

# Putting youth employment at the heart of growth

The demographic divide is stark: while industrial nations are aging, the face of the developing world is overwhelmingly young. In Africa for example, nearly 70% of the population is under the age of 30. Tapping the potential of this emerging generation is a critical challenge. According to the International Labour Organization, two-thirds of working-age youth in some developing countries are either unemployed or trapped in low-quality jobs.

Including youth in growth strategies is vital for several reasons. The demographic bulge coincides with a number of shifts underway in the developing world. In already fragile regions, the frustrated aspirations of a burgeoning youth population can be volatile. Meanwhile, youth are migrating from rural areas to seek work in cities as weak investment in agriculture and other factors fuel high rates of urbanization.

Economic growth in the developing world has failed to generate enough good jobs for this emerging generation. There is a critical need for policies and interventions that will create opportunities, ease young people into labour markets, and guide them toward well-paying and productive work that improves their quality of life.

## Seeking evidence-based solutions

IDRC supports innovative research on economic opportunities for marginalized groups—particularly women and youth. Research focuses on what creates employment, what conditions promote and support entrepreneurship, and what measures are most



JESSICA LEA / DRIID

**Youth employment is vital for Africa’s growth and development as over two-thirds of its population is under the age of 30.**

likely to benefit youth in the workforce. Research has given decision-makers insights on how to prepare disadvantaged youth for labour markets; how to help young entrepreneurs launch and sustain businesses; and how to increase the productivity of youth working in the informal sector. As the examples below illustrate, the common thread is pinpointing evidence-based solutions that can foster economic opportunities for the most vulnerable.

## Supporting young entrepreneurs

New entrants to the labour force are often “the last hired, first fired.” As an alternative, many young people launch their own businesses—often with meagre resources. IDRC supports a number of initiatives that focus on entrepreneurship as a pathway out of

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poverty, particularly for women and youth, who face the greatest barriers in the job market.

The Global Entrepreneurship Monitor (GEM) is the world’s longest continuous study of entrepreneurship. Its national surveys measure levels of entrepreneurial activity, business start-ups and life cycles, and the aspirations of entrepreneurs. Since 2009, IDRC has backed



GRAHAM HOLIDAY / INVIC

**A conference held in Kigali, Rwanda, recommended establishing technical schools in every district to address the youth unemployment challenge.**

GEM research in Africa, the Middle East, Southeast Asia, and the Caribbean. GEM's 2012 Global Report was the first to let developing countries compare themselves with similar economies.

Through GEM's Sub-Saharan Regional Report, 10 countries gained reliable and comparable data for the first time. To capture youth perspectives, research looked at the types of business activities they engage in, how the experiences of young men and women differ, how they compare with peers in other regions, and what kinds of policies and programs can help them succeed. While the report confirmed a strong appetite for entrepreneurship, it also revealed that too many aspiring business owners are driven by necessity rather than opportunity. There is a need for policies and measures that channel young entrepreneurs toward productive pathways with higher potential.

As in many other countries in the region, youth unemployment in Ethiopia remains stubbornly high despite strong economic growth. In

response, the government has put young people at the heart of its national Growth and Transformation Plan for 2011-2015. One key strategy is supporting micro and small enterprise development among youth. Led by the Association of Ethiopian Microfinance Institutions, research launched in 2013 assesses how these efforts are meeting the key challenges facing youth. It explores who benefits, who is left out, and how policies and interventions to support youth can be better designed. Evidence will feed into Ethiopia's next five-year plan for economic growth and transformation.

Responding to the urgency of Africa's youth employment needs, IDRC co-sponsored two high-level conferences that have fed into regional action plans. In January 2014, more than 100 researchers, government officials, and representatives from aid organizations gathered in Dakar, Senegal, to discuss options for tackling youth unemployment. Recommendations were brought forward to a special session of African Union (AU) labour ministers

*"There are few jobs in Rwanda, and the number of graduates is increasing every year. Young graduates should wake up and take the lead rather than waiting for jobs. This should go hand-in-hand with proper career guidance."*

— Kaneza Innocent, business owner

held in April, and will ultimately feed into the AU's new action plan on job promotion. In July 2014, a high-level conference in Abidjan, Côte d'Ivoire, looked at the training and job-creation strategies African countries are pursuing. IDRC had supported five of 24 studies presented on technical and vocational skills development. These studies fed into a 2014-2017 youth employment regional action plan endorsed at the conference: 25 ministers responsible for employment and skills development resolved to increase cross-border cooperation.

### Making labour markets work for youth

In developing economies, most work is in the informal sector where pay and productivity are low, growth prospects are limited, and workers enjoy few benefits or protections. IDRC-supported



STEVE EVANS

**For many women, small-scale informal work often means living in poverty.**

research provides policymakers with credible assessments and practical options for labour market policies and safety nets to tackle inequality while promoting growth. They demonstrate how, even where there is deep poverty and a limited tax base, well-targeted social protection and employment incentive programs can be cost effective in increasing jobs and incomes.

