

# **YOUTH EMPLOYMENT SUMMIT CAMPAIGN**

**EMPLOYABILITY • EMPLOYMENT CREATION • EQUITY • ENTREPRENEURSHIP  
• ENVIRONMENTAL SUSTAINABILITY • EMPOWERMENT**

Compendium of YES Network Reports 2003

Edited  
Jamie Schnurr  
Puneetha Sagar Palakurthi

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# **EMPLOYMENT AND UNEMPLOYMENT IN EGYPT**

## **CONVENTIONAL PROBLEMS, UNCONVENTIONAL REMEDIES**

### **ABSTRACT**

The debate on employment and unemployment in Egypt has been a major feature of public policy for the last few years. With unemployment reaching double-digit figures, the social actors have realized that it is time to confront the problem.

This document I prefer to name it paper rather than a report, this paper argues that the implementation of unconventional policies and the creation of institutions are necessary to achieve the objective of “full employment,” which has been illusive so far. It makes case for a paradigm shift away from partial solutions to a coherent plan of action. The three major components of this plan are: expansionary macroeconomic policy, enhancing the productivity of the labour force, and the reform of the civil service. All, of course, are subject to political will to design and implement a coherent and coordinated policy that goes beyond temporary palliatives.

### **I. INTRODUCTION**

The main source of this paper and all the references included has been collected and written by The Egyptian Centre for Economic Studies, our role as SDA was just editing and summarizing some of their reports to serve our goal in preparing this paper in its final draft. The Egyptian Centre for Economic Studies (ECES) has posed a challenge to revisit the problem of employment and unemployment in Egypt. This is a conventional problem that has occupied policy makers, academia, the media, and most importantly, every household in Egypt. Yet it is a problem that continues to frustrate all. Thus, it is most fitting that ECES has not only asked for a description of the problem and identification of its causes, but also to “outline a clear strategy for dealing with job creation and reduction of unemployment.”

It is from this perspective that this paper will address a single issue: what determines the economy’s ability to create sufficient employment to absorb the increase in the labour force under decent conditions? This is the time-honoured objective of “full employment,” addressed notably by John Maynard Keynes after the Great Depression, which has come to centre stage as a result of the global downturn that began in 1999 and has been compounded by the impact of the September 11 events. Leading economists are talking about the “return of depression economics,” and creating employment has emerged at the top of the agenda of developed and developing countries alike. The recent events in Argentina, the third largest economy in Latin America, after Brazil and Mexico, provide sobering lessons to both economists and policy makers. Despite the recent optimism about the performance of the global economy and the slowdown that has begun to bottom out,<sup>1</sup> there is concern that the volatility of the global economy should leave no place for complacency and that better management in support of robust growth on a world scale is badly needed.

Four years ago, the same issue was discussed in a paper entitled “Towards Full Employment: Egypt in the 21<sup>st</sup> Century.”<sup>2</sup> The main conclusion was that Egypt

was “at a crossroads and sound choices must be made. The country must build upon the success of stabilization and resumption of growth. Entering the 21<sup>st</sup> century, Egypt must take the ‘high road to growth’ with the objective of achieving full employment.” The paper outlined the main elements of an “employment-intensive growth strategy,” and argued that such a strategy was viable “provided a consistent and mutually reinforcing set of policies at the macro, sectoral, and micro levels is implemented within the framework of an overall long-term strategy for sustainable growth with equitable distribution.” The assumption underlying such optimism was that Egypt’s macroeconomic performance was bearing fruits on almost all fronts: controlling inflation, reducing balance of payments and budget deficits, and accumulating reserves; except one – employment creation. The prognosis was that, provided economic reforms were deepened to sustain growth, policies and institutions needed to be put in place in order to enhance the economy’s capacity for job creation. The focus was on emergency employment schemes, skill formation and training, and strengthening labour market institutions.<sup>3</sup>

By 2001, the objectives of “full employment” remained as illusive as ever and the problem of unemployment rose to the top of the agenda for the country as a whole. Today, the questions are: what has gone wrong and why; and how do we get out of this situation? The purpose of this paper is to tackle these questions within the constraints imposed by the notorious lack of data on employment and unemployment.<sup>4</sup> The basic argument is that while the diagnosis of the problem and its causes are well-known, unconventional policies and institutions are required if the present trends are to be reversed.

## **II. THE PROBLEM AND ITS DIMENSIONS**

As mentioned earlier, the diagnosis of the problem of employment and unemployment is only too well known. This paper attempts to present the “stylized facts” in a way that will help focus attention on areas for policy interventions. Parting with the traditional method of providing detailed descriptions based on statistical artifacts that pretend the accuracy of data, this paper makes a number of statements that in their totality provide a profile of the problem.

### **Statement one: Labour force growth has outstripped the demand for labour**

Demographic trends partly explain the increase in labour supply over demand. During 1988-1998, the labour force increased at an average of 523,000 workers per year while according to official estimates, employment increased by 435,000 on average, leaving a deficit of 88,000 workers annually to join the ranks of the unemployed. These trends are likely to continue in the near future as the labour supply is forecast to grow at 2.6 percent for 2001–2010.<sup>5</sup> For the next ten years, the average number of new job seekers will increase to 638,000 per year compared to the capacity of the Egyptian economy to create 435,000 jobs annually over the last decade.

A more significant measure of labour supply should take into account the output of the educational system, as well as the dropouts who join the labour market every year as job seekers – an estimated 896,000 persons in 1999/2000.<sup>6</sup> Assuming that the domestic economy generates 435,000 jobs and that 90,000 migrate annually, the total labour absorption amounts to only 58.6 percent of supply or a deficit of 371,000 jobs a year.

### Statement two: Labour market imbalances account for labour surplus

A major characteristic of the Egyptian labour market has been the dislocation between supply and demand. Educational and training systems continue to churn out graduates taking little or no account of the actual demand for labour. An analysis of the results of a survey on expected demand over 2001–2005<sup>7</sup> compared to the present structure of supply has revealed a number of serious imbalances in the labour market, the most important of which are outlined below.

(i) Labor demand conforms to existing sectoral structure of employment: agriculture, the main employer which provides 42 percent of the employed with jobs, generates very little new demand (less than 5%); industry accounts for the highest demand (46.5%); followed by services (28.1%); and trade (7.3%). It is surprising that the construction sector accounts for 6.1 percent of total new demand, which is almost equal to its share in employment (5.1%). More surprising perhaps is the modest share of the sectors of the “new economy” as the demand for labour in “financial services” represents 0.8 percent and “business services” as little as 0.7 percent (Table 1).

**Table 1: Distribution of Employment (1998) and Labour Market Demand (2001-2005): By Economic Activity**

Sector	Employed		Labor Market Demand	
	Thousand	%	Thousand	%
Agriculture	8993	42	65	4.6
Mining	41	0.2	7	0.5
Industry & Petroleum	2494	11.6	661	46.5
Electricity	149	0.7	3	0.2
Building & Construction	1098	5.1	87	6.1
Transportation	938	4.4	50	3.5
Trade	2479	11.6	104	7.3
Financial Services	327	1.5	12	0.8
Tourism & Hotels			275	19.4
Business Services			11	0.7
Personal Services	4900	22.9	81	5.7
Education			33	2.3
Health			32	2.3
Total	21416	100	1419	100

Sources: Employment: CAPMAS, Labor Force Sample Survey 1998; Labor Market Demand: The Demand Side in the Egyptian Labor Market.

(ii) The majority of the unemployed are not likely to be demanded: the labour demand for the major unemployment category (those with intermediate education) is minimal (4%) although they represent 55 percent of the unemployed. The bulk of demand (66%) is for unskilled labour (below intermediate education), with only 17 percent of the demand for graduates of higher education (Table 2).

(iii) Demand for occupations suggests the new economy is not a panacea: technicians account for the highest share of labour demand (31%); followed by services (7.8%); and sales (7.5%). Occupations of the new economy account for a modest share, with demand for “technicians in mathematics, statistics, and computers”

representing as little as 0.4 percent of demand, while “specialists” in the same occupations account for 1.2 percent.

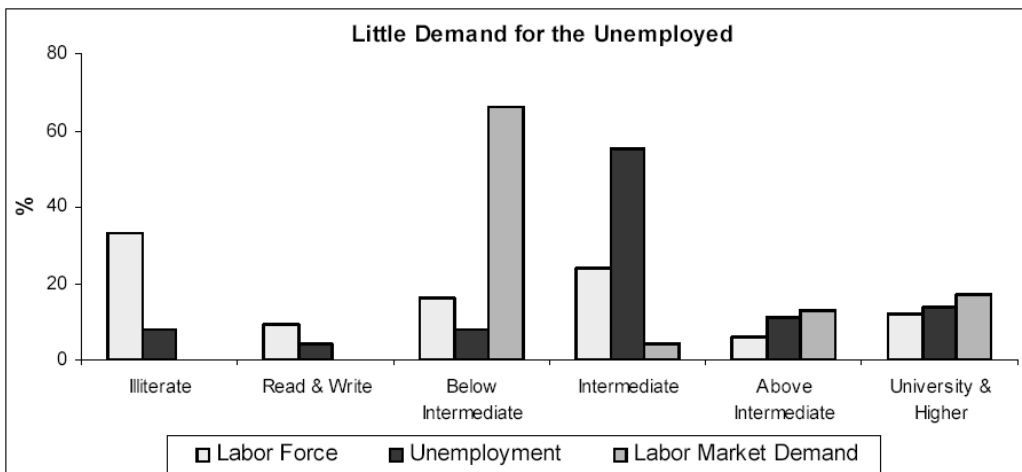
**Table 2: Labor Force Distribution & Unemployment (1998) and Labor Market Demand (2001-2005): By Education Status**

Sector	Labor Force*		Unemployment**		Labor Market Demand	
	Thousand	%	Thousand	%	Thousand	%
Illiterate	7192	33	135	8		
Read & Write	2076	9	73	4		
Below Intermediate	3522	16	143	8	531	66
Intermediate	5305	24	947	55	28	4
Above Intermediate	1267	6	181	11	108	13
University & Higher	2705	12	242	14	138	17
Total	22061	100	1721	100	805	100

Source: Labor Force & Unemployment: CAPMAS, Labor Market Demand: Labor Demand Survey in Labor Market.

\* Represents persons at working age (6 years or more)

\*\* Includes 15 years or more

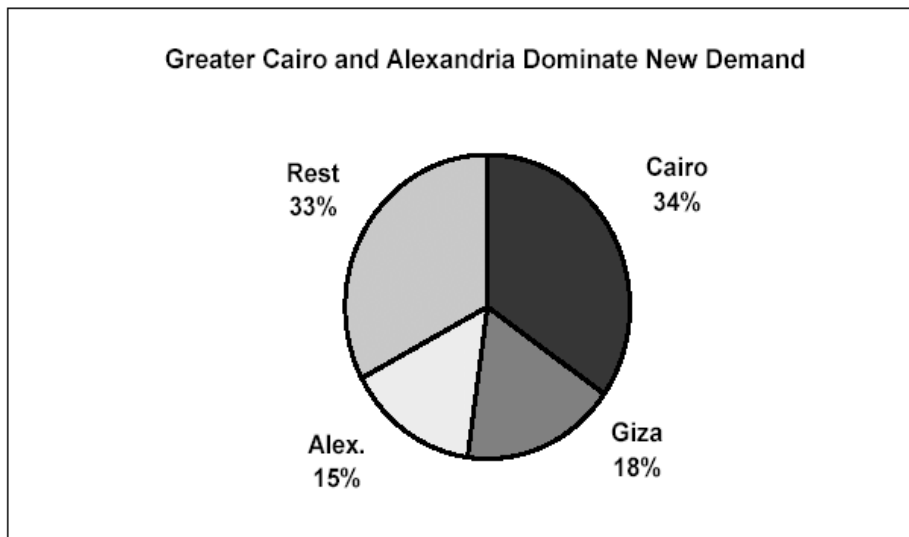


(iv) Geographical distribution of demand strengthens present disparities: spatial distribution of demand favours relatively rich governorates (Cairo, Giza, and Alexandria account for two-thirds of total demand), with little demand for deprived governorates in the Delta and especially in Upper Egypt where unemployment is higher than the national average (Table 3).

**Table 3: Distribution of Labor Force and Unemployment (1999/2000) and Labor Market Demand (2001/2005)**

Governorate	Labor Force		Unemployment		Labor Market Demand	
	Thousand	%	Thousand	%	Thousand	%
Cairo	2423	12.8	117	4.8	492	34.6
Alexandria	1133	6	43	3.8	216	15.2
Port Said	187	1	8.2	4.4	45	3.2
Suez	150	0.8	15.8	10.5	34	2.4
Damietta	293	1.5	21	7.2	28	1.9
Dakahlia	1458	7.7	174	11.9	29	2
Sharkiya	1332	7.1	127	9.5	72	5.1
Kalyobiya	1075	5.7	67.7	6.3	44	3.1
Kafr El Sheikh	710	3.8	73.2	10.3	14	1
Gharbeyia	1214	6.4	118	9.7	25	1.8
Monofiya	1024	5.4	55.2	5.4	24	1.7
Beheira	1270	6.7	167	13.2	21	1.4
Ismailiya	231	1.2	18.6	8.1	54	3.8
Giza	1337	7.1	52.2	3.9	248	17.5
Beni Suef	629	3.3	30.2	4.8	4	0.3
Fayoum	550	2.9	24.3	4.4	15	1.1
Minia	1157	6.1	81.2	7	6	0.4
Asiut	719	3.8	78.7	11	7	0.5
Sohag	824	4.4	81.4	9.9	7	0.5
Kena	546	2.9	54	9.9	8	0.6
Luxor	92	0.5	1.8	2	2	0.1
Aswan	262	1.4	49.8	19	5	0.3
Red Sea	72	0.4	11.5	16	12	0.9
New Valley	57	0.3	9.5	16.7	2	0.1
Matrouh	64	0.3	4.7	7.3	4	0.3
North Sinai & South Sinai	83	0.5	6.2	7.5	2	0.1
Total	18891	100	1491.2	7.9	1419	100

Source: CAPMAS; Demand Survey in Egyptian Labor Market (2001).



**Statement three: The government remains a major source of non-agricultural employment and the informal sector continues to be the main refuge for low-productivity, low-income employment, especially for women**

Public employment accounted for 34.7 percent of the growth in employment between 1988-1998. While the public sector's share declined from 8.6 percent to 5.2 percent, that of the government increased from 19.0 percent to 23.9 percent, thus

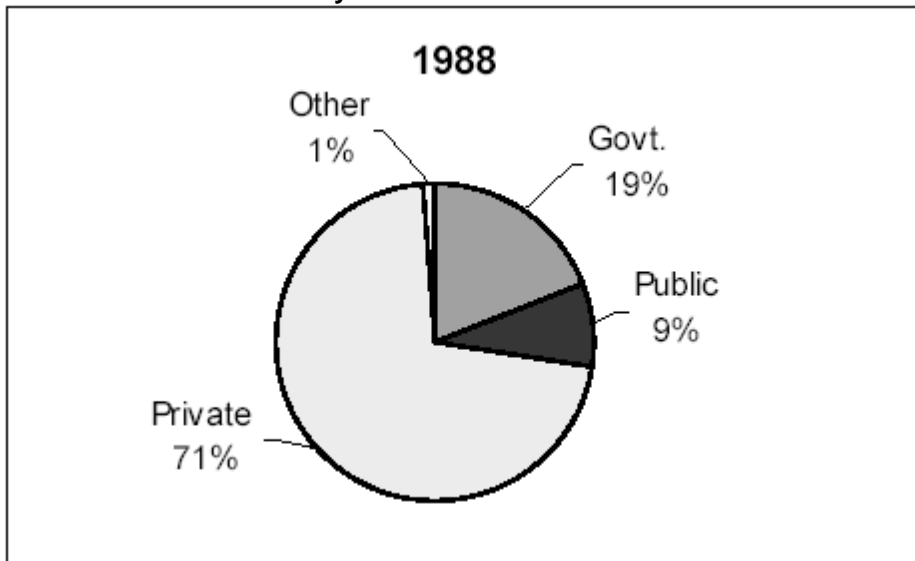
increasing the overall share of public employment from 27.6 percent to 29 percent during the same period (Table 4).

**Table 4: Employed Persons (15-64): By Sector**

Sector	1988	% of Total Employed	1998	% of Total Employed
Government	2974	19.0	4793	23.9
Public	1349	8.6	1042	5.2
Private	11177	71.3	14021	70.0
Other	180	1.1	172	0.9
Total	15681	100	20033	100

Sources: The Economic Research Forum for Arab Countries, Iran and Turkey, Comparing Egypt Labor Force Sample Survey 1988 and Egypt Labor Market Survey 1998.

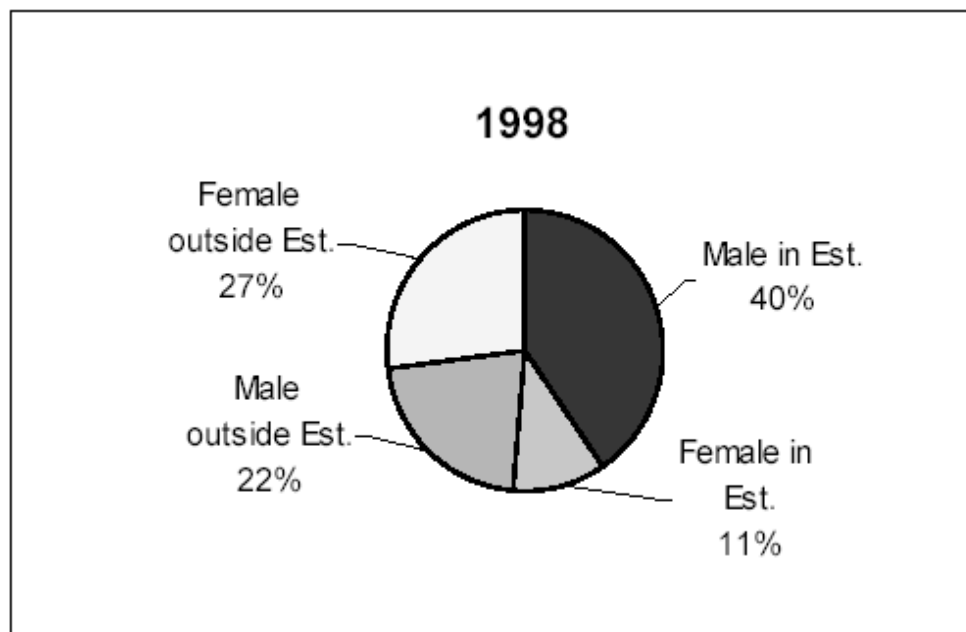
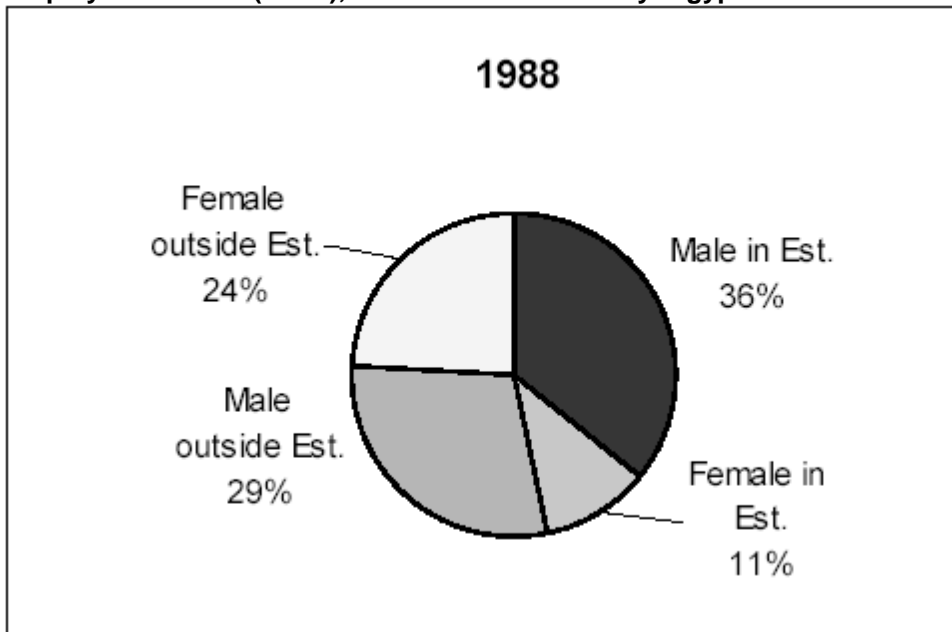
**Labor Market Structure: By Sector**



The contribution of agriculture to employment growth declined by -0.4 percent between 1988-1998, while that of the private non-agricultural sector increased (38.3% of growth). Most of the increase in private sector employment has been in the informal sector.

According to some estimates, the informal sector accounted for 51 percent of total employment in 1990, and increased to 54 percent by 1998. Moreover, the share of women in informal employment increased from 33 percent to 39 percent and that of men declined from 67 percent to 61 percent during the same period.<sup>8</sup> These statistics point to a trend toward the increased feminization of the informal sector. The following figure provides the distribution in and outside establishments.

**Employed Persons (15-64), Main Economic Activity: Egypt**



Sources: The Economic Research Forum for Arab Countries, Iran and Turkey, Comparing Egypt Labor Force Sample Survey 1988 and Egypt Labor Market survey 1998.

Migration declined as a “sponge” absorbing potential unemployment. The declining labour demand by the oil-producing countries, which peaked around 1985 when migration accounted for 10-15 percent of the Egyptian labour force, has been accentuated by the decline in oil prices during the 1990s and by countries replacing foreign labour with nationals. At present, migration represents at best 90,000 workers or 5 percent of the labour force.<sup>9</sup>

**Statement four: Labor markets have under- performed resulting in increased unemployment and decline in labour income**

A serious aspect of labour market outcomes is the rise in unemployment over the last decade. The growth performance of the economy has failed to create sufficient jobs to match the rapid increase in the labour force of 2.7 percent per year. Estimates of unemployment vary, but official statistics suggest a decline from 12 percent in 1986, to 9 percent in 1996, and 7.4 percent in 2000. Ragui Assaad estimates that unemployment increased from 5.4 percent (0.89 million) in 1988 to 7.9 percent (1.72 million) in 1998. If corrected for female unemployment the estimates go up to 11.7 percent. Unemployment amounted to 11 percent in 1995, and, if corrected, to 14-15 percent or 2.5 million compared to 1.5 million reported by the 1996 census.<sup>10</sup> Regardless of the estimates, the fact remains that unemployment is on the rise.

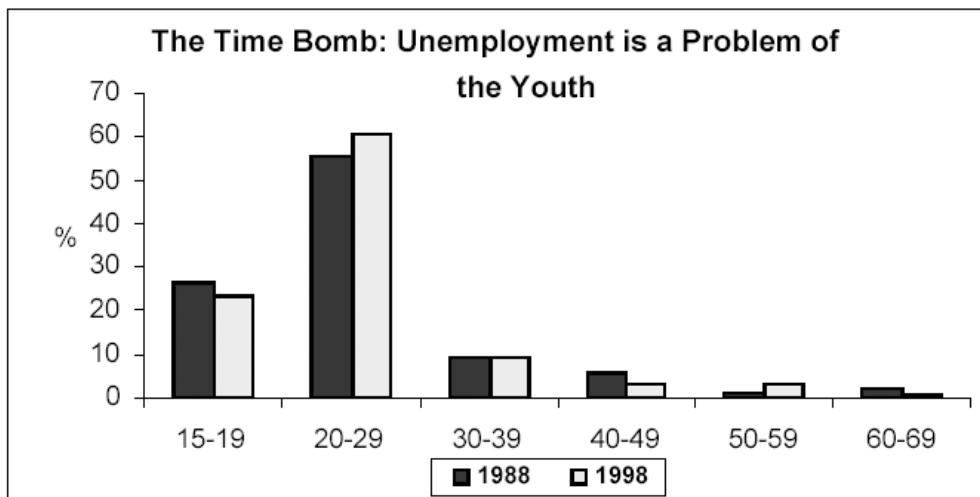
More relevant than the rates, especially in an economy dominated by informal employment, is the profile of unemployment, the main salient features of which are:

(i) Unemployment is essentially a problem of the youth. Total unemployment for those aged 15-29 has increased from 82 percent in 1988 to 84 percent in 1998, and the majority of these are first-time job seekers. The negative economic and social repercussions of such a situation cannot be overemphasized (Table 5).

**Table 5: Unemployed Persons (15-64): By Age**

Age	15-19		20-29		30-39		40-49		50-59		60-69	
	1988	1998	1988	1998	1988	1998	1988	1998	1988	1998	1988	1998
Share in Unemployment (%)	26.5	23.1	55.2	60.5	9.2	9.4	5.5	3.3	1.3	3.0	2.1	0.7

Sources: The Economic Research Forum for Arab Countries, Iran and Turkey, Comparing Egypt Labor Force Sample Survey 1988 and Egypt Labor Market survey 1998.



(ii) Unemployment is concentrated among the graduates of intermediate education (55% of total unemployment) for whom the prospects of finding jobs are not promising (See table 2 above).

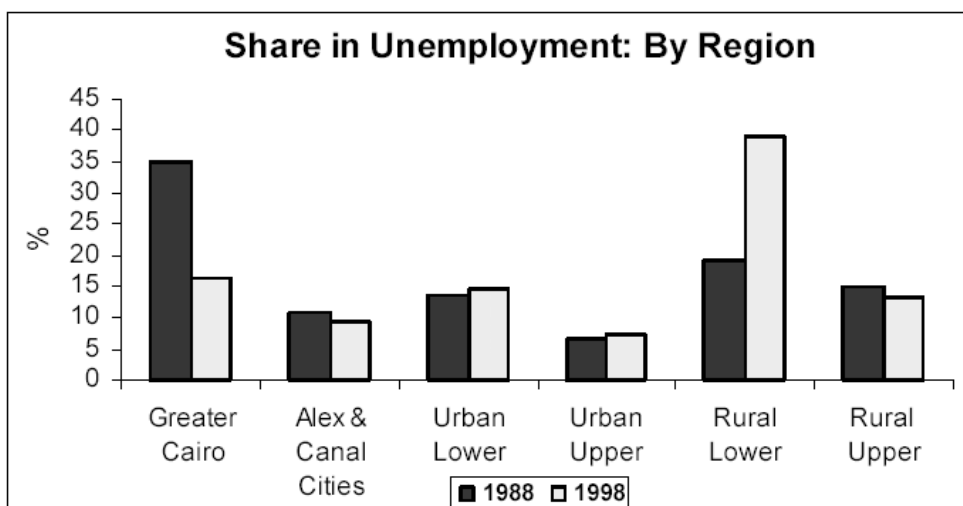
(iii) Unemployment continues to linger in rural areas accounting for 52 percent of the total unemployment in 1998 (Table 6).

**Table 6:**

Unemployed Persons (15-64): By Region

Region	1988						1998					
	Greater Cairo	Alex & Canal Cities	Urban Lower	Urban Upper	Rural Lower	Rural Upper	Greater Cairo	Alex & Canal Cities	Urban Lower	Urban Upper	Rural Lower	Rural Upper
Share in Unemployment (%)	34.8	10.8	13.6	6.5	19.2	15.1	16.5	9.4	14.8	7.2	39.0	13.2

Sources: The Economic Research Forum for Arab Countries, Iran and Turkey, Comparing Egypt Labor Force Sample Survey 1988 and Egypt Labor Market Survey 1998.



(iv) The rate of unemployment among women is double the national average and three and half times that of males.

Another labour market outcome with direct impact on the welfare of half the labour force who are wage-earners (Table 7) is the erosion of their income over time. Real wages in almost all sectors declined and on average, wages in 1994/95 were two-thirds of those of 1985/86.

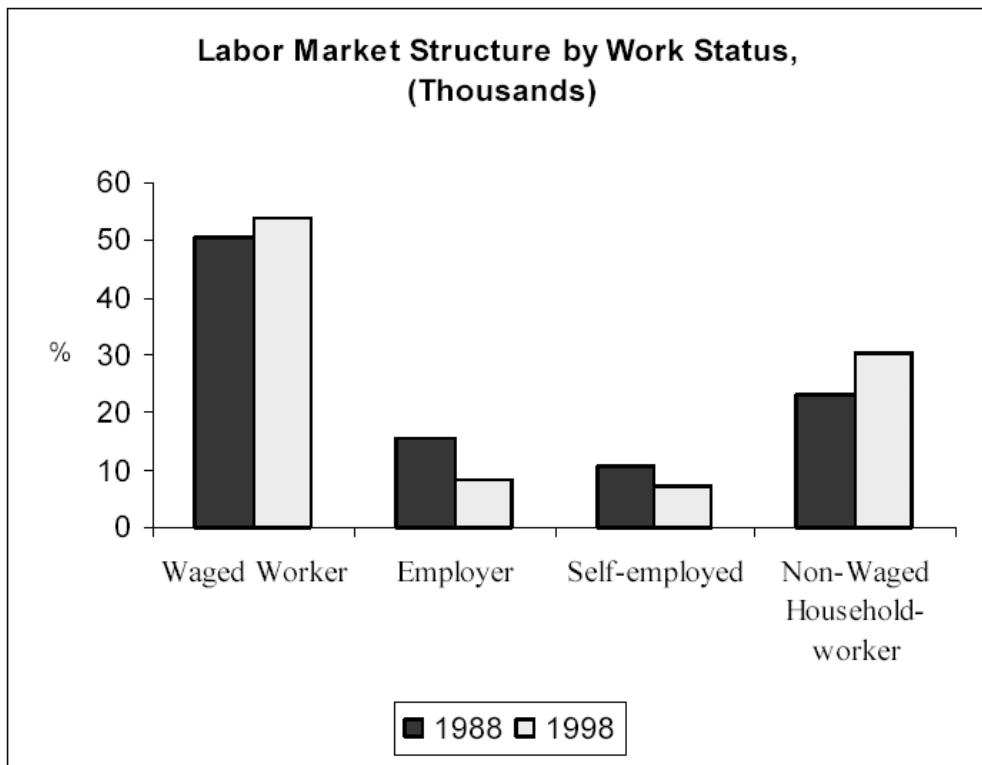
According to the World Bank, "Real hourly wages over the 1988/89 period declined in almost every sector of the economy by an average of 3.6 percent and 1.3 percent per annum for males and females respectively. Wages of better paid workers decreased, which resulted in compression of the overall wage structure over the decade."<sup>11</sup> Naturally, this trend of declining wages has to be set against growth in productivity, which amounted to 1.6 percent per year during 1988-1998 compared to 2.7 percent annual growth of the labour force. To a large extent, declining wages and low productivity growth explain the rise in poverty incidence over the last decade<sup>12</sup> (Table 8).

**Table 7:**

Employed Persons (15-64): By Work Status

Work Status	1988	% of Total Employed	1998	% of Total Employed
Waged Worker	7945	50.7	10808	54.0
Employer	2453	15.6	1683	8.4
Self-employed	1673	10.7	1460	7.3
Non-Waged Household-worker	3611	23.0	6081	30.4
Total	15680	100	20032	100

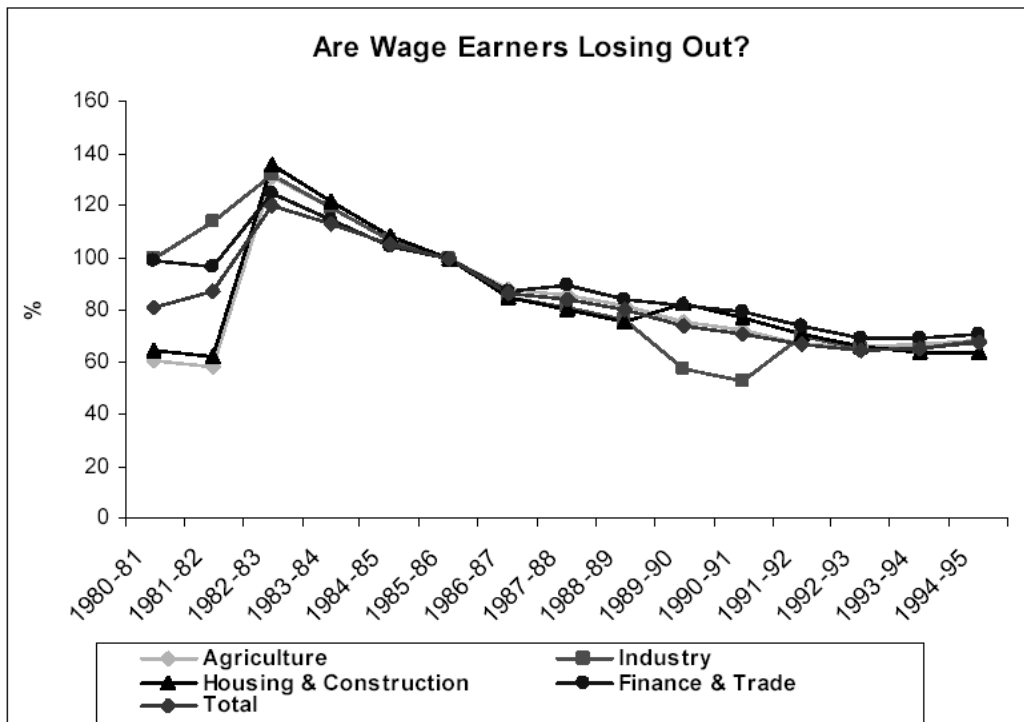
Sources: The Economic Research Forum for Arab Countries, Iran and Turkey, Comparing Egypt Labor Force Sample Survey 1988 and Egypt Labor Market Survey 1998.



**Table 8: Index of Real Wages in Egypt, 1980-81 to 1994-95 (1980 =100)**

Sector	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Agriculture	60.2	57.7	130.8	119.3	107	100	88.2	85.5	81.6	75	72	66.3	65.8	67	68.6
Industry	99.8	113.5	131.4	118.9	107	100	85	80.5	76.1	57.6	52.2	69.8	65	65	68.4
Petroleum	78.8	80.5	114.8	110.5	104.8	100	87	82.7	77.8	70.7	69.1	63.5	55.7	79.2	57.8
Electricity & Gas	69.2	69.3	97.6	98.9	100.1	100	84.2	79.4	75.9	69.8	68.8	67.9	66	66.2	67.6
Housing & Construction	64.4	62.1	135.3	121.4	107.9	100	85	80.1	75.4	82.1	77.1	70.2	65.8	63.2	63.3
Transportation & Communications	60.2	84.4	122.7	113.9	104.5	100	86.5	81.5	77.8	89.2	85.8	77.7	58.4	55.9	55.2
Finance & Trade	98.7	96.7	124.8	114.7	104.2	100	87	89.6	84.2	81.3	79.4	73.6	68.9	69.2	70.3
Other Services	82.3	130.7	110.8	108.8	104.2	100	85	82.4	76.6	68.6	66.3	55.8	57.3	58.2	62
Total	80.4	87.4	120	113	104.9	100	86.4	84.3	79.7	73.6	70.9	66.4	64.4	65.3	67.8

Sources: CAPMAS data, as reported in "International Labour Office, Job Creation and Poverty Alleviation in Egypt: Strategy and Programs," draft (August) (Geneva: ILO, 1997) From Richard H. Adams, Jr., *Evaluating the Progress of Development in Egypt, 1980-97*.



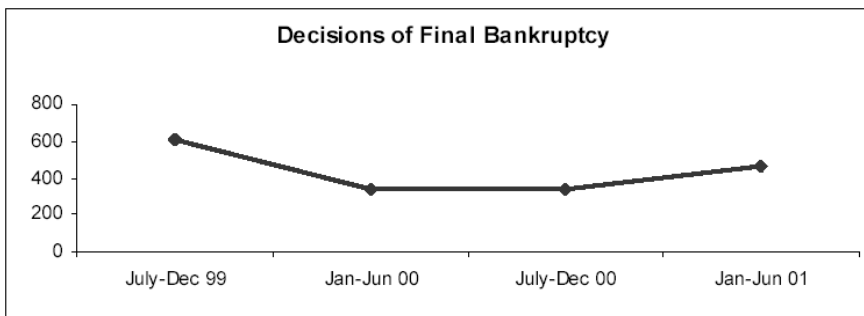
Rising unemployment and successive external shocks, i.e., decline in oil prices, global recession, and economic fallout as a result of the September 11 events; have led to increased socio- economic insecurity. Three out of ten graduates of intermediate education are certain not to find a job. The wave of layoffs as a result of downsizing and bankruptcies has added to a feeling of insecurity (Table 9).

**Table 9:**

**Bankruptcy Court Decisions (Individuals – Establishments)**

Bankruptcy Court Decisions					
	Jan-Jun 99	July-Dec 99	Jan-Jun 00	July-Dec 00	Jan-Jun 01
Decisions of Final Bankruptcy	328	607	341	336	458

Source: IDSC, Monthly Economic Bulletin.



**III. UNDERSTANDING THE PERFORMANCE IN THE 1990S**

It emerges from the previous analysis that the optimism of the mid-1990s has not been realized and now there is a consensus that unemployment remains the crucial challenge. The huge rush for government jobs in the summer of 2001 has belied the official unemployment statistics, in which the Central Agency for Public Mobilization and Statistics (CAPMAS) remains the only believer.<sup>13</sup>

The government is fully aware of this problem and since late 1999 the issue of unemployment has been at the top of its agenda. The first “Government Program” stated that all efforts should be directed at increasing incomes, sustaining this increase, ensuring equality in its distribution, and creating maximum employment opportunities.<sup>14</sup> Since then, various measures have been taken with this objective in mind. Basically, the government’s response to the situation followed two tracks: (a) macroeconomic management focused mainly on monetary and fiscal policies to achieve stability and protect the local currency; and (b) launching an employment program to absorb the 896,000 new entrants to the labour market through government jobs, training, Social Fund programs, local development, and the private sector. Despite these efforts, the unemployment problem continues to vex policy makers and society at large. Three sets of factors seem to be responsible for the present impasse:

(i) Slow economic growth: a recent IMF report summed up the situation as follows: “During most of the 1990s, Egypt made considerable progress in macroeconomic stabilization and structural reform. These advances contributed to rising investment and stronger real GDP growth. In the late 1990s however, macroeconomic performance weakened as a result of a combination of policy and external factors. On the policy side, credit growth remained rapid and structural reform slowed, while measures of the fiscal deficit were revised upward, though the deficit of

the general government was still low at the end of the decade. At the same time, tourism experienced a temporary downturn, global financing tightened after the Asian crisis, and the pound continued to appreciate as a result of the strengthening of the US dollar to which it remained pegged. Together, these developments resulted in sizable official reserve losses. Following monetary tightening in 1999/2000, private credit slowed significantly from earlier sustainable rates. This helped stabilize official reserves toward end-2000, but was associated with a marked slowdown in economic growth from 5 percent based on official data in 1999/2000, to preliminary estimates in the 3-3.5 percent range for 2000/01.”<sup>15</sup>

There is no doubt that external factors such as the global downturn and the impact of September 11 have played a major role in triggering the present slowdown, but reliance on contractionary monetary and fiscal policies must have added to their impact. Significant leakage of potential investment through capital flight was also detrimental to growth performance. Savings continued more or less at 21 percent of GDP, compared to 27-35 percent achieved in East Asian economies, which was necessary to sustain growth. Moreover, exports were still growing slower than expected, covering only 29 percent of imports on average during 1990-2000. At the same time, export structure was still concentrated on a single commodity – oil, which accounted for 36 percent of exports in 1999/2000 and therefore, was too vulnerable to exogenous movements in price and production.

(ii) Domestic effective demand declined as a result of the general recession as well as the wage compression noted earlier.

(iii) Labor productivity gains were modest growing by 1.4 percent per year during 1991-99.

To sum up, the response to the unfavourable internal and external factors has focused on monetary and fiscal policies, as well as direct intervention in the labour market. While these policies may buy time, they are not likely to provide long-term solutions to the problems of growth and unemployment.

Slow economic growth, decline in effective demand, and low total factor productivity (TFP) growth partially explain the regress in economic performance. A point worth making is the behaviour of the labour market in response to such a situation. Unlike previous periods, we can not postulate that the public sector is the wage setter. There is a situation where public employment continues to be the “reference base” where public sector jobs are regarded as “employment of the last resort” or some sort of social safety net. This explains why public sector employment continues to be attractive. Private sector employment remains relatively weak to affect wages. In such a situation where public employment acts as a social security payment, private sector is weak, and migration is no longer important, domestic labour markets are basically saturated and any sign of flexibility comes as a response to the increase in the cost of living irrespective of any gains in productivity. This leads to a situation where labour markets are unable to function properly, and the way out is either rigidity or decline in demand, i.e. unemployment.

#### **IV. RECOVERY AND EMPLOYMENT: THE NEED FOR A COHERENT STRATEGY**

A pertinent question on this issue is: What is to be done to reverse the present trends of recession and rising unemployment? Partial solutions may provide palliatives

in the short run, but for the long-term there is no alternative to the introduction of unconventional policies and innovative institutions within a coherent strategy capable of sustaining growth and creating employment. It is time that the objective of employment creation is treated as an indigenous component of the socio-economic policy.

Other crucial questions include: What should such a recovery and employment strategy look like; and how different should it be from traditional policies? Elsewhere, the elements have been outlined for what was called an “employment-intensive growth strategy” which was based on sustained growth that maximizes demand for labour.<sup>16</sup> The launch of a National Employment Program (NEP) has also been suggested which would comprise five components: (a) emergency employment schemes; (b) creating a national training fund; (c) reforming labour market institutions, especially employment services; (d) implementing an informal sector strategy; and (e) strengthening labour market information system. This paper does not dwell on this program, especially as some parts of it are being implemented in one form or another.<sup>17</sup> Instead, the case is made for a paradigm shift from partial solutions to a coherent strategy for recovery and employment. It is proposed that such a strategy has three major components: expansionary macroeconomic policy, enhancing the productivity of the labour force, and the reform of the civil service.

Before discussing each of these in turn, it must be emphasized that this attempt should be seen as an invitation to review, rethink, and reorient the policies of the past. Such rethinking must be based on two premises: (a) labour should be regarded as a potential and not a problem, this has the advantage of focusing attention on the continuous need to invest in human capital which is essential for future growth and competitiveness; and (b) there is a need for a new approach to employment policy, an approach which makes employment an overarching goal for macroeconomic policies. Employment should not be seen as a sectoral policy but as a successful coordination of all policies, macroeconomic as well as structural.

### **THE NEED FOR EXPANSIONARY MACROECONOMIC POLICY**

It is proposed that current contractionary policies be replaced by more aggressive expansionary ones. Traditional contractionary macroeconomic policies have always viewed the situation in terms of a trade-off between employment and inflation. The prescription is generally in favour of controlling inflation, in view of its negative effect on growth, even if it leads to unemployment. As a result, monetary and fiscal policies are designed to contain inflation. There is an emerging consensus that this argument should be turned on its head by making employment the central objective of macroeconomic policies. Experience with downturns (with close to 100 countries facing crises in the last quarter-century), has strengthened the view that monetary and fiscal policies should be “the linchpin of social policy.”<sup>18</sup> This does not mean that we should not fight inflation, but rather give precedence to employment even at the cost of some inflationary pressure. It has been argued that “inflation is not a genie that once out of the bottle cannot be put back in...we know that inflation can be controlled if we begin to see it accelerating and we need to move toward full employment, as full as we possibly can.”<sup>19</sup>

Similarly, government deficits are not necessarily bad all the time. The views of Keynes are still valid in the sense that, if consumers and business are not spending or investing enough to maintain adequate aggregate demand, government will be justified

to step in. This is particularly appropriate in situations of global contraction as the one we are facing at present.

The situation in Egypt is such that growth is slowing, but monetary and fiscal policies are generally pro-cyclical in the sense that they lead to further contraction. At present, the rate of inflation remains low (5% in 2000), the budget deficit is manageable (1.9% of GDP), and the reserves, though lower than before (US\$ 14 billion), are not a major cause for concern. It is true that the international environment is not very favourable due to the global downturn and the impact of September 11, but there are powerful arguments for an expansionary policy to regenerate growth. Joseph Stiglitz, the 2001 Noble Laureate, has strongly advocated such a policy. He argued "In framing macroeconomic policies, we need to keep our eyes on the ultimate objectives, and not on intermediate variables; on employment, growth, living standards, not interest rates, inflation rates, or exchange rates – variables which are important only to the extent that they affect the variables of fundamental importance."<sup>20</sup>

The variables of "fundamental importance" are what macroeconomic policies in Egypt should focus on. In this respect, a recent World Bank report was right in emphasizing that "unemployment remains as a crucial challenge. Solving the employment problem through growth is critical not only for the economy, but also for social stability. Current official estimates place unemployment at about 8 percent, and the labour force is growing at about 3 percent annually. Egypt will need to achieve a sustained real GDP growth rate of at least 6 percent annually for unemployment to decline to more manageable levels." The report goes on to point out that "to achieve and sustain these levels of growth, Egypt faces the challenges of low levels of domestic savings and investment, and increasing efficiency and competition in the domestic economies. On the external side, it needs to improve export performance and rely less on external resources that are vulnerable to shocks, such as remittances, oil and gas exports, and foreign aid. Also, if Egypt can attract increased levels of FDI, it will facilitate the country's integration into global trade patterns and technology transfers."<sup>21</sup>

In charting this policy, Egypt can benefit from international experience. It is clear what should be avoided: the meltdown in Argentina. Alternatively, the experience of Asian countries that emerged from the 1978 crisis is instructive. For instance, both Malaysia and Korea took different routes to recovery, but both succeeded. Korea, with a more mature economy, carried out an IMF-style reform from an early stage, pumping IMF money into the economy, but floated exchange rates, closed troubled banks, and undertook a range of other structural reforms. Malaysia took a different path. It introduced sweeping controls on capital account transactions, fixed the exchange rate, cut interest rate, and embarked on a policy of reflation. Both crises-resolution strategies succeeded, the first because of discipline, and the second because of restrictions on capital flight, and because the real economy was strong enough to counterbalance the impact of financial collapse.<sup>22</sup>

Finally, it must be pointed out that expansionary policies, like all policies, are not without risk. The question is: Who bears those risks? For this policy to succeed, redistribution should take place in favour of the social groups who are likely to spend what they get and spend it domestically. Evidence shows that in Egypt, "expenditures of the bottom half of the population appear to be fairly compressed. In 1996, the bottom 60 percent of the population at most had expenditures per capita 30 percent

above the poverty line. Thus, small shifts in income could have large implications for the population's welfare." 23

It can hardly be overemphasized that there is a need for a second wave of reform to complement that of the early 1990s. Reform is required to redress issues in both fiscal and monetary policies that enable the Egyptian economy to be competitive in the global economy. That is a fact the economy has to face and time is of the essence in this respect.

Macroeconomic reform has to be complemented by reform at the microeconomic level. This would require a coherent labour market policy which, so far, does not exist.

Moreover, it would necessitate the reform of factor markets and of institutions in order to enable markets to function. Finally, the issue of competitiveness of the Egyptian economy hangs on two types of reform: (a) upgrading the quality of the labour force; and (b) creating our "enabling environment" by reducing the "transaction cost" which results from an inefficient and rent-seeking civil service. Thus, the reform of the civil service becomes an integral part of institutional reform necessary to enable markets to function in an efficient and equitable way.

### **Enhancing the Productivity of the Labour Force**

It was argued above that full employment, as full as we can get, is a critically important social policy and that the major vehicles are fiscal and monetary policies. Over the longer term however, these policies alone will not be sufficient and will have to be complemented by other microeconomic policies that enable people not only to have jobs, but decent jobs. These include adequate education, adequate training, and a certain degree of labour market flexibility.

This paper focuses on one aspect only – skill acquisition, not because other active labour market policies are not important, but because skills are at the cutting-edge in defining returns to labour and the economy's competitiveness at large.

