



Tackling the COVID-19 youth employment crisis in Asia and the Pacific

Felix Weidenkaff, ILO, and Paul Vandenberg, ADB

Co-publication of the Asian Development Bank and the International Labour Organization

9 September 2020

▶ Youth employment and COVID-19 in Asia-Pacific

Overview

1. Youth and the labour market in Asia and the Pacific before COVID-19
2. Impact of the COVID-19 crisis on youth employment
3. Estimated youth unemployment for 2020
4. Policy recommendations

Source

- ▶ Tackling the COVID-19 youth employment crisis in Asia and the Pacific: International Labour Organization, Bangkok (Thailand), and Asian Development Bank, Manila (Philippines), 2020.
- ▶ https://www.ilo.org/asia/publications/WCMS_753369/lang--en/index.htm



▶ 1. Youth and the labour market in Asia and the Pacific before COVID-19

Even before the COVID-19 crisis, youth in Asia and the Pacific were already in a vulnerable situation. Youth are more likely to be unemployed than adults.

Figure 1: Asia-Pacific - Sub-regional youth and adult unemployment rate, by sex, 2019 (%)

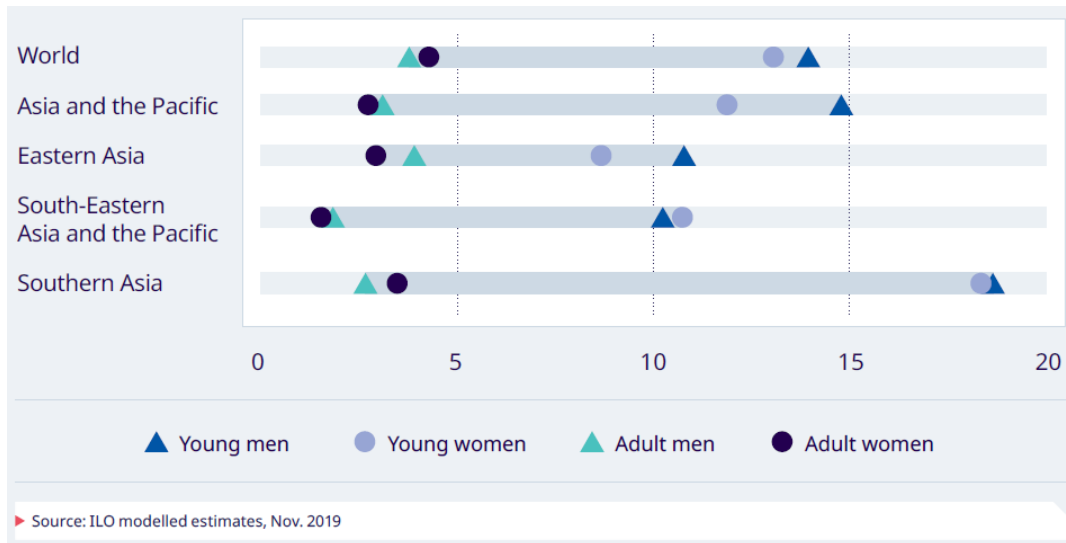
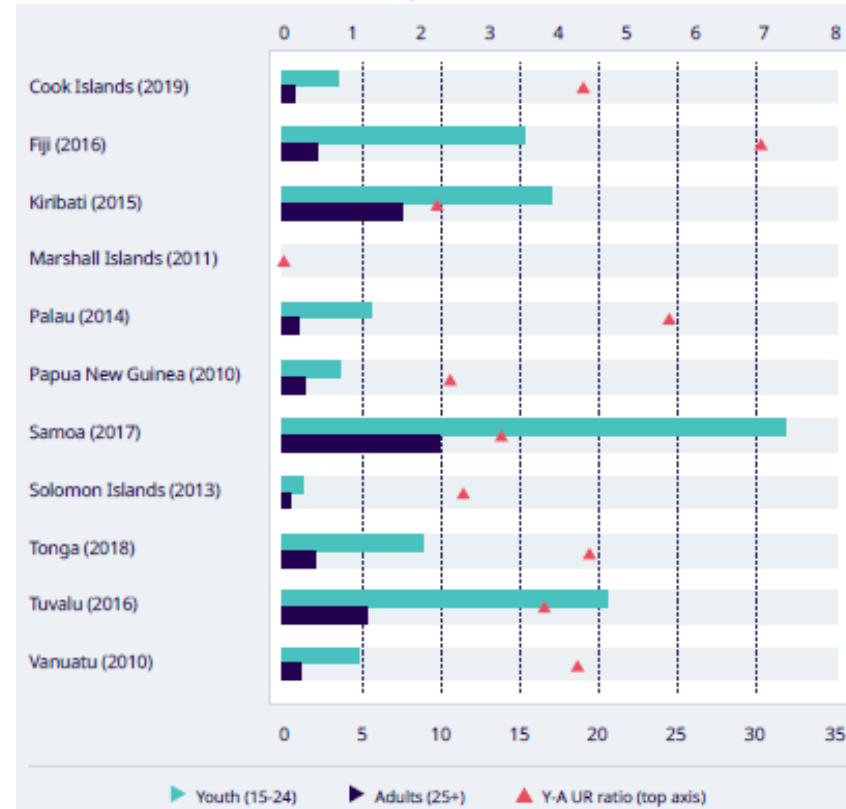


