

Decent Work and Youth Employment

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I. INTRODUCTION

The 2008 global financial and economic crisis and the “Arab Spring” that started in late 2010 have led to an increasing recognition that sustainable and equitable development requires that governments are accountable, citizens have voice and job-seekers have opportunities to get a decent job – not just any job. Against this recognition, the reality remains that large numbers of youth (and adults) cannot even find work or are discouraged and have given up the hope of being able to participate in the labour market. Equally important, a large number of people who are actually employed often work for long hours and under poor conditions in low productivity jobs that make it impossible for them and their families to escape poverty. In other words, the potential of these individuals is either ignored or underutilized, whereas they could be contributing significantly to economic development by being provided with decent and productive work. A new approach is therefore required that would link economic growth with social justice. A critical factor to achieve this is through social dialogue – a challenging process especially during periods of crises even in countries that have advanced institutionalized provisions for conflict resolution.

With these observations in mind, this paper first outlines the components of decent work, a concept originally introduced by ILO but now enjoying universal recognition and wide commitment (Section 2).

The paper then provides some characteristics of the youth in a global context that are of relevance to the discussion that follows. More specifically, Section 3 argues that the pressures in the labour market arising from the historic “youth bulge” are easing as the rate of growth of the youth population started to decline and, in fact, it is now negative in many countries. Despite the decline in the youth population, the employment outcomes of the youth are not always improving relatively to those of adult workers. Specifically with respect to unemployment, there seems to be a rather constant relationship between adult and youth unemployment suggesting that, in addition to focusing on the youth for some specific issues, policies should aim to create decent jobs *for all* – not just for the youth. In this respect, policies that affect labour demand need to receive more attention compared to conventional “supply side” policies, for example, narrow education and training interventions. In many countries today the youth are already more educated and skilled than what is required by the jobs available in their countries – a fact that leads to emigration with economic costs to their countries and social costs to themselves, families and communities.

Two additional observations are, first, inactivity among the youth (that is, the youth who are neither in school nor at work) is as important, if not more important, than unemployment and this affects primarily women. And second, while youth unemployment rates are usually higher for women than men, there are numerically many more unemployed men than women. This and the generally higher enrolment rates of women in secondary and university education compared to men can lead to new social dynamics that depart from gender stereotypes that have been established in the long human history. This fact has yet to find its way into the mainstream analysis and policies.

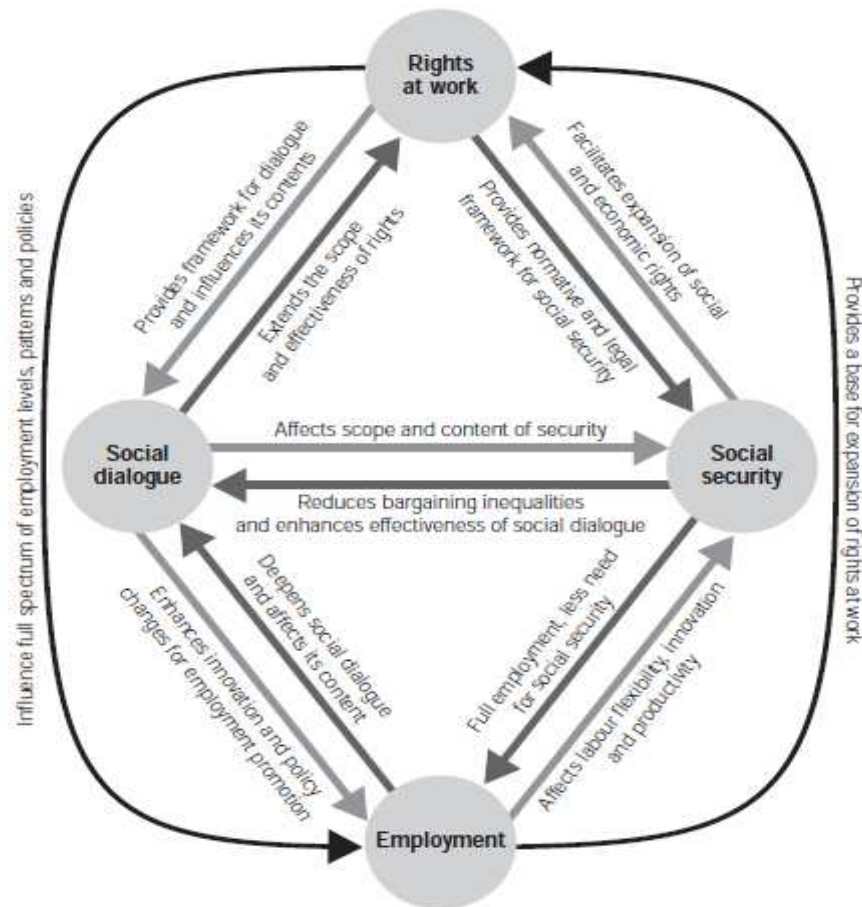
In Section 4 the paper presents as a case study the youth in the Arab region against the economic reforms that were introduced since the 1990s and the more recent events associated with the Arab Spring along with the role of labour demand, education and skills, citizens' voice and governmental accountability. Though history is still being written and data are scanty, the paper provides as a hypothesis to be examined further that the critical constraints for creating decent work in many Arab economies should be sought in the areas of labour demand and social dialogue. The paper argues that labour demand favoured labour intensive growth in low productivity jobs while lack of citizens' voice resulted in low accountability by some governments. The paper also puts forward two empirical propositions, first, that the Arab youth are either over-educated for the kind of jobs the economy generates (due to labour demand) or have low incentives to excel in education (due to paternalistic policies). Second, and related to the previous point, there is a scarcity of decent jobs and more broadly weak social protection. In addressing these two issues the role of social dialogue cannot be overrated.

Section 5 concludes by summarizing lessons from the ILO and more broadly the international experience. The main messages are that policies should aim to (a) create more and better jobs for all, not just for the youth; (b) exploit synergies between the public and private sector; (c) introduce - but also evaluate - training and various other active labour market programs for the youth; and (d) improve social dialogue as well as partnerships and cooperation at national and also international levels.

II. WHAT IS DECENT WORK?

Decent work is productive work in conditions of freedom, human dignity, equity and security. All workers have the right to Decent Work: women and men, young and old; nationals and migrants; whether in the fields, factories and offices; in the community, in their home or when employed in other people's home. And workers have the right to access employment freely and without compulsion and to leave it without fear of suffering a penalty. The four dimensions of Decent Work are illustrated in the figure below and some of their key elements are discussed below¹:

The Four Dimensions of Decent Work and their Interdependence: Employment, Social Security, Social Dialogue and Rights at Work



Source: Ghai, Dharam; Martin Godfrey, Bob Hepple, Sarosh Kuruvilla and Ashwani Saith (2006). "Pedagogical Materials on Decent Work". Geneva. International Institute for Labour Studies

¹ This section draws from and is adapted from Dharam Ghai, Martin Godfrey, Bob Hepple, Sarosh Kuruvilla and Ashwani Saith (2006). "Pedagogical Materials on Decent Work". Geneva. International Institute for Labour Studies. See also <http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>.

1-Equal access to employment without discrimination

When recruiting, all potential job applicants should be above the minimum age specified for the occupation and should be assessed based on their experience, technical and personal skills or any other criteria relevant to the offered position. Applicants should not be preferred or excluded based on sex, religion, political opinion, trade union affiliation, race or colour as this would result in the impairment of equality of opportunity and treatment. People living with HIV/AIDS are also vulnerable since in addition to being harassed, they may lose or be denied work. Discrimination occurs when job advertisements exclude or discourage applications from married workers or people over a certain age. When employees are treated equally and are not subjected to differential treatment, the work environment is productive without tension and stress.

2-Fair income and equal pay for work of equal value

Individuals work or seek work in order to earn a living. The wage offered should be at least the minimum wage set enough to ensure that workers and their families enjoy an acceptable livelihood or standard of living. Women and men holding the same position or performing the same tasks at work should receive equal pay. This applies to basic salaries and to any other additional monetary benefits such as bonuses.

3- Work-life balance

Reasonable hours of work are an element of decent work. A living wage should be attainable without the need to work excessive hours as a work-life balance should be maintained. A disproportion in work life and family life mostly affects women as they hold a bigger part of the responsibility for caring for children and other dependent relatives as well as for household work. Providing or facilitating access to child care facilities is essential to ensure work-life balance.

4-Social Security

Social security is the adoption of public measures to ensure basic income security to all in need of protection. This relieves want and prevents hardship by restoring, up to a certain level, income which is lost or reduced by reason of inability to work or to access remunerative work due to sickness, unemployment, old age, employment injury, family responsibilities, maternity, invalidity or death of the breadwinner and access to medical care.

5-Stability and Security of Work

Job security is an important aspect of decent work. The threat or fear of losing a job is stressful, and the actual loss of employment involves economic costs beyond loss of earnings, even if new work is found quickly. Employees who feel secure in their jobs seek to promote the welfare of the enterprise.

6-Working in safe conditions

All work entails some level of risk. The degree of risk varies depending on the type of work, the sector of work, characteristics of workers and so on. Risk can take many forms – repetitive tasks, long or atypical hours (working at night), exposure to harmful substances, noise (working at a construction site), psychological pressure, physical aggression and sexual harassment. Therefore, it is essential that workers operate in a safe environment which will help preserve and promote their physical and emotional well-being.

7-Freedom of association and the right to collective bargaining

Both employers and employees have the right to their own organizations to promote and defend their rights and interests. Employers' and workers' organizations enable participation in negotiations and discussions regarding work issues. Collective bargaining under conditions of freedom of association (that is, without the interference from one another or the state) is advantageous for both workers and employers. Collective bargaining extends to all negotiations between employers and workers determining terms and conditions of employment. For workers, collective bargaining ensures fair wages and working conditions by providing them with a "collective voice". For employers, collective bargaining helps to stabilise industrial relations by maintaining industrial peace. Workers can have a collective voice by joining or establishing a trade union which is an organization of workers who have banded together to achieve common goals in key areas, such as working conditions. The trade union bargains with the employer on behalf of union members and negotiates issues such as wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies. Employers' organizations can play a direct role in the collective bargaining process as well as be involved in influencing labour market issues

8-Engaging in social dialogue

In the context of decent work, social dialogue refers to various types of information exchange and negotiation between representatives of governments, employers, and workers on issues of common interest. By engaging in social dialogue, workers and employers would be raising their needs and concerns to the government which would play a major role in determining and improving employment conditions.

9. Summary

With “decent work” the ILO introduced to the world a concept that, in a short period of time, received significant recognition and is now consistently cited by the international community, researchers and the media. The concept is associated with the increasing recognition that only by giving people a decent job – not just any job – they get a chance to avoid and/or escape poverty. A decent job for all is thereby the alternative to what can be observed throughout the world: a large number of people looking for a job but who cannot find work; an even larger number of discouraged people, who gave up the hope of being able to participate in labour markets; and, most importantly the large number of people who work – often long hours and under poor conditions – but with low productivity jobs that make it impossible for them and their families to escape poverty. In other words, the potential of these individuals is either ignored or underutilized, whereas they could be contributing significantly to economic development by being provided with decent and productive work.

These arguments are the main reasons why decent work for all is the principal goal of the ILO. As explained earlier, decent work gives people the opportunity to earn enough to escape poverty not just temporarily but permanently. But the concept is not limited to the income component. A decent job provides social security and ensures protection by labour laws, and a voice at work through freely chosen workers’ and employers’ organizations. It gives the job a human face and makes sure that people can work in dignity and freedom.

Decent work reflects the aspiration of men and women everywhere to obtain productive work in conditions of freedom, equity, security and human dignity. As there are different economic conditions and political dynamics that are relevant to different population groups (in our case: the young and older people) it is all more important to have a comprehensive approach to employment that reflects social consensus. This consensus can be achieved through social dialogue – a challenging process especially during periods of crises even in countries that have advanced institutionalized provisions for conflict resolution (Text Box 1)

Text Box 1
The Youth: Their Demands and Voices

Although Spain's youth-unemployment figures are the European Union's worst, those of Greece are not much better. Along with Italy these economies share a savage distinction between older "insiders" with permanent employment and generous benefits and younger "outsiders" on short-term contracts with minimal entitlements.

