

## 8 Youth unemployment

### Background—the figures

132. World Bank and ILO statistics tell us that 75 million young people are registered unemployed, 620 million are not in training or seeking work and 600 million will enter the job market in the next decade with only 200 million jobs awaiting them.<sup>224</sup> The Zambian Minister of Finance Alexander Chikwanda called youth unemployment ‘a ticking time bomb for all of us.’<sup>225</sup> The UN has stated that large numbers of unemployed youths are a potential source of insecurity given their vulnerability to recruitment into criminal and violent activities.<sup>226</sup> World Bank official Justin Lin points out in his paper on the topic that

the youth bulge will be an important demographic phenomenon, especially in sub-Saharan African countries, in the coming decades. It is essential to facilitate dynamic structural change to create jobs for youth. By doing so, the youth bulge can be transformed into a demographic dividend, and the demographic bomb can be defused.

But the Foreign Policy Centre highlighted that:

Sluggish structural change is failing to take advantage of Africa’s youthful labour force and generate higher levels of productivity.<sup>227</sup>

133. Peace Child International said that one of the major problems for youth job creation is the lack of statistics on the issue. The 2007 World Development Report Youth stated on the first page, “one of the biggest challenges in writing this Report was that the evidence base was uneven. There were very few rigorous evaluations of youth programmes and policies for any of the issues covered in the Report. The Bank’s inventory of over 750 youth employment interventions found that less than 3% measured for cost-effectiveness and many had no evaluation at all. Professor Michael Grimm wrote an OECD Evaluation Insight paper “Do We Know how to create Youth Jobs?” and answers: “No. First and foremost, our review underlines how little we actually know about how to create jobs.”<sup>228</sup> The World Bank’s West Africa Director, Max Andriessen, told a meeting of youth and youth employment experts in 2008: “Your metrics are awful”.<sup>229</sup>

134. We questioned representatives from youth organisations why so little was known. Andrew Devenport of Youth Business International said:

224 Youth Job Creation a Policy Primer created by Peace Child International

225 [Peace Child International](#)

226 UN Peace building, Joint Response to youth employment in Sierra Leone

227 [Foreign Policy Centre](#)

228 [Peace Child International](#)

229 [Peace Child International](#)

Youth employment, and the study of youth employment, is a relatively new area, and has really only emerged as a focus since the World Bank World Development Report in 2007.<sup>230</sup>

As a result he believed it had suffered from a “lack of investment in research and monitoring evaluation” and “poor project design”. He called for “long-term research to understand the structural constraints in the labour market, and monitoring evaluation and programming at the micro level” and believed that this could be achieved by “better co-ordination between different sectors and better planning”.<sup>231</sup> David Woolcombe of Peace Child International (PCI) said it was very hard to create a cost per job that “analyses the quality of the job, the length of the contract and the different sectors” but that PCI had been working on such a metric and was seeking partners to pilot test the framework in field conditions.<sup>232</sup>

135. PCI said there was a need for longitudinal evaluations, because “interventions made at age 16 or 17 may not bear fruit until young people are 25 or 26.” And that DFID’s research department could apply to youth the longitudinal kind of evaluations that it had taken up with younger children. It recommended that:

Government and institutional economists representing donors and institutions like the World Bank need hard, rigorously-sourced data of the kind that DFID’s research teams are well-placed to provide.<sup>233</sup>

## DFID policy

136. The problem of youth unemployment is a major priority for most of the countries in which DFID works. The Secretary of State said:

Wherever I go, particularly in sub Saharan Africa, when you meet with the leaders of those countries, they are passionate about the need to create jobs for that young generation that is growing up in those countries.<sup>234</sup>

On our visit to Sierra Leone and Liberia in 2014, both President Ernest Bai Koroma and President Ellen Johnson Sirleaf highlighted youth unemployment as a major concern for them as a potential trigger for the return to civil war.<sup>235</sup> We found that even in these countries where DFID was meant to be working in alignment with national priorities that it was not working on the issue—it had been invited by other donors to work on the issue

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<sup>230</sup> Q80

<sup>231</sup> Q80

<sup>232</sup> [Peace Child International Annex A](#)

<sup>233</sup> [Peace Child International](#)

<sup>234</sup> Q187

<sup>235</sup> International Development Committee Sixth Report of Session 2014–15 [Recovery and Development in Sierra Leone and Liberia](#) HC 247

of youth unemployment through the Partner Group on Youth Employment but had declined.<sup>236</sup>

