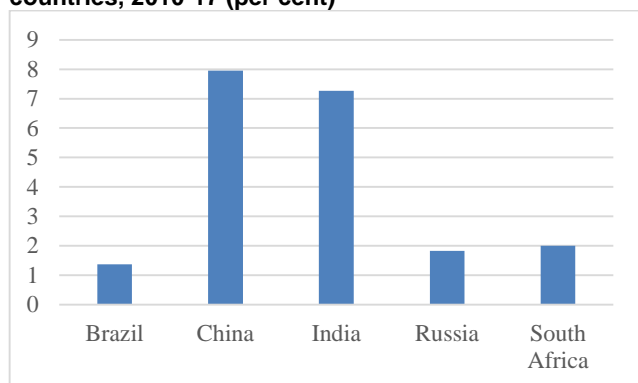


BRICS SUMMARY: YOUTH EMPLOYMENT

Introduction

The BRICS countries fall into one of two identifiable groups in terms of overall economic performance since 2010 (figure 1): China and India have experienced average growth rates in the region of 7-8 per cent, whilst the other three countries have averaged between 1 and 2 per cent. Brazil has had the most variable performance: falling from 7.5 per cent in 2010 to -3.6 per cent in 2015. All of the BRICS countries, with the partial exception of India, have witnessed a significant slowdown during the decade.

Figure 1: Average annual real GDP growth rates, BRICS countries, 2010-17 (per cent)



Source: IMF, World Economic Outlook Update, July 2018.

Overall, the BRICS countries have seen a significant move away from vulnerable employment towards wage employment of 6.6 percentage points, well in excess of the world average excluding BRICS of 1.6 percentage points. Similarly, the BRICS countries have witnessed a significant move out of agricultural employment - which has fallen by almost 13 percentage points between 2006 and 2017 – towards services which has risen by almost 14 percentage points over the same period. This compares to a much more modest 3 percentage point reduction in agricultural employment and 4.4 percentage point increase in service sector employment observed in the rest of the world. This move has been dominated by the massive shift away from agriculture towards services observed in China, but all the other BRICS countries have experienced the same change albeit in rather more moderate terms.

Comparable time series data on informal employment are not available; such data as does exist suggests that, with the exception of Russia, in recent years informal employment has been on a consistent downward trend. At the same time, the phenomenon remains extensive, ranging from the relatively moderate rates of 34.0 per cent of the employed in South Africa and 35.9 per cent in Russia through to 46.0 per cent in Brazil and 54.4 per cent in China, reaching 88.2 per cent of the employed in India.¹

Within this context, BRICS Labour and Employment Ministers' in 2017 noted the "progress in several labour and social areas while facing a number of arduous tasks, including improving labour force participation rates, tackling persistent informality, and reducing inequality."² They also reiterated their commitment to the 2030 Agenda for Sustainable Development and to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, Sustainable Development Goal 8. Providing productive employment opportunities for young women and men is also a key element of the SDGs. SDG target 8.6 for example aims at "substantially reducing the proportion of youth not in employment, education or training" by 2020 while SDG target 8.b calls to "by 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization."

Trends

Youth unemployment rates are highest in South Africa whilst the rate in Brazil also increased substantially following the collapse of growth in the country (figure 2). The other three countries hover around the global average rate of 12.6 per cent.³ Of note, in all BRICS countries save China, the youth unemployment rate is higher for young women than young men.

The youth NEET rate – the proportion of 15 – 24 year olds who are neither in employment nor in education or training – provides a slightly different picture (figure 3); gender differences are more marked and in all BRICS countries the NEET rate is higher for young women than young men. In India, the young female NEET rate is more than six times the young male rate. The differences between NEET and unemployment rates are to be accounted for by the relative

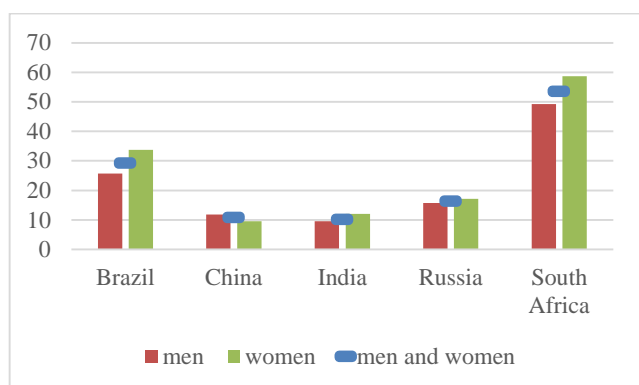
¹ ILO. Forthcoming. *Women and men in the informal economy: A statistical picture. Third Edition* (Geneva).

² BRICS Labour and Employment Ministers' Declaration, Chongqing, China July 27, 2017.

³ ILO modelled estimates, May 2018.

sizes of the inactive (and not in education) and active (but unemployed) populations. In South Africa, the vast majority of NEETs are also unemployed; in India, on the other hand, the vast majority of NEETs are not labour force participants.

Figure 2: Youth (15-24) unemployment rates, BRICS countries, latest year (per cent)



Source: China - ILO modelled estimates, May 2018; Brazil - Continuous National Household Sample Survey (Pesquisa Nacional por Amostra de Domicílios Contínua); Russian Federation - Population Survey on Employment Problems; South Africa - Quarterly Labour Force Survey; India - National Sample Survey.

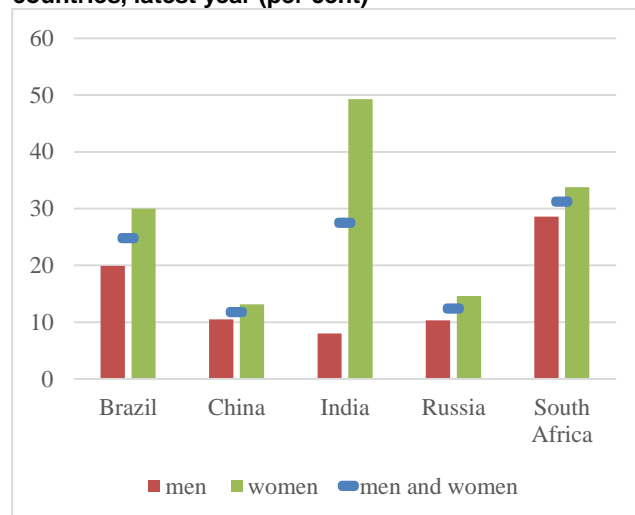
Note: the youth unemployment rate is reported for 2017 with the exception of India (2012).

Over the last decade or so, there has been a substantial shift away from vulnerable employment (own account and contributing family workers) towards wage employment. The trend is particularly marked for young people (figure 4), largely reflecting a significant reduction in low productivity agricultural employment amongst the young. However, this reduction in vulnerable youth employment does not necessarily indicate a substantial improvement in job quality: three-quarters of the growth in wage employment in BRICS can be accounted for by increases in temporary and/or informal forms of employment which lack job security.

On the other hand, the last decade has also witnessed a reduction in working poverty amongst young people in all BRICS countries. This has been most pronounced in China, but the reduction has also been very substantial in India; in Russia, working poverty amongst young people was already relatively low, but by 2017 has all but been eradicated.⁴

⁴ ILO estimates suggest that by 2017, India had a working poverty rate of just over 50 per cent (down from 73.5 per cent in 2007). In Russia, on the other hand, young people working in extreme or moderate working poverty accounted for less than 0.2% of youth employment.

