

Youth employment in Asia and the Pacific and the Arab States

Introduction¹

Around 690 million people aged 15–24 years, nearly 60 per cent of the world's youth population, are based in Asia and the Pacific and the Arab States. These youth live in a thriving region where working poverty is decreasing, the middle class is gaining ground, gender gaps are narrowing and overall employment rates are trending upwards. Yet a number of labour market challenges disproportionately impact this age group. While significant policy developments have focused on these challenges, including school-to-work transitions and skill mismatches, further coordinated efforts are needed to address obstacles to productive employment and decent work for all youth and thereby help to properly unleash their potential.

Achieving various Sustainable Development Goals (SDGs) means promoting youth employment in ways that balance integrated strategies for growth and job creation with targeted employment, training and social protection measures – particularly SDG 8, target 6, to “substantially reduce the proportion of youth not in employment, education or training”, and target 8.b, to “develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the ILO”.

Trends²

Youth unemployment low by global standards

In 2015, nearly 40 million youth – 12.0 per cent of the youth labour force – were unemployed in Asia and the Pacific. Although this was less than the global youth unemployment rate of 13.0 per cent, it varied considerably by sub-region. In 2015, for example, the youth unemployment rate was estimated at around 12.9 per cent in South-Eastern Asia and the Pacific, 11.7 per cent

in Eastern Asia and 10.7 per cent in Southern Asia. For the Arab States in the same period, it was an estimated 28.6 per cent. At the country level, disparities were more marked. In Thailand and Qatar, for instance, youth unemployment rates stood at about 3.4 per cent and 1.1 per cent, respectively, while in Kiribati the rate was estimated at 54 per cent and Yemen at 33.7 per cent for the latest available years.³

Despite relatively low youth unemployment rates, young people remain nearly four times more likely to be unemployed than their adult counterparts, and as much as 5.4 times in South-Eastern Asia (over four times in the Arab States and Southern Asia). Such differences point to a lack of decent jobs, in addition to skills mismatches and other challenges experienced during the transition from school to work.

Poor quality jobs characterize youth employment

Widespread underutilization of young people means that millions work in the informal economy and in vulnerable forms of employment as own-account workers or contributing family members. These jobs come with low pay, poor working conditions and limited access, if any, to social security. Millions of young workers and their families thus remain trapped in poverty.

In 2015, about 94 million young workers and their families in the region lived on less than US\$3.10 per day, adjusted for purchasing power parity (PPP), per person.⁴ More than two-thirds of these were based in Southern Asia. The youth working poverty rate (the share of the employed population living below the poverty line of \$3.10 per day) has been in long-term decline over the last few decades across Asia and the Pacific, although youth still consistently exhibit a higher working poverty rate than their adult counterparts (figure 1).

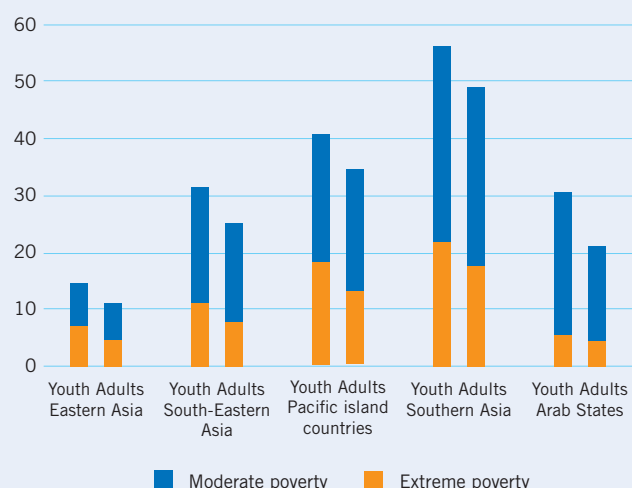
¹ For the purposes of this note, ‘Asia and the Pacific’ refers to the region that includes 47 countries, plus the Occupied Palestinian Territory, across all income levels from East Asia, South-East Asia, South Asia, the Pacific Island countries and the Arab States of West Asia, unless explicitly stated otherwise.

