

## ► Policy Brief

May 2020

# Preventing exclusion from the labour market: Tackling the COVID-19 youth employment crisis

## ► COVID-19 will add to the existing labour market challenges facing young women and men

**The COVID-19 pandemic has evolved from a health crisis into the worst economic and labour market downturn since at least the Second World War.** Preliminary data point to a severe impact of the COVID-19 pandemic on economies and labour markets around the world for many years to come. The crisis is likely to be particularly severe for youth across three dimensions: (1) disruptions to education, training and work-based learning; (2) increased difficulties for young jobseekers and new labour market entrants; and (3) job and income losses, along with deteriorating quality of employment.

**The latest IMF growth forecasts for 2020 (April) predict a decline in global GDP of 3 per cent**, which is far more severe than during the global financial crisis when the world experienced a fall in GDP of 0.1 per cent (2009).<sup>1</sup> According to ILO's nowcasting model,<sup>2</sup> global working hours in the second quarter of 2020 are expected to be 10.7 per cent lower than in the fourth quarter of 2019, which is equivalent to the loss of 305 million full-time jobs.

**Even in the best of times, young people face a tough situation in the labour market.** At the global level, young people aged 15-24 are around three times more likely to be unemployed compared with prime-age adults aged 25 and above.<sup>3</sup> Prior to the onset of the COVID-19 crisis, unemployment affected 67.6 million young women and men, or 13.6 per cent of the youth labour force. Since the global and economic financial crisis, the global youth unemployment rate has not yet returned to the pre-2008 rate, persisting at above 13 per cent in recent years, particularly for young men (figure 1).

**The share of young people not in employment, education or training (NEET) reveals more substantial youth labour underutilization.** Even prior to the pandemic, around one-fifth of young people worldwide, or 267 million people, were not in employment, education or training (NEET), SDG target 8.6. The NEET rate is particularly high for young women in lower-middle income countries where it reaches almost 40 per cent.

<sup>1</sup> <https://www.imf.org/en/publications/weo>

<sup>2</sup> ILO Monitor 4rd Edition, <https://www.ilo.org/global/topics/coronavirus/lang--en/index.htm>

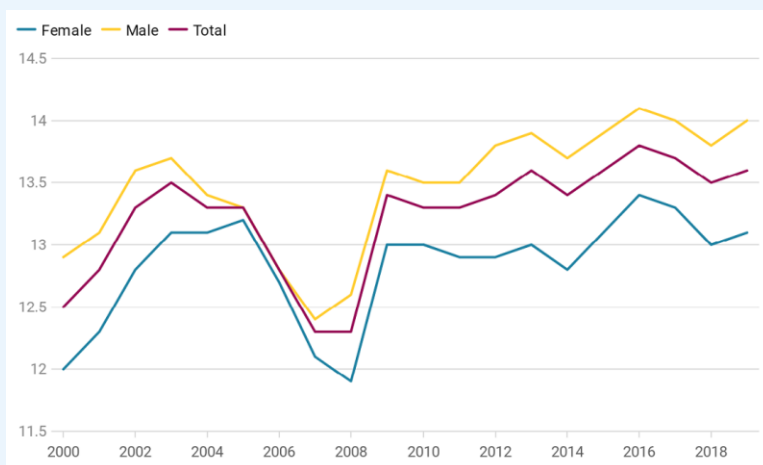
<sup>3</sup> ILO *Global Employment Trends for Youth 2020*, available at: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_737648.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf)

**Employed young people are concentrated in types of work which make them vulnerable to income and job loss during the current crisis.** More than three out of four of the world's young workers had informal jobs prior to the onset of the crisis compared with 60 per cent of adults aged 25 and above. Young informal workers do not have access to social protection or to other employment-related benefits. Furthermore, young people are over represented in working poverty<sup>4</sup> and less protected forms of work, such as temporary and gig employment. Moreover, young

people aged under 30 represent 70 per cent of international migrant flows.<sup>5</sup>

**Significant gender wage gaps and occupational segregation between young women and men also persist.** Young women spend considerably more time doing unpaid care and household work than young men. Widespread closures of schools and the unavailability of childcare services are intensifying the double burden of care often borne by young women.

► **Figure 1. Global youth unemployment rates (%) before the onset of the COVID-19 crisis, 2000-2019**



Source: ILO modelled estimates, November 2019, ILOSTAT, [ilostat.ilo.org](http://ilostat.ilo.org)

**The COVID-19 pandemic is creating a multi-dimensional crisis for young people around the world which also threatens to exacerbate existing inequalities within and between countries.** At the country-level, vulnerabilities for young people without access to online schooling/training, as well as gender-based segregation, are likely to increase further. Differences in the impact of the crisis and policy responses across labour markets threaten to put countries with the greatest development needs at a further disadvantage. Moreover, once recovery begins, unless remedial action is taken, there is a danger that the trend towards more flexible and less secure forms of work amongst young people will become intensified, as it did after the global economic and financial crisis.

**Preliminary survey results suggest that youth around the world have been severely impacted by the COVID-19 crisis.** 17 per cent respondents to an ILO-Global

Initiative on Decent Jobs for Youth (GIDJY) survey, carried out from 21 April to 21 May, reported that they have stopped working since the onset of COVID-19. While it is more common amongst respondents in high income countries to report work stoppages and reductions, young workers in countries of all income levels have been heavily affected, which has had a negative impact on mental health of the young respondents as well.

**The policy response to the COVID-19 crisis must be urgent, comprehensive and targeted.** A particular emphasis is required for young people in education and training, those with NEET status, as well as young informally employed workers and other harder-hit groups, such as young women and young migrant workers. Social dialogue and partnerships with the effective engagement of young people needs to underpin this response.

<sup>4</sup> True for both extreme and moderate working poverty corresponding to per capita incomes of less than US\$1.90 PPP and US\$3.10 PPP per day respectively.

<sup>5</sup> ILO [Global Employment Trends for Youth 2017](#)

## ► History repeats itself – Lessons from previous recessions

**Evidence from past recessions suggests that young people will be among those hardest hit by the pandemic-induced economic crisis** which is likely to affect the labour market entry of young people for some time to come.

**Youth unemployment rates vary much more than adult unemployment rates during downturns.** Figure 2 shows that for every 1 percentage point increase in the adult unemployment rate, youth unemployment rates rose, on average, by 2.1 percentage points. Young people are disproportionately affected by both reductions in hiring and increases in retrenchment which accompany recessions (see Box 1).

### ► Box 1. Why are young people disproportionately affected by recessions?

Young people constitute a large share of all new job seekers. Between the ages of 15 and 24 is precisely when most people enter the labour market for the first time. The immediate reaction of a firm facing a precipitous decline in the demand for its products or services is to reduce or interrupt the hiring of job seekers in this age group, and, with more jobseekers competing for limited numbers of jobs, young people are at a disadvantage compared to more experienced workers.

Young people are cheaper to fire: Recessions also mean an upswing in retrenchment and young people, on average, have spent less time on the job than older workers. Thus, young people are 'cheaper' to fire because:

- Protective labour market institutions, such as employment protection legislation, typically prescribe an increasing cost of firing workers with tenure;
- Young people are more likely to work in less protected jobs such as temporary and informal employment, and are much less likely to be members of trade unions;<sup>6</sup>
- Workers continue to acquire work related (and above-all firm specific) competencies for a considerable period after they are hired so their productivity within the firm tends to increase with experience. This means that firing workers with more experience is also more expensive for firms because it entails a greater loss of productivity

**The increase in long-term unemployment and exclusion of young people from the labour market is the greatest danger in the current situation.** Past recessions demonstrate that youth unemployment not only increases swiftly and significantly at the beginning of economic downturns but also that it remains above pre-crisis levels long after the recovery has begun.<sup>7</sup> During the global economic and financial crisis (GEFC), long-term unemployment in the European Union rose much faster amongst the young than amongst the adult population;<sup>8</sup> moreover, it continued to rise even as overall youth unemployment rates fell (figure 3).