Figure 2: Pacific - Unemployment rates, by age and youth-to-adult unemployment rate ratio, latest available year (%)

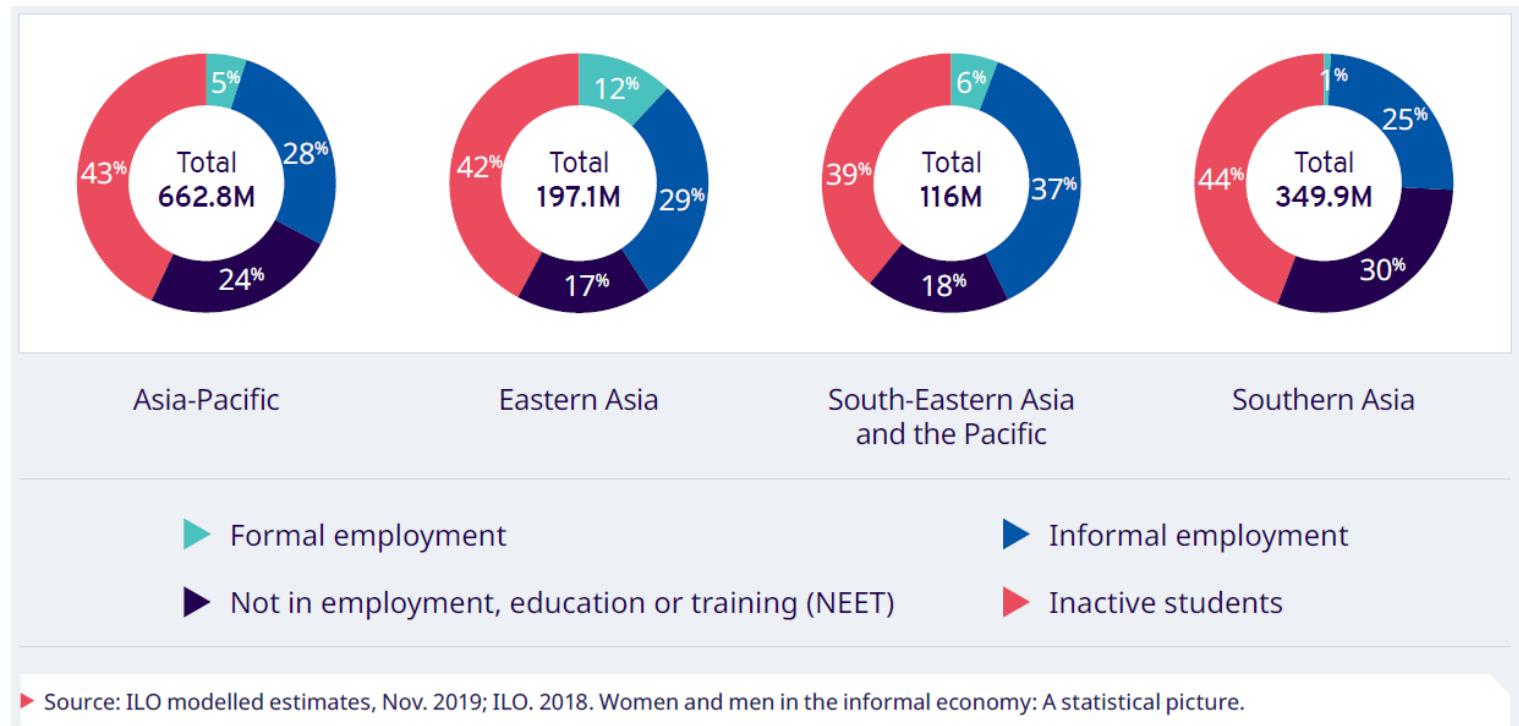


Source (Figure 2): ILO (2020) Pacific labour market review 2020: Pre-COVID-19 baseline labour market information for post-disaster recovery

