



**ILO Fourteenth Asian Regional Meeting**  
**Busan, Republic of Korea**  
**29 August – 1 September 2006**

**BACKGROUND BRIEF**

**Youth Employment in Asia and the Pacific: Background brief**

**Why focus on youth?**

From a life-cycle perspective, of course, all ages are important, although the sheer numbers of young people aged 15 to 24 easily explain why youth should take centre stage. Quite apart from their demographic importance, young people have enormous inherent potential. What they do – as workers, entrepreneurs, innovators, agents of change, citizens, leaders and mothers and fathers – will shape economic, social, political and technological developments. They are one of the most critical assets of Asia, but their potential is not being realized because they lack access to productive and decent jobs. The challenge is to bring young people into employment without displacing other workers. Policy-makers have to consider intergenerational issues and recognize, in this context, a life-cycle approach. The ILO has estimated that halving youth unemployment would increase GDP by between 1.5 and 2.5 per cent in East Asia, between 4.6 and 7.4 per cent in South-East Asia, between 4.2 and 6.7 per cent in South Asia, and between 7.1 and 11.4 per cent in West Asia.

**What is the nature of the youth employment challenge in the Asia-Pacific region?**

The Asia-Pacific region has more than 45 per cent of the world's young people without work. In 2005 39.2 million young people in Asia were unemployed. Young women and men aged 15 to 24 made up 20.3 per cent of the labour force in 2005, but unemployed youth constituted nearly half (47.7 per cent) of the region's jobless. Within the region South Asia has the largest population of unemployed youth, almost 16.3 million in 2005. However, in the last decade it is South-East Asia and the Pacific that has experienced the worst relative change. Youth unemployment in this subregion more than doubled from over 5.5 million (9.7 per cent) in 1995 to nearly 10.4 million (16.9 per cent) in 2005. The rise started with the Asian financial crisis, but despite the region's recovery, young people have found it increasingly difficult to secure decent and productive employment in South-East Asia. Youth unemployment rates in Indonesia, the Philippines and Sri Lanka climbed to over 25 per cent. The youth employment rates are also alarmingly high in some of the Pacific island countries where the number of young people seeking work each year is up to seven times greater than the number of new jobs available.

In East Asia a young person's risk of being unemployed was 2.7 times as high as that of adults in 2005. In South Asia youth were 3.7 times as likely as adults to be unemployed. In South-East Asia and the Pacific the ratio increased from 4.9 to 5.6 in the decade from 1995 to 2005 and this subregion now has the highest ratio of youth to adult unemployment rates in the world. In the developed (industrialized) economies in Asia-Pacific youth are around 2.4 times as likely as adults to be without work. In both in South-East Asia and the Pacific and in South Asia the unemployment rate for young women is higher than for young men. One reason for the high unemployment among educated youth in some parts of developing Asia is that economic development has not kept pace with rapid increases in educational attainment. Higher unemployment among educated youth is also related to the quality of education and the mismatch of skills.

While joblessness among young people is a serious regional problem, it is only one aspect of labour market status. A young person can be inactive (outside of the labour force), unemployed, underemployed, employed part-time, full-time, or even over-employed (those who in addition to a full-time employment have a secondary job or work excess hours in one job). Concentrating on unemployment trends in countries without effective unemployment support mechanisms runs the risk of excluding from the analysis the less fortunate, who simply cannot afford to be openly unemployed. The problem therefore is not only about youth unemployment in developing Asia

but also the conditions of work of those who are employed. Millions of young women and men – many of whom come from impoverished families – find themselves working long hours, without protection against hazards and risks, on short-term or informal contracts, with low pay and little or no social protection.

### **What are the specific obstacles young people face in the labour market?**

The youth employment challenge has multiple causes.. Youth employment is closely related to general economic and social issues and the quantity and quality of employment in a country. In some countries, demographic changes are partly responsible. Unless productive employment is at the heart of macroeconomic and social policies and the demand for labour is expanding, it is not possible to have successful programmes to integrate disadvantaged young people into the labour market. But the youth labour market also has its own particular dimensions. Young workers take a disproportionate share of the adverse effects felt by all workers when the labour market is tight. The difficulties they face include:

- Lack of employment experience. Since employers prefer experienced workers; young people often find themselves at the back of the queue for jobs;
- “Insider-outsider” effects (adults already in the labour market have an advantage over young people trying to enter) related in particular to employment protection regulations and minimum wages
- Reservation wages and “job reservations”<sup>1</sup> that young people have for entering the labour market (the level of remuneration and type of job they are prepared to accept)
- A mismatch between youth aspirations and labour market realities
- Constraints on self-employment and entrepreneurship development; and
- Lack of organization and voice – young people are often not represented in trade unions or employers’ organizations and have few channels through which they can their concerns and needs

### **What can be done to address the youth employment challenge?**

The Employment Policy Convention, 1964 (No. 122), calls on Member states to “declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment”. The Convention is fundamental to any employment policy directed at young people. The most effective means of promoting youth employment is to ensure an economic policy environment that stimulates growth with intensive employment creation. Much could be achieved by making employment a central element of economic and social policies and by using social dialogue to design sound labour market policies.