**Whilst brief periods of unemployment during a young person's early labour market experiences are not unusual, if unemployment becomes protracted, it is likely to have life-long scarring effects** on the individual's skills, employment and wages.<sup>9</sup> Empirical evidence shows

<sup>6</sup> In all the countries for which data is available in the ICTWSS Data base, young people aged 15-24 are less likely to be members of trade unions than prime age adults (aged 25-54). On average, the trade union density amongst young people (13.1 per cent) is less than half the corresponding figure for prime-age adults (27.3 per cent). Based on the latest year available for the 35 countries with data. See, [Jelle Visser, ICTWSS Data base, version 6.1. Amsterdam: Amsterdam Institute for Advanced Labour Studies AIAS, October 2019.](#)

<sup>7</sup> Verick, S. 2009. [Who is hit hardest during a financial crisis? The vulnerability of young men and women to unemployment in an economic downturn.](#) IZA Discussion Paper no. 4359. (Bonn, IZA).

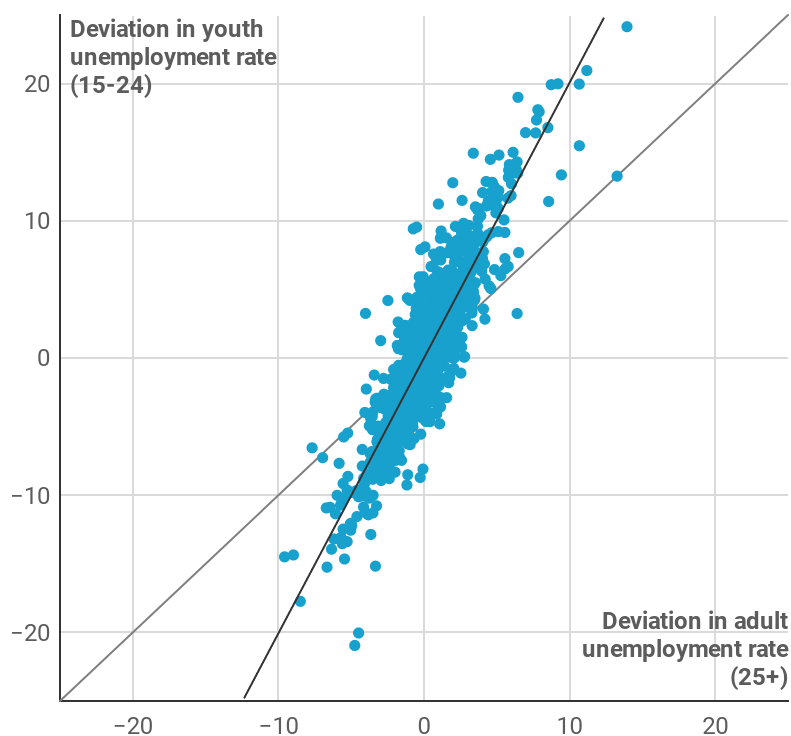
<sup>8</sup> O'Higgins, N. 2011. [The impact of the economic and financial crisis on youth employment: Measures for labour market recovery in the European Union, Canada and the United States.](#) Employment working paper no. 70. (Geneva, ILO).

<sup>9</sup> Gregg, P. 2001. "The impact of youth unemployment on adult unemployment in the NCDS." *Economic Journal*. F626-E653. Gregg, P.; Tominey, E. 2005. "The wage scar from male youth unemployment." *Labour Economics* 12: 487-509.

that entering the labour market during a recession can impact young people's labour market outcomes for a decade or more. As a consequence of poor economic conditions, young people fail in their early attempts to find work or end up in a job that is not in line with educational background.<sup>10</sup> Given that the recession precipitated by the COVID-19 crisis is far more severe than previous episodes,

the loss in earnings for young people around the world over the coming years is likely to be much more damaging. Long-lasting wage losses are, therefore, likely to be experienced by entire cohorts who have the bad fortune of graduating from school or college during the 2020 recession and face the consequent greater competition for fewer jobs over the coming years.<sup>11</sup>

► **Figure 2. Changes in youth unemployment rates are more pronounced than adult unemployment rates, 2000-2018 (percentage points)**



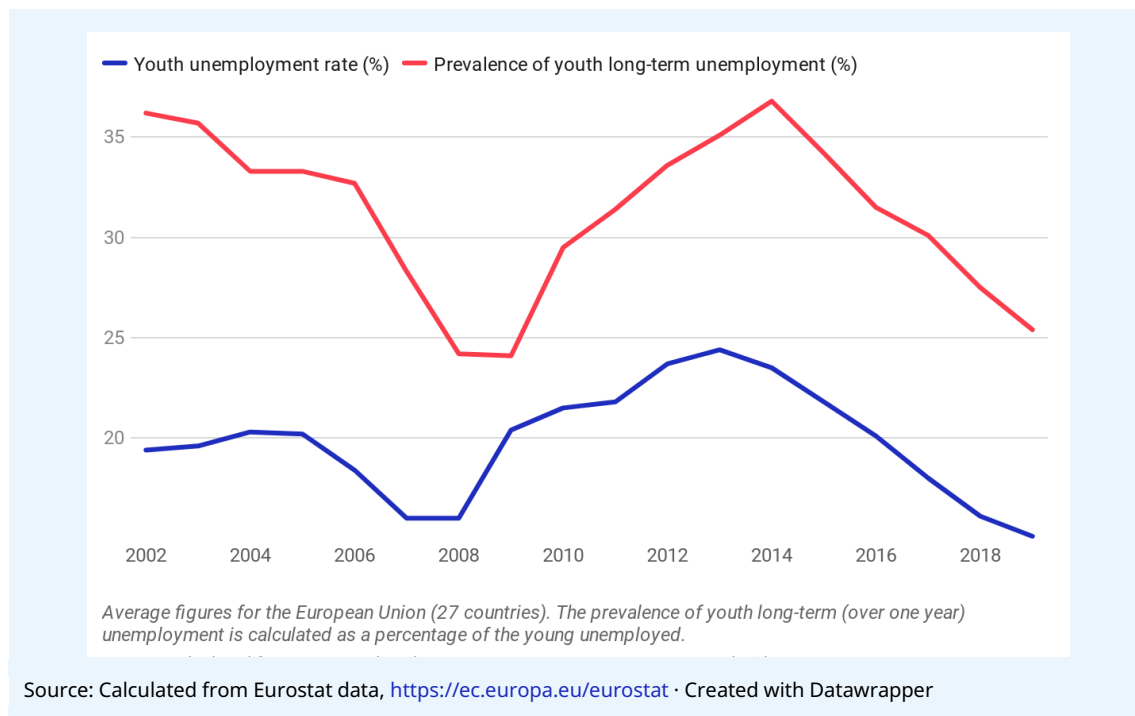
The graph plots changes in annual unemployment rates for youth against those for adults. The trend line plots the best statistical fit which is more than twice (2.13) as steep as the 45 degree line, along which youth and adult unemployment rates change by the same absolute amount.

Source: Calculated from ILOSTAT data for 167 countries from 2000 to 2018, 1808 observations, weighted by the youth labour force · Created with Datawrapper

<sup>10</sup> Recent estimates for the United States indicate that for a moderate recession that raises unemployment rates by 3 points, the loss on cumulated earnings is predicted to be around 60 per cent of a year of earnings. See Schwandt, H. and T. von Wachter. 2019. "Unlucky Cohorts: Estimating the Long-Term Effects of Entering the Labor Market in a Recession in Large Cross-Sectional Data Sets", *Journal of Labor Economics*, 2019, vol. 37, no. S1, pp. S161-S198.

