

# Accelerating Progress towards Achieving Productive Youth Employment and Decent Work

Realising full, productive employment and decent work for all features prominently among the Sustainable Development Goals (SDGs). In many developing countries, especially in Africa and South Asia, youth constitute nearly a third of the population. Current projections suggest that a billion more young people will enter the job market over the next decade. Hence, issues of youth employment have risen up the political agenda at both international and national levels. Avenues for youth employment creation on a substantial scale must be sought as a matter of urgency. This will involve a re-evaluation of the different issues around labour demand and supply, in addition to rethinking how young people's entrepreneurial spirit can be harnessed.

## The youth employment challenge in developing countries

South Asia and especially sub-Saharan Africa face the largest youth employment challenge in terms of size and share of the youth population. These are equally the regions where vulnerable employment shares (self-employment and unpaid work) are highest. With regard to the pattern of distribution, data show that youth unemployment rates tend to rise with education and are also higher in urban areas. This is largely driven by the mismatch between the skills the labour market demands against those that youth possess. In addition, the nature of skills acquired makes them unable to switch to potentially available opportunities in the market. Women fare much worse than men, both in terms of unemployment and vulnerable employment that exposes one to the risk of any form of exploitation.

Youth employment outcomes are shaped in part by labour demand and labour supply conditions in the following ways:

- **Labour demand**, which is largely driven by economic growth and structural change. Essentially, job creation depends on the growth and labour-intensity of production in the different sectors of the economy. In middle-income countries in sub-Saharan Africa, the services sector accounts for a high and growing share of employment, while the share of agriculture and sometimes even manufacturing has been on the decline. The majority of developing country workers in the services sector are self-employed, mainly in retail and transportation services. This trend of structural change, with an increasing share of

the workforce in low-productivity activities is worrying since the likely result will be the lack of labour demand in high-productivity formal enterprises. As such, increasing the productivity of sectors with a high labour intensity in production would be one opportunity for generating youth employment. For instance, the growing demand for food puts agriculture as one option for employment generation by taking advantage of a growing global market, as food prices hit record highs. Entrepreneurship development would be one way of stimulating labour demand through the expansion and consolidation of any existing start-ups.

- **Labour supply**, whereby youth employment outcomes are driven by education and skills, in terms of quantity, quality and relevance. Skills are built through formal general education, formal vocational education and training and apprenticeships, and through non-formal education and training. Access to primary education is a first requirement for obtaining basic literacy and numeracy skills, which are a precondition for ensuring access to decent work. Across the developing world, labour supply in different places is also affected by rural-urban, rural-rural and international migration. Due to rural-urban migration patterns, urban labour supply tends to grow faster than the working age population, further increasing the pressure on urban labour markets. This implies that the pattern of employment creation might of necessity be created to closely follow these patterns lest we end up with an army of unemployed youth in the urban centres, with its attendant adverse effects.

## Policy recommendations

A number of measures need to be undertaken by governments through the relevant agencies, the private sector and community-based organisations in order to maximise the youth employment outcomes and accelerate progress towards meeting the SDG on decent work:

### 1. Youth employment strategies

Because of the complex nature of developing country labour markets, and the diversity of income-generating activities, the youth employment challenge requires policy action beyond basic education and labour markets, into areas such as credit markets, infrastructure, business regulation, and rural development. In addition to basic education, high productivity skills that can accelerate youth employment, including processing, marketing, machinery operation and repair, commercial transportation (passenger and haulage), logistics and quality control, need to be harnessed as vents for youth employment. Responsibility therefore lies with governments through the relevant agencies with the appropriate capacity to ensure coherence and coordination.

### 2. Growth

Promoting job-rich, inclusive growth is key to youth employment promotion in the long term. Although achieving job-rich growth is a major challenge in general, strategies to expand labour demand are needed to complement interventions targeting more short-term and youth-specific goals, such as wage subsidies and skills training. Thus, macro and growth policies need to stimulate private investment especially in labour-intensive sectors or sectors with large employment multipliers.

### 3. Promotion of entrepreneurship

It is important to promote an entrepreneurial spirit among the youth. One important step is to systematically screen youth for latent or active entrepreneurial characteristics, such as innovative thinking, leadership attributes, passion and results orientation. This, however, has to be done in combination with other supporting measures such as access to finance. To improve entrepreneurs' ability to benefit from trade liberalisation and foreign investment, they also need skills for developing their networks and linking with higher levels of the value chain.

### 4. Knowledge gaps

Much of the existing analytical evidence tends to focus on formal employment in the urban areas, where political interest and the data can be found. Little is therefore known about the functioning of the informal and agricultural labour markets, and even less about the youth specifics of these labour markets. As such, investing in youth labour market data by the country statistics agency in collaboration with the relevant agencies that are linked to employment, is an important first step in aiding policy and programme design. Improving data infrastructure in developing countries is furthermore likely to increase attention to the labour market situation of the vulnerable youth. Finally, a number of youth employment determinants and relatively new policy areas and programmes remain particularly understudied. Examples are the role of urbanisation and the location of jobs, new technologies in production and in job searching, micro-franchising for stimulating entrepreneurship, and green growth strategies.

## Further reading

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World Bank (2013) *Economic Growth in Equatorial: Paths to Inclusiveness and Sustainability*, Washington DC: World Bank

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