

Solutions for Youth Employment (S4YE)

Toward Employment Solutions for Youth on the Move

Executive Summary

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Executive Summary

Youth, employment, and migration are pressing issues. In its flagship baseline report on the state of youth¹ employment in October 2015, S4YE² partners agreed that "rising inequality, rising social unrest, and rising levels of movement of people around the world all herald unprecedented times—and call for unprecedented action." Indeed, the Sustainable Development Goals (SDGs) recognize the contribution of migration to inclusive growth and development, as well as migrants as a vulnerable population. Yet, evidence connecting the youth-employment-migration nexus is scant. This first S4YE annual topic report seeks to fill some information gaps on youth employment and migration by presenting global trends and patterns associated with youth on the move, the constraints they face, and potential ways to alleviate them.

This report addresses three main areas: First, it asks what evidence connects youth migration and employment trends, and what information gaps need to be filled to get a better picture of migrating youth and their employment profiles? Second, how are youth benefitting from migration, and what are the risks and constraints particularly relevant to youth on the move? Third, given what we currently know—and do not know—about young migrants, and about the benefits and vulnerabilities associated with youth on the move, what policies and programs in source and destination markets allow us to maximize the benefits of youth migration while accounting for socioeconomic realities?

Why does the youth-employment-migration nexus matter?

Youth unemployment is a growing concern globally, and will continue to worry policymakers as domestic labor markets do not keep pace with population growth. About 500 million youth across the globe were unemployed, inactive, underemployed, or working in insecure jobs in 2014. Across all regions, youth were at least twice as likely as adults to be unemployed. East Asia, where youth are four times more likely than adults to be unemployed, has the biggest gap between youth and non-youth employment. Over the next 10 years, an estimated 5 million new jobs per month would be required to accommodate young people entering the workforce to maintain current developing world employment levels (IFC, 2013). This rise in the working age population has put further pressures on many economies not able to create enough jobs.

Meanwhile, jobs are likely to remain spatially unequally distributed across the globe. Agglomeration economies mean that economic activity has clustered in leading economic areas. This has led to spatial mismatches between where job openings exist and where jobseekers are located. While moving jobs to where people are located has been a default strategy in most cases, there is also a cautionary argument that "to try to spread out economic activity is to discourage it" (World Development Report 2009). Therefore, along with ongoing efforts to spur economic activity and bring jobs to where people are located, an increasingly important option is also to better prepare and connect youth to jobs in hubs of economic activity through increased migration.

Migration offers substantial potential benefits for young migrants. It can be a fast and direct opportunity for a young worker to exit poverty. For a marginal worker in a developing country, the wage gain to a one-off period of working in the U.S. for several weeks overwhelms the present-value lifetime wage gain from some of the most effective antipoverty policy interventions rigorously documented in development economics

¹ Unless otherwise noted, "youth" refers to individuals aged 15-29 as defined by S4YE. "Youth" and "young people" are used interchangeably in this report.

² S4YE is a partnership initiated by the World Bank, Plan International, the International Youth Foundation (IYF), Youth Business International (YBI), RAND, Accenture, and the International Labor Organization (ILO), and now a number of other public sector, private sector, and civil society partners. S4YE's mission is to lead mobilization efforts to significantly increase the number of young people engaged in productive work by 2030. It seeks to develop innovative solutions through practical research and active engagement with public, private, and civil stakeholders to enable solutions for all youth.

literature (Clemens, Pritchett, and Montenegro 2008). For youth fleeing war, violence, or even constraining norms and traditions in source regions, migration can offer a chance at relative peace and prosperity, and at a higher standard of living.

Migration also delivers benefits to sending and receiving communities. By addressing labor surplus in sending areas and shortages in destination areas, migration allows for more job creation. International remittances from migrants to home countries constitute an enormous transfer of resources from wealthier to poorer nations. Moreover, many migrants return, bringing the skills as well as savings they have accumulated abroad. These skills and savings would have been difficult or impossible to accumulate had they not left, because of poor work opportunities and undeveloped financial systems at home. For host communities, young skilled migrants can be a source of innovation and technological dynamism, as well as workforce productivity.

