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**GLOBAL EMPLOYMENT TRENDS
FOR YOUTH**

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Steven Kapsos

International Labour Organization, Geneva

United Nations New York, 2013

NOTE

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PREFACE

The Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat organized an *Expert Group Meeting on Adolescents, Youth and Development* at the United Nations Headquarters in New York, on 21 and 22 July 2011. The meeting was convened in response to two main mandates: 1) The United Nations General Assembly resolution A/RES/64/134 proclaiming the year commencing 12 August 2010 as the International Year of Youth; and 2) The United Nations Commission on Population and Development decision to designate “Adolescents and youth” as the theme of its forty-fifth session, to be held in April of 2012. The meeting brought together experts from different regions of the world to present and discuss research on two broad themes: demographic dynamics of youth; and youth as agents of socio-economic development. A selection of the papers prepared by experts participating in the first part of the meeting is being issued under the Expert Paper Series published on the website of the Population Division (www.unpopulation.org).

The Population Division is grateful to Mr. Steven Kapsos, Economist at the Economic and Labour Market Analysis Department of the International Labour Organization (ILO), for having participated in the meeting and prepared this paper on global employment trends for youth. Unemployment among youth is a serious concern because it can compromise a person’s lifetime opportunities for employment and social inclusion and because, at the macro-economic level, the under-utilised productive capacity of youth translates into lower income and demand, and lower tax revenue to finance social security programmes and other government spending. During the decade leading up to the economic crisis, youth labour force participation rates decreased globally from 55 per cent to 51 per cent and the youth employment-to-population ratio decreased from 48 per cent to 45 per cent. Youth unemployment rates have stayed much higher (almost 4 times) than adult unemployment rates before and after the recent economic crisis, and young people have been disproportionately impacted by the deficit in decent work and the increased number of “working poor”. Slower population growth and increasing education among youth are easing the pressure on most regional labour markets, but the youth labour force continues to grow vigorously in some of the poorest regions (e.g., South Asia and sub-Saharan Africa), adding pressure to already saturated job markets in those regions. The greater sensitivity of youth unemployment rates to the business cycle means that the recovery of youth employment will remain more uncertain than that of adults in the years to come, and that active policy interventions are particularly justified in this area.

The *Expert Paper Series* aims at providing access to government officials, the research community, non-governmental organizations, international organizations and the general public to overviews by experts on key demographic issues. The papers included in the series will mainly be those presented at Expert Group Meetings organized by the Population Division on the different areas of its competence, including fertility, mortality, migration, urbanization and population distribution, population estimates and projections, population and development, and population policy. The views and opinions expressed in the papers that are part of the series are those of their authors and do not necessarily reflect those of the United Nations. The papers in the series are released without undergoing formal editing.

For further information concerning the papers in this series, please contact the office of the Director, Population Division, Department of Economic and Social Affairs, United Nations, New York, 10017, USA, telephone (212) 963-3179, fax (212) 963-2147.

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GLOBAL EMPLOYMENT TRENDS FOR YOUTH

Steven Kapsos, International Labour Organization, Geneva

A. INTRODUCTION

1. Why focus on youth in the labour market?

Youth underemployment, unemployment, and situations in which young people give up on their job search impose significant costs to the economy, society, individuals and their families. A lack of decent work, if experienced at an early age, threatens the person's future employment prospects and frequently leads to an inadequate insertion into the labour market that can last a lifetime. There is a demonstrated link between youth unemployment and social exclusion (ILO, 2010). An inability to find employment creates a sense of uselessness and idleness among youth that can lead to increased crime, mental health problems, violence, and drug use. Consequently, there are obvious personal benefits accruing to young people by making the most of the productive potential of youth and ensuring the availability of decent employment opportunities for them.

Another clear gain to capturing the productive potential of underutilized youth is an economic one. Idleness among youth carries great costs, as idle youth do not contribute to the economic welfare of the country, to production, savings and aggregate demand. Many youth who are unable to sustain themselves financially have to be supported by their family, reducing the economic resources available for spending and investments by the parental household, and limit the investments they can make in the education of their children. Youth unemployment also reduces the Governments' receipt of contributions to social security systems from young workers, while Governments have to increase spending on remedial services, including on crime or drug use prevention efforts and unemployment benefits. All this undermines the growth potential of national economies. A focus on youth employment, therefore, makes sense from an individual, familial, and macro-economic perspective. Young people might lack experience but they tend to be highly energetic, motivated and capable of offering new ideas or insights. They are drivers of economic development in a country, and their great potential should not be allowed to go to waste.

2. Youth and the global economic crisis

In the current context of economic instability, young men and women face increasing uncertainty in their prospects of finding a decent job. There is no doubt that the global economic crisis further exposed the fragility of youth in the labour market. At the end of 2009, there were an estimated 81 million unemployed young people in the world—7.8 million more than the number in 2007. The youth unemployment rate rose sharply during the economic crisis—from 11.9 to 13.0 per cent. Since then, there has been little improvement. Youth aged 15 to 24 years, comprise almost 40 per cent of all unemployed persons in the world, versus only around 18 per cent of all employed persons. They are clearly at a disadvantage relative to their adult counterparts in the labour market.

In the more developed and some emerging economies, the impact of the crisis on youth has been felt mainly in terms of unemployment and the social hazards associated with joblessness and prolonged inactivity (ILO, 2010). Entering the labour market during a recession can leave permanent scars on the generation of youth affected, and entails a risk of a detachment from the labour market beyond the crisis years. Finding and motivating young people who have given up hope for a productive future is an expensive venture. Nonetheless, the alternative of doing nothing is even more expensive when the social, economic and possibly even political costs are taken into account.

The global outlook for youth employment by the International Labour Organization (ILO, 2010; 2012) indicates that young workers in the lower-income regions were less obviously impacted by the crisis, at least as reflected in the most readily available indicators of unemployment. Some of the main reasons are: 1) most developing economies have a much smaller share of youth working in formal establishments that may lay off workers. Most workers in developing regions are self-employed and engaged in informal sector activities; and 2) few developing countries have a social protection framework with unemployment benefits that can subsidize the search for formal sector jobs. Yet, the crisis has certainly exacerbated the challenges of decent work deficits in developing regions, slowing the rate of progress being made in recent years on poverty reduction, educational attainment, and health, all elements of human development that shape the current and future generational trajectories of today's young people.

