Young people are at the forefront of social, economic and political developments, and they are often agents of change and innovation. The world of work provides the environment through which youth can actively participate in society, contribute their talents and vision for the future and develop a sense of commitment and belonging. Yet, youth unemployment is on average two to three times higher than that of the older population. While 88 million young women and men are unemployed throughout the world, millions more barely eke out a living, often under hazardous conditions.

This Guide to Youth Employment seeks to understand why society seems unable to capitalize on one of its most important assets. It reviews the basic considerations, trade-offs, and experiences that can be drawn upon to develop and implement policies to promote youth employment. It also examines how actors across the social spectrum and especially youth can become involved in seeking integrated and coordinated solutions.

Dialogue, partnership and innovative alliances are central features of the Secretary-General's Youth Employment Network, which has produced this Guide. The Network, created following the Millennium Summit, is a partnership between the UN, the World Bank and the ILO. The Network has responded to the growing challenge of youth employment by pooling the skills, experience and know-how of diverse partners at the global, national and local level. The Network sees the development of effective policies promoting youth employment as an entry point through which job creation and decent work can play a major contribution in addressing the broader development agenda.
Improving prospects for young women and men in the world of work
Improving prospects for young women and men in the world of work

A Guide to Youth Employment

Policy considerations and recommendations for the development of National Action Plans on Youth Employment

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The Secretary-General’s Youth Employment Network (YEN) was created under the impetus of the Millennium Declaration where Heads of State and Government resolved to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work.” The Network is a partnership under the leadership of the UN, the World Bank and the ILO (the latter hosting the Secretariat) that aims to tackle the issue of youth employment at the global, national and local level. The mandate for this global alliance for youth employment has been strengthened by two UN General Assembly Resolutions, promoting youth employment and concerning policies and programmes involving youth. Both these resolutions encourage countries to prepare National Action Plans on youth employment by September 2004 with assistance of the ILO, the UN and the World Bank as well as other specialized agencies – and with the participation of young people.

Nine countries, Azerbaijan, Brazil, Egypt, Indonesia, Iran, Namibia, Rwanda, Senegal and Sri Lanka, have stepped forward to be lead countries in this process and showcase youth employment practices to share with others.

This guide was produced by the ILO, commissioned by the Employment Policies Unit, within the framework of the YEN. It was prepared by Maarten Keune, Department of Social and Political Sciences at the European University Institute (Florence, Italy), and edited by Regina Monticone, Senior Specialist, Youth Employment Network.
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Introduction

Today’s young people are the best-educated and trained generation ever. In terms of employment, the expected inflow of young people into the labour market, rather than being viewed as a problem, should be recognized as presenting an enormous opportunity and potential for economic and social development. 

Juan Somavia, Director-General, ILO, interviewed by the Financial Times, 23 January 2004

The obstacles young people encounter in the labour market are increasingly raising the interest of policy makers, in particular since the inclusion of youth employment in the Millennium Declaration and as a Millennium Development Goal. With this document and based on its broad experience in the area, the ILO aims to assist policy makers, the social partners, youth as well as other stakeholders in formulating policies for youth employment. In particular, it is meant to assist these same actors in the preparation of “National Reviews and Action Plans on Youth Employment” as called for in the UN General Assembly Resolution on Promoting Youth Employment (A/57/165). Indeed, the UN General Assembly:

Encourages Member States to prepare national reviews and action plans on youth employment and to involve youth organizations and young people in this process, taking into account, inter alia, the commitments made by Member States in this regard, in particular those included in the World Programme of Action for Youth to the Year 2000 and Beyond.  

The structure of the report is as follows. Part I summarizes the problems of youth in the labour market as well as their main causes. Part II provides an overview of the recent international initiatives taken in the area of youth employment, as well as of the relevant ILO Standards and activities. Part III forms the main section of the
Improving prospects for young women and men in the world of work

report and provides a series of policy considerations and recommendations, covering the main relevant policy areas related to youth employment. Finally, Part IV discusses the roles and responsibilities of the actors involved as well as the benefits of a strengthened social dialogue and cooperation among them to improve the prospects for young women and men in the world of work.
PART I

YOUTH IN THE LABOUR MARKET: AN OVERVIEW
I.1 Young people in the labour market: A disadvantaged position

What characterizes youth (persons between 15 and 24 years old) in today’s labour markets around the world? Why do they merit the specific attention of policy makers? Firstly, young people confront many of the same labour market problems as adults but the magnitude of these problems is often greater in the case of the young. Secondly, they are affected by certain age-specific difficulties which are of a different nature than those faced by adults, which further aggravate their disadvantaged position. Thirdly, and most significantly, young people are one of society’s most important assets, a powerful source of energy, creativity, and innovation. As such, if allowed to do so, young people can make crucial contributions to the well-being of the societies they live in. Indeed, instead of being a ‘problem’ or a ‘cost’, young people represent an opportunity for society, which should be appreciated and in which societies should invest.

In the past decades, the number of young people in the world has increased rapidly, largely in line with total population growth (table I.1). In 2000, the youth population had multiplied to 2.3 times its level 50 years earlier. Further accelerated growth is expected for

---

2 As this report focuses on policy making, the overview of the position of youth in the labour market as well as the discussion of the causes of the problems and disadvantages they face, will necessarily be brief. For more extensive analysis of these issues, see O’Higgins, N. (2001): Youth unemployment and employment policy. A global perspective, Geneva, ILO; Blanchflower (1999): What can be done to reduce the high levels of youth joblessness in the world?, report commissioned by the ILO.

“As the Millennium Summit tells us, we must develop and implement strategies that give young people everywhere a real chance to find decent and productive work.”

Kofi Annan, UN Secretary-General, Global Employment Forum, ILO, Geneva, November 2001
Table I.1  Youth population and youth economic activity (15- to 24-year-olds)

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<td>1 019 621</td>
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<td>210 394</td>
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<th>1 500 248</th>
<th>1 622 766</th>
<th>1 747 178</th>
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### Table I.1 Youth population and youth economic activity (15- to 24-year-olds) (concl.)

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Source: ILO EAPEP database.
Improving prospects for young women and men in the world of work

the coming years. The share of youth in the total population has, however, been hovering between 17-19 per cent, and has been slowly declining in recent years. Aggregate figures mask some important divergences among various regions of the world. The growth of the absolute youth population is produced largely in Asia and to a lesser extent in Africa, while in the rest of the world it is basically stable. Africa is the region where the share of the age group under discussion is the highest (20.3 per cent in 2000) and the only region where this share has been growing in recent years. On the contrary, in particular in Europe and Northern America the share of young people is comparatively low (13.8 and 13.6 per cent respectively in 2000).

In terms of economic activity, the young have not followed aggregate developments in the past half century so closely. Whereas the total number of economically active people increased 2.4 times between 1950 and 2000, for young people this ratio was only 1.95, and this difference is expected to grow in the coming years. Also, whereas the activity rate for adults gradually increased in the past 50 years from 72.5 to 78.7 per cent, the activity rate of the young has fallen continuously, by some 2 percentage points per decade. In 2000, 59.2 per cent of young people were economically active, 10.9 per cent less than in 1950. Hence, the share of young people in total economic activity has been declining. This decline is however largely due to the falling activity rate of the 15-19 age group, from 64.4 per cent in 1950 to 45.1 per cent 50 years later. In the same period, the activity rate of the 20-24 age group fell only slightly, from 76.2 per cent to 74.6 per cent. Growing participation in education is undoubtedly the main explanation for these developments.

As far as differences between young men and women are concerned, the activity rate of young males has consistently been much higher than that of young females. This difference stems largely from the different opportunities societies provide to men and women, from cultural conceptions of the role of the two genders in society, as well as from the fact that household activities and certain forms of production for personal or household use are not taken into account in the measurement of economic activity. The difference between the activity rates of young men and women has however diminished enormously in the last 50 years. Where the difference in 1950 amounted to 29.2 percentage points, by 2000 the gap had shrunk to 14.9 percentage points, thanks to a radical decline in the activity rates of young males and a minimal decline in the activity rates of young women.
Youth in the labour market: An overview

In comparing the different regions of the world, the activity rate of young people is by far the lowest in Europe, followed by Latin America and Northern America, while youth activity rates are much higher in Asia, Africa and Oceania. In all regions, there is a major and increasing difference between adult and youth activity rates, ranging from 12 percentage points in Oceania to 27 percentage points in Europe in 2000, Europe being the region where the difference between youth and adult activity is the greatest, followed again by Northern America. The positive and most powerful explanation for this growing gap between youth and adult activity rates is that young people are remaining longer in education.

However, the gap also partially originates in the limited opportunities today’s labour markets offer to young people. One of the factors indicating the less advantageous position of young people in the labour market, and the one on which most comparative data are available, is youth unemployment. As table 1.2 shows, in most countries, the unemployment rate for young people is far above 10 per cent, in some cases even above 40 per cent. But while unemployment is a serious problem for all age groups, youth unemployment rates are consistently higher than the adult rate, in most countries between 2 and 4 times. As a result, the share of young people in total unemployment is disproportionately high. Hence, while the activity rate for young people is much below the adult one, of those considered economically active a much lower percentage is actually employed. This is true regardless of the region or the level of income of countries.

There are differences, however, in the characteristics of the unemployed. First of all, in most countries, young men have lower unemployment rates than young women, with the exception of the English-speaking OECD countries and a few others. Secondly, in the countries where there are no unemployment benefits or other social provisions for unemployed young people, it is mainly young people from higher income families who can afford to be unemployed and to search for a suitable or preferred job while benefiting from family support. Those from lower income families, instead of being unemployed, will often be forced to take up any available income-generating activity, including precarious and informal jobs, as well as illegal activities. Indeed, they may actually be more disadvantaged than some of their unemployed counterparts. This is particularly the case in the poorer countries in the world. Often, in the

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Youth unemployment ('000)</th>
<th>Youth unemployment rate (%)</th>
<th>Ratio of youth unemployment rate to adult unemployment rate</th>
<th>Share of youth unemployment to total unemployment (%)</th>
<th>Share of youth unemployment to youth population (%)</th>
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### Table I.2 Youth unemployment in selected countries (concl.)

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<th>Country</th>
<th>Year</th>
<th>Youth unemployment (000)</th>
<th>Youth unemployment rate (%)</th>
<th>Ratio of youth unemployment rate to adult unemployment rate</th>
<th>Share of youth unemployment to total unemployment (%)</th>
<th>Share of youth unemployment to youth population (%)</th>
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<td>22.6</td>
<td>2.9</td>
<td>39.9</td>
<td>11.8</td>
</tr>
</tbody>
</table>

Source: ILO KILM 2003
Improving prospects for young women and men in the world of work

poorer countries, young people from higher income families are also the ones with higher education. This, in combination with a scarcity of jobs requiring higher education results in a situation in which a disproportionate share of the young unemployed have higher education and come from higher income households.4

The previous observations lead to the next point, the quality of employment. There is much less globally comparative data available on this issue. Nevertheless, some general observations can be made. Firstly, young people generally earn less than adults for comparable work. Secondly, young people much more than adults are employed in the more flexible low-paid jobs in the service sector, the so-called McJobs, where working conditions are often rather disadvantageous. Thirdly, the majority of the world’s youth currently work in the informal economy, where wages are an estimated 44 per cent below those in the formal economy, and where legal rights and regulations are often not respected, and the work in general is much more precarious.5 Similarly, in the formal and informal economies they are often employed in small and medium-sized enterprises where on average productivity and earnings are relatively low, working conditions relatively bad and trade union positions relatively weak.

Hence, young people not only have less access to work, they also have much less access to decent and productive work. This prevents the most dynamic stratum of the labour market from fully employing its talents, realizing its aspirations, and contributing in a productive manner to the well-being of society, thereby wasting valuable resources. It also makes young people more vulnerable to poverty, social exclusion, and personal frustration, as well as to crime, drug abuse, violence and HIV/AIDS. This can contribute to increased social tension and, in extreme cases to outbursts of violence and civil war. Indeed, the problematic position of youth in the labour market may have very serious consequences for the societies they live in and for their future.


1.2 Identifying causes of disadvantage for youth in the labour market

Young people face a series of labour market obstacles, in particular high unemployment and low quality of employment. Most importantly, it should be emphasized that the problems young people encounter in the world of work are closely linked to the general conditions labour markets offer. For example, the higher overall unemployment, the higher youth unemployment; the larger the informal economy, the higher the percentage of young people involved in informal activities. From this perspective, the main obstacle to more and better employment for young people is the general scarcity of employment for young people and adults alike. Little success in improving the situation of young people in the labour market can be expected if the overall availability of decent work does not improve. Unfortunately, in most countries, employment objectives have a quite marginal place within economic policy making and the employment impact of economic policy is rarely considered seriously. As further developed in Part III, a continuation of today’s approaches to employment problems, often largely inspired by structural adjustment and market oriented philosophies, will not make the employment problem in general, and that of the young in particular, go away. Therefore, an important part of the policy recommendations elaborated in Part III of this report deals with policies aimed at increasing the overall quantity and quality of employment for all age groups.