<sup>11</sup> Kahn, L. J. 2010. "The long-term labor market consequences of graduating from college in a bad economy". *Labour Economics*, Vol. 17, No. 2, 303-316.

► **Figure 3. Youth unemployment rate and the prevalence of long-term unemployment amongst young people in the European Union, 2002-2019**



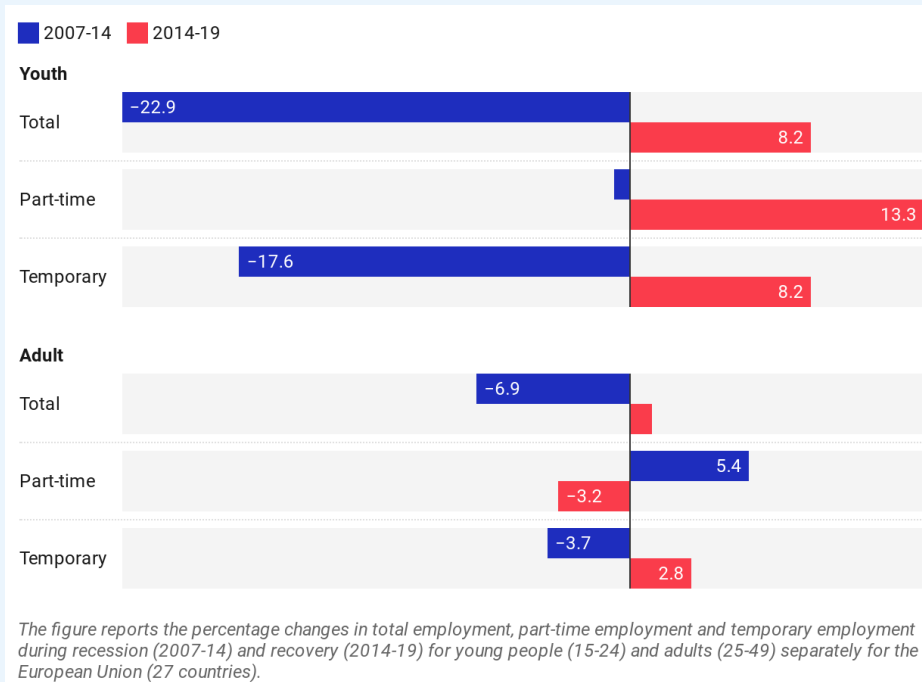
The global economic and financial crisis (GEFC) had a number of other negative consequences, which were demonstrably more pronounced for young people entering the labour market compared to established labour market participants (figure 4). Youth employment fell much more than adult employment during the GEFC. Perhaps of even more relevance to the current situation, more flexible and less protected forms of employment, such as temporary and part-time work, which were used as an adjustment mechanism during the crisis, increased proportionately much more among young people than adults as Europe emerged from the 2009 recession. One consequence is that by 2019, one in two young workers was in temporary employment in the European Union compared with less than one in eight workers aged 25 and over.<sup>12</sup>

While the global economic and financial crisis had a major impact on the youth unemployment rate around

the world, the impact was much greater in high-income countries, most notably, in Europe and the US. From 2008 to 2013, the unemployment rate for young people increased by 3.9 percentage points in these economies (Figure 5). As the situation in these high-income countries improved between 2014 and 2019, the unemployment rate for young people declined further than the preceding GEFC rise. In contrast, the youth unemployment rate in upper-middle-income countries actually increased from 2014 to 2019 by a greater amount than in the wake of the GEFC, reflecting slowdowns and economic fragility in a number of emerging economies in recent years (e.g. Brazil). The youth unemployment rate is not only much lower in poorer economies, but was also less affected by the GEFC. Given that most youth are working in the informal economy, the youth unemployment rate in low-income countries does not accurately reflect labour underutilization and is less correlated with economic growth.

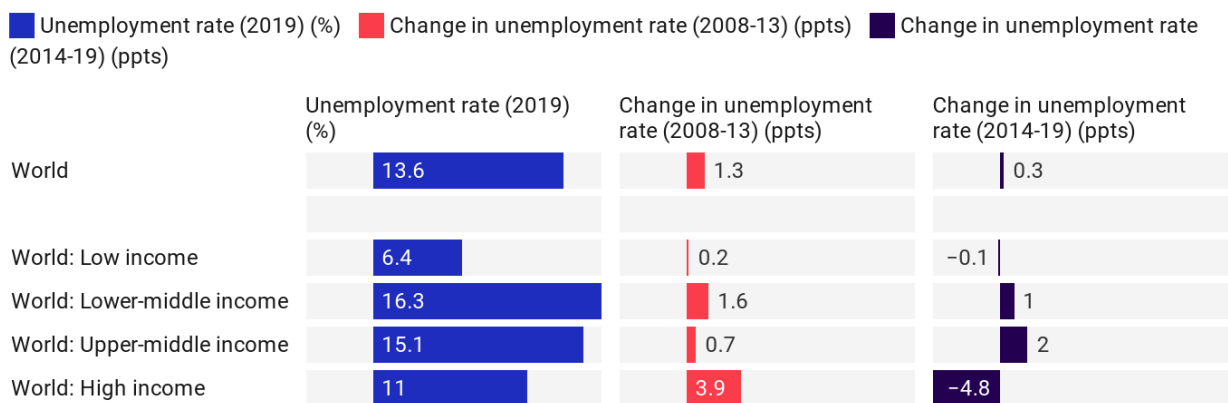
<sup>12</sup> Eurostat, <https://ec.europa.eu/eurostat/web/labour-market/>.

► **Figure 4. Percentage changes in types of employment for young people (15-24) and adults (25-49) in the European Union, 2007-14 and 2014-19**



Source: Calculated from Eurostat data, <https://ec.europa.eu/eurostat> · Created with Datawrapper

► **Figure 5. Change in youth unemployment rates after the global economic and financial crisis by country income grouping**



Source: ILO modelled estimates, November 2019 · Created with Datawrapper

**Young people in developed countries with 'more flexible' labour markets are more vulnerable.** In countries with weaker employment protection legislation,

youth unemployment rates rose and youth employment rates fell much more precipitously than they did in countries with more secure employment.<sup>13</sup>

## ► Is it different this time? The labour market impact of the COVID-19 crisis on youth

**In contrast to previous crises, the COVID-19 crisis differs insofar labour markets have been simultaneously impacted by demand and supply shocks** resulting from almost universal physical distancing and containment measures, including strict lockdowns in a majority of countries. The collapse in global trade, capital flows, tourism and migration is creating a second-round of effects, which are damaging economies and labour markets around the world. As a result of this severe economic decline, a sharp and long-lasting increase in youth unemployment and underemployment is likely.

**The COVID-19 crisis represents a multi-dimensional crisis for young people around the world.** The trilemma for youth is: 1) the disruption to education and training that could reduce potential employment opportunities and earnings in the future; 2) the current wave of job losses and collapse of businesses and start-ups, which are reducing earnings and employment, along with threatening rights at work; and 3) the increased obstacles to finding work faced by young people entering the labour market for the first time or who were already without work prior to the crisis, especially young women who, in general, experience higher rates of NEET.