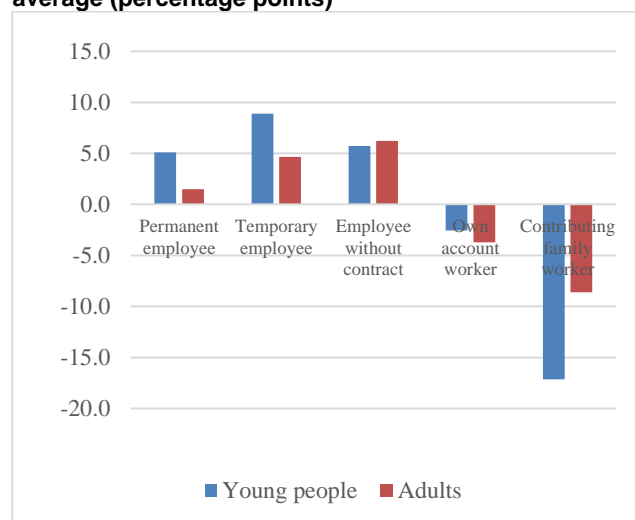
Figure 3: Proportion of young people neither in employment, education nor training (NEET rate), BRICS countries, latest year (per cent)



Source: China – China Household Income Project; Brazil - Continuous National Household Sample Survey (Pesquisa Nacional por Amostra de Domicílios Contínua); Russian Federation - Population Survey on Employment Problems; South Africa - Quarterly Labour Force Survey; India - National Sample Survey.

Note: The NEET rate is reported for 2017 with the exception of China (2013), India (2012) and Russia (2016).

Figure 4: Changes in the forms of employment: 2005-15, young people (15-29) and adults (30-64), BRICS country average (percentage points)



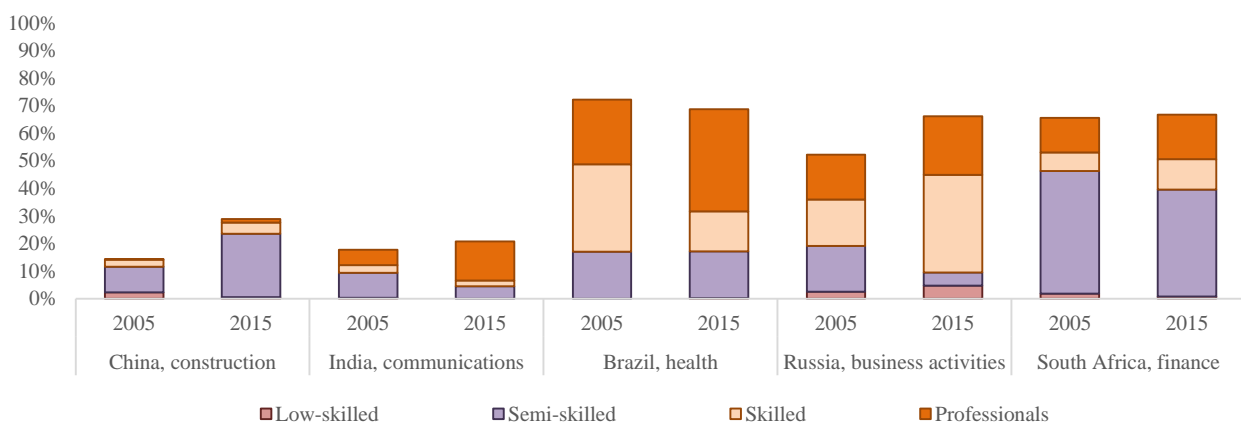
Source: Calculations based on labour force micro database. For more details, see ILO. 2017. *Op. cit.*

hand, young people working in extreme or moderate working poverty accounted for less than 0.2% of youth employment.

Box: Young women in BRICS countries are moving into non-traditional sectors

In most BRICS countries, educated young women are establishing their presence in traditionally male dominated sectors. In China, for example, the share of young female workers employed in construction increased from 14.4 to 28.9 per cent, mostly in semi-skilled employment. In India, young women are increasing their employment share in communications, mostly at the professional level. The health sector in Brazil, following the global pattern, is female dominated: seven out of every ten young workers in the sector are women. More and more of these women are now highly-skilled professional workers. In South Africa, young women's share in the finance sector has remained somewhat stable in the past decade, but their make-up has shifted towards skilled and professional workers, although semi-skilled employment remains strong. In Russia, there has been a sizeable increase in women's share in business activities and this rise has been strongest for higher-skilled young women at the skilled and professional levels.

Figure 5: Sector and age-specific employment share and skills distribution of young women, selected sectors and countries, 2005– 2015 (per cent)



Source: ILO. 2017. *Op. cit.*

Policy implications and the way forward

BRICS countries face important challenges in ensuring decent and productive jobs for young women and men. As outlined in *The Youth Employment Crisis – A Call for Action*, adopted by the International Labour Conference in 2012, addressing the challenges requires a holistic and multi-pronged approach. An important element of such an approach is a pro-employment macroeconomic policy framework. As such, the BRICS Labour and Employment Ministers have emphasized the need to “proactively promote pro-employment development with innovation and entrepreneurship, establish a more reasonable and effective labour governance system, make economic development and employment growth mutually reinforcing, continuously improve the employment quality and push forward the achievement of decent work and social justice.”⁵

A pro-employment macroeconomic framework is particularly important in fostering labour market outcomes for young

women and men as employment prospects for youth are more sensitive to the business cycle, with downturns disproportionately affecting youth and sustained growth in aggregate demand playing a relatively more supportive role.⁶ This highlights on one hand, the importance of timely counter-cyclical policies, including automatic stabilizers, in reducing macroeconomic volatility, and on the other hand, concerted efforts to reach full employment. On the former, this aspect is particularly important for the more commodity-dependent BRICS economies such as Brazil, Russia and South Africa, but also to the other BRICS economies given the increasing frequency of economic and financial crises as well as in an environment of increasing global trade frictions. On the latter, the Great Recession has led to a careful reconsideration of economic policies, including broadening the mandates of central banks to include supporting full employment and growth, in addition to the conventional role of promoting price stability. For example, the mandate of the Reserve Bank of New Zealand was modified to include “maximum sustainable employment” in addition to price stability in 2018.⁷

⁵ BRICS Labour and Employment Ministers' Declaration. *Op. cit.*

⁶ O'Higgins, N. 2017. *Rising to the youth employment challenge: New evidence on key policy issues* (ILO, Geneva), chapter 2.

⁷ See Reserve Bank of New Zealand: *New PTA requires Reserve Bank to consider employment alongside price stability mandate*. Available at: <https://www.rbnz.govt.nz/news/2018/03/new-pta-requires-reserve-bank-to-consider-employment-alongside-price-stability-mandate> [March 27, 2018].

Equipping young women and men with the skills needed in the labour market is a pressing challenge for BRICS countries. *The BRICS Action Plan for Poverty Alleviation and Reduction through Skills*, adopted by the BRICS Labour and Employment Ministers in 2017 emphasizes the importance of integrating the poor into the overall national plan for vocational training; establishing and improving lifelong vocational training and learning systems; providing vocational training allowances or free training; encouraging training providers to strengthen research on the skills needs of various jobs; promoting high-quality apprenticeship systems and strengthening cooperation between governments, sectors and enterprises to conduct joint research and establish regional and sectoral strategies in order to improve the capacity of the economy to absorb unemployed people.⁸ Several BRICS countries have implemented measures to reform education and training systems, although there is clearly still room for even greater efforts in this field.