Still, strengthening the overall quantity and quality of employment would do little to reduce the relative disadvantage of young people in comparison with adults. A number of factors affect the position of young people in the labour market. One of these factors concerns employment protection regulations. Strict employment protection regulations have little effect on total unemployment. They do, however, favour those already in employment over those looking for employment and hence make it more difficult for young people to make the school-to-work transition and to enter the formal labour market. This may then lead to higher youth unemployment, or, alternatively, force young people to take up any available job or other income generating activity, including in the informal economy or in illegal activities. Such effects are strengthened by the fact that young people are more easily subject to dismissal. Many enterprises

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follow the ‘last in – first out’ principle, while employment protection regulations for young people are often less strict than for adults. This does not however mean that downscaling employment protection is an appropriate solution to youth employment problems as will be shown in Part III.

The transition from school to work is further hindered by the fact that young people are often considered unattractive by employers. Young people frequently lack the knowledge and skills required by the labour market. Even though the current generation of young people is the best educated generation ever, in the poorer countries, large segments of the youth population face important deficits in basic education and literacy, which significantly reduce their chances of finding decent work. Also, education and training systems are frequently only loosely related to the economy, resulting in (partially) obsolete curricula that neither fully correspond to the skills and competencies required for a productive working life nor to those demanded in the labour market. In addition, even when education and training systems function adequately, the poorest and most disadvantaged youth as well as those active in the informal economy are still likely to miss out on their services and therefore require specific attention and initiatives from policy makers.

Another issue is that young people often simply lack working experience, something very much desired by most employers. Getting such initial experience is a major difficulty most young people face, also because education and training systems rarely offer institutionalized entry channels from educational institutions into the labour market or opportunities for on-the-job learning. Typically, once young people have some working experience, their chances of finding new employment increase dramatically.

One option to overcome the insufficient availability of jobs would be for young people to become entrepreneurs or self-employed. This is however easier said than done. Young people obviously are confronted with the same obstacles to entrepreneurship as adults, including bureaucratic hurdles, prohibitive taxes, insufficient institutional support concerning training and information, or difficulties in accessing finance, including micro-credits. For young people, this is further aggravated by a lack of support networks and by the fact that credit institutions tend to see young people as a particularly high risk group. The lack of appropriate education, skills or experience also limits the chances of young people. As a result, on the one hand, young people in many cases fail to set up their own enterprise,
while on the other hand, many of their small enterprises or self-employment initiatives are low-productivity undertakings, often in the informal economy. In this way, the possibilities for young people to create their own, decent work are limited.

A specific factor affecting not so much the access to employment but rather the level of wages of young people relative to adults, is that in many countries young people are subject to lower legal minimum wage rates than adults. Lower youth minimum wages are often explicitly aimed at improving the prospects for young people to find employment. There is, however, no clear evidence to support this expectation. As will be further elaborated in Part III, instead of the minimum wage being an obstacle to increased labour demand for young people, the fact that minimum wages are in many cases very low and cannot perform their economic and non-economic functions presents much more of a problem. The minimum wage is often not respected especially in the informal economy where a high share of young people are employed.

A final cause for the disadvantaged position of young people in the labour market is their lack of voice. Politics and policy makers have so far largely failed to take up the cause of youth. Similarly, trade unions rarely give the problems young people face the attention they deserve and tend to focus most of their energies on core, adult workers. Young people are often not members of trade unions and political parties, and have few other channels through which they can make themselves heard. Slowly, international organizations like the ILO and youth advocacy groups are starting to make the voice of youth heard, including through a number of international collaborative efforts like the UN Secretary-General’s Youth Employment Network (YEN), as will be discussed later in this report.

A final question to answer is why youth employment problems require all that much attention. One could contend that these problems are simply part of a transition period and that they will disappear once young people reach adulthood. Several arguments speak against such a view. One is that access to decent employment should be considered a right, for young people and adults alike. Also, limited employment opportunities at the start of a working career cause many to become trapped in a vicious cycle of poverty and low-productivity activities, from which they cannot escape for the rest of their lives. In addition, as indicated above, the lack of decent opportunities for young people in the labour market and the resulting poverty, social exclusion and personal frustrations may lead to socially and personally
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destructive behaviour. All these factors affect not only young people but constitute a huge burden for society at large. Similarly, the insufficient use of the potential of young people represents an enormous waste of human resources, a luxury societies cannot afford.

I.3 Summary

Although young people have much lower activity rates than adults, they have much higher unemployment rates, operate more in the informal economy, have lower wages, and have more precarious jobs. Limited employment opportunities at the start of a working career trap many youths in poverty and low-productivity activities, from which they cannot escape. As a result, they are more affected by poverty, social exclusion, and personal frustration, as well as by crime, drug abuse, violence and HIV/AIDS. This not only represents a huge burden for society, but also an enormous waste of resources and opportunities, since many young people are prevented from exploring and employing their talents, creativity and energy. Indeed, youth should be considered a valuable asset to society, which should be given the chance to make their contribution to society, to realize their potential, not only in the future as adults but also today.

The main obstacle to greater decent employment for young people is the general scarcity of such employment for young people and adults alike. It is therefore of crucial importance that employment objectives are given a central place within economic policy making and that the employment impact of economic policy is seriously considered.

In addition, young people are affected by a number of age-related difficulties. These include insider-outsider effects produced by employment protection regulations; last in-first out practices; lower legal youth minimum wages; a lack of adequate education, skills and experience; missing links between education and training institutions and the labour market to facilitate the school-to-work transition; youth unattractiveness for credit institutions; a lack of networks; and a lack of representation. There is an urgent need to address these problems, both to tackle the precarious labour market situation of youths as well as to prevent a further deterioration. This is key not only to improve the social and labour market position of the young and to diminish the negative effects of youth employment-related problems on society at large, but also to allow young people to realize their potential and to make their contribution to society.
PART II

INTERNATIONAL INITIATIVES TO REGULATE AND PROMOTE YOUTH EMPLOYMENT
II.1 Major international initiatives

The disadvantaged situation of youth in the labour market is not a recent phenomenon. What is new, though, is that the international community is increasingly making the issue a priority, realizing that young people are a major asset and, if given the chance, can play a substantial role in strengthening social and economic development. A number of international initiatives and instruments have been developed in this respect. The 1995 Copenhagen World Summit for Social Development, under Commitment 3, highlighted the need for special attention to the problems of structural, long-term unemployment and underemployment of youth, as part of the actions aimed at achieving full employment. More recently, international initiatives can best be placed in the context of the Millennium Declaration adopted by the Millennium Summit – the largest gathering of heads of state and government ever which, among its priorities, urges countries around the world “To develop and implement strategies that give young people everywhere a real chance to find decent and productive work.”  

This commitment has been integrated into the Millennium Development Goals. 

UN Secretary-General Kofi Annan’s background report for the Summit, the Millennium Report, announced that, together with the heads of the World Bank and the ILO, the Secretary-General would

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7 United Nations Millennium Declaration, UN Resolution 55/2, adopted by the UN General Assembly on 8 September 2000.

8 MDG 8. Develop a global partnership for development: In cooperation with the developing countries, develop decent and productive work for youth. Source: http://www.un.org/millenniumgoals.

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“Young people, who desperately need opportunities and hope, see themselves and their societies held back by poverty, health crises, illiteracy and more. Is it any surprise that these communities can become recruiting grounds for extremist ideologies?”

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convene a high level policy network on youth employment to explore imaginative approaches to the challenge of youth employment. This Millennium process thereby led to the establishment of the **Youth Employment Network**, an inter-agency initiative of the UN, ILO and World Bank, the Secretariat of which is hosted by the ILO. Following the Millennium Summit, Kofi Annan appointed a 12-member High-Level Panel to propose recommendations on youth employment policy, which were presented to the General Assembly a year later. These recommendations are based on four areas of policy intervention: employment creation, employability, entrepreneurship and equal opportunities. Nine countries have since stepped forward to become YEN lead countries committing themselves to take the lead in the preparation and implementation of National Action Plans for youth employment.

In 2002 a **UN Resolution on Promoting Youth Employment**, co-sponsored by 106 UN Member States, expressed deep concern about the magnitude of youth unemployment and underemployment. It calls on Member States to prepare national reviews and action plans on youth employment, to involve youth organizations and young people in that process and invites the ILO, in collaboration with the YEN Secretariat and the World Bank and other relevant specialized agencies, to first assist and support the elaboration of the national reviews and actions plans and then to undertake a global analysis and evaluation of progress made in this regard.

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10 The 12 members of this panel are Mr. Saifuddin Abdullah, former President of the Malaysian Youth Council; Mr. César Alierta, Executive President, Telefónica S.A. and representative of the International Organization of Employers (IOE); Dr. Ruth Cardoso, President, Comunidade Solidaria Programme; Mr. Hernando de Soto, President, Institute Libertad y Democracia; Dr. Geeta Rao Gupta, President, International Center for Research on Women; Mr. Guy Ryder, Secretary General, International Confederation of Free Trade Unions; Mr. Allan Larsson, Former EU Director-General for Employment and Social Affairs; Mr. Rick Little, President, The ImagineNations Group; Ms. Maria Livanos Cattaui, Secretary-General, International Chamber of Commerce; Mr. Magatte Wade, Chairman of the Board, Agence d’Exécution des Travaux d’Intérêt Public contre le Sous-Emploi (AGETIP)-Sénégal; Hon. Ralph Willis, Australian House of Representatives; Hon. Rosanna Wong, DBE, JP, Executive Director, The Hong Kong Federation of Youth Groups.

11 The nine countries are Azerbaijan, Brazil, Egypt, Indonesia, Iran, Namibia, Rwanda, Senegal and Sri Lanka.

12 UN Resolution 57/165: Promoting youth employment, adopted by the UN General Assembly on 18 December 2002.
International initiatives to regulate and promote youth employment

The number of such reviews are currently in progress in countries around the world to meet a September 2004 deadline for submission to the UN General Assembly.

The ILO Governing Body in its March 2003 session accepted the UN General Assembly’s invitation to take a lead role in the YEN. In its November 2003 session it decided to hold a major technical tripartite meeting on youth employment in October 2004 and to place youth employment as one of the central agenda points at the International Labour Conference of June 2005. All this leads to a broader strategy to increase the importance of youth employment and of employment in general in the international development agenda. This strategy will reach a major milestone with the five-year review of the Millennium Development Goals which the UN General Assembly will undertake in the fall of 2005.

The UN and most organizations of the UN family have developed major initiatives concerning young people in general and youth employment in particular in the past decade. Examples include, the UN adoption in 1995 of an international strategy – the World Programme of Action for Youth to the Year 2000 and Beyond – to more effectively address the problems of young women and men and to increase opportunities for their participation in society. This World Programme seeks to make governments more responsive to the aspirations of youth for a better world, as well as to the demands of youth to be part of the solution rather than part of the problem. The World Programme is a blueprint for action which covers ten priority areas: education, employment, hunger, poverty, the environment, drug abuse, juvenile delinquency, leisure-time activities, girls and young women, and the full and effective participation of youth in the life of society and in decision-making. In each of these areas, the Programme looks in depth at the nature of the challenges and presents proposals for action. Also, the 1996 Vienna World Youth Forum, as well as the one in 1998 in Portugal, and in 2001 in Dakar, fostered contacts between youth NGOs and UN organizations aimed at improving youth policy. The Dakar Youth Empowerment Strategy dedicates a section to employment issues, underwriting the initiatives of the YEN.

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13 A/58/133 Resolution on policies and programmes involving youth.
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Civil society driven initiatives include the Alexandria Youth Employment Summit which took place in Egypt in 2002, bringing together 1,600 delegates from over 120 countries who committed themselves to a decade-long global campaign for the creation of hundreds of millions of additional opportunities for sustainable livelihoods for youth all over the world. Objectives of the Summit included solidifying partnerships, seeking media attention and alignments, creating public awareness and placing the burning issue of youth unemployment on the global agenda. Youth Business International (YBI), another YEN partner, helps disadvantaged young people realise their ambitions to become entrepreneurs; over 50,000 young people have been set up in business by 20 YBI programmes around the world. YBI brings together people in the corporate sector, civil society and government, who make their skills, expertise and facilities available on young people’s behalf to provide access to finance, business mentoring and support to young entrepreneurs during the start-up and early development of their businesses. Another YEN partner organization, the International Youth Foundation (IYF), is working in nearly 60 countries and territories to improve the conditions and prospects for young people. The IYF works with hundreds of companies, foundations, and civil society organizations to strengthen and ‘scale up’ existing programmes that are making a positive and lasting difference in young lives.

There are similar initiatives on the regional front. For instance, the European Commission is actively stimulating its member states to develop initiatives for the young in general and related to youth employment in particular, through, for example its Employment Policy Guidelines, while a number of the EU Directives have direct or indirect effect on the experience of young people in the labour market.\(^\text{16}\) Indeed, the European Commission underlines that a society which is not able to offer concrete labour market opportunities to young people risks creating a vicious circle of unemployment, marginalization and social disruption.\(^\text{17}\)

\(^{16}\) The most direct examples of this would be Title XI of the EC Treaty on Social Policy, Education, Vocational Training and Youth, and Directive 94/33/EC on the protection of young people at work.