Young men and women have energy, talent and creativity and they make important contributions as productive workers, entrepreneurs, consumers, agents of change and as members of civil society. Young people strive for a chance to decent and productive work from which to build a better future. Taking away that hope yields disillusioned youth trapped in a cycle of working poverty, a danger of detachment from the labour market and a waste of significant economic potential.

3. Youth-specific barriers in the labour market

In order to design appropriate policies to promote better labour market outcomes for youth, it is necessary to understand the specific barriers young people face as they try to secure employment. The following are four key barriers:

- **Skills mismatches** between the skills that employers require and those that the potential working population has hinder the chances of finding employment. This problem can result from inadequate educational systems, through which youth do not acquire the specific skills that are needed to take up productive work in particular economic sectors. However, mismatches in basic and non-technical skills, such as numeracy, literacy, soft and life skills, are also increasingly recognized as key barriers to employing youth.
- **Young workers suffer disproportionately from economic downturns.** This is represented by the “last-in, first-out” problem. Youth are often the first to be dismissed by downsizing enterprises, as they lack seniority and are more likely to be on a temporary contract. At the same time, given large pools of experienced workers to compete with, young people also typically face disproportionate difficulties in securing a job during an economic downturn. These vulnerabilities, in turn, translate into higher probabilities of working part time or informally and receiving lower wages than adults.

In addition, youth labour force participation is often highly sensitive to shifts in aggregate demand. Low or job-weak economic growth affects not only youth unemployment through high turnover and job instability, but also the morale of young people and their attitude toward work and responsibilities in general.

- **Job search barriers** create information gaps between jobseekers and potential employers. Inadequate job matching leads to sub-optimal job allocations, especially among the most disadvantaged jobseekers that lack access to job networks. Another gap arises from poor signalling, which limits the ability of jobseekers to inform employers of their level of skills. In many countries, particularly in the developing world, acquiring a degree does not mean much in the labour market if employers are not aware of what the degree means in terms of skills levels.

- **Barriers to the creation and development of businesses**, particularly in gaining access to financial, physical, and social capital, negatively affect young people's ability to secure decent self-employment opportunities. Young entrepreneurs face numerous barriers to starting a business, especially when their initiative is driven by necessity rather than choice.

The remainder of this paper is as follows. Section B examines youth labour market trends leading up to the global economic crisis, highlighting decent work deficits that existed well before the economic downturn. Section C discusses the impact of the crisis on youth and how young people are faring as the macroeconomic picture has improved in many regions. Section D concludes with a look at some key policy interventions to promote decent employment for young people.

B. LABOUR MARKET TRENDS FOR YOUTH: THE PRE-CRISIS PICTURE, 1998-2008

1. Global trends

Both youth labour force participation rates and employment-to-population ratios have been on a declining path. Globally, the youth labour force participation rate decreased from 54.7 to 50.8 per cent between 1998 and 2008 (see table 5), which means that in 2008 only every second young person was actively participating in labour markets around the world. In 2008, the number of employed young people was 540 million, an increase of 34 million from ten years before. However, because the youth population grew at a quicker pace than youth employment, the youth employment-to-population-ratio (the share of youth who are employed out of the total youth population) decreased from 47.9 to 44.7 per cent between 1998 and 2008. An important driver of the declining trend in youth employment is the increasing number of young people participating in the education system, although in some regions discouragement among youth also plays a role.

Youth unemployment rates were on a downward trend prior to the economic crisis, but were still nearly three times higher than adults. The youth unemployment rate stood at 12.1 per cent in 2008 compared to 5.8 per cent for the overall global unemployment rate and 4.3 per cent for the adult unemployment rate (see figure 1 and table 1). Compared to adults, youth are almost three times as likely to be unemployed. The ratio of the youth-to-adult unemployment rate was 2.8 in 2008, up from 2.6 in 1998 (see table 9).

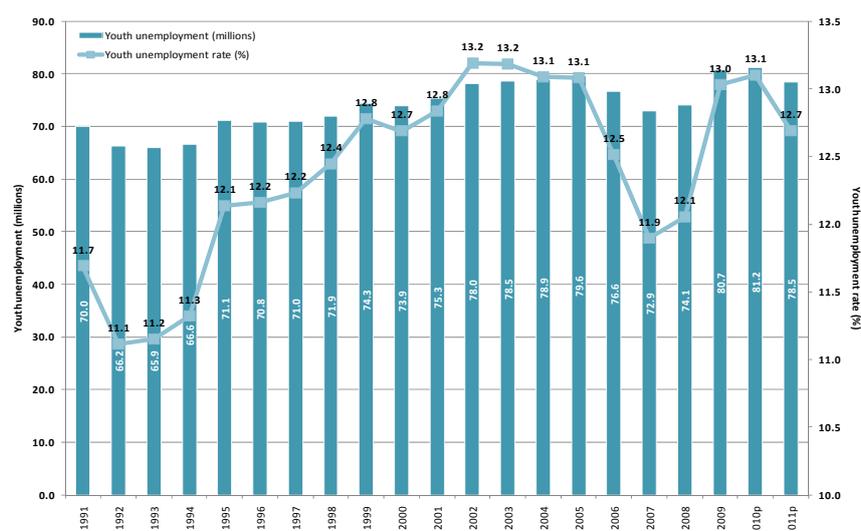
TABLE 1. GLOBAL GDP GROWTH, UNEMPLOYMENT AND UNEMPLOYMENT RATES, YOUTH AND TOTAL (15+) 2007-2011

	2007	2008	2009	2010p	2011p
Annual real GDP growth (%)	5.2	3.0	-0.6	4.2	4.3
Total unemployment (millions)	177.8	184.0	206.7	209.0	204.9
Youth unemployment (millions)	72.9	74.1	80.7	81.2	78.5
Total unemployment rate (%)	5.7	5.8	6.4	6.4	6.2
Youth unemployment rate (%)	11.9	12.1	13.0	13.1	12.7

Source: ILO Trends Econometric Models, April 2010 (see boxes 2 and 7 for more information) and IMF, World Economic Outlook, April 2010.

