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**Strategies for creating employment for urban youth,  
with specific reference to Africa**

by

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## I. Introduction

My brief is to canvass labour market policies for urban youth employment with particular reference to Africa. I have been asked to comment on what has worked and what has not, what initiatives represent good practice and what are the lessons learned.

My perspective is a public policy one. What do I mean by this? In contrast to a viewpoint based on research or academic discipline, a public policy approach starts from a more holistic outlook. The emphasis on the broader picture is shaped by the need to decide between competing claims on resources. A public policy focus, therefore, acknowledges the complexity of the policy decision-making process. This is due in part to the need for government decision makers, and indeed citizens when consulted, to weigh up relative costs and possible trade-offs which are needed to set priorities among competing claims for resources and capabilities. The complexity can also stem from the involvement of a range of government agencies with differing responsibilities for policy development and/or implementation.

I believe that a policy perspective needs to ask not only what options are viable. Also essential is a clear understanding of who is to be responsible for implementing and sustaining the new policy.

Some plausible positive model of government action is necessary to answer the question of what is an ‘opportunity’—a realistic discussion of opportunities must address not just the question of what should be done but also who should do it and why it is not already being done.<sup>1</sup>

Before canvassing some policy options for urban young people, let me first outline some arguments for directing resources to young people. Section 2 outlines material from a paper recently completed for the UNFPA on *The Case for Investing in Young People as part of a National Poverty Reduction Strategy*. Section 3 presents evidence of the neglect of young people in the PRSP process, in particular the lack of attention to employment generation. Section 4 presents information about existing employment-related programs for urban youth, including details from Poverty Reduction Strategy Papers. Section 5 outlines five key principles to underpin a youth employment strategy. Sections 6 and 7 discuss in more detail one example of a labour market intermediary as a risk deflector for young people and the role of entrepreneurship as a youth employment generator.

Finally the paper addresses the barriers to success - what are the lessons learned from critical assessments of past efforts?

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The opinions expressed by the author in this paper are personal and do not imply any opinion whatsoever on the part of their employers and organisations, or on the part of the United Nations Secretariat.

## II. Why invest in young people?

The decision of policy makers to devote resources to facilitating the urban youth employment is most likely to take place as part of a national focus on poverty reduction. This may be as part of the Poverty Reduction Strategy Papers (PRSP) process, or it may be related to the development of a strategy to achieve the Millennium Development Goals. There are also national strategies required for the national/regional Human Development Reporting, Common Country Assessments or reporting within the UN's Development Assistance Framework.

### (a) Giving young people their fair share of resources

The seven arguments suggested for policy makers in the UNFPA paper are outlined below. The most straightforward case for more focus on young people is a distributional one based on equity - young people's large share of the population in all developing and transition countries justifies providing them with their fair share of resources. This argument has the most weight where the country has a low per capita income. In these countries, the extent of extreme poverty that applies to the population as a whole also applies to each broad age group, albeit with some small margin for variation.<sup>2</sup>

Annex 1 presents data on the countries with the largest share of young people in the population projected for the year 2005. Of the 102 countries with 40 per cent or more young people aged 15 to 29 years, 50 of them are from the African continent. Of the 33 countries with a projected 50 per cent share of their population aged 15 to 29 years in 2005, 30 of them are from Africa. The total number of young people in these countries in Africa with the largest share of young people is projected to be 540 million.

The 10 African countries with the highest share of young people in 2005 are: Zimbabwe (59 out of 100 persons) Zambia, Swaziland, Burundi, Kenya, Uganda, Burkina Faso, Mali, Lesotho and Rwanda (54 out of 100 persons). The 10 African countries with the largest number of young people are: Nigeria (130 million), Ethiopia, Democratic Republic of the Congo, Tanzania, Kenya, Uganda, Côte d'Ivoire, Angola, Mali, and Burkina Faso (14 million).

### (b) Young people and the Millennium Development Goals

A rights-based argument presents a moral and legal basis for directing more resources to young people. This applies especially to the situation of girls and young women due to their great vulnerability to poverty. The Millennium Development Goals (MDGs) embody most elements of a human rights perspective by identifying the social and economic entitlements to development and the extent of disadvantage suffered.

Five Millennium Development Goals in particular can be identified as explicitly referring to young people. These goals cover activities in which mostly young people are engaged. The relevant goals relate to: education attainment, gender balance in education, improved maternal health, combating HIV/AIDS and other diseases such as malaria and tuberculosis and decent employment opportunities for young people.

However, it needs to be said that more employment opportunities for young people is not a Millennium Development Goal in itself. Youth employment is seen as a by-product of Goal 8 of developing a Global Partnership for Development to 'develop and implement strategies for decent and productive work for youth'. However, just who is responsible for achieving this target is not clear. The term 'Global Partners' could mean the governments of the rich countries, international corporations or indeed international agencies or some combination of these stakeholders.

(c) Economic benefits of investing in young people

Two arguments emphasising the medium-term benefits of investing in young people can also be made. The first relies on evidence of the macro economic benefits. This refers to the virtuous circle of investing in the health and education of children and then building on this investment in the adolescent years to consolidate the initial investment. A micro economic argument can also be made about the economic returns from investment in specific types of programs. The evidence for the microeconomic case is based on cost effectiveness data to work out which interventions are likely to have the greatest impact.

(d) Young people as vulnerable

A common question from the policy maker is why should young people require special attention ahead of other age groups? The response to this question is to point to the difficulties many young people place in their transition to adulthood. This argument uses a dynamic view of poverty which highlights the vulnerabilities that many young people with easily identifiable characteristics have.

From the perspective of the 'capable poor', young people are active agents who are negotiators of the uncertainties they face. This perspective on poverty acknowledges first the importance of recognising the poor's different capacities to respond. It then looks to ways to reduce an individual's or a group's exposure to adverse outcomes. One way to do this is through setting up social protection mechanisms to allow the most vulnerable, as individuals or in association with others, to manage risk better. These policies can vary from providing better access to opportunities to upgrade skills to offering easier access to credit. Other policies include setting up mutual health insurance schemes or social insurance schemes to smooth out income flows as one way to cope with the unexpected.<sup>3</sup>

(e) Long term benefits available

Two Arguments to emphasise the long-term benefits of investing in young people can be offered. One is the value to the economy and society of taking advantage of a country's demographic transition to lower population growth. Recent demographic analysis has shifted from a focus on population growth per se to looking more closely at the importance of a population's evolving age structure and its implication for development.<sup>4</sup> This new analysis suggests that as the relative size of each age group in a population changes, so does the relative impact of their economic activity on a country's economy. Large potential benefits are available in particular to a country currently with a large youth population but with future age cohorts

becoming smaller in size due to fertility decline. This has been called the demographic bonus or dividend.

The achievement of this demographic bonus also requires not only good public sector policies, such as a comprehensive youth and social sector policy, as well as health and education policies. It also requires of governments good fiscal discipline as well as efforts to promote efficient functioning markets. Conversely, lack of investment by the public and private sectors will result in high levels of unemployment and health, education, and social welfare systems will experience unbearable strains as the large working age population gets older.<sup>5</sup>

(f) Young people as a liability

The final argument I offer is likely to have particular appeal to risk-averse policy makers. It is based on improving national security by lowering the chances of young people engaging in violent criminal activity. Young people are both disproportionately responsible for violent crime and are also more likely than other age groups to be the victims of such crime. The behaviour of some young males in particular may be a major source of urban insecurity. Male youth homicides are high in Latin America, the USA and the transition economies.

A large youth share of the total adult population historically has been associated with political violence and the overthrow of governments. It has been noted that the English Revolution of the seventeenth century, the French revolution of the eighteenth century and most twentieth-century upheavals in developing countries have occurred when exceptionally large youth bulges in the population were present.<sup>6</sup> An increased risk of political violence often comes from an expanding population of higher-educated youth who are facing limited opportunities to obtain elite political and economic positions.<sup>7</sup>

A poor country's chances of experiencing civil conflict have been linked to the size of its youth bulge in the population and its young people's lack of education and lack of access to jobs as a result. Countries with a high share of youth in their population are more likely to experience new armed conflict. Recently published analysis shows that where there is more than 40 per cent aged 15 to 29 years, the country is 2.3 times more likely to experience an outbreak of civil conflict compared with countries with smaller youth shares.<sup>8</sup> The relative prevalence of young men in the adult population consistently accounts for more than one third of the variance in the severity of recent conflicts, despite taking into account a country's per capita income level and degree of inequality.<sup>9</sup>

A greater chance of civil conflict for a poor country has also been linked to its young people's lack of education and access to jobs. Countries whose young people have low levels of participation in education are more likely, other things being equal, to be engaged in civil strife. According to World Bank research, the average country that experienced civil conflict during the period 1965 to 1999 had only 45 per cent of its young males in secondary education. As young unemployed males are prime candidates for recruitment as soldiers in any civil disorder, the lower education participation of young males is associated with a higher propensity for internal conflict. Multivariate statistical analysis shows that a country with ten percentage points more of

its young male population in secondary education, other things being equal, reduces its risk of civil conflict from 14 per cent to around 10 per cent.<sup>10</sup>

More education is only part of the answer. What is also needed are other forms of investment to create jobs to absorb those young people who have gone on to complete secondary schooling.

### III. Young people and PRSPs

One prominent way poverty reduction strategies are formulated is through the PRSP process. Most PRSPs refer to African countries. How do young people fare in the completed PRSPs? Recent evidence shows that an increasing number of PRSPs are making some reference to young people. However, there is also evidence that the initiatives are often piecemeal and, hence, limited in their scale and potential impact. A content analysis of the thirty-one Poverty Reduction Strategy Papers completed to September 2003 is reported on in Annex 2. The detailed results of the content analysis of 31 completed PRSPs to September 2003 are reported in Annex 2.

Just over half the PRSPs give some attention to youth in their action plans. However, the attention is often limited as few action plans state specific targets and budget outlays.<sup>11</sup> The good news, however, is that the focus on youth in PRSPs is improving over time. Nearly two-thirds of the PRSPs completed between May 2002 and September 2003 give youth major attention in their action plans. The largest grouping (over a third) of initiatives for young people mentioned in the action plans refer to education, both formal and informal. This is followed by employment-related initiatives (under a third of all initiatives directed at young people). Only a quarter of the action plan initiatives directed at youth refer to health issues. A small number of the remaining initiatives refer to other issues such as the environment, population awareness and sport. More details on the employment related initiatives are provided below.

Another deficiency evident from close scrutiny of the completed PRSPs is the widespread failure to treat youth issues as a major cross-cutting issue. Only 16 per cent of PRSPs view young people as a focus for integrated interventions. Providing an integrated approach rather than discrete, stand alone programs is a fundamental test of whether a PRSP addresses youth issues in a comprehensive way. Piecemeal or sole program interventions are not likely to deliver the range of benefits a comprehensive approach can.

### IV. Programs for urban youth

I have been asked to identify the 'proven' elements of successful employment policies for the creation of urban youth employment? This includes highlighting good practices and the lessons learned from past efforts. The first difficulty I encountered in this exercise is locating information on initiatives related to youth employment. It is fair to claim that youth employment generation has not been a focus of governments, NGOs or international agencies.

(a) Lack of young people in the past

As part of an overview of existing programs for youth for USAID entitled *Improving Youth Livelihoods In Sub-Saharan Africa*, Bennell surveyed over 200 relevant organisations and reached the following conclusion:

... youth are not an important target group for most NGOs and so consequently few were able to identify specific projects and programmes. Furthermore, very little information was available on programme outputs and impacts. In part, this is because of the arms-length relationship that generally exists between most NGOs in the UK and their partner organisations in Sub-Saharan Africa. But it can also be attributed to a lack of evaluation capacity in most NGOs coupled with the absence of sufficiently strong incentives to conduct proper impact evaluations.<sup>12</sup>

The Washington-based International Youth Foundation had in 2000 identified 150 'model' youth programmes, 10 of which are in Sub-Saharan Africa. According to Bennell, a closer inspection of the documentation that the IYF has on these programs in Sub-Saharan Africa, however, shows that the information is out-of-date with little or no robust evidence of a program's sustained impact on youth livelihoods. Bennell concludes his assessment of available sources of information that "...the general paucity of information makes it very difficult to analyse the situation of youth in Sub-Saharan Africa and the efficacy of programmes that exist to support youth livelihoods."<sup>13</sup>

Youth employment has achieved greater prominence internationally since Bennell's survey. This has been due to the founding of the Youth Employment Network (YEN) in August 2000 and the Youth Employment Summit in September 2002 and the subsequent activities of these and other agencies, governments and the private sector. However, information on actual projects on the ground is still to find from agencies such as the World Bank.