² Source for all labour market data is ILO Research Department: Trends Econometric Models, Oct. 2015, unless otherwise stated.

³ ILO: *Key Indicators of the Labour Market*, 9th edition (Geneva).

⁴ Working poverty is defined here as including those living in either extreme poverty (i.e. less than \$1.90 per day per person) or moderate poverty (i.e. between \$1.90 and \$3.10 per day per person).

Figure 1. Working poverty rates, youth and adults, 2015 (%)



Source: October 2015 update of the model in S. Kapsos and E. Bourmpoula: *Employment and economic class in the developing world*, ILO Research Paper No. 6 (Geneva, ILO, 2013); and ILO Research Department: Trends Econometric Models, Oct. 2015.

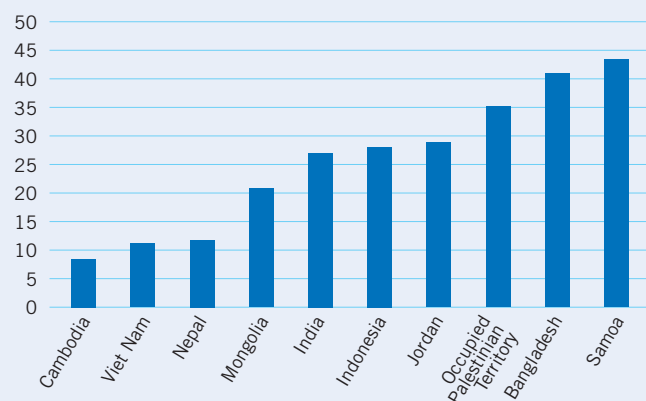
In addition to the working poor, around 57 million young workers and their families lived just above the poverty line and were classified as “near poor”, i.e. in households subsisting on between \$3.10 and \$5 per day per person. Accordingly, working youth in poverty or near poverty in Asia and the Pacific numbered about 141 million.

Elevated NEET rates in certain countries in the region

Where data are available in Asia-Pacific, the share of those not in employment, education or training (NEET) can help shed light on labour market challenges faced by youth in the region. The NEET rate encapsulates a multitude of elements, including the unemployed, early school leavers and those discouraged from looking for work. The NEET rate will be used to help benchmark progress towards SDG 8 and should also help combat NEET data shortages.

Looking at NEET rates for those aged 15–29 years helps capture those in early adulthood, particularly graduates, who are unable to find appropriate employment. For this age band in select countries with available data, NEET rates range from around 10 per cent in Cambodia, Nepal and Viet Nam to more than 40 per cent in Bangladesh and Samoa (figure 2). The NEET rate in all ten countries with data is higher among women than it is among men.

Figure 2. Youth NEET rate (aged 15–29), latest available year (%)



Source: S. Elder: *What does NEET mean and why is the concept so easily misinterpreted*, ILO Technical Brief No.1, Youth Employment Programme, Employment Policy Department (Geneva, ILO, 2015).

Gender gaps remain rife in Arab States and Southern Asia

Approximately 43.9 per cent of Asia-Pacific youth participate in the labour force, which is slightly lower than the global average of 45.9 per cent. Regions with low labour participation rates tend to be characterized by excessively low participation among young females. For instance, in the Arab States only about 13.5 per cent of female youth were economically active, compared to 45.9 per cent of male youth. Similarly, in Southern Asia, low female participation (19.9 per cent) was nearly 40 percentage points lower than it was among youth males (53.0 per cent). The gender gap in labour force participation rates has been widening over the last decade in Southern Asia, but narrowing in the Arab States.

Recent policy developments

This section details policy developments in Asia and the Pacific and the Arab States over the past decade. These are organized according to the five policy areas of the ILO Call for Action on Youth Employment adopted at the 101st International Labour Conference in June 2012.⁵

Employment and economic policies for youth employment

High rates of economic growth across the region have not achieved equivalent gains for most of the population. Employment and economic policies focusing on job creation and conditions for full and productive employment of young people mainly comprise youth employment strategies and integration of youth employment plans within national development strategies.

