



Making Labor Markets Work for the Youth

An Approach Paper

Conference Version
January 2025



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Reconstruction and Development /
The World Bank

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Acknowledgements

This approach paper was prepared at the request of the 2025 Global Labor Market Conference, held in Riyadh on January 29-30, 2025. It was drafted by a team of World Bank staff from the Social Protection and Labor Global Practice as part of the ongoing Technical Cooperation Program between the World Bank Group and Saudi Arabia.

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The team extends its thanks to Wendy Cunningham (Lead Economist) and Elena Ianchovichina (Lead Economist) for peer reviewing the paper, and to Gordon Betcherman (Professor Emeritus, School of International Development and Global Studies at the University of Ottawa) for his valuable comments.

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Abbreviations and Acronyms

EAP	East Asia and Pacific
ECA	Europe and Central Asia
HIC	high-income countries
ILO	International Labour Organization
KYEOP	Kenya Youth Employment and Opportunities Project
LAYS	Learning-Adjusted Years of Schooling
LIC	low-income countries
LMIC	lower-middle-income countries
MIC	middle-income countries
MYLMI	Mexico Youth Labor Market Inclusion Project
NAC	North America
NEET	not in education, employment, or training
SAR	South Asia
SSA	Sub-Saharan Africa
TVET	technical and vocational education and training
UMIC	upper-middle-income countries

Executive Summary

Hundreds of millions of young people in the Global South¹ face uncertain futures due to poor access to quality education, inadequate skills, and limited employment opportunities. By 2033, the Global South will host 1.2 billion people ages 15 to 24. However, unless current trends are reversed, only 480 million will attend school and 420 million will have jobs (often precarious ones), leaving 300 million inactive. Youth inactivity negatively impacts lifelong opportunities, earnings, mobility, and mental health. It also erodes productivity and human capital development, hinders economic growth, and may lead to antisocial behavior and social unrest.

A solid education and a meaningful first job are the foundations of a lifetime of economic success. Quality education equips young people with the necessary skills and knowledge to thrive in the workplace, and a good first job adds to this by providing skills and experience that can only be acquired on-the-job. Unable to build upon these blocks, many youths across the Global South will fail to reach and climb the “job ladder”.

This approach paper argues that, even though the macroeconomic environment drives employment opportunities, training and employment programs can support better youth transitions into the labor market. Training programs, for instance, can endow youth with some of the critical skills that they failed to acquire in the formal education system. Furthermore, youth tend to be substantially more affected by poorly functioning labor markets than older workers, in part because employers prefer hiring people with more experience and a track record of good performance. Employment programs can therefore help address some of the labor market constraints faced by youth.

Programs and policies that support youth entry into the labor market fall into three categories: those enhancing employment opportunities, training programs to address skills gaps, and those facilitating youth integration into the workforce. Because a strong start is key for the future of young workers, programs that enhance employment prospects for the youth (even temporarily) can be beneficial when job opportunities are limited. These programs may include grants supporting small business creation, initiatives aimed at improving the pro-

ductivity of the self-employed, or those offering incentives for hiring youth. On the other hand, where job opportunities are available, youth may lack the necessary skills or access to training programs that address these skill gaps and equip young individuals with relevant labor market skills can prove effective. Furthermore, when youth are unaware of how to access opportunities, or when regulations or social norms limit such opportunities, interventions that facilitate youth placement such as intermediation services or regulatory reforms can facilitate their entry into the labor market.

Evidence shows that proper program design and implementation are crucial for success, emphasizing the need to tailor interventions to local contexts and youth profiles. One-size-fits-all solutions are often ineffective. Successful youth transition strategies identify local economic and social constraints and design a combination of programs to address them. The profile of youth entering labor markets can vary, even within a single country, so programs and policies also need to cater to the needs and vulnerabilities of their target groups. Moreover, given that many youth face multiple constraints simultaneously, programs offering multifaceted support (for example, combining training with search assistance or grants) tend to be more impactful.

The private sector role has a critical role to play, beyond job creation. The private sector should be involved in policy decisions to ensure that programs address employers' needs. Its efforts should also complement the public sector in the provision of quality training and employment services. When wage employment opportunities are scarce, private initiative through self-employment and small-scale entrepreneurship should also become significant pathways for youth to access the labor market.

Looking ahead, successful youth employment initiatives need to be brought to scale to unleash the potential of the next generation. Most youth employment programs are small-scale or pilots. Scaling up will need significant outreach and intake efforts, profiling systems for directing youth to suitable interventions, and various programs tailored to their needs, implemented in a coordinated manner by both the public and private sectors. To support these processes, countries will need to invest in labor

1 For the purposes of this report, youth/young is defined as being between 15 and 24 years of age, and “Global South” refers to low-income and middle-income countries.

market delivery systems such as social registries to target youth, tailored job placement pathways, case management, training, quality assurance, and financing and payment systems. In doing so, it will be important to continue to embrace digital innovation, which can enhance effectiveness, cut costs, and enable leapfrogging.

The globalization of labor markets presents an opportunity to improve youth employment outcomes. By 2050, higher income countries may face a shortage of 750 million workers. Part of this gap could be filled by youth in low- and lower-middle income countries if global investments are made to help improve their human capital and effective managed migration policies such as Global Skills Partnerships (bilateral or multilateral migration arrangements aimed at addressing skill shortages in origin and destination countries) are implemented. Technologies like digital platforms are also making work location less relevant, expanding global opportunities for youth through gig work.

Finally, stronger links between employment and social protection can help strengthen the impact of programs. Social protection policies and programs cushion those falling off the employment ladder and support those who never reach said ladder. They guarantee a minimum of income support to those most in need, without which it may not even be possible to look for a better job. Social protection policies and programs also enable the acquisition of human capital, especially among the poorest and the youngest. Unfortunately, they are often delinked from labor market policies and programs. Linking them is crucial for greater impact, as comprehensive support has repeatedly shown better results.

1. The Challenge of Poor Youth Transitions in the Labor Market

Hundreds of millions of young people in the Global South face uncertain futures due to poor access to quality education, inadequate skills, and limited employment opportunities. By 2033, the Global South will host 1.2 billion people ages 15 to 24. However, unless the current trends are reversed, only 480 million of them will attend school and 420 million will have jobs (often precarious ones), which means 300 million youth will remain inactive (that is, will not be in education, employment, or training—NEET).²

A solid educational background, a seamless school-to-work transition, and a good first job are the pillars upon which most youth improve their wellbeing by climbing the “jobs ladder” (Figure 1.1). A strong education gives students the technical and soft skills needed to be productive and adapt and thrive in the workplace. An efficient school-to-work transition ensures that school-leavers do find the best first job they can access given their profile and the context they live in, minimizing the job search period. The

first job—formal or informal, waged, or self-employed—determines the extent to which youth gain the relevant skills and experience needed to access better paying jobs throughout their careers.

Unfortunately, many youths face precarious transitions into the labor market. Youth transitioning into labor markets face greater challenges than older workers due to their lack of work experience, limited professional networks, and insufficient information about job opportunities (ILO 2020). These barriers are particularly important for poor and marginalized youth, especially in rural areas, who are often further removed from quality education and training opportunities, even more excluded from social networks, and may face high transport costs to access areas where jobs are concentrated (World Bank 2022c). Poor and marginalized youth also find it harder to recover from spells of unemployment, perpetuating a vicious cycle of long-term joblessness, poverty and vulnerability.

Figure 1.1: Climbing the Jobs Ladder



Source: World Bank 2025a.

² World Bank estimates based on UN population projections and ILO labor market data. Most recent data used.

Lack of employment opportunities, unrealistic expectations, and rigid societal norms also affect youth employment prospects. Lack of employment opportunities may lead youth towards inactivity or self-employment in subsistence agriculture or low-productivity services. These jobs provide few opportunities for career growth or increased earnings as they limit on-the-job learning, human capital accumulation, and overall productivity.³ Inactivity, however, also affects middle-class youths who may choose to remain unemployed for long periods to compete for a limited number of desirable jobs, often in the public sector (The Economist 2023; Mangal 2024), or wait for opportunities to find employment abroad. Young women are particularly at risk of inactivity due to early pregnancy, marriage, and societal norms, and are also more likely to remain inactive into adulthood (ILO 2019).

Youth are in a critical formative phase, and prolonged periods of inactivity or engagement in low-quality jobs can result in long-lasting negative consequences. Long-term impacts not only affect young individuals themselves but can also have broader economic and social consequences.

First, youth inactivity reduces future employment opportunities and lifetime earnings. Failing to prepare for work or to gain work experience at a young age severely limits future earnings and the ability to secure better employment opportunities throughout one's professional life. Helping youth reenter the workforce or climb the job ladder becomes increasingly difficult with age: unemployment or poor-quality jobs erode young people's skills, and their educational credentials lose value when not applied in the workplace.⁴

Second, youth inactivity increases financial dependency and reduces social mobility. Unemployed or inactive youths have a lower ability to save money, affecting their financial security and retirement prospects and resulting in heightened reliance on family members or social welfare programs. Persistent unemployment and poor employment also entrench social inequalities, limiting opportunities for upward mobility and perpetuating cycles of poverty.⁵ Furthermore, precarious youth employment outcomes may also delay important life milestones, such as marriage and starting a family.⁶

Third, unemployment at a young age has substantial mental health impacts. Prolonged unemployment or poor employment can negatively affect the overall mental health, self-esteem, and well-being of youth, impacting their future labor market prospects.⁷

Finally, youth inactivity has broader country-wide economic and social consequences. Underutilization of

youths' human capital can lower productivity and economic growth. Additionally, frustration among unemployed youth can also lead to antisocial behavior, protests, and increased crime (Iloabuchi 2019; Prince, Halasa-Rappel, and Khan 2018).

Youths are and need to remain key players in the labor market. Youths are the new generation of workers. If they are off to a poor start, it will not only affect them, but eventually, the whole country. Investing in the youth is essential for long-term prosperity.