II.2 The ILO and youth employment

Within the international community, the ILO performs a key role in the elaboration of youth employment initiatives and policies. Since the Organization was established in 1919, it has been involved in the active support of its members in the development, implementation and evaluation of employment policy and in providing the necessary knowledge through labour market research. Through its International Labour Conventions and Recommendations, the ILO has been working to improve its member States’ employment situation and to promote decent work, to humanize employment, to provide minimum standards to be respected by all labour market actors, and to protect workers from exploitation. This has included in many instances particular attention to youth employment problems. The more general conventions aim at securing decent work through, for example, guaranteeing freedom of association and collective bargaining, the abolition of forced labour, or the regulation of working conditions. Some of the Conventions and Recommendations directly linked to youth employment are summarized in box II.1. These standards on the one hand express the ‘wisdom’ of the Organization as to how labour market regulation should be designed in order to promote employment and social justice. On the other hand, they express rights and obligations, around which labour market actors, and in this case those involved in improving the employment situation of young people, can mobilize.

In recent years, the ILO has been very active in the specific field of youth employment, through a series of youth employment programmes. Under these programmes, the ILO undertakes extensive research on youth employment issues, including on innovative and effective policies and practices for enhancing opportunities for young people in employment and enterprises; prepares and disseminates user-friendly policy tools and manuals of good practice on youth employment policies and programmes; establishes and maintains databases that provide information on the employment situation of youth worldwide; and provides technical support to member States in the design and implementation of policies and programmes to address the youth employment challenge.\(^{18}\) This has resulted in an

\(^{18}\) For an overview of the ILO’s employment activities, see www.ilo.org/public/english/employment/. See also the website of the Youth Employment Network: http://www.ilo.org/yen.
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Box II.1 International labour standards and youth employment

This Convention restricts the employment of young people under 18 years old in night work. It also requires the establishment of the respective inspection machinery.

C100 Equal Remuneration Convention, 1951.
Each Member shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value.

Each Member for which this Convention is in force undertakes to declare and pursue a national policy designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof. Any Member may, after consultation with representative employers’ and workers’ organizations, where such exist, determine that other special measures designed to meet the particular requirements of persons who, for reasons such as sex, age, disability, family responsibilities or social or cultural status, are generally recognized to require special protection or assistance, shall not be deemed to be discrimination.

With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely-chosen employment.

This Convention undertakes to establish a system of minimum wages which covers all groups of wage earners whose terms of employment are such that coverage would be appropriate.

This Convention defines a minimum age for employment at 15 years, or, in exceptional cases 14 years, basically to counter child labour. Also, it prohibits the employment of young people in hazardous working conditions.

C142 Human Resources Development Convention, 1975.
Each Member shall adopt and develop comprehensive and coordinated policies and programmes of vocational guidance and vocational training, closely linked with employment, in particular through public employment services. Each Member shall gradually extend its system of vocational guidance, including continuing employment information, with a view to ensuring that comprehensive information and the broadest possible guidance are available to all children, young persons and adults, including appropriate programmes for all handicapped and disabled persons.
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**C182 Worst Forms of Child Labour Convention, 1999.**

Each Member which ratifies this Convention shall take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency.

**R136 Special Youth Schemes Recommendation, 1970.**

This Recommendation applies to special schemes designed to enable young persons to take part in activities directed to the economic and social development of their country and to acquire education, skills and experience facilitating their subsequent economic activity on a lasting basis and promoting their participation in society. Special schemes should be organized within the framework of national development plans and should be fully integrated with human resources plans and programmes directed towards the achievement of full and productive employment as well as with regular programmes for the education and training of young people. Special schemes should not duplicate or prejudice other measures of economic policy or the development of regular educational or vocational training programmes nor be regarded as an alternative to these measures and these regular programmes.

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extensive body of up-to-date knowledge that is at the service of the member States.

The ILO’s hosting of the Secretariat of the UN Secretary-General’s Youth Employment Network has allowed it to play a central role in the YEN’s activities. Taking a multi-stakeholder approach, the YEN pools the skills and know-how of disparate partners, leveraging their accumulated experiences and resources to identify best practices to share, replicate and bring to scale. In 2005, youth employment will be the subject of the ILO World Employment Report and a central issue at the International Labour Conference (ILC). This will build on the previous 1998 ILC which adopted a resolution concerning youth employment, recognizing the unfavourable labour market situation faced by the young, calling for the creation of sustainable employment opportunities and containing a series of recommendations for the improvement of youth employment policy. All these activities express the commitment of the ILO to improving the youth employment situation as well as the Organization’s capacity to play a leading role in this respect around the world.

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Box II.2 National Action Plans for Youth Employment: Indonesia, a case study.

Indonesia has more than six million unemployed young women and men between the ages of 15 and 29, representing three-quarters of the total unemployed population. Among those young people who have jobs, 46 per cent are underemployed, working less than 35 hours a week. The vast majority of working youth are in the informal economy where they lack adequate income, social protection, security and representation.

To address this situation, the Government of Indonesia stepped forward as a lead country of the Youth Employment Network in 2003 and with the support of the local ILO office, launched the I-YEN (Indonesia YEN).

The I-YEN involves senior policy-makers from the Ministries of Economic Affairs, Manpower and Transmigration, and Education, as well as prominent representatives from the YEN core partner institutions, workers’ and employers’ organizations, youth and civil society groupings, and the academic community.

Youth consultations including more than 400 young Indonesians as well as school-to-work transition surveys that interviewed 2,180 people have given youth the opportunity to express their views and to become actively involved in the I-YEN.
PART III

YOUTH EMPLOYMENT POLICIES AND PROGRAMMES
III.1 The need for a comprehensive approach:
Four global policy priorities

While there is a series of common youth employment related challenges across the world, there are also many region- or country-specific difficulties stemming from local conditions and from the particular position of countries and regions within the global economy. The aim here is therefore not so much to present a detailed and comprehensive national youth employment policy package, as these policy packages can only be developed on the basis of national level circumstances. Rather, what follows is a review of basic considerations, trade-offs, options and experiences that stakeholders can draw upon when developing and implementing policies to tackle youth employment issues.

Many countries around the world have no explicit employment strategy, let alone a youth employment strategy. Job creation and the quality of jobs are often not seen as key issues to be addressed directly, but rather as the by-product of economic or educational policy. This is even more the case for youth employment policy. Only slowly have examples of comprehensive youth employment policies combining social and economic goals emerged. Indeed such a complex and comprehensive approach is urgently required, given the multi-dimensional and multi-sectoral background of the youth employment issue.

For example, a review of youth programmes in Latin America and the Caribbean concludes that the persistence and internal dynamics of youth unemployment problems have shown that, despite their relative success, micro approaches, interventions driven by

“Youth development cannot be left to the young alone. We must all play a role – the young and the old. We are challenged to recognise the contribution we must all make to developing our young women and men. If we are to call ourselves a just and caring society, then we must recognize the duty we have to the vulnerable, the young and the disadvantaged.”

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governments alone, or sectoral interventions are not enough in themselves. Hence, while for example, educational policies, labour market policies or health policies aimed at youth can all be of critical importance, youth policy should be considered in a more integrated manner, linking education and health concerns to macro-economic policies, issues of employment, social justice, and democratic participation. It is only through coordinated efforts in these various policy areas that policy interventions can start making a structural impact. In addition, often such coordinated efforts, while they may benefit the youth population at large, would best be tailored to the needs of youth with specific disadvantages.

The following presents some of the main elements of a comprehensive vision of youth employment policy, and lessons integrated from more and less successful experiences. The four closely interlinked priorities identified by the UN Secretary General’s High Level Panel on Youth Employment provide the starting point: employment creation, employability, entrepreneurship, and equal opportunities for women and men. Combining these four goals can achieve more and better quality employment for young people. Section III.2 focuses on the creation of more and decent employment. The point of departure is that youth employment is on the one hand closely related to more general, non-age specific questions concerning the quality and quantity of employment, while on the other hand youth employment has its own particular and problematic dimensions. Section III.3 deals in more detail with the question of employability, discussing education and training policies for youth employment. Section III.4 addresses more extensively the issue of youth entrepreneurship. The fourth priority, equality between young women and men is a cross-cutting theme and will be an integral part of all three sections. Section III.5 summarizes the main recommendations.

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III.2 Improving the quantity and quality of youth employment

2.1 Putting youth employment at the centre of the development agenda

Employment in general and youth employment in particular should be placed at the centre of development policy. Youth employment is the key to meeting a number of other development goals, including poverty reduction. Millions of young people around the world are poor, which makes their lives a continuous struggle to get by or survive. Such poverty is often a direct outcome of their inability to find employment or of their employment in low-paid, low-quality jobs. This underlines the importance of improving the youth employment situation: more decent employment for young people will lead to less young people living in poverty.

Through its poverty-alleviating effect, youth employment can also contribute to furthering other development objectives. Getting more young people into decent employment will contribute to improving their health situation, since it will make them less vulnerable to malnutrition and to diseases like HIV/AIDS (see box III.1), malaria and tuberculosis. Indeed, while good health is often a prerequisite to get better quality employment, the reverse is true as well: access to good quality employment helps avoid health-related difficulties and may help to improve the health situation of young people. In a similar way, employment may help young people escape from violence which often involves and affects the poorer sections of the youth population, including war and conflicts originating in poverty, as well as the inner-city violence of large urban areas.

More young people in decent employment can also be a source of vitality and growth for society at large. Society and the economy need the contribution of young people and should appreciate them as a resource and an opportunity. Indeed, in many European countries, where birth rates are low, the decline of the share of youth in the population in the near future is expected to cause major difficulties.

In other countries, birth rates are very high, leading to a great influx of young people into the labour market. Here too, the presence of young people should be taken advantage of instead of being treated as a problem. At the same time, however, ways to reduce this labour supply through lowering birth rates could be considered. Often high birth rates are related to the absence of social security and old age benefits,
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Box III.1 HIV/AIDS in Africa

HIV/AIDS is a major challenge facing Africa’s youth. It is affecting its decisions with respect to acquiring human capital. The segment of the population most vulnerable to HIV/AIDS is the most productive segment of the population. HIV/AIDS is depleting Africa’s already low level human capital. Lacking resources, it will be difficult for many countries to replace the many educated youth who have been lost to HIV/AIDS, leaving millions of uneducated and difficult-to-educate young people on the streets. Meagre resources that would otherwise have been invested in schools, job creation and expanding the opportunities for youth have been spent on treatment and care for the victims. The disease has impoverished many households. In many countries, this has resulted in an astronomical increase in the number of orphans, street children, and child-headed households who are marginalized from many productive opportunities.


and making a start with the provision or improvement of such benefits may help to reduce birth rates. Also, higher levels of education seem to be linked to lower birth rates, again underlining the importance of universal basic education. In addition, the increase of labor supply could be addressed by ensuring that more young people remain longer in the education system and that there are fewer drop-outs, which is especially important in the case of young girls, with an additional beneficial effect on human resources.

Ample research shows that girls with better education not only strengthen their economic welfare by improving their employment and income opportunities, but also provide a number of additional benefits for the entire family: children are better fed, have better health and lower mortality, and are, in turn, more likely to go to school themselves and have fewer children. Gains in women’s education lead to increases in women’s participation in the formal labor force – one extra year of education increases female labor force participation by three years – and increases their productivity. This, in turn, reduces discrimination against women (whereby an employer is less likely to hire or invest in women because most women have a looser attachment to the labor force), and also strengthens the incentives for households to invest in girls’ education. The policy implications are clear: employment promotion can be more effective when directed to overcoming the imbalance between public and private gains through investments in the human capital of girls, in particular girls’ education.
2.2 Labour standards, the minimum wage and employment protection regulations

Labour standards and decent work

While there is a dire need for more employment opportunities for young people, more employment does not mean any kind of employment: the concern is not only with the number of jobs, but also with their quality: “Work is as much about human rights as about income. The equity and dignity to which people aspire in employment must be assured for there to be decent work. In the twenty-first century, the employment challenge is about much more than a job at any price or under any circumstances.”

There are hundreds of millions of working poor engaged in low-productivity work unable to lift themselves and their families out of poverty. Others are suffering from bad working conditions. The goal should be the availability of decent and productive work to all and at all stages of a person’s life, including obviously young people. This concept encompasses work in conditions of freedom, equity, security and human dignity. Achieving this in the short term may be difficult in many places around the world. But that does not make it less important as the central goal of economic and social policy. Only decent work fosters social justice and serves as a route out of poverty. Therefore, the goal is employment that respects the content and the spirit of the ILO’s International Labour Standards (ILS) discussed in Part II, both those specifically aimed at the young and the more general standards.

The standards are an issue of particular importance for young people. The ILS call for the abolition of child labour and for a minimum age for employment, enabling young people to have a childhood and get an education. Indeed, it is often argued that lowering labour standards for youth is an appropriate way of increasing their chances in the labour market. However, decent work is a right for all, independent of a person’s age, and while for certain specific purposes and under specific conditions, some of which will be discussed in subsequent sections, it may be acceptable to temporarily lower labour standards for young people, this cannot be the norm. ILS can also be of particular importance to young women, often in a more disadvantaged position than young men.