Egypt, compared to other developing countries, has one of the oldest and most extensive educational and training systems. Yet, the potential of the labour force is far from being fulfilled as a result of low productivity (by international standards) and misallocation of human capital that diverted it from employment in growth-enhancing activities. This has been reflected in the slow growth of TFP observed in Egypt (as well as the rest of the MENA region) during the 1980s and 1990s.<sup>24</sup>

In Table 10, a number of international comparisons illustrate the present situation and point out possible areas of improvement:

**Table 10**

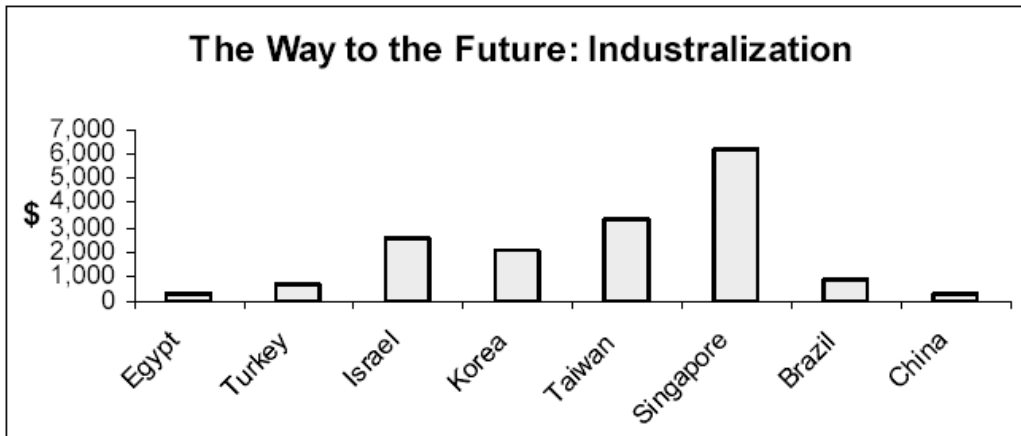
**Comparative Data on Competitiveness**

Country	Manufacturing value added 1998 (1985), Current \$ m.	MVA per capita, 1998 (1985) \$	Share of medium and high-tech products in MVA, 1998 (1985), %	Manufactured exports 1998 (1985) Current \$ m.	Share of medium and high-tech products in mfd. exports, 1998 (1985), %	Rank in UNIDO 'Competitive Industrial Performance' index, 1998 (1985)	Tertiary enrolments in technical subjects, thousands, 1995 (1985)	As % of population in 1998 (1985)	Rank in UNIDO skills index, 1998 (1985)
Egypt	20,020 (6,166)	326.1 (132.6)	39.0% (31.0%)	2,242 (458)	8.8 (0.7)	57 (67)	69.6 (75.0)	0.12 (0.15)	53 (41)
Turkey	44,106 (12,274)	695.1 (244.1)	38.0 (32.0)	22,885 (5,790)	23.5 (18.2)	38 (36)	198.3 (114.1)	0.33 (0.22)	46 (47)
Israel	15,497 (4,112)	2,598.8 (971.5)	54.0 (52.0)	22,073 (5,542)	46.1 (33.9)	20 (20)	37.4 (19.8)	0.68 (0.45)	23 (16)
Morocco	6,091 (2,388)	219.3 (110.3)	25 (25)	3,108 (1,200)	12.4 (8.9)	53 (46)	66.7 (56.8)	0.25 (0.25)	54 (48)
Jordan	860 (519)	188.6 (196.5)	31 (14)	470 (187)	5.0 (1.8)	63 (60)	17.5 (10.0)	0.42 (0.35)	40 (34)
Korea	97,866 (27,264)	2,107.8 (668.1)	60 (47)	120,700 (29,025)	62.3 (47.9)	18 (22)	742.5 (320.7)	1.65 (0.78)	1 (1)
Taiwan	73,183 (23,316)	3,351.2 (1,260.3)	57 (43)	105,554 (29,092)	61.3 (35.4)	15 (19)	226.8 (115.7)	1.06 (0.59)	8 (14)
Singapore	19,545 (4,174)	6,178.4 (1,681.1)	80 (67)	103,489 (19,094)	74.3 (39.9)	1 (6)	14.1 (18.1)	0.47 (0.71)	31 (30)
Mexico	81,192 (37,342)	854.6 (494.8)	36 (37)	103,681 (8,336)	65.5 (25.1)	23 (28)	400.1 (375.7)	0.44 (0.48)	43 (36)
Brazil	151,274 (68,640)	912.0 (507.6)	58 (54)	38,882 (17,617)	34.3 (23.9)	33 (27)	289.3 (225.9)	0.18 (0.16)	58 (52)

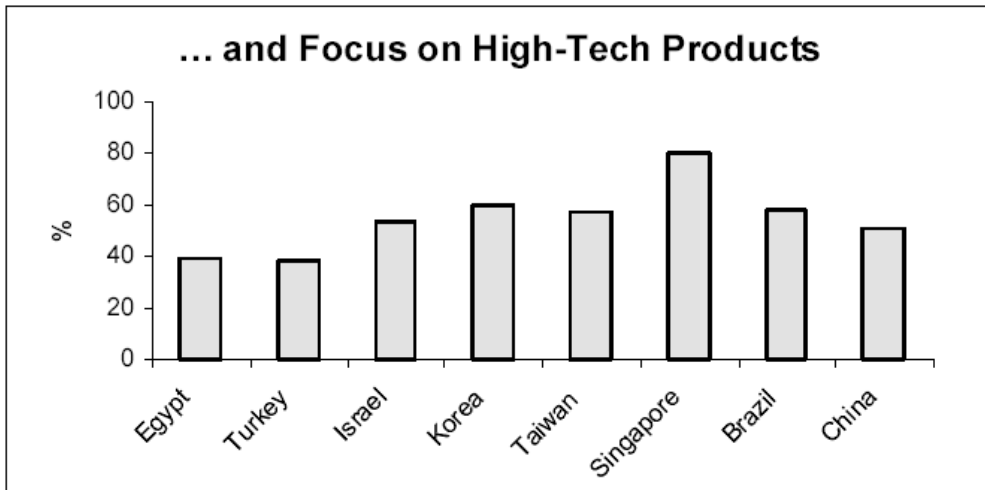
Source: UNIDO, World Industrial Development Report 2002, forthcoming. Courtesy of Professor Sanjaya Lall.

(i) There is tremendous potential for deepening the process of industrialization.

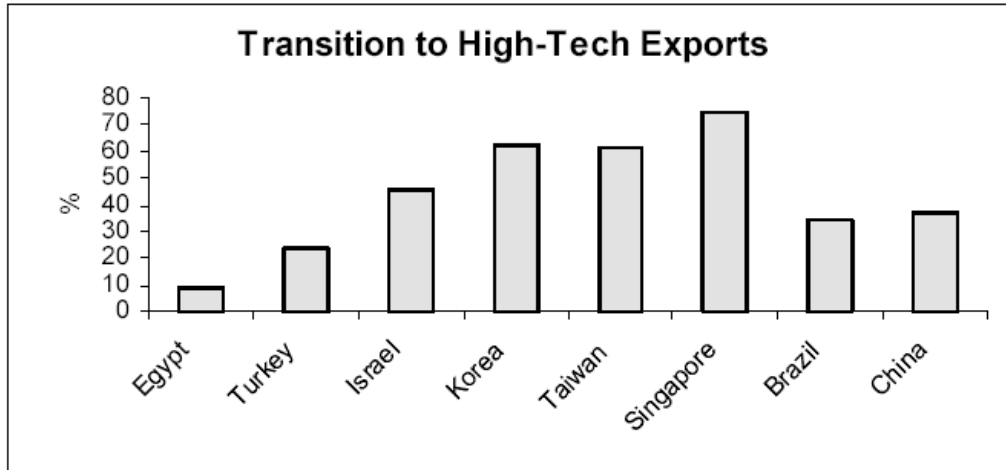
At present, Egypt's manufacturing value-added per capita is only 12.5 percent of Israel's and 15.5 percent of Korea's, but 14 percent higher than that of China.



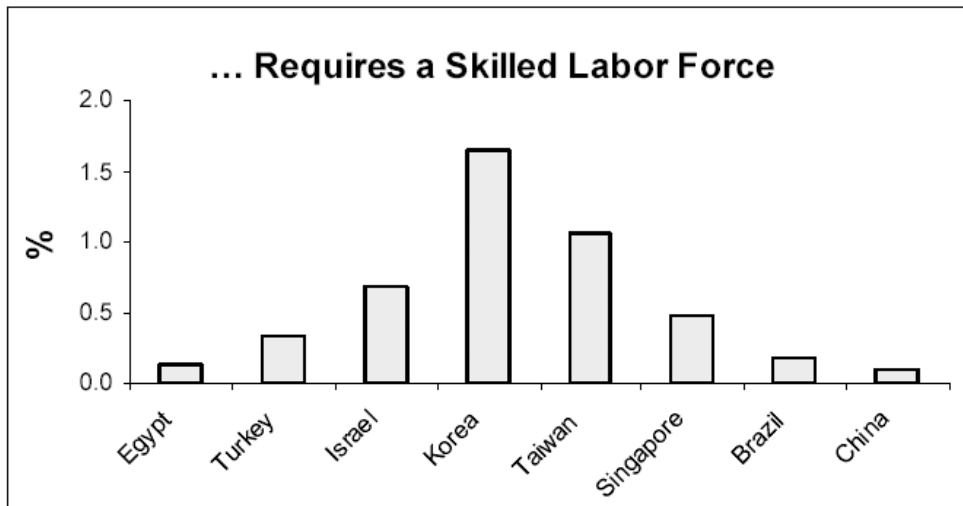
(ii) The share in manufacturing value-added of medium and high-tech products is 39 percent in Egypt, compared to 54 percent in Israel, and 60 percent in Korea.



(iii) Share of medium and high tech products in manufacturing exports is as low as 8.8 percent compared to 46 percent in Israel, 62 percent in Korea, and 37 percent in China.



(iv) Tertiary technical education and enrolments is very modest as a proportion of population. This indicator is important in gauging the ability of the labour force to adopt and absorb new technology.



The primary objective of an employment strategy should be to upgrade the skills of the labour force. It is proposed that, in addition to the reform of the educational system, a modern and demand-driven training system should be established. International experience suggests that the establishment of a National Training Fund to replace the present supply-side system is the most effective way to address the needs of future development. Such a fund must be conceived as a tool aimed at correcting imbalances in the labour market and inefficiencies in the training system.

Several models exist for the organization, its modes operandi, and the use and control of accumulated funds. In Latin America, training funds are totally under the control of employers and in some African countries, like the Cote D'Ivoire and Chad, are totally controlled by governments. In other countries, like Cyprus, training funds operate under a tripartite umbrella structure. In other cases, such as in Singapore, the training fund comes under the Economic Development Board. The range of the levy imposed also differs. In France it is 2 percent, in Cyprus it is 1.5 percent, and in many other countries it is 1 percent of total wages. Similarly, the use and control of funds and the legislative framework differ from one country to another.

The establishment of a semi-autonomous National Training Fund in Egypt has been proposed, where the private sector (the major source of demand) would have a major say. The proposal includes a levy on enterprises ranging from 0.5 percent to 2 percent of wages according to their size that would be financed from government budget allocations, and states that the fund should start with four sectors; manufacturing, tourism, construction, and transport. The establishment of such a fund has become a priority more than ever before, especially as a result of the increased competition following the WTO agreement.

#### **THE REFORM OF THE CIVIL SERVICE**

Civil service reform has been a long-standing objective that dates to the 1950s. Successive governments have struggled to introduce such reforms, but their efforts

were frustrated mainly due to pressures to absorb new graduates in public employment. In fact, a major component of the government's employment drive at present is to recruit 170,000 into civil service, thus maintaining the state's role as a major employer. The downside of what Ragui Assaad calls the "entrapment" of graduates in public sectors,<sup>26</sup> is the detrimental effect on productivity as a result of a misallocation of human capital to low pay, low productivity public service jobs. In 1998, some 52 percent of males and 63 percent of females with secondary education and above were employed in the public sector. This "suggests that the education system in Egypt is effectively geared toward meeting the demands of the bureaucracy."<sup>27</sup>

A long-term employment strategy should aim at a steady shift of labour force away from public service. With the transition to a high productivity economy, there is a need for lean-but-efficient civil service which will be the essential arm of a modern government. A prominent economist recently evoked the experience of France in preparing highly-skilled civil servants through the "Higher School of Administration that trained most political leaders in the country."<sup>28</sup> Another, and perhaps closer model, is that of the Civil Service Examination in India, which is a tough screening mechanism to ensure high quality of public employees. It is proposed that a similar system be applied in Egypt, perhaps on pilot basis, to prepare higher quality and higher paid civil servants.

## **V. CONCLUSION**

The major objective of this paper is not to add to the multitude of literature on employment and unemployment. It is an invitation to review, rethink, and reorient policies that determine the economy's capacity to emerge from recession and to ensure the absorption of the burgeoning labour force. It has been argued that there are compelling reasons to depart from traditional policies in favour of unconventional ones. Labour has to be viewed as a potential, not a problem. Macro and micro economic policies should be geared to realize this potential. A crucial question remains as to the creation of conditions to achieve such objectives.

The choice of policy regimes requires the mobilization of support for these policies from interest groups. The best way to achieve this is to ensure the engagement of the stakeholders in the process of reform: policymakers, consumers, and investors. A long-term strategy for full employment can only succeed if it is owned by a broad spectrum of the population.

Both Egyptian policy makers and other social partners have a common challenge to face; how to enable the economy to realize its potential in a competitive world. This is all the more important in view of the pressing need to fight poverty and to enhance the competitiveness of the Egyptian economy.

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## Annex 1

Although we faced so many difficulties to make this report very objective and also to get the most recent statistics and figures, I would like to add final attachment to this report which reflects the facts in the MENA countries, I'm not adding this attachment because I'm the YES Regional Coordinator for the Middle East & North Africa, but because Egypt is considered a focal point in the MENA region and the highest population, this addition is the summary of the over view from the most recent report issued by the World Bank about the status of unemployment in the MENA Countries after their important meeting in Dubai on the 19<sup>th</sup> of September 2003, in brief the report highlighted the issue in a very objective terms describing the tragedy of unemployment in the MENA region mentioning the following in brief; The Middle East and North Africa region (MENA) must double today's employment levels by 2020, creating 100 million additional jobs, says a new World Bank report released on the eve of the World Bank/IMF Annual Meetings in Dubai on the 19<sup>th</sup> of September 2003.

As the region's increasingly-educated and young populations complete their schooling, its already strained labour markets, with unemployment rates averaging 15 percent and a labour force growing at more than 3 percent annually, are facing a daunting test. The report says that to meet this employment challenge - unseen anywhere in world in the past fifty years - the region's countries must reinvigorate the private sector, integrate into the global economy, and better manage oil recourses. To fuel these economic reforms, a new "social contract" between the governments and their citizens is needed, according to the report.

*"In no small measure, MENA's economic future will be determined by the fate of its labour markets," says **Christiaan Poortman, World Bank Vice President for the Middle East and North Africa.** "The challenges to be overcome are enormous; their complexity is enormous. Yet the costs of inaction and the benefits of dynamic labour markets underscore the imperative of acting quickly and decisively."*

The report ***Unlocking the Employment Potential in the Middle East and North Africa: Toward A New Social Contract*** is the fourth and last in a series of reports highlighting the development challenges facing the MENA region. The studies are being launched ahead of the September 23-24 Annual Meetings of the IMF and the World Bank in Dubai, the first such gathering to take place in the Arab world. Bringing together finance and development ministers from 184 countries, the meetings will discuss the state of the global economy and address challenges facing the developing world.

In 2000, notes the report, MENA's labour force totalled some 104 million workers, a figure expected to reach 146 million in 2010 and 185 million by 2020. Creating work for today's unemployed workers and future, first-time job-seekers will require nearly 100 million new jobs over the next two decades. This is much more than the number of jobs created in the region during the past fifty years.

Already half the region's young people find themselves without work, with youth making up a big chunk of the total unemployed, ranging from 37 percent in Morocco to 73 percent in Syria. Most of the young unemployed have intermediate or advanced education and are on the lookout for a steady government job with benefits. Unemployment rates are low for those with no formal education who are not eligible for jobs in the public sector.

While more and more women are getting employed, they remain vulnerable, reflecting limited opportunities and restrictions on their role in the public sphere. Unemployment rates for the region as a whole are nearly 50 percent higher for women than for men.

Real wage levels may seem somewhat flexible, shrinking in times of slow growth. But the dominant role of government as employer leads to a rigid wage structure that distorts labour market incentives. The public sector rewards formal education, which encourages government workers to collect academic degrees even if they do not necessarily help boost productivity and remain undervalued by the private sector.

### **From Demographic Burden to Demographic Gift**

Though annual population growth in the region has slowed to 2 percent, the region's population is still increasing by 6 million people every year. It is safe to conclude, however, that the era of high population growth is over and that population growth rates will continue to slow.

*"As a result, the maturing of MENA's age structure has placed the region in a unique position at the dawn of the 21st century," says **Tarik Yousef, the report's principal author.** "Between 1990 and 2020, the growth of the economically-active population - those aged 15-64 - will exceed that of the economically-dependent population by a much greater rate than in any other region. As East Asia's experience has shown, this differential - the so-called demographic gift - offers MENA an opportunity to accelerate economic growth."*

### **Spurring Far-Reaching Economic Reforms**

The report says MENA's employment challenge calls for a comprehensive approach to reform. It stresses that the priorities and sequencing of reforms will vary across countries - depending on country-specific conditions such as resource endowments, reforms to date, and quality of institutions.

Labor market reforms are clearly needed, says the report. Private-sector jobs are far and few between; the government continues to dominate labour markets. Although fairly effective in reducing poverty, government employment is an inefficient safety net since most of the benefits go to educated workers who are usually not poor. Governments can make public-sector jobs less attractive by cutting perks while encouraging private-sector job creation.

But while labour markets reforms are necessary, they are not sufficient. ***Unlocking the Employment Potential in the Middle East and North Africa: Toward A New Social Contract***, along with the three accompanying World Bank reports on trade and investment, governance and gender, argues that to boost job creation and growth the region's countries must tackle long-standing policy and institutional challenges aimed at spurring three fundamental and interrelated changes in their economies:

- ***From public-sector-dominated to private-sector-dominated***, by reducing barriers to private activity while creating regulatory frameworks to ensure that private and social interests are mutually reinforcing;
- ***From closed to more open***, by smoothing the integration into global markets while putting in place safeguards for financial stability and social protection.

- ***From oil dominated and volatile to more stable and diversified***, by making fundamental changes in institutions managing oil resources and their intermediation to economic agents.

### **Better Governance Is Central to the Transition**

The report argues that reforming MENA's economies hinges on the credibility of government and the capacity of state institutions to manage a complex, long-term process of change. That is why broader governance reforms are key to permitting MENA governments to credibly spell out and realize a new vision of state–society relations. To move forward, says the report, governments must link economic performance to governance quality.

The government's role in the economy needs to be redefined. It should support the private sector in creating and sustaining jobs. And an active state role in improving social services, especially health, education, and social security, is essential to establishing the conditions that will let workers thrive and economies grow at healthy rates. Governments should streamline administration of social programs to overcome dysfunctions in labour markets and to protect workers during economic transition.

### **Needed: a New Social Contract**

The report goes on to argue that the implementation of such a wide-ranging reform agenda calls for a new social contract that can inspire and drive ahead the reform process.

For the first three decades after World War II, the "old" social contract - emphasizing redistribution and equity, and states over markets - helped spur economic growth while keeping income inequality low. Mortality dramatically declined, life expectancy increased, school enrolment surged, and literacy levels rose.

But over time, gaps widened between institutional arrangements and expectations on one side and the diminished capacity of governments to deliver welfare on the other side. By the early 1980s the inability of the MENA social contract to sustain the economic gains of previous decades became clear, and by the late 1980s, the strains had grown into a major economic crisis. Causing the economic difficulties were declining oil prices, shrinking demand for migrant labour, reduced remittance flows, and declining productivity. In response, governments launched reforms, which helped reduce debt levels and curb inflation.

*"But implementation of these reforms have been uneven, hesitant, and incomplete," says **Mustapha Nabli, Chief Economist for the Middle East and North Africa region at the World Bank.** "Partly as a result, MENA's economic recovery in the 1990s was generally weak. In the past 15 years, labour productivity has remained low, unemployment rates have increased and GDP growth per capita has averaged 1 percent a year. The rigid, exclusionary, and inefficient aspects of the 'old' social contract need to be restructured."*

This new social contract must couple political and economic reforms, says the report. The selective, top-down approach to economic reform that sidesteps the need for political change to secure the legitimacy of reform and the credibility of government commitments is no longer adequate. To move the reform process beyond its current limits, governments will need to breathe life into national conversations about labour market reform, restructuring welfare programs, and redefining the terms of the social

contract. The report says that with large middle classes in MENA societies, the revival of political life - once again a prerequisite for economic growth - is possible.

*"Reforms will not be credible unless they take into account the social needs of workers and ensure that economic outcomes are socially acceptable among MENA's citizens," says Yousef. "This requires a renewed political commitment to widely valued social policies - a new social contract that links reform to the principles of poverty reduction, income equality, and security that have guided MENA's political economies for almost 50 years."*

Though the main responsibility for reforms lay with MENA, external partners can help by opening their markets to products from the region, encouraging more intra-regional trade, boosting aid, and helping resolve the conflicts that continue to blight the region.

# YES COUNTRY REPORT ON YOUTH EMPLOYMENT IN GEORGIA:

## Employment Challenges and Opportunity for Young People in Georgia

### INTRODUCTION AND BACKGROUND



#### 1.1 YES Georgia

On May 30, 2002 the YES Country Network in Georgia brought together 30 NGOs to discuss issues of youth employment and to develop a plan of action to address the challenges faced by young people in generating sustainable livelihoods. Currently, YES Georgia unites over 47 organizations and more than 100 individual members. 185 youth participated in workshops and seminars organized by YES Georgia in 2002. Organizations working with YES Georgia include the Ministry of Health, Labor and Social Affairs, the Youth Department of Georgia, the Georgia Employment Department, Student Unions from several universities, the Ministry of Culture, Private Business and Organizations and the National Parliament. Proposed actions for the YES Campaign include the establishment of A Youth Employment Support (YES) House for promoting youth employment and development in the Caucasus region. Its task would be to initiate and manage cooperative activities in the four countries of the Caucasus region as a contribution to the aims and activities of the YES Decade campaign 2002-2012. Activities of the YES House will include:

- Training and trainers,
- Organizing and training youth self-help group,
- Lobbying with governmental and non-governmental organizations,
- Organizing seminars and workshops for youth,

- Coordinating the work of volunteers to experiment eco-village pilot projects, thereby establishing and showcasing good practices for replication.

The activities of YES Georgia have also reached Ganja (Azerbaijan) where a joint seminar on Employment issues was organized in July 2002 with partners from Azerbaijan. 68 representatives from Government, NGOs Refugees participated in that meeting. YES Georgia prepared a special memorandum of co-operation that was signed between Azerbaijan and Georgia policy-makers, head of departments, NGOs and Refugees. This meeting was held in Kobuleti (Georgia, Black Sea), October 2002. (YES COUNTRY NETWORKS REPORT, Second Edition – May 2003). <http://projects.takingitglobal.org/YES-Georgia>

### **1.2 Georgia YES Network Objectives**

To develop entrepreneurial activity among young people in renewable energy and the environment to help alleviate current social problems.

- To participate in an EIA (Environmental Impact Assessment) process.
- To publish books, brochures, and leaflets and to organize TV and radio programs.
- To arrange awareness and educational events.
- To implement joint projects with other organizations.
- To develop the coordination of young people of three Caucasian republics on the basis of mutual projects, programs, monitoring, seminars and training.
- To encourage the lobbying of the youth organizations in Government and policy making sectors.
- To enhance opportunities for creating new jobs for youth
- To participate in Environmentally clean energy projects (Renewable Energy Projects)

## **PART TWO:**

### **OVERVIEW OF ECONOMIC CONTEXT**

#### **2.1 Overview of Economic Context**

The government of Georgia has successfully discharged one of the most important economic functions of the country – it ensured price stability and moderate inflation rates. Thus, comparative stability of the macroeconomic environment is a significant achievement of the economic policy of the Government of Georgia. However, fast and sustainable economic growth and substantial improvement of social condition of the population has not been attained.

The Georgian government is committed to economic reform in cooperation with the IMF and World Bank, and stakes much of its future on the revival of the ancient Silk Road - as the Eurasian Corridor, using Georgia's geography as a bridge for transit of goods between Europe and Asia.

The foreign economic policy, implemented by the Government has had a positive influence over the growth of the economy at large. The government of Georgia has been carrying out significant activities aimed at achieving its integration into the international markets. Georgia has become a participant of international business regulations by becoming a member of the World Trade Organization. Given the limited local market, this should considerably facilitate investments in the export producing sectors of Georgia.

Georgia is being transformed from the old socialistic planned economy to the new free market relations. The collapse of Soviet Union caused the serious problems in social and economical conditions of Post Soviet Republics and Georgia was one among them. On the other hand the cancellation of international frontiers and barriers made it possible to develop the contacts and collaboration with foreign and international countries, donors and partners. These contacts have strengthened the information technology field in the country. Currently, telecommunication and the Internet are the most prospective sectors that satisfy and meet the international standards. According to the statistics each month about 1300 computers are sold only in Tbilisi (taking into consideration the low living and social conditions, this is the excellent figure for Georgia) and of course, this means 1300 potential Internet users is raised each month. Such type of communication as Western Union, DHL, Federal Express, etc. is popular forms of service in Georgia. The credit card system (master card, visa electron, etc.) is available in Georgia, but not so popular.

Nowadays, in spite of number of social and economic problems, several fields in Georgia are being developed. The following outlines some of these sectors.

#### ***Financial Sector***

For the last few years the financial system in Georgia has significantly developed though it is not in full compliance with international standards. The banking system is one of the largest components of Georgia's economic system; however its assets make up only 13% of the GDP, which is very low.

Despite the fact that significant progress has been achieved in the spheres of insurance, establishment of securities and corporate management, they still require

further development.

Since 1994, with assistance of the IMF and other international financial organizations the NBG commenced to carry out the Bank System Reform aiming at the reform of the existing banking system, in accordance with 'Western' standards.

Weakness of the credit culture and management and the unreliability of financial accounts of businesses serve as a cause for issuing only mortgage credits by the banks. This complicates credit opportunities for small-size businesses preventing growth in this sector and in the economy at large.

The equity market is still insufficiently developed and unmarketable. However, some significant changes have been achieved in the promotion of the capital market infrastructure. Fund market has started to be established with support of the USAID. According to the existing legislation, the national securities commission, which is an independent entity, implements regulation. One of the reasons for the prevention of the fund market development is lack of corporate management skills. Despite the fact that a necessary legal framework has been created in Georgia, it still requires further perfection. Rights of the shareholders are not protected and financial accounts of the enterprises are vague for the third party. Legislative changes to be made to corporate management for its compliance with the international standards and to ensure more transparency in trade negotiations, is of paramount importance.

There are no leasing companies operating on the financial market. There are approximately 200 so-called credit unions, mainly in the countryside, created within the scope of a WB project on the Development of Agriculture. More than 12 000 farmers are members of the given unions, still remaining out of the supervision of any supervisory bodies.

### ***Industrial Sector***

Since 1994 the Government of Georgia has begun to implement anti-crisis program that comprises the activities to increase business activity and further improvement of the private sector. Majority of the industries have become personal property as a result of the large-scale privatization process, which was followed by the liberalization of business activities, the establishment of the corresponding regulatory legislation, the regulated pay-off system and the liberalization of prices.

In certain cases the management of the industrial enterprises existing since the Soviet period, is not completely oriented to the market. Coming from this period and the incentives that guided decisions makes it impossible to carry out effective management of finances, strategic planning and quality control of production. According to the existing indices, success of industrial enterprises have been mainly attained through changing the distribution system, improvement of quality control and financial management under the restructuring of the enterprises through privatization.

Competition and consumer protection policy in Georgia is currently under development. Because of the Soviet industrial heritage, most of the enterprises have become monopolistic. However Georgia is considered to be the country with open economy having limitations on unfair competition, which is different from other countries with closed type of economy. The antimonopoly service and the corresponding legislative base were established within the country in 1997. The existing corruption throughout the country is one of the main reasons for the existence

of unfair competition creating unequal conditions for entrepreneurs, especially in the small and medium-size business.

### ***Energy Sector***

Many reasons underlie the existing challenges in the fuel and energy sector. The major challenge is lack of local resources and disorganized delivery system of energy supply to the consumer. This has become a major reason for the existing financial crisis within the energy sector. Other challenges within the sector are a result of the traditional planned economy.

The regulation of the energy sector is one of the integral parts of the implemented reforms within the country. The restructuring process has produced certain results, such as: separation of the regulatory function and commercial activity, monopoly limitation and the establishment of the competitive environment. Several separate regulatory institutions were also established: the Wholesale Electricity Market and the National Energy Regulatory Commission. Some measures on energy resources (electricity, gas) have been carried out in order to improve tariff policy.

### ***Agriculture Sector***

The development of the agricultural sector plays significant role in the economic growth of the country. Agriculture and agro-business appear to be major source of income for the population. This fact itself plays major role in the determination of poverty in rural areas of Georgia. The creation of favourable environmental climate is a crucial element to improve agriculture. Drought in 2000 brought a significant damage to the country. In the regions of the East Georgia 57% of agricultural land was totally damaged. The loss to agriculture made up 400 million GEL.

The first years of independence of Georgia were very difficult. The traditional economic ties were disrupted and the markets were lost. The state agencies (e.g., central bank, tax and customs administrations) necessary for an independent country, relevant legislative framework of market economy, and monetary and fiscal mechanisms of regulation were non-existent. Internal political controversy, civil wars and a high number of refugees making it practically impossible to manage the economic and political processes on a consistent and systemic basis aggravated the situation further. The Georgian economy suffered a deep depression from 1992 to 1995. In 1995 the stage of political stabilization gradually starts in the country. Strengthening of central authority and enhancing of criminal situation had a positive effect on the economy.

Agriculture plays the most important role in social development. The fact is that one third of population is involved in this field and in comparison with other fields agriculture is the most prospective field of Georgian economy. In 1996, the Georgian Parliament adopted the essential law "Concerning the Private Property of Agricultural Lands" that stimulated the faster transformation from the planned economy to the free market relations. The foreign and International organizations, such as USAID, World Bank, Tasis, Soros Foundation, etc have brought in the external aid to boost the local socio-economic status. The Credit Unions program developed by the World Bank is being spread in most regions of Georgia and it works successfully. The fact that the great number of young population is involved in agriculture seems to us promising. Many young people are developing their private farm economies and activities. The Farmers Exchange programs are also popular in Georgia. However, these trends

mostly have a non-official character. Self-employment is very high however the development of micro-enterprise into small enterprise.

1. Low access to the bank credits.
2. Non-existence of the governmental subsidies
3. Low level of the land development
4. Intensive import of the cheap and low quality products from abroad

The problem of cheap imports is significant for not only in agriculture, but also in the whole economy of Georgia. The consumer market is full of the cheapest and low quality products imported from abroad (mainly from Turkey and Arabian countries). Local products are of higher quality, but they can't produce at the lower prices.

### ***Tourism Sector<sup>1</sup>***

Tourism potential in Georgia has the following parameters: 102 health resorts, 182 health resort sites, 15 000 historical monuments, 4 of them have entered the list of the World's cultural treasures of UNESCO, 2 existing and 7 national parks in perspective, 2400 mineral water springs with 24 hour debit of 130 million litre, medical mud, caves, climate diversity, high level of experience in the sphere of tourism, high educational and cultural level, traditional hospitality and famous Georgian cuisine.

According to 1998 indices, 4 million tourists and guests visited Georgia. It was in 1990 when, due to the known events the fall of tourism industry commenced. Gradual revival of tourism industry has been carried out since 1995, under the conditions of the existing process toward political and economic stability.

In 2000 the total number of visitors to Georgia made up 387.3 thousand. That is 4.5 times more than the same index of 1995. It is noteworthy that since 1999 number of visitors to Georgia has exceeded the number of those leaving the country.

The total revenues from tourism made up 826.7 million GEL in 2000, constituting 13.6 % of GDP. In 1999 specific share of the revenues from foreign visitors made up 16% of goods and service export of the country. Due to the calculations of foreign experts, Georgia may receive 1 million tourists by 2005.

In the last three years 119 new hotels and guesthouses with 1340 rooms and 2682 bedrooms have been put into operation. In addition, 9 hotels with 480 rooms and 954 bedrooms were under construction in 2000, planned to be put into operation by 2001. The total attracted investment for the above hotels as well as the reconstruction of the Basaleti Resort amounts to 135 million US\$.

A county such as Georgia which is rich in centuries-old history, cultural heritage, fauna, and Caucasus mountain range and with its hospitality and ecologically clean environment is precondition for development of eco-tourism. Eco-tourism is a recent niche in Georgia. Borjomi – Kharagauli reserves are more than 1500 m. above sea-level and are favourable for the promotion of eco-tourism. New efforts are being taken for the promotion of Georgia, Azerbaijan and Armenia.

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<sup>1</sup> Poverty Reduction and Economic Growth, International Monetary Fund, 2003

## **PART THREE:**

### **YOUTH EMPLOYMENT: CHALLENGES AND OPPORTUNITIES**

#### **3.1 Youth Employment in Georgia: A Global Perspective**

Today's global youth population, ranging in age from 15 to 24 years, is an estimated 1.03 billion, or 18 per cent of the people inhabiting the earth. The majority of these young men and women live in developing countries, and their numbers are expected to increase well into the twenty-first century. A special concern is that the economic difficulties experienced in many developing countries are often more serious for young people. Although young people in industrialized countries comprise a relatively smaller proportion of the total population, due to generally lower birth rates and higher levels of life expectancy, they are a social group that faces particular problems and uncertainties regarding the future, problems that have to do in part with limited opportunities for employment.

Rates of youth unemployment are alarmingly high. Out of the 98 economies for which recent information is available, no less than 51 have youth unemployment rates of over 15 per cent. The most seriously affected regions are parts of Southern Europe (for example, Greece at 30 per cent and Italy, 33 per cent), Central and Eastern Europe (particularly the Russian Federation at 27 per cent; Croatia, 30 per cent; Poland, 30 per cent; Slovakia, 32 per cent; Bulgaria, 33 per cent, and the former Yugoslav Republic of Macedonia, 49 per cent), the Caribbean (including Jamaica, 34 per cent; Dominica, 41 per cent; and Saint Lucia, 44 per cent), South Asia (especially Sri Lanka at 29 per cent), the Middle East and North Africa (Egypt, 34 per cent; and Morocco, 35 per cent) and the Republic of South Africa (56 per cent). Along with the situation in Georgia, the global situation is deteriorating.

The pattern of high youth unemployment versus adult unemployment differences is generally repeated elsewhere, with, for example, youth in both New Zealand and the Republic of Korea being 2.6 times more likely to be unemployed than adults. In Greece, in 1999, the unemployment rate for adults was 8.0 per cent compared to a rate for youth of 30 per cent. In Italy, the figures were 9 per cent compared to 33 per cent, and in the United States, 3 per cent compared to 10 per cent.

Transition economies such as the Russian Federation and Poland also demonstrate large differences, and in developing countries such as Ecuador, Jamaica, Sri Lanka and Egypt, young people are three times more likely to be unemployed.

Youth unemployment rates have increased in countries such as Japan (from 6 per cent in 1995 to 9 per cent in 2000), Czech Republic (from 8 per cent in 1995 to 17 per cent in 1999), Ukraine (14 per cent in 1995 to 22 per cent in 1998), Slovakia (from 25 per cent in 1995 to 32 per cent in 1999), Colombia (from 13 per cent in 1994 to 24 per cent in 1998), Venezuela (from 19 per cent in 1995 to 26 per cent in 1999) and South Africa (from 45 per cent in 1998 to 56 per cent in 2000). The worsening unemployment situation is aggravated, in both developed and developing economies, by underemployment where people are working much less than their capacities would permit or that they might want. Against this gloomy picture, there are some countries, mainly, but not exclusively, in the developed world, where youth unemployment is not high. For example, in Austria, Switzerland, Singapore and Mexico less than one in 12

young workers are unemployed. Since the mid-1990s, previously high youth unemployment rates have fallen in some countries, including Ireland (from 19 per cent in 1995 to 8 per cent in 1999), Spain from 40 per cent in 1995 to 28 per cent in 1999), Hungary (from 19 per cent in 1995 to 12 per cent in 1999) and Barbados (from 38 per cent in 1995 to 22 per cent in 1999).

One-third of the world's workforce remains unemployed or underemployed. Over 500 million jobs are needed in the next decade to compensate for these startling numbers. Overall employment trends during the onset of the 21st century are improving over those of the last decade, according to the ILO's *World Employment Report 2001*. According to ILO estimates, open unemployment at the end of the year 2000 stood at "approximately 160 million, twenty million higher than before the peak of the Asian financial crisis in 1998." In addition, large numbers of impoverished people in the developing world are sustained by the meagre earnings of the working poor, for whom unsafe and unhealthy working conditions and job and income insecurity are widespread.<sup>2</sup> According to United Nations estimates, over one billion young women and men live in the world today. This means that approximately one person in five is between the ages of 15 and 24 years, and that youth comprise 18 per cent of the world's population. Unemployment creates a wide range of social ills, and young people are particularly susceptible to its damaging effects: the lack of skills, low self-esteem, marginalization, impoverishment, and the wasting of an enormous human resource.

### 3.2 Youth and the Labour Market in Georgia

When central planning collapsed, many western *economists* predicted that privatisation and restructuring would lead to a fall in state employment and a growth in the private sector, which would draw from the pool of unemployed and be the driving force behind economic growth. However, contrary to expectations, neither unemployment nor private firms have grown significantly in Georgia, whilst there has been of explosion of small-scale agricultural self-employment. Agriculture's share of, total employment increased from 26% in 1990 to 52% in 1999, whereas employment levels in industry and construction collapsed from 20% to 8% and 10% to 1% respectively. In 1999, only 2% of self-employed had employees, and could therefore represent the anticipated 'small businesses', which were expected to generate private employment - the rest were own-account workers, unpaid household members. Agricultural employment accounts for 90% 'of all the self-employed (compared to only 16% in the EU-15), and is largely limited to small, low-productivity, household plots - there is evidence that much of this could be sustainable agriculture.<sup>3</sup>

Coming from the financial and social conditions of the most part of Georgian population, employment for them is necessary as life, but it is rather difficult to find the job. There are several reasons for this situation: the slack of growth in economic sphere, quite a few employment opportunities, corruption and bribery in the country. In spite of that, young people are willing to work and take up part time jobs while they are studying. They want to be independent from their families, which first of all means self-reliance. Along with this, for quite many young people it is necessary to work to help the families with finances.

There are significant rural/urban disparities in the labour market. While the rural

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<sup>2</sup> A Profile Of The Labour Market In Georgia ( Authors And The Year??)

<sup>3</sup> A Profile Of The Labour Market In Georgia (UNDP, 2001)

population is self-employed in agriculture the urban labour force is largely unemployed or employed or employed in the low-paid state sector. There are exceptionally high employment rates in rural areas; 75% of the population aged 15 and over is employed, compared to 50% in the EU-15. The Georgian employment rates are even more striking if one considers that the EU-15 rate are based only on the population aged 15-64. The majority (80%) is self-employed (own-account workers or unpaid family workers) and 96% of these work in agriculture.

The rural unemployment rate of 4% is artificially low as the 'one-hour employment criterion' essentially classifies anyone owning land (including a garden plot) as self-employed. Further evidence of hidden unemployment in rural areas -is given by the fact that the agricultural self-employed are underemployed working an average of 28 hours a week compared to 50 hours a week in the EU-15. In urban areas, those who are employed are largely paid-employees and most work for State budgetary organizations (A State budgetary organization is an organization financed entirely from the State budget) in education, health and public administration. Of all the urban employed, 74% are paid-employees and 57% work for the State. However, State budgetary organizations suffer from chronic arrears in the payment of wages, and when wages are paid they are extremely low. If employees were let off instead of being paid token wages and being put on unpaid leave, the level of unemployment in the country would increase significantly.

However, there is also evidence that as a consequence of the very low wages, many employees resort to secondary jobs and informal activities to meet basic needs, while maintaining formal jobs to access a variety of benefits. Overall, between 30% and 45% of the employed could be working in informal jobs (both full-time and part-time), including in household enterprises, unregistered agriculture and paid-employment without a written agreement.

Georgian youth that mainly live in the cities have particularly low and declining rates of the labour force participation. Only 30 % of the 15-24 years old females are currently economically active compared to 43% and 53% representatively in the EU-15. The youth that are economically active are largely unemployed.

These rates are symptomatic of the extent of poverty in the country. The majority of these over 65 live in the rural areas, and most are self-employed in rural small-scale agriculture, as they cannot survive on the very low and often unpaid pensions and are therefore forced to continue working to meet basic needs. The high employment rate can also partially be explained by the generous employment definition. At the same time, Georgian youth, who live mainly in the cities, tend to be less economically active than their European counterparts. As the above chart demonstrates the gap is particularly large for 15-24 year olds. The activity rates of young men are particularly alarming. Only 43 % of 15-24 year old men are economically active, compared to average of 52 % in the UN. Moreover the number of economically inactive 20-30 year old urban men has increased by about 14% between 1998 and 1999, whereas the total number of inactive men and women has been decreasing over the same period. A closer look reveals that these men are neither students, nor pensioners, nor do they belong to any other 'economically inactive' category. These figures suggest that young men may not be entering the labour force, as they have no hope of finding a job.

A second troubling aspect of youth participation in the labour market is the decreasing level of economic participation of young women. Only 30% of 15-24 year old women are economically active compared to 43% in the EU-15. This may be partly explained by the fact that 68% are students, however the lack of child-care facilities may also be to blame, particularly in the urban areas where only 42% of 20-30 year old women are active. Moreover this trend is worsening, as the female urban labour force contracted by 5% in one year from 1998 to 1999.

A third aspect of the age dimension of labour force participation to emerge is the low level of participation of men at the peak of their working lives, between the age of 25 and 49. Although the national participation rate for this age group is 90%, which is not far below the EU – 15 rate of 95%, there are considerably urban/rural and regional disparities. The rate of inactivity of urban men between the age 25 and 49 is 12%, or twice as high as their rural counterparts and twice as high as the EU- 15 average. The rate is even higher in the certain regions, such as Imereti, Inner Kartli and Tbilisi where up to 15% of the urban men between 25 year and 50 years inactive<sup>4</sup>.

The development of society along with other factors is based on how well informed young people are of their opportunities, duties, and rights in planning and building for the future. Young people are distinguished by their more progressive views on issues; this comes from their intellectual potential and their ability to sympathize.

Negative factors such as rapid urbanization, family crises, an increased pace of life, a difficult economy, an escalation in ethnic conflicts, and an alienation of youth in society have a particular affect on the young people. There appears the danger of pathogenic and criminal tendencies around these under appreciated members of society because of the lack of both firm recognition and psychological support.

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<sup>4</sup> A Profile Of The Labour Market In Georgia (Who Are The Authors And In Which Year This Study Was Conducted?)

### Activity Rate of Youth by Age Groups (14-25) in 1999 (thousands of persons)

	EMPLOYED	UNEMPLOYED	NOT ACTIVE
Male	71.7	24.8	143.3
Female	48,5	20.7	174.0

Unemployment and underemployment among youth is a problem everywhere, and is part of the larger struggle to create employment opportunities for all citizens. The difficulty of finding suitable employment is compounded by a host of other problems confronting young people, including illiteracy and insufficient training, and is worsened by periods of world economic slow-down and overall changing trends.

The average annual employment percentage in 1997 grew by 9.7% and estimated to be 2233.2 thousand individuals of which 75% are employed by non-governmental sector, 25% by government. Almost two third of employees are self-employed. About 80% of self-employed workers are in agriculture. By the working hours the self-employed generally have worked 1.4 less hours than living labour force. Nevertheless their average income estimated on one working hour, was twice as much as the income of hired employees.<sup>5</sup>

In 1997, compared to the previous year, the number of unemployed citizens declined almost double from what they were before and by the draft estimation consists of 138 thousand persons. According to International Labour Organization, the unemployment rate in Georgia consisted 5.8%. It takes into account less strong criteria (number of unemployed, with no hope to find any job) this index is higher - 10.4%.

Public investment in education is decreasing, and the government is in indebted to teachers. There is a broadening gap in market timeliness of the education system. Many young Georgians leave school earlier because they feel they got extraneous education for the labour market. The price of educational degrees and attainment is considered to become not valuable for gain social recognition. It gives chance to generate support networks and leverage social resources; however its merit in a competitive marketplace is virtually non-existent. This in actuality puts forward a sort of wasteful set of values and stimuli for youth that are likely a symptom of a greater issue in Georgian society at large. (Please rewrite this paragraph.)

In large percentage, employed young people are those with secondary and initial vocational and incomplete secondary education. It is known that a great deal of young people left school early for simple reason; to earn their living. Regarding the fact the youth who did not get appropriate education intend to be employed in low skilled jobs with high risks of redundancy. As the Georgian economy goes forward with its transition it will require more from its workers, great attention will be paid to the skills and knowledge required for employment opportunity. It will cause a greater debate on the Georgian education system to meet the demands placed on its students by the marketplace.

Currently, however, people having high education live in poverty against those that have completed secondary school. The population with high education are

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<sup>5</sup> "A Profile Of The Labour Market In Georgia" State Department For Statistics Of Georgia, United Nations Development Programme , International Labour Organisation Tblisi 2002

underemployed and earning incomes that may be just enough for nourishment. As lower poverty lines are used, the differences between these groups narrow and tend to disappear the further down the poverty line is set. According to structural changes caused by new technologies and a skill-bias shift in the labour demand represented in a growing earning disparity, the educated young people are running the risk of long-term unemployment and poverty, than those young people, with limited educational achievement.

### 3.3 Characteristics of Un - and Under-Employed Young People

The Georgian labour force has high levels of educational progress. Thus, at the same time, it is losing its skills. The lack of formal employment opportunities means that a growing participation of workers with higher education is either unemployed or self-employed in low-skilled, small-scale, informal activities and agriculture. Those who have not been employed may find that their skills have become out of use in the new intervening market economy. This shows a risk for the future progress of economic growth in Georgia, as there may not be enough workers with market-economy skills to support the growing private sector.

What do the young people prefer when they indicate their future activities? - A youth problems research centre shows - for 47.4% professionalism is more important and 44.8% prefer financial provision. A common data is the showing that perhaps for our youth it is still hard to find "the golden mean" in public or other spheres and mainly is characterized with "Pole" maximal consideration. Perhaps it also depends on the current situation in our country. Here we have to notice, that more than half of young people (56% - according to the research) are working in government departments.

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#### Employment and Livelihood Challenges and Assets

Age and % of Unemployed/ Underemployed	Gender	Employment/Livelihood Activities and Location	Employment/Livelihood Challenges and Assets
Aged 15-20 10-15%	Male 70%	<ul style="list-style-type: none"> <li>▪ some level of basic education level 6</li> <li>▪ self-employed income generation, trading and selling</li> <li>▪ largely marginalized and street involved youth</li> <li>▪ largely urban focused</li> <li>▪ secondary, vocational and some higher education</li> <li>▪ in some cases marginalized and "street active", and orphans</li> </ul>	<ul style="list-style-type: none"> <li>▪ need for self-employment and vocational skills</li> <li>▪ a number of hidden assets and very capable</li> <li>▪ able to absorb, learn and work together</li> <li>▪ very capable technically are enterprising</li> <li>▪ in some cases not motivated and have never worked</li> <li>▪ opportunity to capture opportunity in the next 3-5 years</li> </ul>
	Female 30%		
Aged 20-24 20-30%	Male 60%	<ul style="list-style-type: none"> <li>▪ largely self-employed, and unemployed</li> <li>▪ rural 40% and urban 60%</li> <li>▪ vast majority living at home and largely influenced by parents</li> </ul>	<ul style="list-style-type: none"> <li>▪ building networks but need to reorient their network building</li> <li>▪ most sought after if they have the right skills</li> <li>▪ need to be steered in the right direction</li> </ul>
	Female 40%		

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		and grandparents	<ul style="list-style-type: none"> <li>▪ need for enterprise skills development, desire to understand mkt economy</li> <li>▪ beginning to loose hope</li> </ul>
<b>Aged 25-29</b>	Male 55%	<ul style="list-style-type: none"> <li>▪ vocational and higher education</li> <li>▪ wage earners and in some cases self-employed</li> <li>▪ underemployed professionals (doctors, engineers and to a lesser degree lawyers and doctors)</li> <li>▪ living at home and under influence of parent and grandparents</li> <li>▪ married and in some cases with children</li> </ul>	<ul style="list-style-type: none"> <li>▪ need for retraining</li> <li>▪ reluctant, but somewhat willing to work a lower status jobs</li> <li>▪ professional qualifications</li> <li>▪ leadership qualities</li> <li>▪ good network connections</li> <li>▪ have had opportunities to work or school abroad</li> <li>▪ better understanding of mkt economy but no opportunity</li> <li>▪ beginning to feel frustrated</li> <li>▪ losing their skills and networks the longer they are under and unemployed</li> </ul>
<b>50-60%</b>	Female 45%		

Each of the groups above face a growing opportunity gap what means by passing the time the opportunities for them to participate in the economy and find fruitful employment lightens.

The age group of **15-24** seems to be a critical and daunting challenge in terms of the pressure put on them to carry the economic and social transformation of Georgia. They are the first generation who face the shift to democracy and a market economy.

The rate of unemployment is highest in the **15 to 24** age group where it is approximately 45-50 %. This rate is especially high in Tblisi (51%) and the Imereti Region. The unemployment rate for 15 to 24 years olds is almost twice that of total employment, and as well unemployment rates, reach 45% for 15-24 year old males and 50% for females and even higher in urban areas.

The **20 to 24 age group** are perhaps the group that have the most to gain, while at the same time have the most to loose. Many of these young people have begun to feel themselves unprotected to the demands and culture of the market place and are being impressed by people who have travelled and worked over seas.

Sixty-five percent of the 15-24 age group were engaged in self-employment mostly youth aged 20-24. Many employers in particular the finance, tourism and hospitality and transportation and information technology, and sales and marketing fields, wish to involve younger workers who understood the basic meaning of market economies. These companies were looking for youth aged in mid 20's, but they were hard to find. Again, many employers indicated that anyone over 35 was suspect.