In a number of BRICS countries, notably China and India, even with the significant shift away from the sector noted above, a large share of young workers are still employed in agriculture, where levels of labour productivity are lowest among sectors. There also exists large differentials in productivity among sectors in BRICS economies, pointing to opportunities to boost aggregate labour productivity through sectoral policies that facilitate structural transformation. The sectors that play a relatively bigger role in providing employment for young people differ by country, but efforts to channel credit to dynamic and growing sectors for youth, coupled with skills development efforts, can ensure that the necessary capabilities exist to support the growth of such sectors. Advancing financial inclusion, including access to credit by young entrepreneurs in growing sectors and by micro- and small- enterprises to support their growth and create more jobs can promote macro-economic resilience and financial stability while at the same time enabling individuals and households, including the poor, to reduce their vulnerability to economic shocks and enhance household welfare.

BRICS countries are also undertaking active labour market programmes. Such programmes which take many forms, from employment intensive public employment such as the Indian MNREGA public employment programme, employment subsidies to private firms as in the Employment Tax Incentive (ETI) in South Africa, to youth entrepreneurship promotion initiatives implemented in all the

BRICS countries. These can play an important role in addressing gender gaps in youth labour markets. Such programmes can be designed or modified to ensure young women engagement, including where necessary through the provision of transportation and childcare facilities. Designing the programmes also needs to take into consideration the heavy time constraints young women may have as a result of their unpaid care responsibilities, as well as in creating assets that help women carry out everyday chores more efficiently. For example, public employment programmes creating infrastructure can facilitate access to roads, telecommunications, energy and water, which may free up time for educational and training opportunities, productive paid work and participation in community life and local governance.⁹ More generally, such efforts combined with those aimed at transforming social norms and gender role conformity, could enhance the transformational role that such programmes can play, in the sense that they break the generational cycle of disadvantage.¹⁰

There is also room for improvements in data collection and dissemination, particularly in China and India. Moreover, the practice of monitoring and evaluation – including rigorous ex post impact evaluations – could be applied much more extensively. The peer review process instituted in Russia marks a step in the right direction, as do the evaluations of the ETI scheme in South Africa and ALMPs for young people in Brazil.

Recent ILO analysis has emphasized the importance of complementarity between context, institutions, policies and programmes influencing the entry of young people into quality employment.¹¹ Clearly, strategies to promote decent work among young people require action at different levels. Programmes need to be developed in a coherent framework taking into account interactions between interventions implemented at different levels. Thus, for example, wage subsidies might provide added value by *leveraging such public financial support in order to encourage formality*. Indeed, sometimes it is among the explicit aims of self-employment programmes, as with the Microempendedor programme in Brazil; but here too there is room build upon country specific experiences and so improve upon the coherence of difference policies and programmes.

⁸ BRICS Labour and Employment Ministers' Declaration, Annex 2, *op. cit.*

⁹ Krings, S.A. 2017. *Gender in employment policies and programmes: What works for women?* Employment Policy Department Working Paper No. 235 (Geneva, ILO).

¹⁰ For a discussion, see Barcia de Mattos, F.; Dasgupta, S. 2017. *MNREGA, paid work and women's empowerment*. Employment Policy Department Working Paper No. 230 (Geneva, ILO).

¹¹ O'Higgins, N. *Op. cit.*

BRAZIL: YOUTH EMPLOYMENT

Introduction

The labour market in Brazil today presents numerous challenges for workers. This partially reflects the country's recent economic performance. After strong economic and labour market performance in the early 2000s, economic growth stagnated in 2014, followed by two recessionary years in 2015 and 2016, with small but positive growth in 2017.¹² Since 2012, fluctuations in economic growth translate into an average real contraction of 0.5 per cent annually, with virtually nil employment growth¹³. At the same time, vulnerable and informal employment – associated with low wages, limited legal and social protection and poor working conditions – are widespread, accounting for 27.5 per cent and 46.0 of employment respectively.¹⁴ The labour market situation of young workers has been particularly performance, with the risk of life-long consequences in terms of lower earning prospects, more spells of unemployment, and lower chances of accessing decent employment.¹⁵

Trends

In context of stagnation and recession, young people often engage in labour markets to compensate for losses in household income.¹⁶ Indeed, labour force participation rates have risen along with unemployment rates. Between 2014 and 2017, participation expanded from 53.9 to 55.0 per cent, while unemployment rose from 15.8 to 30.2 per cent, over twice as high as the global rate. Unemployment is more than three times as common among young workers as among

adults (9.3 per cent). More than one-third of young women in the labour market (33.7 per cent) were unemployed in 2017, compared to 25.7 per cent of young men. A closer look reveals unemployment is inversely related to education attainment – it is highest for youth with basic education (35.6 per cent) and lowest for those with advanced education (19.4 per cent).¹⁷ Although this can be partly explained by the fact that young people may not yet have reached the standard ages for secondary and tertiary completion, this suggests a potential misalignment between skills demanded in the labour market and those offered by youth. This is corroborated by the findings of a recent school-to-work transition survey, which indicate that one-fourth of employed persons ages 15-29 were insufficiently qualified for their jobs.¹⁸

Figure 1: Real GDP growth, adult and youth unemployment rates, 2012-2017 (per cent)



Source: Instituto Brasileiro de Geografia e Estatística; ILO Modelled estimates, May 2018; IMF, World Economic Outlook Update, July 2018.

¹² Economic growth data from IMF. 2018. *World Economic Outlook Update*, July 2018.

¹³ All labour market data refers to ILOSTAT (national data from), accessed 22 Mar. 2018, unless otherwise specified. Unemployment accessed in July 2018.

¹⁴ Vulnerable employment is defined as the sum of own-account workers and contributing family workers. The share of non-agricultural informal employment in non-agriculture, Sustainable Development Goal indicator 8.3.1, is also estimated to be 42.5 per cent. ILO. Forthcoming. *Women and men in the informal economy: A statistical picture. Third edition* (Geneva).

¹⁵ Youth refers to ages 15-24 and adults to persons ages 25 or more, unless otherwise specified. It is worth noting that the national definition of youth in Brazil includes young people ages 15-29, and this definition is used in the current brief for a few indicators, as specified.

¹⁶ Recent research indicates trends in youth labour market engagement between 2015 and 2017 varied according to age groups, declining for youth ages 15-17 and increasing for those 18-24 years old. For in-depth analysis on recent trends on youth labour market participation and unemployment see Courseuil, C.H.; Franca, M.; Poloponsky, K. Forthcoming. *Uma interpretação para a forte aceleração da taxa de desemprego entre os jovens. Boletim Mercado de Trabalho: Conjuntura e análise* No. 64 (Brasília, IPEA).

¹⁷ Unemployment rates for young graduates may be inflated if they just entered the labour market.

¹⁸ Venturi, G.; Torini, D. 2014. *Transições da escola para o trabalho dos jovens homens e mulheres no Brasil. Work4Youth Publication Series* No.25 (Geneva, ILO).

