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6 July 2005

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Senior Council Secretary
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Ms Szeto,

Panel on Financial Affairs
Follow-up to meeting on 6 June 2005

Thank you for your letter of 10 June, enclosing a list of follow-up actions after the captioned meeting.

Regarding item 1 on the list, you might wish to note that the Hong Kong SAR submitted our second report under the 《International Covenant on Economic, Social and Cultural Rights》 to the UN in June 2003. A hearing was conducted at the 34th Session of the UN Committee on Economic, Social and Cultural Rights in April 2005. Our report has been uploaded to HAB's website (<http://www.hab.gov.hk>) and the concluding observations by the UN Committee are enclosed at Annex 1.

On youth employment matter, you might wish to note that “Hong Kong’s Youth Pre-employment Training Programme” and “Youth Work Experience and Training Programme” are cited in the paper *“Youth: the Pathways to Decent Work”*, prepared by the International Labour Office (under the UN) for the International Labour Conference held in June 2005 in Geneva, as “national examples that have had an impact on the creation of quality youth employment.” (2.1 para.108). Our programmes are classified as examples of active labour market policies and programmes for enhancing youth employability through integrating training, work experience and labour market services. (2.1.1 para.160). The relevant extract from the paper is enclosed at Annex 2.

Besides, the UN Secretary-General established a High-Level Panel in 2001 to advise the heads of UN, World Bank and International Labour Organization on youth employment policy, as well as to mobilize opinion and action in favour of youth employment worldwide. Dr Rosanna Wong, Executive Director of the Hong Kong Federation of Youth Groups, was appointed in her personal capacity as one of the twelve experts on youth employment in the High-Level Panel. The Panel has held four meetings so far, and Hong Kong's youth employment programmes were often positively commended and referred to as successful examples of government action in enhancing youth employment.

Regarding items 2 and 3, the Government Economist has furnished the requested information at Annex 3. The Government Economist has also taken note of item 4.

Please let us know if we could be of further assistance.
Thank you.

Yours sincerely,

(Shirley Yuen)
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Thirty-fourth session
25 April – 13 May 2005

CONSIDERATION OF REPORTS SUBMITTED BY STATES PARTIES UNDER
ARTICLES 16 AND 17 OF THE COVENANT

Concluding Observations of the Committee on
Economic, Social and Cultural Rights
People's Republic of China (including Hong Kong and Macao)

(Note: this document only contains extracts of paragraphs
concerning the Hong Kong Special Administrative Region (HKSAR))

1. The Committee on Economic, Social and Cultural Rights considered the initial report of the People's Republic of China (including Hong Kong and Macao) on the implementation of the International Covenant on Economic, Social and Cultural Rights (E/1990/5/Add.59) at its 6th to 10th meetings, held on 27, 28 and 29 April 2005 (E/C.12/2005/SR.6-10), and adopted, at its 27th meeting held on 13 May 2005, the following concluding observations.

A. INTRODUCTION

2. The Committee welcomes the submission of the initial report of the State party, which was submitted on time and prepared in general conformity with the Committee's guidelines. The Committee also notes with appreciation the comprehensive written replies to its List of Issues.

3. The Committee welcomes the constructive dialogue with the delegation of the State party, which included representatives of Hong Kong Special Administrative Region (HKSAR) and Macao Special Administrative Region (MSAR). The Committee appreciates that the delegation was composed of experts in the different areas covered by the Covenant.

Part Two: HONG KONG SPECIAL ADMINISTRATIVE REGION

B. Positive Aspects

71. The Committee welcomes the information that the age of criminal responsibility has been raised.
72. The Committee notes with appreciation the establishment of a Commission on Poverty to devise in this connection, future strategies to combat poverty.
73. The Committee welcomes the establishment of the Sexual Minorities Forum, a formal communication channel between HKSAR and persons with different sexual orientation, and the planned establishment of the Gender Identity and Sexual Orientation Unit within the Home Affairs Bureau.
74. The Committee welcomes the extensive efforts taken by HKSAR, including sensitisation campaigns, to combat prejudices and discrimination against persons with physical and mental disabilities.
75. The Committee welcomes the enactment in 2002 of the Marital Rape Ordinance.
76. The Committee welcomes the enactment in 2003 of the Law on Prevention of Child Pornography.

C. Factors and Difficulties Impeding the Implementation of the Covenant

77. The Committee notes the absence of any significant factors or difficulties preventing the effective implementation of the Covenant in HKSAR.

D. Principal Subjects of Concern

78. The Committee regrets that HKSAR has not implemented a number of the recommendations contained in its concluding observations of 2001. The Committee wishes to reiterate in particular its concern on the following issue:
- (a) The present anti-discrimination legislation does not cover discrimination on the basis of race, sexual orientation and age;
 - (b) the absence of a human rights institution with a broad mandate, while noting HKSAR's position that the Equal Opportunities Commission has comparable functions;
 - (c) the lack of effective protection from discrimination and abuse in practice, of foreign domestic helpers, affected by the "two-week rule", upon expiration of their contract;
 - (d) the continuing spread of poverty and lack of effective access to social service which affect the disadvantaged and marginalized groups;
 - (e) the exclusion of many individuals, including women who are homemakers, persons with disabilities, and older persons, from the Mandatory Provident Fund Scheme, due to their inability to make sufficient voluntary contributions;

- (f) the hardship arising from the right of abode policies in relation to permanent residence and split families; and
- (g) the persistence of inadequate housing in the form of cage-homes and bed-space apartments, despite measures taken by HKSAR to provide alternative housing to residents who choose to remain in such homes.

79. The Committee is concerned that, in the proposed racial discrimination law, the protection afforded by this law will not cover migrants from the Mainland despite the widespread *de jure* and *de facto* discrimination against them on the basis of their origin. The Committee is also concerned that, according to the proposals made by the Hong Kong Home Affairs Bureau, the new law will not affect the existing immigration legislation in HKSAR.

80. The Committee is concerned that HKSAR lacks a clear asylum policy and that the 1951 Convention Relating to the Status of Refugees and its 1967 Protocol, to which China is a party, are not extended to HKSAR. In particular, the Committee regrets the position of the HKSAR that it does not foresee any necessity to have the Convention and the Protocol extended to its territorial jurisdiction.

81. The Committee is concerned that the wage disparity between men and women continues to be a problem despite the position of HKSAR that the Sex Discrimination Ordinance provides sufficient protection for women in the field of employment, in accordance with the principle of equal pay for work of equal value.

82. The Committee is concerned that the social security system in HKSAR does not include unemployment benefits.

83. The Committee expresses its concern about the particularly precarious situation of foreign domestic workers, a majority of whom are from Southeast Asia, who are unpaid and are not entitled to social security.

84. The Committee is seriously concerned that under the existing social security system, in particular, the Comprehensive Social Security Assistance (CSSA), the levels of benefit are not sufficient to guarantee a decent standard of living and that many low-income persons, in particular older persons, are not covered by the scheme. The Committee is further concerned that new migrants are unable to apply for CSSA due to the 7-year residence requirement.

85. The Committee expresses concern about reports of the high incidence of trafficking in persons, especially women and children into HKSAR, mainly for the purpose of sexual exploitation. The Committee regrets that it did not receive sufficient information regarding this problem and the measures taken in this respect by HKSAR.

86. The Committee notes with regret that sufficient information was not provided on the extent of poverty and social exclusion in HKSAR. The Committee is also concerned about reports of increasing of poverty among the older persons, that the more so HKSAR is facing the problem of rapidly ageing society.

87. The Committee, while noting the generally high level of enjoyment to health in HKSAR, remains concerned that the spending on public hospitals has been on the decline, resulting in longer waiting lists for patients. The Committee is also concerned that under the current fee waiver system, low income patients still do not receive the most appropriate medical care. The Committee further notes with regret that many of the expensive drugs required by the chronically ill and the mentally-ill patients are not subsidised, and are thus denied to these patients in practice.

88. The Committee remains concerned about the low level of awareness of the general public in HKSAR of sexual and reproductive health issues. The Committee also regrets that no comprehensive sexual and reproductive health programme exists in HKSAR and that education on sexual and reproductive health is not part of the school curriculum.

89. The Committee is concerned that insufficient measures have been taken to facilitate enrolment in local schools of children of migrants from the Mainland and other foreign migrant workers who do not have the legal right to remain in HKSAR.

E. Suggestions and Recommendations

90. The Committee once again urges HKSAR to implement the Committee's relevant suggestions and recommendations contained in its concluding observations of 2001 (E/C.12/1/Add.58), as well as the current ones, and to undertake whatever relevant concrete measures may be necessary towards their implementation.

91. The Committee strongly urges the HKSAR to extend the protection afforded by the proposed racial discrimination law to internal migrants from the Mainland, and to put a stop to the widespread discriminatory practices against them on the basis of their origin. The Committee further recommends that the relevant provisions of the existing immigration legislation governing entry into, period of stay, and departure from, HKSAR are amended to ensure full conformity and consistency with the new racial discrimination legislation.

92. The Committee recommends that HKSAR reconsider its position regarding the extension of the 1951 Convention Relating to the Status of Refugees and its 1967 Protocol to its territorial jurisdiction, and that it strengthen its cooperation with UNHCR, in particular, in the formulation of a clear and coherent asylum policy based on the principle of non-discrimination.

93. The Committee requests that HKSAR provide in its next periodic report, the results of the Equal Opportunities Commission Study on Gender-based Pay Inequalities and the measures to follow up the findings of the study.

94. The Committee recommends that HKSAR consider extending its social security system to cover unemployed workers through the payment of an unemployment benefit based on contributions from employers and employees.

95. The Committee urges the State party to review the existing "two-week rule", with a view to eliminating discriminatory practices and abuse arising from it, and to improving the legal protection and benefits for foreign domestic workers so that they are in line with those afforded to local workers, particularly with regard to wages and retirement benefits. The Committee

recommends that HKSAR enable domestic helpers to acquire pension rights through their inclusion in the Mandatory Provident Fund.

96. The Committee urges the HKSAR to review the eligibility criteria for the CSSA so as to ensure that all those in need, including low-income persons and families, older persons and new migrants are adequately covered by the scheme to enable them to enjoy a decent standard of living.

97. The Committee requests that the State party provide, in its next periodic report, detailed information on the problem of trafficking and commercial sexual exploitation of persons in the State party and on measures taken to effectively address these problems. The Committee urges the State party to ensure respect for the necessary procedural safeguards when deporting victims of trafficking in persons, particularly when such victims are minors, and to provide them with the necessary medical, psychological and legal support. The Committee requests HKSAR to report back to the Committee in its next periodic report on the result of the study by the Commission on Women on domestic violence.

98. The Committee urges HKSAR to strengthen its efforts to combat poverty and social exclusion, in particular with regard to the disadvantaged and marginalised groups, and older persons. The Committee also recommends the State party to adopt an official poverty line, which would enable the State party to define the extent of poverty and to monitor and evaluate progress in alleviating poverty. The Committee requests that the State party provide, in its next periodic report, disaggregated and comparative annually-collected data on the number of people living in poverty and on progress made in reducing the incidence of poverty, and the impact, if any, that the newly-established Commission on Poverty has had on the issue of poverty in HKSAR.