⁵ ILO: *The youth employment crisis: A call for action*, Resolution and Conclusions, International Labour Conference, 101st Session, Geneva, 2012.

The ILO has been supporting governments and social partners in the region in the design and implementation of integrated employment policy responses to the challenge of youth employment. A number of member States have developed national action plans on youth employment:

- In Yemen, the ILO and the United Nations Development Programme (UNDP) supported the formulation of the Youth Employment Action Plan 2014-2016.
- The Samoa National Action Plan on Youth Employment (SNAP) was launched in 2015.
- In Cambodia, the first National Employment Policy was launched in 2015 with a focus on young women and men.
- Afghanistan's National Youth Policy launched in 2014, was the first for the country and contained an emphasis on youth employment.
- The Philippines implemented a Joint Programme on Youth Employment and Migration (JP YEM) and launched the Philippine Labor and Employment Plan 2011-2016.
- Sri Lanka updated its National Action Plan on Youth Employment in 2015.

Sectoral policies that focus on promoting youth employment have also been common. A number of South and South-East Asian economies have targeted agriculture. Malaysia, Nepal, the Philippines, Sri Lanka and Vanuatu have launched policy initiatives in this area. In Sri Lanka, for example, the National Human Resources and Employment Policy 2012 supports plantation businesses and the mechanization and modernization of agricultural jobs to make them more attractive to youth.

Other priority sectors across the region include information and communications technology (ICT), tourism, fisheries and manufacturing. The Cambodian Government, for example, has sought to improve the business environment for the garment industry, aiming to help drive export growth and job creation for young women.

Fiscal measures to boost the employment of young people have been implemented in a number of countries. For example, China introduced fiscal measures to support the employment of graduates. Businesses with a certain proportion of newly recruited unemployed graduates can apply for a loan of up to 2 million renminbi (RMB) and they receive a fiscal discount. There are also favourable tax reductions for new graduates engaged in self-employment for the first three years. Similarly, the Republic of Korea plans to revise its tax regulations for new start-ups in its "Comprehensive Measures for Youth Employment" policy.

Employability: Education, training, skills and the school-to-work transition

Enrolment in education is rising, particularly at secondary and tertiary levels. However, skills shortfalls (particularly technical and vocational) are prevalent, resulting in underemployment and joblessness. This includes occupational skills mismatches, where the skills of the worker or applicant do not match an occupation. Work-based training programmes such as apprenticeships and internships help address these challenges and have been on the rise in the region.

Thus, one current priority is improving the role and value of Technical, Vocational Education and Training (TVET) in educational systems. A number of countries have set out to improve policies and systems to link TVET with industry requirements for skilled workers, as well as to make skills standards and training curricula more efficient and relevant. Examples include the following:

- In Jordan, youth employment was fully integrated into the Employment, Technical and Vocational Education Training (E-TVET) Strategy and the National Employment Strategy, while the establishment of the E-TVET fund has improved access to training. The ILO contributed to the revision of the key performance indicators of the E-TVET system and supported the design and adoption of guidelines for testing and certification.
- In Cambodia, ILO partners have integrated TVET policy priorities into the National Employment Policy and have been working towards the implementation of its national qualifications framework.

In addition, work-based programmes such as apprenticeships and internships have proved crucial in assisting with smooth transitions from school to work, and several countries in the region have taken steps such as the following to increase their availability:

- In Pakistan, on-the-job training, including the one-year National Internship Programme, targets young graduates who remain unemployed. It aims to enhance their employability while decreasing their inactivity.
- In the Philippines, the Department of Labour and Employment (DOLE) and the Technical Education and Skills Development Authority (TESDA) jointly operate the Apprenticeship and Employment Program to help new labour market entrants to acquire basic skills and work experience to meet industry needs and requirements.

The private sector has played a key role in many initiatives combining vocational education in classrooms with training in enterprises, as well as in delivering training programmes and, in countries such as India, spearheading innovative practices.⁶

⁶ See for example IL&FS Skills Development Corporation (IL&FS Skills) focused on vocational training in India: http://www.ilfsskills.com/OurFocus_Content.aspx?ID=1 [accessed 13 Sep. 2016].

