

**YOUTH ARE THE FUTURE** | THE IMPERATIVE OF YOUTH EMPLOYMENT FOR SUSTAINABLE DEVELOPMENT IN THE CARIBBEAN





# Foreword

The Caribbean has an acute unemployment problem, particularly among the youth. Not only is youth unemployment high relative to global levels, it is also significantly higher than adult unemployment. Data indicate that the average youth unemployment rate for countries in the Region with available data was nearly 25% in 2013, compared with the adult rate of only 8%. Gender differences are also significant, with joblessness among female youth exceeding 30% as opposed to 20% for males.

High levels of youth unemployment inhibit economic development, with adverse social consequences, including poverty; risky behaviours and concomitant negative outcomes such as psychological scarring, crime, unplanned pregnancy, and lost future earning capacity. The youth unemployment issue is, therefore, not just an issue for the parents of the unemployed youth or the organisations that support young people. It is a critical development concern that requires urgent attention and durable solutions.

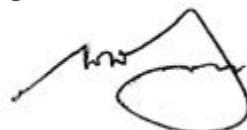
The Caribbean Development Bank (CDB) has a mandate to reduce poverty and foster inclusive sustainable development. The Bank offerings of knowledge products that focus analytical, policy and public attention on important development challenges have become an important platform for the Bank to deliver on its mandate. It is in keeping with this knowledge-building thrust that this report *Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean* has emanated.

This report brings into sharp focus the youth unemployment situation in the Caribbean and what can be done to tackle the

issue. It has been informed by extensive consultations across the Caribbean and offers a rich analysis of the phenomenon in all its economic, social and cultural aspects. Central to the analysis is an empirical examination of the socio-economic costs of high youth unemployment. The findings suggest that these costs are non-trivial, thus strengthening the case for resolute policy action. The report, therefore, makes recommendations for transformative shifts in policies, practices and institutions to promote sustainable employment in general, and for the youth, in particular.

The importance of increasing youth employment and expanding opportunities for them to be more purposive citizens cannot be over emphasised. Caribbean governments are seeking new development paradigms, which require the innovation, creativity and energy of young people.

It is our hope that policymakers and other development stakeholders will find value in this report, and that it can stimulate real action that will raise both the employability and employment levels of young people. We must position our youth to play a more significant role in advancing Caribbean development and securing a sustainable future for successive generations.



W<sup>m</sup> Warren Smith, Ph.D.

President

Caribbean Development Bank

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# Acronyms

<b>ALM</b>	Active Labour Market (policies)
<b>AM</b>	Activation Measures
<b>AME</b>	Adult Male Equivalence
<b>BGA</b>	Bureau of Gender Affairs
<b>BMC</b>	Borrowing Member Country
<b>CALC</b>	Country Assessment of Living Conditions
<b>CANTA</b>	Caribbean Association of National Training Agencies
<b>CARICOM</b>	Caribbean Community
<b>CBO</b>	Community-Based Organisation
<b>CDB</b>	Caribbean Development Bank
<b>COHSOD</b>	Council for Human and Social Development
<b>CPA</b>	Country Poverty Assessment
<b>CRP</b>	Community Renewal Programme
<b>CSME</b>	CARICOM Single Market and Economy
<b>CSR</b>	Corporate Social Responsibility
<b>CXC</b>	Caribbean Examination Council
<b>CYDAP</b>	CARICOM Youth Development Action Plan
<b>CYP</b>	Commonwealth Youth Programme
<b>CYPCC</b>	Commonwealth Youth Programme Caribbean Centre
<b>DB</b>	Doing Business
<b>DfID</b>	Department for International Development
<b>FEA</b>	Federal Employment Agency
<b>GDP</b>	Gross Domestic Product
<b>GRENCODA</b>	Grenada Community Development Agency
<b>HEART</b>	Human Employment and Resource Training Trust
<b>HIV/AIDS</b>	Human immunodeficiency Virus/Acquired Immune Deficiency Syndrome
<b>ICT</b>	Information Communication Technologies
<b>IDB</b>	Inter-American Development Bank
<b>ILO</b>	International Labour Organisation
<b>ILOSTAT</b>	ILO Statistical Office
<b>IMF WEO</b>	International Monetary Fund World Economic Outlook
<b>ITU</b>	International Telecommunications Union
<b>KILM</b>	Key Indicators for the Labour Market
<b>LAC</b>	Latin America and the Caribbean
<b>LCU</b>	Local Currency Unit
<b>LGBTQ</b>	Lesbian Gay Bi-sexual Transgender and Questioning
<b>LMI</b>	Labour Market Information