99. The Committee urges the State party to continue its efforts to improve its health services, *inter alia*, through the allocation of adequate and increased resources. The Committee recommends HKSAR to consider revising the current subsidized drug list, to meet the needs of the chronically-ill and the mentally-ill. The Committee encourages the State party to submit in its next periodic report annually collected comparative statistical data, disaggregated by sex, age and urban/rural residence, paying particular attention to the disadvantaged and marginalised groups.

100. The Committee recommends HKSAR to develop a comprehensive sexual and reproductive health programme, including a public awareness-raising campaign about safe contraceptive methods. The Committee also calls upon HKSAR to introduce education on sexual and reproductive health in the school curriculum.

101. The Committee urges HKSAR to amend its legislation to provide for the right to education of all school-aged children in its jurisdiction, including children of migrants without the legal right to remain in HKSAR.

102. The Committee encourages HKSAR to ensure that human rights education is provided in schools at all levels and to raise awareness about human rights, in particular, economic, social and cultural rights among state officials and the judiciary.

129. The Committee requests the State party to include in its second periodic report on the implementation of the Covenant all available information on any measures taken and progress made, particularly with regard to the suggestions and recommendations made by the Committee in the present concluding observations.

130. The Committee requests the State party to widely disseminate the present concluding observations among all levels of society, and in particular, members of the judiciary, law enforcement officials and non-governmental organisations. It also encourages the State party to engage non-governmental organisations and other members of civil society in the process of discussions at the national level prior to the submission of the second periodic report.

131. The Committee requests the State party to submit its second periodic report before 30 June 2010.

Chapter 2

Creating pathways to decent work for youth: National initiatives

106. Many countries have sought to tackle the youth employment challenge, recognizing its economic, political and social implications, with varying degrees of success. There is no one-size-fits-all approach to tackling the challenge; interventions vary within and across countries. Some give special consideration to youth in national development or national employment strategies, others develop specific initiatives or a combination of initiatives including sectoral development policies, labour market legislation and regulations and/or active labour market policies and programmes (ALMPs). This chapter examines national experiences in creating quality jobs for youth and promoting youth employability.

107. In promoting decent work for young people at the national level, the efforts of governments to create a conducive environment for significant, sustainable and inclusive economic growth creation, decent work and the development of public, private and social enterprises are central.¹ Key lessons can increasingly be identified to inform policy-making, programme design and implementation strategies and to inform the ILO's policy messages on youth employment.

2.1. Creating quality jobs for youth

108. National policies to promote economic growth and development, reduce poverty, protect workers' rights and foster equality of opportunity in society influence the general economic environment and the climate for investment and, thus, the overall level of employment and the opportunities for young people to obtain their first job. If this wider policy environment is conducive to pro-employment growth, youth strategies are more likely to succeed in promoting lasting, high-quality job opportunities for young men and women. If, on the other hand, the wider policy environment is either unfavourable to, or does not focus on employment promotion, or does not seek to foster growth in sectors where young people are likely to find work, youth employment initiatives are less likely to have the desired effect. This section provides national examples of integrated employment strategies, macroeconomic policies, sectoral development policies, micro-level initiatives and labour market policies which have had an impact on the creation of quality youth employment. Key lessons from these experiences are highlighted.

¹ ILO: *Conclusions of the Tripartite Meeting on Youth Employment*, op. cit.

2.1.1. A comprehensive, coherent, integrated approach

109. A coherent integrated policy approach – incorporating provisions for the creation of quality jobs for youth and enhancing youth employability – is required in order to meet the youth employment challenge. This calls for interventions at the macro- and micro-level, focusing on labour demand and supply, and addressing both the quantity and quality of employment.

110. Poverty Reduction Strategy Papers (PRSPs) are prepared by member countries through a participatory process involving domestic stakeholders as well as external development partners, including the World Bank and International Monetary Fund. Updated every three years with annual progress reports, PRSPs describe a country's macroeconomic, structural and social policies and programmes over a three-year or longer horizon to promote broad-based growth and reduce poverty, as well as associated external financing needs and major sources of financing.² In view of their centrality in the development policy of low-income countries, PRSPs can be a major instrument for promoting youth employment. Youth employment issues are beginning to be reflected in PRSPs.³ Although too early to evaluate their impact on youth employment, they serve to indicate the potential of these strategies.

111. The Poverty Reduction Strategy of **Djibouti** notes that youth unemployment results from the combination of several factors: (i) the demographic factor that explains the rapid growth in the working population, its youth-to-adult ratio, and the large number of poor and extremely poor households; (ii) failures in the education system and the generally low level of human capital that explain the predominance on the job market of young unemployed people who have had no schooling and, even more critically, who are unqualified. With regard to job availability, the Strategy notes structural causes: the high cost of labour and its weak productivity, which are obstacles to the development of both private enterprise and productive employment in the informal sector; insufficient infrastructure and an environment unfavourable to private investment, which limits Djibouti's ability to compete for foreign investment in the global market; and poor potential for self-employment. The job market also suffers pressures tied to a large immigration influx. Some measures of stabilization have also contributed to the general imbalance.⁴

112. To address these elements, Djibouti's PRSP promotes a coherent and integrated employment policy to improve the competitiveness and growth of the economy as a means of creating jobs; setting up an effective human resources development policy, through the development of education, the expansion of literacy, and the strengthening of job training; and implementing targeted employment programmes (manual labour-intensive programmes and support for self-employment, microfinance and micro-enterprise, targeting specific segments of the population (such as the unqualified unemployed and women)).

113. Senegal's PRSP explicitly recognizes youth employment. Their employment policy focuses on: (i) "labour management measures" that will help to increase capacities and the possibilities of access to employment for the poor; (ii) improvement of the

² IMF database on <http://www.imf.org/external/np/prsp/prsp.asp>, accessed on 9 February 2005.

³ Some countries have received ILO support in developing their PRSPs; see Chapter 3.

⁴ IMF database, op. cit., *Djibouti: Poverty Reduction Strategy Paper*, IMF Country Report No. 04/152 (May 2004).

management and employability of labour; (iii) greater efficiency and transparency of the employment market; and (iv) promotion of independent employment in rural and urban areas. These measures will be accompanied by the promotion of highly labour-intensive (HLI) activities which offer the possibility of preferential treatment for intensive use of local labour in the construction, rehabilitation and maintenance of productive, economic and social infrastructure facilities. The HLI approach will be initiated by state and local authorities with the assistance of the Municipal Development Agency and the Executing Agency for Works of Public Interest. Properly organized and managed, this approach can be an effective means of combating underemployment among urban young people, which is the main cause of their poverty.⁵

114. **Cameroon's** PRSP seeks to increase private sector participation in the preparation and implementation of a youth training programme to "correct deficiencies in human resources, particularly in the productive sector". This will embody: (i) the creation of accelerated professional training institutes; (ii) development of applied research programmes in targeted economic and trade areas; (iii) financing large-scale computer learning programmes; and (iv) financing entrepreneurship development programmes in higher and tertiary education.

115. Of particular concern in Cameroon is the employment situation of urban youth. The Strategy points out that their population, like that of many other African countries, is relatively youthful and is concentrated in urban areas, resulting in increased pressure on social services, infrastructure and labour markets, calling for heightened and sustained action. In response, the Government is in the process of drawing up an integrated urban development policy. Its objectives are to improve the living conditions of urban dwellers, a majority of whom live under precarious conditions, and to reinforce the economic role of towns by strengthening urban infrastructures (extension, rehabilitation, and maintenance). This will not only improve living conditions but will support industrial growth and services and help to integrate youth into economic channels.

116. Short-term actions are under way to address the most pressing problems, including: the rehabilitation of basic infrastructures (road maintenance and street lighting); opening up poorly served areas and "reorganizing squatter areas"; the development of urban extension zones and secondary urban centres; sanitation (basic drainage system, rehabilitation of storm water purification plants); the management of household and industrial waste (building garbage dumps, construction of public latrines, removal of pieces of wreckage); low-cost housing; attending to the needs of street children and people with mental disorders; sensitizing prostitutes on the risks of sexually transmitted infections and HIV/AIDS; and combating insecurity.⁶

117. **Zambia's** PRSP has several youth employment-related initiatives, including a repeal or amendment of statutes and regulations that hinder women and youth access to, and control of productive resources such as land, credit, trade information, and technology; to encourage the participation of women and youth in private and public credit schemes; provide business and trade information to micro-, small and medium-sized enterprises (MSMEs) and informal sector entrepreneurs. Other related proposals are: design and implement measures that will facilitate expeditious acquisition of titles to land to ensure improved access to investment finance; facilitate training and retraining in

⁵ IMF database, *ibid.*, *Republic of Senegal: Poverty Reduction Strategy Paper* (May 2002). Senegal is one of the YEN lead countries. See Chapter 3, box 3.1.

⁶ IMF database, *ibid.*, *Cameroon: Poverty Reduction Strategy Paper*, IMF Country Report No. 03/249 (Aug. 2003).

entrepreneurship skills for those falling out of formal employment; support the construction of industrial estates by the private sector for leasing to MSMEs (each municipality will mark out land and advertise it to developers for this purpose); encourage development of intermediate input supply linkages between MSMEs and large-scale enterprises; encourage procurement of goods and services, especially in the health and education sectors; review and harmonize the existing legal and regulatory framework with a view to removing impediments to MSME operations.⁷

118. In South Africa, the National Youth Commission (NYC), established in 1997 to coordinate and develop an integrated national youth policy for the country, is based at a senior level of the country's administration – in the Office of the Deputy President. An inter-departmental government structure was formed to ensure uniformity in the efforts of different governmental departments in addressing and servicing youth issues. The NYC has a key coordinating role, with a view to fostering common policies and practices among national government departments, all organs of State including provincial governments and other relevant institutional bodies and authorities. The NYC includes young men and women, nominated through a public process and appointed by the Parliament.⁸ The employment strategy framework aims to “promote youth employment and skills development through youth training subsidies, measures to avoid displacement of existing workers when young workers are taken on, improved career guidance in schools, internships and improved vocational training”. It addresses broader issues relating to youth development including education and training, employment and unemployment, health, public participation and crime prevention. This policy recognizes the broader national context in which it was formulated and is being implemented. In addition, the *Employment Equity Act* of 1998 prohibits discrimination on a wide range of grounds, including age, and requires employers to implement affirmative action measures.⁹

We, the Heads of State and Government of the African Union, meeting at the 3rd extraordinary Session of our Assembly in Ouagadougou, Burkina Faso, from 8th to 9th September 2004, pursuant to a proposal to convene an Extraordinary Summit on Employment and Poverty Alleviation in Africa to address the challenges posed by pervasive and persistent poverty, unemployment, and underemployment in our countries; Commit ourselves to ensure equal opportunities for vulnerable and marginalized groups by: developing and implementing strategies that give young people in Africa a real chance to find decent and productive work and encourage African Member States to support, and adopt the Youth Employment Network (YEN) Initiative and implement its recommendations therein with the support of the UN, ILO, the World Bank and other competent agencies as well as development partners.

Source: African Union: Declaration on Employment and Poverty Alleviation in Africa (EXT/ASSEMBLY/AU/3 (III)), 2004.

119. The European Employment Strategy (EES) adopted by the European Union is an integrated employment policy approach centred on full employment, promotion of quality and productivity, and strengthening social cohesion and inclusion. The Strategy is implemented through employment guidelines, translated into yearly national action

⁷ IMF database, *ibid.*, Zambia: *Poverty Reduction Strategy Paper* (Mar. 2002).

