

Policy Brief

prepared for the Second World Summit for Social Development

February 2025

Youth employment: Decent work, brighter futures

Key considerations for WSSD2

- Assisting young people to reach their full potential is essential for social development. Young people build the foundations for the economies and societies of tomorrow. With continued economic uncertainty on the horizon, fostering youth employment is not only a social imperative but also an economic necessity.
- Globally, one in five young persons (20.4 per cent) are not in employment, education or training (NEET). Since two in three youth in NEET status are women, tackling the obstacles faced by young women, including through provision of targeted labour policies and care support, is critical to reducing NEET rates. Urgent multilateral support is needed and a commitment to policy actions to substantively reduce high NEET rates.
- We need to amplify and accelerate policy actions to create decent job opportunities for youth and improve their employability. Increased investment to raise the quality and relevance of education and training opportunities for young people should be accompanied by tailored and comprehensive school-to-work transition and training programmes, including quality apprenticeships, and well-designed active labour market policies. Particular attention must be given to improving the quality of these jobs so that young people are not relegated to insecure forms of employment.
- The international community needs to give attention to the youth bulge in Africa. With all signs pointing to the imminent "youthquake" in Africa, urgent global, regional and national action is required to boost investment and job growth in Africa in the coming years.

Introduction

More than four years from the onset of the COVID-19 pandemic, the labour market outlook has improved considerably for young people aged 15 to 24.¹ Youth unemployment rates have fallen below their pre-COVID-19 rates in most regions of the world. Yet, the challenges that youth people face as they begin their working lives run beyond unemployment. A recent ILO report² highlights continuing challenges in inactivity seen in the NEET rates, especially among young women; stagnant progress in the creation of decent jobs for youth; heightened inequalities of opportunity affecting labour market outcomes; and rising anxiety levels among young people. In short, many young people will need a boost to help them reach their full potential, including support in the school-to-work transitions and to decent work.

The ILO supports a reinvigorated call to action for accelerated investment in decent work for young people – reinforcing the hopes and pathways of young people to a brighter future and greater social justice.

¹ Unless otherwise specified, "youth" refers to young people aged 15 to 24.

² ILO, Global Employment Trends for Youth 2024: Decent work, brighter futures, 2024 (hereinafter referred to as GET for Youth 2024).

Where do we stand?

Youth unemployment rates have fallen, but youth NEET rates remain high at 20.4 per cent, and regional imbalances in opportunities for decent work grow.³

Standing at 13 per cent in 2023, the global youth unemployment rate reflected a full recovery from the COVID-19 peak. Although this marks an encouraging development, it leaves 65 million youth around the world with an unmet explicit demand for work. At the same time, other indicators point to the structural challenges linked to the continuing vulnerabilities among young people starting to work in many parts of the world. One such indicator is the youth NEET rate – the proportion of young people who are not in employment, education or training. In 2023, one in five (20.4 per cent), or 256 million, young people globally were NEET, the vast majority of which were young women.

The current global and regional trends on key indicators shown in figure 1 point to a number of other concerns in the labour market outcomes of young people, including:

Young people in Africa and the Arab States are still not faring well.

In the Arab States and Northern Africa in 2023, youth unemployment rates remained critically high at 28 and 22.3 per cent, respectively. Fewer than one in ten young women and fewer than one in three young men in the two subregions were working. As the two subregions also had the world's highest NEET rates, it is clear that many of the non-working youth were also not engaged in schooling.

In sub-Saharan Africa, the main concern is more one of youth underemployment. In 2023, as in the early 2000s, nearly three in four working young adults in sub-Saharan Africa were in insecure forms of work; one in three paid workers earned less than the median wage; and more than one in two working youth eked out a living in the agricultural sector. The continent faces considerable demographic pressure: between 2023 and 2050, the cumulative growth in the youth labour force is estimated at 72.6 million (with an additional 3.3 million young labour market entrants in Northern Africa). The question of how African countries will create decent jobs for so many young labour market entrants in the coming two decades is a global concern, but one that could create opportunities. The youth bulge in Africa could prove to be the region's most valuable asset as other regions grapple with population ageing and labour shortages.

Young women are too frequently left behind.

In 2023, in subregions like the Arab States, Central and Western Asia, Latin America and the Caribbean, Northern Africa and Southern Asia, the employmentto-population ratio of young women was at least 16 percentage points below that of young men. Likewise, the phenomenon of being NEET remains much more prevalent among young women. More than one in four (28.1 per cent) young women around the world were NEET in 2023, compared to 13.1 per cent of young men.