Skills mismatches, particularly with regard to neglect of rural areas when it comes to educational policies, are also directly correlated to rural-to-urban as well as to region-wide patterns of migration in search of gainful employment. In the Republic of Korea, agricultural degrees remain a minority in the education system; increasingly, however, universities, including Seoul National University, are offering Agricultural Economics and Rural Development programmes.⁷

National qualifications frameworks, skills standards and skills recognition systems, are already in place in some countries, and they are in a planning stage in others. Career guidance and counselling programmes to develop young peoples' competences in self-knowledge, educational and occupational exploration, and career planning are also increasingly evident. Most recently, Viet Nam has piloted career guidance tools for rural secondary schools.

Labour market policies

Common options in the region include labour market policies that address the challenges of youth employment, helping to facilitate young people's entry into the labour market. Less common are active labour market policies including income and social support programmes or public works schemes designed to serve young people in particular. Instead, governments in the region have largely invested in labour market information and strengthened public employment services, in some cases through South-South cooperation. For example, China has shared its experience in employment services with Cambodia and the Lao People's Democratic Republic.

Employment services are helping to improve job-matching techniques, employment counselling, labour market information and analysis, management of labour market programmes and regulation and monitoring of private recruitment agencies. Further, a number of countries are using modern technologies to extend the reach of traditional intermediation. For example, PhilJobNet, the Philippines Government Labour Market Information Portal, is an internet-based job and applicant matching system that aims to fast-track the jobseeker's search for employment and the employer's search for workers. Other initiatives include the following:

- Cambodia's National Employment Agency (NEA) helps provide efficient labour market services, advice and information in several provinces through their job centres.
- Japan's Wakamono Hello Work programme is a sophisticated nationwide vocational counselling and jobs referral scheme targeting young people.
- China's wide network of employment service centres at several geographical locations helps facilitate better employment for a large youth migrant population.

In economies with expanding industrial and service sectors, job search assistance and placement support can improve employment and earnings among young people at relatively low cost. In high-income economies, job search support has been increasingly integrated with a range of complementary services such as profiling to access opportunities, counselling and training. The success of these policies, however, much depends on the technical and institutional capacity of public employment services.

Career and vocational counselling provided by public employment services often targets specific groups of young people who face particular difficulties in the labour market. For example, Japan's Basic Plan for Working Youth programme helps the NEET youth population return to employment. The programme offers young people consultation and access to professional career consultants. In Singapore, the Development Framework for Youth scheme provides a range of support services to youth at risk.

Wage and training subsidies – either direct transfers to employers or reduction of their taxes or social contributions – encourage employers to hire and train young workers, especially the long-term unemployed and other disadvantaged youth. In Mongolia, subsidized enterprise training has helped young workers coming from orphanages to improve their job-related skills and, with this, their employment prospects.

Youth entrepreneurship and self-employment

Self-employment and entrepreneurship policies for young people must be shaped both to promote an entrepreneurship culture and to combat the inherent difficulties of starting up a business at an early age, including lack of experience and financial resources. As such, youth self-employment promotion should include entrepreneurship education, training for out-of-school youth on business start-ups, mentoring and other business support measures that help foster entrepreneurial activity while improving employability.

Common barriers faced by young entrepreneurs are limited access to capital, lack of business and management skills and mentorship support. Policies to promote self-employment and entrepreneurship for young people are more common in low-income countries. The most common measure is the provision of such funding mechanisms as micro financing, grants, subsidies, or soft loans. A few funding schemes are open to all youth who start a business (for example, in Sri Lanka), though most target vulnerable youth such as school drop-outs, unemployed youth and youth with disabilities (such as in Vanuatu, Mongolia and Viet Nam). Some programmes support youth cooperatives; others target youth in specific regions or sectors, for instance the following:

⁷ RCM-UNDG Asia-Pacific Thematic Working Group on Youth: *Switched on: Youth at the heart of sustainable development in Asia and the Pacific* (Bangkok, United Nations, 2015).