This approach paper outlines a policy framework to facilitate youths' transitions into the labor market and help achieve better youth employment outcomes. The paper first presents the global youth labor market context. It then discusses the main factors affecting poor youths' transitions into the labor market. It concludes by discussing a policy framework to facilitate their transitions into the labor market and help achieve better youth employment outcomes.

The Global Youth Labor Market Context

Most youths live in the Global South. Of the 1.2 billion people ages 15 to 24 globally, 1.1 billion live in the Global South, and almost 75 percent of them in three regions: South Asia, East Asia and the Pacific, and Sub-Saharan Africa (Figure 1.2). China and India alone account for 415 million youth (35 percent of the global figure). The high number of youths in the Global South will persist throughout the next decades. By 2033, total youth population in the Global South will reach 1.2 billion and will remain high before slightly declining from 2045 onwards.⁸

About 285 million youth were inactive (that is, NEET) in 2023, and 95 percent of them lived in the Global South. Without any corrective action, the number of NEET in the Global South is set to slightly increase to 295 million by 2033. Trends will, however, differ substantially across regions, reflecting their different stages of population aging. Sub-Saharan Africa—which has seen its youth population increase by over 30 percent since 2010—will account for a sizeable share of the increase in youth over the next decade. Accordingly, it is projected to face the most dramatic increase in the number of NEETs globally, from 58 million in 2023 to 75 million in 2033 and 91 million by 2045. In the Middle East and North Africa, NEETs are projected to increase from 23 million in 2023 to 27 million in 2033 and will only slightly decrease by 2045. In contrast, Europe and Central Asia, East Asia and the Pacific, and Latin America and the Caribbean are at more advanced stages of aging, and both their youth population and NEETs are expected to remain constant or decrease (Figure 1.3 and Figure 1.4).

3 While most informal workers have poor-quality jobs, a proportion of formal employment also falls into this category.

4 For instance, in Latin America and the Caribbean, a percentage point increase in the proportion of NEET among youth predicts a 7 percent reduction in earnings for the same cohort 20 years later (De Hoyos, Rodgers, and Székely 2016). In South Africa, high youth unemployment has been found to lead to long-term career setbacks (UNDP 2022).

5 For instance, nearly 60 percent of inactive youth in Latin America and the Caribbean are from poor or vulnerable households, locking in gender disparities and low incomes from one generation to the next (De Hoyos, Rodgers, and Székely 2016).

6 In Egypt, for instance, high male unemployment appears to delay marriage and starting a family (Assaad, Binzel, and Gadallah 2010).

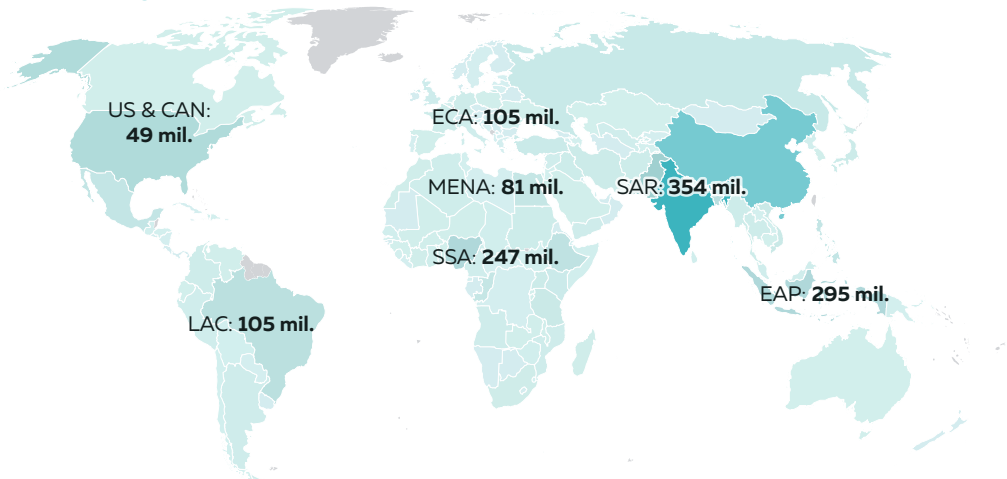
7 A study of children in Mexico City found an association between inactivity in adolescence and fragile mental health outcomes in early adulthood (Gutierrez-Garcia et al. 2017). Youth suffering from the yearslong economic crisis in Greece showed increased levels of anxiety and depression (Politou and Nikolakaki 2023).

8 World Bank estimates based on most recent UN population projections and 2023 ILO labor market data.

Figure 1.2: Global Distribution of Youth, 2023

2023

Total Youth: **1.2 bn**
1.1 bn in Global South

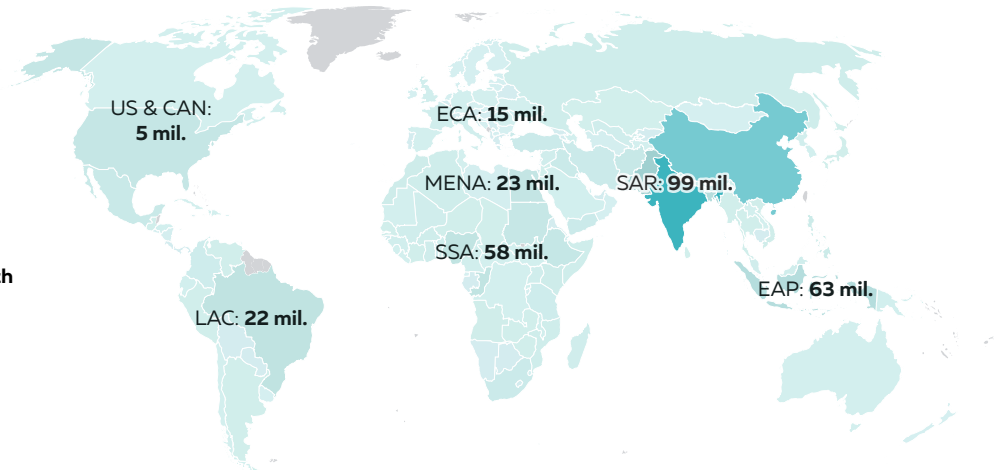


Source: Calculations based on most recent UN Population Statistics Data and 2023 ILO labor market data.
Note: NEET = not in education, employment, or training.

Figure 1.3: Global Distribution of NEET, 2023

2023

Total NEETs*: **285 mil**
270 mil in Global South

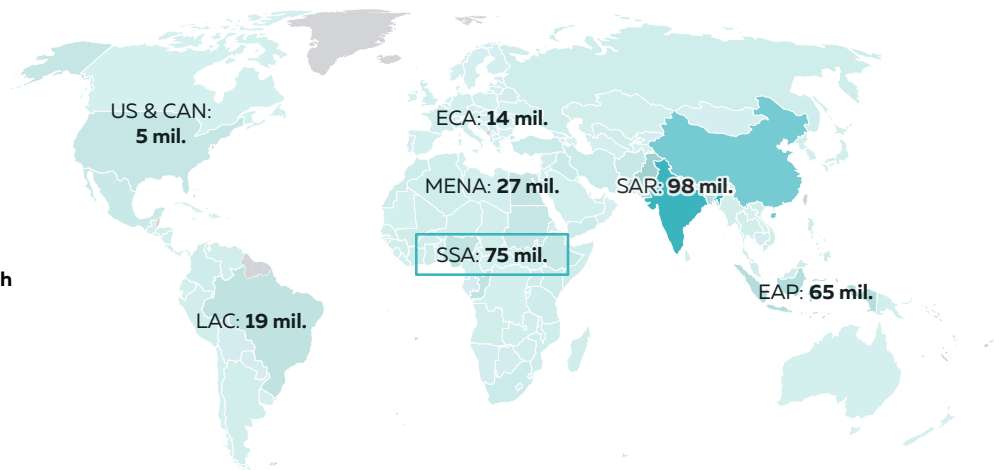


Source: Calculations based on most recent UN Population Statistics Data and 2023 ILO labor market data.
Note: NEET = not in education, employment, or training.

Figure 1.4: Global Distribution of Youth NEET, 2023

2023

Total NEETs: **307 mil**
295 mil in Global South

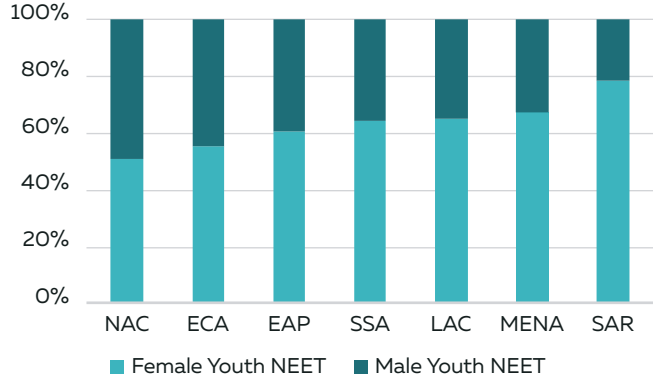


Source: Calculations based on most recent UN Population Statistics Data and 2023 ILO labor market data.
Note: NEET = not in education, employment, or training.

High female NEET rates present an especially complex policy challenge. NEET is more prevalent among women than men (Figure 1.5). Of the 285 million NEETs across the globe, two out of three are female. Many of them reside in low-income countries (LICs) and middle-income countries (MICs) where women tend to marry and have their first child earlier relative to high-income countries (HICs), or where women carry out care duties or unpaid work in family enterprises or farms and are therefore formally classified as “not in employment.” Because reentering labor markets becomes more difficult as inactivity spells become longer, female NEET can have particularly negative consequences as the challenges of transitioning into the labor market are often compounded with having to temporarily withdraw from the workforce because of motherhood.