⁸ National Youth Commission: Government of the Republic of South Africa: *National Youth Policy* (Pretoria, 1997).

⁹ South African Department of Labour: *Accelerating the rate of growth and pace of development through partnership, prioritisation and active participation*, Government's position paper on the Growth and Development Summit, as cited in ILO: *Starting right*, *op. cit.*

plans and monitored through a multilateral surveillance system. The establishment of common objectives, targets and deadlines has served to mainstream employment into economic and social policies. The guidelines and national action plans incorporate youth-specific issues (see also box 2.1). The targets include: (i) offering a new start in the form of training, retraining, work practice, a job or other employability measure to every unemployed young person before they reach six months of unemployment; (ii) 85 per cent of 22-year-olds will have completed upper secondary education by 2010; and (iii) the average rate of early school leavers should be no more than 10 per cent by 2010.¹⁰

Box 2.1

PRSPs: Youth consultation and representation

In a number of countries youth were consulted in the development of the PRSPs. In **Bosnia and Herzegovina, Guyana, Indonesia and the United Republic of Tanzania** and workshops for youth were run during the PRS process. In **Honduras and Viet Nam**, large-scale consultations were organized by international non-governmental organizations, leading to the prioritization of child poverty in the Honduras PRSP, and the commitment to allocate PRSP funds to education initiatives for young people, and to two local government initiatives in Viet Nam to involve young people in official processes. In other countries – such as **Lesotho** – representatives of NGOs working with young people are appointed to the PRS committees. In **Uganda**, young people are represented on the committees established to monitor the implementation of the poverty reduction action plan at district level. In **Ghana**, disabled youth have attended training to enhance their capacity to contribute to the process of developing, implementing and monitoring the PRS.

Source: K. O'Malley: *Children and young people participating in PRSP processes. Lessons from Save the Children's experiences* (London, Save the Children, 2004).

Key lesson: Youth employment issues are being integrated into national development plans such as poverty reduction strategies, regional and national employment strategies. These initiatives are adopting macroeconomic, structural and social policies and programmes to promote broad-based growth. Countries are including short-, medium- and long-term actions. Evidence suggests that national initiatives targeting youth focus mainly on youth unemployment, rather than working conditions.

2.1.2. Macroeconomic policy initiatives

120. The importance of having employment-centred macroeconomic policies for addressing employment generally and youth employment in particular is discussed in Chapter 1. Outcomes in countries in implementing this approach are becoming evident.

121. **Slovenia** started to emerge from the crisis of transition to a market economy as early as 1993. Adopting a gradual path of economic reform in combination with an economic policy, which helped keep fiscal, and trade balances under control and inflation low, the Government created a favourable financial environment for domestic and foreign investment contributing significant job generation. At the same time, job mediation and a range of active labour market programmes run by the public employment service, including vocational guidance for young labour market entrants and the unemployed, promotion of small business, internships and local employment initiatives were put in place. In combination, these measures contributed to the reduction

¹⁰ European Union: *Council Decision of 22 July 2003 on guidelines for the employment policies of Member States* (2003/578/EC).

of unemployment in general and among young people. Overall, unemployment declined systematically from 9.1 per cent in 1993 to 5.9 per cent in 2002. Over the same period, the youth unemployment rate declined more steeply – from 32.6 per cent in 1993 to 16.2 per cent in 2001.¹¹

122. Slovenia's Economic and Social Council has contributed to the overall performance of the country, including in terms of employment by seeking industrial stability through tripartite cooperation among the social partners. The latest Tripartite Private Sector Pay Policy Agreement was concluded in June 2000 (there is a similar agreement for the public sector). The overall objective is to set common guidance for pay policy with a view to maintaining a balance between the needs of workers for increasing real wages and the concern of employers and government for enhancing the competitiveness of enterprises and the economy as a whole. As part of its policy to promote employment, the Government provided extensive support to business start-ups, which resulted in the establishment of some 23,000 new enterprises during the 1990s. Also, the hiving off of ancillary activities in the process of restructuring of large companies contributed to the creation of many new small companies, which have become the main new job generators, especially in construction and services.¹²

123. In **Costa Rica**, strong economic growth from 1990 to 2003 improved employment opportunities for both adults and young people and the country managed to achieve a relatively low level of unemployment.¹³ Economic policies giving rise to a stable macroeconomic environment were complemented by policies to attract investment into export-oriented activities using high- and medium-level technology, which required highly skilled workers. At the same time, education policies were strengthened at all levels, training policies were improved and training in low-income sectors was enhanced. Social security coverage, which is the highest in the region, remained stable during the 1990s. The promotion of investment in agriculture, industry and tourism balanced out the negative employment effects of efforts to contain public spending and public employment. From 1995 to 1999, private sector employment rose by 188,000 and public sector employment fell by 3,000. Exports to the United States quadrupled.

124. During the same period, however, the youth labour force participation rate increased significantly and the youth unemployment rate also rose from 8 per cent to 13.4 per cent (in 2001) while the youth-to-adult unemployment ratio rose from 2.9 to 3.7 over the same period.¹⁴ This may have been because the improved employment opportunities encouraged more young people to seek jobs rather than continue in education. At the same time, an increase in the number of discouraged young people and those in self-employment or unpaid family work (from 29 to 31 per cent) was observed. Thus, while the overall macroeconomic trends were favourable, the policies were not sufficient to provide employment for the increased number of young people of working age available for work.

125. The countries of **Indonesia, Malaysia, Philippines, Republic of Korea and Thailand** have effectively used expansionary macroeconomic policies to promote employment, combining a relaxation of monetary policy with the introduction of short-

¹¹ ILO: *Key Indicators of the Labour Market*, op. cit.

¹² C. Harasty (ed.): *Successful employment and labour market policies in Europe and Asia and the Pacific*, ILO Employment Strategy Papers, No. 2004/4 (Geneva, 2004).

¹³ ILO: Multidisciplinary team, San José, cited in GB.286/ESP/2 (box 2).

¹⁴ ILO: *Key Indicators of the Labour Market*, op. cit.

term budgetary stimulus packages. While these measures are successful in considerably dampening the effects of negative external shocks to the economy,¹⁵ these countries continue to highlight youth employment as a primary concern, suggesting that these macro-level policies have not created sufficient decent jobs for this age group and that continuous efforts and attention to youth-specific challenges are required.

Key lesson: Countries that have implemented macroeconomic policy frameworks focusing on employment generation have expanded youth employment opportunities. Effective linkages between macroeconomic and social policy, including education, are important. Continuous efforts to increase aggregate demand and stabilize and encourage economic growth are recognized as well as their need to be associated with micro-level policies targeting young women and men.

2.1.3. Sectoral policies

126. Some countries have paid specific attention to sectoral development with a view to promoting employment-intensive growth. Such policies are more likely to contribute to the expansion of employment opportunities for young people if the focus is on areas which are suited to the skills, interests and experience of young people as well as those sectors with the greatest potential for growth. Countries are targeting a range of sectors including: agriculture and agricultural services; information and communications technology; hotel and tourism, in which opportunities for young people to obtain a first work experience abound; sports; culture and arts; or the health sector; for example. Provision needs to be made to ensure that the working conditions in the sectors being developed are in compliance with fundamental principles and rights at work (see Chapter 3, box 3.2).

127. Development of the *agricultural sector* including agri-based industry and services will have significant impact on poverty and on employment generation, particularly in developing countries, since 75 per cent of the world's poor people live in rural areas, and agriculture employs 40 per cent of the labour force in developing countries. Young people, and particularly young women, will stand to benefit from development and improved productivity in this sector.¹⁶ In a situation where the rural workforce is increasing at a rate higher than employment in agriculture, and young people frequently migrate to seek employment elsewhere, non-farm activities can lower rural unemployment and underemployment and reduce pressures associated with rural to urban migration. The development of this sector will generate increased demand for non-farm products and services, thus contributing to their sustainability.

128. The potential of the agricultural sector to contribute to economic growth in developing countries will increase if land rights are secure and if access to the markets of industrialized countries improves, following the proposed reduction of agricultural subsidies in industrialized countries.¹⁷ In **China**, for example, agricultural reforms introduced in 1978 led to rapid growth in agricultural productivity between 1979 and 1984, with growth continuing at a slower pace from then onwards. Employment in agriculture increased at the same time.¹⁸ In **Thailand**, farmers with more secure land

¹⁵ A. Ghose: *Jobs and incomes in a globalizing world* (Geneva, ILO, 2003).

¹⁶ ILO: *World Employment Report 2004-05: Employment, productivity and poverty reduction* (Geneva, 2004).

¹⁷ World Trade Organization: *Doha Work Programme, Annex A: Framework for establishing modalities in agriculture*, decision adopted by the General Council on 1 Aug. 2004.

¹⁸ ILO: *World Employment Report 2004-05*, op. cit.

rights invested much more in their land than those working on untitled land of the same quality, and had an output 14 to 25 per cent higher.¹⁹ The cut-flower industry in Colombia and Ecuador provides further examples of developments, which have opened up new employment opportunities for young women workers in particular, although large gender disparities in higher level employment positions are in evidence.²⁰

129. While working conditions in the *hotel, catering and tourism* sector are frequently difficult and precarious, many young people find employment there, as the sector opens opportunities for workers with little or no formal training, people who want to work part time, those who do not seek a long-term employment commitment, migrants from less-developed regions and workers with family responsibilities. In Croatia, jobs related to travel and tourism amount to 27 per cent of the total workforce, a proportion that is expected to grow to 34 per cent by 2013. South Africa is in the process of creating employment in its travel and tourism sector, as box 2.2 shows.

Box 2.2

Travel and tourism: Potential for youth

In South Africa, it is expected that 186,500 direct jobs will be created in the travel and tourism sector by 2012 and up to 407,300 if indirect jobs are included. In developing countries, the development of tourism helps to stem the flow of migrants from rural to urban areas and internationally. Half of the labour force in the tourism sector are aged 25 or under, while between 13 and 19 million people under 18 years of age work in an occupation related to tourism. Women make up 70 per cent of employees in this sector.

Sources: ILO: *Facts on the hotel, catering and tourism industry*, www.ilo.org/public/english/bureau/inf/download/wssd/pdf/tourism.pdf, accessed in March 2005; World Travel and Tourism Council: *South Africa. The impact of travel and tourism on jobs and the economy* (London, 2002)

130. *Information and communications technology* (ICT) has the potential to generate employment opportunities for young people of every educational level, in countries where the necessary telecommunications infrastructure is in place. The ILO has presented both conceptual and empirical arguments that technological change has, historically, been the main force behind the growth of new products, processes and markets and, accompanying these, jobs and earnings.²¹ Opportunities include software engineering for young people with high-level technical skills; employment in call centres and remote data processing centres providing services directly to customers or to service providers between countries, open to young people with upper secondary or tertiary qualifications more generally; and opportunities linked to the expanding market for mobile phones to generate income or by providing access to a wider range of ICT services such as faxes and the Internet through tele-centres or cyber cafes, for those with basic education. In order to promote this sector, governments in some countries – Hong Kong (China), India, Republic of Korea and Malaysia – are investing in public infrastructure or public services to generate ICT-related employment, attracting the knowledge and expertise as well as investment funds required to operate complex ICT facilities.

¹⁹ World Bank: *World Development Report 2005*, op. cit., p. 5.

