly restricts opportunities for young people to gain formal waged employment.

Figure 1: Population change and projected population change over time in what are currently the 47 ‘least developed countries’ from 1950–2100. The population size is given by age group, in millions. Amended from United Nations Population Division (2017).
Employment in lower income countries is dominated by informal work – an often precarious form of livelihood associated with low pay and few worker rights – which is also most highly concentrated among young people, particularly women and those with low educational attainment.

Despite their centrality, young people’s own perspectives and experiences of work in lower income countries are under-researched and are sometimes altogether absent from strategic discussions. It is in this context that policy makers are increasingly interested in how young people in lower income countries experience and perceive their employment situation. Can engaging young people’s views on the obstacles, aspirations and preferences

Who are ‘young people’?

There is no agreed definition of ‘youth’ and classifications differ by country and organisation. Youth has traditionally been understood as a period of transition from childhood to adulthood, signified by markers such as the school-to-work transition and financial independence. As young people across the globe remain in education for longer and/or meet the challenge of finding work in times of economic uncertainty, ‘extended’ definitions (from 16 up to 35 years of age) are increasingly adopted. Wherever possible we have identified the age-range used by the studies referenced here.
INTRODUCTION

- surrounding work support the design of contextually relevant and effective solutions to the current youth employment challenges?

This report assesses the current research and policy landscape surrounding young people’s working lives in lower income countries. Although by no means exhaustive, we bring together research produced by international organisations, academics and NGOs. We also present new findings from a joint research project and survey conducted by the University of Cambridge and Restless Development, which aims to provide insight into youth experiences and opinions of work. By placing young people’s voices in direct conversation with policy expertise and academic findings, we pose these questions:

*How best do we move forward to embed youth engagement and extend research?*

*How might strong youth engagement and a broader evidence base support future policy and practice?*

THE CASE FOR ENGAGING YOUNG PEOPLE

Over the past two decades, studies of youth and work have repeatedly pointed to the need to engage with young people’s experiences and viewpoints to make effective policy.\(^\text{15,16}\) Several state-led entrepreneurship programmes, for example, have not succeeded in generating substantial work or reducing poverty. This has been attributed to a poor understanding of the people and local context in which they were implemented.\(^\text{17,18}\) Despite its policy relevance, there has been little research into young people’s own perspectives on work\(^\text{19}\). This shortcoming is combined with a “widespread tendency to marginalize young people’s voices in local, academic and policy debates on development issues”.\(^\text{20}\)

To counteract the absence of youth voices in the creation of the Millennium Development Goals, young people are increasingly being engaged in policy. Young people were at the heart of developing the SDGs. Now they must be central to championing, delivering and monitoring, as well as holding their leaders to account.

ALEX KENT, INTERNATIONAL DIRECTOR OF STRATEGY, RESTLESS DEVELOPMENT\(^\text{26}\)
GETTING BY: YOUNG PEOPLE’S WORKING LIVES

people have played an important role in shaping the Sustainable Development Goals (SDGs), for example in negotiations through the United Nations (UN) Major Group for Children and Youth\(^\text{21}\). Whilst critics suggest that young people’s voices are heard most clearly when their message is compatible with existing development philosophy,\(^\text{22}\) and that youth engagement is sometimes tokenistic,\(^\text{23}\) the recent move towards youth participation signals a significant change of course. There is a clear need to engage with young people to learn from their experiences of work and visions for change, and to foster a sense of youth ownership of future interventions.

NEW RESEARCH: 
AIMS AND METHODS

In Autumn 2018, we launched an online survey of young people’s experiences of work in low- and middle-income countries. The survey aimed to capture a snapshot of how young people experience and make sense of their own work situations, as well as their visions for change. The survey questions covered the following themes:

1. How do young people ‘get by’?
2. What aspirations do they have for the future?
3. What change would they like to see in the world of work and how do they think this can be achieved?

The survey, sent out via Restless Development’s youth networks, generated 263 responses from young people aged 18 to 35. Respondents were predominantly from sub-Saharan Africa, followed by Asia. As recruitment was via existing NGO networks, and an online English-language survey, it is unsurprising that we heard from better educated young people,\(^\text{24}\) who were already engaged with development ideas. The group of respondents was 60% male. Similar recruitment biases due to pragmatic decisions have been long observed.\(^\text{25}\) Acknowledging these limitations, we nevertheless feel that the variety of lived experience and opinion elicited by this survey helps to illuminate our wider discussion.

Broader perspectives on the nature of work urgently need to be brought into public policy debate.