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Moreover, the question of labour standards is not only one of rights, protection and moral obligations, but also one of productivity and development. In the absence of decent work young people cannot make use of their talent, abilities and energies, and enormous resources are wasted. Hence, labour standards have a cognitive rationale as well: they may help to increase productivity, thereby fostering economic growth and improving the quality of employment. In this sense, improving labour standards is not simply the outcome of economic growth: labour standards are goals and means at the same time.22

The minimum wage and employment protection regulations

The double role of labour standards can be illustrated by considering two issues that are frequently discussed concerning youth and employment: the minimum wage and employment protection regulations. Both are often regarded as obstacles for integrating youth into the labour market and their downward adjustment is presented as an appropriate way of getting young people into jobs. This premise, however, suffers from a series of deficiencies. Firstly, there is little evidence that youth employment is negatively affected by the minimum wage, and where effects are found they are small.23 The same is true for the effect of the minimum wage on total employment, both in the formal and the informal economy.24 One reason for this is that the effect of the minimum wage is outweighed by other factors, such as general economic and demographic conditions. Secondly, the minimum wage may provide an incentive to work, may motivate employers to invest in human resource development and thus play an important role in improving workers’ productivity. In addition, it contributes to strengthening aggregate demand. Still, in many countries reduced minimum wage rates are applied to young people, as policy makers expect to increase the demand for young workers by reducing their wages relative to adults. These expectations are hardly ever justified.

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ILO’s Labour Standards call for equal remuneration for equal work and for the establishment of a system of minimum wages which covers all groups of wage earners whose terms of employment are such that coverage would be appropriate. The minimum wage has important non-economic functions such as the protection of workers against unfair wages, income redistribution and poverty alleviation. This applies particularly to young people, often active in the informal economy and not organized in trade unions. It also contributes to increasing the quality of work. Indeed, instead of the minimum wage being an obstacle to increased labour demand for young people, the fact that minimum wages are often very low and cannot perform their economic and non-economic functions is much more of a problem.25

As far as employment protection regulations are concerned, it is often claimed that they may negatively affect total employment by discouraging employers to hire people they cannot easily dismiss during economic downturns. They are also said to constitute a particular barrier to the entry of young people into the labour market, as they make it more difficult for them to compete with those already employed. Concerning the effect of employment protection regulations on aggregate employment, research on OECD labour markets shows that the degree of strictness does not so much influence how many persons are unemployed but rather what type of person is unemployed.26 In fact, young people are likely to experience more difficulty in entering the labour market, the stricter such regulations are.

In this sense, through the insider-outsider effect they produce, employment protection regulations benefit core workers with permanent contracts and may negatively affect youth employment. The question would be how to remedy this disadvantage for young people. While too strict employment protection may adversely influence the ability of enterprises to adjust to changing market conditions, the solution cannot be to minimize the overall level of protection. Employment protection legislation may not only provide fairness and basic security to employees, it may also force employers to adopt a longer-term time horizon for human resource development and encourage

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25 An exception to the general argument here is that a case can be made for paying young people lower wages if the purpose is to provide training and to share the costs between enterprises, government and the individual.

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cooperative labour relations, which may then lead to increases in overall productivity, efficiency and competitiveness. Other mechanisms to facilitate integration should therefore be explored, such as through public works, or the facilitation of the school-to-work transition, the fine tuning of education and training programmes with labour market demand, or support to young people to become self-employed.

Finally, it is important to underline that, instead of regulations obstructing the employment of young people, often the problem is the reverse. In many countries around the world there is a huge problem concerning coverage of and compliance with wage protection and other regulations, putting many young persons in precarious positions. Also, in many countries wages are simply too low to be considered an obstacle to investment. Such low wage and unprotected jobs are often related to the informal economy, which will be discussed in the next section.

2.3 Policies for employment growth

The need for a new approach in macro-economic and employment policy

In Part I it was argued that one basic factor explaining the lack of employment opportunities for young people is a generally low demand for labour. A policy package that aims to promote youth employment should therefore have as one of its basic pillars the promotion of an expanding demand for labour. This is a complex task for governments and other policy actors and no easy or simple solutions exist. Unfortunately, employment objectives often play a marginal role in economic policy making. In particular since the 1980s, with the rise of the Washington consensus globally promoting a standard policy mix of stabilization through restrictive monetary policies and budget deficit reduction, liberalization of trade and prices, as well as privatization of economic activity, labour market problems are often not directly addressed but are presumed to be solved indirectly by the implementation of such structural adjustment programmes.

However, the structural adjustment programmes have been quite unsuccessful in improving labour market outcomes. The main labour market problem they do address is that of possible labour market rigidities which, it is argued, hamper labour market adjustments and thus negatively affect employment growth. They fail to deal
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with often more important issues like lack of investment, lack of final
demand, or, more generally, lack of development incentives.\textsuperscript{27} Also,
they often include sizeable cuts in public sector employment and
leave little leeway to finance employment enhancing initiatives,
which are in many countries further reduced by the burden of debt
payments. Indeed, it can be safely said that with a continuation of the
simplistic structural adjustment approach, the employment problem
in general, and that of young people in particular, will not go away
and may rather be aggravated. This may also result because the
employment intensity of economic growth is often far too low to
have any sizeable effect on unemployment, underemployment and
poverty.\textsuperscript{28} Stabilization does not necessarily lead to economic growth,
economic growth does not necessarily lead to employment genera-
tion, and employment generation does not necessarily lead to an
increase in decent work.

A change of approach is needed in macro-economic and em-
ployment policy. Seriously addressing youth employment problems
means that society has to accept collective responsibility for the fate
of its youth. Structural adjustment-type approaches tend to blame
youth unemployment or underemployment on the individual who
should make sure that he or she possesses marketable skills. Gener-
ally, however, there is simply not enough employment available to
employ all young people productively. This problem will not be
solved by supply side policies alone. Governments should clearly rec-
ognize that improving the quantity and quality of employment
should be placed at the very centre of economic policy. This would
include assessments of the employment effects of past and future
macro-economic policy as well as clear employment targets, which
today are often missing. This would also include evaluating the need
to adhere to very strict inflation targets and fiscal prudence, and the
potential social costs and benefits of a monetary policy which would,
for example, target to keep inflation on average below double-digit

\textsuperscript{27} For a discussion of structural adjustment programmes and their relation to
labour market problems, see van der Hoeven, R., and Taylor, L. (2000): “Intro-
duction: Structural adjustment, labour markets and employment: Some considera-

\textsuperscript{28} ILO (1998): \textit{Employment generation for poverty reduction: The role of
employment-intensive approaches in infrastructure investment programmes}, document
presented to the ILO Governing Body, Committee on Employment and Social Policy,
levels, if this allows for more growth-oriented policies. A variety of public actions could be considered, not only to stimulate economic growth but also to increase the employment intensity and quality of growth. Instead of the State retreating from the economy, an active role of the state (and other social actors) is imperative.

The State has an important part to play in helping the private sector create new and productive employment by making it easier for enterprises to start up, to operate and to grow. This may take the form of improving access to credits, facilitating innovation, fostering inter-enterprise linkages, fighting corruption at all levels of the state bureaucracy, or simplifying the regulatory environment. Of particular importance is support to small enterprises, as will be discussed in more detail in section III.4.

**Sectoral policies and ‘new needs’**

In many countries, the State also uses sectoral policies either to assist the development of sectors or branches it considers of particular importance or possessing dynamic comparative advantages, or to shelter them from international competition. This may take the form of direct subsidies, import restrictions or tax concessions, specific training programmes or subsidies for innovation, among others. Targeted sectors should be those that have the capacity to directly or indirectly create productive jobs, for example sectors with a high employment elasticity in which growth is employment-intensive, or sectors which have a strong employment-creating effect in other sectors of the economy through linkage effects – large manufacturers that maintain networks of small and medium-size sub-contractors, for example. Another justification for the use of sectoral policies may be that international competition threatens to lead to heavy job losses, for example in internationally non-competitive labour-intensive sectors. Finally, sectoral policies can also be aimed specifically at youth, by targeting for instance the information technologies sector which employs a high share of young people.

Sectoral policies may play an important role in furthering employment objectives and often form part of ILO advice on national

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Youth employment policies and programmes

Box III.2 Sectoral policies: Examples, advantages and disadvantages

Frequently discussed examples of sectoral policies are the agricultural subsidies in the United States and the European Union, which serve as a buffer against agricultural imports and help US and EU producers to export to other parts of the globe. Another example is the public or quasi-public development banks that have been of great importance in many relatively successful late-industrializing countries like South Korea. Such banks mobilize (largely foreign) capital by extending long-term loans with preferential interest rates to targeted projects which help to fulfill development goals and have a high social rate of return.

Further examples concern sectoral training programmes, which will be touched upon in section III.3. Sectoral policies of course have their advantages and disadvantages. While agricultural subsidies help agricultural employment in the EU and the US, they negatively affect employment in other, much poorer countries.

Development banks can foster economic and employment growth but can also burden the State with bad loans. Import restrictions may protect domestic employment but also lead to domestic inefficiencies in the protected sectors and higher prices. Also, there is a basic conflict between the idea of sectoral policies and the drive towards ever-decreasing barriers to international trade and competition. Finally, many forms of sectoral policy require the use of public funds, often not easily available.

employment strategies. For example, a recent ILO report on Pakistan highlights the potentially positive employment effects of encouraging growth in specific sectors. In particular this concerns sectors like textiles and garments, medical equipment and supplies, and agricultural commodities where the country has good export opportunities, as well as the housing sector which is labour intensive, has a low import component and strong linkages to other domestic sectors, and where a sizeable latent demand exists.³⁰

Similarly, the European Commission sees that even in the more prosperous parts of the European Union certain basic needs – for example in housing and social services – are not being adequately met for some population groups. The identification of such unsatisfied needs, their transformation into actual demand and the strengthening of the respective supply factors could possibly be a ‘new’ source of employment. The European Commission has been the main proponent in trying to take up this challenge through the promotion of local

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initiatives aimed at creating employment related to the so-called ‘new needs’. The Commission estimates that local employment initiatives to meet local needs (including home help services, child care, better housing, local transport services, revitalization of urban areas, local cultural development, etc.) could provide between 140,000 and 400,000 jobs a year. However, sectoral policies, apart from potential benefits, also have potential pitfalls as illustrated in box III.2.

Employment-intensive investment policies and programmes

One further option for active state involvement in employment creation is that of employment-intensive investment policies and programmes, an area in which the ILO has long-standing experience. Public works, often public investment subcontracted to private small and medium-size enterprises, aim to use surplus labour for the improvement of infrastructure, irrigation systems, afforestation, urban sanitation, schools or health centres. They have the obvious direct benefit of creating jobs for unemployed people and in this way reducing poverty. They may also offer a possibility to those involved in low-productivity jobs to increase their labour productivity. The employment creation effect of public works can be enhanced by choosing, where possible, labour-intensive but still cost-effective technologies that make more use of abundant labour and less of costly, and therefore hard to acquire, equipment. The direct employment creation effect of such programmes may constitute an important contribution to the labour market, even if most of the jobs are temporary. There are many examples where they offer employment and income to thousands of persons and their families and in this way function as a temporary poverty relief mechanism.

However, apart from the direct employment creation effect, public investment programmes can have important upgrading and indirect employment creation effects on local economies and communities. They can result in the creation of productive assets like roads, dams or usable land that would not be subject to private investment, as well as in the general improvement of social and material infrastructure, including, for example, cheap or subsidized housing for young families. They can create more permanent jobs for

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those involved in the maintenance of public works. They can have a stimulating effect on local demand and employment creation through the use of locally produced building materials or tools and equipment, local enterprises and consultancy firms, or local education and training facilities. They will also strengthen general local demand through the income effect of the wages provided. In addition, through the provision of training and job experience such programmes can foster human resource development and positive work attitudes. In this way, public works can generate broader economic dynamism and assist capacity building in the private and public sector. Moreover, public works offer governments the opportunity to demonstrate the practical application of labour standards.

Public works programmes are also easily targeted to particular groups, including youth and women. For young people these programmes not only constitute their entry into the labour market and their first job experience but often they participate in consecutive programmes, thereby building up their own working experience. Also, public works employment can be an important mechanism to extend or update skills and make up for deficient education, through on-the-job training or specialized training courses. As far as women’s position in the labour market is concerned, employment-intensive works can have a powerful impact on breaking down stereotypes by employing women in what is generally considered to be a man’s work and by mainstreaming women’s interests, ensuring equal access to job opportunities and training, and by guaranteeing equal pay for equal work.32

Public works such as the ones described have an important social function and constitute an often indispensable productive investment. One of the downsides of public works is their obvious need for funds, a problematic issue in an era where most governments operate under severe budget restrictions (except of course for the cases where existing investment resources are redirected towards labour-intensive programmes). This is especially the case in many of the poorer countries, which often have a high foreign debt and very low revenues. For such countries, external donor support as well as the restructuring or cancelling of foreign debt often seems a precondition to allow for such policy interventions.