²⁰ C.S. Dolan and K. Sorby: *Gender and employment in high-value agriculture industries*, Agriculture and Rural Development Working Paper No. 7 (Washington, DC, World Bank, 2003); K. Deininger: *Land policies for growth and poverty reduction* (Washington, DC, World Bank, 2003); see also, G. van Liemt: *The world cut flower industry: Trends and prospects* (Geneva, ILO, 1999).

²¹ ILO: *World Employment Report 1995; 1996-97; 2001 and 2004-05* (Geneva).

131. Young people are well placed to benefit from such initiatives in terms of improving their employment prospects, particularly where they involve the transfer of knowledge and expertise from private sector partners, where these are involved.²² The quality of social dialogue is important in determining whether technological change results in more jobs and better earnings, especially in periods of rapid technological change, which are associated with higher rates of job destruction as well as job creation. Research on the impact of “advanced manufacturing technologies” in the 1980s revealed that collective bargaining structures positively influenced the use and diffusion of technology.²³

132. The *sports sector* has potential in addressing the youth employment challenge. Not only does it create employment opportunities, it often provides for training in core skills such as self-discipline, teamwork and leadership, and opens opportunities to promote the social inclusion of marginalized youth. Recently, cooperative efforts between the International Olympic Committee (IOC), international federations, and certain non-governmental organizations (NGOs) have created an effective tool for poverty reduction through sport. Various international sport federations such as the International Federation of Football Association (FIFA), the International Federation of Rowing (FISA), the International Federation of Volleyball (FIVB), the International Paralympic Committee (IPC), and the IOC have accepted this methodology and the World Federation of the Sporting Goods Industry (WFSGI) has indicated that this framework is an integrated approach that would foster social, economic, and sport development in a holistic and unified manner. The WFSGI is collaborating with the ILO common framework on joint funding and providing sporting goods to the field.²⁴ In this context, the WFSGI developed a code of conduct incorporating the principles of the ILO Declaration for all its member companies, and FIFA applied the same principles to their licensing agreements.

133. Valued at US\$36 billion worldwide in 1999 and predicted to expand by 3 to 5 per cent annually, this sector generates employment in the manufacture of sports goods, sport-related services, infrastructure development and sports events, along with related opportunities linked to spectators, sponsors, vendors and the media.²⁵ In the **United Kingdom**, for example, the value added of sports activities is estimated to be 1.7 per cent of GDP, with sport-related turnover comparable to that of the automotive and food industries. In **Lithuania**, the development of recreational zones increased employment opportunities for unemployed youth and includes vocational training and work experience in the environmental field, teaching skills increasingly demanded in the region. In **Albania**, sport is a means to assist young people to cope with and overcome youth unemployment of up to 25 per cent, drug abuse and widespread poverty. Through a network of youth sports centres, young people are provided with advice, counselling and support in their search for jobs.

134. *Culture and the arts*, including music, performing arts, film and artisan crafts attract young people from all walks of life who wish to work in environments providing

²² R. Curtain: *Generating youth employment through information and communication technologies: Best practice examples in Asia and the Pacific* (Newton, MA, Education Development Centre, 2002).

²³ G. Vickery and D. Campbell: “Technology, flexibility of manufacturing and industrial relations”, in *OECD Science, Technology and Industry Review*, No. 6 (Paris, OECD, 1989).

²⁴ World Federation of the Sporting Goods Industry: *Official International Handbook, 2004, Corporate Social Responsibility Issue* (Verbier, 2004).

²⁵ United Nations Inter-Agency Task Force on Sport for Development and Peace: *Sport for development and peace: Towards achieving the Millennium Development Goals* (New York, 2003).

scope for creativity. Youth involved in the cultural industries comprise a heterogeneous group, ranging from those with high levels of formal education and familiarity with how ICT can be used in these industries (often well-paid, competitive and high value added tasks or jobs) to those who reject conventional school curricula and become marginalized in the labour market. Many countries seek to develop this sector through proactive policies such as direct resource allocation, as well as through the establishment of institutions and agencies, and the inclusion of arts and culture in educational curricula. In Ireland, for example, the cultural sector was promoted through direct funding by the central Government and local authorities, resource allocation from a national lottery, tax relief measures to stimulate greater arts of patronage, income tax exemptions as well as an innovative scheme for the benefit of artists and a policy of promoting art in public places.²⁶ In Canada, the Cultural Human Resources Council (CHRC), a partnership between government, employers' and workers' organizations and educational institutions, offers career development tools and information to jobseekers interested in working in this sector. The employment potential of cultural industries can only be realized effectively, however, if measures in support of the arts are combined with measures to support their economic contribution and job-creating potential. Such measures include providing space for artists to display their goods and services, business counselling and training, improved market access opportunities and support or tax relief for developing the necessary infrastructure not only to produce but also to commercialize and distribute cultural goods and services more widely.

135. Development of the *health sector* is a pressing need in countries where scarcity of health-care workers and inadequate levels of investment makes it difficult to provide general health services to the urban and rural population. Migration of health-care workers from some developing countries to better-off countries compounds the problem. The potential for young people to work in health services as health professionals, paraprofessionals or emergency assistants in urban and rural areas is being explored, through collaboration between national medical services and youth unemployment programmes. Social dialogue at national levels involving the ministries of labour and health, and employers' and workers' organizations could facilitate the development of national policies and subsequent employment campaigns. In China, the National Development and Reform Commission and the Ministry of Health have started a new programme to provide "door-to-door" health service to rural residents with mobile hospitals. This programme is largely based on a similar system successfully implemented in the 1970s. Young paramedics are trained as "barefoot doctors", aiming to support primary health care in rural areas and promote public health campaigns. In India, the Barefoot College is a leader in sustainable, community development. Founded in 1972, the College trained, among many other professions, numerous barefoot doctors and midwives for service in rural areas. Employment generation and improving community health has thus contributed to preventing migration to urban areas.

Key lesson: Countries are focusing on sectoral development to create employment for their young citizens; some have been able to combine this with training, which has potential for longer-term benefits. The sectors being promoted are country-specific. Involvement of the social partners in sectoral planning is beneficial.

²⁶ www.culturelink.org/culpol/ireland.html , accessed in March 2005.

2.1.4. An enabling regulatory environment

136. International labour standards provide a sound base from which to develop legislation to promote the creation of quality jobs. Enabling regulations for both workers and enterprises is recognized as a key factor influencing the opportunities for young people to obtain decent work. Some countries have sought to create such an enabling environment – protecting workers' rights and promoting enterprise.

137. The rights of young persons are assured in national labour law (including provisions on remuneration, recruitment and dismissal procedures, occupational safety and health among other matters); employment protection legislation (covering working time and hours, social security and unfair dismissal among other matters) and in minimum wage regulations. Many developing countries have introduced labour legislation in line with international labour standards, with ILO technical support. The implementation of these laws is central to assuring the rights of young workers and the quality of their working conditions. Thus, the role of the labour inspectorate is vital. The Labour Inspection Convention, 1947 (No. 81), was ratified by 134 countries (the Protocol of 1995 to the Labour Inspection Convention, 1947 (No. 81), was ratified by ten countries). In many developing countries, however, labour inspection is at an early stage of development. Box 2.3 gives the ratification of Conventions relevant to youth employment.

Box 2.3
Ratification of Conventions relevant to youth employment

	Ratifications*
Unemployment Convention, 1919 (No. 2)	55
Night Work of Young Persons (Non-Industrial Occupations) Convention, 1946 (No. 79)	20
Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946 (No. 78)	39
Labour Inspection Convention, 1947 (No. 81)	134
Employment Service Convention, 1948 (No. 88)	87
Protection of Wages Convention, 1949 (No. 95)	96
Employment Policy Convention, 1964 (No. 122)	95
Minimum Wage Fixing Convention, 1970 (No. 131)	46
Human Resources Development Convention, 1975 (No. 142)	62
Labour Administration Convention, 1978 (No. 150)	62
Occupational Safety and Health Convention, 1981 (No. 155)	42
Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)	6
Night Work Convention, 1990 (No. 171)	9
Private Employment Agencies Convention, 1997 (No. 181)	17

* As of January 2005.

138. Some countries have introduced laws specifically dealing with *youth employment*. In Latin America, Chile, Costa Rica, Colombia, Ecuador and Uruguay have introduced such laws in recent years (box 2.4) and Bolivia has drafted a bill on this issue. In Asia, the Republic of Korea has recently enacted the special Act on reducing youth unemployment, which will be enforced on a temporary basis until 2008. In Europe, France introduced a law on the development of youth employment (Law No. 97-940) in

October 1997; a further law on the promotion of youth job creation in enterprises in 2002 (Law No. 2002-1095); and is currently discussing a new law on social cohesion, along with a proposed new youth job-creation programme. None of these countries relies solely on these laws to deal with the promotion of youth employment; they have introduced a wide range of measures to give effect to the legal provisions, as well as re-examining the formal education and training systems in the programmes offered and the institutional structure in which they are provided.

Box 2.4

Law on youth training and labour market insertion

In Uruguay, Law 16.783 of 1997, also referred to as the Youth Employment Law, provides the legislative framework for the insertion of youth in the labour market. Provisions are made for youth to do an internship/apprenticeship in an enterprise for a maximum of one year as a way to gain professional experience and skills required by the labour market. Participating enterprises benefit by exoneration of their contributions to social security and pension plans. The law also provides for grants to be offered to low-income youth.

139. Many countries have long-standing laws that *prohibit discrimination on the basis of age*,²⁷ a provision which is also included in their constitutions in many cases. The ILO Committee of Experts on the Application of Conventions and Recommendations have noted that 12 countries adopted or revised their legislation on age discrimination between 1996 and 2004 – **Australia, Belgium, Brazil, Bulgaria, Chile, Croatia, Czech Republic, Eritrea, Finland, France, Guatemala and Honduras**. Member States of the European Union are obliged to introduce legislation prohibiting discrimination on the basis of age, sex, racial or ethnic origin, religion or belief, disability or sexual orientation at the latest by 2006, and to put in place action plans to give effect to this legislation.²⁸ Other countries with legal prohibition of age discrimination include **Benin, Canada, Costa Rica, Côte d'Ivoire, Chad, El Salvador, Hungary, Israel, Mauritania, Mali, Niger, South Africa and Ukraine**.

140. The United States legislation of 1967 and the Australian legislation of 2004 focus solely on age discrimination. Laws of this kind are important in setting the legal framework for policy and programme measures, although even in countries where such laws are adopted, there is still little conclusive proof of its effectiveness in practice.²⁹ For example, youth wages might be regarded as a form of age discrimination, and such wages exist both in Australia, and on a limited basis in the United States.³⁰

141. Laws and regulations influencing the climate for investment and expansion of enterprises include those covering business registration and licensing, operating rules

²⁷ Age discrimination is not specifically prohibited by ILO Convention No. 111, though it is possible to bring it under the Convention's coverage if governments decided to do so in consultation with employers' and workers' organizations.

²⁸ European Union: *Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation*.

²⁹ See, for example, G. Wood, M. Harcourt and S. Harcourt: "The effects of age discrimination on workplace practice: A New Zealand case study", in *Industrial Relations Journal* (Oxford), Vol. 35, No. 4, July 2004, pp. 359-371.

³⁰ See Chapters 1 and 3 for a discussion of minimum wage and employment protection legislation and their effects on youth employment.