SEIFE AYELE, SAMIR KHAN & JAMES SUMBERG\(^\text{27}\)
THE EMPLOYMENT CHALLENGE

This chapter considers the youth employment challenge and how it is shaped by the characteristics of global youth populations and labour markets today. It also looks at the implications of future demographic change.
BLOSSOMING YOUTH

Half of the 7.6 billion people alive today are under 30 years old, and 90% of them live in countries categorised as ‘emerging’ or ‘developing’ economies.\(^2\) The number of young people living in Asia and Africa, and to a lesser extent Latin America and the Caribbean, has risen substantially since the 1950s. Sub-Saharan African countries now have the most youthful populations in the world, with over 70% of the region’s population aged under 30.\(^2\) In contrast, European and North American youth populations have stabilised or steadily declined (Figure 2), sparking a parallel focus on ageing and declining populations.

‘Peak youth’ describes the moment when a youth population reaches its largest size, before shrinking. Globally this is expected to be reached by 2100.\(^3\) At the national level, almost all future population growth is projected to take place in the Least Developed Countries and, as a group, these countries are not expected to reach ‘peak youth’ until after 2100. The greatest growth is anticipated where the most youthful populations are living now, largely due to the fact that youthful age structures encourage rapid growth (due to ‘population momentum’).\(^4\) It is estimated that 43% of global population growth up to 2100 will be attributable to the momentum of population age structures in 2015.\(^5\)

But is rapid population growth an obstacle to development or not? Optimists stress that population growth can boost human and intellectual capital, by

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**Figure 2:** Youth population (15–24 years), by region, 1950–2060. Amended from United Nations Population Division (2015).\(^6\)
It is estimated that 43% of global population growth up to 2100 will be attributable to the momentum of population age structures in 2015.

supplying expanding markets to fuel economic growth and generating a ‘demographic dividend’. As more and more young adults enter the working population, the dependency ratio (a measure of non-workers as a percentage of potential workers) declines. With a larger percentage of the population working, there is greater potential for income generation and boosted spending patterns.

The demographic dividend

When considering young people’s work in terms of economic productivity, we must be careful not to reduce its value to pure economics. Measures of productivity do not take into account unpaid work, or young people’s own experiences and emotional connections with their work. Employment is also

How do young people ‘get by’?

Most respondents took part in a portfolio of work activities to ‘get by’, variously combining paid work, unpaid domestic work and voluntary work. Young people typically worked in informal trading and service provision, charity work (often unpaid) and agriculture. Formal sector jobs, such as teaching, were uncommon.

Nearly a third of those generating an income combined self-employment with employment for another person/company (Figure 4). Of those, a

Figure 4: Mixing and matching of income-generating activities. The percentage denotes the proportion of respondents doing this type of activity. n = 163
“a crucial part of the transition to adulthood for young people, allowing them to be recognised as such by state and society.”

One point of contention is the potential for economic growth at a time of falling dependency ratios. Yet the standard dependency ratio is purely a measure of potential workers to non-workers, and does not account for the variable quality or availability of employment. Where underemployment and poor pay are widespread, workers’ ability to support themselves and their dependents is likely to be greatly constrained. Thus, if youth population expansion is not accompanied by increases in adequately paid and decent work, it is unlikely that the demographic dividend will be fully harnessed.

Global youth unemployment is on the rise again. It previously peaked amidst the global recession of 2009 but after falling it reached 12.9% in 2016. Youth unemployment is markedly lower in developing countries at just 9.4% compared to 14% in developed countries. With little or no social protection available in the world’s poorest countries, very few people can afford to be unemployed (Figure 10 on page 40). Hidden beneath these comparatively low rates of youth unemployment, is a pressing employment challenge characterised by serious concerns about the quality of work, low pay and “chronically high” levels

Figure 3: Extreme and moderate working poverty in 2017. Amended from the International Labour Organisation (2017).
GETTING BY: YOUNG PEOPLE’S WORKING LIVES

19

“I’m working as a lecturer in a University… to earn money for my family. Yet, I make food and snacks to be sold. I sell them online to my friends, colleagues and others to support our family’s income too.”

26-YEAR-OLD WOMAN, INDONESIA

The uncertainty of when and where a client will come from is too much stress… The income is not consistent… I have to work extra hard to pay off the debt.”

27-YEAR-OLD MAN WORKING AS AN INFORMAL TRADER IN ZAMBIA

Financial responsibilities to their family, the rising cost of living, poor economic conditions – such as high currency inflation, unemployment, and insecure and/or irregular work – among other reasons, were given to explain the inadequacy of their income.

The examples of portfolio and insecure work in our study are consistent with the findings of recent research on youth and work. Their multi-faceted working lives, entwined with responsibilities from their households and communities, show the versatility, tenacity and contribution of many young people in their struggle against the odds.●

The demographic dividend is the economic growth potential that can result from shifts in a population’s age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older).

UNITED NATIONS POPULATION FUND, 2016

of involuntary underemployment. In this context, unemployment is just the “tip of the iceberg”.

