



Business environment reforms for youth employment in ACP countries: lowering barriers to employment and recruitment

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LIST OF ABBREVIATIONS

ACP	Africa, Caribbean and Pacific
ALMPs	Active Labour Market Policies
BER	Business Environment Reform
FAO	Food and Agriculture Organisation of the United Nations
ICR	Investment Climate Reform
ILO	International Labour Organisation
(M)SME	(Micro,) Small and Medium-Sized Enterprise
NAP	National Action Plan (on Youth Employment)
NEET	Not in Employment, Education or Training
NEP	National Employment Policy
NES	National Employment Strategy
OACPS	Organisation of African, Caribbean and Pacific States
OECS	Organisation of Eastern Caribbean States
PES	Public Employment Service
PPD	Public-Private Dialogue
SMS	Short messaging service (text message)
SSE	Social and Solidarity Economy
STEM	Science, Engineering, Technology and Mathematics
TVET	Technical and Vocational Education and Training

PREFACE

Addressing Business Environment Reforms for youth employment: Designing business environment reforms (BER) for youth employment is complex, and not all reforms that benefit unemployed and under-employed youth are exclusive to this target group. The ability of employers to recruit and retain young men and women is strongly linked to the effectiveness of the business environment. Therefore, addressing youth unemployment requires a combination of comprehensive reforms that enhance the functionality of the local business environment and targeted measures that cater to young men and women’s unique needs. The ICR Facility recognises the importance of integrating a mix of these reforms to effectively support the employment of young men and women, and young persons with disabilities, in African, Caribbean and Pacific (ACP) countries. Therefore, this report focuses on providing a comprehensive set of recommendations that encompass reforms that may be advantageous for all in boosting employment per se, but which can be particularly advantageous for unemployed and under-employed youth in ACP regions.

Based on insights and learnings captured as part of the research into this topic, we provide four recommendations to address youth unemployment. Each recommendation is discussed in detail, outlining different policy and regulatory reforms that ACP policymakers can act upon.

Defining Young People and Employment: In an attempt to standardise across the broad range of youth definitions used in national policies across ACP countries, the present report uses the range of 18-35 years to define youth, while acknowledging that young women especially may still face challenges commonly defined as affecting “youth” up until around the age of 40, for example where they seek their first job once their children are old enough to be self-reliant. Although legally classified as adults, individuals in this age range can encounter distinct barriers that require policy attention. The report offers recommendations that tackle the challenges faced by the specific group of “youth”, while acknowledging the potential advantages of reforms, such as job creation, for other unemployed people.

Acknowledging that self-employment or entrepreneurship is also a means to generate an income, this report addresses only employment (both formal and informal) where payment is received from a third party for work undertaken. This is the third and final ICRReport in a series of reports produced for the ICR Knowledge Hub on business environment reforms (BER) for youth economic empowerment. The previous two reports focused on BER for youth entrepreneurship and for youth participation in public and private sector dialogues.

Methods and approach: This report involved a comprehensive analysis of existing reports and evidence on youth employment across the ACP region, and included interviews with 21 key informants plus conversations by email. Of the contributors, 57% were male and 43% were female, with 67% from Africa or specialists in African youth issues, 19% from the Caribbean, and 14% from the Pacific. The findings helped to identify crucial issues, best practices, and innovative solutions that can increase and improve youth employment.

To ensure quality and accuracy, we prioritise using reliable and regionally relevant data and sources for our report on youth and young women’s employment in the ACP region. We only made claims based on available evidence and omitted in-depth analysis where data was lacking or unreliable. As a result, some sections of the report do not provide detailed regional or gender-specific comparisons, but instead focus on the broader regional or global level. However, to address gaps in evidence, we drew insights from data and reports of other countries within the region and used globally representative data sources such as the World Bank, ILOSTAT, and OECD.

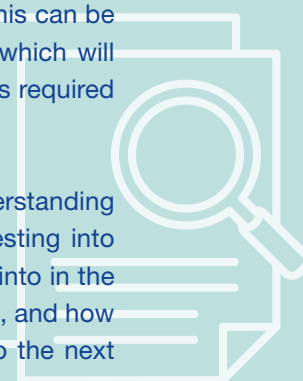
EXECUTIVE SUMMARY

This report discusses potential business environment reforms (BER) that present opportunities for advancing youth employment across African, Caribbean and Pacific (ACP) countries. The ACP countries face a significant challenge in this regard, and policymakers play a crucial role in crafting a business environment that actively supports youth employment. The report offers four broad business environment reform recommendations aimed at facilitating the entry of young men and women into the workforce. These recommendations support the removal of barriers to youth employment, the stimulation of more job-intensive growth now and in the future, and the promotion of an inclusive work environment across the ACP regions. For each recommendation, the report highlights key policy and regulatory reforms that ACP policymakers can consider for their specific context.

Recommendations are made below for two types of BERs – those which specifically target young people and their need for decent work (Recommendations 1 and 2), and those which ensure the specificities of the youth unemployment challenge is taken into consideration in broader economic policymaking (Recommendations 3 and 4).

Recommendations

1. **Integrate Reform Suite:** The most effective BERs for youth employment comprise an integrated approach that addresses both the demand and supply-side barriers to youth employment and which is aligned to broader national economic development objectives.
2. **Address Youth Barriers:** Policymakers should focus on creating an environment that enables young men and women to overcome the inherent barriers they face in joining the workforce across ACP countries.
3. **Increase Business Productivity:** Policymakers should aim to stimulate growth across the economy through an increase in productivity in existing businesses, industries and sectors. Doing so, especially in MSMEs, will enable youth to find employment more easily. This can be achieved through offering balanced incentives for MSMEs to become formalised, which will enable this sector – one of the biggest employers of youth – to access the resources required to grow and improve productivity.
4. **Invest in Growth Areas:** Policymakers should adequately resource a clear understanding of how the job market will change over time, to establish policies directed at investing into growth areas to ensure young men and women in training today have jobs to move into in the coming years. Understanding where the growth areas will be across the ACP regions, and how to capitalise upon them, is vital to ensuring ACP countries remain competitive into the next decade and beyond.



To foster youth employment in the ACP region, policymakers must consider the specific needs and characteristics of unemployed youth, as well as the business environment within which jobs are created. To counter a historical emphasis on supply-side measures that increase youth employability through education and training, a key goal is to enhance the job creation capacity of economic growth. It is critical that policymakers deploy business environment reforms to facilitate job-intensive growth in both the informal and formal sectors. Improvements in the business environment might affect older workers temporarily, however careful policies can

help young people benefit from BER while keeping overall market disruption low.

BER is highly context specific and whichever BERs are introduced, these should be on the basis of the inclusion of stakeholders' views (including those of young men and women) and implementation must be monitored and evaluated to ensure BERs are on track to achieve their objectives and adjusted accordingly where this is not the case.

It is important to bear in mind that while BER can create an enabling environment to increase the participation of under-represented groups, reforms alone are not enough to close labour market gaps. In particular, gendered social norms, structural barriers, and the disproportionate share of care activities that are shouldered by young women restrict their formal employment opportunities and are issues that need to be addressed alongside BER initiatives. The first section of this report addresses the youth-specific aspects of the youth employment challenge in ACP countries.

INTRODUCTION: THE CASE FOR YOUTH EMPLOYMENT

Across the African, Caribbean and Pacific Island (ACP) regions, youth is one of the most important under-utilised resources that the policymakers and governments of those countries have at their disposal. The African Development Bank suggests the African youth population could contribute up to \$500 billion to the continent's GDP by 2030.¹ In the Caribbean, the United Nations Development Programme (UNDP) has highlighted significant regional Gross Domestic Product (GDP) increases were youth employment to rise by 10%.² Similarly, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) has highlighted the untapped opportunity presented to Pacific Islands willing to invest in their youth populations.³ Put simply, ACP countries can no longer afford to leave their youth unemployed and underemployed. The purpose of this report is to present findings and business environment reform recommendations, based upon recent research conducted through desktop searches, key informant interviews and extensive literature reviews, which demonstrate the need to place youth at the centre of ACP action on employment.

Governments cannot capitalise on the demographic transition that is currently underway in ACP countries without an accompanying structural economic transformation.⁴ Increased youth employment is required to grow economies, support the population as it ages, and ensure social stability.⁵ There is an indication that a sustained 1 percentage point reduction in the share of youth who are not in employment, education, or training (NEET) leads on average to a higher growth rate of GDP (by 0.08 percentage points) and household consumption (by 0.16 percentage points) in the medium term.⁶ So, whilst BER in ACP countries have hitherto focused on addressing the supply-side challenges, there is a need also to address demand-side barriers, such as the availability and quality of employment opportunities. The types of BER this report discusses therefore focus on increasing job opportunities and labour demand.

The ultimate objective of BER for youth employment should be decent work, which the ILO has defined as "Opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity." In the context of many ACP countries, the agendas of more jobs and better jobs need to be implemented together at a pace whereby one does not negatively impact the other. Pushing too hard, too soon, on a decent work agenda may cause actual or perceived additional costs to employers which can act against job creation. A key means of managing trade-offs between job quantity and quality and achieving inclusive growth is through multi-stakeholder collaboration and communication. This can be facilitated through Public-Private Dialogue (PPD), which includes and empowers youth. This is the subject of another report in this series [click here to read it](#).

