

▶ Youth labour markets and COVID-19 policy responses: Gaps and challenges on the road to recovery

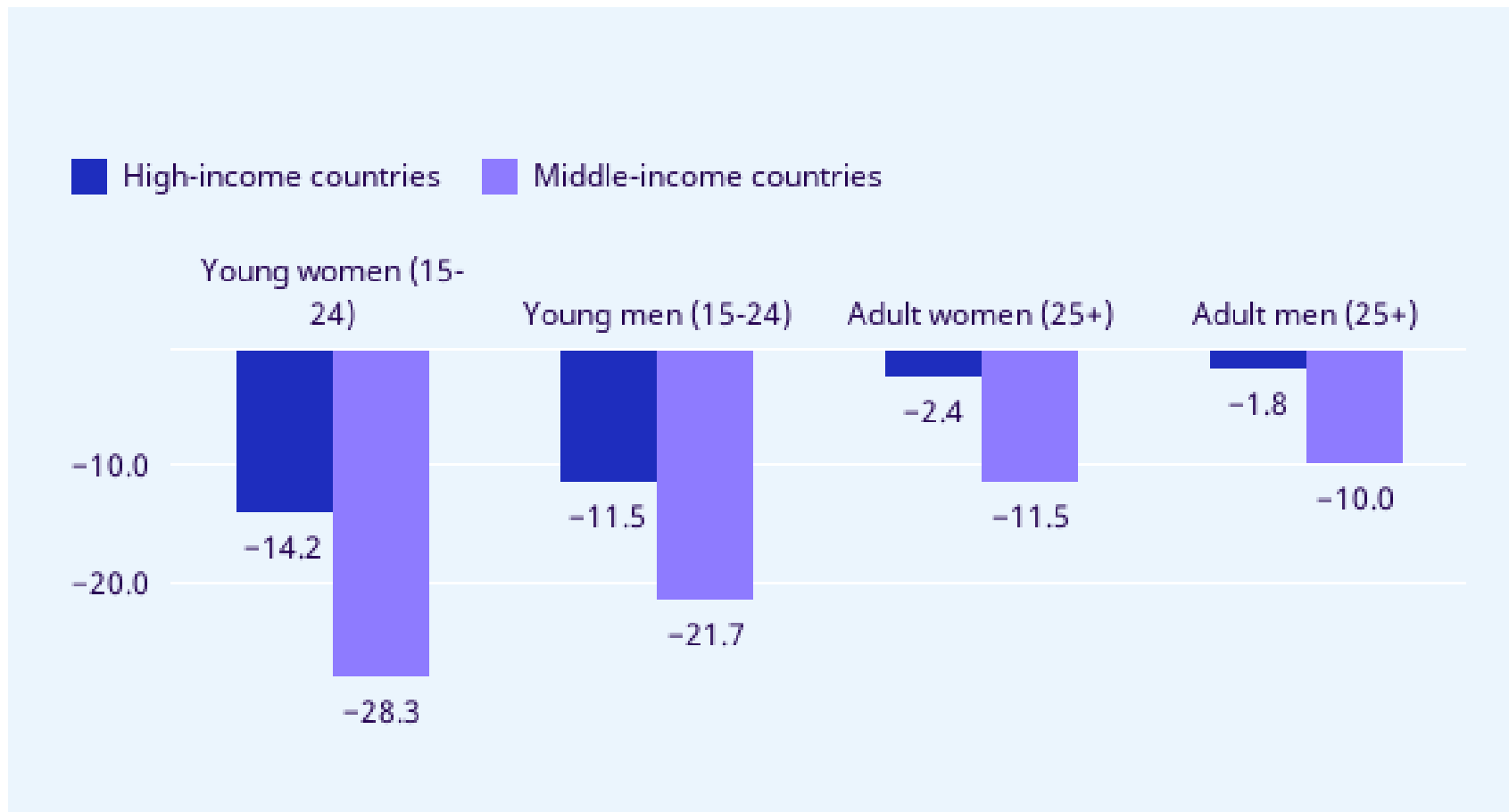
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▶ Today