In Italy, where the government has floated the idea of making it easier for firms to hire younger workers by easing some labour rules, the country's largest trade-union federation (CGIL) shows what Italian youngsters are up against: "This would damage the rights of all workers in order to help the young," a union leader says. A notorious Greek law passed in 1992 forced new entrants to the workforce (and their employers) to pay higher payroll taxes than those already employed: Over two-thirds of Greek employees are 43 or older.

Yet despite their similar predicaments, the youth of southern Europe has responded to the crisis in very different ways. When tens of thousands of young Spaniards emerged in May, apparently out of nowhere, to turn Puerta del Sol, a square in central Madrid, into a tent city, the tenor of their complaint was far from revolutionary. Polls found that up to 80% of Spaniards had some sympathy with the peaceable young protesters, who have called without much controversy for a reform to Spain's voting system to allow smaller parties to break the current duopoly, an end to political corruption, mercy for mortgage-defaulters and a bit of a biffing for bankers. Had their demands been more focused on the structures that keep them unemployed, enthusiasm might not have been as universal.

While young Spaniards have been demonstrating, young Italians have been emigrating. For some time Italy has been exporting more graduates than it imports. Italians of all ages feel a weary fatalism after a decade of almost no economic growth. Spaniards and Greeks, by contrast, have been whisked abruptly, and painfully, from boom to bust.

Indeed, the Greek journey has been the most dramatic of all, and a tradition of sometimes violent protest found ample opportunity for expression after May 2010, when the country accepted its first international bail-out. Since then the youth-unemployment rate has risen by over a third. Barely a week goes by without some form of industrial action. In June, young protesters declared themselves "aganaktismenoi" (indignants) in solidarity with their Spanish counterparts. But Greece's scenes of violence are a world away from peaceful Madrid.

And behind the sound and fury of Greece's protests there is a growing sense among young people that they can do little to improve their prospects. Rather than ape the idealism of their Spanish brethren, many are following the Italian example and seeking opportunities elsewhere. But it won't be low-skilled workers leaving, as in the 1960s: It will be an educated elite.

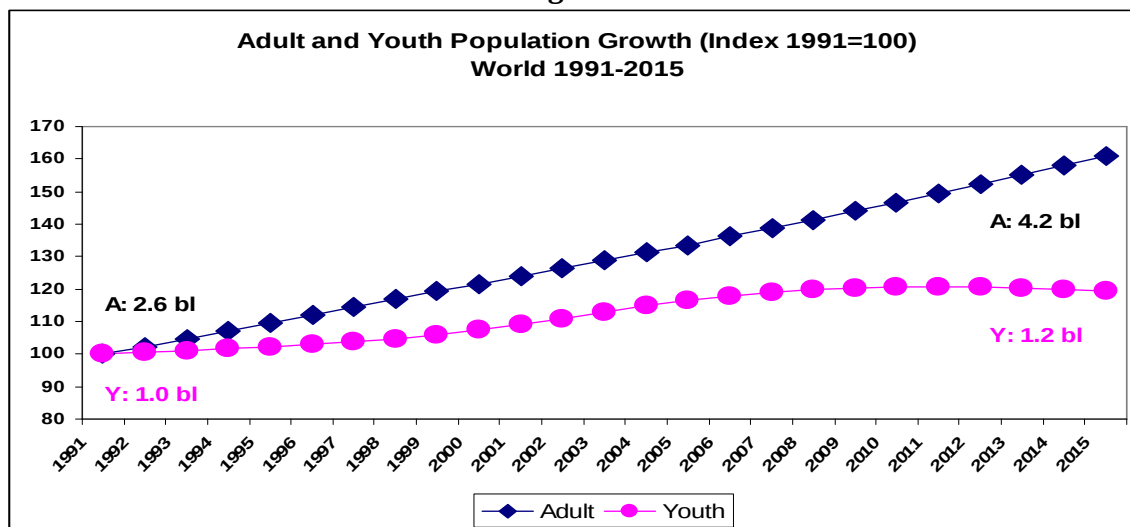
Quoted and Adapted from "Youth Unemployment in Mediterranean Europe". The Economist, 10-9-2011.

III. THE YOUTH

1. The Youth Population

The world experience a youth bulge than starting waning in the last quarter of the 20th century. In the last two decades the youth population increased by only around 20 percent (from one billion to 1.2 billion) compared to the adult population that increased by 60 percent (from 2.6 billion to 4.2 billion: Figure 1).

Figure 1



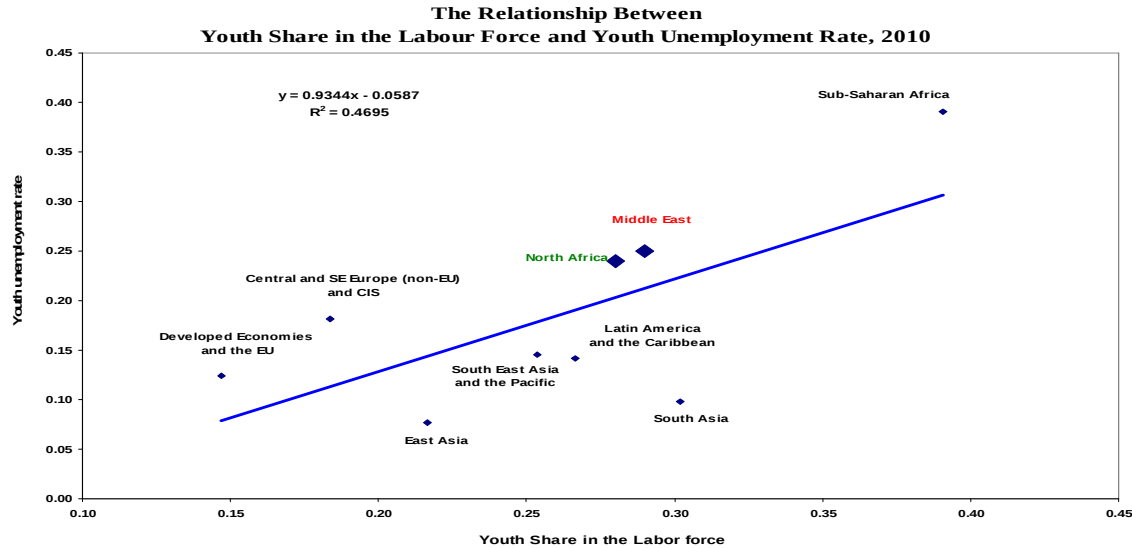
Source: United Nations WPP 2008 Revision Database

This and increasing school and university enrolments have reduced somehow the pressure on the youth labour market in terms of their labour supply: It is easier for a young person to compete for a job in a labour market where there are fewer other younger persons. This is what is also suggested by the positive relationship between the share of the youth in the labour force and their unemployment rates (Figure 2). Under these conditions, what becomes more relevant is *how many and what kind of jobs the economy generates*, that is, the conditions of labour demand. We return to this point later in this paper.

The Arab region was among the last to see the youth population declining but did so at a high rate since the turn of the century. Only in Europe and high income countries located elsewhere was the youth population declining since the 1990s. In the early 2000s this decline also registered in the non-EU Central & South Eastern Europe and CIS countries. However, these two groups have now been joined by countries in Asia (both countries in East Asia as well as in South East Asia and the Pacific) and most prominently the Middle East and North Africa. Notably, the decline in the youth population in Arab region is

now almost twice as fast as the global rate despite having the highest growth rates in the 1990s (Table 1).

Figure 2



**Table 1
Youth Population by World Region 1991-2015 (Selected Years)**

Region (in millions)	1991	2001	2011	2015
WORLD	1,008	1,100	1,217	1,204
Developed Economies & European Union	136	129	127	123
Central & South Eastern Europe (non-EU) & CIS	56	64	60	52
East Asia	258	213	237	212
South East Asia & the Pacific	92	104	110	109
South Asia	225	280	324	333
Latin America & the Caribbean	89	102	106	107
Middle East	26	38	42	41
North Africa	29	39	42	42
Sub-Saharan Africa	97	132	170	185
Annual % change over previous period				
WORLD		0.9	1.0	-0.3
Developed Economies & European Union		-0.5	-0.2	-0.7
Central & South Eastern Europe (non-EU) & CIS		1.3	-0.7	-3.2
East Asia		-1.9	1.1	-2.7
South East Asia & the Pacific		1.2	0.6	-0.1
South Asia		2.2	1.5	0.7
Latin America & the Caribbean		1.4	0.4	0.3
Middle East		3.8	1.0	-0.8
North Africa		2.8	0.9	-0.5
Sub-Saharan Africa		3.1	2.6	2.2

Notes: Figures subject to rounding; 2011 and 2015 are estimates

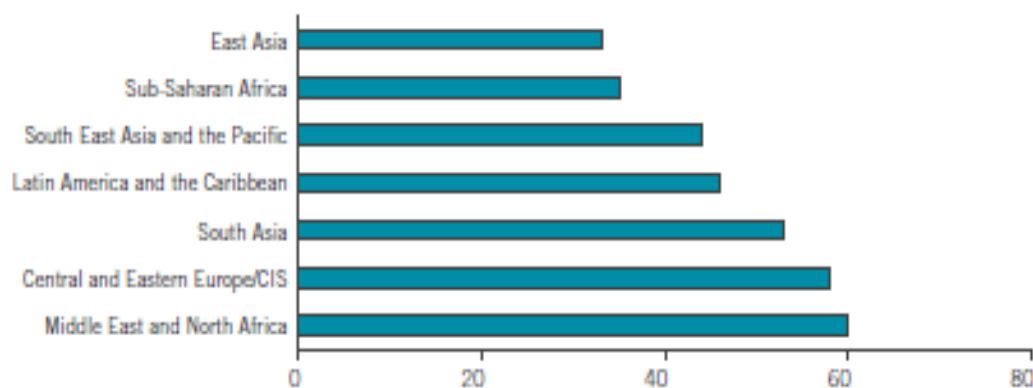
Source: United Nations WPP 2008 Revision Database

2. Youth Inactivity

Youth unemployment is a serious issue both in terms of economic effects (lost production) and its social implications (in terms of idleness, frustration and more generally in building up anti-social habits and behaviour). However, an equally, if not more in some cases, serious matter is youth inactivity, that is, when youth are neither in school nor at work. Inactive youth account for anything between one-third and half of the all youth in different regions of the world (Figure 3). This rate is typically higher than the unemployment rate and applies to *all youth* and not just to those who are in the labour force. Its numerical importance cannot therefore be neglected.

Youth inactivity rates are highest in the MENA region as well as the non-EU Central & South Eastern Europe and CIS countries². The latter group of countries is interesting for three reasons: (a) they have already experienced the demographic transition and the numbers of the youth have been declining for long, (b) education enrolments are typically high, and (c) these countries have been at various stages of economic and political transition since 1989. These conditions can now be found in the Arab countries where fertility has been declining, education enrolments are increasing and some regional countries have entered a period of transition following the events associated with the “Arab Spring” that started in late 2010. However, the Arab countries face an additional challenge that is masked in the aggregate inactivity rates: The inactivity rates in the Arab region are affected disproportionately by a large numbers of inactive female that have limited access to the labour force.

**Figure 3: Youth Inactivity Rate by World Region, 2005
(Percentage of Youth Not in School and not in the Labour Force)**



Source: Z. Tzannatos (2009) “The Global Financial, Economic and Social Crisis and the Arab Countries: A Review of the Evidence and Policies for Employment Creation and Social Protection”. Paper Presented at the Arab Economic Forum, ILO, 19-21 October, Beirut.

² CIS: The Commonwealth of Independent States, a regional organization whose participating countries are former Soviet Republics.