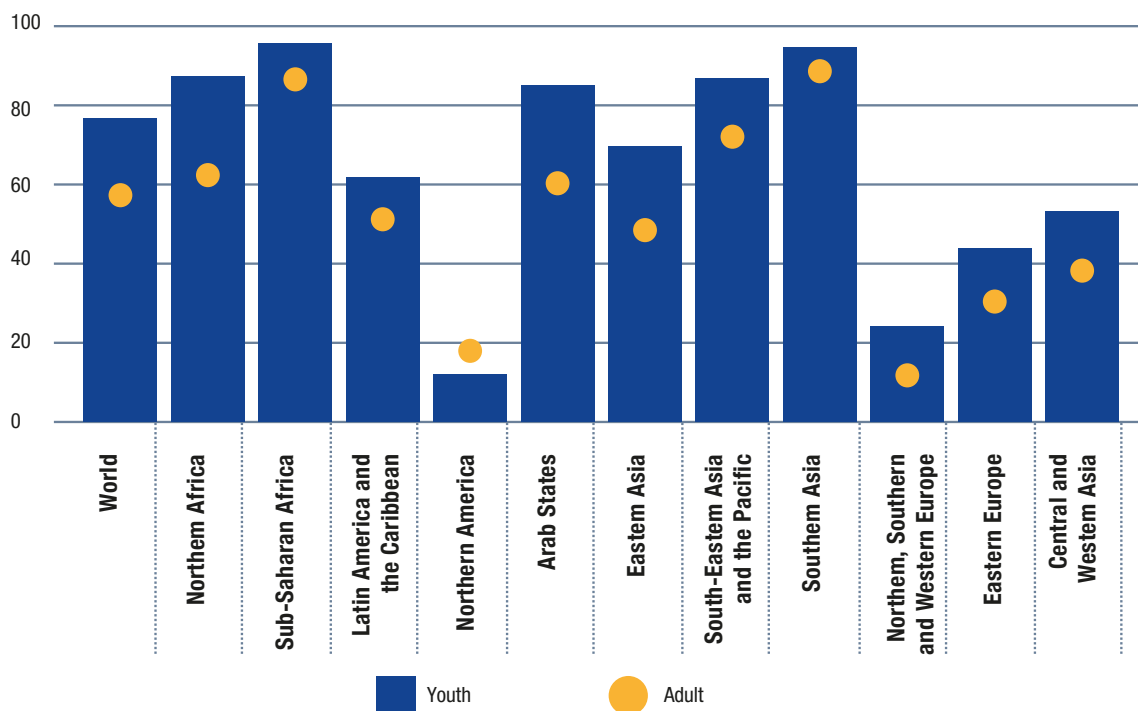
Brief Literature Review

There is extensive literature on the issues of youth employment and underemployment at the global and regional level. Within this literature, ACP policymakers can learn what has, and has not, worked in different contexts and apply within their geographies as appropriate. For example, Chelangat et al draw on a range of examples to demonstrate a need to balance quality and quantity of jobs, the importance of their location, as well as formal versus informal nature are vital, arguing “policymakers [must] understand [these balances] for economic growth to be inclusive and to create decent jobs for all.”⁷

The International Labour Organisation (ILO) has produced extensive literature on youth un- and under-employment. Global Employment Trends for Youth is a regular publication (last published in 2022), which is frequently referred to in subsequent literature and has been a key foundation for recent research as it highlights some of the key statistics and issues that underpin youth unemployment globally.⁸

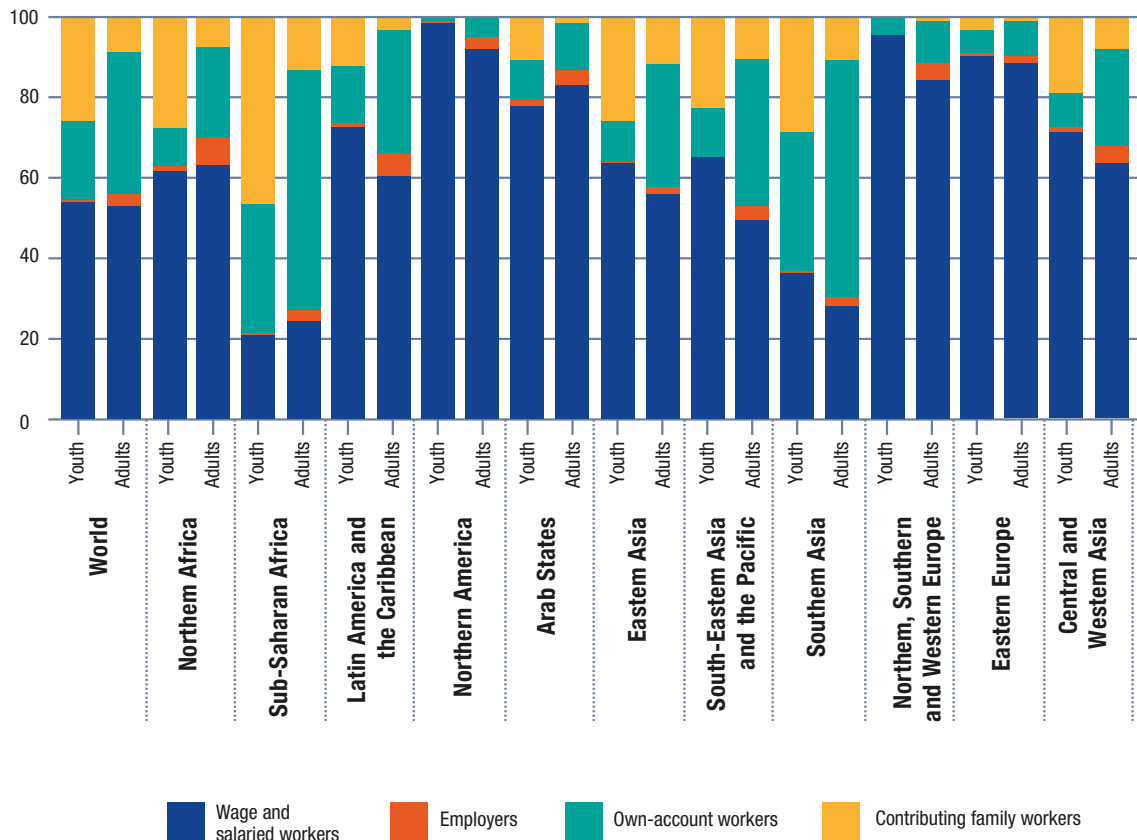
Whilst youth populations throughout ACP countries are increasing, along with education and training opportunities in many contexts, employment creation is not keeping pace with the rates at which young people enter the labour market. In Africa, the youth employment crisis is now being regarded as a “missing jobs crisis.”^{9 10} Between 2000 and 2020, about half of the 737 million entrants to the global labour force were in Southern Asia or sub-Saharan Africa.¹¹ This increase in youth populations has been accompanied by an overall decrease in youth engaged in labour markets “from 568 million to 497 million.”¹² These statistics further mask an increase of youth in extreme working poverty (on less than \$1.90/day), which is estimated to have increased by up to 80% in the 25 years to 2016.¹³ This trend towards underemployment has precipitated increasingly common vulnerability amongst young men and women,¹⁴ who sometimes make up their incomes by working multiple jobs.^{15 16}

Figure 1. Youth and adult informality rates, global and by subregion, 2016 (percentages)¹



¹ Source: ILO Report “Global Employment Trends for Youth 2020”:
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf

Figure 2. Employment status of youth and adult workers, global and by subregion, 2019 (percentages)²



BARRIERS TO GREATER AND BETTER YOUTH EMPLOYMENT IN ACP COUNTRIES

Barriers to young people accessing employment

Young men and women can experience multiple disadvantages in the labour market in comparison to older adults, and certain young people may be further disadvantaged by potential intersections of gender, disability, social background, education level and other factors.

Five youth-specific factors are typically attributed to the youth employment challenge. These are formal barriers such as i) insufficient education, qualifications and experience; ii) legal and governance frameworks; iii) infrastructure constraints, and two key informal barriers, iv) socio-cultural norms and v) patronage and political and social networks.¹⁷

² Source: ILO Report “Global Employment Trends for Youth 2020”: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf

Formal barriers

Formal barriers present significant hurdles for all workers, but young men and women's lack of experience, skills and resources tend to compound structural barriers to their employment and can marginalise their options further.

Insufficient education, qualifications and experience

Many ACP countries have focused their youth employment initiatives on supply-side policies to increase employability, for example by enhancing the skills and qualifications of young workers, as well as improving their access to training and job opportunities. Nonetheless, the literature and our interviews highlighted skills mismatches as a key concern (where young people are perceived as not being qualified or skilled in ways the economy needs).

Legal and governance frameworks

A poor worker protection framework or poor enforcement of labour market regulations may disadvantage young men and women disproportionately because they are likely to have less experience, face employer bias and a more pressing financial need to find paid work.

This can contribute to precarity and under-employment. When business conditions are tight, younger, less experienced workers or young women of childbearing age may be made redundant before longer-serving (male) staff.