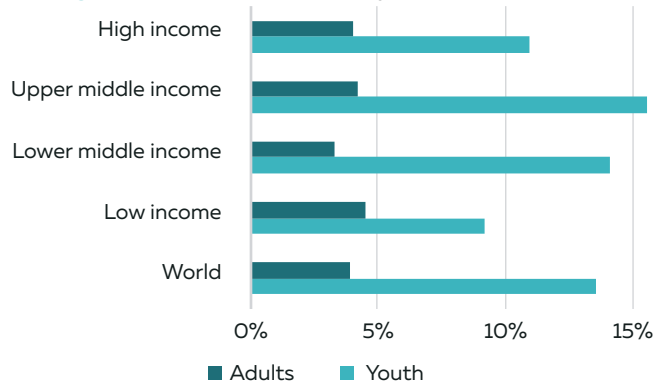
While youth inactivity is a major policy challenge, unemployment and a poor quality first job also affect youths’ long-term labor market prospects. Youth are substantially more affected by unemployment than adults, reflecting the challenges they face in accessing employment opportunities (Figure 1.6). Youth unemployment rates are lower in LICs compared to MICs, largely reflecting the need for people in LICs to access any form of work. Additionally, while still high, youth unemployment rates drop again in HICs, which is consistent with a higher abundance of employment opportunities and relatively more effective transitions into the labor market. In addition to inactivity and unemployment, the quality of employment that youth can access is also often a challenge. Job quality is a difficult dimension to capture (especially across countries), but indicators such as high rates of self-employment in many countries can signal youths’ engagement in low-productivity or low-quality employment for lack of better options (see next section). For those engaged in such types of work, the challenge is to facilitate transitions to better jobs as opposed to merely aiding entry into the labor market.

Figure 1.5: Distribution of NEET Across Regions and Gender, 2023



Source: Calculations based on 2023 ILO data.
 Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; NAC = North America and Canada; NEET = not in education, employment, or training; SAR = South Asia; SSA = Sub-Saharan Africa.

Figure 1.6: Youth Unemployment Rates, 2023



Source: Calculations based on 2023 ILO data.

2. The Main Drivers of Poor Labor Market Transitions

Youths across the world are facing challenges to transition into the labor market, but the type and severity of the challenges they face are context- and individual-specific. Landing a good first job is no easy feat. However, the level of difficulty, the challenges encountered, and the type of job one can expect vary depending on people’s profile, local context, and specific circumstances. Overall, challenges to effective labor market transitions can be grouped into three broad categories (Figure 2.1): limited employment opportunities for youth, education and training systems that leave youth poorly prepared for entry into the labor market, and frictions and rigidities that either exclude youth from the labor market or undermine their ability to prosper in the labor market. The section explores each pillar in detail.

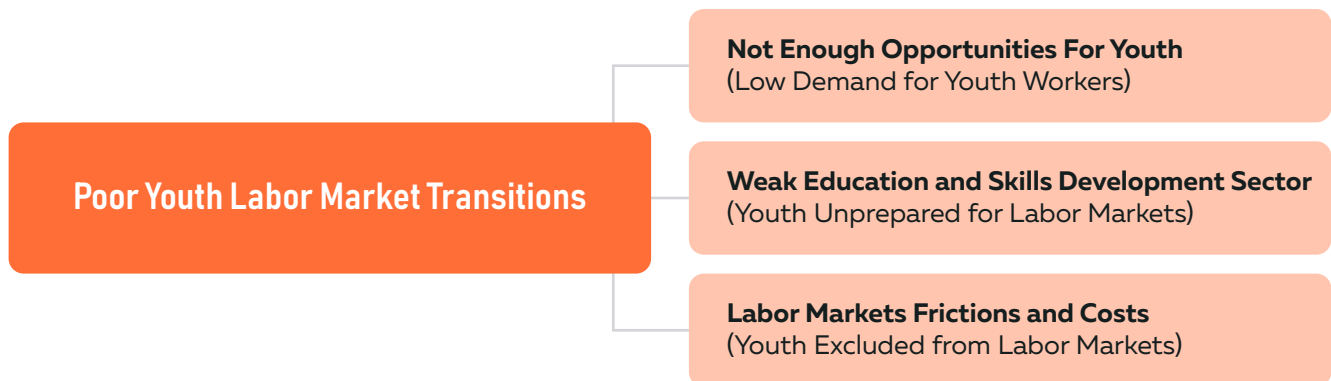
Labor Markets Provide Limited Opportunities for Youth

Young people face similar challenges as the general population in accessing employment, but these challenges have a more pronounced impact on them. All the factors that affect overall employment creation and labor demand also affect youth. Hence, in countries where employment creation is low, youth will find it more challenging to access employment. However, in a context of restricted labor demand, youth tend to be disadvantaged and sub-

stantially more affected than older workers. When labor supply is abundant and there is competition for jobs, employers prefer hiring people with more experience and a track record of good performance. Furthermore, youth may also lack the networks required to know about employment opportunities and access them.

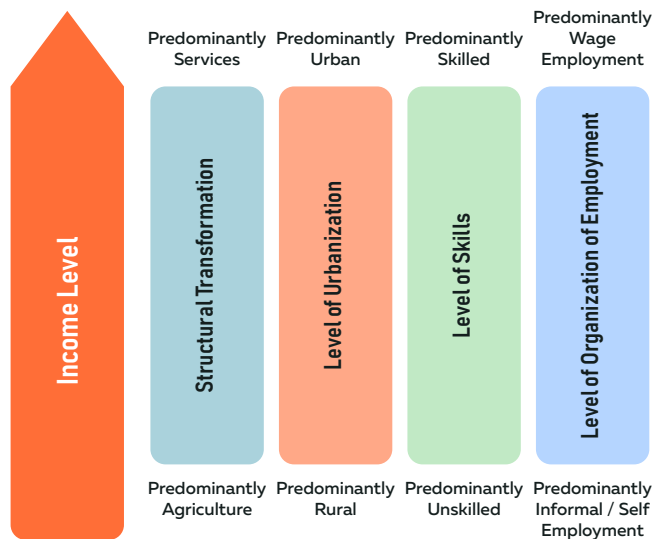
The type of employment opportunities that youth can expect to access depends substantially on where countries are in their structural transformation process. As countries develop, the process of structural transformation changes the sectoral composition, spatial distribution, and occupational and organizational profile of an economy. Economic activity progressively shifts from agriculture to services, concentrates in urban areas, generates more opportunities for skilled people, and move towards wage employment (Figure 2.2). Accordingly, in LICs most jobs are in agriculture, and opportunities for youth are often limited to low-productivity, low-paying work providing limited opportunities to climb the career ladder. As countries grow and urbanize, however, opportunities arise for young workers migrating to cities as jobs (formal and informal) emerge in the services and manufacturing sectors. Youth moving to urban centers also tend to benefit from greater availability of education and skills programs, increasing long-term employability and career potential (World Bank 2019a; OECD 2021, World Bank 2025b).

Figure 2.1: The Three Main Drivers of Poor Youths' Labor Market Transitions



Source: World Bank 2025a.

Figure 2.2: The Four Pillars of the Structural Transformation Process

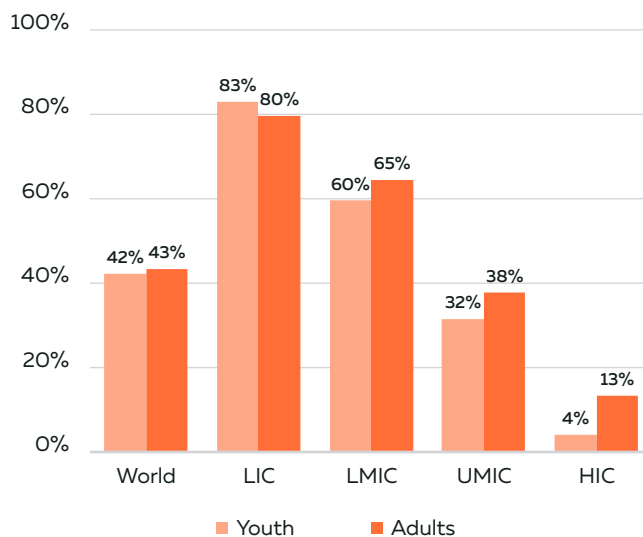


Source: World Bank 2025a.

The transition from an agricultural, mostly rural economy to one that is service-based and predominantly urban, is typically accompanied by a change in skills requirements and the type of employment available. During the early stages of development, most jobs are simple and require basic and general skills. However, as countries move up the income ladder, more organized forms of employment become common, providing opportunities in the formal sector with better working conditions, stability, and benefits (World Bank 2025a). However, these jobs require more advanced and specific skills, and the low quality of education and training programs in many MICs can then emerge as a challenge preventing access to better employment opportunities.

In LICs, self-employment is the main (and for many, the only) employment option available in the labor market. In LICs, more than 80 percent of the workforce (both youth and the population as a whole) rely on self-employment (Figure 2.3). The rate remains high for more than half of the workforce in lower-middle-income countries (LMICs), and even in upper-middle-income countries (UMICs), a third of the workforce is self-employed. Only in HICs does the share of self-employment drop to 4 percent for youth and 13 percent for the population as a whole. The high share of self-employment in the Global South largely reflects the lack of alternatives rather than an abundance of good business opportunities (Bassi et al. 2023). In these countries, self-employment is often associated with low earnings and productivity, with little human capital gains for workers, affecting youths' transitions into higher productivity activities.

Figure 2.3: Self-Employed Rate by Age, 2022



Source: Calculations based on more recent ILO data.

