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Youth and Employment - Realizing the demographic dividend

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Keynote address

by

Mr Charles Dan

Special Representative of the ILO on Youth and Social Inclusion

I feel privileged to represent the ILO Director-General, Mr. Guy Ryder, at this International Dialogue. I am pleased to convey his warm greetings and best wishes.

Thank you to BMZ, GIZ, KFW, DSW, IPPF and Bayer for sponsoring this important event.

The economy will need to create 600 million productive jobs over the next decade in order to absorb the current unemployment levels and to provide jobs to the 40 million labour market entrants each year.

Globally, the rate of population growth is slowing down. Yet the world population is projected to increase by more than 2 billion people by 2050.

These youth, employment and demographic issues represent a critical, huge, urgent and collective challenge.

To address them, we need global awareness, we need national priorities, we need a different policy scenario, we need youth participation.

First, global awareness:

The current world population of 7.2 billion is projected to reach 8.1 billion in 2025 and 9.6 billion in 2050 according to UN projections (UN World Population Prospects: the 2012 revision, 13 June 2013).

More than half of the population growth between now and 2050 is expected to take place in Africa. The population of Africa could more than double by mid-century, increasing from 1.1 billion today to 2.4 billion in 2050.

At the country level, much of the overall increase is also projected to take place in Asian countries with large populations such as India, Indonesia, Pakistan and the Philippines.

Given these projections, it is important to know whether some developing countries, in particular in Africa, will be able to realize their demographic dividends.

This is a critical challenge.

Some Asian and Latin American countries like Thailand and Brazil have reaped the rewards from their demographic dividend.

But it is important to clarify one thing: It is not enough to have a large young population to realize the demographic dividend.

The accelerated growth in a country's economy which is linked to the demographic dividend begins with a change in the age structure of its population but is only achieved through the appropriate population, social and economic policies and strategic investments.

Second, national priorities:

In order to reap a demographic dividend, countries must therefore accelerate reductions in child mortality, increase access to family planning, strengthen education and skills, especially of girls and young women, stimulate entrepreneurship, and promote sound fiscal and labour policies to create the conditions for the increased working-age populations to be more productive.

So in countries with young populations and an increasing share of working-age adults, a demographic dividend can arise only if they are able to create productive jobs for the increasingly large working-age population.

This is a huge challenge.

Indeed, in some developing countries, as much as two-thirds of the young population is underutilized. Some 228 million young people earn less than US\$2 per day.

Many developing countries are not in a position to take advantage of the demographic dividend because a significant share of their workforce, in particular the youth, is either in search of employment or are low-skilled workers, employed in low-productivity and low-quality jobs in the informal economy.

For instance, in Africa, the informal economy is the largest provider of jobs for young men and women: In the Democratic Republic of Congo, 96.2 per cent of the young workers are informally employed; in Cameroun, 88.6 per cent; in Zambia, no less than 99 per cent of the working teenagers work in the informal economy.

To move away from the informality and underemployment trap, national development frameworks should take a life-cycle approach. Investment in human development - education, training, lifelong learning, health, occupational safety and health - is essential.

Third, a different policy scenario:

In June 2012, the International Labour Conference launched a "Call for action" to tackle the youth employment crisis through macroeconomic policies, education and training policies, labour market policies, youth entrepreneurship and the promotion of labour rights.

And in June 2013, the International Labour Conference held a major discussion on: “Employment and social protection in the new demographic context”. Its conclusions underscored the need for an integrated policy mix that recognizes the interdependency between demographic shifts, employment, labour migration, social protection and economic development.

This is an urgent challenge.

Employment and, youth employment in particular, should become a key objective of macroeconomic policies and a priority for fiscal policy.

New patterns of growth are needed. These include agriculture, industrial and sectoral strategies that encourage economic diversification and the creation of decent job opportunities, as well as a financial sector that invest in the real economy and the extension of social protection to reduce vulnerabilities and improve productivity.

Another key issue is the need to better match the skills that young people have and the skills required by the labour market. This implies linking skills development to employment and economic development, effective labour market information systems, and involving employers’ and workers’ representatives and key stakeholders in skills development systems.

Fourth, more youth participation:

As we speak, 200 million people are without jobs worldwide including 75 million young men and women. Discouragement - people not working nor in education - has risen sharply during the crisis, with 29 million less people in the labour force than expected.

Youth unemployment and its scarring effects are particularly prevalent in the European Union (23% unemployment rate), the Middle East (27%) and North Africa (28%).

Everywhere, many young women and men feel they are in a no-win situation in which they are unable to acquire work experience because they cannot find a first job, and they cannot obtain a job because they do not have work experience.

The youth employment crisis is a threat to social cohesion and political stability. It lowers growth and development potentials. It undermines young women’s and young men’s confidence in policies and institutions and in the possibility to build a better future.

This is a collective challenge.

Being the main job creator, the private sector has a key role to play by contributing to the implementation of initiatives in areas such as training, youth employment creation, through existing and new companies, or youth entrepreneurship.

States have of course a leading role to play. The magnitude of the youth employment crisis requires strong policy coordination among ministries responsible for economic policies such as planning, finance, trade and industry on the one hand, and those responsible for education and training, labour market policy and social protection, on the other.

But nothing can be done without the participation of the youth themselves.

Let's recognize it: Youth organizations are seldom represented or even consulted in policy discussions that affect their lives. The youth-led protests in many countries stemming from North Africa and the Arab Spring point to the serious deficits in this respect and the youth critical demand for voice and participation.

If policy makers don't want that the streets become the privileged space for policy debates, they should open up social dialogue between governments and social partners - employers' and workers' organizations - and include youth representatives so that they could also play a key role in the design and implementation of decent work creation policies for young people.

This can be ensured by the social partners themselves - including the involvement of youth trade union networks and young entrepreneurs - and through the direct representation of youth organizations in the policy consultation process.

Conclusion:

Nobody can do it alone: Governments - trade unions - private sector - international community - youth - Together - only together - we can place youth employment at the centre of development agendas.