To identify and assess the impact of the COVID-19 crisis on youth across these three dimensions, the following data are used:

1. **Pre-crisis situation:** A baseline analysis of at-risk youth by educational enrolment, labour underutilization and NEET, hard-hit sectors, and informality

2. **Current impact:** Latest figures on the impact on youth employment and unemployment from labour force survey and administrative data, along with the insights of a recent ILO- Global Initiative on Decent Jobs for Youth Survey

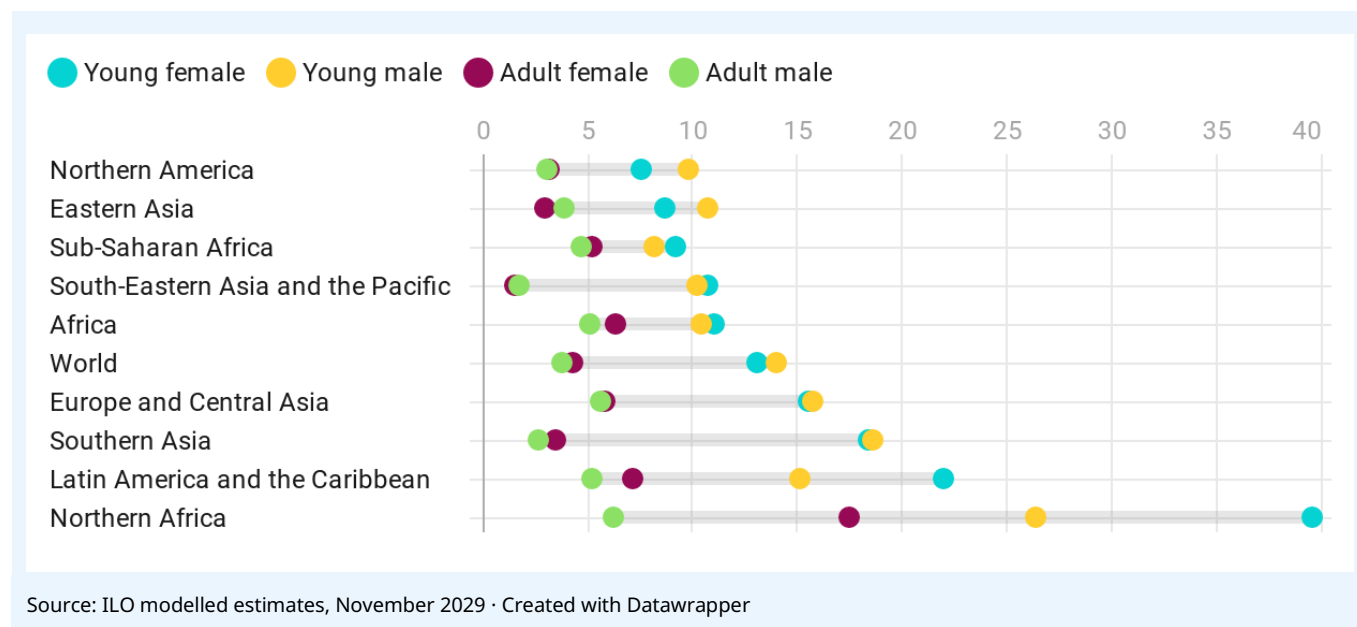
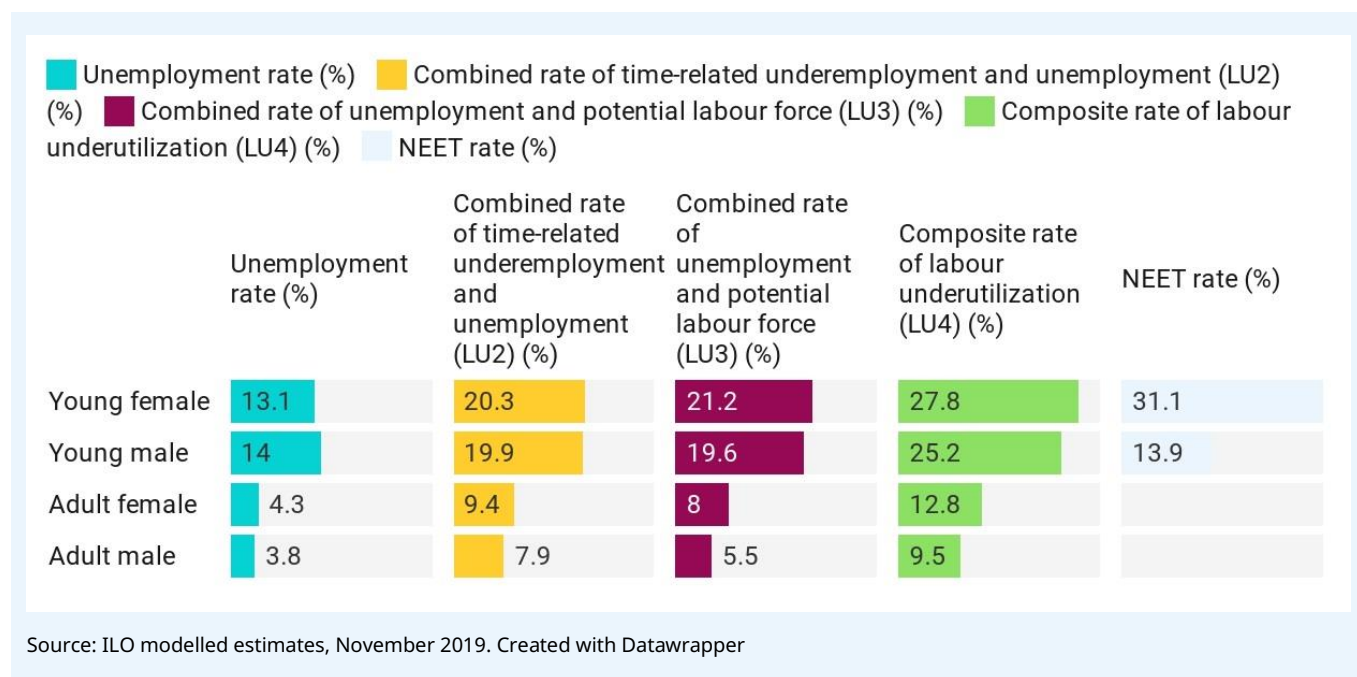
### Millions of youth were already unemployed and underemployed going into the COVID-19 crisis

**The ILO estimates that there were 67.6 million young women and men unemployed in 2019, representing 13.6 per cent of the youth labour force.** In line with historical trends, the latest data shows that the unemployment rate in 2019 was higher for young people than adults (double or more) (figure 6). In regions with the highest unemployment rates, namely Arab States and Latin America and the Caribbean, the unemployment rate for young women tends to be higher.

**A broader perspective on labour underutilization shows that a significant number of young people,** especially young women, are time-related underemployed and are part of the potential labour force which includes discouraged workers who have given up job search (figure 7). The rate of young women not in employment, education or training exceeded 31 per cent in 2019.

<sup>13</sup> O'Higgins, N. 2012. "This Time It's Different? Youth Labour Markets during 'The Great Recession'", *Comparative Economic Studies*, Vol. 54, No. 2, 395–412.



► **Figure 6. Unemployment rates in 2019 (%), by region**► **Figure 7. Measures of labour underutilization in 2019 (%), by region**

**Job vacancies have collapsed since the start of the pandemic leaving new labour market entrants and recently laid-off young workers fewer options to find employment.** Over recent weeks, available data has indicated a significant decline in vacancies in response to

the economic downturn. According to the Office of National Statistics, vacancies in the UK fell by 24.8 per cent in February-April 2020 compared with the previous year.<sup>14</sup> The decline in vacancies were the most precipitous in accommodation and food services (-41.5 per cent). The lack

<sup>14</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/datasets/vacanciesbyindustryvac02>



of job vacancies will be a major challenge for young jobseekers over the coming years, which risks creating more discouraged young people who give up job search. This outcome was witnessed, for example, in South Africa following the GEFC, which resulted in a significant rise in discouragement that posed more complex challenges for policymakers in terms getting young people back into the labour market once recovery has commenced.<sup>15</sup>

## Youth are vulnerable to the severe economic decline in hard-hit sectors

**178 million youth are employed in hard-hit sectors and are facing layoffs and severe loss in incomes.** The 2<sup>nd</sup> ILO Monitor released on 7 April shows that, as a consequence of the pandemic, certain sectors have been particularly affected by severe declines in economic output, such as accommodation and food services, wholesale and retail trade, manufacturing, and real estate and other business activities.<sup>16</sup> Prior to the onset of the COVID-19 pandemic, 178 million youth around the world, more than 4 in 10 young persons employed globally, were working in the four sectors most adversely affected by the crisis in terms of reduced employment and hours of work (table 1). Moreover, young workers in these sectors are disproportionately concentrated in low-wage unprotected jobs.