Young people’s work in lower income countries is dominated by informality – this is associated with low pay, few worker rights and a lack of social protection. Informal work is the norm in developing countries, with 96.8% of employed youth, and 90.6% of employed adults, working informally. Given that informality is strongly associated with working poverty, and that young people are most heavily represented in the informal economy, it is perhaps unsurprising that they also experience working poverty more acutely than adults (Figure 3 on page 18). Geographically, young people in sub-Saharan Africa and Southern Asia are worst affected by working poverty.
In the absence of formal employment opportunities in many lower income countries (see box on page 21), the majority of young people have little option but to take on informal work even if it is precarious and fails to provide an adequate income. The higher incidence of working poverty and informality among young people reflects in part the significant numbers of young people engaged in contributing family work and domestic services. In 2017, 42% of workers worldwide were in ‘vulnerable employment’ (i.e. self-employment, contributing family workers, or unpaid workers), rising to over 76% of all workers in developing countries. Participation in vulnerable employment has significant gender disparities. In developing countries, 42% of female workers are contributing family workers or unpaid workers compared with 20% of male workers.

The high rates of self-employment in lower income countries, together with increasing numbers of young people engaging in multiple income-generating activities at the same time, can be seen as coping mechanisms in environments in which work is often temporary, poorly paid, informal, and hard to come by. In a recent study, the primary reasons given by young people living in low- and middle-income countries for being in self-employment were that they were seeking to increase their independence or unable to find salaried work (our study arrived at similar conclusions, see page 21). Self-employment in areas such as the gig economy and internet-based work is increasingly promoted in developing countries because it brings the possibility of greater self-reliance. However, this type of work can be problematic. With self-employed youth...
The decline of formal work

The contemporary dominance of informal work in many lower income countries is best understood within its historical context. During the 1980s and 1990s, Structural Adjustment Programmes in many African countries reduced formal sector employment opportunities. Spending cuts saw significant and widespread roll-backs in formal government jobs which were, historically, a key source of employment. Meanwhile market liberalisation has not generated equivalent private sector employment. Instead, informal and casual work have increased, whilst unions have declined.

SURVEY RESULTS

What do young people aspire to?

What little research there has been on young people’s aspirations for work in the global South, has largely concerned longitudinal cohort studies. By their nature, these studies do not investigate young people’s subjective reflections on youth aspirations. Acknowledging this gap, we focus on young respondents’ perspectives and experiences.

Young people’s aspirations for where they want to be in five years were dominated by the desire to run their own affairs. Nearly a third of respondents aspired to owning a business or farm (Figure 6, page 23). Few young people aspired to paid employment, meanwhile, just 9% aspired to a full-time job in someone else’s business. The preference for self-employment appears typically to reflect a desire to minimise risk and for greater financial stability in an otherwise insecure employment environment:

“I believe I can be more successful doing my own things. Looking at the Zimbabwean situation, there are no jobs and so getting well-paying employment might be hard, however when doing your own things you can be self-sustaining.”

25-YEAR-OLD WOMAN, ZIMBABWE
The higher incidence of vulnerable employment among women highlights that the distribution of quality work has spatial and social dimensions. Education and gender both influence young people’s trajectories. Those with low levels of education are most likely to remain in informal employment, and young women in informal employment with low levels of education suffer the greatest earnings penalty (Figure 5). Nevertheless, women tend to work longer hours than men. In low-income countries, when paid work and unpaid care work are summed, on average women daily work 1 hour 17 minutes more than men (see box on page 23).

To summarise, youthful populations offer the possibility of a demographic dividend only under the right conditions, that is with access to sufficient decent work. The poor quality of work traced so far in many lower income countries, along with inequalities in its distribution, clearly demonstrates that achieving the demographic dividend requires more and better jobs for young people. If left unresolved, millions more young people could be without adequate work – or without any work at all – in the coming decades. This could lead to mass migration in search of opportunities, social unrest, and the entrenchment of poverty.

Figure 5: Wage level by formality of work, education level and gender, compared to the benchmark (= 100) of formally employed primary-educated men. Based on the School-to-Work Transition Survey. Amended from O’Higgins (2017)
Others aspired to self-employment as a means to pursue further education and strengthen their future financial status and/or position in the job market, for instance:

“I would like to expand in my poultry business, so go back to school to pursue a postgraduate [and] gain financial freedom.”

25-YEAR-OLD MAN, UGANDA

What counts as work anyway?

NEET (“Not in Education, Employment or Training”) defines those outside the labour force, implying they are not involved in any form of work. Such categories potentially belie vast amounts of domestic and unpaid work. Globally, the total time spent doing unpaid care work equates to 2 billion people working 8 hours a day for free, and women complete over 3 times more of this work than men.\(^{57}\) Women’s unpaid work correlates with lower workforce participation,\(^{58}\) which might in part explain why double the proportion of women (16%), than men (8%), are NEET in developing countries.\(^{59}\) The social necessity and economic value of unpaid work are part of the broader explanation of how young people are getting by.

