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Urbanization and the Employment Opportunities of Youth in Developing Countries

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Urbanization and the Employment Opportunities of Youth in Developing Countries

Ursula Grant¹, January 2012

ABSTRACT

By 2030 it is estimated that all developing regions will have more people living in urban areas than rural areas, with virtually all the world's population growth concentrated in urban areas over the next 30 years. This paper provides an overview of patterns of urbanization across developing countries in relation to urban economic growth and implications for urban poverty, particularly among urban youth. There is a strong association between nations' per capita incomes and their level of urbanisation, but urbanisation is not uniform within countries or regions. Despite their economic clout, there are relatively few large urban concentrations with much urbanisation actually occurring within a large number of smaller urban centres, and one of the reasons urban change has been so rapid in recent decades is that it started from a small base. Urbanisation has been strongly associated with urban poverty and slum growth too. There is some evidence that some sub-Saharan African countries are now stagnating or urbanising very slowly, perhaps reflecting declining economic opportunities in many urban areas and a rising crisis of urban poverty and livelihood insecurity.

Youth (under 18 years old) are predicted to make up 60% of urban populations by 2030 and youth are over-represented among the urban poor. Most urban youth, particularly youth migrants, live in unplanned settlement areas, often in squalid conditions and are vulnerable to high levels of unemployment. The paper considers the capacity of urban areas to create jobs for youth populations, distinguishing between economic sectors, and formal and informal employment. Urban areas are characterised by high competition for jobs, and the sectoral composition of economic growth hugely influences the distribution of benefits and costs across urban populations. The non-poor tend to cluster in formal employment while poor residents work in more insecure and very low paid informal sector activities. Young people are of course not a homogenous group. Age, gender, and personal background mediate aspirations and opportunities of urban living. The paper examines the ways youth populations cope with formal job scarcity, and the part played by skills in their trajectories.

It concludes that the low level of formal education achievement among poor urban youth is a major constraint to remunerative urban opportunities, but that the livelihood portfolios of urban youth require and develop entrepreneurial skill, and that informal education and learning is recognised within the informal sector. Education is not the only barrier to employment. Socio-economic factors, such as the strength of local markets and an individual's own networks mediate the kinds of opportunities available to youth. The paper refers to four appended case studies, which provide illustration of many of these dynamics in contexts of rapid urbanisation (e.g. Brazil, Ghana), boom economies (e.g. Vietnam) and high urban youth unemployment (e.g. Egypt).

Skills development is an important response to urban employment problems, but urban economies are dynamic market places driven by socio-political factors as well as economic ones. Enhanced skills rewards young people with increased confidence and self-worth, but wider dimensions that fuel labour market discrimination and long-term disadvantage cannot be ignored.

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Introduction

The 2012 *Education for All Global Monitoring Report* will focus on how to support the development of dynamic economies and inclusive societies through skills development programmes for marginalised young people. This paper provides background analysis on how urbanisation shapes aspects of this agenda.

The purpose of the paper is to provide an overview of patterns of urbanization across developing countries in relation to urban economic growth and the capacity of urban areas to create jobs for youth populations. It is presented in three core sections. The first section (Part II) provides an overview of patterns of urbanization across developing countries, comparing growth in towns and cities of different sizes and economic significance. It also considers the part played by rural-to-urban migration in urbanization, and the consequent pattern of urban poverty, with a specific focus on the demographic profile of the urban poor and the growth of slums.

Part III then examines the capacity of urban areas to create jobs, showing how growth is concentrated in cities that paradoxically offer mostly informal employment, and trap large shares of their residents in poverty. This section unpacks urban employment to distinguish between formal and informal employment generation, and sectoral activity, and considers the skills requirements of urban economies.

Part IV turns to a discussion of the issues affecting youth employment in urban areas. The lives of urban youth are dominated by the need to find productive work, yet labour markets are often unfavourable towards youth employment. It argues that urban youth are often discriminated against on the basis of particular poverty characteristics (e.g. slum residence) and this is underlain by predetermined circumstances (e.g. gender, race, ethnicity, education of parents) and exacerbated by policy bias (e.g. limited investment in schooling for the urban poor). The result is that lives of many urban youth are typified by diverse portfolios of informal sector livelihoods and urban entrepreneurship.

The role of formal education in gaining employment is evident but not straight forward. Highest youth unemployment often affects the lowest and highest educated youth. The informal sector also has restrictive entry requirements that limit access to youth that are weakly networked or poorly skilled. Certain groups are particularly disadvantaged, such as migrant youth and female youth. Coping strategies often increase the urban vulnerability of youth but at the same time can demand (and cultivate) entrepreneurial skill and resilience.

Part V concludes: It is important that these sets of entrepreneurial skill are not overlooked when considering urban youth work as they are key to survival in urban areas. The paper supports the case for investing in skills development but argues that such a focus not overlook the wider dimensions of disadvantage and labour market discrimination that underpin youth employment problems in urban areas.

The paper is appended by four detailed case studies which detail these dynamics in different regions of the world: Brazil, Egypt, Ghana, and Vietnam.

I. Urbanization and the part played by youth in increasing urban population

1. Patterns of urbanization across developing countries in relation to urban economic growth

Half the world's population currently live in urban areas and virtually all the world's population growth will be concentrated in urban areas over the next 30 years. It is estimated that by 2030 all developing regions will have more people living in urban areas than rural. Table 1 provides a regional timescale.

Table 1: Urbanisation levels and 'tipping points' globally

Region	Tipping point before 2010 (year)	2010 Urban (%)	Tipping point after 2010 (year)	2050 Urban (%)
World		50.6		70
More developed regions	Before 1950	75		86
Less developed regions		45.3	2020	67
Africa		40	2030	61.8
Sub-Saharan Africa		37.3	2032	60.5
Eastern Africa		23.7		47.6
North Africa	2005	52		72
Southern Africa	1993	58.8		77.6
Western Africa		44.6	2020	68
Asia		42.5	2023	66.2
Eastern Asia		48.5	2013	74.1
South-central Asia		32.2	2040	57.2
South-eastern Asia		48.2	2013	73.3
Western Asia	1980	66.3		79.3
Latin America & the Caribbean	1962	79.4		88.7
Central America	1965	71.7		83.3
South America	1960	83.7		91.4

(UNHABITAT, 2010:12)

Latin America and the Caribbean region has the greatest proportion of people living in urban areas, while Sub-Saharan Africa has the lowest. However, Asia and Africa are the two regions expected to undergo the most rapid urban change in the near future, and currently account for over 80 per cent of growth (UNFPA 2007). While sub-Saharan Africa is one of the least urbanised regions in the world, it is currently urbanising faster than any other – particularly Eastern Africa (UNHABITAT, 2010). By 2030, 62 per cent of Africans will live in urban areas. "Urban populations of sub-Saharan Africa have increased by 600 per cent in the last 35 years: a growth rate which has no precedent in human history."(Caraël and Glynn, in Sommers, 2010:319).

The Middle East and North Africa (MENA) region is estimated to have 70% population living in urban areas by 2020. The average annual growth rate of the urban population for 1990-2000 was 3.3 per cent, compared to an average population increase of 2.3 per cent for the same period. In 9 MENA countries 80 per cent of population lived in urban areas in 2000, and all other countries reached more than 50 per cent of the population, with exceptions being Egypt (42%) and Yemen (27%) (Kabbani and Kothari, 2005).

Economic development has an influence on urbanisation rates. There is a strong association between nations' average per capita incomes and their level of urbanization (Table 2). Historically, urbanization occurred as countries developed economically, as economies

transformed from agricultural to industrial and eventually services based production. Most developing countries, certainly in Africa, would be positioned at an early industrialising stage of such a transition (World Bank, 2009).

Table 2: Distribution of the world's largest cities among the world's largest economies (2000)

NATIONS	No of 'million' Cities	No of cities with 5-9.99 million Inhabitants	No of mega-cities (cities with 10 m. plus Inhabitants)
The world's five largest economies			
USA	37	1	2
China	91	3	2
Japan	6	0	2
India	32	3	3
Germany	13	1	0
The next five largest economies (France, UK, Italy, Brazil and Russian Federation)	37	3	2
The next five largest economies (Mexico, Canada, Republic of Korea, Indonesia, Australia)	32	1	2
The next five largest economies (Turkey, Argentina, Netherlands, South Africa, Thailand)	17	2	1
The world's other 187 nations and territories	123	9	2
TOTAL (for the world)	388	23	16

Source: Satterthwaite, 2002

The emergence of huge urban configurations such as mega-regions, city-regions and urban corridors reflect the links between city growth and new patterns of economic activity. Mega-regions, such as the Hong Kong-Shenzen-Guangzhou mega-region, (120 million people), the Nagoya-Osaka-Kyoto-Kobe region, (predicted to have 60 million by 2015), and the São Paulo to Rio de Janeiro mega-region (43 million people), result from the spatial spread of geographically linked metropolitan areas and absorb other urban configurations. These regions effectively concentrate large markets, economic capabilities, including skilled workers, and their economic output is enormous, accounting for 66% of global economic activity and about 85% of technological and scientific innovation, yet home fewer than 18% of the world's population (UNHABITAT, 2010).

Urbanisation is not uniform; there is huge diversity, both within regions and individual countries. The emergence of huge urban configurations can support regional economic development through improving inter-connectivity and interdependence among cities. Urban Corridors, for example, include the industrial corridor developing in India between Mumbai and Delhi, and the greater Ibadan-Lagos-Accra urban corridor - spanning roughly 600 kilometres linking Nigeria, Benin, Togo and Ghana, and provides the engine of West Africa's

regional economy. On the other hand, these fast growth and rapidly urbanising areas also contribute to unbalanced regional development as a result of strengthened urban primacy (UNHABITAT, 2010).

It is important to remember that despite their economic clout, there are relatively few large urban concentrations. Much urbanisation is actually occurring within a large number of urban centres in Africa, Asia and Latin America that lack the economic, administrative or political status normally considered for classification as a 'city' (Satterthwaite, 2002:15). Around two-thirds of the urban population in developing regions are in urban centres with less than 1 million inhabitants (Environment and Urbanisation, 1995, in Grant, 2010), particularly in sub-Saharan Africa. There has been a rise in the number and prosperity of secondary cities across Latin America and the Caribbean in recent years too, showing that smaller cities have capacity to attract new investment away from largest cities.

There is an economic logic to where rapid urbanisation has taken place, and yet, at the same time, most urban growth is driven by natural increase with only about 25% driven by rural-urban migration. Unsurprisingly migration is more significant where countries are urbanising from a predominantly rural context, (East and Southern Asia, sub-Saharan Africa, North Africa and the Middle East). One of the reasons why urban change has been so rapid in recent decades is that it began from such a small base². Conflict-affected countries and regions have particularly strong urban growth rates, and increasing refugee numbers are shifting from camps to cities in Africa (Sommers, 2011:319).

Net in-migration to urban centres across Africa has slowed. In Uganda, violent conflict is driving in-migration to towns in Gulu and Lira, but otherwise it has been small (or negative) component of urban growth (Potts, 2009: 354). The proportion of residents living in Niger's 36 main towns increased just 1 per cent between 1988 and 2001, and in Benin the population share living in towns with more than 10,000 residents increased by less than 1 per cent between 1992 and 2002 (Potts, 2009). This slowing down in in-migration does not necessarily reflect reduced population mobility but the result of a considerable increase in circular migration, resulting from negative urban experiences for large numbers of urban residents for whom there is no economic safety net (Potts, 2009).

Despite the headline figures above, there is evidence that some sub-Saharan African countries are now stagnating or urbanising very slowly (e.g. Benin, Mozambique, Senegal, Zimbabwe, Mauritania, Burkina Faso and Niger). Circular migration is reducing the contribution of in-migration to urban growth in these countries. Evidence from Côte d'Ivoire and Burkina Faso shows very significantly that urban-rural migration streams have become less, not more, age-specific, and many young people are among those leaving the cities (Beauchemin, et al, 2004, in Potts, 2009:257). Potts (2009:254) concludes these trends reflect declining economic opportunities in many urban areas, and indicate crises in urban poverty and livelihood security.