(b) World Bank projects for urban youth

The World Bank's projects database lists in response to the query 'youth employment' only four projects related to Africa and nine projects in total. Only two of the African youth employment-related projects are current (of the 5 current projects altogether). However, none of the African projects relate to urban employment unlike the other two youth employment-related projects. *The E-Business for Small Business Development Project* in Mexico (start mid 2003) includes an innovation pilot to provide employment for urban at-risk youth, through ICT-based training, and job placement. The project is beginning in poor areas of Mexico City, and is extending to other urban areas.

The *Learning Innovation Credit* project in Moldova (start date end 2003) is aimed at young people aged 14 to 30 years from poor/vulnerable rural and peri-urban households. The project has several components, including establishing a network of regional youth-friendly centers; and support for youth-serving civil society associations. Two other project components aim to support youth entrepreneurship and entry into wage employment.

Another World Bank initiated project that is located in sub-Saharan Africa is the *Youth Information Technology Entrepreneurship (YouthIT)* pilot.<sup>14</sup> This provides 440 in- and out-of-school youth in Uganda with useful skills for obtaining employment and creating new

businesses. The project links training in information and communications technology with entrepreneurship skills development at eleven school-based telecentres which are (facilities with computers and Internet connectivity open for school and community access). Business linkages and mentorship will also be formed with business leaders involved in local Rotary and Junior Achievement Clubs.

(c) Projects highlighted by the Economic Commission for Africa

Other youth employment projects in Africa are described in United Nations Economic Commission for Africa (2002) paper on *Youth and Employment in the ECA*.<sup>15</sup> These include the Commission's own sponsored project of ***Cisco Internet Networking Technology Training Course for African Women*** at its Information Technology Centre for Africa in Addis Ababa. Based on a six-month residential course, 20 to 25 African women are trained each year over a two-year period in Internet networking design, maintenance and use. The course has a special focus on young women, high school, college, university graduates or those whose education has been cut short. In the first training course in 2002, 28 per cent of the women participants were under 25. The course also provides training to set up a business and in management skills.<sup>16</sup>

The second project highlighted by the ECA paper concerns ***Citi Savings and Loans Ltd.*** In 1992, Citi Savings and Loans was incorporated in Ghana and licensed by the Bank of Ghana to operate as a non-bank financial institution. Its objectives were to attract deposits, granting loans and provide financial services to businesses in the informal sector. Citi Savings and Loans initially set up branches in peri-urban areas of Accra, working with the 'susu' operators. Two specific financial products were developed. One product was for mostly foodstuff retailers and teenage girl porters in the local markets. The other was for chopbar or food caterers, and dressmakers.

By 1997 Citi Savings and Loans had customers numbering about 10,000, 80 per cent of whom were women. Citi adopted the micro finance approach of relying on a group network to help support loan repayments. According to the ECA paper:

The principal sources of the success have been: providing vocational training out of its profits for the poor illiterate youth; organizing them into small groups; targeting assistance in the form of credit and enterprise formation to groups demonstrating the potential for enterprise development; and providing basic management training. In addition, Citi gives moral support to these women under its Career Mentoring and Entrepreneurial Development Resources (CMEDR) programme.<sup>17</sup>

A third example of best practice cited ECA is the **National Open Apprenticeship Scheme (NOAS)** in Nigeria, introduced by the Federal Government in 1987. The NOAS links education and training with the workplace and provides vocational education and training to youth in over 100 occupations. The Scheme uses production facilities such as workshops and technical instructors from private sector enterprises, government instrumentalities and self employed tradesmen in the informal sector. The training period varies from 6 months to 3 years. Instruction is also provided in management, business and administrative skills. Over 600,000 youth have been trained in over 80 different trades. More than 400,000 of these have started their own micro-enterprises. Nearly 50,000 unemployed youth are said to be currently undergoing training.<sup>18</sup>

In a paper for the Expert Group Meeting on Jobs for Youth: National Strategies for Employment Promotion, 15-16 January, 2003, in Geneva, Professor Okojie describes several Nigerian initiatives developed since 2002 as part of national poverty reduction strategy.<sup>19</sup> The *Capacity Acquisition Programme* (CAP) provides training over three months to enable young people to set up their own enterprises. Assistance is also provided with credit or cash. The Mandatory Attachment Programme (MAP) provides enterprise internships for tertiary graduates, with a stipend for three-to-six months. However, Okojie points out that it is not clear that these programs will continue.<sup>20</sup>

One UNDP supported initiatives in Nigeria relevant to youth employment is the setting up of *Skills Development Centres*. A total of 110 Skills Development Centres assist unemployed youth acquire skills to become self-employed. Facilities are provided for training in the areas of hairdressing; textile technology and weaving; fashion design and dressmaking; electrical installation and electronics; wood works and carpentry; and welding and basic metal works.<sup>21</sup>

(d) PRSPs and youth employment

A number of PRSPs give prominence to the problem of youth employment such as the Sri Lankan PRSP (see Box 1).

Box 1: Regaining Sri Lanka: Vision and Strategy for Accelerated Development

Increasing Employment – Creating 2 Million New Jobs A good job with an adequate income is the desire of all Sri Lankans and has, unfortunately, been beyond the reach of too many for too long. Productive employment available to all is also critical to the success of a Government's economic policies. While the official statistics suggest that there has been progress increasing the number of jobs in recent years, a careful review of the situation makes it clear that the challenge of providing sufficient productive, desirable employment opportunities is greater than might be expected (p4)...

Youth: High rates of unemployment contribute to low incomes and poverty among the youth population. The Central Bank estimates that more than 70 per cent of the unemployed are youth. The problem of youth unemployment has many causes but is intensified by the lack of an entrepreneurial culture and attitude amongst the youth. This, in turn, is related to limited economic opportunities for enterprising activities as well as the absence of entrepreneurial-related curriculum in the vocational and secondary schools. To reduce the high level of youth unemployment, the Government will launch a new National Youth Corps (NYC) to provide vocational training and career guidance to unemployed youth aged 17-22. In addition to vocational skills development, the NYC training will inculcate leadership qualities while providing personality development and career guidance to these young men and women (p72).

Source: Government of Sri Lanka, December, 2002

Cambodia's PRSP (December 2002) addresses 'expanding job opportunities' as a major issue under seven headings. These are: private sector development, trade development, tourism development, post and telecommunications, micro-finance, labour and vocational training, and industrial development.

The Poverty Reduction Strategy of the Republic of Djibouti (May 2004) outlines the causes of youth unemployment (see Box 2)

Box 2: Unemployment and Poverty in Djibouti

...unemployment in Djibouti results from the combination of several factors, as follows: (i) the demographic factor that explains the rapid growth in the working population, its relative youth, and the large number of poor and extremely poor households; (ii) failures in the education system and the generally low level of human capital that explain the predominance on the job market of young unemployed people who have had no schooling, and even more importantly, who are unqualified. To the factors affecting job availability, are added structural causes; these are tied to insufficient economic activity and to job creation, which reflect several determinants:

- the high cost of labor and its weak productivity, which are true obstacles to the development of both private enterprise and the informal sector;
- insufficient infrastructure and an environment unfavorable to private investment, which limits Djibouti's ability to compete for foreign investments in the global market;
- poor potential for self-employment in which the rate of access for at least average production was only 24.4 per cent of households; this figure was 21.9 per cent for women who are heads of household.

Finally, the job market suffers pressures tied to the permanence of a large immigration influx. Some of the measures of stabilization (demobilization) have also contributed to the general imbalance.

Source: Djibouti: Poverty Reduction Strategy Paper, IMF Country Report No. 04/152

A key focus of Djibouti's PRSP is to promote a coherent and integrated employment policy. The elements of this are:

- improve the competitiveness and growth of the economy as a means of creating jobs;
- set up a true human resources development policy, through the development of education, the expansion of literacy, and the strengthening of job training; and
- implement targeted employment programs (manual labour intensive programs, support for self employment, micro-finance and of microenterprise, targeted at specific segments of the population (such as the unqualified unemployed and women).

Cameroon's PRSP (August 2003) acknowledges explicitly the problems of its urban youth population (see Box 3).

The Cameroon PRSP is also seeking to increase private sector participation in the preparation and implementation of a youth training program to 'correct deficiencies in human resources, particularly in the productive sector'. This will take the form of the creation of accelerated professional training institutes; development of applied research programs in targeted economic and trade areas; (iii) financing large-scale computer learning programs; and (iv) financing entrepreneurship development programs in higher and tertiary education.

Box 3: Cameroon's urban poverty reduction strategy

360. Rapid urbanization brings the major challenge of accommodating an increasingly young population. The Cameroonian population, like that of many other African countries, is relatively youthful, with an average age of 22 years; nearly 42 per cent of Cameroonians are under 14 and more than two-thirds are under 30. As is the case everywhere, this population tends to concentrate in urban areas, resulting in increased pressure on social services, infrastructures, and labor markets. This is a situation that calls for heightened and sustained.

361. The Government of Cameroon is well aware of the extent of the problems and is in the process of drawing an integrated urban development policy. Its objectives are to:

- improve the living conditions of urban dwellers, a majority of whom live under precarious conditions; and
- reinforce the economic role of towns by strengthening urban infrastructures (extension, rehabilitation, and maintenance). This will not only improve living conditions, but will also and especially support industrial growth and services and help to integrate youths, women and other groups into economic channels.

362. Although the strategy is still at a conceptual level, short-term actions are already underway to address the most pressing problems. They include:

- the rehabilitation of basic infrastructures (road maintenance and street lighting);
- opening up poorly served areas and reorganizing squatting areas;
- the development of urban extension zones and secondary urban centers;
- sanitation (basic drainage system, rehabilitation of storm water purification plants);
- the management of household and industrial waste (building garbage dumps, construction of public latrines, removal of pieces of wreckage, etc.);
- low-cost housing;
- attending to the needs of street children and mentally deranged persons;
- sensitizing prostitutes on the risks of sexually transmitted infections (STIs) and HIV/AIDS;
- combating insecurity.

*Source:* Cameroon: Poverty Reduction Strategy Paper, IMF Country Report No. 03/249, Chapter 3: Growth and Poverty Reduction Strategy, p82.

Zambia's PRSP (March 2002, p 64) has several youth employment related initiatives identified. These include:

- the repeal or amendment of any statutes or regulations that hinder women and youth access to, and control of productive resources such as land, credit, trade information, and technology';
- encourage the participation of women and youth in private and public credit schemes';
- Provide business and trade information to micro, small, and medium enterprises (MSMEs) and informal sector entrepreneurs.

Other related proposed initiatives are:

- Design and implement measures that will facilitate expeditious acquisition of titles to land to ensure improved access to investment finance.

- Facilitate training and re-training in entrepreneurship skills for those falling out of formal employment.
- Support the construction of industrial estates by the private sector for leasing to MSMEs; each municipality will mark out land and advertise it to developers for this purpose.
- Encourage development of intermediate input supply linkages between MSMEs and large-scale enterprises.
- Encourage procurement of goods and services, especially in the health and education sectors, from MSMEs.
- Review and harmonise the existing legal and regulatory framework with a view to removing impediments to MSME operations.

The PRSP of the Islamic Republic of Mauritania (March 2002) seeks to ‘combat youth unemployment’ by incorporating young graduates into the labour force, in collaboration with the private sector. Other specific urban related programs are microcredit for housing and income-generating activities and for the training and inclusion of youth (pp 45 & 56).

Finally, of note is the explicit recognition given to youth employment in the Republic of Senegal’s PRSP (May 2002) (see Box 4).