What would you like to be doing in 5 years time?

- **22%** Have my own business
- **16%** Pursuing higher education
- **15%** Volunteering
- **14%** Community/Political leadership
- **12%** Caring for my family
- **9%** Working full-time for someone
- **3%** Working part-time for someone
- **10%** Have my own farm

Figure 6: Respondents’ work-related aspirations. Respondents selected one or more ‘dreams’ from a list of statements. The percentage denotes the proportion of all responses. \(n = 263\)
YOUTH EMPLOYMENT PROGRAMMES AND INTERVENTIONS

Here we outline some of the main programmes designed to support young people to find decent work. Alongside, we present our research into young people’s visions for change.
PROMOTING EMPLOYMENT

To date, employment interventions have been found to have “mixed effects”. Despite examples of moderate success, they often fail to meet the high expectations of programme participants or policy makers. In the context of comparatively small government budgets, the challenge of staging an appropriate, effective multi-sector policy response to underemployment and disadvantage is greatest in lower income countries. A lack of evidence from lower income countries on the efficacy of diverse interventions only compounds the challenge of planning future interventions. Most previous studies evaluating employment programmes have been carried out in high- and middle-income countries and tend to focus more upon the number of jobs created, than assessing the quality of employment and earnings. We consider demand- and supply-side interventions in turn (see box), drawing on research from lower income countries.

<table>
<thead>
<tr>
<th>Countries by income group</th>
<th>Qualification mismatch among employees (%)</th>
<th>Qualification mismatch among self-employed workers (%)</th>
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<tbody>
<tr>
<td></td>
<td>Over-qualification</td>
<td>Under-qualification</td>
</tr>
<tr>
<td>Emerging, middle-income countries</td>
<td>16.3</td>
<td>9.3</td>
</tr>
<tr>
<td>Developing, low-income countries</td>
<td>14.8</td>
<td>31.5</td>
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Table 1: Qualification mismatch among young workers, by country income group. Produced in 2017 with latest data available from the International Labour Organisation’s School-to-Work transition survey. Amended from Palmer, 2017
SUPPLY SIDE INTERVENTIONS

Combatting the skills mismatch with education and training

A skills mismatch can take the form of workers being underqualified or overqualified for a job. In low-income countries, underqualification is most prevalent with employers struggling to find skilled workers and young people struggling to find jobs. In developing countries the overall skills mismatch sits at roughly 50% (Table 1 on page 26). The call for improving and extending formal schooling and skills training is well established and meets a clear need as part of the toolkit for promoting youth employment in low-income countries. SDG 4 aims to make learning opportunities universally accessible, positioning education as key to sustainable development, poverty reduction, an empowered citizenry, and a productive labour force.

Education spending provides good rates of return in poorer and richer countries alike. More schooling is associated with higher wages and, in lower income countries, improved access to full-time employment in the formal sector. The International Labour Organisation’s School to Work Transition Survey found roughly 95% of young people with no education were in informal jobs and the incidence of informality is shown to fall with increased educational attainment (Figure 7). Whilst global figures for education participation are encouraging, many children remain poorly served. Living in poverty or in a rural area, being female, and increases in age, all increase the likelihood of a child being out of education. Just 25% of women and

Figure 7: Informal employment by single-year age group and education level (ages 15-29). Based on School-to-Work Transition Survey data. Amended from O’Higgins, 2017.
The international policy landscape: youth and work

The challenge of young people’s employment in lower income countries has moved to the forefront of the international policy agenda in recent years. The 2030 Agenda for Sustainable Development represents the key international policy commitment to full, productive and decent work for all. Youth employment, in particular, could be catalytic to poverty reduction, economic growth and peace. Sustainable Development Goals 4 and 8 contain youth-specific targets to:

- Increase the skills needed for employment;
- Achieve numeracy and literacy amongst all young people;
- Achieve full, productive and decent work with equal pay for young people, and;
- Reduce the proportion of young people not in education, employment or training.

The SDGs are not the only international scale policy commitment to improving opportunities for youth employment. A long history of development of International Labour Standards predates the SDGs, which included recommendations on issues such as child labour, wages and working time.

More recently, in 2014, the Solutions for Youth Employment (S4YE) coalition was launched by the World Bank, Plan International and the International Youth Foundation, among other partners, to achieve “access to productive work for 150 million youth by 2030” by promoting evidence-based decision making on employment interventions such as skills training and apprenticeships.

Skills training outside formal schooling is a key tool in promoting youth employment. Here ‘skills’ refer both to technical abilities, and to the combination of interpersonal, behavioural and communication skills (known as soft skills). Yet job skills training has had limited success in the past, as schemes “are usually biased towards preparation for formal economy jobs which often do not exist on an adequate scale.” Further, research in India noted that, amongst other things, soft skills training inculcates subservient behaviour in poor people.