Thus, we need to caution against straightforward interpretations of international comparison statistics on urbanisation. Satterthwaite (2002:12) argues that the world would acquire several hundred million more urban dwellers overnight if India or China were to change their definitions of 'urban centres' to those used by nations such as Peru or Sweden, and this would also result in most poverty in India (and Asia) becoming 'urban'. Similarly, definitions and re-definitions of 'urban settlements' at the at the lower end of the urban hierarchies in Kenya and Tanzania have rendered overall growth rates and levels reported in censuses 'extremely misleading (and exaggerated) in recent decades' (Potts, 2009:254). Regional and

² In Africa, European colonial powers restricted the rights of national populations to live and work in urban centres and the subsequent removal of such controls is an important driver of rapid urbanisation over the last 40 years or so (Satterthwaite, 2002).

international generalisations are not straight forward, a point that requires recognition greater than a footnote.

2. *Extent of urban poverty, and the growth of slums*

Global evidence points to a positive relationship between urbanisation and per capita income, and the incidence of poverty tends to be higher in rural areas. For a sample of 50 countries, UNHABITAT (2010) found the incidence of poverty to be 60% higher in rural areas than urban areas. Positive spill-over effects from urban population growth on rural areas are evident too. Work by Cali and Menon (2008) shows that the growth of urban areas in India has had a systematic and significant poverty-reducing impact on surrounding rural areas³ due to increase in rural non-farm employment, urban-rural remittances, increase in rural land prices and decrease in consumer prices.

Urban growth has been strongly associated with urban poverty and slum growth too. Africa and Asia currently present the highest rate of urbanization in the world whilst remaining its most impoverished regions. By 2030, an estimated 7 out of every 10 urbanites will live in these two continents (UNFPA: 2007). Global evidence of a positive relationship between urbanisation and per capita income is increasingly contested; see recent estimates by Ravallion et al. (2007) who identify a global 'urbanisation of poverty'. Their projections for 2020 estimate current rates of urbanisation may result in urban poverty taking over the larger share of total poverty. UNHABITAT (2010) also predicts that by 2020 that urban poverty will account for more than 40% of total poverty in several African countries.

Urban poverty data is hugely contested and likely to be significantly under-estimated. Over half of the urban population is below the poverty line in many countries, with close to half in many others, and indeed in the same would be found in many others too if their poverty lines made allowances for the real costs of non-food necessities in urban areas (UNFPA, 2007). There are many hidden costs largely ignored by official poverty statistics, such as informal rental payments, building costs and latrine fees. Street children in Dhaka often pay a series of informal taxes to community leaders, local mafia and the police in order to remain safe and economically-active (Conticini:2005), for example.

Large numbers of people live in deteriorating environments, including slums, road sides and other dangerous locations. The slum population of sub-Saharan Africa almost doubled in 15 years, reaching nearly 200 million in 2005 (UNFPA, 2007:16). Although, Millennium Development Goal (MDG) performance on slum upgrading has been impressive, (governments collectively surpassing the MDG target by 2.2 times with a total of 227 million people moved out of slum conditions since 2000), the absolute number of slum dwellers has actually increased from 776.7 million in 2000 to some 827.6 million in 2010. This means that 55 million new slum dwellers have been added to the global urban population since 2000. Regionally, sub-Saharan Africa now has the largest slum population with 199.5 million (or 61.7%) of its urban population living in such areas. It is followed by Southern Asia with 190.7 million (35%), Eastern Asia with 189.6 million (28.2%), Latin America and the Caribbean with 110.7 million (23.5%), South-Eastern Asia with 88.9 million (31%), Western Asia with 35 million (24.6%), North Africa with 11.8 million (13.3%) and Oceania with six million (24.1%) (UNHABITAT, 2010).

It is important to differentiate between those areas and people that benefit from rapid urbanisation and those that do not. However, national poverty data rarely disaggregates urban populations: usually aggregating large agglomerations with small towns, and not distinguishing informal neighbourhoods from non-poor urban neighbourhoods. Urban data is

³ For the 1981-1999 period, they found that an increase in district's urban population by 200,000 people is associated with between 2 and 10% reduction in rural poverty in the same district.

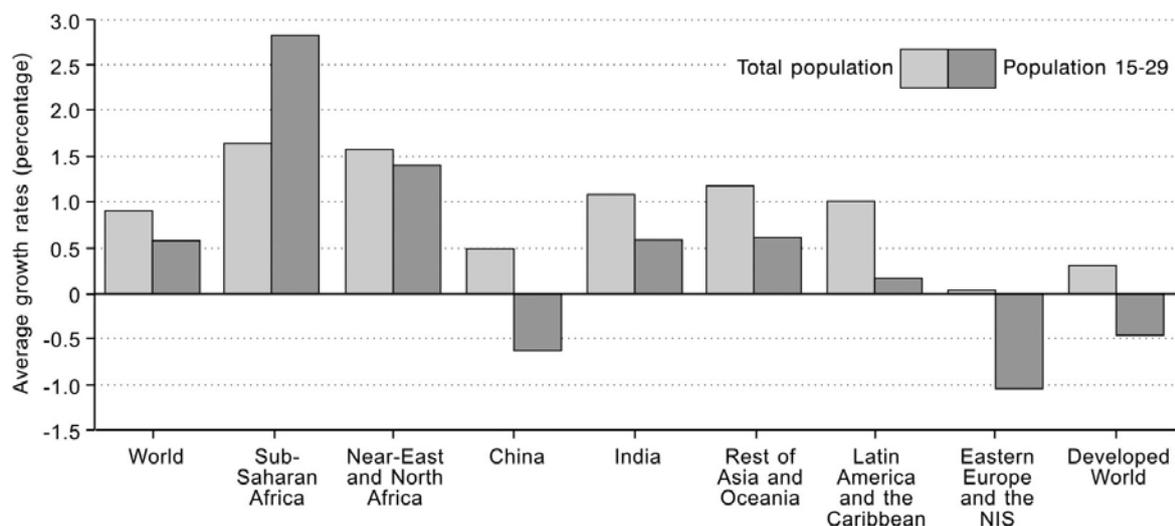
particularly skewed therefore in contexts of high inequality. In reality, slum dwellers score similarly to rural areas on social indicators such as health and education - acquiring an education is increasingly only available to the minority of families with sufficient funds to obtain it in African cities (Sommers, 2010:253). Urban inequality rates are rising, with African cities being the most unequal in the world (a sample of 37 cities revealing a 'very high inequality' average Gini coefficient of 0.58 (UNHABITAT, 2010).

Rural to urban migration offers a pathway out of poverty (see Bird and Deshingkar, 2007, for a summary of evidence). Where a young migrant has prepared and is moving to already identified opportunities it often leads to a successful relocation (see Mabala, 2011:170). However, many people migrate from city to city looking for work and this reality is rarely captured in household surveys. These migrants are often young people.

3. Demographic profile of the urban poor, focusing on youth.

The number of young people (aged 12-24) worldwide stands at 1.3 billion today, and is expected to rise to about 1.5 billion by 2035 (Mabala, 2011:159). This represents one in four people (Bartlett, 2010). Eighty-five per cent of these young people live in low and middle income countries (Miller, 2004, Sommers, 2010), where many are vulnerable to extreme poverty. The absolute number of young people is growing faster in sub-Saharan Africa⁴ than anywhere else (see Figure 1). The region's population has quadrupled since 1950 and expansion of its youth population is not expected to peak for another 20 years. There are 46 countries in the world where at least 70 per cent of the population is under 30 years old, and only seven are *not* in sub-Saharan Africa (Leahy et al., 2007, cited in Sommers, 2010:320).

Fig 1: Change in population in the 15–29-year old age group and in total population by region 2002–2025



(Source: adapted from US Census Bureau (2002), 'Global population profile 2002', International Programmes Centre, international data base and unpublished tables, taken from Bartlett, 2010:2)

UN statistics forecast that by 2030, 60 per cent of the world population will live in cities and as many as 60 per cent of these will be under 18 (Irin Indepth 2007 in Mabala, 2011:166). In Indonesia, the proportion of young people living in urban areas has increased rapidly, more than doubling between 1971 and 2000. Here, young people constitute 10% (15-19 year olds)

⁴ Sommers, (2010) asserts that despite the scale of the issue, there is a serious lack of data on urban youth and adolescents in Africa.

and 8.8% (20-24 year olds) of the overall population in 2000, and 47.1% live in urban areas (O'Higgins, 2002). If young people are the majority in Africa, they are even more of a majority in African urban areas. By 2020, one half of Africa's population will be living in cities and in many of these more than 50 per cent of inhabitants are under the age of 19 (UNOWA, 2005, cited in Mabala, 2011:166). Africa's youth labour force is expected grow by more than 22 million, to almost 135 million by 2015 (Mabala, 2011).

Rural migrants living in urban areas are often young people. Young people tend to make up about half the total African rural to urban migration, with many more migrants being very young indeed (Bartlett, 2010:2). In Burkina Faso, 93 per cent of migrants to cities are young people under the age of 35 in search of employment (Mabala, 2011). There is evidence from Mali, Nigeria, Tanzania and Vietnam that despite considerable challenges of living in the city, including the likelihood of extremely exploitative work, this is still seen as preferable to the lack of options, and rigid and discriminatory power relations they experience in rural areas (Tacoli and Mabala, 2010).

Only 1.4% of Egyptian households surveyed by McCormick and Wahba (2004) migrated between rural and urban areas between 1991 and 1998, however on closer examination this figure did not include those who migrate for work but consider themselves to live in rural areas and this included many Egyptian youth seeking work. The 'work' migration probabilities for youth (15-19 and 20-29 age groups) were 40% higher than for the 30-39 age group and over 80% higher than the 40-59 age group (Kabbani and Kothari, 2005).

Young people are, of course, not a homogenous group. Mabala (2011:159) notes 'there is a world of difference between a young girl of 15 just out of school and a 24 year-old graduate man (who may want to marry her)'. Age, gender and personal background mediate aspirations and opportunities of urban living. 25 per cent of girls in slum areas in Addis Ababa, Ethiopia, had left rural areas because of the threat of forced marriage (Tacoli and Mabala, 2010). In contrast, young Nigerian men's migration to urban centres is seen as a rite of passage, and is often temporary. Those who do not move are often labelled as idle and shying away from hard labour, and may become the object of ridicule. Young Nigerian women tend to move further than young men and for longer, and also remit higher proportion of their urban earnings (Tacoli and Mabala, 2010). In Morocco, 44% of urban male migrants reported having migration from rural to urban areas for employment, while only 2% reported this reason. In contrast, 89% female migrants reported moving for family reasons, while only 27 male migrants reported this reason (Kabbani and Kothari, 2005).

Most urban youth, and particularly youth migrants, live in unplanned settlement areas, often squalid conditions with no social services or amenities. Youth are particularly affected by child trafficking, sexual exploitation, high unemployment and street living. Across Africa, the majority are no longer in school and are unable to get jobs (Mabala, 2011:169). 76 per cent of working age youth are formally unemployed and the majority live in poverty in Nairobi, Kenya (Thieme, 2010:335). Despite this, most youth who migrate to cities never leave.

II. Economic growth and employment creation in urban areas

Urbanisation can provide an engine for economic growth. The combined benefits of market proximity and the economics of agglomeration offer considerable potential for labour market opportunities as well as meeting the services and infrastructure needs of large numbers of people. Urban businesses generate jobs and capital, and trade integrates these into global markets. Rapid urbanization in China's coastal regions, for example, has been the dominant trend underlining China's integration into the global economy over the past 30 years and can be credited with enabling double-digit rates of economic growth. Urban centres can be

exciting places to live and work, where personal freedoms are often greater than in more culturally-traditional rural communities and social mobility is possible.