The young people aged 25 –29 were in school during the transition and had been impressed by the high pressure to get some form of professional degree. This is not unlike many developed country situation, where at last there is a current deficiency in skilled trades. Many of them still benefited from the higher quality education that was available before and during the early days of transition.

The above-mentioned group is more economically active. Many young people simultaneously study and work. Young people had desires to leave the country but there was the problem regarding their qualifications that it would not be recognized in the west. These young people are recognized as still having potential as they do have great guiding principle potential because of their educational resources and life experience that are very valuable for younger youth.

### **3.4 Problems of Marginalization and the Impact of Unemployment**

The health condition of the population of the country and especially of the growth depends very much on social - economic situation of the country. Today great deal of Georgian population is under the level of poverty. Naturally, for the human who is not provided even by a life minimum, health care is one of the main problems yet to be solved.

Over the last few years, the youth health clinic system, diagnosing and treating diseases, has been operating ineffectively. This has lead to many young people suffering from diseases unnecessarily, which have prevented them from serving military service. The resolution of this problem will play a crucial role in helping to strengthen the country's defence system.

For it is young people, the initiators of all new processes, who should act as a moving force, who will make the principal changes and will change the passive attitude towards health into an active one. Only the leading role of young people and the creation of the right mental and technical conditions will enable real results to be achieved.

In this respect one fact should be taken into consideration in order to involve youth in these processes. They should know what they are involved in and how they can resolve the problems that affect them and their society. There appears to be a lack of information in terms of medical and prophylactic education, which has contributed to the deterioration of an already difficult situation in relation to drug addiction, alcoholism, drug abuse, sexually transmitted diseases, and other widespread diseases.

Alcoholism, drug abuse, drug taking, and petty crime can be regarded as factors, which have a negative affect on unemployment. The violation of laws by minors constitutes a serious problem. In many cases, the violators are the so-called street children who have become accustomed to violence in their social surroundings as victims and witnesses. Their educational level, if any, is as a rule very low. Their experience of family life is insufficient and in many cases even unfavourable.

Previous results revealed that unemployment in youth has a strong negative impact to later work career. However, this phenomenon is strongly related to marginalization. In this study, the risk of marginalization is measured by four variables: lack of education, living alone and working class family background. The most

interesting results were obtained when only those young people who had been unemployed in 1980 were examined.

On the basis of these results, it is evident that there is a small group of young people who are faced with an accumulation of problems. The statistics do not, however, show directly that these problems have led to marginalization or to membership of a new lower-class. It is difficult to measure antisocial behaviour numerically. It is, however, too simple to draw the conclusion that unemployment experienced early in a young person's career automatically has a negative effect on their later career: poor performance in the labour market is connected with many risk factors that predict marginalization. Thus periods of unemployment are not direct reasons for a young person's unstable work history, but rather consequences of a lack of control of his or her own life. Thus youth unemployment does not in itself lead to marginalization in the labour market, but it may act as the first step on an unstable career path. A cynical way to deal with this problem is to think, that every age cohort has its own marginal group that is in danger of being excluded from the labour market and that needs help from the society.

A crucial issue, then, is the definition of the criteria of marginalization. Ten to fifteen years ago, unemployment was mainly frictional unemployment, after which the person usually went on to a full-time, continuous employment. Nowadays such "normal" jobs are rare among young people. Jobs are increasingly becoming project-like and temporary in nature. Success in the labour market will in future require the ability to be more flexible. This may result in new risk factors for marginalization. These may be such factors as unwillingness to move place of living, unwillingness to change jobs, unwillingness to participate in training or unwillingness to accept lower wage. If readiness for this type of changes is lacking, the risk of marginalization may increase.

Because the factors indicating and predicting marginalization are becoming more complex and less visible, it is important that researcher, authorities and persons working with young people share their information through networks. It is an essential precondition for prediction and prevention of marginalization of young people.

## **PART FOUR:**

### **ACCESS TO AND THE NATURE OF EDUCATION IN THE MODERN WORLD**

#### **4.1 Young People as a Problem or Asset**

When we are talking about young people and working with them, we often concentrate on problem-oriented point of views. In fact, this is not a new discourse in the field of youth work: in the history of youth work in Helsinki during the past 50 years, it is possible to see that different phenomena in Finnish society have generated different kind of problems in different times. For example, after the Second World we should begin to think this otherwise: the historic fact that young people always seem to be problematic in one way or other, is more a built-in than an abnormal quality of youth. Maybe we should think of these kinds of qualities as a challenge for our socialization process. In that way we could say that the most crucial challenge during the recession years at the turn of the 90's has been the youth unemployment and the "new" concern called the marginalization.

What can be done? Are there any solutions to help these risk groups of educational marginalization to find the joy of learning and the meaning of education? Some may think that it is just a waste of time. However, if we examine some results of studies concerning experiences of students in special educational programs or other out-of-regular-school programs, we will find out an interesting thing: in educational programs which are more based in individual guidance, where it is possible to create a real human, non-formal relationship between a teacher (or other adult) and a pupil (or a youngster), the experiences of schooling are more positive than in regular education.

The "new" method of teaching is more a process, where older citizens are working with younger citizens starting from the individual baseline of each student. The task of a teacher is to let the student find out what kind of people they are and let them reflect themselves in the world around them.

Media, in particular television and movies, are important sources of role models and are working as secondary educators. That is one reason why teachers need to change their task more toward a non-formal role of an educator from the traditional role of a schoolmaster. A very important question is: What does it mean that we are moving more and more towards working with interactive computers at schools? This may create more need for real human relationships in other social situations. Of course the significant adult could be found as well outside the school, within hobbies and so on. One good example of organized non-formal activity is Walkers youth cafés, which are run by voluntary personnel. On any occasion, we can be sure that life will not be only a stream of bytes in the next millennium either - the human contact can be more valuable than we can imagine.

The most active part of society, youth is recognized to be a symbol of innovation, knowledge, and invigoration. Inwardly rich, educated, morally and physically sound; youth are a guarantee of a stable future. Therefore, youth are treated with care and responsibility worldwide. Despite impressive progress that has been made on the path towards general education over the last few years, this progress has been hampered, mainly by the problems caused by the socio-economic situation in the country. In connection with this, three basic problems can be outlined concerning the existing system of education:

1. Many parents do not send their children to school because the existing socio-economic conditions do not allow them such an opportunity; Nowadays pupils have to pay fees at school, thus these fees are not official. In winter they have to pay for firewood as it is unbearable cool in classrooms, and Georgia is known as electricity stress country. In addition parents have to buy books at school and many of them are not able as they are unemployed and their monthly income is not enough even for nourishment. Some parents make their children to work, some of them work a day more than their age but they are not paid as it ought to be.
2. In reality, derelict and homeless children and invalids fail to receive the appropriate education despite the existence of children's homes, boarding schools, shelter networks and a material-technical support, all of which cannot resolve the above-mentioned issues; Children living in the streets prefer to stay there than going to children's homes and shelter networks, despite the fact that they are unable to find any work for earning for themselves. These children prefer to beg money in the street and live this way as some of them ran away from children's homes and do not wish to go back. Government does not pay attention to derelict and homeless children and invalids. Invalids as well are not able to be educated unless they come from well-off families. Those children whose parents are unemployed have the same conditions for education as homeless and derelict children.
3. The third problem is connected with the quality of education leading to employment. It should be both suitable for the transition to an active, civic position in society, as well as being profitable. In order to encourage the establishment of an educational and training system that will be more youth-orientated, the current and future requirements of their society should be examined. Opportunities to exchange experiences, elementary literacy classes, work skills and ongoing education would all be advantageous. The extension and prospect of training possibilities for professional development, university study, science-research or independent projects is essential. In terms of the economic problems of the country and insufficient foreign investments in the sphere of education, difficulties are always faced when executing key training for all youth despite the fact that they represent the main economic asset of the country.

#### **4.2 Access to and the Nature of Education**

According to the data of Georgian State Statistics Department by 2000 year a total quantity of young people at the age of 25 in Georgia is estimated to be 1843.6 thousands. Among them the age at 14 is 926,8; from 14 to 20 there is 47216 and from 20 to 25 years old there is 444,2. In Georgian the quantity of learning departments were estimated to the number of 3324 in 2000/2001 years. In these learning departments a total quantity of the students is estimated to 716678. A total quantity of basic staff teachers is 69.755. This data does not include the quantity of institutes of higher education.

### Educational level attained in the Schools (%)

	1995	1997	1998
<b>Total</b>	<b>27.5</b>	<b>30.0</b>	<b>30.9</b>
Public schools	10.9	9.9	10.2
Vocational schools	3.0	2.4	2.2
Comprehensive school	2.3	3.6	3.9
Private secondary special colleges	0.3	0.6	0.8
State high institutes	6.8	9.1	9.5
Private high institutes	3.8	4.3	4.2
Women attendees at school among them	21.8	31.7	33.2
Public schools	5.8	11.1	10.9
Vocational schools	2.0	1.6	1.7
Comprehensive school	3.6	4.0	4.3
Private secondary special colleges	0.3	1.0	1.4
State high institutes	6.9	9.1	10.1
Private high institutes	3.2	4.9	4.9

According to the data of 2000/2001 studying year in Georgia there are functioning 26 state institutes of higher education, their 14 branches and 145 private national (requiring payment) institutes of higher education (there are licensed 209 private institutes of higher education). Almost an absolute majority of them (accordingly, 15 - state and 82 private) are gathered in Tbilisi. In 2000-2001 studying a year at state institutes of higher education the quantity of the students (as in budget, as well as at non-budget departments) was estimated to 105.822 and at private institutes of higher education a total quantity of the students was 33.138. And in general, among 4,4 million population of Georgia there were 138.960 students.

Along with a present data and condition there is cleared out a light picture: almost in every region of Georgia there is an establishment of higher education, though it is hard to talk about a high level or quality of education, the capital is quite different from the regions, where is not enough staff.

In the conception of President Support to the youth in the tasks of educational sphere there is taken into account working out and development of different aim programs. Among them it has to be noticed an acting program at the department which exists for almost 5 years "Scholarship and grant of Georgian President for especially talented children and youth", where the children and young people from 7 to 26 years old are participating. The program is developing on the basis of the decree N746, December 22, 1997 year by Georgian President. The program has been in vogue since 1998 and with the competition clears out the winners of scholarship and grant. The president's scholarship and grant are aiming at artistic and intellectual development of children and young people, who have a special talent in art, science, sport, medicine, invention and other spheres. The grants are given to especially talented young people for the development of the projects. Until 2001, the scholarship of Georgian President is given to 352 children and young people and grant - to 66; About 500 children and young people are taking part in that competition every year

In the early stage of economic transition, one school of thoughts was that the process of serious economic reconstruction and flow of labour resources from one sector to another would continue over a long period. It anticipated a large-scale

unemployment that would in turn create a demand for vocational education (short-term or retraining courses). Another group of experts, however, foresaw a decline in the traditionally developed economic sector which would result in unemployment and a decreasing demand for the education and training of highly skilled employees. Both prognoses were partially realized with negative consequences for the development of vocation education and training.

Given the economic stagnation and the lack of a strategy to manage the problem, vocational education and training faced the choice of collapsing altogether or finding a new approach. Georgia chooses to adopt vocational education and training to the needs of the new socio-economic conditions following the experience of other post-Soviet and eastern European countries. While some of the vocational education and training institutes and training and retraining centres closed down others rose to the challenge of the new requirements by establishing close relations with labour offices. In this way, vocational training institutions took on new functions. A 1998 law on initial vocational education and training and other changes supposed these in labour legislation. Currently, vocational education is actively involved in the training or retraining of the unemployed.

Legislation has prompted some changes such as further encouraging the private sector to provide customers for vocational education and training. There were 60 private vocational education and training courses at the end of 2000- a constant but slow increase.

The number of vocational education and training students within the state system decreased from 10.027 in 1995 to 3.420 in 1999 as youth mostly leave country for taking education abroad. The number of the students financed by the state decreased sharply from 1995 to 1999<sup>6</sup>.

### **4.3 Studying in a Foreign Country**

Studying in a foreign country can be a wonderful, thrilling experience, although it can also be stressful. The stress experienced by almost all students in a foreign country is a common problem known as “culture shock”. In order to better understand adjustment difficulties, one should remember that our ability to function in the world depends on our capacity to read hundreds of signs, respond to questions, and behave according to countless explicit and implicit rules. Much of what we do during our life requires little thought. We have learned the norms, traditions and the value system from our ancestors. Abroad, the reverse is true and very simple tasks become difficult to perform. This disorientation causes severe stress and sometimes depression. The more unprepared a person is to enter a different culture the more severe impact the culture shock has. Awareness that the shock will happen reduces the stress that may follow.

Students go through various phases of culture shock. A newly arrived traveller often does not find the local culture very different from where s/he came from. However, after the initial excitement is over students start increasingly noticing distinctive features of their native and the host culture. This is when the clash of the value systems takes place. This stage often lasts for quite a long period, up to 6 months. Over time students gradually adapt to the new culture and they almost

become carriers of two value systems. The length and the intensity of exposure to a foreign culture decides whether a student returns to the home country a totally new person and whether living abroad re-makes the student and causes drastic changes in his/her belief system.

Culture shock is only one of the many difficulties that a Georgian student will be encountering abroad. From the viewpoint of professional development it is even more important that in many cases the background education received in Georgia will be an inadequate basis for continuing study in different academic environment, even if in some areas (natural sciences, mathematics) the basic knowledge may be quite good. For instance, Georgians find difficulty in expressing themselves at workshops or in classes, formulating ideas in clear, explicitly structured format, only partly due to linguistic deficiency but rather the drawbacks of the received educational background. On the positive side, however, there is high creativity, openness to new ideas, and non-traditional perspective, that enables Georgian students when put in favourable conditions, to make quick progress. Many Georgian students look for continuation of their studies abroad or search a job and possibilities to stay there after graduation. Brain drain is squeezing out of the country scarce intellectual resources still remaining. According to SDS out-migration balance (-26.2 %) is the highest among migrants having scientific degree. Many of gifted young graduates, as well as many scientists with name, seek work abroad, and hardly will contribute to the future development of the Georgian science if no special measures are undertaken. Although it is hardly either morally or pragmatically reasonable to insist that such trend, related to the so-called brain drain, is really harmful for the native country. Indeed, country loses this way many talented and well-educated young people, but the question should be considered against the background of other options and the possible benefits as well. It should be kept in mind that this precious human potential might be essentially misused if brought to Georgia in current conditions, as judged on the experience of those who did return. If a talented young person has no conditions for self-realization and development in his native country, there is no reason why s/he should not look for other opportunities of doing so, including emigration. At the same time, intellectual Diaspora may be a great source of information, support and example for the homeland, and Georgia would have gained a lot if during painful transitional years it could rely on economically and intellectually strong community of compatriots living abroad, as was the case with many other countries in similar situation. Indeed, most of the students studying abroad would prefer the possibility to maintain close ties with their homeland, including professional links, if such opportunities would be available, even if they decide to stay abroad after graduation; in those cases when some efforts to maintain professional contacts are made, the percentage of return, and/or partial return (visiting lecturers, temporary jobs, etc.) are much higher.

However, notwithstanding the importance of the issue of educational migration for planning state policies, no statistical data or qualitative information is available on the students currently involved in graduate/undergraduate studies abroad. We know little about the accessibility of work and education abroad for Georgian youth; availability and actual usage of funding to study abroad, opportunities for the local partnership work-study programs. Even less is known about the geographical, professional and age distribution of graduate/undergraduate students and labour migrants in the USA, Western Europe, and other countries.<sup>7</sup>

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<sup>7</sup> Article from newspaper Tamuna Mikadze (2001)

## **PART FIVE:**

### **POLITICAL, POLICY AND PROGRAMME CONTEXT**

#### **5.1 Youth Political Participation and Democratic Values**

Georgia may be attributed to those post-Soviet countries, which began to build a new democratic society. The process of democratization, i.e. transition to the democratic system of life (often referred to as the transitional period) appears to be rather difficult and problematic. Against the background of political and socio-economic crisis the life of a young man in Georgia, his socialization and self-affirmation became very problematic. The unemployment rate and, consequently, the emigration rate are high - many young people are trying to seek for their opportunities abroad.

All these facts and trends may cause the following situation:

- It is expected that the political interest and the wish to solve the problems in the country may increase, that, in its turn, will condition the growth of the civil politicisation level;
- On the other hand, the difficulty of settlement of those problems existing in the country will lead to the political indifference, that, on the contrary, will low the rate of politicisation;

Thus, it is obvious that the issue we are considering is rather complicated, extensive, and very important for the public good. It requires the complex study and monitoring of the quality of Tbilisi youth's interest in the politics and their political activity is one of the determining factors of study of this problem.

Democratisation has had its greatest effect on the young people because they represent that part of the public, which is aimed at the innovations and desires to affirm themselves in the society. Their position in the process of revaluation of old values their orientation to the new political system and life and against the old mentality clichés is rather interesting.

To study these problems the Research Centre of Youth Problem at the State Department for Youth Affairs of Georgia carried out the social-psychological research Tbilisi-wide. The interest in the youth problems is high. The young people have many similar problems. A great deal of their private problems may be considered in the frames of the social adversities in the country.

Cultural and religious interest among the youth is also high. This partly could be caused by the difficulties in these spheres, but it also indicates that young people have a wide scope of interests.

The readiness of the youth to vote is far behind the desirable level. The part of young people, who express their readiness to vote, reveals the high civil conscience.

The current social-political situation in Georgia lead to a will arising of political activity only in a small part of the youth, and encourages the other part of them to the political indifference. According to the statistical data the share of these two categories is very similar.

The acknowledgement of the democratic values among the youth is high. The majority prefers a political system that secures the freedom and equality of rights and

opportunities among the all citizens. At the same time a certain part of youth prefers the model of a state authority where the best features of both capitalism and socialism are integrated. This may be explained by the fact that on the background of the total economic crisis the youth prefers the political system that secures the minimum living standards that is still associated with socialism.

The youth reveals a high quality of discontent of their private life. Such discontent is more revealed among the girls. Girls' attitude towards their life, in general, is more pragmatic. So their discontent may be partly connected with this fact or/and with traditional feministic problems that create additional difficulties for them.

The absolute majority of youth are not the members of any public association. This fact along with the low social conditions somehow refers to the youth political activity. However, participation in a non-governmental sector is one of the significant factors of the political activity.

The great majority of youth feel the influence of foreign countries on Georgia but they hardly can determine and evaluate this influence. The foreign influence is mainly associated with the difficulties in political, economic and social life in Georgia.

The great majority of youth believe that the influence of Western European democratic states is favourable. This fact expresses the positive attitude and trust of Georgian youth towards these countries and their democratic values.

The majority of youth evaluate the USA influence of upon Georgia more favourably. However, by the frequency of favourable it's rather lower compared with France, Germany and UK. May be partly it is caused by the fact that the USA is more actively involved in current processes in Georgia. Accordingly, there are more reasons for criticisms.

The attitude of the youth towards the international public organizations is definitely positive. Such responses could be expected after evaluation of the Western Europe and USA influence, because the mentioned countries create organizations.

Thus, the socially active youth is distinguished by the reasonable observation of the norms of conduct obtained in the society, the advanced sense of responsibility, self-discipline, sociability and uncritical attitude. They are oriented to the moralization and contradict changes, experience the maximum influence from the side of habitat, prefer to work in the group but not individually.

Those who are socially inactive are distinguished by the critical attitude to everything and everybody, availability of intellectual interests, analytical thought, they have no sense of envy and are individualists; they do not like to work in the group, are rather real in their thoughts, practicable, have rude attitude to others and are sceptically disposed to everything, are pessimists, love solitude, tranquillity, are unnerved and experience less pressure from the side of habitat.

Both the socially active and socially inactive youth are distinguished by the emotional maturity, work ability, well-established interests, and frustration resistance. The slackness, indifference, and low motivation also distinguish the total group.

Therefore, we can conclude the following: as the total sampled youth (both the socially active and socially inactive) is distinguished by the slackness, indifference and

accordingly frustration-resistance (failure to attain the goals does not cause negative emotions), and, hence, the compulsion level is low, the conflict-provocation with them is less probable, as any conflict implies opposition and emotional pressure. This may be well seen from the fact that in spite of the aversion of the present situation and wish for the best future the young people avoid conflicts (not destructive as well) and remain passive. Those ones who reveal the political activity prefer to preserve the present situation but not to establish a new one, that proceeds from their personal qualities (conservatism, conduct standards etc.), and those inactive young people remain sceptical about all and everything and prefer inertia. This is also backed by the lack of social demands. The youth makes the analysis of current situation and estimates it by the principle - if nothing can be changed for the better, why should we try to change it, and they stay inactive.

For the development of all time and type society it has a big importance aiming direct activities for the establishment of youth public activity, the youth participation in social-economic and political processes going in the country. An energetic resource of a young generation, its aim and intellectual potential has a big importance because its point of view is more progressive.

The participation of a young generation in public affairs and in current processes mainly is happening with youth non-governmental organizations.

In 2000 year Georgian Parliament received the law "About state support for children and youth unions", as a result of this there was established a legal basis for the development of children and youth non-governmental organizations, at the department there was found children and youth developing fund, though because of not having enough finances from the state it becomes very difficult to develop the projects of such organizations, which could be the barrier for the development and the activities of a non-governmental sector.

In 1999 year there has been started two-year program "Georgian children and youth parliament", which was developed by the collaboration of Georgian youth affairs state department, Georgian children federation, public relations service of Georgian parliament and by financial support of UNICEF. The program had to develop the establishment and functioning of children and youth representation forum from all Georgia.

The establishment and working of children's parliament was a real possibility for Georgian children and youth to participate in democratic processes going in the country. Children's parliament made possible not only the learning and finding out their own rights and obligations, but take an active part in public life, participating in different processes for the aim of a whole integration, to find out a civil society, to tell their own thoughts about state youth policy of the country and to become themselves the participators and makers of this policy.

During the work of children's parliament there was established and perhaps it will be a tradition the periodical meetings between the members of children's parliament and Georgian president, ministers, heads of the departments, governors, the mayors for discussing the problems and the issues interesting for them.

About the quality of youth participation in state organs - such statistics does not exist in Georgia yet. As a conclusion it can be said, that the participation of a young

generation in the processes going on in Georgia maintains a high level of importance in the establishment of state mentality. Youth politics, as a stable social institute in the countries of world community, plays a very important role in the internal business of states, influences their economic and spiritual potential, determines the fate of citizens of these countries many generations ahead, their prestige and finally their place in the world history and in the national community.

Actuality and strategic meaning of the Youth politics is growing in Russia as well as in Caucasus in the situation of aggravating system crisis, steadily increasing negative events in a Youth community and long- drawn society expectations. The youth always personified the future of mankind at the same time, trying to accept participation in the life of society. On the one hand, Georgian young people try to be integrated in the existing social order as soon as possible, to be socialized. On the other hand, young people as the basic human resource of the country development, carry out a role of a driving force that gravitates toward transformations of social order, conduct social changes, economic development and technical progress.

Unfortunately, today young people in Georgia can't always realize their potential due to the lack of mechanisms of knowledge and skills realizations acquired in the process of training. The insufficient financial, legal, and information support of young businessmen by the central and local authorities also cause problems in this field. One of the solutions from the present situation lies in the enrolment of Youth in new knowledge in the fields Science and Business, promotion of new forms of Business, heightening of the development level, applying of modern technologies. All these targets are defined not only by the material resources but mostly by the intellectualization level of the society, its ability to produce, adopt, and apply new knowledge. Everything mentioned above is closely connected with the level of social and economical development in the country.

New knowledge and progress must be oriented towards the prospective employment extension, increasing of competitive ability, and guarantee of social equity. Everything mentioned above is very urgent for Georgia. The current process of globalisation and the strategic role of the scientific and technological knowledge foster the Youth in the present society to renew the existing knowledge and search for self- application in the new fields of Business.

To optimize the Youth labour market it is necessary to further implement the range of measures, provision of interaction and inter-collaboration of all the correspondent structures. Unfortunately, the shortage of necessary knowledge of legislation procedure, tax system and legal regulations, the absence of government-backed system of Business support, hampers the development of Youth business. It is absolutely necessary that the process of formation of new generation of Youth, capable to adopt easily and apply new knowledge in various fields of human activity, to introduce new spheres of business, take important decisions, and influence public policy in the country.

Favourable conditions and environments for youth will encourage them to participate actively at all levels and spheres of social and state concerns. This will create grounds for establishing a connection between both teenagers and youth, in addition to connections between the youth and adult generations. They will acquire both managerial and social experience, which will, on this basis, increase their sense of responsibility. The creation and improvement of such favourable conditions and environments is an ongoing process, which is being implemented in Georgia by the

Youth-related World Action Program, Children's Rights Convention, Charter of Europe on Youth Participation in Local and Regional Structures, 1<sup>st</sup> World Conference of UN Ministers responsible for Youth, corresponding documents from the 1st –5th Conferences of Ministers responsible for Youth from countries in the Council of Europe, and also from other international organizations' recommendations.

## **5.2 Policies and Programs**

The Law of Georgia On State Support To Children And Youth Associations was adopted in July 22, 1999. This Law determines the essence, forms and general principles of state support to the children and youth associations of Georgia.

State support to the children and youth associations means the implementation, with the view to the self-realization of children and young people in public life. Protection of their rights in manner conforming to the legislation of Georgia, by the state authorities of Georgia of such package of measures in the sphere of national youth policy. That is conducive to the improvement of the economic and organizational conditions of these associations, stimulation of their activities and insurance of legal guarantees."

### **State support should target youth programmes in order to:**

- Give youth an opportunity to receive an opportunity to receive an education, acquire necessary skills and fully interact with all spheres of society to enable them to work fruitfully and lead an economically independent life;
- Create guarantees for the full implementation of human rights' protection and the essential freedoms for all young people;
- Encourage mutual respect, accommodation and understanding of different political credo, culture and religious conviction among youth;
- Satisfy youth specific demand in such spheres as responsibility for family planning, psychological, moral and reproductive health;
- Encourage active participation of youth (through non-governmental youth organisations) in environmental protection and the implementation of sanity target programmes; and
- Outline full employment as one of the main priorities of social policy, in which attention should be paid to youth employment and the abolition of the exploitation of child employment.

The State youth policy is a set of objectives implemented by an executive and legislative power, the goal of which is to create just, economic, organizational-favourable conditions and guarantees to develop non-governmental youth organizations, youth movements and initiatives needed for the self-fulfilment of young people.

The State's strategic policy line towards youth is highlighted by its creation of favourable conditions to encourage freedom of choice, initiative and active political, economic and social programs. This policy rests upon recommendations and resolutions acknowledged by international organizations. Such an environment will

support youth self-defence processes and help them to adapt to rapidly changing, critical situations.

One of the main conditions for the implementation of the state youth policy is a correct definition of the priorities, which are based on the points below:

- State responsibility for elaboration and implementation of the relevant policy line, planning and implementation of programs and schemes for the purpose of youth support;
- Recognition of resident youth, belonging to different nationalities, cultures and religious groups or credos, as being equal;
- Youth participation in the resolution of political, social, cultural and educational issues;
- Necessary defence and support of the family provided by the State as a guarantee of the importance of their existence in society and a crucial factor for strengthening the sense of responsibility among youth; training parents in the area of preventative child psychology;
- Active youth involvement in any process discussing the situation of youth;
- Youth participation in the elaboration and implementation of the state policy line, programs and enterprise plans;
- Recognition of the significance of non-governmental youth organizations in the process of building an open society;

The support of future generations and youth, as a leverage power for social reconstruction fulfilment and civil society development, requires the elaboration and execution of a policy that will encourage social, economic, cultural and political integration and infringement in society. Also, it will assist in adapting to a continuously changing environment and create grounds for the implementation of long-term social programs and projects, which will target the following priorities before 2005:

- Education
- Employment
- Health
- Drug abuse and underage crime reduction
- Leisure time organization
- Participation
- International cooperation

### **5.3 Bi-Lateral and Multi-Lateral Programmes**

The United Nations Information Centre (UNIC) in Georgia has undertaken a number of specific youth-related projects. As part of the Centre's outreach program to the youth population, an official opening of the cycle of seminars for Georgian NGO's and media on global issues has taken place. The United Nations Resident Coordinator welcomed the participants, stressing the importance of the seminars in promoting democratic changes, in assisting the strengthening of influence of NGO's on public policy and civil society building. The UNO Office at Tbilisi and the United Nations Association of Georgia (UNA-Georgia) were the organizers of this event. In another event, a Model UN General Assembly Session held on July 31, 1998 was dedicated to the 5th anniversary of Georgia's membership in the United Nations Organization.

### **Government Programmes**

When the law was passed on “State Support for Children and Youth Unions” a legislation basis for the development of children’s and non-governmental youth organizations’ was created. However, inadequate financing, which is hampering the implementation of organizations’ projects, is also a hindering factor in the development of the non-governmental youth sector. According to this fact it is necessary to:

- Develop non-governmental youth organizations by means of financial and technical support from a recently created financial fund and promote their projects. Based on the law of Georgia on "State Support of Children and Youth Unions" this relevant financial fund was created regarding the legislation of Georgia Government - "Children and Youth Development Fund". This Fund was established in 2000. "Children and Youth Development Fund" and is financing projects for supporting Children and Youth.
- Implement necessary plans in order to develop democratic processes, to ensure participation and full integration of youth; and to heighten youth civic responsibility and sense of duty.
- Actively involve youth in the consideration of their situation and in the consultation processes by taking a dynamic role.
- Consider youth interests and support youth participation in the creation and implementation of state programs and action plans.
- Support young invalids, refugees, and deserted or homeless children by actively involving them in development and implementation of relevant target programs.
- Encourage youth involvement in the voluntary service sphere.
- Support youth organizations in the implementation of such programs that aim to reduce loss, utilize, and protect the environment and other measures. Participation of young people and youth organizations in such programs will ensure highly professional training, encourage awareness, and increase the implementation of concrete environment protection plans.
- Implement the program "Children and Youth Parliament", and create youth councils at local government institutions;
- Elaborate normative documents to execute principles of the European Charter "On Youth Participation in Municipal and Regional Structures".
- Organize regular meetings of heads of ministries, heads of departments, city mayors, and regional governors with different youth groups to discuss interesting and problematic issues

Non-governmental youth organizations are the best form of help to promote young people’s participation in society. The YES Country Network in Georgia as part of the YES Campaign, Eurasian International Community, and NGO Coalitions are some of the vital organizations that support young people in finding their place in society.

The Ministry of Foreign Affairs is a partner for the World Youth Forum in Georgia and UN agencies in Georgia are invited. Of 15 major international legal instruments adopted by intergovernmental bodies of the United Nations system relating to the human rights of youth, the government of Georgia has ratified or acceded to the following four: Civil and Political Rights (UN/1966); Economic, Social and Cultural Rights (UN/1966); Minimum Age for Admission to Employment (ILO/1973); and Vocational Guidance and Vocational Training: Human Resources Development (ILO/1975).

After Georgia became the member of European Union, our youth got a chance to take more active part in European and international activities. Georgian youth affairs state department is the member of European countries youth affairs responsible state structure collaboration committee at European Union. The major tasks of this committee is the development of collaboration in youth policy, supporting initiatives and programs, preparing the people for the work at a youth problems position, and supporting international youth exchanges.

In 1998 at the conference of responsible ministers for European countries youth, the heads of South Caucasus three countries; State structures made a common statement about the establishment of European - Caucasus youth centre in Caucasus, in the year 2000. European Union governmental collaboration committee expressed a political support to the connection of establishment of this centre in Georgia. The existence of the European Caucasus Youth Center will support Caucasian youth to take a more active part in peaceful, cultural and realization of the programs by European Union and European Council will make faster the process of Caucasus integration in Europe.

During its existence (since 1994) the Youth Affairs State Department signed the governmental agreement with the republics of Azerbaijan, Ukraine and Kazakhstan and an international agreement with the republic of Armenia, Russian Federation and Cyprus. The realization of inter-institutional and governmental agreements will support the collaboration of non-governmental youth organizations of the countries of partnership, the development of youth exchanges and intercultural studies, informational exchange, the finding out of a cultural legacy of the different countries which is the first step for close relations between the youth. Here, it has to be noticed, that Georgian youth affairs state department with the support of UNESCO developed the research concerning the national relations of the youth. As the research shows, the point of the national relations of Georgian youth (action and emotional aspects) is the highest connection of the representatives of the nationalities, about who the youth has more information, and a low level of the knowledge of some nationalities culture is expressed in a low point of the relations with those nationalities.

In the year 2000 the member countries of the European Union started an activity on common youth political documents (White Paper), which indicated all major directions, which directly or indirectly influenced the dynamic development of the youth non-governmental organizations. All general non-governmental youth organizations or the National Council from European Union countries took part in this process. This process and the experience became the basis for stimulation of the same type activity in East European countries (including Georgia). The directors council of European Union youth, youth program "Youth" and many donor organizations declared as a major priority the activities connected to Balkan countries and Caucasus, which increased the number of such organizations and they are planning to develop international youth projects in these regions. YES Country Network Georgia is also planning to propose a project on youth employment<sup>8</sup>.

***Renewable Energy Livelihoods Program of Georgia***

The donor community became involved in the Renewable Energy program. NGO “Green Earth” actively participated in this project and renewable energy program supported it in preparation process early on. The Donors’ financial and in-kind support to Yes Georgia Country Network had paramount importance for the preparation of this report.

The Government of Georgia expresses hope that, likewise the elaboration process, the cooperation with the donors will be continued during the implementation stage of the project and the final agreement in this regard needs to be reached in near future. It should be noted that it would be highly beneficial to further deepen the cooperation between the Government of Georgia and donors, which will facilitate the process of the Program implementation considerably.

## ANNEX 1

### **Member of the Advisory Board:**

Elene Kiknadze – YES Georgia / Researcher

**Nugzar Meladze – NGO "Green Earth" / Chairman of the Board**

Nodar Kapanadze - State Department for Statistics

Akaki Dogonadze - State Department of Youth Affairs

George Tarkhanmouravi - Institute of Policy Studies, co-director,

Shalva Dashniani - State Employment Service of Georgia, Head of Staff

Geoge Kvabsiridze - Georgian Youth Parliament

Vakhtang Kamushadze - Youth Council of Georgia

Tamuna Baindurashvili - Ministry of Transport and Communications

Kakha Nadiradze – AFRD

Nikoloz Gelashvili - National Development Center of Georgia for NGO Sectors and Government Relationship

Maia Saghinashvili - Youth Lower

Gia Abramia - Georgian Center for Environmental Research

Sophio Dzidziguri - YES Country Network Georgia

Tariel Giorgadze - Association of Young Financiers and Business of Georgia

Tamila Khurtzilava - Georgia Youth Palace

**Tedo Gvartadze - Georgian National Council for Regional Development**

**Dodo Kereselidze - Director of the Environmental School**

Mariam Mikoyani - Youth Union from New Georgia

Levan Topuridze – AFRD

Shota Maglakelidze - Children Federation of Georgia

Levan Dadiani – Georgian Mountain Federation

# YOUTH AND ITS EMPLOYMENT IN INDIA

## The Growing Problem of its Unemployment\*

Pawan Kumar Chauhan

### INTRODUCTION

Youth employment is an important factor for achieving higher economic growth and for the development for any country. Further, youth unemployment is one of the few concerns that are common to both the developing and the developed countries. Unemployment levels are double for the youth as compared to that for the other age groups in most countries, regardless of their levels of development. In order to understand this problem in India, it is necessary to situate it in a broader context.

India accounts for 2.4 percent of the world's area but it sustains 16.7 percent of the total world population. Even when it comes to India's share in the world trade (0.56 percent, 2002-03) or output (0.6 percent, 2002-03), these are much less than the population share. This is a manifestation of India's underdevelopment and a cause of its problems.

The gap between the growth rate of labour force and the employment rate is continuously widening. In view of its social, economic and political implications, the problem of unemployment in general and that among the youth in particular is one of the most important problems facing the country. Indian economy is diverse, so we need to consider the sectoral aspects of the problem of unemployment. Its characteristics differ between the primary, the secondary and the tertiary sectors and again depending on whether we consider the unorganised or the organised components of these sectors. Further, it presents itself differently across urban and rural areas and when we consider its gender aspect.

When analyzing the growth pattern of youth (defined as workers in the age group of 15-24) employment and its sectoral absorption, striking results are found. Agriculture accounts for only 7-8 percent of the total investment and employs as high as 60 percent of the labour force. The employment in the organised sector is 7 percent of the total labour force in 2002, while it accounts for 65 percent of the total investment (Kumar, 2002). However, in spite of this massive investment, in the last 3 years, the employment growth in this sector has been negative. Further, in the last 20 years it is found that in both the rural and urban areas, the proportion of youth employed in the non-farm sector is higher as compared to the other age group. This is true both among the males as well as females. Within the non-farm sector employment in both the rural and urban areas, young males are absorbed more within the secondary sector as compared to those belonging to the other age group. In the tertiary sector, there is a sharp rise in employment for the urban female between 1983 and 1993-94, but a fall thereafter (up to 1997).

The overall decline in the rate of growth of employment during 1994-2000 is largely attributed to a near stagnation of employment in agriculture and to rising capital intensity of other sectors (Kumar, 2002).

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\* Guidance provided by Prof. Arun Kumar

Further, the employment intensity of production (the ratio of increase in employment to increase in GDP) has declined, from 0.36 in 1993-94 to 0.13 in 1999-00 (ILO, 2003). The reason for this decrease in employment intensity is raising capital labour ratio (which means less employment of labour per unit of investment). The urban labour market suffered the most on this account. A comparative study at the sectoral level shows that the services sector in general and the ICT sector in particular has shown remarkable growth in output and export but not a corresponding rise in employment. For instance, it is expected that the ICT sector will provide jobs to only 1 million persons by 2008 (NAASCOM Survey Report, 2002-03).

In India, youth employment is categorized as either self-employment or regular salaried jobs or casual labour. In rural India, employment is found mostly in the categories of self-employed or casual labour for all groups of people including the youth. Male – female differential is minor. Whereas, in the urban areas all the three avenues are open to the youth workers.

To tackle the growing problem of youth unemployment various employment-generating programmes have been started by the government. Some of these programmes are designed to generate employment in general and do not target youth labour in particular. TRYSEM and PMRY are the only schemes meant to directly and exclusively approach the problems of youth unemployment.

In this paper, the following issues have been addressed:

1. The employment scenario in India?
2. Causes of unemployment
3. Impact of the youth unemployment
4. The programmes run by the government and Non-Government Organizations?
5. Critiques of existing policies.
6. Sectors with high employment potential.
7. What needs to be done? Suggestions for promoting employment opportunities for Youth?

## **1. DEFINITIONS AND STRUCTURE OF EMPLOYMENT**

### **1.1 Who are the Youth?**

The definition of youth varies from country to country and also within a country. The internationally accepted definition of youth is the age group of 15 to 24 years. In India also persons belonging to this age group are generally treated as the youth. It is only for the specific purposes, (e.g. administering employment promotion and poverty education programmes) that persons in the age group of 25-29 years and sometimes even 30-34 years, are included in the term youth. Hence, no single definitions can be insisted upon in the Indian case (Chadha, 2002). A distinction is made between the teenagers of 15-19 years and the young adults (aged 20-24).

Let us analyze some of the available statistics on the age structure of India's population relevant to our discussion on youth and unemployment (summarized in Table 1). The table shows that the proportion of children in the population has shown a declining trend since the 1971 Census whereas that of the youth (15-24 years) has shown an increasing trend, irrespective of the gender category. The young constitute around one-fifth of the total labour force if we go by the conventional definition of the youth.

The 1991 Census data shows that the number of youth in India is 155.5 million or 18.3 percent of the total population (excluding the state of Jammu & Kashmir). Further more, the proportion of youth in urban population is 2.5 percent higher than that of the rural population in 1991(See Table 1). In absolute numbers the rural youth are 2.5 times higher than the urban youth, given the 3 times more size of the rural population. Another significant feature is that in rural areas, the female youth proportion is larger while in urban areas the male segment is larger. The reason for this trend is that more male youth migrate from rural to the urban areas in search of jobs or for education than rural women do.

Further, it is projected that the proportion of the youth is likely to go on increasing at least until 2011 and then it will stabilise around 2021 at the present level (Chaubey, 2000). It is currently estimated to be about 20 percent (for the age group of 15-24) and 35 percent (for the age group 15 to 34).

**Table 1:**

Age Structure of population by age-group and gender in 1971-91

Age-group	1971			1981			1991		
	M	F	P	M	F	P	M	F	P
0-14	41.9	42.2	42.0	39.5	39.5	39.6	37.1	37.4	37.3
15-19	8.9	8.4	8.7	9.9	9.4	9.6	9.7	9.1	9.4
20-24	7.6	8.1	7.9	8.4	8.8	8.6	8.6	9.2	8.9
25-29	7.2	7.8	7.4	7.5	7.8	7.6	7.9	8.6	8.3
30-34	6.4	6.8	6.6	6.3	6.5	6.4	6.9	7.1	7.0
15-24	16.5	16.5	16.6	18.3	18.2	18.2	18.3	18.3	18.3
15-29	23.7	24.3	24.0	25.8	26.0	25.8	26.2	26.9	26.6
15-34	30.1	31.1	30.6	32.1	32.5	32.2	33.1	34.0	33.6
35-44	11.4	10.9	11.2	11.0	10.9	10.9	11.6	11.1	11.3
45-59	10.7	9.8	10.2	11.0	10.4	10.7	10.8	10.4	10.6
60+	5.9	6.1	6.0	6.5	6.6	6.6	6.7	6.8	6.7

**Note:** 1) M, F and P denote male, female and person; 2) 0.6 per cent males and 0.5 per cent females did not state their age in the census of 1991. The table excludes Assam and Jammu & Kashmir from the 1981 and 1991 Censuses, respectively.  
*Source:* CSO (1998).

## 1.2 Attitudes and Aspirations of the Youth in Economic Activities

The employment aspirations of the young people depend on a variety of factors, social, economic, political and geographical. In sharp contrast to their male counterparts, young female aspirants are handicapped by low literacy, family care especially of children and elderly people and fewer job opening. There are certain jobs considered to be unsuitable for women, like, night shift work, driving and guarding. But in the last decade female labour participation is seen in areas earlier restricted to them in all modes of employment. A changing mode of employment has been observed in India between 1983-1999 in both the rural and the urban areas (Chadha and Sahu, 2000). As mentioned in Table 4, in rural India, the incidence of self-employment has been consistently on the decline, both for the male and the female workers. For rural males it declined from around 60.5 percent in 1983 to 55 percent in 1999-2000 and for rural females it dropped from 61.9 percent to 57.3 percent. In urban India it is hovering around 40 percent for male workers and for urban female workers: it faced a sizeable decline during the nineties. This change could be due to competition, market saturation and poor education training and skill accomplishments.

### Box 1: Definitions of Unemployment in India

In India, various estimates of unemployment are found. For about two decades, beginning from 1951, estimates of unemployment were provided by the Planning Commission. But, given various conceptual problems and statistical limitations, these estimates were rejected by both economists and other scholars. Since then, NSSO has been the main source of the data on unemployment; it is collected in its various Rounds. There are three concepts of employment used and developed by NSSO. These are:

**Usual Status Unemployment:** The Usual Status unemployment rate indicates chronic unemployment. All of those who are found “usually” unemployed in the reference year are counted as unemployed. This is a person rate.

**Current Weekly Status Unemployment:** The concept of Current Weekly Status determines the actively status of a person with reference to a period of preceding 7 days. If in this period a person seeking employment fails to get work for even one hour of any day, he or she is deemed to be unemployed. A person having worked for an hour or more on any one or more days during the reference period is given the employed status. The Current Weekly Status unemployment rate, like the Usual Status unemployment rate is also a person rate.

**Daily Status Unemployment:** The Current Daily Status considers the activity status of a person for each day of the preceding seven days. A person who works for one hour but less than four hours is considered having worked for half a day. A person works for four hours or more during a day, is considered as employed for the whole day. The Current Daily Status unemployment rate is a time rate.

Of these various concepts of unemployment, the Current Daily Status provides the most appropriate measure of unemployment.

The Planning Commission constituted a special group on Targeting Ten Million Employment Opportunity per year, over the Tenth Plan Period. It has taken the view that the method of estimation of employment and unemployment on the basis of Usual Principal and Subsidiaries Status (UPSS) used during the Ninth Plan would not help to get any realistic estimate of the quantum of generating gainful employment. This is because, on the basis of UPSS calculations, the volume of unemployment shown is always underestimated since it excludes underemployment. Hence, the group has switched over to the Current Daily Status (CDS), which is also used by NSSO for measurement of employment and unemployment.

### **1.3 Sources of Information on Employment and Unemployment in India**

One thing on which all economic, social and political thinkers and planners agree is the need to have reliable detailed and up-to-date data on various types of unemployment prevailing in the country. This is easier said than done, particularly in a developing country like India because of the existence of a vast unorganized sector. Any individual facing unemployment will not sit idle to die but will do some work however small to earn a living. Hence, there is a problem with the concept of unemployment itself. Moreover, besides the visible unemployment, which according to official statistics (NSSO) is small, a large part of the labour force is either underemployed or faces disguised unemployment. Therefore, in spite of the growing literature on unemployment in India, precise, reliable and comparable estimates of the magnitude of the problem are still wanting.

Among the various sources available, the data collection by NSSO of the Department of Statistics is by far the most comprehensive. But, its reliability is often questioned by the experts. The NSSO admits that, even now the data are not very reliable for small and north-eastern states (Aggarwal and Goyal, 2000). The Population Census and employment exchanges are the other sources of data.

### **1.4 Youth Economic Activities: Sectoral Composition**

In India more than 70 percent of the labour force is found in the rural areas. In sharp contrast to the developed countries, where urban open unemployment is the most serious problem, developing countries, including India, suffer primarily from underemployment and poverty, particularly in the rural areas.

An economy can be divided into three activities (primary, secondary and tertiary) and within that exists the rural and urban and organized and unorganized sector (See Table 3). As development brings about a decline in the primary sector there is an increase in the secondary and the tertiary sectors' share, both in terms of income as well as labour force. However, in the Indian context while there has been a decline in the share of agriculture income in the total GDP, the decline in labour force employed in agriculture has been very slow. In both rural and urban areas, the proportions of youth in the primary sector were slightly less than for all ages in all the period under reference. This is found to be true both among the males as well as females. The tertiary sector also exhibits the similar phenomenon, but in the secondary sector, this position is reversed. Youth recorded a higher proportion in the secondary sector and the gap between the two groups in respect of the absorptions in the secondary sector is increasing in the case of urban youth. In the rural primary sector, all groups recorded a fall in 1993-94 and again increased in 1997 but the rise was

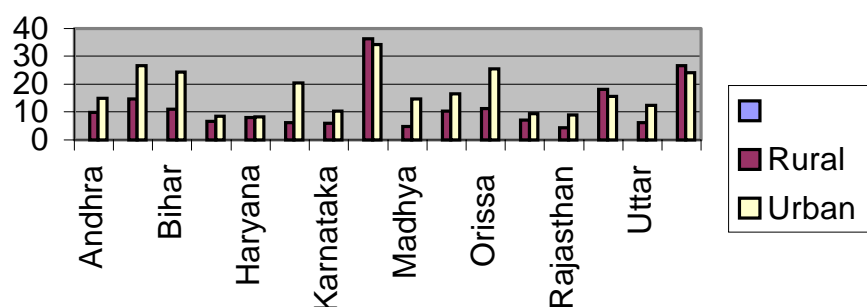
sharper for the total population compared to the youth population. In urban areas, the primary sector employment declined in all groups. The secondary sector employment exhibits a pattern of a rise and a fall for all groups in rural areas but in the urban areas it is the reverse. Urban female youth registered the sharpest rise between 1983 and 1993-94, but again declined slightly by 1997 but urban males registered a rising trend.

Agriculture including allied activities comprises 57 percent of India's total employment and it seems to have reached a saturation point as is reflected in the sharp decline in its employment elasticity from 0.48 to 0.01 in the period of 1983 to 1993-94 and 1993-94 to 1999-2000 respectively ( See Table 4). Likewise, the employment elasticity in other sectors of the economy is falling except for a few like transport storage, communication, finance, insurance and real estate

Given the three categories of employment in India, self employment amongst the youth is found to be constantly lower as compared to that of all the other social groups during 1983-1997 (see Table 2). Regular employment also is not found to be favourable to the youth. Whereas, casualisation of youth employment is found to be higher as compared to the other age groups, both in the rural and urban areas. A little over 50 percent of workers are self-employed. Regular employment forms less than 10 percent in the rural areas. The proportion of casual labour increased between 1983 and 1993-94 but there was a little decline by 1997. In 1997, urban female youth seemed to be doing comparatively better than their male counterparts in the category of regular employment. In regular employment the proportion of young female workers increased and was higher than that of the other age groups for female. Similarly, the proportion of young female casual labour employment declined and was lower than that for all females. From the above analysis it becomes clear that youth employment generation possibilities particularly in the form of self employment and casual employment in both rural and urban areas exist only in the unorganized sector of the economy, given the negative employment growth in the organized sector.