Note: p = projection.

Figure 1. Global youth unemployment and unemployment rate, 1991 to 2011



Source: ILO, Trends Econometric Models, April 2010.

Note: p=projection.

Young people suffer disproportionately from decent work deficits, measured in terms of working poverty and employment status. Evidence from national household or income and expenditure surveys (ILO, 2010; 2011) shows that young people are more likely than adults to be among the working poor. An estimated 152 million young workers were living in poor households (with per-capita expenditure below US\$1.25 a day) in 2008, down from 234 million young working poor in 1998. The working poverty rate at US\$1.25 among youth (share of working poor youth in total youth employment) was 28.1 per cent in 2008. Young people therefore accounted for 24 per cent of the world's total working poor, versus 18.1 per cent of total global employment in 2008. Higher labour force participation rates of the young working poor, most of which are engaged in the agricultural sector, reflect lost opportunities for many of them who might otherwise attend school and acquire skills and education that could raise their future productivity and potential earnings (see figures 4 and 5). Many young working poor lack even a primary-level education.

2. Regional trends

Demographic and education trends are easing pressure on youth in most regional labour markets, but the youth labour force continues to grow in the poorest regions, adding pressure to the already saturated job markets. The annual growth of the youth labour force in South Asia and sub-Saharan Africa shows few signs of slowing down. In these two regions, where poverty rates are among the highest in the world, an average of 1 and 2.2 million young people, respectively, are expected to enter the labour market every year between 2010 and 2015 (see table 3).

TABLE 2. YOUTH LABOUR FORCE PARTICIPATION RATE BY REGION AND SEX, 2000, 2010 AND 2015

	Total			Male			Female		
	2000	2010	2015	2000	2010	2015	2000	2010	2015
WORLD	53.8	50.9	50.2	62.5	58.9	58.2	44.7	42.4	41.6
Developed Economies & European Union	53.1	50.2	50.2	55.9	52.6	52.5	50.3	47.7	47.9
Central & South-Eastern Europe (non-EU) & CIS	42.4	41.7	40.8	48.9	47.7	47	35.7	35.5	34.3
East Asia	67.2	59.2	56.9	65.8	57	55	68.7	61.6	59.2
South-East Asia & the Pacific	55.8	51.3	50.6	63.5	59.1	57.9	48	43.3	42.9
South Asia	48	46.5	46.3	66.1	64.3	64	28.5	27.3	27.2
Latin America & the Caribbean	54.2	52.1	51.4	66.5	61.3	59.3	41.7	42.7	43.5
Middle East	36.9	36.3	34.7	52.6	50.3	48.1	20.2	21.5	20.5
North Africa	39.4	37.9	36.5	53.4	52.5	50.2	25.1	22.9	22.3
Sub-Saharan Africa	57.8	57.5	57.4	64.1	62.7	62.1	51.4	52.2	52.7

Source: Economically Active Population Estimates and Projections (5th Edition, revision 2009).

TABLE 3. FIVE-YEAR AVERAGE OF YOUTH LABOUR FORCE GROWTH, THOUSANDS

	1995-99	2000-05	2006-10	2011-15
WORLD	-1,322	4,254	2,239	-3,110
Developed Economies & European Union	-581	-541	-373	-438
Central & South-Eastern Europe (non-EU) & CIS	4	-21	-319	-855
East Asia	-6,364	-203	-229	-4,363
South-East Asia & the Pacific	434	51	-317	-194
South Asia	1,732	1,871	1,533	990
Latin America & the Caribbean	551	160	-117	4
Middle East	478	455	-52	-251
North Africa	424	314	-35	-198
Sub-Saharan Africa	2,001	2,167	2,147	2,195

Source: Economically Active Population Estimates and Projections (5th Edition, revision 2009).

Regions showing some encouraging signs of declining youth unemployment rates over time (comparing only 1998 and 2008): Developed Economies and European Union, Central and South-Eastern Europe (non-EU) and Commonwealth Independent States (CIS), East Asia, Latin America and the Caribbean, North Africa and sub-Saharan Africa (see table 7). These trends are likely due to different combinations of youth spending a longer time in the education system and disillusion with poor employment prospects in different regions.

Regions showing some discouraging trends of increasing youth unemployment rates over time (comparing only 1998 and 2008): South-East Asia and the Pacific, South Asia and the Middle East. It is worth noting that in the years before the economic crisis these regions were showing some encouraging signs, with youth unemployment rates descending from their peaks in 2003 (in the Middle East) and 2005 (in South Asia, South-East Asia and the Pacific). However, because of rapid population growth, the number of unemployed youth in these regions grew substantially between 1998 and 2008. The number of unemployed youth grew by 27.5 per cent in South Asia, 25 per cent in the Middle East by and 21.1 per cent in South-East Asia and the Pacific (see table 4).

TABLE 4. CHANGE IN YOUTH UNEMPLOYMENT AND UNEMPLOYMENT RATES BETWEEN 1998 AND 2008, BY REGION

Area	Change in youth Unemployment (per cent)	Change in youth unemployment rate (percentage points)
WORLD	3.0	-0.4
Developed Economies & European Union	-11.4	-1.0
Central & South-Eastern Europe (non-EU) & CIS	-25.8	-5.7
East Asia	-9.3	-0.5
South-East Asia & the Pacific	21.1	2.2
South Asia	27.5	1.1
Latin America & the Caribbean	-5.9	-1.2
Middle East	25.0	0.5
North Africa	-1.5	-3.2
Sub-Saharan Africa	14.7	-1.7

Source: ILO (2010); Trends Econometric Models April 2010.

