

# YOUTH EMPLOYMENT NETWORK

Creating employment opportunities for young people

## Youth Employment and Social Integration

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The Youth Employment Network



## 1. Brief Introduction

**T**he paper focuses on economic inclusion policies for youth acknowledging that this is only one main policy area of social integration besides education, social protection, and political inclusion. The assumed causal model is that providing employment opportunities for the large youth cohorts entering the labour markets in developing countries will enable economic and social development that favour inclusive and sustained growth, which will, in turn, conduce to poverty reduction and a better social integration of this age group.

Based on a brief diagnosis of the youth employment challenge and the key knowledge gaps in finding a proper response, the key recommendation of the paper is to give higher importance to measuring results of youth employment policies and programs as a basis for evidence based policy making. Presently, we know too little to verify the above mentioned causal model.

## 2. What is the Dimension of the Youth Employment Challenge?

**T**he largest-ever youth cohorts entering the labour markets in developing countries mean that the time has never been more urgent than now to invest in young people. Improving the employment and income opportunities for youth in developing countries will significantly contribute to poverty reduction, economic growth, and social inclusion. As a result, youth employment has received increased attention in recent policy discussions and the programming of bi- and multilateral donors.<sup>1</sup>

The dimension of the youth employment challenge in developing countries has been sufficiently analyzed and described although more data are needed on discouraged and poor working youth. Recent global labour market trends with regard to youth can be summarized as follows:

- There are an estimated 1.2 billion young people aged between 15 and 24 years globally (an increase of 17 percent compared to 1995), that is 25

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<sup>1</sup> See the World Bank's World Development Report 2007: Development and the Next Generation and the International Labour Organization's biannual Global employment trends.

percent of the world's working-age population.<sup>2</sup> Ninety percent of them live in developing economies.

- Worldwide, youth unemployment is high, with a global average of 12 percent in 2007. It is almost three times higher than the adult unemployment rate.<sup>3</sup> Youth unemployment rates in developing countries amount to 15 percent with very large differences by region and country (e.g. North Africa 23 percent, Sub Saharan Africa 11 percent, South Africa 60 percent, and Madagascar 6 percent). It is widely agreed that these figures do not adequately describe the situation in many developing countries where young people cannot afford to be unemployed. Underemployment, precarious informal jobs, or unpaid family work are not covered by these indicators.
- A better proxy for the youth employment challenge are probably the youth working poverty rates which indicate the share of young working poor in total youth employment. About 124 million young people in developing countries or one in five who are working make less than USD 1 per day (this is 60 percent in Sub Saharan Africa). Approximately every second working youth in a developing country falls under the USD 2 threshold.<sup>4</sup> In addition, the World Bank found that only 25 percent of working youth in low-income countries are in paid work with the proportion rising to 57 percent for middle income countries and 74 percent for high income countries.<sup>5</sup>

### 3. What are Key Gaps of Knowledge?

While there is some knowledge on the dimension of the youth employment problem, very little is known about the effectiveness of youth employment policies and programs.

Many developing countries have invested considerable resources in preparing National Action Plans on youth employment or have come out with other policy instruments ensuring that youth employment is a priority, e.g. integrating youth

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<sup>2</sup> ILO, Global Employment Trends, Geneva 2008; ILO, Global Employment Trends for Youth, Geneva 2008.

<sup>3</sup> ILO, Global Employment Trends for Youth, Geneva 2008.

<sup>4</sup> ILO, Global Employment Trends for Youth, Geneva 2006.

<sup>5</sup> World Bank, World Development Report 2007.

employment in their national poverty reduction strategies. But, implementation is weak and performance is not supervised based on quantitative indicators.<sup>6</sup>

At the program level we face a very similar challenge. Youth employment programs typically include interventions on the supply side of the labour market (training on technical or life skills), the demand side (public works programs or wage subsidies), or the matching function of the labour market (employment services or other forms of intermediation). Many developing countries have started to consider some of these measures to help young people make the transition into the labor market but are hampered by a lack of information on what their options are, what works in different situations, and what has been tried and failed. Especially the lack of evaluation evidence as a basis for program design is a serious issue. According to the World Bank's global inventory of almost 300 youth employment programs, only one out of 10 programs conducted an impact evaluation with cost-benefit analysis. For developing countries this type of evidence is even scarcer (e.g. only one program in Sub Saharan Africa had an impact evaluation that measured net benefits).