Economic activity of youth in Asia and the Pacific does not always equate to productive employment and decent work

- ▶ More than 8 out of 10 young workers in Asia-Pacific were in informal employment prior to the crisis, versus 69 per cent of adults.
- ▶ One in four young workers in Asia-Pacific was living in conditions of extreme or moderate poverty (below US\$3.20 a day), versus 18 per cent of adults.

Figure 3: Labour market overview for youth (15-24) in Asia-Pacific, 2019



▶ 160 million youth in Asia-Pacific were excluded from the labour market in 2019. High NEET rates among young women and men in the Pacific.

Figure 4: Youth not in employment, education, or training (NEET) rate in Asia-Pacific, by sex, 2019 (%)

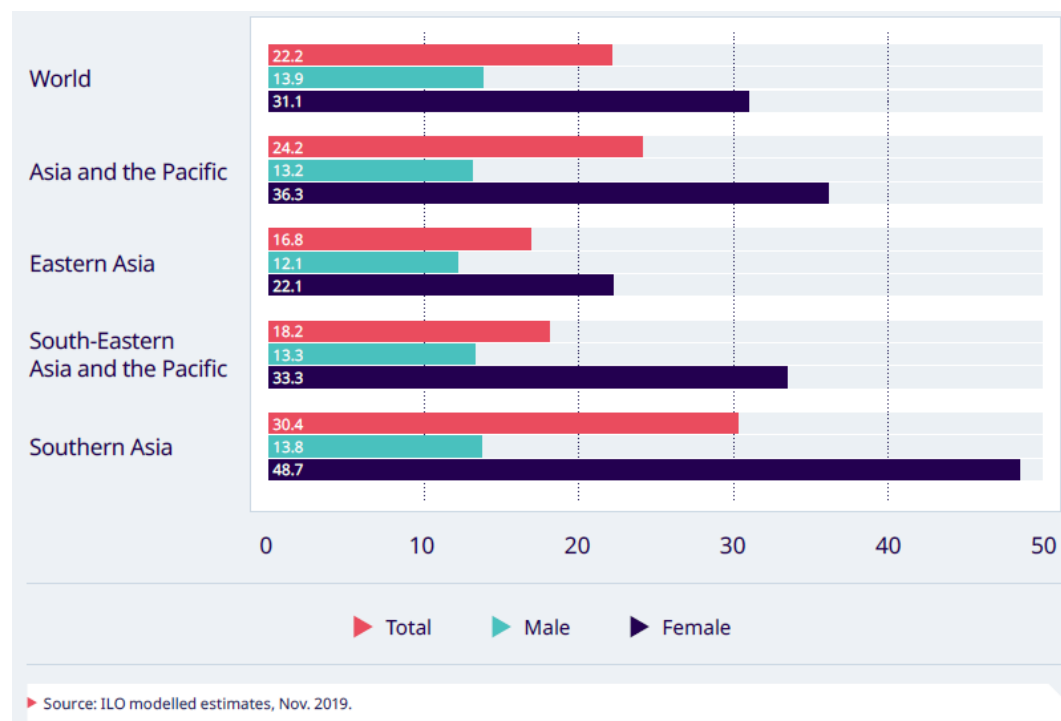


Table 1: Pacific - NEET rates, by sex, latest year (%)

	Total	Male	Female
Cook Islands (2019)	12.6	8.6	16.9
Fiji (2016)	20.1	10.8	29.6
Kiribati (2015)	46.9	46.2	47.6
Marshall Islands
Palau (2014)	12.9	11.1	14.4
Papua New Guinea (2010)	27.7	26.4	29.0
Samoa (2017)	37.9	34.6	41.5
Solomon Islands (2013)	7.0	5.1	8.9
Tonga (2018)	30.3	29.0	31.5
Tuvalu (2016)	29.0	21.7	37.4
Vanuatu (2010)	31.0	26.3	35.2

Source: Various national sources, as compiled by ILOSTAT, accessed 7 April 2020.