YUR 2023 NFFT rate Change in Change in Gender YUR 2019-23 NEET rate 2023 (%) gap in y-EPR 2023 (pp) 2019-23 (%) (pp) (pp) Arab States 1 28 0.1 33.2 -25.9 Central and Western Asia -3.9 13.8 -2.6 18.6 16.6 -2.8 14.5 0.5 10.9 Fastern Asia 4.3 Eastern Europe -0.4 13.3 0.6 12.9 -6 Latin America and the Caribbean -4.3 -1.6 19.7 13.6 -16.4 Northern Africa –1.7 22.3 0 31.2 -22.5 Northern America -0.5 8.2 0.7 11.2 0.5 -0.4 14.4 -1.1 99 -2.5 Northern, Southern and Western Europe Southern Asia –4.4 15.1 -1.1 26.4 -25.1 South-Eastern Asia and the Pacific 9.9 -2.9 16.3 -10.5 1 -0.5 89 -0.6 21.9 Sub-Saharan Africa _4 4 World -0.9 13 -1 20.4 13.1

Figure 1. Youth unemployment rate and NEET rate (2023), change in youth unemployment rate and NEET rate (2019–23), and gender gap in youth employment-to-population ratio (2023), by subregion

Key: NEET – not in employment, education or training; pp – percentage point; YUR – youth unemployment rate; y-EPR – youth employment-to-population ratio. **Note:** The gender gap in y-EPR is the EPR of young women minus that of young men.

Source: ILOSTAT, ILO modelled estimates: May 2024 (YUR), August 2024 (NEET) and November 2023 (EPR).

Figure 2. Change in the share of overeducation in young employed adults (aged 25 to 29), by sex and country income group, 2013–23 (percentage point)



Notes: An "overeducated" worker is one who holds a higher level of education than what is expected for the occupation. See ILOSTAT, "<u>Education and</u> <u>Mismatch Indicators (EMI database</u>)" for more information.

Source: GET for Youth 2024, figure 2.20.

Education mismatches have increased as the supply of educated youth starts to outweigh the supply of jobs for the highly skilled in middle-income countries.

Globally, young people today have more opportunities to stay in school. But with these gains, education mismatches have increased, primarily impacting emerging and developing countries.

The economic structures that drive where jobs are concentrated - and the associated skills levels of available jobs - play important roles in the resulting youth unemployment rates and shares of gualification (mis)matches found in the various country income groupings. The bulk of sectoral employment shifts for youth have occurred from jobs in the agricultural sector to jobs in non-manufacturing industry (mainly construction) and traditional service sectors like trade, transport, accommodation and food services. The relatively more modern and higher-productivity service sectors - such as communications, financial and professional services, and to a certain extent care services - have also seen job creation gains among young workers, but not at a pace sufficient to absorb the increasing number of tertiary-educated young graduates who want to work there. The result is an increasing "education mismatch", where a young person works in a job that does not match their higherlevel degrees, especially in middle-income countries. This is accompanied by the increasing incidence of graduate unemployment. Figure 2 shows that in both upper-middleincome countries and lower-middle- and low-income countries, the share of young adult (aged 25 to 29) working women and men increased between 2013 and 2023.

Decent work opportunities remain few and are skewed in favour of higher income economies.

In low-income countries, only one in five young adults aged 25 to 29 manages to find a secure paid job (that is, a job with a paying employer and a contract longer than one year in duration). This picture has not changed much since the start of the millennium, beyond a slight decrease in the share of young people in selfemployment and a concurrent increase in the share of youth working in temporary paid jobs. The share of young adults working in a secure paid job is significantly higher in high-income countries (at 76 per cent in 2023) but, even here, the incidence of temporary work among youth has risen. Depending on the subregion, from one fifth to one quarter of young adult workers are currently engaged in temporary paid work and this share has increased over time. This global trend in insecure forms of employment is a source of increasing anxiety among young people striving to move towards financial independence and the next stages of adulthood.⁴



4 in 5 young adult workers (aged 25 to 29) are in a regular paid job

Low-income countries



 $1\ in\ 5$ young adult workers (aged 25 to 29) are in a regular paid job

Demographic trends take on greater weight as a driver of the future of work for young people.