**While young women account for less than 39 per cent of global youth employment, they make up almost 51 per cent of youth employment in accommodation and food services, 41.7 per cent in wholesale and retail trade, and 43.8 per cent in real estate and other services activities.**

**Almost three quarters of the youth working in these four hard-hit sectors (131 million) are informally employed.** The largest number of this vulnerable group are found in upper-middle-income countries where 54 million informally employed young people were working in the hardest hit sectors at the onset of the COVID-19 crisis.

**At the front line of the pandemic are the workers in the human health and social work activities sector.** Globally, there are 11.8 million young people working in this segment, who face serious risk of exposure to COVID-19 in the workplace. Approximately 74 per cent of young people employed in the sector are young women.

**Persistent gender differences in the world of work increase young women's vulnerabilities to the economic consequences of the COVID-19 crisis,** which, in turn, will amplify challenges to achieving SDG 5 on gender equality. Pre-COVID-19 data from 39 countries shows a large gender divide: young women spent almost three times as much time on unpaid care and domestic work than young men (11.0 per cent of time use versus 4.4 per cent).<sup>17</sup> Due to widespread school closures and in the absence of affordable childcare services, the double burden of paid and unpaid work is intensifying for young women in particular those with small children.

**Consequently, young women are likely to experience considerable challenges** in combining their job with an increased amount of unpaid care work. Compared with older workers, their relatively less stable employment conditions can lead to additional pressures, negatively affecting their well-being at an individual level, and exacerbate existing discriminatory labour practices. In places where workplaces open again, while schools remain fully or partially closed, managing paid work and care duties will become even more challenging.

<sup>15</sup> Verick, S. (2011) "Giving up Job Search during a Recession: The Impact of the Global Financial Crisis on the South African Labour Market", *Journal of African Economies*, Vol. 21, No. 3, pp. 373-408.

<sup>16</sup> See ILO's 2<sup>nd</sup> Monitor, [https://www.ilo.org/global/about-the-ilo/WCMS\\_740877/lang--ja/index.htm](https://www.ilo.org/global/about-the-ilo/WCMS_740877/lang--ja/index.htm)

<sup>17</sup> SDG Indicator 5.4.1, <https://unstats.un.org/>, data retrieved April 2020.

► **Table 1: Global estimates of youth employed in hard sectors**

Economic sector	Impact of crisis on economic output	Baseline employment situation for young people (15-24)			Baseline employment situation for working age population (15+)	
		Level of employment (millions)	Share in global youth employment (%)	Share of young women in total youth employment (%)	Level of employment (millions)	Share of youth in total sector employment (%)
Wholesale and retail trade; repair of motor vehicles and motorcycles	High	74.8	17.5	41.7	482.0	15.5
Manufacturing	High	59.2	13.8	36.9	463.1	12.8
Real estate: business and administrative activities	High	16.4	3.8	43.8	156.9	10.5
Accommodation and food services	High	28.1	6.6	50.8	143.7	19.6
Transport, storage and communication	Medium-high	21.0	4.9	16.4	204.2	10.3
Arts, entertainment and recreation, and other services	Medium-high	28.4	6.6	60.3	179.9	15.8
Mining and quarrying	Medium	2.9	0.7	22.6	21.7	13.2
Financial and insurance services	Medium	4.6	1.1	54.7	52.2	8.8
Construction	Medium	33.1	7.7	5.4	257.0	12.9
Agriculture, forestry and fishing	Low-medium	123.7	28.9	36.0	880.4	14.0
Utilities	Low	2.0	0.5	21.3	26.6	7.5
Public administration and defence; compulsory social security	Low	8.6	2.0	33.3	144.2	6.0
Human health and social work activities	Low	11.8	2.7	74.2	136.2	8.6
Education	Low	13.2	3.1	69.5	176.6	7.5

Source: Note: Impact ratings are based on ILO's assessment of real-time and financial data (see the 2<sup>nd</sup> ILO Monitor released on 7 April 2020), ILOSTAT baseline data on sectoral distribution of employment (ISIC Rev. 4) and ILO Harmonized Microdata.

► **Box 2: Home-based work and digitalisation: advantages or disadvantages for youth?**

Digitalisation has accelerated both the automation of work, which eliminates or changes job functions, and the creation of work via digital platforms. The pandemic-induced economic downturn may serve to accelerate automation, the risk of which is highest among jobs held by young people.<sup>18</sup> The COVID-19 crisis has further stimulated debates around the platform economy, though it represents only a modest (but growing) share of youth employment, and teleworking, which is not feasible for all workers and occupations.<sup>19</sup>

Prior to the COVID-19 pandemic, most teleworking was occasional, with just a small percentage of workers, mostly mid-life professionals and managers with a high level of responsibility that teleworked. The ILO estimates that only between 15 to 18 per cent of workers globally are employed in occupations and live in countries where the necessary infrastructure allows them to effectively perform their work from home.

The “great lockdown” has resulted in an increase in home-based work (not only digital) as companies assign workers to telework wherever possible. However, many young workers are still working outside their home because they are not high-risk citizens and many are in jobs where working from home is impracticable.

The ILO finds that young workers perform better than adults in technology-rich environments.<sup>20</sup> This suggests they may find it easier to adapt to more technologically intensive work, as well as to training/education, methods and/or to finding jobs virtually. However, the need to learn and to be present in a workplace is particularly relevant for young people entering the labour market. On-the-job-learning, such as apprenticeships, internships and traineeships, are critical entry points for young people but are being also heavily disrupted during the crisis.

## Latest labour force survey data confirms that youth are being hit the hardest in the COVID-19 crisis

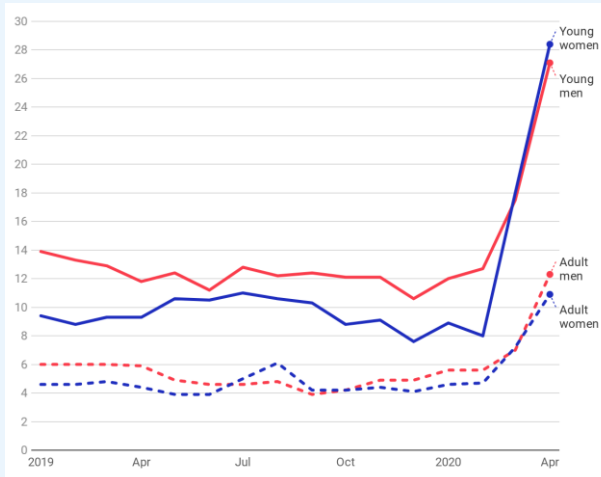
**Recent data point to a massive increase in the youth unemployment rate since February 2020**, particularly for young women. In Canada, the unemployment rate increased from February to April 2020 by 14.3 percentage points for young men (from 12.7 to 27.1 per cent) and 20.4 percentage points for young women (from 8.0 to 28.4 per cent) (figure 8a). The increase for adult men and women was far lower (just over 6 percentage points). A similar scenario can be observed in the United States, where the unemployment rate for young men (aged 16-24) increased by a comparable amount from February to April 2020 (from 8.5 to 24.0 per cent), while the rise for young women was even greater (from 7.5 to 29.8 per cent) (figure 8b). In Australia, weekly payroll (experimental) data reveals a decline of 18.5 per cent in the number of employees aged less than 20, which is far higher than the other age groups (figure 8c). Similar trends in the youth unemployment rate have emerged in other countries (e.g. China, Ireland, Republic of Korea, the Netherlands and Switzerland).