(including recruitment and dismissal, trading, contracting, protection of investors and dispute settlement), property rights, taxation and credit regulations.³¹

142. Regulations concerning the *establishment and operation of business* have significant implications for young entrepreneurs starting out and those working to develop their enterprises, as well as for enterprises seeking to create jobs for young people. If regulations for registration are easier to comply with, informal economy enterprises are more likely to formalize. Evidence suggests that small enterprises which comply with registration requirements create more employment over time than those that do not.³²

143. Countries vary enormously in the way in which they regulate business. In Haiti, for example, registering a new business takes 203 days, and in Maputo 153 days compared to around 90 days in India and two days in Australia, with much variation in between.³³ Procedures involved in enforcing a contract range from 15 in Denmark to 53 in Lao People's Democratic Republic. Reform of these regulations is shown to have a significant impact on business. In Lima, for example, enterprise registration more than tripled from 1,100 to 4,000 between 1998 and 2000 after a municipality within the city simplified procedures, reducing 45 bureaucratic steps to 12 and the length of time taken from 70 days to one day. In Bolivia, a law on simplification of the registration of business introduced a registration card that gave applicants access to affordable management training courses.³⁴ When it comes to registering property, an important prerequisite for access to credit in many countries, procedures may be simple (in Norway, one procedure is involved) or more burdensome (in Algeria, for example, 16 steps are involved). Similar variations are observed in relation to contract enforcement, protection of investors, and access to credit.

Key lesson: Countries are introducing legislation and regulations that deal specifically with youth employment or prohibit discrimination on the basis of age, or promote the establishment of enterprises. Labour inspection is an essential aspect to ensuring the rights of young workers and the quality of their working conditions.

2.1.5. Micro-level initiatives

144. In several countries in Africa, a public works agency (AGETIP) creates jobs for young people without qualifications through *labour-intensive programmes* in construction, infrastructure maintenance and public services such as rubbish disposal and health services.³⁵ AGETIP is a not-for-profit organization which is delegated by government to manage contracts on behalf of municipalities and communities in the countries where it operates. The programme was initiated in Senegal, where 350,000

³¹ Commission on the Private Sector and Development: *Unleashing entrepreneurship: Making business work for the poor* (New York, UNDP, 2004).

³² G. Reinecke and S. White: *Policies for small enterprises: Creating the right environment for good jobs* (Geneva, ILO, 2004).

³³ *World Development Report 2004-05*, op. cit.; IBRD: *Doing business in 2005: Removing obstacles to growth* (Washington, DC, World Bank, International Finance Corporation and Oxford University Press, 2005).

³⁴ *ibid.*

³⁵ M. Wade: "Overview of Senegal's AGETIP Model For Jobs Creation", Meeting on Youth and Employment in West Africa (12-13 February 2004). See <http://www.ilo.org/public/english/employment/strat/yen/download/agetip.pdf>, accessed in March 2005.

short-term jobs and 6,000 permanent jobs were created between 1989 and 1996.³⁶ The AGETIP approach has since been replicated in 15 African countries: Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Djibouti, Gambia, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Niger and Togo.³⁷ Similar programmes are being planned for Congo and Gabon. The Government of South Africa initiated a project to repair and maintain gravel roads in Limpopo Province, using employment-intensive work methods and executed by small emerging contractors.³⁸ Young people are among those who benefited from the project, in terms of both training and employment.³⁹ If public works projects of this kind are integrated into overall investment policies at national level, they can have a long-term beneficial effect on the economic development of the country.⁴⁰

Key lesson: Employment-intensive programmes are creating both short-term and permanent jobs. Often, these programmes are accompanied by training. To date, they are often not systematically integrated into overall investment policies at national level.

145. The development of *micro-, small and medium-sized enterprises* to expand employment opportunities can provide jobs for some young people. While policies aiming to create an environment conducive to the expansion of enterprise, both private and public, do not specifically focus on young entrepreneurs, some programmes target micro- and small entrepreneurs in the informal economy, where many young people in a number of developing countries work. Business development advisory and support services are put in place and, in some countries, initiatives are being undertaken to ensure that young entrepreneurs have access to credit to start or develop their businesses.

146. One of the key issues in encouraging the creation of enterprises by young people is to identify youth with entrepreneurial potential. Many national programmes seek to develop strategies that will reduce risk of failure, for example by using psychological tests or contests that enable them to select participants.⁴¹ Once participants are selected, programmes use combinations of different services and approaches to maximize positive results: information networks, basic training, technical training, technical assistance in the development of entrepreneurial projects and microcredit to support the new undertakings.

147. Sri Lanka, in response to the high rates of unemployment, low incomes and poverty among the youth population (Central Bank estimates that more than 70 per cent of the unemployed are youth), focuses its PRSP on the development of an entrepreneurial culture and attitude among youth; creating economic opportunities for enterprising activities and the development of an entrepreneurship-related curriculum in the vocational and secondary schools. The Government proposed the launching of the National Youth Corps (NYC) to provide vocational training and career guidance to

³⁶ M.D. Sarr: *Poverty reduction strategy and youth employment in Senegal*. See http://www.un.org/esa/socdev/poverty/papers/urban_sarr_prsp.pdf, accessed in March 2005.

³⁷ M. Wade, op. cit.

³⁸ P. Paige-Green: *Alternatives to conventional gravel wearing courses on low volume roads*, Paper presented at the 10th Regional Seminar for Labour-based Practitioners, Arusha, United Republic of Tanzania (October 2003). See <http://www.ilo.org/public/english/employment/recon/eiip/asist/arusha/paige.pdf>, accessed in March 2005.

³⁹ ILO: Employment-intensive investment programme (EIIP). See <http://www.ilo.org/public/english/employment/recon/eiip/countries/africa.htm>, accessed in March 2005.

⁴⁰ P. Auer; U. Efendioglu; J. Leschke: *Active labour market policies around the world* (Geneva, ILO, 2004).

⁴¹ Information provided by the ILO Regional Office for the Americas, Lima.

unemployed youth aged 17-22. In addition to vocational skills development, the NYC training will inculcate leadership qualities while providing personality development and career guidance to these young men and women.⁴²

148. In some countries of Latin America, incubators or nurseries for developing new enterprises are established, sometimes in industrial and technological estates. Vocational training institutions set up such incubators in Colombia (SENA) and in Brazil (SENAI). These incubators provide a relatively protected setting that also allows costs of common services, such as communications, secretarial services, administration or marketing costs, to be shared. In addition, registration in a technological or industrial estate allows access to applied research services, consultancy and technical and technological assistance, and vocational training services. In a situation where there are high failure rates of youth enterprise due to the lack of business and technical skills, the lack of access to support services and, especially, the difficulties involved in developing entrepreneurial cooperation networks, such incubators are all the more important (see box 2.5 for another initiative in South Africa targeting disadvantaged youth).

Box 2.5

Promoting employment creation and skills development for disadvantaged youth

In South Africa, the Umsobomvu Youth Fund (UYF) was established in 2001 by the Government to promote employment creation and skills development for young South Africans aged 18 to 35 years, who are not in education and face particular disadvantage. As part of its Enterprise Education Programme, the UYF, in partnership with two microfinance providers, arranges access to funding for unemployed, underemployed and self-employed youth to aid them in creating new micro- or cooperative enterprises or expanding existing businesses. Funds are made available through UYF partnerships with two microfinance providers. In addition, UYF sponsors the Government's Youth Entrepreneurship Programme, providing small-scale entrepreneurs with access to finance in partnership with two separate development capital funds and a UYF fund, and to business development services through Youth Advisory Services across the country. Also, a UYF "Take it to the People" project aims to combat poverty by creating income-generation and self-employment opportunities for young people in 21 rural and urban areas designated as "poverty pockets".

Source: Umsobomvu Youth Fund web site: <http://www.uyf.org.za/Inveloper.asp>.

149. In Kenya, a Micro and Small Enterprise Development Fund was established with World Bank funding to advance entrepreneurship development in the private sector and, more immediately, to overcome the barriers to employment and income-generation opportunities in the informal micro- and small enterprise sector in Kenya.⁴³ The Fund supports the financing of the Training Voucher Programme and the Contract Training Scheme in order to pay for short-term skills upgrading courses and enterprise-based attachments for entrepreneurship and artisans. SMEs involved in the Training Voucher Programme are able to purchase vouchers to train their owners or workers in technology, business development and microfinance, at 10 to 30 per cent of the total cost of training. Through the Fund, young people are trained in basic technical skills, entrepreneurship and management skills, accessing external funds, business planning and development,

⁴² IMF database, op. cit., *Sri Lanka: Poverty Reduction Strategy Paper* (Dec. 2002).

⁴³ H.C. Haan: *Training for work in the informal sector: New evidence from Kenya, Tanzania and Uganda*, InFocus Programme in Skills, Knowledge and Employability (Geneva, ILO, 2002).

specialized technical skills, product improvement and problem solving.⁴⁴ In the period 1997-2001, 37,606 training vouchers were issued and 32,606 people trained, 60 per cent of whom were women).⁴⁵

150. In Singapore, the *Technopreneurship 21* programme makes it easier for new enterprises to obtain start-up funding through a US\$1 billion venture fund to support local entrepreneurs or to fund foreign entrepreneurs attracted to Singapore. Related to this is a review of existing laws and regulations, such as those governing the taxation of stock options. The programme also improved the physical infrastructure for start-ups, for example, by enhancing technology park facilities. Another programme to assist young entrepreneurs in particular is the *Technopreneur Home Office Scheme*, focused on technology-based and knowledge-intensive business activities. This scheme makes it easier for technology entrepreneurs to use their residential premises as home offices and hence reduce costs significantly.

151. Young people in many countries are involved in *cooperatives* and in social firms as a first step in their working careers. Many cooperatives have outreach programmes to educate young people in cooperative principles. In Bulgaria, the Central Cooperative Union promotes the idea of cooperatives among young people and supports and trains them to become involved in cooperative societies. The Union creates and offers jobs to young people in cooperatively run restaurants, retail stores, and other cooperative initiatives.

152. In Canada, the British Columbia Institute for Co-operative Studies (BCICS), at the University of Victoria is a centre of research, learning and teaching about cooperative practice, focusing on how the cooperative model functions within different contexts, how it can contribute to meeting economic and social needs and empower people and communities. A "Building Co-op Futures Youth Forum" organized by the BCICS in May 2003 was attended by 75 youth delegates from nine countries, reflecting the widespread interest in cooperatives as an option for young people. A wide variety of cooperatives were represented – consumer cooperatives, worker cooperatives, credit unions, student cooperatives and social, marketing, youth, agricultural and community cooperatives.

Key lesson: Many countries are striving to create more jobs for youth through support for entrepreneurship training and the encouragement of youth lending strategies, incubators and cooperatives.

2.2. Enhancing youth employability

153. Active labour market policies and programmes (ALMPs) comprising a range of measures including labour market services, education and training for un(der)employed, and job-creation initiatives such as those described in the previous section under micro-level initiatives. ALMPs are the most commonly used to address the employment deficits of youth in general and, through targeted programmes, vulnerable youth. Recognizing that high youth unemployment can persist despite high rates of economic

⁴⁴ X. Liang: *Kenya: Micro and small enterprise training and technology* (Washington, DC, World Bank, 1996). See http://www.worldbank.org/education/economics/finance/demand/case/kenya/kenya_index.htm, accessed in March 2005.

⁴⁵ H.C. Haan, 2002, op. cit.

growth and expansion, this section looks at national measures to address youth employability.