Based on this quick assessment **key gaps of knowledge are:**

- A framework for monitoring and evaluating youth employment policies in developing countries is missing,
- Lack of evidence on the impact and cost/benefit ratios of youth employment programs.

## 4. Key Recommendations

Investing in youth employment pays off. A relatively recent meta analysis of the outcomes of youth employment programs showed that well designed and implemented active labor market measures that focus on economically disadvantaged youth in developing economies tend to improve the labor market prospects of young men and women<sup>7</sup>. Consistently, in order to have effective employment policies and programs that maximize the return of investing in youth, we need to create and share broader evidence on what works.

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<sup>6</sup> In the past years YEN assisted 22 developing countries in drafting national Action Plans on youth employment out of which only 6 are implementing the plans. There is only one country that evaluates the implementation of this plan.

<sup>7</sup> See Betcherman et al. , A Review of Interventions to Support Young Workers: Findings of the Youth Employment Inventory, SP Discussion Paper No 0715, Washington DC 2007

**1. At the policy level, a benchmarking of youth employment policies is needed** in order to compare the performance of individual countries and to set targets for which to aim.

YEN has responded to this challenge by creating a voluntary network of countries that have committed to make youth employment a priority and to regularly report on their performance (Lead Country Network). So far 16 countries<sup>8</sup> joined this new network initiated earlier this year and will report on selected youth labour market indicators on an annual basis. The collection of these indicators will assist governments in better diagnosing youth employment issues and strengthen the M&E of policies and programs currently under implementation. Lead Countries will focus on quantitative indicators based on the revised MDGs employment targets (see Table 1 at the end of the text). Regular meetings of the Lead Countries will serve as a peer review to compare performance.

**Support from UN would be welcome in attracting more countries for this peer review mechanism.**

**2. At the program level, more rigorous impact assessments are needed** in order to properly evaluate the results of labour market interventions in favour of youth. Impact assessments are becoming a standard request of donors, but there is a big gap between the donors' expectations and the reality on the ground where there is a lack of methodological and practical knowledge on how to conduct these assessments.

In order to bridge this gap, YEN recently came out with the Evaluation Clinics assisting project managers in designing evaluation plans that will produce rigorous results while taking into consideration limitations in budget, time, and data. The Clinics try to provide hands on advice to project managers by presenting live cases of youth employment projects that are in the process of designing their evaluation plans. The Clinics cover the three key steps of evaluation being (1) design of objectives, expected impact and indicators, (2) selection of a valid methodology, and (3) data collection.

As impact assessments are more costly than other types of evaluations (need of baseline and follow up surveys, inclusion of a proper counterfactual) additional resources have to be mobilized. **Support from UN in mobilizing trust funds of its member countries for doing impact assessments** on youth employment programs and sharing the results with the broader public would be welcome.

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<sup>8</sup> The YEN Lead Countries are: Democratic Republic of Congo, Ecuador, Egypt, Ghana, Indonesia, Liberia, Mali, Nigeria, Rwanda, Senegal, Sri Lanka, Syria, Togo, Turkey, United Kingdom, and Zambia.