However, there is no clear relationship between the pace of urbanisation and the pace of economic growth (Cali, 2007). Do *all* urban areas benefit from agglomeration economics? What about small towns, which are driving African urbanisation? Bryceson (2006) contends that urbanisation is occurring in Africa without a strong economic foundation⁵. There are not many economies of scale evident in the smallest towns, (the most common urban classification starts at 3000 people). At the other end of the scale, there are huge costs of agglomeration too. The big Asian cities invest heavily to support the necessary transport networks to maintain their strategic global positions, for example. There are many trade-offs in balancing the benefits of agglomeration economies and the problems of congestion.

This section considers the creation of jobs in urban areas, with a focus on the sectoral composition of this employment generation and a consideration of the education and skills in mediating access.

1. *The capacity of urban areas to create jobs.*

The labour market is a mechanism through which urbanisation can drive poverty reduction. However, we know far too little about the details of this mechanism. Assumptions that urbanisation will deliver economic growth (and job creation) that is poverty reducing can be drawn from the experience of urban transition in developed country contexts, where urbanisation followed industrialisation. The traditional model by which countries tended to shift away from agriculture towards manufacturing and services as they urbanise overplays the linear transformations that occur within developing economies⁶.

In developing country contexts, urban areas are characterised by rapid change not always linked to economic activity, but driven by rapid population growth, internal conflicts, and climate change. Very high levels of economic informality are typical, as are complex political relationships across formal and informal institutions. There is huge variability across and within urban areas, with much urbanisation being driven by smaller centres. World Bank enterprise surveys report that firms in Africa consider lack of access to credit, weak infrastructure and an unskilled workforce the biggest obstacles to expansion and increased demand for labour (see Melamed, et al., 2011).

Few cities actually promote labour intensive growth, despite policy statements to the contrary, except through a small number of specific employment programmes such as public

⁵ Satterthwaite, (2002) questions the validity of suggestions that the African region is urbanising without economic growth, because of the paucity of recent census or other accurate data on the size of urban populations. He also argues that the African nations which have urbanised most are generally those with the best economic performance.

⁶ Transition in Europe from rural agriculture to modern urban industrial economy was not a straightforward linear process either but also involved slums, large informal sectors and huge variability. This is not always acknowledged and history is easily oversimplified by development professionals. That said, there are differences in current developing country experiences. The scale and importance of the urban informal sector in currently developing countries is considerably greater in sheer numbers than during Europe and North American transitions. Further rapid urbanisation is occurring today without the rapid growth in formal sector manufacturing which underpinned industrial revolution in for e.g. Britain. Additionally, the global economic and political circumstances facing developing countries are profoundly different from those experienced by industrializing Europe and North America, with global power relations skewed in favour of the already 'modern' countries. Demand for unskilled and semi-skilled labour is nowhere near as high in many developing country cities today.

works programmes. The manufacturing sector is particularly important for urban employment as well as growth (it has pro-poor outcomes, even in contexts of high inequality). Successful economic growth with poverty reduction in the East Asian Tigers provides convincing evidence for the power of labour intensive manufacturing in generating sufficient employment (Melamed, et al., 2011). Where urban areas are connected to the global economy and are pursuing high-technology industrialisation, (e.g. software industry growth in Bangalore), there is a shift in demand for skilled labour to the detriment of unskilled and lower-skilled workers. However the education and training sector is not always able to keep pace with changing demands of the labour market (see Viet Nam case study, Appendix 4).

Liberalisation was a major policy thrust during the 1990s, creating both new income earning opportunities for some, but less stable working conditions for many others. Economic liberalisation experiments were accompanied by significant surges in urban-based employment in some Asian countries but this has not been so much the case in Africa (Potts 2009:254). Macro-economic reforms have disproportionate effects in urban centres, on urban labour and, in particular, on unskilled workers. In Peru the impact has been huge. Privatisation has, in effect, abolished job stability and reduced dismissal costs, deregulation has increased job insecurity, and unionisation has plummeted (Vedera, 2000, in Herrera and Rouband, 2003).

The restructuring of the formal sector and consequent increased competition in the informal sector has contributed to declines in some household incomes (Grant 2008). Structural adjustment in Africa brought formal employment stagnation or decline, alongside massive surges in informal sector work. The difficulties in Africa's cities are compounded by the high degree of competition that is fuelled by on-going urban population growth: 'setting up shop on a busy street corner to sell cold water or sunglasses may be hotly contested, and what looks like a concrete slab to one person may be a bed to another' (Sommers, 2010:320).

Urban areas in developing contexts have very low wage rates and urbanisation further decreases these, through increased competition for jobs - notably low-skilled work. Large numbers of urban dwellers work in low-paid, insecure, unhealthy and unsafe jobs, and are unable to access new opportunities or improve their lives.

2. *The sectoral composition of urban work*

The sectoral composition of economic growth influences the distribution of benefits and costs across urban populations. Urban areas are characterised by high competition for jobs and the 'non-poor' tend to be clustered in formal employment. Those who obtain and retain formal sector jobs broadly experience improved income levels, but these jobs are rare in most developing cities. The urban poor benefit least from economic growth, but are in turn least affected by economic down turns (see Grant, 2005), implying an unsurprising isolation from the formal economy. The over-arching reality is that most poor people in urban areas have to work until they die in insecure livelihoods that pay poorly, are low-skilled and that limit their chances to escape from poverty. Urban employment can directly increase vulnerability. Maids, for example, often live in the homes of their employers and are vulnerable to abuse (Perlman, 2003:12). Children and youth often work in hazardous jobs, such as scavenging on garbage sites or performing tricks at traffic lights, or exploited as beggars or commercial sex workers. The most vulnerable are older siblings and girls (in Grant, 2008).

Countries may have to choose between increasing employment in the unskilled sector to lift large numbers of people out of poverty, or upgrading skills and developing niche markets. Integration into global markets can create new opportunities but may reduce labour stability as a result of increased competition. Global buyers demand high quality at low prices with fast delivery (Jenkins, 2003). While growth in sectors that require a highly skilled labour force

(e.g. software industry growth in Bangalore) can generate indirect employment elsewhere (with skilled workers needing shops and other services), this growth may displace the informal sector.

Globally, about 85% of all new employment opportunities occur in the informal⁷ sector (UNHABITAT, 2010). In Africa, two in three urban residents obtain their livelihoods from the informal economic sector, which is thought to be growing at an annual rate of 7%. In the near future, it is estimated that more than 90% of African jobs will be informal (Sommers, 2010:322).

Indeed, the contribution of the informal economy in urban areas to nations' gross national income is likely to be greatly underestimated. The International Labour Organisation (ILO) identifies 3 categories of informal sector activities – the micro and small enterprise sub-sector; the household based sub-sector (unpaid work by household members); and the independent service sub-sector (domestic helpers, street vendors, cleaners) largely made up of women (Courier, 2000 in Rakodi, et al., 2004). However, evidence from urban Peru and Madagascar indicates that the more household members that are involved in the informal sector, the poorer they are (Herrera and Rouband, 2003) indicating the poor returns from their work. Assumptions are often made that the informal sector demands no or very low skill levels, however this is not always the case, particularly where entry to the informal sector is competitive (see Egypt and Vietnam case studies in Appendix).

Wage employment (whether formal or informal) is constrained in most developing cities. In urban Ghana, for example, only one-fifth of households were engaged in waged employment in the 1990s. The urban informal sector created few waged jobs, and the lack of private sector investment at the time contracted formal wage employment (McKay and Aryeetey, 2004). Evidence from Ethiopia suggests that 27.5% of the heads of chronically poor urban households work as casual labourers or in female business activities, compared to only 7.7% of those who are never poor, who are far more likely to be wage workers (Kedir and McKay, 2003). In India, most chronically poor people are wage earners, but their jobs are insecure and low paid, and offer very little possibility to accumulate wealth or avoid risk (Mehta et al., 2011 in Melamed et al., 2011).

The micro enterprise sector (including informal enterprises) make a significant contribution to the urban economy but most businesses offer little prospect of earning income levels that would lift workers out of poverty and large numbers are earning at or below the poverty line. The proliferation of own account workers in Kingston, Jamaica, provide an illusion of economic wellbeing (market stalls, street vending, grocery shops and taxi driving), but these informal enterprises have little prospect of growth and offer low or no profits (KRC2000, cited in Rakodi et al., 2004). Inadequate demand (lack of customers) constrains the economic viability of the enterprise sector, but research in urban Jamaica suggests that this is just as likely to have reflected the absence of marketing skills among entrepreneurs (including the ability to recognise unfavourable market signals and change markets and products accordingly) as a stagnant or declining market (see Rakodi, et al., 2004).

⁷ It is important not to exaggerate the distinction between informal and formal employment. The definition of informality is often hard to pin down (unregistered, untaxed, illegal) and this, in part, reflects the large number of formal-informal linkages. These linkages perhaps increase in urban areas that are more strongly linked in to global value chains, as formal sector firms sub-contract work to unregulated firms. Some observers connect this to an increased 'informalisation' of work in the formal sector, as working conditions are eroded under pressure from global and national competition (see Dreschsler et al., 2008, in Melamed et al., 2011).

In many MENA countries, the informal sector provides employment while the formal private sector is constrained by over-regulation. High transaction costs, difficulties in securing finance, and weaknesses in enforcing contracts restrict business growth and development. The low-waged sector is picking up the slack, and attracting an increasing share of new labour market entrants (Kabbani and Kothari, 2005:31) (see Egypt case study, appendix 2).

The development of sectors that can support a large casual labour market can have considerable wage impacts for unskilled urban labour as the daily wage rate for casual labour can underpin an entire local labour market. Increased casual employment does not necessarily translate into increased wellbeing for the poor, particularly physically exhausting manual labour which is hard to sustain over time (e.g. rickshaw pulling in urban Bangladesh, or port work in Vishakapatnam –see Grant, 2008). Integration into global markets can create new income earning opportunities but may also result in less labour stability due to increased competition pressures. Casual labourers rarely have sickness benefits or employment contracts and are more likely to be laid off in times of low labour demand. Flexible employment can enable more women to join the labour force. Women in the export sector in Bangladesh tend to be younger, single and new migrants to cities, but they are also from poor rural households with no alternative employment, making them vulnerable to lower wages (Grant, 2008).

The informal sector can be highly profitable but is more often constrained by lack of capital, lack of access to credit, insufficient demand and non-payment by customers, high supplier costs and tough competition, as well as unreliable staff and low skills levels. In Africa, formal employment is a small minority of all employment and the informal sector may be approaching saturation in some urban centres, reflecting the relative ease of entry for those with few alternatives. The following section examines this context with respect to youth employment.

III. Youth coping with formal job scarcity, and the part played by skills in their trajectories

1. Formal job scarcity and youth employment

The International Labour Office estimates that 88.2 million young people aged 15-24 are unemployed in the world today, accounting for nearly half (47 per cent) of the 185.9 million unemployed persons globally (cited in Miller, 2004). Formal unemployment figures are often worst in urban areas, particularly for urban youth. There are few jobs and many youth lack the qualifications that formal sector work often requires. Urban youth are concentrated in the informal sector, tending to work longer hours in insecure work, characterized by low productivity and very low pay. Young urban women and migrants are most likely to be underemployed or out of the labour force (Mabala, 2011:160).

Formal sector growth rates (around 2–3 per cent) cannot begin to keep up with urban population growth (often around 4–5 per cent), and generally only a small percentage of the working population has formal sector jobs (Bartlett, 2010). In Latin America about 18% of 15-19 year olds, and 27% of 20-24 year old are not working or studying in 2002. In Rio's *favelas* almost 25% of young people (age 18-24) do not work or study, and 70% are women (UNHABITAT, 2010b:23). Almost one-quarter of young people in Argentina aged between 15 and 29 neither work nor study, and they represent 60 per cent of the total unemployed (Bartlett, 2010:3). 70% of the unemployed in Kingston, Jamaica, are less than 30 years old (Henry-Lee, 2002).