A state wise analysis of youth unemployment rates shows that in some states like Bihar, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, U.P., and West Bengal, the gap between urban and rural unemployment rates among the youth, has widened more sharply than in others. The weak agriculture base and the sluggish expansion in the urban economy are among various social and economic factors for this growing gap ( See Diag.1).

**Diag. 1**  
**Current Daily Status Unemployment**  
**Rate Among the Youth (15-29) for**  
**Selected States in 1997**



Source: Report on Targeting Ten Millions Jobs Per Year during the 10th Plan Period, Planning Commission, 2000.

**TABLE 2:**

Sectoral employment growth (cda basis)

SECTOR	Employment (in million)				Annual growth (%)			
	1983	1987-88	1993-94	1999-00	1983 to 1987-88	1987-88 to 1993-94	1993-94 to 1999-00	
Agriculture	151.35	163.82	190.72	190.94	1.77	2.57	0.02	
<b>Industry</b>								
Mining & quarrying	1.74	2.40	2.54	2.26	7.35	1.00	-1.91	
Manufacturing	27.69	32.53	35.00	40.79	3.64	1.23	2.58	
Electricity, gas and water supply	0.83	0.94	1.43	1.15	2.87	7.19	-3.55	
Construction	7.17	11.98	11.02	14.95	12.08	-1.38	5.21	
<b>Services</b>								
Trade, hotels	18.17	22.53	26.88	37.54	4.89	2.99	5.72	

and restaurant								
Transport, storage and communication	6.99	8.05	9.88	13.65	3.21	3.46	3.35	5.53
Financial, insurance, real estate and business services	2.10	2.59	3.37	4.62	4.72	4.50	4.60	5.40
Community, social and personal services	23.52	27.55	34.98	30.84	3.57	4.06	3.85	-2.08
All sectors	239.57	272.39	315.84	336.75	2.89	2.50	2.67	1.07

Source : NSSO-Different rounds., Economic Survey 2002-2003

**Table 3:**

Sectoral Composition Of Employment (UPS)

	Primary sector		Secondary sector		Tertiary sector		Total	
	Youth	All	Youth	All	Youth	All	Youth	All
<b>1983</b>								
RM	76.8	77.3	11.7	10.4	11.5	12.4	100	100
RF	86.4	86.4	9.3	8.0	4.4	5.7	100	100
RP	79.8	80.1	11.0	10.0	9.2	10.3	100	100
UM	9.4	9.8	37.4	34.6	53.2	55.7	100	100
UF	24.9	25.6	37.3	31.0	37.9	43.4	100	100
UP	12.0	12.6	37.4	34.0	50.6	53.5	100	100
<b>Total</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>
<b>1993-94</b>							100	100
RM	72.9	73.7	13.0	11.4	14.1	14.1	100	100
RF	83.3	84.7	11.3	9.1	5.4	6.2	100	100
RP	76.0	76.9	12.6	10.7	11.4	12.4	100	100
UM	8.4	8.7	36.8	33.2	54.7	58.1	100	100
UF	18.7	19.3	36.22	9.7	45.1	51.0	100	100
<i>UP</i>	10.1	10.6	36.6	32.6	53.3	56.8	100	100
<b>Total</b>	<b>62.2</b>	<b>62.5</b>	<b>17.6</b>	<b>15.5</b>	<b>20.2</b>	<b>22.0</b>	<b>100</b>	<b>100</b>
<b>1997</b>								

RM	73.87	85.6	11.8	10.6	14.5	13.7	100	100
RF	86.0	87.8	10.0	7.7	4.1	4.5	100	100
RP	77.1	78.9	11.2	9.8	11.6	11.3	100	100
UM	7.1	7.6	37.9	34.3	55	58.1	100	100
UF	13.4	16.4	43.7	32.7	42.9	50.9	100	100
<b>UP</b>	8.1	9.0	38.8	34.1	53.1	57.0	100	100
<b>Total</b>	<b>62.6</b>	<b>63.4</b>	<b>17.04</b>	<b>15.15</b>	<b>20.32</b>	<b>21.46</b>	<b>100</b>	<b>100</b>

Source : NSSO Reports of 38<sup>th</sup>, 50<sup>th</sup> and 53<sup>rd</sup> Rounds.

**Table 4:**

Category Wise Employment (UPS)

	Self-employed		Regular employed		Casual labour		Total	
	Youth	All	Youth	All	Youth	All	Youth	All
<b>1983</b>								
RM	56.3	60.0	9.9	10.1	33.8	29.9	100	100
RF	49.7	54.2	3.8	3.5	46.5	42.2	100	100
RP	54.2	58.2	8.0	8.1	37.8	33.7	100	100
UM	39.9	40.4	39.8	44.8	20.4	15.3	100	100
UF	34.7	37.4	30.9	31.7	34.3	31.0	100	100
<b>UP</b>	39.1	39.8	38.2	42.1	32.7	18.1	100	100
<b>Total</b>	<b>51.1</b>	<b>54.5</b>	<b>14.2</b>	<b>15.0</b>	<b>34.7</b>	<b>30.5</b>	<b>100</b>	<b>100</b>
<b>1993-94</b>								
RM	54.1	56.7	7.4	8.7	38.5	34.5	100	100
RF	46.7	5.9	4.0	3.6	48.6	45.5	100	100
RP	52.0	55.0	6.4	7.3	41.6	37.7	100	100
UM	41.6	41.1	35.7	42.6	22.8	16.2	100	100
UF	34.7	36.5	35.8	35.9	29.8	27.7	100	100
<b>UP</b>	40.3	40.3	35.6	41.5	23.9	18.2	100	100
<b>Total</b>	<b>49.6</b>	<b>51.9</b>	<b>12.5</b>	<b>14.7</b>	<b>37.9</b>	<b>33.5</b>	<b>100</b>	<b>100</b>
<b>1997</b>								
RM	56.3	59.0	7.2	7.4	36.5	33.6	100	100
RF	51.2	51.8	2.5	2.7	46.3	45.5	100	100
RP	55.0	57.0	5.9	6.2	39.2	36.9	100	100
UM	39.4	39.7	36.1	41.9	24.5	18.4	100	100

UF	33.0	33.3	37.9	36.0	29.1	30.6	100	100
<b>UP</b>	38.4	38.7	3.6.4	40.9	25.2	20.4	100	100
<b>Total</b>	<b>51.5</b>	<b>52.9</b>	<b>12.3</b>	<b>13.9</b>	<b>36.2</b>	<b>3.3.2</b>	<b>100</b>	<b>100</b>

Source: NSSO Reports of 38<sup>th</sup>, 50<sup>th</sup> and 53<sup>rd</sup> Rounds.

RM : Rural Male, RF: Rural Female, RP : Rural Person

UM : Urban Male, UF : Urban Female, UP : Urban Person

### **Box - 2** Investment and Employment in the Organised and Unorganised Sectors

Indian economy can be broadly divided between the organized and the unorganized sectors. The organized sector consists private and the public sectors. Whereas, the unorganized sector is all in the private sector, where employment is found in the form of casual labour self-employment.

Of the total investment around 70 per cent goes in the organized sector which employs just 7 per cent of the total labour force and where the employment growth is almost nil (in public organized sector the employment growth is negative) the unorganized sector provide employment to nearly 93 per cent labour force with just 30 per cent of the total investment in 2002.

Another, significant point is that agriculture which employs nearly 60 per cent labour force gets just 7 per cent of the total investment. Consequently the employment intensity of production measured by the rates of employment elasticity with respect to GDP growth has decreased from 0.48 in 1983-1993/94 to 0.01 in period 993/94-1999/2000 respectively (Global Employment Trend, 2003).

### **Box - 3** Employment Categories

In India, youth employment is categorized as Self Employed, Regular Salaried Workers and Casual Labour. As seen in Table -4, more than half of the youth labourer are self employed and only a little over 10 percent are regular salaried employees. The share of the casual labour, with no job guarantee, has risen over the years since 1983. It declined marginally in 1997 to 36.2 percent from 37.9 per cent in 1993-94. This is partially due to the increasing capital intensity in the organized sector and retrenchment of labour in the Public Sector Units (PSUs) through various of schemes like VRS or Golden Handshake.

Regular salaried labour is generally seen in the organized sector only. With increasing capital intensity of production and shedding of surplus labour many have been rendered jobless and force to join the ranks of self-employment or the causal labour market.

Another important feature highlighted in the Table-4 is that in comparison to the All age group, the percentage of Youth favouring self employment is low in al the reference period. Similarly, regular salaried employment sector seem to have lesser job opening for the youth as compared to the all age group where as this trend is found to be just the opposite in case of the casual employment category.

### **1.5 Role of Private Sector in the Employment Generation**

In any mixed economy like India, the private and the public sectors are mutually dependent. Since independence, the contribution of the private sector has not only been significant in total output (69.5 percent) and total investment (55.4 percent) but also in the total employment generation. Further, the Indian development strategy, based largely on the IPR, 1956 ( Industrial Policy Resolution ) emphasizing the co-existence of public and private sector and for the mutual co-operation and help, was well in operation till the beginning of the economic reforms in 1991. The irreversible LPG (Liberalisation Privatisation and Globalisation) followed in the new economic policy of 1991, has dramatically diluted the role of the public sector and the rein of the country's development has been placed in the hands of the private sector, and the market replacing the state intervention. In this scenario, can we really hope from the private sector to generate enough employment opportunities so that full employment can be ensured.

Indeed, in the New Economic Policy, responsibility for the additional employment generation has been placed on the private sector, when the employment growth rate in the public sector is recorded to be negative. But, this is difficult to say that private sector holds the key for future employment. Because, unlike the public sector, all operations undertaken in the private sector are driven by the market based profit motivations. In the private sector, which is considered as synonymous to the unorganized sector of the economy, employment is sought not out of choice but out of compulsion because, every unemployed youth wish to join the organized sector. Further, the private sector can be divided in the following three categories:

1. Unorganised individual production unit
2. Small and medium enterprises, and
3. Big industrial unit

Any development strategy that looks at increasing employment must recognize that big business is not going to be big employer in terms of the direct employment. The focus of the strategy must be set on the small and medium enterprises and all sorts of the assistances must be provided to the unorganized individual industrial units. For these firms, big or small, globalization is proving to be a double edged weapon – on the one hand it brings opportunities in terms of expanding market access, high technology, better management and so fourth, but on the other hand it poses a greater threat to the very existence of local industries, particularly the small and medium enterprises that are unable to face the market competition. Hence, the employment opportunities are shrinking in big as well as the small industrial groups i.e. the big corporation are going highly capital intensive and the small ones are closing down. Finally, when it comes to the self- employed labour, a majority of them either lack skill expertise or their skill is not matching with the demand.

Further, industries are calling for the labour reforms more to free itself from the labour laws and commitments to become more competitive. Also, MNCs coming to India are investing more through the secondary market route (i.e. are engaged in the merger and acquisition) rather than generating fresh capital. For instance, \$100 of FDI replaces the local \$100 and, moreover, the former being more capital intensive, causes net “ job loss”.

As for as NGOs are concerned, the amount of employment in this sector rarely accounts for 2-3 percent of the overall employment. However, the social benefits such as “hope”, “psychological gains” and so on derived from this sector may be substantial but are hard to measure.

Given this scenario, this is a high time to rethink the overall employment strategy only then the employment rate of 1.56 percent between 1996-2000 can be shored up. The alternative strategy should be based on the following parameters.

1. Public and private investment should be taken as mutually inclusive rather than mutually exclusive.
2. More investment in the human capital.
3. Labour intensive sector should be promoted.

MNCs should be allowed only in the desired sectors like capital goods industries and not in the consumer goods. Effective implementation of the government sponsored programmes, where NGOs can play a dominant role in creating awareness among the targeted groups.

## **2. A GENDER WISE AND AREA WISE ANALYSIS OF YOUTH UNEMPLOYMENT.**

Table 6 below shows the open unemployment profile for both young and non-young or other groups in term of gender and region. Unemployment rate is significantly higher for the youth as compared to senior age groups for both males and females and both in the rural and the urban areas. In the urban areas the unemployment rates among the youth, for both sexes, are well above than those in the village areas, which stood at 15.7 percent as compared to 3.1 in the rural areas in 1997. The youth non-youth contrast is the sharpest in the urban areas where for example in 1997, the young job seekers (aged 15-24 years) faced unemployment rate as high as 12.3 percent, against 5.5 percent for those in the age group of 25-29 years, 1.5 percent by those 30-34 years old and only 0.6 per cent by the age group of thirty plus. These growth rates for their female counterparts are 12.4, 8.4, 1.7 and 0.9 percent respectively.

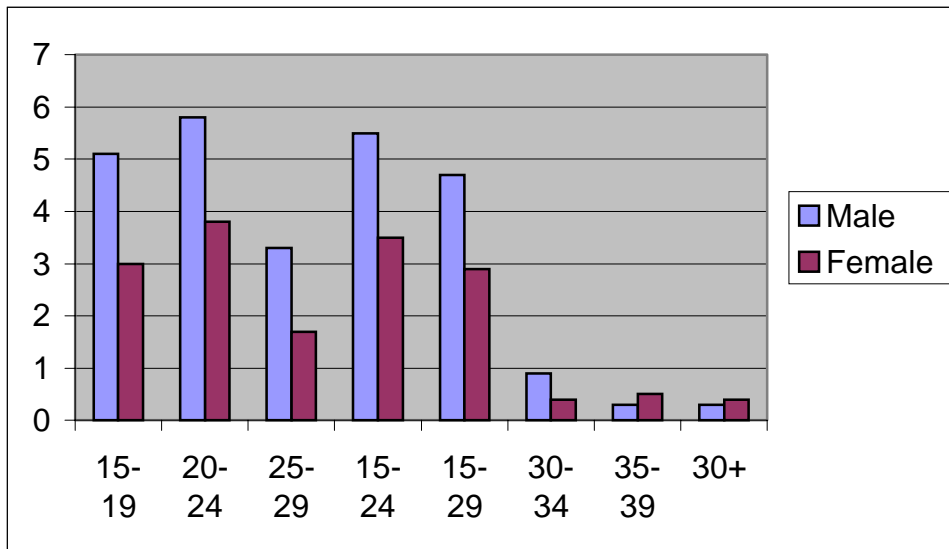
Earlier there were many free goods of nature so that unemployed could cope with unemployment better. In urban areas there are no free goods of nature so it is more difficult to cope with. Standard of living is higher in urban areas so it is more expensive to live in urban areas than the rural areas. Poverty line is not a true indicator of poverty. Getting a few rupees more the poverty line does not make a person non-poor (Kumar, 1997).

Further, the two subgroups constituting the youth (15-19 and 20-24 years) and their immediate seniors (aged 25-29 years) are much worse off as compared with old job seekers who are above thirty. Clearly, the intensity of the urban unemployment problem seems to begin with the young adolescents (15-19 years) and disappears only when the job aspirants enter into their thirties, reasons being, given more competitive and formal urban economic environment (wage employment oriented). Search efforts for an appropriate job have relevance as long as the job seekers are in their late twenties, because thereafter they generally settle with one particular type of job.

The urban-rural gap in unemployment rate is very high among the youth (See Table 6). Though in rural areas it is comparatively low but it is significant, given the

huge size of unemployed youth in absolute terms. Further while their open unemployment is much less in comparison to that of the urban youth. It exists in the form of unemployment and disguised unemployment in family based agriculture and allied activities.

**Diagram 2: Unemployment Rate Among Young Job-seekers By Male - Female in 1997**



Source: Govt. of India, Household Consumer Expenditure and Employment Situation in India, 1997, Report No. 442, NSSO, August, 1998, pp. A18-A23.

**BOX – 4: Labor Force Participation of the Marginal Classes : Women, Children and Dalits**

Women as a category of workers need special focus and analysis. In our society the contribution of women is systematically underrated. The term ‘work’ by its very definition has inherent biases against women’s works. It carries social prejudices and patriarchal biases. Young women often combine both economic and domestic work. They help in family based economic activities like helping potters or weavers to prepare further manufactured products or do subsistence production for consumption, like, raising poultry, collecting fuel wood etc. Young women also do housework and are often the primary caretaker of children and the aged family members. The Census of India and NSSO are two main sources of data on women’s employment. But none of these sources have been able to fully capture the extent and degree of women’s participation in the work force.

The participation of women in economic activities is much less than that of males. Female workers constitute only about one fourth of the total work force in the economy; it is 29.9 percent in the rural areas and 13.9 percent in the urban areas (Table 7). As far as the sectoral distribution of women labourers is concerned, primary sector dominates, accounting for nearly 80 percent of the women workers. A comparison of NSSO estimates between 1983 and 1999-2000 shows that the proportion of women employed in this sector has decreased. In urban areas, a large

number of women are employed in the tertiary sector, has increased substantially over the period 1983-2000. A little more than 49 lakhs women are employed in the organized sector (GOI, 2002-2003). Their proportion is the highest in what is possibly the most backward and low paying segment of the organized industry: agriculture, hunting, forestry and fishing; and the lowest in electricity, gas and water.

The lower rate of young female labour participation is subject to many social, economic and political constraints. Women usually have poor educational background and fewer skills, which makes it more difficult for them to find employment in the organised sector. Some young women belong to backward castes or minority in both the rural and the urban areas. Being a woman she has a lower status in the family and faces exploitation of various kinds.

The growing proportion of the child labour and the declining employment opportunities for the Dalits (the most downtrodden sections in India), are the other set of problems that the Indian labour market is facing. Child labour not only distorts the employment opportunities for the youth in general but also gives incentives to employers to employ them more, because the work done by youth can be done by them at the lower wage rates. The ongoing trend of falling employment opportunities in the organized sector, makes the Reservation Policy for the Dalits, redundant and further intensifies the problem of youth unemployment.

**Table 5:**

Investment, growth and employment by sector, India, 1983 to 1999-2000

	GDP		Employment		Labour Productivity		Elasticity of employment relative to GDP	
	1983-1993/94	1993/94-1999/00	1983-1993/94	1993/94-1999/00	1983-1993/4	1993/94-1999/00	1983-1993/94	1993/94-1999/00
Agriculture	3.08	3.14	1.39	0.05	1.38	3.04	0.48	0.01
Mining and quarrying	7.28	4.61	3.95	-2.78	1.97	7.68	0.61	-0.49
Manufacturing	6.13	7.40	2.17	1.80	3.60	5.88	0.32	0.20
Utilities	8.97	6.26	4.56	-4.77	3.45	12.18	0.48	-0.52
Construction	8.97	6.26	5.60	6.36	-0.96	-0.01	1.27	1.00
Trade	5.52	9.06	3.84	3.99	1.49	5.00	0.67	0.38
Transport, storage and communication	5.55	8.62	3.53	5.31	2.30	3.24	0.55	0.56
Finance, insurance and real estate	5.94							
Community, social and personal Services	10.14	9.47	5.71	6.07	3.87	2.25	0.49	0.68
	5.86	8.61	3.69	0.21	1.74	8.19	0.63	0.02
<b>All sectors</b>	<b>5.37</b>	<b>6.64</b>	<b>2.06</b>	<b>1.02</b>	<b>2.95</b>	<b>5.60</b>	<b>0.36</b>	<b>0.13</b>

Source: Chadha and Sahu (2002).  
Global Employment Trend Report (2003).

**Table 6:**

Unemployment Rate Among Young Job-seekers by Rural-Urban Residence and Sex  
(Usual plus subsidiary status)

Locale	Sex	Year	Age-Group							
			15-19	20-24	25-29	15-24	15-29	30-34	35-39	30+
Rural	Male	1987-88	4.6	5.0	2.2	4.8	3.9	0.7	0.5	0.7
		1997	3.1	3.7	2.6	3.4	3.1	0.6	0.2	0.2
	Female	1987-88	3.6	3.9	2.8	3.8	3.4	1.9	1.8	1.6
		1997	1.9	2.2	0.7	2.1	1.6	0.2	0.4	0.1
	Persons	1987-88	4.3	4.7	2.5	4.5	3.8	1.1	1.0	0.9
		1997	2.8	3.3	2.0	3.1	2.7	0.5	0.3	0.1
Urban	Male	1987-88	17.2	14.9	5.6	15.8	11.7	1.6	0.8	0.8
		1997	13.2	11.8	5.5	12.3	9.5	1.5	0.6	0.6
	Female	1987-88	13.6	17.8	8.6	16.0	13.4	3.5	1.6	1.3
		1997	10.6	13.5	8.5	12.4	11.0	1.7	1.1	0.9
	Persons	1987-88	16.2	15.4	6.2	15.7	12.0	2.0	1.0	0.9
		1997	12.8	12.2	6.0	12.4	9.9	1.5	0.8	0.6
India	Male	1987-88	6.9	7.4	3.1	7.2	5.7	0.9	0.6	0.7
		1997	5.1	5.8	3.3	5.5	4.7	0.9	0.3	0.3
	Female	1987-88	4.8	5.7	3.5	5.3	4.7	2.1	1.8	1.5
		1997	3.0	3.8	1.7	3.5	2.9	0.4	0.5	0.4
	Persons	1987-88	6.2	6.8	3.3	6.0	5.4	1.3	1.0	0.9
		1997	4.6	5.3	2.9	5.0	4.2	0.7	0.3	0.3

Source: For 1987-88, Government of India, Sarvekshana, Special Number, September, 1990, NSSO, pp S188-S193.

For 1997, Government of India, Household Consumer Expenditure and Employment Situation in India, 1997, Report No. 442, NSSO, August 1998, pp. A18-A23.

**Table – 7:**

Workforce Participation Rate according to Usual Status during 1999-2000.

(Percent)

Status	<u>RURAL</u>			Urban		
	Male	Female	Person	Male	Female	Person
Usual-PS	52.2	23.1	38.0	51.3	11.7	32.4
Usual – All	53.1	29.9	41.7	51.8	13.9	33.7

Note: PS = principal status; All = principal status + subsidiary status (ss) workers.

Source: NSSO, 55<sup>th</sup> Round, (July 1999-June 2000), Report No : 45

### **3. UNEMPLOYMENT IN INDIA: ITS PROXIMATE CAUSES**

The growth of employment in any country depends on a variety of factors that can be classified as the demand side and supply side factors in the labour market. The demand side factors are investment, infrastructure development, size of the market (both the domestic and foreign), etc. whereas the supply side factors include education, skill, information, area (rural or urban) and social background (religion, caste, status). The poor quality of India's labour force can be gauged from two simple facts described below.

- In the existing labour force, 45 percent of male and 80 percent of the female labour force are totally illiterate, 29.4 percent of male and only 14 percent of the females have education up to the primary level, and that only 12.8 percent of male and 2.5 percent of the female workers have attained the secondary and higher level of education.
- As far as their skill upgradation is concerned, it generates more supply than the demand of labour. For example, only about 5 percent of the secondary school level students opt for vocational stream against a target of 25 percent set during the Eighth whereas, the demand for skilled labours is falling even shorter (GOI, 1999). The training system also suffers from weaknesses, like limited flexibility, poor curricula and weak links with industry (Chadha, 2000).

Further, a weak regulatory role of the government in ensuring training quality, mismatch between available trained manpower vis-à-vis the requirement of the economy, lack of flexibility in the training programme, inadequate coverage of the service sector, non-coverage of the unorganised sector and inadequate involvement of industry in the training programmes are some of the shortcoming of the skill and technology upgradation programmes in the Indian labour market.

Another factor responsible for increasing unemployment level in India, is high and rising capital intensity of production, which results in the falling employment elasticity of investment. Capital efficiency (measured by the ratio of increase in the output to increase in the capital) in the unorganized sector is higher than in the organized sector. Although, the flow of fund data is not available, the RBI Report, 2001 indicates that while the unorganized sector produces 63 percent of the GDP, the net

outstanding credit of the Scheduled Commercial Bank to this sector is only 37.1 percent of the total bank credit in 2000. More disturbing is the fact that this allocation ratio has come down from 54 percent in 1993-94(GOI, 2002).

Further, NEP started in 1991 with its main thrust on liberalization and globalization, has done little good for the economy on the employment front. It has accentuated further the problem of unemployment by encouraging even higher capital intensity and initiating the process of shedding surplus labour in the PSUs in lieu of disinvestment.

The Market, the guiding force of NEP, cannot by itself provide the solution to the employment problem. Market, guided by the profit motive and not by social consideration and marginalize the marginals. It is found only the advanced and developed areas and not in the backward areas where actually the problem of unemployment, underemployment and disguised unemployment entrenched. For example, Andhra Pradesh means Hyderabad and not Telengana; Karnatka means only Bangalore and not, Bijapur ; and, Maharashtra means only Mumbai, not Kolhapur or Sholapur .

#### **4. IMPACT OF UNEMPLOYMENT**

Widening income disparity between the organized and the unorganized sector, between rural and urban areas and among states, has far reaching social, economic and political implications for any country. No unemployed would sit at home to die but would rather do some work to earn a living. The increasing unemployment among the youth has rendered them helpless and frustrated, this is growing with globalisation. On the one hand the wave of deepening consumerism backed by advertisement lures youth to higher consumption but on the other hand due to their low income because of the nature of their employment, a large number of them are unable to fulfil these expectations. This is leading to growing frustration amongst them and a tendency to try to earn quick money through whatever means it is possible. This in turn gives rise to corruption, vandalism, drugs trafficking, mafia and petty crimes like thefts in the small cities and rural areas .In effect, the social and economic chaos caused by growing unemployment, especially among the youth pose a serious threat to the very political set up of the country.

#### **5. GOVERNMENT POLICIES FOR PROMOTING YOUTH EMPLOYMENT IN INDIA**

##### **5.1 Youth as Perceived Politically**

The year 1985 was declared as the International Year of Youth and as a result of that the government of India has created a Department of Human Affairs and Sports under the Ministry of Human Resource Development. This is followed by the initiation of the National Youth Policy in 1988 with the slogan, “ removal of unemployment both rural and urban and of educated and uneducated”. The Ministry in 1996, under the government prepared an ambitious National Perspective plan for youth with the objective of properly channelling the vital and vibrant resource of youth and making them participate in their own development and in shaping the destiny of the nation (Visaria, 1998, page 9). The BJP and its alliance partners in their election campaign in 1998 pledged to harness the national youth power. Each party has a youth wing. After coming to power each party simply ignore the unemployment problem.

## **5.2 Labour Laws**

A variety of labour laws found in India too rigid since these do not allow firms mainly in the organized sector to retrench labour without government permission. Which, in most of the cases is difficult to secure, given its various social economic and political implications. The labour force involvement vis-à-vis the Industrial Dispute Act that provides conditions and rules for the retrenchment of labour, has to be reviewed. However, it effects only 8 percent of the total labour force. Hiring and firing is difficult in a situation of growing unemployment and under employment. If adequate number of jobs are created it would be easy. If labour is constantly thrown out of jobs, recession would follow and therefore unemployment would grow. We should not put the cart before the horse.

The Minimum Wage Act of 1948 authorizes the central and the state government to fix a minimum wage in different categories of employment including the unorganized sector. There is no separate minimum wage for workers aged 15-24 all though provisions are made for apprenticeship stipend (Visaria, 1998, pp. 26). However, there is no effective machinery for the enforcement of the law.

## **5.3 Access to and Nature of Education and Training**

Higher education and good health empower individuals to think rationally and logically and low levels of literacy and poor health among the youth is responsible for these social evils mentioned above among them. Low level of literacy and poor health is both a cause and consequence of low employment among the youth and forced them to seek low paid and unskilled job which some times generate frustration and lawlessness among them. In any poor society, there is a little scope for anybody to remain unemployed for any substantial part of the year. Lower the per capita consumption expenditure higher the participation of men, women and child in labour force (Kundu, 1996).

The significance of human resource development has never been lost to the policy makers in India. Since independence India has gone a long way to improve the formal education level, yet a lot is left to be done.

Skill upgradation, another major constituent of the human resource development in India, is increasing the supply of labour more than its demand. Moreover, training is mostly focused in the organised sector, which employs a small size, 8 percent, of total labour force. Further, the lack of employment opportunity among highest skilled labourers and educated professionals may push them to leave the country resulting in 'brain drain'.

The national authority has initiated several innovative approaches, and an effort is being made to foster the skill upgradation in India. The success of countries in which unemployment is low demonstrates the fact that rapid sustainable economic growth is essential for employment generation (Report on World Social Situation, 1997, p.117). But growth by itself does not guarantee that employment will rise i.e. the pattern of growth must be labour absorptive which, in turn can only be generated by the effective state intervention in the form of increased investment to boost the quality of the labour force. Given the structural weaknesses of India's education and vocational training programmes, the Ninth plan contemplates that, to improve the quality of technology and education as well as to meet the growing manpower need the intake capacity of the IITs, other reputed engineering institutes and IIMs will be doubled, particularly in the high demand areas like software engineering and

information technology; the vocational education at the secondary and undergraduate level will be expanded so as to have a strong linkage with the industry. The scheme of the vocationalisation of education at the 10+2 level will be restructured so as to divert at least 25 percent of them into self employment or wage employment in the fields of their choice (GOI, 1999a, pp. 107-127).

The Tenth Plan has identified and quantified areas of employment potential (agriculture and allied areas, energy and community services and so on) so that Ten million jobs can be generated annually over the planning period through various programmes and schemes.

#### **5.4. Government Policies**

In its policy formulation the government tries to solve the problem of unemployment both directly and indirectly. Indirectly, it tries to solve the problem of youth unemployment by promoting investment in areas where employment elasticity is higher. Directly, the government has tried to promote various employment programmes targeting at the youth (See Table 7). These are,

- National Employment Services,
- Vocational Guidance and Education Apprenticeship,
- Training of Craftsmen,
- Prime Minister Schemes for Unemployed Urban Youth
- PMRY and TRYSEM
- Besides these national schemes mentioned above, several state governments have been operating self-employment schemes like,
- The government of Andhra Pradesh has setup a Society for Employment and Training in the Twin Cities (SETWIN) to provide informal training and assistance in taking up self employment;
- The government of West Bengal has been operating a Scheme for Self Employment for Registered Unemployed;
- Madhya Pradesh has a soft loan scheme for this purpose; and
- Similarly, Delhi, Manipur, Maharashtra and Nagaland also have schemes for the same purpose.

Along with these schemes mentioned above, several other special employment schemes are also there like;

- SUME (Scheme of Urban Micro Enterprises),
- SUWE (Scheme of Urban Wage Employment)
- SHAHU (Scheme for Shelter and Housing Upgradations).
- Swarnajayanti Gram Swarozgar Yojana (SGJY, 1999),
- Sampoorna Gramin Rozgar Yojana (SGRY, 2001),
- Pradhan Mantri Gramodaya Yojana (PMGY, 2000-01),
- Jayprakash Narayan Rozgar Guarantee Yojana (2002),
- Swarna Jyanti Shahari Rozgar Yojana (1997).

Two major schemes, TRYSEM (Training for Rural Youth for Self Employment) and PMRY (Prime Minister Rozgar Yojana) solely concerned to the youth employment, are described below :

### **5.5 TRYSEM**

TRYSEM is a component of a bigger scheme called IRDP another poverty eradication programme, IRDP aims at providing basic technical and entrepreneurial skills to rural poor in the age group of 18-35 to enable them to take up wage or self employment. At least 40 percent of its beneficiaries have to be women. Every TRYSEM trainee becomes eligible to avail of assistance from IRDP for setting up a self-employment enterprise. Its outcome has been disappointing : against a target of 2.9 lakh beneficiaries for 1998-99 only 0.8 lakh actually benefited from it. TRYSEM has merged into Swaran Jayanti Gram Swarajgar Yojana in April 1999.

### **5.6 PMRY**

This programme launched in 1993 aimed at providing self employment to more than one million educated unemployed youth in the age group of 18-35 years by setting up Seven lakh micro enterprises during 8<sup>th</sup> plan. In 2001-02, the micro enterprise cases disbursed is 0.15 million against the target of 0.22 million cases. The scheme also sought to associate reputed NGOs in the implementations of PMRY especially in the selection and training of would be entrepreneurs. For availing of financial assistance for the project, the prospective entrepreneurs is required to contribute only 5 percent of the project cost, the rest come through the institutional loans.

## **6. PROGRAMMES NOT RELATED TO GOVERNMENT POLICIES**

We have seen above how government through its demand and supply side policies in the labour market deals with the youth unemployment problem. Apart from the government various other players including NGOs (at the national and the international level), many UN agencies (most importantly the ILO), World Bank and many other donor countries and groups, are working for this cause. As far as the nature of the programmes started by these players are concerned they work either with the government or in collaborations with the local NGOs or both. The ILO in its endeavour to enhance youth employment generation has adopted the following mix of strategies.

- Establishing a framework for promoting decent work for young people through its various policies and programmes
- Raising awareness of youth employment issues among its member states. Youth employment has been included on the agenda of several session of International Labour Conference (1986, 1996, 1998 and 2000) and in its 1998 conference it adopted a resolution on youth employment
- Undertaking research on youth employment issues including innovating and suggesting effective policies and practices for enhancing opportunities for young people in employment and creation of enterprises.
- Providing technical support to member states in the design and implementation of policies and programme to address the challenges of youth employment.

**Table-8:**

**Budget Allocation and Performance of Employment Programmes**

Programmes	2000-01			2001-02			2002-03		
	Total Budget	Target	Achievement	Total Budget	Target	Achievement	Total Budget	Target	Achievement
<b>Sampoorna Gramin Rozgar Yojana (SGRY)</b>	2925	--	260.29	3425	--	262.42	3996	--	201.47+
1. JGSY-Mandays of Employment Generated £		259.45	218.39		339.9	260.55			209.83+
2. EAS-Mandatory Of Employment Generated £		--	1.01		--	0.04		--	0.37+
<b>Swaranjayanti Gram Swarozgar Yojana (SGSY)</b>	450	--	1.01	480	--	0.04	466	--	0.37+
PMRY – (i) Micro-enterprises @		0.22	0.19		0.22	0.15 <sup>P</sup>		0.22	0.04
(ii) Employment generated\$		0.30	0.28		0.30	0.23 <sup>P</sup>		0.30	0.06
<b>SJSRY\$\$ of which</b>									
(i) Beneficiaries			0.10			0.8			0.06**
(ii) Persons trained			0.09			0.11			0.08**
<b>UWEP</b>			15.87			3.63			5.74**
Annapura	0.35	--	--	0.35	--	--	--*	--	--

**Note:** - = Target are not fixed

P = Provisional figure

@ = Cases disbursed. For 2002-03, achievement is upto November, 2002

\$ = Estimated @ 1.5 per case disbursed loan. For 2002-03, achievement is upto November, 2002.

\$\$ = Swarana Jayyanti Shahari Rozgar Yojana came into operation from December 1997.

£ = JGSY & EAS merged into Sampoorna Grammeen Rozgar Yojana (SGRY) w.e.f. 25.9.2001

\* = Scheme transferred to the Sates.

\*\* = Up to January 2003.

+ = Up to December 2002.

Source: Planning commission and other concerned Departments.

Further, the programmes started in the private sector by the NGOs and directed by the ILO and the World Bank, though full of potential are few in numbers and are inadequate to the national requirement specially when one considers their regional distribution. However, the international institutions and NGOs seem to be more concerned with providing financial assistance to these programmes rather than monitoring its end use. The Indian experience of the work NGOs like, Oxfam, CARE, Action Aid and so on with local NGOs, has been good. They seem to be aware of the employment prospects of the programmes they are financing. However the aggregate numbers often hide shortcomings and the overall benefit falls short of the intended goals. One lacunae often noticed in international programmes in India is the high overhead cost so that the money effectively utilized for the programmes is a fraction of the total sanctioned.

### **6.1 Role of NGO in Youth Development**

The environment in which NGOs in India have been functioning have radically changed in the last couple of the decades. NGOs have progressed from only implementing relief and rehabilitation activities to undertaking development in a broader sense. Today, their visibility is much greater and their access to the policy-making apparatuses of the government and to the media is far more effective. Many professionals from all walks of life have also opted for careers in this field and there is no dearth of institution especially in training, documentation, networking, etc. Many NGOs at present focus on providing services such as health, drinking water, etc. or work with artisans on small-scale activities. The objective of the programme offered by these NGOs is summarized below :

- to identify and select people for sustainable livelihood.
- to boost their entrepreneurial skills
- to extend management, technical and networking support to their individuals who would like to set up their own units.
- to establish links with the public training, marketing and other support institutions, suppliers and consumers.

#### **BOX-5 UN and Youth Development**

The UN Secretary General Kofi Annan, in his Millennium Report, 2001 has formed Youth Employment Network (YEN). The Network draws on the most creative leaders in private industries, economic policies and NGOs, including youth leaders to explore imaginative approaches tackling the problem of youth employment. ILO has been given the lead role for this purpose. As an agency of the UN, it is expected to work in close association with the government and NGOs at the national and the international level for the effective implementation of various programmes and policies undertaken by YEN. Most of the UN programmes implemented by ILO are financed voluntarily by the member countries. Some countries have played a bigger role, for example Sweden has contributed actively to the YEN programmes and others like Japan, Spain and Netherlands are now coming forward in a big way. World Bank also is a major contributor of YEN programmes financing (ILO, 2002)

### **6.2 Critiques of and Lessons Learned from the Programmes Started by the Government and Non-government Players in India**

Most of the employment generating programmes started by the government and the non-government institutions do not aim exclusively at the youth and even in the case of the above mentioned schemes targeting at the youth, often the benefits are taken away by the persons belonging to the higher age group of 25 plus. A recent study of Bangalore city shows that 89 percent of the beneficiaries of these programmes (TRYSEM and PMRY) are in the age group of 25-35 years. Lack of maturity of the young was described as the main reason for keeping of the youth below 24 years from these schemes (Mahadeva, 2000, pp. 11). There are many other problems implicit in these programmes.

- There are various schemes that begin and end with provision of short-term training in different trades, often unrelated to the trend and growth of local economy.
- More reliance is put on subsidized credit rather than the pre production, production and post-production activities.
- Emphasis is not placed on the nature of the production technology and marketing of the product.
- The more the government keeps its role confined to the specific aspects and more the involvement of outside agencies such as NGOs and local Panchayats, more durable and successful the programmes are likely to be (Chadha, 2000).
- Most of these programmes cater to the rural unemployed youth and their urban counterparts have rather limited support.

In the youth employment promoting programmes started by non-governments players, there is poor representation of women even though many of the NGOs are working exclusively on the problem of women and child labour. In these programmes started by NGOs employment of young women should be placed in a special category. These non-government players need to be always abreast with the policies changes in the labour market and should reinforced their efforts accordingly. Further more, true there are many local NGOs in India but they are not evenly distributed across the country and can only provide marginal helping overcoming the problem of unemployment.

From the shortcomings of the employment promotions programmes mentioned above, we can learn the following lessons:

- Given that a fairly high proportion of the beneficiaries under these programmes turn out to be non youth. Efforts should be made to plug the gaps between the de jure status of the programme and its de facto implementation.
- Most of the current programmes aimed at youth employment cater to the rural youth only. In the era of growing industrialization and urbanization, the non-coverage of the urban youth could partly be responsible for the limited success of youth employment promotion programmes. Youth employment promotion programmes, while dealing with urban unemployment, must target urban youth as a special category, given their wider horizon of thought, social, economic and political.
- Most of the youth employment promotion programmes are for self-employment generation. As an understanding of prerequisite, this requires intensive training and skill up gradation, market intelligence, economic laws and institutions all of which lead to entrepreneurial development. Poor implementations and corruption are some of the various reasons for the non-success of these

- programmes. The government should facilitate small and cottage sectors to grow.
- These programmes for youth employment deal with unemployed youth in general. However there is a marked difference between the junior youth (15-19 years) and their senior counterparts (20-24 years) in respect of educational background, skill, maturity, intelligence and above all the exigency of jobs. Hence, there is a need to adopt differential approach for these to different groups if real progress is to be achieved.
  - Concerted efforts must be made to establish contacts with the schools, colleges and youth groups, specially in the small towns and mofussil areas, to spread awareness about the different schemes of gainful employment and opportunities business through seminars and presentations. These activities should be reinforced by Skill Development Workshops and Leadership Development Camps. The section of youth with some investible surplus and business aptitude should be given special training for running small businesses. These policies and programmes should also be linked up with other financing and marketing schemes originating in government and non-government sectors.

## **7. SECTORS WITH HIGH EMPLOYMENT OPPORTUNITIES**

The Special Group on Targeting Ten million Employment Opportunity per year over the Tenth Plan period, constituted by the Planning Commission has identified the sectors with a high potential for employment. These are : agriculture, small and medium industries and services sector including education, health, family welfare, ICT, tourism and construction. Within these, it is the unorganized sector which has the higher potentialities. It has been broadly estimated that the 8 percent growth, targeted in the Tenth plan, can provide 30 million additional opportunity and nearly 20 million jobs can be generated by various policies and programmes at the central and the state level, in both the rural and urban areas. For this additional gainful employment the unorganized sector has to play a leading role.

### **7.1 Employment in Agriculture**

Though, agriculture account for 57 percent of the total labour force but, employment growth in this sector has been almost nil (GOI, 2002-03). In order to reverse this trend, higher investment must come forward with changed growth pattern which should encourage comparatively higher labour intensive activities like water shed development, waste land development, minor irrigation, development of forestry and animal husbandry. Special emphasis needs to be given to the under developed regions of the country.

### **7.2 Employment in Small and Medium Enterprises and KVIC**

In small and medium enterprises and KVIC also 4.2 million additional jobs are expected to be created by specific programmes like PMRY, REGP and proposed cluster development. As per the report submitted by KVIC, 2.5 million additional jobs will be created through different programmes including REGP, during the Tenth Plan period (2002-07).

### **7.3 Employment Generation in Community Services: Health and Education**

A significant down sizing has been recorded in the community services sector (education and health) in the last decade. Moreover, excess labour force is expected to be shed significantly over the Tenth Plan (GOI, 2002). Further, it has been pointed out that areas like health and education have tremendous employment potentialities, given

shortage of teachers, trainers, nurses and doctors. It is proposed that additional employment of 1.7 million in the elementary education and 0.8 million in health and child development can be generated. The high potentiality of jobs for teachers with vocational training can be assessed from the simple fact that hardly 5.3 percent of the youth labour force is trained whereas in the developed countries it is as high as 65 to 70 percent.

#### **7.4 Employment in IT Sector**

It is clear that the prospect of direct employment generation in the I T sector is high, given its very high growth rate in relation to other sectors of the economy. A NAASCOM (A Software Manufacturers Association) survey indicates a growth of 24.4 percent in employment in the Indian IT software and services in 2002-03. Of the total of 5,22,000 employed in this sector last year, almost 2,05,600 are working in the I T software export industry, 1,60,000 are employed in I T Enabled Services, 25,000 in the domestic software market and over 26,600 in user organizations. A large proportion of these people belong to the category of youth.

However, now there is a shift away from hiring newcomers to hiring professionals with more domain specific skills, which is the trend of that Indian companies moving to high value service lines. Some important features in this sector are:

- The hiring of new IT professionals is much higher in South India, (44 percent of the total) as compared to the Eastern region (6 percent).
- The median age of the software professionals is about 26.5 years.
- 79 percent of the software professionals in the software companies are men and the remaining women. According to NASSCOM this ratio is likely to 65: 35 by the year 2005.
- 42 percent of the software professionals possessed over 3 year of experience this indicates a high proportion of youth in the workforce in software.

The demand for workers in Software is expected to grow by approximately 1.1 million by 2008 but the supply of labour is expected to grow by 8.8 million per annum in this period. Hence its contribution to mitigating unemployment would be marginal. Further, given the high capital intensity and a very high level of skill requirement in this sector, employment generation may be adversely affected by the growth of IT sector pre-empting resources from other sectors. Its principal contribution would come from increases in exports. Finally, automation is resulting in reduction of jobs in various sectors (See Box 4) so that the growth of this sector in India may not be an unmixed blessing.

#### **7.5 Employment in Tourism**

Tourism is potentially a labour-intensive sector and can provide high quality jobs. Given extensive backward and forward linkages in this sector, it is capable of generating substantial employment, especially in the handicraft, travel and food items. Over the Tenth Plan period, an estimated 3.6 million jobs per year are expected to be created taking direct and indirect employment into consideration. Local and internal tourism needs to be promoted since that would be more labour intensive and is likely to go in the non traditional tourist spots generating new employment in such areas.

## 7.6 Employment in Construction

In a package proposed in the Tenth Plan to give incentives to the cities and States for urban sector development, there has been a proposal for recommending selective freedom to convert rural land for urban use, reduction of stamp duty on transfer of property and laws facilitating private development of township – all these will increase the real estate growth, and thereby generate increased demand for construction.

### BOX – 6 “Programmes-generated” Incremental employment, over 10<sup>th</sup> plan

A Special Group on Targeting Ten Millions Employment Opportunity per annum over the Tenth Plan Period, constituted by the Planning Commission has identified the areas with high employment potential. These areas include: agriculture, SMEs (Small and Medium Enterprises) and the service sector which includes education, health, ICT, tourism and construction. Special emphasis is given on sectors such as water, sanitation, RE, etc. The list of emerging areas and the expected employment generation during the 10<sup>th</sup> Plan Period, is given below.

(million person years)

#### (a) Agriculture and Allied

1. Diversion to oilseeds and pulses:	0.35
2. National Watershed Development Project for Rain fed Areas (NWDPPRA)	0.50
3. Horticulture	1.20
4. On Farm Management	1.25
5. Agriculture Clinics and Seed production	0.15
6. Training and employment of tractor drivers.	0.10
	3.55

#### (b) Greening the country through Agro Forestry

1. Joint Forest Management (JFM)	1.50
2. Development of medicinal plants	0.50
3. Bamboo Development	1.50
	3.50

#### (c) Energy Plantation for Biomass power Generation

1. Energy Plantation Prosopis and Casuarina	1.22
2. Ethanol (Biofuel from sugarcane plantation)	0.79
	2.01

#### (d) Rural Sectors and SMEs

1. Prime Minister's Rojgar Yojana (PMRY-SSI)	1.65
2. Cluster Development	0.55
3. Rural Employment Generation Programme (REGP-KVIC)	2.00
4. Samporna Gramin Rojgar Yojana (SGRY)	1.29
5. Pradhan Mantri Gram Sadak Yojana (PMGSY)	0.77
6. Swarnajayanti Gram Swarajgar Yojana (SGSY)	0.80
	7.06

#### (e) Education and Literacy

1. Education	1.53
2. Mid day meals	0.06
3. DIET, BRC, CRC, Engineering Staff SPO, DPO	0.09
	1.70

Employment through ICT Development

0.70

Health Family and Child Welfare

0.80

**Grand Total**

19.32

Source: Report on Targeting Ten Millions Jobs per Annum During the 10<sup>th</sup> Plan Period, Planning Commission, 2002.

## **8. CONCLUSION**

Youth unemployment is one of the most crucial problems facing India. It is a well-established fact that unemployment level is higher for the youth as compared to the other age groups in most of the countries, developed or developing. The following aspects of youth unemployment in India need to be highlighted:

1. Agriculture accounts for only 7-8 per cent of the total investment, employs as high as 57 per cent of the total labour force; in both the rural and urban areas, the proportion of youth in the agriculture is falling and is lower than the other age groups, which is true both for males and females the service sector also exhibits the same trend, as in the agriculture and this trend is found to be just the opposite in the industrial sector.
2. The organized sector in spite of massive investment (65 per cent of the total investment) generates virtually no additional employment. Hence, the whole burden of employment generation falls on the unorganized sector.
3. When, in almost all the sectors, employment elasticity is falling then the target of 10 millions additional jobs per annum during the 10<sup>th</sup> Plan Period, is highly questionable.
4. High economic growth is not the solution of unemployment problem. What matter most is the nature of this growth i.e. labour absorptive and not labour displacing.
5. Given the enormity of youth unemployment problem in India, different types of policy intervention are being explored. However, the youth specific employment schemes are relatively far and few in number.
6. No doubt, apart from the government various other players like NGOs, Youth Clubs, UN Agencies (for instance ILO), World Bank, etc., are working for the cause of youth employment, but they are inadequate considering the national requirement.

### **8.a What is to be done?**

Today, even 56 years after independence, no permanent solution is found for the persisting unemployment problem among the youth. Youth employment generation has never been the centre-theme of the economic planning process of any of the ruling party though it has been included in their election manifesto as a priority item. However, only few have dared to treat Employment and Work as a Right.

What is required most is the change in the very orientation of the approach to employment generation and this requires political will. India is the world's largest democracy. Transparency and accountability of the various policies and programme started by the government and non-government organizations is needed. Further, it should be noted that market alone can not solve the unemployment problem but state guided market economy with proper policy mix like the proper section of technology and identification of the areas where the maximum employment can be generated, will help resolve the unemployment problem among the youth.