137. Peace Child International believed that youth had yet to be a priority in DFID's thinking. It said that

Of the ESDF Pillars, only Pillar Five, “ensuring growth is inclusive”, references the young—and then only as one of nine groups. So, while 60 to 70% of the populations of DFID's target countries are young, they appear as a mere 2.2% of the EDSF focus. Youth unemployment is not mentioned at all.<sup>237</sup>

138. Our predecessor Committee's report on *Private Sector Development* in 2006 recognised the need for targeted interventions for young people:

DFID's current reliance on investment climate reforms as a means to create jobs is insufficient to reach the groups who are most in need, especially young people. The Department should seek to build partnerships with governments and companies that closely link education with job creation.<sup>238</sup>

139. PCI recommended that DFID needs to create a senior level youth policy expert adviser. It highlighted that the UN now had a Special Representative on Youth and the European Commission at DG DEVCO had an adviser on youth.<sup>239</sup> David Woolcombe said there was not currently “enough passion and energy at DFID driving the youth employment agenda”.<sup>240</sup> PCI believed that a youth adviser was needed: to pull the youth initiatives together into a coherent strategy; to offer country officers expert advice on youth job creation; and to advise the Secretary of State on “how better to address the infinitely complex area of delivering effective youth policy interventions.”<sup>241</sup> David Woolcombe concluded:

What DFID should not do is tinker around the edges. It has to have a comprehensive strategy, which is why expertise at a senior level in DFID is really important to this field.<sup>242</sup>

### ***DFID's major youth programme: International Citizen Service***

140. DFID's biggest investment in youth employment is the £64m it has invested in the International Citizen Service (ICS), designed to complement the National Citizen Service. This programme is managed by DFID's Education and Partnerships Team and builds on

<sup>236</sup> International Development Committee Sixth Report of Session 2014–15 [Recovery and Development in Sierra Leone and Liberia](#) HC 247, para 114

<sup>237</sup> [Peace Child International](#)

<sup>238</sup> International Development Committee Fourth Report of Session 2005–06 [Private Sector Development](#) HC 921, para 87

<sup>239</sup> Q104

<sup>240</sup> Q104

<sup>241</sup> [Peace Child International](#)

<sup>242</sup> Q95

DFID's investments in raising awareness for British youth of the value of international development. Led by VSO, ICS aims to:

develop 14,000 young people as active global citizens: in the UK, there will be 7,000 new advocates for international development; in some of the poorest countries in the world there will be 7,000 young people whose potential as community leaders will be enhanced; combined there will be a dynamic global network of young people who know the potential of work across cultural boundaries to deliver positive change.<sup>243</sup>

141. The ICS programme has faced criticism. PCI said

there is an in-built tension between the goal of giving the British volunteers a life-changing 'learning journey' and the desire to make concrete development impacts on the ground in Least Developed Countries. Of the seven ICS Quality Principles, only one mentions development impacts.<sup>244</sup>

PCI questioned the £64 million cost

£64m divided by 7,000 means that each 3-month ICS volunteer programme costs DFID £9,143. Most 3-month commercial gap year programmes cost around £2.5 to £3,000.<sup>245</sup>

And concluded:

the ICS budget invested in our BTCA programme would train a million young entrepreneurs and launch 200,000+ youth-led business start-ups.<sup>246</sup>

We have heard other criticisms of the ICS programme including problems with the induction process and the lack of follow up from the organisation after the placements.

David Robilinhó said at the Solutions4Work World Bank Conference there was an "over-supply of small initiatives" with a parallel reluctance to go to scale. He pointed out that "the youth unemployment problem is in the millions, but our solutions are in the thousands." PCI from discussions with DFID say that DFID has no intention to scale up the ICS programme so that it could start to make an impact on youth employment due to its expense.<sup>247</sup>

### *ICS Entrepreneur*

142. ICS Entrepreneur is a new additional programme that focuses on the development of small to medium sized enterprises through the placement of volunteers. Between July 2014 and August 2015, 800 ICS Entrepreneur volunteers (half from the UK and half from in-

<sup>243</sup> VSO

<sup>244</sup> [Peace Child International](#)

<sup>245</sup> [Peace Child International Annex A](#)

<sup>246</sup> [Peace Child International Annex A](#)