3. Youth Unemployment

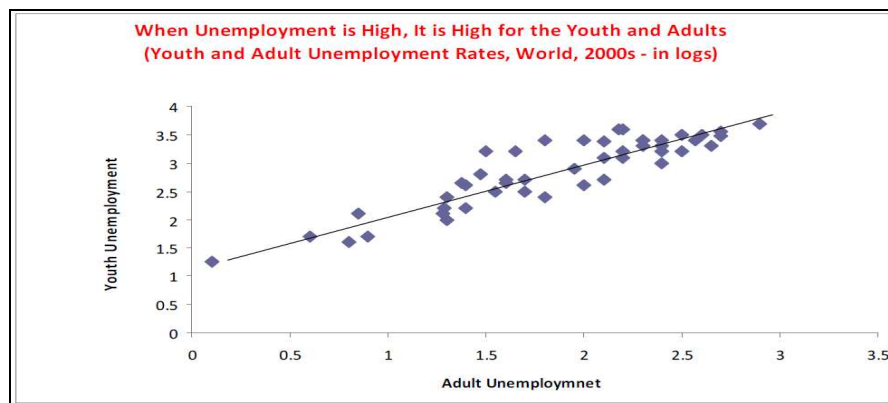
Is there something special that affects youth unemployment in a different way than adult unemployment – other than by a factor? For example, in the Arab world youth unemployment is about 2.5 times higher than the overall unemployment rate (24.7 percent compared to 10.2 percent). However, though country variation exists, the situation is not much different elsewhere. For example, in the UK by the end of 2010³:

- The unemployment rate for the 16-17 year-olds was a staggering 44.3%
- Youth (16-24) unemployment was 20.3%
- Graduate unemployment was 20%⁴
- The overall unemployment rate for youth and adults across the economy was 7.9%.

All this shows that there is practically little numerical difference between unemployment rates in the UK and the regional rate for the Arab economies. In fact, the ratio of youth to total unemployment rate in the UK comes to 2.5 – which is exactly the ratio on average in the Arab region. Similarly, the total unemployment rate in the USA stood at 9 percent at the beginning of 2011 with the youth (18-25) unemployment rate at 19 percent⁵.

It is instructive to expand the comparison of the Arab region with the UK by examining how youth unemployment relates to adult unemployment across the world (Figure 4). What the figure suggests is that the youth unemployment rate in the Arab world may be the highest one in the world simply because the region's unemployment rate is also the highest in the world. This is in fact the case.

Figure 4: The Relationship between Youth and Adult Unemployment is Almost Linear (country observations)⁶



Source: Z. Tzannatos (2009) "The Global Financial, Economic and Social Crisis and the Arab Countries: A Review of the Evidence and Policies for Employment Creation and Social Protection". Paper Presented at the Arab Economic Forum, ILO, 19-21 October, Beirut.

³ Office for National Statistics (ONS) quoted in <http://www.bbc.co.uk/news/business-12223226>.

⁴ Higher Education Careers Services Unit (HESCU) survey quoted in <http://www.bbc.co.uk/news/education-11652845>.

⁵ <http://www.project-syndicate.org/commentary/sachs176/English>

⁶ "The Policy Environment for Job Creation in the Arab Economies" by Zafiris Tzannatos, World Bank, Middle East and North Region and Mohammed Bin Rashid Al Maktoum Foundation, Dubai, 2008

According to Figure 4, there seems to be more or less a constant relationship between youth and adult unemployment. Youth unemployment exists because the economy does not generate jobs, not because it does not generate employment *for youth*. In principle, adult workers and young workers are found side-by-side at the workplace: They complement each other. For example, hospitals have old experienced doctors and young ones. Offices have managers and young clerks. In fact, employment protection favours the older workers precisely because, if employers had a choice, they would most likely chose younger workers.

The message conveyed by looking at the static picture presented in Figure 4 holds in the more dynamic context illustrated by the three panels of Figure 5 (overleaf) that examines changes in the adult and youth unemployment rates over time. The first panel indicates that youth and adult global unemployment rates differ by a factor, not by their changes over time: Adult and youth unemployment change more or less at the same rate over time.

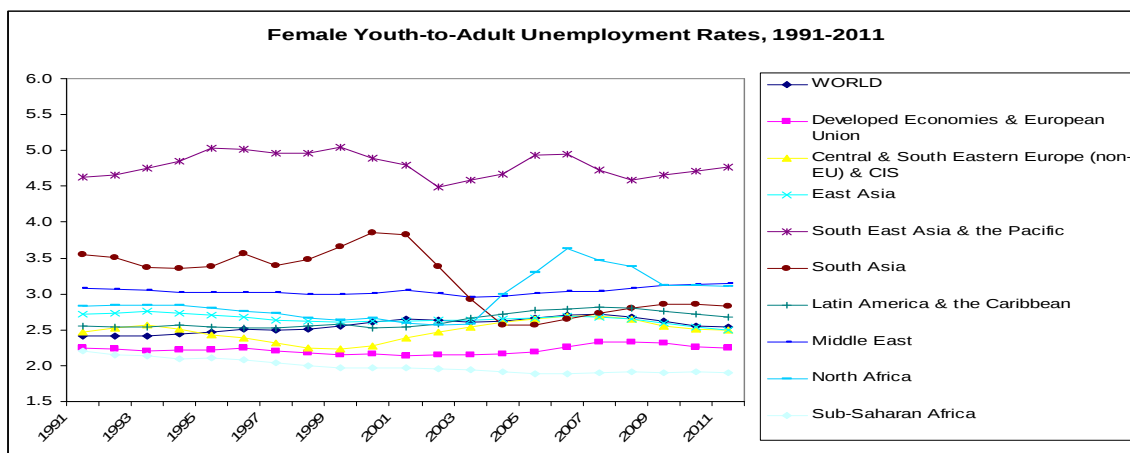
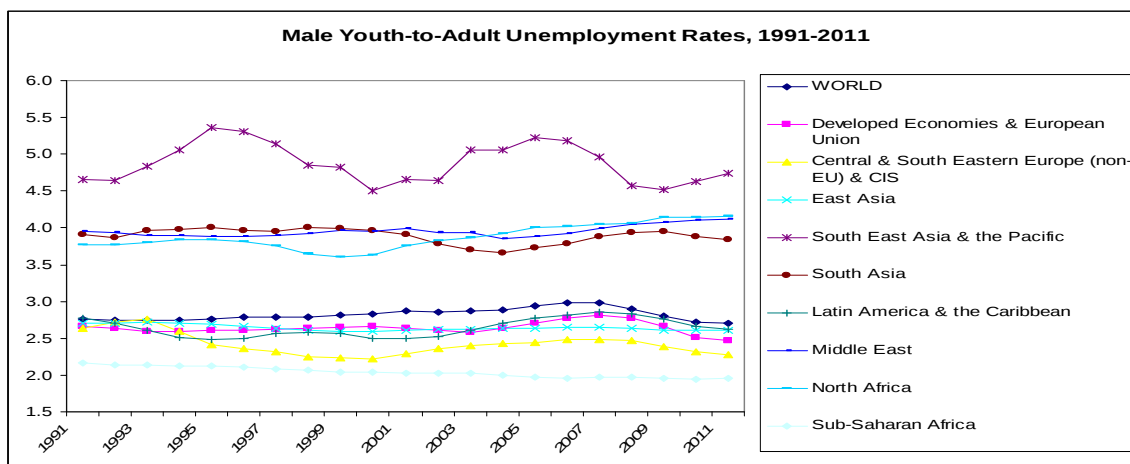
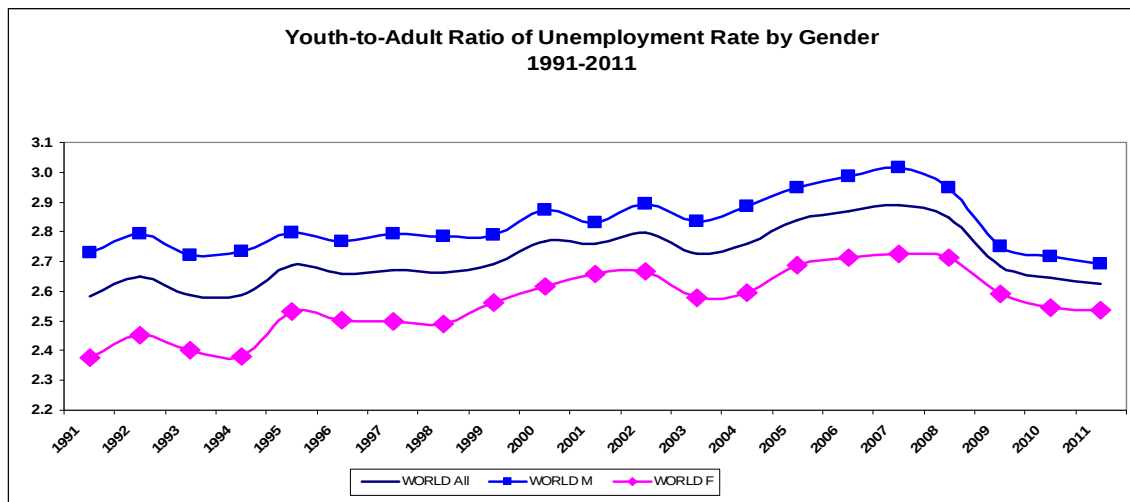
This rather consistent uniformity between changes in the adult and youth unemployment rates over time is also present when unemployment is examined separately by gender and region. This is done respectively in the lower two panels of Figure 5: Despite some variation over time, the ratio of youth-to-adult unemployment rates moves over a rather narrow band with no apparent trend.

A final observation from Figure 5 is that the male youth-to-adult unemployment rates are at least as high or exceed the corresponding rates for females for practically all regions. The only exception is in the non-EU Central & South Eastern Europe and CIS countries where the female youth-to-adult unemployment rate exceeds the corresponding male one. And the male and female rates are practically equal in the South Asia region and Latin America and the Caribbean.

Looking at actual numbers of women and men unemployed is more instructive than unemployment rates, given that the labour force participation rates vary by gender. At the end it the numbers of individuals that matter and how each woman and man fares in the economy and society. In this respect, Figure 6a indicates that, despite the usually higher unemployment rates of women compared to men, there are more men unemployed than women in all world regions (except in Latin America and the Caribbean). The situation is even more precarious *for male youth especially in the Middle East and North Africa regions* where the number of unemployed male youth exceeds that for female youth by almost 50 percent (Figure 6b). This is an important finding given also that by now in most Arab countries the number of females in secondary schools and universities (that is, primarily the youth) exceed those of males. The social dynamics of these differences have yet to be explored.

These observations are pursued further in the next section in more concrete terms with reference to the youth in Arab countries where the discussion of youth issues is gaining momentum given that the youth played a critical role in the recent political developments.