Migration can therefore substantially benefit the global economy. Winters et al estimates that a 3% increase in labor liberalization would result in a US\$156 billion increase in global GDP (compared to a US\$104 billion increase from all remaining trade liberalization). Powerful demographic trends that pair labor shortages in aging OECD countries with labor surpluses in many developing countries mean that youth migration can address labor market needs in both sets of countries. However, along with substantial potential benefits for both migrating youth and the sending and receiving communities, there are also significant risks associated with migrant youth unemployment, which we discuss later.

What are the main patterns of youth movement?

Though data may be limited, several patterns and trends emerge:

Data makes clear that many young people are on the move. Despite representing only 21% of the global international migrant stock, youth significantly outnumber adults in terms of net migrant flows. Between 2010 and 2015, the estimated net inflow of youth of working age population was 14.8 million, while that for adults totaled 2.9 million. Figure 4 shows net inflows of working age migrants from 1990 to 2015. Net inflows of young migrants is significantly higher in all years, with a peak between 2005-2010.



Figure 1: Young people represent higher proportion of net migrant inflows

For many youth, cities are their principle destination, and more youth move within borders toward cities, rather than across borders. Urbanization data from 183 countries show that internal youth migrants moving towards cities contributes to the growing rate of urbanization, especially in developing countries. Additionally, census data reveals that youth represent a larger share of internal migrants compared to adults in select country capitals. For example, in Lima, Peru, the proportion of youth that recently migrated internally was twice that of adults, and in Hanoi, Vietnam 18% of youth were internal migrants compared to 5% of adults. Among international migrants in the United States, data shows that almost the entire immigrant population (95%) lives in a relatively small number of large cities, while only three-quarters of natives live in urban areas (Kochhar et al, 2009).

When moving internationally, young people tend to move towards neighboring countries or wealthier nations. Between 2010 and 2015, most of youth migrant inflows happened in high-income countries where there are better economic and educational opportunities. And while age-disaggregated data is not available, South Asia-to-Middle East and North Africa, Sub-Saharan Africa—to-Middle East and North Africa, and migration within Sub-Saharan Africa are the three most popular migration corridors in the world, further emphasizing that while North-South migration is often highlighted in popular discourse, South-South migration deserves equal attention. Figure 2 shows that South Asia to Middle East and North Africa (MENA) represents the most popular migration corridor in the world, with many migrants from South Asia seeking economic opportunities in the Gulf Cooperation Council (GCC) countries. Migration within Sub-Saharan Africa is nearly as high.





Notes: LMICs = Low and middle-income countries, HICs = High income countries, EAP=East Asia and Pacific, ECA= Eastern Europe and Central Asia, EU= Europe, LAC= Latin American and the Caribbean, NA= North America, SA=South Asia, SSA=Sub-Saharan Africa. International net migrant flows are author estimates based on Trends in International Migrant Stock: Migrants by Destination and Origin (UN 2015b). For estimation methods see section 3 of the technical appendix in the full report.

Once at their destinations, young migrants display varying work and educational patterns. Employment-wise, young migrants are more likely to be wage/salary workers than self-employed in many of the countries examined in our sample. For example, Figure 3 shows that in 10 out of the 15 countries, the gap between self-employed youth internal migrants and youth internal migrants working in wage/salary jobs was 50 percentage points or more. Self-employment rates among recent youth internal migrants are also lower than country averages in most cases. Data also shows that in cities, there is little difference in average educational achievement among youth migrants and non-migrants. Census data from select country capitals

shows that young migrants, on average, do not differ from young natives in terms of educational attainment.



Figure 3: Comparison of employment types among youth migrants in select countries

Note: Sample of 20-29 year-olds for comparability purposes. Only includes urban populations except for countries with asterisks. Data source: National censuses (see Appendix X in full report for more information)

Why do youth move?

Youths' decision to migrate depend on a variety of "push and pull" factors that are both economic and noneconomic in nature. Globally, many moreyoung people express higher desires to move, irrespective of their employment status, compared to older counterparts. Willingness to migrate is highest among youth aged 15-29 in Sub-Saharan Africa and lowest among adults aged 30-65 in Asia. Compared to adults, youth are more willing to migrate in most cases by over 10 percentage points.