More than 20 per cent of the youth labour force in the Middle East and North Africa in 2008 was unable to find work. In Central and South-Eastern Europe (non-European Union (EU)) and CIS, the youth unemployment rate was not far behind at 17.3 per cent (see table 8). In Asia and sub-Saharan Africa, youth unemployment rates were lower but this is likely to reflect the high rates of poverty and lack of social protection in the regions, which forces the poor into low-productivity employment.

TABLE 5. GLOBAL LABOUR MARKET INDICATORS FOR YOUTH (15-24) AND TOTAL (15+), 1998 AND 2008-2011

	Youth					Total				
Total	1998	2008	2009	2010p	2011p	1998	2008	2009	2010p	2011p
Labour force (millions)	577.8	614.4	619.2	619.6	618.3	2689.0	3166.7	3212.9	3259.7	3305.2
Employment (millions)	505.9	540.4	538.5	538.4	539.8	2517.5	2982.7	3006.2	3050.7	3100.3
Unemployment (millions)	71.9	74.1	80.7	81.2	78.5	171.5	184.0	206.7	209.0	204.9
Labour force participation rate (%)	54.7	50.8	51.0	50.9	50.8	65.5	64.7	64.7	64.6	64.6
Employment-to-population ratio (%)	47.9	44.7	44.4	44.2	44.3	61.3	61.0	60.5	60.5	60.6
Unemployment rate (%)	12.4	12.1	13.0	13.1	12.7	6.4	5.8	6.4	6.4	6.2
	Youth					Total				
Male	1998	2008	2009	2010p	2011p	1998	2008	2009	2010p	2011p
Labour force (millions)	340.6	364.7	368.5	369.1	368.6	1624.3	1898.7	1928.1	1955.8	1983.2
Employment (millions)	298.6	321.3	321.0	321.4	322.7	1525.3	1791.7	1807.8	1835.1	1865.1
Unemployment (millions)	41.9	43.4	47.5	47.6	45.9	99.0	107.0	120.2	120.7	118.0
Labour force participation rate (%)	63.2	58.8	59.1	58.9	58.8	79.3	77.7	77.7	77.7	77.6
Employment-to-population ratio (%)	55.4	51.8	51.4	51.3	51.5	74.5	73.3	72.9	72.9	73.0
Unemployment rate (%)	12.3	11.9	12.9	12.9	12.5	6.1	5.6	6.2	6.2	6.0
	Youth					Total				
Female	1998	2008	2009	2010p	2011p	1998	2008	2009	2010p	2011p
Labour force (millions)	237.2	249.7	250.6	250.5	249.6	1064.7	1268.0	1284.8	1303.8	1322.0
Employment (millions)	207.2	219.1	217.5	217.0	217.1	992.2	1191.0	1198.4	1215.6	1235.1
Unemployment (millions)	30.0	30.6	33.2	33.5	32.6	72.5	77.0	86.4	88.3	86.9
Labour force participation rate (%)	45.9	42.5	42.5	42.4	42.3	51.8	51.7	51.6	51.6	51.6
Employment-to-population ratio (%)	40.1	37.3	36.9	36.7	36.8	48.2	48.6	48.2	48.1	48.2
Unemployment rate (%)	12.6	12.3	13.2	13.4	13.0	6.8	6.1	6.7	6.8	6.6

Source: ILO, Trends Econometric Models, April (2010)

*2010p and 2011p are projections

TABLE 6. YOUTH LABOUR FORCE PARTICIPATION RATE, BY SEX AND REGION, 1998, 2008 AND 2009

	Total (%)			Male (%)			Female (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	54.7	50.8	51.0	63.2	58.8	59.1	45.9	42.5	42.5
Developed Economies & European Union	52.9	50.7	50.3	55.7	53.1	52.7	49.9	48.2	47.7
Central & South-Eastern Europe (non-EU) & CIS	43.7	41.4	41.6	50.0	47.6	47.6	37.2	35.1	35.4
East Asia	69.9	58.6	59.2	68.7	56.3	57.1	71.2	61.2	61.6
South-East Asia & the Pacific	54.5	51.4	51.6	61.1	59.1	59.4	47.8	43.4	43.6
South Asia	48.9	46.6	46.6	66.6	64.1	64.4	29.9	27.7	27.4
Latin America & the Caribbean	54.9	52.8	52.3	68.1	62.8	61.8	41.6	42.6	42.6
Middle East	36.7	35.9	36.4	52.7	49.6	50.6	20.0	21.5	21.6
North Africa	39.4	37.1	38.0	53.3	51.0	52.7	25.2	22.9	23.0
Sub-Saharan Africa	57.7	57.4	57.5	64.1	63.0	62.9	51.2	51.8	52.1

Source: Economically Active Population Estimates and Projections (5th Edition, revision 2009)

Most regions demonstrated encouraging gender trends, with decreasing gaps in male-to-female labour force participation rates, except for South-East Asia and the Pacific; and in employment-to-population ratios, except for Central and South Eastern Europe (non-EU) and CIS, South-East Asia and the Pacific and the Middle East (see table 2).

The likelihood of a young person working was very low in Central and South-Eastern Europe (non-EU,) CIS, the Middle East and North Africa. In the latter two regions, 4 out of 10 male youth were working in 2008 (39.5 and 40.7 per cent in the Middle East and North Africa (MENA), respectively) compared to less than 2 out of 10 young women (14.9 and 15.9 per cent, respectively). There is strong segmentation in youth labour market opportunities in the MENA region, which results in severe restrictions for the productive potential of the economies. Employment opportunities are rare for young men in the region and nearly non-existent for young women. In Central and South-Eastern Europe (non-EU) and CIS, low youth employment-to-population ratios are more a result of limited employment opportunities, with young people reacting to a highly competitive labour market by discouragement, underemployment or migration.