<sup>247</sup> [Peace Child International Annex A](#)

country) will work through four agencies in nine countries.<sup>248</sup> Raleigh International, one of the implementing partners of the programme said;

aspiring entrepreneurs receive focused support, delivered in an informal setting through their peers, to develop and implement a business idea.<sup>249</sup>

VSO told us:

as well as encouraging economic growth in these countries, the programme enables volunteers to build up their own enterprise skills, and obtain hands-on business experience which will boost their employability when they return to the UK.<sup>250</sup>

143. However Youth Business International told us:

There is a fast growing population of young entrepreneurs in the UK with export opportunities, expertise and the social conviction to connect with counterparts for mutual benefit. There is a case to expand the considerable investment in ICS Entrepreneur to target exchange between young entrepreneurs, rather than generalist young volunteers.<sup>251</sup>

144. *Given the importance of DFID's International Citizen Service programmes, we believe it is justified for them to be the subject of an inquiry either by ICAI or our successor Committee in the new Parliament so that their full effects can be evaluated.*

### Potential policy options

145. Filmer and Fox's research on Youth Employment in sub-Saharan Africa said that 83% of new jobs will be created in household enterprises (family or individually-run micro-enterprises), 9% in government and public services and 8% in formal private sector waged employment.<sup>252</sup>

146. However from studying DFID's Development tracker website PCI said that current DFID spending is overly-skewed towards formal, private sector, waged employment and the enabling environment—not family or individually-run household enterprises where youth jobs are to emerge. YBI found:

the majority focus of the five pillars is on larger-scale, macro interventions that enable rather than deliver job creation directly. Certainly a conducive policy, legal, regulatory and institutional environment is central for markets to work and businesses to grow, but DFID also has an important direct

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<sup>248</sup> VSO

<sup>249</sup> [RaleighInternational](#)

<sup>250</sup> VSO

<sup>251</sup> [Youth Business International](#)

<sup>252</sup> [Peace Child International](#)

programming role to catalyse growth that is not comprehensively addressed in the Framework.<sup>253</sup>

Both organisations had clear policy solutions for DFID to consider which addressed both the existence of youth employment in the informal economy and potential direct programmes—helping young people to create their own employment through entrepreneurship which required direct support as well better education to teach the skills required in the informal economy.

### **Encouraging entrepreneurship**

147. YBI said:

Entrepreneurship is part of the youth employment solution—particularly in developing countries where other job options are less viable and the informal sector makes up a substantial share of the economy. Entrepreneurship is widely acknowledged as a driver of sustainable economic growth as entrepreneurs create new businesses that drive and shape productivity and innovation, speed up structural changes in the economy and introduce new competition, and they create new jobs that can drive inclusive growth.<sup>254</sup>

148. David Norman from SAB Miller explained what being an entrepreneur meant in the developing world:

when we are talking about entrepreneurs here in the UK, people have a very particular image of someone innovating, fast, dynamic, probably young and already rich. They contrast with the entrepreneurs who are small scale retailers who buy from us. [...] They have a little stall. They are perhaps buying from us just a very small number of crates of beer per month. These are what you might call survival entrepreneurs. These are people who do not have another job opportunity, who have chosen to set up a stall and sell our products and other products in a very poor community close to the poverty line, because that is virtually their only choice.<sup>255</sup>

Gerry Boyle of CARE International said:

many of the young people in developing countries have the strongest possible incentive to be enterprising, insofar as they have no other likely source of income. The issue becomes, then, one of: how does one make them see what is possible and feasible, and allow them to start to formulate plans that will make them an effective entrepreneur?<sup>256</sup>

David Norman asked:

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253 [Youth Business International](#)

254 [Youth Business International](#)

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256 Q84

It is quite helpful to think about what it takes to invest in those people's ability to turn that from a simple stall into a growing and thriving business”<sup>257</sup>

149. PCI and YBI were already working with young people in developing countries to encourage them to be entrepreneurs–PCI through Be the Change Academies and YBI through its global network of independent non-profit initiatives. Andrew Devenport explained that YBI worked by:

- promoting an entrepreneurial culture through celebrating success;
- reducing the risk of starting a business by focussing on supply chain-type businesses and promoting micro-franchising
- improving young people's confidence by also providing non-financial support such as mentoring, training and helping to build networks; and
- helping young people face the challenges of both failure and success that will come with starting a business.<sup>258</sup>

**Be the Change Academies**

Peace Child International's Be the Change Academy (BTCA) is a youth-led programme that provides enterprise training, loans and mentorship to aspiring young entrepreneurs in West Africa and India. It takes the call to action–“you have to be the change you want to see in the world”–and uses it to inspire young people to take their futures into their own hands.