In sub-Saharan Africa, the rate of unemployment among youth is estimated to be three times higher than among older adults (Mabala, 2011:169). In Nairobi, for example, one study found

76 per cent of working age youth was formally unemployed (see Thieme, 2010:335). A Sierra Leone study found that while only nine per cent of the working population had formal sector jobs, opportunities were significantly lower for youth (see Sommers, 2010:322)

Young people in Asia's larger urban areas still lack decent work opportunities, despite dynamic economies and regional progress in employment creation. Youth are almost three times as likely as adults to be unemployed in South Asia and East Asia. In South-East Asia and the Pacific, they are five times as likely to be unemployed as older workers (Table 3). Indonesia's youth unemployment rate is around 19.9%, for example (O'Higgins, 2002). High rates of joblessness among Asia's educated youth relates in part to a misalignment between education and training content and labour market requirements (see Viet Nam Case Study, Appendix 4). The inability of Asian labour markets to absorb youth workers has consequences for youth poverty and social exclusion (UNHABITAT, 2010:24). In Sri Lanka, for example, youth unemployment has remained persistently high alongside youth discontent and disillusionment (O'Higgins, 2002:149).

Table 3: Youth and adult unemployment rates in Asia and the Pacific

	Teenager (15-19) Unemployment Rate	Young Adult (20-24) Unemployment Rate	Adult Unemployment Rate ⁸
Australia (1999)		15.0	6.2
Hong Kong (2000)	25.5	-	5.0
Indonesia (2000)		19.9	6.1
Japan		9.2	4.0
Papua New Guinea (1990)	17.5	11.2	n.a.
Solomon Islands (1999)	56.9	40.0	n.a
Sri Lanka (1997)	33.3	29.1	10.5
Thailand (1998)		7.4	2.4
Viet Nam (1999)		4.5	2.1 (25-34)

Source: Hong Kong, Indonesia, PNG, Solomon Islands & Sri Lanka - Country Case studies; Australia & Japan - ADB (2001); Thailand - ILO (2002) in O'Higgins, 2002:17.

Unemployment rates in MENA are some of the highest in the world, particularly for youth. Over 25% economically-active MENA youth (15-24 years) were unemployed in 2001 (Kabbani and Kothari, 2005). Unemployment rates vary considerably across MENA countries, from 1% in Qatar (2004) and 32% in West Bank Gaza (2002) (see Table 4). The share of youth among total unemployed populations is over 50% in most MENA countries (70% in Qatar and 78% in Syria). In Qatar youth make up less than 10% total workforce but over 70% of the unemployed. However, unlike other regions high unemployment rates here do not translate into high levels of poverty – MENA has the lowest regional poverty rate in the developing world (World Bank, 2003, in Kabbani and Kothari, 2005). In Tunisia, for example, unemployment is higher for youth with higher education (40%) than those with primary education (25%) (World Bank, 2007:99). There is also a gender dimension, with MENA countries reporting the highest female youth unemployment rates in the world, both in absolute terms and relative to unemployment rates for male youth (Kabbani and Kothari, 2005).

⁸ Note: For adult unemployment rates, the use of italics implies the use of the aggregate unemployment rate (including young people) rather than the adult unemployment rate per se.

Table 4: Ranking MENA Countries by Unemployment Rates (most recent year)

Working-age (15-64) Unemployment Rate		Adult (25-64) Unemployment Rate		Youth (15-24) Unemployment Rate		Youth / Adult Unemployment Rate	
Qatar (2004)	1%	Qatar	0.5%	UAE	6%	WB Gaza	1.5
UAE (1995)	2%	Kuwait	1%	Qatar	11%	Morocco	1.7
Kuwait (1995)	2%	UAE	1%	Kuwait	13%	Yemen	2.2
S. Arabia (2002)	5%	S. Arabia	2%	Morocco	17%	Algeria	2.9
Bahrain* (2001)	6%	Bahrain*	3%	Yemen	19%	Jordan	3.6
Lebanon* (1997)	8%	Lebanon*	n/a	Iran	19%	Iran	3.9
Iran (1996)	9%	Syria	4%	Bahrain	20%	Lebanon	n/a
Egypt (2001)	9%	Egypt	5%	Lebanon	22%	UAE	5.7
Yemen (1999)	12%	Iran	5%	Syria	26%	Egypt	5.9
Morocco* (2003)	12%	Jordan	8%	Egypt	28%	Syria	6.5
Syria (2002)	12%	Yemen	9%	S. Arabia	28%	Bahrain	6.8
Jordan (2004)	15%	Morocco*	10%	Jordan	30%	S. Arabia	12
Algeria* (2001)	27%	Algeria	18%	WB Gaza	43%	Kuwait	16
WB Gaza (2002)	32%	WB Gaza	28%	Algeria	53%	Qatar	22

Sources: LABORSTA (2004), Jordan DOS (2004), Planning Council of Qatar (2005) in Kabbana and Kothari, 20005:5

* Estimate includes age 65+.

Unemployment rates do not tell the whole story. Large numbers of young people aren't even looking for work as this seems so far out of their reach (Bartlett, 2010:3). It is difficult to establish accurate unemployment rates in Africa. Sommers, (2010:317) highlights a phenomenal range in data: for example, in two of the world's poorest countries with significant urban growth rates, there is a staggering difference between the reported 88 per cent youth unemployment in Liberia and one per cent in Burundi. The validity of these data is questionable.

Sommers (2010) argues that the employment-unemployment dichotomy fails to include the 'far more significant marker of economic activity for youth and most other urban dwellers', namely *underemployment*. This occurs when relatively skilled workers are employed in non-skilled or low-skilled work, or as workers are forced to take on part-time or temporary work because full-time employment is not available. These kinds of urban economic activity are pervasive, but difficult to quantify, partly because it is often irregular and informal, or technically illegal and therefore often 'hidden'. Residents of Dar es Salaam call it *mambo ya kujificha* (the affairs of hiding oneself) (in Sommers, 2010:322).

What is clear is that cities are underserved and fiercely competitive economic environments. The lives of many urban youth are dominated either by work or the need to find work. There are an estimated 59 million additional African young people between 15 and 17 years of age who are engaged in hazardous forms of work (cited in Miller, 2004). The following section illustrates the forms of work that youth populations employ to cope in urban contexts characterised by high levels of formal unemployment and underemployment.

2. Coping strategies of urban youth

Entrepreneurship is a survival mechanism and “portfolios” of diverse livelihoods (or ‘hustling’ and ‘juggling’) have emerged in many low-income urban settings in recent years, to include youth-led enterprise as well as casual work and also illegal (and criminal) activities.

Many youth claim preference for self-employment and entrepreneurship over looking for wage labour, in which they are likely to work under poor terms and for very low remuneration. This sentiment remains true even for even stigmatised work, such as waste management:

“Business (as in self-employment) is freedom. You are not someone else’s donkey, enriching someone else’s enterprise. You work for yourself and treat your own workers (the guys you grew up with) as partners” (Interview with male youth, Mathare Environmental Youth Group, Mlango Kubwa, Nairobi, in Thieme, 2010:349).

Successful enterprise can validate the economic activities of youth. In Nairobi, for example, waste management was laden with social stigma, considered a last resort source of employment associated with hopelessness and filth. Today, successful youth-led ‘corporate-community partnership’ has re-categorised it as a profitable business activity and an important community service, with urban youth providing services⁹ where government has failed (Thieme, 2010). One young entrepreneur earned up to 11,000 KES (US\$ 142) a month from garbage collection and plastics recycling. Another explained: “*One kilogramme of plastics sells for 10 Shillings. If you shred the plastics the value rises to 18 Shillings (US\$ 0.23). So you see, waste is gold*” (Interviews in Mlango Kubwa, in Thieme, 2010:348).

A portfolio of work means young people are working across the spectrum of work as or when the opportunities arise. Box 1 highlights some of the combinations of employment (‘juggling’) that make up urban livelihoods of youth in Jamaica.

Box 1: ‘Juggling’ in peri-urban Kingston, Jamaica

‘Omar’ (20) reported barbering in the evenings and Sundays, and ‘slaving’ (very low paid work) in a screen printing shop during the week.

‘Curtis’ (28) reported that he had used a gun at age 20 but had then sold it and started to slave in a small construction firm, to which he was introduced by his babymother. As his earnings from this work were insufficient to support his babymother and their three children, he had also started to work with a gang unloading cargo ships at the weekend.

‘Gundy’ (27) stopped using a gun in 1989 when his best friend was killed. He had a farm in the hills, enabling him to sell some vegetables. He was also raising pigs, with the aim of making an advance on a Toyota deportee (imported car). He sold ganja and hustled with his old Austin carrying people to market on Friday and Saturday evenings. However, he had to bribe the police at times, as his car was not insured.

‘Mark’ (14). After his father was shot, when he was 12, he had to drop out of school because his mother’s wage from free zone employment was sufficient only to send his two sisters (age 10 and 13) to school. A teacher bought him a glass wiper, and he wiped windscreens at stop signs and carried bags at the supermarket on Saturdays, giving almost all his small earnings to his mother and also attending all-age school four days a week.

⁹ including the cleaning and maintaining shared toilets, and sometimes also garbage collection and plastics recycling services

'Dawn' (24) bought soap powder in bulk and sold it in small packages and also worked as a house help on Saturdays.

'Beverly' (21) lived with her mother, who was working. The babyfather of her 2 year old daughter was fired from his construction job for stealing cement, so he gave her some capital to start a stall outside their gate, although she was unsure whether it made a profit. In addition, she babysat two girls. When in need of clothes, she reported that she occasionally had sex with men she met at clubs.

(Source: Gayle, 1996 in Rakodi et al., 2004: 79-80)

The lives of many urban youth are dominated either by work or the need to find work. The subject of moneymaking is characteristic talk among youth. The kinds of topics dominating youth discussion in African cities include how a person or enterprise is getting ahead, where prices for commodities are high or low, when new shipments of materials are arriving at the docks, where and why police are sweeping through particular neighbourhoods or markets' (Sommers, 2010:323). In reality, opportunities and enterprises may only provide small amounts of money, or bartered items. However, they enable youth to assert themselves within otherwise fast changing and competitive environments.

For youth migrants to urban areas work can be particularly insecure. Despite this, Bartlett (2010) identifies young migrants as the "active agents" in the transformation to a predominantly urban world. They leave rural areas looking for work and education, and the city remains alluring as places of 'great wealth' confirmed by returnees to rural areas with money and gifts for relatives. The urban reality though is that work is irregular and can be hard to reach for those without productive networks and family sources of labour. Additionally, migrant youths are particularly likely to have left school early which greatly disadvantages them in urban labour markets.

In China, rural migrants are less educated than urban residents, and tend to fill the least skilled jobs available in cities and face real disadvantages relative to urban workers. Migrant workers have little recourse to employment rights, including payment, health insurance or pensions. Additionally, Chinese authorities actively strive to restrict mobility by limiting legal residency rights to social services to those without residency permits. These restrictions are beginning to loosen but migrants without permits still have to pay considerably more for education, health and other public services (World Bank, 2007:111).

In Viet Nam, internal migration has been happening on a massive scale with the highest rates amongst 20-24 year olds. In Ho Chi Minh City the 2004 population census identified 420,000 more people living in the city than authorities had expected. Migrants make up 30 per cent of the city, outnumbering permanent residents in 7 of 24 districts and putting pressure on jobs and services which creates tensions with local residents. Like China, migrants require registration to access public schools, health insurance, housing, and micro-credit, but this is difficult to acquire. 40% of children of migrants (aged 11-14) are out of school, compared to 15% of permanent residents. 80% of short-term or seasonal migrants (aged 15-18) have dropped out of school, compared to 34% of permanent residents (World Bank, 2007:94-5).

Urban work is highly competitive and migrant youth are most likely to be found in a range of vulnerable, informal, irregular and often illegal occupations. In Ho Chi Minh City migrants tend to work in small firms and the informal sector, with little protection from collective bargaining, of access to fair wages or other benefits (World Bank, 2007). Female migrant youth are often limited to domestic work, waitressing and the sex industry, or to export-oriented factories. In Harare, Zimbabwe, very low incomes in the informal sector were not

able to cover the costs of maintaining an urban life in the same way as established urban households could. They were exposed to market rents for example, rather than being owners and/or landlords, they were less likely to be farming in town, and had less kinship assistance. Surveys with migrants here highlighted their uncertainty about and reduced expectations from staying in town as the urban economy declined in recent years (Potts, 2007:17).