Figure 5



Source: ILO (2010) Global Employment Trends

Figure 6a

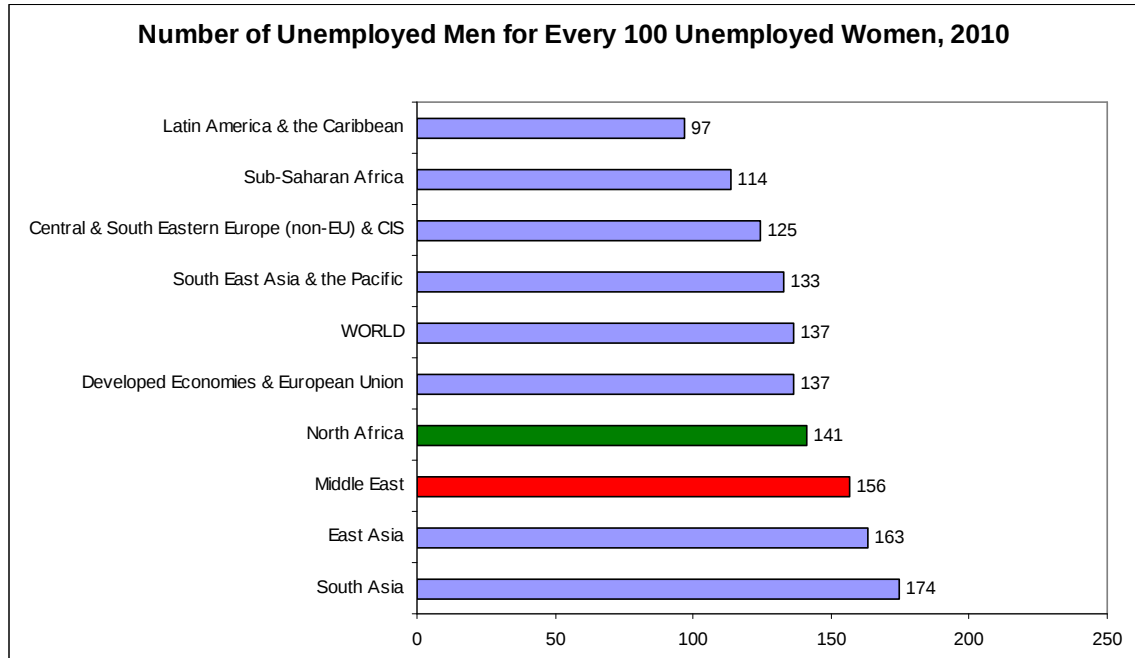
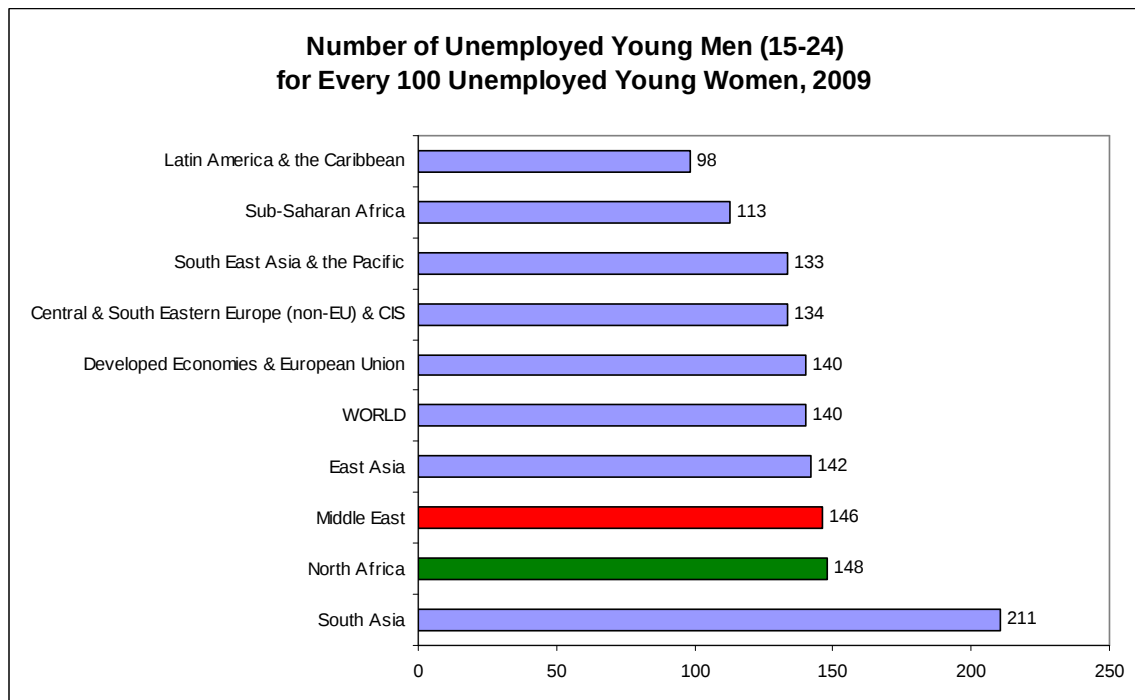


Figure 6b



Source: ILO (2010) "Trends Econometric Models", Geneva.

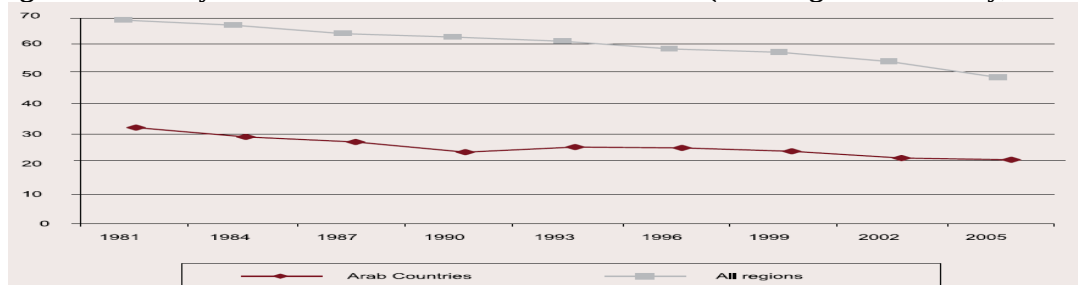
III. A CASE STUDY: THE ARAB YOUTH

Examining youth issues in Arab countries add significant insights to the rather general observations mentioned so far in this paper. More specifically, this section lends support to the hypotheses that, first, youth unemployment arises primarily when the economy does not create enough decent jobs *for all*, not just enough jobs *for the youth*. And second, improvements in the education and training systems are always welcome but, when there is no demand for jobs, they best they can achieve is to induce the educated to emigrate⁷. Of course neither of these hypotheses need be confirmed for all Arab countries at all times. However, they are *prima facie* compatible with the recent history and developments in many Arab countries.

1. Was it Rising Poverty?

The “Arab Spring” started with the self-immolation of a young Tunisian street vendor in protest of the harassment and humiliation inflicted on him by the arbitrary behaviour of officials rather than a massive deterioration of economic conditions⁸. Though it is risky to derive generalizations from such a distinct incidence, one can associate it with lack of other channels for expressing “voice” in the presence of weak governmental “accountability. However, it can be said that neither the Tunisian nor the Egyptian uprisings was the result of mass or increasing poverty, nor does this seem to be the case for other Arab countries that are at various stages of unrest, ranging from protests to civil war (e.g. Algeria, Morocco, Jordan, Yemen, Bahrain, Syria, Libya, and so on). If anything, the Arab region has some of the lowest poverty rates in the world that have been declining over time (Figure 7).⁹

Figure 7: Poverty rates in the World and Arab countries (% living below \$2/ day, \$ PPP)



Source: Constructed from Martin Ravallion and Shaohua Chen (2008) quoted in Sami Bibi and Mustapha Nabli (2010), “Equity and Inequality in the Arab World” Cairo: Economic Research Forum.

⁷ Based on Zafiris Tzannatos (2011) “The EUROMED Economies in the Early 2010s: Two Coasts in Crisis” in Stephen Calleya and Monika Wohlfeld (eds.) *Change and Opportunities in the Emerging Mediterranean*.

⁸ The global financial and economic crisis of 2008 did not affect much the Arab countries. See Zafiris Tzannatos (2009), “The Global Financial, Economic and Social Crisis and the Arab Countries: A Review of the Evidence and Policies for Employment Creation and Social Protection”. ILO, Beirut.

⁹ The decline in poverty elsewhere was faster than in the Arab region but it started from a higher level and is disproportionately affected by the fast economic growth in China.

2. Was it “Jobless Growth”

The last couple of decades before the uprisings have been labelled “the Arab renaissance”. During that period the region experienced economic growth rates and employment creation not seen since the booming years of the 1970s. In this respect, there are some similarities between the recent Arab uprising and the revolution in Iran in 1979, which took place very much on the back of rising prosperity, like in many Arab countries prior to the crisis. As with Iran during the years leading to the Revolution there, in most Arab countries the economy was growing rapidly and created many jobs after the adoption of economic liberalization policies – an issue discussed in more detail below.

Table 2: Annual Employment and Output Growth Rates and Their Ratio (Employment Elasticity), Asia, 2001-2008

Asia and Pacific	GDP	Employment
China	10.5	0.9
India	7.0	2.4
Indonesia	5.4	1.7
Japan	1.4	-0.1
Korea Republic	4.4	1.4
Malaysia	5.7	1.8
Mongolia	8.2	3.2
Pakistan	5.3	3.7
Philippines	5.3	2.8
Sri Lanka	6.0	1.7
Thailand	5.2	1.7
Viet Nam	7.6	2.0
Average	6.0	1.9
Ratio		30%

Arab countries	GDP	Employment
Bahrain	6.7	2.2
Kuwait	7.9	2.9
Oman	4.6	2.3
Saudi Arabia	4.2	3.2
United Arab Emirates	7.9	5.0
Average	6.3	3.1
Ratio		49%
Jordan	7.3	4.4
Lebanon	4.8	2.1
Syrian Arab Republic	4.2	4.0
Average	5.4	3.5
Ratio		65%
Average (All)	6.0	3.3
Ratio		55%

Source: Adapted from “Building a Sustainable Future with Decent Work in Asia and the Pacific”, Report of the ILO Director-General for the 15th Asia and the Pacific Regional Meeting. 4 - 7 December 2011, Kyoto.

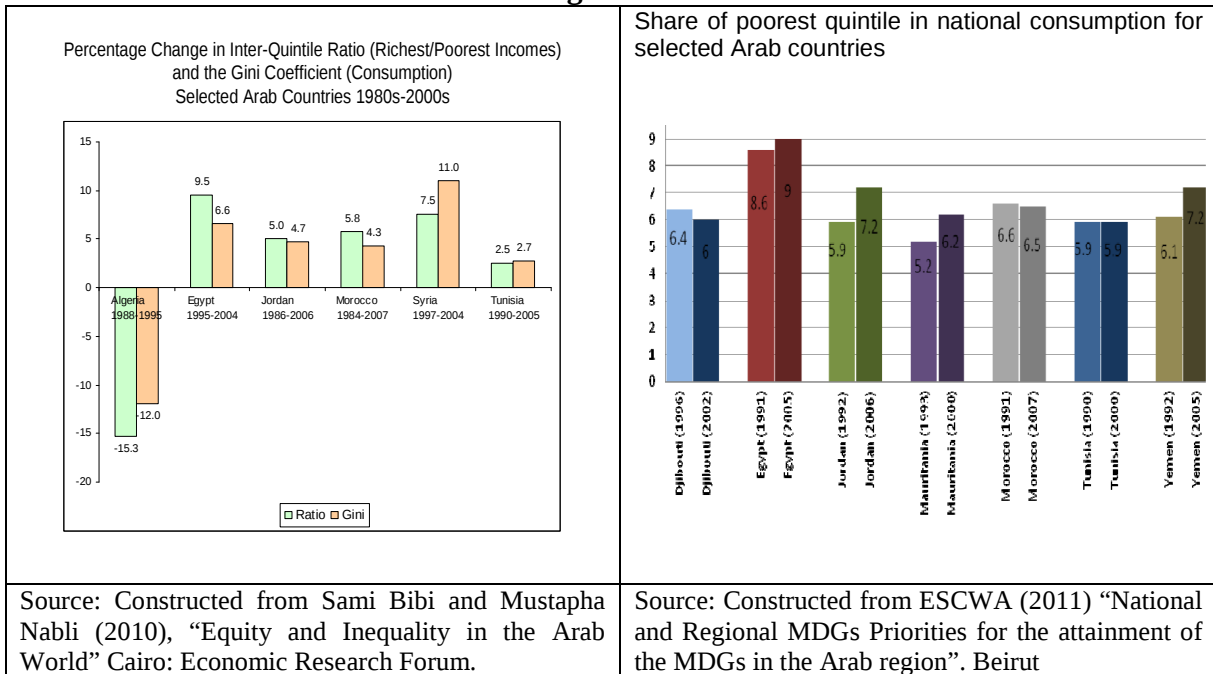
3. Was it Rising Inequality?

Another thread that has been cited with respect to the uprisings in many Arab countries is that inequality has been rising over time. Leaving aside whether inequality reached the same critical level in so many Arab countries more or less at the same time that would justify the concurrence of the uprisings, the evidence in this respect is as scanty as it is contradictory. As the left panel of Figure 8 shows, in all but one of the regional countries for which information is available, the richest quintile of the population increased their distance from the poorest, while inequality (measured by the Gini coefficient) also increased. However, the right panel shows that the poorest quintile increased its share of national consumption, in all but one of the listed countries.

So, the jury is still out also with respect to this explanation, with one caveat: the inequality indicators used in these two comparisons are based on income and consumption (i.e. flows) and miss an important aspect of inequality, that is, wealth (i.e. a stock). Although the inequality measures discussed previously provide an inconclusive picture, there are consistent, albeit anecdotal, reports of excessive wealth concentration among leaders and their families in many Arab countries, especially in Tunisia, Egypt,

Libya and Syria. Thus, an attractive hypothesis is that it might be a perceived sense of unfairness and lack of voice among citizens, as well as a lack of accountability of the autocratic regimes, that led to the Arab uprisings, as discussed later on in this paper.

Figure 8



4. Was it the Nature of Economic Reforms against Lack of Skills?

The policies that led to the revival of many Arab economies since the 1990s were introduced after decades of statist and paternalistic practices adopted at various points since the 1950s. These policies created economic tensions that the autocratic political regimes attempted to address through neoliberal economic policies. Such policies are known to downplay their social implications in the short run, in the expectation that there will be sufficient trickle-down in the long run.