Among economic factors, large wage differentials, income diversification, and risk aversion are among the most prominent drivers of youth migration. Large wage differentials in cities and across borders create a powerful pull incentive for young workers to make their way to urban or foreign labor markets. In a study of 42 developing countries, the median wage gap for an observably identical worker compared to the U.S. was \$15,400 per year (Clemens, Pritchett, and Montenegro 2008). Youth migration can also help families mitigate economic risks by diversifying family income portfolio spatially as well as by sector. In Mexico, for example, for a third of migrant youth, parents and not the migrant youth him or herself made the decision to migrate (Tucker et al 2013).

Linked to economic and employment outcomes, pursuing education abroad and in urban areas is gaining prominence among other drivers of youth migration. Education can also be a means of legal migration, and it can (but not always) allow easier access to foreign labor markets. The number of students enrolled in tertiary education abroad rose from 2 million in 2000 to 3.6 million in 2010, an increase of 78%. The United States was the most popular destination for foreign students, accounting for 19 per cent of the world total, while China, India, and Germany were the top sources of international students.

Among non-economic factors, family reunification, marriages, or just a desire to break away from traditional norms in home communities, also bring youth to new places. International marriages are increasingly common and may sometimes cause youth migration. While data is not available for youth, admissions of immediate relatives of citizens and migrants with permanent residence status accounted for at least half of all admissions to Australia, Canada, France, Italy, New Zealand, Sweden, and the United States in 2003. Furthermore, migration from rural to urban societies is associated with youth aspirations and desire to break away from traditional norms in communities of origin.

Meanwhile, significant numbers of youth are displaced by violence, armed conflict, and climate change. According to the United Nations High Commissioner for Refugees (UNHCR), about 40 million people were forced to seek refuge within their own country, and another 21 million people—just under 10% of the global international migrant population stock—were forced to live outside their home country in 2015. It has been further estimated that up to 10 million people who migrated, or were displaced, from Africa over the last two decades moved mainly because of environmental degradation and desertification. In 2015 alone, 21.3 million people were forced to live outside their home. More than 50% of asylum-seekers in Europe in 2015 were aged between 18-34, and many countries with the greatest relative outflows of migrants shown in Figure 4 are also suffering from conflict. These countries tend to have a young population, for example, more than half of the total population in Syria (64.5%), El Salvador (55.4%), Central African Republic (68.2%), and Somalia (73.6%) are children and youth below the age of 30.





What are the risks and employment challenges associated with youth migration?

Youth migration can create "win-win-win situations" for migrants, their source communities, and their host communities. However, to realize this elusive triple-win, it is important analyze labor market challenges and risks for both source and destination markets. For youth, realizing the benefits of migration may be challenging: Successful employment outcomes for young migrants depend on many factors, including labor market structure and regulation, and access to training and other services.

The legalities around migration in both sending and receiving markets helps determine whether migration occurs and how well young migrants integrate into local economies. Very often, potential migrants, irrespective of whether they are young or old, cannot access foreign labor markets. Undocumented migration, in many cases, is the result of limited legal entry paths, restrictive employment visas, or high migration costs, all factors that are binding even before a migrant gets to access the destination labor market. Once migrants enter destination markets, lack of legal status usually means reduced or zero eligibility to access education or employment-related training. Undocumented or unauthorized migrants may be unable to get hired for certain jobs, and often lack eligibility for job-related benefits such pensions and healthcare.

Moreover, while the evidence to generalize the link between employment outcomes and labor market regulations is still limited and anecdotal, the degree to which labor markets in destination economies are regulated—or conversely, flexible—can also affect the extent of youth migrant opportunities. There are tradeoffs associated with tightly regulated labor markets: On the one hand, they protect host or local workers; while on the other hand, regulations restrict access to certain jobs and services for migrants. As a result, migrants may be obligated to enter specific sectors or occupations that do not match their skills, or be shunted into unregulated, irregular, or informal employment. It is therefore important to seek balance in labor regulations to avoid creating a dual structure, with a protected formal sector and an unprotected informal sector.