Youth Leave School Scarcely Prepared for the Labor Market

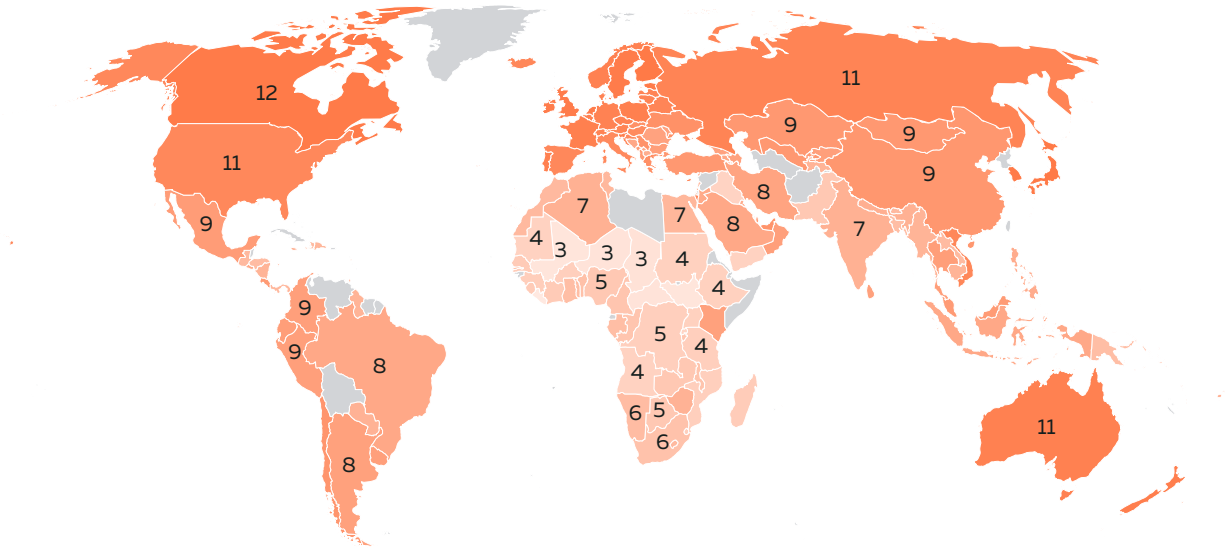
Poor labor market transitions are also affected by education and training programs that leave youth poorly prepared for the labor market. In predominantly agricultural economies, or where low-added-value industries are prevalent, most jobs available to youth are unskilled or semiskilled, but as countries transform and capital and technology-intensive industries develop, the demand for skilled labor increases. However, across the world, the supply of workers with the right education and skill set often fails to match the increasingly sophisticated needs of the labor markets (ILO 2020).

Despite rising enrollment rates across the world, there remains a significant gap between the quantity of schooling youth receive and the quality of learning outcomes. Over the past decades, the average number of years of schooling has steadily increased across the globe (but despite the positive trend, low school attendance and dropout rates remain a challenge in some LICs and MICs, especially at the secondary level). However, even when children go to school, what they learn differs. In Ethiopia, children go to school for an average of 7.8 years, but after adjusting for the quality of learning, they only receive an equivalent of 4.3 years of education. Similarly, in Pakistan, children go to school for 9.4 years, but after adjusting for quality, they receive an equivalent of 5.1 years of education (Figure 2.4).⁹ Moreover, poorer youth face greater educational disadvantages. In Sub-Saharan Africa, children from the wealthiest households are roughly five times more likely to complete lower secondary school than those from the poorest households.¹⁰

⁹ This metric is called Learning-Adjusted Years of Schooling (LAYS) and combines quantity and quality of schooling into a single metric, accounting for the fact that similar durations of schooling can yield different learning outcomes. See Filmer et al (2018) and human capital index data at <https://datacatalog.worldbank.org/intersearch/dataset/0038030>.

¹⁰ See UNICEF secondary education data at <https://data.unicef.org/topic/education/secondary-education/>.

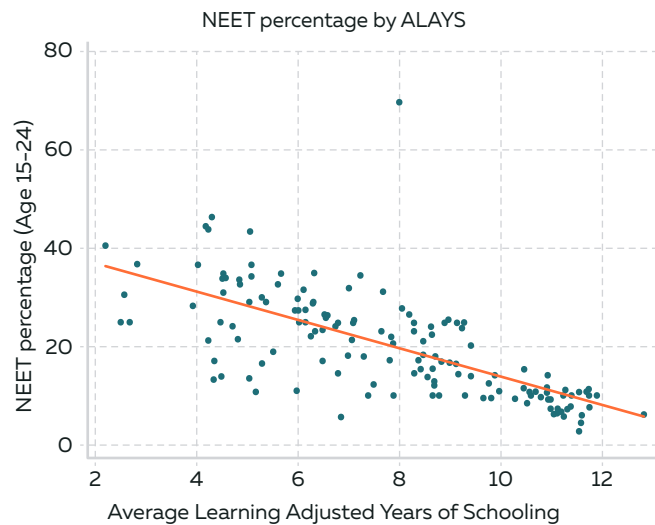
Figure 2.4: Average Learning-Adjusted Years of Schooling, 2020



Source: World Bank Data Catalogue, most recent data available.

The quality and labor-market relevance of education can substantially affect youths’ transition into the world of work. Figure 2.5 shows that countries with better learning outcomes tend to have less youth inactivity. The importance of quality education also extends to tertiary education as well as technical and vocational education and training. Training systems often impart poor practical, technical, and soft skills that are essential for many jobs, leading to a mismatch between the skills demanded by employers and those supplied by young jobseekers. As a result, many young people finish school without the skills required for the available jobs, pushing them into unemployment, precarious employment, or towards jobs for which they may be poorly qualified, reinforcing the cycle of low productivity and limited economic mobility (World Bank 2019a; Levin et al. 2024).

Figure 2.5: Quality of Education and Youth Inactivity



Source: World Development Indicators, 2019.

Frictions, Rigidities, and Social Norms Exclude Youth from the Labor Market

Labor market frictions and rigidities disproportionately affect youths’ employment outcomes and their transition into the working world. A well-functioning labor market addresses the need to protect workers while allowing firms to employ labor effectively. Well-functioning labor markets also support long-term structural transformations by helping firms find workers with the right profile and helping workers find employment in growing, higher-paying sectors. On the other hand, a labor market with rigidities or frictions slows structural transformation by limiting workers’ movement across and within sectors, trapping them in low productivity and low-earning jobs (Donovan and Schoellman 2021).

Excessive labor costs and burdensome regulations may limit the ability of youth to access good jobs, especially in the formal sector. Many (though not all) formal sector jobs offer greater opportunities for youth to learn new skills and build a network. Those types of opportunities can provide strong signals to other employers and facilitate future work transitions. Yet, when labor costs are high or labor regulations are too rigid, employers may shy away from hiring young workers, preferring more experienced employees whose skills and abilities are easier to discern (for example, from proven work background and feedback from previous employer). Similarly, labor regulation that excessively protects workers from being fired—or

that increases the costs of hiring—may affect employers' willingness to give young workers a chance in the labor market, opting, again, to rely on more experienced workers with proven skills and abilities.

Lack of information about vacancies on the youth side and challenges with screening young workers on the employers' side both affect young people's ability to access good employment opportunities. Young job-seekers do not have a well-developed network; hence, in countries where employment services do not function well, they may not have good information on the jobs or training opportunities available to them. At the same time, employers may not have enough information on young applicants' skills and capabilities and may therefore be reluctant to hire them because of the limited ability to identify good performers. Both factors make school-to-work transition and career progression harder for youth.

Narrow sectorial and geographical preferences and unrealistic expectations about salaries among young job-seekers can also contribute to youth unemployment and inactivity. Opportunities for migration, large public sectors, or a relatively privileged socioeconomic background are all variables that can bias youths' decision-making process when seeking employment. High wage differentials across migration corridors, for instance, may set youths' expectations for domestic wages at unrealistically high levels, pricing them out of the market. Similarly, in countries with a large public sector with generous salaries and benefits, middle-class youths may opt to "queue" for civil servant jobs instead of considering more accessible employment opportunities, often going through long spells of unemployment in the process.

Finally, social norms or lack of care support may prevent female youth from seeking and retaining employment. In some countries, culture and traditions may lead to discrimination by employers towards youths, especially towards young women, pushing them out of the labor market. This is particularly the case in countries where social norms promote early marriage and discourage female labor force participation or those with limited care support.

All these challenges compound and reinforce one another, making it even more difficult for youth to break the cycle of low-paying, low-productivity employment. For instance, the lack of employment opportunities for youth may result in limited work-based learning opportunities while in school. In turn, this may lead to limited work experience among school-leavers, lowering their chances of finding or creating a good first employment opportunity. Later, this self-reinforcing cycle will make it difficult for young workers to move across jobs and climb the job quality ladder.

3. A Framework to Support Better Youth Labor Market Transitions

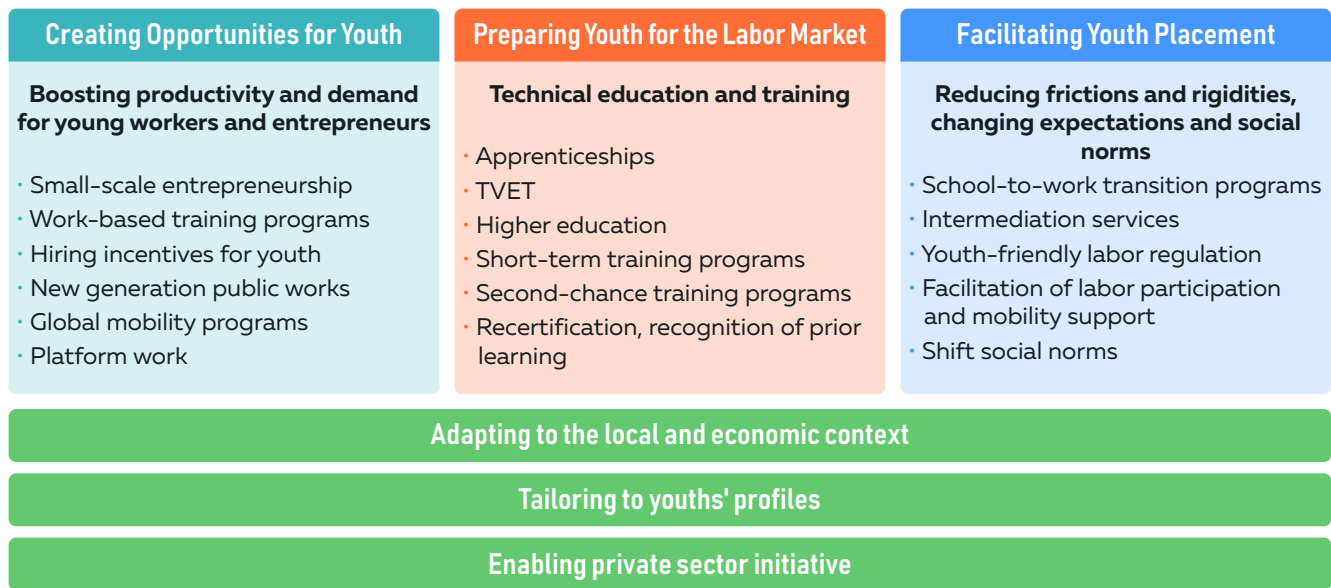
While the macroeconomic environment and youths' education affect employment opportunities, there is room to improve their transition into the labor market within these boundaries. In line with the three main drivers affecting youth employment outcomes, programs and policies that support youth labor market transitions fall into three main categories: those aimed at creating better employment opportunities for the youth, those aimed at better preparing youth for the labor market by providing them with job-relevant skills, and those aimed at improving youth placement in the labor market.¹¹ Across these pillars, successful implementation requires adapting programs to the local context and to the profile of beneficiary youths as well as supporting and harnessing private sector initiative (Figure 3.1). This section delves further into each pillar of the policy framework.