- The Farm Youth Development programme in the Philippines has helped rural youth to seize opportunities presented by modernization of the sector.
- In the Republic of Korea, the Act on Fostering and Supporting Agricultural and Fisheries Enterprises provides low-interest loans and business training for young entrepreneurs in farming, infrastructure, agribusinesses and consulting services.
- The Youth Empowerment Network (AyeNet), supported by the Arab Information and Communication Technologies Organization, encourages entrepreneurship and creativity among Arab youth in fast-expanding technology and ICT sectors.

Embedding entrepreneurship curricula in schools and TVET institutions has also proven an effective way of fostering an entrepreneurial culture (box 1) and promoting self-employment as a potential career option for youth. In Singapore, the Government is encouraging the establishment of a comprehensive, structured entrepreneurship learning programme by providing financial support to schools from primary level all the way up to polytechnics, with grant funding through the Young Entrepreneurs Scheme for Schools.

Box 1. Know about Business (KAB) entrepreneurship programme

The ILO KAB programme – a training package to help students/trainees develop entrepreneurial skills and understand basic business management concepts – has been adopted and incorporated in the curricula of secondary schools, vocational/technical institutions and higher education throughout the region, including in Indonesia, Iraq, the Lao People's Democratic Republic, the Occupied Palestinian Territory, the Philippines, Saudi Arabia, the Syrian Arab Republic, Timor-Leste, Viet Nam and Yemen. It has also influenced business education and development in Cambodia, Fiji, Papua New Guinea and Thailand. Partnerships with ministries of labour and education and workers' and employers' organizations have facilitated the process.

Rights for young people

Policy developments promoting and protecting the rights of young people have been modest compared to those regarding employability, employment and other such measures. Moreover, policies relevant to the work of young persons do not always conform to international labour standards.

The voices of young working women and men still find limited representation in many countries where legal frameworks restrict freedom of association and genuine collective bargaining. On the other hand, contractual agreements for young people – minimum age for work, recruitment procedures and probation – are relatively well regulated.⁸

Occupational safety and health (OSH) measures that seek to prevent occupation-related injury, disease and death are particularly important to young workers aged between 15 and 18 years. Existing OSH regulations related to young people mainly deal with hazardous work, night work and limits on working hours and workdays for youth aged 15–18 years. These measures are encouraging, but much remains to be done in promoting a healthy workplace culture with an emphasis on prevention.

Similarly, protection of domestic workers, migrant workers and other vulnerable young workers from potential abuses and discrimination is particularly relevant for young people. The ILO Domestic Workers Convention, 2011 (No. 189), for example, was ratified in the Philippines in 2013 with the Domestic Workers Act, but this remains the only country in Asia and the Pacific and the Arab States to have ratified this Convention.

A broad gap often exists between enacted policies and the practical application of rights for young people. While organized groups of young workers are sometimes able to claim their rights, most still struggle to make their voices heard and have their rights acknowledged. Cases of anti-union discrimination as well as denial of the right to organize and collective bargaining are still common.

Labour laws often prohibit age-based discrimination, though the effectiveness of implementation of such law remains a question. Labour inspection is weak in many low- and middle-income countries, and compliance with labour legislation is often inadequate.

Recommendations

The policy developments outlined in the previous section suggest the following recommendations, which conform with the policy areas of the ILO Call for Action on Youth Employment.

Employment and economic policies for youth employment.

Economic and employment policies must contain adequate focus on job creation and conditions for full and productive employment for young people. This includes ensuring sustainable resources for youth employment policies, for instance, by safeguarding funds, particularly where growth is fuelled by natural resource extraction, as in Mongolia, Papua New Guinea and Timor-Leste. Additionally, agricultural productivity needs to be bolstered to ensure adequate productive opportunities for youth in rural areas. This will require

⁸ S. Divald: *Comparative analysis of policies for youth employment in Asia and the Pacific* (Geneva, ILO, 2015), <http://apyouthnet.ilo.org/resources/comparative-analysis-of-policies-for-youth-employment-in-asia-and-the-pacific> [accessed 13 Sep. 2016].

investment in more efficient farming practices to be adopted in agribusiness, agro-tourism, land management or agricultural engineering.