Among young migrants who may be eligible for employment at their destinations, inadequate access to training and skills certification can prevent integration into foreign labor markets. International migrants from lower-income countries—especially younger migrants—tend to have low skills relative to those of developed host countries. Combined with the lack of relevance of their skills for local needs, this contributes to their placement in lower-end occupations. The lack of appropriate skills applies both to young international migrants and to those migrating to cities in developing countries from rural areas, where rural schooling and agricultural experience may leave them unprepared for work in urban settings. Another significant barrier is that even when possessing relevant skills, migrants may not able to credibly signal these skills to potential employers because credentials and skills obtained in the home country are not recognized in the destination country.

Young migrants, may up disproportionately in informal and low-skill sectors with irregular employment. For youth migrants, whether internal or international, irregularity of employment is concerning for several reasons: Where such work is non-authorized and beyond the oversight and regulation of the government, it not only implies lower security, pay, and benefits, but also exposes young people to exploitation and perhaps physical danger. Among internal rural-urban youth migrants, income gains compared to rural areas are often offset by long-term unemployment in cities.

For many migrants, and particularly for inexperienced youth, lack of access to employment services is a concern. In the EU, new arrivals without legal status, or non-EU migrants on temporary residence permits, are not eligible for employment services, or they may not know how to register or lack language facility. Employment service agencies may be reluctant to take on migrant cases whose needs are complex. Many international migrants identify jobs before they leave their home country through recruitment services that contract workers on behalf of employers in destination countries. However, exploitation and abuse under sponsorship systems are rife: Analysis of select countries shows that youth migrants are most likely to suffer consequences from lack of efficient and legal labor matching services, with over half suffering long labor hours, work-related accidents, or labor rights violations (ILO, 2013).

Young migrants also suffer from weak or non-existent networks, adding to information asymmetries in destination markets. In labor markets around the world, social and professional networks play an essential role in helping people obtain work, proving information about the labor market and specific job openings and supplying recommendations. Youth migrants are particularly vulnerable because they have lost informal social networks (relatives, neighbors, and others) that would normally look after their welfare at home. They are likely to be more socially isolated or reliant on smaller ethnic, religious, or language minority-based networks.

Young women are often especially at risk and face additional gender-related challenges. Young women migrants increasingly work in a diverse number of sectors—such as manufacturing in China, construction in India, or nursing and homecare globally—where they may face similar general gender-related, workplace constraints, including lower wages or lack of childcare. However, a large share of unskilled or undocumented women migrants find work as domestic servants. Such women, who often work and live in

their employers' homes, can be invisible to authorities and become subject to low pay, restricted freedom, and sexual exploitation.

Similarly, youth economic and social integration into host communities is often hampered by cultural and linguistic barriers. Lack of familiarity with the local language and customs is one reason well-educated migrants often work in jobs below their formal qualifications. Research indicates that migrants have better employment outcomes the closer they are culturally or linguistically to the majority population (Chiswick and Miller 2011, Wanner 1998). Outcomes improve with years of residence in the country, implying that cultural barriers may be higher for young migrants. As noted above, language barriers also impede access to employment services, training, and other services. Finally, discrimination, and implicit or outright xenophobia and racism, also inhibits access to decent work and integration into the broader society.

Lastly, migrants face more acute constraints than host or local youth in accessing entrepreneurship opportunities. The S4YE baseline report (2015) showed that young people generally are among the most entrepreneurial worldwide in terms of nascent start-up activity, seeing it as a path out of poverty and joblessness. While labor market barriers may push migrants toward self-employment, they often face barriers. A key constraint among international migrants is the difficulty, relative to host or locals, in obtaining credit. Relative to adults, young people generally are disadvantaged in accessing business start-up loans as they lack experience, borrowing and repayment histories, and collateral assets to assure lenders.