Limited labor demand for youth in the workforce can be addressed by supporting the creation of employment opportunities that tailor to their needs (the first pillar in Figure 3.1). Youths need good first jobs that allow them to acquire the practical experience, technical and socioemotional skills, and network required for climbing the career ladder. If the labor market alone does not generate enough

opportunities for youth, several instruments and policies can incentivize youth labor demand, or even generate new opportunities, at least temporarily. Temporary work opportunities for youth are beneficial to the extent that they provide their first work experience. In LICs, the most common programs are those promoting entrepreneurship and self-employment. These programs equip young people with the skills, resources, and opportunities required to start and manage their own businesses, and typically include components such as business advisory services, mentoring, and providing or facilitating access to finance and markets. Public works may also be used to foster wage-employment experience in the short term (Bertrand et al. 2021). In middle-income countries, especially UMICs, hiring incentives and subsidized employment programs are also increasingly common. They are designed to lower the costs of employing youth, boosting the demand for young workers.

Most countries also need to better prepare their youth for the needs of the labor market (the second pillar in Figure 3.1). To achieve better employment outcomes, countries need to continuously improve access to and the quality of foundational and basic education. Foundational skills are a necessary for the later ability of workers to adapt to changes

Figure 3.1: A Policy Framework to Support Better Youth Labor Market Transitions



Source: World Bank 2025a.

¹¹ An expanded version of this section is available in appendix A. It details the types of programs, their impacts per the global literature, and references to the relevant research. For the purposes of this report, we do not include contributory programs such as unemployment benefits or noncontributory programs such as safety nets as these are not typically designed with the explicit objective of increasing employment or employability, even though they may have indirect effects on labor markets.

in skills demand by retraining and acquiring new skills. Countries also need to improve the labor market relevance of their higher education and technical and vocational education and training (TVET) systems. However, these are medium- to long-term endeavors. Short-term training programs should also be developed to help youth manage the latest technologies, and second-chance (or remedial) training programs should be offered to youth who could not access quality education and training while in school.

Finally, programs and policies should address the frictions, expectations, and social norms that prevent youth from accessing gainful employment opportunities (the third pillar in Figure 3.1). These include, but are not limited to, school-to-work transition programs, job counseling, search assistance, mentoring, and other support services to provide young people with information on suitable job opportunities, manage expectations, improve their search skills, and connect them to potential employers. In parallel, labor market regulation should also be revised to ensure it does not provide disincentives to the hiring of labor market entrants or incentives to discriminate against youth. Programs and policies should also be implemented to address constraints to the labor market participation of specific groups, such as social norms and care duties that many women are expected to provide, or mobility programs for rural youth.

The design and implementation quality of labor market programs can substantially affect their impacts. While some policies and programs show substantial impacts, other do not, implying that design and implementation quality matter. The type of interventions to be implemented clearly depends on the constraints faced by youth, and accordingly, the programs that show impacts varies along countries' development paths. In LICs and MICs, for instance, self-employment and small-scale entrepreneurship programs show the greatest impacts, which reflects

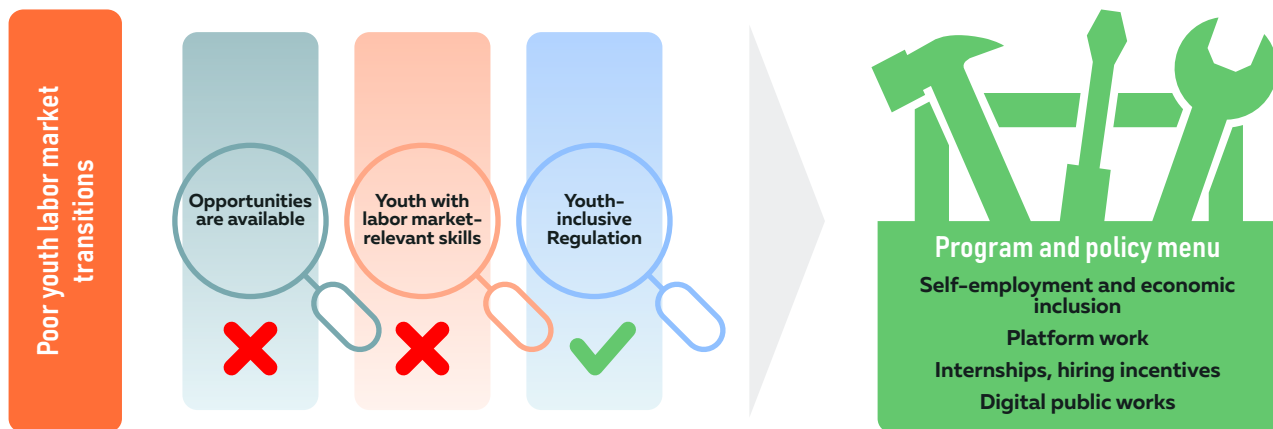
the prominence of self-employment in these countries. On the other hand, in HICs, skills development and training programs have the largest impacts, reflecting the high premium that technical and socioemotional skills have in the labor market (Puerto et al. 2022). Overall, comprehensive programs that combine interventions to address the multiple constraints faced by youth (such as economic inclusion programs) report the largest impacts on employment outcomes (Kluve et al. 2019 and Puerto et al. 2022).

The varying impacts of labor market and employment programs show the importance of abiding by three principles: adapting to the local and economic context, tailoring to youths' profiles, and enabling private sector initiative. Box 3.1 provides some global examples. The remainder of the section delves into these three principles in more detail.

Adapting to the Local and Economic Context

Programs and policies can only succeed if they adapt to the local economic and social contexts. One-size-fits-all solutions rarely work. Successful youth transition strategies need to identify the constraints that are imposed by the local economic and social contexts and design a mix of programs that addresses these specific limitations. Three important constraints to be taken into consideration are: the types of opportunities available in the labor market; the extent to which youth possess the relevant skills to access them; and whether labor costs and regulation prevent youth from accessing existing opportunities. The optimal program mix may vary substantially depending on how these three factors interact with one another. For instance, if few opportunities are available in the labor market, and, at the same time, youth may not have the skills required to access them, initiatives such as economic inclusion or self-employment support, platform work support, and training programs with career guidance may help them access better employment prospects (Figure 3.2).

Figure 3.2: Analyzing the Local Context for Optimal Design: Response Example



Source: World Bank 2025a.

Box 3.1: Youth Labor Market Programs: What Does the Global Evidence Say?

Over the past two decades, the evidence on youth labor market interventions has grown significantly. A critical mass of studies now show that even though impacts vary substantially across programs and countries, labor programs that are tailored to the needs of specific groups and to the local context can generate positive returns in a cost-effective manner.

Skills development and training programs are the most common employment interventions, and they can yield significant positive results on earnings. Their long-term impacts depend, however, on the relevance of skills taught and whether training is aligned with market needs (Kluve et al. 2017 and Puerto et al. 2022). Participation in and the effectiveness of training programs are enhanced when they address barriers such as accessibility, credit, and childcare support (World Bank 2022c). For instance, in Colombia, a combined training and job placement program for youth led to sustained increases in formal employment and earnings (Attanasio et al. 2017). Similarly, in Côte d'Ivoire, a subsidized dual apprenticeship program expanded access to training, increased skills and earnings, and allowed youths to engage in more complex tasks (Crépon and Premand 2019).

Job search assistance and intermediation services can help youth identify opportunities and secure employment more quickly, especially in the short term (Datta et al. 2018). Assisting youth in better communicating and signaling their skills can enhance the likelihood of suitable matches between employers and jobseekers (McKenzie and Carranza 2024). In Ethiopia, the implementation of a job application workshop (comprising an orientation session to help young job seekers present their qualifications in applications and interviews), along with a certification session to validate skills such as cognitive ability, resulted in increased earnings, higher job satisfaction, and longer employment duration four years after its implementation (Abebe et al. 2021). Similarly, in South Africa, Abel, Burger, and Piraino (2020) find that providing a template and encouraging youth to include reference letters in their job applications increases interview requests and the likelihood of being employed, particularly for women.

Entrepreneurship and self-employment support programs can help equip young people with the skills, resources, and opportunities required to start or better manage their own businesses. These programs include advisory services, mentoring, and providing or facilitating access to finance and markets. They can lead to increased self-employment, the creation of new businesses, and significant gains in earnings, particularly in the short-term (Blattman, Fiala, and Martinez 2014; Goldin et al. 2015). Because youth face multiple constraints, these programs tend to be more effective when paired with complementary services such as vocational training and skill-building components (World Bank 2022a). In developing countries, programs providing multifaceted support to promote self-employment are often referred to as economic inclusion (or livelihood enhancement) programs (see Box 3.3).

Wage subsidies are often used to encourage the hiring of young workers, yet their duration and scale vary and carry different implications. Overall, the evidence suggests that wage subsidies can generate positive short-term employment effects for youth and provide valuable opportunities for skill development and work experience (Almeida, Orr, and Robalino 2014; Datta et al. 2018). However, in the long term, their effectiveness depends on the continued growth of labor markets and workers' ability to retain their jobs without the incentive.