<b>MDG</b>	Millennium Development Goals
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MSME</b>	Micro, Small and Medium-Sized Enterprises
<b>MUST</b>	Multi-Sector Skills Training Programme
<b>N/CVQ</b>	National Caribbean Vocational Qualifications
<b>NEET</b>	Not in Employment Education or Training
<b>NGO</b>	Non-Governmental Organisation
<b>NICE</b>	National Initiative to Create Employment
<b>NCSD</b>	National Skills Development Centre
<b>NTA</b>	National Training Agency
<b>NWDA</b>	National Workforce Development Agency
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OECS</b>	Organisation of Eastern Caribbean States
<b>PES</b>	Public Employment Services
<b>PET</b>	Professional Education and Training
<b>PIOJ</b>	Planning Institute of Jamaica
<b>PPP</b>	Purchasing Power Parity
<b>SALISES</b>	Sir Arthur Lewis Institute of Social and Economic Studies
<b>SDG</b>	Sustainable Development Goals
<b>SIDS</b>	Small Island Developing States
<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>TA</b>	Technical Assistance
<b>TVET</b>	Technical and Vocational Education and Training
<b>UN</b>	United Nations
<b>UK</b>	United Kingdom
<b>UN ECLAC</b>	UN Economic Commission for Latin America and the Caribbean
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>UNICEF CAO</b>	United Nations International Children's Emergency Fund Country Area Office
<b>USAID</b>	United States Agency for International Development
<b>VET</b>	Vocational Education and Training
<b>WDI</b>	World Development Indicators
<b>WEF</b>	World Economic Forum
<b>YAPA</b>	Youth Apprenticeship Programme in Agriculture
<b>YBT</b>	Youth Business Trust
<b>YTEPP</b>	Youth Training and Employment Partnership Programme
<b>YUR</b>	Youth Unemployment Rate



# Executive Summary

## BACKGROUND

In 1965, the United Nations (UN) adopted the Declaration on the Promotion Among Youth of the Ideals of Peace, Mutual Respect and Understanding Between Peoples, indicating that youth had a significant contribution to make to the advancement of society as a whole. Since this time the Caribbean has sought to address the issues faced by youth, especially as it relates to the youth unemployment problem. Over 30 years after the UN Declaration, the International Labour Organisation (ILO) published the first of two studies on youth unemployment in the Caribbean, *The Challenge of Youth Employment in the Caribbean*, with the second published in 2000, *Revisiting the Challenge of Youth Unemployment in the Caribbean* (Pantin, 1996; 2000). Notwithstanding several research pieces on specific aspects of youth unemployment conducted in the Region, the next major report on youth at the Regional level would follow a decade later with the 2010 publication of the report of the Caribbean Community (CARICOM) Commission on Youth Development titled: *Eye on the Future: Investing in Youth Now for Tomorrow's Community*. The current study seeks to investigate the issues raised and conclusions reached in these previous studies to provide for solutions to the still-vexing youth unemployment problem in the Caribbean.

Overall, the study is conducted within a framework that seeks to promote sustainable employment, especially for youth, guided by the ILO's Decent Work Agenda and the UN's Sustainable Development Goals. Key elements of these global agendas which are of relevance to the Region are: creating jobs; social protection; skills for employment and entrepreneur-

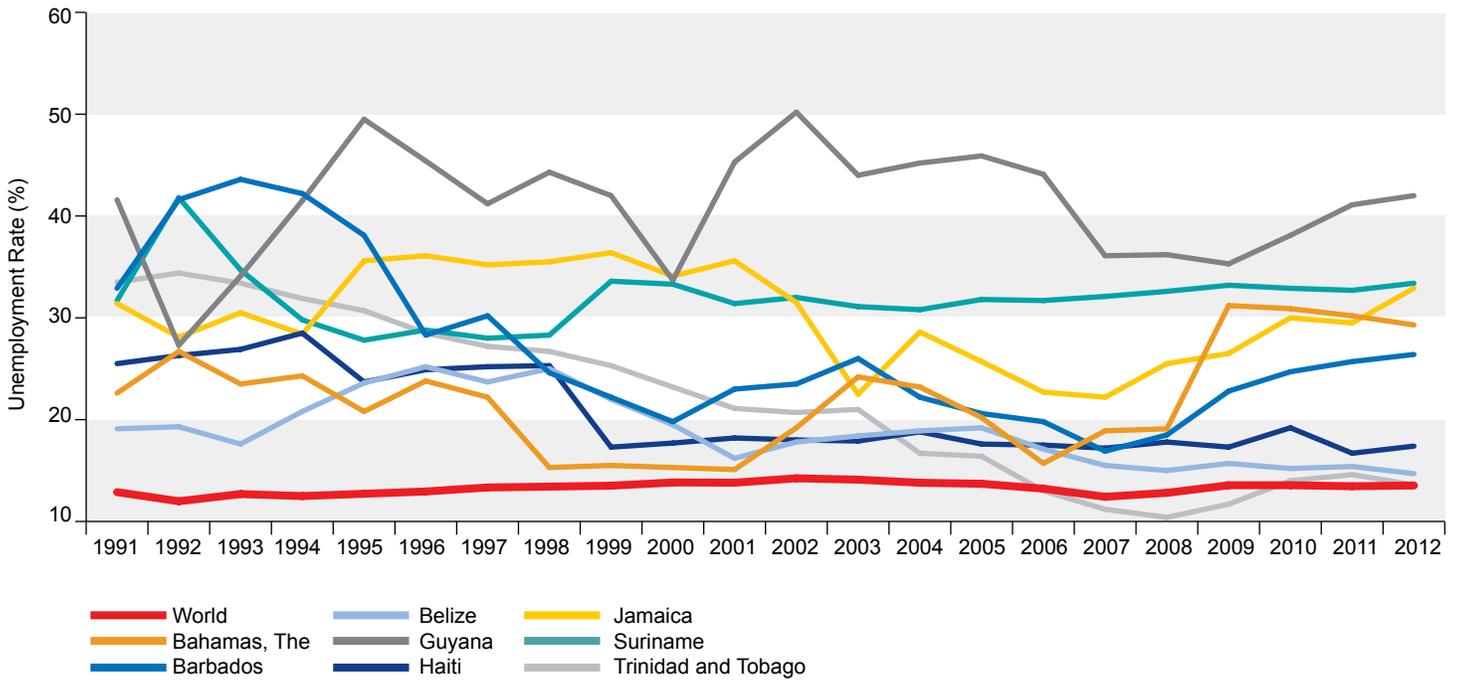
ship; and promotion of active participation in the labour market. These elements are mostly encapsulated in the UN Sustainable Development Goal (SDG) Goal 8 which seeks to:

*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.*

## MOTIVATION AND SIGNIFICANCE

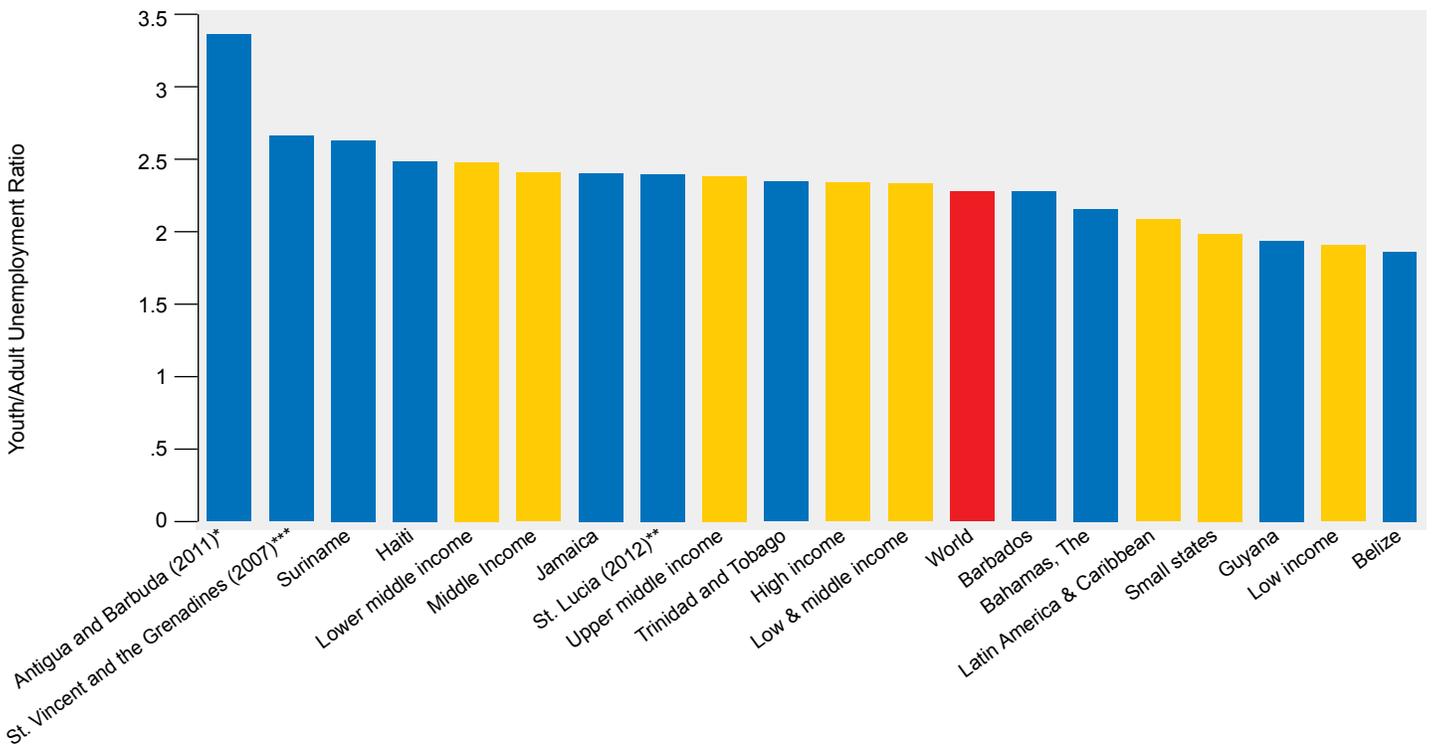
The motivation for the study is based on the high levels of youth unemployment observed in the Region and the consequences this has for youth and wider socio-economic development. Not only is youth unemployment high with respect to global levels, it is also significantly higher than adult unemployment. Data indicate that the average youth unemployment rate for countries in the Region with available data was nearly 25%, while the adult rate was approximately 8%. In addition to this, gender differences in youth employment are also symptomatic of unequal gender relations in the Region, and not only manifested on an ideological level but also on a material one as well. The gender difference in youth unemployment is represented by female youth experiencing rates over 30% as opposed to 20% for young males. The consequences for Caribbean development due to this high level of unemployment among such a significant proportion of the population are not just foregone economic growth and a financial expense; there are also social consequences such as poverty and youth risky behaviours and concomitant negative outcomes such as psychological scarring, crime, unplanned pregnancy, and lost future earning capacity.