Box 4: Senegal: Employment Policy in Support of Wealth Creation

132. Inasmuch as it is the main vehicle for breaking the cycle of poverty, employment will be a central concern of the economic and development policies. The employment policy will focus on: (i) labor management measures that will help to increase capacities and the possibilities of access to employment for the poor; (ii) improvement of the management and employability of labor; (iii) greater efficiency and transparency of the employment market; and (iv) promotion of independent employment in rural and urban areas.

133. These measures will be accompanied by promotion of highly labor-intensive (HLI) activities which offer the possibility of preferential treatment for intensive use of local labor in the construction, rehabilitation and maintenance of productive, economic and social infrastructure facilities. The HLI approach should definitely be used in works initiated by the State and local authorities with the assistance of the Municipal Development Agency and the Executing Agency for Works of Public Interest. Properly organized and managed, this approach can be an effective means of combating underemployment among urban young people, since underemployment is the main cause of their poverty.

Source: Republic of Senegal’s Poverty Reduction Strategy Paper, May 2002, p 40.

- (e) Information on cost effective initiatives is scarce

References to relevant programs are not sufficient to identify good practice. We also need evaluation results to show whether programs are effective or not. However, good evaluation results are hard to come by for most types of programs. This applies particularly to programs for young people in developing countries. Knowles and Behrman (2003) have carefully scrutinised for the World Bank evaluations of existing programs focused on young people.<sup>22</sup> They note the absence of reliable evaluation data:

In developing countries, there is very little evaluation of the effectiveness of existing youth programs. Where reliable estimates of effectiveness exist, the measurement is often over too short a period of time to be useful. In other cases, there is reliable information only on one or two effects of an investment (e.g., the productivity effects of investments in formal schooling). Information on other effects, including many of those needed to obtain estimates of social benefits, is often lacking. This is clearly a major gap in the information base on investments in youth.<sup>23</sup>

To prove that a program is working, an evaluation also needs to collect data in a way that takes into account other extraneous factors likely to affect the outcome. One way to do this is to collect information about the outcomes achieved by a matched group who did not participate in the program. Randomised selection into a program is often regarded as the best way to select a comparison group. Needless to say, this form of evaluation is costly to conduct, difficult to analyse in terms of the skills required with the possibility of unreliable results if the program changes over time. It has been noted that:

Not all evaluations need be randomised to be rigorous. The key is to have a research method that is capable of identifying the true causal impact of a particular intervention or policy action. The comparison of “before and after” is simply inadequate to estimate the “with and without” impacts that are needed.<sup>24</sup>

Many programs collect data on a before and after basis but these data often do not record all costs based on activity accounting. Knowles and Behrman are able to find cost benefit data on only 41 programs focused on young people in developing countries. The programs fall into six broad categories: formal schooling, civilian and military training, work, reproductive health, school-based health, other health, community and other.

(f) Evaluation results

From close scrutiny of these 41 programs, they have identified some highly effective programs for young people offering a good return on investment. They also conclude that there are good efficiency reasons for using public resources to fund the cost effective programs directed at young people. However, they also acknowledge the limited capacity to generalise from one setting and set of operating parameters to another. For example, the size of the return on investment in formal education will depend on how well a country’s economy can make productive use of the more educated younger generation. On the other hand, cost effective health and nutrition investments appear to be less dependent on other favourable conditions. Knowles and Behrman summarise their findings in the following way (see Box 5).

(g) Identifying programs for young people that have a broader impact

Based on their assessment of the 41 systematic evaluations, Knowles and Behrman find that the investments in youth with the highest economic returns include:

- formal schooling where it is to improve the quality of schooling in general or through targeted scholarship programs aimed at individuals<sup>25</sup>, adult basic education and literacy targeted to adolescents,
- selected investments in school-based health services such as micronutrient supplements, and
- Investments designed to reduce the use of tobacco products.

Box 5: Cost benefit analysis of interventions related to young people

... the available evidence suggests that there are some high-return investments in youth in developing countries and that there are efficiency reasons for using public resources in addition to private resources for such investments due to inadequacies in markets such as for capital, insurance and information...

What are relatively high rates of return for different investments in youth depends importantly on the context of such investments. Rates of return to schooling, for example, are likely to be much higher in dynamic contexts in which there are rapid changes in technologies and markets through greater integration into world markets. Many health and nutrition investments tend to yield higher returns in settings in which health and nutrition conditions are poor. The economic returns to reproductive health investments designed to reduce rates of HIV infection increase proportionately with HIV incidence in the targeted age groups.

Source: Knowles, J C and Behrman, J R; 2003, 'Assessing the Economic Returns to Investing in Youth in Developing Countries', Final version of paper presented to the expert meeting on Assessing the Economic Benefits of Investing in Youth organised by the US National Academy of Sciences and the World Bank

Another significant finding of the Knowles and Behrman literature review is the identification of the range of quantifiable effects a particular type of investment in young people may have. They highlight the 'broad effects' of a program as shown by an evaluation or other evidence source. The investment with the largest range of multiplier effects identified is education. Some 13 quantifiable benefits from increased education are identified for young people and the community. These are: an increase in labour productivity, less chance of youth unemployment, reduced child labour, lower rates of adolescent pregnancy, lower levels of HIV infection and other sexually transmitted infection, improved health and mental health, less likelihood of drug/alcohol abuse as well as physical and/or sexual abuse, more control of fertility for young women, less chance of social exclusion and reduced likelihood of violence and civil conflict.<sup>26</sup>

In relation to identifying the benefits of an investment related to reducing youth unemployment, Knowles and Behrman suggest five direct beneficial effects. These are: increased utilization of labour, enhanced labour productivity, averted teen pregnancies, averted crime and averted alcohol/drug abuse.<sup>27</sup> However, these are suggested benefits only as their literature review does not cite any program evaluations related to youth employment generation.

#### V. A range of policy options

There are a range of policy options available to foster youth employment. These relate to both the supply side of the labour market and the demand side. The role of linking mechanisms and intermediary agents are also crucial. Not least, supporting policy options in relation to facilitative regulatory frameworks have an important role. These ranges of options are represented in the diagram below.

##### (a) The importance of overall level of demand and a youth friendly labour market

The starting point for any discussion of policy options related to youth employment has to acknowledge that the overall level of demand in the labour market is the most important factor in

assisting young people into work. As an Organisation for Economic Cooperation and Development (OECD) analysis of the youth labour market in 1998 noted: “The job prospects of new school leavers are also highly sensitive to the overall state of the labour market.”<sup>28</sup>

However, independently of demand, the OECD also notes that institutional factors have a major role in explaining different youth employment outcomes. While in general less educated youth start off with poorer job prospects, their chances of finding work sooner or than latter differs widely between countries. These differences are attributable to the extent to which particular institutions in place which offer young people a clear pathway to decent work.

In addition to an economy with good growth prospects, young people also require that labour markets be youth friendly. This has been defined by an OECD report as:<sup>29</sup>

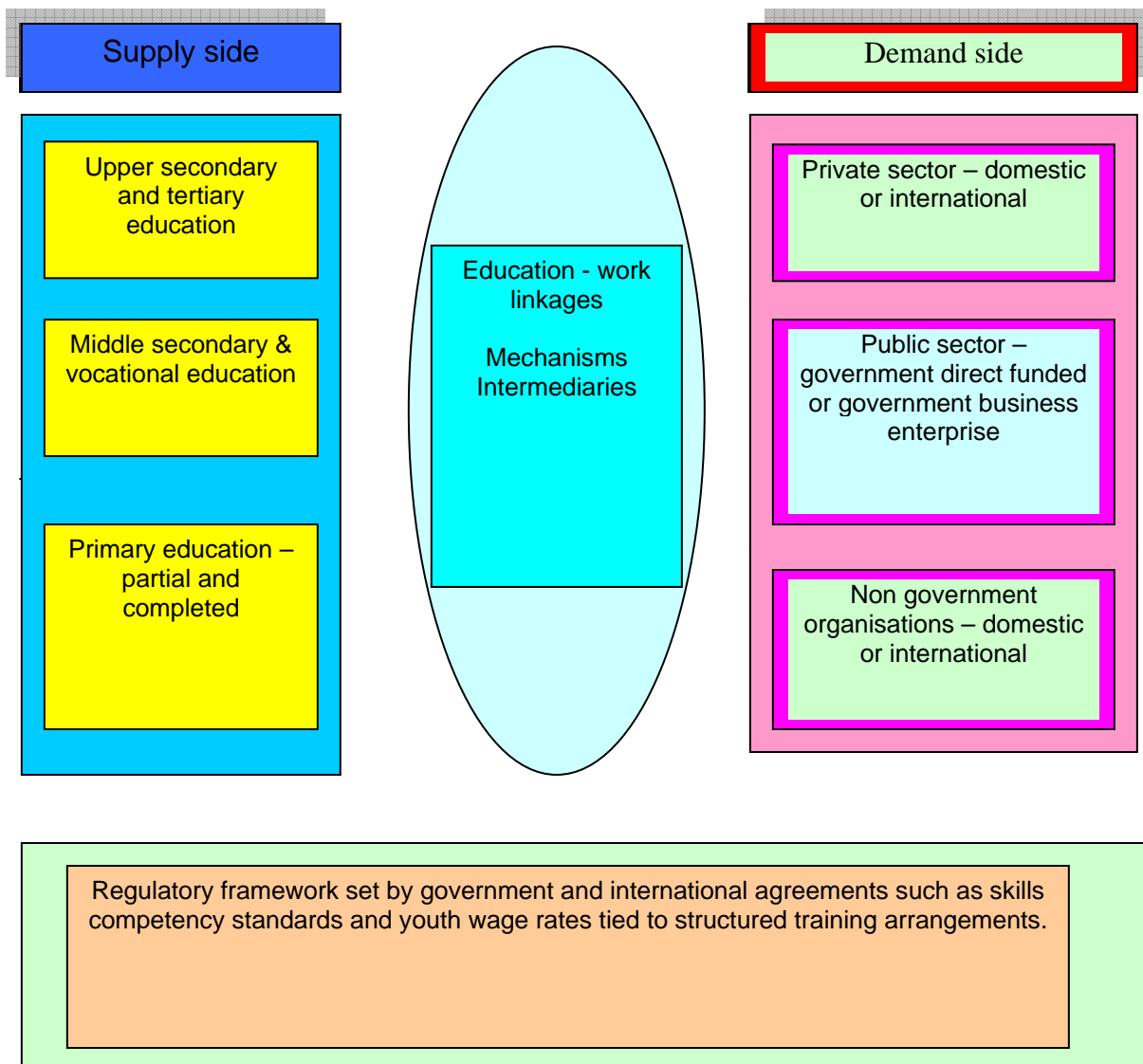
- providing ample opportunities for young people to be trained within enterprises under wage arrangements and employment contracts that encourage their recruitment and training;
- providing ample opportunities for young people to gain experience of paid work while they are students; and
- limiting the restrictions that are attached to hiring them.

(b) Some key considerations related to a youth employment strategy

In a background paper I wrote for the inaugural meeting of the Youth Employment Network in New York in August 2000, I proposed five key principles to underpin a developing or transition country’s youth employment strategy.<sup>30</sup> These were:

- Promote youth entrepreneurship as a viable option
- Link efforts to promote youth employment to information and communication technologies
- Work through private/public partnerships where possible
- Target the poor
- Put young people in charge.

The first prong of the strategy, youth entrepreneurship, was proposed not only as an end in itself. It was seen as a way to apply a litmus test for governments about how well a country’s education institutions and regulatory framework allowed young people to respond to available opportunities. Two other elements of the strategy proposed direct linkages to the so called ‘new economy’ through the use of new, low cost forms of communication. One way to do this is through the use of public/private partnerships. The fourth principle recommended that the strategy apply to all youth with an emphasis on targeting groups of poor young people in poor countries. In terms of implementing the strategy, it was proposed that governments allow young people themselves to take the lead in developing and implementing initiatives. It was also suggested that the functions of broker and mentor, operating across the geographical “digital divide”, need to be central features of any efforts to tap into the new economy.