However, migration remains a viable livelihood option for rural youth in many contexts, especially young females, in the absence of opportunities in the rural areas (Tacoli and Mabala, 2010). In China, rural migrants are paid half of what similarly skilled urban residents are paid, but this is still well above that of workers in rural areas and that is enough incentive to stay. Remittances to rural households represented 13 per cent of Chinese rural income in 2003 (World Bank, 2007:110). Almost universally, women remit a higher proportion of their urban earnings than men, and this increases their vulnerability (perhaps living in cheap, insecure accommodation, forgoing health checks and medical treatment) (Tacoli and Mabala, 2010:394).

There is a grey area between doing what is necessary to survive in urban areas and what might be seen as morally correct. Youth working within the informal sector face an environment where things are changing very fast, and where they face becoming criminalised. Selling drugs to the police could be deemed a 'good job' for example as it provides both regular income and a level of protection from arrest and police harassment (Sommers, 2010:326).

'Hustling' in Kingston, Jamaica, includes "tricks", illegal taxi service, little errands for certain bad youths, little pickings, ganja selling, dance hall hustling, and such things – that is 'dem little activities weh help you mek a money dat no 100% clean but no 100% bad either'" (Gayle, 1996:3, in Rakodi, et al., 2004). Unlike 'juggling'¹⁰ the term 'hustling' (Box 2) has criminal connotations in a Jamaican context, but these activities are distinguishable from major crime activities, they should not seriously hurt the person from whom the money is gained and are not socially unacceptable.

Box 2: Hustling in peri-urban Kingston

'**Brandy**' (24, father of three) lived with the mother of his third child. As well as supporting this household, he helped his mother to keep his teenage sister in school and occasionally helped his two teenage brothers. His father had been killed in the USA when he was 13 and he then began to work to help his mother. He reported that he used to do 'manual hustling' in the market and now does 'brain hustling'. He relied on four scams, his earnings dependent on the number of scams done in one week:

**Disability scam*, in which he pretended to be disabled person in a wheelchair and begged.

**Dye over jeans trick*, in which he dyed old jeans, sewed a brand name on them and sold them in markets.

**Wash over chain scam*, in which an aluminium chain is washed in gold water.

**Water commission man*, where residents are tricked into handing over money for water consumed.

'**Dan**' (single man of 21) left school at 19 with three CXC's, and could only get low wage labouring jobs. He started going to night school to improve his qualifications, 'goosing' to earn sufficient to support himself. Goosing is helping people who seem to be from the

¹⁰ 'Juggling' activities are generally legal, more stable, involve more physical effort, and are also less risky than 'hustling'. In reality, these are of course not mutually exclusive categories (Rakodi, et al, 2004).

country in the shoes arcade, helping them to find shoes in return for a tip and marking up the price in collusion with the vendor, by more for more expensive shoes. He had connections with six vendors, each selling different types of shoes, and goosed 10-20 persons a day.

'Naba' (23) did not complete school, never learnt a trade and considered wage employment too badly paid. From his earnings as a pickpocket, mainly on buses, he paid for his rent, food, clothes and personal expenditure. Otherwise all his not inconsiderable earnings went to his dependent family – two baby mothers, four children, his mother and his younger brother and sister. He also sold ganja and collected bottles at dances and parties at the weekends, with two small boys who collected the bottles in return for some of the earnings while he hustled.

'Debbie' (27) hustled to supplement the earnings of her partner, a fisher man whose earnings vary with the weather. The only job she would have been able to get would have been poorly paid domestic work, so she begged for money and clothes in residential areas with her 12 year old cousin. She washed, mended and sold the clothes, especially over Christmas.

'Tamara' (18) cared for herself and her disabled father, with occasional remittances from her mother who was in the US. During the week she attended school, while at weekends she gets men in clubs to pay for drinks or dances with her. She reported that she was not too greedy lest a man insisted on sex and that she and her friends watched out for each other during these risky strategies.

'Munchy' (26) worked as a go-go dancer six nights a week to supplement her partner's low earnings as a gardener. The work is tiring and she has to resist demands for sex, but she was able to earn a reasonable weekly income from tips.

(Source: Gayle, 1996 in Rakodi et al, 2004: pp79-80 and pp81-82)

Young women often earn less and have more limited – and often more dangerous - economic opportunities. Young women are more likely to end up in hidden occupations such as domestic labour (Bartlett, 2010:2). In Vietnam, young women tend to migrate to work in export-oriented factories in peri-urban areas, or as domestic workers in urban centres. They tend not to have such diverse employment opportunities as male migrants (Tacoli and Bamala, 2010: 391). A study of youth (average age 21) working in outdoor market areas in Luanda, Angola, found that young women had significantly fewer options than male youth and earned less (Sommers, 2010:323). For young women without work in Kingston, the preferred means of survival is dependence on a man, followed by buying and selling, domestic work, begging, stealing, and, generally as a last resort, prostitution (Gayle 1996 in Rakodi, et al., 2004:81).

Young urban women are more likely to have to rely on sexual exchange and prostitution as a means of survival, reflected in their considerably higher rates of HIV (Bartlett, 2010:2). This may not necessarily be regular work but an option of last resort when other options have failed, and rather than prostitution this may involve more complex 'transactional sex' (Bartlett, 2010:4). In Dar es Salaam, Tanzania, for example, having multiple partners is viewed as a form of safety net for girls: *'a girl should have many branches. If one branch breaks, you move to the next branch'* (quoted in Mabala, 2011:163). When this strategy works it offers a certain degree of security, but when it fails the women are condemned for irresponsible risk taking (ibid). In the Gambia multiple pre-marital dating risks public shaming if not kept discrete, but is increasingly accepted as an investment and source of economic opportunity – with the offering of gifts as a 'sweetener' (Bartlett, 2010:4).

Poverty can have a complex effect on how relationships are negotiated for young men too. In the Gambia, relationships between young urban men and older female tourists offer them financial support, as well as companionship and affection, and there is also the possibility of overseas migration (Bartlett, 2010:4). There is a complex interrelationship between material and emotional motives behind such activities.

Other, less tangible strategies urban youth employ to cope with economic stresses and marginalisation include developing a strong sense of 'belonging', realised through joining gangs, or friendship groups, religious institutions, sports, and so on. Nicknaming or music too can help build a strong urban youth identity and sense of legitimacy in the city (Sommers, 2010; and Bartlett, 2010). However, a study of adolescents in Kibera slum, Nairobi, found that among 10-19 year olds boys were twice as likely as girls to have a public place for meeting friends of the same sex (Sommers, 2010) so again there is a gender dimension to youth survival in the city.

Belonging to a community can provide structure, solace and support, as well resources, activities, and even work. A youth network in Nairobi, Mwamko wa Vijana, for example evolved after a single person (working for the Kenyan Homeless People's Federation) recognised a vacuum for youth in a context of high mortality and economic marginalisation. Simply, football tournaments and similar activities were organised. Young people - , formerly self-acknowledged delinquents – took active charge and extended the range activities to include employment, such as waste collection and washing lorries but also mentoring community children (Bartlett, 2010:4).

3. *Low skills levels and other barriers to employment faced by urban youth*

City surveys and focus group discussions with youth (aged 15-32) in rapidly urbanising cities, (Kingston, Lagos, Mumbai, Nairobi and Rio de Janeiro), found 35% felt excluded from economic activities and more than 60 per cent ranked "uneducated people" as deprived of opportunities (UNHABITAT 2010b). In such cities, where more than 20% live in slums and there are growing numbers of jobless youths, education is a key determinant of equal opportunity.

The majority of respondents that had attained higher education felt economic opportunities were not equitably distributed in these cities and such perceptions are likely to be stronger among more educationally disadvantaged respondents. Indeed, the proportion of young people who consider themselves denied 'equal opportunities' was significantly higher among those who only received primary education (60 per cent, compared to 42 per cent among those with university education). Evidence shows that higher enrolment ratios in 1990 led to lower income inequality in 2005, so that failure to invest in education increases future risk of inequality (UNHABITAT, 2010b:14). The association between level of education and urban opportunity and inclusiveness is statistically significant at the 10 per cent level (ibid, 2010:18).

Availability of schools in urban areas does not automatically result in higher enrolment or completion among poorer households however. Asset deprivation can inhibit poor households' ability to meet the costs of school fees, where they exist, and textbooks, uniforms and transport even where schooling itself is 'free'. In Kenya free primary education has been mandated since 2003, and in Nairobi's Kibera slum there are as many as 14 public primary schools but these only meet 20% of the demand. In Nigeria, children living in slum areas are 35% less likely to attend school than non-slum children. In Bangladesh, Nepal and Pakistan, less than 40 per cent of children in the poorest quintile complete primary school, compared to 70 to 80 per cent in the richest quintile. In Bolivia the figures are 10% and 55 % respectively, while in Sierra Leone they are 30% and 70% (UNHABITAT, 2010b:32).

The quality of education received also has a significant impact upon inequality outcomes, and this is determined by factors such as class, gender, race or social status (e.g. slum location, income, father's earnings). Children from slums and poor backgrounds tend to do badly in test scores, are more likely to drop out, and less likely to enrol in secondary education or colleges.

MENA country governments have impressive commitment to schooling, resulting in higher increases in average years of schooling than any other region in the world. Average years of schooling increased by more than 400% between 1960 and 2000 for those above 15 years. Nearly half of all MENA countries have achieved near universal primary school enrolment rates but these increases coincide with declines in quality – failure to maintain teaching standards, infrastructure and curricula - and literacy rates lag behind Latin America and East Asia, and major gender differences persist among the less educated sectors of MENA populations (Kabbani and Kothari, 2005).

Stratified educational systems offer a poorer quality education to low income households in disadvantaged areas with consequences for future equality of economic opportunity and returns from employment. To an extent then, access to education both contributes to and is mediated by the social divide in cities (UNHABITAT, 2010b). This is illustrated by youth in Mumbai, India:

“The schools we go to, the skills we acquire, are all determined by where we live. And where we live is determined by our economic status. So, if I can only afford to live in a slum or a *chawl* [cheap looking house], I go to a school that caters only to children from that locality.” “We can never ‘belong’, no matter what our caste or educational background”. One’s address says it all. “Even if I have money, it is not easy to break into elite circles if I happen to live in, say, a *basti* [shared habitation] or a *chawl*.” (Mumbai youth focus group discussions for UNHABITAT Urban Youth Survey, 2009, in UNHABITAT, 2010b:32).

In India progress towards the MDGs has helped focus resources to increase primary school enrolment. Although more than half of young females 15-19 years have no primary education, improvements are being seen among younger generations.

Such progress is not uniform though, and there is evidence that primary school enrolment is decreasing in many African slums, in contrast to overall enrolment rates (UNHABITAT 2010b:32). Most African youth lack secondary education. Roughly a third of all African boys and a quarter of girls enrol in secondary education, and the figure for completing secondary education is likely to be lower. Among urban youth specifically the numbers are even smaller with many not having completed even primary education (Mabala, 2011:173).

Further, where primary school education has become more widespread so secondary and higher education draw a higher premium. This can strain the capacity for secondary school places. In Indonesia, for example, 80% of children of even the poorest quintile complete primary school, but enrolment drops dramatically after that (World Bank, 2007). Global labour market changes, such as the spread of new technology, require that young people have more than basic skills to compete successfully. In Latin America and the Caribbean, labour market returns to primary and secondary education have declined sharply while returns to tertiary education have increased. In Vietnam too, returns to skilled workers have increased (tertiary and secondary educated) relative to primary educated workers (World Bank, 2007:31). (See also the Egypt case study, in Appendix 2).