<sup>18</sup> ILO *Global employment trends for youth 2017*. See also, <https://www.brookings.edu/blog/the-avenue/2020/03/24/the-robots-are-ready-as-the-covid-19-recession-spreads/>

<sup>19</sup> ILO. Practical guide on teleworking during the COVID-19 pandemic for policy-makers and enterprises, forthcoming. ILO and Eurofound. 2017. [Working anytime, anywhere: The effects on the world of work](#).

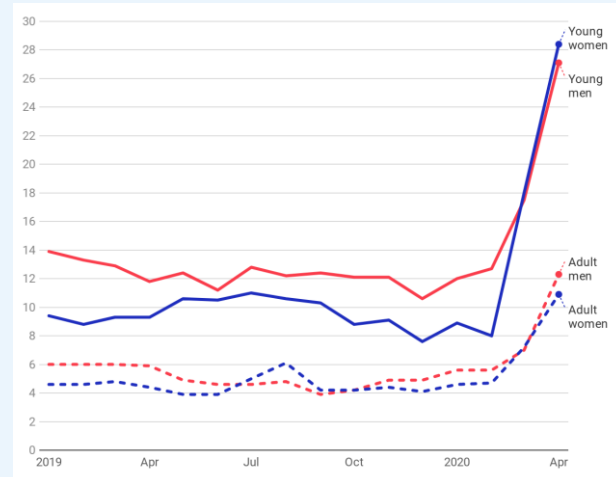
<sup>20</sup> ILO *Global employment trends for youth 2017*. For example, young crowd workers aged under 30 are typically able to command higher hourly wages than older colleagues. See also, Pinedo Caro et al. “Young people and the gig economy”, in Dasgupta, S. & Chacaltana, J., eds. Forthcoming. *Are the youth ready for the future?* (Geneva, ILO).

► **Figure 8a: Trends in the unemployment rate (%) in Canada during the COVID-19 crisis, Jan 2019 – Apr 2020**



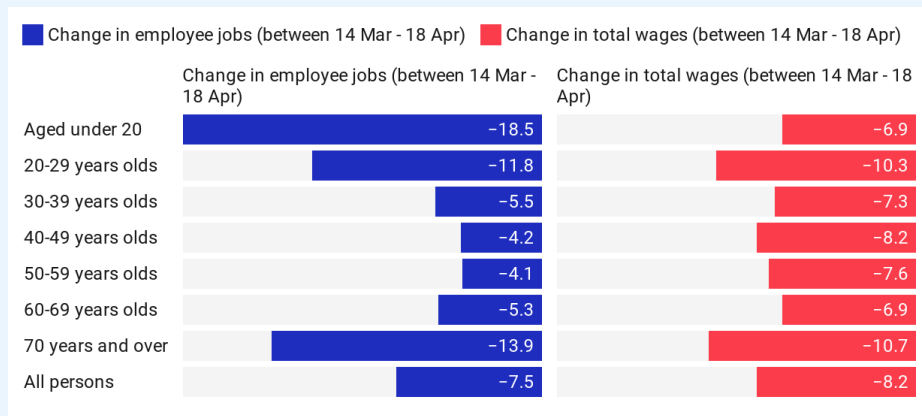
Source: ILOSTAT; Labour force survey data · Created with Datawrapper

► **Figure 8b: Trends in the unemployment rate (%) in the United States during the COVID-19 crisis, Jan 2019 – Apr 2020**



Source: ILOSTAT; Labour force survey data · Created with Datawrapper

► **Figure 8c: Impact of COVID-19 on weekly jobs and earnings in Australia (March/April 2020)**



Source: Australian Bureau of Statistics, Weekly Payroll Jobs and Wages in Australia, Week ending 18 April 2020 · Created with Datawrapper

**Changes in the unemployment rate do not, however reveal the full extent of the crisis.** Available data<sup>21</sup> shows that the youth labour force participation rate fell from February to April 2020 by 7.1 percentage points in Australia, 11.7 points in Canada, 1.9 points in the Republic of Korea and 7.5 points in the United States. The decline in the labour force participation rate of adults aged 25 and above is between 0.4 percentage point in the Republic of Korea and 4.2 points in Canada. With constraints imposed on job search, the challenge is to ensure that young people don't

lose their attachment to the labour market, which will make it more difficult for them to re-enter once economies recover.

**The greater impact of the COVID-19 crisis on youth, especially on young women, reflects their overrepresentation in hard-hit sectors,** such as accommodation and food services and retail trade, where young people typically work for lower pay and in unprotected jobs, often as casual daily wage workers in

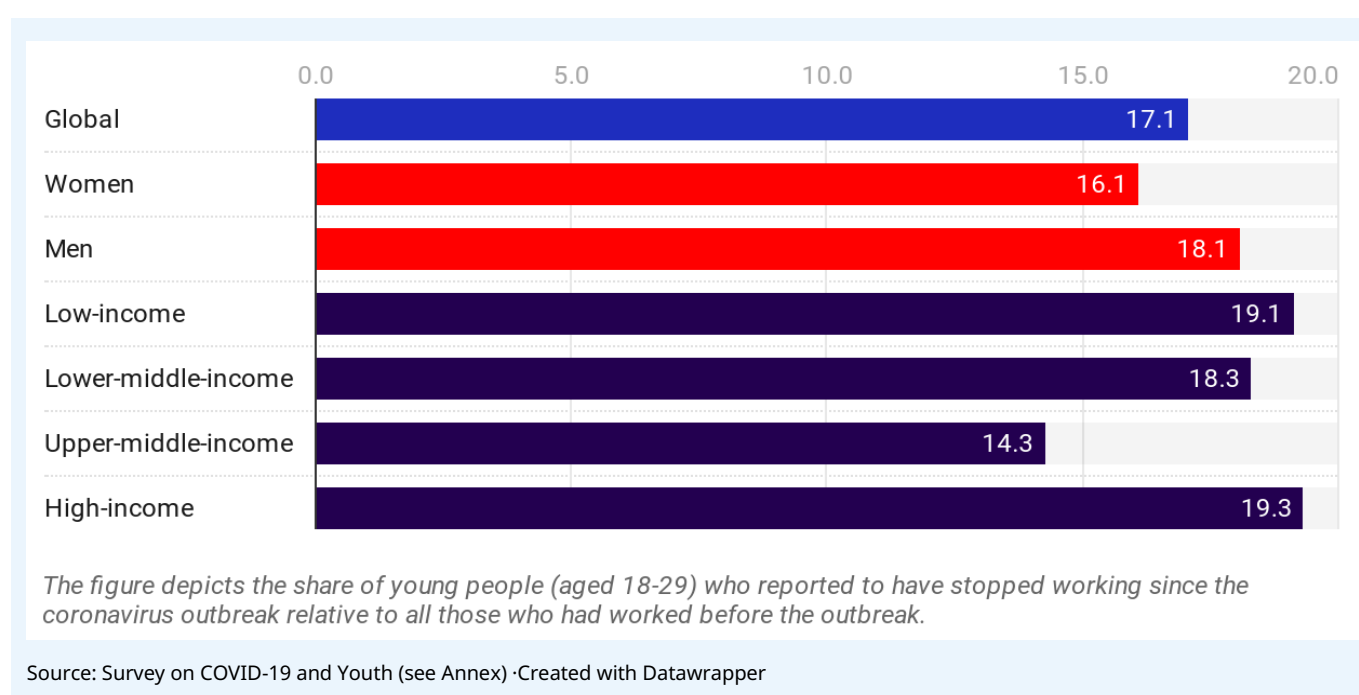
<sup>21</sup> See ILOSTAT, [ilostat.ilo.org](https://ilostat.ilo.org).

lower income country contexts. These young men and women have lost jobs that provided them with little or no protection and now face the prospect of long-term unemployment, which will negatively affect their employment and earnings over the coming years.

