



Cities and Youth Employment

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Employment guarantee policies:

Responding to the current economic crisis and Contributing
to long-term development

(session 3)



The literature on urban development misses job creation

- Spatial, physical and demographic development to the detriment of employment and economic function
- This literature ignores how capital formation in infrastructure and housing are linked to job creation and to labour markets.
- Privatized urban services, such as water supply, were promoted as providing more efficient services to ever-growing numbers of potential clients.



Comparative Advantages of Cities for Job Creation

- Regulatory Framework
- Informal Economy
- Infrastructure Investments
- Building alliances for job creation



The Concept of Informal Employment

- From the Informal Sector to the Informal Economy

- ☐ Does the Size of the Informal Economy decline as development increases?

OR

- ☐ Does the Informal Economy develop in symbiosis with the formal economy



Informality, Growth and Development

- Loayza and Rigolini find that:
 - Informality is negatively correlated to per capita GDP
 - Informality is countercyclical
- BUT Heinz finds that:
 - Informalization has increased in countries with respectable records of per capita GDP growth
 - Informal employment has been increasing faster than formal employment, even in countries with strong rates of growth



Informality, Growth and Development

Chen states that the informal economy is:

- Growing
- A permanent, not a short-term, phenomenon
- A feature of modern capitalist development and not just traditional economies
- Not a marginal or peripheral sector but a basic component of the overall economy



SUPPLY SIDE: Who works in the informal economy?

- Self-employed

- Wage labor

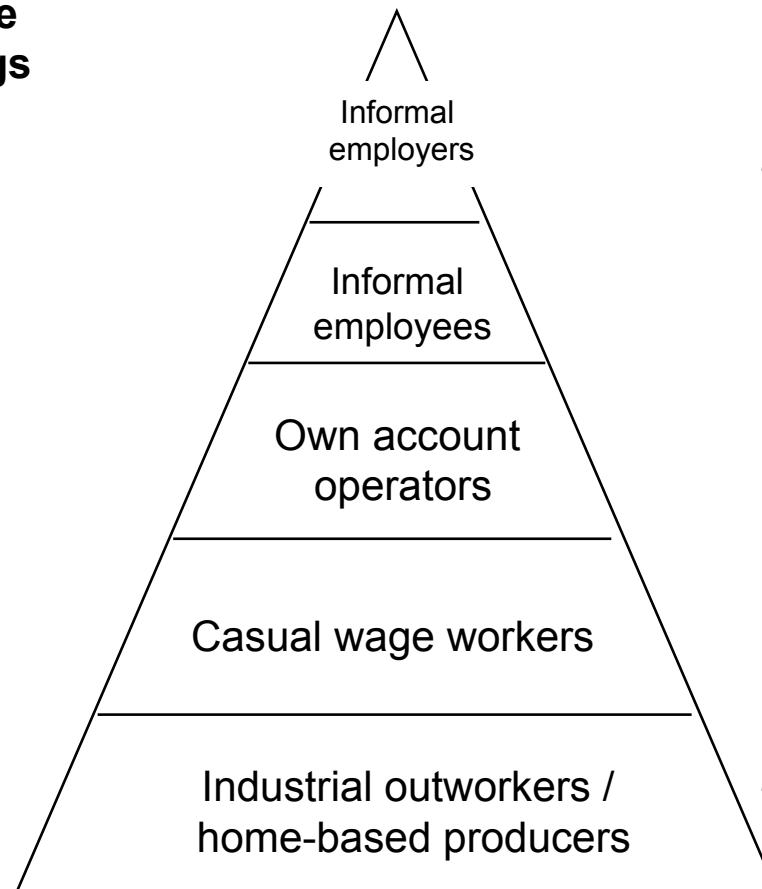
Segmentation of Informal Employment by Average Earnings and Sex

**Average
Earnings**

High



low




**Segmentation
by Sex**

predominantly men

men and women

*predominantly
women*

Note: The informal economy may also be segmented by race, ethnicity, caste, or religion.



What are the sources of demand for informal employment?

- Producing for domestic low-income markets
- Producing for domestic high-income markets
- Producing for global markets



Are regulations to blame for informality?

Three relationships between regulations and informality:

- Law is silent
- Laws exist, but problem is lack of enforcement or compliance
- Third and more problematic relationship where:
 - Regulations provide protection and level playing field, but
 - Regulations are seen to be an impediment to job creation and to be responsible for spread of informality



Cost of Doing Business

- Policy uncertainty
- Macro instability
- Tax rates
- Corruption
- Cost and access to finance
- Crime
- Regulation and tax administration
- Skills
- Court and legal systems
- Electricity
- Labor regulations



Towards an Urban Employment Strategy

- Traditional view

- ☐ Unemployment results from lack of investments due to
 - Poor business climate
 - Lack of competitiveness
 - Costly regulations
 - Unskilled Workforce



Towards an employment Strategy

- Direct versus indirect approaches
- Recognition of the role of the public sector
- “Unpack” the regulatory framework with a view to job creation impacts
- Support municipalities’ role in job creation
- Undertake employment impact analysis of municipal investment programs
- Support organizations of the world of work: social partners



UN Youth Employment Network

- Youth are an asset, not a problem
- Four Global Priorities
 - Employability (education, training, work experience)
 - Entrepreneurship
 - Equal Opportunities
 - Employment Creation (i.e. strategies to create new additional jobs)
- A political process: lead countries and national action plans



The Strategy

- Youth employment as the entry point to the broader employment agenda
- Moving away from a target group approach
- Youth employment = creation of new jobs
- Developing country leadership
 - Relation between policies to combat child labor and policies to promote youth employment



Most youth employment programs are supply-side focused

- Make general education more employment focused
- Help young people create their own business / enterprise
- Upgrade and refocus vocational training programs on needs of changing labor market
- Provide work experience



Need for demand side policies to complement supply-side policies

- Public sector policies which respond to growing aspirations of young people (as opposed to asking young people to lower their aspirations and simply accept the “realities” of the labor market)
- Make employment a central goal, not a by-product, of policies for investment and growth
- Policies and programs to increase employment impact of public investments



Youth employment in the context of national employment strategies

- Both targeted and non-targeted approaches
- Youth employment not as a sub-set but rather a starting point for broader employment strategies
- Youth employment as part of a life-cycle approach to employment and social policy



A consultative process for youth employment policies and programs

- Collective bargaining

- ☐ Tripartism
- ☐ Social Partners
- ☐ Collective bargaining

- Youth participation

- ☐ Youth as beneficiaries
- ☐ Youth as participants in policy discussions
- ☐ Youth role in monitoring and evaluation
- ☐ Membership-based and representative youth organizations\
- ☐ Dangers of politization of youth organizations



Youth Employment and Collective Security

- Security at different levels: municipal, provincial, national and international
- Youth employment and urban safety
- Policy debates on allocation of official development assistance: peace-keeping, humanitarian assistance and development assistance



Youth Employment and the Millennium Development Goals

What is the relationship between youth employment and the other MDGs?