FIGURE 0.1: YOUTH UNEMPLOYMENT RATES  
FOR SELECTED CARIBBEAN COUNTRIES AND WORLD AVERAGE 1991-2012



Source: World Development Indicators

FIGURE 0.2: YOUTH/ADULT UNEMPLOYMENT RATIOS  
FOR SELECTED CARIBBEAN COUNTRIES AND WORLD AVERAGE (2012)



Source (unless otherwise stated): World Development Indicators

\* Sourced from 2011 Census of Housing and Population; \*\* Sourced from Labour Force Survey \*\*\* Sourced from Country Assessment of Living Conditions.

## FINDINGS

The study comprises seven chapters, with the first chapter providing the background and context of the study. The rest of the study then seeks firstly to describe the current situation of youth in relation to the labour market (Chapter 2), followed by a review of global and regional issues facing youth, drawing on extant literature and interviews conducted across the Region (Chapter 3). Drawing on these sources, Chapter 3 outlines the main causes and consequences of youth unemployment in the Region. Chapter 4 then reviews the policy and programme responses to the youth unemployment problem across the Region. Following this assessment of the current situation, Chapter 5 estimates the socio-economic cost of youth unemployment, while Chapters 6 and 7, drawing on global best practices, propose a number of policy interventions and an action plan to reduce youth unemployment and provide decent jobs by 2030.

### Defining Youth

In establishing a quantitative definition of youth for the study, labour market data from across the Region are analysed in Chapter 2 to ascertain the younger age groups among which there are greatest similarities and greatest differences from

older age groups. The younger age groups generally included in the analysis were 15-19, 20-24, and 25-29. The characteristics of these age groups are then contrasted against older groups. From this analysis, it is apparent that the age group 20-24 shows greater similarity to the 15-19 age group than the 25-29 age group, and that the 25-29 age group demonstrates more affinity to older age groups. These trends are seen for both labour force participation and unemployment. The quantitative definition that is therefore adopted for this element of the study is 15-24 years of age.

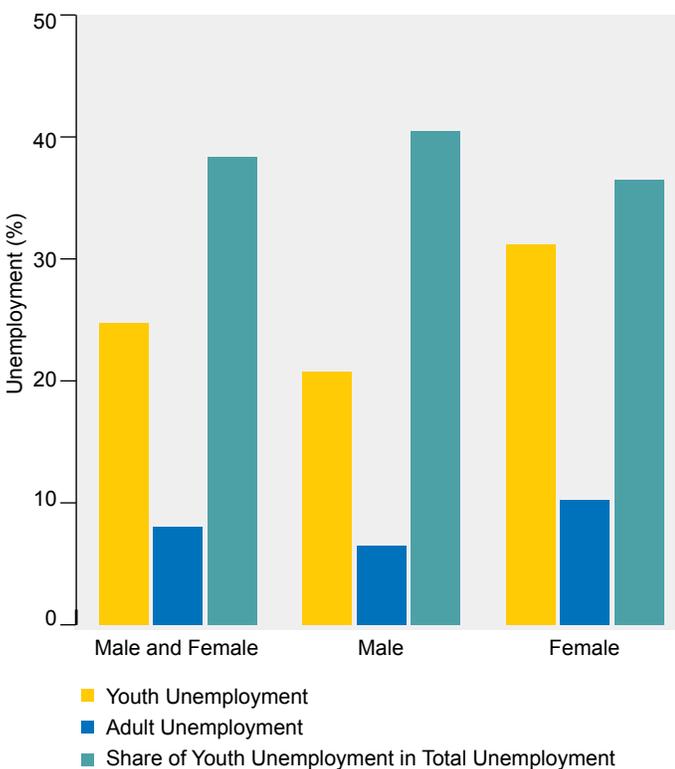
### Youth Unemployment

Reviewing the data for youth reveals, in keeping with previous research (Downes, 2006; Parra-Torrado, 2014), that youth unemployment rates in the Caribbean are among the highest in the world. Reviewing the data for eight of the Caribbean countries shows that only in Trinidad and Tobago did youth unemployment rates fall below the world average, and this was during the period 2006 to 2010; between 1991 and 2012, all other Caribbean countries had a youth unemployment rate above the world average. The regional countries with the highest persistent youth unemployment were Guyana and Suriname which, since 2000, have consistently been above 30%, with the rate in Guyana hovering around 40% since this time. It should be noted, however, that total unemployment rates in Guyana are also persistently high. While most countries have a relatively consistent youth unemployment rate over the period, The Bahamas, Barbados and, to some degree, Belize, demonstrated a significant increase in youth unemployment since 2007, attributable in part to the recent global economic crisis.

In comparing the youth unemployment rates with general population unemployment rates, Figure 0.2 shows some disparities, with Antigua and Barbuda's youth unemployment rate being over 3 times that of the adult population, compared with a world average of 2.2. The only countries in the Region which demonstrate a ratio below the world average are Barbados, The Bahamas, Guyana and Belize. These data do not necessarily indicate that these countries are performing well generally, simply that the disparity between the youth and the adult rates is not as severe as in other countries.