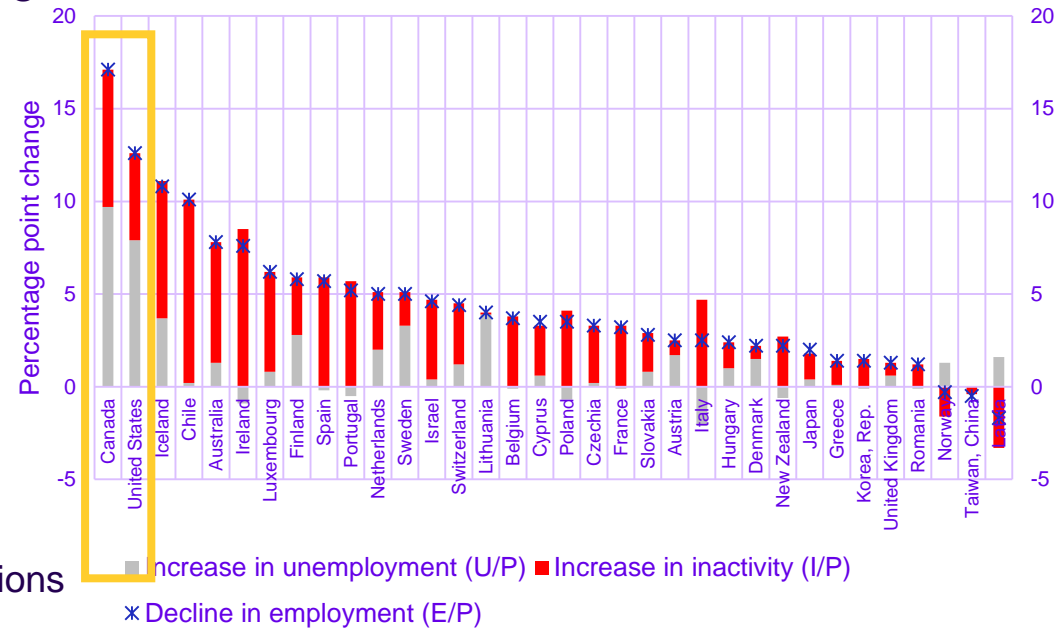
- Key features of the impact of the pandemic on Youth labour markets
- Examples of the policy response
- Comments on the response(s): need to “Build Back Better”, Better

Young people – and especially young women - have suffered the sharpest declines in employment, above-all in Middle Income Countries