A national apprenticeship law in Brazil, for example, obliges medium and large firms to hire a percentage of young workers as trainees, with government subsidies for up to two years. In 2010, some 200,000 youth took part in the program. Analysis by the Institute for Applied Economic Research found that while the apprenticeships brought only modest improvements in income, they appeared to help youth transition to a more permanent job between their first and third years in the program. Research findings have helped shape its expansion. This was just one of the interventions captured in a meta-study undertaken by the Center for Distributive, Labor and Social Studies of Argentina's Universidad Nacional de la Plata. It analyzed 65 different youth labour market policies and interventions in 18 Latin American countries. An interactive map that illustrates its findings lets policymakers learn from others' attempts to enhance youth employment.

In Peru, the Ministry of Labour and Employment Promotion collaborated with Pontificia Universidad Católica and the Consorcio de Investigación Económica y Social on a research agenda to inform youth employment

*"This research has generated new ideas and strategies for the design, execution, and evaluation of labour policies related to youth employment challenges."*

— *Edgard Quispe, Vice-Minister, Labour and Employment, Peru*



**The low productivity of agro-pastoral activities in rural areas is often the source of youth migration to urban areas.**

policies. It focused in particular on school-to-work transitions and the needs of rural youth. In an event co-hosted with the Ministry in August 2014, findings were shared with participants from Argentina, Brazil, Costa Rica, Honduras, Peru, and the International Labour Organization.

Governments in many countries provide a range of social grants to reduce poverty and income inequality. In South Africa, the University of Cape Town explored the impact of social grants on the youth labour market supply. Such grants have been criticized for creating "a culture of dependency," but research showed that the transfers actually increased participation by young women and other vulnerable groups, by offsetting some of the costs of their job search. Findings on the poverty alleviation impacts of social grants were shared with South Africa's National Planning Commission and have fed into its thinking on social protection policy.

In East Africa, where impressive growth rates have done little to create jobs among youth, the Institute for Policy Analysis–Rwanda is coordinating a team that is exploring the links between growth, employment, and poverty reduction in Kenya, Tanzania, Uganda, and Rwanda. By combining analysis of household survey data with input from youth groups, government officials, and other stakeholders, researchers aim to help relevant ministries and business leaders design responses to the region's alarmingly high youth unemployment rates.

## Helping young migrant job seekers

Across Africa, some two-thirds of new job seekers live in rural areas, where prospects are scarce. While overseas migration grabs international headlines, most rural Africans seeking a better life head to nearby cities.

Migration in West Africa is driven by a jobs crisis that stems from a burgeoning population, changing land tenure



RUSSELL WATKINS / DHD

**Skills training is important for women in the Middle East and North Africa, pushed into informal work to cope with economic crisis.**

patterns, and sluggish growth. In urban areas, competition for jobs has been driving down wages and pushing more job seekers into the informal sector. This shift from country to city, meanwhile, is causing labour shortages in agriculture, where demand for workers is seasonal.

In Burkina Faso, Mali, and Senegal, a collaboration between three research teams is helping decision-makers better understand the drivers of youth migration, and how best to support young entrepreneurs and job seekers in both urban and rural areas. They are studying rural labour markets and how the experiences of young men and women differ. They are examining factors that shape the productivity of small urban enterprises, and shedding light on how changes in land ownership affect productivity and migration.

Governments are eager to benefit from the research. In February 2014, Senegal's Ministry of Youth and Employment signed a memorandum of understanding with Initiative Prospective Agricole et Rurale (IPAR), the think tank leading

research in Senegal. IPAR will help guide two major youth training and employment initiatives focusing on value-added agricultural and rural development activities. With research ongoing into 2015, the governments of Burkina Faso and Mali have also expressed interest in findings to guide their investments in youth.

**Building new foundations for Arab youth**

The uprisings that swept parts of the Middle East and North Africa were fuelled in part by youth frustration: the region has the highest youth unemployment rates in the world. With economic crisis accompanying the instability, there is tremendous pressure to tackle employment in the face of lacklustre growth. IDRC is equipping local institutions to help countries in the region address the rising expectations of their young citizens.

To shed light on how the upheaval in Tunisia and Egypt has changed the landscape for entrepreneurs, IDRC supported Global Entrepreneurship Moni-

tor 2012 reports in both countries, and a comparison with GEM findings from 2008 and 2010. Results showed that the crisis dampened the business climate in both countries. By 2012, Egypt had experienced a partial recovery in entrepreneurial activity, but Tunisia had not. The gains in Egypt were strongest among youth and male entrepreneurs, while such activity among women continued to decline. However, in both countries, researchers found greater optimism about starting new businesses after the uprisings.

A new partnership between IDRC and Silatech—an organization dedicated to engaging youth in economic and social development—aims to give Arab youth more voice in shaping their future. Through an online platform, the initiative will provide training and new opportunities to study, collaborate and share knowledge about key economic and social issues affecting youth in the Middle East and North Africa.

By putting youth at the centre of research and dialogue on issues that directly affect them, IDRC is equipping a new generation to generate solutions that reflect their aspirations for meaningful work and a decent living.

**Supporting Inclusive Growth**

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