Finally, public works programs provide temporary employment opportunities by engaging youth in labor-intensive work on infrastructure projects or public goods. Public works programs can be a temporary solution to create employment, and/or to provide a safety net during times of crisis (World Bank 2013). Evidence indicates that these programs can positively impact employment and earnings in the short term, especially in low- and middle-income countries with low baseline employment levels (Puerto et al. 2022 and Bagga et al. 2023). Nevertheless, their impacts tend to be confined to the duration of the program.

Note: Appendix A includes an expanded version of this box and further details on the various interventions.

Addressing social norms and providing care support through comprehensive interventions can also lead to substantial increase of youths' labor force participation, especially among women and vulnerable populations. Social norms can discourage some groups from seeking employment or discriminate against these groups in the labor market, thus substantially affecting their labor force participation. Addressing them effectively, how-

ever, requires a comprehensive and integrated approach that not only includes behavioral interventions, but also ensures that labor laws and programs support greater participation and that the target population has the skills required in the labor market. When implemented at scale, these integrated approaches can lead to substantial improvements in labor force participation (Box 3.2).

Box 3.2: Increasing Women's Labor Force Participation through Advanced Technical Education and Training in Saudi Arabia

Low levels of labor market participation among nationals, particularly women, has traditionally been a key challenge for private sector employment in Saudi Arabia. Limited employability was one of the drivers of labor market exclusion, especially among youth and women. Female labor force participation rates hovered around 17 percent for years. As of 2016, 92 percent of the unemployed lacked work experience or had never participated in any type of on-the-job training. Moreover, one-third of unemployed men and two thirds of unemployed women hold a bachelor's degree, resulting in Saudi Arabia having one of the highest unemployment rates among individuals with tertiary education.

Since 2017, with the adoption of the Vision 2030 and the National Transformation Plan, which entailed reforms in legislation, policies, and labor markets, Saudi Arabia removed employability barriers and restrictions, opening occupations and industries to Saudi Arabian women. These efforts included reforms to civil and labor laws and, among others, initiatives encouraging the hiring of Saudi Arabian nationals, programs promoting women's rights and mobility, and a focus on workforce and skills development and lifelong learning through technical vocational training education (TVET), all geared towards the demands of the private sector and future growth of the labor markets. Programs focused on training and upskilling women were also introduced, especially in sectors that were previously and traditionally dominated by men, and where the future growth of the economy and diversification from oil and gas are expected.

Significant investments and reforms to the country's TVET sector have been key. Female-dedicated TVET institutions have been created and course offerings expanded in critical "nontraditional" industries like aviation, tourism, information and communication technology, and entertainment. For example, in late 2023, the International Aviation Technical College at Riyadh (a previously male-only institution) enrolled the first cohort of female students sponsored by a public-private partnership with the new international Riyadh Air airline, with the objective of training the first group of female Saudi Arabian aircraft engineers and mechanics. Since 2017, at least 13 policy changes have reshaped the TVET landscape, resulting in the establishment of 14 international technical colleges for girls, 37 female technical colleges, and the creation of additional facilities (for example, digital technical colleges and private training centers focusing on training women for future leadership roles). To encourage young women's participation in the science, technology, engineering, and mathematics (STEM) and TVET fields, summer camps for girls, regional exhibitions, nationwide STEM competitions and collaborative "Socialthon" events have also been launched.

By 2024, women's labor force participation in Saudi Arabia had increased to 35.4 percent, meeting the 2030 targets well ahead of schedule. Female enrollment in TVET nearly doubled from 2018 to 2021, with over 41,000 women enrolled in 2022. Saudi Arabia's efforts in TVET highlight how strategic focus and inclusive policymaking can ignite systemic change. Going forward, given the remaining challenges in women's employment, the current focus is shifting towards improving the quality of jobs for women, providing opportunities for lifelong learning and upskilling, empowering women for leadership roles, and activating the remaining young women NEETs.

Source: World Bank 2024 and Pankratova et al. 2024.

Tailoring to Youths' Profiles

To be successful, interventions need to be tailored to the profile of those in need of support. The profile of youth can vary substantially even within a country, and to be successful, programs and policies need to address the specific needs and vulnerabilities of those they are aiming to support. The optimal program mix can therefore vary, both across the territory and with the type of youth needing support. Again, three important factors affect the optimal program mix: whether youth are still in school, whether they live in urban or rural areas, and their skill level (Figure 3.3).

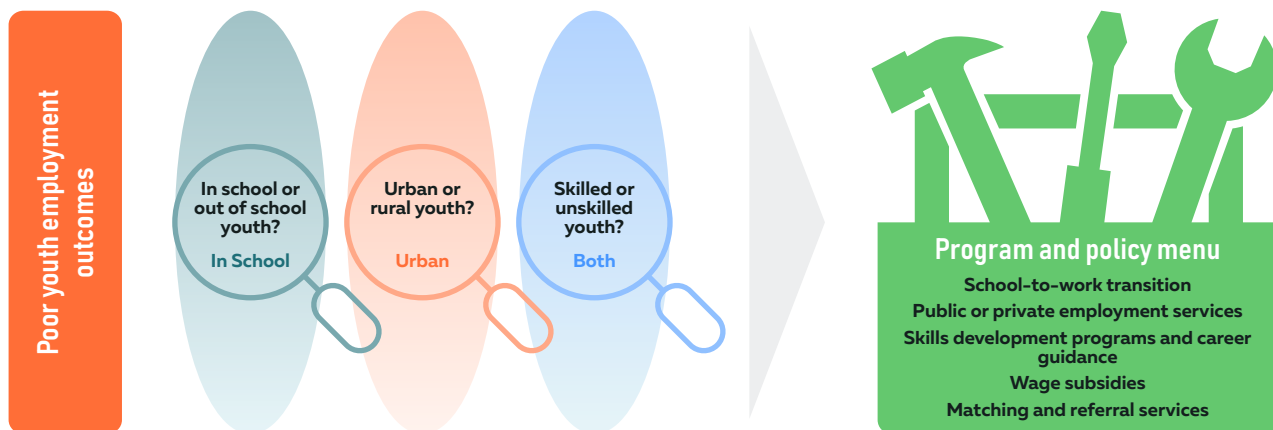
For youth in school, comprehensive school-to-work transition and education and training programs that focus on the needs of the labor market can help students focus on sectors that are in-demand and acquire the relevant work experience before they leave. One should not wait for youth to leave school to worry about their future in the labor market. The earlier they start preparing, the better. Effective career guidance for students can help them focus on high-demand sectors, better align their aspirations and expectations with the realities of the labor market, and broaden their perspectives. The latter is especially important for young women, to ensure that they do not exclude themselves from certain sectors or career paths. Workplace-based learning opportunities such as internships or apprenticeships and TVET systems that respond to labor market needs also ensure that students leave school with the skills that employers are looking for. Box 3.3 provides an example of one such program from Mexico.

For out-of-school youth, local employment opportunities and the skills they possess should drive the opti-

mal program mix. Urban areas offer a wider range of employment and training opportunities, and access to employment services also tends to be more widespread. Hence, for urban youth, the range of options to support better employment and employability is wider, comprising self-employment, intermediation services and career guidance, formal and informal skills training programs, apprenticeships, internships, on-the-job training, and wage subsidies. On the other hand, rural areas often suffer from a scarcity of employment and training opportunities and from lower availability of employment support services and programs. In these contexts, self-employment and economic inclusion programs (which provide multifaceted support to people to sustainably increase their incomes and assets) may be more prevalent (see Box 3.3).

Mobility and migration policies can also help youth access better employment opportunities. Some youth may lack the information or resources necessary to move where employment opportunities are more abundant. In these cases, mobility and migration programs can have substantial impacts. These programs should operate internationally (for instance, through Global Skills Partnerships, which supports managed migration), but also within country borders. Youth in rural or peri-urban areas may simply not be able to afford travelling to areas where opportunities are concentrated. In this instance, reducing the cost of job search through transport subsidies could remove one of the obstacles that youths face in finding and securing better quality jobs. In Ethiopia, for instance, covering the round-trip cost of a bus trip to the center of Addis Ababa, where economic activity is concentrated, led to jobseekers searching for work more frequently (Abebe et al. 2021).

Figure 3.3: Analyzing Youth Profiles for Optimal Design: Response Example



Source: World Bank 2025a.

Box 3.3: Supporting School-To-Work Transition in Mexico

The Mexico Youth Labor Market Inclusion Project (MYLMI) provides career guidance with formal employment subsidies to school leavers. The intervention, implemented in 2017, was designed to facilitate school-to-work transition and provide school leavers with an incentive to seek employment in the formal sector, which was failing to attract workers who were opting for informal work instead. Through the project, selected low-income youth in the city of San Luis Potosi about to complete their studies are offered:

- A labor market workshop, designed through a collaboration between public and private employment centers, focusing on job search, formal job features, and the local labor market.
- A formal employment incentive of Mex\$900 per month (approximately US\$45) paid directly to the worker for a maximum of six months, under the condition that they find and retain formal employment. The incentive is paid as a top-up to the youth’s salary and is therefore not observable by potential or actual employers.

An evaluation of the MYLMI showed it helped youth access formal work. The incentive increased formal employment among eligible vocational school graduates by 4.2 percentage points, driven by a 5 percentage point increase in jobs with permanent contracts. Approximately half of this effect came from a reduction in informal employment. In addition, among youth with temporary employment contracts, the risk of leaving the job was 26 percent lower and the probability of transitioning to a permanent employment contract was 70 percent higher.

The evaluation highlighted the path dependency of many decisions and the need to act early. Young people’s educational and labor trajectories are path dependent. For instance, if they start working in the informal sector, they are unlikely to go back into education that is relevant for formal sector work. Accordingly, students should be supported as early as possible to help them make more informed decisions.

Source: Abel et al. 2022.

Box 3.4: Supporting Better Lives and Self-Employment through Economic Inclusion: What Does the Evidence Say?