(c) The potential of information and communication technologies

The ILO Asia Pacific region commissioned me to prepare a paper on ‘Promoting youth employment through information and communication technologies (ICT): Best practice examples in Asia and the Pacific’ (December 2001).<sup>31</sup> Another version of this paper, with more examples from other developing countries, was presented at the Youth Employment Summit in Alexandria, 7-11 September 2002.<sup>32</sup>

I have sought to counterbalance too much emphasis on talking up the possibilities of using information and communication technologies for youth employment in the early papers cited above. My more recent papers offer a more critical reflection on the difficulties likely to be encountered. On my return from the Youth Employment Summit (YES), I reflected on the debates there about the difficulties of using ICT in developing countries as a job creator, resulting in: *‘Tackling the knowledge divide to generate employment for young people: addressing the objections raised at the Youth Employment Summit 2002’*.<sup>33</sup>

(d) Challenges facing the use of ICT for young entrepreneurs

The problems facing youth entrepreneurs are addressed in my background paper for the Hyderabad YES Regional Forum in December 2003 entitled '*Rethinking the Future: Youth Involvement in Bridging the Digital Divide*'. There I highlight the conditions needed to foster entrepreneurship, the challenges facing young entrepreneurs and the barriers to success.<sup>34</sup> Most recently, I was commissioned by Australia's Agency for International Development (AusAID) to identify the barriers to the use of ICT in a development context. The paper, called *ICT and Development: Help or Hindrance?*, is available on the Australian Development Gateway website.<sup>35</sup> The key messages from this paper have been distilled into two web-based assessment tools for ICT-driven and ICT-supported projects.<sup>36</sup>

In the remaining sections of the paper, I want to recommend two policy options related to fostering youth employment. The first refers to the need to make more use of labour market intermediaries or brokers. This is a valuable mechanism for offsetting the risks employers face in employment young people ahead of other age groups. The second recommended policy options looks at self employment and small business development. Recent results of the Global Entrepreneurship Monitor (GEM) research program for South Africa and Uganda are reported and some implications drawn.

VI. Use of labour market intermediaries or brokers

One way that many countries are building numerical flexibility into their labour markets is through temporary work agencies. These agencies employ people and then on hire them to other enterprises. In every Member State of the European Union, except Greece where it is illegal, temporary agency work has at least doubled during the 1990s. In Scandinavia, Spain, Italy and Austria, it has increased at least five-fold. By the end of the 1990s it accounted for 1.3 per cent of the stock of employment in the EU (see Table 1).<sup>37</sup>

Table 1: Proportion of employment gained through employment services agencies, EU 1999, USA, 2000 and Australia 1999

<i>Country</i>	<i>Per cent of total employment</i>	<i>Country</i>	<i>Per cent of total employment</i>
Netherlands	4.0	Spain	0.8
Luxembourg	3.5	Sweden	0.8
France	2.7	Austria	0.7
USA	2.6	Denmark	0.7
UK	2.1	Germany	0.7
Australia	1.8**	Finland	0.6
Belgium	1.6	Ireland	0.6
EU	1.4	Italy	0.2
Portugal	1.0	Greece	0.0

Sources: Storrie, D, 2002, Temporary Agency Work in the European Union, European Foundation for the Improvement of Living and Working Conditions, Dublin, Table 3, p 28; Houseman, S., A. Kalleberg, and B.

Erickcek, 2001, 'The role of temporary help agencies in tight labor markets,' Upjohn Institute Staff Working Paper No. 01-73 cited in Neugart, M and Storrie, D; 2002, 'Temporary work agencies and equilibrium unemployment' Program for the Study of Germany and Europe Working Paper No. 02.6; Center for European Studies, Harvard University. Australian Data refer to June 1999 and are from ABS, Forms of Employment, November 2001, Cat. 6359, and Labour Force Australia, Total Employed Nov 2001; Cat 6203.0.

Temporary work agencies help promote employment by providing a means by which the risk of employing someone in a changing labour market is spread among different stakeholders. If hiring young people in particular is regarded by large employers as a high risk proposition, one way to address this is to use mechanisms which diffuse this risk.

(c) Group training companies

One variant of a labour hire arrangement that specifically addresses the training needs of young people is the Group Training Company. Provision of workplace training is costly for most employers as the investment can only be recouped if the trainee stays on for some time to provide a return that investment. In the volatile conditions that many enterprises now operate, this upfront investment in training someone who may leave on completion of their training is often hard to justify. Young people in workplace training are seen by many firms as a major liability. Group training is a means of sharing between an employer and an intermediary the risks associated with young people's initial employment and the acquisition of new skills.<sup>38</sup>

Group training arrangements are well-established in the UK and Australia.<sup>39</sup> Unlike the UK, group training companies in Australia operate in a similar manner.<sup>40</sup> They act as the primary employer of apprentices and trainees, and then arrange placements or rotations, usually for a minimum of three months, with 'host' employers. Their other role is to organise complementary off-the-job, classroom-based training with registered training providers. Host employers pay an all-up fee to the group training company for the 'hire' of the apprentice or trainee.

The aim of group training companies is to create employment with training opportunities for young people in a situation where employers are reluctant to take on young people, particularly where there is also a training obligation. More than 80 per cent of all group training apprentices and trainees are aged 24 years or less when they complete their contract of training.<sup>41</sup> The goals of group training companies as labour market intermediaries are to:

- create additional apprenticeship and traineeship employment opportunities that otherwise might not have existed;
- provide for continuity of employment of apprentices and trainees through to the completion of their Training Contract; and
- improve the quality and breadth of training available to apprentices and trainees, particularly in small and medium sized businesses.<sup>42</sup>

(b) Why employers use group training companies

Why do employers want to use group training companies? A survey in 2001 revealed the following reasons. Avoidance of the transaction costs (and risks) of engaging a new employee

appear to be the main motive, encompassing the nominated reasons of savings in recruitment selection, avoids admin complexity and reduces employment costs.

Table 1: Most important reason given by employers for hosting apprentices from group training companies, Australia, September 2001

<i>Reason given</i>	<i>Per cent of workplaces</i>
Savings on recruitment selection	23.7
Avoids admin complexity	26.0
Lack of sufficient continuous work	13.3
Reduces employment costs	20.8
Other	16.2
Total	100
N	173

*Source:* Macdonald, D & Croce, N; 2004, *Group Training and Host Employers in Australia*. National Centre for Vocational Education Research (NCVER), Adelaide, Table 9, p 19.

(c) How they work in Australia

The first group training companies were established in the early 1970s, mainly to cope with the loss of apprentice positions due to cyclical downturns in the construction industry in particular. Some 180 Group Training companies now employ about 14 per cent of all apprentices and trainees in Australia, numbering about 38,000 in 2000.<sup>43</sup> The main industries group training operates in are: mechanical and fabrication, automotive, electrical and electronic, construction and food production (butchers, bakers and pastry cooks, cooks).<sup>44</sup> Some 35,000 host employers provide work placements.<sup>45</sup>

Group training companies were initially set up with core funding from government. However, by 2002, it was estimated that 59 of the 181 group training companies were no longer reliant on the government for their core funding. A survey in 2001 of 131 group training companies showed that 92 per cent of older group training companies (established before 1990) continued to receive core funding from government compared but only 43 per cent of the post 1990 organisations. Government funding continues to be essential for some to maintain their financial viability. For others, this funding is marginal but nevertheless valuable as a reliable contribution to income in a risky business.<sup>46</sup> Government funding specifically for group training in 2002 amounted to \$A23 million (about \$US 16m).<sup>47</sup>

A new national funding model introduced in 1998 emphasised the following principles: funding tied to outcomes ie apprentice completions; support and reward for growth; availability of additional funding to achieve specific target group outcomes; an emphasis on growth through efficiencies; and new funding open to contestable funding arrangements.

Not all group training companies are financially viable. A 1998 investigation of the financial operations of some 58 group training companies, using a set of nine criteria, identified three distinct clusters of companies in terms of their performance in terms of above average, average and below average.<sup>48</sup> Another consultant's report concluded from their financial

analysis that most, though not all, group training organisations were marginal businesses because they were dependent on government support to remain financially viable.<sup>49</sup> Weaknesses identified were the management skills and structures of many group training companies. These related particularly to corporate governance; business management and systems; financial management and systems; and long-term planning and strategic development. A national review has recommended the implementation of new or improved risk management policies and practices to identify the warning signs of group training companies in trouble.<sup>50</sup>

(d) Employment and training outcomes

How do group training companies perform in terms of outcomes? Analysis of attrition rates for apprentices and trainees to 1999 indicate that there is little difference the performance of group training companies compared with private employers. The highest rate of apprentice/trainee attrition occurs in the first 3 to 4 months after which the rate slows considerably.<sup>51</sup>

Apprenticeship completion rates are high relative to other forms of education and training. Traineeship attrition rates are similar to general employment attrition. Over 90 per cent of group training apprentices and trainees who successfully completed their training in the 12 months ending March 1999 achieved a successful employment outcome. This outcome consisted of either retention as an ongoing employee by their host employer or alternatively, finding work with a new employer in an unsubsidised job within three months after completing their apprenticeship or traineeship. This outcome is comparable to apprentices and trainees generally. Employment outcomes for group training apprentices and trainees who did not complete their course are also comparable with those for all apprentices and trainees. These results suggest that even partial completion of a contract of training helps improve a young person's chances of going on to ongoing work.<sup>52</sup>

(e) Employer satisfaction

A survey in 2001 of 173 'host' employers providing work placements found a high level of satisfaction with the services provided by group training companies. As high as 96 per cent of responding employers were satisfied or very satisfied with their general admin efficiency, 92 per cent had the same level of satisfaction with the cost effectiveness of the services provided and 90 per cent were satisfied or very satisfied with the quality of the apprentices and trainees supplied (see Table 2).

(f) Group training – key lessons

The point of reporting these details is to show that a program of labour market intermediaries set up over 30 years ago in Australia to assist young people to gain structured entry training in the workplace has survived and, in many cases, been successful. The initial function was to provide continuity of employment and training for apprentices in industries subject to considerable fluctuations in employment, particularly among small subcontractors.

Table 2: Host employer levels of satisfaction with group training companies, Australia, 2001

<i>Level of satisfaction</i>	<i>General admin efficiency</i>	<i>Cost effectiveness</i>	<i>Quality of Apprentices/Trainees</i>
Very satisfied	49.7	35.3	42.8
Satisfied	46.2	56.7	46.8
Dissatisfied	3.5	5.8	5.8
Very dissatisfied	0.0	0.0	1.7
Don't know / Not App	0.6	2.3	2.9
Total N=173	100	100	100

Source: Macdonald, D & Croce, N; 2004, *Group Training and Host Employers in Australia*. National Centre for Vocational Education Research (NCVER), Adelaide, Table 19, p 22

Over time, group training companies diversified into other industries and took on apprentices that many employers no longer wanted responsibility for. The more successful group training companies also took on other intermediary roles in the labour market to diversity their income earning activities. The major benefit to these companies has been to release themselves from dependence on core funding from government. These additional activities include running a government-funded New Apprenticeship Centre (a one-stop shop facility for employers), providing training as registered training organisations, supplying employment services to job seekers and as a general labour hire agency.<sup>53</sup>

Like apprenticeship systems in general, group training companies are not necessarily easy to transplant to other countries. A range of supporting institutions and funding from governments such as subsidies to employers to take on apprentices and trainees are important part of the context that have to be taken into account. Nevertheless, the idea is a valuable one, even if the implementation is likely to be more complex than the simple application of a template would suggest.

## VII. Entrepreneurship and urban employment generation

The second area where I believe there is considerable scope for employment generation for young people is related to self employment and entrepreneurship. A rich source of information about the prevalence of entrepreneurs and the conditions needed to foster entrepreneurial activity is available through the results of a 37 country survey conducted under the auspices of the Global Entrepreneurship Monitor (GEM) research project. The surveys are all based on nationally representative, random samples.<sup>54</sup>

The GEM 2002 surveys suggest that 12 per cent of the world's population aged 18 to 64 years is either 'actively engaged in the start-up process or managing a business less than 42 months old'.<sup>55</sup> The 2003 surveys produced an estimate of 9 per 100 population aged 18 to 64 years.<sup>56</sup>

Are young people more likely to be entrepreneurs than other age groups? The largest grouping of entrepreneurs is not found among young people but they are not far behind. The highest prevalence rate for entrepreneurial activity is to found among 25 to 34 year old men, (20 per 100), followed by 35 to 44 year old men (15 per 100) and then 18 to 24 year old men (13 per 100). Women in these three age groups also record the highest prevalence rates for entrepreneurial activity (25 to 34 years – 13 in 100, 35 to 44 years – 10 in 100 and 18 to 24 years – 8 in 100).<sup>57</sup>

The entrepreneur take-up up rate young people aged 18 to 24 years is 13 in 100 for young men and 8 in 100 for young women. This shows how important this activity is for a significant group of young people.<sup>58</sup> However, it would also be good to know what the potential rate for entrepreneurial activity. Fortunately, data for South Africa are available on this.