TABLE 7. YOUTH POPULATION, EMPLOYMENT AND UNEMPLOYMENT, BY SEX AND REGION, 1998, 2008 AND 2009

	Total			Male			Female		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
Youth population (millions)									
WORLD	1056.5	1208.5	1214.0	539.2	620.5	624.0	517.3	588.0	590.0
Developed Economies & European Union	129.9	128.9	128.3	66.3	65.9	65.7	63.6	62.9	62.6
Central & South-Eastern Europe (non-EU) & CIS	61.7	64.3	63.0	31.2	32.7	32.0	30.5	31.7	31.0
East Asia	212.1	243.8	243.0	109.3	128.0	128.0	102.8	115.8	115.0
South-East Asia & the Pacific	100.4	109.1	109.3	50.6	55.4	55.6	49.8	53.7	53.8
South Asia	263.4	313.9	317.8	136.5	162.9	165.0	126.9	150.9	152.8
Latin America & the Caribbean	98.6	104.8	105.0	49.5	52.7	52.8	49.1	52.1	52.2
Middle East	34.1	42.8	42.7	17.5	21.9	21.9	16.6	20.9	20.8
North Africa	35.8	42.7	42.6	18.1	21.6	21.6	17.7	21.0	21.0
Sub-Saharan Africa	120.6	158.4	162.2	60.2	79.4	81.3	60.4	79.0	80.9
Youth employment (millions)									
WORLD	505.9	540.4	538.5	298.6	321.3	321.0	207.2	219.1	217.5
Developed Economies & European Union	59.1	56.8	53.1	31.7	30.2	27.9	27.3	26.7	25.2
Central & South-Eastern Europe (non-EU) & CIS	20.8	22.1	20.8	12.1	12.9	12.1	8.6	9.1	8.7
East Asia	134.8	130.5	131.2	67.1	64.8	65.6	67.7	65.7	65.6
South-East Asia & the Pacific	48.0	47.9	48.2	27.2	28.1	28.4	20.8	19.8	19.7
South Asia	117.4	131.6	132.8	82.8	94.3	95.6	34.6	37.4	37.3
Latin America & the Caribbean	45.7	47.4	46.1	29.3	29.2	28.4	16.3	18.1	17.7
Middle East	9.7	11.8	11.9	7.3	8.7	8.8	2.4	3.1	3.1
North Africa	10.4	12.2	12.4	7.4	8.8	9.1	3.0	3.4	3.3
Sub-Saharan Africa	60.1	80.1	82.1	33.7	44.3	45.2	26.5	35.9	36.9
Youth unemployment (millions)									
WORLD	71.9	74.1	80.7	41.9	43.4	47.5	30.0	30.6	33.2
Developed Economies & European Union	9.6	8.5	11.4	5.2	4.8	6.7	4.4	3.7	4.7
Central & South-Eastern Europe (non-EU) & CIS	6.2	4.6	5.4	3.5	2.6	3.1	2.7	2.0	2.3
East Asia	13.6	12.3	12.8	8.0	7.2	7.5	5.6	5.1	5.3
South-East Asia & the Pacific	6.7	8.1	8.3	3.7	4.5	4.6	3.0	3.5	3.7
South Asia	11.4	14.6	15.3	8.0	10.2	10.7	3.4	4.4	4.6
Latin America & the Caribbean	8.4	7.9	8.8	4.3	3.9	4.3	4.1	4.0	4.5
Middle East	2.9	3.6	3.6	1.9	2.2	2.3	1.0	1.4	1.4
North Africa	3.7	3.7	3.8	2.3	2.2	2.3	1.5	1.5	1.5
Sub-Saharan Africa	9.4	10.8	11.1	4.9	5.7	5.9	4.5	5.0	5.2

Source: ILO, Trends Econometric Models (2010); UN WPP (2008) Revision Database.

TABLE 8. YOUTH UNEMPLOYMENT RATE, BY SEX AND REGION, 1998, 2008 AND 2009

	Total (%)			Male (%)			Female (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	12.4	12.1	13.0	12.3	11.9	12.9	12.6	12.3	13.2
Developed Economies & European Union	14.0	13.1	17.7	14.1	13.8	19.5	13.9	12.2	15.6
Central & South-Eastern Europe (non-EU) & CIS	23.0	17.3	20.8	22.5	16.8	20.6	23.7	17.9	21.1
East Asia	9.1	8.6	8.9	10.6	10.0	10.3	7.6	7.2	7.4
South-East Asia & the Pacific	12.2	14.5	14.7	12.1	13.9	14.0	12.4	15.2	15.7
South Asia	8.9	10.0	10.3	8.9	9.7	10.1	8.9	10.6	10.9
Latin America & the Caribbean	15.6	14.3	16.1	12.9	11.7	13.2	20.1	18.2	20.4
Middle East	22.8	23.3	23.4	20.6	20.3	20.4	29.1	30.8	30.9
North Africa	26.5	23.3	23.7	23.7	20.2	20.3	32.6	30.3	31.7
Sub-Saharan Africa	13.5	11.9	11.9	12.7	11.5	11.6	14.5	12.3	12.4

Sources: ILO - Trends Econometric Models, April 2010

TABLE 9. RATIO OF YOUTH-TO-ADULT UNEMPLOYMENT RATE, BY SEX AND REGION, 1998, 2008 AND 2009

	Total (%)			Male (%)			Female (%)		
	1998	2008	2009	1998	2008	2009	1998	2008	2009
WORLD	2.6	2.8	2.7	2.8	2.9	2.8	2.5	2.7	2.6
Developed Economies & European Union	2.3	2.6	2.5	2.6	2.9	2.8	2.1	2.3	2.2
Central & South-Eastern Europe (non-EU) & CIS	2.3	2.5	2.5	2.3	2.4	2.4	2.3	2.7	2.6
East Asia	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
South-East Asia & the Pacific	4.7	4.6	5.0	4.8	4.5	5.2	4.7	4.7	4.8
South Asia	3.8	3.1	3.1	4.0	3.2	3.3	3.2	2.8	2.8
Latin America & the Caribbean	2.6	2.8	2.7	2.6	2.8	2.7	2.6	2.8	2.7
Middle East	3.8	3.8	3.8	3.9	4.0	3.9	3.1	3.2	3.2
North Africa	3.4	3.7	3.7	3.7	4.1	4.0	2.7	3.0	3.1
Sub-Saharan Africa	2.0	1.9	1.9	2.1	2.0	2.0	2.0	1.9	1.9

Sources: ILO - Trends Econometric Models, April 2010

C. YOUTH LABOUR MARKET TRENDS IN THE CRISIS AND BEYOND, 2007-2011

1. Impact on global youth unemployment¹

The economic crisis is reflected in the largest ever cohort of unemployed youth. Since the onset of the economic crisis, between 2007 and 2009, the number of unemployed youth in the world increased by 7.8 million (an increase of 1.1 million during 2007-2008 and 6.6 million during 2008-2009). To put these figures in perspective, over the course of the 10-year period prior to the current crisis (1996/97 to 2006/07), the number of unemployed youth increased on average by 192,000 per year. As a result of the aforementioned changes, in 2009 there were 80.7 million unemployed young people (see figure 1).