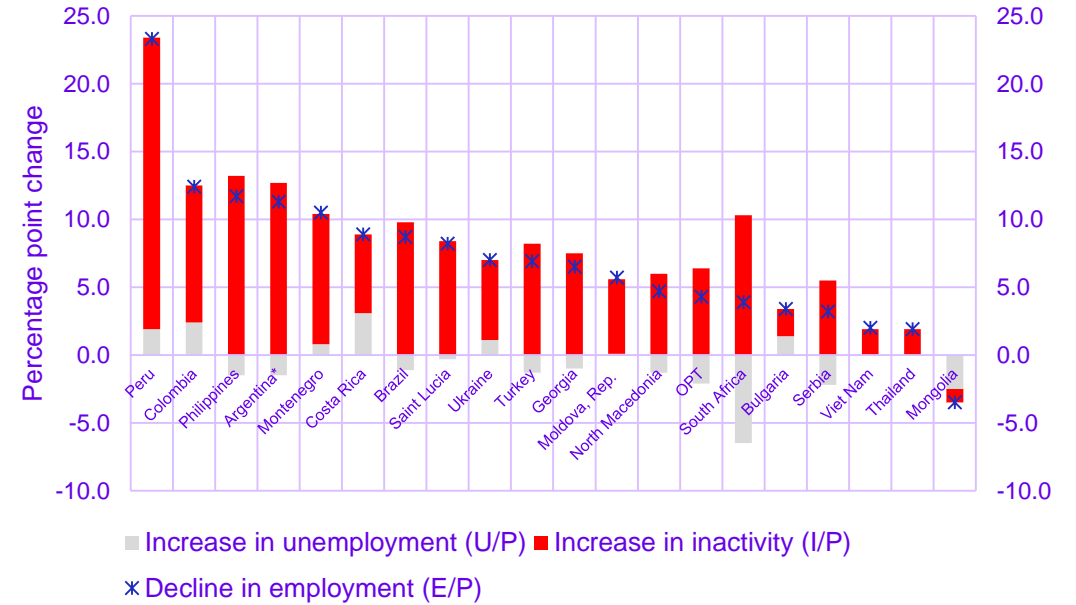


Job losses have translated into a greater increase in inactivity among youth

High-income countries

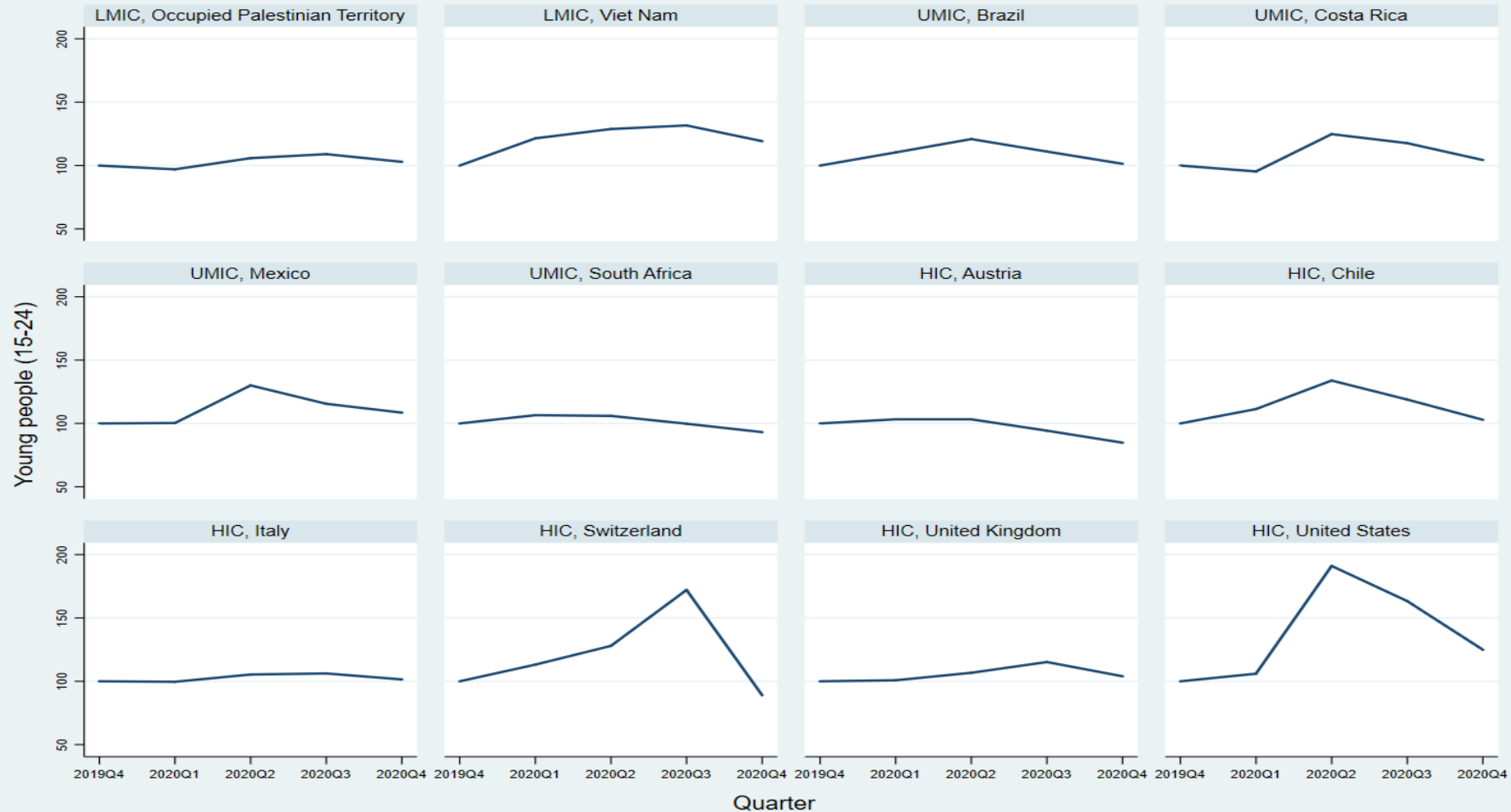


Middle-income countries

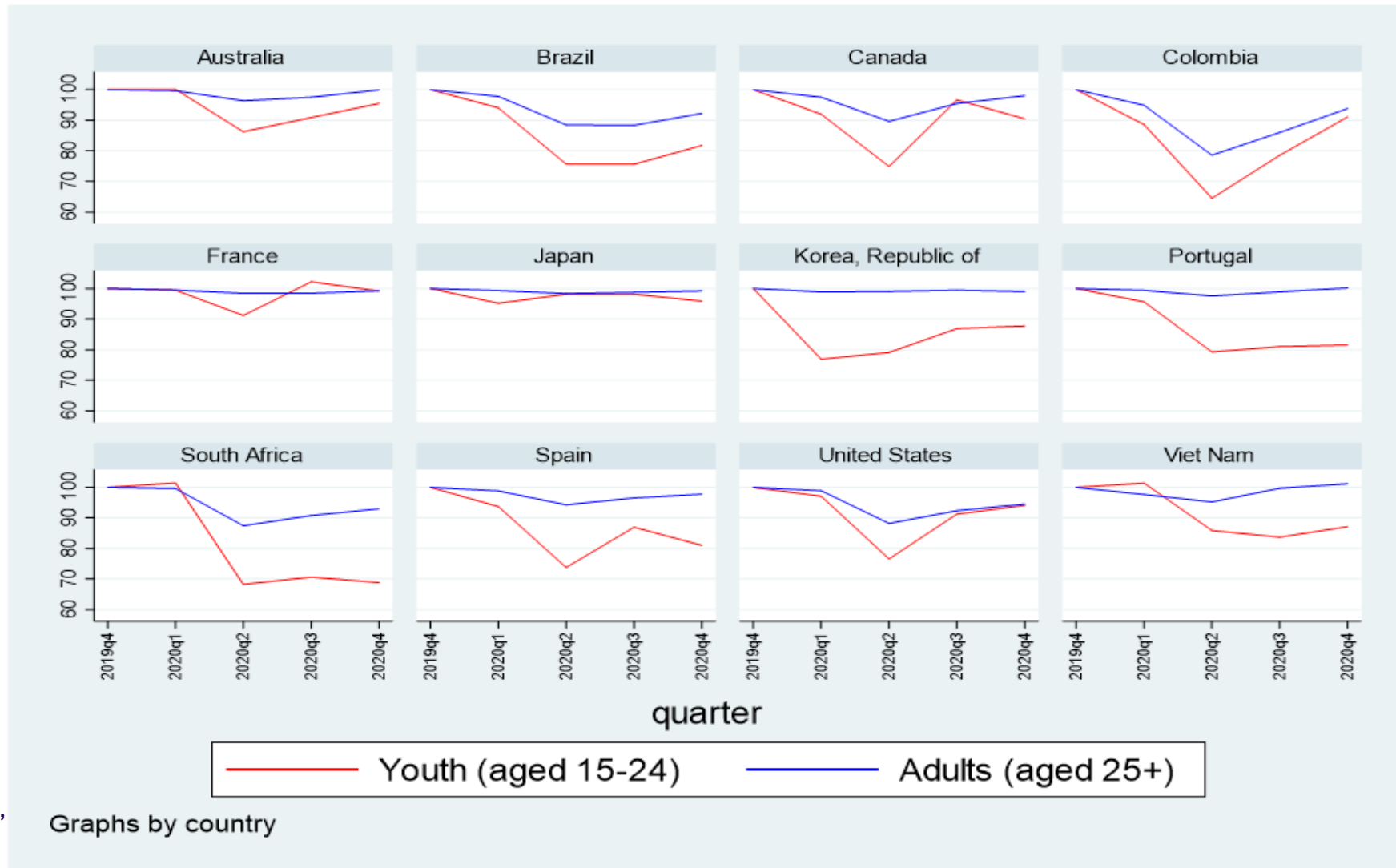


Decomposition of the decline in youth employment-to-population ratio (2019Q2 to 2020Q2)

NEET rates increased; the extent of recovery has varied much



...Also employment - in relation to adult (aged 25+) workers



▶ To summarize...