Challenges are also reflected in the high incidence of youth not in employment nor in education or training, (NEET): 24.8 per cent.¹⁹ Young women were much more likely than young men to be NEET—30.0 per cent relative to 19.9 per cent. The gender gap has, however, declined in recent years, from 12.1 percentage points in 2012 to 10.1 points in 2017.

Economic and job growth in the early 2000s were accompanied by marked improvements in job quality, but challenges remain. The share of young employees ages 15-29 in informal work declined from 33.5 per cent in 2005 to 25.8 per cent in 2015, as did the incidence of contributing family work (-5.8 percentage points).²⁰ Conversely, more young workers are engaged in permanent contracts, 38.9 per cent. At the same time, the share of agriculture and manufacturing in youth employment declined significantly, and faster than adults'. In contrast, construction, trade, hotels and restaurants and real estate and business activities have become more prominent. Many 15-24 years old in employment (6.6 per cent) do not earn enough to lift themselves and their families out of poverty (US\$ 3.10 per day). Although the situation improved from the late 2000s, downward trends were reversed in the past few years with the subdued economic performance.

Policy implications and the way forward

The Government of Brazil and social partners have displayed strong commitment to addressing youth labour market challenges. In 2011, the country became the first in the world to launch a National Agenda for Decent Work for Youth, recognizing the need for comprehensive policy action. More recently, since 2017, the Government launched *Brasil Mais Jovem* to facilitate local implementation in states and municipalities as well as several new youth initiatives, but much remains to be done.

Higher unemployment rates among youth with lower education attainment and widespread underqualification,

particularly in technical occupations (74.8 per cent), suggest the need for stronger education and training systems, including technical and vocational education and training (TVET). The *Programa Nacional de Acesso ao Ensino Técnico e Emprego* (PRONATEC) has sought to increase the offer of training schemes²¹, but recently released survey results highlight several barriers to TVET, including financial concerns, access to schools and difficulties in conciliating school with work and domestic activities.²²

Several public policies have been introduced to promote youth employment in the private sector. Most recently, in April 2018, the new *Plano Nacional de Aprendizagem Profissional* was approved to strengthen the national apprenticeship system. Brazil should strive to expand and widen programme offer, including greater focus on retention of young people, in context of great youth job turnover, as well as on disadvantaged youth.

Youth entrepreneurship offers employment opportunities not only for youth themselves but also for their peers. Here too, Brazil has started to make progress with the recent launch of the *Plano Nacional de Desenvolvimento de Startups* as well as through new and older programmes such as *Inova Jovem* and those offered by the *Serviço de Apoio às Micro e Pequenas Empresas* (SEBRAE). Barriers in access to finance and markets, entrepreneurial and business skills, and the general business environment persist.²³

The policy areas highlighted above are not sufficient to tackle youth employment challenges in Brazil. As the economy recovers, pro-employment macroeconomic policies are critical to ensure economic growth is accompanied by job creation. In addition, public employment services and a strong social protection system are key to smooth youth entry into labour markets and transition between jobs. Moreover, it is paramount to protect and promote young workers' rights and ensure their participation in social dialogue mechanisms for policy design.

¹⁹ NEETs are a diverse group of young people who are available and looking for work (i.e. unemployed) but also young people who are discouraged having not been able to find jobs in previous searches, who do not believe they will be able to find employment, or who do not know where and how to look for jobs. See ILO. 2017. *Global Employment Trends for Youth 2017: Paths to a better working future* (Geneva).

²⁰ Status in employment and sectoral data refer to young persons ages 15-29. Analysis based on ILO. 2017. *Global Employment Trends for Youth 2017: Paths to a better working future* (Geneva).

²¹ International Policy Center for Inclusive Growth. 2014. *Youth and employment among the BRICS. Policy in Focus No. 28* (Brasilia, IPC-UNDP).

²² IBGE. 2017. *Educação e qualificação profissional: 2014* (Rio de Janeiro, IBGE).

²³ Brazil ranks 125 out of 190 countries in terms of ease of doing business in the World Bank's *Doing Business Report 2018*. See World Bank. 2018. *Doing Business 2018: Reforming to Create Jobs* (Washington D.C.).

RUSSIA: YOUTH EMPLOYMENT

Introduction

Following the abrupt interruption to economic expansion in 2009 occasioned by the global financial crisis²⁴, Russia experienced moderate growth until the fall in oil prices in 2014 precipitated recession in 2015. Over the entire period, 2008 – 2017, Russian real GDP increased by only 6.3 per cent corresponding to annual average real growth of under 0.7 per cent. Again in 2017, there was moderate recovery with real GDP growth of an estimated 1.5 percent with positive albeit slightly lower growth expected in 2018 and 2019²⁵.

Compared to the BRICS average, the employment-population ratio is relatively high (65.7 vs. 59.3 per cent), as is the level of skills in the workforce; in Russia 44 per cent of workers were at skills level 3 or higher which compares to 16 per cent for BRICS as a whole. Informal work accounts for 35.9 per cent of employment in the Federation, and is more common amongst men (39.1 percent) than women (32.7 percent)²⁶. The gender gap in labour force participation (and also in the employment population ratio) is relatively low – 12 percentage points compared to nearly 30 percentage points for the BRICS as a whole. Over 90 per cent of Russian workers are in wage employment, with a correspondingly small percentage - 5.8 percent in 2016 - in vulnerable employment²⁷.

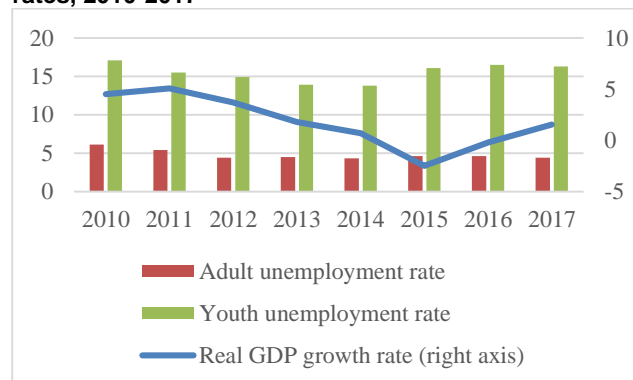
Trends

The youth unemployment rate has fallen from its crisis peak of 18.5 per cent in 2009, although following the oil price crisis, it increased from its low of 13.8 per cent in 2014, remained above 16 per cent since 2015 (figure 1). Although geographical disparities have lessened in recent years, regional variations in youth unemployment remain very

pronounced. In Moscow and St. Petersburg, youth (15-29) unemployment rates in 2017 were 3.3 per cent and 4.4 per cent respectively which contrasts with a rate of 47.8 per cent in Ingushetia and 26.0 per cent in the Tyva republic.²⁸

At the same time, the recent increase in the youth unemployment rate has not been reflected also in the adult unemployment rate. Consequently, the ratio of youth to adult unemployment rates has been consistently increasing in recent years, rising from under three in 2011 to almost four by 2017. In part, this reflects the greater sensitivity of youth unemployment (compared to adult unemployment) to fluctuations in economic growth²⁹.

Figure 1: GDP growth, youth and adult unemployment rates, 2010-2017



Source: IMF WEO database (GDP growth rate); ILO estimates derived from micro-data files (youth and adult unemployment rates).

Unemployment rates are slightly higher for young women (17.1 per cent) than for young men (15.7 per cent) in 2017. This is broadly in line with the gender gap in youth unemployment observable in BRICS as a whole.