At the peak of the crisis period, the global youth unemployment rate saw its largest annual increase ever. The youth unemployment rate rose from 11.9 to 13.0 per cent between 2007 and 2009. Between 2008 and 2009, the rate increased by a full percentage point, marking the largest annual change over the 20 years of available global estimates, and reversing the pre-crisis trend of declining youth unemployment rates since 2002.

Youth unemployment rates have proven more sensitive to economic shocks than adult rates. Between 2008 and 2009, there was a 14.6 per cent increase in the number of unemployed adults, compared to a 9.0 per cent increase in the number of unemployed youth. In terms of unemployment rates, however, the impact on youth has proven to be greater than that of adults. The youth unemployment rate increased by 1 percentage point compared to 0.5 points for the adult rate during 2008-2009. There are likely to be significant consequences for young people as the upcoming cohorts of new entrants to the labour market join the ranks of the already unemployed.

Young women have slightly higher unemployment rates than young men. The female youth unemployment rate in 2009 stood at 13.2 per cent compared to the male rate of 12.9 per cent, a gap of 0.3 percentage points that has remained constant since 2007.

2. Regional findings and other labour market impacts

The timing of the impact of the economic crisis differed by region. Youth unemployment rates began to increase in 2007/08 in developed economies and the European Union, East Asia, Latin America and the Caribbean and the Middle East, while in the other regions the impact of the crisis on youth unemployment rates was reflected starting in 2008/09 (see figure 2).

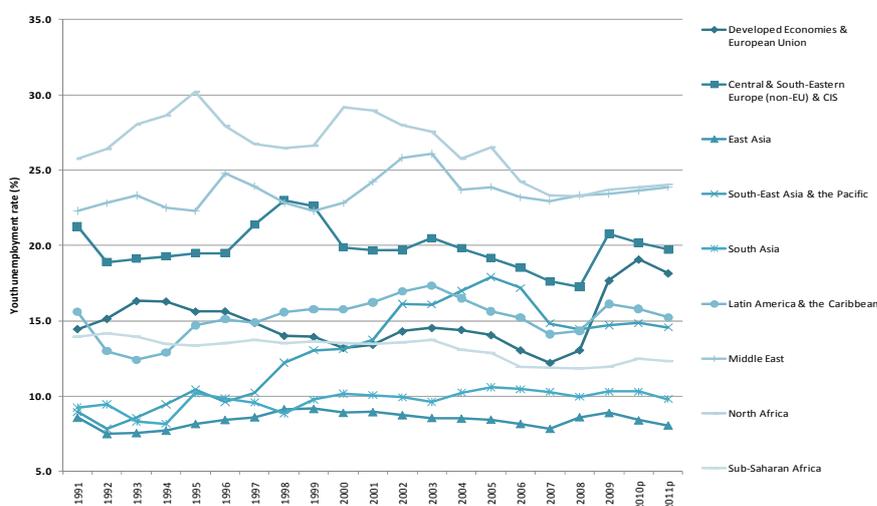
Youth in Developed Economies, the European Union and Central and South-Eastern Europe (non-EU) and CIS were hard hit. Youth unemployment rates increased by 4.6 percentage points in the developed economies and the European Union between 2008 and 2009, and by 3.5 points in Central and South-Eastern Europe (non-EU) and CIS during the same period. These are the largest annual increases in youth unemployment rates ever recorded in any region. The youth unemployment rate of 17.7 per cent in 2009 in developed economies and the European Union is the highest the region has seen since regional estimates have been available (since 1991).

In most regions, young women continued to be the hardest hit by unemployment, with the exception of the developed economies and European Union region. In most regions, there was an increase in the gap between female and male youth unemployment rates as young women became even more likely to be unemployed than young men during the crisis. In contrast, in the developed economies and European Union, the increase in the male youth unemployment rate between 2007 and 2009 was 6.8 percentage points compared to a 3.9

¹ Evidence based on special tabulations from household, income and expenditure surveys prepared at the ILO (2011).

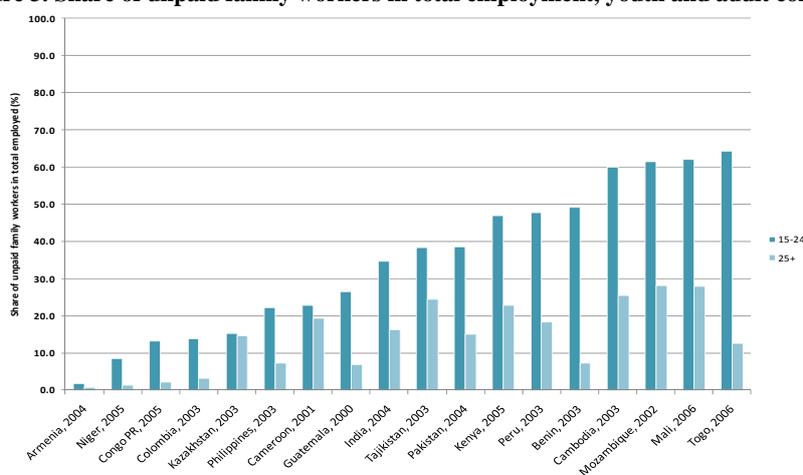
point increase for young women. It should be noted that trends in unemployment say nothing about the quality of the jobs held by employed young people. More young workers have been taking up part-time employment in many European Union countries.