- Young people, especially young women, have suffered the biggest falls in employment
- Reduced youth employment has translated into increased inactivity (rather than increased unemployment) and NEET
- Recovery began in second-half of 2020 but often weaker amongst young people and is very different across countries

► Policy Response to date: common features

- Primarily universalistic – rather than focussed specifically on young people
 - Focus on income support and job-retention measures means less coverage for young people who on average have shorter job tenure and a greater presence amongst new job-seekers/potential workers
- Primarily short-term fire-fighting measures – reacting to the emergency - few longer-term strategic responses
- Where young people have been targeted – often revamping and/or extending old measures
- Public employment services (PES) and ALMPs mobilised quickly
 - BUT Some (e.g. Spain and Mexico) diverted ALMP spending to welfare benefits.

► Policy Response to date: Differences

- Size of the response – and of Fiscal space –varies:
 - IMF: ‘spend as much as you can and then spend a little bit more’ Kristalina Georgieva (IMF Managing Director) & call for global solidarity
- Varying degrees of co-operation and co-ordination across ministries:
 - Successfully achieved in New Zealand and Australia
- Differences in the ability of different types of young people to access services – dangers of exacerbating inequalities

▶ Examples of Response: Often extensions of existing measures

- **Comprehensive measures such as in the EU:** The new reinforced Youth Guarantee - extended age coverage, all young people to age 29; greater emphasis on outreach
 - Issue of effective implementation
 - Outreach becomes all the more important with the rapid increase in 'inactive' NEET
- **Subsidised skills training - Indonesia:** Kartu Pra-Kerja (Pre-employment Card Programme) budget doubled. Provides subsidized vouchers for skilling and reskilling unemployed people. Primarily aimed at up-skilling 2 million young workers by paying a lump-sum allowance of IDR 500,000 (USD 34.32) per participant to cover accommodation and transportation costs during the training programme.

► Adaptation: Argentina's More and Better Jobs for Youth programme

The scheme: Training for vulnerable young people (18-24 years)

- backed up with low level financial support; wage subsidies

During 2020:

- Training paused during lockdowns, cash transfers for participation continued
- By September 2020 some training was online, TVET is hard to virtualise
- Registration remained open, yet few new people joined during the past year

Challenges: a job is not always enough – link to transport, housing, family and health

Plans: programme to be extended to other vulnerable groups: 45s+ and women

▶ Examples of Response: New measures

- **Wages subsidies - Malaysia:** financial incentives for employers to hire and train 300,000 unemployed people. This includes providing monthly payments to employers for apprenticeships for graduates of secondary and tertiary education for up to six months.
- **Targeted employment creation - Korea:** New youth-targeted measures focus on creating 50,000 high tech jobs for young adults, such as content development and big data management, as well as 50,000 internships for young adults.

Main points...

- ‘Universalistic firefighting’ approach has often missed young people
 - Substantial fiscal response was and is needed but has left gaps in the response e.g. vis-à-vis youth
- Recovery is occurring and will continue to do so – albeit fragile in some countries – but an important issue concerns the specific cohorts caught by the pandemic induced crisis
 - Seen this before (GEFC) – long-term exclusion linked to short-term exit
 - Policy support is needed, especially measures that focus on the most vulnerable youth
- Emergency approach to the COVID-19 ‘emergency’ has meant few medium/long term responses
 - There is a clear need to a greater orientation towards ‘building back better’
- Need to **quickly** understand **better** the effectiveness of different forms of policy response