Risks faced by migrants also imply risks and challenges for sending and receiving areas. From the perspective of sending communities, problems can arise when a large mass of young workers leave their communities in a short period, or when migration may reduce incentives for educational attainment if the jobs that young people expect to obtain from migrating are low-skilled. From the perspective of receiving countries, large influx of workers may create short to medium-term fiscal stress. Policies to compensate low-skilled native workers who may face wage competition, and efforts to encourage social cohesion, may be needed to manage the perceptions of natives regarding increased immigration.

What are promising solutions?

Given the urgency of the employment and migration landscape, the global community is invigorating its response, and pursuing a number of policies and programs. The report highlights real-world examples in *five* actionable solution sets that have promise to address labor market challenges faced by young migrants. It is important to understand that youths' unmet desire to move may drive them to migrate in more dangerous or uncertain circumstances. Along with supporting activities to spur job creation domestically and promote rural or coastal development, institutions in both sending and receiving regions should implement systems to facilitate youth migration, reduce youth migrant vulnerabilities, and address factors associated with exploitation and rent-seeking that arise because of the potential for vast gains youth migrants perceive.

In looking at addressing constraints faced by youth migrants, it is also important to remember the vast diversity in migrant experiences. Given this heterogeneity in migrant experience, as well as the limited rigorous evidence, it is beyond the scope of this report to prescribe scalable policy solutions. Solutions showcased here represent examples of the kind of responses from S4YE partners and the broader international community, but not all are targeting youth migrants and few of the examples have been empirically evaluate. It is simply too early to offer directive prescriptions about solutions that can work in a broad variety of contexts, countries, or populations.

Providing legal pathways to move and work is a critical first step to ensure quality jobs for youth migrants. Immigration policies in destination markets need to align with changing labor market realities around the world. This is especially true for young as well as adult migrants at the lower end of the skills spectrum. Many western countries have tried to balance political economy constraints of migrants over-staying visas by devising temporary or circular migration programs. By addressing unemployment in sending markets and labor shortages in receiving markets, these programs may represent win-win scenarios. However, it is necessary that seasonal or temporary schemes, include basic human and labor rights standards to protect workers so they can be mutually beneficial for both the young migrants and their employers. Providing legal pathways also helps reduce exploitation and reduces pressure to enter informal employment.

Improving access to employer and destination-specific training and certification can address the hurdle of skills mismatch young migrants in destination communities face. In a rapidly changing globalized economy, where education systems constantly evolve, skills and vocational training for aspiring youth migrants should be tailored towards the demand of employers in destination markets. Policymakers and training providers can facilitate this by collaborating with destination country governments or by engaging employers at receiving markets. Similarly, highly qualified youth migrants are barred from accessing employment opportunities that match their skills in destination markets because of differing certification schemes. Trans-national certification standards allow young migrants to validate their education or training and better access jobs that match qualifications, skills, and productivity levels.

Digital platforms increasingly provide employment services and reduce information asymmetries for migrants across the globe. Migrants and refugees increasingly can use mobile phones to find reliable information regarding the costs and risks of migration, which is helping vulnerable groups such as youth evaluate employment options in source and destination markets. Online platforms also provide social protection by facilitating youth migrants' access to valuable services in destination markets. Digital job-matching platforms are substantially reducing job search-costs for young migrants and refugees. Traditional employment service platforms are also incorporating new technology approaches and data to help migrants find jobs.

By helping young migrants navigate barriers to starting a business in destination communities, organizations are reducing the financial and experiential barriers to entrepreneurship. Some organizations are offering banking advice and products for those newly arrived, tailored by country of origin to serve immigrants in opening bank accounts and developing credit histories. Other organizations are assisting migrant entrepreneurship by hiring counselors experienced in dealing with migrant cases, removing language barriers by addressing communication needs, or facilitating immigrant business networking. Incubating a migrant network—helping the members of the migrant community connect, or establishing a mentorship program for young migrants to meet successful entrepreneurs—can help share critical information with aspiring migrant business-owners.

Policymakers can use innovative communal and behavioral approaches to lower cultural and language discrimination toward young migrants in destination communities. Easy-to-use platforms can help connect new migrants and refugees with their ethnic community to ease their transition to host societies. Interacting with people from the same ethnic community can help young migrants understand the rules and regulations of their destination communities and smooth transition from one cultural to another. Similarly, policymakers can address formal labor market discrimination by using new, innovative, behavioral science approaches. For example, by anonymizing applications for employment, policymakers can help reduce discrimination and bias that migrants may face in destination communities.

