

Creating Decent Work for Young People: Policy Recommendations of the UN Secretary-General's Youth Employment Network

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This presentation will focus on presenting the UN Secretary-General's Youth Employment Network including its political dimensions, some of the policy orientations which underpin this Network and their implications for active labour market policies of countries at different levels of development.

More than 1 billion people today are between 15 and 25 years of age and nearly 40 per cent of the world's population is below the age of 20. However, eighty-five per cent of young people live in developing countries where a vast majority of them are struggling to learn and work in a context of extreme poverty. According to World Bank figures, approximately 1.2 billion people struggle for survival on per capita incomes of less than \$1 per day. Throughout the world, young people are two to three times more likely to find themselves unemployed when compared to adults. Kofi Annan, in his report to the Millennium Summit of the United Nations, writes that demography is not destiny and that "if I had one wish for the new millennium, it would be that we treat this challenge as an opportunity for all, not a lottery in which most of us will lose."

Within these statistics as our backdrop, what are the political dimensions of the Secretary-General's Youth Employment Network? You may recall that in September 2000 the largest gathering of Heads of State and Government ever met at the United Nations in New York at what was called the Millennium Summit. In preparation for this meeting, Kofi Annan issued a special report entitled "We the Peoples: the Role of the United Nations in the Twenty-first Century." In this report, the Secretary-General presented a host of new initiatives organized under four topics: globalization and governance, freedom from want, freedom from fear, sustaining our future and renewing the United Nations. Generating opportunities for the young was presented as a means to achieve freedom from want. Generating digital bridges through information and communications technologies, a theme highly relevant to youth employment, also figures prominently in his report. And when referring to "opportunities" for the young, the Secretary-General stressed two closely related types of opportunity: education and employment. It is also in this report where the Secretary-General first proposed his Youth Employment Network in the following terms:

Together with the heads of the World Bank and the International Labour Organization, I am convening a high-level policy network on youth employment drawing on the most creative leaders in private industry, civil society and economic policy to explore imaginative approaches to this difficult challenge. I will ask this policy network to propose a set of recommendations that I can convey to world leaders within a year. The possible sources of solutions will include the Internet and the informal sector, especially the contribution that small enterprises can make to employment generation.

The Secretary-General's statement underlines the importance and urgency of addressing youth employment, but furthermore is an admission that we in the United Nations do not yet have the answers on how to create the necessary jobs. Therefore he appointed a panel of 12 experts from around the world and from different backgrounds not only to come up with policy

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recommendations on youth employment, but also to launch a political process and concrete action in this field.

Although the Youth Employment Network is an initiative of the Secretary-General, it draws on a strong political mandate from United Nations member states. As part of the Millennium Declaration, the final outcome of the Millennium Summit, Heads of State and Government universally agreed to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work.”²

Based on this mandate, both from the Secretary-General and from the United Nations General Assembly, preparations began for what turned out to be an informal but extremely productive first meeting of the high-level panel of the Youth Employment Network. Thematic working groups were set up, and preparatory meetings held, which explored the following five dimensions of the youth employment challenge:

- Information and communications technologies;
- Vocational education and training;
- The Informal Economy;
- The Role of the employment in national poverty reduction strategies, and
- The Youth employment dimension of development strategies.

Based on the results of these thematic working groups, organized under the leadership of the ILO, the World Bank and the United Nations Division for Social Policy and Development, the Secretariat prepared an issues paper and a first draft of policy recommendations for consideration of the high-level panel. This twelve-member panel, together with the James Wolfensohn, the President of the World Bank, Juan Somavia, Director-General of the International Labour Office, and under the chairmanship of Kofi Annan, then met for the first time at ILO Headquarters last July.

At this meeting, Mr. Kofi Annan emphasized the need for both immediate action and long-term commitment to achieving the millennium goal on youth employment. He also invited the panel to continue working with him, Mr. Wolfensohn and Mr. Somavia in an advisory capacity on an ongoing basis as a standing panel. Finally, he requested the ILO to take the lead in organizing the future work of the YEN and to assume the responsibility for hosting a permanent Secretariat.

Following this meeting, the panel has finalized its policy recommendations, which includes an ambitious political process designed to hold political leaders to their word. The panel’s recommendations encourage world leaders to translate their commitment made at the Millennium Summit into action through a specific political process. First, Heads of State and Government are invited to develop national action plans with targets for the creation of jobs and for the reduction of unemployment, and to take personal responsibility for presenting these plans to the United Nations. Preparing these actions plans should be based a critical and self-critical review of past national policies. A willingness to learn from more successful countries is another element.