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Box III.3  The Senegalese public works programme

In 1989, the World Bank and the African Development Bank jointly supported the Government of Senegal to launch a four-year programme in the amount of US$33 million which was entrusted to the Agence pour l’Exécution de Travaux d’Intérêt Public contre le Sous-emploi (AGETIP). AGETIP was launched under the direction of Magatte Wade, who is today a member of the YEN High Level Panel. The main mandate of AGETIP was to sub-contract, coordinate, and supervise the execution of public works involving various components (e.g. construction, rehabilitation and maintenance of urban infrastructures, provision of essential services, etc.). Thus, the programme was conceived as a means of enabling labour-intensive small- and medium-scale enterprises to execute, through subcontracting, one or several components of general public works of government, municipalities and local communities, with a view to providing short-term employment to an increasing number of unemployed youth.

AGETIP-Senegal has been quite successful and was renewed in 1992 when the first phase was completed, with a new annual budget allocation of US$ 20 million for the period 1993-1996. During the first phase of the programme, AGETIP has enabled the creation of about 80,000 jobs, by sub-contracting 416 components of public works projects to small-scale entrepreneurs. By 1999, the number of such projects in urban areas of Senegal had reached 1,300. Overall, in the 10 administrative regions, AGETIP has implemented 3,226 projects and contributed to the creation of 350,000 short-time jobs annually. The number of permanent jobs was 6,000. Since about 40 per cent of the projects were implemented in urban areas, AGETIP has not significantly contributed to reducing the imbalances between the cities and the rural sector. Moreover, the programme lacked a training component which would have enabled the skills upgrading of the young short-term employees, and the facilitation of labour mobility.

But the above shortcomings are largely offset by the fact that the programme has, no doubt, contributed to a great extent to the promotion of youth employment. This success of AGETIP could be attributed to three main factors, namely (i) the identification of clear objectives (i.e. facing the challenges of rapid urbanization, deterioration of urban infrastructures, increasing unemployment and mounting social/political unrest), (ii) strong political will to achieve these objectives, and (iii) the support of the development partners. The success of AGETIP-Senegal led to the launching of similar programmes in other francophone countries. Thus, by 1999, Benin, Burkina Faso, Chad, Madagascar, Mali, Mauritania, Niger, and Togo had put in place their respective AGETIP, with the support of their development partners.

2.4 *The informal economy*

Much of the new employment created in recent years is located in the informal economy. It is here that young people often have the only possibility for employment, since entry barriers are generally lower than in the formal economy. Also, the flexible and exploitative nature of employment relations in the informal economy implies a relatively high turnover of the workforce. In as much as young people are disproportionately represented amongst job seekers, one would expect a correspondingly high proportion of young people amongst informal economy workers.\(^\text{33}\)

This part of the economy is small but not unimportant in most industrialized countries and often comprises large parts of employment in countries in Africa, Latin America and Asia, as well as in the transition countries. This very heterogeneous part of the economy includes own-account workers in survival-type activities, paid domestic workers employed by households, home workers and workers in sweat-shops, and the self-employed in micro-enterprises operating on their own or with contributing family workers or sometimes as apprentices/employees. They have been termed informal because they share the characteristic that they are not recognized or protected under the legal and regulatory frameworks, denoting high degrees of vulnerability. Quality of work in the informal economy therefore is substandard when compared to recognized, protected, secure, formal employment. Indeed, the ILO looks at the informal economy in terms of decent work deficits. Poor-quality, unproductive and unremunerative jobs that are not recognized or protected by law, the absence of rights at work, inadequate social protection, and the lack of representation and voice are most pronounced in the informal economy, especially at the bottom end among women and young workers.\(^\text{34}\)

There is no strict boundary between formal and informal work, and the two are sometimes intimately interlinked as often informal activities are part of the supplier chains of formal enterprises. However, a much higher percentage of people working in the informal relative to the formal economy are poor. Therefore, it is useful to adopt the view that formal and informal enterprises and workers


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Box III.4 Reducing decent work deficits in the informal economy: Short- and longer-term priorities.

The ILO 2002 report on Decent Work and the Informal Economy outlines the priorities in tackling the decent work deficit of the informal economy as follows:

- in the immediate term, give priority to reducing decent work deficits in the informal economy, importantly through ensuring that those who are currently in the informal economy are recognized in the law and have rights, legal and social protection and representation and voice;
- in the short and medium term, enable those currently in the informal economy to move upwards along the continuum and at the same time ensure that new jobseekers and potential entrepreneurs are able to enter the more formal, protected and decent parts of the continuum. Priority would be given to ensuring that workers and entrepreneurs have the capacity, flexibility and the conducive legal and policy frameworks to do so. Special attention would need to be given to those who are especially disadvantaged or discriminated against in the labour market, such as women, young jobseekers and migrant workers;
- in the longer term, create enough employment opportunities that are formal, protected and decent for all workers and employers. Since decent work is about much more than a job at any price or under any circumstances, new job creation should not be in the informal economy. The emphasis has to be on quality of jobs in the upper rather than lower end of the continuum.


coexist along a continuum, with decent work deficits most serious at the lower end, but also existing in some formal jobs as well, and with increasingly decent conditions of work moving up the formal end.35

The experience of the past decades shows that the informal economy will not ‘wither away’ by itself and actually constitutes one of the more dynamic elements of today’s economies. Although some parts of the informal economy originate in the deliberate avoidance of regulations, more often informal activities stem from the lack of opportunities in the formal economy, from survival-oriented initiatives, from regulative, bureaucratic or cost-related obstacles to economic activities, or from the lack of awareness of participants in the informal economy of rules and regulations. However, in spite of its dynamism, informal employment, because of its decent work deficits, is not an objective. Rather, the goal is to promote decent work along

35 Ibid.
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Box III.5  Recommendations to extend national labour legislation to informal women workers in India.

The Second National Labour Commission in India set up in late 1999 was mandated to recommend “umbrella legislation” for the informal workforce. It involved organizations of informal workers in drafting the legislation. Below are some of the major recommendations of the Group on Women Workers and Child Labour:

A. Minimum Wages Act
- Broaden definition of worker to accommodate more categories of informal workers
- Include piece rates, not just time rates, under minimum wage

B. Equal Remuneration Act, 1975
The Equal Remuneration Act (ERA) should be amended to promote equal remuneration between all workers – men and women, formal and informal, as follows:
- Extend application of the ERA to cover unequal remuneration not just within units/establishments but across units/establishments by occupational group, industry or sector, or region
- Replace clause “same work or work of a similar nature” by clause “work of equal value”
- Provide guidelines and mandate training for labour inspectors – e.g. to help them to identify discriminatory practices pertaining to the ERA

C. Sector-specific Acts
1. Bidi and Cigar Workers (Conditions of Employment) Act, 1996
   - Include those who work under the “sale-purchase” system in the definition of “employee”
   - Fix a national minimum wage for bidi rolling to be adopted by all States

D. Women-specific measures
1. Maternity Benefit Act – coverage needs to be expanded
2. Industrial Disputes Act
   - Include prohibitions against all forms of sexual harassment
   - Give proportionate representation to female employees in the Worker Committee
3. Workmen’s Compensation Act, 1923
   - Provide coverage for all female workers under medical insurance schemes
4. Factories Act, 1948 (and other Acts with childcare provisions)
   - Mandate provision of crèches in all factories employing more than ten workers (either men or women)
5. Employees State Insurance Act, 1948 – cash benefit to insure women for pregnancy
   - Extend coverage to units of ten workers and to workers who earn less than Rs3,000 per month

E. Advisory, worker and tripartite committees or boards (mandated under these Acts)
- Empower and expand the activities of these institutions to review and regularize irregular tactics by employers, such as shifting from subcontract to sale-purchase arrangements to avoid employer status
- Include at least one woman from all sides (employer, formal employees, informal workers and government)
- Include representatives of trade unions of informal women workers and formal women workers

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the entire continuum from the informal to the formal end of the economy, and in development-oriented, poverty reduction-focused and gender-equitable ways.

This implies starting with the informal end and promoting the transition upwards along the continuum toward the formal, decent and protected end. Depending on local circumstances, a variety of approaches can be followed to make progress along this continuum. This includes the provision of information and training to raise awareness in the informal economy about regulations, rights and obligations. It may also imply opening up formal institutions to informal economy participants, for example, to give them access to training facilities to invest in knowledge and skills, or to enterprise support services and micro-credit institutions allowing their use of financial resources, information, markets, technology, public infrastructure as well as social services. In addition, it would concern the simplification (but not the downscaling) of the regulatory framework for doing business, improving the transparent and consistent application of rules and procedures and reducing the transaction costs, while at the same time improving the enforcement of legislation. This would have the double aim of enhancing the protective, standards-related and beneficial aspects of the law and of simplifying the repressive or constraining aspects so that there would be greater compliance by all enterprises and workers.

Another important area of action would be to extend the activities of existing trade unions to those employed in the informal economy, or, alternatively, the support to self-organization, to strengthen the voice of informal workers, enabling them to secure their rights and to defend their interests. Finally, in line with what has been pointed out earlier, the best way to reduce the size of and need for an informal economy would be to improve opportunities in the formal economy.

III.3 Promoting employability for young people

Strengthening employability through education, training and vocational guidance and counseling

While increased labour demand would help reduce the lack of jobs for young people, it would do little to reduce the relative disad-

36 Ibid.
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vantage of youth in comparison with the adult population. Neither would it address the fact that large groups of young people have a low level of education and lack many of the skills required for a productive working life. This reduces their possibilities to obtain decent work and increases their likelihood to be affected by poverty. It may also negatively affect certain types of productive investments. Hence, action is needed on the supply side as well, through the strengthening of education and training systems, with the objective of strengthening the employability of youth.

Employability is understood here in a broad sense, encompassing the skills, knowledge and competencies that enhance a person’s abilities to secure and retain a job, progress at work and cope with change, secure another job if she/he so wishes or has been laid off, and enter more easily into the labour market at different periods of the life cycle. Individuals are most employable when they have broad-based education and training, basic and portable high-level skills including teamwork, problem solving, information and communications technology, and language skills, learning to learn skills, and competencies to protect themselves and their colleagues against occupational hazards and diseases.37 Employability can however only be meaningful in the context of the earlier discussed efforts to secure availability of sufficient and decent employment.

One crucial element in the enhancement of employability is securing universal access to and participation in basic education, which is too often lacking in poorer countries and for the poorest families. This requires an improvement of the often crisis-ridden educational systems, including availability of schools, and materials and funds to pay teachers. It also requires efforts to ensure parents have decent work so that they do not need their children to contribute to household income, as well as providing them with information on how education can help them and their children to avoid poverty.

Apart from basic education, training also has a critical role to play in strengthening young people’s employability. However, training systems around the world face many problems. Training generally is treated as a low priority issue and training systems are often underfunded. Training is frequently still perceived as a once-and-for-all investment at the beginning of working life instead of life-long learning where skills are constantly upgraded and expanded. It is in many

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cases implemented in formal institutions distant from the world of work, and curricula are frequently obsolete and detached from labour market needs. As a result, youth face serious problems making the school-to-work transition. The informal economy, employing many young people, is often neglected by training institutions, while many poor youth cannot afford to abandon their informal activities to take up lengthy training courses in specialized centres.\textsuperscript{38}

Indeed, there is a growing realization of the need for profound reforms. Increasingly, it is accepted that life-long learning emphasizing the acquisition of core skills relevant to a wide variety of jobs as well as learning how to learn, is central for preparing young people to find jobs in tight labour markets and to adapt to the continuously changing exigencies of the contemporary economy. Training systems need to become more flexible and responsive to such changes and strengthen their links with the workplace. Integrating education with on-the-job learning may greatly facilitate the school-to-work transition. Also, training systems need to increase their role in the informal economy and lower their entry requirements to allow informal workers to participate in skill improvement. This is especially important since this is where many of the more vulnerable young people work.

Vocational guidance and labour-market information also play a strong role in assisting and orienting young people. Many unemployed young people come from communities that experience widespread and inter-generational unemployment. Since they lack working adult role models their only source of career advice is from school based schemes. Both government job centres providing vocational guidance and labour market information (LMI) play influential roles in helping young people to choose their career or to find a job. Improved knowledge about labour market opportunities – the nature and location of employment, wages and working conditions and opportunities and assistance in using the information – are vital to improved labour market operations. LMI usage by skilled guidance counsellors can help increase the quantity and quality of job matches between employers and job seekers, reduce the spells and duration of unemployment and generally increase the efficiency of labour market operations.

In strengthening these support systems, the particular constraints faced by young women should not be neglected. Young women, partic-\textsuperscript{38} ILO (2003): Working out of poverty, Report of the Director-General, International Labour Conference, 91st Session, Geneva.
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ularly in developing countries, are often unable to take advantage of training opportunities due to barriers to entry, discrimination in selection and gender stereotyping. Stereotyping is frequently found in vocational guidance and counselling services, which encourage young women away from training that would have led them to higher long-term earnings and status. In some countries young women are encouraged to train in household-related work while young men are encouraged to go for high-skill training and employment. As a result, many young women end up in relatively low-skilled and low paid occupations with little prospect of career development. Improved access, supplemented by vocational guidance and placement better suited to their capabilities and needs, will help increase the employability of young women and assist in realizing their full potential.