Government-led economic inclusion programs have demonstrated significant impacts on various economic outcomes among vulnerable populations. Economic inclusion programs provide multifaceted support to people to sustainably increase their incomes and assets. Evidence from programs in Afghanistan, Niger, Senegal, and Zambia highlights substantial improvements in food security, consumption, income, and business revenues. Programs not only improved economic well-being but also contributed to the resilience of rural households, particularly through diversifying women’s economic activities. Moreover, these programs have demonstrated positive impacts on psychosocial well-being and women’s empowerment.

Emerging evidence finds that implementing economic inclusion programs through government systems can be cost-effective and yield to high returns on investment. In Niger, for example, the program demonstrated a cost-benefit ratio of 127 percent 18 months after implementation, while in Zambia, the program broke even within 12 months, albeit with a slightly lower cost-effectiveness.

However, critical learning gaps still exist. First, assessing the cost-effectiveness of largescale government-led programs in different contexts is needed. Second, researching how more-scalable program delivery methods, such as group coaching and digitally delivered training, can influence program impact and cost-effectiveness is required. Third, identifying the appropriate package that can achieve maximum impact in a given context and for targeted groups is important. By addressing these research questions, policy makers and practitioners can enhance the design and implementation of economic inclusion programs to better serve vulnerable populations and achieve sustainable impacts at scale.

Source: Arévalo-Sánchez et al. 2024.

Enabling Private Sector Initiative

The private sector plays a key role in developing and implementing programs, policies, and strategies promoting youth employment and skills development. The role of the private sector goes way beyond creating jobs. It needs to be involved in policy decisions to ensure that programs and policies address the needs of employers and participate in young people’s skills acquisition processes. Its involvement is also important because when wage employment opportunities are not available, private initiative through self-employment and small-scale entrepreneurship is the most important way for youth to access the labor market.

First and foremost, the private sector needs to actively participate in setting strategic directions and priorities for youth employment policies. As the main creators of formal and informal employment opportunities, the engagement of private sector employers in defining skills development programs aligned with the needs of labor markets is fundamental. For instance, private sector employers can support the development of market-relevant curricula, provide trainers and teachers with industry

and sector-specific competences, and allow trainees and students to gain practical experience through on-the-job trainings, internships, and apprenticeships. At the same time, the input of the private sector is paramount for designing labor market policies and regulations that affect hiring, firing, compensation, benefit levels, and many other policies in a way that allows youth to access formal wage employment opportunities and enables job creation and private initiative. Finally, the private sector, having a strong interest in creating a future workforce aligned with labor market needs, can play a strong complementary role to that of governments in the financing of skills development programs (for example, sector specific or highly specialized skills).

Private sector efforts should also complement the public sector in the provision of quality training and employment services. The private sector, leveraging access to technology, financing, and networks, can be an effective provider of employment intermediation and placement or matching services, complementing public employment services (Box 3.5). Private training centers and educational

Box 3.5: Creating Opportunities for Vulnerable Youth in Kenya

Poor employment and weak productivity disproportionately affect Kenyan youth. Labor force participation rates among Kenyans between the ages of 15 and 24 stood at 38 percent in 2023, with new entrants into the workforce annually outpacing the capacity of the economy to absorb them in productive employment. Many youths also lack relevant work experience and the cognitive, technical, socioemotional, and business skills required to be productive. The 2019 Kenya Continuous Household Survey also found women significantly more likely than men to be neither employed nor in school, representing 59 percent of those inactive and 74 percent of NEETs.

To increase employment and earning opportunities for targeted vulnerable youth, the Kenyan government implemented the Kenya Youth Employment and Opportunities Project (KYEOP). The intervention, which ran between 2016 and 2023, included several comprehensive, multifaceted, and innovative components. First, an assessment was carried out to direct beneficiaries to the right training or occupational path, depending on their profile. Second, local employers and master craftsmen in both the formal and informal sectors were engaged to deliver on-the-job training (covering life skills, core business skills, and technical skills) and internships for selected youth. Third, some beneficiaries were provided with grants to fund youth-led start-ups and to invest in tools and inputs. A business plan competition was also carried out to elicit business ideas from high-potential young entrepreneurs interested in expanding their companies or starting up new ventures with the potential to create jobs for the targeted youth. Finally, the project also supported the development of a one-stop-shop to access labor market information by strengthening Kenya’s Labor Market Information System (World Bank 2016).

The KYEOP, which reached almost 311,000 beneficiaries (50 percent of which female, and 3 percent of which youth living with disabilities) achieved significant impacts. Among others, 133,453 beneficiaries received training, grants, or business development services, and 86 percent of beneficiaries were in employment at project closing, up from 62 percent in 2016. Earnings of beneficiaries in employment also increased by 20 percent between 2016 and 2023.

Source: Partnership for Economic Inclusion. See <https://www.peiglobal.org/programs/factsheet/kenya-youth-employment-and-opportunities-project-1>.

institutions should also complement the offer of public sector institutions, contributing to enlarging the access and variety of training services. An increasing number of countries are also expanding outsourcing arrangements to incentivize the private provision of employment and training services in hard-to-reach locations, or for target groups requiring specific approaches. Private sector institutions, being nimbler than public entities from an operational perspective, may also be more willing to engage in experimentation in terms of approaches and programs supporting youth employability, thereby fostering innovation.

When wage opportunities are scarce, private initiative is also the main driver of youth employment. In these contexts, policies supporting more productive self-employment and small-scale entrepreneurship are key to improving youth labor market outcomes. Access to financing is usually a major constraint for youth, as they start with their first businesses and bring little personal capital or the collateral required by financing institutions. The lack of networks and opportunities to build the managerial and technical skills required for an entrepreneur are also affecting the quality of the business plans and ultimately the productivity of self-employment activities. To this end, economic inclusion and entrepreneurship promotion programs that provide small credits or grants as well as technical assistance to young entrepreneurs are vital to creating opportunities where jobs are scarce. Similarly, policies that support the development of value chains in agriculture and other sectors, the provision of quality extension services, and investments in infrastructure development—particularly in rural areas—are key to increasing the market inclusion of young entrepreneurs (Glick, Huang, and Mejia 2015).

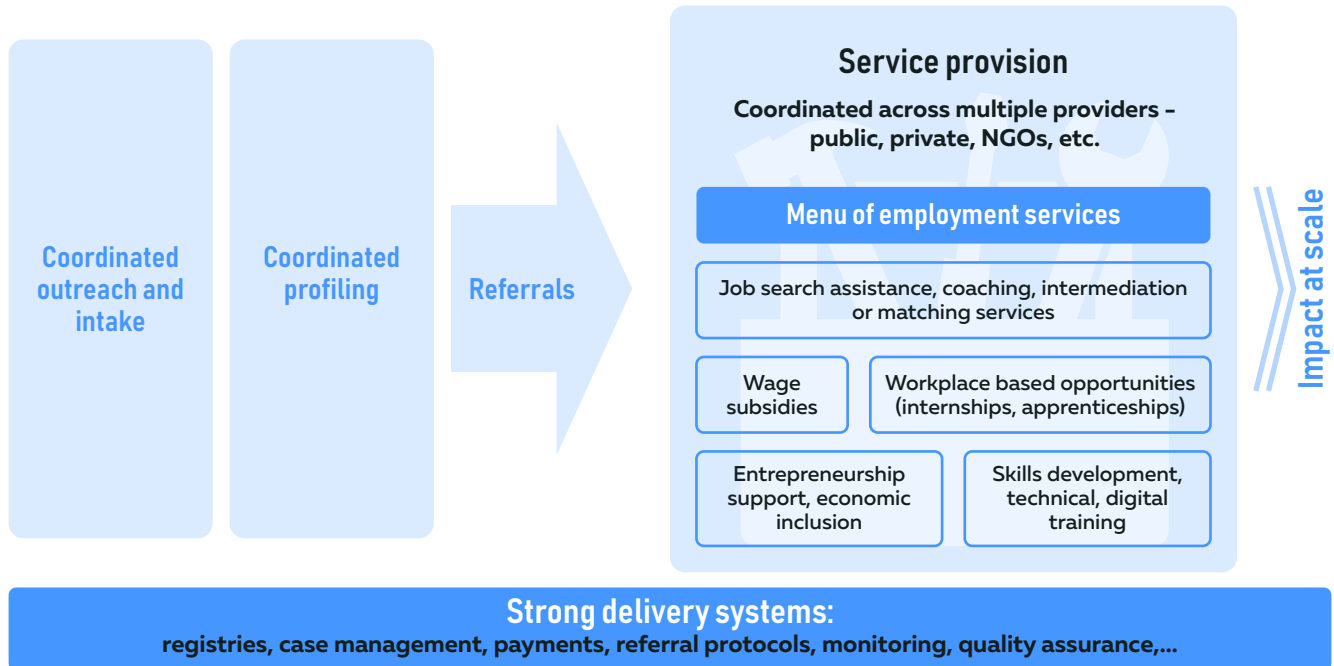
4. Conclusions: Achieving Impact at Scale

Youth employment programs work—when tailored to youths’ profiles and the local economic and social contexts. The next step is to implement them at scale. The past two decades have witnessed the emergence of a variety of youth employment programs across the world that experimented with innovative ways to support young people’s transitions into the labor market. While we are still learning from them, and innovation is still ongoing, rigorous evaluations have shown that these programs work—when effectively implemented and tailored to youths’ profiles and the local economic and social contexts. Many programs, however, still operate at small scale or in a pilot format. Part of the reason is that investments in labor and employment programs remain small, in particular in LICs, where spending is a meager 0.15 percent of GDP (World Bank 2025a). Given the magnitude of the youth employment challenge, there is an urgent need to implement these programs at scale.