Furthermore, ten governments are invited to volunteer to be champions of this process, to take the lead in preparing their action plans and in showing the way to others. In developing their plans, governments are encouraged to closely involve young people and to adopt an integrated concept

² General Assembly resolution 55/2, para. 20.

for employment policy. Employment policy is seen not a sectoral policy among others, but rather as the successful mobilization of all public policies.

The ILO is then invited to prepare a global review and evaluation of these action plans and report back to the General Assembly as a basis for longer-term political process. Let me then draw a few implications and conclusions from the political process, which I have just described.

First, youth employment provides an entry point into broader, and thornier, employment policy issues. Youth employment is an issue on which political consensus can be easily developed. Therefore developing solid strategies for youth employment provides a first step for political leaders and policy makers in addressing tougher issues of creating employment for all groups within society where they may be difficult trade-offs to face.

Second, political commitment of governments provides an umbrella and a space for action for a variety of non-governmental actors, including employers, trade unions and organizations of young people themselves. Therefore the political process of preparing national actions plans is not an objective in itself, but rather a means to encourage public-private partnerships in developing concrete action for youth employment.

Third, this political process allows the United Nations, the World Bank and specialized agencies of the United Nations system such as the International Labour Office to work together with member states and their constituents in new ways.

Now let's take a look at the high-level panel's policy recommendations on youth employment. The recommendations begin by presenting youth as an asset, not as a problem. This is an important political message, particularly in the wake of recent events which tend to present young people as an enormous problem, or more euphemistically, as "challenge" to be addressed – or else. An article which appeared in the New York Times "Week in Review"³ last year quotes figures from the Census Bureau to say: "From Casablanca to Kabul, the statistics are stunning. Well over half the populations of Egypt, Syria, Saudi Arabia, Iran and Iraq are under 25 years old. . . In Pakistan, the number is 61 per cent; in Afghanistan, 62 per cent. The boom in young people coming of age in a broad swath of territory where terrorists recruit might seem to pose one of the United States' most daunting national security threats." However, rather than focusing on young people as potential terrorists or threats, the Secretary-General's panel chooses to focus on the positive and creative potential of young people: "Young people are an asset in building a better world today, not a problem. In the next 10 years 1.2 billion young women and men will enter into the working age population, the best educated and trained generation of young people ever, a great potential for economic and social development."

Also, the panel presents youth as a creative force today – and not only tomorrow. In other words, it avoids speaking of young people as "tomorrow's" leaders, but rather as today's partners: "Young people are now asking that their voices be heard, that issues affecting them be addressed and that their roles be recognized. Rather than being viewed as a target group for which employment must be found, they want to be accepted as partners for development, helping to chart a common course and shaping the future for everyone."

Secondly, while the panel was concerned with delivering a technically anchored message, first and foremost, it wanted to deliver a political message - a simple, understandable message

³ Elaine Sciolino, "Radicalism: Is the Devil in the Demography?" New York Times Week in Review, December 9, 2001.

susceptible to influence policy makers. For, if active labour market policies in favour of youth employment are to be successful, they must operate at both at political and technically operational levels.

This message can be summarized in four Es:

- Employability: invest in education and vocational training for young people, and improve the impact of those investments;
- Equal opportunities: give young women the same opportunities as young men;
- Entrepreneurship: make it easier to start and run enterprises to provide more and better jobs for young women and men;
- Employment creation: place employment creation at the center of macroeconomic policy.

This paper will touch briefly on each of these four points and analyze the implications, which they have for countries at different levels of development.

First, **employability**. The panel calls for breaking the vicious circle of poor education and training, poor jobs and poverty. All countries need to review, rethink and reorient their education, vocational training and labour market policies to facilitate the school to work transition and to give young people - particularly those who are disadvantaged because of disabilities or who face discrimination because of race, religion or ethnicity - a head start in working life. Each country is invited to set objectives and targets based on best practice/best performance for investment in education and training and other employability strengthening measures, leading to jobs and social justice for the young.

For young people to be employable, the prerequisites are literacy, basic education and then training, all of which must be relevant to labor market needs. Hence, employability opens the door to issues of education and training, which are particularly important to creating good quality employment, or “decent work.” By upgrading the employability and skills of the work force, education and training stimulates a race to the top rather than a race to the bottom. Rather than seeing a natural tradeoff between the quantity and quality of employment, training links both in a virtuous circle of more and better jobs for young people.

Here it is useful to discuss the implications for employability in developing countries. Typically, in industrialized countries, one associates high levels of education with low levels of youth employment. However, there is an apparent anomaly in many developing countries where high levels of formal education, particularly secondary and higher education, may be associated with high levels of unemployment - as well as, I might add, with high levels of frustration amongst these unemployed youth. Educated youth in developing countries tend to come from better off sections of the population, and have correspondingly high levels of expectations.