²⁴ In 2009, output growth in Russian Federation declined by nearly 8 per cent of GDP, driven by contracting domestic demand.

²⁵ IMF. 2018. *World Economic Outlook Update*, July 2018.

²⁶ ILO. *Forthcoming. Women and men in the informal economy: A statistical picture. Third Edition* (Geneva).

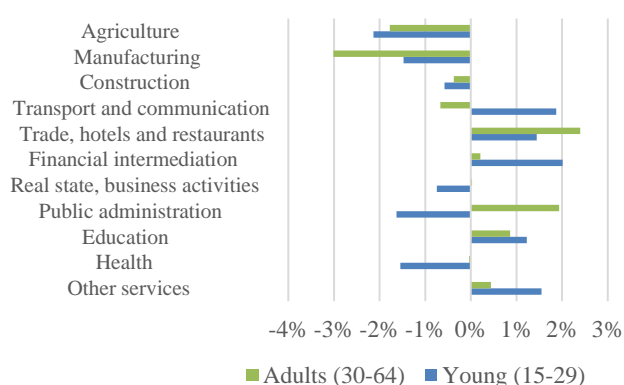
²⁷ Vulnerable employment is defined as the sum of own-account workers and contributing family workers.

²⁸ Calculated from RUSSTAT tabulated data –hence the broader age breakdown. In 2013, the youth unemployment rate was 72.1 per cent in Ingushetia and 34.1 per cent in Tyva.

²⁹ The simple correlation between GDP growth and the youth unemployment rate is -0.64 for the period 2008-17 whilst the corresponding correlation is -0.37 for adults.

The youth NEET rate is relatively low at 12.4 per cent in 2016, although this too has shown an upward trend since the 2014 oil price crisis; there is also a significant difference between male and female NEET rates, although the gender gap of 4.3 percentage points is smaller in the other three BRICS countries for which data is available³⁰.

Figure 2: Percentage point changes in sectoral employment shares 2004-2014; young people (15-29) and adults (30-64)



Source: Calculations based on ILO micro-data files; see ILO. 2017. *Global employment trends for youth 2017: paths to a better working future* (Geneva, ILO) for more details.

Around two thirds of younger and older workers are employed in the service sector; and, over the last decade, the share of youth employment in services has increased albeit moderately by four percentage points from 67 per cent in 2004 to 71 per cent in 2014. There has been a corresponding contraction of employment in both agriculture and manufacturing. Youth employment in financial services has more than doubled its share of youth employment over the last decade, although it remains a relatively minor source employment for young people, accounting for less than 4 per cent of youth employment

The modest shifts in sectoral employment amongst young people have not lead to any major changes in the forms of youth employment. They has been a small (3 percentage point) increase in formal wage employment amongst the

young corresponding to slight reductions in self-employment and informal wage work. These are consistent with the reductions in agricultural youth employment in agriculture³¹.

Youth employment policy

The main features of employment policy in the Russian Federation until 2020 were established by the National Programme on Employment Promotion³² and which include a significant strengthening of labour market institutions as a whole. In 2012 the responsibilities for active labour market policies were decentralized and currently each region is responsible for their implementation. Youth policy is promoted through the Federal Agency for Youth Affairs (Rosmolodezh).

A number of targeted youth initiatives have been introduced in recent years. These include a youth entrepreneurship programme active in 68 regions of Russia reaching more than 20,000 potential young entrepreneurs every year with particular focus on women entrepreneurship and green jobs, the provision of employment services specifically targeting VET graduates in Bashkortostan, subsidised work experience programmes, as well as pilot initiatives such as the wage subsidy programme for long-term unemployed youth in the republic of Kalmykia.³³

Youth Employment Partnerships have also been established in three regions (Khanty-Mansy Autonomous Region, Perm Territory and the Republic of Kalmykia), involving government authorities, the social partners and other key stakeholders.

³⁰ But not China which, according to ILO estimates, has a gender NEET gap of under three percentage points – see China brief.

³¹ See ILO. 2017. *Global employment trends for youth 2017: Paths to a better working future* (Geneva).

³² Prepared by the Employment Department of the Ministry of Labour and Social Protection, the National Programme on Employment, Russian Federation.

³³ ILO. 2017. *Towards policies tackling the current youth employment challenges in Eastern Europe and Central Asia* (Moscow).

INDIA: YOUTH EMPLOYMENT

Introduction

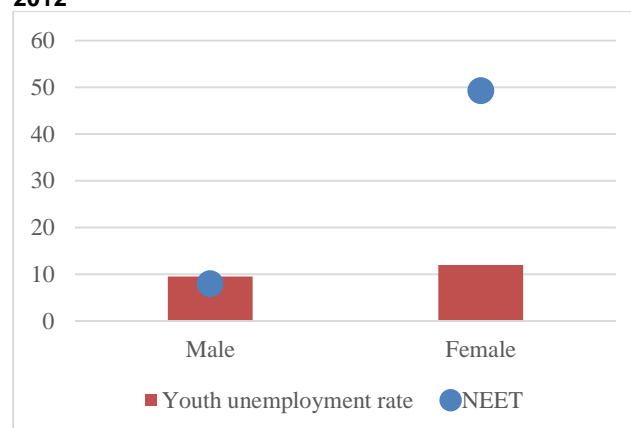
India has experienced robust economic growth in recent years, averaging 7.3 per cent between 2010 and 2017. While de-monetization and the introduction of the goods and services tax (GST) is expected to have slowed growth to 6.7 per cent in 2017, the economy is projected to rebound and increase by 7.3 per cent in 2018.³⁴ Improvements in the labour market however have not been commensurate with the economic growth performance. The latest National Sample Survey (NSS) undertaken in India in 2011-12 indicates that while the unemployment rate is relatively low at 2.7 per cent, the challenge of poor job quality continues to be acute. Vulnerable employment is estimated to account for 79.2 per cent of total employment. The share of informal employment in total employment was 81.9 per cent, while the share of informal employment in non-agricultural employment was 66.1 per cent in 2012. Gender disparities are prominent across all dimensions of the labour market – for example, the labour force participation rate of women, at 23.4 per cent in 2012, is 55.7 percentage points lower than that of men, which is more than double the global average gender gap of 26 percentage points.³⁵ ILO calculations indicate that reducing the gender gap in labour force participation in India by 25 per cent would raise India's GDP in 2025 by 9 per cent.³⁶ Improving the quality of jobs and addressing gender disparities are key challenges facing both adult and young Indian women and men.

Trends

Young women in India are far less likely than young men to participate in the labour market. The labour force participation for young women aged 15-24 at 14.7 per cent in 2012 was 33.9 percentage points lower than for young men. In addition to barriers to the labour market, young women face significant barriers to education compared to their male counterparts. Almost one in two young women (49.3 per cent) in India are not in education, employment or training (NEET), compared to less than one in ten young

men, or 8.0 per cent (figure 1). When young women are able to participate in the labour market, they are also more likely than young men to be unemployed, although the gender gap in this regard is far less striking: the unemployment rate for young women stood at 12.0 per cent in 2012 compared to 9.5 per cent for young men. The youth unemployment rate at 10.1 per cent in 2012 was more than eight times the rate for adults (1.2 per cent).