Unemployment, in any country is above all a macro economic problem hence its solution should also be dealt be first at the macro economic level. The biggest irony of Indian planning is that employment generation has been given low priority otherwise the unemployment problem would not have been as severe as it is today. As discussed earlier, the entire burden of additional employment generation has been falling on the unorganized sectors. What is really needed is to change the very

orientation of planning towards employment generation. The following points need to be kept in mind:

- Employment generation should be the guiding policy in the Five Year Plans.
- Investment should be sharply increased in the agriculture, rural infrastructure and social sectors, like, health and education.
- Market by themselves are aggravating the problem of youth unemployment and specially in the backward areas of the country. Effective state intervention is required to ensure increased employment opportunities in the country as a whole and more specifically in its underprivileged parts.
- Given that NGOs are few in number and have a limited reach, there is no substitute to government for youth employment generation in India.
- Employment generation is closely related to the technology used. If technology is classified as low, intermediate and high, the focus has to be on investment in low and intermediate technologies so as to achieve full employment and then on high technology for strategic sectors (Kumar, 1994 and 1997).
- Black economy which is about 40 percent of GDP, if effectively tackled, can generate sufficient resources to increase investment in the employment intensive sectors. Further, curbing it would reduce the enormous waste associated with it in the economy and make it more productive (Kumar, 1999)
- Proper fiscal policies are required to promote employment across the economy by encouraging labour intensive industries and transfer of workers from agriculture to non-agricultural jobs. They must be used to accelerate the development of backward areas.

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# National Report on Youth Employment in the Islamic Republic of Iran

## INTRODUCTION AND OVERVIEW

The population changes in the last two decades have led to the population increase in the ages under 24 years as compared to the total population. In 1977 of the 33 million people of the country 19 % or nearly six million and 4 thousand people belonged to the youth age. In 1987 the youth age group composed 19% of the total population which was around 49.5 million people, their number reaching around 9 million and 400 thousand. With the increase in the number of people in this age group in 1986 the population explosion in the age group of 15 -24 years of age led to a sharp increase in the youth population by 20.5% in proportion to the total population of the country and composed nearly one fifth of the total 60 million population of the country (or more than 12 million people). During this period whilst there was a rise in the total population of the country by around 78 % the youth showed a 93% increase of the year 1977.

The largest percentage of growth was seen in the urban areas which despite low rate of fertility they received large amounts of rural immigrants or like wise, as a result of expansion of the urban areas and transformation of some of the villages into towns, they were to hold larger populations with the population of the youth age groups holding a larger share out of the total youth population of the country. This indicates that by the year 2006 the total population of the youth will reach up to 17.5 million people equal to 25% of the total population of the country. Of this population by 2006 around 50.1% will compose the age groups of 20-24 years of age and around 50% will comprise the age group of 15-19 years of age.

This report has endeavoured to first examine the present opportunities, the challenges and the major problems on the way of employment and the means for maintaining a sustainable living for the youth and offers an overall view about the present conditions and major concepts and issues related to the economy of the country.

Generally speaking, the major economic and employment opportunities in Iran can be categorized into four main areas namely, 1- agriculture, 2-mines and industry 3-services and 4-present opportunities in the ICT section

These areas are mainly under direct control of the governmental system and only to a relative extent to the private sector. As for the youth employment since the ICT section requires educated forces it holds the largest capacity for attracting the youth work force. The services section is the next area holding a large capacity for attracting the youth work force since it does not require highly educated forces. Currently, the mines and industry and the agriculture sections are not being well received but with the present potentials and facilities they hold a very important position. However, for many reasons young people are more attracted to the former three sections.

The National Youth Organization as a national entity related to the youth issues in Iran has defined youth as a person in an age group ranging from 14-29 years. The basic areas of the economic activities of the youth are mainly in the information

technology and communications and services. Which in the latter area young people are usually attracted to the governmental and the related job systems. This is highly significant in as far as that the dominant culture on the youth for finding jobs and vocational opportunities is to endeavour to find governmental jobs in all the areas of services ,technical ,industry and agriculture which depicts the incumbency of the government over economy .The biggest obstacle here is the overloading of the work force in this area and the predominance of highly influential connections in place of a standard system for attracting a new work force .

In other areas, incompatibility between the needs of the job market and the skill based trainings for the youth as well as the weak functioning of the social services system in the non- governmental sectors are the most significant deterring factors against entry into the work force. Nevertheless, it should be pointed out here that it is still important to move towards establishing micro- scale vocations by the youth themselves.

Despite the fact that the majority of the youth seeking jobs and holding small work shops are from among the average to lower classes of the society, but the most important problem is lack of basic capital for ensuring the formation of small jobs.

In order to remove these problems and obstacles the young workforce have moved towards learning vocational trainings and technical skills as well as receiving self employment loans.

In another section, certain factors such as nepotism and poor system of social services have caused efforts for alleviating these obstacles to yield unfavourable results .

## **B. ECONOMIC CONTEXT**

### **An overview to Iran's Economy**

Iran had a population of 64 million people in the year2000 with an annual growth of 1.6 % during the years 1990 -2000. Considering the large area of land the population density stands at 47 persons per km sq. Life expectancy from birth is 71 years of age and the infants mortality rate under the age of 5 equals 33 per one thousand.

From human capital stance, the existence of nearly 2.1 million graduates of which 1.8 million of them are engaged in various production and services sectors, the existence of nearly 300 thousand unemployed individuals as well as 1.6 million students in the governmental and non-governmental sectors and around 17.7 million students at school age ranging from primary to high school reveals a high level of potentials in the area of human capital for the future.

Based on the purchasing power in the year 2000 the Gross Domestic Product GDP equalled to over 378 billion US Dollars and the annual per capita production was nearly equal to 5900 US Dollars .The growth percentage of GDP in the 1990-2000 was around 3.6 %, the value added share in the agricultural sector was 20 %, in the industry 37 % and services around 43%of the total GDP. Moreover, the household consumption costs were 66%, the state' consumption costs around 7 %and the gross domestic capital around 17 % of the GDP.

The human capital development index indicates a considerable growth rate during the past two decades turning from 0.566 in the year 1980 to 0.646 in the year 1990 and to 0.719 by the year 2001.

### **Iran's Economic Potential**

With possessing 18 % of the total natural gas supplies, Iran ranks the second largest country in the world, the first being Russian Federation. The oil supplies of the country comprise 8.6% of the world's oil supplies and it holds 5.2% of the world capacity for production. Iran holds a significant position among the countries in the region for its industrial potentials, roads and harbours and energy production plants.

Climatic variations, vast areas of land, agricultural resources in 14 diverse climatic regions, 20 hectares of operational lands, 12.4million hectares of forests, 90 million hectares of pastures and the potential for using 130 billion cubic meters of water from the total water reservoirs, the existence of 10.000 plant species and a large number of different animal species, all provide the adequate grounds for supporting the youths' vocation.

The existence of ethnic and cultural diversity and the cultural potential for a peaceful cohabitation in different areas has given the opportunity to Iranians to play an effective role at international level despite differing cultures and nations.

The geo-strategic situation of the country as being located on the route between east and west and access to regional and global markets as well transport of goods and services are all some of the economic opportunities available to the country.

The cultural heritage and the historic records of more than 100 thousand years of identified history places Iran among the top ten countries in the world possessing cultural heritage.

As mentioned earlier, based on the definitions of the Youth National Organization a young person is defined as the one who stands in the age group of 15-29 years of age. Based on the latest census on housing and population the youth population holds 20.15 % of the total population of the country or nearly 1/5of the 60 million total population (or nearly 12 million people).

By holding a glance at annex 2 we can find the proportion of the youth population to that of the total population, the young employed population to that of the total population based on the sex disaggregated statistics.

### **C. YOUTH'S EMPLOYMENT IN THE FUTURE**

Considering the present economic conditions in Iran and the existing potentials of the country as mentioned earlier, it is noteworthy to mention that the structures of the youth population make it necessary for the authorities and policy makers to give them special attention. 36 million population under the age of 25 whilst it is considered as a privilege for the country, but nevertheless, the issues concerning their education and employment, housing and livelihood is a matter which requires a high economic growth of nearly 8% and an investment rate of more than 10% within a long period.

### **Youth Economic Activity**

The youth of our country like other young generations of the world are interested to join in modern activities in the agricultural transformational industries, industries and services in particular services which would focus more on ICT and as it is expected from the working groups they show more interest in areas of technical and specialized occupations.

Basically since there is no conformity on the definitions made over the formal and informal sectors in the labour market it is difficult to discuss the presence of the young generation working in the informal sector of the labour markets. Based on the data collected from the labour market of the country ,nearly 20 % of the present working groups are active in the informal sector of the labour market without considering their age groups .How ever ,our youth and generally speaking the young work force are less interested in the informal sector of the labour market since they have achieved a high level of education .

In Iran the urbanization process in the past two decades has gained a fast speed and the rural markets in comparison with the urban markets have had less prosperity .The Urban population in the last two decades has had an annual growth of nearly 4.3%. It is anticipated that the supply of the work force in the urban regions which was over 9.7 million people in 1996 will raise up to nearly 5% within the next future decade. The supply of the rural work force which was over 6.3 million people in 1996 will raise up to 2 % within the next future decade. Therefore, it is expected that the majority of the young working groups will be present in the urban labour markets.

The urbanization of the future labour market in Iran is quite evident. However, the issue of women's employment with regards to an increase in their education level and their growing interest for participating in various economic activities is considered as a fairly new phenomenon.

### **D. SOCIAL AND INSTITUTIONAL SUPPORT**

- All girls and boys are provided with free education up to high school levels before entering the higher education institutes .After the compulsory education there is a widespread and equal competition for entering the higher education institutes Moreover ,broad-based training courses ,as well as private institutes have all provided the opportunity for people to have easy access to education .
- Professional trainings required for employment takes minimum of two years excluding military services for boys .Of course the minimum period needed for finding a job after graduation is around 2-4 years.
- In the official declarations youths are considered as an opportunity yet in actual fact due to lack of comprehensive planning, in many instances specially in the case of employment they are reminded as a serious challenge.
- With regards to the inconsistency of opportunities in the rural and urban areas naturally, there would be an unequal access to opportunities though there are similar conditions for job opportunities with regards to offering facilities.

- Most of the young people view employment as having access to governmental occupation in various sectors in particular in the clerical and services sectors and in the private sector they show more interest to service occupations.
- The specific problems related to the increase in the young population such as housing, marriage and employment which are usually prevalent in the developing countries have lead to some serious concerns which has made the majority to view employment as a disadvantage and a troublesome issue for the society .
- This is the natural outcome of any population growth which in turn leads to an increase in the unemployment rate. However, considering the cultural and religious framework of the Iranian society, apart from the issue of drug addiction which is of relative concern the rate of crimes and moral corruptions and alcohol addiction is very low among the Iranian youth .

By looking at the rate of young people's participation in the elections in the past decade and their active participation in various fields such as formation of non-governmental organizations and guilds associations they indicate an overall increase in their socio-political awareness although there have been no indication of a clear relationship between unemployment and participation.

- Both girls and boys have equal access to public trainings in the fields of technical and professional courses which have had a considerable progress in the last recent years. Efforts are being made to bring forth coordination between these trainings and market requirements. Of course, public trainings fail to prepare the youth to take part in the labour markets.
- The expansion of private agencies and institutes which are responsible for informal trainings as well as responding to the social needs indicate the serious considerations given to these issues.
- The private sectors, institutes, agencies and semi- governmental companies, the cooperative sections and foreign investments (in only a small degree) play a major role in the working conditions of the country and despite the fact that no clear plans have yet been offered but the general plan for reducing the tasks of the government and handing them to the private sectors including the private sector investment in the construction activities and food industries all show that more attention have been given to this matter.

The United Nations agencies generally have direct cooperation with the non-governmental organizations in the deprived regions and some times they cooperate with the government for establishing work shops and operating small projects.

Although these cooperation have focused on small projects but it should be reminded that they have had no determining and effective role in the employment section.

## **E. POLICY PROGRAM FRAMEWORK**

In the employment system correct information system is the foremost important circle connecting the elements of the system to each other which plays an effective role in organizing and improving the employment development process.

The information system of the country has administered various systems for offering job opportunities. However, based on the latest statistics and data presented by the Ministry of Labor and Social Affairs the following organizations have been helpful for offering facilities and providing the grounds for supporting job -creating plans:

- The Ministry of Labor and Social Affairs
- The Technical and Professional Training Organization
- Job services centres
- The General Office for the Vocational Development Abroad
- The Welfare Organization
- The Ministry of Cooperation
- The Cooperative Fund
- The Technical Cooperation Office of the Presidency
- The Agriculture Bank
- The Islamic Revolution Martyrs Foundation
- The Collaboration organization for employment of the University Graduates
- The Ministry of Mines and Industry
- The Youth National Organization

Among these, perhaps we could refer to some institutions such as the Ministry of Labor and Social Affairs and their affiliates such as the vocational support funds and the job counselling centres as the major performers in this area.

But the actual policies and programs of the government for the employment of the youth which naturally play the most important role concerning employment move around the following issues:

**Short- term solutions:**

Reducing long working hours and occupying more than one job ,early retirement ,foreseeing legal obligations and encouraging laws ,implementing large projects dependent on man power and monitoring the allocated credits for job creations.

Average term solutions: Technical and professional development training, dispatch of work force to foreign countries, foreign investment attractions, benefiting from the existing capacities in the production and services units, reducing the duration for operating unfinished investment and identifying and promoting new vocations as needed.

Long term solutions: Promotion of productivity, alleviating obstacles promotion of investment, production and development of the social security system.

Perhaps, a short glance at the issue of employment in the third socio-cultural and economic plan would help to clarify the above mentioned points more easily [annex 1].

Considering the young population growth and the policies of President Khatami's cabinet, special attention have been given to the youth in the laws and executive regulations .The promotion of the National Youth centre during his Presidency to an organization and promotion of advisory into deputy for the head of

this organization, establishment of the Youth Supreme Council and young people participating as advisors for the authorities of the country all indicate the importance of this issue.

There are evident concerns over the issue of employment in general in the second and third socio-political and economic plan of the country. However, it is not a straight forward issue among the youth themselves, since the issue of employment is the concern of the whole nation and not just a particular group or community.

In the article 157 of the legislation for the third development plan The National Youth Organization is in charge of solving the problems of the young people and to promote their generation. As mentioned earlier, in the second and particularly in the third socio-cultural and economic development plan of the Islamic Republic of Iran there have been many policies for encouraging self employment or entrepreneurship.

As statistics indicate Iran is a very young country with highly active potentials in the work force. (By examining the pyramid of the age group 15-29 years of age which compose a large part of the active work force ,not only will there be a large capacity of work force entering the labour market ,but also in the recent ten years we should expect to witness another wave of active work force entering the labour market .What is evident is that in addition to providing sufficient numbers of job opportunities for these people who are of major concern ,the important point to consider is training skilful work force which would yield the needed feedback into the economy and the occupations necessary for the society .In order to achieve this objective the past economic development plans have failed to `adjust themselves` with the conditions of the future labour market and they only glanced at the current situations .That is why ,in the future economic development plans efforts should be made to focus more attention to the population issues and the quality of employment. Therefore, endeavours should be made to examine the youth employment conditions ranging between 15-29 years of age which comprise the most important age groups of the labour market besides the policies of the third plan and whilst presenting the weak and strong points of the third plan and the past plans, recommendations should be made for improving the employment conditions in the future .

What follows is a list of risk and stimulating factors which affect the youth in the labour market.

### **Stimulating factors**

- Young active labour market or in other words low average age of employment
- Increase in the youth population growth and low mortality rate and hence a growing trend in the active labour market
- A growing trend in the rate of participation and the rate of women's active population growth during the third plan which appears to continue in the future
- A growing trend of employment distribution in the industries among the age group of 15- 29 years which enlightens a new move from the services section into the industrial section.

## **Risk factors**

- Lack of conformity between the growth rate of job opportunities in the agricultural and industrial sectors with the growth rate of the active population which would turn into a serious crisis.
- Lack of conformity between job opportunities and current specialties of the youth in the labour market due to inadequate planning in the past.
- Unconformity and inadequate coordination between the education systems and job opportunities (despite the large number of work force with a higher education degree , there is a wide gap between the rate of employment in the higher education and the normal standards ).
- Decrease in the investment process in the country which has influenced the second plan and has lead to a high productivity rate in the capital.
- Absence of a definite centre for decision makings in the area of employment and hence the existence of scattered decision makers which have lead to heavy costs without an appropriate feedbacks in the job creation process .

## **F. CONCLUSION**

Based on the observations made in the former chapters the following can be concluded with regards to the employment status of the youth in the age group of 15-29:

- In the years 1996 and 2000 the average growth rate per year in the age group of 15-29 was around 57.4% which is nearly three times the growth rate of the total population indicating the fact that plans and policies should be monitored in a way as to focus more on this age group.
- The urban diversity of the age group 15-29 has reached from 62% in 1996 to 64% in the year 2000 depicting an increase in the urban living as a result of more migrations from the age group of 20 -24 years which is due to the fact that the young people of this age group living in the rural areas are mostly married or occupied in some sort of activities .Moreover ,the young people from the age group of 15-29 which comprise the larger group of the unemployed in the rural areas plan to migrate to the urban areas .In fact, the problems related unemployment of the youth in the rural areas is confronted mostly by the age group of 15-29 years which is one of the main reason for the ever increasing migration to the urban areas .
- The average growth rate of women's active participation in the years 1996-2000 has doubled the number of men .In other words , in later years we would witness more active participation of women (15 -29 )within the labour market as compared to men .Hence, it is necessary for the job creation plans to pay more attention to women and to maintain balance in the job opportunities .
- The Average growth rate of youth participation (15-29) in the years 1996-2000 was 1.27%. In other words ,it has had a growing trend in the following years .This indicates that there have been a change in the society's views regarding training and employment which has lead to the increase in their numbers and would continue to do so .

- The average growth rate of unemployment among the youth in the age group of 15-29 was equal to 13.2 % which is lower than the other two age groups (less than half).
- The work force demanding the age group of 15-29 from around 3.5 million people in 1998 has reached to 6 million people in the year 2000 which is an annual increase of 2.5 %, the largest of which is related to women seeking jobs. Moreover, demanding women's share in the work force is constantly growing.

### **Key Areas for Action**

- Providing the means for the employment of the young work force in the foreign labour markets
- Prioritizing allocation of financial resources needed for the unfinished investment plans in the private sector and the cooperatives
- Anticipating supporting policies for attracting and promotion of economic activities which require specialized work force
- Reducing the production costs including costs related to the use of manpower for promoting the employers to recruit new work forces
- Establishing and developing small scale industries and to make efficient these industries in order to promote employment of work force and national production
- Banks support and monetary institutes of the entrepreneur industries in order to develop industry and to encourage the private sector through granting loans and job creation credits
- Guiding the youths towards technical and professional training centres and educating the needed work force of the labour market.
- Precise and systematic planning in order to distribute the young work force in occupations appropriate to their profession and interest.
- Preventing people to be occupied in more than two jobs in two or more different organizations in order to give opportunity to the youth for better participation and competition with the experienced individuals.

## **ANNEX 1**

1. Removing and replacing all foreigners occupying jobs without work permits (article 48)
2. Encouraging employers of the existing work shops to maintain their new work force through vocational services centres of the Ministry of labour and Social Affairs through discount on the insurance rate and reduction of the tax payment by the employers (article 49)
3. Granting facilities in the less developed areas for the purpose of job creation (article 50)
4. Granting subsidies to the investors for the facilities of their interest in the private sectors and cooperatives for establishing private technical and professional institutes (51)
5. To rationalize the electricity, telephone and water costs and to fit the rate of educational prices for the purpose of supporting production .(article 52)
6. Dispatch of work force to foreign countries.(article 53)
7. Offering facilities to the investors in the job creation plans and small scale industries through supporting a portion of the profit and work prices by the banking facilities system (article 54)
8. Granting facilities to agricultural and livestock's plans, construction of buildings and housings and completing the industrial and mines plans in the non -governmental sectors (article 55)
9. Granting interest -free loans for providing working instruments for those people who do not have the facility to provide their working apparatus ,such as the jobless people living in the villages and the jobless women headed households and the professional trainers in the technical and professional sectors.(article 56)
10. Training with the view to dealing with various small businesses which require small capital through different radio –television networks (article56)

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# A Report on Youth Unemployment in Pakistan

## EXECUTIVE SUMMARY

The YES Campaign was launched in response to the enormous challenge of youth unemployment facing most countries and affecting millions of young people around the world. In many countries, YES is bringing together diverse stakeholders through the YES Country Networks to work collaboratively in taking actions that result in productive and sustainable employment for youth.

YES Network Pakistan was established in June 2002 with a view to address the greatest challenge of Youth unemployment and under employment. This initiative has been taken out of the need for an integrated and well-coordinated effort to address the pitiable and deplorable state of Youth. Pakistan faces a major challenge in the form of youth unemployment, particularly in the light of the coming youth population bulge. There are many young people in Pakistan who have no opportunity to realize their gifts and talents. Disappointments, deprivations, sufferings and despair among Youth of Pakistan leave them with no choice. Alarmed by this situation, Youth of Pakistan decided to take the responsibility to address the challenges being faced by them by teaming up with a broad range of stakeholders. YES Network Pakistan has been very active and committed to mobilize young people all across Pakistan to be engaged in the campaign for youth employment. The Network has established institutional structure that provides youth a platform to actively involve in the Network and contribute to the development of an integrated approach to facilitate planning and implementation and to spearhead the development of a shared vision with public and private organizations, civil society and promoting youth advocacy at the local, provincial and national level.

In order to provide a solid foundation to this campaign in Pakistan a baseline survey was required. Being a pioneer survey in the Youth employment field it was decided to adopt following methods for data collection:

- Series of Consultations throughout the Country
- Collection of case studies
- Literature review
- Quantitative research

YES Network Pakistan decided to undertake the quantitative research in partnership with the Social Work Department. It was mutually decided to limit the survey to 100 households in a poor neighbourhood of Lahore called Green Town. The sample consisted of male Youth with age group ranging from 15-29 years. It included male and female. Total sample consisted of 221 individuals, about 121 female and 100 male.

The purpose of this research is to offer some suggestions as to how the YES Network Pakistan in partnership with other agencies, might approach the development and implementation of youth employment Programs and strategies. The aim of the research is to present an innovative approach that reflects a critical awareness of the

limitations of past initiatives, and that can play a “lighthouse” role in pointing to viable future directions to enhance young people’s employment prospects.

The paper has seven sections. The first section outlines socio economic profile of Youth. Section two offers a critical assessment of the magnitude of Youth unemployment. Third section focuses on job preferences. Fourth section highlights the effects of Youth.

Unemployment. Fifth Section emphasizes on employment status of Youth. Sixth section aims at under employment of Youth. Seventh section outlines causes and suggestion/recommendations to address Youth unemployment and under employment.

The survey findings revealed that the large majority of young people are unskilled, untrained, inappropriately educated and socialized, and ill prepared to function in a world growing in complexity and where living is becoming more challenging and more demanding every day. The findings of the study indicate that if urgent measures are not taken to address the development need of young people, in which they must play a central role, then the situation is likely to lead to social upheaval and disorder. There is therefore an urgent need to create employment and livelihood opportunities for young people.

During the survey youth have voiced their concern and offered suggestions about how to move forward. They all very concerned about issues relating to growing corruption, justice, development and peace, especially to the extent that these affect their well being.

## **INTRODUCTION**

Young people are a dynamic force in the contemporary world. They are at the forefront of global, social, economic & political developments. In addition to their intellectual contribution & ability to mobilize support, youth women and men have a unique prospective. How our society's progress is determined, among other things, on how adequately and wisely we involve youth in building and designing the future. But unfortunately, in many developing countries young people are not adequately involved in development programmes. Over 70 millions young people are unemployed and many more are struggling for survival on low wages and in poor working conditions, often in the informal economy. Young people are more than twice as likely to be unemployed as adults. The majority of young people (85 %), live in developing countries and this figure is growing<sup>9</sup>.

World has entered into 21<sup>st</sup> century but the human development gap is still large between developing and developed countries. Pakistan is facing multidimensional problems and requires the enthusiasm, energies and creative abilities of youth of Pakistan to transform the country and make inroads into current problems. A track record of 55 years of independence reveals that nothing substantial has been achieved. Quaid-i-Azam created Pakistan but subsequently no leader has lead the nation to determine the course of future. Population of Pakistan is on the fast track. About one millions new people are entering the job market each year. On the other side, expansion in the employment opportunities is not enough to absorb all the new job seekers and so unemployment rate is not getting down and is persistent at 7.82 percent of labour force.

According to the 13<sup>th</sup> conference of labour statisticians, the employment is defined as all persons of working age who, in the reference period, are without work, or currently available for the work and seeking work ". According to ILO, under employment exists when a person's employment is inadequate in relation to specific norms or alternative employment or amount being taken of his/her occupational skill training and experience.

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<sup>9</sup> The United Nation Youth Agenda 2001  
The Unemployment actor the News Lahore at 8-11-2002

# Status of Youth in Pakistan

In this survey people between 15 and 29 years are considered as youth. According to 1998 census the demographic distribution is as follow:-

## Population of Youth aged 15 to 29 (Census 1998)

Age group	Male	Female	Total
15-19	6,909,333	6,490,279	13,399,612
20-24	5,814,957	5,772,812	11,587,769
25-29	4,878,521	4,642,699	9,521,220
<b>Total</b>	<b>17,602,811</b>	<b>16,905,790</b>	<b>34,508,601</b>

Youth constitute 27% of entire population of Pakistan. 36% of youth live in urban area while 64% live in rural areas.<sup>10</sup>

In Pakistan unemployed youth is 53 percent of total unemployed. These young people can also effectively and positively contribute for their economic and social well being, for those who are unfortunately immediately dependent upon them and for the national and world communities as in case of employed persons. But they are being deprived of their role. There are three basic causes for this situation.

1. Large population compared to resources and employment opportunities.
2. A shortage of capital for economics development
3. Lack of skill in conformity to requirement.

According to Pakistan Economic Survey 2001-2002, 7.82% of labour force is unemployed. Also 38% of population subsists below poverty Line. In Pakistan out of 146 million people (Mid year 2002), our labour force is 42 million and out of this 3 million are totally unemployed while about 5 million are partially employed.<sup>11</sup>

Unemployment has far reaching influence on the personality of these people socially, psychologically, culturally and economically.

We cannot even imagine a situation when a person, from a middle class educated family, completes his education and having a great deal of ambitions in the mind, comes in the market and he could not get a suitable job. His entire dreams are shattered. When he has no means to earn his living, surely, he is socially and psychologically disturbed. Some time he is bound to use unfair means or even commit some criminal activity. The worst are the disappointment and demoralization, which ensure on this enforced idleness and the more or less complete crouch of psychological aspiration and hope such young people are label to become Embittered and mentally depressed and they lose the ground of hope.<sup>12</sup>

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<sup>10</sup> This shows a trend to national trend of rural and urban distribution.

<sup>11</sup> Effect of unemployment on youth

<sup>12</sup> Micro Economic (Human Recourses) Unemployment in Pakistan

Unemployed person loses self-esteem. Society teases him. Young people get frustrated and depressed. They lose self-identity.

Employment and work can provide youth an honour. He gets recognition, responsibility and intrinsic pleasure. Work also improve a time structure and provide opportunities for social interaction and for development of identity of self esteem.<sup>13</sup>

At the commencement of the new century, youth employment problems continue to pervade both in developed and developing countries. Large number of young women and men are exposed to long-term unemployment or else grossly underemployed.

Socially disadvantageous unemployed youth are particularly affected thereby perpetuating a vicious cycle of poverty and social exclusion. In developing countries, very few can afford to be openly unemployed whereas majority faces the problem of unemployment and underemployment. The underemployment mainly is low pay and low quality jobs in the typically large informal sector.

Currently there are more than one billion youth aged 15-24 years in the world and by the year 2010, additional 700 million in developing nations alone will enter the labour market. (UNFPA, 1998)

Never before have there been proportionately more young people in the world. We are living in a time of rapid technological advancement but the share of economic prosperity is highly to the advantage of developed world. A large percentage of those affected by this variety of challenges are young people who, because of the energy, willpower and ability can play a positive role in their communities and in the world.

By creating employment opportunities for youth, we will make major contribution to address other global problems and challenges such as poverty and hunger, HIV/AIDS, violence and environmental degradation. With concentrated targeted action only, we can expect that current barriers to youth employment will cease to exist.

“More than one billion jobs need to be created between now and 2010 to accommodate young workers entering the labour force and reduce unemployment, over the next two decades. Some less developed region will see a temporary “bulge” in the working age population relatives to older and younger dependants. This demographic bonus offers countries opportunities to build human capital and spur long term development if they invest in education, jobs and health services”.<sup>14</sup>

Three billion people live on less than \$ two per day and poverty continues to grow. In many countries, especially in the developing world, half of these people are under the age of 24, in almost all counties, improvements in living standards have been minimal, and reflect no substantial change in the lives of the vast majority and in more than 20 countries condition is worsening considerably. One of the major cause of poverty is insufficient opportunity for people to earn a living-the demand for employment exceed the ability to supply. The employment market is limited, and young people have less access to it than older experience job seekers.

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<sup>13</sup> Research Study” Duration of unemployment & its impacts on social exclusion” 1998, Sociology Dept. Lubna Bhatti

<sup>14</sup> Source:- The state of world population 1998, UN population fund.

No matter what the cause of youth unemployment is, it does seem to have serious consequences especially if unemployment has increasing trend or persistently continue at constant levels. The longer unemployment spells, the more difficult for that person to find work because of the loss of skills, morale, psychological damage etc. There are three main reasons why unemployment for frequent or long periods can be particularly harmful.

1. Early employment in a persons' career may permanently impair his/her future productive capacity.
2. Barriers to employment can block young people in the passage. The period from adolescence to adulthood, involves setting up a household and forming a family. There is some association between youth joblessness and serious social problems such as drug abuse, crime and single parent families.
3. High levels of youth unemployment may lead to alienation from society and from democratic political processes, which may give rise to social unrest. Unemployment makes people unhappy.

## **1. POVERTY ALLEVIATION AND UNEMPLOYMENT:**

Poverty and unemployment are major problems in the country and affect all activities of human life. According to Pakistan Economic Survey 2001-2002 an estimate of poverty, using basic need approach nearly one third of the population in 1998-99 was classified as poor. About 32% of the population in rural and 19% of that in urban areas lives below the poverty line. The poor suffer from inadequate access to education, health utilities, land and credit that might allow them to participate with dignity in society valuation of Youth-Related Policies

At present govt. is trying to address problems and issues related to the youth. Federal govt. is keen to support young women and men for setting up their businesses. For this purpose, youth investment promotion society was established in 1980's.

## **2. YOUTH INVESTMENT PROMOTION SOCIETY**

YIPS was established in 1980's to solve unemployment problems of educated young peoples. YIPS provide financial assistance to unemployed educated youth along with the necessary technical and managerial guidance to assist them in establishing their own business projects.

The State Bank Of Pakistan does not expect any "significant decline" in unemployment rate in Pakistan during the recent two years 01 and 02 and points out that this rate would remain unchanged unless "the economic growth and investment scenario changes significantly. In its annual report for 2001-02 released on Monday, the State Bank Of Pakistan has given unemployment rate at 7.8% during the year 2000.

"Estimates for the unemployment rate in the current and recent years will not be available till the next labour force survey is conducted" the report says but emphatically states that there would not be any significant decline.

According to the Pakistan Economic Survey 2001-2002, unemployment has shown an increase from 5.9 % in 1998 to 7.8 % in 2000. This increase has been observed for both males and females. Females are more unemployed (17.3% compared to 6.1% unemployed males).

The unemployment rate jumps to 9% for persons working less than 15 hours a week.<sup>15</sup>

Unemployment that is defined as all persons 10 years of age and above who during the period under reference were

1. With out work i.e. were not in paid employment or self-employed.
2. Currently available for work i.e. were available for paid employment for self-employment.
3. Seeking work i.e. had taken specific steps in a specified period to seek paid employment.

According to this definition, 2.4 million people of labour force were estimated as unemployed in 1999-2000. According to 1996-97 survey (labour force survey) the rate of unemployment was 6.1 % and 5.4 % as per labour force survey of 1994-95. The rate of unemployment is also more in urban areas than the rural areas of Pakistan. The annual unemployed labour force by urban rural areas since 1991-92 to 1999-2000 is given in the table, the available data reveals that the unemployment rate was 6.97 % in urban areas and 5.4 % in rural areas.

The cause of unemployment arises out of different classification of unemployment. In at most all industries, there is fluctuation in economic activities so causal unemployment arises because of maladjustment between demand for and supply of labour forces.

### Unemployed Labour Force

Year	Total	Urban	Rural
1991-92	1.93	0.67	1.26
1992-93	5.85	6.97	5.40
1993-94	1.68	0.61	1.07
1994-95	1.89	0.67	1.22
1995-96	1.94	0.68	1.26
1996-97	2.00	0.71	1.29
1997-98	2.30	0.80	1.50
1998-99	2.30	0.90	1.50
1999-00	2.40	0.90	1.50

Source: Economic Survey Govt. of Pakistan

<sup>15</sup> (Source: -National Report of Pakistan, July 1999, prepared by youth resources and information centres)

In Pakistan present situation of unemployment and especially of educated unemployed youth has its roots mainly in the mismatch of the establishment of educational institutions and market changes over time for different professions. Today, in Pakistan there is an alarming surplus of university graduates and postgraduates. Moreover, the industries are adopting new technologies, which are capital intensive (or Labour saving) the result is that the capital is substituted for labour and hence, increased unemployment. Unemployment and underemployment are the major problems of Pakistan. This not only has a serious effect on the standard of living of the people of Pakistan but also have a direct adverse impact on the socio-political condition of the country.

In conclusion, its may be said that unemployment is a great socio-economic problem. It is the parent of social unrest and turmoil to a great extent of individual poverty. In youth, it is one of the greatest causes of anguish and misery. It spells starvation, disease and death on its victims. Dishonesty, corruption, crime, sin, and violence of all kind prevail in a society where population is unemployed on a large scale.

### **RESEARCH DESIGN TOPIC STATEMENT**

To study the magnitude of unemployment and underemployment and the factors affecting the employment status of youth.

### **Objectives of the study**

- To determine the socio-economic profile and personal attributes of youth.
- To assess the magnitude of the unemployment and underemployment among youth.
- To explore factors influencing employment status of youth (social, cultural, political and economical)
- To study the effects of unemployment status.
- To explore job preferences among youth.
- To record youth views regarding future aspirations about standards and status.
- To explore major shortcomings of existing employment services for young people.
- To explore the measures that should be taken by public and private sectors to improve the present status of youth with regard to employment.

## CHAPTER 2

# CHARACTERISTICS OF HOUSEHOLDS

This chapter provides an assessment of socio-economic and demographic environment in which men, women and children live. Obviously young persons aged 15-29, being part of their families live in the same environment.

### 2.1 Size of Household

A household unit is a group of people living together who have collective arrangements for eating. A household may range from a single person to more than 15 persons. Joint family system is very common in Pakistan.

Table 2.1 shows the distribution of households by usual members.

### Household Members

Table No. 2.1

Number of Household Members	Number of Households	Percent
1	2	2
2	4	4
3	4	4
4	5	5
5	4	4
6	20	20
7	26	26
8	11	11
9	8	8
10	16	16
<b>Total</b>	<b>100</b>	<b>100</b>

Average household size is found as 8 members.

The information acquired about size of households shows that two-third Households (69 percent) have 6-10 family members, 19% have 1-5 family members and 12% have 11-15 family members.

Average household size is found as 8 members. Large household size is due to economic pressure. Low income families cannot afford to live in separate houses and so tendency of joint family system emerges living in the same house.

### 2.2 Composition of Household

As joint family system is very common in Pakistan, a household generally comprises of families of brothers jointly living together along with their parents.

**Table 2.2 shows respondent's relationship with head of household.**

**Table No. 2.2**

Relation with head of household

<b>Relation with head of household</b>	<b>Number</b>	<b>Percent</b>
Head	97	14
Wife/Husband	91	13
Son/Daughter	483	67
Son/Daughter in Law	12	2
Grand son/ Daughter	7	1
Parents	10	2
Parents in Law	3	0
Brother/Sister	8	1
Brother/Sister in Law	3	0
Nephew	2	0
Uncle/Aunt	3	0
<b>Total</b>	<b>718</b>	<b>100</b>

It is found that 67 percent are sons/daughters, while 27% are either heads of the family members or their wives. Remaining, a very negligible percentage have miscellaneous relations to head of household.

Interviewers were given intensive training in probing techniques to get accurate data on age. Table 2.3 present age structure of household population.

**Table No. 2.3**

Age distribution of household members

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
0-4	30	4
5-9	72	10
10-14	108	15
15-19	115	16
20-24	94	13
25-29	43	6
30-34	60	8
35-39	39	5
40-44	46	6
45-49	38	5

50-54	30	4
55-59	22	3
60-64	15	3
65-69	4	1
70-74	2	1
<b>Total</b>	<b>718</b>	<b>100</b>

As regard their age, out of total 718, 31% are 10-19 years and 19% are 20-29 years old while 14% are in the age group of 0-9 years. 13% are between 30-39 years. However 11% are 40-49 years and only 7% belonged to 50-59 years age group respectively. Their average, age is 26 years.

**Table No. 2.4**

Sex wise distribution of household members

Responses	Number	Percent
Male	380	53
Female	338	47
<b>Total</b>	<b>718</b>	<b>100</b>

Among all the members of 100 households, the total number of family members under study are 718. Amongst them 53% are male and 47% are female.

**Table No. 2.5**

Education of house hold members

Responses	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Illiterate	230	29	101	26	129	38
Primary	166	21	92	24	74	22
Middle	93	12	51	13	42	12
Matric	116	15	56	15	60	18
F.A/ F.Sc	62	8	44	11	18	5
B.A/B.Sc	34	4	23	6	11	3
M.A/M.Sc	14	2	10	2	4	1
Diploma	2	0	2	0	0	0
Ph.d	1	0	1	0	0	0
<b>Total</b>	<b>718</b>	<b>100</b>	<b>380</b>	<b>100</b>	<b>338</b>	<b>100</b>

**Table No. 2.6**

Distribution of Household by eligible Persons for Interview

<b>Eligible Person</b>	<b>Number of Household</b>	<b>Percent</b>
1	27	27
2	64	64
3	13	13
4	3	3
5	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

### CHAPTER 3

## CHARACTERISTICS OF RESPONDENTS

**Table No. 3.1**

Age distribution of the respondents by Sex

Responses	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
15-19	104	47	47	47	57	47
20-24	84	38	39	39	46	38
25-29	33	15	14	14	18	15
<b>Total</b>	<b>221</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>121</b>	<b>100</b>

Vast majority of the respondents (85%) are in the age group of 15 to 24 years and others 15% are in the next age group of 25-29 years. The average age of the respondents is 20 years.

Age group 15-19 of respondents depends on their families for self-needs and maintenance. While very small portion of the respondents are economically sound and support their families.

**Table No. 3.2**

Sex wise distribution of the respondents

Responses	Number	Percent
Male	100	45
Female	121	55
<b>Total</b>	<b>221</b>	<b>100</b>

More than half (55%) are females and remaining 45% are males.

**Table No. 3.3**

Marital status of respondents

Responses	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Married	35	16	14	14	21	17
Un married	186	84	86	86	100	83
<b>Total</b>	<b>221</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>121</b>	<b>100</b>

Eighty four percent are unmarried while less than 1/5<sup>th</sup> are married.

Investigations were also made regarding religion of respondents. The data are shown in table 3.4.

**Table No. 3.4**

Religion wise distribution of the respondents

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Muslims	138	63
Christians	83	37
<b>Total</b>	<b>221</b>	<b>100</b>

Two third respondents (63 percent) are Muslim while one-third (37 percent) are Christian. There are inhabitants of other religions also but selected sample area includes the population of Muslims and Christian only.

**Table No. 3.5**

Family structure of the respondents

<b>Response</b>	<b>Number</b>	<b>Percent</b>
JOINT FAMILY SYSTEM	78	35
NUCLEAR FAMILY SYSTEM	143	65
<b>Total</b>	<b>221</b>	<b>100</b>

As far as information about respondent's family system, out of the total cases under study, nearly 2/3<sup>rd</sup> (65%) had adopted "nuclear family system" while (35%) reported living as "Joint family system".

**Table No. 3.6**

Types of Accommodation

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Own	194	88
Rented	27	12
<b>Total</b>	<b>221</b>	<b>100</b>

It is revealed that majority of the respondents (88%) reside in their own houses while on the other hand 12 percent are living in rented houses.

## CHAPTER 4

# EDUCATION AND SKILL

### 4.1 EDUCATION LEVEL

Educational opportunities in Pakistan are as follows which are not adequate compared to educational needs:

▪ <b>Primary Schools</b>	<b>165,700</b>
▪ <b>Middle Schools</b>	<b>18,800</b>
▪ <b>High Schools</b>	<b>12,900</b>
▪ <b>Secondary Vocational Institutions</b>	<b>612</b>
▪ <b>Arts and Science Colleges</b>	<b>889</b>
▪ <b>Professional Colleges</b>	<b>324</b>
▪ <b>Universities</b>	<b>26</b>

At national level 44 percent population aged 10 years and above are educated. Among those, slightly less than half are educated upto primary while more than half are educated above primary. Also among educated, 17 percent are matric and about 13 percent have attended college. Table 4.1 presents information on educational levels as found in the survey.

**Table No. 4.1**

Education Levels of Respondents Aged 15-29

<b>Educational Level</b>	<b>Number</b>	<b>Percent</b>
No formal schooling	31	16
Below primary	16	8
Primary	17	8
Middle	33	16
Matric	49	24
Intermediate	42	21
Graduate	11	5
Master	5	2
<b>Total</b>	<b>204</b>	<b>100</b>

It is observed that among youth aged 15-29, 84 percent are educated (have some schooling) while 16% have no formal schooling.

Twenty four percent respondents are Matric i.e. have completed 10 years schooling, more than 1/4<sup>th</sup> have education upto college level including 7% respondents having graduation and post graduation qualification.

## 4.2 Professional Education:

**Table No. 4.2**

### Professional Education

<b>Responses</b>	<b>Number</b>
Medical	1
Engineering	4
Teaching	12
<b>Total</b>	<b>17</b>

Only 17 respondents are found professional out of 221.

Out those 17, 12 have adopted the teaching profession for earning purpose. It is found that they are teaching in non-formal schools on account of low level of education and family restrictions, while 5 respondents gained proper professional education, one from medical institution and four from engineering institutions. Since present study is a pilot study, sample was small. So the results may be interpreted with caution.

**Table No. 4.3 (a)**

### Literacy Levels of Respondents

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Yes	175	86
No	29	14
<b>Total</b>	<b>204</b>	<b>100</b>

Eighty six percent respondents are found literate and are able to read and write a simple letter with full understanding.

**Table No. 4.3 (b)**

### Reasons for not getting any formal schooling.

<b>Response</b>	<b>Number</b>
Poverty/Inability to pay fees.	22
Family restriction/Family opposition.	8
Lack of an accessible school	4
Lack of interest	5
Unfavourable family condition	3
Lack of opportunities	1
<b>N</b>	<b>31</b>

A total number of 31 respondents are found without any formal schooling. Major reason is poverty. Other main reason is family restrictions.

According to Human Development Report 2001, 31 percent population of Pakistan (45 million people) live below income \$1 a day. Obviously these extremely poor families cannot afford to educate their children. The other problem is low literacy levels. About half of the population (49 percent) is illiterate. These people generally follow the customs and traditions prevalent in such class of people. They commonly oppose female education. Also there are difficulties for female education because of transport problems and non-availability of separate schools for girls.

**Table No. 4.4 (a)**

Attainment of Technical Education by Youth Aged 15-29

Responses	Number	Percent
Yes	49	24
No	168	76
<b>Total</b>	<b>217</b>	<b>100</b>

It is found that majority (76%) of the respondents are not having technical education while 1/4<sup>th</sup> of the respondents have obtained technical education.

**Table No. 4.4 (b)**

Type of Technical Education Gained by Respondents

Responses	Number
Mechanical	8
Computer	30
Engineering	2
Teaching	5
Electrician	3
N	49

Among 49 respondents who are having technical education, 30 have obtained computer training (basic applications) where as others have training as mechanics, electricians and engineers. Five are professionally trained teachers.

A question was asked to know the reasons and hindrances in getting any technical education.

**Table No. 4.4 (c)**

Reasons for not getting any technical education

Responses	Number	Percent
Lack of awareness	13	8
No aptitude for technical education	38	22
Family opposition	19	11
Lack of facility and social support	9	5
Unable to pay fees	35	20
No suitable technical education available	9	5
Lack of accessible institution	6	4
Lack of guidance	14	8

Due to busy routine	30	17
N	168	100

According to respondents, main reasons are lack of aptitude towards technical trainings followed by inability to pay the fees, family opposition and unawareness about the need and importance of technical education. Family opposition and restrictions from society to get technical education are mostly for girls.

**Table No. 4.5 (a)**

Skill Training

Responses	Number	Percent
YES	122	55
NO	99	45
<b>Total</b>	<b>221</b>	<b>100</b>

It is observed that more than half (55%) respondents are equipped with some skill while remaining are not.

**Table No. 4.5 (b)**

Types of Skill

Responses	Number	Percent
Needle work	99	81
Fine arts/painting	30	25
Driving	9	7
House constructor	5	4
Movie maker	2	2
Beautician	5	4
Shoe making	4	3
Sweeper	11	9
Furniture making	3	2
N	122	

Among skilled respondents, majority (81%) are adept in needle work while 25% respondents are having skill of fine arts/painting. Others have skill in miscellaneous fields like driving, construction, movie making, beautician, shoe making and furniture making.

Most of the respondents informed that they have learnt these skills from their family members, relatives, peers and neighbours. In response to question regarding utilization of skill for earning purpose, majority of respondents informed that they are utilizing their skill for earning purpose due to acute poverty and economic pressure, while others are not utilizing their skill.

**Table No. 4.5 (c)**

Reasons for not having any skill

<b>Responses</b>	<b>Number</b>
Lack of capital	19
On account of being non productive	8
Poor recognition	14
Lack of opportunities	33
Not interested	44
Family opposition	7
Shortage of time	16
N	99

It is observed that among 99 unskilled respondents, major reasons for not having any skill are lack of interest, followed by lack of opportunities, lack of capital, shortage of time (because of household routine work).

## CHAPTER 5

# UNEMPLOYMENT

THIS CHAPTER PROVIDES INFORMATION ON MAGNITUDE OF UNEMPLOYMENT.

**Table No. 5.1 (a)**

Employment Status

Responses	Number	Percent
Currently in school/college	76	34
Employed/self employed/family business	82	37
Unemployed	57	26
Another	6	3
Total	221	100

It is revealed that about 1/3<sup>rd</sup> (37%) respondents are employed, self employed or have family business while 26 percent are unemployed. On the other side 1/3<sup>rd</sup> (34%) are continuing their education in school/college.

At national level 7.82 percent of population of Pakistan aged 10 years and above (3.25 million) are unemployed.

It is a matter of concern that about one forth of youth is neither continuing their education nor they have any paid employment.

**Table 5.1**

Utilization of skill for earning purpose

Responses	Number	Percent
Yes	72	59
No	50	41
Total	122	100

### **5.2 Past Employment by Unemployed:**

A few questions were added for unemployed youth. Responses to question "Have you ever done work for livelihood before?" are given in table 5.2 a.

**Table No. 5.2 (a)**

Past Employment

Responses	Number
Yes	23
No	34
Total	57

Out of total 57 unemployed 23 were employed in the past while 34 are unemployed so far.

**Table No. 5.2 (b)**

Nature of past work, salary and reasons for leaving the job

(Nature of job)	Number of Respondents	Salary	Number of Respondents	Reason	Number of Respondents
Stitching	6	0-999	4	Busy routine	9
Shoe making	2	1000-1999	6	Faulty closed	1
Teaching	5	2000-2999	5	Family opposition	3
Nursing	2	3000-3999	3	Low salary	3
General labour	3	4000-4999	1	No work	3
Cleanliness	1	5000-5999	1	Suspended	2
Police	1	6000-6999	-	Unpleasant atmosphere	2
Govt. servant	3	7000-7999	1	Total	23
Total	23	8000-8999	2		
		Total	23		

Those 23 respondents who were employed in the past were mainly doing stitching, teaching, labour work or government service. Most of them were getting salary below Rs.4000/-. They could not continue job because of low salary, unpleasant atmosphere or otherwise there was no work for them any more.

**Table No. 5.3**

Earning through skill utilization

Responses	Number	Percent
Less than 1000	19	26
1100-2000	19	26
2100-3000	7	10
3100-4000	17	24
4100-5000	6	9
5100-6000	1	1
6100-7000	1	1
7100-8000	2	3
Total	72	100

When respondents were asked about their earning through skill utilization, 52 percent replied that they were getting little earning amounting to less than Rs.2000 per month. Due to low income, they have no chance to consume their income on self-needs and maintenance whereas (34%) (30) were earning between Rs.2100 and Rs.4000 per month while rest of the respondents were getting monthly between 4100 and 8000 rupees. The average monthly income was calculated to be Rs.2384.

**Table No. 5.3 (a)**

Period of being unemployed

<b>Period of Unemployment (Years)</b>	<b>Number</b>
Less than one year	25
01	10
02	5
03	4
04	3
05	7
Total	57

Out of 57 unemployed youth, almost half (25) have been unemployed for less than one year, 15 have been unemployed for one to two years, 7 for three to four years and 7 for 5 years.