In looking at differences between youth and adults by gender, Figure 0.3 demonstrates a large differential in unemployment rates in the selected countries, with a youth rate of approximately 25% as opposed to an adult rate of approximately 8%. The gender differential is, however, much more severe, where the rate for male youth is approximately 20% as opposed to a female youth rate of over 30%. Overall, youth unemployment accounts for over 35% of total unemployment, while female youth unemployment accounts for over 40% of male unemployment.

**FIGURE 0.3: AVERAGE UNEMPLOYMENT RATES BY SEX AND AGE GROUP FOR SELECTED CARIBBEAN COUNTRIES (2013)**



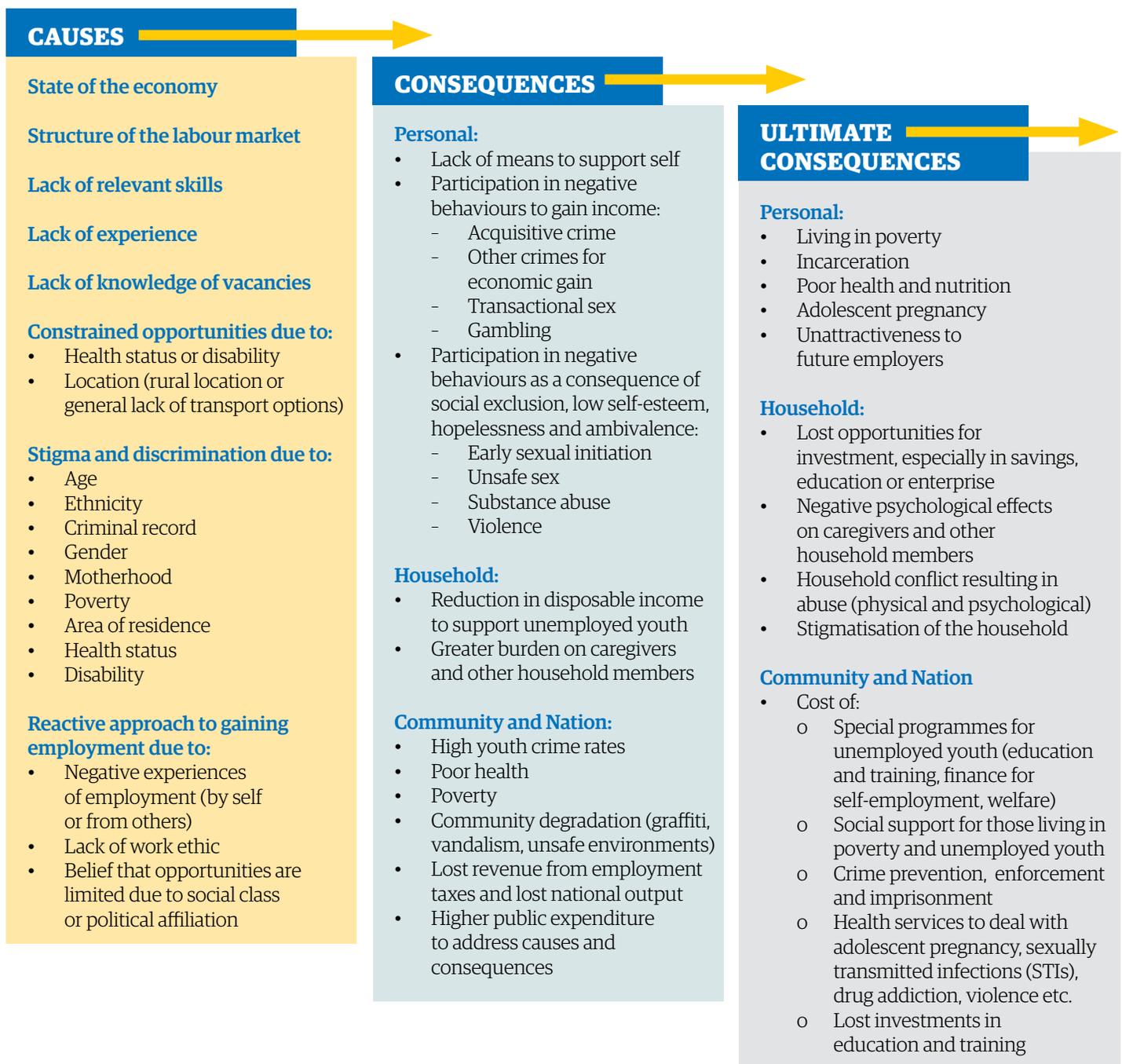
Source: International Labour Organisation (2014)  
Countries for which estimated data are available include: The Bahamas; Barbados; Belize; Guyana; Haiti; Jamaica; Suriname; Trinidad and Tobago.

## The Causes and Consequences of Youth Unemployment

Given the unemployment situation of youth in the Region, and as a precursor to the development of policy to address the issue, Chapter 3 explores the causes and consequences of youth unemployment in the Region. This element of the study reviews issues related to macroeconomic, societal and personal

causes of unemployment, as well as direct and ultimate consequences. The main findings from this element of the study are outlined below, with the caveat that the direction of causation in some instances may be unclear, and that there is also a feedback mechanism where outcomes can affect causes, such as incarceration leading to stigma and discrimination when seeking employment in the future.