There is a gender dimension. A negative relationship is evident between female secondary enrolment in 1990 and income inequality in 2005 (UNHABITAT, 2010b). Girls (aged 10-19) in the Kibera slum area of Nairobi were found significantly less likely to be attending school

(43%) than boys (29%). This study found 25% boys were working for pay compared to 14% of girls, while 16% of the girls were married and 16% were mothers (Sommers, 2010:327). Gender disparities in educational attainment and drop-out rates are evident, impacted upon by socio-cultural pressures and adolescent pregnancy (see Table 5). There is a strong relationship between female primary education and mothers' education in urban areas however (Sommers, 2010:20).

Table 5: Female drop-out rate due to pregnancy or early marriage among 15-24 year olds – slums and non-slums (%)

Country	Non-slum	Slum
Philippines	13	21
Kyrgyzstan	20	32
Kazakhstan	18	20
Indonesia	33	24
Peru	17	22
Dominican Republic	29	35
Colombia	16	20
Bolivia	28	24
Zambia	23	19
Uganda	14	14
South Africa	21	39
Nigeria	16	27
Mozambique	14	39
Mali	30	25
Egypt	21	16
Chad	40	33
CAR	18	19
Cameroon	17	15

Source: UNHABITAT, 2010b:23

Migrant youths are also disadvantaged, being particularly likely to have left school early. In urban Ethiopia migrant girls were more disadvantaged in schooling status when compared to native girls (see Mabala, 2011:169). In Arusha and Dar es Salaam, Tanzania, a few employers were willing to invest in their migrant female domestic workers' education, however this usually only happened among family members and despite the investment the female domestic workers remained very poorly paid, (or deprived of any salary), and extremely isolated. Education provided them with little opportunity to improve their situations (Mabala, 2011:169).

Opportunity is linked to education, but clearly educational achievement and subsequent urban economic opportunity cannot be isolated from wider social and economic pressures and institutions. For example, youth make personal decisions that take them down very different paths, but those who live in low income areas tend to have no choice but attend poorly taught and/or badly equipped schools which reflect public investment decisions but can subsequently disadvantage them in future employment markets. Within the household, parents' education, and particularly mothers', is a significant factor in youth educational and outcome opportunities. Research in Chile and Colombia showed that fathers' income also has a powerful influence on their children's later earning levels (UNHABITAT, 2010b:19).

Research with youth in downtown Kingston, Jamaica, illustrates that education plays a role (including subjects covered) in supporting their decision making processes, and particularly in building self-confidence. However, frustration and feelings of hopelessness resulting from no work or poorly paid work were also identified as factors which led youth to join gangs or 'corner crews' (see Table 6). Stable support networks from family and community

organisations can provide counter pressure to resist the strong peer pressure on youth to prove themselves/develop a reputation, and the desire to make 'easy' money (Rakodi, et al., 2004).

Table 6: The story of a corner crew: Vicious circle of crime and violence

	<i>Accused of a crime</i>	<i>Age</i>	<i>Completed secondary school</i>	<i>No of children</i>
<i>Shower</i>	Yes	28	Yes	3
<i>Titus</i>	Yes	22		1
<i>Prince</i>	Yes	18	Yes	
<i>King</i>	Yes	23		1
<i>Twoco</i>	Yes	26		1
<i>Lion</i>	Yes	24	Yes	1
<i>Diesel</i>	Yes	20		2

Source: Rakodi, et al., 2004

These wider factors include predetermined circumstances such as gender, race, ethnicity, education level of parents, disability and region of birth, which are beyond individual control but affect successive life stages. For example, girls in Latin America are among the most educated globally, but this has not improved their labour market position partly due to gender-based discrimination and social expectations of women (see Brazil case study, Appendix 1). UNHABITAT (2010b:8) argues that to achieve equality of opportunity requires policies to 'level the playing field' so that factors that are beyond individual control do not determine youths' life chances.

It is notable too that improved literacy and formal educational achievement do not necessarily result in greater urban employment opportunities for young people. This partly relates to the curriculum. Youths in Nairobi with only basic education felt they could achieve more if trained to be self-sufficient instead of focusing on formal employment, and the better educated youth also felt the education system failed to prepare them for labour market opportunities citing entrepreneurial and business skills as important in overcoming the 'years of experience' hurdle to employment. Upper-income youth in Kingston also concur that school curricula should place greater emphasis on life-long skills to develop capabilities and human capital (UNHABITAT, 2010b). See too the urban Viet Nam case study (Appendix 4), which concludes on the need to match education and training to demand in labour markets.

Disadvantage in seeking work can be reinforced by area stigma (particularly if a neighbourhood is associated with violence or high levels of crime), lack of formal address, lack of references, criminal records and so on. Getting into trouble with the law criminalises youth and can fuel a circularity of criminal activity from which is subsequently difficult to disconnect. Youths employing crime and violence as livelihood options in downtown Kingston, Jamaica, identify a series of effects of imprisonment, such as loss of jobs, becoming revengeful, developing disrespect for the law, being treated in an inhuman way, teaching survival skills, providing a reputation, and development of contacts with other communities and criminals (Rakodi, et al., 2004).

Social marginalisation can significantly undermine the potential of young people. As Sommers (2010:324) observes there is an irony in that 'the sheer numbers of urban youth living on the margins of society can mean that the urban "mainstream" is strikingly small in terms of the overall population of cities'. Indeed, educated elites dominate urban civil society and have only tenuous links to the under-represented urban youth majority with repercussions for youth access to jobs, services and acceptance (ibid). In Barrio San Jorge, a small informal settlement in Buenos Aires, young people are known as the *pibes de la esquina* (kids of the corner) because they socialise with friends on street corners. In this

neighbourhood, people do not have homes large enough for social gatherings and it is common among all age groups to meet on the street. Yet, because of the associations with drug-dealing and gang activities, it is only young people who are seen as a threat. This has been internalised as a source of youth alienation and expressed as part of a youth identity (Bartlett, 2010:4).

Social contacts and 'links' to people with influence are crucial in obtaining work, including in the informal sector (see Egypt case study (appendix 2) for an example). Youth in Rio de Janeiro identify a hierarchy of job opportunity that reflect historical and cultural divides in the city: "prejudices are very subtle and while a company may not offer reason for denying one a job, it becomes clear when you look at who is offered a job and who is not" (ISER, 2009, in UNHABITAT, 2010b:47). Nepotism and corruption are factors mentioned by higher income youth in Kingston too, identified as a barrier to jobs even where applicants are well qualified.

City-wide economic dynamics and indeed changes in the national economy, can exacerbate economic disadvantage in areas where poor people locate. For example, many businesses have relocated away from downtown Kingston to the uptown areas leaving the inner city vulnerable to rising crime and violence associated with un- and underemployment (UNHABITAT, 2010b:44).

However, lack of information on employment opportunities hinders youth access to jobs beyond their immediate networks. In Viet Nam labour market information systems are weak so students continue to apply for courses which are ill-suited to the needs of the economy. 23.4% university graduates were unemployed, in 2000 and 24% of those employed had jobs which were not suited to their training (see Vietnam case study, Appendix 4). In Mumbai, few youth have a clear idea of the main types of employment available in India's main economic centre (manufacturing to high-technology jobs). Young people report difficulties in accessing relevant information about jobs, and available government entrepreneur and training schemes, including education scholarships. This particularly affects poorer youth because they have few alternatives and weaker personal networks (UNHABITAT, 2010b).

If youth remain unemployed for long periods, it risks misaligned expectations and social unrest that could dampen the investment climate and growth (World Bank, 2007). On the other hand, when youth are able to access better economic opportunities, they can 'learn as they go, and improve their abilities and pave the way for their own economic, social and cultural advancement as they grow up (UNHABITAT, 2010b:8). Barriers to employment hinge on employers' confidence in youth professionalism and personal maturity (see Ghana case study, Appendix 3). Investment in employable life skills, non-formal training and further education can offer a second chance to marginalised youth. In Lagos, state authorities run schemes to enable young people, either at school (during vacations) or just out of school (unemployed) to learn through public works programmes (horticulture, road building) to both 'keep them busy' and reduce their being 'drawn to the street' (see UNHABITAT, 2010b:46).

To conclude, formal channels of learning are often weak for poor urban youth in developing countries, with considerable implications for their future economic opportunities. Economic factors shape the urban labour market, but are affected by socio-cultural dimensions (such as nepotism) and political dimensions (such as patterns of public investment) which in turn influence youth access. Learning opportunities, including but not only formal education and training, build the human capital necessary for individual positioning within competitive urban labour markets and enhance their productivity, but they also support young people's transitions to adulthood in other ways, such as through confidence building, socialisation, and enhanced independence over time, and these more internal dimensions have an important role in strengthening young people's future potential.

IV. Conclusion

This background paper provides an overview of patterns of urbanization across developing countries in relation to urban economic growth. It examines the capacity of urban areas to create jobs, showing how growth is concentrated in cities that paradoxically offer mostly informal employment, and trap large shares of their residents in poverty. It also considers the skills requirements of urban economies, distinguishing where possible between formal and informal employment, and sectors. We have looked at the issues affecting youth employment in urban areas and the ways in which urban youth cope within contexts of highly constrained formal employment. We see that low skill levels are amongst the barriers faced by youth in accessing employment in urban areas, but that these are both shaped and reinforced by wider societal institutions.

The paper has illustrated the ease with which youth populations are alienated as ‘derelicts, thieves and prostitutes’ but that this generates profound social distance. As easy as it is to alienate urban youth, so too is it easy to dismiss urban youth activities as low skilled. The reality is that they often demand considerable local knowledge and entrepreneurial skill. In Tanzania, Dar es Salaam is known as “Bongoland” locally. “Bongo” means ‘brains’ and the nickname indicates a recognition that it takes smart thinking, quick wits and cunning to make it in the fiercely competitive urban environment (Sommers, 2010:323). This kind of skill is largely not recognised within the formal sector and doesn’t facilitate easy mobility or productive links between informal and formal employment, particularly where youth activity has been stigmatised.

This paper is supported by four appended case studies, which detail these dynamics in different regions of the world:

- Firstly, urban **Brazil** provides a context of rapid urbanisation and slum growth, alongside which 85% of the working age population lives in urban areas. This is also a context of considerable economic fluctuation, where labour laws do not protect workers, Brazil experienced jobless growth between 1993 and 2002, during which time unemployment tripled. Youth were hit hard, particularly females. Skilled youth have tended to maintain higher employment than low skilled youths, although their returns to education declined overall. There is some concern that unemployed urban youth are easy to stigmatise. Potential policy responses include youth hiring quotas.
- **Egyptian** youth represent 21% of the labour force but 60% of the unemployed population. Unemployment is highest among the lowest and highest level of education, perhaps reflecting limited options for the poorest youth and a willingness to wait for a well-remunerated public sector job among the university educated youth. Female youth face discrimination in the urban labour market but less so within the public sector. The informal private sector is large, with most employment creation occurring here in recent years, while the public sector has stagnated due to structural adjustment reforms and formal private sector is constrained by labour laws and other restrictions. Wages are low and erratic in the informal sector, but barriers to entry are evident. Informal, demonstrable qualifications, such as apprenticeships and on-the-job training are recognised within the informal urban employment sector. Personal contacts are important to accessing informal employment, making the sector more closed off than formal sectors to some categories of urban youth.
- **Ghana** has experienced rapid urbanisation, alongside strong economic growth rates. An increasing proportion of youth are among the squatter population of major cities including Accra and Kumasi, and the informal sector is important source of employment, with retail trade particularly important in urban areas for youth. This

sector is also associated with poverty. Unemployment and underemployment have decreased generally, but for youth these remain a problem. The security sector is experiencing a boom while manufacturing is in decline. Small-medium enterprises are the backbone of the informal sector, and potential employers look for years of experience, academic qualification, literacy as well as loyalty to employers, when hiring new employees. Barriers to employment for youth hinge on the perception of their professional and personal immaturity, as well as supervision and training needs.

