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partnership for  
economic  
policy

# Youth Employment

PEP research activities and other initiatives for youth employment in developing countries

*The world is facing a worsening youth employment crisis: young people are three times more likely to be unemployed than adults, and almost 73 million youth worldwide are looking for work. In recent years, the ILO has warned of a “scarred” generation of young people facing a dangerous mix of high unemployment, increased inactivity and precarious work in developing countries...*

According to International Labour Organization (ILO) estimates, in 2011, 75 million out of the 200 million unemployed people in the world were between the ages of 15 and 24, and youth represented 23.5% of the world’s total working poor population.

In Africa, youth represents 60% of the total unemployed, with 72% of the youth population living with less than \$2 a day. In Asia, young people account for almost half the region’s jobless and only 20% of its workers. And in Latin America, nearly 1 in 5 young adults is neither working nor studying.

Many of these unemployed youth are part of what may be called a global “lost generation” of young people at risk of social exclusion—all of whom lack opportunities, resources and access to formal labor markets.

Youth can have a powerful impact on the larger society. First, unemployment makes it impossible to exploit the creative potential of youth to innovate and contribute to economic growth. Second, joblessness, social deprivation and lack of involvement in the community contribute to

violence, crime and social unrest. Third, uncontrolled migration to cities from rural areas leads to expanding slums and undermines provision of basic services. Finally, in most developing countries, the presence of a growing population of socially excluded youth threatens to undermine, and even reverse, the achievements of the past decade(s) in terms of reduced poverty and inequality rates, improved education outcomes, governance, etc.

*Youth employment is thus now, more than ever, a pressing issue and a major challenge faced worldwide, but especially in developing regions where population growth is highest and social security systems are not fully operational.*

However, the youth unemployment issue is complex and closely intertwined with economic development, child labour, rural livelihoods, urban and trans-border migration, gender, poverty and vulnerability.

The tools for addressing this issue are similarly diverse – education, training, skills development, social protection, labour market regulations, self-employment and entrepreneurship, language skills and technology, among others.

The effort to improve youth employment in developing countries thus requires a broad and integrated approach, combining both macro-economic policies and measures targeting specific population groups (by age, gender, region, etc.) and issues related to labour demand/ supply, as well as the quantity and quality of employment.





By bringing together local researchers and world-leading experts, PEP has become a veritable hub of global expertise in the field of development policy research.

## PEP tools and methods for policy research

Amongst the most valued and peerless features of PEP is the breadth and combinations of analytical perspectives, tools and techniques in which PEP resource persons specialize (and that local researchers learn and apply through their PEP-supported projects).

These are grouped into four broad programs:

- [Community-based welfare monitoring systems](#)
- [Macro-micro development policy modeling](#)
- [Impact evaluations, including randomized controlled trials](#)
- [Microeconomic analysis of poverty, gender and employment](#)

Several of these tools - which are acknowledged worldwide as among the most valuable tools in the field of applied development research - have emerged directly from PEP research. They are based on extensive experience in the analysis of poverty, gender and policies for inclusive growth and economic development in the specific context of developing countries.

Through its different research programs, PEP research can explore a broad range of issues and policy options related to the youth employment challenge. It produces comprehensive and disaggregated analyses to address specific knowledge gaps and policy needs in terms of evidence base.

Moreover, as the core mission of PEP is to enable and promote greater participation of Southern expertise in development policy debates worldwide, PEP research outcomes also present the unique trait of systematically providing a locally-based analytical perspective.

## PEP research on youth employment

As PEP research initiatives are continually adapted and responsive to emerging development issues, those related to the youth employment challenge are being explored through a number of PEP projects.

Indeed, “youth employment and entrepreneurship” was identified as one of the priority policy issues for the multiple country studies to be supported under PEP’s main current initiative for [Policy Analysis on Growth and Employment \(PAGE\)](#) - launched in 2012 and co-funded by UK DFID and Canada’s IDRC.

In response, 10 of the 25 projects selected under the first (of 3) round of PAGE competitive grants are focused on this very issue (see some examples of projects below). Several more are expected to be funded through the second and third rounds of this global initiative. A series of country studies is expected to yield the evidence base for contextualized policy options and measures to help governments and other development actors address this challenge.

Prior to this initiative, several PEP-supported projects were already examining issues related to labor markets and employment of youth, mostly through evaluation of training programs or education policies.

PEP has also built extensive expertise in the analysis of youth-related issues - e.g. child welfare, child labor, education, health, etc. - through [several major studies commissioned by UNICEF](#) (in Africa and MENA) and the ILO (Philippines).

Examples of current PEP projects supported through the PAGE initiative and focusing explicitly on youth employment and entrepreneurship.