There has been a polarization between countries and regions with respect to their demographic contexts over the last 20 years. The struggle to create decent work for youth takes on a wholly different meaning in Africa, where the average age of the population is 19 years, compared to Northern America, for instance, where the average age is between 30 and 49. The imminent "youthquake" in Africa means job creation and the transformation of jobs into decent jobs for young African people becomes a critical issue for social justice and for the future of work.

In the meantime, shrinking youth labour forces in ageing countries exert a different pressure on these economies and societies. Young workers in ageing societies might benefit in the short term from upward pressure on wages and easier recruitment processes but may face longer-term risks as these economies struggle to maintain output growth as a result of the rapidly shifting demographic changes.

⁴ According to the World Value Survey Wave 7 (2017–22), 64 per cent of young people aged 15 to 29 globally were worried about losing their job. This and other perception surveys are highlighted in the *GET for Youth* 2024, Chapter 1.

With uncertain times ahead, maintaining the wellbeing of youth is a growing challenge.

The global youth unemployment rate is expected to decrease further over the next two years from 13 per cent in 2023 to 12.8 per cent in 2025, but differences abound by subregion. Slight decreases in rates are expected for the Arab States and Northern Africa – the subregions with still excessively high rates – while upticks in youth unemployment rates are expected for the two subregions now at their historical lows – Northern America and Northern, Southern and Western Europe.

Regardless of the projected statistics, young people today show signs of growing levels of anxiety about their future. Surveys highlighted in the *GET for Youth* 2024 indicate that many young people today feel stressed about job loss and job stability, the state of the economy, a lack of social mobility across generations, and their prospects for eventual financial independence. Whether borne out by reality or not, young people's perceptions about the future play a significant role in their personal well-being and motivation levels and in shaping their decisions about future educational, labour market and civic engagement.

To help ease youth anxieties, institutions will need to guide young people through the complexities of the school-towork and youth-to-adulthood transitions. Helping young people to keep their hopes alive must become a shared mission involving all segments of society.

Policy priorities for promoting brighter futures for young people through decent work

Individual countries and the international multilateral community have taken up the call to action for youth employment and have done a lot in the realm of youth employment policies during the first two decades of the twenty-first century. Interventions planned and implemented today can draw from the years of experience in evaluating policies and gathering lessons of "what works". Even so, there remains an urgent need for youth employment policies to be scaled up and adapted to reflect the changing realities of work.

The need for more and better investments to promote decent work and realize social justice for young people continues and requires increased attention from the multilateral community to the level of assistance to lowincome and middle-income countries that struggle to find the fiscal space to prioritize such investments.

The following five policy areas to promote youth employment were first articulated in the Resolution <u>"The youth employment crisis: A call for action"</u>, adopted by ILO constituents in 2012, and still hold relevance for WSSD2 participants to consider as building blocks for accelerated investment in decent work for young people:

- employment and economic policies to boost job creation and improve access to finance;
- education and training to ease the school-to-work transition and to prevent skills mismatches;
- labour market policies to target employment of disadvantaged youth;
- entrepreneurship and self-employment promotion/ policies to assist potential young entrepreneurs; and

labour rights that are based on international labour standards to ensure that young people receive equal treatment and are afforded rights at work.

Building on this call for action, there are five areas where greater focus could be placed to help put as many young people on the pathway to brighter futures in the current context of global uncertainties and future of work challenges:

- Amplify the policy focus on job creation through gender-responsive macroeconomic and sectoral policies, and make sure that demand-side interventions target directly – and with urgency – the creation of jobs for young women.
- Scale up supply-side interventions with demonstrated impact that are oriented to meet labour demand

 including through strengthened institutions – as well as interventions that strive to remove the entry barriers to education and skills development (especially for vulnerable groups) and in so doing, reduce the number of youth in NEET status.
- 3. Focus the international community's attention on Africa and its youth bulge.
- 4. Tackle global inequalities through improved international cooperation, public–private partnerships and financing for development.
- 5. In all action areas, keep youth in the driver's seat of policymaking, and promote and strengthen the institutions of youth-inclusive social dialogue.

Contact details

International Labour Organization Route des Morillons 4 CH-1211 Geneva 22 Switzerland T: +41 22 799 7912 E: emplab@ilo.org DOI: doi.org/10.54394/FJHE8598



This work is available under a <u>CC BY 4.0</u> licence which permits the reproduction, distribution and adaptation (including translation) of the content for any purposes. Credit must be given to the ILO as the original source.