Moreover, the wave of economic reforms that was adopted on the premise "economic reforms first, political reforms after" clearly suited the autocratic regimes, as it did not threaten their survival and interests, at least in the short-run. It also suited the international community that values economic opportunities through overseas investment and trade as much as political stability, especially in the fragile geopolitics of the Arab world.

History has now tested the logic of this approach. In fact, this approach was based on false premises from the beginning. More specifically, economic reforms of the neoliberal nature introduced in the Arab region in the last couple of decades assumed that there is a private sector worth the name. As a corollary, the private sector should be able to deliver

more goods and services at lower prices to the citizens. As a result of this thinking, reforms were introduced based on privatization (or perhaps more appropriately, denationalization), openness of capital accounts, fiscal consolidation through expenditure cuts, privatization of social services including pensions, and so on. Following the adoption of reforms, the post-reform performance of many Arab countries indeed appeared impressive at face value (see earlier Table 2 that indicates significant growth in output and employment).

The positive picture conveyed by output and employment growth reported in Table 2 is, however, complicated by the fact that short-term private returns¹⁰ mostly accrued to the establishment's insiders. The move away from state-owned enterprises toward a private sector-led model often favoured investors who were either part of or willing to do deals with the elites. Further, the jobs created were "out of sync" with the rising education qualifications and expectations of the emerging middle classes.

The fast growing and increasingly educated labour force in the Arab region was left with few opportunities for decent employment. Youth unemployment was decreasing over time, including the period before the uprisings, but unemployment among educated workers kept increasing. While across the world (not unexpectedly), unemployment usually declines among wealthier households and more educated job seekers, unemployment in the Arab region continued to affect workers at all levels of income and education.¹¹ Even when Arab citizens found employment locally, the wage premiums for education were the lowest compared to other world regions.¹² Many skilled Arabs outside the oil-exporting countries kept emigrating (Table 3), an indication that their skills were not in demand locally though they had the qualifications to compete in the more technologically advanced countries such as Europe, the US, Canada, Australia and the oil-rich Gulf Cooperation Council economies.¹³

Arab employers complain more than their counterparts in other regions about the ill-preparedness of job seekers, and the poor quality of the output of the education system (Figure 9). At the same time, they seem the least prepared to train their own workers (Figure 10), passing the blame on to the education system and the attitudes of youth.¹⁴ This suggests that the lack of skills in the Arab region is because "there is no demand for skills", rather than there is no supply. This proposition is corroborated below with references to productivity and the premiums facing educated workers in the Arab region.

¹⁰ The drivers for growth were typically the real estate, construction, financial and banking sectors that mainly benefited only a tiny minority (at times foreign) investors.

¹¹ Claudio E. Montenegro and Maximilian L. Hirn (2009), "A New Disaggregated Set of Labor Market Indicators Using Standardized Household Surveys from Around the World". World Bank.

¹² World Bank (2008), "The Road Not Travelled: Education Reform in the Middle East and North Africa". World Bank, MENA Region Development Report.

¹³ See the debate with new ideas for a post-crisis macroeconomic framework in "IMF Triggers Debate on Crisis Lessons", March 8, 2011. <http://www.imf.org/external/pubs/ft/survey/so/2011/RES030811A.htm>

¹⁴ Zafiris Tzannatos (2011), "Labor Demand and Social Dialogue: Two Binding Constraints for Creating Decent Employment and Ensuring Effective Utilization of Human Resources in the Arab Region?", Paper presented at the Expert Group Meeting on "Addressing Unemployment and Underemployment in the Islamic Development Bank Member Countries in the Post-Crisis World". Islamic Development Bank, Jeddah, 9-10 May.

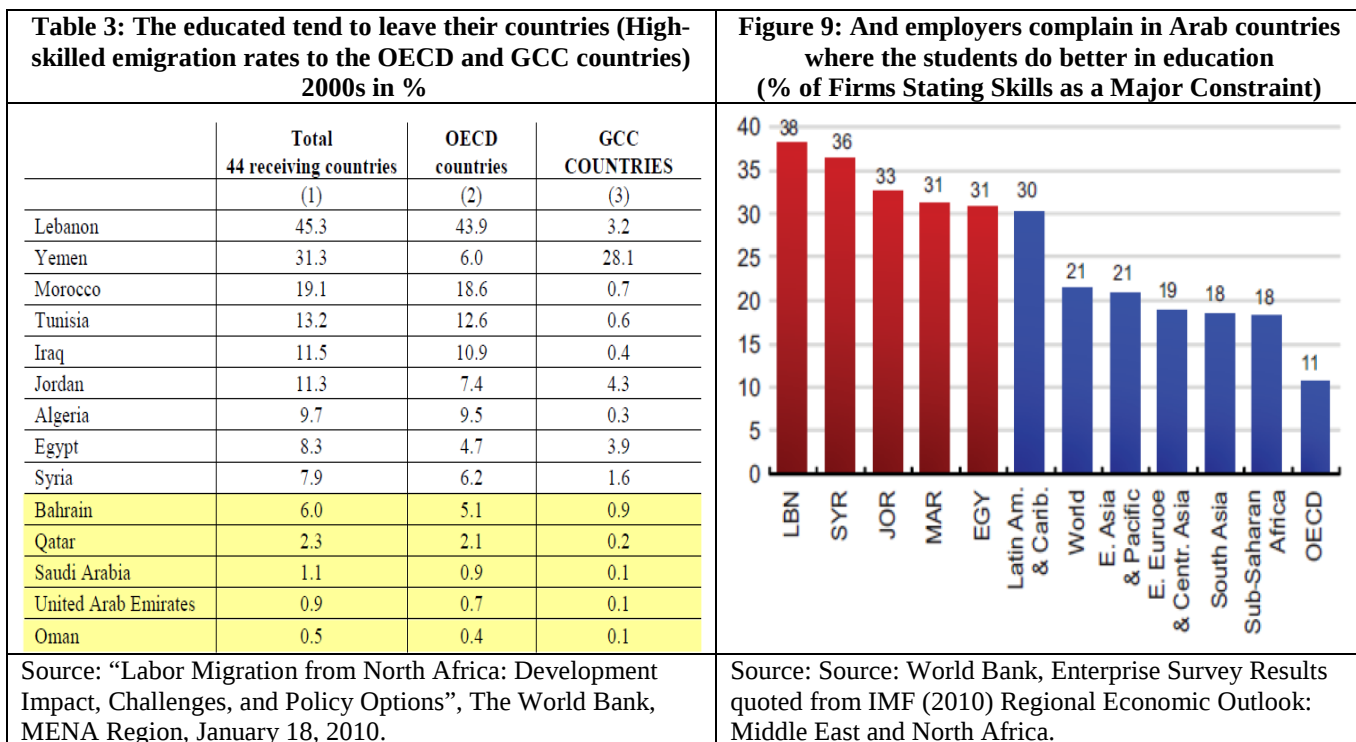


Figure 9: And employers complain in Arab countries where the students do better in education (% of Firms Stating Skills as a Major Constraint)

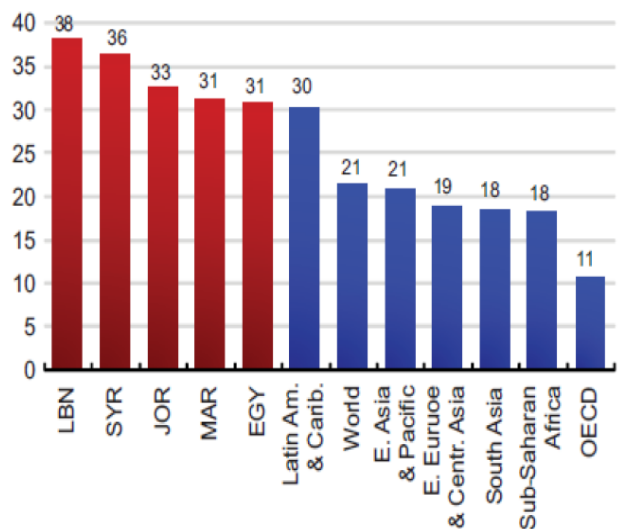


Figure 10: Arab Firms Train Least¹⁵



Source: Authors' calculations based on Rita K. Almeida and Reyes Aterido (2010), Investment in Job Training: Why Are SMEs Lagging So Much Behind? World Bank, Policy Research Working Paper 5358.

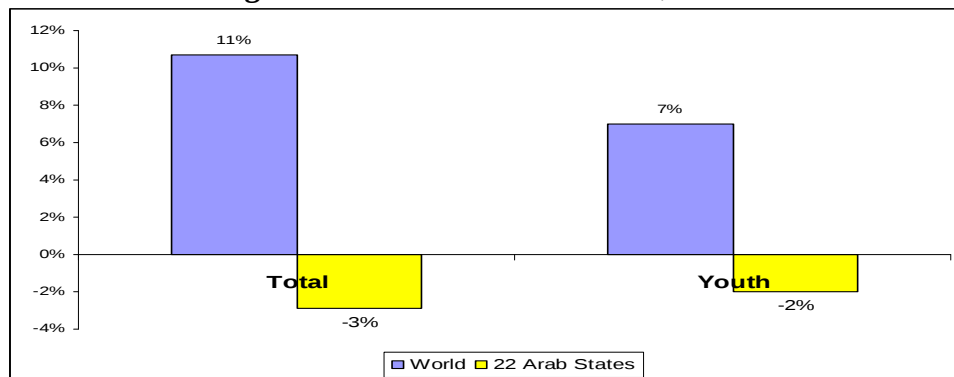
¹⁵ “Investment in Job Training: Why are SMEs Lagging so Much Behind?” by Rita K. Almeida and Reyes Aterido, World Bank, Policy Research Working Paper 5358, 2010. MENA group includes Algeria, Egypt, Jordan, Lebanon, Morocco, occupied Palestinian Territories, Oman and Syria.

Taken together, there is little education alone can do in a low productivity economic setting when the economy does not generate demand for skills. The critical issue here is therefore labour demand and, as argued below, social dialogue that can lead to acceptable social outcomes among competing economic groups.

The apparently strong economic performance in the Arab region over the course of the last two decades, may have therefore given rise to an increasing sense of rising inequality and unfairness arising from lack of decent employment creation rather than lack of job creation of any kind (Table 2) or increases in unemployment (Figure 11).

And although the rate of employment creation was indeed impressive, in many cases it took place not through decent jobs but from rising informality (Figure 12). In turn, citizens continued to rely on emigration. The Middle East and North Africa region is experiencing one of the highest rates of skilled emigration in the world, with higher-educated emigrants averaging around 9 percent of the domestic high skilled workforce.¹⁶ Perhaps the situation can be summarized in the observation that, despite the guided economic reforms, the region continued to fail to compete on a global scale to a large extent: By the mid-2000s the Philippines alone, had more manufactured exports than the Middle East combined.¹⁷

Figure 11: Change in Total and Youth Unemployment Rates, Averages for World and Arab States, 2007-2010

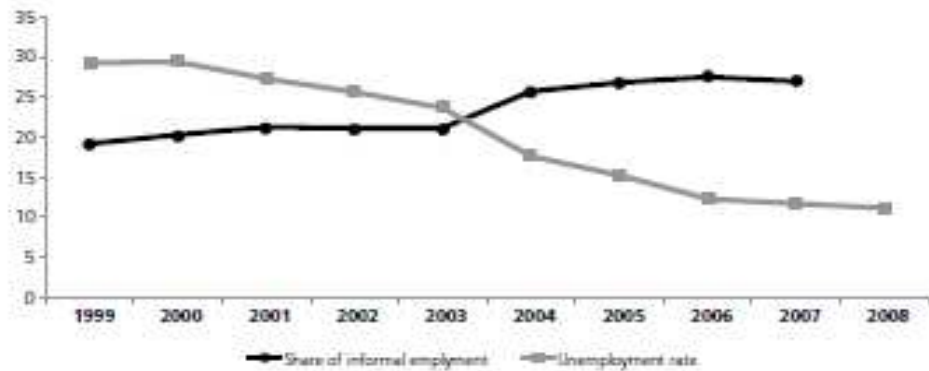


Source: Constructed from Zafiris Tzannatos, Tariq Haq and Dorothea Schmidt (2011), "The Labour Market in the Arab States: Recent Trends, Policy Responses and Future Challenges" in ILO (ed.) "The Global Crisis: Causes, Responses and Challenges", Geneva.