TABLE 0.1: YOUTH UNEMPLOYMENT: SUMMARY OF CAUSES AND POTENTIAL CONSEQUENCES



## Public Policy Responses to Youth Unemployment in the Caribbean

Following the identification of the main causes and consequences of youth unemployment, Chapter 4 explores the public policy responses to youth unemployment in the Caribbean and finds that the Region has a majority of the rudimentary requirements in place for addressing this issue. These rudimentary requirements relate to the institutionalisation of youth issues in government ministries, availability of vocational education and training, elements of labour market flexibility, remedial employment-related training schemes, and support for self-employment. The only major missing component in the Region in this area is the ability to disincentivise unemployment through restrictions in the unemployment benefits system, as such systems do not widely exist across the Region.

However, despite the existence of these core components for addressing youth unemployment, the overall system is fragmented and disjointed from the top, down, as well as horizontally. At the level of overall governance, governments across the Region have located youth issues in the social sphere. While there is recognition of the linkages between youth and youth-at-risk issues and unemployment, youth have become the remit of ministries concerned solely with social issues or those related to sports and culture and sometimes education. More importantly, social issues are separated from labour market issues in the Region, while the two have important causal linkages. This is unlike some of the global exemplars discussed in Chapter 6, where ministries of social development are closely linked with labour market issues.

The other major disjoint seen in the Region is the manner in which Technical and Vocational Education and Training (TVET) is delivered, which for the most part is institutionally based, contributing to a lack of coherence between what is taught and what is needed in the labour market, and, subsequently, a lack of employment opportunities for youth. This disjoint has subsequently led to the plethora of generic employment training programmes implemented in the Region and delivered after youth have left formal instruction. While these programmes are important in the current context, they are piecemeal within the wider economy. In essence, **these programmes are addressing a market failure by providing the skills required for employment or self-employment; however, these skills should be provided in the formal education system before young people enter the labour market, and therefore the market failure is one which is self-induced.**

### The Socio-Economic Costs of Youth Unemployment

Having established the youth unemployment situation in the Region, its main causes and consequences, and public policy responses, Chapter 5 seeks to estimate the socio-economic costs of youth unemployment in the Region utilising available

data. Historic cost estimates are for the period 2000 to 2013, while future estimated costs are for 2014 to 2019.

The conceptual approach to estimating these costs is detailed in Chapter 5, while the operationalisation of the approach involves calculating the cost of supporting one unemployed person and multiplying this cost by the level of youth unemployment. The first element of supporting a single unemployed youth is proxied by the poverty line. The second element of cost of an unemployed youth is the loss to the individual of the income they could earn if employed. The actual cost of unemployment is then calculated as the difference between these elements. For the economy, the cost is due to lost wages plus the opportunity cost of support, with the opportunity cost of support being the poverty line multiplied by the prevailing interest rate. This procedure for the estimation of the overall costs of youth unemployment is informed in part by the methodology utilised by Chaaban (2009) (informed by World Bank (2003)) for estimating the cost of youth unemployment, early school leaving, adolescent pregnancy, Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) and crime and violence for CARICOM member states.

As it is appreciated that the rate of youth unemployment would not be zero and that there will always be a level of youth unemployment, the cost estimates provided are based on what is termed excess youth unemployment, that is, in this case, the difference between the adult rate and the youth rate. Overall, for the eight countries where data are available, the average cost to governments is estimated at 0.12% of GDP, while the average cost to the country is estimated at 1.5% of GDP.

### Global Best Practice in Addressing Youth Unemployment

Drawing on global best practice, Chapter 6 proposes policy responses to the causes and consequences identified. The initial basis for constructing the chapter is a review of public policy dealing with youth unemployment in countries with low rates of youth unemployment and low ratios of youth to adult unemployment rates. The chapter also provides recommendations for the strengthening of the collection, collation, processing and dissemination of labour market statistics, especially unemployment statistics.

The review of strategies undertaken to address the issue of youth unemployment by nations selected as global exemplars reveals a number of trends and some unique characteristics. However, all of the policies related to preventing, as well as combating youth unemployment. The actual trends seen in the review of global exemplars are outlined below.

The dominant theme throughout the review is the prevalence of a **dual system of technical and vocational education and training**, where institutional instruction is coupled with on-the-job experience with a remuneration component. This system is considered effective in 'smoothing the school-to-work transition of young individuals' (Eichhorst and Rinne 2014, 8).

The other dominant trend is a high level of interaction between education and training institutions and the private sector, and career education initiatives in schools (including the training of teachers in career education/guidance). The other main trends are dominated by Activation Measures/Active Labour Market AM/ALM policies and include:

- **Employment service centres** with wide outreach to the youth, coupled with web-based portals to provide information on vacancies;
- **One-on-one coaching** of youth, as well as coaching of enterprises in operating an apprenticeship system;
- **Wage subsidies** to enterprises employing youth;
- **Governmental support to enterprises** expanding employment opportunities for youth;
- **Subsidised trial employment** periods for unemployed youth to enable employers to gauge young employees' abilities; some of these programmes allow youth to continue to receive unemployment benefit;
- **Industrial schools** to assist youth not able to secure any of the other employment opportunities in gaining knowledge and skills in relation to the 'world of work';
- **Subsidised credit** to young entrepreneurs;
- **Benefits systems** that place stringent conditions on youth to 'force' them into employment such as shorter periods of eligibility to claim benefits than older persons or requiring that they take any job offered; and
- **Youth guarantee systems** that commit to providing an unemployed youth, after a specific period unemployed, with a guaranteed training, education or job offer.