Source (Table 1): ILO (2020) Pacific labour market review 2020: Pre-COVID-19 baseline labour market information for post-disaster recovery

▶ 2. Impact of the COVID-19 crisis on youth employment

▶ COVID-19 triggered a massive disruption of labour markets with disproportionate impacts for youth

The COVID-19 crisis negatively impacts the prospects for youth in Asia and the Pacific mainly through three channels:

- ▶ **Job disruptions** in the form of reduced working hours, reduced earnings and job losses for both paid workers and the self-employed
- ▶ **Disruptions in education and training**
- ▶ **Difficulties in transitioning from school to work** and moving between jobs in a recession



Job disruptions: More than 100 million youth in Asia-Pacific are in hardest hit sectors by COVID-19. Young workers more likely employed in at-risk sectors.

Table 2: Youth employment in sectors disrupted by COVID-19, Asia and the Pacific, 2020 estimates

Economic sector	Immediate impact of crisis on economic output	Level of employment (million)		Youth share in total sector employment (%)	Sector share in youth employment (%)	Share of young women in youth employment (%)
		Total (15+)	Youth (15-24)			
Wholesale and retail trade; repair of motor vehicles and motorcycles	High	261	34	13.1	15.7	35.8
Manufacturing	High	281	35	12.6	16.3	32.7
Real estate; business and administrative activities	High	119	8	6.8	3.7	39.2
Accommodation and food service activities	High	103	25	24.1	11.5	45.5
Transport; storage and communication	Medium-high	137	12	8.6	5.4	17.8
Arts, entertainment and recreation, and other services	Medium-high	100	13	12.7	5.8	45.7

Economic sector	Immediate impact of crisis on economic output	Level of employment (million)		Youth share in total sector employment (%)	Sector share in youth employment (%)	Share of young women in youth employment (%)
		Total (15+)	Youth (15-24)			
Mining and quarrying	Medium	8	1	14.3	0.5	15.0
Financial and insurance services	Medium	37	3	7.7	1.3	56.6
Construction	Medium	164	18	11.2	8.4	5.1
Agriculture; forestry and fishing	Medium-low	439	46	10.5	21.2	29.4
Utilities	Low	13	1	4.6	0.3	13.4
Public administration and defense; compulsory social security	Low	64	3	5.3	1.6	29.8
Human health and social work activities	Low	85	8	9.7	3.8	68.5
Education	Low	103	10	9.4	4.5	64.1

► Job disruptions: Impact on working hours and youth unemployment

The COVID-19 crisis impacts working hours and unemployment of youth disproportionately:

- Youth experience larger reductions of working hours than adults.
- Youth are disproportionately affected and more likely than adults to experience outright job loss.
- COVID-19 has a greater impact on unemployment of young people than on adults, according to available Labour Force Survey data for 2020.

Table 3: Youth and adult unemployment rates, 2019 and Q1 2020 (%)

Economy	Youth			Adults		
	2019 Q1	2019 Q4	2020 Q1	2019 Q1	2019 Q4	2020 Q1
Australia	12.5	11.3	13.1	4.0	3.7	4.1
Hong Kong, China	7.1	9.3	10.1	2.4	2.7	3.8
Indonesia	15.4	18.6	16.3	3.2	3.0	3.1
Japan	3.5	3.7	3.8	2.3	2.1	2.3
Korea, Republic of	11.0	8.3	10.7	4.1	2.8	3.8
Malaysia	10.3	9.9	11.0	3.3	3.2	3.5
New Zealand	12.5	11.3	12.4	3.0	2.7	3.0
Thailand	3.9	3.7	3.9	0.3	0.3	0.4
Viet Nam	6.9	6.9	7.4	1.4	1.4	1.4

Note: "Youth" refers to ages 15–24 and "adults" to ages 25 and over, except for Indonesia (where adults refers to 25–59) and Malaysia (where adults refer to working age population 15–64). Indonesia data references are February for Q1 and August for Q4.

Source: National data compiled in ILOSTAT (<http://ilostat.ilo.org>, accessed 17 July 2020), except for Malaysia, which is from the Department of Statistics Malaysia, Official Portal (<https://www.dosm.gov.my/v1/index.php>, accessed 17 July 2020).