Figure 2. Youth unemployment rate by region, 1991 to 2011



Source: ILO, Trends Econometric Models (April 2010).
p=projection

Figure 3. Share of unpaid family workers in total employment, youth and adult cohorts

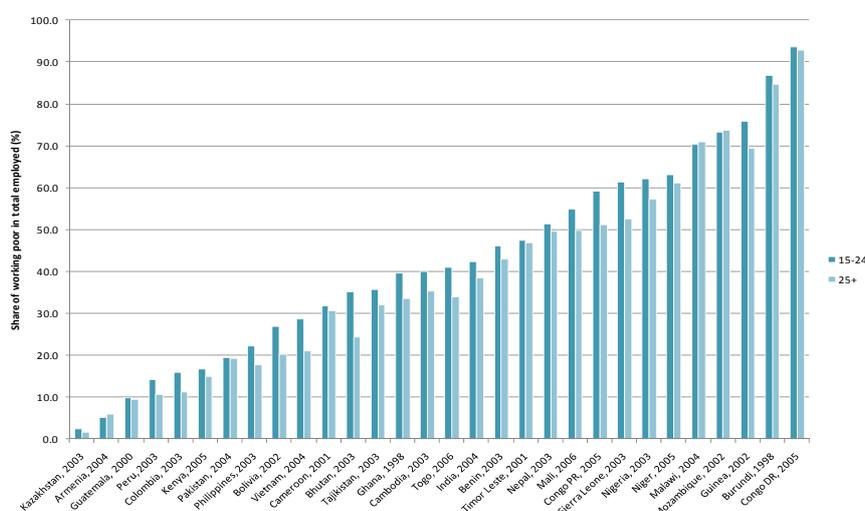


Source: Tabulations based on national household income/expenditure surveys

There is evidence of rising discouragement in many countries. There has been a clear increase in inactivity among youth during the crisis years. This implies an increase in discouragement, whereby growing unemployment has led some young people to give up the job search. In 56 countries for which comparable monthly or quarterly data are available, the youth labour force expanded far slower during the crisis than was expected. Across the 56 countries, there are 1.7 million fewer young people in the labour market than expected based on long-term trends. In Ireland, the 2009 youth unemployment rate stood at an alarming 24.1 per cent, up sharply from 9.2 per cent in 2007. Yet even this very large increase understates the extent of the problem. Youth participation declined sharply in the country during the crisis and there is a massive gap with the expected youth labour force. If these youth were instead looking for work, they would add another 13.1 percentage points to the youth unemployment rate. In Spain, the gap is equivalent to an additional 6.4 percentage points of unemployment rate while, in the Republic of Korea, it represents 6 additional percentage points of

unemployment. Clearly, youth are facing a major challenge in finding employment (see figure 6).

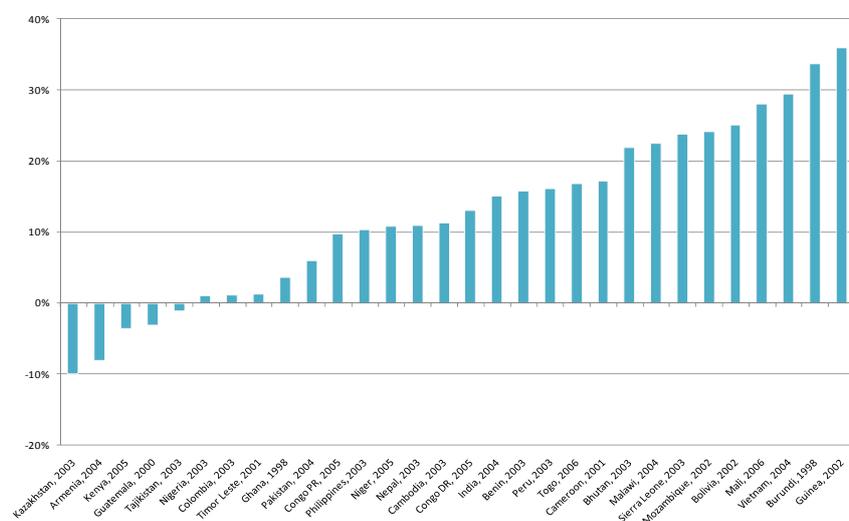
Figure 4. Working poverty estimates, youth and adult cohorts, country data



Source: Tabulations based on national household income/expenditure surveys

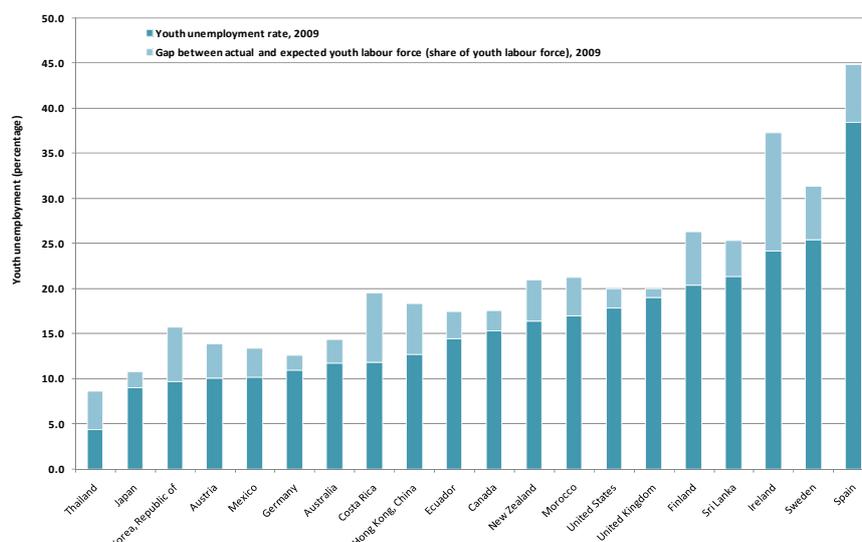
In developing economies, the crisis has increased the ranks of vulnerable employment and informal sector employment. Because most people in developing economies do not have access to formal wage and salaried employment, where most job losses occur, but are rather self-employed (own-account work) or contribute to family work (see figure 3), unemployment statistics reveal a limited impact of the crisis in developing regions when measured only in terms of unemployment. Despite the apparent contradiction, persons in “vulnerable” employment prove to be less exposed to formal job loss as a result of economic shocks, but they are indeed more vulnerable to poverty. In fact, there is a correlation between lower unemployment rates and higher vulnerable employment rates across the regions precisely because the lack of social safety nets such as unemployment benefits in low-income countries means that the poor cannot afford to be unemployed. Instead, they struggle to earn any income through own-account work or sporadic casual wage employment.