34.3% of men (aged 25 and older) in the Least Developed Countries have at least some secondary education, compared to 62.5% of women and 70.9% men globally. Drivers for poor attendance or early exit from school include pressures on low income youth to work to support themselves and their families, early marriage, and gender biases favouring male education.

More schooling does not guarantee decent work, however. In low-income countries, only four in ten young people with secondary education are in non-vulnerable employment. Nor does tertiary education guarantee access to decent work. In India, for example, there is a noteworthy phenomenon of unemployment and underemployment amongst young male University graduates, highlighting a mismatch between growing rates of educational attainment and an acute lack of skilled jobs. The demand-side problem of a lack of available skilled jobs for young people, despite their high levels of education, was also evident in our survey findings (page 29).
many reasons, then, it is readily acknowledged that improved educational attainment and skills training alone will not solve the problems of youth employment. Nevertheless, a skills gap persists and addressing it is of strategic importance for the future:76

“...it is clear that continuing to push forth undereducated, underskilled youth into the labour market is a no-win situation, both for the young person who remains destined for a hand-to-mouth existence based on vulnerable employment and for the economy which gains little in terms of boosting its labour productivity potential.”77

SURVEY RESULTS

What stops young people getting work?

“There are few opportunities out there and the ones that are there are secured for the relatives of those that are already in employment”

21-YEAR-OLD WOMAN, ZAMBIA

Many young people received limited support in finding work. Family and peer networks, as well as NGO assistance, were the few support mechanisms identified by survey respondents. Many respondents reported coming up against various barriers in their search for work despite – and in some cases because of – being well educated.

A shortfall in job opportunities in general was compounded by other challenges, such as the difficulty of gaining the experience required by employers, as well as corrupt and discriminatory recruitment practices. In particular, respondents spoke of the lack of skilled jobs, leading to underemployment and having to take work for which they were overqualified.

“The problem is that most of organisation and government jobs require more experience while most young people are fresh from university and they don’t have experience yet”

21-YEAR-OLD WOMAN, TANZANIA
Apprenticeships, the oldest form of public-private partnership, are also a widespread means to bridge the skills gap. In addition to formal apprenticeship systems and programmes such as that in the example below from Bangladesh, many informal apprenticeships exist. Challenges associated with apprenticeships more generally – including non-completion, the poaching and exploitation of apprentices (unsafe work and low pay), and the risk of poor-quality training – are often exacerbated under informal conditions.

In Africa, there are 10–50 times more informal than formal apprenticeships, and it is estimated that 20–50% of informally employed youth are in informal apprenticeships. These are typically governed by social norms and traditions and are based on an agreement between the Master and Learner, without support from the state. The informal system has a high drop-out rate (30–50%) and the power of the Master can be such that there are instances of exploitation, child labour and corruption where skills are withheld to postpone ‘graduation’ compelling the Learner to continue working. The lack of formal qualifications at the end of the apprenticeship hinders the transition to formal work.

### CASE STUDY

**Bangladesh’s apprenticeship programme**

Bangladesh recently reformed its formal apprenticeship programme (2010–2014). The reforms were championed by Mr J. Krishna of India’s largest business group and set a goal to make 2.5% of the labour force apprentices (capped at 10% to avoid exploiting apprentices as cheap labour and displacing other workers). Reforms have helped regulate apprenticeships. For example, the apprenticeship stipend is now linked to a state regulated minimum wage and by the third year of an apprenticeship one would be paid 70–90% of the minimum wage. Through giving ownership of apprenticeships to industry, while the state bears the cost of basic training, it is intended that there is a business case for industry to take up apprenticeships and meet the skills gap.

### DEMAND SIDE INTERVENTIONS

#### The role of the economy

To understand the need for demand-side interventions, we must first consider the wider economic context. The uneven distribution of global wealth and income, and the economic system that perpetuates this, are rarely discussed amongst the factors that promote youth underemployment in lower income countries. Prominent critics of dominant development ideas, however, challenge us to reconsider the impacts of economic inequality and to reflect upon the structural causes of demand-side problems.

The state has an important role to play in influencing the demand for labour and regulating the quality of jobs offered. Although there “are no clear and general lessons to be learned as to which specific sector or sectors is or are the best choice for promoting the quantity and quality of jobs for young people”, historical analysis shows that low income countries
What barriers do you face in your work or in seeking work?