Worker protections include minimum wage levels, social security rules, protection against unfair dismissal or rules outlawing maternity discrimination. Regulations protecting workers from discrimination or offering them recourse when they feel discrimination has taken place are often lacking (or where they exist, poorly implemented) in ACP countries and inexperienced young people, desperate for paid work, may not feel able to exercise their rights. Furthermore, ACP countries often lack frameworks around flexible and remote working, which may disadvantage younger workers who may be more digitally literate or for whom the costs of commuting to urban centres may be too great to bear on their early career salaries.

Although such regulations are designed to protect all workers, employers often do not offer younger employees the same protections or only record a proportion of their work, meaning the young employee is only partially covered by protections. Therefore, it is important to avoid perverse effects, where the ones who need these protections most, benefit least.

Infrastructure constraints

Inadequate infrastructure, such as transport, energy or business support services may impact young workers in a similar way to older workers. However, an absence of digital infrastructure may disproportionately impact younger workers where they are more digitally literate and gaining digital skills which they expect to put into practice in the workplace, or where they hope to access online platforms to find and access work. In the case of childcare³ infrastructure, younger women are more likely to be impacted by a lack of accessible, affordable childcare because women tend to bear children before the age of 35. Social norms are adding to this, because the burden of childcare falls disproportionately on mothers. Please see the ICR report on Care Economy here Policy intervention in job matching can increase labour market efficiency and reduce friction, but it can also be challenging. In many ACP countries, private intermediaries tend to fulfil several public employment services

³ Please see the forthcoming ICR report on childcare <https://www.icr-facility.eu/>

(PES) -like job-matching services. According to the ILO, these services are often basic and ineffective in the Pacific. These are discussed further in [Recommendation 2](#), below. One of our interviewees, Sylvia Kunkyebe, Transitions Lead, Human Capital Development, Mastercard Foundation in Ghana highlighted that in Africa, jobs for young people were not transparently advertised for several reasons. Recruitment agencies that focus on entry level roles, providing pre-employment screening and training, thereby de-risking the decision to hire a young man or woman, are not widespread in ACP countries. Formal advertisement may therefore be ineffective and prohibitively expensive for smaller companies. A 2011 study found that 61% of South African firms in South Africa preferred to identify prospective candidates through referrals, obscuring recruitment pathways, excluding less-well-connected candidates, and putting those with larger networks (older or better-connected people) at an advantage.¹⁸ Again, digital infrastructure is key, as online job-matching platforms can be a cost-effective way for employers to reach younger candidates.

Informal barriers

Research by Irwin et al suggests that informal barriers are the *most* youth-specific.¹⁹ This is partially attributed to the degree which informality governs socio-economic factors influencing young people’s employment opportunities and choices.

Socio-cultural norms

Socio-cultural norms which affect youth employment include employer beliefs and expectations, including a bias against the inexperience of young men and women. This epitomises the “experience trap” that so many young people commonly face – they lack work experience which they can only gain through securing these experiences.²⁰

Indigenous and rural communities may have different social norms to urban centres, and young women are impacted by specific norms and expectations (see Section 2.1.3 below). For an example of how Fiji addressed cultural norms in relation to the selection of migrant workers, see Case Study 3, below. Employers may not be aware of the benefits of a diverse workforce,²¹ and young women may face discrimination because of the perception that as soon as they marry and have children they will be less productive or will leave their jobs.²²

Context-specific factors have to be taken into consideration when creating effective BERs for youth employment, even if these do not lead to easy policy solutions.

Patronage and political and social networks

Social or political connections, particularly family, can be key in facilitating young people’s access to jobs. Some young people may be better connected than others, for example through older siblings or other relatives in work. The short supply of jobs may stimulate patronage or networks of influence, meaning jobs are offered to those “in the know” or with the right connections or other characteristics (such as religion or ethnicity), rather than on a meritocratic basis.²³ On the other hand, young men and women from more disadvantaged backgrounds may not only lack social networks if they are raised in jobless households or households which subsist on limited own income, they may also lack role models for the kinds of adults they aspire to become and/or access to mentors.

Gender dimensions

Women are more likely to be unemployed, economically inactive, work in the informal sector, and have temporary or precarious employment than men. Even when young women have paid jobs, these are more likely to be lower quality jobs, with lower wages and social protection, than those held by male counterparts.

It is estimated that the total Gross Domestic Product (GDP) loss due to gender inequality per year in earnings was 11.4 per cent in Sub-Saharan Africa, 16.6% in East Asia and the Pacific, and 7.9 per cent in Latin America and the Caribbean.²⁴ Closing the gender labour and pay gap is a significant challenge but it is both a moral and an economic imperative.

The ICR project on Tackling Gender Inequality and Sexual Harassment at the Workplace [[Tackling Gender Inequality and Sexual Harassment at the Workplace](#)] found that small enterprises, many of which are informal, were more likely to pay women lower wages, discriminate against them during hiring and do not provide them adequate support. They were also less likely to have formal or informal policies or guidelines on issues related to gender-based issues.

Cultural norms have a significant impact on women's employment opportunities. Expectations around motherhood and the availability of childcare, or the kinds of work which is deemed appropriate for women, as well as the social roles ascribed to them, can be particularly significant in some societies. They impact the location, hours or type of paid work they are able to undertake. Furthermore, in countries where women (and in some cases girls) marry at a young age they may face the challenges of "youth" employment when they are already older than a typical male youth jobseeker and already carry the responsibilities of motherhood. In an interview, Tchegoun Koba, Global Technical Advisor, Youth Employment and Entrepreneurship Development at SNV in Mali told us that they had adapted programmes accordingly to accept female participants up to the age of 40. An ICR report is available on the Care Economy [[Care Economy](#)].

While labour market gaps between men and women are caused by a variety of factors, discriminatory laws and regulations, or the absence of anti-discriminatory legislation, are major barriers to women's access to paid, quality jobs. ACP countries willing to increase women's labour market participation, earnings, and job quality need to identify and tackle the legal and cultural barriers that can affect women's economic empowerment both within the law and customary practices⁴.

For more detail on BER for Women's Economic Empowerment, see [here](#).

The business environment for youth employment in ACP countries

Given the size of the challenge of youth unemployment in ACP countries, policymakers play a key role in creating a business environment that actively supports youth employment. This section summarises the current business environment for youth employment and highlights the gaps in policy response.

2.2.1 Policy responses to the youth unemployment challenge

The need to address youth unemployment as a specific challenge has been highlighted internationally through a number of declarations and initiatives. The Millennium Development Summit in 2000 established the Youth Employment Network. Subsequent UN resolutions have encouraged governments to review past national policies, prepare National Action Plans (NAPs) on youth employment and exchange knowledge with their peers. Policy remains poorly-coordinated and ineffective in many countries however.²⁵ Subsequently, as part of efforts to achieve Sustainable Development Goal 8 to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", the international community was called upon to, by 2020, to (i) substantially reduce the proportion of youth not in employment, education or training (NEET); and (ii) develop and operationalize a global strategy for youth employment.²⁶

⁴ Customary law responds to a legal custom or behaviour within a particular social setting. It could be a practice or considered law by a specific group.

Around two-thirds of ACP countries have published general youth policies (the majority in Africa, with around 10 countries in each of the Caribbean and Pacific having done so)²⁷ and several, often with the support of the ILO, have prepared specific NAPs on Youth Employment.⁵ However, business environment regulations and policy initiatives must be brought off the pages of policy documents into implementation, and the right regulatory and policy infrastructure put in place to enable the government to address the magnitude of the issue and unlock the potential of youth. Box 1, below, sets out common features of the business environments across ACP countries which the recommendations set out in this report seek to address.

➔ **Recommendation 1 highlights the need for a concerted policy effort to address the youth-specific features of the ACP unemployment challenge.**

Box 1: Common features of the policy landscape in ACP countries which act as barriers to increased youth employment:	
<ul style="list-style-type: none"> • Lack of integration of youth employment objectives in broader economic policies • Poor coordination or inter-ministerial conflict around youth policies • Insufficient visibility or a lack of high-level sponsorship of youth employment policies • Insufficient evidence base (for example Labour Market Information Systems) to enable data-driven decision-making and policy development 	<p>See recommendation 1: Integrate Reform Suite</p> <ul style="list-style-type: none"> » Institute robust policymaker training » Promote youth employment policy harmonisation around a National Policy or Action Plan for Youth Employment » Consider youth even in non-youth specific reforms » Utilise situational analyses
<ul style="list-style-type: none"> • Employers lack understanding of the benefits of young employees or the needs they have on entering employment • Employers may be reluctant to hire young people due to the former's inexperience or other youth-specific barriers (see Section 1.2) • Young people (especially young women) are discriminated against • Lack of structured and/or digital recruitment platforms or job-matching services (public or otherwise) • Tendency for people to be recruited via informal or patronage networks 	<p>See recommendation 2: Address youth barriers</p> <ul style="list-style-type: none"> » Design effective employment matching and recruitment systems » Strengthen digital and mobile solutions for recruitment and employment of young men and women, including through public-private collaboration » Engage employers » Incentivise youth recruitment

5 The ILO Employment Policy Gateway is a knowledge platform on country-level employment policies and youth employment strategies: <https://www.ilo.org/empolgateway/>