As stated in a recent ILO Report, in many developing countries “only the better educated can afford to be unemployed.”⁴ Whereas in most industrialized countries that make up the OECD, there appears a strong correlation between education, employment and decent work, in most developing countries unemployment rates for the more educated exceed those of the least educated. Therefore the challenge is to better utilize the precious resource of growing numbers of educated young people in the developing world – a resource which is being wasted at great cost

⁴International Labour Office, Employing Youth: Promoting employment-intensive growth, ILO Geneva, 1999, p. 7.

to the young people and to society at large. And the other side of the same coin is the challenge of upgrading the employment opportunities of those without adequate education and training, working in the dead-end jobs in the informal economy.

Low income young people, first, do not have access to the same educational opportunities, and, second, cannot afford to forgo immediate income earning opportunities in order to invest in education. Therefore a vast majority of young people in the developing world turn to employment in the informal economy to eke out a living. The challenge for young people working in this sector therefore is not to make them employable, but rather to upgrade the productivity, incomes and levels of social protection of the employment on which they depend in the informal economy.

This year, at the 2002 International Labour Conference of the ILO, the informal economy will be a subject for discussion. Twenty-years ago, when the ILO first discussed this issue, there was a sentiment that the informal sector was a transitory phenomenon, which would gradually disappear as development took place. However, at present, not only is employment in the informal economy on the rise, but furthermore through international sub-contracting and outsourcing arrangements, the boundaries between the formal and informal economies are becoming increasingly blurred. Therefore a strategy to upgrade youth employment in the informal economy needs to be carefully designed to exploit positive linkages and to discourage negative linkages between the two economies. Increasingly, sub-contracting and outsourcing are utilized as a means to sidestep fundamental labour standards. To the contrary, increasing attention should be paid to bring informal sector enterprises under the protection of fundamental principles and rights at work. This requires a combination of strong and enabling public policies to avoid a situation where vulnerable small enterprises, including home workers and other forms of self-employment, are forced into a race to the bottom to ensure their access to wider markets.

As for the educated - and frustrated - young people in developing countries, the trick is not just to re-oriented public education and training policies to away from expectations of employment in the public sector, but also to implement public policies which stimulate employment growth in the private sector. For many developing countries, this means policies to create a vibrant, employment-intensive and productivity-enhancing domestic private sector.

As much as youth employment is a concern of all countries at all levels of development, it is particularly a concern in developing countries where the vast majority of youth live and work. In most developing countries, which lack public and institutionalized forms of social protection, the only safety nets for the unemployed are those of the family and informal networks. For most young people in developing countries open unemployment is a luxury they can ill afford. Therefore they turn to the informal economy for survival. More work is needed to upgrade the basic education and skills of workers in the informal economy and to develop training delivery systems adapted to the needs of these workers. Here the key is not to create new jobs in the informal sector, but rather to improve the quality of those jobs that exist already. Education and training policies and delivery systems must be adapted and effective to working in this growing informal economy.

The word “employability” has been at times criticized as implying that if job seekers are unemployed, this situation is their own fault. However, as taken by the panel, this term combines both the responsibility of the individual and that of society. The individual is responsible for taking initiative and seeking out new opportunities. However, society is responsible for providing these opportunities and an environment in which discrimination is not allowed to become an obstacle to an individual’s employability – hence the reference to social justice in the context of employability.

This recommendation furthermore takes a stand in favour of the high road to employment, what the ILO Director-General refers to as not just any job, but rather “decent work.” The type of employment, which requires a young person to be well educated and endowed with skills relevant to the labour market, is a young person who will be looking for better quality work. Employability is also closely linked to information and communications technologies, to making these more widely available and accessible, and to closing the digital divide.

Therefore the message of employability is a message of not just individual responsibility, but also one of social justice, of the right of young people to education and training which will lead them to decent work and to the type of society where race, religion, ethnicity or disabilities do not get in the way of employment.

Equal opportunities for young women and men: The panel provides two sets of arguments to underpin this recommendation. One is based on a moral imperative, and the other as a means to boost productivity. The recommendation reads: Eliminating the gender gap in educational, training and job opportunities is not only a moral imperative, but furthermore, a means to increase productivity and quality of employment. In many countries, where boys and girls have equal access to education, girls are doing better than boys at school. In a great many countries girls are not getting the same education opportunities as boys with serious gender gaps in literacy as a consequence. The panel argues that all countries need to review, rethink and reorient their policies to ensure that there are equal opportunities for young women when they enter the workforce and throughout their working lives. Each country should set objectives and targets to rectify the gender disparities in access to education, training and labour markets, and develop and implement the necessary gender sensitive policies in these areas.