- I do not see anyone else around me doing so: 2%
- There are few opportunities available: 33%
- I do not have enough money: 22%
- Family pressure prevents me from doing so: 4%
- I do not know what to do: 4%
- I am not in work and not seeking work: 6%
- I do not have the right personal and family connections: 16%
- I do not have the right skills: 10%
- I do not face any challenges in my work or in seeking work: 2%
- I am not satisfied with the work I do now because it’s not my field of work … but after school, after having applied for jobs for over a year, being an administrative assistant was the best offer I got”

28-YEAR-OLD WOMAN WITH A MASTER’S DEGREE, CAMEROON

Figure 8 shows the most significant barriers which young people faced in their work or in seeking work. The biggest barrier, by a considerable degree, was a lack of opportunities (a demand-side issue), whilst a lack of skills (a supply-side issue) was cited by only one-fifth of respondents. As this report highlights, employment interventions tend to focus on preparing young people to enter the workforce through supply-side interventions such as skills training.

The experiences of underemployment reported here suggest that the potential benefits of skills training are limited given the lack of appropriate job vacancies. Indeed, many of the respondents’ suggestions for improving opportunities for work (see pages 39 and 41) point to the need for demand- and supply-side policy interventions.

Figure 8: Barriers faced by respondents in work or in seeking work. Respondents selected one or more factors from a list of statements. The percentage denotes the proportion of all responses. n = 249
need to be empowered to protect and nurture their industries and grow. International and bilateral actors sometimes prevent this. With high tariffs and strong protectionism, local and national industries could grow more easily, boosting economic development and helping to move towards full employment.88 Agriculture and manufacturing are identified as promising sectors for the state to focus on for job creation for young people.89,90

**Active Labour Market Policies**

Governments of lower income countries have increasingly sought to foster demand for labour through Active Labour Market Policies (ALMPs). Interest in ALMPs has risen in recent years for several reasons including population growth, the 2007–2008 global financial crisis, high levels of youth underemployment, and increasing automation.91 These programmes cover an array of measures to generate or improve employment opportunities (Table 2 on page 34), and whilst some can be categorised as supply-side (such as skills training), many public employment programmes explicitly aim to create demand for workers. In general, ALMPs in lower income countries have tended to favour skills training and entrepreneurship over the wage subsidy programmes that are becoming widespread in high income countries.92

Entrepreneurship is frequently promoted by NGOs and business initiatives, as well as via ALMPs, as vital for overcoming the youth employment crisis and fuelling economic growth.93 Entrepreneurship programmes often include combinations of mentoring, training and microfinance, and seek to create demand for youth labour. Where opportunities for formal employment are severely limited, these programmes encourage young people “to be ‘job creators’ rather than ‘job seekers’, thus becoming self-employed entrepreneurs”,94 shifting responsibility for creating employment to the young people themselves.

Diverse barriers prevent entrepreneurship, the most significant of which include a lack of skills and access to resources such as credit. These barriers are frequently gendered, with young women often having less

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**CASE STUDY**

**Mahatma Gandhi National Rural Employment Guarantee Act, India**

Passed in 2005, the National Rural Employment Guarantee Act offers at least 100 days paid work per year to all households whose adults will do unskilled manual work. This Act aims to boost income security and improve rural infrastructure – examples include digging ponds or cattle-proof trenches, and horticultural plantations.95 By 2010, this programme covered all of India, providing an average of 65 days employment to 52 million households. Laws stipulate minimum wages and gender equality, and broader benefits appear to include increases in general compliance with minimum wage regulations, as well as reductions in the gender pay gap in rural India.96
### YOUTH EMPLOYMENT PROGRAMMES AND INTERVENTIONS

#### CASE STUDY

**Decent work for youth entrepreneurs in Tanzania?**

A study of 52 youth entrepreneurs in Dar-es-Salaam, Tanzania, found these young people typically worked for 40-70 hours a week and earned US$1-3 per day. Generally, their business ventures involved selling items as street vendors and a few of them rented premises to use as shops. They were supported by a grant of US$125. For many, this was not ‘decent employment’ and instead signified low status and lack of progression in both formal employment and higher education.

<table>
<thead>
<tr>
<th>Type of programme</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment services and job search assistance</td>
<td>Can help youth make realistic choices and match their aspirations with employment and training opportunities; improve information on job prospects as well as efficiency, effectiveness and relevance of initiatives.</td>
<td>May create unrealistic expectations if not linked to labour market needs and often cover only urban areas and the formal economy.</td>
</tr>
<tr>
<td>Public employment programmes</td>
<td>Help young people gain labour market attachment and, at the same time, improve physical and social infrastructure and the environment – especially if combined with development and sectoral strategies – and enhance employability, if combined with training.</td>
<td>Low capacity for labour market integration; young workers may become trapped in a carousel of public works programmes; often gender-biased; displacement of private sector companies.</td>
</tr>
<tr>
<td>Wage subsidies</td>
<td>Can create employment if targeted to specific needs (e.g. to compensate for initial lower productivity and training) and to groups of disadvantaged young people.</td>
<td>Potentially high deadweight losses and substitution effects (if not targeted) employment may last only as long as the subsidy.</td>
</tr>
<tr>
<td>Skills training</td>
<td>Works better with broader vocational and employability skills that are in demand and includes work-based learning as well as employment services; positive effects of training on labour market outcomes. Can enhance the skills of young people, promoting their longer-term employability.</td>
<td>May produce temporary rather than substantial solutions and, if not well targeted, may benefit those who are already “better off”. Training alone may not be sufficient to increase youth employment prospects.</td>
</tr>
</tbody>
</table>