Figure 1: Youth unemployment and NEET rate, by sex, 2012



Source: ILOSTAT.

Youth unemployment rates in India increase with the level of education. For youth with advanced education, the unemployment rate was 34.2 per cent while the rate with less than basic education was 4.3 per cent. Unemployment rates for young women are higher for all levels of education, with the exception for those with less than basic education (5.1 per cent for young men compared to 2.3 per cent for young women). Once in employment, young people often work in the informal economy or in poor quality jobs. The extreme working poverty rate (i.e. living on less than US\$1.90 in PPP terms) for youth is estimated to have more than halved from 34.1 per cent in 2007 to 14.2 per cent in 2017 but progress on reducing the share of the moderate youth working poverty rate has been much more limited: the rate estimated to have

³⁴ IMF. 2018. *World Economic Outlook Update, July 2018* (Washington, DC).

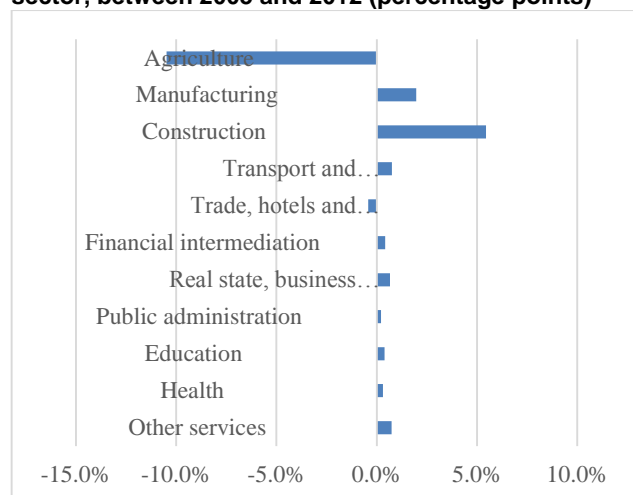
³⁵ For a detailed analysis of declining female labour force participation in India, see Bourmopoula, E.; Kapsos, S.; Silberman, A. 2016. "Decline of women's labour force participation in India: Explaining the puzzling trend", in S.

Dasgupta and S. Verick (eds): *Transformation of women at work in Asia: An unfinished development Agenda* (New Delhi, Sage), pp. 75–102.

³⁶ ILO. 2017. *World Employment and Social Outlook: Trends for women 2017* (Geneva).

fallen from 39.5 per cent in 2007 to 36.4 per cent in 2017. Increasingly, young workers in India are found in non-standard employment, such as short-term and task-based contract work or employment without written contracts.³⁷

Figure 2: Changes in share of youth employment by sector, between 2005 and 2012 (percentage points)



Note: Youth defined as aged 15-29.
Source: ILO calculations based on labour force survey microdata.

Most young Indians continue to be employed in agriculture, although the share of young people aged 15-29 in agriculture decreased from 52.5 per cent in 2005 to 42.0 per cent in 2012, a decrease -10.5 percentage points (figure 2). The share of employed youth in construction increased by 5.5 percentage points during the same period, while that of manufacturing increased by 2.0 percentage points.

Policy implications and the way forward

India has undertaken a number of initiatives to address the challenges of youth employment. In 2015, the Ministry of Skill Development and Entrepreneurship was created to focus on enhancing the employability of young persons through skills development. The Ministry's flagship programme, the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) seeks to target another 10 million youth between 2016-2020 with government-sponsored industry-relevant training and skills certification.³⁸ The Recognition of Prior Learning (RPL) component of the programme in particular

seeks to align the competencies of informal workers to the National Standard Qualifications Framework.

India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which provides 100 days of work in public works per household at minimum wages, has served as an inspiration for many countries. A recent ILO analysis finds that the Act, whose elements include work close to home and child care facilities at the work site, has been instrumental in ensuring paid employment for women, and that paid employment and MGNREGA had a positive and significant effect on women's control of household decisions.³⁹ Furthermore, the study finds when a woman working in MGNREGA has control over household decisions, the likelihood of the oldest girl spending more hours in school is greater. Continued efforts to transform social norms and gender role conformity, including through appropriate policies and public awareness initiatives, can play an important role in addressing the gender gap in education and youth employment.

With a large share of workers employed in agriculture, where levels of labour productivity are lowest among sectors, and large differentials in productivity among sectors (for example, levels of output per worker in manufacturing were 5.2 times the levels in agriculture), there is considerable scope to boost aggregate labour productivity through sectoral policies that facilitate structural transformation.⁴⁰ In this regard, the government's "Make in India" initiative seeks to increase manufacturing employment and continued efforts, including through appropriate education and skills development policies, will be required to boost job opportunities in higher productivity services sectors.

A national employment policy has been under consideration in India for some time. An integrated employment policy framework, formulated on the basis of social dialogue and tripartite consultation, and which addresses both labour demand and supply, mainstreams gender and youth, and addresses both the quality and quantity of employment, can play an important role in supporting policy coordination and coherence between states and line ministries in their efforts to address the employment challenges in India.

³⁷ ILO. 2017. *Global Employment Trends for Youth 2017: Paths to a better working future* (Geneva).

³⁸ India Ministry of Skill Development and Entrepreneurship. Available at: <http://www.skillsdevelopment.gov.in/pmkvy.html> [April 3, 2018].

³⁹ B rcia de Mattos, F.; Dasgupta, S. 2017. *MGNREGA, paid work and women's empowerment*. Employment Policy Department Working Paper No. 230 (Geneva, ILO).

⁴⁰ ILO calculations of labour productivity based on Timmer, M.P.; de Vries, G. J.; de Vries, K. 2015. "Patterns of Structural Change in Developing Countries", in J. Weiss and M. Tribe (Eds.), *Routledge Handbook of Industry and Development* (Routledge), pp. 65-83.

CHINA: YOUTH EMPLOYMENT

Introduction

Although economic growth in China remains extremely high by international standards, averaging 7.9 per cent over the period 2010-17, there has been a marked slowdown in growth since 2012. Average growth in 2010 and 2011 was 10.1 per cent per annum, between 2012 and 2017 it averaged 7.2 per cent p.a., and since 2015 it remained under 7 per cent and is expected to continue to do so in 2018 and 2019⁴¹.

The last decade or so has seen a fairly massive shift from agriculture (primarily) to services; agriculture's share in employment fell from 42.6 per cent in 2006 to 28.3 per cent in 2015. There was a corresponding increase in the service share of employment from 32.2 per cent (in 2006) to 42.4 per cent (in 2015) whilst over the same period, manufacturing also increased its employment share but by a much more modest 4 percentage points from 25.2 per cent to 29.3 per cent.

Informal employment is extensive, particularly in rural areas. 54.4 per cent of all workers are in informal employment in China as a whole, and in rural areas, the figure reaches 82.0 per cent⁴².

Trends

Strong albeit decelerating economic growth has meant rapidly falling extreme and moderate poverty rates amongst young workers in China. Between 2007 and 2017, ILO estimates suggest that extreme and moderate poverty of young workers was cut by two-thirds from 39.7 per cent to 11.4 per cent. The reduction in extreme poverty was even more pronounced falling by over three-quarters from 18.7 per cent to 4.0 per cent.