Figure 5. Gap in labour force participation rates between working poor youth (below US\$1.25 a day) and working youth above US\$2 a day, country data



Source: Tabulations based on national household income/expenditure surveys

Figure 6. Official youth unemployment rates and adjusted rates accounting for reduced labour force participation, 2009



Source: Calculations based on ILO, Trends Econometric Models, October 2010

3. Looking ahead

Youth unemployment numbers and rates are expected to decline in 2011 and projections suggest a slower recovery for youth compared to adults. The ILO (2010) estimates a continued increase in global youth unemployment to an all-time high of 81.2 million and a rate of 13.1 per cent in 2010. In 2011, the number of unemployed youth is projected to decline to 78.5 million and the global youth unemployment rate to decline to 12.7 per cent. While the youth unemployment rate is projected to drop significantly to 12.7 per cent in 2011 from 13.1 per cent in 2010 (compared to the projected adult rates of 4.8 per cent in 2010 and 4.7 per cent in 2011), the greater sensitivity of youth unemployment rates to the business cycle means the recovery of youth is more uncertain than that of adults as economic instability continues.

D. CONCLUSIONS AND POLICY DIRECTIONS

Investing in young people is an opportunity to realize the potentially large demographic dividend of today's sizeable youth cohorts. This demographic shift can translate into higher economic growth, as experienced in Asia during the 1970s and 1980s, and can also be conducive to social inclusion and poverty reduction. But if untapped, the potential downside of having a large number of young people is quite significant and can lead to unemployment, socio-economic instability, and political unrest. Now, more than ever, it is urgent to answer the following questions:

- *How to effectively invest in youth?*
- *How to maximize the chances of having a positive impact on their labour market prospects?*

This section offers lessons and best practices from active labour market programmes for youth that have shown positive and promising impact on their employment and earnings outcomes.

1. Interventions to address youth employment barriers

a. Addressing skills mismatches

- Offsetting the mismatch of technical skills among youth entails **facilitating access to vocational training**, creating an enabling environment for the development and expansion of a competitive job training sector and providing effective active labour market programmes to unemployed youth and youth living in isolated areas. Effective programmes may also involve workplace training schemes, the creation or strengthening of apprenticeships systems, the promotion of subsidized training programmes that provide financial incentives to employers for in-service training and entrepreneurship skills training for youth seeking self-employment opportunities.
- **Entrepreneurship training programmes.** Skills training for young entrepreneurs are regarded as one of the most effective investments in developing countries where employment opportunities are scarce and self-employment is often the only option for disadvantaged youth. While the evaluation evidence is still limited, a lesson learned from training “plus” programmes is the importance of including entrepreneurship skills in comprehensive training programmes.
- **Soft and life skills training programmes** target primarily disadvantaged youth and youth with multiple issues, from substance abuse to criminal offences, teen pregnancy, and low educational, social, and vocational skills. Non-technical skills comprise basic numeracy and literacy skills. A mismatch at this level creates significant disadvantages in the labour market and calls for the active participation of governments in improving the standards and facilitating access for youth to general education and to skills training programmes within and outside the formal education system. Non-technical skills also involve soft and life skills, which go to the core of behaviour and attitudes of youth towards the work environment. Addressing this mismatch requires training on communication, leadership, teamwork, motivation, and personal discipline.
- **Linking employers with educational institutions.** Curricula in postsecondary educational systems that are not well-aligned with the needs of employers are likely to exacerbate the skills mismatches in the labour market. Promotion of dialogue between employers, universities and technical and vocational training institutions can help to ensure that students exit educational systems with the requisite skills.

b. Addressing slow job growth barriers

- Low demand for labour prompted by insufficient or job-poor growth has a significant impact on involuntary unemployment and discouragement, particularly among youth. Scaling up **active labour market measures** such as wage and training subsidies can motivate employers to hire young people even in times of crisis.
- **Public works programmes** provide direct and temporary employment opportunities in public works and other activities that produce public goods or services. These jobs comprise labour-intensive infrastructure projects as well as community activities and civic projects. Public works have been widely implemented in developed and transition economies and are regularly used by governments to reduce unemployment rates and improve prospects for the target population, namely, disadvantaged workers, including the poor, the unskilled and the long-term unemployed.
- **Public service programmes** promote participation of youth in development and social infrastructure projects in a similar fashion to public works.

c. Addressing inadequate job matching

- Matching failures occur frequently among youth who often lack relevant information and access to networks that can help them find the right job for their skills. **Employment and intermediation services** have been effective match-makers through updating records on vacancies and jobseekers qualifications. Some intermediation programmes have successfully provided unemployment subsidies contingent on participation in job search assistance courses.

d. Addressing poor signalling

- First-time jobseekers must be able to effectively signal their acquired skills to employers to have a successful school-to-work transition. **Skills certification systems**, also called competency-based certification, work as a quality assurance bridge that recognizes and attests skills and competencies. They facilitate skills comparisons in the labour market and therefore reduce asymmetric information between employers and prospective employees.

e. Supporting strong labour market information systems

- Finally, the analysis of global and regional labour market trends for youth presented in this paper highlights the need for up to date and reliable age- and gender-disaggregated labour market information (LMI) at the country level. This is essential for identification of challenges and binding constraints facing youth in the labour market as well as for formulation of appropriate policies to address these challenges. This, in turn, requires support in the areas of data collection, tabulation, analysis and dissemination to national statistical offices and other producers of LMI, and in strengthening institutional relationships between producers and users of LMI within national labour market information and analysis systems.

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