▶ **Job disruptions: Impact on young women, quality of jobs and youth entrepreneurship**

- ▶ **Young women in Asia-Pacific** are overrepresented in 3 of 4 high-impact sectors, particularly in accommodation and food services. Vulnerabilities are exacerbated by the uneven distribution of unpaid household and care work.
- ▶ **Quality of jobs** for youth affected as crisis may increase informal employment and/or non-standard forms of work. Young people's mental health and well-being is negatively affected by the pandemic according to the Global Survey on Youth and COVID-19.
- ▶ **Constraints faced by young entrepreneurs** compared to adult business owners risk being compounded by the COVID-19 crisis. 86 per cent of young entrepreneurs reported a negative impact to their business (UNDP and Citi Foundation – Asia-Pacific regional survey).



▶ **Disruptions to education and training: Impact on youth employability and employment**

Impact due to closure of schools, training centres and workplaces, as well as cancellation or postponement of exams.

- ▶ **School closures** affected more than 90 per cent of students worldwide in April 2020 (UNESCO).
- ▶ **Technical and vocational education and training (TVET)** in Asia-Pacific has been severely disrupted, including exam cancellation/postponement.
- ▶ **Disruptions of work-based learning** affected the provision of apprenticeships and internships.
- ▶ **Unequal access to digital technologies** contributes to gaps in education and training prospects.



► **School-to-work transition: Increased difficulties during the crisis and recovery**

As a result of the crisis, young people likely face more challenges in finding and changing jobs.

- **Labour market with fewer vacancies** and increased competition with more experienced workers.
- **Disrupted pathways into employment** as many first job-opportunities prior to the crisis were in sectors now most impacted, such as manufacturing, wholesale and retail trade.
- **Long-lasting impacts** on the labour market outcomes of youth in Asia and the Pacific, including on earnings.



▶ 3. Estimated youth unemployment for 2020

▶ Reduced labour demand due to negative growth

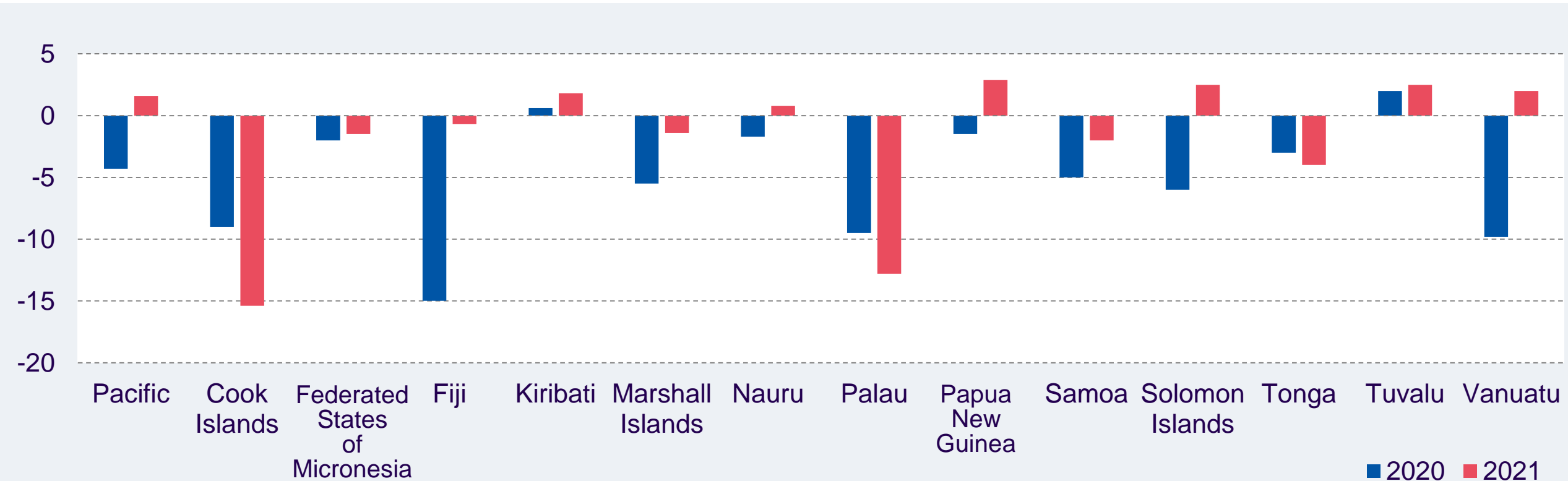
Negative output growth

- Economic activity has dropped dramatically as a result of the pandemic
- Growth may be negative in 11 of 13 Pacific countries in 2020
- Many Pacific countries engaged in tourism
- Few people travelling