There are also some unique characteristics at the country level that may be informative for the Caribbean:

- **Japan:** Highlighting those that contribute to collaborative efforts through awards; specific programmes aimed at women, with one such programme of interest being specialist training courses that inform them of gender-based issues they may experience during their career, and a Job Card system which provides youth with generic training relevant to the workplace and certification to show employers;
- **Switzerland:** Dual-track system has two streams: vocational education and training; and professional education and training;
- **Austria:** A differentiation between young people (up to age 19) and young adults (20 to 24 years only) and specific approaches for each group based on their unique needs;
- **Netherlands:** Compulsory education to age 18 (as in Denmark); promotion of returning to school; promotion of part-time flexible employment through allowing flexible contracts and relatively lower minimum wages for youth;
- **Belarus:** Work experience from a young age, with pupils engaged in employment in their spare time/holidays; and
- **Canada:** Funding to businesses and organizations to operate schemes that promote youth employment and work experience which appears to be a form of privatising the delivery of services.

While the specific programmes offer insights into potential interventions in the Caribbean, it should be noted that, overall, these exemplar programmes are embedded institutionally, that is, they are not merely piecemeal and ad hoc, and that they are part of a wide strategic framework for reducing unemployment and alleviating the socio-economic consequences of such. The association between employment and social well-being is recognised by many of these global exemplars with the linking of the issue of labour to ministries pertaining to social protection and development. This is unlike the Caribbean where labour and social development ministries are separate entities and, in relation to youth, they often fall under the remit of ministries that are responsible for social development, sports, culture or education, representing an explicit separation of the social from the economic. The other important point to note at a broad level is that political will is a key driver of the entire process and, as noted in Germany, the establishment of the framework for active labour market policies was based on cooperation between government, unions and industry.

### **A Regional Action Plan for Addressing Youth Unemployment**

The proposed Action Agenda outlined in Chapter 7 should be seen as related to the general regional priorities for youth, as laid out in the CARICOM Youth Development Action Plan (CYDAP) for 2012 to 2017, as well as the rationale for paying greater attention to youth unemployment. The specific CARICOM Youth Development Goal of relevance here is "Education and Economic Empowerment: Enhance the quality of life and livelihood opportunities for all adolescents and youth" (p.13). The CYDAP draws on the Report of the CARICOM Commission on Youth Development (CARICOM Commission on Youth Development, 2010), which positions youth at the centre of Caribbean Development and states:

*"...young people are an under-utilised resource for the development of Caribbean communities, countries and the Region... young people comprise the sector of the population best positioned by virtue of their creative potential to play the leading role in responding to the challenges of globalisation" (p.xi)*

Drawing on the broad issues raised by the CYDAP, the main guiding lessons for the current Action Agenda, where gender is cross-cutting, are: that there needs to be a reconceptualisation of youth as assets for development, not liabilities; and that globalisation and technology not only present threats to regional economies, but through the youth present real and practical opportunities for youth, as well as wealth creation for the Region.

Given these guiding lessons, the findings from global exemplars are utilised, within the framework of the ILO's Decent Work Agenda and the UN's Sustainable Development Goals, to highlight the key issues that require addressing in the Region.

The priority objectives to emerge in this case are:

1. Creating Decent Jobs
2. Social Protection
3. Skills for employment and entrepreneurship
4. Promotion of active participation in the labour market

In addition, the issue of strengthening the labour market information systems is also addressed.

Drawing on the findings of Chapter 6, and in conclusion, Chapter 7 outlines a solutions-oriented action agenda to improve employment in general, and youth unemployment in particular. The chapter provides some practical solutions to improve employment in general and youth employment specifically through a multi-stakeholder approach. The Action Agenda is outlined below.

### **Action 1: External and Internal Support and Activism for Transformational Change**

There are a number of key stakeholders that would need to be involved in the implementation of interventions in the Region to address youth unemployment, and therefore garnering their support is critical as a first step. In this regard, the guiding agendas of the UN and the ILO in relation to the Sustainable Development Goals (SDGs) and the Decent Work Agenda respectively, are key institutions in the action agenda. Apart from these key agencies, other relevant international agencies operating in the area of youth in the Caribbean include: United States Agency for International Development (USAID); the Canadian Ministry of Foreign Affairs; and the United Kingdom (UK) Department for International Development (DfID). All of these agencies present opportunities for financing and technical assistance. At a regional level key agencies would be: CARICOM and the Organisation of Eastern Caribbean States (OECS) Secretariat, the Caribbean Examinations Council (CXC), the Caribbean Association of National Training Associations (CANTA), and the Caribbean Development Bank (CDB). Given the importance of human resource development to the implementation of the overall action agenda, it is timely that in late 2014 a CARICOM Commission on Human Resource Development began operations to undertake a comprehensive review of the educational and human resource development systems in the Region to ultimately align them with '21st Century competencies, competitiveness and sustainability'<sup>1</sup>.