*Table 2: Strengths and weaknesses of the main types of Active Labour Market Programmes (ALMPs) for youth. Amended from O’Higgins (2017)*

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The rise of microfinance to promote entrepreneurship

Microfinance has grown considerably since the 1990s. In 1992, there were 12 million microfinance customers worldwide. By 2017 there were 139 million, of whom 50 million were in India. Microfinance schemes are often associated with very high interest rates and a lack of protection against external shocks (if something goes wrong, for instance if stock is stolen, the borrower may find themselves in debt and without means to pay it off). This exacerbates the risk and fear of failure. Many young people face obstacles in accessing loans, such as the requirements of a deposit, bank account and letter of recommendation. Thus, young people with few economic resources may be deterred from the schemes intended to support them.

CASE STUDY

Wage subsidies for youth employment, South Africa

Wage subsidies, funded by the National Treasury, are one tool which has been used to address high youth unemployment in South Africa. The subsidy covers part of the costs incurred by businesses when employing someone. A randomised controlled trial showed that young people within this programme are 25% more likely to have a paid job one year and two years afterwards, compared to the control group. This shows the beneficial long-term effects of state intervention. Participation boosts confidence in employment prospects, such that young people are more likely to accept job offers and pursue work; it also connects people to networks through which they might learn of job opportunities.
Social protection and formalisation

In contrast to the active labour market interventions already considered, there is also a critical role for more ‘passive’ labour market policies, including social protection. Social protection includes “all measures providing benefits in cash or in kind to guarantee income security and access to health care”. Whilst there is some debate as to whether policy should focus more on generating productive jobs or ensuring social protection, the absence of both is clearly problematic. Social protection includes:

a. social insurance policies – these smooth consumption through risk pooling. Eligibility is based upon formal employment and schemes are funded by employer and employee contributions. The types of risk covered include unemployment, ill-health and old age.

b. social assistance – this is specifically for more vulnerable groups within society, with funding coming from general taxation; eligibility is based upon individual or household circumstances.

c. minimum wages – set by the state to boost social protection for those who are formally employed.

Rolling out social protection in the context of very high informal employment, however, is immensely challenging as social insurance is contingent upon being in formal

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**Figure 9: Cost of social protection, by country income bracket.** Amended from the World Bank Group (2019)
CASE STUDY

Formalisation strategies in Brazil in the 2000s

In 2009, 46.5% of all workers contributed to social security schemes. A programme for self-employed micro-entrepreneurs, the *Microempreendedor individual*, was introduced, with reduced taxes at 11% of the minimum wage. The revenue was used for social security, municipal and state taxes. Simplified online registration minimised bureaucracy as a barrier to participation, and benefits of the programme included eligibility for cheaper loans and the ability to issue invoices. Younger people were well-represented in the *Microempreendedor individual*, with three quarters of participants aged under 45 years old.

Although Brazil’s various recent formalisation strategies have not been perfect (in 2009–2012, 66% of those registered did not pay their taxes and lower taxes do not cover pensions), registered independent workers in Brazil increased from 4.3 million to 11.9 million between 2002 and 2012.\(^3\)}
An alternative way to achieve widespread social protection is to offer protection which is not contingent upon formal employment. work and social assistance benefits from a strong tax base. Further, the costs associated with meeting the social protection needs of the population (as a percentage of GDP), are highest amongst the lowest income countries (they are nearly four times the cost for upper middle-income countries; Figure 9 on page 37). This helps to explain the low levels of social protection expenditure in lower income countries today (Figure 10 on page 40). One option for meeting these costs is external donor funding, although this is not sustainable in the long term. National ownership is therefore seen as critical to the durability and political legitimacy of social protection programmes. Various strategies have been used to improve social protection, to which we now turn.

Formalisation is one possible corrective to the issues surrounding social protection implementation. Although celebratory accounts of the entrepreneurship of the poor tend to dominate academic and policy discussions about the informal economy, it remains a sector associated with poor pay and poor

**SURVEY FINDINGS**

How can we improve opportunities for youth and work?

“It’s the role of everyone, including the youth themselves, but government, private sector and civil society all have a role to play”

30-YEAR-OLD WOMAN, UGANDA

When asked what activities they felt should be prioritised to best support young people’s working lives, respondents recommended several priority areas for NGOs, governments and the private sector to focus on. Their responses also often called for greater cross-sector partnership working.

Promoting entrepreneurship among young people – through practical measures such as improving access to capital through decent loan conditions and tax relief, as well as opening up mentoring and educational opportunities – emerged strongly in the young people’s responses.