Global Entrepreneurship Monitor (GEM) 2003 surveys provide additional information about the age profile of those engaged in business start ups.<sup>59</sup> Males predominant but nevertheless women are prominent. This applies regardless of age so young women in the 18 to 24 age group participate although not as much as in the 25 to 34 age group.

Table 3: Participation in business start ups (total entrepreneurial activity – TEA), prevalence rates by gender and age, per cent

	Women	Women	Men	Men
	#/100			#/100
<b>TEA All</b>				
All Ages	8.5	[XXXXXXXXXXXXXXXXXXXXX]	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX]	13.3
18-24 yrs	8.4	[XXXXXXXXXXXXXXXXXXXXX]	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX]	12.6
25-34 yrs	13.1	[XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX]	XXX]	20.3
35-44 yrs	10.2	[XXXXXXXXXXXXXXXXXXXXX]	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX]	14.4
45-54 yrs	6.8	[XXXXXXXXXXXXXXXXXXXXX]	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX]	11.5
55-64 yrs	4.4	[XXXXXXXXXXXXX]	XXXXXXXXXXXXXXXXXXXXX]	7.4

Source: Reynolds, P et al; 2003, Figure 13.

Table 4 shows a different aspect of the age profile. Although the 18 to 24 year olds only represent a 6 year age grouping compared with the 10 year age grouping for the other ages, they nevertheless account for between 11 to 12 in 100 of all new firms. The question of why young people are not more involved could be explained in terms of supply side factors – lack of experience or maturity or in terms of demand side factors – a lack of support from credit providers and other institutions due to stereotypical views of young people.

(a) Gap between potential and actual prevalence of entrepreneurship

The *Global Entrepreneurship Monitor 2002 Survey* offers benchmarks against which to gauge the potential of entrepreneurship as a means of employment creation. In South Africa, for example, just a quarter of the population (26 per cent) stated on both 2001 and 2002 that they believe that they had the ‘knowledge, skill and experience required to start a new business.’<sup>60</sup> Those adults who believed they had the requisite skills were eight times more likely to become involved in starting a business than those who believed they lacked the requisite skills.<sup>61</sup>

Table 4: Age profile of those involved in entrepreneurial and established businesses, GEM Surveys 2003, per cent.

Years of age	Start-Up Firms (per cent)	New Firms, not entrepreneurial	Entrepreneurial firms	Established businesses
18-24	12.0	11.5	10.9	3.4
25-34	32.3	34.6	36.0	22.4
35-44	30.6	28.0	29.5	34.4
45-54	17.4	18.2	15.9	26.1
55-64	6.7	6.9	6.5	11.1
65-up	1.0	0.8	1.1	2.5
Total	100	100	100	100
N=	8450	8022	2988	13259

Source: Reynolds, P et al 2003, Table 14

Among the young Black population in South Africa with upper secondary schooling completed (ie they had matriculated), nearly a quarter of those aged under 23 years (24 per cent) believe they have the requisite enterprise start-up skills.<sup>62</sup> The more formally educated the population, the more likely they are to see themselves as having the requisite skills to engage in entrepreneurial activity. These data suggest that there is a wide gap in South Africa between the potential take up of entrepreneurial activity and the reality. Only 6.5 per cent of the population surveyed could be classified as entrepreneurs compared with just over a quarter of the population who said they had the ‘knowledge, skill and experience required to start a new business’.

(b) Two types of entrepreneurship

However, a valuable distinction the GEM surveys make is between ‘opportunity oriented’ and ‘necessity’ entrepreneurs. The former are defined as ‘those who are willing volunteers seeking to pursue a business opportunity’. The latter are defined as ‘those who become involved as a last resort when other options for work or participation in the economy are absent or are considered unsatisfactory’.<sup>63</sup> The latter in a number of respects can be more aptly referred to as self employment.

Weighted to represent the total global population, about two-thirds of the adults aged 18 to 64 years surveyed see themselves as entrepreneurs in pursuit of opportunity and one-third see themselves responding to necessity. However, the prevalence of these two different types of entrepreneurs differs greatly according to the opportunity structure within which people are located. Countries with low per capita income have high rates of necessity entrepreneurship.<sup>64</sup> In Argentina, in response to the economic downturn, the rate of necessity entrepreneurship doubled between 2001 and 2002, more than offsetting the decline in opportunity entrepreneurship.<sup>65</sup> However, many of these same countries also have high rates of opportunity-oriented entrepreneurs, especially Thailand and India with 15 and 12 persons per 100 respectively (see Table 5).

The distinction between opportunity oriented and necessity driven entrepreneurship makes a difference in terms of expected outcomes. Opportunity-oriented entrepreneurs are much more likely, over two thirds, to say they expect to employ 20 or more people within five years compared with necessity-driven entrepreneurs, of whom less than a third had the same expectations.<sup>66</sup> Other important differences in expectations are also evident in relation to a focus on export markets, and creation of new markets or services.<sup>67</sup>

Table 5: Prevalence of type of entrepreneurship in middle and low income countries, 2002, persons per 100 adults aged 18 to 64 years.

<i>Country</i>	<i>Total entrepreneurial activity</i>	<i>Entrepreneurs by necessity rate</i>	<i>Entrepreneurs for opportunity rate</i>
Thailand	18.9	3.4	15.3
India	17.9	5.0	12.4
Chile	15.7	6.7	8.5
Korea	14.5	4.1	8.6
Argentina	14.2	7.1	6.8
Brazil	13.5	7.5	5.8
Mexico	12.4	2.7	8.3
China	12.3	7.0	5.6
South Africa	6.5	2.4	3.3

*Source:* Derived from: Reynolds, P, 2003

(c) Entrepreneurial activity in South Africa and Uganda

A separate analysis has been undertaken for South Africa with references to another country to Uganda.<sup>68</sup> South Africa in 2003 recorded a total entrepreneurial activity (TEA) rates that was substantially below the average TEA rate in other developing countries included in GEM surveys. In 2003 the average TEA rate for developing countries excluding South Africa was 21 persons for every 100 persons in the population which is nearly five times the rate in South Africa.

Prior to 2003, South Africa was the only African country included in the study. The inclusion of Uganda in the 2003 survey shows that low TEA rates are not an African phenomenon. Uganda, with a total entrepreneurial activity of 29 persons in every 100, has the highest TEA rate of all the countries included in GEM 2003. The South African GEM 2003 report notes that even allowing for significant estimation error, the evidence strongly suggests that South Africa has significantly lower rates of new business formation than other developing countries included in GEM.

The Ugandan profile, reported in Table 6, shows that the prevalence rate of 29 in 100 engaged in entrepreneurial activity is fairly evenly divided between opportunity and necessity oriented entrepreneurship. The GEM defines start-ups differently from new firms. Start-ups are businesses that have paid wages and salaries for less than three months while new firms have paid wages and salaries for 3 to 42 months. Uganda's prevalence rate for 'opportunity oriented' entrepreneurs (17 in 100) is higher than the rate for all developing countries, excluding South

Africa (13 in 100). At the same time, its prevalence rate for ‘necessity’ entrepreneurs is nearly double that of the average rate (see Table 6).

Table 6: Total entrepreneurial activity, start-up, new firm, opportunity and necessity entrepreneurship rates for GEM 2003, 2002 and 2001 (per cent)

<i>Countries</i>	<i>2003 TEA</i>	<i>2002 TEA</i>	<i>2001 TEA</i>	<i>Start- up rate 2003</i>	<i>New firm rate 2003</i>	<i>Opportunity rate 2003</i>	<i>Necessity rate 2003</i>
Uganda	29.3	na	na	14.8	16.9	17.1	13.2
South Africa	4.3	6.5	9.5	2.7	2.0	2.9	1.5
Developing countries excluding South Africa <sup>69</sup>	21.2	14.5	11.9	12.8	9.8	12.5	8.7

*Source:* Derived from Global Entrepreneurship Monitor: South African Executive Report 2003 Update, Table 1

(d) Informal sector entrepreneurs in South Africa

Another related important distinction about type of entrepreneurs is important. This relates to whether the entrepreneur is operating in the formal sector or the informal sector. The South African GEM 2002 Report presents the results of a supplementary representative sample survey about the different types of entrepreneurs in South African Townships, described as ‘a traditionally black area within commuting distance of an urban metropolitan area’.<sup>70</sup>

The focus of the survey was on township businesses which are defined as ‘small, very small or micro business operating within a township’.<sup>71</sup> The survey found that the average number of employees in a formal (registered) township business is 7.2, compared with an average of 0.8 employees in an informal township business.<sup>72</sup> The conclusion drawn from this finding is that support efforts aimed at improving the prospects for job creation should focus on the former:

To address the objective of maximising job creation, more resources should be targeted at formal entrepreneurs rather than informal entrepreneurs in the townships. The informal sector remains enormously important in generating self-employment income for a large number of low-income households but is not generally important in the creation of employment for others.<sup>73</sup>

(e) National factors associated with entrepreneurial activity

The authors of the 2003 GEM surveys carried out a multivariate analysis to identify the key factors associated with greater levels of entrepreneurial activity.<sup>74</sup> Their results for developing countries are shown in Table 6. For both the wealthy (not shown in Table 6) and developing countries, several factors were common to explaining more entrepreneurial activity. These were: more young workers and fewer older workers; a reduced government role in the economy; more workers in agriculture; less participation in secondary education; less long-term unemployment; a supportive national culture; and a positive supportive context appear to be associated with more business start-ups in both wealthy and poorer countries.<sup>75</sup> On other factors, there are marked differences between the high income and developing countries, leading the authors to conclude:

‘It appears that different sets of processes are affecting entrepreneurial activity in these two types of countries’,<sup>76</sup>

Table 6: Major factors affecting entrepreneurial activity in developing countries.

	Developing Countries
Measures of National economic potential	Positive association with firm entrepreneurship; strong negative correlation with necessity start-ups.
Population Structure	Younger workforce has strong positive correlation with business start-ups.
	Older workforce negatively correlated with all start-up activity.
Relative Economic Status	Lower GDP per capita has strong association with more start-up activity of all kinds.
	Long-term unemployment strongly related to less firm and start-up entrepreneurship.
	Greater national wealth absorbed in taxes, less start-ups of all kinds.
Economic & organisational structure	Greater informal economy associated with more start-ups of all kinds.
	More workers in agriculture, more opportunity start-ups.
	Higher levels of social and economic security costs and benefits, less start-up entrepreneurship.
Government Operation, Economic Rights	Much less start-up activity where corruption-free, effective government with property right recognition are in place.
	Higher levels of start-up entrepreneurship where there are more procedures to register a new businesses.
Social Equality, educational structure	No relationship between income inequality and entrepreneurial activity.
	Higher age appropriate participation in secondary education associated with LESS start-up activity.
	Higher age appropriate participation in post-secondary education associated with less necessity start-ups.
Cultural, social contest	National cultural support associated with much higher levels of opportunity and necessity start-ups.
	More positive personal entrepreneurial context associated with higher levels of firm entrepreneurship and much higher levels of all start-ups.

From this analysis, Reynolds and his co-authors make several recommendations. I have selected the recommendations I think have the greatest applicability to sub-Saharan Africa.