Four models of training systems

Most vocational training systems are however ill-equipped to better reflect ongoing changes in the economy. This raises the question of what effective training systems actually look like. We can distinguish between four models. The most widely adopted model is the state-directed system, essentially supply-driven, in which often poorly motivated students, usually pre-career or unemployed, are trained in out-of-date specializations, usually in workshops which are far from the reality of the world of work. As a result, these students have a hard time finding employment after graduation.

The dual system, exemplified by Germany where the ratio of youth unemployment compared to adult unemployment is among the lowest in the world, combines on-the-job training with attendance at vocational school. In this way, it provides students with both general and specific elements in their training. This gives young employees the assurance that their qualification will pay off, and gives employers the chance to obtain the skilled workers they need for high value-added production. Employers are also compensated for the training they provide by the low wages apprentices accept for the period of training. This model is a highly regulated one, with uniform standards, in which the social partners are fully involved. Also, it offers young people a sheltered entry into employment and hence facilitates the school-to-work transition. It does have its downsides as well, however. One is that it is sometimes inflexible, in the sense

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...that it has difficulties in adapting to sectoral changes in the economy, with excess supply of apprenticeship places in some sectors and shortage in others, and in continuing to offer sufficient apprenticeship places during recessions. Also, it is better suited for industrial activities and less so for services.

Another, very different type of problem is that the German system depends on strong historical traditions and regulations, which makes it difficult for other countries to make direct use of its experience. The problem of transferability is equally high as far as Japan's company model is concerned. This model provides on-the-job, state-certified training in both general and company-specific skills. It does so, however, in the context of life-long employment arrangements and low inter-firm mobility, institutional features which make it difficult for other countries to adopt its principles in the short term. At the same time, however, the German and Japanese systems are the outcome of sustained cultivation, including specific policy interventions aimed at creating the appropriate institutional environment to make them function. This suggests that their applicability is not limited only to these two countries. A German-type system exists in Austria and used to exist in Hungary and the former Czechoslovakia, while some of its elements have recently been adopted successfully in a country like Egypt. Indeed, in the medium and long terms such systems or elements thereof may well be applicable in other countries.

Finally, the fourth model, the levy-grant system, tries to overcome the problems of the state-directed system, but does not require a unique institutional context like the German or Japanese models. The model is exemplified by Singapore, a country that has been quite successful in upskilling its workforce over the last 40 years. The programme is run by the Government in cooperation with the private sector, including prominently foreign investors, and is closely linked to the country’s economic development strategies of upgrading both production processes and human resources, as well as attracting foreign investment. It aims to motivate all employers to invest in human resource development. Employers are required to contribute one per cent of the gross salary of all employees earning less than US$ 1,500 per month to the Skills Development Fund. They

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can recoup 80 per cent of their contribution by claiming training grants. Enterprises that provide training in skills that can be shown to be in demand, or have training plans that cover more than 50 per cent of their workforce, can claim a higher percentage, while companies that continue to use low-skilled workers in low-cost operations are penalised. One of the results of the programme has been a continuously high growth of labour productivity in Singapore.

While the Singapore model also rests to some extent on unique institutional features, it provides other countries with an interesting example, highlighting four main principles that could be adopted elsewhere as well:42 (i) the close linkage of education and training strategies with broader economic development strategies; (ii) the involvement of foreign experts in training the local workforce; (iii) the fact that the private sector is induced to play a key role (in partnership with the Government) in terms of being part of the skills training process; and (iv) the presence of incentives that induce firms to invest more in the training of their workforce.

Community-based training programmes

However, regardless of how effective a national system may be, the poorest and most disadvantaged youth are still likely to miss out on its services, and therefore require specific attention and initiatives. Training initiatives for disadvantaged young people, especially in crisis areas, can benefit from the ILO’s experience with community-based training programmes, which over the past ten years in more than 20 countries have shown their value in providing people with skills to become employed and to improve their income. Community-based training programmes are oriented towards the identification of employment-and-income-generating opportunities at the local level, designing and delivering the appropriate training programmes, and providing post-training support services, including credit, technical assistance and market information.43 They are well-suited to address the problems faced by young people, in particular young women who, because of motherhood, household tasks or discrimination, often have only very limited access to regular training facilities.

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42 Ibid., pp. 1474-1475.

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Box III.6  PROJOVEN Peru: Achievements and limitations in training for youth

The PROJOVEN programme in Peru was created in 1996 and has two objectives: (i) it helps low income youth to access the labour market through a process of training and work experience that responds to the requirements of the productive sector; and (ii) it aims to raise the level of competition and efficiency in the training market. PROJOVEN targets youth in poverty (54 per cent) or extreme poverty (15 per cent) who have completed high school as the maximum level of education, belong to poor households, and are either unemployed, under-employed or inactive.

PROJOVEN provides young people with training free of charge and with work experience in specific occupations where semi-qualified labour is required. Training agencies, mainly from the private sector, participate in a public tender system to organize and implement the seminars and courses designed to respond to the needs of the corporate sector. The courses are divided into two phases: technical education, taking place in the training agency, and practical training, taking place in companies. In the technical education phase the young people learn trade-related activities during a 120-300 hour period over three months. A stipend covers transportation, food, and medical insurance costs. An extra subsidy is provided to women for each child under five years of age. The practical training phase lasts at least three months and companies are committed to paying compensation at least equivalent to a minimum wage, and to providing the youth with medical and accident insurance.

The Programme includes the use of networks to ensure a proper focus in the identification of the users; the establishment of interactive relationships with the private sector, training providers and the companies demanding skilled youth; a presence in the decision-making processes regarding policies and projects for poor youths; and carrying out analyses of personnel and institutional performance.

PROJOVEN Peru was started up with an US$1.5 million loan from the Inter-American Development Bank (IADB). This first stage had a per capita cost of US$750 and benefited more than 1,500 youth in the cities of Lima (the capital) and Callao. By 2001, the per capita cost has been reduced to US$520 and the aggregated number of youths trained is approximately 25,000, 55 per cent of which are women. Currently, a large portion of the activities are funded by the KFW of Germany under the “Conversion of Foreign Debt for Social Investment” scheme.

The Programme has many strengths. It is considered efficient, transparent, and a means to promote equal opportunities. It has developed well-crafted processes with tools for supervision, execution, monitoring, and impact measurement. An impressive result is that 70 per cent of the participants have been successful in becoming integrated into the labour market and in increasing their real income by 120 per cent.
Community-based training programmes may be part of national training policies, but they do not start with predetermined courses. Local training committees identify the opportunities and needs, and provide the best means of organizing delivery. For example, an ILO/UNDP programme running provincial training centres in Cambodia and catering mainly to unskilled farmers, initiated courses in pig rearing and vaccination, duck rearing and vaccination, incense-stick making, hairdressing and vegetable growing. Since a majority of the trainees ended up as self-employed people, they acquired basic business skills too. Courses were run as close as possible to the trainees’ homes in the villages at times most suitable for them. Also, a large group of government staff received the training necessary to take over responsibility for the provincial centres, with the aim of integrating their operations into the permanent services provided by the public authorities.

III.4 Youth as entrepreneurs

Youth entrepreneurship: Opportunities, quality and expectations

With the current demand for labour being too low to absorb all young people who want or need to work, and with the traditional career paths that the older generations have followed rapidly disappearing, youth entrepreneurship is increasingly posited as an alternative way of integrating youth into the labour market and overcoming...
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poverty. Young people, it is argued, given the absence of employment opportunities in existing organizations, can take their fate into their hands by creating their own employment. Apart from addressing the problem of low labour demand, youth could in this way also contribute to strengthening the dynamism of national and local economies. Following this line of reasoning, governments, social partners, youth NGOs and international organizations are becoming increasingly interested in designing and implementing programmes that can assist young people in generating self-employment and small enterprise opportunities. This orientation is further strengthened by the fact that in the last decade, most new employment has been created in small enterprises or as self-employment. In this section, some of the options available to promote youth entrepreneurship will be considered.

First, however, it is worthwhile to consider if promoting youth entrepreneurship is all that desirable. Just as stated earlier concerning the creation of employment in general, self-employment creation under any condition is not the objective. The starting point of policy makers should be the creation of decent work. In this respect, self-employment and small enterprises are not the best performers. As mentioned in Part I of this report, on average productivity and earnings are relatively low, working conditions relatively bad and trade union positions relatively weak. Many of the small entrepreneurs operate in the informal economy and the employment they create for themselves and for others is often precarious. Much of this type of entrepreneurship does not correspond to the textbook model of the innovative and growth-oriented entrepreneur seizing upon market opportunities by investing in promising products or services. Rather many small entrepreneurs are pushed into entrepreneurship by the lack of employment and income alternatives, frequently making it a consumption-oriented survival or subsistence activity.

Clearly while promoting youth entrepreneurship can indeed be a useful path to follow, it should be conceived in combination with increasing the quality of this type of employment. In addition, expectations concerning the promotion of entrepreneurship should be realistic. Especially in the poorer countries or regions small entrepreneurs are strongly affected by the lack of buying power, making it difficult to develop profitable businesses. Many business initiatives simply fail, leading to the loss of investments and personal hardship. All these factors should be taken into account by young people starting their own business as well as by those who support them.
Support to small entrepreneurs: the individual and collective dimensions

In principle, support to small entrepreneurs can have an individual and a collective dimension. The individual dimension refers to support activities which help entrepreneurs set up their business to become productive and grow. While such support activities are important for all small entrepreneurs, they are of particular importance to young people, because of their lack of experience, financial and material resources, and contacts. They include the provision of access to work space or business incubators for new entrepreneurs, as well as of apprenticeship places. They may also include the use of mentors or coaches, i.e. experienced individuals who, within a proper institutional context, provide young entrepreneurs with informal advice and guidance. In addition, they comprise training in developing business ideas, starting up a business and in business management and productivity improvement. In this area, the ILO has longstanding experience through its Start and Improve Your Business (SIYB) methodology, used in more than 80 countries. By following an institution-building strategy, working with existing local and national organizations to train trainers from partner organizations, who in turn train the micro and small-scale entrepreneurs, SIYB reaches large numbers of people and is sustainable.

Another crucial example is the issue of finance, especially problematic for young entrepreneurs due to the lack of own capital as well as the difficulties related to obtaining loans from banks or other institutions. This obstacle arises from the lack of collateral and experience as well as a financial institution bias against young people in general and young women in particular. Therefore, a range of approaches has been developed to facilitate the access to finance for young people, including grants, soft loans, support in improving the quality of loan requests, as well as the setting up of a number of non-bank financial institutions, often targeted at specific vulnerable groups. An interesting example of the latter is the Citi Savings and Loans Ltd. in Ghana, which has been licensed since 1992.

Box III.7  Youth Business International

The objective of YBI is to mobilize the global business community to help those young people who are unable to find help elsewhere to become entrepreneurs and set up their own businesses. Its assistance includes financial support to disadvantaged young people with a viable business proposition, and provision of a volunteer business mentor and full access to its business support network. YBI (funded by corporations, foundations, governments, banks and multilateral donors) has mature programmes in twelve countries (Argentina, Barbados, Canada, Guyana, Hungary, India, Mauritius, Nigeria, Sri Lanka, Trinidad and Tobago, and the UK), pilot schemes in nine (Brazil, Gambia, Ghana, Jamaica, Mexico, Oman, the Philippines, Saudi Arabia and Swaziland) and potential programmes in another nine.

All those chosen for the programme are unemployed, underemployed, or economically disadvantaged. They include people in rural areas, isolated from the business community. Women, even those already targeted by micro-credit initiatives, need business support services in the face of prejudice in some societies. Many programmes are particularly receptive to applications from disabled people, who can often run a business from home. Special programmes are also developed for marginalized and minority groups who are often outside conventional support structures.

The first stage in the programme is directing a young person towards the range of training opportunities and resources that are available in the local community. A volunteer business mentor, who may have received training from YBI, is then allocated to each participant, providing technical advice, emotional support and encouragement and identifying what additional support is needed. The local business community also provides a support network, in the form of subsidized or free exhibition space, advice on law, marketing, exporting, ICTs, office space and equipment, or useful contacts. Training in use of the internet is provided in some countries.

Opening up access to finance is a crucial part of the programme. This can be in the form of commercial micro-credit, government funds for business start-up, a bank loan, or a loan or grant from the local YBI programme, depending on circumstances. The terms on which YBI finance is made available depend on the decision of the Board of the local programme. In some countries interest rates and terms are similar to those offered by commercial institutions. In others subsidized finance, payment holidays, relaxation of collateral conditions and the reducing of penalties for default may be allowed. Support from the mentor is seen as a way of facilitating loan recovery.

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Box III.8 Supporting the New York garment industry: GIDC

The Garment Industry Development Corporation (GIDC) in New York is a service agency established by an industry, labour and government consortium to serve the needs of a cluster of around 4,600 mainly small garment firms (average size: 21 workers). Increasing demand from retail conglomerates and import competition has seriously challenged this industry and exposed weaknesses concerning skill levels of workers, under-utilization of technology and domestic market orientation. GIDC has become a valuable support for small enterprises and also integrates and upgrades young people in the sector through its services.