**Table 1: Selected Bench marking Indicators and their Rationale**

Indicator	Rationale for reporting on this indicator
<b>Indicator 1: Youth unemployment rate</b>	The unemployment rate is the best-known and most used labor market indicator. It gives a measure of the inability of an economy to generate employment for young persons who are not employed but are available and actively seeking work.
<b>Indicator 2: Re-laxed youth unemployment rate</b>	The indicator, also referred to as youth joblessness, is a measure of the unutilized youth labour potential. It adds to the standard measure of unemployed youth those who are not technically unemployed because they do not meet the active job search criteria but who would like to work.
<b>Indicator 3: Status of young workers in employment</b>	The indicators refer to the proportion of the employed population classified as wage and salaried workers; household enterprise workers (including own account workers and unpaid family workers); and employers. <i>By reporting on these indicators, Lead Countries are also informing on the Vulnerable Employment Rate for Youth, a measure of what are deemed to be the more vulnerable statuses of employment, namely own-account workers and contributing family workers.</i>
<b>Indicator 4: Distribution of youth population by primary activity</b>	The indicator captures the full extent of activity options of the youth population, delineating between active and inactive economic activities. It includes the following categories: employed, unemployed, discouraged, and in school. <i>By reporting on this indicator, Lead Countries are also computing the Youth Employment-to-Population Ratio, an MDG-related indicator, which is the proportion of a country's working-age and young population that is employed.</i>
<b>Indicator 5: Youth employment by sector</b>	The indicator shows where youth are working, i.e. in what specific sector. Aggregate sectors include agriculture, industry, and services. Employment in each category implies differences in terms of pay, job attachment, conditions of work, etc. Changes over time provide information on possible areas of economic growth or deterioration.
<b>Indicator 6: Median earnings for wage and salaried young workers</b>	Earnings relate to remuneration in cash and in kind paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked. The indicator gives an idea of job quality.
<b>Indicator 7: Educational attainment of the youth labour force</b>	The indicator reflects the levels and distribution of the knowledge and skills base of the youth labour force. It provides an indication of the capacity of countries to achieve social and economic goals and insights into the broad skill structure of the labour force. It also supports analysis of the influence of skill levels on economic outcomes and the success of educational policies.

Attachment: Fact Sheet on YEN



## Creating Employment Opportunities for Young People



### 1. What is YEN all about?

The Youth Employment Network (YEN) is a partnership of United Nations, International Labour Organization, and World Bank. YEN was created in 2001 as a global platform to prioritise youth employment on the development agendas and to exchange on policies and programs to improve employment opportunities for youth. The Network includes development agencies, governments, the private sector, youth groups and other NGOs.

YEN is managed by a permanent Secretariat hosted by ILO in Geneva. The Secretariat sees itself as a provider of innovative and value-added services for the Network. A specific focus is given to West Africa where the Secretariat has a regional office in Dakar, Senegal.

#### Key achievements of YEN:

- > In 2002, YEN started with 5 lead countries who committed to prioritise youth employment at the national level. Today there are 19 lead countries.
- > YEN mobilized 7 Mio USD from different donors for activities of the network.
- > YEN developed and disseminated various publications and advocacy products on youth employment.
- > YEN trained over 1500 youth representatives as advocates on youth employment.

### 2. YEN services

- > Advise governments and other stakeholders on designing, implementing and monitoring youth employment policies and programs.
- > Conduct pilot projects on youth employment and share lessons learned with the network.
- > Facilitate cooperation among partners from the network and share good practices among countries.
- > Knowledge sharing on youth employment issues.

**“The power of the YEN lies in its ability to maximize the collaboration and strengths of its 3 core partners”** - YEN Midterm Evaluation by the Centre for International Development & Training, Sept 2008

- > Capacity building for youth organizations as advocates and implementing agencies.
  - > Resource mobilization.
- For delivering these services the Secretariat draws on the technical expertise and staff of its core agency partners (UN, ILO, World Bank).

### 3. YEN Activities: Case Studies

- > **Establishing benchmarks for successful youth employment policies:** With the 3rd lead country meeting held in June 08 YEN started a benchmarking initiative on successful youth employment policies and programs. The objective is to initiate a regular peer review process helping to monitor performance of lead countries and to provide targets to aim for. YEN will provide complementary

technical assistance on monitoring and evaluation.

- > **Competitive grant scheme for youth employment:** The scheme supports innovative, small scale youth employment projects submitted by youth organizations. The main objective of the grant scheme is to allow youth organizations to actively participate in employment generating projects. The project is presently implemented in the countries of the Mano River Union (Côte d'Ivoire, Guinea, Liberia, and Sierra Leone).

- > **Private Sector Initiative:** YEN's private sector initiative is a multi-stakeholder platform for business action on youth employment in West Africa. YEN recently came out with a publication on good practices of private sector collaboration for youth employment. In a next step YEN wants to broker new partnerships between private sector and NGOs or government.

### 4. Contact

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