**Table No. 5.4 (a)**

Seasonal unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	35	61
NO	22	39
Total	57	100

**Table No. 5.4 (b)**

Structural unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	37	65
NO	20	35
Total	57	100

**Table No. 5.4 (c)**

Frictional unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	8	14
NO	49	86
Total	57	100

When unemployed were asked about the “types of their unemployment”, it was observed that 61 percent had seasonal unemployment, 65 percent had structural unemployment and 14 percent were the victim of frictional unemployment. It would be observed that a few had more than one type of unemployment. The results may be interpreted with extreme caution because of very small sample and due to non-sampling errors.

**Table No. 5.5**

Reasons for not getting job since being unemployed

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
In search of job but could not find so for	35	61
Family opposition	7	12
Not interested	5	9
Salary is usually low compared to work & education	15	26
Could not find according to requirement	10	18
Lack of confidence	5	9
Lack of technical education	4	7
<b>N</b>	<b>57</b>	

Fifty seven unemployed respondents gave multiple reasons for not getting job since being unemployed. Major reason (61%) is that they could not find job despite trying, 26% have not accepted any job so far as low salary is offered in comparison to workload of job, and 18% highlighted the reason that they are not getting jobs according to their compatibility. Family opposition, personal lack of interest and lack of confidence are the other factors for not getting job. Four respondents perceive that lack of technical education is the reason for not getting job.

**5.6 Desire for Employment and Job Preferences:**

A few question were asked to unemployed youth regarding desire for employment, preferred sector, acceptability of job if comparatively it is lower than that matching qualification. Responses are shown in tables 5.6 a, 5.6 b, 5.6 c and 5.6 d.

**Table No. 5.6 (a)**

Responses about requirement of job

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	104	78
NO	29	21
<b>Total</b>	<b>133</b>	<b>100</b>

In response to question, "Do you want to be employed?" 78% told that they are in the dire need of employment, where as 21 percent are not feeling the need to be employed. Perhaps they want to continue their educational pursuits.

It is mentioned here that this question was asked to all those who are getting education or are not currently employed.

**Table No. 5.6 (b)**

Preferred Sector for employment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Govt.	50	48
Semi-Govt.	10	10
Private	46	44
Self-employed	24	23
Any sector	5	5
<b>N</b>	<b>104</b>	

Among those who want job, majority of the respondents prefer Govt. Job (48%) followed by private employment (44%), self-employment (23%) and Semi-Govt. job (10 percent)

**Table No. 5.6 (c)**

Acceptance of job Below Required Qualification.

Responses	Number	Percent
YES	47	45
On temporary basis	30	29
On permanent basis	21	20
Opportunities for promotion	14	13
If some advance increment is given	4	4
Want to earn money to fulfil needs	11	11
NO	57	55
N	104	

In response to question “Will you accept any job below your qualification?” 45 percent showed interest in accepting job below than the qualification. It means they are ready to be exploited to meet the day to day expenses of life. On the other hand 55 percent did not accept it. Mostly, students expressed their first preference to continue their study and then later on join any job.

**Table No: 5.6 (d)**

Ideal expectation of respondent from employment in case of accepting job below the required qualification

Responses	Number	Percent
High salary	19	40
Prestige	24	51
High recognition	7	15
N	47	

Majority of the respondents (51%) wish high level of prestige from employment. They are of the view that prestige is the thing, while doing a job. On the other side 40% are in favour of a job with high salary because expenses of life can only be met if a person has adequate money.

**Table No. 5.7**

Future aspirations of respondents in case of accepting job below than qualification

Responses	Number	Percent
To increase education	2	4
Required job according to qualification	24	51
House hold	6	13
Business/self employed	7	15
Go abroad	3	6
Nothing	5	11
<b>Total</b>	<b>47</b>	<b>100</b>

In perspective of future aspirations of respondents, half of respondents (51%) required jobs according to their qualification and they wish to secure their future to become employed in sector of their own choice. Some would like to go abroad for a better future. A few feel to increase education to get suitable job. Female respondents wish to be good housewives in future with job and some want to initiate their own business by investing capital.

**Table No. 5.8**

Respondents view for future attempts as consequence of not findings any job for a long

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Try to go abroad	9	16
Start some business	13	23
Change field	18	31
Crime	2	3
Drugs	9	16
Try again and again	6	11
<b>Total</b>	<b>57</b>	<b>100</b>

Among 57 unemployed respondents 18 respondents expressed that they would change their field. They were of the view that if they would change their field and adopt other profession, they may find better opportunity to get employment. Thirteen respondents stated that they would try to initiate their own business with some borrowed capital, while rest of respondents gave miscellaneous replies. Some would attempt to go abroad to get employment and even they will accept labour jobs for earning. A few felt frustrated and told that in case they do not get a job, it is likely that they are compelled to get the relief from drugs.

**Table No. 5.9**

Respondent's future plan being unemployed

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Find high salary job	13	23
Join I.T profession	3	5
Increase education	5	9
Find any job	29	51
Go abroad	5	9
Nothing	9	16
Any other	4	7
<b>N</b>	<b>57</b>	

Most of respondents (51 percent) said that they would continue efforts to get any job. That indicates the helplessness of unemployed respondents. However 23% respondents aim to get high salary packages. Nine percent respondents showed intentions of going abroad for earning purpose. Sixteen percent respondents also showed helplessness by saying what they could do except nothing.

**Table No. 5.10**

Respondent's preferences about job sector

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Govt. sector	51	38
Private sector	42	32
Any other	40	30
<b>Total</b>	<b>133</b>	<b>100</b>

Among those who are currently unemployed or are currently in school/college, most of respondents (38 percent) preferred Govt. sector for future employment, while 32% preferred private sector and 30 percent wished employment in any other fields.

### **EFFECTS OF UNEMPLOYMENT**

**Table No. 5.11 (a)**

Opinion of the respondents about attitude of family and relatives towards unemployment

<b>Responses</b>	<b>Husband/wife</b>		<b>Parents</b>		<b>Siblings</b>		<b>Relatives</b>	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Unconcerned / indifferent	15	36	22	39	21	44	20	49
Encouraging	15	36	22	39	11	23	7	17
Taunting	5	12	7	12	7	15	5	12
Conflicting	7	17	7	12	9	19	9	22
<b>Total</b>	<b>42</b>	<b>101</b>	<b>57</b>	<b>102</b>	<b>48</b>	<b>101</b>	<b>41</b>	<b>100</b>

Perceptions of 57 un-employed respondents were obtained regarding their attitudes:

- Husbands/wife
- Parents
- Siblings
- Other Relatives

Among husbands/wives (N=42), attitudes of 36 percent is encouraging, an equal percentage is indifferent while only 12 percent are taunting.

Among parents (N=57), attitudes of 39 percent is encouraging, an equal percentage is indifferent while 12 percent are taunting.

Among siblings (N=48), most of them (44%) showed indifferent attitude while among relatives also, most of them (49 percent) showed indifferent attitudes.

**Table No. 5.11 (b)**

Reaction of the respondent towards his family affected by unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	23	40
NO	34	60
<b>Total</b>	<b>57</b>	<b>100</b>

Sixty percent respondents replied that their reaction towards family is not effected while rest of 40% declared that there reactions is effected because of being unemployed.

**Table No. 5.12**

Ways of Reaction towards Family

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Quite	10	44
Defensive	3	13
Withdraw	2	9
Escape	4	17
Offensive	4	17
<b>Total</b>	<b>23</b>	<b>100</b>

Twenty three respondents who indicated that their reaction towards family has been effected explained the nature of change in reaction (table 5.12)

10 respondents tried to quit while others tried to escape, some became offensive and some became defensive.

Table 5.13 indicates the responses to question “In your view how unemployment effects your routine activities?”

**Table No. 5.13**

Respondent’s views about effects of unemployment upon his routine activities

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Not at all	5	9
Hopelessness	18	32
Depression	12	21
No time table	16	28
Personal Family conflicts	10	18
Any other	3	5
<b>N</b>	<b>57</b>	<b>100</b>

Majority of respondents (53 percent) are in depression or condition of hopelessness. Nine percent are feeling normal with no change in routine. A few have problems of family conflicts.

A few questions were asked regarding belief in fatalism. Table 5.14 presents responses in that respect.

**Table No. 5.14**

Belief of respondent in fatalism and planning

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
<b>Planning</b>	24	42
To some extent	9	37
To great extent	8	26
Not at all	9	37
<b>Fatalism</b>	33	58
To some extent	7	21
To great extent	11	33
Not at all	15	46
<b>Total</b>	<b>57</b>	<b>100</b>

Among unemployed, 42 percent believe in planning while 58 percent believe in fatalism.

Tables 5.15 (a) presents views of unemployed respondents if unemployment leads to negative activities.

**Table No. 5.15 (a)**

Respondent's view about involvement of unemployed youth in negative activities

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	47	82
NO	10	18
<b>Total</b>	<b>57</b>	<b>100</b>

**Table No. 5.15 (b)**

Types of negative activities in which unemployed youth involves

<b>Responses</b>	<b>Number</b>
Crime	45
Wandering	32
Bad company	6
Drug addiction	18
Suicide	7
<b>N</b>	<b>47</b>

Vast majority (82%) of unemployed respondents opined that unemployed youth involve in negative activities such as crime, aimlessly wondering, drug addition adoption of bad company. A few respondents felt that unemployed youth may commit suicide.

**Table No. 5.15 (c)**

Ways of enjoying Leisure time of respondents

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
<b>Indoor</b>		
Playing cards	5	9
Watch vcd/vcr	18	32
Computer/Net use	7	12
Sleeping	10	18
Reading Fiction	4	7
Help Family matters	24	42
<b>Outdoor</b>		
Wandering	3	5
Playing games	9	16
<b>N</b>	<b>57</b>	

While getting views about the utilization of leisure time. It is found that 42% respondents help in family matters in leisure time while 32% respondents enjoy leisure time by watching VCD/VCR. However 18% are those who enjoy sleep, 12% respondents operate internet. Remaining other in idle time enjoy to read fiction and play cards. Twenty one percent respondents spend leisure time in outdoor activities.

## CHAPTER 6

# EMPLOYMENT

**Table No. 6.1**

Period of being employed

<b>Years</b>	<b>Number</b>	<b>Percent</b>
0-3	46	57
4-7	24	30
8-12	6	7
12-15	5	6
<b>Total</b>	<b>81</b>	<b>100</b>

Among employed, majority (57 percent) have been employed for less than 4 years, 30 percent for 4-7 years and 13 percent have been employed for more than 7 years.

**Table No. 6.2**

Nature of Job

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Government	15	19
Private	36	44
Daily wages	15	19
Self employed	15	19
<b>Total</b>	<b>81</b>	<b>100</b>

It is found that most of the respondents (44%) are employed in private sector, 19 percent are Government servant, another 19 percent are self employed and rest work on daily wages.

**Table No. 6.3**

No. of hours spent working during a week

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
0-9	7	9
10-19	2	2
20-29	7	9
30-39	10	12
40-49	27	33
50-59	3	4
60-69	4	5
70-79	13	16
80-89	4	5
90-99	4	5
<b>Total</b>	<b>81</b>	<b>100</b>

It is found that one fifth (20%) of employed respondents work for less than 30 hours in a week. This means they are under employed. Twelve- percent respondent work for 30-39 hours a week. These are normal working hours in public sector organization. Thirty three percent respondents work 40-49 hours per week which are normal working hours in private sector organization. That means 45 percent respondents are fully employed with normal working hours. One third (35 percent) told that they work for more than 49 hours per week. Those are either self-employed who spend extra hours to raise their income or exploited by employers.

**Table No. 6.4 (a)**

Response about satisfaction with job

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	51	63
NO	30	37
<b>Total</b>	<b>81</b>	<b>100</b>

As regards job satisfaction table 6.4 (a) shows that 63 percent of employed respondents are satisfied with their employment while slightly more than 1/3<sup>rd</sup> (37%) respondents are dissatisfied with their job.

**Table No. 6.4 (b)**

Reason of dissatisfaction with job

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Inadequate salary	19	63
Less out put	9	30
Lack of interest	7	23
Over burden	3	10
Enabling environment	2	7
N	30	

Among those who are not satisfied, main reasons for dissatisfaction with employment are inadequate salary (63 percent), less out put (30 percent) and lack of interest (23 percent). The remaining respondents consider over burden and unfavourable environment as reason of dissatisfaction. The last group is of those who are probably putting more than 49 hours a week.

In response to question, "Do you feel that you are enjoying a pleasant atmosphere for working?" Table 6.4 (c) indicates views of respondents.

**Table No. 6.4 (c)**

Response about pleasant atmosphere for working

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Absolutely	37	46
To some extent	32	40
Not at all	12	14
<b>Total</b>	<b>81</b>	<b>100</b>

Forty six respondents are absolutely satisfied with working atmosphere while 40 percent respondents feel pleasant atmosphere to some extent. Fourteen percent do not feel a pleasant atmosphere at all. The reasons probably include over burden and unfavourable atmosphere.

**Table No. 6.5**

Presently monthly income from this job

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
<1000	11	14
1000-1999	13	16
2000-2999	15	18
3000-3999	18	22
4000-4999	10	12
5000-5999	3	4
6000-6999	3	4
7000-7999	2	2
8000-8999	2	2
9000-9999	4	5
<b>Total</b>	<b>81</b>	<b>100</b>

It is observed about one third of the respondent 30 percent are earnings less than Rs.2000/- per month. This means that these respondents are getting almost less than \$ 1 a day. About half of the respondents (52 percent) are getting Rs.2000/- to Rs.5000/-, that means between \$ 1 and \$ 3 a day. Twelve percent are having income between Rs.5000/- to Rs.9000/- while 5 percent are getting salary Rs.9000/- and above.

**Table No. 6.6**

Ways of spending income

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Support parents	20	18
Clothes & shoes	60	55
Food	20	18
Self health	10	9
<b>N</b>	<b>81</b>	

It is observed that 18 percent employed respondents are supporting their percents besides other personal expenses. More than half (55%) respondents spend their incomes for purchasing clothes and shoes and 9 percent spend on self health. This could be including or excluding support to parents. Eighteen percent spend their income in food. Most probably these are not living with their parents.

## CHAPTER 7

# UNDER EMPLOYMENT

**Table No. 7.1**

Views about underemployment

Responses	Yes		No	
	Number	Percent	Number	Percent
Inadequate salary	19	37	18	60
Dissatisfaction	17	33	6	20
Lacking aptitude	7	14	4	13
Any other	8	16	2	7
<b>Total</b>	<b>51</b>	<b>100</b>	<b>30</b>	<b>100</b>

In the survey the “underemployed” are all employed persons who during reference period satisfy simultaneously the following three criteria:

- Working less than 30 hours per week.
- Doing so on involuntary basis and
- Seeking or being available for additional work.
- Such persons are 20% of total employed.

However un-development as captured in this survey is mainly inadequate salary and dissatisfaction from job as shown in table 7.1.

**Table No. 7.2**

Extent of respondent’s satisfactions with employment

Responses	Number	Percent
To some extent	35	43
To great extent	25	31
Not at all	21	26
<b>Total</b>	<b>81</b>	<b>100</b>

As regards extent of satisfaction with job, about one third (31 percent) are satisfied with job to a great extent, less than half are satisfied to some extent while about on quarter (26 percent) are not satisfied with the employment.

In getting response about pleasant working atmosphere, 46 percent respondents are absolutely satisfied with working atmosphere while 54 percent respondents are dissatisfied with working environment.

**Table No. 7.3**

Reasons of dissatisfaction with employment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Inadequate salary	9	63
Question of prestige	3	17
Inadequate utilization of technical skill	7	13
Any other	2	7
<b>Total</b>	<b>21</b>	<b>100</b>

Among those who are not satisfied with employment, main reasons for dissatisfaction with employment are inadequate salary (63 percent), below prestige (17 percent), and inadequate utilization of skills (13 percent).

**Table No. 7.4**

Monthly income being underemployed

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
<1000	5	17
1000-1999	7	23
2000-2999	3	10
3000-3999	4	13
4000-4999	2	7
5000-5999	1	3
6000-6999	2	7
7000-7999	2	7
8000-8999	3	10
9000-9999	1	3
<b>Total</b>	<b>30</b>	<b>100</b>

As regards monthly in while underemployed, majority of the respondent 63 percent are getting earnings between Rs.1000 and Rs.4000 monthly while 37 percent respondents are taking salary between Rs.4000 and Rs.10,000.

**Table No. 7.5**

Response about minimum salary expectation

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
3000-3999	3	10
4000-4999	2	7
5000-5999	10	33
6000-6999	4	13
7000-7999	6	20
8000-8999	4	13
9000-9999	1	4
<b>Total</b>	<b>30</b>	<b>100</b>

In response to question “Have you ever utilized your skills?” table 7.6 indicates responses.

**Table No. 7.6**

Response about utilization of skill

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
YES	57	70
NO	24	30
<b>Total</b>	<b>81</b>	<b>100</b>

Among employed, 70 percent utilize skill while 30 percent do not.

**Table No. 7.7**

Suggestions to utilize skill

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Financial Recourses	4	17
Nothing	7	29
Start own business	2	8
Opportunities	7	29
Any other	4	17
<b>Total</b>	<b>24</b>	<b>100</b>

According to respondents there should be provision of sufficient opportunities to use skill in best way, availability of financial resources through the provision of loans and to initiate own business.

**Table No. 7.8**

Factors generally responsible for underemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Poor job market	15	19
Low opportunities	29	36
Tense working environment	37	46
Poor health Facility	4	5
Lack of career counselling	3	4
<b>N</b>	<b>81</b>	

Most of the respondents (46%) responses perceived tense working environment responsible for under employment followed by less working opportunities (36 percent) and poor job market (19 percent). A few opined lack of career counselling as factors of underemployment.

**Table No. 7.9**

Suggestions about to improve the situation of under-employment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Establish new institutions & industries	7	8
Implementation of labour law	9	10
Enabling environment	6	7
Merit system	6	7
Adequate salary	15	17
Quality education system	5	6
New policy for daily wages	9	10
More opportunities to employees	16	18
Micro credit schemes	2	2
No idea	8	10
Any other	4	5
<b>N</b>	<b>81</b>	

- Major suggestions are:-
- Enhancement of job opportunities,
- adequate salary,
- implementation of labour laws,
- making of new policies for daily wages,
- establish new industries and improve the quality of education,
- providing enabling environment,
- implementing merit system.

**Table No. 7.10**

Views about management of family responsibilities

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Yes	28	35
No	35	43
Have to	18	22
<b>Total</b>	<b>81</b>	<b>100</b>

It is found that about one-third employed respondents are able to manage their responsibilities while 43% are not in a position to manage because of scanty amount of money earned by them.

**Table No. 7.11**

Distribution of future plan being employed

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Find high salary job	14	16
Increase education	6	7
Look for another job	29	34
Initiate own business	24	29
Go abroad	3	4
Join I.T profession	8	9
No response	1	1
<b>N</b>	<b>81</b>	

As regards future plans of employed respondents, the responses include

- to find some other job of high salary,
- to initiate their own business,
- selection of I.T profession, and
- intentions to go abroad and to enhance education.

## CHAPTER 8

# CAUSES OF UNEMPLOYMENT

This section analysis and presents tables and material regarding causes of unemployment.

**Table No. 8.1**

Cause of Unemployment Among Youth

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Lack of capital for business	44	20
Scarcity of job	25	11
Non prestigious jobs	20	9
Lack of awareness	37	17
Illiteracy	74	33
Less opportunities	82	37
Favouritism	46	21
Corruption	45	20
Any other	11	5
N	<b>221</b>	

Major causes perceived by respondents are:- lack of capital, illiteracy, less opportunities, corruption and favouritism. There is a continuous base on filling the public sector vacancies. Mal administration, bribery and favouritism are the evils in the way of employment to the right person. That is why intelligent and deserving are generally ignored. Government should create more jobs and also merit should be the basic criteria to offer jobs.

**Table No. 8.2**

Various sphere responsible for unemployment among youth.

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Govt.	141	64
Poor organization	29	13
Un planned education system	29	13
Exploitation in private sector	18	8
Cultural restriction	16	7
Family restriction	18	8
Environmental restriction	15	7
Over population	83	37
Inflation	7	3
Person himself	61	27
Any other	5	2
N	221	

Most of respondents 64 percent opine that Govt. is responsible for unemployment. Govt. policies are ineffective and it has never taken any action for the eradication of unemployment among youth. Over population is also considered responsible for wide spread unemployment among youth. Due to over population,

unemployment is rising. It is considered by 22% respondents that family, cultural and environmental restriction play pivotal role in unemployment among youth. Especially, females are the victims of these restrictions. Also unplanned education system, no merit system and poor organization are responsible for unemployment among youth.

**Table No. 8.3**

Extent of government's responsibility for unemployment.

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
To some extent	69	31
To great extent	133	60
Not at all	19	9
<b>Total</b>	<b>221</b>	<b>100</b>

Sixty percent respondents consider that Govt. is responsible for unemployment to great extent while 31% feel that Govt. is responsible, to some extent.

**Table No. 8.4**

Responsibility of Govt. as reason of unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Instability of Govt.	53	24
Financial corruption	51	23
Poor management system	72	32
No merit system	81	37
Non supportive attitude towards youth	56	25
No proper policy	10	4
<b>N</b>	<b>221</b>	

Poor management system, non-supportive attitude towards youth, improper youth policies, financial corruption, absence of merit system and instability of Govt. are the reasons for which Govt. is considered responsible for large unemployment in the country.

**Table No. 8.5**

Extent of poor management responsible for unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
To some extent	78	35
To great extent	122	55
Not at all	21	10
<b>Total</b>	<b>221</b>	<b>100</b>

Poor management is responsible for unemployment to great extent (55%), to some extent (35 percent) and is not responsible (10 percent).

**Table No. 8.6**

Views about poor management being responsible for unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Lacking of job opportunities	69	31
Low budget allocation	44	20
Non recognition of role of NGO's	22	10
Favouritism	87	39
No idea	12	5
<b>N</b>	<b>221</b>	

Most of respondents (39 percent) opine that poor management means favouritism in providing job opportunities. Other reasons that lead to poor management are low budget allocation, lack of job opportunities and non-recognition of role of NGOs.

**Table No. 8.7**

Extent of education system as cause of unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
To some extent	68	31
To great extent	113	51
Not at all	40	18
<b>Total</b>	<b>221</b>	<b>100</b>

As regards the education system as cause of unemployment, half the respondents (51 percent) consider it responsible for unemployment to great extent and one third (31 percent) consider to some extent.

**Table No. 8.8**

Views about education system as a cause of unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
No guidance & counselling	49	22
Lack of education institution	36	18
Lack of quality education	77	35
High cost of education	100	45
Lack of peaceful academic atmosphere	28	12
Way of teaching is not proper	4	2
<b>N</b>	<b>221</b>	

Major elements in educational system that need improvement are quality of educational institutions, quality education, high cost of education and lack of peaceful academic atmosphere. Appropriate and specific education should be according to aptitude.

**Table No. 8.9**

Lack of job opportunities as a cause of unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
To some extent	68	31
To great extent	142	64
Not at all	11	5
<b>Total</b>	<b>221</b>	<b>100</b>

Majority of respondents consider that lack of job opportunities is cause of unemployment to a great extent and one third (31 percent) consider it responsible to some extent.

**Table No. 8.10**

Reasons of unemployment among educated youth (Respondents)

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Lack of technical education	48	22
Lack of interest & high materialistic inspiration	52	24
Lack of job opportunities	52	24
No merit system	79	36
Poverty	64	29
High materialistic	47	21
<b>N</b>	<b>221</b>	

As regards the reasons for unemployment among educated youth, most of the respondents (36 percent) perceive that absence of merit system is the main cause of unemployment followed by poverty (29 percent), lack of job opportunities (24 percent) an lack of interest and high materialistic inspiration (24 percent).

**Table No. 8.11**

Views about preferences of working abroad

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Yes	125	57
NO	96	43
<b>Total</b>	<b>221</b>	<b>100</b>

More than half (57 percent) of the respondents, wish to go abroad while rest of them are not in favour to go out of country because, they are feeling contented.

**Table No. 8.12**

## Preferences for Working Abroad

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
To more salary in less time	56	45
For the sake of honour	28	22
To improve standard of life	51	41
More job opportunities	26	20
To avoid culture restriction	9	13
To have more freedom	16	7
For more education	1	0
<b>N</b>	<b>125</b>	

Among those who wish to go abroad, 45 percent are in favour of going abroad to earn more money, 41 percent want to improve the standard of life. Other wise to go abroad for the sake of honour. While remaining point out that in abroad there are more job opportunities, freedom and less cultural restriction.

Table 8.12 (a) analysis the responses of respondents regarding question, “Do you think that our culture and society is responsible for unemployment?”

**Table No. 8.12 (a)**

## Extent of responsibility of culture &amp; society for unemployment in respondent’s view

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
To some extent	77	35
To great extent	95	43
Not at all	49	22
<b>Total</b>	<b>221</b>	<b>100</b>

It is found that 22 percent respondents do not consider culture and society responsible for unemployment while 43% respondents consider culture and society liable for unemployment to a great extent.

**Table No. 8.12 (b)**

## Views about culture &amp; society as responsible for unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Family prestige	47	21
Family tradition	79	36
Restriction on mobility	44	20
Harassment during mobility	33	15
Personal judgment about job	41	18
Low self esteem	26	12
No response	26	12
<b>N</b>	<b>221</b>	

The main cultural problems are perceived as family prestige, traditions and in security and harassment on for females during mobility. Also personal judgment about job and low self esteem are considered responsible for it.

**Table No. 8.13**

Hindrances Created by traditional values for unemployment

Responses	Number	Percent
<b>Parda</b>	<b>57</b>	<b>26</b>
<b>Cast system</b>	<b>57</b>	<b>26</b>
<b>Gender desensitization</b>	<b>50</b>	<b>22</b>
<b>Not response</b>	<b>64</b>	<b>30</b>
<b>Traditional values</b>	<b>8</b>	<b>6</b>
<b>N</b>	221	

In response to question, "What are the hindrance in traditional values for unemployment", respondents opine that those are mainly Purda, caste system, and gender desensitization.

**Table No. 8.13 (a)**

General causes of unemployment among youth

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Lack of opportunities	77	35
Poverty	47	21
Over population	86	39
Illiteracy	31	14
Corruption/favouritism	82	37
Personal negative attitude	22	10
Migration	12	5
No idea	6	3
Existing culture	6	3
Lack of guidance/counselling	6	3
Lack of technical education	28	12
Exploitation of recourses	9	4
Unpleasant working environment	8	4
Any other	7	3
<b>N</b>	<b>221</b>	

Although, it has been asked earlier about the causes of unemployment and majority of the respondents considered person himself as main cause. Whereas, at this time, when asked causes and effects in general 74% respondents are of as over population, poverty and illiteracy while 35% opine that lack opportunities, is the cause for unemployment. Other considers lack of technical education and lack of guidance as causes of unemployment. 37% respondents admit that corruption/favouritism and exploitation of resources are the causes.

**Table No. 8.13 (b)**

Opinion in general about effects of unemployment among youth

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Crime/theft/robbery/murder/rap/violence	109	49
Personal and family conflicts	58	26
Drug addiction	54	24
Bad company	64	29
Disappointment	78	35
Suicide	38	17
No idea	10	4
Smoking	4	1
<b>N</b>	<b>221</b>	

Slightly more than 2/3<sup>rd</sup> (69%) responses are that unemployment effect the youth and they indulge in such kind of negative activities theft, robbery, murder and suicide and bad company while remaining responses are that unemployment creates disappointment, personal and family conflicts.

**Table No. 8.14**

Suggestion in general to improve the present status of unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Create job opportunities	91	41
Control population	47	21
End corruption	42	19
Improve education system	74	33
Micro credit system	27	12
Eliminate religious prejudice	12	5
Elimination of poverty	17	7
No idea	12	5
Improve health facility	5	2
Proper tax system	33	15
Create awareness among youth	22	10
Unemployment allowances	12	5
Govt. Collaboration with NGO, s	5	2
Investment in private sector	8	7
Any other	11	5
<b>N</b>	<b>221</b>	

Most of respondents (41 percent) suggest that job opportunities should be created while 37% feedback that education should be standardized. Others opine that there should be proper policies, tax system, unemployment allowances and micro credit scheme. Some suggest controlling population so, that poverty is eliminated. 24% responses indicate that through the elimination of religious prejudices and corruption, high level of unemployment can be controlled. Rest of them suggests investment in private sector and also Govt. collaboration with NGOs for the eradication of unemployment.

**Table No. 8.14(a)**

Expectation from Govt. to remove unemployment

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Control Population	22	10
Need based policy	57	26
Provide employment opportunities	51	23
End corruption	24	11
Quality education	40	18
Merit system	13	6
New policy for unemployed	20	9
Discipline	15	6
No idea	12	5
Micro credit scheme	29	13
Skill development	5	2
Elimination of poverty & inflation	8	3
Investment	9	4
Any other	5	2
<b>N</b>	<b>221</b>	

Govt. should make effective policies to provide employment opportunities for unemployed, corruption should be eliminated, discipline and merit system should be observed, quality education and skill development programme should be adopted and launched properly, and micro credit schemes and elimination of poverty is necessary for reducing unemployment.

**Table No. 8.14 (b)**

Expectation from NGOs

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
Provide free education	25	11
Co-operation with Govt.	39	17
Create awareness	33	15
Provide technical skill	10	4
Micro credit scheme	7	3
Create awareness about labour laws	19	8
No response	78	35
Programme for youth	24	11
Any other	4	2
<b>N</b>	<b>221</b>	

Most of respondents are not even aware about the role of NGOs. However, others expect creation of awareness about labour laws and initiation of programme for

youth. NGOs should provide free education and micro credit schemes. Technical skill should be provided.

**Table No. 8.15**

Contribution of the respondent to solve youth unemployment & underemployment problem

<b>Response</b>	<b>Number</b>	<b>Percent</b>
Educate poor children	35	16
Skill training	25	11
Volunteer time	34	15
Cooperation with institutions	13	9
Create awareness about job opportunities	34	15
Nothing	100	45
<b>N</b>	<b>221</b>	

While asking about the contribution of respondents to solve youth problems, it is observed that 45% respondents gave no response, while 15% respondents are supporting contribution as volunteer. They want to contribute by teaching poor children so that they might be a part to resolve the problem of unemployment. Almost 11% responses indicate that through skill training and by creating awareness about job opportunities, contribution can be made very effective.

**Table No. 8.16**

Extent of responsibility of culture & society for unemployment in respondent's views

<b>Responses</b>	<b>Number</b>	<b>Percent</b>
To some extent	77	35
To great extent	95	43
Not at all	49	22
<b>Total</b>	<b>221</b>	<b>100</b>

## CHAPTER 9

# CONCLUSION

Pakistan currently has to largest group of youth aged 15-29 in its history with nearly 40 million individuals in 2003 – more than a quarter (27 percent) of population of Pakistan.

Overall, young people's educational prospects are improving in Pakistan. Nevertheless levels of education are still low compared to most of developing countries. It is observed in this survey that 16 percent youth aged 15-29 has no school education while others have some schooling. About a quarter of young persons are matric while about 7 percent have education up to graduation and above.

Main reasons for not getting any school educations are poverty, family opposition, in-accessible school and lack of opportunity.

Eighty six percent respondents (youth aged 15-29) are found literate.

Majority of the respondents do not have any technical education while others have computer education (basic application) electrician & mechanic. The reasons of not getting technical education was not having aptitude & lack of awareness on the part of respondents.

More than half have some kind of skill. Amongst them majority of the respondents are adept in needlework & they utilizing their skill for earning purpose. The reason of not getting any skill is not having aptitude and illogical family restrictions.

It is served that one-third (37 percent) respondents are found employed or self employed, 34 percent are students who were currently in school/college and 26 percent are unemployed.

It is a matter of concern that about one-fourth of youth is neither continuing their education nor they have any paid employment. Per month, their duration of employment comprised on few months and their reason of leaving the jobs was family opposition, non availability of work and busy routine.

Amongst unemployed them almost 2/3 were seasonally or structurally unemployed.

Unemployed youth, other than those who are student, eagerly wish to be employed. Maximum number of the respondents (unemployed, or students) prefer to work in government sector because of security and more chance of promotion while remaining have shown priority to private sector due to allowances, handsome salary, and promotion on skill basis. A low percentage is of those who like to work on daily wages or to be self employed.

Future plans of youth who are unemployed, include first of all to try "to get any job" which shows intensity of the situation of unemployment, while others are planning to go abroad for high paid packages. So, we may conclude that most of them are disappointed to get any opportunity to work in their own country.

As it has been stated earlier that majority of the respondents prefer to work as government servants instead of private sector. So, we may conclude that respondents gave preference to government sector because after retirement, many facilities are offered to government employee like pension and gratuity etc. Those who prefer to work as private employees may be because of high salary packages. Although private jobs offer high salary but after leaving job, no benefits are given to them.

It is found that attitude of most of the parents towards unemployed was unconcerned. Similarly attitude of siblings and relatives is indifference.

Behaviour of wife towards husband is taunting and conflicting in relation to his unemployment. This indicates that if the family members are dependent, they taunt and quarrel with each other. Because their basic necessities are not fulfilled properly.

Unemployment effects routine life of unemployed respondents quite adversely. An unemployed has to suffer criticism and objections. So, we may conclude that unemployment disturb the routine life of unemployed. So, all the time they loiter about and remain depressed.

Half of the respondents are in favour of planning while other half believe in fatalism. Those who believe in planning they emphasize that if proper planning is done no one is un successful to get any opportunity whereas those who believe in fatalism, their perception is that despite struggles the efforts are not crowned with success.

Due to negative attitude from family members, unemployed indulge in negative activities like crime, wandering and drug addiction. This shows that if requirements are not fulfilled then, the people find other negative sources to get satisfaction. Opinions about the utilization of leisure time reveal that majority watch T.V./VCR and some of them enjoy poetry and fiction and in outdoor activities. People play games like cricket and cards and some of them play billiard.

Among employed more than half have been employed for less than 4 years. Slightly less than half (44 percent) have joined private sector while 19 percent have been able to join Government Sector. Most of them are spending 40 to 49 hours in a week. Among those, majority is satisfied with employment because their working environment was pleasant. Some of them are dissatisfied mainly because of getting inadequate salary. Income is not as much sufficient to fulfil fundamental needs.

It is observed that one-third are getting less than Rs.2000/- per month. This means these respondents are getting almost less than \$1 a day. About half of the respondents are getting Rs.2000/- to Rs.5000/- per month. That means between \$1 and \$3 a day. Twelve percent are having income between Rs.5000/- to Rs.9000/- while rest 5 percent are getting Rs.9000/- and above. Generally majority of employed youth is considerably low paid.

It is revealed that mostly respondents are dissatisfied due to various reasons. Most prominent of them is low salary, and very few jobs are available especially for females, which might be prestigious. But they are bound to do job. Mostly respondents are struggling day and night. Average income per month of the respondent tend to be Rs.3732 after utilizing their skills, which is totally insufficient.

But are compelled by circumstances of families to accept such low salary. Few of them are getting up to 10,000 rupees per month. But they are also dissatisfied because major part of income is consumed on basic necessities of life and nothing is left for saving. Majority suggested for the provision of proper opportunities and suggested that they should be provided loans. So, they can start their own business.

Majority of the respondents perceive that tense working environment is the general factor responsible for underemployment. Almost half respondents relate less opportunities and poor job market with the general factor. They suggest improving the situation of underemployment by the implementation of labour laws and making new policies for daily wages and adequate salary.

As regards causes of unemployment, majority of the respondents, perceive lack of job opportunities, illiteracy and poor management of government. However some feel causes are related to administration. They feel that bribery and favouritism is needed to get job. Merit is not considered, that is why, intelligent and deserving are generally ignored.

Majority of the respondents declared that people themselves are responsible as compared to various restrictions and other factors. Because of non-acceptance of posts below their qualification and having desire to be rich over night. Few of them consider over population and illogical restrictions (family, cultural and environmental) as responsible factor for unemployment. Because government is unstable, having invalid policies and non-supportive attitude towards youth. As far as, poor management was concerned, two third youth consider poor management liable of lacking job opportunities.

Vast majority consider education system as cause of unemployment due to lack of quality education and high cost of education. A large no. of respondents claim that lack of merit system as the reason of unemployment among educated youth.

It is note worthy that half of the respondents have intentions to go abroad for the sake of honour, high salary and for the improvement of standard of life. Other half wish to live and earn with in the country.

Study revealed that culture and society is responsible to some extent because of family prestige and traditional values. And response of majority about hindrance creating traditional values was 'parda'. Due to parda, females are restricted to earn outside village / city. And proper and prestigious are not available to them.

## **RECOMMENDATIONS**

Following measures are considered paramount for the alleviation of the impact of unemployment for youths and promotion and achievement of economic growth in particular.

These are:-

The revision of the education, vocation and occupational training system and establishment of demands oriented education and training system.

The establishment of fellowship and training award schemes for the disabled and disadvantaged youths.

Establishment of study leaves schemes and promotion of industrial job attachment.

Establishment of vocational counselling and guidance programmes for youths.

Provide basic rural infrastructure to encourage rural youths.

Necessary incentives to induce private sector investment in the productive employment generating activities.

The integration of disabled and disadvantaged youths in the usual education and training system.

Establish, maintain and institutionalise labour market information at District, Tehsil and Union Council levels.

Establishment of an efficient and effective coordination and collaboration between various government institutions and non-government organizations for the eradication of youth unemployment.

Promotion of young women integration in employment facilities.

Initiate a gender sensitive training system to minimize gender imbalance.

Young people themselves must play a (if not the leading role) in their conception and implementation, particularly their management.

The government should give micro credit schemes and unemployment allowances.

For the eradication of unemployment more industries should be established in different areas.

Salary must be according to the work, capability and time duration to reduce under employment.

Corruption should be fully removed so that every one has a chance to expose his abilities and capabilities in a better way.

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# REPORT ON YOUTH EMPLOYMENT PHILIPPINES

## INTRODUCTION AND OVERVIEW

Employment is a problem that has confronted the Philippines for a very long time. While each new administration has tried to come up with programs to address this, the employment problem persists to this day and, if anything, seems to be getting worse through the years.

This report will take a look at the state of youth employment in the Philippines. The report is outlined in the manner suggested in the Terms of Reference. The report will start by reviewing recent historical economic developments in the Philippines in order to contextualize the discussion, and will be followed by a section providing the relevant demographic data on the youth particularly in terms of employment and economic activity.

The subsequent sections will contain a description of the current social and institutional support structures addressing youth employment including the creation of the Philippine National Youth Commission, and will look at the other key players, including other government agencies, non-government organizations, and other groups including the private sector. Also discussed is a review of the present government policies and programs directed at youth employment.

The report concludes by looking at prospects for improving the employment situation of the youth in the country, including recommendations for both immediate action as well as long-term strategic measures.

### **Economic Context**

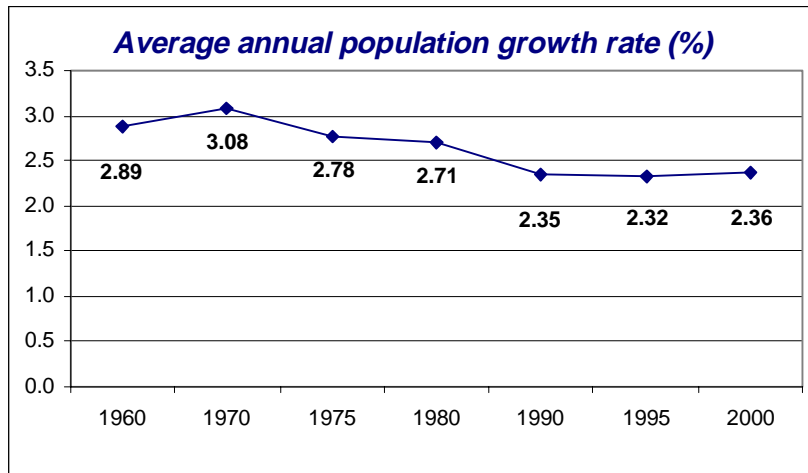
The Philippines is an archipelago of 7,100 islands located in Southeast Asia. It is the second largest archipelagic state in the world. With 76.5 million inhabitants, it is considered to be rather densely populated, at 255 persons per square kilometre and 58.6% of the population can be found in urban areas, higher than in most major Asian economies.

As recently as the late 1980s, the Philippines was still regarded by most analysts as belonging to the next generation of so-called Asian “Tiger” economies. However, despite historically starting off from better social and economic conditions compared to other Asian states, the Philippines has failed to live up to expectations.

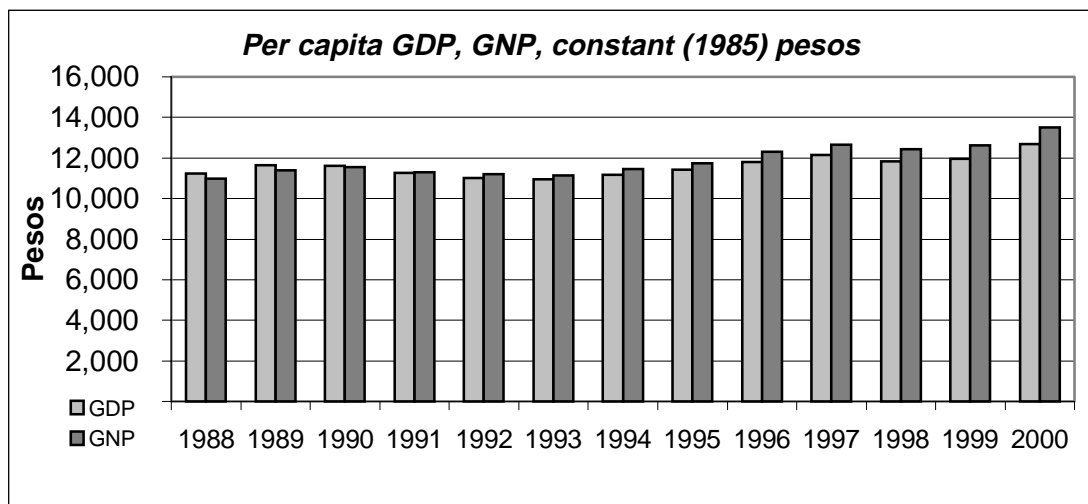
Indicator	1970	1980	1990	2000
Population (million)	36.7	48.1	60.7	76.5
Density (pop/sq. km)	122.0	160.0	202.0	255.0
Urban Population (%)	31.8	37.3	48.7	58.6
Rate of Annual Increase (%)	3.1	2.7	2.4	2.3
Total Fertility Rate (births/woman)	6.0	5.1	4.1	3.7

### Population and Growth.

The Philippine population grew at an average rate of 2.3% in the 1990s, only slightly lower than the 2.7% population growth rate experienced in the 1970s. While countries like South Korea, Thailand and Indonesia, who all had high population growth rates in the past have been able to reduce their rates to 0.9%, 1.0% and 1.3% in the 1990s, the Philippines has been unable to do the same. Also notable is the relatively rapid growth of the urban population, at 4.3%, far ahead of the national average.

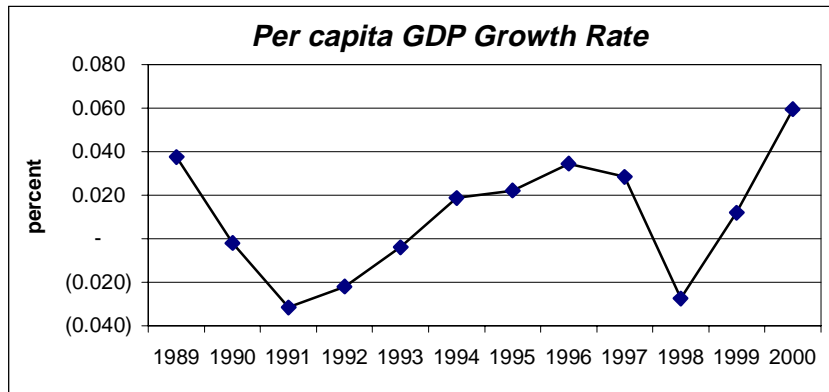


Philippine economic growth in the last fifteen years has been stagnant. The following chart illustrates the Philippines per capita GDP and GNP figures at 1985 prices. The data seems to indicate a growing divergence between the two indicators, perhaps underscoring the increasing impact of remittances of overseas Filipino workers to the national economy.



GDP growth rates have been erratic, averaging 2.0% in the 1980s and 2.8% in the 1990s. These rates steadily declined in the early 1980s, contracting sharply in 1984 and 1985, mainly due to the political instability of the period. These then grew in the wake of the brief period of economic growth in 1986-89. The early 1990s were again a period of negative growth followed by another period of modest growth in the

mid-1990s, until the combined shocks of the Asian financial crisis and the El Niño phenomenon in 1998 pulled down the growth rate to negative levels. By the end of 2002, the growth rate had recovered to 4.6%. It must also be noted that since 1980, the Philippines has not had more than four consecutive years of growth in per capita GDP. Furthermore, what little growth there has been has been dismal, with the exception of 2002, rarely rising above 4.0% in per capita terms.



Among its Southeast Asian neighbours, the Philippines is also the worst performer in terms of GDP growth. The following table will show that while the Philippines had the highest average GDP growth rate among the major countries in the region back in the 1950s, it has sadly been unable to maintain this growth.

**Average Growth of GDP in Southeast Asia, 1950-2000 (%p.a.)**

Country	1950-60	1960-70	1970-80	1980-90	1990-2000
Indonesia	4.0	3.9	7.6	6.1	4.2
Malaysia	3.6	6.5	7.8	5.3	7.0
Philippines	6.5	5.1	6.3	1.0	3.2
Singapore	n/a	8.8	8.5	6.6	7.8
Thailand	5.7	8.4	7.2	7.6	4.2

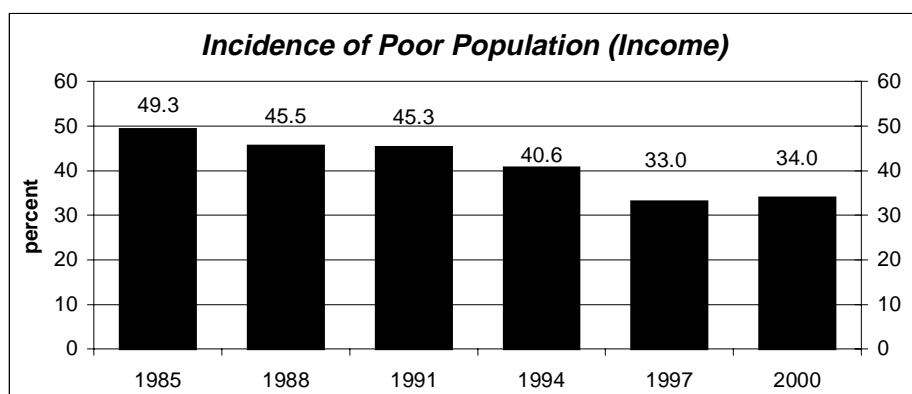
**Recent Political Events.**

The fall of the Marcos dictatorial regime through a bloodless people power revolt of 1986 saw the ascent of President Aquino, widowed wife of political martyr Benigno 'Ninoy' Aquino. After several years of economic and political decay which saw the country's GNP tumble through the mid 80s falling by -11.31 in 1984 and -9.21 in 1985, the renewed face of democracy brought about by the Aquino administration saw Philippine economy perk up as GPD saw an outstanding turn around to 1.14 by the end of 1986 peaking to 4.12 growth by 1988. Unfortunately the economic recovery was stymied by several coup attempts against the Aquino administration as the GNP fell to the negative in the early 90s.

President Ramos oversaw the country's economic recovery of the country through sound economic fundamentals. The later part of the 90s saw a worldwide economic crunch brought about by the Asian financial crisis. Strong Asian economies such as Japan and the tech-led industries of Singapore and Malaysia went into recession; still the Philippines manage to survive even with modest GPN growth. Yet by the end of the century, the Philippine economy again faltered under the leaderships of President Estrada and now President Arroyo.

## Poverty

Poverty in the Philippines remains relatively high, no matter what method one uses to measure it, whether through income or consumption. In 2000, as of the latest national poverty survey, 34% of the population had income levels below the poverty threshold, up one percentage point from the 1997 figure. This translates to roughly 26 million individuals living in poverty. It must be noted, though, that this figure is much lower than the poverty level of the mid-80s, wherein the incidence was nearly 50% of the population. If we use expenditure to measure poverty, the figures are only slightly better.



Poverty incidence in the Philippines as defined by the National Statistical Coordination Board (NSCB), as the proportion of families with per capita income below the poverty threshold was placed at 28.1% in 1997 and 28.4% in 2000. It means that in 2003, 4.3 million families of 26.5 million Filipinos, representing more than a third (34.0%) of the country's population, were living below the poverty line. The figures indicate an increase over the 1997 levels of four million families living in poverty.

Income inequality has also worsened over the past few years. After the Gini coefficient fell to 0.40 from 0.43 between 1991 and 1994, it again rose to 0.43 in 1997 and even hit 0.45 in 2000. These figures are way above those of China, Indonesia and South Korea.

Self-rated poverty surveys also indicated a worsening of the conditions. In 1997, 59% of the population considered themselves poor and this figure increased to 62% in 1999.