An important part of the GIDC’s activities focuses on training programmes providing training in specialized skills for both labour and management. The programmes include: improvement in sewing techniques; sewing machine maintenance and repair; computerized pattern grading and marker making; and supervisory courses. Training is delivered through specially created institutions like the Garment Industry Training Centre and the Training and Technology Extension Service. The GIDC provides training for over 1,000 individuals every year.

In addition to training, however, the GIDC offers a range of other services to raise the competitiveness of the cluster. It carries out studies on the cluster’s needs. It organizes demonstration projects aimed at improving customer services, forecasting or the application of new technologies.

It provides consultancy services to address issues like improving efficiency or organizational practices. It provides an international marketing service to help local enterprises to export and to encourage buyers to come to visit the cluster. It facilitates inter-firm cooperation and flexible networks through group exhibits, trade shows and an electronic sourcing network between contractors, jobbers and retailers. It also runs an information service in English, Chinese and Spanish, producing brochures and newsletters. And finally, it maintains an employment referral system which helps firms to locate employees with the skills they require and unemployed members and GIDC trainees in finding work.


aims to mobilize deposits, granting loans and providing financial services to informal economy micro and small businesses run by women, who had no access to the services of traditional banking institutions. By 1997, Citi had about 10,000 participants (including 2,000 men). The unit for identifying those who need credit, mobilizing it and making repayments is the community group. As a result, some vulnerable young participants have benefited: for instance, teenage
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girls working as porters in local markets have been enabled to move off the streets into occupations such as hairdressing. But, given the need for a resource base, the proportion of clients who are in this category must be limited.

As far as the collective dimension of small enterprise support is concerned, this seeks to strengthen the collective efficiency of small enterprises, combined with support by public, semi-public and private institutions like universities, specialized sectoral organizations, and others. In fostering cooperation among small enterprises and between small enterprises and third institutions in certain specific areas, the objective is to overcome some of the disadvantages small entrepreneurs have in comparison with larger enterprises, while maintaining their flexibility and the competition between them. This means, for example, cooperation and cost-sharing areas such as market research, marketing, export promotion, accounting, tax administration and others. It also means the sharing of expensive means of production (tractors, machines), mutual assistance, for example in times of harvest, and the exchange of experiences. It may also include cooperation in research and development among small enterprises, and with universities and technology transfer organizations. Another option, involving larger enterprises as well are supplier programmes linking small enterprises to larger ones. More generally, this requires the creation and maintenance of network relations among enterprises and with support institutions.

III.5 Summary: Key elements

> **Youth as an asset.** Youth should be considered an asset instead of a problem. Through good quality employment young people can make an important contribution to the improvement of their own living situations as well as to society as a whole.

> **Decent and productive youth employment as an objective.** To improve the situation and prospects of young people in the labour market, both the quantity and quality of youth employment need to be strengthened.

> **Towards a comprehensive youth employment policy.** Considering the multi-dimensional and multi-sectoral background of the youth employment problem, youth policy should be considered in an integrated manner, linking education and health concerns to macro-economic policies, issues of employment, social jus-
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tice, and democratic participation. It is only through coordinated efforts in these various policy areas that policy interventions can start making a structural impact.

> **Labour standards.** More employment does not mean any kind of employment. The goal should be the availability of decent and productive work for all, including young people; employment that respects the content and the spirit of the ILO's International Labour Standards, both those specifically aimed at the young and the more general standards. Labour standards are important from the point of view of rights, protection and moral obligations, but can also help to improve productivity and development. In the absence of decent work, young people cannot make use of their talent, abilities and energies, and enormous resources are wasted.

> **The minimum wage.** ILO’s Labour Standards call for equal remuneration for equal work and for the establishment of a system of minimum wages which covers all groups of wage earners whose terms of employment are such that coverage would be appropriate. It is not apparent that a lower minimum wage improves a young person’s chance to find decent employment. A reasonable minimum wage may, on the other hand, provide an incentive to young people to work and may motivate employers to invest in human resource development. The minimum wage has important non-economic functions such as the protection of workers against unfair wages, income redistribution and poverty alleviation. This applies particularly to young people, often active in the informal economy and not organized in trade unions.

> **Employment protection regulations.** Strict employment protection regulations make it difficult for young people to enter the labour market. However, the solution cannot be to minimize the overall level of protection. Employment protection legislation may not only provide fairness and basic security to employees, it may also force employers to adopt a longer-term time horizon for human resource development and encourage cooperative labour relations, which may then lead to increases in overall productivity, efficiency and competitiveness. Providing enterprises with the necessary level of flexibility may rather be achieved through mobility-facilitating measures.
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> **Macro-economic policy, the State and employment.** Structural adjustment-type programmes address labour market problems in an indirect way and have been quite unsuccessful in improving labour market outcomes. A policy package that aims to increase the quantity and quality of employment should be placed at the very centre of economic policy. The State has an active role to play in the improvement of the demand for labour and the quality of employment, through both demand and supply-side policies.

> **Sectoral policies.** Sectoral policies may play an important role in furthering employment objectives, assisting sectors or branches that have the capacity to directly or indirectly create productive jobs or that run the risk of suffering heavy job losses. They can take the form of, among others, direct subsidies, import restrictions or tax concessions, specific training programmes, or subsidies for innovation. Sectoral policies can also be easily targeted at young people.

> **Employment-intensive investment policies and programmes.** Employment-intensive investment policies and programmes create jobs for the unemployed. They may also allow those involved in low-productivity jobs to increase their labour productivity. Public works programmes are also easily targeted to particular groups, including youth and women.

> For young people they may constitute an entry point into the labour market and an important mechanism to extend or update skills and compensate for deficient education, through on-the-job training or specialized training courses. Public investment programmes can also have important upgrading effects through the creation of productive assets and the improvement of social and material infrastructure. They can strengthen general local demand, and offer governments the opportunity to provide exemplary practices in terms of labour standards.

> **The informal economy.** Young people are often only able to find employment in the informal economy where wages are low and labour regulations are not respected, putting many of them in precarious positions. A variety of approaches can be followed to improve this situation, including:

  - providing information and training to raise awareness in the informal economy about regulations, rights and obligations;
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- opening up formal institutions to informal economy participants;
- simplifying but not downscaling the regulatory framework for doing business, improving transparent and consistent application of rules and procedures and reducing transaction costs;
- improving the enforcement of legislation to promote greater compliance.

It would also be important to extend the activities of existing trade unions to those employed in the informal economy, or alternatively, provide support to self-organization, strengthening the voice of informal workers and enabling them to secure their rights and to defend their interests. Finally, the best way to reduce the size of and need for an informal economy would be to improve opportunities in the formal economy.

Enhancing employability. Large groups of young people have a low level of education and lack many of the skills required for a productive working life. Hence, action is needed to strengthen education and training systems with the objective of improving the employability of youth. It is crucial to secure universal access to and participation in basic education and the improvement of often crisis-ridden educational systems. Efforts are also required to ensure parents have decent work so that they do not need their children to contribute to household income.

Apart from basic education, vocational training has a critical role to play in strengthening young people’s employability. A lifelong learning approach to training, emphasizing the acquisition of core skills relevant to a wide variety of jobs as well as learning how to learn, is central to preparing young people to find jobs in tight labour markets and to adapt to the continuously changing exigencies of the contemporary economy. Training systems need to become more flexible and responsive to such changes and strengthen their links with the workplace. Integrating education with on-the-job learning may greatly facilitate the school-to-work transition. Training systems also need to increase their role in the informal economy. However, even in effective national systems, the poorest and most disadvantaged youth are still likely to miss out on services and require specific attention and initiatives. Education and training must be part of an integrated and
targeted package. Programmes that combine work experience with classroom training and job search assistance and career counselling can be highly effective for unemployed young people especially for those who require help in attaining those social skills and work habits needed in the labour market.

Training initiatives for disadvantaged young people, especially in crisis areas, can benefit from community-based training programmes, oriented towards the identification of employment and income generating opportunities at the local level, designing and delivering the appropriate training programmes, and providing post-training support services, including credit, technical assistance and market information.

Youth as entrepreneurs. Promoting youth entrepreneurship can be a useful path to follow. It should, however, be conceived in combination with the objective of increasing the quality of this type of employment. Support to small entrepreneurs can have an individual and a collective dimension.

The former refers to support activities, which help entrepreneurs set up their business and to become productive and grow. This is of particular importance to young people who lack experience, financial and material resources, and contacts. Such support activities would include: providing access to work space or business incubators as well as apprenticeship places; using mentors or coaches; or training in developing business ideas, starting up a business and in business management and productivity improvement.

The latter seeks to strengthen the collective efficiency of small enterprises, combined with support by public, semi-public and private institutions like universities, specialized sectoral organizations, and others. It aims to overcome some of the disadvantages small entrepreneurs have in comparison with larger enterprises, while maintaining their flexibility and the competition between them. This means, for example, cooperation and cost-sharing in market research, marketing, export promotion, accounting, tax administration, among others. It implies sharing expensive means of production, mutual assistance, and the exchange of experiences. It may also include cooperation in research and development among small enterprises, and with universities and technology transfer organizations. This requires creating and maintaining network relations among enterprises and with support institutions.
PART IV

ACTORS, DIALOGUE AND COOPERATION
IV.1 Actors and their responsibilities

Youth employment problems rarely get the attention they require and integrated and coordinated approaches are scarce. To remedy this lack of attention and comprehensiveness, it is imperative that all relevant actors and organizations start playing their part in overcoming youth employment problems, through joint efforts.

Young people themselves have a responsibility to take an active role in policy making. It is critical that young women and men mobilize themselves, make their voices heard through youth advocacy groups as well as through, for example, political parties, trade unions, employers’ organizations, or NGOs, and that they strive to participate in political fora and decision-making processes. For the moment, however, in spite of the growing number of youth initiatives, young people are often only marginally active in awareness raising and policy formulation and implementation. In many countries, low and declining membership figures of young people in political parties and trade unions are one indicator of this limited involvement. Strengthening youth mobilization and participation is not only necessary to attract the necessary attention to their causes. In addition, policies cannot be expected to be really effective without the participation of young people in their design and implementation.

However, there are often strong explanations for the low level of youth involvement. One is that they are often frustrated with the lack of opportunities within established political and social organizations, which frequently cater largely to adult constituencies. Similarly, youth advocacy groups have a hard time exercising any kind of real influence over government policies. Young people are only weakly represented, and often rightfully feel they are not taken seriously. This lack of

“\nThe responsibility of ensuring that the aspirations and hopes of youth are met cannot be left in the hands of a single stakeholder. Everyone in the community, both young and old, must play their role.”

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representation particularly affects the poorer and socially-excluded youth, who have little possibility of overcoming their marginalization by themselves.

Indeed, stressing the responsibilities of young people does not mean absolving those of others. Quite on the contrary, Governments have a key role to play in assuring the political primacy of youth issues and in remedying disadvantages youth face. The representation deficit of young people, the complex and multi-dimensional character of youth employment problems, as well as the fact that the market tends to exacerbate these same problems, inevitably means that governments should take the lead in youth employment policy. Governments are also ideally placed to put youth employment problems high on the agenda and to raise public awareness. Many of the policy options discussed in the previous sections of this report are only feasible through direct government action or with government support. Greater coherence and coordination between the various government agencies at stake is also needed.

Governments however need the cooperation of the other main labour market actors, i.e. the enterprise sector and employers’ organizations, as well as trade unions. Involving civil society to take responsibility for the design and realization of policy can have several advantages. It releases Government from the untenable role of sole actor, spreads responsibility across more shoulders, furthers joint responsibil-

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**Box IV.1 Irish Business and Employers’ Confederation (IBEC): The Business and Education Links Programme**

The Business and Education Links Programme brings businesses and secondary schools together to provide learning experiences to prepare young people for work. The support of IBEC assists in encouraging employer involvement and IBEC’s published information on the programme explicitly sets out the benefits of employer participation, and the benefits for schools and communities. The programme emphasizes and facilitates partnerships between businesses and schools, through meetings, visits, running mini-companies and the like. IBEC organizes the initial matching of businesses and schools, publishes programme materials, provides and compiles evaluations, undertakes ongoing research and programme improvement, runs an Internet site, helps networking, publishes a supporting newsletter, undertakes workshops to support programme operation at a local level, and provides completion certificates. The programme enjoys the support of a large number of major IBEC members.

ity and also enhances the quality and efficiency of decision making by drawing on the knowledge, expertise and experience and buy-in of each party. Because of their position in, and knowledge of, the labour market, they are important actors in the design and implementation of labour market policies, in strengthening the links between education and training institutions on the one hand and the requirements of the labour market on the other, in conceiving and implementing sectoral policies and public works, etc. However, as already indicated, often they

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**Box IV.2  Trade unions and youth employment: An example from Bulgaria**

In the last decade, the transformations of the former socialist countries of Central and Eastern Europe have caused great upheavals on the labour market. Economic crisis has led to rapidly declining participation rates and rising unemployment, and young women and men are among the most affected. The jobs available to young people are often low paid, insecure with few benefits or prospects for advancement, and many youth are involved in informal activities.