**Survey findings confirm that youth around the world have been severely impacted by the COVID-19 crisis.<sup>22</sup>**

Preliminary results of an ILO-Global Initiative on Decent Jobs for Youth survey suggest that 17 per cent of respondents have stopped working since the onset of COVID-19 compared with 11 per cent of those aged 30-39.<sup>23</sup> While impacts related to work stoppages are more pronounced in high-income countries, young workers in countries of all income levels have been heavily affected (figure 9).

► **Figure 9: Share of young people (aged 18-29) who stopped working following the onset of the COVID-19 pandemic (Global Survey on COVID-19 and Youth)**



**For young people who have remained in employment, working hours have been cut** by 23 per cent and impacts on incomes are widespread with 42 per cent of young workers reporting a significant or slight decline since the COVID-19 outbreak. Half of student respondents expect a delay in their education, while 10 per cent anticipate that they may be unable to complete their current studies.

**These impacts and uncertainties risk taking a heavy toll on young people's mental well-being.** 60 per cent of young female and 53 per cent of young male respondents view their career prospects with uncertainty or fear. Using a standardised mental wellbeing scale<sup>24</sup>, more than half the surveyed youth have become vulnerable to anxiety or

depression. Young people who stopped working exhibit the highest risk of anxiety or depression.

**The crisis is causing major disruptions to education, training and work-based learning**

**The COVID-19 crisis has caused major disruptions through the closures of schools, universities and TVET institutions, as well as interruptions to apprenticeships and traineeships.** Before the pandemic hit, almost 496

<sup>22</sup> See Annex for details of the survey undertaken by the ILO and partners of the Global Initiative on Decent Jobs for Youth.

<sup>23</sup> Based on over 13,000 responses received by 21 May 2020.

<sup>24</sup> Assessment based on the Short Warwick-Edinburgh Mental Well-being Scale (SWEMWBS) © NHS Health Scotland, the University of Warwick and University of Edinburgh, 2006.

million young people were in upper secondary education, post-secondary non-tertiary and tertiary education, who are now suffering significant disruptions to their learning.<sup>25</sup> According to the preliminary results of a recent ILO-UNESCO-World Bank Survey, around 98 per cent of respondents reported a complete or partial closure of technical and vocational education schools and training centres across all regions, with three out of four reporting the cancellation or postponement of exams and assessments due to the spread of the pandemic. Over two thirds of training is now provided at distance and nearly every second training provider shifted their courses online.<sup>26</sup> This has been a remarkable transition as only one in five training centres offered online courses before the crisis. However, complete school closures are the highest in Africa, a region that is least equipped to shift to distance education and training, including online courses. Initial evidence from another ILO survey reveals a massive disruption to training provision for existing apprentices and interns, along with a prognosis for a sharp reduction in the recruitment of new apprentices.<sup>27</sup>

**Young people in low-income countries (and in low-income households around the world) face considerable hurdles in accessing the internet (and computers), necessary to participate in tele-schooling.** Similar constraints exist for schools, especially public institutions, in terms of the ability to shift from face-to-face to online learning. Consequently, gaps in access to the internet and computers are likely to reinforce existing inequalities, both between and within countries. The ITU estimates that almost 71 per cent of young people aged 15 to 24 were using the internet in 2017, compared with 48 per cent of the total population.<sup>28</sup> This rate of internet usage among youth varies, however, from 40 per cent in Africa to 96 per cent in Europe.

**Disruption to education and training threatens to impose lifelong losses to earnings for young people who are forced to quit their studies.** For example, estimates for the United States suggest that four months of lost education due to school closures will result in a loss in future earnings in of \$2.5 trillion or 12.7 per cent of GDP.<sup>29</sup>

## ► Urgent, large-scale and targeted employment policy responses are needed to prevent lost opportunities and greater youth exclusion

**The multi-dimensional COVID-19 crisis is threatening to severely affect young people due to the disruption in education and training, in addition to the impacts of layoffs and business collapses.** For young labour market entrants and those already unemployed, underemployed and marginally attached to the labour force, the crisis will have long-term consequences unless policy interventions are immediate, sufficient and targeted to reach young

people around the world, particularly those who are most vulnerable during such severe economic downturns. In line with the ILO COVID-19 policy framework, responses are needed across four pillars based upon International Labour Standards: stimulating the economy and employment; supporting enterprises, jobs and incomes; protecting young workers in the workplace and relying on social dialogue for solutions.<sup>30</sup>

<sup>25</sup> Based on UNESCO enrolment data, [uis.unesco.org](https://uis.unesco.org)

<sup>26</sup> The ILO-UNESCO-WBG Joint Survey on TVET provision during the time of COVID-19 was carried out for 6 weeks' period from 5 April to 15 May 2020. The survey has received 1,348 responses from 126 countries.

<sup>27</sup> The survey is implemented jointly by the ILO, EC, ETF, Cedefop, GAN, OECD, UNESCO, and WBG. The early results must be interpreted with caution as it is based on 208 responses and the survey is still ongoing.

<sup>28</sup> See ITU ICT Facts and Figures 2017, <https://www.itu.int/en/ITU-D/Statistics/Pages/facts/default.aspx>

<sup>29</sup> Psacharopoulos, G., Patrinos, H., Collis, V. and E. Vegas. 2020. "The COVID-19 cost of school closures, Education plus Development", Brookings Institution, April 29, 2020, <https://www.brookings.edu/blog/education-plus-development/2020/04/29/the-covid-19-cost-of-school-closures/>

<sup>30</sup> This framework complements and builds upon the ILC Resolution "The youth employment crisis: A call for action" (2012) which put forward an evidence-based, multipronged approach to foster pro-employment growth and decent job creation for youth based upon:

1. Employment and economic policies for youth employment
2. Employability, including education, training and skills, and the school-to-work transition



## Stimulating the economy and employment

**Countercyclical fiscal policy to ameliorate youth unemployment during the crisis.** The fiscal policy reaction needs to be swift and decisive, implemented before the recession further constrains fiscal space.<sup>31</sup> Thus far, fiscal policy has appropriately prioritized income support for enterprises and workers to underpin their survival until the containment measures have been lifted. Once the recovery phase commences, fiscal policy will need to fully switch back to stimulus mode, supporting young people's (re-)entry to education/training or the labour force, especially for those belonging to the hardest-hit groups. Previous recessions have shown that fiscal policy through increased public expenditure is likely to be more effective than tax breaks; well-designed and coordinated macroeconomic, employment and social policies have mutually reinforcing effects in promoting economic and employment recovery.<sup>32</sup>

**Targeted economic and employment policies.** Since the hardest-hit sectors typically absorb high shares of youth employment, targeted sectoral measures, aligned with the national development vision post-pandemic (including emerging areas such as renewable energy, new technologies, etc.), could be the basis of a youth-friendly economic revival and moving towards a more sustainable and equitable labour market.

## Supporting enterprises, jobs and incomes

**Targeted support to enhance youth skills, raise productivity and counter reduced labour demand.** Fiscal stimuli to labour demand needs to incorporate increased expenditure on active labour market programmes and subsidies for education and skills development to mitigate the scarring effects of unemployment, raise productivity and incomes, reduce discouragement and ensure that education and training policies and systems respond better to the current and future demands of labour markets.