Global Entrepreneurship Monitor (GEM) Recommendations
<ul style="list-style-type: none"> <li>• Adjust social and economic benefits so as not to discourage citizens from making an effort to contribute to the economy.</li> <li>• Provide a more positive supportive context by increasing training in business start-ups (including capacity for opportunity recognition) and increase contact with existing entrepreneurs.</li> <li>• Reduce the complexity and cost of registering a new business.</li> <li>• Increase national cultural support for entrepreneurial career options.</li> <li>• Reduce the scope of economic activities managed by the government.</li> </ul>

(f) Conditions needed to foster entrepreneurship

Entrepreneurship is a difficult process to foster because it requires so many different supporting components for an individual to move beyond an idea or concept of what might be viable to successful execution. Promoting entrepreneurship as an option for young people is difficult even in high-income countries due to the risk-averse nature of many institutions from banks to education providers. Important features in high income countries include the quality of the intellectual property protection regime, skill levels of the population in the country and support for starting a new business, including access to informal investors.<sup>77</sup>

However, in middle or low-income countries, the task is even more formidable. This is due to barriers which can range from hostile attitudes in society at large to entrepreneurship as an option for young people, to the lack of appropriate training and mentor support as well no access to credit. These barriers in middle or low-income countries are further compounded where the entrepreneurship involves the use of information and communication technologies (ICT), due to the shortage of the technical and skill supports needed to make effective use of the new technologies.

VIII. Barriers to success

Several barriers to success need to be acknowledged in relations to efforts to devise specific programs to promote employment opportunities for young people. These include the issue of who to target for assistance, the availability of supporting infrastructure,

(a) Who among young people to target?

The second issue to be addressed in a developing country context is who among the young need assistance to gain access to decent work. The problems with the concept of youth unemployment will be discussed in a separate workshop. However, for the purposes of this discussion of policy options, the issue is whether the focus should be on the unemployed or the working poor. The former are often the better educated or from families able to support protracted job searching. The latter are more disadvantaged young people who are seeking work because they cannot afford the time for job searching. Martin Godfrey recommends a focus on the most disadvantaged among young people because unemployment is often merely transitional in nature.<sup>78</sup>

However, I would like to challenge a sole policy focus on those most at risk of not making a successful transition to decent work. In public policy terms, the key question should be on what will achieve the most cost effective outcomes. It may well be that the working with the better educated will greatly enhance the chances of a program succeeding.

Loading programs with too many, often competing, objectives such as targeting the most disadvantaged as well as creating a sustainable outcome greatly increases of a program's chances of failure. This was the important insight of Pressman and Wildavsky's classic study of program implementation.<sup>79</sup> I found a similar problem in explaining the differences between two targeted urban poverty relief programs implemented in Indonesia after the 'monetary crisis' of 1997.<sup>80</sup>

The first emergency job creation program was more successful in getting assistance directly to the most needy because it was not saddled with competing objectives which caused delays by seeking to identify viable projects. The lesson I take from this is that the most disadvantaged among the poor need assistance directed specifically at their needs with due attention to addressing the barriers to achieving a successful outcome.

Are there age differences among young people in the take up of self-employment which suggest the need to focus on specific ages? (see Box 6). If young men are more likely to take on entrepreneurial activity, due to the constraints young women face in a society, does this mean that young men should continue to be favoured as a target group? If young women are also identified as a target group, what additional assistance will be provided to address the constraints they face? Are there to be prerequisites that young people need to have in terms of demonstrated capacities to be eligible for assistance? If there is to be a focus on formal sector enterprises, what are the characteristics of young people who are mostly likely to succeed with this type of enterprise?

Box 6: Age differences in youth self-employment take-up

Recent survey data from Zambia show that a quarter of the youth (25.0 percent) are self-employed... Most of these young people, especially younger youth, tend to be concentrated in marginal trading and service activities. However, there is significant variation according to the age category of youth. The survey results show that only 9.6 per cent of younger youth aged between 15-19 years were engaged in enterprise activities in the informal sector as 'proprietors'. The level of youth participation in the informal sector increased to 33.4 per cent among young people aged between 20-24 years and 57.7 per cent among those aged between 26-29 years, respectively.

Source: Chigunta, F; 2002, Youth Entrepreneurship: Meeting the Key Policy Challenges, paper presented to the Youth Employment Summit, Alexandria, Egypt, 7-11 September, p 5.

Targeting young people who are poor is one option. However, there are several important considerations that need to be taken into account in targeting the poor. One is whether only the poorest of the poor are to be targeted or whether poverty is only one criterion alongside other selection criteria. The success of entrepreneurial activity may depend on the threshold education level of the would-be entrepreneur. This could mean that someone who has attained an upper secondary education, for example, may have come from a background (eg an urban area) that would define the person as less poor than others in the population.

The problem of conflicting targeting criteria – poverty versus minimising the risk of failure is much less of an issue in a low per capita income country as most people in the population are poor relative to other countries. The issue of making poverty an explicit target criterion is likely to be more important in a middle-income country, especially where the ICT infrastructure is favourable to ICT supported entrepreneurial activity.

The formal sector entrepreneurs in a South African township business differ from informal entrepreneurs in terms of level of formal education, the number of employees, monthly turnover, the degree to which lack of finance is a problem, access to transport, the location of business premises and access to technology (see Box 7).<sup>81</sup> Working out a 'risk profile' based on traits indicating greater likelihood of success could significantly enhance the impact of the Fund.

Box 7: Characteristics of formal and informal enterprises in South African Townships

Formal sector entrepreneurs in South African townships have the following characteristics:

- With a threshold level of upper secondary education<sup>82</sup>,
- Being based in a metropolitan urban area rather than a regional/provincial city or rural location,
- Men rather than women<sup>83</sup>
- More likely to have a separate business premise.<sup>84</sup>

Informal sector entrepreneurs:

- More gender balance<sup>85</sup>,
- More likely to operate the business from home
- Much more likely to lack access to finance.<sup>86</sup>

(b) Need for supporting infrastructure

The second barrier to success is the lack of a supporting infrastructure. Lack of access to credit is one likely barrier to self employment. Other major problems identified in the South African Survey of Township Businesses were lack of own transport, competition, theft, unavailability of electricity and lack of business skills. Lack of a means of communicating with suppliers or customers as well as transport may be important barriers to operating a business.<sup>87</sup> Lack of knowledge about basic business practices may also be a major barrier to success.<sup>88</sup>

Significant differences are likely to exist between informal and formal sector entrepreneurial activity in terms of the barriers to success. The former may require support which is focused on improving basic education levels, access to micro credit and access to transport to enable bulk buying. On the other hand, formal sector businesses are likely to benefit from small business support such as access to business premises backed by minimal services such as good transport and communications infrastructure.<sup>89</sup>

The barriers to success in relation to use of ICT as a means of self employment also need to be addressed. These are likely to be many, particularly if the country has a per capita income level below \$US9,000. At a minimum, countries with a low per capita income need to demonstrate that they can demonstrate that they have achieved a certain threshold of e-readiness. One aspect of this readiness is evidence of government support in the form of a national ICT strategy and an implementation agency. As the Government of Mozambique has noted, it requires an integrated approach, encompassing human resources, infrastructure, business, government, legal and regulatory frameworks, and content/applications, with particular emphasis on the synergy among these elements.<sup>90</sup>

Risk management needs to be an essential part of a project that is dealing with two major uncertainties – starting a new business and using ICT in a developing country. Quality assurance controls are the most common way of minimising risk. These refer to a set of documented

procedures that are followed by those involved in delivering a product or service. A feature of a quality control system is external auditing on a regular basis to ensure that the documented procedures are being followed. This refers to scrutiny by a third party, usually an expert in the activities concerned, of the way that the procedures are followed.

## IX. Conclusion

This paper has argued that creating employment opportunities for urban youth requires a greater focus on the demand side of the labour market. This involves, among other things, addressing the concerns of employers about the high level of risk they take on in employing young people with little or no experience in the workplace. One mechanism suggested for spreading the risk associated with providing both employment and training for new entrants to the labour market is a group training company. While government funding may have a role in providing initial funding, it is important that these labour market intermediaries run as independent and eventually self funding enterprises.

Another aspect of a demand side focus is to look closely at the barriers impeding the more widespread take up of self employment and entrepreneurial activity. An important distinction was made between opportunity and necessity based entrepreneurial activity. While both kinds should be able to exit without major obstacles, it is the former that is more likely to produce create jobs for significant numbers.

Annex 1: Countries ranked in order of their population's youth share, youth defined as 15 to 29 years and total population defined as 15 and over, 2005

<i>Country</i>	<i>Population ('000)</i>	<i>Young adults (15-29) as a proportion of all adults (15+) (per cent)</i>	<i>Country</i>	<i>Population ('000)</i>	<i>Young adults (15-29) as a proportion of all adults (15+) (per cent)</i>
	<i>2005</i>	<i>2005</i>		<i>2005</i>	<i>2005</i>
Zimbabwe	12,963	58.8	Honduras	7,257	47.9
Zambia	11,043	56.5	Bhutan	2,392	47.7
Swaziland	1,087	55.8	Iraq	26,555	47.5
Burundi	7,319	55.6	Lao People's Democratic Republic	5,918	47.4
Kenya	32,849	55.5	Afghanistan	25,971	47.4
Uganda	27,623	55.2	Mauritania	3,069	47.4
Burkina Faso	13,798	55.1	Djibouti	721	47.3
Mali	13,829	54.5	Gabon	1,375	47.2
Lesotho	1,797	53.9	Belize	266	47.0
Rwanda	8,607	53.5	Micronesia (Federated States of)	111	46.8
Yemen	21,480	53.2	Vanuatu	222	46.7
Tanzania, United Republic of	38,365	53.1	Pakistan	161,151	46.5
Niger	12,873	52.7	Libyan Arab Jamahiriya	5,768	46.4
Botswana	1,801	52.4	Equatorial Guinea	521	46.3
Congo, Democratic Republic	56,079	52.3	Tajikistan	6,356	46.2
Côte d'Ivoire	17,165	52.3	Jordan	5,750	46.0
Liberia	3,603	52.0	Papua New Guinea	5,959	45.7
Sao Tome and Principe	169	51.9	Bangladesh	152,593	45.6
Benin	7,103	51.9	Nepal	26,289	45.5
Congo, Republic	3,921	51.7	Mongolia	2,667	45.3
Haiti	8,549	51.5	Sudan	35,040	45.3
Malawi	12,572	51.2	Algeria	32,877	45.1
Eritrea	4,456	51.0	Paraguay	6,160	45.1
Somalia	10,742	50.8	Tonga	106	44.7
Angola	14,533	50.7	Gambia	1,499	44.4
Syrian Arab Republic	18,650	50.5	Philippines	82,809	44.4
Ethiopia	74,189	50.3	South Africa	45,323	44.2
Nigeria	130,236	50.2	Egypt	74,878	44.2

<i>Country</i>	<i>Population ('000)</i>	<i>Young adults (15-29) as a proportion of all adults (15+) (per cent)</i>	<i>Country</i>	<i>Population ('000)</i>	<i>Young adults (15-29) as a proportion of all adults (15+) (per cent)</i>
	2005	2005		2005	2005
Cape Verde	482	50.2	Uzbekistan	26,868	44.0
Senegal	10,587	50.2	Oman	3,020	44.0
Comoros	812	50.2	Bolivia	9,138	43.9
Central African Republic	3,962	50.1	Turkmenistan	5,015	43.7
Togo	5,129	50.0	Saudi Arabia	25,626	43.6
Chad	9,117	49.9	Saint Vincent and the Grenadines	121	43.4
Mozambique	19,495	49.9	El Salvador	6,709	43.1
Cameroon	16,564	49.9	Morocco	31,564	42.5
Maldives	338	49.9	Viet Nam	83,585	42.0
Guatemala	12,978	49.7	Ecuador	13,379	41.7
Nicaragua	5,727	49.3	Kyrgyzstan	5,278	41.4
Samoa	182	49.3	Suriname	442	41.3
Ghana	21,833	49.2	Peru	27,968	41.3
Guinea	8,788	49.2	Mexico	106,385	41.2
Guinea-Bissau	1,584	49.1	Myanmar	50,696	41.0
Iran (Islamic Republic of)	70,675	49.1	Dominican Republic	8,998	41.0
East Timor	857	49.0	Fiji	854	40.8
Solomon Islands	504	49.0	Saint Lucia	152	40.8
Occupied Palestinian Territory	3,815	48.8	Tunisia	10,042	40.8
Namibia	2,032	48.7	Brunei Darussalam	374	40.8
Sierra Leone	5,340	48.3	Venezuela	26,640	40.6
Cambodia	14,825	48.2	Western Sahara	324	40.4
Madagascar	18,409	48.0	Guyana	768	40.4

*Source:* Population, and Young Adults, Working-Age Adult Deaths. Data are medium-variant projections from: UN Population Division. World Population Prospects: The 2002 Revision. New York: United Nations, 2003. Data prepared by Richard Cincotta, Robert Engelman, and Daniele Anastasion, 2003, *The Security Demographic: Population and Civil Conflict After the Cold War*, Population Action International

## Annex 2: Poverty Reduction Strategy Papers and young people: a content analysis

This Annex reports the results of a content analysis of completed Poverty Reduction Strategy Papers to September 2003. In relation to the consultation process that is meant to be a key part of the PRSPs process, an analysis of the thirty-one PRSPs shows limited effort to consult with young people. Only a half (55 per cent) of the PRSPs appear to have consulted youth in the development of the poverty reduction strategy (see Table A1). This situation has not improved over time, as the proportion is the same (50 per cent) for most recent PRSPs, from April 2002 (N=14).