¹⁶ Frédéric Docquier, Sara Johansson de Silva and Abdeslam Marfouk (2010), "Skilled Migration from the MENA Region: Trends, Impacts and Policy Responses". World Bank.

¹⁷ Marcus Noland and Howard Pack (2007). "The Arab Economies in a Changing World". Washington DC: Peter G. Peterson Institute for International Economics.

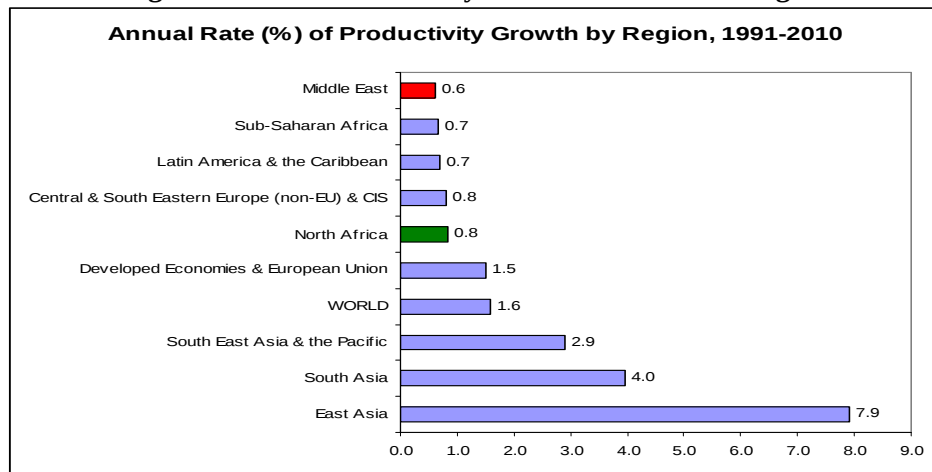
Figure 12: Changes in Informal employment and Unemployment rate in Algeria, 1999-2008



Source: Lahcen Achy (2010) Trading High Unemployment for Bad Jobs: Employment Challenges in the Maghreb. Carnegie Middle East Center, Number 23, June.

The view that economic development in the Arab region has been lopsided is also suggested by the low increases in productivity. This is particularly true in the Middle East where statistics are influenced by the open migration policies pursued by the oil-rich economies that are members of the Gulf Cooperation Council¹⁸. In these countries the labour market is “dual” in the sense that migrant workers are employed mainly in the private under pay and conditions that are not appealing to the nationals who in turn seek employment in the public sector. This leads to a “labour intensive” approach in the sense that there is overemployment both in the private sector (due to low labor costs for migrant workers) and also in the public sector (due to the need to reduce unemployment among nationals). And this approach and outcomes are not unique among the oil-rich countries. They are also found in other countries in the region, such as Lebanon and especially Jordan where the remittances of the Diaspora constitute a significant part of national income.

Figure 13: Low Productivity Growth in the Arab Region



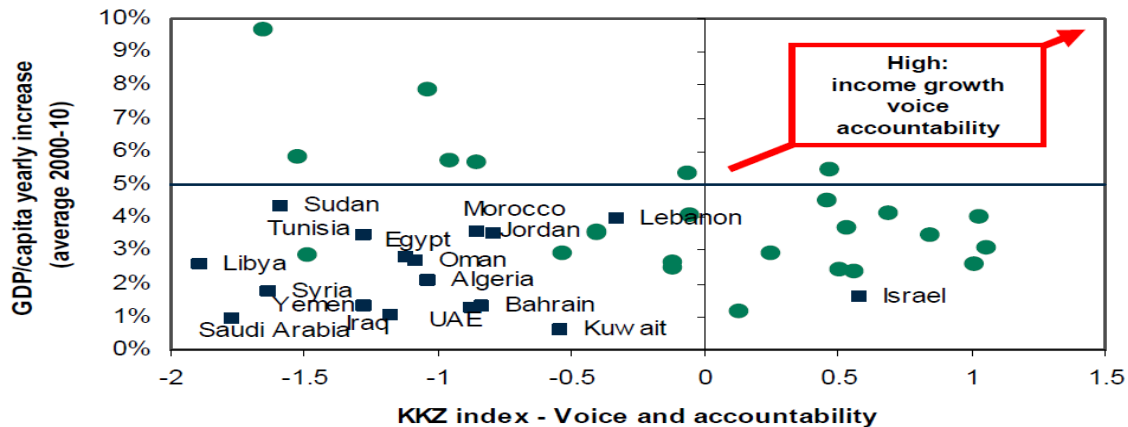
Source: ILO (2010) “Trends Econometric Models”, Geneva.

¹⁸ Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

5. Was it Lack of Citizen Voice and Government Accountability?

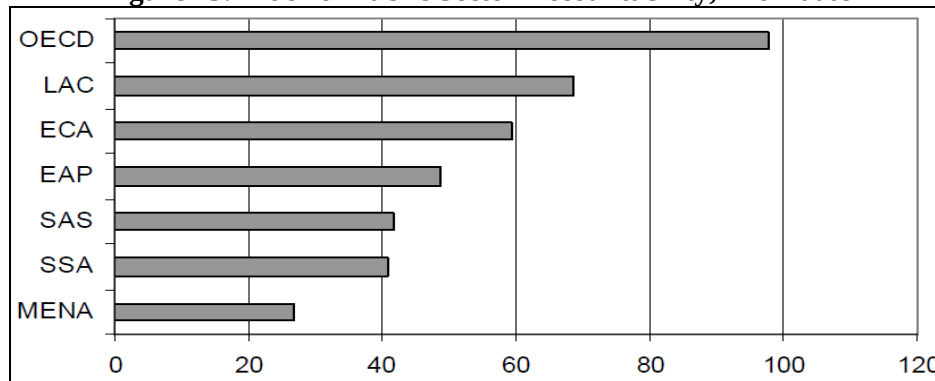
All in all, economic policies favoured low-cost labour intensive techniques that were in cases reinforced through unmanaged migration policies locally or by encouraging nationals to emigrate. In either case, the citizens had limited outlets for expressing their concerns for employment, reduced public investment and privatization of social services. In fact, a striking common characteristic of the Arab region is depicted in Figure 14: All regional economies (except Israel) are located in the “wrong quadrant”. This suggests, on the one hand, that fast economic growth was not sufficient to increase *per capita* incomes as fast as in other regions and, on the other hand, Arab countries have low levels of voice and accountability. In fact, voice and accountability has been historically low in the Arab region (Figure 15) and declining over time (Figure 16).

Figure 14: Citizens in Arab Countries Have Seen Slow Increases in Incomes and Have Low “Voice” While the Accountability of Governments Can Increase



Note: The Kaufmann-Kraay- Zoido Lobaton index is a subjective one that takes into account freedom of expression, freedom of association, and free media as well as the perceptions of citizens regarding the extent to which they are able to participate in selecting their government.
Source: Constructed from “Emerging Market Monthly Roadmap: Positioning for Bad News” by Crédit Agricole Corporate and Investment Bank, 2 March 2011.

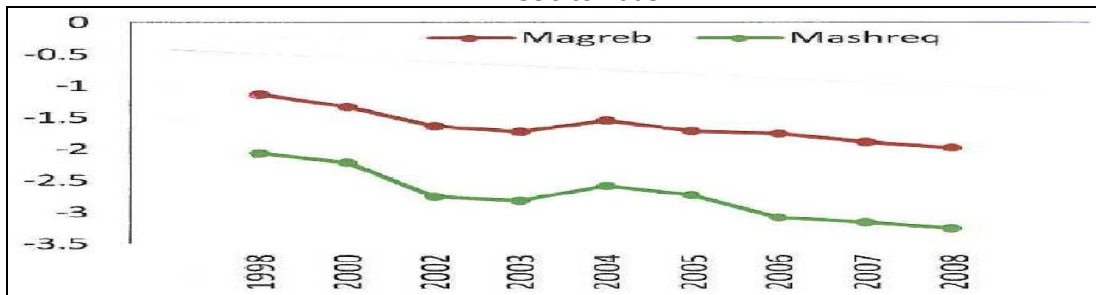
Figure 15: Index of Public Sector Accountability, mid-2000s



Note: 100 = Highest accountability

Source: The World Bank (2005) “Economic Developments and Prospects: Oil Booms and Revenue Management”. Washington DC.

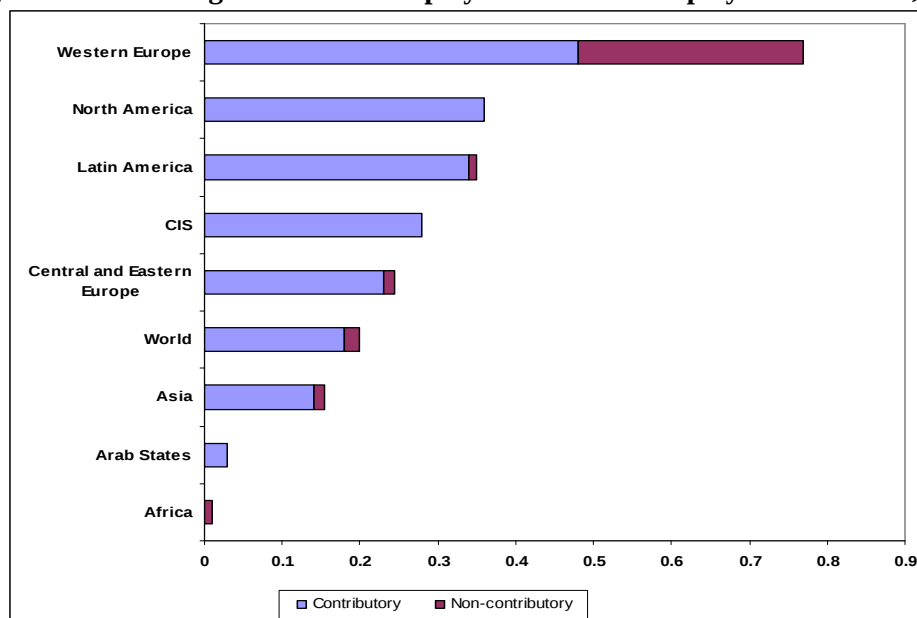
Figure 16: Changes in the Index of Voice and Accountability for Arab Sub-regions, 1996 to 2008



Source: UNDP calculations based on World Bank data quoted from Noha El-Mikawy (2011) "Governance Deficits in Arab Countries" Chapter 10 in UNDP Arab Development Challenges Report. Cairo.

In addition to limited ability of citizens to express their concerns and low accountability of government, the lack of decent employment implied that workers were not adequately protected. The share of wage workers in total employment in the world is 47 percent, but in North Africa it is 49 percent reaching 62 percent in the Middle East. Against his rather positive indicator of "formalization", the Middle East and North Africa have also the highest unemployment rates (each around 10 percent compared to a world average of 6 percent). Yet, the share of unemployed workers in the Arab region with unemployment benefits is lowest with the exception of Sub-Saharan Africa where the share of wage workers in total employment is only 23 percent (Figure 17). This suggests that there are limits after which workers would find it difficult to accept employment at low wages when the social wage is low in the absence of accessible public services and lack of social protection.

Figure 17: Percentage of Total Unemployment with Unemployment Benefits, 2008



Source: Quoted from Tzannatos (2009) based on ILO (2009) "Protecting people, promoting jobs: A survey of country employment and social protection policy responses to the global economic crisis". Report prepared for the G20 Leaders Summit, Pittsburgh, 24-25 September 2009. Geneva, 2009.

6. Was it the Low Quality and Irrelevant Education?

Last, let's examine what is usually the first issue most analyses and policies have tended to focus on in the Arab debates: Education and the supply of skills. For sure, more and better education is always preferred to less and lower quality education, and more skills are preferred to fewer skills. To the credit of Arab Governments, education spending on education is among the highest in the world as a percentage of GDP and, in fact, the Arabs have made the fastest gains in education and human development indicators in the last 4-5 decades¹⁹.

Against these observations, there have been claims that the quality and relevance of education and training system in the Arab region is the prime cause for the high unemployment rates, especially among the youth. Surely there is some merit in this "supply side" explanation. However, one can also argue, perhaps more convincingly, that there is an oversupply of educated job seekers *in the labour market*²⁰ and the prime constraints in the labour market are to be found on the labour demand side and lack of functional institutions, especially lack of social dialogue.

This oversupply can be inferred²¹ from a series of labour market indicators.