2.2.1. Integrating training, work experience and labour market services

154. In the **United Kingdom**, the *New Deal for Young People* offers a package of services and supports to young people aged 18 to 24 unemployed for at least six months,⁴⁶ including job seeking and career advice and guidance, basic education, skills training, work experience or further learning options. Job placements are subsidized, and follow-up support is provided. As a result of the New Deal, 518,200 young people have moved into employment.⁴⁷

155. Responding to the needs of disadvantaged youth, **Canada's Youth Employment Strategy** aims to help young people access information, acquire skills, and gain work experience and the abilities they need to make a successful transition to the workplace.⁴⁸ The programme involves a range of government departments and agencies working in partnership with employers' and workers' organizations and civil society groups. It offers work experience, learning and skill-building opportunities, basic and advanced employment skills programmes and services, and assistance in finding career-related summer jobs, primarily to young people who face particular disadvantage in finding employment. Employers are offered wage subsidies for job placements. Following a successful two-year trial period, this programme was permanently established in 1999.

156. **Japan**, recognizing that the persistence of high youth unemployment represents a significant loss not only to the young people themselves but also to Japanese economy and society, developed a multi-sectoral initiative – the Young People's Self-Support and Challenge Plan. The plan is diversified across four ministries – Education, Culture, Sports, Science and Technology; Health, Labour and Welfare; Economy, Trade and Industry; and Economic and Fiscal Policy and takes a holistic approach to promoting independence based on employment for all motivated youth.⁴⁹

Key lesson: Youth employment strategies that have had positive results focus on a spectrum of factors (skills development, work experience, the provision of labour market services) involve a range of relevant government departments, work in conjunction with employers' and workers' organizations and other agencies and include marginalized youth.

157. Box 2.6 shows how the African region is creating pathways to youth employment in African cities by boosting employability, improving access to finance and strengthening the commitment of the social partners.

⁴⁶ New Deal official web site: <http://www.newdeal.gov.uk>, accessed in March 2005.

⁴⁷ Government of Scotland web site: <http://www.scotland.gov.uk/stats/bulletins/00362-00.asp>, accessed in March 2005.

⁴⁸ Government of Canada: Human Resources and Skills Development Canada web site: <http://www.hrsdc.gc.ca/asp/gateway.asp?hr=en/epb/yi/yep/newprog/yesprograms.shtml&hs=yze>, accessed in March 2005.

⁴⁹ ILO: *Symposium on globalization and the future of youth in Asia*, op. cit.

Box 2.6
Creating strategies for youth employment in African cities: Recommendations

The 2004 Youth Roundtable explored practical strategies to solve the pervasive problem of youth unemployment in their cities. It recommended that effective youth policies and programmes should bear in mind the issue of gender equality in seeking to:

- create entry-level positions and opportunities for youth to gain the critical experience required to secure decent jobs in the formal economy, through certified internship and learnership programmes, job placement and matching services provided under public-private sector partnership, job-creation programmes linked directly to labour market demands and mechanisms;
- provide accessible and practical skills training that is developed with youth input, either additionally or independently of formal education, with particular assistance to uneducated youth in finding ways to translate their talent to skills that can further be developed and therefore used to secure a job. Specific skills identified as being critical to employability in several fields include: basic entrepreneurial skills, basic financial management, access to and management of information and knowledge, project planning and implementation, and impact assessment and measuring outcomes;
- improve access to financing for youth-led employment initiatives;
- strengthen the commitment and support of institutional partners, such as those involved in the Youth Employment Network, as well as national and local government players that are pro-youth in their approach by, among other measures, developing regional guides or toolkits that would support youth working with their various levels of government and other partners on the creation, implementation and review of national action plans for youth employment;
- increase youth participation and involvement in macroeconomic policy decision-making, especially as it affects youth employment, through capacity building, and involvement in the creation and implementation of the New Partnership for Africa's Development, poverty reduction strategies and other development agendas;
- give greater access to information and involve youth concerning decisions that are being made to benefit them;
- pay particular attention to youth employment problems in the urban context;
- address the special needs of youth at risk, taking account of their different requirements, including young people living with HIV/AIDS and those living with a disability;
- address the pervasive gender inequality that continues to disadvantage young women in both formal and informal economies.

Source: Outcomes and recommendations from the Youth Roundtable of the Expert Group Meeting on Creating Strategies for Youth Employment in African Cities, Nairobi, Kenya, 21-25 June 2004.

158. France's *New Services, New Jobs Programme 1997-2003*, introduced in the framework of the law on the development of youth employment of October 1997, offered wage subsidies up to 80 per cent of the minimum salary per job per year, for five years, to employers who employ young people under contract. Mentors were assigned within the enterprises to provide support and guidance. Attention was paid to creating new jobs in social areas of everyday life not currently catered to by business or services – such as personal assistance, improvement in the quality of life, security, access to culture, educational support and environmental protection. The Programme was open to unemployed young people between the ages of 18 and 25, individuals with disabilities under the age of 30 and unemployed young people between the ages of 26 and 30 who do not qualify for employment benefits. By September 2000, almost 300,000 young people were recruited under the scheme. Following a review of employment policy in 2002, *New Services, New Jobs* was phased out from 2003, and may be replaced by a new

youth job creation programme currently under discussion which will aim to cater to 800,000 persons. In addition to *New Services, New Jobs*, the *TRACE programme* (*Trajets d'Accès à l'Emploi*) was introduced in 1997 to cater for socially excluded young people and long-term unemployed. In 2003, this programme was merged into a new programme, *CIVIS* (*Contrat d'insertion dans la vie sociale*) which aims to support unemployed young people aged 18 to 22 in undertaking social or humanitarian activities over a three-year period. The CIVIS programme targets young people with low levels of education and skills.

159. In the **Republic of Korea**, the Youth Work Experience Programme aims to provide work experience to youths to enhance their understanding of jobs and careers. This programme comprises a work experience support system and an employment support system. Under the work experience support system, college students or graduates are employed as interns in public institutions or private companies, so as to gain hands-on job experience, as well as receive help in making job choices in the future. Furthermore, ways to award college credit for internship are being sought in order to facilitate the implementation of the programme. Under the employment support system, enterprises employing youths as interns can receive wage subsidies for three months. Firms which hire interns as regular workers can receive wage subsidies for another three months. In this way, enterprises are being encouraged to hire more youth.⁵⁰

160. **Hong Kong (China)** has introduced pre-vocational training in the form of the Youth Pre-Employment Training Programme (YPTP), offering training in interpersonal skills (leadership, self-discipline and team-building), computer literacy and vocational skills to school leavers aged 15 to 19, combined with subsidized on-the-job training opportunities in order to increase their employment opportunities. Employers are commissioned and subsidized to appoint mentors to guide trainees throughout their on-the-job training.⁵¹ This programme operates alongside the Youth Work Experience and Training Scheme (YWETS), providing on-the-job training opportunities to young people aged 15 to 24 years with education levels below degree level. Counselling and support services are available to participants in both the YWETS and YWETS trainees to facilitate them in their search for jobs. The YWETS has established strategic partnerships with employers and training institutes to identify and implement various special projects catering to the needs of employers/industries concerned. One example is the *Information Technology Seeds Project* under which 600 young people were offered positions as IT-teaching assistants, IT-administrative assistants and IT-technical support assistants to assist in teaching and administration work in 300 schools, and attended formal training in IT one day a week.⁵² Since 1999, 45,000 young people have taken part in the YPTP, of whom 70 per cent entered employment. Over 13,000 young people were employed under the YWETS scheme in 2002-03 and a further 8,200 participants acquired jobs in the open labour market.⁵³

161. The National Service for Training and Employment (SENCE) is in charge of the coordination and operation of *Chile Joven*, whose primary objective is to increase the probability that unemployed youth from families with low incomes and youths who face

⁵⁰ ILO: *Symposium on globalization and the future of youth in Asia*, *ibid.*

⁵¹ Economic and Employment Council: *Tackling youth unemployment: Hong Kong vis-à-vis other economies*, Second Meeting of the Economic and Employment Council, EEC Paper IN 2/04 (Hong Kong, 2004).

⁵² Government of the Hong Kong Special Administrative Region (Labour Department): *Youth Work Experience and Training Scheme*. See http://www.ywets.labour.gov.hk/eng/intro/intro_deliverables.htm.

⁵³ Economic and Employment Council, *op. cit.*

difficulties of social and economic integration in Chile, can be inserted into the job market through job training. The programme includes various complementary, flexible sub-programmes that expand the options available to young people: an on-the-job training and work experience component, a two-track learning component and a self-employed workers' component. The labour practice component has to be carried out in a firm or enterprise especially engaged for that purpose by the executing unit according to the trade imparted. The enterprise assumes a tutoring role under the supervision and responsibility of the executing unit. In some variants, oriented towards self-employment, this internship is replaced by the supervised implementation of an independent productive project. One of the main characteristics of the programme is that it is highly decentralized and relies on over 1,000 training providers (including private training centres and non-profit organizations). The Ministry of Labour signs execution agreements with training providers and evaluates both the courses and the job placements. The programme relies heavily on employers to provide in-house work experience: this means that current, relevant information on employer demand is available and that training can be readily adapted to local labour market demand. The programme has benefited over 200,000 disadvantaged youth since 1991. The model is reproduced in **Argentina, Colombia, Peru and Uruguay**.⁵⁴

162. In **Spain**, *workshop schools* in Barcelona assist marginalized young people who have never worked, have no qualifications and are looking for a manual job. The programme includes training in basic vocational and job-search skills as well as basic management skills to help them become self-employed, and activities to develop self-confidence and self-esteem. Jobseeking support is provided by a local development agency, *Barcelona Activa*.⁵⁵

Key lesson: Active labour market policies and programmes are being implemented to create jobs for young people and/or to increase their employability. In some cases these are successfully used to address the particular needs of disadvantaged youth.

2.2.2. Education and training

163. The diverse educational experience of young people is discussed in Chapter 1 of this paper, highlighting the serious deficit in the basic education and skills levels of many young people in current labour markets. The fact that many young people have reached working age without acquiring basic skills, including literacy and numeracy, is taken into account in many national programmes seeking to improve the employment prospects of their young citizens.

164. Some of the initiatives aim to revamp national training schemes, to develop apprenticeship schemes or to update their curricula in order to deal with existing mismatches between education, training and the needs of the labour market. Others address issues such as accessibility of schools, cost, quality and relevance of education to work in the local area, and find innovative ways to engage those who have not benefited from formal educational methods. Remedial education is provided in programmes designed for early school leavers and those who have not attended formal education.

⁵⁴ ILO: *Revision of the human resources development Recommendation* (CD-ROM, 2003); and *Programmes for the training and employment of young people in Latin America* (Montevideo, CINTERFOR, 2004).

⁵⁵ ILO: *Learning and training for work in the knowledge society*, Report IV(1), Geneva, ILC, 91st Session, 2003.

165. The *National Open Apprenticeship Scheme* (NOAS) in **Nigeria** uses innovative means of providing vocational education and training of unemployed youth in over 100 occupations. The programme utilizes production facilities such as workshops and technical instructors in private industries, government institutions and, by way of a subcontracting arrangement, wayside crafts and trades people (informal economy operators). An offshoot of NOAS is the School-on-Wheels (SOW) programme, a mobile training scheme designed to provide vocational training to school leavers and other unskilled persons in rural areas. Since its inception in 1987, nearly 600,000 unemployed youth have received training in 80 different trades under the scheme. Around 400,000 of these started their own micro-enterprises. Over 21,000 youth have benefited from the programme Schools-on-Wheels since its launch.⁵⁶

166. Several countries have reformed their apprenticeship system to meet the demand for higher and different skills, combined with a better understanding of the broader economic and social context of occupations, work and industry.