Table A1: Proportion of PRSPs mentioning youth as a group consulted as part of the PRSP process

	<i>Yes</i>	<i>No</i>	<i>Total</i>
N	17	14	31
Per cent	54.8	45.2	100.0

### Identifying youth as a group in poverty

In terms of identifying youth as a group in poverty, only a few PRSPs do so - only a fifth of the completed PRSPs to September 2003 (see Table A2). These countries are: Malawi, Zambia, Cambodia, Ghana, Senegal and Sri Lanka. Another two-fifths of the PRSPs (39 per cent) identify in a minor way youth as a group in poverty with a fifth (19 per cent) of the PRSPs identify youth in poverty as one of several groups. A quarter (23 per cent) of the PRSPs do not identify youth at all as a group in poverty. However, it is worth noting that the more recent PRSPs, post April 2002, are more likely to have a major focus on youth (29 per cent compared with 12 per cent of the earlier PRSPs).

Ghana, for example, notes in relation to the half a million Ghanaians afflicted with AIDS that: 'the loss of the youth in their productive years will diminish the capabilities of households to support themselves'.<sup>91</sup> The PRSP for Ghana also identifies gender inequality among young people in relation to education attainment as a major source of poverty because education attainment is a predictor of income earning potential and hence its absence increases a person's vulnerability to future income shocks.<sup>92</sup>

The Sri Lankan PRSP notes in the context of the need to generate two million new jobs that:

'...most importantly, there will be between 400,000 and 500,000 new entrants to the workforce in the next several years that will need jobs'.<sup>93</sup> In relation to Sri Lanka's protracted conflict, the PRSP notes that ... 'Poor rural youth on both sides of the conflict are faced with fewer opportunities to better their lives; they make up a substantial share of the soldiers fighting the war'.<sup>94</sup>

In relation to young people and health issues, the Zambian PRSP observes that HIV/AIDS has worsened poverty in the 1990s in that country. The PRSP emphasises the need for behavioural change in relation to young people. The problems related to young people include low levels of knowledge and awareness of existing low levels of personal risk perception for HIV (especially among youth); low levels of belief in the efficacy of condoms to prevent HIV transmission; low levels of knowledge about the links between STIs and HIV transmission; and gender equity issues that prevent girls and women from negotiating safer sex or refusing sex.<sup>95</sup> Key issues related to behaviour change in Zambia remain, however, and prevent the adoption of safer behaviours.

Table A2: The extent to which Youth are identified as a group in poverty in PRSPs, number and per cent of total

	Major focus	Minor focus	One of several groups only	No Mention	Total
N	6	12	6	7	31
Per cent	19.4	38.7	19.4	22.6	100.0

In Nicaragua, its PRSP notes that although the demographic transition has already started, the decrease of fertility rates has been mostly among the non-poor. High fertility rates are particularly associated with the adolescent poor.

The rural, extremely poor areas have the highest fertility rates. ...The problem is particularly acute among the adolescent poor. Cultural patterns of early fertility, high school drop-out rates, abuse of women, and limited options in the job market result in poor adolescents having particularly high rates of early pregnancy.<sup>96</sup>

Guyana's PRSP notes the health risks in particular facing its young people:

there are periodic outbreaks of infectious and other diseases, malnutrition, high levels of sexually transmitted infections (STIs) including HIV/AIDS, high levels of adolescent pregnancy, drug abuse, especially among the youth, and unhealthy lifestyles.<sup>97</sup>

Youth mentions in PRSP action plans

Just over half of PRSPs (55 per cent) give specific attention to youth in their action plans which spell out the key features of each country's poverty reduction strategy, (see Table A3). In the case of a quarter of PRSPs, young people are a minor focus in the action plans. However, it has been noted that despite coverage in the action plan, only a few countries link the strategies focused on youth to specific targets and budget outlays.<sup>98</sup>

Table A3: The proportion of PRSPs with a special focus on Youth in their action plan, number and per cent

	<i>Major focus in a key goal</i>	<i>Minor focus in a key goal</i>	<i>No mention at all</i>	<i>Total</i>
N	17	7	7	31
Per cent	54.8	22.6	22.6	100.0

The good news, however, is that the focus on youth in PRSPs is improving over time. Nearly two-thirds of the PRSPs completed between May 2002 and September 2003 give youth major attention in their action plans. The largest grouping (over a third) of initiatives for young people mentioned in the action plans refer to education, both formal and informal. This is followed by employment related initiatives (under a third of all initiatives directed at young people). Only a quarter of the action plan initiatives directed at youth refer to health issues. A small number of the remaining initiatives refer to other issues such as the environment, population awareness and sport.

Youth as a cross cutting issue in PRSPs

However, youth are not treated in the PRSPs as a major cross-cutting issue. Only 16 per cent of PRSPs view young people as a focus for integrated interventions. This arguably is the most important test of

whether a PRSPs addresses youth issues in a comprehensive way. Piecemeal or single program interventions are not likely to deliver the range of benefits an integrated approach can.

The PRSPs which address cross cutting issues are those relating to Malawi, Nicaragua, the Gambia, Zambia and Ghana. Malawi's PRSP highlights HIV/AIDS, gender, environment, and science and technology as cutting issues. In relation to gender as a cross cutting issue, the PRSP notes:

Inequalities and disparities between women and men are still very pronounced in Malawi and this is one of the major causes of poverty among women and men. In view of this situation, efforts will be made to establish a gender sensitive formal and informal legal environment, eradicate gender based violence, and enhance women's participation in leadership and decision-making processes.<sup>99</sup>

The Zambian PRSP notes that ...' cross-cutting issues of gender, the youth, HIV/AIDS, environment, and energy will form a critical pillar to attaining industrial development'.<sup>100</sup>

The Nicaraguan PRSP has a cross cutting strategy related to social equity which in part is to review legislation such as the children and adolescents code to improve the rights and equity of those covered. As well, among other things, institutions which protect the rights of vulnerable groups will be strengthened. This applies particularly the National Women's Institute and centres for adolescents at risk.<sup>101</sup> Ghana's proposed special programs for the vulnerable and excluded include alternative education for out-of-school youth, community-based rehabilitation and education for physically and mentally challenged youth and support for the enforcement of legislation to stop female genital mutilation.<sup>102</sup> The Ghana PRSP also highlights youth employment as a cross cutting issue and nominates the eight agencies to be involved in developing a coordinated approach with one agency response for taking the lead.<sup>103</sup>

#### Notes:

\* Richard Curtain completed his PhD at The Australian National University in 1980 with a thesis on rural urban migration and urban unemployment in Papua New Guinea. In 1998, he was part of a five member team that evaluated emergency job creation schemes in Indonesia. As a consultant since 1993 specialising in public policy, he has researched and written reports on young people at risk in the labour market, aspects of the apprenticeship system in Australia compared with other countries and other labour market issues. Since 2000, he has completed several reports and background papers for the UN on youth employment, the role information and communication technologies in creating employment opportunities for young people, youth entrepreneurship and arguments in favour of investing in young people. Most of these papers can be found at [www.curtain-consulting.net.au](http://www.curtain-consulting.net.au)

<sup>1</sup> Pritchett, L; 2004, 'Towards A New Consensus for Addressing the Global Challenge of the Lack of Education', Kennedy School of Government, Harvard University, p Copenhagen Consensus Challenge Paper, 23 April <http://www.copenhagenconsensus.com/>

<sup>2</sup> See Curtain, R; 2004, 'Youth in Extreme Poverty – Dimensions and Country Responses', Chap. 3 in World Youth Report 2003: The Global Situation of Young People. United Nations Publications, New York and at: <http://www.un.org/esa/socdev/unyin/wyr/>

<sup>3</sup> ILO, 2003, *Working out of Poverty*. International Labour Conference, 91st Session, p 53-56.

<sup>4</sup> Bloom, D; Canning, D; & Sevilla, J; 2003, *The Debate over the Effects of Population Change on Economic Growth: A New Perspective on the Economic Consequences of Population Change*. Rand Corporation. And Birdsall, N; Kelley A and Sinding, S (eds.), *Population Matters: demographic change, economic growth, and population in the developing world*, Oxford, 2001

<sup>5</sup> Bloom, D; Canning, D; & Sevilla, J; 2003, *ibid*, p 22.

<sup>6</sup> Goldstone, J; 2002, 'Population and security: how demographic change can lead to violent conflict', *Journal of International Affairs*, Fall 2002, vol. 56, no. 1, p 11.

<sup>7</sup> *Ibid*, p 14.

<sup>8</sup> Cincotta, R;Engelman, R; and Anastasion, D, 2003, *The Security Demographic: Population and Civil Conflict After the Cold War*, p 48.

<sup>9</sup> *Ibid*, P 181.

<sup>10</sup> Collier, P, 2000, 'Economic causes of civil conflict and their implications for policy' Development Research Group, World Bank, p 7. However, the reporting of these statistics on young males should not be taken to mean that young girls are not also conscripted to participate in these conflicts. As noted above, both boys and girls are used by government and guerrilla forces for a

Notes (continued)

number of different purposes: they might be fighting on the front line, sent on reconnaissance missions, used as cooks, messengers, sex slaves or spies.

<sup>11</sup> Sundaram et al. 2003 (forthcoming) cited by Rosen, J; 2003 (forthcoming) Adolescent Health and Development: A Resource Guide for World Bank Staff and Government Counterparts. Washington, DC: World Bank.

<sup>12</sup> Bennell, Paul, 2000, *Improving Youth Livelihoods In Sub-Saharan Africa: A Review Of Policies And Programmes With Particular Emphasis on the Link Between Sexual Behaviour And Economic Well Being*. Draft report, USAID.

<sup>13</sup> Bennell, P, 2000, p 5.

<sup>14</sup> <http://www.worldbank.org/worldlinks/youthit/about.html>

<sup>15</sup> [http://www.un.org/esa/socdev/poverty/youth\\_uneca2.pdf](http://www.un.org/esa/socdev/poverty/youth_uneca2.pdf)

<sup>16</sup> United Nations Economic Commission for Africa (2002) *Youth and Employment in the ECA.*, p 5.

<sup>17</sup> Ibid, p 7.

<sup>18</sup> Ibid, p 7.

<sup>19</sup> Professor Christiana E.E. Okojie, 2003, 'Employment Creation for Youth in Africa: The Gender Dimension', Expert Group Meeting on Jobs for Youth: National Strategies for Employment Promotion, 15-16 January, 2003, Geneva, p 10.

<sup>20</sup> Ibid

<sup>21</sup> Ibid, p 11.

<sup>22</sup> Knowles, J and Behrman, J; 2003, p ix and 53.

<sup>23</sup> Knowles James C and Behrman, Jere R; 2003, p23.

<sup>24</sup> Pritchett, L; 2004, 'Towards A New Consensus for Addressing the Global Challenge of the Lack of Education', Kennedy School of Government, Harvard University, Copenhagen Consensus Challenge Paper, 23 April , p 45.