- Finally, the **Viet Nam** case illustrates urban youth employment in a context of major economic reform, (from centralised planning to a market economy), rapid economic growth and a boom in SMEs. Urban unemployment has declined alongside increased employment opportunity. Household poverty dropped sharply and basic service provision improved, reaching universal primary education by 2000. Many young people remain in education in urban areas but this case study offers insight into how poor training quality and failure of training structures to meet the changing requirements of the labour market affect youth unemployment. Labour market information systems are weak and students continue to apply for courses which are ill-suited to the needs of the economy. 23.4% university graduates were unemployed, in 2000, and 24% of those employed had jobs which were not suited to their training.

This background paper and supporting case studies provide substance to the case for investing in skills development for urban youth. However, it also argues that urban economies are dynamic market places driven not just by rational economic factors but by socio-political factors. Enhanced skills that are geared towards changing labour market needs will provide improved opportunities for urban youth. Skills themselves also reward young people with increased confidence and self-worth, which also benefit their labour market position and future prospects. However, the wider dimensions that fuel labour market discrimination and long-term disadvantage cannot be ignored.

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Appendices 1-4: CASE STUDIES

Ursula Grant¹, December 2011

Case study 1: Urban Brazil

I. Urbanization and the part played by youth in increasing urban population

The population of Brazil was estimated in 2010 at 195 million (World Bank 2009, cited in UNHABITAT 2010b). The urban population was 163 million in 2007, with 28 per cent (or 45.7 million) living in slums (UNHABITAT, 2009, cited in UNHABITAT 2010b). Urbanisation has been rapid, with 85 per cent of the working age population living in urban areas by 2002.

In 2002, the Brazilian labour force (age 15-64) was approximately 81 million, roughly 66 per cent of the then population. The unemployment rate in 2002 was 10 per cent, approximately 8 million people. By 2004, more than 19 per cent of all Brazilians were between ages 15 and 24 years (over 35 million). Demographically Brazil's 'youth bulge' is currently peaking, as birth rates peaked around 1982, meaning that youth are an important part of the labour market. The increase to nearly 85 per cent of Brazil's youth population living in urban areas (Table 1) has implications for labour demand and supply mechanisms (Justesen, 2008).

Table 1: Urbanization by Age and Gender, Brazil (1978–2002)

		1978	1989	2002
Total (15–65 years)	All	70.1	76.7	85.3
	Female	71.6	78.1	86.6
	Male	68.5	75.2	84.0
Youth (15–24 years)	All	69.2	75.3	84.4
	Female	70.7	76.9	85.6
	Male	67.5	73.7	83.1
Adults (25–49 years)	All	71.0	77.7	86.3
	Female	72.1	78.8	87.4
	Male	69.8	76.5	85.0

(Source: Justesen, 2008)

II. Economic growth and employment creation in urban areas

Brazil experienced a positive, but low average growth rate between 1978 and 2005. Per capita GDP increased 18.6 per cent from 1978 to 2002, i.e. 0.7 per cent annual growth. However, this hides wide economic fluctuations related to recessions and expansions. Growth rates fluctuated between highs of 6.7 and 5.8 per cent annual growth in 1980 and 1986 respectively, and as low as -6.6 and -5.9 per cent in 1981 and 1990 (Justesen, 2008).

Brazil's labour market is responsive to economic fluctuations, largely because of Brazil's relatively low labour protection which makes it easier to dismiss workers when economic conditions are tough. Economic reforms during the 1980s and 1990s had negative effects on employment. Reforms aimed at liberalization of international trade and financial flows, fiscal discipline, price stabilization, and privatization. These combined with currency appreciation and restructuring in the manufacturing sector with negative implications for employment (Marshall 2004, in Justesen, 2008).

There was jobless growth after 1993, trade liberalisation, political turmoil, hyperinflation, and exchange rate fluctuations impacted upon the labour market. Unemployment tripled during the 1990s and hit urban areas and youth workers particularly hard. Unemployment for youth

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(15-19) rose from 13% to 23% between 1995 and 2003, from 10% to 16% for 15-24 year olds and higher than the overall unemployment rate (UNHABITAT, 2010b:24).

III. Youth coping with formal job scarcity, and the part played by skills in their trajectories

Young males tend to be wage workers, self-employed, and unpaid workers – helping in household enterprise, starting their businesses, or in paid (formal or informal) work. Young females tend to be highly represented as unpaid workers or domestic workers – helping out in the household, chores and child care. Over the period between 1978 and 2002, Justesen (2008) found that female youth were transitioning towards becoming waged workers.

The labour market situation for Brazil's youth deteriorated during the 1990s both in terms of employment and wages. Urban youth unemployment doubled in just three years (from 6.8 per cent to 15.4 per cent between 1990 and 1993), during recession in the early 1990s. By 1999, youth unemployment had reached 19.4 per cent, close to three times higher than adult unemployment. While females have entered the wage labour market and increased their employment rate, they remained particularly vulnerable to unemployment. Urban unemployment pushed urban wages down, particularly for urban youth (Justesen, 2008).

The gap between youth and adult employment has widened. Youth were adversely affected by recessions and have not caught up during periods of expansion. Skills and education shielded some from unemployment during the 1990s, with high skilled workers tending to maintain a higher employment rate than low skilled workers, particularly for youth. [Interestingly this is less so for adults as low skilled female adults increased employment]. High skilled workers earned higher wages than low skilled but the skill premium decreased over the period, particularly for males, leaving returns to skills almost equal in 2002 - possibly as a result of expanded supply of high skilled workers (especially secondary educated).

Girls in Latin America are among the most educated globally, but this has not improved their labour market position (UNHABITAT, 2010b). A youth at risk study by the World Bank (2007a, 2007b, in Justesen, 2008) found that Brazilian females face higher unemployment rates and lower employment rates in spite of their higher educational attainment, partly due to gender-based discrimination but also social expectations on women and the importance of unpaid female domestic work. Urban areas may be more open to changes in gender roles however, and females have increasingly moved in the urban labour market.

National policies aimed at vulnerable youth over the past decade have stigmatised urban youth by focusing the links between youth unemployment and high levels of urban violence. In UNHABITAT's 2009 Urban Youth Survey, Rio's urban youth identified the kinds of affirmative action found among some banks as a potentially more powerful unemployment response, suggesting quotas for hiring people with disabilities or racial groups could be extended to 'youth' (UNHABITAT, 2010b:66).

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Case Study: URBAN EGYPT

I. Urbanization and the part played by youth in increasing urban population

The average annual urbanisation rate for the Middle East and North African (MENA) region was 3.3 per cent for 1990-2000. Annual average population increase, over the same period, was 2.3 per cent. 33 per cent of the MENA population resided in cities in 1960, but it is estimated that 70 per cent will be living in cities by 2020 (in Kabbani and Kothari, 2005:23).

By 2000, 42 per cent of Egypt's population lived in urban areas. This is unlikely to capture the full extent of urbanisation. Only 1.4 per cent of Egyptian rural households migrated to urban areas between 1991 and 1998, and yet at the same time 4.7 per cent of male workers and 1 per cent of female workers surveyed indicated that their *work locations* had changed. Youth (both 15-19 and 20-29 age groups) were 40 per cent more likely to be migrating for work than 30-39 year olds and 80 per cent higher than 40-59 year olds in Egypt. McCormick and Wahba (2004) conclude that hidden from the statistics are many Egyptian youth seeking employment in urban areas, even if they don't feel they live there (in Kabbani and Kothari, 2005:23).

There are 900,000 new entrants to the Egyptian labour market per year, but recent years have been marked by an increase in youth unemployment and informal employment – often low-productivity, poorly paid jobs with inadequate working conditions and a high correlation with poverty (Frost, 2008).

II. Economic growth and employment creation in urban areas

Across the region, GDP growth rose from 0.5% per year between 2000 and 2003, to 3.1% per year between 2004 and 2008, but employment growth has been lagging (0.5 % per year for the region) between 1998 and 2008 (Angel-Urdinola, et al., 2010:8). Regional economies are diverse but the presence of oil has impacted them all – remittances, trade, capital flows and bilateral aid in non-producing countries. The oil boom ended in the early 1980s followed by a sluggish recovery during the 1990s, which has been accompanied by persistently high unemployment rates, especially for youth (Kabbani and Kothari, 2005:1).

Employment in the public sector accounts for more than a third of overall employment in Egypt but has stagnated in response to structural adjustment reform agendas (World Bank, 2008 in Angel-Urdinola, et al., 2010). Nationalised industries during the 1960s included textiles, energy and manufacturing, with an employment guarantee for all graduates leading to an oversupply of graduates in the labour market and long waiting lists for jobs (Frost, 2008). Public sector jobs offer high wages and benefits (including childcare, maternity leave), and job security. Government and public services opportunities largely benefit graduate level, and female secondary school graduates who face discrimination in the private sector (Kabbani and Kothari, 2005).

There is a lack of opportunities in the private sector in Egypt. Private investment rates are regionally low (about 10-15 per cent since 1985), compared to closer to 30 per cent in East Asia, and labour regulation is perceived by firms as a major constraint to employment creation in Egypt (Angel- Urdinola., et al, 2010).

Most employment creation in recent years has occurred in low-productivity/informal sector activities in the service sector (Frost, 2008). 82% of enterprises in Egypt are informal, and over 90% of these are sole proprietorships with fewer than 5 workers, most informal workers work in an environment with only a few co-workers, or work alone. Family owned enterprises are common.

For informal workers, earnings tend to be more constant but for the self-employed earnings may be low and erratic, meaning economic activity is precarious. In the small-scale manufacturing sector in Cairo, for example, wages are paid through combinations of piece rates and weekly wages, with some performance pay or profit sharing commonly provided alongside (Frost, 2008).

Returns to education are greater among wage earners, with primary and secondary school bringing smaller pay advantages and university paying much more (Wahba, 2000 in Frost, 2008). The informal sector rewards qualification but informal demonstrable qualifications, such as apprenticeships and on-the-job training. There are strong gender dimensions, with women achieving lower wages and returns to qualifications cross the board (Frost, 2008).

III. Youth coping with formal job scarcity, and the part played by skills in their trajectories

Egyptian youth (15-24 year olds) make up 21% of the labour force, but over 60% of the unemployed population, with a 28% unemployment rate in 2001 (Kobbani and Kothari, 2005). 71% of economically active youth are wage workers, and 44% are formally employed. Private employment plays a dominant role for youth workers (waged, self-employed and unpaid family workers).

Gender dimensions are distinct but complex. Unemployment rates for female youth are 2.7% higher than male youth in Egypt (Kabani and Kothari, 2005), and overrepresented among 'unpaid family workers' (Frost, 2008). There are expectations for young females to work to cover the costs of a wedding and establishing a household but to stop working after marriage. Young women have nearly equal opportunity in the public sector but less so in the private and poor opportunities in the informal sector. A majority of female wage workers (64%) are formally employed, compared to a minority of males youth workers (39%), and women represent a slight majority (51%) of government employees (Frost, 2008). In every other sector, women make up less than 30% of the employed (Frost, 2008).

Egypt has achieved above 70% primary enrolment and secondary enrolment and a positive link is established between education and wages. Among male youths, formal public sector workers earn more than private sector workers, but informal sector workers earn less than half the average formal sector wage. The average female youth workers' wage is less than male informal sector wage, however (Frost, 2008).

The type of education acquired has some impact on the type of employment achieved. Among a sample of urban youth in Egypt, university graduates were most likely to be formally employed (67% males, and 83% females). Vocational secondary school graduates – mainly industry and commerce training – most likely to be employed within the informal sector. 39% of male university graduates are in formal private sector employment. Illiterate youth are most likely to be employed informally, although interestingly the primary educated/literate youth (18%) are less likely than illiterate youths (28%) to be employed formally. 19% of illiterate wage workers in the sample are employed in the public sector (Frost, 2008).

Unemployment rates are highest among those with the lowest and the highest levels of educational attainment (Kabani and Kothari, 2005). Unemployment rates among those with primary education or below fluctuate between 2 and 6 per cent, while it is between 16 and 19 per cent for those with university education. This may reflect the willingness to wait for a well remunerated public sector job, but undermines entrepreneurship among young educated workers (Angel-Urdinola, 2010:8).