Where do we go from here?

We explored patterns and trends regarding youth on the move, highlighted labor market challenges in realizing the benefits from youth migration, and showcased examples of promising programs and policies to alleviate some constraints. The youth-employment-migration nexus is an important and underexplored

area in the global push towards inclusive economic growth through jobs. Youth move for a variety of reasons—economic and non-economic—and youth data suggests increased future movement. To facilitate safe and orderly migration—an important component of the SDG agenda—we need to address risks and challenges youth face. We need to bring issues such as legal access to destination markets, skills, employability, and barriers to migration to the front and center in global policy debates. Promising programs that address these barriers, such as the ones discussed in this report, need to be evaluated rigorously to identify concrete policies and scale-up the best solutions. At the same time, political economy considerations will likely significantly affect migrant policy and program scalability. The concerns of people in host communities, many of whom remain deeply opposed to more immigration because of labor competition and fiscal cost implications, must also be addressed.

Based on the themes in this report, the agenda for youth migration needs to focus on three key elements:

- Data gaps,
- Experimentation, and
- Partnerships

Data and research on migration should address specific knowledge gaps and distinguish youth and older migrants in terms of risks and opportunities. We need to better understand youth movements; who is going where, and what kind of work they are, or are not, engaging in when they arrive. More age-disaggregated data is needed for international and internal migrants. Even baseline age-disaggregated data on stocks and flows of migrants is spotty and missing in many key corridors. Detailed data by age, gender, and skill and education level is important. We need more research needs to understand employment opportunities for youth in their domestic markets, and how they compare to employment outcomes and income after migration. We need to know more about their occupation and sectoral distribution relative to adult migrants and host or local youths.

Further research is also needed to gain a deeper, more nuanced and contextual understanding of specific constraints young migrants face in accessing employment, and how these vary by person and place. S4YE partners already have ongoing work programs to support building a youth employment and migration knowledge and policy base. However, we need more rigorous evidence for what works, why, for whom, and in what contexts. There is also very little data or knowledge on youth cohorts in forcibly displaced populations. Similarly, we need to know more about how gender factors in the youth-employment-migration nexus. Table 1 provides a framework to guide, categorize, and collect evidence around solutions, constraints, and S4YE Frontier areas for prioritized activities.

Table 1: Matching constraints and solutions for improving migrant youth employment

Constraints	Solution Sets	S4YE Pathway to Youth Employment	Relevant Frontier Areas
 Restrictive legal frameworks for migration Labor market rigidities and structures 	 Providing legal pathways to move and work for migrants and refugees 	 Government and non- governmental factors influencing youth employment 	• Quality Jobs
• Inadequate access to training or certification of skills	 Improving access to destination and employer-specific training and certification 	 Training & skills development Identifying skills gaps, remedial basic skills 	 Skills gap
 Irregularity of employment Lack of access to employment services Weak networks, inadequate information 	 Reducing information asymmetries, service provision through digital platforms 	 Job search and acquisition 	 Quality Jobs; Digital Age Impact
Barriers to entrepreneurship	 Reducing financial and experiential barriers to entrepreneurship 	 Enterprise development Business growth and expansion 	 Self-Employment & Entrepreneurship
 Cultural and language barriers and discrimination 	 Lowering cultural barriers to live and work in destination markets 	 Job search and acquisition Job retention 	 Quality Jobs, Digital Age Impact

Increasing investments and strengthening partnerships among multi-sector actors remains critical. S4YE partners are expanding their support to youth on the move; targeting, adapting, and piloting proven youth employment interventions. Within the World Bank, the Social Protection & Jobs practice has large and growing work programs on both migration and youth employment. At the same time, gaps in evidence noted above point toward additional youth migration and employment questions and research needs. Many of the questions put forth in the S4YE Baseline Report's future research agenda also apply to youth on the move. S4YE will continue to invest resources and efforts in these areas.