167. The *Vocational Training: The Mubarak-Kohl Initiative* in **Egypt** is a large-scale project that aims to institutionalize the dual system of training and practice and the concept of joint public-private management and cost-sharing in all technical education countrywide. In order to meet this objective, pilot projects were established to demonstrate the opportunities and challenges of the dual system, to gain knowledge on the local adaptability of the system and to encourage the private sector to participate (i.e. internships, funding and management). The system has since been formalized.⁵⁷

168. With youth unemployment a daunting challenge facing **Namibia**, the Government embarked on a programme of employment creation. The Ministry of Higher Education, Training and Employment Creation, in collaboration with non-governmental agencies including the National Youth Council, has initiated a number of programmes which include: the creation of National Service to provide for civic education and production skills; the establishment of community skills centres to provide for skills development and entrepreneurship; and vocational and technical education to enhance youth technical competence and employable skills.⁵⁸

169. In **Brazil**, the Ministry of Education is modernizing vocational education, adopting a competency-based approach and developing systems of certification in order to facilitate continuous education and labour market integration. The Act on basic guidelines for education (No. 9394 of 1996) and the Decree on national curricular directives for vocational education (No. 2208 of 1997) provide for the development of vocational education curricula. Vocational education is complementary to basic education, and can be acquired in schools, specialized institutions or the workplace. In order to encourage further study, the law provides for pathways between various levels of education and access to certification through the recognition of knowledge and skills gained at work. Vocational education has become more generic, and definition of trades has been discontinued. Local education authorities are free to develop curricula

⁵⁶ G. Kanyenze; G.C.Z. Mhone; T. Sparreboom: *Strategies to combat youth unemployment and marginalisation in Anglophone Africa*, ILO/SAMAT Discussion Paper No. 14 (Geneva/Harare, ILO/SAMAT, 2001).

⁵⁷ *ibid.*

⁵⁸ Ministry of Higher Education, Training and Employment Creation, Namibia: <http://www.ilo.org/public/english/employment/strat/yen/download/namletter.pdf>, accessed in March 2005.

according to local needs and circumstances, on the basis of occupational areas defined in the directives.⁵⁹

170. In South Africa, the new *learnerships* are a flexible form of apprenticeship. They have, in common with apprenticeship, the addition of workplace learning to the programme and a practical assessment of competence. Replacing the narrow, craft-based apprenticeships of the past, learnerships can take place in different work contexts – the public sector, enterprises, or universities. They combine theory with practice, are broader in scope, and cover a vast array of qualifications. Therefore, they appeal to different learners.⁶⁰

171. A few countries, such as India and Pakistan, apply compulsory apprenticeship training schemes. Employers' training responsibilities are recognized legally. In India, the apprenticeship training scheme (the Apprentices Act, 1961) is an important source of skilled workers in the country. Employers are obliged to engage a certain number of trade apprentices based on the number of employees and type of industry. Enterprises are required to impart on-the-job training while theoretical instruction is offered in state training centres. In 2000, some 17,800 establishments engaged some 165,500 apprentices (150,000 in 1996) covering some 254 industries (218 in 1996) and 138 designated trades (130 in 1996). On completion of training, trade apprentices have to pass the All India Trade Tests conducted by the National Council of Vocational Training (NCVT). Apprentices receive stipends, paid by the employer, which increase with each year of training. There are also apprenticeships for engineering and technology graduates and for students graduating from the vocational stream of general education schools ("technician (vocational) apprentices"). In addition, the Apprentices Act encourages employers to offer places to people representing disadvantaged groups. In 2000, the statistics for graduate, technician and technician (vocational) apprentices were broken down as follows: scheduled castes accounted for 7 per cent of places, scheduled tribes 1 per cent, minorities 7 per cent, physically disabled persons 0.14 per cent, and women 20 per cent.⁶¹

Key lesson: The dual system combining school-based education with work-based training and apprenticeship continues to be an effective learning model. Social partner involvement in programme design and implementation helps ensure effectiveness.

172. In Singapore, the Skills Development Fund has actively encouraged employers to enrol their employees in non-formal, recognized basic education programmes that are administered by the Institute of Technical Education. These include the Basic Education for Skills Training (BEST) Programme, which provides basic literacy and numeracy training, and the Worker Improvement through Secondary Education (WISE) programme for adults to improve their competency in English and maths.⁶²

173. In Thailand, many government departments, state and private enterprises, NGOs and schools run non-formal education programmes lasting from three months to one year, which target students who have completed primary education but have no secondary

⁵⁹ ILO: *Learning and training for work in the knowledge society*, op. cit.

⁶⁰ A. Bird: *National monograph on technical and vocational training in South Africa*, 2001. See <http://www.ilo.org/public/english/employment/skills/recomm/publ/006.htm>, accessed in March 2005.

⁶¹ Ministry of Labour, India: *Annual Report of the Directorate General of Employment and Training* (2000); S.K. Batra and A. Chandra: *Vocational education and training for employment in India* (New Delhi, ILO/SAAT, 1998).

⁶² ILO: *Learning and training for work in the knowledge society*, op. cit.

education. Pre-employment courses include basic skills training in electrical, automotive and construction technology and an industry-training component. In 1995, the two government departments responsible for major non-formal education programmes enrolled some 375,000 students. However, these programmes do not allow progression in the formal education system.⁶³

174. Box 2.7 describes an educational incentive for girls, young women and men in Somalia.

Box 2.7

Reaching out to disadvantaged youth

The Somali Educational Incentives for Girls and Young Men (SEIGYM) in Somalia, supported by the Africa Educational Trust (AET), uses vouchers to encourage disadvantaged youth to gain essential reading and work skills. Technical and vocational training institutions invariably demand that entrants have school qualifications. The vouchers allow disadvantaged youth to pay for literacy and numeracy training before they go on to skills training for employment. More than 5,000 disadvantaged girls, young women and young ex-militia men have been given literacy, numeracy and/or vocational training. SEIGYM uses a variety of providers of non-formal education and training for carpenters, driving instructors, painters, tailors and nurses. Vouchers are redeemable through AET only if it has inspected the provider and certified its standard of training.

Source: J. Oxenham et al.: *Strengthening livelihoods with literacy*, study undertaken for the World Bank (2001). See <http://www.iiz-dvv.de/englisch/Publikationen/Weltbank/inhalt.htm>, accessed in March 2005.

175. Mali's Ten-Year Programme on Education (PRODEC) is supported by the Project for Consolidating Vocational Training (*Projet de consolidation de la formation professionnelle/PCPP*), created by the Malian Government with the support of the World Bank. Implemented in 1997, it is aimed at assisting the transformation of technical and vocational education by assigning it the responsibility for job-related training. The approach gives priority to the demand for training arising from the manufacturing sector (businesses and crafts) and has three elements: improve the public training "supply" by supporting Business Training and Support Units (UFAE); contribute to the regulation of the training market by providing assistance to the Fund for Supporting Vocational Training and Apprenticeship (FAFPA); and mobilize resources and energy to support grass-root initiatives.⁶⁴

176. In Bangladesh, various forms of training for self-employment are provided to young people in rural areas. Approximately 341,677 youths have entered self-employment out of a total of 555,004 youths, who received training from as many as 301 training centres run by the Department of Youth between October 2001 and March 2004. These centres offer training in pisciculture, poultry rearing, beef fattening, livestock rearing, food processing, kitchen gardening, handicrafts and leather work. At the Upazila or district level (the first level of referral in the primary health-care system), are 475 mobile training centres. Under the Ministry of Labour and Employment, 15 technical training centres and the Bangladesh Institute of Marine Technology offer training to 15,000 trainees each year. Three more development projects are under way to set up

⁶³ ILO: *Learning and training for work in the knowledge society*, *ibid.*

⁶⁴ D. Atchoarena and P. Esquieu: *Private technical and vocational education in sub-Saharan Africa: Provision patterns and policy issues* (Paris, International Institute for Educational Planning/UNESCO, 2002), pp. 177-179.

20 more technical training centres. When these projects are completed, as many as 40,000 young people will have received training in various skills.⁶⁵

177. In the Republic of Korea, to further develop the vocational ability of youths, *tailored vocational training* concentrated on knowledge-based IT industries is being offered to unemployed college graduates. In addition, training focused on manufacturing businesses, such as shipbuilding and auto mechanics, is being offered to unemployed high-school graduates. As a solution to labour shortages in SMEs and youth unemployment, a *Youth Employment Package Project* is being implemented, which aims to strengthen the linkage between customized vocational training and employment services for SMEs on an industry-specific basis.⁶⁶

178. The Confederation of Swedish Enterprise (CSE) aims to educate young people on the importance and value of entrepreneurship. It arranges an annual career theme day, focusing on motivating, inspiring and helping young people to see their own future role in the labour market. Around 40,000 high-school students aged 17-18 attend these theme days. CSE has published a guide that is distributed to all 18-year-olds, including information about what an employment agreement should cover, how to start a company, and advice on how to negotiate wages.⁶⁷

179. In Australia, the *Traineeship Programme* initiative was established in 1998 to assist young people, especially those at high risk of long-term and frequent unemployment, in acquiring work experience and training leading to qualifications. Apprenticeships, traineeships and job placements were organized for over 70,000 young people from 1998 to 2004. The scheme addressed skills shortages by providing subsidies for private sector apprenticeships and traineeships in the relevant skills areas. Its success has led to the Government undertaking the *Breaking the Unemployment Cycle Initiative 2004-07*, including a *Trainees and Apprentices Programme* and an *Education and Training Pathways Programme*.⁶⁸

Key lesson: Targeted training programmes to enhance youth employability are under way in a number of countries, often in combination with employment services and placement opportunities. Successful practices in this regard have been established.

2.2.3. Labour market information and services

180. Public employment services (PES) are central to ensuring that young jobseekers have easy access to the information they need in seeking jobs suited to their skills, abilities and interests. In recent years, employment services have developed and changed, to better cater to the diversity of need among young jobseekers. Innovations include the increasing availability of “self-service” options such as one-stop shops; computerized data which jobseekers can access themselves, sometimes through the Internet; computerized aptitude and interest programmes which jobseekers can use in identifying their work targets; and support services available to those facing particular difficulties. Many of the recent national initiatives include career development and guidance as an

⁶⁵ ILO: *Symposium on globalization and the future of youth in Asia*, op. cit.

⁶⁶ ILO: *Symposium on globalization and the future of youth in Asia*, ibid.

⁶⁷ Confederation of Swedish Enterprise: at their web site: http://www.svensktnaringsliv.se/index_english.asp, accessed in March 2005.

⁶⁸ Queensland Government: *Breaking the unemployment cycle*. See http://www.trainandemploy.qld.gov.au/client/about/programs_strategies_policies/employment_programs.htm, accessed in March 2005.

integral part of the range of services provided, reflecting the recognition that labour market information is a key factor in creating the right pathways to youth employment.