	1985	1998	1991	1994	1997	2000
Average per capita expenditure (Pesos, at 1997 prices)	17,197	18,926	20,049	19,600	23,694	22,865
Poverty Incidence	40.9	34.4	34.3	32.1	25.0	27.5
Gini	0.41	0.40	0.43	0.40	0.43	0.45

### Poverty in the Countryside

Poverty incidence is highest in agriculture as against other sectors. While agricultural households account for only 40% of the population, they also represent around two-

thirds of the poor. Most of the rural poor are engaged in rice, corn or coconut farming as well as fishing. Across the rural population, poverty is most severe among landless workers and small farmers.

The poverty picture varies significantly among sectors, regions and households. Poverty is higher in the rural areas and among agricultural workers. The NSCB reported urban poverty incidence of 15% in 2000, no change from the 1997 level. Rural poverty however saw an increase from 39.9% in 1997 to 41.4% in 2000. Furthermore, the rural poor account for around 77% of the poor in the country. It can even be argued that poverty in the urban areas is caused by the influx of poor people “spilling over” from the rural areas.

### **Largely Agricultural**

The Philippines is still largely agricultural, but this is slowly changing. In the 1970s all major sectors (agriculture, industry, and services) were growing strongly. In the 1980s all three sectors experienced very sharp drops. The sectors experienced varying degrees of fluctuations in the 1990s. Agriculture continues to be a large part of the economy, in terms of both output and employment but the other sectors are slowly gaining on it. The rise of the services sector in particular is quite striking, as the data below will show. From accounting for just above 30% of employment in 1970 it has recently overtaken agriculture. In 2000 the services sector had a 46.3% share of employment to agriculture’s 38.6%.

***Sectoral Employment Shares in Selected Southeast Asian Countries, 2000 (%)***

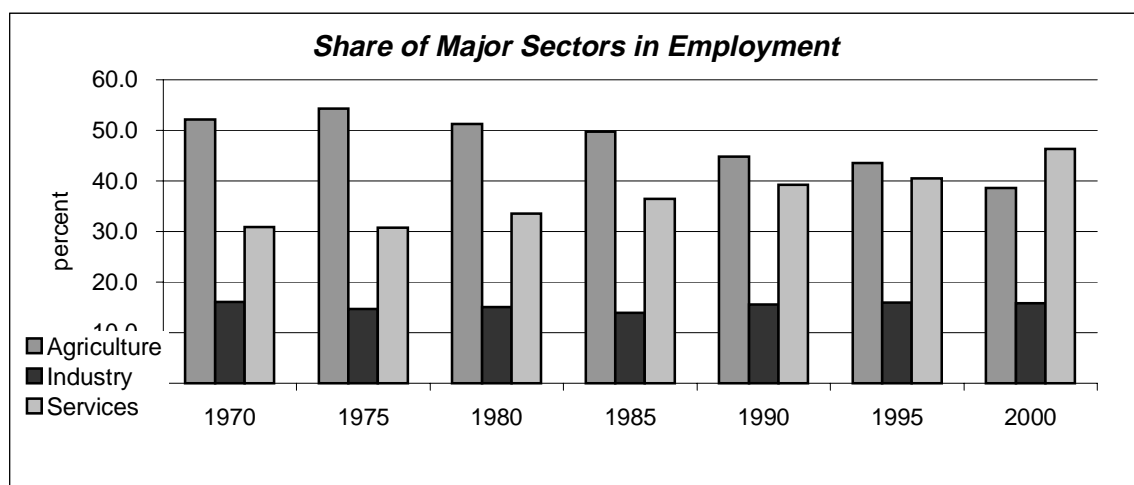
	Philippines	Thailand	Indonesia	Malaysia	Taiwan	South Korea
Agriculture	38.30	44.52	45.28	18.36	7.80	10.86
Manufacturing	9.53	15.92	12.96	22.80	27.97	20.15
Mining	0.39	0.14	0.58	0.29	0.12	0.09
Others	51.78	39.42	41.18	58.54	64.11	68.90

The decline in agricultural productivity, and employment can likely be attributed to resource limitations, notably the depletion of forestry and fishery resources, as well as the conversion of previously agricultural land to other purposes to support rapid population growth and non-agricultural employment.

There seems to be no obvious explanation though for the strong performance of the services sector. The increase has occurred whether the exchange rate has appreciated or depreciated and also either in times of high or low growth. It has been conjectured that perhaps the flow of overseas remittances has been particularly pro-services. Another possibility is that services are simply what the Philippines is best at after all as another school of thought suggests.

<b>Annual Growth Rate by Sector (%)</b>			
Sector	1970s	1980s	1990s
Agriculture, Fisheries & Forestry	3.7	1.5	1.5
Agriculture	5.8	2.4	2.0
Crops	6.3	1.3	1.3
Livestock & poultry	3.1	5.7	4.7
Fisheries	4.1	4.1	1.7
Forestry	(2.7)	(6.0)	(13.5)
Industry	8.0	0.9	2.5
Mining & quarrying	6.8	3.8	(1.5)
Manufacturing	6.6	1.2	2.3
Construction	14.2	(0.7)	2.9
Electricity, gas & water	13.7	5.7	5.3
Services	5.2	3.5	3.7
Transport, communication, storage	7.6	3.7	4.4
Trade	5.9	3.3	3.6
Finance	8.4	3.3	5.6
Occupied dwellings & real estate	1.2	2.7	2.2
Private services	5.0	5.5	3.6
Government services	4.6	3.4	3.6
GDP	5.8	2.0	2.8
GNP	5.9	1.8	3.6

Average GDP growth in last 3 years has been less than 3% while the average population growth rate is at around 2.32 per annum. With no sign of an economic recovery in sight, it seems clear that poverty will continue to rise and be a major problem of the country in the near future.



## Youth Demographic, Employment and Economic Activity

The youth are legally defined as those who are 15 to 30 years old by Republic Act 8044 also known as the Youth in Nation Building Act of 1995. They comprise nearly half of the country's workforce thus play an important role in nation-building.

The approval of Republic Act 8044 paved the way for the creation of the National Youth Commission (NYC) as the sole policy making and coordinating body of all youth related institutions, programs, projects, and activities of the government. Coordination is also done with the various national coordinating bodies including government agencies, non-government organizations, and other organizations serving the youth. NYC is under the auspice of the Office of the President.

Presently the age of the majority of the Philippine laws clusters as the age of 21 years old, at which age individuals are granted the following rights:

- the right to enter marriage with no parental consent,
- the right to independently enter into a business or legal contract,
- the right to assume estate or property ownership without the consent of a parent or guardian, and
- for the Juvenile and Family Courts, 21 years as the cut-off age for distinguishing between adult and minor offenders or victims of crimes. (PSSC)

For a long time too since 1935, Philippine laws consider 21 years the age of majority for an individual to exercise the right of suffrage. Following the 1973 Constitution, the age of voting in national elections has been lowered to 18 years old.

The total number of the youth, aged 15 to 30, population in 1995 was pegged 20.7 million, which represents close to a third of the population.

<b>Population ('000): Total &amp; Youth (15 to 30 years old)</b>							
Year	Population			Male		Female	
	Total	Youth	Percent	Youth	Percent	Youth	Percent
1948	19,234	5,715	29.7	2,748	48.1	2,967	51.9
1960	27,088	7,762	28.7	3,790	48.8	3,972	51.2
1970	36,684	10,331	28.2	5,007	48.5	5,324	51.5
1980	48,098	14,477	30.1	7,093	49.0	7,384	51.0
1990	60,703	18,194	30.0	9,068	49.8	9,126	50.2
1995	68,617	20,653	30.1	10,316	49.9	10,337	50.1

## Employment in the Philippines

Unemployment is a problem that faces Filipinos across the board, either from the youth or non-youth sectors. The various measures attempted by successive political administrations to try and address this problem have done little or nothing to alleviate this situation, with no immediate relief in sight. Herrin and Pernia (in Balisacan and Hill, 2003) point the blame on the twin culprits of weak economic growth and rapid population growth as the main reasons for the country's dismal employment performance. The following table, comparing the Philippines' GDP and population growth rates, serves to illustrate this.

**Philippine Labor Force, Employment & Unemployment, 1965-2000 ('000)**

Year	Labor Force	Employment	Unemployment	Unemployment Rate	Part-time Employment	Part-time Employment Rate
1965	11,127	10,322	805	7.2%	2,936	28.4%
1975	14,723	14,142	581	3.9%	3,233	22.9%
1985	20,743	18,136	2,608	12.6%	5,686	31.4%
1995	28,380	25,676	2,704	9.5%	8,728	34.0%
1997	30,355	27,715	2,640	8.7%	9,171	33.1%
1998	31,056	27,911	3,145	10.1%	9,712	34.8%
1999	31,755	28,669	3,085	9.7%	10,207	35.6%
2000	31,830	28,287	3,542	11.1%	9,419	33.3%

The labour force in the country grew by an average of 2.6% annually in the 1980s and continued to grow by this same rate in the next decade. This accounts for an average of 761,000 new additions to the labour force every year in the 1980s and an average of 738,000 in the 1990s. By the end of 2000, the total labour force (youth and non-youth) in the Philippines had reached 32.2 million, almost twice the 17.3 million labour force in 1980.

The country's labour force is estimated at 32 million, half of which is in the rural areas. The Labor Force Participation Rate of the 15 to 24 years old is at 50.1%, which is largely attributed to the youth's preference for extensive schooling of formal education and to a tight labour market where access is largely dependent on educational qualifications.

**Youth Employment**

With the current economic and political environment, the youth are the most vulnerable especially with employment security. It is often difficult to find employment owing to their low qualifications and relatively short work experience. A National Youth Commission (NYC) survey in 1997 shows that the unemployed and out-of-school youth comprise 40% of the total youth population.

Nearly 10% of Filipino youth are unemployed. As of January 2003, there are 2.5 million unemployed Filipinos between the ages of 15 to 34.

**Unemployed Youth & Household Share as of January 2003**

	Youth ('000)	Share in total youth (%)	Share in total household (%)
Population	25,301	100.0	49.3
15 – 19	8,900	35.2	17.4
20 – 24	6,534	25.8	12.7
25 – 34	9,867	39.0	19.2
Labor Force	15,038	59.4	29.3
15 – 19	3,066	12.1	6.0
20 – 24	4,443	17.6	8.7
25 – 34	7,529	29.8	14.7
Employment	12,526	49.5	24.4

15 – 19	2,441	9.7	4.8
20 – 24	3,452	13.6	6.7
25 – 34	6,633	26.2	12.9
Unemployment	2,512	9.9	4.9
15 – 19	625	2.5	1.2
20 – 24	991	3.9	1.9
25 – 34	896	3.5	1.8

The youth are not only the least employable, but they are also easily affected by economic downtrends. In 1995, saw a net decrease in new jobs for those in the 25 to 35 age group, while zero new jobs for those in the 20 to 24 age group.

<b>New Jobs Created by Age Group ('000)</b>		
Age	Year 1994	Year 1995
15-19	60	111
20-24	52	0
25-34	7	(71)
35-44	233	203
45-54	146	308
55-64	100	80
65+	55	52
Total	653	682

### **Youth Economic Activities**

More than 40% of the youth are engaged in farming, fishing, and forest-related work. Agricultural jobs are relatively ill paid and require little schooling. An equal proportion of youth is employed in services. These workers are largely found in community, social and personal services, and wholesale and retail trade. These jobs are typically at the bottom of the ladder in terms of pay skill, and status. (NYC)

Most of the young men were employed in agricultural and production jobs, while most of the young women were employed in sales and services. Among the young women workers, 23% in agricultural and the same percentage in sales and service work. An equal proportion of young men and women were employed in administrative, managerial, and executive positions, although many of the young women occupy lower administrative post.

### **Urban Labour**

Labour force participation of the youth shows a slight difference in the urban areas (62.0%) compared to the rural areas (55.1%). It is possible that a number of rural youth join the labour force much earlier than their urban counterparts inasmuch as few tertiary education opportunities exists in the rural areas. (NYC)

It is quite notable that a great number of youth urban workers are in the informal sector and the sector has constantly demonstrated great absorptive capacity for employment, as the rural poor continue to spill into the ranks of the urban poor.

Alonzo and Abrera-Mangahas (1990) in a survey of the informal sector in Metro Manila, found that half of the workers are less than 25 years of age. Many of them are in crafts and manufacturing (dressmaking, metal works, furniture), selling (*sari-sari*,

variety stores), personal services (beauty parlours), repair services (appliances, vehicles), and some professional services (midwifery, optical, pharmacies)

A handful were self-employed, young employers, or enterprise heads. They operated small firms, often unregistered and employed less than ten persons. These include transport (mostly tricycles), personal services, repair services, and construction (carpentry, painting).

### Hiring Trends and Wages

In a survey of the hiring trends of the youth from 1998-2000, respondents mentioned manufacturing, business services, hotels and restaurants, and retail shops and stores as the biggest employers of youth. It has been projected that the jobs most cited to be in demand in the forthcoming years through 2005 by firms needing 10 or more workers:

<b>Production jobs:</b> Production staff Production workers Segregators Machine operators Production operators	<b>Engineering jobs:</b> Product engineers Aircraft maintenance Quality control	<b>Technical workers:</b> Car aircon technicians Quality control personnel Registered pressmen Electricians Mechanics Welders Carpenters Sewers
<b>Sales related jobs:</b> Public relations staff Customer services Marketing assistants Promotions Sales representatives, officers, assistants Travel agents	<b>Hotel, restaurant, Fast-food:</b> Hotel attendants Waiters Service crew Busboy	<b>Information technology:</b> IT specialists Programmers IT network personnel Computer technicians Computer operators MIS staff
<b>Office work:</b> Data encoders Logistics clerks General clerks Processing clerks Store attendants Date processing clerks	<b>Banking and finance:</b> Tellers Staff accounts Credit analysts Accounting clerks	<b>Media and communications:</b> Broadcast technicians Copy editors Copy writers Graphic artists
<b>Professionals:</b> Management trainees Nurses	<b>Others:</b> Janitors Cosmetologists Gardeners Security guards Gas station assistants	

While most young workers are likely to have agricultural jobs, it is those have service and professional jobs who are paid more. Young professionals and technicians are the highest paid, in 1991, they made more than ₱100,000 (US\$2,000 at ₱50 to US\$1 exchange rate) on average per year. Those youth employed in managerial and administrative positions received around ₱67,000 (US\$1,340) per annum. Young workers in the service sector receive about ₱45,000 (US\$900) per year.

Wages for the young agricultural workers were significantly lower at about a quarter of what the young industrial workers received and only a sixth of what the young professional earned.

**Worker’s Rights**

Young workers generally have low bargaining power and do not enjoy job security and worker’s rights. Based on the Department of Labor and Employment, only a small portion (11.9%) of the total labour force population are union members and only 2.3% were covered by collective bargaining agreements. (IBON)

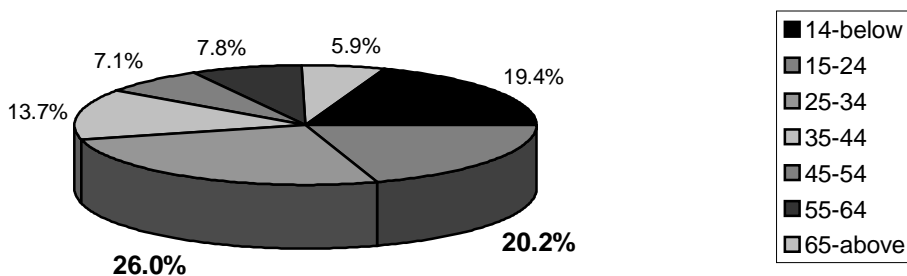
Cost-optimizing businessmen employ youth who are willing to work at lower wages and without social security. If not through labour-only subcontracting, the youth are maintained as casual or temporary workers. These workers serve as security buffer for factory or service establishment owners. In times of weak demand, it is easy to get rid of casuals, and in peak times, workers can readily be hired.

**Overseas Filipino Workers**

Overseas migration has led to important gains for the Philippine economy. Their remittances contribute a sizable share (2%) of the GNP growth. Also about 15% of the employment growth rate is largely attributed to overseas labour.

As of 2002 the number of registered Filipino immigrants was 52,054. Notably, almost half (46.2%) were at ages between 15 to 34 years old.

**Registered Filipino Immigrants by Age Group**



**Social and Institutional Support**

This section will detail the institutions that are in place to support the development of youth in the Philippines. We will begin by providing an overview of the Philippine educational system and then also describe the institutional structures aimed at providing employment to the Filipino youth.

The Philippine formal education system is composed of primary, secondary and collegiate levels as well as technical/vocational training. Students enter the system at age seven and need to complete six grades of primary education (elementary school) before graduating to the secondary level (high school). After completing 4 years of high school a student may opt to enter either university, to obtain a bachelor’s degree in arts or science, or technical school to obtain a certificate in any number of trades or vocations.

18	Doctorate (2-3 years)			24		
17				23		
16	Masters (2 years)			22		
15				21		
14	Tertiary/ College Education (4-5 years)			20		
13		Technical/ Vocational (3 years below)	Special/ Technical (2 years below)	19		
12						18
11				17		
10	Secondary Education (4 years)			16		
9						15
8						14
7						13
6	Elementary Education (6-7 years)			12		
5						11
4						10
3						9
2						8
1						7
	educational level	Pre-School Education (2-3 years)		6		
						5
						4
				Age		

## **PHILIPPINE EDUCATIONAL STRUCTURE**

Elementary and high school education is provided for free by the government schools, although not all parents opt to take advantage of this, as private schools are generally considered (rightly or wrongly) to be superior.

### **Primary and Secondary Levels**

The Department of Education (DepEd) reports that the participation rate of students in the elementary level remains at an average high rate of 95% from SY 1997-2000. While the participation rate for students at the secondary level dropped to an average of 65% in the same period.

Three government agencies divide the task of managing and directing education in the Philippines. The Department of Education oversees elementary and high school education, public or private, all across the country. The Commission on Higher Education (CHED) oversees the operations of all colleges and universities. The Technical Education and Skills Development Authority (TESDA) meanwhile, takes charge of the technical, vocational and trade schools.

### **Commission on Higher Education**

The Commission on Higher Education (CHED) is the governing body covering both public and private higher educational institutions as well as degree-granting programs in all tertiary educational institutions in the Philippines. CHED is responsible

for formulating and implementing policies, plans and programs for the development and efficient operation of the system of higher education in the country. The delivery of higher education in the Philippines is provided by both private and public institutions of higher education.

Generally, private higher education institutions are covered by the policies and standards set by CHED in terms of course offerings, curriculum, and administration and faculty academic qualifications among others. A number of institutions are granted autonomy or deregulated status in recognition of their committed service through quality education, research, and extension work.

The following table of tertiary graduates by field of study shows that students prefers to take commerce and business management courses as discussed earlier of the work opportunities. Lamentably, there are not many graduates in courses for agriculture and other related fields even though a lot of our youth are working in the agriculture sector.

<b>Tertiary Graduates by Field of Study (selected SY)</b>						
Field of Study	1990-91		1993-94		1994-95	
	No.	%	No.	%	No.	%
Art & Sciences	21,582	13.5	26,061	10.9	30,301	10.8
Teacher & Training Education	25,235	15.8	46,727	19.5	38,738	13.8
Medical- & Health-Related Programs	25,088	15.7	53,844	22.5	45,434	16.2
Commerce & Business Management	57,370	36.0	63,978	26.7	85,585	30.4
Agriculture, Forestry, Fishery & Veterinary Medicine	5,313	3.3	9,993	1.0	10,781	3.8
Law	1,519	1.0	2,307	0.5	1,967	0.7
Religion & Theology	150	0.1	1,078	0.4	1,026	0.4
Information Technology			5,210	1.9	14,944	5.3
Maritime Education			33,259	12.2	25,890	9.2
<b>TOTAL</b>	<b>159,543</b>		<b>273,027</b>		<b>281,364</b>	

Maritime education accounts for a little over 10% of tertiary students, which bolsters the common knowledge that the Philippines is one of the world's primary supplier of seafarers. In fact, Filipino sea-based workers account for as much as a quarter of Filipino overseas workers in the 90s. Another notable field gaining popularity is the information technology courses, which is expected to increase with the advent of the information age. (NYC)

#### **Technical Education and Skills Development Authority**

In response to the demand for policy reforms in the area of human resource development, the Technical Education and Skills Development Authority (TESDA) Act and the Dual Training System Act were both enacted in 1994. These landmark legislations aimed to address the mismatch of skills of young workers entering the labour market in the level of vocational and technical education.

Through the Quality Assured Philippine Education and Skills Development System, TESDA has absorbed some 60 schools with post-secondary and non-degree programs as part of the package of reforms aimed at enhancing the delivery of technical education and skills development.

The law also mandated TESDA to strengthen partnerships with the private sector in its training programs. Among the partnerships forged in response to youth employment is with the Philippine Youth Employment Network.

### **The Department of Labor and Employment**

The Department of Labour and Employment (DOLE) is the government agency tasked with overseeing the country's manpower resources, whether youth or non-youth. DOLE's major responsibilities are four-fold, specifically: the promotion of gainful employment opportunities, the development of human resources, the protection and promotion of workers welfare and the maintenance of industrial peace.

Under the DOLE, the Bureau of Women and Young Workers (BWYW) is the bureau overseeing the concerns of youth workers. Chief among their concerns is looking after the welfare of young workers, especially minors and ensuring their protection against exploitative working conditions. The Bureau is also concerned with providing additional in-service training programs to young workers with the aim of improving their potentials and capabilities for further employment and advancement.

BWYW also established Working Youth Centers where young workers in rural and less urbanized areas are assisted in livelihood projects. In 1994, the centre's apprenticeship and leadership projects, trained 19,830 youth nationwide and placed 14,709 of them in various jobs, and assisted 323 livelihood programs which served 1,733 youth beneficiaries.

The Special Program for the Employment of the Students (SPES) spearheaded by DOLE is primarily designed to develop the intellectual capacities of students of out-of-school youths aged 15 to 25 which aims to help poor but deserving students to pursue their education by encouraging and facilitating their employment during summer and Christmas vacations.

Employers of these student workers, committed to paying 60% of the prevailing minimum wage while the government pays the remaining 40% in the form of education vouchers. Of the total 706,730 youth placed during 1993-99, a majority (49.0%) were female students with a significant portion of the student employees were at the college level (42.3%).

### **National Youth Commission**

As previously discussed, the National Youth Commission (NYC) plays a key role in developing the youth. Republic Act 8044 charged NYC with the functions of youth policy formulation, program development and promotion, establishment of consultative mechanisms, research, and establishment of links with international youth serving organizations.

NYC is also given the authority to seek and request assistance from governmental and non-governmental organizations or institutes in pursuance of its policies, programs, and projects. It recognizes that the government has a responsibility to enable the youth to fulfil their vital role in nation building.

Further functions of NYC will be discussed in detail in succeeding sections of this report.

### Other Government Programs

Other government programs aimed to address youth employment are *Kabataan 2000*, which is a year long youth work program, which encourages high-school, vocational, and college students and even out-of-school youths to enhance their skills and capabilities as a preparation for productive employment. From 1995 to 1997 more than half a million youth have benefited from the program

<b><i>Kabataan 2000 Component Programs (1995-1997)</i></b>			
Program	Description	Agency	Youth
Special Program for Employment of Students	Help poor but deserving students and OSYs pursue their education by providing or augmenting their income by encouraging their employment during vacations	DOLE	328,143
Work Appreciation Program	Develop their work values, work appreciation and ethics among the youth by exposing them to actual work situations	DOLE	79,407
Government Internship Program	Agencies accommodate students and OSYs for a minimum from 2-3 months and are given stipends of not more than 75% of the government minimum wage	NYC DILG	15,432 1,353
Immersion and Outreach Program	A series of activities where OSY volunteers are assigned in depressed <i>barangays</i> and institutions or centres to assist in the different activities of DSWD	DSWD	5,067
Tourism, Training, and Appreciation Program	A series of tour programs that focus on the country's history, culture, and natural heritage	DOT	9,496
Health Outreach Program	Involves youth participation in medical mission and campaign programs of DOH in various municipalities and <i>barangays</i> .	DOH	8,907
Youth Infrastructure Development	Trains and involves the youth in labour-intensive infrastructure projects in their own respective localities	DPWH	30,559
Kabataan Reforestation Program	Develops a sense of awareness on environmental issues and problems and the government's response in addressing the issues	DENR	31,352
Program on Literacy cum Livelihood, Culture, and Arts	Empowers the youth with devisable knowledge, skills, attitudes, and values to make them self-reliant, responsible, productive, humane, and upright citizens who contribute to the sustainable development of the country	DECS	73,497
Youth in Plant Nursery	Involves the youth in productive and constructive activities related to plant	DA	471

Development	nursery development and trains them to be efficient on the supervision and maintenance of nurseries to enable them to create income-generating projects to be patronized by the community.		
		<b>Total</b>	<b>583,684</b>

DOLE Department of Labor and Employment, NYC National Youth Commission, DILG Department of Interior and Local Government, DSWD Department of Social Welfare and Development, DOT Department of Tourism, DOH Department of Health, DPWH Department of Public Works and Highways, DENR Department of Environment and Natural Resources, DECS Department of Education, Culture, and Sports, DA Department of Agriculture

Working Youth Street, a program of the Department of Social Welfare and Development, aimed at rescuing working children from explorative and hazardous occupations and re-integrating them with their families and communities through a package of non-formal and formal education, counselling, livelihood assistance, and legal protection services.

Farm Youth Development Program is managed by the Department of Agriculture together with the 4-H Club of the Philippines aims at accelerating the empowerment of underprivileged, unemployed, and underemployed rural youth through skills training and support through small and medium scale enterprises managed by them which involves training on integrated farming, entrepreneurial and cooperative management, international exchange, and demonstrative farming.

Young Filipino Entrepreneur is carried out by the Department of Trade and Industry aimed on funding enterprise training through industry immersion, on-the-job training, and provides seed money for trainees to start small enterprises.

## **5. OTHER KEY PLAYERS**

### **Philippine Youth Employment Network**

(PYEN) is a youth-led and multi-sectoral non-profit organization aimed at creating sustainable community-based employment among the youth. Aside from TESDA, developmental partners of PYEN include the National Youth Commission, Department of Labor and Employment, Cooperative Development Authority, Employers Confederation of the Philippines, Philippine Chamber of Commerce and Industry, and Consuelo Foundation.

PYEN was a direct response to the challenge of youth employment during the Youth Employment Summit of 2002 in Alexandria, Egypt. It held its first National Convention in June this year which was attended by more than 80 youth leaders representing 50 youth organizations from across the country. At present, it has organized two satellite organizations pushing for youth employment.

Youth Entrepreneurship Financing Facility Program (YEFFP) is a livelihood credit program designed to provide loans through qualified organizations to the Filipino youth who have completed the entrepreneurship and skills training of NYC and TESDA.

YEFPF gives opportunities to the youth with entrepreneurial skills to establish their own business enterprise by facilitating access to credit with the following primary objectives:

- enhance the entrepreneurial skill of the Filipino youth,
- support the business ventures of young people with technical and entrepreneurial skills, who otherwise are ineligible under regular credit facilities,
- encourage the self employment initiatives of the Filipino youth, and
- establish a credit program for young entrepreneurs (NYC)

**Philippine Enterprise Development Foundation's (PEDF) *Balikatan sa Kaunlaran*** (a Grameen Replication Program) is a poverty program which targets poor workers exclusively for the provision of easy-to-access, collateral-free business loans. The program follows the Grameen Bank methodology in its credit cum savings delivery and recovery system which has proven to be able to serve a maximum outreach while utilizing scarce resources in a cost-effective way.

PEDF, with a capital of P12 million (US\$240 thousand), enjoys an almost perfect repayment rate of 99%. Its success story include livelihood, employment opportunities, hope for a better life, greater self-respect, self-sufficiency, and self-realization of a large but poor clientele, including young males and females. (NYC)

## **6. POLITICAL, POLICY, AND PROGRAM FRAMEWORKS**

### **Youth Participation**

Filipino youth have frequently participated in events that have shaped national direction. The country's national hero, Dr. Jose Rizal, was executed peacefully fighting for freedom at a young age of 29. Same for other Filipino patriots like Andres Bonifacio, Emilio Aguinaldo, Gregorio del Pilar, and Evelio Javier all left their marks at very young ages.

The 70s saw the radical and moderate youth and student organizations launched mass protest actions against the Marcos regime in campuses and communities nationwide, but with the declaration of martial law in 1972 saw the suppression of the people's movement. In 1975, President Marcos issued a decree creating the *Kabataan Barangay*, which became the government's youth arm.

When martial law was lifted in 1981, student activism again flourished which persisted until the people power revolt of 1986. After which, militant student activism was reduced and the youth became more involved in the affairs of the government, shifting their focus to work from inside.

The Aquino administration established the Presidential Council for Youth Affairs (PCYA), which was the predecessor of the NYC. The representation of youth in Congress from 1988 to 1990 contributed to the introduction of the 1991 Local Government Code that outlined the election process of the *Sangguniang Kabataan* youth representatives.

### **Katipunan ng Kabataan and Sangguniang Kabataan**

To institutionalize the involvement of the youth in local government, the *Sangguniang Kabataan* (SK) (youth council) was created through the landmark Local Government Code of 1991, which lays down policies that seek to institutionalize democracy at the local level. The principle of devolution where citizens directly

participate in the affairs of the government widens the scope of possible venues for empowering the people, which through the SK include all youth.

Each *barangay* (municipality) forms a *Katipunan ng Kabataan*, which is an assembly of youth in the *barangay*. The membership of the *Katipunan ng Kabataan* is comprised of youth aged 15 to 21. The SK as the *barangay* youth council is the governing body of the *Katipunan ng Kabataan*.

The *Katipunan ng Kabataan* members are eligible to vote for and be elected to the *Sangguniang Kabataan* composed of the chairman and seven members, and participate in programs and activities of the *barangay* as may be adopted by the *Sangguniang Kabataan* of the *Sangguniang Barangay* (municipal council).

The first SK elections took place in 1992 in approximately 43 thousand barangays. The second SK elections took place in 1996 with 3.3 million youth casting their vote representing a high 77.9% of registered youth voters. The third SK elections happened in 2002, which saw the lowering of the eligibility age to 15 to 18 years old. (NYC)

### **National Youth Commission**

As mentioned the NYC is the sole policy-making and coordinating body of the all youth-related institutions, programs, projects, and activities of government.

NYC is composed of a Chair, two Commissioners-at-Large, three Regional Commissioners representing Luzon, Visayas, and Mindanao, the country's three island groupings, and an Executive Director, all appointed by the President from a list of nominees submitted by youth and youth-serving organizations and institutions. The President of the *Sangguniang Kabataan* National Federation sits as the Ex-Officio Commissioner.

### **Medium Term Youth Development Plan**

The formulation of the Medium Term Youth Development Plan (MTYDP) of 1999 to 2004 is a key component of the youth development as it serves as the government's blueprint in the areas of youth protection, development, and participation among all sectors specifically the in-school-youth, out-of school youth, working youth, and youth with special needs including:

<ul style="list-style-type: none"> <li>• <b>youth with disabilities</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>delinquent youth</b></li> </ul>
<ul style="list-style-type: none"> <li>• youth offenders</li> </ul>	<ul style="list-style-type: none"> <li>• drug-dependent youth</li> </ul>
<ul style="list-style-type: none"> <li>• youth in situations of armed conflict</li> </ul>	<ul style="list-style-type: none"> <li>• street youth</li> </ul>
<ul style="list-style-type: none"> <li>• youth in indigenous cultural communities</li> </ul>	<ul style="list-style-type: none"> <li>• abused and exploited youth</li> </ul>
<ul style="list-style-type: none"> <li>• youth victims of natural disasters and calamities</li> </ul>	<ul style="list-style-type: none"> <li>• abandoned and neglected youth</li> </ul>

The vision is for a generation of more enlightened and empowered Filipino youth who are value driven, active as well as innovative, with a strengthened belief in a Supreme-being, imbued with patriotism, yet open to global competition and cooperation. (NYC)

For the purposes of this report, to following were cited as policy reforms and recommendations for the Working Youth as discussed in the MTYDP:

- to absorb the unemployed youth through the simultaneous promotion of appropriate development policies and expansion of the demand for labour,
- to adopt efficient economic policies that can help reduce youth migration pressures,
- for government to continue investing in human capital but must change some of its human resource development policies,
- to adopt and strictly enforce labour standards,
- to close the gender gap among young workers and consider new anti-discriminatory legislation,
- to shift incentives to education that can help curb child labour,
- where possible, to extend policies protecting workers' rights to those made worse-off by casualization,
- to explore ways on how to decentralize the enforcement of standards and implementation of skill development programs,
- for government to build a worker-friendly information infrastructure for young workers to effectively avail of government assistance, and
- to monitor living conditions of young workers in order to assess the effectiveness of the reforms.

### Policies and Legislation

The Philippines has legislation establishing standards for young workers, apart from ILO conventions which the country has committed to observe. Many of the standards cover women and young workers.

<b><i>Labor Standards and Government Interventions in Youth Labor Markets</i></b>			
Policies	Instruments	Guarantee	Examples
Promotion of youth as the national main asset	<ul style="list-style-type: none"> <li>▪ Philippine Constitution, 1987</li> <li>▪ Philippine Labor Code</li> <li>▪ ILO Conventions</li> <li>▪ UN Conventions on the Human Rights of the Child</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotion, Protection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Protection against exploitation, access to education</li> </ul>
Elimination of discrimination against young women workers	<ul style="list-style-type: none"> <li>▪ ILO Convention No. 100, 111</li> <li>▪ Labor Code Articles 135, 136, 137</li> <li>▪ New Family Code Art. 73</li> </ul>	<ul style="list-style-type: none"> <li>▪ Equal pay for work of equal value</li> <li>▪ Equality of opportunity and treatment in employment and occupation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Women are to be paid wages equal to those of men for work of equal value.</li> <li>▪ Women need to have equal opportunities in promotion, training and scholarship.</li> <li>▪ Unlawful to require women workers not to get married</li> </ul>
Maternity Protection	<ul style="list-style-type: none"> <li>▪ ILO Convention 110</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maternity benefits for women workers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Women are provided 45-day maternity leave for childbirth, abortion and</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Social Securities Law Section 14, 18</li> </ul>	<ul style="list-style-type: none"> <li>▪ Medicinal benefits</li> </ul>	<ul style="list-style-type: none"> <li>▪ miscarriage</li> <li>▪ Women are provided prenatal, confinement, and post natal</li> </ul>
Protection for the vulnerable	<ul style="list-style-type: none"> <li>▪ ILO Convention No. 89</li> <li>▪ Labor Code Art. 130/131</li> </ul>	<ul style="list-style-type: none"> <li>▪ Special Provision for women</li> </ul>	<ul style="list-style-type: none"> <li>▪ Women may not be compelled to work during the night with certain expectations</li> </ul>
Minimum age of admission to employment	<ul style="list-style-type: none"> <li>▪ ILO Convention No. 59, No. 138,</li> <li>▪ Labor Article 139</li> </ul>	<ul style="list-style-type: none"> <li>▪ Special Provision for Young Workers</li> <li>▪ Minimum work age</li> </ul>	<ul style="list-style-type: none"> <li>▪ Children under 16 may not be compelled to work during the night</li> <li>▪ Children under 15 may not be employed</li> <li>▪ Children under 18 may not be employed if DOLE Secretary gives permission</li> <li>▪ Minimum age of work is 18 if job is hazardous to health, safety, morals</li> </ul>
Provision of Education	<ul style="list-style-type: none"> <li>▪ ILO Resolution, 1965</li> <li>▪ Labor Code, Ch.3 Book III</li> </ul>	<ul style="list-style-type: none"> <li>▪ Special Provision for domestic helpers</li> <li>▪ Universal education (prime/second)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Domestic helps under 18 can be given opportunity for at least elementary education</li> <li>▪ Children of school age are given by the states pre-college schooling</li> </ul>
Establishment of minimum compensation of work		<ul style="list-style-type: none"> <li>▪ Minimum wages</li> </ul>	<ul style="list-style-type: none"> <li>▪ Worker are to be paid minimum hourly wage</li> </ul>
Assurance of decent working condition	<ul style="list-style-type: none"> <li>▪ ILO Convention No. 190</li> <li>▪ Women and Child Labor Law</li> <li>▪ Labor Code Art. 150</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maximum hours of work</li> <li>▪ Minimum age for apprenticeship</li> </ul>	<ul style="list-style-type: none"> <li>▪ Children below 16 years old are not permitted to work for more than 7 hours a day</li> <li>▪ No children below 14 are allowed to be apprentices</li> </ul>
Protection of workers rights	<ul style="list-style-type: none"> <li>▪ ILO Convention No. 87</li> </ul>	<ul style="list-style-type: none"> <li>▪ Right to associate/organize</li> <li>▪ Right to collective</li> </ul>	<ul style="list-style-type: none"> <li>▪ Young workers can join trade unions</li> <li>▪ Unions can negotiate wages &amp; working conditions</li> </ul>

		<ul style="list-style-type: none"> <li>▪ bargaining</li> <li>▪ Right to engage in industrial action</li> </ul>	<ul style="list-style-type: none"> <li>▪ with employers</li> <li>▪ Young workers can join strikes to achieve union demands</li> </ul>
Abolition of worst form of Child Labor	<ul style="list-style-type: none"> <li>▪ ILO Convention No. 182</li> </ul>	<ul style="list-style-type: none"> <li>▪ Following ratification by Philippines 2000, legislative follow-up in progress</li> </ul>	<ul style="list-style-type: none"> <li>▪ Immediate elimination of child labour in hazardous workplaces, trafficking, prostitution, etc.</li> </ul>

### **Youth Entrepreneurship Program**

One of the major programs of NYC is the Youth Entrepreneurship Program (YEP) which is a comprehensive package of skills training, mentoring, forward and backward linkages, advocacy, and information campaign harnessing the potential of the Filipino youth in entrepreneurship.

YEP program components include the education and information campaign aimed to equip participants with entrepreneurial concepts and tools, and build professional and technical competence including business plan development, credit assistance and lending, mentoring, and market syndication and linkage.

Also part of the program is the previously discussed Youth Entrepreneurship Financing Facility Program (YEFFP), National Cooperative Council, and other forward and backward linkages aimed to provide a nurturing environment conducive to the growth and development of entrepreneurship such as market and techno fairs, summits, conferences and symposia, lobbying, and advocacy.

A major partner of NYC in the implementation of YEP is the Philippine Youth Employment Network (PYEN).

### **Other Wage Employment Creation Programs**

The Office of the Presidential Assistant for One Million Jobs (OMJ) was created to monitor the implementation of government programs to ensure the creation of 'one million jobs' in the countryside by 2004. OMJ focuses on promoting, within the context of current programs, labour-intensive agricultural activities that are integrated, competitive, and financially viable, hence sustainable. Coordination across agencies and levels of government who would take responsibility for job promotion within a target sector or geographic area.

OMJ reports 487,546 jobs created over the period October 2001 to July 2002. Of these, 59% were created via the commodity promotion efforts, and the remainder was through infrastructure improvements to boost agricultural production such as irrigation, post-harvest, and credit facilities.

## **7. KEY AREAS OF ACTION**

As mentioned, the Medium Term Youth Development Plan (MTYDP) initiated by the NYC has been a solid framework for youth development. The policy reforms and recommendations listed for the working youth will soon be revisited and evaluated

not just by the government agencies, non-government organization, and other youth-serving and youth organizations and institutions, which crafted the document in 1999, but more importantly by the you who have supposed to have benefited from such a comprehensive action plan.

Withstanding the economic hardships the country has endure through the years, the youth has considerably benefited from the pro-youth policies which has flourished under a democratic government. The creation of the *Katipunan ng Kabataan* and *Sangguniang Kabataan* are clear manifestations that at a very young age of 15 to 18 years old the youth are afforded the privilege to participate in the electoral system.

There are many opportunities offered by numerous organizations, government, private, and international, for the Filipino youth to grow financially but also intellectually, socially, emotionally, and spiritually. The challenge reverberates back to the youth themselves whether they will maximize their opportunities for growth which s

# YOUTH EMPLOYMENT IN VIETNAM

## **INTRODUCTION**

This report is to compliment the Youth Employment Summit in its drive to build the research capacity of the YES Country Networks and to inform the policy and practice to take up effective measure to create opportunities for youth. The report will provide with a snapshot of the situation of youth employment in Vietnam. It is hoped that it will be an useful tool for policy makers, researchers, NGOs and YES Networks to identify sectors for employment, understanding the needs, developing relevant policies and programmes and resource mobilisation among others.

## **Economic Context**

Vietnam economy is on the way of transition from a centralised planning management system towards a market economy under state management. There are many significantly changes in the social-economic conditions. The Vietnam government has issued many policies to encourage local people in all sectors invest into business. These policies are documentaries in legal document such as law of encouraging domestic investment, law of foreign investment, code of trade etc., Vietnam economy are strongly developing despite the negative effects of Asia crisis: "After two years of decline in 1998 and 1999, Vietnam's economy has shown signs of recovery due to the increase in export and higher domestic demand," said the report of the Representative Office of Vietnam-based Asian Development Bank. After the law of enterprise came in force (2000) the number of private enterprises is sharply increasing. These private enterprises have created the vast employment for labour force, especially young labourers.

The most developed and attracts more and more young labourers are: Industrial sectors particularly in industries such as information technology, processing; Trade service sector; and enterprises in industrial zones. It is forecasted that in coming years these sectors will continue growing with high speed. The labour demand as well as the opportunities for youth to enter the said formal sectors can be analyzed as below:

## **LABOR DEMAND OF INDUSTRIES AND ENTERPRISES OF INDUSTRIAL ZONES**

The industry of Vietnam is a sector that has a high, continuous and the quickest growth rate in comparison with the all of other economic sectors of the country and other Asian countries. In the years of renovation (1986-2000) the average annual growth rate of the industrial sector of Vietnam is 10.9% and during the recent 5 years (1996-2000) the average annual growth rate of the industrial sector of Vietnam is 10.9 percent and during the recent 5 years (1996-2000) it is 13.5%. However, statistical data illustrates that proportion of industrial and construction labour decreases continuously from 13.9 percent in 1991 to 12.9 percent.

**Table 1:**

Population growth and industrial growth rates

Year	Population growth rate	Industrial growth rate
1990	2.2	0.10
1991	2.3	10.4
1992	2.4	17.1
1993	2.3	12.6
1994	2.1	13.7
1995	2.0	13.9
1996	1.9	14.5
1997	1.8	13.8
1998	1.7	12.5
1999	1.7	10.4
2000	1.6	6.7
2001	1.5	12.4
2002	1.5	14.5

Source: General Statistics Office

The reason is that most industries with high growth rate attract only small number of labourers, for example petroleum, energy industries. In other hand, many industrial enterprises restructure and part of labour is cut off during innovation. During the process of equitization and restructure of SOEs from 1999 to 2003, it's estimated that redundant labourers shed will be about 400,000. Slight decline in labour structure, but due to the appearance of new occupations for industrial machine maintenance, automation, precision equipment and the establishment of industrial zones and EPZs and nuclear economic regions industrial sector still have high growing demand of skilled and highly skilled workers.

As of 2001, Vietnam had 66 Industrial Parks and EPZs located in 26 provinces and cities. Of which half are in operation, 30 percent are in infrastructure construction, 20 percent were in process of approval of study feasibility. All Industrial Parks and Export Processing Zones face to matter of shortage of skilled and high skilled workers. According to GDVT, in the forthcoming years, demand of labour for Industrial Parks and EPZs continue to growth, especially, labour experiencing vocational training [Vietnam Economic News (No.5/2000)]

A forecast made by Management Unit of Industrial Parks and EPZs in Ho Chi Minh City shows that there will be a need of 21,880 labourers in 2002 and 22,000 in 2003 for Industrial Parks and EPZs of the HCMC. In 2002, it needs about 1,094 labourers at college/university level, 2,910 skilled workers and technicians, 6,410 workers graduated from upper secondary schools and 11,466 workers graduated from lower secondary schools.<sup>16</sup>

<sup>16</sup> Nguyen Anh Thi - Vietnam Economic Times, 2002

## **LABOR DEMAND OF SERVICE SECTOR**

Beside industrial sector, service sector is expanding strongly in terms of both share of GDP and employment. Public service, trade, education, health care, tourism and so on have taken large share of the labour market. In addition to this we can see many new “industry-related services” that have developed against the backdrop of the introduction of new technology and/or new ways of organizing work and production. The appearance and development of high services and “industry-related services” calls for growing demand of skilled labour in this sector.

### **Employment opportunities in the informal sector**

Besides the above formal sector, the youth can find various opportunities in informal sectors. The informal works can be named such as street selling, informal credit, serving in families etc., The informal sector not only absorbs a large proportion of Vietnam's labour force, but it serves millions of Vietnamese. It will remain permanently in Vietnam as an important sector in its economic life and structure. Studies show that each year about 1,7 million young persons start looking for jobs, and Vietnam can not at this moment to create so many new jobs. The only solution will be the expansion of the informal sector in urban and rural areas. In fact thinking of the urban areas, the dynamism and the possibilities open through informal economic activities give much hope to the urban poor. The informal sector works using simple technology, with non-fixed working hours. The place of work might be fixed, but in many instances it is removable. It is not systematically organized and the people working are not beneficiary of any social insurance system. Their activities are so flexible that they usually do not need permits of local authorities. It is very easy for a youth to enter or withdrawn from an informal sector. The first reason it most of informal “occupation” does not need much initial investment or even no need any investment. Secondly, as mentioned above, they are simple works and it takes short time to master.

There is a fact that the appearance or disappearance of an informal sector may be a result of new official regulations forbidding the street mini-restaurants, or limiting the access to the centre of the cities of tricycle vehicles. Regardless of the unstableness and hardworking of informal sector, about 20% of the whole active population in Vietnam is related to it. It is possible to estimate that the informal sector has created jobs for about 7 million workers. It is also important to note that it also provides extra jobs and that way offers possibilities of income to many people whose jobs are not enough to let them support their families. It is the preparing step for the youth, especially the young from rural areas or low-educated on the way starting their career. In the rural areas, millions of young farmers are able to gather extra income through sideline occupations.

## **YOUTH DEMOGRAPHIC, EMPLOYMENT AND ECONOMIC ACTIVITY**

### **Definition of youth**

Youth is a concept defined differently in daily life as well as in social sciences and humanities. In the Statutes of the Vietnam Youth Federation, a Vietnamese Youth is defined as a citizen of Vietnam in the 15-35 age cohort. In the point of view of MOLISA, the young labour force consists of workers aged 15-34 years. Yet, a recent social-economic research and survey in Vietnam has divided this age bracket in smaller categories 15-24, 25-29 and 30-34 in conformity with youth definitions of international organisations such as United Nations, ILO etc. So, in this paper, the youth are to be understood as persons aged from 15 to 24.

## **YOUTH POPULATION**

According to the 2002 survey on labour and employment of General Statistical Office (GSO), Vietnam's youth population (from 15 to 24 years old) amounts to 8 868 700 or 11,2 % of the total population (GSO). Of these:

- 4 260 954 are females, account for 49,2 % of the youth population
- 4 507 746 are males, or 50,8%.
- In terms of place of residence:
  - 1 421 458 living in urban areas, or 16 %
- 7 447 242 living in rural areas, or 84 %.

As shown by results of the GSO's population survey in 1999, over the next 10 years, the 15-24 age group will increase to 16 350 000 or 23,6 % of the total population of Vietnam, of which young females account for 48,8 %.

The number of youth living in urban areas will also increase sharply along with the process of urbanisation and renewal in the whole country.

### **Situation of youth unemployment**

According to data on labour and employment of General Statistical Office in 2002, the unemployment rate of youth in Vietnam is 4.32%. Rates for teenagers 15-19 years are higher (4.4%) than that for young adults aged from 20-24 years (4.25%). The unemployment rate of young people in urban area (17%) is eight times that for rural areas (2%). In comparison with older age cohorts, unemployment rate of young people is the highest one.

**Table 2:**

Unemployment rate between different age bracket

Age group	15-19	20 – 24	25-29	30-34	35-39	40-44	45-49	50-54	55-60
Unemployment rate (%)	4.40	4.25	2.43	1.64	1.35	1.20	1.22	0.99	0.44

*Source: General Statistic Office, Situation of Labour Force and Employment in Vietnam, 2002*

Young women are more likely to be unemployed than young men. The unemployment rate for females aged 15-24 years is more than 7%. The unemployment figures for young women in urban areas are even higher (15%) for those aged 15-19 years and 12% for those aged 20-24 years.

### Youth Economic Activity

Young people aged 15-24 years engaged in economic activities accounted for 21,8% of the total work force in Vietnam in 2002<sup>17</sup>. This is a decrease since 1990s when the same group accounted for 32%. This is mainly due to the increase in school enrolment rates at all levels.

Most of the young active population in Vietnam work in agricultural sector (60%) although the number is declining. Due to changes in economic structure, youth employment has sifted from agricultural sector to industrial sector and services. Many growing industries attract a large number of workers, such as food processing, textile and garments, cement, steel, oil crude, electrical appliances, telecommunication, information technology, trade, hotel, restaurant, transportation, tourism etc.