<ul style="list-style-type: none"> • Lack of integrated strategy to address barriers to private sector growth (such as access to finance; burdensome registration, licensing and legal/fiscal compliance; and reliable digital and physical infrastructure) • High levels of informality with young people finding their first - and often subsequent jobs – in the informal economy • Absence of decent, productive jobs for young people to take up • Insufficient strategy around identifying key industries (including in rural economies) for youth employment in the short, medium and long term in informal and formal sectors • Low productivity in MSMEs, which are the largest employers of young men and women • Lack of medium-sized firms, creating a “missing middle” that could offer significant job opportunities • Overemphasis on formalisation creates “growth traps” where enterprises stay small to avoid burdens of formalisation • Labour migration policies act to provide immediate relief but may hinder local economic development 	<p>See recommendation 3: Increase Business Productivity</p> <ul style="list-style-type: none"> » Streamline regulatory environments » Identify high-potential firms and sectors » Incentivise formalisation with a balanced approach » Address the ‘missing middle’ » Identify opportunities in rural economies » Ensure there is a youth mobility/employability policy balance
<ul style="list-style-type: none"> • A focus on the present and the immediate future distracts policymakers from conceptualizing and developing policies for the future • Insufficient understanding of and investment in the future of work for young men and women • Lack of strategic investment in growth sectors and industries of the future • Requirement for realistic approaches to and investment in the potential of digitalisation • Insufficient protections for online workers • Patchy regulation acts as a barrier to developing the full potential of the social and solidarity economy (SSE) 	<p>See recommendation 4: Invest in Growth</p> <ul style="list-style-type: none"> » Stimulate multistakeholder action on youth-inclusive industrial policy. » Critically appraise the local potential for digital jobs » Use PPD to understand growth sectors and skills needs of the future » Build supportive enabling environments for the social and solidarity economy
<p>Other relevant features covered in more detail in separate ICReports:</p> <ul style="list-style-type: none"> • Insufficient coordinated support for young men and women to build businesses to employ other young people • Lack of mechanisms to enable young men and women to have their views heard on policies which impact them • Labour migration policies pull young workers away from the local economy • Underdeveloped social and solidarity economy (SSE) 	<ul style="list-style-type: none"> » See the Report in this series on Youth Entrepreneurship [link]. » See the report in this series, on Public-Private Dialogue [link]. » For more detail on the issues of labour migration and diaspora, please refer to the ICReport on this topic [link]. » See the ICR Social Economy series for more information on the potential of this sector [link].

Building demand for younger workers

Emerging learning on youth employment reforms indicate that a combination of context-specific general labour market policy measures to boost job creation, as well as targeted youth-specific measures provides the best support for young men and women.²⁸ Even when vacancies are available and youth are adequately skilled, they may still face specific barriers, which hinder them from being hired. (see Section 2.1, above). BERs are needed to address barriers related to age, inexperience and bias and which enhance young people's knowledge of job and careers options, connect them to job opportunities, reduce hiring risks for employers, and educate employers on the benefits of hiring young workers.

➔ **Recommendation 2 examines BERs which address these youth-specific barriers.**

The vital need for job creation

Not enough attention has been given to policies that address labour demand among ACP governments. This has hindered progress on youth employment. One prominent review of global youth employment policy interventions found, “The case for supply-side youth employment interventions is in serious doubt; the assumptions underlying the theory of change for these projects – that jobs are available but there is inadequate supply – seems questionable.”²⁹ BER strategies to support youth employment should therefore focus both on employability and increasing demand for jobs in sectors which have the potential to employ young men and women.

ACP countries need better performing, productive firms to create more and better-quality jobs for both young men and women. The type and distribution of work opportunities, whether in the formal sector (providing regular wages and stable employment) or in the informal sector (typically low and uncertain wages) will depend largely on the stage of economic development of each country.³⁰ There needs, however, to be a focus on a direction of travel towards a better quality of jobs. The pace of this change may vary between economies.

This requires a two-pronged approach. First, reforms need to boost productivity of existing firms and encourage them and their workforce along a transition towards formalisation. Fox and Kaul suggest that in low-income countries, interventions to support job creation and economic transformation should focus on boosting productivity of informal household farms and firms operating in employment-rich sectors. This will boost productivity and performance in key sectors for youth employment, creating jobs, boosting wages and helping reduce poverty.³¹ See [Recommendation 3](#).

Secondly, policymakers need to galvanise industrial policy in support of potential new sectors and industries which have the potential to employ significant numbers of young people in the future. Future jobs are likely to be enabled by digital technology, and potentially critically dependent on it, which has significant implications for digital infrastructure investment as well as for developing policies to protect workers in digital jobs. See [Recommendation 4](#).

While the particular businesses and sectors targeted under either strategy will be highly context-specific (see Box 2, below), there are BER which can be applied regardless of the industries which are prioritised. ACP governments need to place young women and men at the heart of these strategies and focus attention on the sectors and value chains with greatest potential for job creation for youth.

- ➔ Recommendation 3 outlines BERs to ensure the maximisation of the potential of existing firms and sectors for youth job-creation.
- ➔ Recommendation 4 addresses BERs to identify the potential for future job creation for young men and women.

Box 2: Where are the jobs for young men and women in ACP countries?



In most ACP economies, agriculture is likely to provide a majority of jobs for young people for the near future. In Africa, for example, 85% of the labour force is employed in agriculture and household enterprises (most often in the informal sector). This is likely to remain so for the foreseeable future.³² Employment transformation typically lags structural transformation. This means that agriculture remains a significant employer even while this sector's contribution to overall GDP is declining.

Pathways and strategies will be highly context specific, as emerging research from Africa has demonstrated.³³ In many contexts, infrastructure and construction will be a means to not only create new jobs for young people now, but to galvanise greater economic development in support of further job creation. Some ACP economies have extractive industries, while others will seek to capitalise on renewable technologies (either because of a lack of mineral resources, or as part of a strategy to transition away from fossil fuel extraction). In our interviews, both Pacific and Caribbean respondents spoke of their optimism for the Blue Economy. In both the Caribbean and Pacific context, service industries including tourism have significant potential.³⁴ It's critical to help these industries utilise and nurture the skills of young people, especially those who might consider working overseas. Much has been written about the potential of digital jobs (see Recommendation 4). However, these are not a silver bullet solution to the youth unemployment problem in the ACP countries. Globally, millions of jobs requiring advanced digital skills will be created in the coming decade. While young people are often considered "digital natives", the reality is that the majority do not possess job-relevant digital skills.³⁵ Digital infrastructure is also lacking in many economies.

Increasing digitalisation may be an enabler of a broader diversity of employment opportunities, but the potential of digital needs to be adequately assessed for each national context and accompanied by adequate worker protections. Policymakers must invest in BERs, to create supportive business enabling environments across the board to ensure that young people have access to decent jobs that offer fair wages and benefits. This is discussed further at Recommendation 4.

RECOMMENDATIONS ON BER TO CREATE JOBS AND SUPPORT YOUNG PEOPLE TO SUCCESSFULLY GAIN EMPLOYMENT

To foster youth employment in the ACP region, BER must consider the specific needs and characteristics of unemployed youth, as well as the business operating environment within which jobs are created. Based on insights and learnings captured as part of the research on this topic, we provide four recommendations to support youth employment. For each recommendation, the report highlights key policy and regulatory reforms that ACP policymakers can consider for their specific context.

Recommendation 1: Integrate Reform Suite

The most effective BERs for youth employment comprise an integrated policy approach that addresses both the demand and supply-side barriers to youth employment^{36,37} which is aligned with broader national economic development objectives.

i) Institute robust policymaker training: Policymakers may themselves need some training in understanding good practices and the needs and benefits of diverse, multi-generational workforces.

ii) Promote youth employment policy harmonisation around a National Policy or Action Plan for Youth Employment: Across the ACP, coordination between government departments as well as between national, regional/federal and local levels can be challenging. A lead ministry or agency should be appointed for this work to head up an inter-ministerial or inter-agency group to ensure all relevant inputs are considered. In the case of St. Lucia, the Ministry for Finance, Economic Development & Youth Economy launched the Youth Economy Agency in April 2023.³⁸

National Action Plans for Youth Employment (NAPs) are seen as a means of prioritising and operationalising relevant policies and reforms for greater youth employment.⁶ Some countries, particularly those who have started the process more recently, opt for National Employment Policies (NEPs), which may include sections on youth employment,⁷ while others have both NAPs and NEPs that reference each other. The ILO Guide for the preparation of National Action Plans on Youth Employment sets out three main sections which can be useful regardless of the chosen policy approach (NAP, NEP or strategy), i.e. i) analysis, ii) policy priorities and iii) action planning. A mechanism for monitoring and evaluation is also crucial for determining whether policy aims are being achieved. Often, individual initiatives or programmes flowing from the high-level policies are evaluated (for example when international donors are involved), but there is typically limited data on the effectiveness of the overall policy and/or accompanying action plan.³⁹ Mechanisms also need to be established to ensure stakeholders' views – including those of young women and men and those who are distant from urban centres – are considered via Public-Private Dialogue. (For more on PPD, see [Report 3](#) in this series). The Lead Ministry typically appoints a National Coordinator whose role includes the formulation of an international technical support team where appropriate.⁴⁰ See Case Study 1 for the South African experience.