Each BTCA runs youth-led free business plan creation trainings which are linked to a Revolving Loan Fund that invests in the best business plans. At the moment, there are three BTCAs running in three African cities: Kenema, Sierra Leone; Paynesville, Liberia; and Conakry, Guinea.

The BTCAs :

- concept was designed by young people
- are staffed and run by young people
- young staff are trained and supported by professionals
- link practical business plan creation training to an internal bank, which offers non-collateralised loans at affordable interest rates to make the best of the plans happen
- offer a unique brand of 'differential mentorship'–24/7 support and nurturing from a variety of mentors to ensure that each Youth-Led Business Start-Up (YLBs-U) is successful

Source [Peace Child International Website](#)

150. Gerry Boyle said that government agencies, NGOs and donors could work to reach these potential young entrepreneurs through already established mechanisms such as savings and loan associations. DFID could then help them to work together with peers in groups, to start to develop business ideas then access finance in pools.<sup>259</sup>

151. YBI also said DFID could link up young entrepreneurs in the UK who had the “export opportunities, expertise and the social conviction to connect with counterparts for mutual benefit.” He suggested expanding the recent investment in the new ICS Entrepreneur programme as discussed in the previous section.

<sup>257</sup> Q8

<sup>258</sup> Q84

<sup>259</sup> Q84

### ***Education and skills training for the informal economy***

152. DFID puts resources into improving access to primary and junior secondary education. The then Minister Lynne Featherstone MP said that “basic education is economic development. Getting a cohort through who are capable of work and better work and go on, ultimately, to tertiary skills”. Lugman Ahmad from ASI agreed that education was very important so developing countries were “able to benefit effectively from the demographic dividend of having young, productive people.” However he warned that “if the education system [...] does not work effectively, you will have potential opportunities to radicalise youth or draw youth into unproductive parts of the economy.”<sup>260</sup>

153. It would seem from our and other’s experience that there is a failure in the system as Francis Teal of Oxford University said:

Those most dissatisfied by their job prospects are the newly educated young. There are two possible reasons for this. [...] One is that the education is of such low quality that it fails to produce skills of value in the market place. The second is that there is a mismatch between the type of jobs being created and the education supplied.<sup>261</sup>

Lugman Ahmed said the problem was that for those coming out of formal education there was:

a limited formal job market that they can enter into. They must be competing quite intensively for the formal jobs and, therefore, they have to move into an informal environment and an informal economy, where they need to make a livelihood in informal trade, in some type of agriculture production or in small-scale manufacturing. Those skills are not being taught. [...] Yes, there is education to help improve the likelihood of them getting formal jobs, but we also need to recognise that there is still a big role that the informal sector plays. How does one prepare people to succeed in that context?<sup>262</sup>

154. We have been particularly disturbed to hear about the high levels of graduate unemployment in developing countries. Our report on Sierra Leone and Liberia highlighted the 70% graduate unemployment rate in Sierra Leone, for which we never discovered a satisfactory explanation. The DFID Minister told us it was because of the “lack of appropriate skills in terms of getting jobs” amongst graduates. We also heard that there was corruption in the exam process with a culture of buying qualifications and certificates. In addition we were told that the graduates all wanted employment with the government but that these jobs were already all filled with people who were often of poor quality and ineffective but impossible to remove. When we spoke to university students in Dodoma on our Tanzania visit they told us that they did not feel that their university courses were preparing them for life in the working world, they were interested in the idea of sandwich courses where they could spend a year out in industry applying their studies.

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<sup>260</sup> Q10

<sup>261</sup> [Francis Teal](#)

<sup>262</sup> Q30

155. PCI would like to see skills for self-employment taught in schools. David Woolcombe said:

education, as it exists in those countries, does not educate for self-employment; it educates for waged employment. When 83% of jobs are not in waged employment, there needs to be much more education for enterprise start-ups, [...] self-employment and self-reliance<sup>263</sup>.