1. If there were a scarcity of educated job seekers, then those youth who actually possess higher levels of education should face lower unemployment rates. However, in most regional economies the educated youth have higher unemployment rates than the less educated
2. Moreover, the wages of educated workers in the region are not much higher than the less educated relatively to the education wage premium seen in other regions²². This indicates that labour demand in the region is not enthusiastic about more educated workers and this can be a reflection of ills outside the education system, such as lack of competition in the private sector, use of low-wage labour intensive techniques, dominant position of the public sector in the labour market or migration
3. Finally, the Arab region has one of the highest rates of educated and skilled emigration – including in high income countries with sophisticated and skills demanding production requirements (Table 3). This and the previous two observations on educated unemployment and low rates of return to education imply that the youth may well have qualifications to work and be productive but there is no decent work available in their own countries that matches their aspirations.

¹⁹ "The Road Not Travelled: Education Reform in the Middle East and North Africa". World Bank, MENA Region Development Report, 2008.

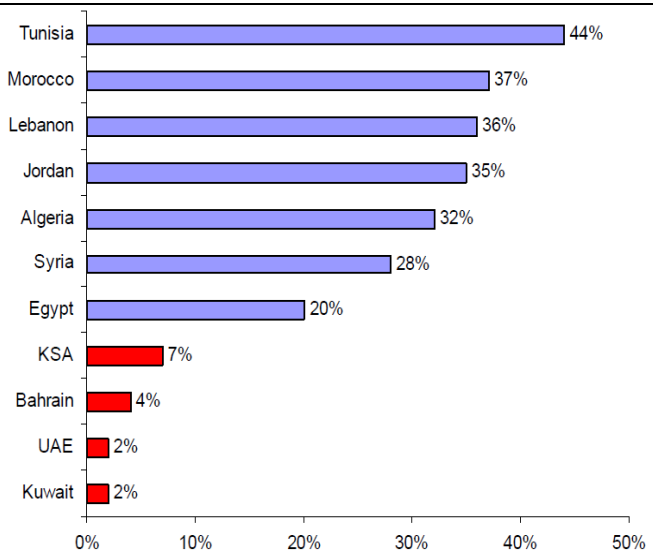
²⁰ The oversupply of education refers to the labour market (that is, relative to the demand for labour) as education has many merits outside the labour market which are rarely in oversupply.

²¹ A more detailed empirical analysis is required to assess the relative influence of labor supply and labor demand upon employment/unemployment in the region. .

²² The Arab region generally has low private returns to education averaging 5.5%. By comparison, rates of return in lower and middle income economies average 9.4%. Moreover, over the past two to three decades, rates of return to education seem to have been declining within the Arab region as evidenced from multiple year observations, for example, in Morocco (from 16% to 7.9%) and Tunisia (from 8% to 4.4%). *Ibid*.

Having made these observations, education outcomes can certainly improve as, on average, Arab students perform less well in standardized international examinations than countries in other regions (Table 4). However, an examination of the within the Arab region differences among countries that participated in international comparative studies of student performance is also illuminating. How can one explain the substantial intra-regional differences with respect to students' education achievement? Can it ever be something innate among Kuwaitis or Qataris or Saudis that prevents them from doing better in education? It is paradoxical that students from these GCC economies are not performing at least as well as students from other Arab countries despite the fact that education spending in the GCC is high, access is free and universal, and students are often paid to continue with their education.

The most likely answer comes from what was mentioned earlier in his paper. On the one hand, employment is more or less an entitlement in the GCC as it is based more on citizenship than merit; hence, the incentive to invest in education is low. On the other hand, citizens in other Arab countries face low wages, high unemployment and fewer prospects for employment in the public sector; hence they have an incentive to do well in their studies either to place themselves in a better position domestically or to be able emigrate (see Table 3). Compatible with this view are the rankings of countries reported in Figure 18: The youth in the GCC has the lowest willingness to emigrate.

Table 4: Student Achievement in Mathematics and Science International Country Rankings			Figure 18: Education achievement is lowest when there are no incentives to emigrate (% of Youth Who Desire to Emigrate Permanently)	
Rank	Country	Score		
1	Chinese Taipei (First)	598		
<i>INTERNATIONAL AVERAGE</i>		<i>451</i>		
28	Lebanon	449		
31	Jordan	427		
32	Tunisia	420		
37	Syria	395		
38	Egypt	391		
42	Oman	372		
45	Kuwait	354		
47	Saudi Arabia	329		
49	Qatar (Last)	307		
Source: Trends in International Mathematics and Science Study (TIMSS), 2007			Source: "The Silatech Index: Voices of Young Arabs: November 2010". Silatech (Qatar)	

7. Summary

The discussion in this section points to the need to pay more attention to the labour demand side, that is, the creation of high productivity jobs that can be appealing to the increasingly educated job seekers rather. True may be that Arab employers do not find the skills they want but, if the analysis of this paper is accepted, what seems to be more certain is that the Arab employers are not willing to pay more for skills. The policies and reforms in the Arab region have to a large extent favoured labour intensive production that is associated with low productivity growth that inhibits the creation of decent jobs in terms of ability to pay high wages and affordability of social protection. Coupled with low voice and accountability, the economic reform model since the 1990s that followed the statist model of the 1970s and 1980s is in need of radical change. It is the macroeconomic envelop and the development framework that is in need of changing. It is the demand for labour than needs to be changed (more than the supply of labour) *simultaneously* with opening up the channels for social dialogue (rather than “political reforms *later*”). These points are elaborated further in the concluding section that follows.

IV. CONCLUSIONS AND LESSONS

Though the arithmetic prominence of the youth bulge has started to decline, difficulties in the school-to-work transition, persisting high rates of unemployment and sluggish decent employment growth provide serious grounds for the policy makers to continue focusing on youth issues though, as this paper argued, youth issues are not independent of those that adults and all citizens and workers face. At the heart of these issues lies the nature of development model countries pursue not only in terms of general economic policies and labour demand but also with respect to the voices of citizens, the accountability of governments and the existence of social dialogue.

Though past measures to address deficits in the education and training systems have not been completely successful, in numbers and quality, what seems to matters more today is to remove constraints on the labour demand side. The historical emphasis of youth policies that was based on their large numbers and low education attainment is losing *de facto* its weight. The declining fertility rates (and the resulting effects in the numbers and population share of the youth) and the increasing education attainment of the younger generations (as is also manifested in the high unemployment rates of the educated youth) suggest that constraints on the labour supply side are less binding than in the past and certainly less important in relative terms than constraints on the labour demand side.

The challenge today is to provide an enabling environment for the youth to engage in productive and rewarding employment and exercise active youth citizenship. How easily and how effectively youth would be able to make the school-to-work transition depends not only on how well they are prepared for the labour market but also on how prepared the labour market is to receive them. In many cases it is the most qualified youth who

emigrate. This is another indication that employment opportunities in their own countries do not meet the demands of the youth.

The involvement of young people in the informal economy is also disproportionately high. In some countries, the absence of productive employment has pushed a growing number of young people into anti-social behaviour, violence and juvenile delinquency. In others, young people are the first victims of human trafficking for exploitation and sex trade. Unemployment, joblessness and low quality jobs have forced many youth to emigrate in the search of better jobs, imposing a high toll on sending countries in terms of brain drain.

Policies for decent employment creation and easing the school-to-work transition are becoming more pressing as the world population is ageing and demographic dependency is increasing. Young people would therefore be needed more in the future instead of remaining under-utilized. Youth unemployment rates are starkly high across all regions, on average more than twice or three times more the adult rates.

Creating jobs for young women and men entering the labour market every year is a critical component in the path towards wealthier economies in terms of increasing production and also old age security. This would require more attention to be given to public investments with high social returns and to increasing the capacity and improving the functioning of the private sector to provide decent jobs. It is not only the quantity but also the quality of jobs that matters. The concept of “decent work” means more than just earning a living. It means productive work that generates an adequate income and is accompanied by adequate social safety nets in an environment where fundamental rights are protected. This is what young people demand: Work in which they can realize their aspirations, improve their living conditions and actively participate in society.

While much emphasis has been (justifiably) placed on youth unemployment, this is not an accurate indicator of the labour market problems young people face. Many of the youth in employment work long hours for low pay, with precarious or even no contracts, limited job security and no voice. A significant proportion of youth is alarmingly discouraged and, therefore, neither in employment nor searching for a job any more. This phenomenon is more prevalent for women than men.

The gender disadvantage in youth labour market access should not be inferred by the face value of some statistics²³. For example, despite persisting and pervasive forms of discrimination against females, in most countries today girls stay longer in school than boys with the female education advantage being even more prominent at university level. And while female unemployment rates are typically a multiple of the male ones, let them be for youth or adults, there are numerically more male youth and men unemployed than female youth and women. A likely consequence of these trends can be that women “marry down” in the future in the sense of being more educated or earning higher labour incomes than men in societies where structures remains ostensibly patriarchal. .

²³ Other common sources of disadvantage include among others income status or social class, ethnicity and immigrant status.

Though countries differ considerably in terms of their demographics, traditions, economics, politics and institutional settings, many initiatives are now in motion from which a series of lessons can be inferred some of which are mentioned below²⁴.

1. Aim for More and Decent Jobs for All, not just for the Youth

The first and most important general lesson is that productive employment and decent work for young people requires long-term, determined and concerted action spanning a wide range of policies and programmes. It cannot be achieved and sustained through fragmented and isolated interventions but requires an integrated approach that articulates supportive policies centred on two basic elements: on the one hand, an integrated strategy for growth and job creation *not only for the youth* and, on the other, targeted interventions to help young people overcome the specific barriers and disadvantages they face in entering and remaining in the labour market.

In this respect, what matters is not just economic growth but “getting growth right” in terms of employment creation. This requires explicit efforts to strengthen the link between growth and the quantity *and quality* of job creation. In other words, policies should not just avoid the symptom of jobless growth but should strive to create jobs that meet the legitimate aspirations of the job seekers and workers and avoid the creation of unequal opportunities that lead to widening income inequalities and fuel social tensions. What is therefore needed is to increase the employment intensity of growth through policies that increase the demand for labour while at the same time increasing the employability or the “integrability” of young women and men into the labour market. This is indeed the general approach of the ILO’s Global Employment Agenda which provides a promising framework for countries to create decent work²⁵. According to this approach, macroeconomic as well as structural and sectoral policies can play a major role in increasing the employment content of growth. Such policies can focus on sectors and sub-sectors that are more employment-friendly and provide a favourable environment for their growth.

²⁴ José Manuel Salazar-Xirinachs (2011). Address at the Conference on “Young People in Eastern Europe and Central Asia: From Policy to Action”. ILO.

²⁵ The *Global Employment Agenda* is the ILO’s response to the request made at the 24th Special Session of the United Nations General Assembly in 2000 to develop a coherent and coordinated international strategy for the promotion of freely chosen productive employment. The Agenda’s main aim is to place employment at the heart of economic and social policies. Consistent with the Millennium Development Goals, the Agenda seeks, through the creation of productive employment, to better the lives of people who are either unemployed or whose remuneration from work is inadequate to allow them and their families to escape from poverty. See <http://www.ilo.org/employment/areas/global-employment-agenda/lang--en/index.htm>

2. Exploit Synergies between the Public and Private Sectors

The second lesson is that the transition of young people into the labour market can be helped through exploiting the synergies between the public sector and the private sector. The public sector does have an important role as an employer but creating an enabling environment for the private sector is important in the increasingly globalized and more market oriented world. The private sector should be able to develop its full potential so it can fulfil its vital role in generating new investment, employment and financing for development. In this respect, promoting opportunities for youth entrepreneurship can boost both economic growth and jobs for young people. Related to this are improvements in the regulatory environment to make it easier for businesses, especially small and micro-enterprises including in the informal economy, to operate and grow, while not compromising rights at work and working conditions.