Reduced demand for labour

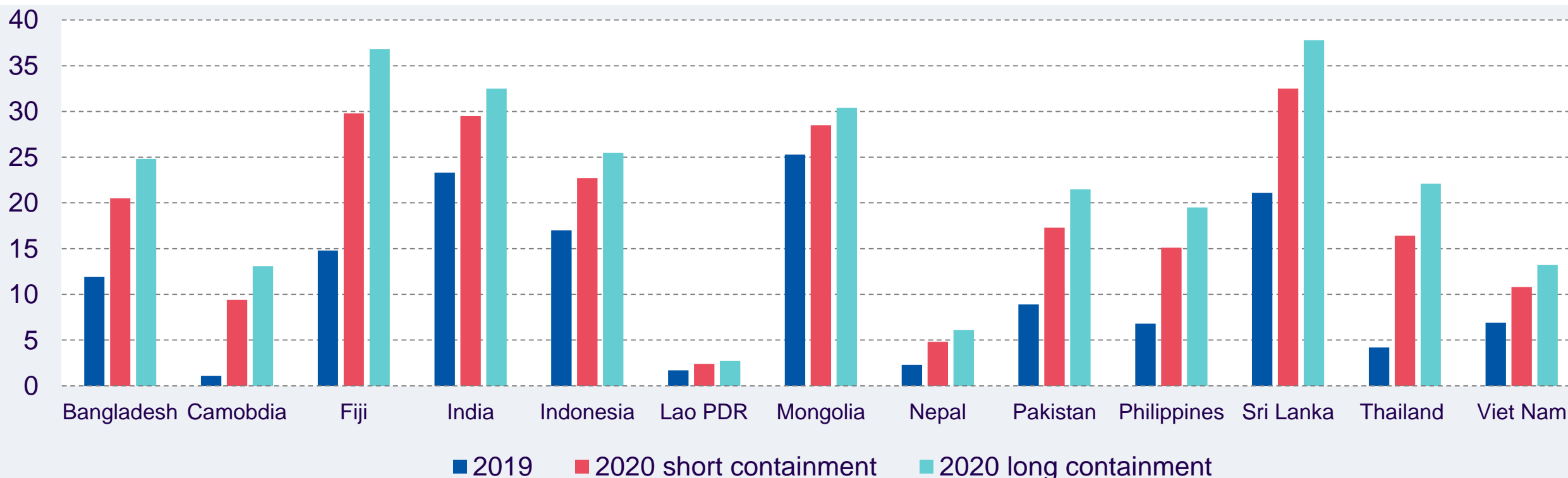
- Employers have less work
- Trying to survive, reducing costs
- Less demand for young workers:
 - Those currently working
 - Those trying to find a first job
 - Those transitioning between jobs

Negative growth in Pacific in 2020, rebounding in 2021 (estimates, %)



GDP = gross domestic product.
Source: ADB. 2020. *Asian Development Outlook Supplement*. Manila.

Asia-Pacific likely to see a rise in youth unemployment rate (% , 2020)



PDR = People's Democratic Republic.

Source: ADB. 2020. *Asian Development Outlook Supplement*. Manila

▶ 4. Policy recommendations

► Policy measures to tackle the pandemic

Most governments have been active

- Fiscal and monetary policy
 - Stimulate economic activity as lockdowns ease
- Targeted support to enterprises
 - Increased credit
 - Tax concessions
 - SS contribution deferments

Labour market support

- Wage subsidies to retain workers
- Extension of unemployment benefits, in countries where it exists
- Support for education and training programmes

► Policy measures for youth

Young workers

- Youth-targeted wage subsidies and public employment programmes
- Job vacancy information and employment services
- Expanded apprenticeship and skills training
- Supporting young entrepreneurs (credit, business development services)

Students

- Digital technologies to provide education and training

Social dialogue

- Include youth in policy discussions and social dialogue about how to address the economic and labor market crisis

▶ Examples of measures for youth

Wage subsidies

- Malaysia: Money to employers to hire and train 300,000 unemployed people, including apprenticeships

Job search

- Australia: Young jobseekers, apprentices and students included in COVID-19 income support measures; recipients of Youth Allowance get added support during COVID-19

Job creation

- Republic of Korea: Jobs for 550,000 young people and low-income earners, includes 50,000 high-tech jobs in big data, etc.

Skills

- Malaysia: Reskilling and upskilling 200,000 youth and unemployed workers; the package also supports student loan deferments.



Contact

Paul Vandenberg, ADB, pvandenberg@adb.org
Felix Weidenkaff, ILO, weidenkaff@ilo.org