**Table - 3**

Employment structure by economic branch and location

Unit: %

Location	Age group	Economic Branch			
		Agriculture Forestry Aquaculture	Industry Construction	Services	Combined
Rural areas	15 - 24	70.6	17.3	12.2	25.1
	25 - 34	66.5	14.9	18.7	21.1
	35 - 59	67.7w	10.3	22.1	38.1
	60+	83.3	4.0	12.8	8.1
	Combined	71.1	12.1	16.8	100.0
Urban areas	15 - 24	6.9	41.0	52.1	19.0
	25 - 34	3.9	35.7	60.5	25.6
	35 - 59	5.3	25.7	69.0	47.6
	60+	19.3	10.0	70.7	7.4
	Combined	6.3	30.0	63.7	100.0

Source: Survey on population's living standards, 1999

### Youth employment in the formal and informal sector

About 30 % of employed youth work for the state and collectives. Most of the rest (60%) work mainly on small family farms, often underemployed and increasingly in the small but growing domestic private business sector where job creation appears to have the most potential. The non-state sector<sup>18</sup>, and particularly domestic business, accounts for an increasing share of the employment growth in Vietnam, especially since the implementation of the new Enterprise Law.

<sup>17</sup> General Statistical Office's Survey on Labour and Employment in Vietnam, 2002

<sup>18</sup> Non-state sector includes those equitised or privatised enterprises/companies and the private companies as well as the foreign-owned enterprises

**Table – 4:**

Permanent employment in 1999 for persons aged 15 and older

Age group	Total	Economic sectors					
		State	Collective	Private	Mixed	Foreign invested	Undefined
Total	100.00	9.62	26.8	61.95	0.95	0.53	0.11
15-24	25.2	5.47	25.22	66.54	1.50	1.13	0.13
25-34	30.27	10.3	25.7	62.1	1.18	0.63	0.09
35-59	38.62	13.06	28.1	58.9	0.53	0.12	0.11
60 +	4.30	1.75	36.38	61.64	0.08	0.03	0.12

*Source:* General population and housing census, 1999

The proportion of economically active youth is much greater in rural areas (24%) than in urban areas (14.6%). In the contrary, the percentage of youth classified as underemployed is higher in rural areas (23.5%) while that proportion is only 13% in urban areas. This is mainly because of the seasonal nature of farming.

**Table 5:**

Youth employment of population aged 15 – 24 years in rural and urban areas

Unit: person

	Employed	Underemployed	Unemployed	Total
Urban areas	1 156 849	88 442	238 592	1 484 071
Rural areas	6 622 020	899 619	157 098	7 678 901
Total	7 778 869	988 061	395 690	9 162 972

*Source:* GSO, *Survey on Labor and Employment in Vietnam, 2002*

Underemployment in the agricultural sector has led to a surplus of labour in rural areas. During the past ten years, the rural-urban migration for jobseekers became a phenomenon when a large number of young migrants have been employed to work in new industrial processing zones for foreigners companies in big cities i.e Hanoi, Hochiminh City, Binh Duong, Da Nang, Can Tho ... However, the jobs held by young migrants are often unstable and economically unsustainable.

The key constraints affecting young people of operating more effectively in the informal and formal sector are :

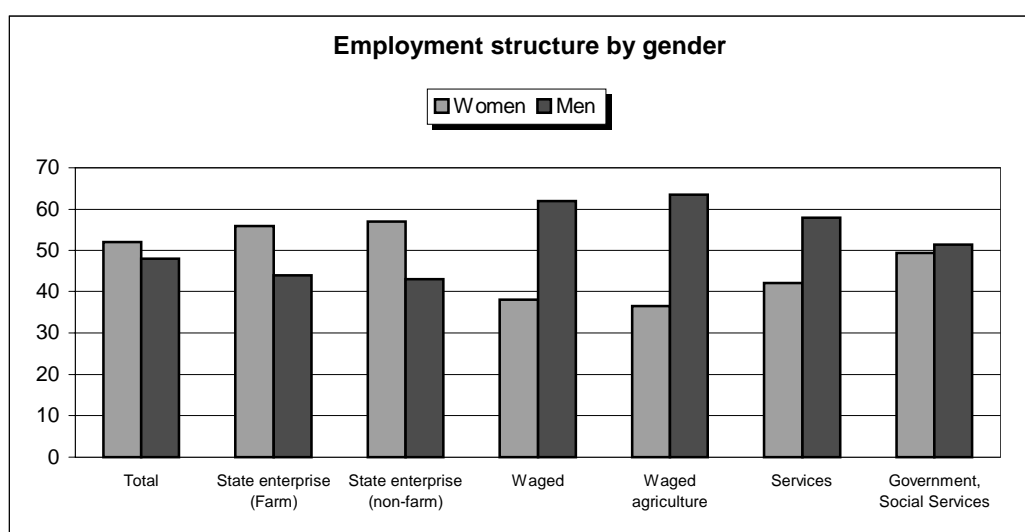
For unemployed young people in rural areas, they have low education and lack of vocational opportunities. This is largely due to the inaccessibility to applicable and technical education because of a generally low living standards in rural areas. Job opportunities are also limited in rural areas because of scarcity of land, limited access to credit and major markets, inefficient farming techniques, seasonal variations in labour requirements and a lack of farm employment opportunities.

In urban areas where unemployment rate is much higher than in rural areas, young people have trouble finding a job because there are widespread mismatches on the labour market and a lack of information about employment trends so that they can make decision of their career. Only a small number of applicants are recruited, while the number of graduates is increasing. Graduates from such faculties as agriculture, forestry, aquaculture, social sciences and humanities etc. face great difficulties getting a job. Education and training are so extensively provided for professions formerly in short supply, such as managers, lawyers, economists and secretaries, that the labour market is flooded with such specialists, while previously, oversupplied technical and craft occupations are missing. Furthermore, many skills become obsolete due to changes in production structure, advanced technologies and new forms of work organisation while the training quality, training and vocational structure fail to meet the requirements of the labour market.

Beside, we have remarked that the Labour Code of Vietnam presently excludes enterprises employing less than ten persons from many of its articles, as a result almost all household enterprises are not covered (roughly 80 percent of the workforce). Therefore the capacity for implementing this framework is very limited and focused mainly on the state enterprises, their joint ventures with foreign firms and the very limited number of private sector firms that employ more than 10 workers and that have registered under various company laws. However, private firms employing more than ten workers - of which young people make up of a large proportion - but who chose to operate informally, would not feel compelled to comply with the Code, nor seek to rely on it. By not incorporating formally, they elect to operate beyond the auspices of the law.

### Women's participation to economic activities

Despite the high proportion of labour force participation (52%), young women in Vietnam are still concentrated in certain occupations. The main sectors in which they are concentrated are agriculture, light industry (especially textiles and garments), services such as hotel, restaurants, tourism, banking, education. They are under-represented in higher status occupations and over-represented in lower occupations. Areas in which they are under-represented include administration and scientific fields.



**Figure 1:** Employment structure by gender  
*Source: GSO, 2000. Vietnam Living Standards Survey*

With regards to gender mainstreaming, the Government of Vietnam has paid a lot attention on giving young women the same opportunities as young men. In the Labour Code, there is one Chapter on Female Employment and the Government has issues a number of Decrees regarding the creation of favourable conditions for female workers to participate in labour forces in the equal manner as what for male workers. The National Employment Promotion Fund (NEPF) has also allocated appropriate amount for Women Union that will, on behalf of the NEPF give loan to women who wants to start their businesses or create self-employments. Currently, the Women Union has the most extensive credit programme for women, with a revolving fund totally 4 000 billion VND, which reaches women in all regions and all levels of the country.

However, young women make up only 18% of wage employment and often receive less remuneration than men for the same work. According to the 1997-1998 Vietnam's Living Standard Survey (VLSS), women in Vietnam receive earning per month, on average, 14% per month less than men. They earn an average of 32 USD per month, while men earn an average of 41 USD. A survey conducted between April and July 2002 by MOLISA and Vietnam Chamber of Commerce and Industry has shown that there are more young women than men were living school because of lack of financial resources or to start earning incomes to support their family.

For certain occupations, young women have less chance to be recruited than men because employers prefer not to have interruptions in their work due to their maternity leaves and childcare periods. In rural areas, young women are considered as main workers contributing to their household while participating to farming. It is more difficult for them to have an access to important capital loans for creating their self-employment because they are often not legally registered as householders of Land Use Certificates which are generally used as collateral for important loans.

### **Attitudes and Aspirations in Economic Activity**

The findings of the survey conducted by MOLISA in July 2002 indicated that many young people prefer a job offering career and personal development to the one simply offering a good salary. Employment is considered for all of them as a strong demand and a way of self-expression, even when they've earned a lot of money and enjoyed a comfortable life.

A recent survey of Mekong Project Development Facility (MPDF) has nonetheless shown a large proportion of students from universities in Vietnam, when asked about their view of a good job, were clear in their desire to find works outside of the private sector. 21% of them said they would be ready to work in the formal private sector. In their point of view, private companies rarely guarantee job security and offer limited opportunities for career development or job training in comparison with large firms or state-owned enterprises. For the matters of self-employment, there were only 13% of students wished to establish their own business. The majority of them have shown hesitation when asked if they were ready to self-establish and the main reasons for that are their lack of capital and of experiences or simply they do not feel self-confident enough to start a business of their own.

Through discussions and interviews among students and young workers, we also noticed that slightly different aspirations of employment exist between young men and young women. Young women tend to seek a stable job earlier than young men. Earning a lot of money or career success remains somehow minor for them in regards

to other purposes such as marriage, child care and housework although modern young women in big cities like Hanoi, Ho Chi Minh City spend more time participating into social activities and they get married at older age in recent years.

## **SOCIAL AND INSTITUTIONAL SUPPORT**

### **Perception of young people in Vietnam**

It is said that the youth is person whose age is less than 30 regardless they are married or not. Most Vietnamese do not know the definition of youth according to international or Vietnam regulation. The definition “the youth is person in the age from 15 to 24” is not mentioned by most employers. The opinion of the age of youth is still considered basing on traditional opinion.

In the view of the rest of society, the youth is highly appreciated. The opinion of respecting youth labour origins from the history with prolonged wars. In the war, the youth is the main force in the battlefield and numerous of youth have sacrificed for the liberty of the country. In the process of building the country after the war, they are considered as the pioneering persons, particularly in the process of “Doi Moi”. The youth keeps the role of dominant labour force in the economy. Most enterprises, particularly private enterprises or foreign invested enterprises, are interested in recruiting the employees from the youth force. In practice, for each individual, it is easier for him to find a job when he is younger. This orientation is extremely dominant for the female labour. Most enterprises now do not favour of hiring female who is more than 30 years old or has been get married. We have conducted a small survey among the employers about their valuation on the youth. Most of them agreed that the youth have the following advantages and disadvantages:

- *Advantages:* Young, good health, dynamic in working and eager to learn the new technologies and accept risks, higher-educated etc.,
- *Disadvantages:* Lack of experience, lack of the social relationships, not very loyal to a certain job - easy to change from one enterprise to another (so flexible in choosing job).

The perception of young people is also different between rural and urban areas. In rural areas, the period that is considered as youth is shorter than in urban areas. For example, most of rural female are get married at the age from 15 to 22. After the age of 25, the women may be considered not young. Due to the traditional thinking still exists in villages, the role of the youth in the community is not highly appreciated. The philosophy of respecting their elders is very strong. In most rural regions, the old is rewarded as the most experience and the most respected. Therefore, the youth is very difficult to express their roles in their family as well as in works of the whole community. It is the reason why most rural youth want to leave for seeking jobs in big cities.

In big cities, the situation is better. The youth, especially high-educated person, is well recognized. In family, they are created the best condition to pursuing their education or career. They are also given favourable conditions of working.

However, in both rural and urban regions, the youth is not really respected. The bias that “the youth is not experience and can not be successful without the supervising of the older” strongly exists. In most enterprises, especially in state owned enterprises, the youth is not assigned important works. They mostly work as the

trainees or assistants. The ideas of the youth are not seriously considered by the leaders.

### **Impacts and Consequences of Unemployment**

Like in any society, unemployed youth in Vietnam is facing multiple risks of being marginalised due to the lack of wage employment, limited access to education, healthcare as well as easy to commit social evils and delinquency.

It is estimated that more than 500 000 people has actually infected HIV/AIDS in Vietnam, of which 70-80% are young people aged from 15 to 30 years old and this proportion is going up<sup>19</sup>. The number of HIV positive young females has risen significantly, up to 15%.

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<sup>19</sup> Source: UNAIDS Vietnam

**Table 6:**

## Situation of HIV/AIDS

	Less than 20 yrs	20-29 yrs	30 – 39 yrs	40 – 49 yrs	More than 49 yrs	Not defined
1995	2.8	19.1	45.2	25.6	2.3	4.4
1996	3.4	22.2	41.1	26.4	2.2	4.4
1997	10.9	48.4	21.0	15.5	1.6	2.7
1998	7.0	37.8	30.3	19.7	1.7	3.5
1999	10.1	61.1	18.6	6.9	1.2	2.0

Unit: Number of infected out of 100 000 persons

Source: UNAIDS Vietnam

The majority of victims so far have been injecting drug users and prostitutes. As revealed in a research conducted by the Youth Union in 2000, there were about 82 000 prostitutes in the whole country, of which those aged from 14 to 18 years old are 34%. Young female prostitutes are mainly from poor families; those in urban areas accounted for 43% and those from rural areas are 57% of the total number of prostitutes. Among them, 85% are under high school education (11% are illiterate, 30% finished primary school and 44% finished secondary school).

**Table 7 :**

## Situation of prostitution in Vietnam

Year	1995	1996	1997	1998	1999	2000
Number of prostitutes	76 900	77 200	78 749	78 982	81 765	81 995

Source: Statistics on Labour, Invalids and Social Affairs in Vietnam, 1995 - 2000

A survey of Ministry of Labour, Invalids and Social Affairs in 2002 has shown a very alarming rise of drug addicts in recent years in Vietnam. 70% of more than 400 000 drug addicts detected are young people, of which students in universities and colleges account for an increasingly large proportion.

**Access to and Nature of Education and Training**

The education system in Vietnam consists of four main levels, pre-school, primary, secondary and tertiary. At the age 6, children enter a primary school for six years of compulsory schooling. This is followed by three years of lower secondary schooling and then three years upper secondary schooling

The duration of higher education is two to six years at the bachelor's degree level or diploma depending on the field of study. Postgraduate courses consist of two years of the Masters degree program and at least another three years at Doctorate level. After the lower secondary schools, the schooling is branched into two streams; General/Academic and Vocational/Technical streams. The students who take the

General/Academic Stream enter the general upper secondary schools whereas the Vocational/Technical streams enter vocational schools.

The education of the Vietnamese work force is most concentrated at the first level of education; approximately 80% obtain pre-school education. The remaining 20% of the work force is split fairly evenly through the three further levels of education. The total undergraduate enrolments are currently being calculated but are estimated to be around 40,000 students. There are approximately 120,000 students in other vocational and technical schools. The average level of formal education and the level of education in rural and urban areas can be illustrated in below table.

**Table 8.**

Average level of formal education

	The whole country(%)	Urban areas(%)	Rural areas(%)
Illiterate	3.74	0.17	4.61
Not finished primary school	15.8	1.87	18.15
Finished primary school	31.71	9.92	34.11
Finished secondary school	30.46	29.52	31.31
Finished high school	18.29	58.52	11.82

Source: GSO, 1997-1998 VLS survey

From the above table, we can see that Vietnam education system covers all sectors of the socio-economic and that is accessible to all people. Primary education is compulsory for all children ("The Government implement the policy of compulsory primary education from class 1 to class 5 for all Vietnamese children in the age of 6-14", Article 1-Law of primary education).

The opportunity of education is equal for both male and female. The Vietnam government has attempted to improve the education system in rural and remote areas. However, there is still a big gap in education between the rural/remote and urban areas.

Regarding the vocational education, there is a truth that the vocational training system of Vietnam is not very good. One important reason of this situation is that the labour force work has not yet received fully vocational training that could meet the demand of labour market. Regarding professional level, 1996 VLS survey shows that 87.7% labour force are unskilled workers (without training), 10% participate vocational training and technical secondary schools and 2.3% graduate university. Professional level of female labourers is lower than nationwide average. The skill levels between rural and urban areas have big difference. Ratio of labour experiencing vocational training or secondary technical education in urban areas is 23.3% - higher 3-4 times than the ratio in rural areas. By 2003, the rate of labour force received vocational training is only 20%.

**Table 9:**

Labour force by skill level (Unit: %)

	Whole country		Urban		Rural		Total
	Male	Female	Male	Female	Male	Female	
<b>Total</b>	100	100	100	100	100	100	100
No certificate or diploma	85.0	90.3	64.5	72.6	90.0	94.3	87.7
Primary vocational training with primary education	1.8	1.8	2.0	3.4	1.7	1.4	1.8
Primary vocational training with secondary education	3.9	0.7	10.3	2.5	2.3	0.3	2.3
Vocational training	2.9	1.4	6.9	4.1	1.9	0.8	2.1
Secondary technical training	3.7	3.9	6.8	10.4	3.0	2.5	3.8
University, college	2.7	1.9	9.3	7.0	1.1	0.7	2.3
Post-graduate	0.0	0.0	0.2	0.0	0.0	0.0	0.03

Source: GSO, 1997-1998 VLS survey

During the last two decades, the vocational training system in Vietnam was less developed because of poor infrastructures. As a result of the low priority and minimal funding, the vocational training area was depressed. Programs and learning resources were not renewed and poorly articulated with current and emerging needs of the labour force. Workshops and laboratory equipment were so obsolete. Teachers were lack of appropriate knowledge. Labour market information, career guidance, job placement, certification, accreditation, tracer studies and other support services were practically non-existent. That is reason why many enterprises do not have enough skilled workers meanwhile the rate of unemployed is still high.

In recognition of the important role played by the vocational training to develop human resource and sustain economic growth, the Government of Vietnam has taken necessary steps to reform the vocational training into labour market orientation. The budget for education (including vocational training) is increased from 15% in the year 2000 to 20% in 2010. In 2002, 15 new vocational training schools have been established, bringing the total number of vocational training schools in Vietnam to 194. In 2003, the general department of vocational training has set up seven new training schools, raising the total number of vocational schools to 2001. Beside institutional units of vocational training, during the past years, private vocational training centres mushroom, especially in big cities. Short-term training accounts for more than 85 percent. These centres contribute to increase number of training labour. However, most private vocational training centres provides only short-term sessions in foreign study languages, basic computer literacy, hairdressing, services in hotel and other simple training trades in services sector. Moreover, due to lack of vocational training equipments and curriculum, many centres provide only practical skills and job

consultancy. Since the beginning of 2002, these schools have provided training to over one million trainees.

### **Roles of the non-formal education and training initiatives**

Although Vietnam government has invested to improve the vocation training system, the demand of skilled-workers is still much higher than the number of trained youth. To fulfil this gap, Vietnam government accept and encourage non-formal education and training activities. Many type of non-formal vocational training have been developed under the encouraging of the state authorities. Data of training in non-institutions shows that vocational training in SMEs accounts for 26%, on-job-training 26%, training in households 16% and self-training 19%. Skills for industries account for 82% training sessions in institutions, textile stands first with 21%, wood processing 8%, metals processing 7.5%, metal productions (5%) and trained skills for agriculture accounts for less than 2% (illustrate training in households and experience).

However, non-formal training is not very developing and it is not really take the key role in creating the source of skilled-workers. In fact, medium and large enterprises do not show their role in presiding vocational training during working period in the enterprises. In fact, when recruiting, there are periods to accustom with jobs. During these periods, there are some training activities, but simple in form of on-job-training. It is rare to have supplementary training sessions. An establishment survey shows that only 26% enterprises organize training activities in 1998 and 1999. Most of them are State General Cooperation, joint venture or one hundred percent foreign enterprises. Others state that they find unnecessary (85%) or do not have enough conditions to implement training activities (14%). Besides 86% enterprises do not accept apprenticeship and 76% do not accept internship. Some enterprises say they cannot retrain some occupation, for example automation control because if the workers have mistake, the damage will be costly.

### **KEY PLAYERS IN YOUTH EMPLOYMENT ISSUE**

To help the Government in the elaboration and execution of youth-related policies, the Vietnam Committee on Youth and other youth organisations have played an active and efficient role.

#### **The Vietnam Committee on Youth**

The Vietnam Committee on Youth is an agency to assist the Prime Minister in the elaboration and organization for coordinated execution of youth-related policies and major inter-ministerial issues.

The Committee has the following tasks and powers:

- To submit to State agencies suggestions and recommendations in the elaboration of youth-related normative legal documents and policies.
- To organize the coordination with related agencies to exercise guidance, reminder and control over public servants, ministry-level agencies, government bodies, People's Committees of provinces and centrally administered cities, social organizations, and economic entities in the implementation of laws and policies concerning the youth.

At present, the Committee is drafting a national strategy on youth development for 2001-2010 to be submitted for adoption by the Government, and a youth bill to be submitted for adoption by the National Assembly.

### **The Vietnam Youth Federation**

In Vietnam, the main national youth coordinative body is the Viet Nam Youth Federation (VYF). The organization, founded in 1956, has a membership consisting of 4 million people. The objective of the organization is to promote unity among the youth in North and South Viet Nam, and the purposes of VYF are related to youth development and youth participation in national development. Regarding to their activities, VYF organizes conferences, seminars, study groups, exchanges and tours.

Youth movements for national development have initiated activities by four million members of the Ho Chi Minh Communist Youth Union, four million members of the Youth Federation and tens of millions of young people from all parts of the country. They have volunteered to work in disadvantaged areas or endeavoured to study, mastering scientific and technological advances.

### **The Ho Chi Minh Communist Youth Union**

The Ho Chi Minh Communist Youth Union is the socio-political organization of the Vietnamese youth, founded, led and forged by the Communist Party of Vietnam and President Hồ Chí Minh.

The Ho Chi Minh Communist Youth Union has legal person status, and its own bank accounts and seal. Its organizational system runs from the central to the grassroots levels. At the end of 2000, its membership accounted for 3.8 million (Source: Office of the Union Central Committee).

The Union functions as a representative of the youth, caring for and protecting their rights and interests, by making recommendations for and participating in the elaboration of youth-related policies. By means of action programs and emulation campaigns, it also creates an environment for the youth to learn, improve their educational and vocational levels, and engage in self-establishment activities.

The Union coordinates with State agencies, mass organizations and social groupings to care for the education, training and protection of youth and children.

### **The Vietnam National Union of Students**

The Vietnam National Union of Students is the socio-political organization of Vietnamese students, a bridge linking students with the Party, the State and mass organizations. It operates as an educational entity in learning institutions. Its membership includes Vietnamese citizens studying in colleges and universities at home and abroad, who wish to join the Union on a voluntary basis, with an understanding of its Statutes, and with its approval.

The Vietnam National Union of Students has legal person status, and its own bank accounts and seal. Its organizational system runs from the central level to that of colleges and universities. At the end of 2000, it had over 300,000 members.

The Union has the following tasks: to unite, encourage and assist members and other students in their learning and self-forging by means of activity programs; to take part in the recommendation of student-related policies; together with learning institutions and social organizations, to cater for the material and intellectual life of students and protect their lawful and legitimate rights and interests.

### **The United Nations' organisations and other donors**

The United Nations' system, multilateral and bilateral donors as well as NGOs operating at present in Vietnam address a wide range of activities in order to support and implement the Vietnam's Comprehensive Poverty Reduction and Growth Strategy (CPRGS). Vietnam receive via this system aids, loans and assistance to undertake socio-economic reforms in all sectors: banking, trade, education, public finance management, health, forest, natural disaster mitigation, transport etc. Though a number of programmes relating to labour and employment issues have been implemented, there's a fact that the youth employment is still not incorporated as an independent issue in their policies.

There are several projects of the UN system in Viet Nam which have components concerned with youth in such sectors as agriculture, environment, general development issues, health and humanitarian assistance. Executing agencies include: FAO, UN (DDSMS), UNOPS, UNIDO and IBRD. An example of such a youth-related project is in the health sector and concerned an allocation of US\$960,000 by UNDP (with a cost-sharing contribution of the Government of Viet Nam of US\$40,000) for a project for "an integrated programme of assistance on HIV/AIDS prevention and control in Viet Nam". An important component of the project was targeted at youth. In the general development sector, UNDP allocated US\$200,000 for a UNV multi-sectoral project 1995-1996, and in the environmental sector, UNDP allocated US\$533,000 for "Capacity-Building for Promotion of Environmental Awareness" and young people were among the important targets. These programs create the developing opportunity equally for both male and female. These programs have helped the youth to stabilize their living, devote their capacity for the development of the community as well as reduce the poverty of their own family.

### **POLITICAL/POLICY/PROGRAMME FRAMEWORK**

#### **Political institutionalisation of youth issue**

The Vietnam Communist Party and Government always consider the youth as a very important human source. Training, fostering and bringing into full play the youth force are the decisive factors for ensuring the success of the cause of national industrialization and modernization. The Government of Viet Nam and Vietnam Communist Party view employment policy is a priority orientation in all social and economic development policies. Employment policy and employment creation is placed at the centre of the Ten-year National Development Strategy (2001-2010) and 5-year Development Plan (2001-2005).

Youth policy is an institutionalization of standpoints and decisions of the Party and the Government about youth and youth work so that they can be formed in a legal institution and a system of programs with objectives, tasks and solutions on mechanism and resources, in order to display creative potentials of youth and to provide a favourable environment for youth to develop and devote. At present the Government of Vietnam focuses on formulating and perfecting the policies on youth, namely the Youth Law and Strategy for Youth Development. The Youth Policy is formulated based on the collaboration of ministries that deal with youth issues. The National Committee on Youth coordinates youth policies for the Government. The policy is characterized by socialization and the role of Youth NGOs especially the Vietnam Youth Federation, the Hochiminh Communist Youth Union and the Vietnam National Union of Students have influence in shaping the policy. The content of the youth policies can be summarized in the following main ideas:

- The policy on job generation and income raising for youth.
- The policy on stimulating youths to actively study so as to enhance their educational and professional standards.
- The policy on fostering and bringing into play youth talent.
- The policy on educating youths in the citizens consciousness, cultural and life-style development, preservation of the identity of our national culture, building a healthy social environment and dealing with social evils.
- The policy on meeting the demands of the youth culturally and for their spiritual and physical development.
- The policy on attracting and utilizing the youth force; the policy on motivating the youth and creating favourable conditions for them to take part in our political regime, to become deputies to the people's councils at different levels and to the National Assembly.
- The policy on special groups of youth.
- The policy on helping youth to integrate into the world community.

Youth Work is one of the components of the Youth Policy. The youth work policy is based in accordance with the socio-economic developmental conditions. Accordingly, Youth Policy in Vietnam concentrates on: Solving problems of youth employment; Bringing into play youth talents and creating favourable conditions for youth participation in the decision making process of enterprises;

However, due to the opinion of all person regardless of their sex, age, origin etc., have equal opportunity to development(according to spirit of Vietnam Constitution 1992), there is not any specific regulations in legal system granting prestigious condition for young workers or for employer who use young labourers. All labourers, regardless their age, marital status etc., are granted equal employment opportunities.

In order to implement the youth policies, and to encourage the youth to take up entrepreneurship/self-employment, the Vietnam government has created favourable conditions for young workers to start their businesses. Various training programs, such as Start-Your Business or Start and Improve Your Business have been conducted for youth workers. The National Employment Promotion Fund also gives loan to those who want to establish and run their business. The Government also encourages and supports the establishment of the Viet Nam Young Entrepreneurs. To support the disadvantaged group in the labour market, the Government has implemented the National Employment Promotion Program. It includes vocational training and on-the-job training, loan for job creation for unemployed and underemployed workers, the upgrading and modernization of employment service centres to provide quality services to both job seekers and employers, better organizing labour market information network to link education and training system with the labour market. At present, the National Employment Promotion Fund amounts at 110 millions USD, providing loan to 330 thousands workers each year, and many of them are young workers.

Besides, each youth organisation design and implement their own programs linked directly to youth policy:

### **The Ho Chi Minh Communist Youth Union**

The Ho Chi Minh Communist Youth Union is the socio-political organization of Vietnamese youth, founded, led and forged by the Communist Party of Vietnam and

President Ho Chi Minh. Of its current 7 action programs, 3 are directly related to the youth labour and employment issue.

**Program 1:** The youth to learn, create, and master science and technology.

**Objective**

To cater for the improvement of the educational, vocational, and foreign language qualifications of the youth and adolescents. To organize for the youth to serve as a shock force in the implementation of the Strategy for the development of education and training and the Strategy for the development of science and technology laid down by the Party and the State, in contribution to raising the quality of the young human resources to the benefit of national industrialization and modernization.

**Main contents and measures:**

- To encourage and motivate the learning and self-forging movement of youth and adolescents both within and outside the school; to help raising the quality of education and training, achieving illiteracy eradication and primary education universalization nationwide; to ensure junior secondary and vocational education universalization for the youth.
- To enhance vocational guidance and training for the youth and adolescents, to shape for the youth a proper occupational attitude and style.
- To sponsor movements for the youth to advance into sciences and technologies, such as the "Creative youth movement", "National IT contests", CKT movement (for better quality, design and economization), etc.

**Program 2:** The youth to volunteer in the implementation of key national programs and projects.

**Objective**

To motivate the youth to volunteer in the implementation of key programs and projects at the national and local levels, through which to educate and forge themselves.

**MAIN CONTENTS AND MEASURES:**

- To arouse among the youth the spirit of "Three readinesses", "Five Forwards", "Wherever the Party needs and whatever is difficult, the youth are present", to motivate young people to go to difficulty-ridden areas to bring prosperity to their native places, the Homeland and themselves.
- To involve actively the entire Union in the government programs for forest planting, tending and protection (e.g. program for 5 million hectares of forest, etc.).
- To proactively elaborate programs and projects for developing marine and island economies, such as the "youth islands" of B'ch Long VŪ and Cấn Cá.
- To participate in building and developing the infrastructures and major or key projects at the local and national levels, such as the Hả ChÝ Minh Highway, the Yaly Hydropower Project, the program to eliminate the single-trunk "monkey bridges" in the Mekong Delta provinces, etc.
- To take the initiative for the construction of "youth economic zones" and "youth self-establishment villages" in difficulty-ridden ecological areas, e.g. mountain areas in the Northwest or the Central Highlands.

- In 2000 alone (Year of Vietnamese Youth), Union chapters nationwide mobilized 3 million public utility workdays, the equivalent of one year's labour of 10,000 volunteers working on the Hả ChY Minh Highway project.

**Program 3:** The youth to help each other in self-establishment and socio-economic development.

### **Objective**

To motivate, organize and guide the youth to participate in the implementation of socio-economic development programs at the national and local levels, help settle the employment issue, increase income and improve living conditions, and ensure a safe, healthy and progressive social environment.

### **Main contents and measures:**

- Regarding the rural youth: To organize, encourage and guide extension programs in agriculture, forestry and fishery; to intensify activities for knowledge dissemination and scientific-technological transfer; to grant support and loans for the restoration of traditional crafts, development of new crafts, generation of employment and augmentation of income; to restructure vegetal and animal cultivation, raise productivity, quality and efficiency in agriculture; to effect agricultural and rural development in the direction of industrialization and modernization.
- Regarding the urban youth: To push ahead the movements for "Better quality, design and economization", "To review theories, practice skills, and enter contests", "To innovate and improve techniques", etc.
- To take an active part in the national employment program.
- To continue improving and broadening activities for youth education in issues related to population, health and environment; to combat social vices (drug abuse, etc.).
- To expand humanitarian and charity activities.

In 2000 alone, the Union held 9,955 scientific-technological courses for 442,901 rural youths, founded 3,763 technical display entities, and consolidated or built 2,500 agro-extension clubs. Especially, Union members were mobilized for rural communication building, notably the project for the elimination of single-trunk "monkey bridges" in the Mekong Delta provinces, under which 2,100 new bridges are to be built. To provide 250,000 young people with vocational training and job placement.

### **The Vietnam Youth Federation**

Of its current 5 major campaigns, 2 are related to the youth labour and employment issue, namely:

The campaign for "Strenuous efforts in learning and creation to the benefit of national industrialization and modernization".

Its objectives are: to effect a shift in the perception and action of the youth, to help them realize clearly that strenuous efforts in learning and creation constitute the road to overcome poverty and backwardness, surmount the challenges of bitter economic competition at the time of scientific and technological advances and international integration, and contribute to the successful process of national industrialization and modernization.

Its main activities are: To help each other raise educational levels; to develop movements for learning and scientific researches with a view to future careers; to hold contests in scientific-technological creation; to establish education extension and talent promotion funds among the youth.

Over the past 5 years, in the "*Summertime Culture Light*" campaign, the Federation sponsored 35,000 anti-illiteracy courses for 500,000 participants, ensured primary education universalization for 125,000 persons, and offered education extension grants worth 53,750 million VND to 440,000 students.

The campaign for "Mutual aid in self-establishment for a prosperous people and a forceful country".

Its main objectives are: To help the youth acquire a positive and proactive attitude in employment generation and self-establishment, and practice mutual aid and solidarity in production and business; to motivate the youth to bring into play their dynamism, creativeness and boldness in contribution to economic development to their own and the country's benefit.

Its main activities are: To provide counselling, vocational guidance, employment generation, transfer of scientific-technological advances; to expand job service and vocational training for the youth; to help the youth with credits for production and business; to launch and popularize the movement for "*Economization and accumulation*" among the youth; to develop job creation projects and farms for the youth.

Over the past 5 years, the Vietnam Youth Federation has mobilized funds worth nearly 1,171 billion VND with which to help 825,000 young people develop production and business, thereby generating self-employment, increasing income and contributing to economic development. Federation chapters have sponsored scientific-technological training for over 1.2 million young people, and founded more than 3,500 agro-extension clubs. Youth vocational training and job placement centres have trained 550,000 young people, and provided employment to 268,000 young men and women.

### **The Vietnam National Union of Students**

Of its current 6 main action programs, 2 are directly related to the student labour and employment issue.

The program "*Students to strive in learning, scientific-technological research, and talent development*". The forms of activity are varied: faculty or subject clubs, subject Olympic contests; round-tables or symposiums targeting knowledge and skills improvement; fund-raising to provide scholarships to assiduous yet poor students, awards to talented students, support for access to new technologies, or incentives for participation in technological transfers to rural areas. From 1993 to 1998 alone, Union chapters founded 60 preceptors' and student job placement clubs; scholarships worth 41,576 million VND were granted to 20,788 students. Up to February 2001, the Union had in coordination with credit banks granted loans worth 39,354 million VND to 28,000 students from 100 universities, colleges and vocational schools, assuring poor students of a major support for their learning endeavours.

The program "*Students to join hands with the community*". It includes activities of young intellectuals volunteering to participate in rural development. It provides students with an opportunity to get close to realities and put their knowledge to use to the benefit of the inhabitants of hinterland, remote and difficulty-ridden areas. From 1993 to 1998 alone, 44,700 students took part in summertime voluntary work in poor villages and needy places. This program has over recent years become a fine student tradition.

While pursuing the aims of socio-economic reform, human development and poverty reduction in Vietnam, United Nations' organisations, bilateral donors and NGOs addresses employment issue through numerous projects that have been implemented across all sectors. Although they are not designed properly for young people, youth remains those who benefit for the major part of the employment creation projects below:

**Table 10:**

Employment Promotion Projects funded by UN systems and donors

<b>Project Title</b>	<b>Duration</b>	<b>Country/ Donor</b>	<b>Disbursement (USD)</b>	<b>Projects Objectives (Beneficiary institution)</b>
<i>VIE/ECO/02 50 Employment Generation and Social Safety Net</i>	1999- 2001	World Bank – Central Institute of Economic Managem ent	497 000	Design a safety net for workers retrenched from state-owned enterprises
<i>VIE/ECO/01 52 Small and medium Enterprise Development Fund (Job creation)</i>	1996- 2000	EU – Ministry of Labour, Invalids and Social Affairs	1 459 000	To provide improved financial services to small and medium enterprises to enhance social and economic development in Vietnam. This will be achieved by refinancing facility operated through selected Vietnamese commercial banks for on-lending at commercial rates to SMEs. The project will contribute to job creation and income-generating activities in Vietnamese enterprises (for returnees and communities alike)
<i>VIE/ECO/02 22</i>	1997-2000	UNDP – Vietnam General Confederati on of Labour	669 000	To strengthen the capacity of selected employment promotion centres under the responsibility of the Vietnam General Confederation of Labour and develop them as models to be emulated by other centres, that is formulating a strategy for the effective operation of all VGCL employment promotion centres followed by a detailed action plan for

				developing each selected centre. The project's activities focus on the implementation of these action plan through training, the production of training materials and advisory services
<i>VIE/ECO/02 63 Training in Collective Negotiations</i>	1999-2001	NOR/NORAD Norway	310 000	Assistance to support the Vietnamese labour to strengthen the capacity to negotiate for its member
<i>VIE/ECO/02 55</i>	1999-2001	DEN/DMK – National Enterprise Reform Committee (NERC)	548 888	To assist the National Enterprise Reform Committee in formulation and implementation of the SOE Reform Program, including strategy development, classification criteria, legislation, labour and debt issues, training for NERC officials and MISS
<i>VIE/ECO/01 50 Credit fund to support women in rural areas</i>	1997-2001	DEN/DMK	600 000	To encourage women in the 3 communes to invest in their income generating activities. To develop a sustainable internal loan fund by encouraging low income women to establish a fund in each commune which can continue to provide loans after the term of the project. To improve the mobilisation and use of capital by increasing the knowledge of savings and credit for low income women in the 3 communes for better user and mobilisation of their capital.
<i>VIE/HUM/08 21 Capacity</i>	2001 –2003	BEL/BADC	231 000	To create a network of institutions with trained

<i>Building for Women Entrepreneurships in Vietnam</i>				trainers of women entrepreneurs
<i>VIE/HUM/08 74 Vietnam – Canadian Community College</i>	2001 –2006	CAN/CIDA (ACCC)	3 278 000	To improve the environment for private sector development in the impoverished provinces of the Mekong Delta through the creation of a strong, appropriate local labour force, able to fill stable jobs requiring advanced skills, thereby contributing to poverty reduction (TraVinh People's Committee)

Source: UNDP, Vietnam Development Cooperation Report, 2003

### **Lessons of experience**

A number of valuable lessons have been discerned from the implementation of the programmes above for future poverty reduction efforts in Vietnam in general, hence in capacity building that is partly represented by the employment income generation efforts in particular:

(i) Building and developing sustainable capacity requires much more than human resource development, which tends to focus mainly on training, education, health and labour market issues. Capacity building and development requires an integrated process for developing and strengthening the ability of individuals, organizations, institutions, policies and indeed the country as a whole to achieve priority development objectives in a sustainable manner. The value of educating and training many individuals will remain limited unless the overall policy and institutional environment within which these individuals live and work is rational.

(ii) One of the most effective tools for poverty reduction include advocacy, technical assistance for capacity development, and the facilitation of the broader development dialogue to enable effective investment, coordination and management of both national and assistance resources. Advocacy is much more effective when based on sound and practical research, and successful experiences from other countries.

(iii) While many poor will rise on the tide of general development and growth, others in more isolated and impoverished areas will need much more targeted support both upstream and downstream. Special efforts are needed to extend the benefits of sound policies and develop enabling environments in the more impoverished and isolated areas.

(iv) The generation of new research and knowledge specific to national and local conditions can also make a very valuable contribution to the development policy debate in a developing country, provide the basis for more effective poverty reduction

policies and programmes, and facilitate the mobilization and coordination of both national and foreign resources in the battle against poverty.

(v) The effective flow of useful information, knowledge and research is fundamental to strategic planning, policy and decision making, as well as for capacity development, participation, coordination and poverty reduction.

(vi) A modest public information component should also be budgeted in such capacity development projects to support the dissemination and transfer of related research and knowledge for sustainable poverty reduction through publications, the media, and local and international computer networks (eg. Viet Nam's NetNam, Internet)

(vii) Capacity building and development involves the international transfer of information, knowledge, experience and ideas. Increasing amounts of such transfer are taking place through highly efficient information technology. UN system and other donors as leaders in capacity development need to better capitalize on the opportunities offered by information technology to facilitate the transfer of useful international knowledge, and harness such technology for rapid and sustainable poverty eradication. In this regard, donors should offer user-friendly, well-organized, substantive and practical information and knowledge on best practices for effective and sustainable poverty reduction and human development.

(viii) In order to complement their overall strategy on capacity development for sustainable poverty reduction, UN's organisations and donors should pursue a much more proactive strategy to harness information technology both within countries through local networks (eg. Vietnam's Netnam, FPT network etc.) as well as with the rest of the world (Internet). Such a proactive strategy should include the development of strategically selected forums and on-line libraries on selected poverty issues and other selected human development issues that complement their global objectives, as well as specific country programmes and cooperation frameworks. (e.g. Global Web sites offering on-line libraries and forums on poverty and other selected human development issues to facilitate the efficient transfer of valuable international experience, knowledge and ideas for sustainable poverty reduction and human development.)

### **KEY AREAS FOR ACTION**

In this period of renewal, Vietnam enjoys considerable conditions, premises and capabilities to develop its labour market. In particular, the policy to fast develop a multi-sector commodity economy operating along the market mechanism under the State management has helped the labour market in Vietnam move fast in its making and development. However, this market remains elementary and incomplete. The acceleration of this process requires the Party and State to apply rational mechanisms and policies with a view to properly solving the labour supply and demand relationship. Noteworthy is the approval on 27 September 2001 by the Prime Minister of the National Target Program on Hunger Eradication, Poverty Alleviation and Employment for 2001-2005 with an investment of 22,580 billion VND, of which 6,335 billion VND is destined for the employment component, aiming to generate employment for 1.4 million work hands per year, reduce the urban unemployment rate to 6% while raising the rural employment time utilization rate to 80% in 2005.

To this end, in our point of view, we should focus on the key areas for action below:

### **1. Generating employment for youth through developing agriculture and encouraging self-employment in rural areas**

Though there is a trend of structural shift from agricultural sector to industry and services sectors, agriculture still plays an important role in Vietnamese economy. This sector will continue to absorb the majority of young labour force in the coming years. Calculations show that with today's 6 million hectares of cultivable land, if we succeed in increasing land use rotation by 2 times and applying the winter crop to up to 25% of the total acreage, it is quite possible to generate employment for additional 400,000 - 500,000 rural work hands. And from now to 2005, if each household can reduce the labour share in cultivation down to 65 - 70% (in terms of work time) while shifting the remaining labour force to non-cultivation (animal husbandry, economic gardening) and non-agriculture (processing, small industries, handicraft and services), sufficient employment then can basically be generated for rural labour.

The most important support for rural youth self-employment comes in the form of State financial assistance, technology transfer and business know-how's. It also includes State investment in employment-conducive infrastructures (electric grid, water conservancy system, marketplaces, residential quarters planning, housing improvement, etc.). This can be done through the rural credit program that lends out to the households by small projects. And the rural credit support goes together with the programs on training and guiding young people and households through providing business know-how's, vigorously developing agro-extension units, centres for the application in the rural areas of scientific and technical advances and technology transfer, particularly biotechnologies and labour-intensive technologies.

### **2. Job creation for youth via developing industry and service sectors**

Industry and tertiary sectors, especially export-oriented light industries such as electrical appliances, automation, information technology, garment and textile, aquatic product and food processing, tourism, trade, healthcare, education etc. are actually on the rise in terms of growth rate and potentials for development of the national economy.

The above sectors will be highly absorptive of young labour force if the State design investments plans and foreign-invested projects to develop large-scale enterprises, especially those located in areas conducive to setting up export processing zones (like those in Tan Thuan, Bien Hoa, Vung Tau, Sai Dong – Hanoi, Hai Phong etc.); industrial parks, particularly economic triangles (like the Ho Chi Minh City – Bien Hoa – Vung Tau, Hanoi - Hai Phong – Quang Ninh); projects attracting foreign investments in order to create local employment through subcontracting, joint ventures, etc.)

Beside, the State should focus on developing urban and rural infrastructures, particularly those related to the scheming, rehabilitating and building urban communication lines, water supply and sewage, building marketplaces, cultural and trading centres, housing, and village and commune planning.

### **3. Promoting employment based on the development of small and medium size enterprises**

Experiences in many countries (including developed countries) have proved that this is a field capable of attracting a lot of labour force, at the same time a strategic

direction for economic development and local employment generation. It is also the most diverse, responsive and flexible type of production and business, thus easy to adapt to the market mechanism.

In this effort, attention should be given to the development of the following areas:

Development of the informal sector, focusing on organizing production, business and services at the household level with a view to solving the issue of employment and initial capital accumulation. This sector at the moment can generate employment for 30% of the urban unemployed labour force.

Reorganization of small industry and handicraft cooperatives towards transforming them into joint-stock companies, limited liability companies (small and medium size), developing small and medium size private enterprises operating under the Company Law and Business Law. In these institutions, workers are utilized under labour contracts, properly paid, enjoying social insurance and other industrial relations. This is the main form that generates additional workplaces so as to attract new work hands.

Rehabilitation and development of traditional craft villages in linkage with exports (handicraft, earth wear, copper mounding, mother-of-pearl engraving, food processing, silk weaving, etc.). It is imperative to study to incorporate fine technologies into operations of craft villages, combined with traditional experiences and know-how's in order to produce high-value exportables.

This initiative is mainly financed by the population's self-generated funds or small credit. The State is to promulgate a number of policies providing incentives in terms of credit, tax, fee and surcharge, site clearance and technology transfer. An example is the access to loans at subsidized interest rates from the National Employment Fund if production and business scenarios are worked out to attract more labour force.

#### **4. Better organizing planning and information system on labour market for supply and demand forecast and adjusting in accordance with employment guidance and counselling to youth**

It is necessary to improve the actual planning and management of information system on labour market with a view to provide efficient information and analysis about employment trends that are needed for youth while making decision of a job, a career.

This initiative implies that all concerned parties such as the State, policy makers, institutions, universities, colleges, local authorities, enterprises and parents must interrelate closely to determine figures and trends base on comprehensive socio-economic planning, opportunities as well as the abilities and expectations of young people before entering the labour market.

To this end, we should focus on improving statistical tasks and publicizing information on the mass media (information technology will be a very important instrument among others) as well as providing more qualified guidance and counselling on youth employment.

**5. Improving vocational training, retraining and improvement of work skills for young people so as to upgrade their competitiveness in response to the structures of an economy in transition.**

This effort should be implemented in coordination with the following systems:

Reorganization of long-term regular technical workers' training programs as part of the education and training sector to respond to the need for labour in key economic industries of the country and in line with the demand of the labour market. One of the possibilities is to coordinate with the labour-invalids and social affairs sector in organizing a number of high-level occupational training centres in major cities and industrial parks to further improve professional skills for workers, including improving work skills as inputs for export-processing zones, foreign-invested enterprises, labour export, and for enterprises renovating their technologies and using high-techs.

Planning for development of vocational training and employment institutions in order to train short-term social jobs and meet the need of the labour market, such as job promotion centres at the local level, as part of social organizations (trade unions, women's unions, farmers' associations, war veterans' associations, the armed forces, and prisons), centres for the re-education, medical treatment, vocational training for culprits of social vices (drug addicts, prostitutes, etc.), and centres for the application of scientific and technical advances and technology transfer in the rural areas. Private vocational training entities also need to be reorganized.

Development of centres to support small and medium size enterprises. These centres, apart from their support in terms of technical know-how's, market information and capital, should also provide training for entrepreneurs and heads of business households who are able and conditioned to develop themselves into small and medium size enterprises in terms of business governance, enterprise accounting, marketing and legislation.

This training system is aimed at educating, retraining and improving skills for workers, helping them achieve competitiveness at different levels of the labour market and among regions so that they can have a chance of employment or self-employment

**6. The efficient execution of international assistance programs for humanitarian purposes and in linkage with employment generation.**

These are humanitarian assistance projects and programs targeted at helping returning refugees and guest workers reintegrate into their local communities. They include projects and programs on hunger eradication and poverty alleviation for poor rural areas and for such entitlement groups as orphans, the unsupported elderly, the disabled, etc. Their combined capital is by no means small, and although run on separate policies, mechanisms and processes, they are all linked with employment generation.

**7. The program to send workers to new overseas markets on the term basis.**

Sending guest workers abroad on the term basis is a program that must be expanded, particularly to Asia-Pacific, the Middle East and Europe. Efforts should be made so that every year between now and 2005 some 10,000 workers would be sent abroad to work on the term basis.

This program on sending guest workers abroad on the term basis should be closely associated with employment generation at home through reserving at least 50% of the gained foreign exchange for the National Employment Fund. At the same time, it is necessary to give priority to meeting domestic demand for skilled workers and ensuring employment for returning guest workers.

In parallel with efforts to set up programs and ensure their efficiency, the Party and State should improve their incentive policies on credit, tax, fee and surcharge, site clearance, technology transfer as well as policies on education, training and utilization of the human resources, thus creating premises for a vibrant, efficient operation of the supply and demand relationship on labour under the market mechanism, young people included.

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