**Uganda: The Impact of Credit Counseling on Entrepreneurial Behavior of Youth**

A policy impact evaluation, using a randomized controlled trial (RCT), of the government's "Youth Venture Capital Fund". The study examines the effect of risk tolerance on entrepreneurial choices of trained youth, with emphasis on business start-up decisions and demand for business- expansion credit.



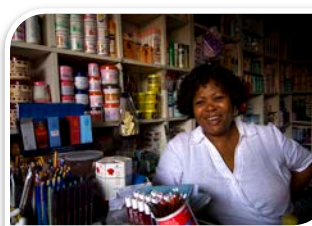
**DR Congo: Internal Mobility and Youth Entrepreneurship**

Stricken with high rates of poverty and unemployment, the population of DR Congo is also increasingly mobile, with a 20% rate of internal migration, especially amongst youth. This study examines the relationship between the internal mobility/ migration of young people and their entrepreneurial activities.



**Chad: School Choice and Youth Entrepreneurship**

In Chad, the official education system offers three types of schooling based on language: French-speaking, Arabic or bilingual (French and Arabic). This project aims to assess the effects of the choice of schooling language on youth entrepreneurship.



**Ghana: Using RCT to Assess an Innovative Savings-Loan Product for Female Entrepreneurs**

An RCT project to assess specific difficulties faced by female micro-entrepreneurs in scaling-up their businesses (and related solutions), through design and testing of a hybrid savings-loan product which aims to address financial capital constraints to female micro-enterprise growth.



**Mongolia: The Impacts of Vocational Training Programs on the Duration of Youth Unemployment**

Using an RCT, this policy impact evaluation assesses the effects of short-term vocational training programs in Mongolia - the "Active Labour Market Programs" (ALMP) - on earnings, formality, likelihood and duration of youth employment in the country.

And a few other examples of related projects supported by PEP through previous initiatives...

**Peru: Assessing the Impacts of a Market-Based Youth Training Program (PROJOVEN)**

This project assessed the effectiveness of the PROJOVEN training program in targeting disadvantaged youth and truly benefiting the poor. The results indicate that the design of this "demand-driven" training program (vs public programs) was an effective mechanism to enhance not only the productivity of poor youth, but also equity (both in terms of earnings and employment status).

**Argentina: Assessing the Impacts of *Ley Federal de Educacion* on Educational and Labor Outcomes**

This study evaluated the long-term impact of a national education policy reform implemented in the 1990s in Argentina (to extend compulsory schooling of 2 additional years), on educational and labor outcomes in the country. The findings show that poor young adults educated under the LFE derive virtually no benefits today, in terms of greater integration into the labor market or higher wages, due to lack of complementary measures.

“Improving youth employment opportunities in developing countries will improve the economic, political and social future of these countries.”

- ILO, 2013

## Key lessons based on what we know

- In order to address the youth unemployment challenge, there is need to analyse both supply- and demand-side problems.
- Vocational training and up-skilling enhances youth employability.
- Private sector participation enhances skills development and entrepreneurship.
- The informal sector accounts for most of the new jobs created for youth with low skills.
- Significant investments in basic infrastructure (e.g. power, roads, markets, ICT) and skills development are needed to facilitate the transition from informal to formal employment.
- Youth employment should be integrated as part of developing countries' core national development planning and poverty reduction strategies.

However, significant knowledge gaps remain in terms of understanding best practices, as well as what policies work where and under what conditions.

## Evidence to action – PEP initiatives to spur research-to-policy action

To ensure policy responsiveness of each project, PEP devotes extensive resources to assist its researchers in creating strong policy linkages and implementing effective influence strategies, as well as to organize and/or participate in dissemination activities (national policy conferences, international conferences, publications, etc.)

Furthermore, the youth employment challenge is currently the focus of PEP's own activities in terms of dissemination, policy dialogue and engagement, at the international level.

- YESSA conference - Together with IDRC, PEP organized and hosted the Youth Employment in Sub-Saharan Africa (YESSA) conference in Dakar, Senegal, January 28-30. Entitled “Putting youths to work through research and practice”, this major international event brought together over 100 researchers, policymakers, practitioners and development partners to discuss the challenge, review current knowledge and make recommendations for policy action at the national, regional and continental levels in Africa.
- 2014 PEP Annual Conference – Focused on the theme of “Inclusive Growth and Employment for Poverty Reduction”, this international event will be held in Bolivia (May 5-7) and feature discussions around issues of youth employment and entrepreneurship as part of the PAGE initiative. A special policy forum, on the theme of “Fostering entrepreneurship for inclusive growth and poverty reduction”, will be held on May 7<sup>th</sup> to discuss and debate specific lessons from evidence and experience, and to define a more effective research-policy action agenda. This high-level forum will feature several distinguished panelists, including eminent scholars and representatives of governments, donors agencies and the private sector.