The strong performance on poverty has not been matched in the quantity of employment available to young people. ILO estimates (figure 1) suggest that youth unemployment rates increased slightly over the last decade or so from 9 per cent in 2005 to 10.8 per cent in 2017. Unemployment is a little

higher amongst young men (11.8 per cent) than young women (9.6 per cent) in 2017. The increase in youth unemployment has, however, been less than proportionate to the increase in adult rates. Consequently, the ratio of youth to adult unemployment rates is estimated to have improved from 2.9 in 2005 to 2.7 in 2017. Still, given the rapid reduction in working poverty it is evident that economic growth has translated mainly into better pay rather than more work.

Figure 1: GDP growth, youth (15-24) and adult (25-64) unemployment rates



Source: IMF WEO database (GDP growth rate); ILO modelled estimates, May 2018 (youth and adult unemployment rates).

The youth NEET rate – the proportion of 15 – 24 year olds who are neither in employment nor in education or training - is not as high in China as in many developing and emerging countries; it also fell from 12.7 per cent to 11.8 between 2002 and 2013. This reduction was, however, almost entirely accounted for by a fall in the NEET rate of young men. Consequently, a NEET gender gap of almost 3 percentage points has opened up, although the gender difference in NEET rates is much less than is observable in other BRICS countries.⁴³

The reduction in the agricultural share of youth employment is even more marked than for adults (30-64); young people's involvement in agriculture has fallen from over 40 per cent

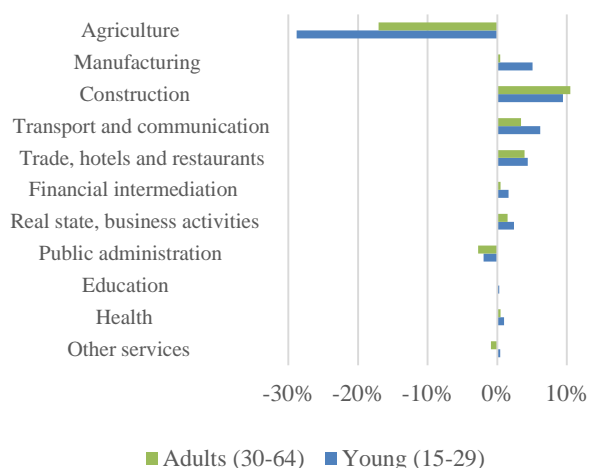
⁴¹ Economic growth data from IMF. 2018. *World Economic Outlook Update*, July 2018 (Washington D.C.).

⁴² ILO. Forthcoming. *Women and men in the informal economy: A statistical picture. Third Edition* (Geneva). Data on informal employment is derived from the China Household Income Project (CHIP) micro-data for 2013.

⁴³ Calculations based on China Household Income Project (CHIP) micro-data files from 2002 and 2013.

of young workers in 2002 to under 12 per cent in 2013. Manufacturing employment has also expanded much more for young people than adults; however, much of the shift away from agricultural work is reflected in the rapid expansion of service sector employment (figure 2), particularly in the transport and trade sub-sectors. The exodus from agriculture is also reflected in the substantial shift in youth employment from vulnerable employment (own account and contributing family work) towards (primarily casual and temporary) wage employment.⁴⁴

Figure 2: Percentage point changes in sectoral employment shares 2002-2013; young people (15-29) and adults (30-64)



Source: Calculated from CHIP micro-data files, 2002 and 2013. See ILO. 2017. *Global employment trends for youth 2017: paths to a better working future* (Geneva, ILO) for more details.

One important challenge facing China is the gender imbalance in the population, also reflected in the youth labour force. China's population control measures have succeeded in moderating population growth so that in 2018 it is estimated⁴⁵ that young people aged 15 to 24 comprise 16.4 per cent of the working age population and 9.4 per cent of the labour force in the country – figures which are comparable to many high income countries. However, an unintended consequence is a preponderance of young men in the population, which is also reflected in the labour force. Young men comprise 53.2 per cent of the youth population

and 54.4 per cent of the youth labour force outnumbering young female labour force participants by over 6.5 million.

Policy implications and the way forward

Youth employment policy in China is very much focussed on promoting the employment of college and university graduates. This focus, asserted in the 12th five year plan (2011-15), has been re-affirmed in the 13th five year plan (2016-20). Although young graduates do make up the bulk of youth unemployment, it is not clear that such an exclusive focus is entirely justified. Young people in rural areas often leave education early, partly due to the low quality of education in rural areas, but also as a consequence of the relative ease of finding low skilled work. The risk is that, as the digital economy expands with more high skilled opportunities for the better educated, existing rural-urban inequalities will become further entrenched.⁴⁶

Initiatives supporting graduate employment include job search assistance offered by the public employment services, active labour market programmes such as wage subsidies, alongside measures to promote self-employment amongst this group.

Several analyses have noted have identified more structural issues, pointing to the failure of educational institutions to equip young people with labour market related competencies.⁴⁷

Issues also in the quality of work have been identified also as regards young people's rights at work, either because they are not covered by legislation or because of weak enforcement.⁴⁸

Beyond this, the collection and dissemination of statistical information on the Chinese labour market data could be much strengthened.

⁴⁴ ILO. 2017. *Global employment trends for youth 2017: paths to a better working future* (Geneva). This does not of course imply however, that all employment in agriculture is vulnerable employment.

⁴⁵ Calculations based on the UN population estimates and projections of the population and the ILO's labour force estimates.

⁴⁶ ILO. 2016. *Jobs and skills for youth: Review of policies for youth employment of China* (Geneva).

⁴⁷ See, for example, Chen et al. 2013. *The \$250 billion question: Can China close the skills gap* (McKinsey Global Institute, Washington DC); Molnar et al. 2015. *Addressing China's skills gap and inequalities in education* (OECD, Paris).

⁴⁸ ILO. 2016. *Op. Cit.*

SOUTH AFRICA: YOUTH EMPLOYMENT

Introduction

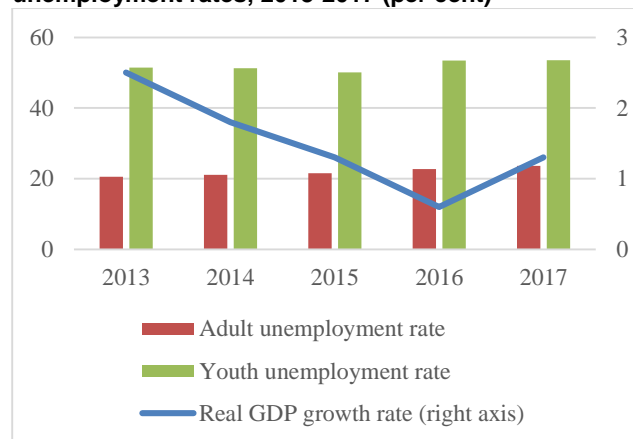
Following four consecutive years of declining real annual economic growth rates, South Africa's economic growth rate is estimated to have picked up in 2017, expanding by 1.3 per cent (figure 1). In particular, investment has been lacklustre in recent years, with gross fixed capital formation declining by 4.1 per cent in 2016 before increasing by 0.4 per cent in 2017.⁴⁹ The subdued economic growth, coupled with a labour force that has expanded by an annual average of 650 thousand between 2013-17, has taken a toll on the labour market, with the unemployment rate reaching 27.3 per cent in 2017, compared to 24.6 per cent in 2013. The composite measure of labour underutilization, which includes the underemployed and the potential labour force in addition to the unemployed, stood at 39.6 per cent in 2017. The incidence of vulnerable employment in South Africa, at 9.8 per cent in 2017, is relatively low but informal employment is estimated to account for 34.5 per cent of total employment.⁵⁰ Amidst these developments, young women and men have been particularly affected, and in his first State of the Nation address, President Cyril Ramaphosa highlighted that "our most grave and most pressing challenge is youth unemployment."⁵¹