In addition, there are proactive policies and programmes that countries can adopt to create more and better jobs for young people. Education is the first step towards decent work and productive and responsible lives for young people. Most Asian countries have made significant progress toward achieving the Millennium Development Goal (MDG) of education for all (EFA) by 2015, but investments are needed to further boost basic education for young people, especially young women and other disadvantaged groups such as ethnic minorities and people with disabilities. This should include non-formal and informal learning and distance learning for those who have missed out on formal schooling and, importantly, measures to reduce drop-out rates and increase completion rates.

There is greater potential for promoting entrepreneurship for young people – especially for addressing working poverty among the young. The elements necessary for a comprehensive youth entrepreneurship promotion strategy include: support for an entrepreneurial culture; promotion of enabling policies and regulations; and building capacity for the provision of support services. Young people may have the ideas and the drive for entrepreneurship but are often handicapped by their lack of information and support networks and the fact that they are considered a high-risk group by financial institutions. Efforts to help young people start businesses should therefore include access to credit and support for establishing cooperatives, which would enable them to act collectively.

Where employers’ and workers’ organizations have been closely involved in the design and implementation of labour market policies, in strengthening the links between education and training institutions and labour market requirements, and in conceiving and implementing sectoral policies and public works, the results for youth employment have been more effective.

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<sup>1</sup> Reservation wages is a technical term and should be quoted as such. We have used “Job reservations” in the past.

### **Why is the school-to-work transition important?**

It is the opportunities and experiences during our most formative stages – childhood and youth- that shape people’s access to decent work and enable them to enjoy security and protection throughout their lives. Education is the first step to decent work. Employment opportunities represent the next step. How easily and effectively young women and men make the leap from school to work depends on how well prepared they are for the labour market.

### **What is the Youth Employment Network (YEN)?**

Delegates to the Thirteenth Asian Regional Meeting expressed particular concern at the high and rising level of youth unemployment and underemployment. This problem is also highlighted in the Millennium Declaration, which resolved “to develop and implement strategies that give young people everywhere a real chance to find decent and productive work” (paragraph 20). The United Nations system placed this commitment in the framework of the MDG (Target 16) on global partnerships for development, to be implemented through partnerships between governments, employers, workers and civil society, the business community and young women and men themselves. The Secretary-General of the United Nations, together with the Director-General of the ILO and the President of the World Bank, initiated the Youth Employment Network (YEN).

### **Who are the YEN lead countries in the region?**

Indonesia, the Islamic Republic of Iran and Sri Lanka.

### **What is the role of the ILO in YEN?**

The ILO has taken the lead in organizing the work of YEN and hosting its secretariat. The ILO’s lead role in the YEN has provided the opportunity to build international consensus on decent work for young people and to influence the international agenda with a comprehensive strategy on employment. The ILO Governing Body has also given strong endorsement to the work on youth employment. It approved the Tripartite Meeting on Youth Employment: The Way Forward in October 2004 in Geneva, and a general discussion based on an integrated approach to youth employment at the 93rd Session of the International Labour Conference in June 2005. In December 2002, the United Nations General Assembly adopted a resolution on promoting youth employment, which calls upon member States to prepare national reviews and action plans on youth employment and to involve youth organizations and young people. The ILO has been assisting the lead countries to prepare national review and action plans on youth employment and to involve youth organizations and young people.

### **What initiatives have the ILO and its constituents taken to address the youth employment challenge in the countries of the region?**

In 2002 **Indonesia** volunteered to be a lead country in the global YEN. The Indonesian Youth Employment Network (IYENetwork) was inaugurated on International Youth Day 2003. A year later on International Youth Day 2004, IYENetwork unveiled a national plan of action for youth employment (IYEAP), developed with ILO support. To ensure that young people’s views were included in the IYEAP, a series of “youth for youth” consultations were held in three regions. The action plan focuses on preparing youth for work, creating quality jobs for young women and men, fostering entrepreneurship and ensuring equal opportunities. Its theme – unlocking the potential of youth – neatly sums up these aims. The key policy recommendations include making education both affordable and high quality, developing a national skills qualification framework and strengthening the network of vocational education and training centres, building bridges between educational institutions and business, and improving the readiness of school leavers for the labour market.

The ILO has also supported a range of direct concrete initiatives in Indonesia, under a project funded by the Government of the Netherlands on Youth Employment in Indonesia: Policy and Action. This project is part of a larger regional support programme that also provides technical assistance to **Viet Nam** and **Sri Lanka**. In East Java province, for instance, the national plan of action has been the basis for extensive consultations on how to take forward recommendations at the local level. More than 900 participants were involved from the Government, workers’, employers’ and youth organizations. An IYEAP implementation manual and tool kit has been developed to provide generic guidelines for other provinces interested in taking forward similar work. Another example is the introduction of *Know Your Business* in some 60 vocational high schools and vocational training centres in order to provide young people with entrepreneurial awareness. This is now expected to become part of the curriculum throughout Indonesia.