These new economic and labour market conditions are challenging trade unions, whose traditional membership has come from the formal industrial labour force. Furthermore, a whole generation of young women and men are entering the labour market with little or no knowledge of their labour and employment rights, something that is harmful to their own futures and that of society.

In the face of declining representation, an ageing membership and a need to re-energize the union movement by making it useful to young people, the Confederation of Independent Trade Unions in Bulgaria (KNSB) has been taking a progressive attitude to the promotion of youth employment through its youth structure, Youth Forum 21st Century. The Youth Forum has published two booklets titled *I have labour rights* and *I have social rights*, which have been distributed to universities and enterprises in order to promote labour and employment rights amongst young trade unionists and the wider youth population.

In 2002, the Youth Forum organized a roundtable on youth employment which brought together 150 participants, including students, NGO’s, trade unions and employers’ organizations, as well as officials from the Ministries of Labour and Social Policy and of Youth and Sports, and from the Office of the Prime Minister. A conclusion paper containing proposals and requests for changes in legislation and policy was sent to the relevant ministries and the prime minister. In 2003, the KNSB held a further seminar for 30 youth employment and labour experts to discuss the government report *Youth Policy in Bulgaria – Proposals for Changes*, and made a series of suggestions for adaptation, which were put to the Parliament, the Prime Minister’s Office, and the relevant ministries and government commissions.

*Source: Youth Employment Network Newsletter, November 2003.*
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have little interest in young people since youth form a small part of their membership, are disproportionally active in the informal economy, or are seen as not fitting enterprise requirements.

A serious change of attitude on the part of employers, of their organizations and of trade unions is urgently needed. This can take root with an understanding that youth are a resource, bringing dynamism and new knowledge to enterprises. Young people can help boost the membership, bargaining position, relevance and therefore the overall strength of social partner organizations. Failure to incorporate this section of the labour market is also likely to decrease the inclination to become members of unions and employers’ organizations during adulthood.

Education and training institutions are also relevant actors. Through increased interaction with the world of work, they can better prepare students for entry into and productive participation in the labour market. Finally, international organizations too must be engaged. As discussed in Part II, there is now a UN Resolution which calls on governments to engage in a multi-stakeholder process, including youth specifically. Young people can use this as an argument in discussions with their governments, legitimizing their calls for participation. Also the National Action Plans sponsored by the Youth Employment Network can become important entry points for traditionally less empowered youth. International organizations, and in particular the ILO, can be important sources of information and experience for national and local actors concerning the nature of youth employment problems and productive ways of addressing them. Young people should seize the opportunity to make their voice heard in such international organizations. In this respect, the YEN is becoming a vehicle of empowerment and voice for young people, as it makes the Core Partners of the Network, i.e. the UN, the ILO and the World Bank, more accessible to youth.

IV.2 Dialogue and cooperation

An integrated and coordinated approach to youth labour market issues supposes that all stakeholders, that is, governments, enterprises, employers’ organizations, trade unions, education and training institutions, and youth organizations, engage in dialogue and in the building of networks and partnerships to foster cooperation, reinforce each others’ activities, and make optimal use of combined resources, knowledge and
expertise. Regular meetings between these actors to discuss the problems of youth in the labour market will help them to better understand each others’ position, and to jointly devise solutions and strengthen their collective commitment. It may also increase the likelihood that policy decisions will be properly implemented, while cooperation and consultation can help to signal and anticipate undesirable developments and avoid conflict. Such co-operation may be formalized in national, sectoral or local youth employment promotion alliances, pacts and programmes. These can then function as guiding frameworks to create and integrate the activities of stakeholders, to formalize their commitments and responsibilities, and also to draw in other actors. For example, within the framework of a national youth employment strategy and with the support of all the participating actors and organizations, small enterprise promotion agencies can be invited to assist young persons in generating self-employment and small enterprise opportunities. Similarly, credit institutions can be motivated to pay more attention to the requirements and opportunities of young entrepreneurs. The Government, employers’ organizations and others can potentially offer them resources or guarantees to do so.

Additionally, such national strategic frameworks can provide the necessary conditions for micro-level youth programmes to function successfully. Micro initiatives by local governments, communities or NGOs can play a decisive role in improving local conditions for young people. However, they alone are insufficient to have a long-term impact. They often suffer from a lack of financial means, knowledge, qualified human resources or partners. Developing a synergy between macro and micro-initiatives and strengthening both horizontal and vertical cooperation may optimize the use of resources and improve the performance at both levels.
Box IV.3 Results of an evaluation of youth programmes in Latin America

Governments remain a key actor. The complex social, economic and policy environment in most countries of the region is likely to require the continuous involvement of governments in playing a key role in the development of youth programmes. One strong lesson learned to date is that market mechanisms or NGO initiatives alone will not solve current youth problems. Experience shows that market mechanisms tend to worsen rather than help overcome the social divide, with greater negative impact on the most vulnerable groups. Poor youth, and particularly young women, are too weak in terms of political and social participation to articulate or influence market demands in a significant fashion. At the same time, without government involvement, the magnitude of the problem is likely to surpass the capacity of civil society organizations involved in youth programmes, since these are often fragmented and lack sufficient human and capital resources for large-scale or sustained operations.

A need for new partnerships. A lesson to be drawn from the review of government-sponsored programmes is that despite the need for government involvement, this by itself is not sufficient. Other actors need to be involved such as the private sector, the NGO community, and international organizations. Establishing such networks requires, among others, establishing accountable financial mechanisms to create trust around initiatives aimed at solving youth problems; strengthening public awareness about youth issues; building more effective bridges between social sectors and the world of work, between the enterprises and youth training institutions, between youth employment programmes and youth organizations; and supporting NGOs working with youth.

Greater coordination. One of the greatest challenges of many youth programmes is complementing efforts with other initiatives and avoiding duplication. This concerns both the policy level, as well as the operational level, where more programme integration is needed at the local level (micro level of municipalities, NGOs and grass root organizations). These must translate into the creation of new forms of cooperation among programmes. Partnerships based on horizontal cooperation among institutions should be emphasized particularly for the transference of policy and programme experiences and innovations.

Improving programme performance. Although the programmes examined show an overall satisfactory performance, there are indications that effectiveness and efficiency can be further improved. Enhanced knowledge and information sharing across youth programmes by facilitating the exchange of experiences through workshops, seminars and short-term exchanges of personnel may promote innovation and learning about more effective and efficient programme operations. Knowledge dissemination about good practices and lessons learned among actual and potential partners at the national and regional level must also be improved. On-going monitoring and assessment of results and impact are central to improving performance.
Actors, dialogue and cooperation

Training of human resources. One important gap identified through the review is the need for qualified human resources. Youth programmes require knowledgeable personnel sensitive to youth needs in a vast range of areas related to the development of youth livelihood opportunities. In addition to the allocation of resources for this purpose, partnerships can be established among institutions for the development of training materials, organization of training seminars, and use of distance education to further develop programme staff skills. In this area, international cooperation and the use of ICTs can play an important role.

Developing business plans. A critical issue to all programmes is financial resources and their impact on sustainability. Common features found throughout the review include programmes’ dependence upon single funding sources (i.e. government; international cooperation), their lack of a strategic approach to revenue diversification, and their lack of in-house expertise in this area. There is a need for youth programmes such as those studied to incorporate in their strategic approach the systematic development of alternative funding sources.

I. Context

1. The commitment to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work” emanates from the Millennium Declaration.

2. Governments may wish to refer to United Nations General Assembly document A/56/422 for overall guidance in the preparation of national reviews and action plans on youth employment (operative paragraph 2, 57/165). This document specifies that “strategies can be shaped on a global level, but policies and action plans have to be developed at the national level. Here, government leadership is fundamental.”

3. The need to first carry out “a critical and self-critical review of past national policies” is emphasized as “essential in the preparation of national action plans.” In developing their action plans, Governments and concerned participants may wish to base these plans “not only on the needs of young people but also on the strengths that they bring to businesses, communities and societies.” Furthermore, Governments may wish to consider “an integrated concept for employment policy,” seeing employment policy not as sectoral policy among others, but rather as the successful mobilization of all public policies with the aim of getting [young] people into full and productive employment.”

II. A consultative process

4. Resolution 57/165 specifies that the preparation of national reviews and action plans should “involve youth organizations and young people in this process, taking into account, inter alia, the commitments made by Member States in this regard, in particular those included in the World Programme of
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Action for Youth to the Year 2000 and Beyond.” Governments may therefore wish to set in place a national consultative mechanism involving youth organizations, young people, as well as representatives of employers’ and workers’ organizations, private sector and civil society organizations.

5. In this regard General Assembly document A/56/422 states “while government leadership is critical, Governments cannot do it alone. Business also has a substantial interest in making the most of youth potential, and in avoiding the negative consequences of widespread youth unemployment. Employers recognize that employing young people is good for business, as they bring to the workplace enthusiasm, energy, commitment, new ideas and the willingness to embrace change. There is also a role for networks and partnerships among Governments, at the national and local levels, employers’ organizations, trade unions, youth organizations and other civil society groups: they can learn from each other and pool efforts and resources.”

6. In this context, the High-Level Panel of the Secretary-General’s Youth Employment Network recommends that “civil society, the business community, employers, trade unions and youth organizations should also be invited to contribute to policy-making and implementation at both global and national levels.”

7. Government ministries and departments responsible for employment, labour, youth and finance could be involved in the preparation of national action plans.

III. Issues to be considered

8. In order to facilitate the preparation of the “global analysis and evaluation of progress made” (operative paragraph 3, 57/165) Governments may wish to structure their action plans in the framework of the four global priorities for a decent work strategy for young people proposed by the Secretary-General’s High-Level Panel, namely, entrepreneurship, employability, equal opportunities and employment creation.

- Employability: invest in education and vocational training for young people, and improve the impact of those investments;
- Equal opportunities: give young women the same opportunities as young men;
- Entrepreneurship: make it easier to start and run enterprises to provide more and better jobs for young women and men;

48 Resolution 50/81, annex.
49 See A/56/422, paras. 18-26.
Employment creation: place employment creation at the centre of macroeconomic policy.

9. Governments may also wish to address additional issues, including but not limited to: (a) action in favour of youth in positions of vulnerability due to conflict or poverty, and (b) an intergenerational or life-cycle approach to youth employment.

10. Governments may furthermore wish to consider the importance of information and communications technologies which offer “significant potential for welfare enhancement and employment generation among young people, and their impact on each of the priority elements should be fully considered in every action plan. Here, emphasis must be placed on closing the digital divide within and between countries.”

11. In developing their action plans, Governments may wish to review the quality and range of available statistics regarding employment, unemployment and underemployment of young people. Specifically, Governments are invited to provide the following statistics based on ILO definitions of employment and unemployment and on the United Nations definition of young people represented by those between 15-24 years of age:
   (a) youth unemployment rate;
   (b) ratio of youth unemployment rate to total unemployment rate;
   (c) share of youth unemployment in total unemployment;
   (d) share of youth unemployment in total youth population; and
   (e) proportion of young people who are either employed or in education or training.

12. The action plan may wish to provide information on actual practice and plans for collecting statistics on the evolution of youth employment in the country. All available or potential sources of information on youth employment and unemployment (and related variables such as underemployment, child labour, self-employment, employment by occupation and employment in the informal economy) should be specified. If a regular labour force survey is not currently being carried out, Governments may wish to specify any plan they have to launch such a survey programme. Other available data sources such as household surveys are also relevant.

IV. Information relevant to the preparation of national reviews and action plans

13. Governments may wish, in preparing their national reviews and action plans, to refer to the following sources where they exist: (a) National youth
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policies and programmes, including national follow-up action to resolutions 54/120 and 56/117, and (b) National employment programmes, strategies and/or action plans, where these have been prepared.

14. Also, Governments which are members of the International Labour Organization may wish to refer to the reports which they have been requested to submit by April 2003 on the subject of the Employment Policy Convention, 1964 (No. 122) and the Employment Policy (Supplementary Provisions) Recommendation 1984 (No. 169), as well as aspects of the following as they relate to the promotion of full, productive and freely chosen employment: Human Resources Development Convention, 1975 (No. 142) and the Job Creation in Small and Medium-sized Enterprises Recommendation 1998 (No. 189). These reports may provide valuable elements for national youth employment action plans.

15. Also Governments may wish to refer to their submissions with respect to the preparation of the Report of the Secretary-General: Comprehensive report on the implementation of the outcome of the World Summit for Social Development (A/AC.253/13).

V. Conclusion

16. Governments are invited to seek additional guidance and assistance in the preparation of their action plans from one or more of the following: ILO field offices; World Bank field offices; the United Nations Secretariat; the United Nations Regional Commissions and other relevant bodies within the United Nations System.

17. In order to facilitate the global analysis and evaluation of progress made as requested in resolution 57/165, Governments are invited to submit copies of their national reviews and action plans on youth employment to the United Nations Secretariat at no later than March 2004. These documents may be sent directly to Mr. Donald Lee, Focal Point, Youth Employment Network, Division for Social Policy and Development, Two United Nations Plaza, DC2-1358, New York, New York 10017 (Telephone: 212-9638762; Fax: 212-9633062).