3. Training Helps, when it is “Demand Driven”

A third lesson is that “supply driven” training (or training with the objective to keep the youth out of the streets) has often very limited impact on employability. A precondition for finding employment after training is obviously that there are corresponding jobs available. In this respect training is most effective when it is linked to labour demand through the active participation and financing by employers. Moreover, a usually neglected area is lifelong education. The labour markets in many countries are still haunted by the notion that education completed by the age of 18 or 22 would be sufficient to see a person through his/her working life for the next 3-4 decades. Changing 10 jobs or even switching professions over the working life is increasingly becoming the norm instead of being the exception. All in all, there are many lessons and good practices in the field of skill development and employability from working closely with the private sector to provide skills that are in demand in the marketplace, promote apprenticeships and internships in private companies and develop not only technical skills but also in so-called “soft” and life skills such as communication, team work, leadership and so on. Involving the stakeholders and paying attention to governance issues are also crucial in the mainstream education sector. Education outcomes can be heavily compromised when education (and training) policies are highly centralized, institutional autonomy is lacking, the involvement of local communities is absent and families, enterprises and more broadly the social partners are excluded.

4. ALMPs Can Also Help, if Properly Designed

A fourth lesson relates to the so called “active labour market policies (ALMPs). These include employment services, career guidance, job counselling, labour market information, support for micro and SMEs²⁶ and so on. Such policies can be useful in terms of countering education and labour market failures, mitigating costs arising from unemployment by facilitating the reinsertion to employment and promoting efficiency and equity. They can help young people in their career choice, job search and setting up a business. Though no substitute for the macro and structural policies mentioned earlier, ALMPs can help reintegrate disadvantaged youth who need a second chance, if properly designed, implemented and evaluated²⁷.

5. Partnerships, Social Dialogue and International Cooperation Are Important

Finally, partnerships are critical in meeting the youth decent work challenge. Partnerships can increase effectiveness as well as commitment, ownership and acceptability. These can take place at national and regional levels, involve Ministries other than the Ministries of Labour/Employment/Manpower/ Youth along with the social partners, civil society and, of course, youth groups. Moreover, partnerships can be useful at the international level. For example, the Youth Employment Network is a partnership between the World Bank, the United Nations and the ILO that strives for better coherence and coordination on youth employment policies and programmes²⁸.

Labour market institutions, such as employment protection regulations, social security programmes and minimum wages can play an important role in improving the quality of work for youth or preventing the exploitation of youth in low-paid precarious jobs. However, an appropriate balance must be found and this should be done through social dialogue to ensure these institutions support rather than hinder the creation of decent jobs for youth. To encourage employers to hire youth, some countries have introduced hiring subsidies but these work best when targeted on the most disadvantaged, for example, low-skill youth, and on employers who are expanding their workforce. Lower rates of

²⁶ Active labour market programmes include also training and retraining that were discussed separately earlier.

²⁷ An inventory of nearly 300 youth employment programs in 84 countries indicated that (a) the most used interventions were training (39%), multiple services (32%) and entrepreneurship training and employment subsidies (12%) and (b) programmes suffered from lack of monitoring and evaluation and weak to non-existent costs and benefit analysis. Source: www.youth-employment-inventory.org

²⁸ The Youth Employment Network (YEN) is a platform and service provider focusing on policy advice, innovative pilot projects, knowledge sharing, and brokering partnerships. It aims to engage, educate and motivate actors to provide improved employment opportunities for youth by making use of its core agency partners' know how and resources and ensures youth participation in delivering its services. See: <http://www.ilo.org/public/english/employment/yen/>

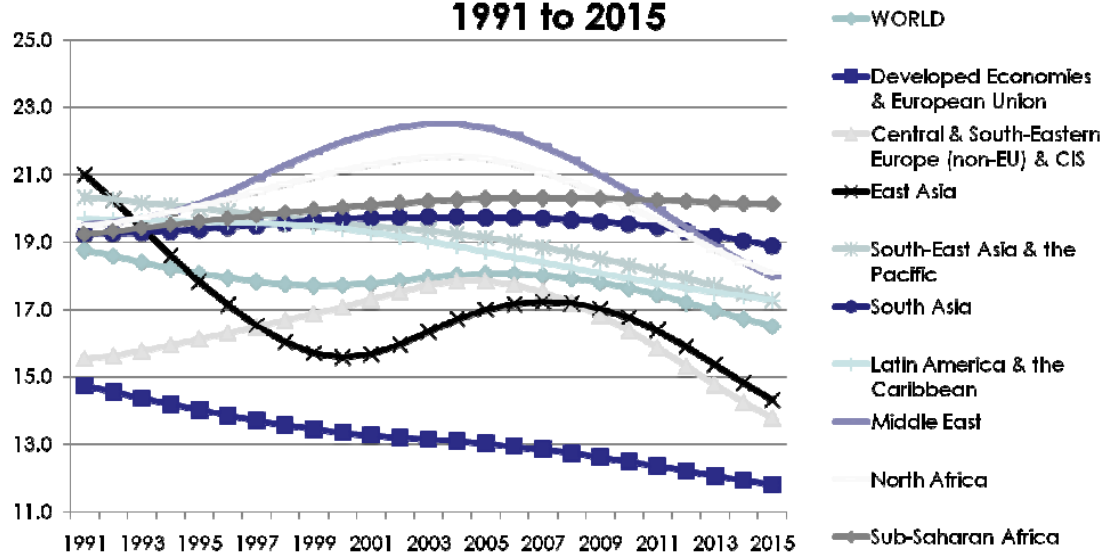
minimum wages for youth or trainees can be successful given the lower experience/productivity of new entrants to the labour force and the short-term costs of apprenticeships. Having said that, setting employment protection regulations that differ substantially in their treatment of permanent and temporary workers can create a two-tier or segmented labour market. This affects youth disproportionately making it harder for them to make the transition from unprotected and unstable jobs to permanent and decent ones. Thus social dialogue is critical to ensure that the right balance is struck between alternative policies and competing objectives.

These measures to improve labour market outcomes for the youth are likely to be more effective if they are implemented as a coherent package of measures – a package that takes account of the multiple barriers facing youth as well as the linkages between different education, labour market and social policy settings. They also need to be implemented as part of a wider set of policies to promote stronger, sustainable economic growth that will create more and better job opportunities for people of all ages.

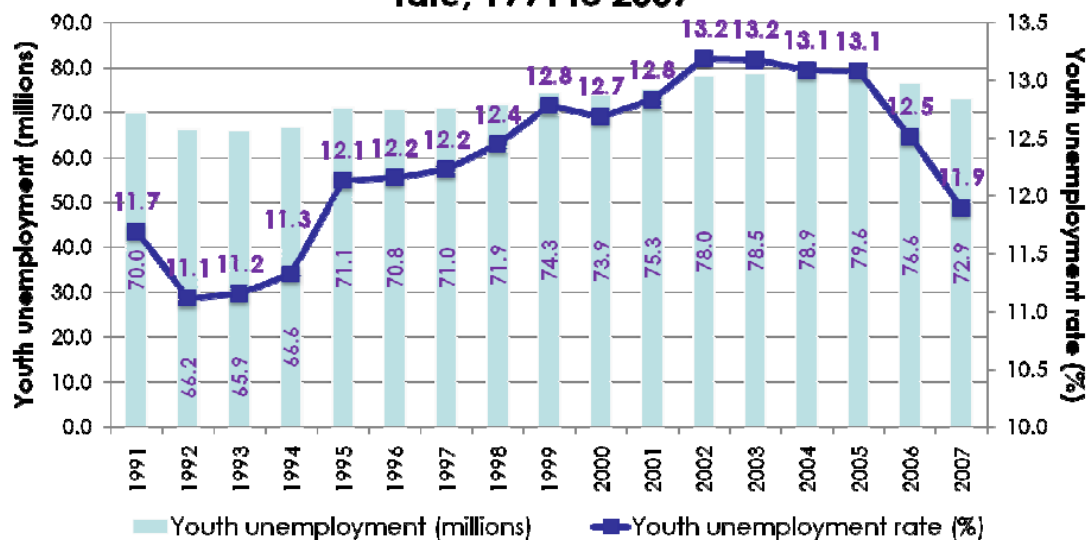
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ANNEX FIGURES AND STATISTICS

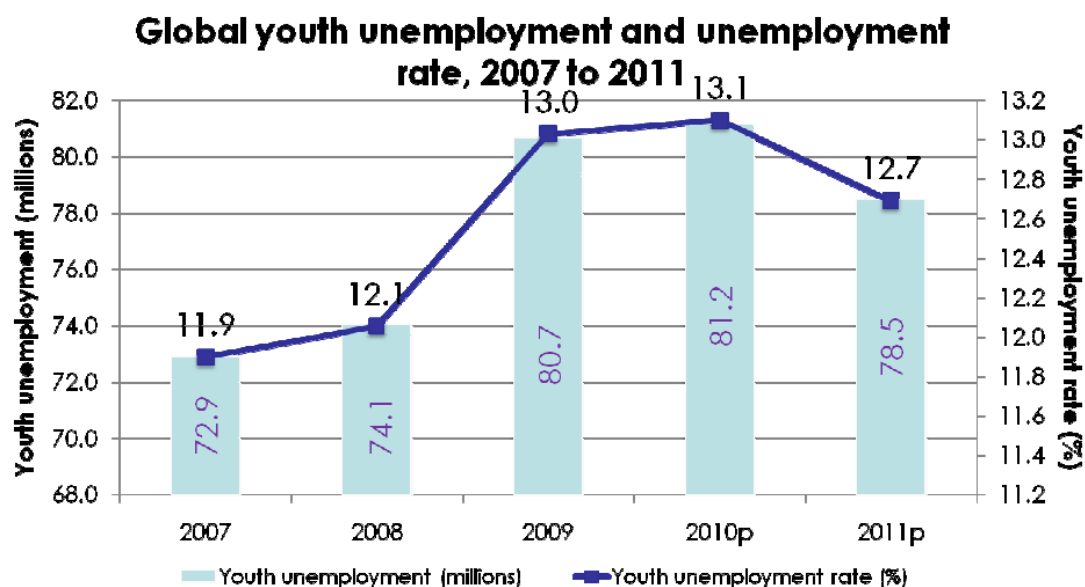
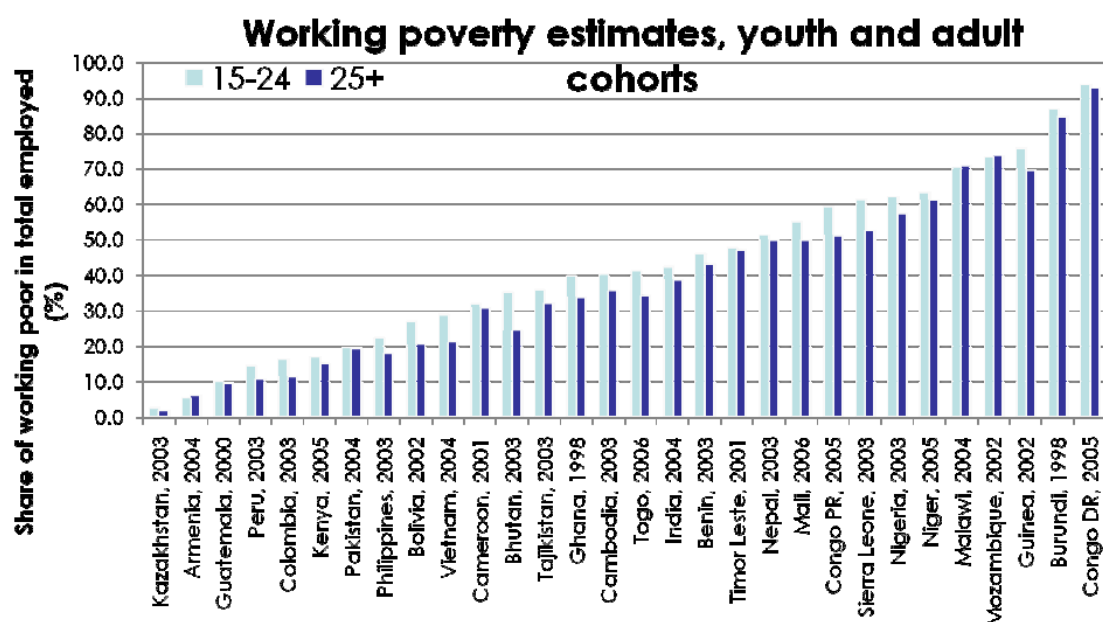
**Share of youth in the total population, by region,
1991 to 2015**



**Global youth unemployment and unemployment
rate, 1991 to 2007**



See: Rosas, Gianni (2010). "The Impact of the Global Economic Crisis on Youth Employment". ILO Youth Employment Programme. Geneva.



See: Rosas, Gianni (2010). "The Impact of the Global Economic Crisis on Youth Employment".
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