181. A survey conducted by the World Association of Public Employment Services (WAPES) in 2002-03 showed that public employment services in at least 36 countries (75 per cent of the 60 country respondents) operate special employment programmes for youth, in addition to the universal or mainstreamed labour exchange and career information/guidance services provided to jobseekers in general.⁶⁹

182. In 2001, the **United Kingdom** introduced *Connexions Direct*, an advisory and support service for young people aged between 13 and 19 to guide them through the options and opportunities available.⁷⁰ Building on the work of careers and youth services, *Connexions Direct* aims to monitor young people and alert personal advisers to early difficulties. The service is managed locally by Connexions Partnerships that bring together all the key youth support services. Young people are actively involved in its design and delivery so that it can better address their needs and goals.

183. In **Canada**, *Job Futures* is an innovative tool developed by Human Resources Development Canada to provide up-to-date detailed labour market information, focusing on the link between the educational system and labour market outcomes. In addition to facilitating occupational choices, *Job Futures* also makes a valuable contribution to education and training decisions, such as choosing the level of education or field of study. A variant of the tool is used in **Australia** and **New Zealand** and introducing a service based on this model in **Azerbaijan** is proposed as part of its poverty reduction strategy. Another useful facility is the *Job Bank*, an electronic listing of jobs, work or business opportunities provided by employers from all over **Canada**. This information can be accessed from free public Internet sites provided in human resource centres, public libraries and community centres.

184. Box 2.8 shows labour market services in the **Republic of Korea** responding to unemployed youth.

Box 2.8

One-stop labour market services

In the **Republic of Korea**, a *one-stop service system* is currently being established to provide job referral, job counselling and job guidance services through Youth Employment Support Rooms at the Employment Security Centres throughout the country. Short-term jobs are provided to youth who are unlikely to be employed in the immediate future through participation in the *Vacancy Seeking Programme*, which allows unemployed youth to work while seeking longer term job offers.

Source: Republic of Korea Country Paper presented at the Symposium on Globalization and the Future of Youth in Asia, Tokyo, Japan, 2-3 December 2004, paper forthcoming on ILO web site www.ilo.org/youth.

185. Examples of initiatives in different countries to promote the employability of young people and support them in getting jobs are numerous. But there are relatively few examples of systematic monitoring and evaluation exercises which set out to identify good practice and lessons learned and which draw conclusions to inform policy and programme decisions.

⁶⁹ <http://www.ilo.org/public/english/employment/skills/download/pesprogram.pdf>, accessed in March 2005.

⁷⁰ Government of United Kingdom, Department for Education and Skills: http://www.dfes.gov.uk/consultations/downloadableDocs/38_2.pdf, accessed in March 2005.

2.3. Summary: Key lessons

186. There are some important lessons that can be drawn for consideration by policy-makers from the national responses to the factors affecting youth employment.

- Youth employment issues are being integrated into national development plans such as poverty reduction strategies, regional and national employment strategies. These initiatives are adopting macroeconomic, structural and social policies and programmes to promote broad-based growth. Countries are including short-, medium- and long-term actions. Evidence suggests that national initiatives targeting youth focus mainly on youth unemployment, rather than working conditions.
- Countries that have implemented macroeconomic policy frameworks focusing on employment generation have expanded youth employment opportunities. Effective linkages between macroeconomic and social policy, including education, are important. Continuous efforts to increase aggregate demand and stabilize and encourage economic growth are recognized as well as their need to be associated with micro-level policies targeting young women and men.
- Countries are focusing on sectoral development to create employment for their young citizens; some have been able to combine this with training, which has potential for longer-term benefits. The sectors being promoted are country-specific. Involvement of the social partners in sectoral planning is beneficial.
- Countries are introducing legislation and regulations that deal specifically with youth employment or prohibit discrimination on the basis of age, or promote the establishment of enterprises. Labour inspection is an essential aspect to ensuring the rights of young workers and the quality of their working conditions.
- Employment-intensive programmes are creating both short-term and permanent jobs. Often, these programmes are accompanied by training. To date, they are often not systematically integrated into overall investment policies at national level.
- Many countries are striving to create more jobs for youth through support for entrepreneurship training and the encouragement of youth lending strategies, incubators and cooperatives.
- Youth employment strategies that have had positive results focus on a spectrum of factors (skills development; work experience; the provision of labour market services) involve a range of relevant government departments, work in conjunction with employers' and workers' organizations and other agencies and include marginalized youth.
- Active labour market policies and programmes are being implemented to create jobs for young people and/or to increase their employability. In some cases these are successfully used to address the particular needs of disadvantaged youth.
- The dual system combining school-based education with work-based training and apprenticeship continues to be an effective learning model. Social partner involvement in programme design and implementation helps ensure effectiveness.
- Targeted training programmes to enhance youth employability are under way in a number of countries, often in combination with employment services and placement opportunities. Successful practices in this regard have been established.

**LegCo Panel on Financial Affairs
Meeting on 6 June 2005**

List of follow-up actions

Briefing by the Financial Secretary on Hong Kong's latest overall economic situation

Item 2

- (a) The data required for compiling the overall labour earnings are derived from the payroll enquiry of the Labour Earnings Survey (LES). The specific payroll statistics used for working out the year-on-year change in the fourth quarter of 2004 are given below:

Average payroll per person engaged in all sectors covered

Fourth quarter of 2003	\$15,229
Fourth quarter of 2004	\$15,130

Year-on-year % change in money terms

i.e. Q4/04 over Q4/03	-0.6%
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- (b) There were two main reasons accounting for the decline in average labour earnings between the fourth quarter of 2003 and the fourth quarter of 2004. The *first* one is the increase in the number of new entrants in the labour market. Whereas increases in wages among existing workers along with the economic upturn were not yet observed to any significant extent, the generally lower wages offered to the new entrants had the effect of dragging down the overall average figure. *Secondly*, there was a concurrent increase in the proportion of workers engaged in part-time jobs. According to the General Household Survey, the proportion of workers working for less than 30 hours a week went up from 7.6% in the fourth quarter of 2003 to 9.4% in the fourth quarter of 2004. This had a further dampening impact on the average labour earnings.
- (c) The Census and Statistics Department does not have a regular survey on wages of part-time workers. Nevertheless, the Department did conduct a special topic enquiry on part-time employment during the period from July 2003 to September 2003. Based on some broad calculation, the employment earnings of part-time workers averaged at about \$52 per hour for that period.

Item 3

Reflecting the prominent role of Hong Kong as a business and service hub in the region, offshore trade in Hong Kong has been growing remarkably over the past decade and has become an increasingly important growth driver of the Hong Kong economy.

Offshore trade covers the services of both merchanting and merchandising for offshore transactions provided by Hong Kong companies. In merchanting, goods are purchased by the Hong Kong companies from and then sold to parties outside Hong Kong without the goods ever entering and leaving Hong Kong. The Hong Kong company takes ownership of the goods involved. In merchandising for offshore transactions, the Hong Kong company provides services of arranging on behalf of buyers/sellers outside Hong Kong the purchases/sales of goods. The goods involved are sold by a party outside Hong Kong to another party outside Hong Kong without the goods even entering and leaving Hong Kong. Unlike merchanting, the Hong Kong company, in its capacity as an agent or broker, does not take ownership of the goods involved. Earnings from offshore trade include the gross margin from merchanting and commission from merchandising for offshore transactions.

Reflecting the rising importance of offshore trade as a growth driver to the Hong Kong economy, between 1995 and 2004, the growth in exports of merchanting and trade-related services (in which offshore trade constituted the bulk, of almost 90% in 2003), at 15.3% in real terms per annum, outpaced notably the growth in re-exports, at 8.1% in real terms per annum. This contrasted to their respective growth of 4.3% per annum and 23.8% per annum between 1985-1995. Furthermore, it is noted that the total sales value of goods involved in offshore trade has exceeded the value of re-exports since 2002 when estimation on statistics of the former are first available.

Structural shift in Hong Kong's external trade
(change in real terms)

	<u>Re-exports</u> (%)	Exports of trade-related services (comprising mainly <u>offshore trade</u>) (%)
1985	24.7	9.7
1986	14.0	0.4
1987	45.9	5.2
1988	45.7	1.9
1989	18.6	7.4
1990	16.0	2.4
1991	26.6	-0.1
1992	28.3	2.1
1993	19.6	12.8
1994	13.8	8.2
1995	14.3	3.7
1996	7.5	31.4
1997	6.8	11.4
1998	-3.7	6.1
1999	5.4	8.3
2000	18.5	23.6
2001	-2.4	13.6
2002	10.9	12.7
2003	16.1	18.2
2004	16.3	14.3
Average annual growth rate :		
1985-95	23.8	4.3
1995-04	8.1	15.3

**Value of goods involved in
re-export trade and offshore trade**

	<u>Re-export of goods</u> (HK\$ million)	<u>Offshore trade</u> (HK\$ million)
2002	1,429,590	1,458,252
2003	1,620,749	1,666,605

Analysed by destination for goods sold under merchanting arrangement, the Mainland was the largest destination, accounting for 37% of the total value of goods sold under such arrangements in 2003, as against 44% for re-exports. The United States came next, with a share of 18% (as against 18% for re-exports). This was followed by Japan, at 8% (6%), Taiwan, at 4% (2%), and the Republic of Korea, at 4% (2%). Regarding the source of Hong Kong's offshore trade, the Mainland took up the major share, at 50% of the total value in 2003. This was similar to that for re-exports, with the Mainland taking up 60% of the value of re-exports in 2003.

It can thus be seen that offshore trade resembles closely that of re-export trade in terms of both destinations and sources. Hence it will be useful to look at the gross margin of re-exports and offshore trade taken together. While the growth in gross margin from offshore trade in value terms, at 12.6% per annum, outpaced the growth in gross margin from re-exports in value terms, at 6.8% per annum over the past ten years in tandem with the structural shift towards offshore trade, the combined gross margin of re-exports and offshore trade still recorded very significant growth of 8.2% per annum in value terms over the past ten years.

However, it should be noted that owing to the different level of involvement of the Hong Kong companies in offshore trade and in re-exports, the trade margin of merchanting (8.5% in 2003) was only about half of the rate of re-export margin (17.9% in 2003). The commission rate of merchandising for offshore transactions was even smaller (3.4% in 2003). It implies that Hong Kong would have to channel larger volumes of offshore trade in order to maintain the same value added to the economy as in re-export trade.

As to the impact of offshore trade on government revenue, whether the offshore trade activities carried out in Hong Kong are subject to Hong Kong profits tax is a hard, practical matter of fact and is determined by the facts of individual cases. Hong Kong adopts a territorial source principle of taxation in which only profits arising in or derived from Hong Kong are taxed. Generally, profits of trading firms are taxable where the contracts of purchase and sale are "effected" in Hong Kong. However, as ruled in court cases, the totality of facts must be looked at in determining what the taxpayer did to earn the profits and where they were performed. Where the purchase and sale contracts are "effected" does not merely mean where the contracts are legally executed. It must contemplate the place where the actual steps leading to the

existence of the contracts, including the negotiation, conclusion and execution of contracts, take place. For commission income, if the activities of the commission agent are performed in Hong Kong, the income has a source in Hong Kong.

Thus in general, trading profits and commission earned by Hong Kong companies in offshore trade are taxable in Hong Kong if the transactions are arranged by the Hong Kong companies in Hong Kong, even though the smaller trade margin of offshore trade than re-exports will imply less tax revenue to the government for the same value of goods involved in the transactions.