⁶ United Nations General Assembly resolutions 57/165 of 18 December 2002 and 58/133 of 22 December 2003 resolutions encourage countries to prepare National Action Plans (NAPs) for youth employment with the assistance of the ILO and other international organisations with the participation of youth themselves.

⁷ To take the Pacific Islands as an example, in an interview with Christian Viegelaun, Specialist for Decent Work and Employment in the ILO Office for Pacific Island Countries, we were told that the following countries have NEPs, including measures and outcomes that specifically target youth: Fiji (published 2018 and currently being revised), Samoa (the most recent was launched in 2022) and Papua New Guinea (first version adopted 2022). The ILO has recently (2023) kick-started the process of developing a NEP for the Marshall Islands, which may serve to update their previous NAP (2017-19), depending on the priorities of national stakeholders. The ILO is also supporting Palau, Solomon Islands and Vanuatu in developing a NEP.



Case Study 1: An effective National Action Plan for Youth Employment which is well-aligned with government’s national economic development objectives and has visible high-level sponsorship: South Africa ⁴¹

Following the 2018 Presidential Jobs Summit, in his 2019 State of the Nation address, President Cyril Ramaphosa highlighted the gravity and urgency of the youth unemployment crisis, and heralded a “comprehensive plan – driven and coordinated from the Presidency – to create no fewer than 2 million new jobs for young people within the next decade.” The Presidential Youth Employment Intervention (PYEI) was launched the following year. It recognizes the need for a multi-faceted and coordinated approach to tackle systemic issues, with action required over the short, medium and long-term horizons. It prioritises delivery in the short term by bringing together the strengths of numerous government institutions and other stakeholders. It is guided by five core principles:

1. It builds on existing policies, plans and agreements and focuses on addressing gaps in the policy implementation landscape.
2. It is driven by the Presidency to ensure effective accountability for implementation.
3. It brings together a wide range of partners, and breaks down silos between government departments, among the levels of government, and between government and the private sector.
4. It is designed around young people and is responsive to their needs and concerns.
5. It addresses constraints to job creation on both the supply and demand side by maximising the allocation of resources

The PYEI initiative far exceeded its targets through this coordinated and multi-layered approach. Through the National Pathway Management Network, the original target was 165,000 opportunities for earning, learning and support. The actual achievements by the end of Q1 22/23, were 585,000 opportunities for earning through SA Youth, and 60,000 work experience placements through Employment Services of South African (ESSA). These are in addition to support provided on skills provision and local ecosystem enablement.⁴²

iii) Consider youth even in non-youth specific reforms: The focus on youth to take advantage of the significant opportunity that is available to countries across the ACP regions goes beyond youth-centred policy. Indeed, policymakers need to be aware of youth as a significant stakeholder in all reforms tabled. This can involve questioning whether policies and reforms will inherently make it harder for youth to gain employment, or even if it prejudices experience over training, or enables youth outside the community to be given opportunities. To assist with these questions, see Box 3, below.

Box 3: Key questions policymakers need to consider to support youth in non-youth specific BERs



Some questions policymakers should consider when aligning non-youth specific BERs with youth and young women’s employment include:

Will the reform create new opportunities for young men and women to find work? At a basic level, policymakers should consider whether the reform will create new work opportunities, and if these opportunities will be accessible for young men and women. They should consider what types of work opportunities a reform might lead to and assess how they might support young men and women to access them (without creating unfavourable labour market distortions, such as displacement).

How will this reform impact young men and women specifically? Policymakers need to consider how the reform will affect these groups, and whether it will disproportionately benefit or disadvantage them. Policymakers should ensure they can accurately articulate the challenges these groups face and consider whether or not the reform will address them. They should consider what additional support young men and women might require. Policymakers should assess reforms for challenges or unintended consequences including: discrimination, lack of access to resources, and limiting opportunities for economic and social mobility. Policymakers should consider whether the reform will promote gender equality and youth empowerment, and whether it will contribute to building a more inclusive and equitable society.

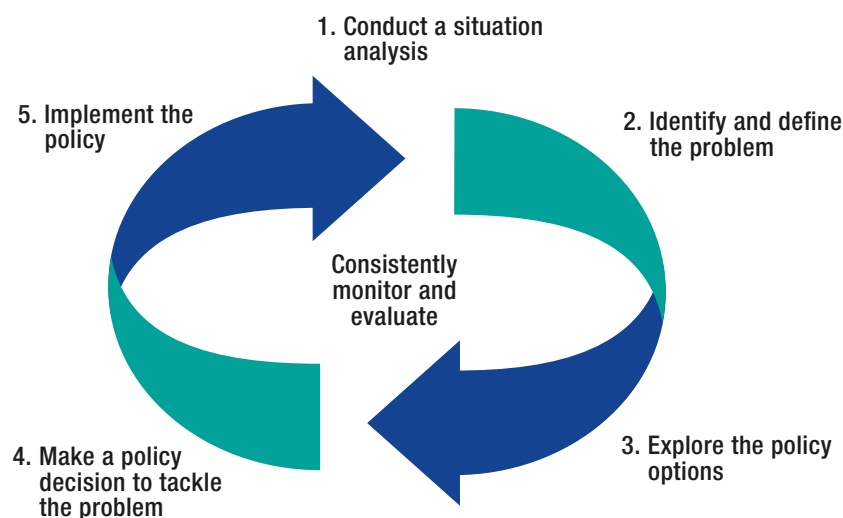
Have young men and women been consulted in the reform process? Policymakers should ensure that young men and women have been consulted and their views have been considered during the reform process. This can help policymakers to ensure the reform promotes gender equality and youth empowerment. For further information, please refer to the ICR reports on [Women’s Economic Empowerment and PPD](#) and [Youth Inclusion and PPD](#).

iv) Utilise situational analyses: Following a policy cycle approach (see box 3), before implementing policies aimed at assisting youth in gaining employment, policymakers need to first conduct a situational analysis to better understand the policy challenges they seek to address. This includes a realistic assessment of key constraints and available resources. The situational analysis needs not only to examine the economic and social context, but also the labour market context for youth as well as to review the existing policies, including on gender equality, and policy coordination mechanisms. It also needs to examine the short, medium, and long-term challenges, so that corresponding goals can be developed. The situational analysis can be informed by data collected in Labour Market Information Systems and will demonstrate the key elemental drivers necessary for change in a particular context.⁴³

“Improved statistical data and analysis on youth is critical to identify gaps and provide evidence to guide investments – many Pacific Island countries and territories (PICTs) do not measure youth unemployment with international standards, which vastly underestimates the real situation. Much census and national survey data are not analysed to determine youth profiles. Without hard evidence, ‘youth’ is still considered a ‘soft’ issue.”

Secretariat of the Pacific Community, 2015 ⁴⁴

Figure 3. Policy cycle approach⁸



Recommendation 2: Address Youth Barriers

Young people, especially young women, often lack work experience, networks, and labour market knowledge, which can make employers hesitant to hire them⁴⁵ (see Section 1.2, above, on youth-specific barriers to employment, including gender dimensions). In ACP markets, transparent job vacancies and reliable recruitment agencies are scarce, leading to reliance on personal connections for finding employment. Discrimination during hiring is common, with inquiries about the relationship or motherhood status of young women and assumptions about productivity for workers with disabilities. A 2022 study found that workers with disabilities in Malawian cities were discriminated against by employers on assumptions they would not produce or earn enough to meet productivity demands.⁴⁶

To bridge these gaps, BERs are needed to enhance young people’s knowledge of job and career options and connect them to job opportunities, while educating employers on the benefits of hiring young workers and reducing the perceived risks in hiring them.

i) Design effective employment matching and recruitment systems: Identifying the right type of employment service is critical, especially when deciding how to spend limited public funds. In order to work effectively, Public Employment Services and recruitment platforms need to bridge employers’ and candidates’ needs. For employers, this will include addressing concerns around the suitability of candidates, receipt of numerous applications from unsuitable candidates, and making public their recruitment needs (and implications for competitiveness). These can be undertaken through a co-design process and targeted communications campaigns.⁹ Policymakers may need to incentivise employers to use a government-sponsored PES over their own small, informal networks. Box 4 outlines key questions in designing Public (or publicly-supported) Employment Services.¹⁰

⁸ Source: [Guide for the preparation of National Action Plans on Youth Employment](#) by Gianni Rosas and Giovanna Rossignotti.

⁹ An evaluation of the USAID PES programme in Djibouti in October 2022 found that employers were reluctant to publish vacancies on the platform because of concerns around receiving time-consuming inappropriate applications and their competitors being able to see their recruitment needs (and therefore determine their growth plans). See: https://pdf.usaid.gov/pdf_docs/PA00ZR8B.pdf

¹⁰ For considerations in the context of Fiji and Papua New Guinea, see: <https://www.adb.org/sites/default/files/publication/409216/improving-labour-market-outcomes-pacific.pdf>, Chapter 3.