Expanding successful programs will hinge on stronger delivery systems and continued investments in digital

technologies. Delivering at scale will require large outreach and intake initiatives; profiling systems that allow directing youth to the right interventions; and a variety of programs tailored to youths’ needs, implemented in a coordinated manner by both the public and private sectors (Figure 4.1). To support these processes, countries will need to invest in delivery systems such as social registries; case management, monitoring, quality assurance, and financing systems; referral protocols; and integrated governance systems that allow implementing programs targeted to youths’ needs, tailored to their profiles, delivered in a timely manner. Some of these systems have already been developed to deliver social protection services. Nevertheless, they need to be strengthened and expanded further and adapted to the specific needs of labor and employment programs. In doing so, it will be important to continue harnessing the benefits of continuous innovation in digital technologies (such as the use of artificial intelligence or algorithms to improve the effectiveness of profiling, matching services, and training) that could improve effectiveness, reduce cost, and allow for some leapfrogging.

Figure 4.1: Investing in Systems to Deliver at Scale



Source: World Bank 2025a.
 Note: NGOs = nongovernmental organizations.

Global demographic imbalances also call for greater investments in managed migration, which would substantially benefit youth in LICs and MICs. By 2050, HICs could face a shortage of 750 million workers (World Bank 2024). Part of this gap could be filled by youth in LICs and LMICs if global investments help improve their human capital and effective managed migration policies are implemented. The rise in Global Skills Partnerships (bilateral or multilateral migration arrangements aimed at addressing skill shortages in origin and destination countries) is a positive step towards facilitating managed cross-country migration and increasing human capital levels in origin and destination countries.

New technologies such as digital platforms are also making work location less relevant and expanding the range of opportunities that youth from across the globe can access through gig work.¹² Access to broadband and a mobile device allow digital platforms to bring economic opportunity to millions of people where opportunities have been traditionally limited, thereby playing a significant role in the process of structural transformation. A web scraping exercise has shown the impressive growth of these platforms, identifying 545 online gig work forums, with headquarters in 63 countries and clients located in 186 countries, supporting the work of 154 million people globally—as a minimum (World Bank 2019b). More efforts should be made to support youth accessing these employment opportunities, while simultaneously working at the global level to develop effective regulation that protects workers from abuse.

Stronger links between employment and social protection can help strengthen the impact of programs. Social protection is the safety floor at the bottom of the employment ladder in [Figure 1.1](#). It guarantees a minimum of income support to people in need, without which it may not be possible to even think of reaching the jobs ladder. Social protection also supports the acquisition of human capital, which will facilitate access to better employment. Social protection systems are also a useful “last mile” that helps identify and support those in need—including youth. Unfortunately, social protection and employment programs too often remain fragmented and operate in parallel with little integration. It has been repeatedly proven that comprehensive, multifaceted support offers greater impacts. Strengthening the link between employment and social protection will be key to achieving impact at scale—and integrating both delivery systems will be essential in facilitating those linkages and improving cost-effectiveness.

As we move forward, it is imperative that Governments invest at scale to harness the potential of the next generation. Effectively scaling up youth employment initiatives

requires a holistic approach that includes robust delivery systems, investment in digital technologies, global solutions, and the integration of social protection policies. Much has been already achieved, but more is required to address the pressing challenge of youth unemployment and unlock the vast potential of the next generation, driving economic growth and social development on a global scale.

¹² Gig work can be defined as a one-off job for which a worker is paid for a particular task or for a defined period. A platform acts as an intermediary between the gig worker and the person or business that needs the work done. A gig worker is usually paid on a project, piece rate, or hourly basis. See Datta et al. 2023.

Appendix A:

Summary of Labor Market Programs and Their Impacts

The literature on labor market programs generally identifies four main types of programs: job search assistance and intermediation services; skills development and training programs; economic inclusion, entrepreneurship, and self-employment support programs; and subsidized employment programs.

Job Search Assistance and Intermediation Services

Job search assistance and intermediation services encompass a variety of programs and initiatives designed to help jobseekers find employment and connect employers with suitable candidates. These programs, which can be particularly useful in increasing the level of youth placement in the labor market, are often designed to address and overcome information gaps on both sides of the labor market. They typically include job counseling, search assistance, mentoring, and other support services to provide young people with information on suitable job opportunities, improve their search (and presentation) skills, and connect them to potential employers.

In the short term, job search assistance and intermediation services can help youth identify opportunities and secure employment more quickly (Datta et al. 2018). Impacts tend to be higher in periods of strong labor demand. On the employer side, limited or unreliable information regarding applicants' skills poses a significant challenge to effective job matching. Young applicants may find it difficult to signal their capabilities due to limited work experience, credentials, and formal education. Assisting these individuals in better communicating and signaling their skills can help to mitigate these information frictions and enhance the likelihood of suitable matches between employers and jobseekers (McKenzie and Carranza 2024).

In Ethiopia, for instance, a field experiment tried to enhance participants' ability to signal their skills to employers by implementing a job application workshop (comprising an orientation session to help young job seekers present their qualifications in applications and interviews) and a certification session to validate skills such as cognitive ability. The intervention resulted in increased

earnings, higher job satisfaction, and longer employment duration four years after its implementation (Abebe et al. 2021). Similarly, in South Africa, Abel, Burger, and Piraino (2020) found that providing a template and encouraging youth to include reference letters in their job applications increased interview requests and the likelihood of being employed, particularly for women.

Skills Development and Training Programs

Skills development and training programs are the most common employment interventions, and aim to equip young people with the technical, vocational, behavioral, and noncognitive skills and qualifications required by the labor market. These programs can be short in duration (up to three months) but also longer (often up to a year or even more for TVET and apprenticeships). They include TVET and apprenticeships, other training delivered on the job or at training centers, second-chance learning programs for those with lower levels of formal schooling, and recertification or prior learning recognition programs. By providing job-specific training tailored to employer needs (or by allowing workers to have their past qualifications formally recognized), these programs aim to enhance both immediate and long-run employability and boost workers' productivity. They are increasingly integrated with complementary measures to maximize their impact. For instance, adding a soft skills component or providing a certification that allows young people to signal their skills and qualifications to employers, along with training on how to effectively do so, can help tackle the numerous barriers they encounter (Puerto et al. 2022).

Skills training programs can yield significant positive results, particularly in earnings. In the long term, however, their impacts depend on the relevance of skills taught and whether training is aligned with market needs (Kluve et al. 2017 and Puerto et al. 2022). Furthermore, the participation and effectiveness of training programs are notably enhanced when they address such as accessibility, credit, and childcare support (World Bank 2022c). A particularly effective approach to skills development is on-the-job and work-based training, which integrate theoretical training with practical work experience

(such as job placement programs or dual apprenticeships). In Colombia, a combined training and job placement program for youth led to sustained increases in formal employment and earnings (Attanasio et al. 2017). Similarly, in Côte d'Ivoire, a subsidized dual apprenticeship program expanded access to training, increased skills and earnings, and allowed youths to engage in more complex tasks (Crépon and Premand 2019).

Entrepreneurship, Self-Employment, and Economic Inclusion Programs

Entrepreneurship, self-employment, and economic inclusion programs equip young people with the skills, resources, and opportunities required to start or better manage their own work activity. These programs—which typically aim at boosting the productivity of the self-employed and small-scale entrepreneurs—include components such as advisory services, mentoring, and providing or facilitating access to finance and markets. These programs can lead to increased self-employment, the creation of new businesses, and significant gains in earnings, particularly in the short-term (Blattman, Fiala, and Martinez 2014; Goldin et al. 2015). Despite the similarity in name, these programs are distinct from entrepreneurship programs that focus on “high potential” individuals and firms, as the former is tailored to a population that has limited opportunities for wage employment in the labor market, hence their design is substantially different from programs targeting high potential entrepreneurs. Because youth face multiple constraints, these programs tend to be more effective when paired with complementary strategies and policies (World Bank 2022a). For example, programs providing financial and technical support to young, small-scale entrepreneurs should integrate vocational training and skill-building components. This comprehensive approach helps youth succeed as entrepreneurs and enhances their ability to secure employment, creating more diverse and sustainable economic opportunities. When providing multifaceted support to the self-employed, these programs are often referred to as economic inclusion (or livelihood enhancement) programs.

Subsidized Employment Programs

Subsidized employment programs and hiring incentives are designed to lower the hiring and labor costs of employing youth, thereby incentivizing employers to hire first-time jobseekers. Although these programs are typically of limited duration, they aim to provide young people with work experience that facilitates access to jobs and improves employability.

- Wage subsidies, a form of temporary financial incentive provided to employers or employees, are often used to encourage the hiring of young workers by reducing the cost of labor. Subsidies can lead to immediate employment gains by lowering the barriers to entry for young jobseekers. In addition to providing valuable work experience, wage subsidies can promote human capital accumulation, learning-by-doing, and improve the long-term employability of youth (Datta et al. 2018). The duration and scale of wage subsidies vary and carry different implications. Short-term subsidies can incentivize hiring but may fall short of supporting long-term skills development and human capital accumulation. In contrast, long-term subsidies can be more conducive to skills development and human capital accumulation but risk introducing market distortions. The long-term effectiveness of wage subsidies also depends on the continued growth of labor markets and workers' ability to retain their jobs without continued support. Overall, the evidence suggests that wage subsidies can generate positive short-term employment effects for youth and provide valuable opportunities for skill development and work experience in the short term (Almeida, Orr, and Robalino 2014; Datta et al. 2018).
- Public works programs provide temporary employment opportunities by engaging youth in labor-intensive work on infrastructure projects or public goods. These programs not only provide temporary income support and work experience but also often include skills training or small-scale entrepreneurship support to enhance employability and facilitate pathways to productive employment after participants exit the program. Public works programs can be an effective temporary solution to create employment and/or provide a safety net during times of crisis. (World Bank 2013). Evidence indicates that these programs positively impact employment and earnings in the short term, especially in LICs and MICs with low baseline employment levels (Puerto et al. 2022; and Bagga et al. 2023). For instance, Bertrand et al. (2021) evaluated a public works program in Côte d'Ivoire that offered seven months of employment to urban youth, with some participants receiving additional entrepreneurship training or job search assistance. The program increased wage employment, hours worked, earnings, and well-being. However, the labor market impacts were mostly short-term and strongly linked to participants being enrolled in the program.

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