A YEN Office was officially opened in May 2005 in **China**, with the cooperation of the All China Youth Federation. The ILO collaboration with this office has resulted in the pilot introduction of the Know About Business (KAB) curriculum at six Chinese universities.

The ILO has also been active in addressing the very high levels of youth unemployment in the **Arab States**. The Regional Tripartite Meeting of Experts on Youth Employment in the Arab States brought together tripartite delegations from 16 Arab States. The meeting generated a set of recommendations on policies for promoting youth employment, including the proposal for a Youth Employment Network for the Arab region. Work has begun in several countries to operationalize the recommendations. For example, an ILO pilot project was launched to establish a labour market indicators database for the Arab States.

Also worthy of mention are the ILO surveys on school-to-work transitions and youth employment. The results of the special surveys conducted in **China, Indonesia, Jordan, Sri Lanka and Viet Nam** have provided a sounder basis for understanding the problems faced by young people in making this transition and their aspirations and attitudes toward work and adulthood, and therefore also for designing appropriate youth employment programmes. **In the Islamic Republic of Iran and Nepal**, school-to-work transition surveys were conducted in 2005; the results will provide inputs for a larger project on youth employment in 2006-07 to be funded under the ILO/Korea Partnership Programme.

In **India**, an important component of promotional work on youth employment was the High-level Asian Summit on Youth Entrepreneurship and Employment in October 2003 with international participation. Although India is not one of the lead countries for the YEN, the event, which was organized by Bharatiya Yuva Shakti Trust, an Indian youth business NGO, the Government of India, the Confederation of Indian Industry and the Youth Employment Network, brought together national and international actors, including the Prime Minister of India and representatives of the YEN high-level panel. The Summit discussed, among other things, partnerships between business, government and civil society, youth entrepreneurship and the importance of the YEN in meeting the MDGs.

In **Viet Nam** the ILO, together with the United Nations Country Team (UNCT), drafted a discussion paper on *Challenges to Youth Employment in Viet Nam*. ILO inputs on youth employment were acknowledged in the National MDG report entitled *Viet Nam: Achieving the Millennium Development Goals* (August 2005) and also in the common country assessment (CCA). The ILO has also been collaborating with the UNCT on a project entitled "Young Viet Nam". In the context of this project, the ILO was able to support the formulation of the country's first Youth Law and helped ensure the inclusion of a component on the creation of employment for young people. The Youth Law, which was adopted by the National Assembly on 28 November 2005, creates a solid legal enabling environment in support of youth employment. A tripartite-plus committee has identified the elements of an Action Plan on Youth Employment that is intended to contribute to the Viet Nam Youth Strategy to 2010. The ILO's Know About Business (KAB) module has been adapted and is ready for pilot testing with a view to its inclusion in the secondary school curriculum. Youth employment issues have also been highlighted through a publicity campaign including television chat shows, newspaper articles, videos on non-traditional jobs and a new web site.

In the **Philippines**, a new technical cooperation project, funded by the Canadian International Development Agency (CIDA), on "Promoting Youth Employment in the Philippines: Policy and Action", was launched in 2005. The project aims to create employment opportunities for young women and men in the formal economy and reduce decent work deficits for young workers in the informal economy. The focus is on effecting changes in government policies at national and local levels, using social and multi-stakeholder dialogue, and on implementing local demonstration programmes aimed at key youth target groups.

#### **What is the scope for cooperation at the regional and sub-regional levels?**

At the (sub) regional level ASEAN has a number of initiatives on youth employment. While the other subregions are not yet as well advanced in collaborating on youth employment, there is clearly scope not only for extending the ASEAN experience but for broader networking of the subregional institutions dealing with education and training and employment creation for young people, strengthening linkages between networks of youth entrepreneurs and workers, developing more comprehensive information bases, and so on.

#### **How is the youth employment challenge linked to efforts to combat child labour and promote education and training?**

Efforts to eradicate the worst forms of child labour and to combat youth unemployment and underemployment are less likely to be successful if these problems are tackled separately. Many young people above the minimum working age and

below 18 years in the region find it difficult to make a smooth transition from school to work. Considering the inadequate access to education, training and apprenticeship matched to local labour market needs, many young people become vulnerable to the worst forms of child labour. It is important to note that young people from better-off families tend to be over-represented in the unemployment figures since only they can afford to be unemployed. [Millions of youth - many of whom come from impoverished families - work long hours, without protection against hazards/risks, on short-term or informal contracts, with low pay and little or no social protection.]

There is a cruel irony in the co-existence of child labour and youth unemployment and underemployment: while there is a demand for certain types of labour that is met by children who should not be working, there is also a supply of labour from young people that goes unutilized or under-utilized. There is an urgent need to promote better functioning of labour markets that would help reorient the demand for labour away from children and towards youth. There is also an equally urgent need to remove youth above the minimum working age from hazardous into non-hazardous work.

In early 2006, the ILO undertook a survey in Indonesia which looked at the labour market situation of disadvantaged youth, and the impact of early school drop-out and child labour on future life and work experience. On a range of indicators (job security, safety and health, use of qualifications, representational security and perception of well being) those who had completed junior secondary school recorded higher satisfaction than those who had dropped out of school and began to work at an early age.