Box 4: Designing PES for youth employment

The answers to these questions can help policymakers determine the best models for their context:⁴⁷

- Which young jobseeker target groups require government-funded assistance to develop the necessary skills for employment and secure a job?
- What is the most effective approach to identifying available job openings?
- In what ways can the job matching function best cater to the needs of employers with vacant job positions (for example by verifying the information provided by candidates)?
- How can support services be customized to meet the specific requirements of jobseekers in the designated target groups (including in relation to how they access the service, i.e. online or in-person)?
- How can a streamlined and basic system be established to monitor the job placement process?
- What steps need to be taken to ensure that this system can operate in various locations, as needed, including via digital means?
- How can the platform collate and verify information on jobseekers' skills and experience to provide employers with reliable data on candidates' suitability?
- How can the platform best serve employers' needs by ensuring only the well-qualified and experienced candidates apply for roles?

The EU offers a database of inspiring practices from PES across Europe:

<https://ec.europa.eu/social/main.jsp?catId=1206&langId=en>



Case Study 2: Digital solutions to fragmented employment systems: Jobtech Alliance ⁴⁸

Jobtech involves the use of technology to enable, facilitate, or improve the productivity of people to access and deliver quality work. Most ACP countries lack effective regulatory and business environments for jobtech. The future of work for many young men and women will be digital (or digitally enabled). Building the conditions for jobtech ecosystems to thrive remains an important goal for many policymakers.

Jobtech Alliance (JTA), delivered by Mercy Corp, is an ecosystem-building initiative around inclusive jobtech in Africa. JTA aims to build enabling environments for this by bringing together multiple stakeholders to build the conditions for jobtech platforms to thrive and improve work opportunities for young people and others. The JTA conducts research, community-building, and spotlighting of the sector, and shares its research and insights with others on the challenges and opportunities of building Jobtech ecosystems.

Readers can access the [JTA learning and resource library here](#).

ii) **Strengthen digital and mobile solutions for recruitment and employment of young men and women, including through public-private collaboration:** Governments and donors can partner directly to develop digital job-matching platforms to fill key employment gaps, such as South Africa’s Youth Jobs platform, SAY-outh.⁴⁹ The Jobtech Alliance in Africa offers a helpful illustration for regions like the Caribbean and Pacific for how policymakers and others can strengthen employment systems through promoting stronger digital offers for PES’s (case study 2, above). Other policy initiatives might focus on strengthening partnerships and shaping competition policies to facilitate the entry of (new) platform players who help small businesses to affordably advertise low- and mid-level skills vacancies. For example, Education Development Center’s (EDC) Akazi Kanoze’s JobMatch platform in Rwanda is one example of a multi-partner initiative to improve linkages of informal and formal jobs for youth. The JobMatch platform, funded by USAID is a multi-partner initiative where SoukTel, a mobile service provider, provides an SMS (text message) job connect platform (JobMatch) for the unemployed youth and is available on both the MTN and Tigo mobile networks. The platform seeks to keep overheads low. Working through 40 local implementing partners, the national team creates direct linkages with companies to place youth in jobs in formal and informal sector jobs.⁵⁰ In Papua New Guinea PNGJobSeek is contributing to reducing youth unemployment. PNGJobSeek is a privately-operated recruitment platform connecting employers and jobseekers, with at least 50% of jobs targeting those in lower to middle end of the skill spectrum. PNGJobSeek has three levels of service ranging from free to 350 Papua New Guinean kina (PGK – around EUR 90) for a 30-day advertisement for one job, which is often more affordable for employers than other advertising opportunities.⁵¹

For businesses seeking to reach young recruits, it will be necessary to find them where they are. In countries with high mobile penetration, this might involve using social media or SMS as a cost-effective solution for supporting unemployed youth, encouraging collaboration among mobile network operators and stakeholders. PPD can be used to identify and share best practice in this regard and governments and their agencies can model good practice.

iii) **Engage employers:** Young men and women represent both current and future employees, investors, and consumers. However, policymakers and employers may require support to understand the needs of different under-represented groups as well as the benefits young workers can bring to businesses. Through PPD and communications campaigns, policymakers can work with employers to identify and address concerns and biases around recruiting young men and women and facilitate opportunities to learn about these benefits as well exchange experience and good practice.⁵² Policymakers may themselves need some training in understanding good practice plus the needs and benefits of diverse, multi-generational workforces, based on research in this field.¹¹

iv) **Incentivise youth recruitment:** Access to benefits such as public procurement can incentivise businesses to hire certain groups of people, enabling young people to prove themselves and employers to get to know their potential. For instance, South Africa’s B-BBEE policy aims to enhance economic participation of Black citizens by using a scorecard to assess a company’s performance and determine their B-BBEE rating. The scorecard is used to determine a company’s B-BBEE rating, which can impact its ability to win public contracts, secure funding, and remain competitive.⁵³

11 As an example, McKinsey undertake annual research into the benefits of diverse workforces, with a focus on gender diversity in particular. They find businesses with greater diversity at senior levels are more profitable: Mc Kinsey: <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

Similarly, wage subsidies (for example, for new employment or pathways to employment such as internships) have shown some positive effects in supporting young men and women’s employment, but they are less commonly used in ACP countries due to high implementation costs.⁵⁴ The Juventud y Empleo programme in the Dominican Republic is one example of a successful wage subsidy program. Its success lay in a holistic approach which included coaching/mentorship and skills development for youth participants, whereby the attractiveness of the young employee improved over the course of the subsidy.⁵⁵ Wage subsidies may also be a means to encourage employers to formalise jobs.⁵⁶ However, once again there is a need for a consultative, reflective approach through PPD, as relying solely on subsidies alone may not create sustainable jobs, and there is a risk of market displacement effects among older workers. Research has also shown that businesses tend to hire young workers only for the duration of the subsidy.⁵⁷

Recommendation 3: Increase Business Productivity

According to the ILO, in regions such as sub-Saharan Africa, Latin America and the Caribbean and South-Eastern Asia and the Pacific, the main task for supporting better youth employment is *“to increase the quality and productivity of jobs as well as measures to promote opportunities in higher-value-added sectors.”*⁵⁸

Boosting overall employment growth is crucial for addressing youth unemployment across ACP regions. This requires overarching BER aimed at strengthening aggregate demand. [Recommendation 3](#) highlights BER which support an increase in productivity in existing businesses, industries and sectors, while [recommendation 4](#) looks at ways in which BER can stimulate growth in new industries to provide jobs for the future.

i) Streamline regulatory environments: Removing regulatory frameworks that inherently establish barriers to hiring young people is key to also establishing productivity increases. Managing labour regulation and streamlining regional youth mobility policies is important to ensuring businesses can access the available and creative labour that young people can offer the ACP regions.

ii) Identify high-potential firms and sectors: Opportunities for job creation and develop targeted employment strategies for young men and women can be found in both formal and informal sectors, including non-farm labour, off-farm labour, light manufacturing, and food processing in rural areas. Tools like the ILO’s guidance on Sector Selection for Decent Work: Tips, Tricks and Tools,⁵⁹ and the Market Systems Development for Employment guidance note produced for USAID’s IDEAL platform (Implementer-Led Design, Evidence, Analysis and Learning)⁶⁰ offer policymakers practical tips on sector and firm selection for improving youth employment outcomes and progress towards formalisation. Jamaica provides an example of this approach, with the Animation and Digital Industries identified as opportunities for economic growth and youth employment. The government has implemented measures to strengthen the business ecosystem, boost MSME productivity, and integrate youth into value chains (see case study 3, below).



Case Study 3: Boosting sector productivity and youth employment: Aligning Jamaica's Digital and Animation Industries and Youth Employment

The Government of Jamaica, through funding from the World Bank, is delivering the Youth Employment in the Digital and Animation Industries Programme (YEDAIP).⁶¹ YEDAIP is a sector-specific initiative which is designed to build a supportive business environment for the digital and animation industries through the development of a policy framework and strategic plan. Activities flowing from these are designed to both boost digital and animation value chains while promoting employment for young people.

To centralise the initiative and strengthen coordination of boosting sector and employment growth, YEDAIP was relocated from the Ministry of Science and Technology to the Office of the Prime Minister (OPM). The strategic move was made because the OPM is focused on economic growth and job creation and centralising such initiatives will boost youth employment outcomes. Similarly, key supply-side reforms, such as Jamaica's flag ship Human Employment and Resource Training /National Service Training Agency Trust (HEART/NSTA Trust) have also been centralised to strengthen coordination with wider economic growth reform. It is estimated up to 5,000 jobs could be created in the Caribbean if the region were to transform itself into an animation hub, with Jamaica taking a large share of these opportunities.

iii) Incentivise formalisation with a balanced approach: MSMEs, both formal and informal, are the largest employers of young people in the ACP region and have significant job generation potential.⁶² However, low productivity across ACP MSMEs is slowing any positive effect these actors can have across ACP labour markets.⁶³ MSMEs would increase their productivity if policymakers would remove the precondition to formalise immediately in order to obtain access to capital and employment benefits. BERs need to incentivise formalisation by creating the conditions in which firms find that formalisation offers more benefits than costs. This includes better enforcement,⁶⁴ to avoid so-called “growth traps”, where a business is indirectly encouraged to keep small and informal because it is easier and cheaper to do business.⁶⁵ Policies on formalisation need to be cognisant of gender equality as women are overrepresented in informal roles.⁶⁶

iv) Address the ‘missing middle’: Policymakers should adopt short, medium, and long-term strategies that help progress firms along their journey toward formalisation as they grow, whilst maximising the potential for youth employment,⁶⁷ and avoiding any negative impact for informal workers including women. Formalisation may not be the immediate goal. Policymakers can focus on specific sectors or value chains that help build linkages between formal and informal firms (promoting integration) and increase domestic demand and job creation over time. As local business growth strategies develop, formalisation can be incorporated into interventions.⁶⁸

“In my experience, developing country policymakers recognise that the best way to create job opportunities for young people is to foster economic transformation by stimulating the growth of job-rich productive sectors - be that in manufacturing sectors such as agro-processing and apparel, high-value agriculture such as horticulture, or services such as tourism... governments should focus on implementing industrial policies to attract investment in productive sectors and lift the binding constraints to growth and competitiveness in those sectors.”