25% of urban youth employees surveyed across all employment groups reported being unskilled (although lower among public sector female youth, and higher among informal sector female workers). The majority of formal employees reported being skilled, gained through formal schooling, but this was much less common among informal workers (10% of males and 8% of females). Informal workers (14% of males and 17% of females) reported having acquired necessary skills through on-the-job training (including traditional apprenticeships – common in construction, artisan trades, among mechanics, and other skilled trades) or para-formal qualification modes (e.g. government language or computer courses). The same informal training were reported by private sector formal workers (17% male and 13.5% female), but not common among those in public employment (Frost, 2008).

Only 10% of youth entrants were employed by the formal private sector work, representing a small (but growing) share in 2006 (Frost, 2008). Private firms identify a lack of skills (relevant experience and technical skills, but also communication and professional interpersonal skills) as a constraint to business development in Egypt (Angel-Urdinola, 2010:8).

Youth entering the labour force were much more likely to begin in the informal sector today compared to earlier generations. At least 30% of youth entrants were employed in regular informal wage work by 2006, and another 10-15% employed irregularly (Frost, 2008).

It would be wrong to assume that there are no barriers to entry to informal sector employment. Informal mechanisms and institutions are important to this sector. Informal qualification mechanisms play a large role. Recruitment occurs often through extended family and neighbourhood contacts making it more closed than formal sectors to some categories of urban youth (Frost, 2008).

Sources:

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Case study 3: Urban Ghana²

I. Urbanization and the part played by youth in increasing urban population

Ghana has experienced rapid urbanisation, particularly over the last 20 years, at a rate of 4.6% between 1984 and 2000. During this same period, overall population growth averaged less than 3%. The fifth round of the Ghana Living Standards Survey (GLSS5) puts the urban population at about 43% of the total population for the period 2005 to 2006. The Ashanti Region is the most populous region in Ghana, accounting for about 3,187,607 (17.3%) and incorporating Kumasi, followed by the Greater Accra Region with 2,909,643 (15.8%).

Ghana's youth population (ages 15 to 34) accounts for 33.2% of its total population, and its overall population structure translates into a dependency ratio of about 41.3%. The national median age was 20.7 years in 2008. There are an increasing proportion of youth among the squatter population on the streets of major cities including Accra and Kumasi.

GLSS5 estimated that about 28.5% of Ghanaians were below the poverty line by 2005-2006 (a reduction from 51.7% in 1991-1992 and 39.55% in 1998-1999). The Greater Accra Region recorded the lowest poverty incidence of about 12%, even though this represents an increase from 1998-1999 the figure of only 5%.

II. Economic growth and employment creation in urban areas

Ghana has a per capita income that is higher than the West African average. GDP growth has increased from about 4.7% (1995 to 2005) to about 6.2% (2006), 6.3% (2007) and to 7.3% (2008). Ghana's current GDP stands at about US\$ 15,647 million (2008), approximately US\$ 669 per capita GDP.

Agriculture remains the backbone of the economy, even though its relative contribution to GDP has decreased from about 42.7% in 1995 to 38% in 2007. The contribution of services has risen from 30.6% in 1995 to 33.4% in 2007, and industry has increased from 26.7% in 1995 to 28.6% in 2007. Gross Capital formation has also increased in recent times and the environment for doing business has improved. The number of days to register a business decreased from 14 days in 2005 to 5 days in 2007.

The agriculture sector continues to be the most important source of employment in Ghana, employing about 56% of the labour force, followed by services (29%) and industry (15%) in 2008. Public sector formal employment has decreased, from about 63% in 1984 to about 51% in 2001, partly as a result of World Bank/IMF Structural Adjustment Programme (SAP) but also due to increased private sector activity, particularly linked to the growing importance of the mining, ICT and financial services sectors.

The informal sector provides employment for the majority of the labour force (about 86% in 1999). In addition to agriculture, other activities that are important in terms of providing informal sector employment include wholesale/retail trade, community/social services, manufacturing, and construction in that order. Retail trade is an important sector in terms of providing informal sector employment, particularly in the urban areas where street vending and hawking have become very important in almost all urban areas of Ghana. This growing trend has a "youthful face".

² This case study is based upon a single research exercise with urban youth in Ghana (ILO, 2009). The research was carried out with 376 private formally registered sector companies (mainly small-medium enterprises) in Accra (214 enterprises surveyed) and Kumasi (162 enterprises).

Ghana's informal sector largely consists of small firms, relying mainly on personal savings and micro-finance institutions and producing goods and services for the local market (Osei, R.D., 2007). There is no reliable data on the contribution of the informal economy to national output, but estimates are within a range of 20–40% (see Appiah-Kubi, 2007). However, the informal sector is associated with high poverty incidence, particularly in urban areas.

III. Youth coping with formal job scarcity, and the part played by skills in their trajectories

The strong performance of Ghana's economy, particularly since the mid-1990s, has been associated with declining unemployment. The unemployment rate declined from about 3.7% in 1998-1999 to about 2.3% in 2005-2006. Underemployment which was an even bigger problem saw a big drop over this period – from about 17.3% to 5.8% over the same period. In spite of these impressive declines, urban youth unemployment (6% for under 30 year olds in 2000) and underemployment remains a major problem.

Most entry level jobs are in the armed forces (security services), which is not surprising as private security firms are a recent phenomenon in urban Ghana and experiencing rapid growth. Despite the large number of manufacturing enterprises in the sample, employment opportunities are few, for plant and machine operators and assemblers, as well as craft and related trades.

The small-medium urban enterprise sector generates only low annual revenues and the workforce size is predicted to decline between 2009 and 2013, suggesting unemployment may worsen, linked to current global economic conditions. The enterprise survey showed that employment in the urban SME sector is dominated by males (74%) and the majority are within the 15-34 age bracket (75%), with the 26-34 age cohort accounting for over 68%. Most enterprises recruit through word of mouth, and other informal mechanisms.

Female employees dominate in the beauty and also the garment and textiles industry. For all the other sectors males dominated the workforce. Manufacturing and Industry were the sectors that were most biased in terms of male employment. These findings may reflect the fact that the survey covered only formal SMEs, and possibly more female workers are found in the informal sector.

The skills SME employers regard highly among youth (34 years old and younger) include years of experience, academic qualification and literacy. Advisory and consulting firms valued IT capabilities and leadership skills, while the banking and other financial services sector valued the age of the applicant, IT capabilities, and literacy. For the health sector, in addition to the three commonly ranked requirements, literacy is particularly important. Interestingly, loyalty to the employer was also reportedly something employers would look for in recruiting new employees.

Employers identified challenges related to employing urban youth workers - their lack of personal and professional maturity, high turnover, and lack of skills. A perceived inability to work independently with a minimum amount of supervision as well as lack of creative thinking, alongside lack of time necessary to train youth for them to acquire necessary skills as barriers to SME employers confidence in hiring youth workers.

Source:

ILO (2009) *Private sector demand for youth labour in Ghana and Senegal: Case study findings*, The Youth Employment Network and the International Youth Foundation, July 2009. http://www.ilo.org/public/english/employment/yen/downloads/psi/psi_study.pdf

Case study 4: Urban Viet Nam

I. Urbanization and the part played by youth in increasing urban population

The 2001 census registered 78.7 million inhabitants, of whom 19.2 million (24.4%) live in urban areas and 59.5 million (75.6%) in rural areas.

The birth rate reduced from 4.0 in 1987 to 2.7 in the 1992-1996 period, and this downward trend has continued. Vietnam's youth population (15 to 34 years) was 34.5% of the total population in 2001, (49.6% male and 50.4% female). The 15-24 year age group accounts for 55.77% of the total, and 24.5% live in urban areas. Over the past 10 years, along with the process of urbanization and renewal, the urban youth population has increased by 5.2%, while the rural youth population has decreased.

II. Economic growth and employment creation in urban areas

Vietnam has embarked upon a process of major economic reform, from centralized planning to market economy, which has promoted rapid economic growth. GDP growth averaged an annual increase of 3.9% during the 1986-1990 period, and 8.2% for the 1991-1995 period. Despite the regional financial-economic crisis during the 1996-2000 period it still managed an average annual increase of 7%. Per capita per year GDP has reached nearly 400 USD, almost doubled the 1990 figure.

The ratio of households below the poverty line has dropped sharply from 55% in 1990 to 11% in 2000. Basic services provision has improved. By 2000, Vietnam had completed primary education universalization and illiteracy eradication.

Employment increased from 34.6 to 40.6 million, (i.e. by 31.0%) between 1995 and 2000. However, 1.4 million additional people reach working age every year and added to the 2.4 million unemployed, there remains a heavy unemployment burden (26.1% in rural areas in 2000). The urban unemployment rate has registered a positive reduction, to 6.4% in 2000 (from about 6.6%-6.7% in 1998-1999). The development of a multi-sector commodity economy has achieved 60% employment, 40% of which is self-employment.

III. Youth coping with formal job scarcity, and the part played by skills in their trajectories

The proportion of young people participating in economic activity has decreased considerably compared to total labour: from 62.8% in 1991 to 50.0% in 2000. This reflects increasing participation in universities, colleges and vocational secondary schools. However, growing unemployment has been linked to poor training quality and failure of training structures to meet the changing requirements of the labour market.

In 1999, only a small percentage of young people (8.1%) operated in the State sector as other economic sectors thrived. Despite limited investments in technology and poor working conditions, the small and medium enterprises sector has boomed, with small and medium enterprises (excluding household enterprises) representing 96% of the total number of enterprises in the country. These account for 32% of the total industrial output, 25% of Gross Domestic Product, and nearly 49% of the non-agricultural labour force. Foreign-invested sector, including industries and services, has declined in terms of employment (linked to decreases in foreign investment) but plays an active role in restructuring towards increased industrialization, modernization and international integration.

As regards the working age population as a whole, the higher the age bracket, the lower the proportion of people working in industry and the higher that of people working in services. In urban areas, the proportion working in services was considerably higher than that of those working in industry (63.7% compared with 30%), mainly limited to the informal sector.

Urban unemployment has increased among those without professional qualifications, increased by 2.5% from 1996 (5.8%) to 1999 (8.3%), while the unemployment rate among the professionally qualified decreased from 5.5% to 4.6% in 1999. Still, unemployment among the professionally qualified remained high. In 2000, the urban unemployment rate was somewhat lower than the 1998 and 1999 figures, but remained quite high in Hanoi (7.95%), Hanoi Phongs (7.76%) and Cần Thơ (7.15%).

Many young people (20-24 age group) are still in education, with 'most persons' in the 25-34 age group being in vocational training or work. Education levels of young people are higher than that of those above 35 years old, with little gender difference evident. There are clear differences between urban and rural areas though, with more constraints on rural youths' education and more family support for youth education in urban areas. In rural areas, families don't value education as youths will only later return to farm work. 43.49% of urban 20-24 year olds finished secondary school compared to just 15.81% in rural areas. Only 0.79% of rural youth have had college, university or higher education, compared to 5.3% of urban youth. Notably, the majority of rural young people who achieve a high level of education have stayed on in urban centres for job opportunities after completing university or vocational training, instead of returning to their home villages.

Notably, there is a deficiency in technically trained workers - in contrast to the 'seemingly excessive number of university graduates' – which contrasts with the needs of the industrialising economy. While college and university graduates are finding it difficult to find work, enterprises – especially foreign invested enterprises, are finding it difficult to recruit appropriately trained technicians and skilled workhands, particularly in urban areas.

Vietnam's labour market information systems are not strong, learners tend to select education on the basis of family associations and suggestions rather than current labour market requirements. A 2000 survey showed 23.4% university graduates were unemployed and 24% of those employed had jobs that were not suited to their trained skills. There are employment service centres across the country, providing employment services including career advice, training, etc, with State support. They have developed particularly strongly in Hanoi and Ho Chi Minh City where labour markets are relatively mature. As many as 96% of job seekers came to these centres for opportunities, and all were under 40 years of age.

Source:

Niall O'Higgins, (2002) **Youth Employment in Asia and the Pacific: Analytical Framework and Policy Recommendations**, ILO conference paper.

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