<sup>25</sup> In relation to school-based reproductive health programs to prevent HIV/AIDS, the effects are only evident if the targeted population has a high prevalence rate for HIV. The higher economic returns to school-based reproductive health programs designed to prevent HIV/AIDS could be more easily demonstrated if other benefits were also identified. These could include, for example, the prevention of adolescent pregnancies and other types of sexually transmitted infections.

<sup>26</sup> Knowles, J and Behrman, J; 2003b, 'The Economic Returns to Investing in Youth in Developing Countries: A Review of the Literature', 21 January, pp 107-110.

<sup>27</sup> Ibid, p 110-111.

<sup>28</sup> OECD, 1998, *Employment Outlook 1998*. Organisation for Economic Cooperation and Development, Paris. Chapter 3 'Getting started, settling in: the transition from education to the labour market', p 81, Organisation for Economic Cooperation and Development, Paris.

<sup>29</sup> OECD, 1999, *Transition from Initial education to Working Life*. Organisation for Economic Cooperation and Development , Paris, para 22.

<sup>30</sup> Paper available at: [http://www.curtain-consulting.net.au/young\\_developing\\_countries.html](http://www.curtain-consulting.net.au/young_developing_countries.html)

<sup>31</sup> [http://www.ilo.org/public/english/region/asro/bangkok/conf/youth/tt\\_paper/tt\\_paper.htm](http://www.ilo.org/public/english/region/asro/bangkok/conf/youth/tt_paper/tt_paper.htm)

<sup>32</sup> <http://www.youthemploymentsummit.org/summit/bgpapers.html>

<sup>33</sup> [http://www.curtain-consulting.net.au/young\\_developing\\_countries.html](http://www.curtain-consulting.net.au/young_developing_countries.html)

<sup>34</sup> [http://www.yesweb.org/hyderabad/publication\\_3.html](http://www.yesweb.org/hyderabad/publication_3.html)

<sup>35</sup> <http://www.developmentgateway.com.au/pdf/ict/CurtainICT4DJan04.pdf>

<sup>36</sup> <http://www.developmentgateway.com.au/ict/assesstool/index.html>

<sup>37</sup> Storie, D; 2002; *Temporary Agency Work in the European Union*. European Foundation for the Improvement of Living and Working Conditions, Dublin.

<sup>38</sup> Buchanan, J; and Evesson, J; 2004, *Creating Markets or Decent jobs? Group training and the future of work*. National Centre for Vocational Education Research (NCVER), Adelaide.

<sup>39</sup> Gospel, H; & Foreman, J; 2002, 'The provision of training in Britain: the role of inter-firm coordination' King's College London and Centre for Economic Performance, LSE Skills For All Research: Enhancing Industry's Role In Apprenticeship Research and Policy Conference: 5 July.

<sup>40</sup> Toner, P; Macdonald, D and Croce, N; 2004, *Group Training in Australia A study of group training organisations and host employers*. National Centre for Vocational Education Research (NCVER), Adelaide, p 10 - copy of report available at [www.ncver.edu.au](http://www.ncver.edu.au)

<sup>41</sup> Australian National Training Authority, 2001, *National Review of Group Training Overview of Group Training Operations*, revised 14 November, p 25.

<sup>42</sup> Australian National Training Authority, 2002, *Group Training: a Unique Employment and Training Service Report of the National Review of Group Training*. May, p 3.

<sup>43</sup> Buchanan and Evesson, 2004, p 14.

<sup>44</sup> Ibid, p 22.

<sup>45</sup> Australian National Training Authority, 2001, *National Review of Group Training Overview of Group Training Operations*, revised 14 November, p 30.

Notes (continued)

<sup>46</sup> Australian National Training Authority, 2002, *Group Training: a Unique Employment and Training Service Report of the National Review of Group Training*. May, p 52.

<sup>47</sup> Ibid, p 40.

<sup>48</sup> The nine criteria were: long-term host debt, net worth per total staff, working capital ratio, working capital per apprentice and trainee, cash reserves per apprentice and trainee, apprentices and trainees per staff member, cash cover of current liabilities, apprentices and trainees vs non-core trainees, and profit compared to net worth. The review recognised that most group training companies are not profit-driven, but there needed to be more emphasis on effective and efficient management systems.

<sup>49</sup> Buchanan, J; and Evesson, J; 2004, *Creating Markets or Decent jobs? Group training and the future of work*, p 21.

<sup>50</sup> Ibid, p 55.

<sup>51</sup> Australian National Training Authority, 2001, *National Review of Group Training Overview of Group Training Operations*, revised 14 November, p 25.

<sup>52</sup> Ibid.

<sup>53</sup> Toner et al, 2004, p 29.

<sup>54</sup> The sample sizes of the middle and low income countries are: Argentina, 2004, Brazil 2000, Chile 1992, China 1607, Croatia 2000, Hong Kong 2000, Singapore 2008, Slovenia 2012, Uganda 1035, and Venezuela, 2000. Reynolds. P; et al; 2003, p Appendix, III, p 87.

<sup>55</sup> Reynolds, P; et al. 2002, *Global Entrepreneurship Monitor 2002: Executive Report*. Babson College, Ewing Marion Kauffman Foundation, & London Business School. p 5. [www.gemconsortium.org](http://www.gemconsortium.org)

<sup>56</sup> Reynolds, P; et al. 2003, *Global Entrepreneurship Monitor (GEM) 2003 Global Report*. [www.gemconsortium.org](http://www.gemconsortium.org)

<sup>57</sup> Ibid, Figure 7, p 28.

<sup>58</sup> Overall, men are about 50 per cent more likely to be involved in entrepreneurial activity than women (14 per cent to 9 percent). This ratio is even greater for opportunity-based entrepreneurship (9 per cent to 5 percent), but becomes equal with necessity entrepreneurship (4 per cent for men and 4 per cent for women).

<sup>59</sup> Reynolds, P; Bygrave, W; Autio, E & Others, 2003, *Global Entrepreneurship Monitor, 2003 Executive Report*.

<http://www.gemconsortium.org/>

<sup>60</sup> Mary-Lyn Foxcroft, Eric Wood, Jacqui Kew, Mike Herrington & Nick Segal, 2003, *Global Entrepreneurship Monitor 2002: South African Executive Report*. Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town, p 21

<sup>61</sup> Ibid, p 21.

<sup>62</sup> Ibid, p Table 7, p 26. This figure is very similar to all the other racial groups surveyed except one ('coloured') where 46 per cent of under 23 year olds saw themselves as having the requisite skills.

<sup>63</sup> Ibid, p 13.

<sup>64</sup> Mary-Lyn Foxcroft Eric Wood Jacqui Kew Mike Herrington Nick Segal, 2003, *Global Entrepreneurship Monitor 2002: South African Executive Report*. Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town, p 5.

<sup>65</sup> Reynolds, P, 2003, 'The Entrepreneurial Spirit: What is Special about Latin America?', presentation to Instituto Panamericano de Alta Direccion de Empresa [IPADE] Colonia Claveria, Mexico D.F. 2 April

<sup>66</sup> Reynolds, P; et al; 2002, Table 4, p 13.

<sup>67</sup> Ibid.

<sup>68</sup> *Global Entrepreneurship Monitor: South African Executive Report 2003 Update*, p 4.

<http://www.gemconsortium.org/>

<sup>69</sup> The other middle and low income countries are: Venezuela, Argentina, Chile, Brazil, China, Hong Kong and Croatia.

<sup>70</sup> 'Profiling South Africa's Township Entrepreneurs', Chapter 6: in Mary-Lyn Foxcroft Eric Wood Jacqui Kew Mike Herrington Nick Segal, 2003, *Global Entrepreneurship Monitor 2002: South African Executive Report*. Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town.

<sup>71</sup> Ibid, p 28.

<sup>72</sup> However, only 12 per cent of the businesses surveyed were formally registered, *ibid*, p 29.

<sup>73</sup> Ibid, p 30.

<sup>74</sup> Detailed results of the analysis is reported in Reynolds, P et al; 2003, Table 18

<sup>75</sup> Reynolds, P; et al; 2003, p 52.

<sup>76</sup> Ibid, p 52.

<sup>77</sup> Ibid p 20. The intellectual property protection regime refers to a country's legal safeguards for entrepreneurs to assert their ownership rights to a new concept embodied, for example, in new software. This is usually done in the form of a Patent which is issued by a Government agency giving the holder an exclusive right to use an invention.

<sup>78</sup> See Martin Godfrey, 2003, 'Youth Employment Policy in Developing and Transition Countries – Prevention as well as Cure' Paper prepared for the Youth Employment Workshop, World Bank, Washington D.C., June 2, p 2.

<sup>79</sup> Pressman, J; & Wildavsky, A; 1984, *Implementation*. 3rd ed. University of California Press Berkeley, California.

Notes (continued)

<sup>80</sup> Curtain, R; 1999, 'Emergency public employment programs in Indonesia: a public policy perspective', [http://www.curtain-consulting.net.au/young\\_developing\\_countries.html](http://www.curtain-consulting.net.au/young_developing_countries.html)

<sup>81</sup> Ibid, p 38.

<sup>82</sup> The South African GEM survey shows that having upper secondary school completed (matriculation) significantly increases the probability of a new venture progressing past the start-up phase. Tertiary education did not have as much of an additional positive impact on the probability of owning a new firm. Chapter Five *Global Entrepreneurship Monitor 2002: South African Executive Report*; p 22.

<sup>83</sup> In the overwhelming majority of GEM countries the rate of entrepreneurial activity among men is far higher than among women. Ibid, p 25. In relation to the South African Survey of Township businesses, entrepreneurs with formal businesses are more likely to be male (71 per cent) than female (29 per cent); p 31.

<sup>84</sup> The South African Survey of Township Businesses showed that 45 per cent of formal businesses operated from a business premise other than home but only 8 per cent of informal businesses did so; p 34.

<sup>85</sup> The South African Survey of Township Businesses showed that the gender divide is far less apparent for informal businesses (52 per cent male, 48 per cent female); p 31.

<sup>86</sup> The South African Survey of Township businesses showed that lack of money for running costs or to buy capital items was a major problem for nearly two thirds of informal businesses compared with less than half of formal businesses.

<sup>87</sup> The South African Township Business Survey showed that 83 per cent of formal businesses had a cell or mobile phone, but only 42 per cent of the informal businesses had one. Two-thirds of the formal businesses had a line land but only a third of the informal businesses. Only 35 per cent of formal businesses had a computer but this was much more than the 3 per cent of the informal businesses. Still fewer township businesses has access to the Internet (15 per cent for formal businesses and 1 per cent of informal businesses).

<sup>88</sup> Over half of both formal and informal township businesses surveyed in South Africa (59 and 55 per cent respectively) said they needed training in how to keep financial records.

<sup>89</sup> Ibid, p 38.

<sup>90</sup> See Box 3 below.

<sup>91</sup> Government of Ghana, 2003, *Ghana: Poverty Reduction Strategy Paper*, March, p 20.

<sup>92</sup> Ibid, p 21.

<sup>93</sup> Government of Sri Lanka, 2002, *Regaining Sri Lanka: Vision and Strategy for Accelerated Development*. December, p 4.

<sup>94</sup> Ibid, p iv.

<sup>95</sup> Zambia, 2002, *Poverty Reduction Strategy Paper*. March, p 110.

<sup>96</sup> Government of Nicaragua, 2001, *A Strengthened Growth and Poverty Reduction Strategy*. July, p 33-34..

<sup>97</sup> Government of Guyana, 2002, *Guyana Poverty Reduction Strategy Paper*, May, p 21.

<sup>98</sup> Sundaram et al. 2003 (forthcoming) cited by Rosen, J; 2003 (forthcoming) *Adolescent Health and Development: A Resource Guide for World Bank Staff and Government Counterparts*. Washington, DC: World Bank.

<sup>99</sup> Government of Malawi, 2002, p xvi

<sup>100</sup> Government of Zambia, 2002, *Poverty Reduction Strategy Paper*. March, p 61

<sup>101</sup> Government of Nicaragua, 2001, p 38.

<sup>102</sup> Government of Ghana, 2003, *Ghana: Poverty Reduction Strategy Paper*, March, p 208

<sup>103</sup> Ibid, p 194.