He went on to say:

There needs to be much more imagination and innovation pushed into education, especially in sub Saharan Africa, where I am afraid they have inherited a 19th-century form of British education which remains, in many cases, largely unchanged.<sup>264</sup>

Gerry Boyle highlighted the lack of financial literacy of those applying for micro-credit through his organisation lendwithcare which it had to teach before giving loans:

a lot of our effort is around financial literacy, and very basic financial literacy such as the concepts of saving, of what financial institutions might be out there and what products might be available. Clearly, if that is captured better within schools, and achieved more effectively, then it does give everybody a step up.<sup>265</sup>

156. We were given examples of initiatives which were providing the young with the necessary skills to survive in the economies in which they would be working. Andrew Devenport of YBI said:

There are significant initiatives such as Junior Achievement, which is working with 200,000 young people in sub Saharan Africa, bringing into the classroom people from the business world and having entrepreneurs share their experiences.<sup>266</sup>

He also gave the example of a type of schooling in Paraguay: Fundación Paraguaya,

A combination of conventional schooling 50% of the time and 50% of the time focussed on agriculture, but agriculture as a business and agriculture in its different forms, seeing how basic processes can be improved producing young graduates who have ability and excitement about being able to make a viable living out of the land.<sup>267</sup>

157. David Woolcombe referred to 'skills matching' as 'the low hanging fruit of job creation where you educate for the skills that the private, waged sector needs' and recommended that there needed to be much more work on it. He highlighted a

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programme called Entra 21 where private sector educators, young people, and the Government sit around a table, discuss what the needs of the private sector are, in terms of skills, and then makes sure that the education provision is delivering that.

158. We asked DFID what it was doing on this—Stefan Dercon, DFID’s Chief Economist said:

there is a lot of scope and a lot of interesting studies going on in trying to get much better at forms of skills training. DFID is supporting quite a lot of these kinds of things, but also schemes in practice.<sup>268</sup>

### **Cross Government working**

159. YBI said for there to be progress there needed to be:

better coordination and leverage across the different sectors—public, private and civil society—identityin g targeted, value-add roles for bilaterals and others.<sup>269</sup>

PCI said that:

DFID could learn a lot from its colleagues in BIS, where the Start-up Loans company and its 75 Delivery Partners (DPs) have launched 20,000+ businesses and lent over £100m with a repayment rate of over 90%. Many of these, like the Prince’s Trust, School for Start-ups and Rockstar Mentors, operate internationally and can show DFID proven methods for training, supporting and mentoring young entrepreneurs to succeed with their business start-ups.<sup>270</sup>

160. We asked the Secretary of State about this and it seems the only work DFID has done with a British industry is on the extractives, looking at skill requirements for companies operating in these areas so local staff can be trained up in them.<sup>271</sup>

### **Conclusions and recommendations**

161. Youth unemployment is a great challenge and is a potential cause of social and political unrest. We recommend that DFID more explicitly target youth unemployment. We have seen examples of effective interventions, but have also received evidence about the need for improvement. Currently, donors, the private sector and developing country governments are not working together on a scale to even approach meeting the challenge. The work needs to be scaled up and a sense of urgency injected into the thinking and planning.

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268 Q224

269 [Youth Business International](#)

270 [Peace Child International](#)

271 Q226

162. *The majority of young people entering the labour market in developing countries will be self-employed and in informal employment. They need to be supported in this position as young entrepreneurs. DFID needs to ensure the education in schools is focused on creating the skills young people will need to enter the world of work especially self-employment. In rural areas schools should focus especially on agricultural skills for example animal husbandry. DFID should encourage recipient developing country governments to introduce sandwich courses in higher education institutions. In our Beyond Aid inquiry we stressed the importance of better policy coherence and in particular UK government departments working together. We again highlight the need for DFID to work with BIS on expanding its support to further and higher education in its priority countries.*

163. *We also recommend a number of small, immediate, practical actions. We recommend that DFID officials meet with BIS officials to discuss which of the BIS youth programmes could be transferred to developing countries. To ensure it gives greater priority to youth unemployment, we recommend DFID creates the position of a senior adviser on youth employment. As the focus on this area becomes more acute there is an urgent need for far more data to be collected and examined to fully understand the problem and solutions so that targeted programs can be developed. We encourage DFID to work with organisations such as Peace Child International and Youth Business International to create and pilot innovative ways of collecting and measuring youth job creation data.*

164. *Jobs and livelihoods is such an important issue we recommend that our successor Committee takes it up in the next Parliament to assess what progress has been made.*