Another key recommendation was the need to create a platform for young people and “provide more spaces for decision making” (young man, Sierra Leone). This should be accompanied by “genuinely listen[ing]” (27-year-old woman, Zimbabwe) to young people, and must extend access beyond the privileged few “in closed spaces” to “the streets and squares” (24-year-old woman, Brazil).

Improving working conditions through better regulation and social practices was another
It is against this backdrop of insecurity, that the International Labour Organisation has developed a formalisation strategy to support workers and enterprises to make the transition to the formal economy, create formal economy enterprises and decent jobs, and prevent the informalisation of formal jobs. In Latin American countries, most social protection, which is contingent upon formal employment, is truncated. For those in moderate or extreme poverty, taxation may be simply unaffordable.

CASE STUDY

An informal route to social provision in Ghana

There are informal routes to social provision, driven by informal workers themselves. With the decline of formal employment and falling levels of trade union membership, new forms of worker organisation are emerging. For instance, casual port workers in Tema, Ghana, joined a national trade union. This union advocates for casual workers and has achieved paid overtime and employer-paid social security contributions.
An alternative way to achieve widespread social protection is to offer protection which is not contingent upon formal employment. The universal basic income is an unconditional cash payment to all, which is paid regularly to individuals. Cash transfers have been shown to positively impact production without harming labour supply and are more efficient to implement than means-tested transfers or aid. Universal benefits can also garner public support for higher taxes. Basic incomes have been trialed in Namibia, Zambia, and Finland. Only Mongolia rolled out a basic income to the entire population from 2010-2012. The World Bank considers universal basic incomes to be a “possibility”, though “fiscally prohibitive for emerging economies”. The Brazilian Bolsa Familia, a more targeted approach, offers cash transfers to poor families on the condition that they engage with preventative health care and send their children to school. At a cost of 0.5% of GDP and with 90% of the recipients being female, Bolsa Familia is credited with halving extreme poverty and significantly reducing economic inequality in Brazil.

Finally, several young people highlighted a need to tackle structural issues, although recommendations on how such problems might be solved were often less clear. In one notable exception, a young person from Samoa emphasised the importance of focusing not just on job creation, but upon the quality of jobs:

“I think you’re missing the type of employment because jobs can undermine our own independence. There are international hotel chains in Samoa that hire international staff and send profits offshore. There are others that burden our local environment ... The answer is not just job creation, but responsible job creation.”

YOUNG PERSON, SAMOA

Others pointed to the need for poverty alleviation and community development, as well as political accountability to challenge corruption and poor governance.

“...in my country there are a lot of funds issued to the youth with no clear channels on how this is implemented ... Having a higher level of accountability will help to ensure the funds are used for the rightful purpose”

26-YEAR-OLD WOMAN, KENYA
CONCLUSIONS

This report has traced the enormous and multi-faceted employment challenge facing young people in lower income countries today, as well as some of the interventions designed to mitigate it. Here we offer our concluding thoughts.
While the demographic dividend of boosted economic growth remains sought-after, the way to achieve it remains stubbornly elusive. Young people’s perspectives on work have frequently been neglected in policy and academic work, while much policy focus has been devoted to supply side interventions whose success has been limited. An effective and scaleable solution to the youth employment challenge is yet to be identified, not least because the nature of the challenge differs by place and society.

Instead, a co-ordinated programme of complementary interventions appears to be the most promising way forward. Supply side interventions might stand a greater chance of success if combined with strong macroeconomic and sector-specific policies, and an international community which supports lower income countries in protecting their growing economies. This multi-pronged approach is encapsulated in the International Labour Organisation’s recommendations for achieving positive outcomes for young people’s work, which include:

- Promoting youth voice in decision making;
- Protection of rights and well-being;
- Co-ordinated strategies based on research and dialogue;
- Pro-employment policies;
- Relevant skills development;
- Strong labour market institutions, and;
- A tripartite approach bringing together employers, workers, and the state.

The youth employment challenge cannot be fully understood, and perhaps not resolved, without: (i) direct consideration of the structural factors involved in youth underemployment; and (ii) learning from the insights of dynamic, articulate and experienced young people who daily face the challenges of getting by. With this in mind, we close this report by posing the following questions:

1. How can we best learn from the full spectrum of young people, including those who are hardest to reach?

2. How can young people be most effectively engaged to develop policies and practice addressing youth employment?

3. The informal economy dominates youth employment. How can its benefits be harnessed while mitigating against its potential downsides?

4. Which policies and programmes could most effectively generate work for young people?

5. Which actors or stakeholders might be usefully involved in promoting decent work for youth and how can the fruits of their collaboration be maximised?
Unemployment ... is only the tip of the iceberg; the quality of employment available to young people is increasingly an issue for concern.

Niall O’Higgins
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