Employability: Education, training, skills and the school-to-work transition. Work-based training programmes such as apprenticeships and internships help to address the challenge of skills mismatches. But this also requires improving the quality and relevance of skills training by aligning TVET training with employers' skills needs and improving the relevance and recognition of TVET qualifications. Accordingly, there is room for strengthening partnerships in TVET planning, design, delivery and assessment. Further information is required, however, to shape and implement appropriate policies. Collecting survey data is one such way. For example, the ILO Work4Youth (W4Y) project, with support from the MasterCard Foundation, implemented school-to-work transition surveys in Bangladesh, Cambodia, Jordan, Lebanon, Nepal, the Occupied Palestinian Territory, Samoa and Viet Nam, providing invaluable information and insights from the perspective of both youth and employers.

Labour market policies. Such policies can be geared towards addressing the challenges of youth employment to help facilitate young people's labour market entry. In particular, active labour market policies can mitigate education and labour market shortfalls, while promoting efficiency, growth and social justice. At the same time, employment services can help improve job-matching techniques, employment counselling, employers services assistance, labour market information and analysis, management of labour market programmes and regulation and monitoring of private recruitment agencies.

Youth entrepreneurship and self-employment. Such policies must be shaped to promote an entrepreneurship culture, foster entrepreneurship education and combat the inherent difficulties (such as lack of experience and

financial resources) in starting up a business at a young age. Thus young entrepreneurs need to have appropriate and adequate access to finance, as well as a business environment conducive to innovation, investment and smooth operation. The role of the business sector is vital in this regard. Employers can provide mentorship, skills training and support for the creation of entrepreneurial ecosystems, while business incubators can help assist youth entrepreneurs with regulatory and legislative hurdles.

Rights for young people. Policy measures in the region must more effectively address the regulation of contractual agreements that respect recruitment procedures, minimum-age requirements and probation periods. Additional efforts are needed across the region to better protect domestic workers, migrant workers and other vulnerable young workers from potential abuses and discrimination. Simply raising awareness of the rights of young workers is a step in the right direction. The Hong Kong Labour Department's brochure, "Know Your Identity and Rights", published in 2011 with the aim of making young people more aware of their rights at work, is one such measure. Another is the ILO training manual on "Rights@Work for youth", which has been tested in selected countries. Nevertheless, much more needs to be done throughout the region to protect and promote the rights of young workers.

Regional and international partnerships for youth employment are essential to contribute to concerted global efforts to promote youth employment. The 2030 Sustainable Development Agenda will help member States shape and coordinate effective youth employment policies within national development strategies. To this end, in February 2016 the ILO launched, together with more than 20 United Nations entities, the Global Initiative on Decent Jobs for Youth to scale up action in support of youth employment.⁹

⁹ ILO: *The Global Initiative on Decent Jobs for Youth* (2016), http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ed_emp_msu/documents/publication/wcms_450121.pdf [accessed 13 Sep. 2016].

The responsibility for any opinions expressed rests solely with the authors. Publication does not constitute an endorsement by the ILO of any opinions, products, processes or geographical designations mentioned.

Copyright © International Labour Organization 2016

ILO Regional Office for Asia and the Pacific
United Nations Building,
Rajdamnern Nok Avenue,
Bangkok 10200, Thailand
Tel.: +66 2288 1234, Fax: +66 2280 1735
Email: BANGKOK@ilo.org
www.ilo.org/asia

ILO Regional Office for the Arab States
ARESCO Centre, Justinien Street, Kantari,
P.O. Box 11-4088, Riad Solh,
1107-2150 Beirut, Lebanon
Tel.: +961 1 752400, Fax: +961 1 752405
Email: beirut@ilo.org
www.ilo.org/beirut

DECENT WORK

A better world starts here.