Trends

Youth unemployment rates have been increasing in the past decade, rising from 45.6 per cent in 2008 to 53.5 per cent in 2017. During this period, the likelihood of a young woman being unemployed became even more pronounced, with the youth female unemployment rate rising from 50.3 per cent in 2008 to 58.7 per cent in 2017, compared to a rise from 41.7 per cent to 49.3 per cent during the same period for young men. While the likelihood of being unemployed continues to be lowest for those with advanced education, young women and men with such educational attainment have experienced

the fastest increase in unemployment between 2008 and 2017. Furthermore, the share of youth not in education, employment or training (NEET) stood at 31.2 per cent in 2017, with the rate higher for young women (33.8 per cent) compared to young men (28.6 per cent).

Figure 1: Real GDP growth, adult and youth unemployment rates, 2013-2017 (per cent)



Source: Statistics South Africa and ILOSTAT.

Disaggregating the growth of wage employment for young workers aged 15-29 between 2003 and 2015 indicates that the share of permanent formal employees and employees without contracts declined, but the share of those with temporary contracts rose.⁵² During this period the share of the same group of workers aged in agriculture and manufacturing declined by 6.2 percentage points and 2.8 percentage points respectively, while construction and real estate and business activities experienced the largest increases, at 4.5 percentage points and 3.3 percentage points respectively. The moderate youth working poverty rate (i.e. living between US\$1.90 and US\$3.10 in PPP terms) declined from 14.5 per cent in 2007 to 11.9 per cent in 2017. The extreme youth poverty rate (living on less than

⁴⁹ Statistics South Africa. 2018. Gross domestic product: Fourth quarter 2017. Available at: <http://www.statssa.gov.za/publications/P0441/P04414thQuarter2017.pdf>. [March 26, 2018].

⁵⁰ Vulnerable employment is defined as the sum of own-account workers and contributing family workers. The share of non-agricultural informal employment in non-agriculture, Sustainable Development Goal indicator 8.3.1, is also estimated to be 34.6 per cent.

⁵¹ State of the Nation Address by President of the Republic of South Africa, Mr Cyril Ramaphosa. Available at: <http://www.thepresidency.gov.za/speeches/state-nation-address-president-republic-south-africa%2C-mr-cyril-ramaphosa>. [March 26, 2018].

⁵² See also ILO. 2017. Global Employment Trends for Youth 2017: Paths to a better working future (Geneva).

US\$1.90 per day) also declined from 11.3 per cent in 2007 to 6.5 per cent in 2015, but has risen since then to stand at 7.1 per cent in 2017.

Policy implications and the way forward

The government of South Africa, in partnership with employers' and workers' organizations, has undertaken and is continuing to undertake interventions to respond to the youth unemployment challenge. Some key initiatives have included the National Youth Policy 2015-2020 and the Expanded Public Works Programme (EPWP), including the Community Work Programme. Launched in 2014, the Employment Tax Incentive (ETI) provides tax credits to enterprises hiring young persons aged 18-29. Initial assessments of the ETI following six months and one year of implementation have pointed to limited changes in the probabilities of youth employment.⁵³ Another assessment following 14 months of implementation finds that the employment of young people (and non-youth) has increased in enterprises with less than 200 employees but that the increase could be a result of the policy or a general expansion of employment within such enterprises.⁵⁴ The assessment also notes that the gains have potentially come with high deadweight losses, that is, the young person could have been hired even in the absence of the tax credit. Workers organisations have also criticised the ETI, partly based on concerns over its potential to displace existing or older workers. Continued careful monitoring and impact assessment, and policy adjustments based on the findings, will be required.

In March 2018, in collaboration with organised business and labour, the government launched the Youth Employment Service (YES) aimed at providing one million young South Africans with paid one-year internships to acquire a first work place experience and with tools and resources to become entrepreneurs. Other initiatives planned as outlined in President Ramaphosa's State of the Nation address include efforts towards re-industrialization to spur job and export growth, local procurement efforts, a Jobs Summit, an Investment Conference amongst other policy initiatives.

⁵³ Ranchhod, V.; Finn, A. 2014. *Estimating the Short Run Effects of South Africa's Employment Tax Incentive on Youth Employment Probabilities Using a Difference-in-differences Approach*. Southern Africa Labour and Development Research Unit Working Paper 134 (Cape Town, University of Cape Town); Ranchhod, V.; Finn A. 2015. *Estimating the Effects of South Africa's Youth Employment Tax Incentive – An Update* Southern Africa Labour and Development Research Unit Working Paper 152 (Cape Town, University of Cape Town).

South Africa is also involved in a number of regional integration initiatives, including efforts under the Southern African Development Community (SADC), the Tripartite Free Trade Agreement, which brings together SADC, the Common Market for Eastern and Southern Africa (COMESA), and the East African Community, and is anticipated to sign the recently established African Continental Free Trade Agreement (AfCFTA). Equipping South African youth with relevant skills and formal qualifications is a critical challenge, and strengthening these efforts will also be instrumental in realizing the potential benefits of integration and the associated structural transformation.

With global economic growth picking up, and with South Africa's economy also projected to increase in 2018, a pro-employment framework for macroeconomic and sectoral policies may be an essential tool in order to translate positive economic developments into enhanced labour market outcomes and absorption for youth. Such a framework could entail analysing and evaluating the direct and indirect employment impacts of all major public policies and projects with a view to identifying means of improving the specific policy to enhance its productive employment impact, as is being undertaken in the Republic of Korea. Through targeted public policy interventions, it would also seek to stimulate existing and new sectors that have the highest potential for employment creation. It may also entail a reconsideration of the mandate of monetary policy. It is worthwhile recalling that the full employment mandate of the United States Federal Reserve originated from efforts by racial justice activists to attain full employment as the means of achieving a more fair and just economy.⁵⁵ More recently in 2018, the mandate of the Reserve Bank of New Zealand was also modified to include "maximum sustainable employment" in addition to price stability.⁵⁶ Finally, such a framework would also contribute to coordinating and harmonising the large number of existing policy and programme initiatives under one unifying umbrella that may improve their impact, efficiency, as well as a results-based management and budget allocation.

⁵⁴ Ebrahim, A.; Leibbrandt, M.; Ranchhod V. 2017. *The effects of the Employment Tax Incentive on South African employment*. WIDER Working Paper 2017/5 (Helsinki, UNU-WIDER).

⁵⁵ Baker, D.; Rawlins, S. 2017. *The full employment mandate of the Federal Reserve: Its origins and importance*. Available at: <http://cepr.net/images/stories/reports/full-employment-mandate-2017-07.pdf>

⁵⁶ See Reserve Bank of New Zealand: *New PTA requires Reserve Bank to consider employment alongside price stability mandate*. Available at: <https://www.rbnz.govt.nz/news/2018/03/new-pta-requires-reserve-bank-to-consider-employment-alongside-price-stability-mandate> [March 27, 2018].

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