Entrepreneurship: Entrepreneurship is not just about self-employment and helping young people start their own business. Entrepreneurship is also not just about encouraging the private sector to create employment. Certainly, these are key pieces of the puzzle. But in calling for strengthened entrepreneurship, the panel is calling for a renewed sense of initiative for all young people, be they workers or employers, be they working in the private or in the public sector.

Hernando de Soto, one of the panel members makes a strong plea to review many cumbersome regulations, which keep the poor from starting their own business. While entrepreneurship is not for everyone, it is a means of creating new employment opportunities for both workers and for employers. All countries need to review, rethink and reorient the legal and institutional framework for business to make it easier to start and run a business. Governments and international organizations should make it a top priority to obtain real, reliable and relevant data on the informal economy and on the rules and procedures required to set up and operate a new business within a legal framework. Based on a better understanding of the institutional obstacles, policies should be developed to allow this part of the economic system to be integrated into the mainstream economy and raise its productivity through legal facilitation. This review should be combined with respect for labour standards, which should be seen as a basic element in achieving productivity and prosperity.

Governments, on national and local level, need to encourage a broad and dynamic concept of entrepreneurship to stimulate both personal initiative and initiatives in a broad variety of organizations which include, but reach beyond, the private sector: small and large enterprises, social entrepreneurs, cooperatives, the public sector, the trade union movement and youth organizations. Countries also need to strengthen policies and programmes so that small enterprises can flourish and create decent work within an enabling environment. Each country

should set objectives and targets for a broad reform programme, based on best practice, which process can offer more flexibility for enterprises and more security for workers.

Employment Creation: A cross-country analysis of youth employment carried out by the ILO in 1997⁵ concluded that general macroeconomic conditions have an overwhelming importance in determining the level of youth employment. However, youth unemployment is more sensitive than is adult unemployment to changes in aggregate demand. This is one of the reasons that overall, youth unemployment rates tend to be two to three times higher than rate of adult unemployment. One of the many reasons why youth are disproportionately affected by changes in macroeconomic conditions relates to levels of acquired training. The opportunity costs to firms of firing young people is lower than for older workers since they represent lower levels of acquired skills and human capital.

While youth are hurt more than adults by economic downturns, macroeconomic policies, which stimulate aggregate demand, also carry the potential of benefiting youth disproportionately. In fact, the fourth “E,” employment creation, underpins all the three others “Es”, namely employability, equal opportunities and entrepreneurship. Employability requires not just appropriate skills and training, but also public policies that lead to new employment opportunities where these skills can be used. Investing in youth requires not just better skilled youth, but a commitment by public and private sector partners to keep job creation as a central concern of their investment strategies. Equality should follow a high road leading to increased opportunities for both women and men. And entrepreneurship should be supported not only through structural measures, but also through growth-oriented macro-economic policies so that enterprises can sustain themselves.

I shall conclude with an example where there is an enormous opportunity to create new sources of employment for young people in developing countries, and which is particularly relevant to the work of the World Bank, and indeed, the broader international development community. Infrastructure investments represent a missed opportunity where the potential for employment creation is greatly under-estimated and under-exploited. The World Bank estimated in the 1994 World Development Report that at that time developing countries invest \$200 billion a year in new infrastructure – 4 percent of their national output and a fifth of their total investment. In preparation for the UN International Conference on Financing for Development, the World Bank appealed for major, immediate infrastructure investments to address the urgent needs of poorest segments of the population facing “infrastructure poverty.” However for such infrastructure to effectively reduce poverty, greater attention needs to be paid to the employment potential of such infrastructure investments.

Utilizing cost-effective labour-intensive methods for the construction and maintenance of basic infrastructure is one means of getting an employment bonus for young people out of infrastructure investments. Small-scale basic infrastructure of direct benefit to the poor, such as agricultural feeder roads, low-income urban upgrading schemes, irrigation and water supply, soil conservation and environmental restoration works are all of immediate benefit to the poor, and furthermore lend themselves to labour-intensive methods. Also, the workforce in labour-intensive infrastructure development programmes tends to be made up of a large proportion of young people.

⁵ Niall O’Higgins, “The challenge of youth unemployment,” ILO Employment and Training Papers No. 7, International Labour Office, Geneva, 1997.

The World Bank and the ILO have collaborated in this field for a number of years. Experience has shown that labour-intensive public works can be implemented with timely and high quality results. Also, such “public” works can be implemented by the private sector, and provide one opportunity for young people to start viable enterprises, in small-scale contracting, in engineering consulting and in a variety of ancillary services.

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