Max Walter, Kenya-based industrial policy specialist (Received by email, 2023)

v) Identify opportunities in rural economies: In many ACP economies, agriculture is likely to provide the majority of jobs for young people for the near future. Policymakers need to support their agricultural sectors to innovate and remain an attractive option for young people (see Case Studies 4, below). Fox and Kaul underline the need to support young people along a transition. This could mean moving from providing their labour on an informal and seasonal basis on family farms, to accessing commercial agricultural opportunities, including in broader rural supply chains such as agro-processing, light rural industries and textiles.⁶⁹ The FAO has identified the potential of youth to “rejuvenate the sector, acquire the knowledge and skills needed to innovate, up-take new technologies, foster competitiveness and spearhead the digital transformation,” and has developed Guidelines for Practitioners in Youth Sensitive Value Chain Analysis.⁷⁰



Case study 4: Strategies to ensure agriculture remains an attractive employment option for young men and women

In Africa in particular, the agricultural economy features an ageing workforce, high levels of food imports, and low agricultural efficiency. In this context, the 23rd African Union Summit in 2014 committed to creating job opportunities for at least 30% of youth in agricultural value chains, including preferential entry and participation by women and youth in agribusiness by 2025.⁷¹ The African Development Bank’s ENABLE Youth programme aims to address Africa’s dependence on food imports by revitalising the sector, creating 300,000 agribusinesses and 1.5 million jobs for young people over a five year period from 2016.⁷² Similarly, in the Pacific, young people have tended to associate agriculture with “with low returns, hard work and low social status.”⁷³

vi) Ensure there is a youth mobility/employability policy balance: Policymakers should adopt a strategic approach that balances short-term relief to unemployment with long-term economic development. This includes managing labour mobility to prevent negative impacts, encouraging returnees to invest their skills and resources back home, and incentivising local firms to grow and invest in their workforce. The Fijian Government reformed its seasonal worker recruitment strategy to target specific groups and regions and gave local community leaders ownership over allocating the work opportunities to their community to strengthen community inclusion and development (see Case Study 5, below). The rapid uptake of flexible and remote working opportunities facilitated by technology offers incentives for young people to work for an employer in their native country, regardless of location, and can prevent brain drain. These were the findings of a three-year programme with Nigerian utility companies, which permitted new recruits to work for them from anywhere, including abroad. In many cases, young Nigerians have trained abroad, but are now using their skills to support the Nigerian economy, albeit while being based in the Global North.⁷⁴ For more detail on the issues of labour migration and diaspora, please refer to the ICR report on this topic [ICReport on this topic](#)



Case Study 5: Fiji Government Implements Community-led Employment Policy Reform

In 2016, the Fiji Government introduced a new recruitment strategy for seasonal workers to Australia and New Zealand. It was designed to address complaints from host countries about workers lacking required skills and experience, and the selection of who from Fiji was offered seasonal work opportunities. The reform aimed to promote stronger community engagement and accountability in selecting workers, while also meeting the needs of employers. The new strategy focused on recruiting from rural villages impacted by Cyclone Winston and ensuring village communities were given responsibility and accountability for selecting workers.

To promote this community-led approach, the Minister for Employment personally visited selected areas to emphasise the importance of selecting the right people and their obligations to the community. An “awareness and selection team” also provided a one-stop service to eligible workers for up to two weeks. Based on a village’s social structure, community leaders were responsible for selecting programme candidates. However, the needs of employers were prioritized in the selection process and informed through support from the government.⁷⁵

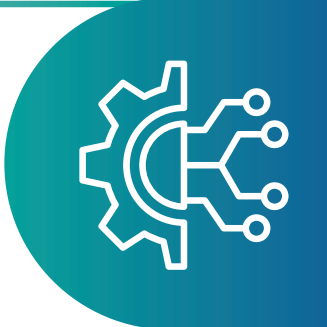
The involvement of community leaders facilitated a larger participation of Fijians in Australia’s Seasonal Worker Programme than neighbouring island nations, and their involvement in addressing concerns and expectations among workers and employers has enabled this figure to grow.⁷⁶ This initiative has enabled workers in villages impacted by natural disasters to find work, but policymakers will need to balance the attraction of work in Australia with the needs of local economic growth.

Recommendation 4: Invest in Growth Areas

In the context of post-COVID global supply-chain instability, net zero transitions, and geopolitical competition, there is renewed debate about the role of industrial policy and government support for firms and industries deemed strategically important.⁷⁷ Policymakers need to ensure they understand the nuanced and context-specific impacts of the future of work, particularly of digitalisation (see Box 5, below), and how these intersect with the skills needs of businesses and young people, including young women and other disadvantaged groups. There is a need to catalyse industrial policy efforts to support those industries – both emerging and future – with the greatest job-creation potential for youth.



Box 5: Three key ways in which digitalisation is likely to impact youth employment:



i) **Innovation** - digital jobs which are entirely new (or not yet in existence) and were not possible prior to digital technological innovations. These include work in robotics; artificial intelligence; cloud computing; data manipulation, storage and analysis; programming; web development and cybersecurity.

ii) **Automation** - technology can replace workers in tasks that are easy to automate. Automation may be accelerated by AI (e.g. chatbots replacing customer service personnel; facilitating communications and marketing; or web-based services replacing in-person services such as in e-commerce or online travel booking services). This may impact the skills and experience which employers expect junior candidates to have, as what may be seen as tasks at entry level are taken on by AI.⁷⁸ Manufacturing is becoming increasingly automated through robotics. Even where roles are not automated, over time it may become increasingly impossible to work in these sectors without some level of digital skills.

iii) **Enabling** – some jobs are enabled by digital innovations to be more cost-effective or efficient but would not be considered “digital jobs”. These include agriculture (for example where a farmer might use a mobile service to access price information), retail (where the proprietor of a bricks and mortar store may use IT to order or control stock), or hospitality (where a restaurant proprietor may take bookings online). “Jobtech” refers to the use of technology to enable, assist, or improve people’s ability to access and deliver quality work, and includes everything from platforms enabling citizens to book transport, to food delivery platforms, to platforms enabling people to access knowledge economy “gigs” and more.⁷⁹

The work described at iii) above may, over time, become increasingly digitalised, but is unlikely to become entirely reliant on information technology. Nonetheless, there may be an increasing need or expectation of some digital skills in industries where this was previously not the case.

In our interview with Louise Fox, Non-Resident Senior Fellow, Brookings Institute, and former USAID Chief Economist, she cautioned against ACP countries banking on tech jobs (jobs in the ICT industry, such as those at i), as opposed to jobs enabled by technology such as a typical office clerk role), which only make up 5.5% of the US economy, the most technologically advanced country in the world.⁸⁰

In addition to the above, digital technology and the experience of the pandemic have accelerated opportunities to work in knowledge-based jobs remotely (for example through off-shoring, out-sourcing and remote freelancing). (See the Nigerian example at [Recommendation 3 vi](#)), above.)

i) Stimulate multi-stakeholder action on youth-inclusive industrial policy. Policymakers should work across Ministries and with stakeholders to agree objectives for industrial policy and accord appropriate priority to youth employment aims. Policymakers need to exercise caution in “picking winners” as part of industrial policy to ensure that the sectors or industries selected have a genuine potential to create jobs for young men and women.⁸¹ Policymakers also need to ensure that youth employment is given adequate priority in relation to broader fiscal/financial stability and economic growth objectives.⁸² In the selection of industries and sectors which have job creation potential, including digital industries, it is necessary to consider four key aspects:⁸³

- **Youth employment potential** – policymakers should analyse which industries and sectors have the highest relative strength of employment growth compared to national averages. Assumptions should be tested and decisions based on available evidence, and not only on what has worked elsewhere. The sectors offering the most job-intensive growth are not necessarily those which will grow fastest in financial terms.
- **Interconnectedness** – decisions should be underpinned by consideration of how interconnected new industries/sectors are with the local economy and broader markets. This will provide an insight into the potential for multiplier effects and job creation in related supply chains and markets. The analysis of different industries’ patterns of labour and resource use plus the sectoral and geographical destinations of their outputs enables a greater understanding of the knock-on multiplier effects of investments in, and support to, those industries or sectors.
- **Comparative Advantage** – it is essential to understand where a particular industry/sector in a specific country or locality can have a comparative advantage. Policymakers should also consider their ability to compete internationally as well as nationally or locally.
- **Futureproofing** - it is important to critically appraise the potential of industries into the future, not least in the context of their digital skills needs⁸⁴ and to understand representation gaps in different industries (for example of women in the STEM sector). The United Nations Committee of Experts on Public Administration (CEPA) has published a strategy guidance note on Strategic Planning and Foresight in the context of sustainable development. The report includes a number of futures and foresight methods, which can help policymakers avoid short-term thinking in their strategic planning.⁸⁵

ii) Critically appraise the local potential for digital jobs. In ACP countries, digital industries can be part of a diversified economy. Contextualised investment and action on business, legal and digital infrastructure as well as in skills development (for example in STEM subjects, particularly for girls) remain essential as well.⁸⁶ Undertake an audit of the business environment to ensure it is fit for the digital context and design BERs to address gaps. The out-sourcing and off-shoring of digital jobs to economies with lower labour costs has exposed a number of policy gaps which BER can help to close. Policymakers will need to critically appraise the business environment from several angles including:

Infrastructure and connectivity - Does the digital infrastructure (including broadband, mobile and security infrastructures) support digital jobs of today and tomorrow? For example, only a quarter of the population of Sub-Saharan Africa has access to the internet, compared to half of the global population.⁸⁷

- **Labour protections** - Are workers adequately protected from exploitation? A landmark legal case in Kenya has highlighted a lack of safeguarding for young content reviewers working for global social media firms.⁸⁸
- **Gender equality** - Digitalisation has the potential to reinforce gender-based occupational segregation. In 2021, women were still globally four times less likely than men to have advanced ICT skills and hence access to the corresponding job opportunities. In Africa, while young people are “at the forefront of internet use,” women are 25% less likely than men to use the Internet.⁹⁰

- **Legal frameworks** - National policies may be poorly adapted or overly cumbersome and therefore hinder agility and growth in digital industries. Examples could include regulations which work against cross-border digital collaboration; consumer protection in e-commerce; young people setting up as knowledge-economy freelancers or businesses accessing the digital services they need. An example of an enabling environment for the latter, which also has the potential for job creation, is the Rwanda Fintech sandbox, which facilitates the provision of micro-pension and micro-insurance products where these services were previously the reserve of large banks and were inaccessible to people on low incomes.⁹¹

The ILO and International Telecommunication Union (ITU) - in support of the African Union - are implementing an [iterative cycle of country-specific action designed to identify what works](#) which may be of interest to policy-makers beyond the initial target countries of Côte d'Ivoire, Kenya, Nigeria, Rwanda, Senegal and South Africa.⁹²

Despite the challenges, there are examples of how strategic investments in digital industry and skills development can help ACP countries become hubs for particular industries, attract investment, and create jobs. For instance, the Youth Employment in the Digital and Animation Industries (YEDAI) program in Jamaica sought to create a hub for the digital animation industry in the Caribbean (see Case Study 2, above).⁹³ The Pacific Regional E-commerce Strategy and Roadmap sets out an ambitious framework for greater and more inclusive e-commerce in business-to-business and business-to-consumer sectors in the context of a more integrated “Blue Pacific” economy.⁹⁴ Rwanda has developed a sandbox model to develop a new fintech industry.⁹⁵

Interviewee, Stephen Opio, Chief Technical Adviser & Officer in Charge, ILO, Uganda told us:

“There is potential for youth employment in the green and digital economy. However, this potential needs to be harnessed with investment in appropriate skills, technology and necessary infrastructure that enhances youth access and participation. A large number of urban youth are already tapping into opportunities provided by the gig economy while advocacy groups are also pushing for green investments that provide for green jobs. These two will require intentional government action on policy frameworks.”

iii) Use PPD to understand growth sectors and skills needs of the future. Working with key stakeholders including the private sector, policymakers can attempt to identify key strengths, weaknesses, opportunities and threats on the horizon such as the potential of digitalisation, STEM industries, social enterprise, green and blue sectors to deliver jobs for youth. This will enable the development of strategies to address the nuanced and context-specific impacts of the future of work, particularly of digitalisation, and how these intersect with the skilling needs of young people, including young women and other disadvantaged groups.

Through PPD, the private sector can inform policymakers of their future skills and other requirements and help shape the BERs that would support them to make the most of new opportunities such as digitalisation, new markets and partnerships. PPD is covered in detail in [Report 3](#) in this series. The ILO and OECD have published guidance on [Setting up effective skills assessment and anticipation systems](#), which outlines four steps and may be useful to frame PPD discussions.⁹⁶

iv) Build supportive enabling environments for the social and solidarity economy (SSE). Legislation plays a key role, ranging from general frameworks to specific laws addressing different organisational forms like cooperatives.⁹⁷ Policymakers must determine effective regulations and interventions that benefit both the so-

cial economy units and promote decent work for youth. An ICR Technical Assistance intervention in Jamaica addressed this issue¹²¹³. While the government had included a chapter on Social Value Creation in the Updated MSME and Entrepreneurship Policy (2018), there was no specific legislation or policy in place to regulate social enterprises. Workshops improved understanding of the social economy and emphasized the need for future legal forms to align with existing benevolent societies legislation. The technical assistance also supported the preparation of a Draft Legal Status Act for Social Enterprise and the tools for its implementation and evaluation once the Act is passed.

Policymakers can consider trialling reforms to allow for experimentation before these are scaled. Similarly, regulatory frameworks need to be supportive of emerging types of cooperatives/SSE units, ensuring that policies are harmonised with other relevant policies (such as NAPs and employment policy) and that young men and women are included in the policy formation process, for example through PPD (to avoid exclusionary attitudes towards youth and to ensure that gender equality is embedded).

Box 6: Recommendations and how the ICR Facility can help you

Based on the analysis provided, this ICReport makes four recommendations for policy makers and their influencers to overcome the challenges policy makers and stakeholders are facing in addressing youth unemployment. Other policy reports in this series cover Youth Entrepreneurship, and Youth Inclusion in PPD.

If you are a policy maker or other relevant stakeholder in an ACP country and would like support from the ICR Facility in implementing these recommendations then please visit www.icr-facility.eu

Some examples of how the ICR Facility can help are:

- Support evidence-gathering activity of sectoral potential for youth employment or examining the potential of particular recommendations in your context
- Support policy dialogues to build momentum for change in policy frameworks
- Tailored support on specific policy and regulatory developments, such as mainstreaming youth in existing policy and regulatory frameworks
- Support set up and capacity building of intermediaries, industry networks and member bodies for addressing youth unemployment and job creation
- Support nurturing of closer cross-sectoral and agency relations
- Support embedding of youth and gender-sensitive objectives in public institutions, development plans, and procurement
- Capacity building of institutions involved in PPD
- Support building measurement systems for youth labour market engagement

In addition, the ICR Facility organises activities to support networking and peer learning. This can take place in peer-to-peer exchanges, breakout sessions in webinars etc – please consult the [Knowledge Hub](#) for more information.

¹² <https://www.icr-facility.eu/ber-for-social-enterprise-sector-in-jamaica-support-for-legal-framework-implementation>

¹³ <https://www.icr-facility.eu/default-d35463dfb0>

CONCLUSION

The youth employment challenge in Africa, the Caribbean, and the Pacific (ACP) is significant. Despite efforts to improve the employability of young men and women, job creation has lagged and there are insufficient opportunities for young people to gain work experience and decent employment. After a historic emphasis on supply-side interventions, gender-sensitive business environment reforms and policy coordination measures are required to improve on these efforts while boosting the demand for the labour of young men and women. The action required is necessarily context-specific given the differing business environments, economic features, and constraints of the ACP economies, but much can be learned through knowledge exchange across regions and between countries, supported by the ICR Facility (see Box 6).

Irwin et al caution against seeing the youth employment problem as a mere sub-problem of the broader economic challenges: *“If young people face particular problems of exclusion, discrimination, or disqualification, even a (theoretical) rising tide of economic growth would not lift all boats equally.”*⁹⁸ This means that two types of BERs are required – those which specifically target young people and their need for decent work, and those which ensure the specificity of the youth unemployment challenge is taken into consideration in broader economic policy-making. Recommendations 1 (on a coordinated public policy framework for tackling youth unemployment) and 2 (on addressing youth-specific barriers) specifically seek to address the youth employment challenge. On the other hand, Recommendations 3 (on boosting current private sector productivity) and 4 (on stimulating growth for jobs of the future) advise applying a youth lens to economic and industrial policy which target the creation of jobs.

As well as a lack of jobs, ACP economies feature decent work deficits which present a dilemma for policymakers. A balance needs to be struck between job creation and the transition of informal and precarious jobs towards formality and certainty. Policymakers need to engage with business stakeholders to understand their concerns and find ways to address their concerns and avoid growth traps (where businesses do not grow because additional bureaucracy or other costs would reduce margins) in support of youth employment.

It is worth stating that BERs in support of youth employment are highly context-specific. Despite the fact that they all feature high youth unemployment, underemployment and informality, the economies of the ACP countries are not homogenous – neither between each other nor internally. Nonetheless, there is much which can be done to share with and learn from each other through fora such as the ICR Facility.

This ICR Facility Report should be read in conjunction with the others in the series, namely on how BERs can effectively support Youth Entrepreneurship and on how BERs can effectively support youth employment and participation in PPD. All three reports and supporting materials are available on the ICR Facility website [<https://www.icr-facility.eu/>]. The website also contains information on how the ICR Facility can support the delivery of BERs across ACP countries through its technical assistance component.

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