**Investment in training.** Firms could take advantage of the reduced opportunity costs of training associated with lower production levels to invest in, above-all online, skills development for their workforce, including for young

apprentices and other young workers, with a view to enhancing their long-term productivity.

**Investment in online learning.** To realise the potential benefits of online learning, it is crucial to boost investments in broadband connectivity, ICT equipment and digital skills for students and teachers/trainers, and quality curricula tailored to a virtual audience. Young people who face barriers in accessing online learning require targeted and immediate support. Virtual work-based learning opportunities can also help young people to gain valuable work experience even if movement restrictions are in place.

**Expansion of access to social protection and health insurance.** Relaxing social and unemployment benefit eligibility requirements can be coupled with coaching and job search support. Cash transfers need to reach young people in the informal economy, potentially through digital platforms that can rapidly reach those most in need, including in rural areas.<sup>33</sup> Access to public employment programmes need to be increased to ensure that youth in vulnerable situations, including in conflict and fragile settings, have access to income support and short-term job opportunities.

**Enhancing public employment services.** Solutions require agile, inclusive and informed public employment services capable of supporting a large number of transactions and services at the same time. Investment in modern PES is an important element of successful implementation of the post-pandemic recovery.<sup>34</sup>

**Youth-targeted wage subsidy programmes and work sharing arrangements.** After containment measures have been lifted, wage subsidies reduce the costs of retaining, hiring and training youth. Wage subsidies have proven to be effective in increasing long-term employment prospects for youth – from higher skills, productivity and employment likelihood<sup>35</sup> to changes in young people's preferences and behaviours. Expansion of work sharing schemes (subsidized reductions in working hours) are instrumental in protecting young workers. Such measures should be open to all young workers, regardless of the type of employment contract.

3. Labour market policies
4. Youth entrepreneurship and self-employment
5. Rights for young people

<sup>31</sup> Ebell, M. and O'Higgins, N. 2015. [Fiscal policy and the youth labour market](#). ILO EMPLOYMENT Working Paper No. 200.

<sup>32</sup> ILO. 2013. [World of Work Report 2013: Repairing the economic and social fabric](#) (Geneva). O'Higgins, N. 2017. [Rising to the youth employment challenge: Evidence and analysis on key policy issues](#), (Geneva, ILO).

<sup>33</sup> ILO 2016. [World Employment and Social Outlook 2016 – Transforming jobs to end poverty](#) (Geneva).

<sup>34</sup> ILO. [Global Employment Trends for Youth 2017](#).

<sup>35</sup> Heckman, J., Lochner, L., Cossa, R. 2002. "Learning-by-doing vs. on-the-job training: Using variation induced by the EITC to distinguish between models of skill formation". Working paper 9083. National Bureau of Economic Research



**Expansion of support to youth-led micro, small and medium enterprises.** In the short-term, lending to young entrepreneurs and youth cooperatives should focus on financial support as well as broader access to business development services and coaching so as to ensure that businesses withstand the crisis. Support should address barriers for young people to accessing available schemes. Over the longer term, young entrepreneurs will need assistance in adapting their business model based on changes in the demand (e.g. greater demand for PPE and health care products)<sup>36</sup> and to leverage opportunities in emerging green sectors. This may include support for investment in ICT infrastructure for enhanced online marketing and customer services and adoption of clean technologies. Reduced economic activity also means the opening up of new opportunities as economies recover. Innovative young people are in an excellent position to exploit these changes through start-ups and business development, though they will need a range of support services to be able to do so.

### Protecting young workers

**Concerted efforts are needed to protect young people in essential occupations, such as health and care workers, along with those who enter the labour market or return to work as workplace closures are lifted.**

Young workers are a heterogeneous group and many factors related to their age, such as stage of physical, psychosocial and emotional development, job skills, and work experience, affect the likelihood of exposure to occupational hazards, accidents and diseases. In the current context, these factors can increase the vulnerability of young workers to the risk of contagion, especially of those working in essential occupations. Work-related ergonomic and psychosocial risks associated with the pandemic, impact young workers, especially young women facing an increased unpaid care load. Occupational safety and health management should ensure that appropriate control measures are adapted to young people, including their training, appropriate personal protective equipment and participation.

### Promoting social dialogue

**Social dialogue should be used to mitigate the negative effect of COVID-19 on young workers,** covering such issues as cuts to working hours, partial unemployment, apprenticeships and internships during the pandemic, health related precautions in the workplace for youth, and ensuring the right to disconnect. Social dialogue should be strengthened to improve youth labour outcomes, by

including youth in social dialogue mechanisms and processes to address the priorities of young people, such as skills and lifelong learning, occupational safety and health for youth, wages, recruitment, apprenticeships, internships, private data protection, and other relevant aspects. Moreover, effective social dialogue enhances the sustainability and impact of economic and employment policies.

**Maintaining the rights of young workers and enhancing the capacity of workers and employers organizations** to represent them, including those in the informal economy, rural economy, migrant young workers and young digital platform workers. There is a very real possibility that the trend towards temporary and other less protected forms of work amongst young people, already very visible before the crisis, will become entrenched as a consequence of the pandemic. This is likely to be reinforced by digitalization, which provides opportunities especially to the young, but also further challenges labour relations in areas such as the platform economy where young people are particularly active. Promotion of freedom of association and effective social dialogue is crucial to protect and improve the basic employment rights of young people as part of an effective response to the COVID-19 induced economic crisis.

### Large-scale comprehensive solutions are needed

**Broad-based employment/training guarantee programmes offer a comprehensive solution where such approaches are feasible.** The European Union's Youth Guarantee provides an example of a counter-cyclical active labour market policy that, in times of crisis, delivers a comprehensive, and prompt intervention to protect youth from long-term labour market exclusion. By combining support for the entry or re-entry to education, training and/or employment of young people in danger of being left behind, the extensive scale of such a programme provides support to individuals and can also contribute to macroeconomic stabilisation, thus supporting employment recovery as a whole. In low and middle-income countries, including in conflict and fragile settings, comprehensive responses targeting youth, including employment-intensive programmes and guarantees, are also required, but they need to be adapted to the specific circumstances, and may need both domestic and external support in terms of financing and implementation.

<sup>36</sup> Evidence show that combining financial support to youth-led business with business skills training and business advisory services (including mentoring) leads to improved employment outcomes among youth. See Kluge et al. 2017. [Interventions to improve the labour market outcomes of youth: a systematic review](#). Campbell Systematic Review 2017:12.

## Annex: The Global Survey on Youth & COVID-19

The global online survey “Youth and COVID-19” was conducted by the ILO and partners of the Global Initiative on Decent Jobs for Youth from 21 April to 21 May 2020. Survey participants were recruited globally through online snowball sampling (non-probabilistic). As of 21<sup>st</sup> of May, the survey, available in 23 languages, was taken by 13,938 individuals between the ages of 18-39 and following further cleaning of the data the final sample consists of 13,329 observations. Respondents in the final dataset represent 112 countries across all ILO regions and income groups.

The breakdown of the respondents include: 18-29 year old youth cohort (11,179) and the 30-39 year old comparison cohort (2,150). A significant majority of respondents

identify as women (64 per cent) and most either fall within the 18-24 (61 per cent) or 25-29 (23 per cent) age brackets. Around two-thirds (59 per cent) of respondents have attained a tertiary level of education and 27 per cent at least a secondary level.

Throughout the analysis, population weights were used to correct for differences in age and gender between the survey respondents and the general country population with a similar profile of educational attainment. Weights are based on ILOSTAT data on working-age population by age (18-29, 30-39), sex and education for all available member states. To address the considerable variation in the numbers of observations per country, results are weighted at the level of geographic regions and income groups. Results presented here are based on a preliminary analysis of the data and will be subject to further examination and robustness checks.

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