At the country level, apart from Central Government and related ministries and agencies dealing with youth, gender, education and TVET, labour, and statistics, there are also the trade unions, academia, the private sector, non-governmental organisations (NGOs), community-based organisations (CBOs), religious organisations and, of course, the youth.

It is these agencies which will guide the achievement of the priority objectives through the development of interventions to address the youth unemployment problem. With regards to a

timeline for implementation, given that the priority objectives that inform the development of an action plan are in keeping with the UN SDGs, the timelines for achieving the objectives outlined here should be guided by timelines for the SDGs. For SDG Goal 4, the achievement of inclusive and equitable quality education and the promotion of lifelong learning for all, the timeline for achievement is 2030. A similar deadline is seen for Goal 8 (promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), with the exception of component 8.6 (reduce the proportion of Not in Employment Education or Training (NEET) youth), which has a deadline of 2020. Given that Action 1 is integral the realisation of the targets established for subsequent actions, this will be a short-term priority and would need to be achieved by 2017. This is not an unreasonable timeline given that relevant institutions and relationships between parties already exist, in addition to an appreciation of the importance of addressing the youth unemployment problem.

The timelines for the other action points are determined from this 2017 point, and based on reducing NEET youth by 2020 and all other targets by 2030. To achieve these targets by 2030, it would be expected that the systems to achieve them are in place by 2025.

Drawing on the analysis conducted throughout the study, and noting the need for guidance at the Regional level, the following Action Points emerge. Firstly, at the level of CARICOM:

**Action 2.** Ensure by 2018 that current regional youth policies and programmes are aligned with prevailing thinking in addressing youth unemployment;

**Action 3.** Implement by 2017 steering committee involving other regional bodies to oversee the policies and programmes established and facilitate execution at the national levels;

At the country level, the following action points emerge:

**Action 4.** Organise multi-stakeholder steering committees including the public sector, private sector, trade unions, youth related organisations and young people by 2018. The committee will be responsible for the development of country-specific action plans based on country characteristics.

**Action 5.** Revise/establish national youth policies by 2018 to include programmes and policies to address unemployment, ensuring that gender is a crosscutting issue.

**Action 6.** Job Creation: Utilise private sector assessment reports, where they exist, to implement recommended actions to facilitate private sector development and growth by 2020. In general there is a need to revise national employment policies as well as increase the ease of doing business.

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<sup>1</sup> See: [http://caricom.org/jsp/pressreleases/press\\_releases\\_2014/pres176\\_14.jsp](http://caricom.org/jsp/pressreleases/press_releases_2014/pres176_14.jsp)

The development and growth of new emerging sectors related to the professionalisation of the cultural industries, Information Communication Technologies (ICT) and green sectors, would also need to be facilitated to provide unique employment prospects and decent jobs for youth. The use of new ways of working, such as telecommuting and flexi-time may also prove attractive options to youth.

**Action 7.** Social Protection and Addressing the Consequences of Unemployment: Initiate the process for the development of unemployment benefit systems in countries where they currently do not exist by 2020. For countries where they do exist, establish mechanisms through which AMs for youth employment can be accommodated, or revise systems to allow for the incorporation of AMs by 2018. While such actions address the financial consequences of unemployment, there is also the need to address the other consequences such as psychological scarring and involvement in risky behaviours such as unsafe sexual practices or crime. Interventions to address these consequences should be integrated in the social protection framework at a general level, as well as within the transformed educational and public employment services (PES) sectors.

**Action 8.** Skills for Employment and Entrepreneurship: This is a core action area and involves a major transformative change in the educational sector. The issues centre here on the development and implementation of plans for the revision of the curriculum and the general institutional structure of the education and TVET systems in the Region by: promoting career education in the secondary school systems; training for employment and entrepreneurship as well as counselling to provide youth with the tools to deal with the potential consequences of unemployment and develop the necessary skills to avoid negative outcomes; and integrating the TVET system into the secondary school system.

This approach for TVET, coupled with a dual-track approach of institutional instruction with on-the-job training, will not only ensure a dynamic transfer of skills needed in industry to the skills of graduates, it also improves the chances of students obtaining employment on graduation.

The implementation of revisions to the current TVET system should be grounded in the regional strategy. Presently, at a regional level, TVET is guided by the 2014 CARICOM strategy document entitled: Regional TVET Strategy for Workforce Development and Economic Competitiveness- Skills and Credentials, the New Global Currency. The strategy notes the importance of '...ensuring greater alignment of TVET programmes and systems with the emerging demands of employment' (CARICOM/CANTA 2014, i).

In addition, to complement career guidance and employment training, the introduction of compulsory work experience programmes within the secondary school system would assist in students understanding the 'world of work' and gaining valuable experience which is currently lacking, one of the contributors to transient and chronic employment.

The issue of skills for entrepreneurship is considered integral to the development of an entrepreneurial culture in the Region, as well as the provision of opportunities for youth to participate in the labour market. It is proposed that compulsory training in entrepreneurial skills such as leadership, business financial skills, and business management, would not only assist in the creation of an entrepreneurial class, it would also make for better employees as it would give an appreciation of how businesses operate, and has the potential to drive internal innovation (intrapreneurship). The content of such additions to the curriculum would be well informed from current activities in the Region that are operating on a smaller scale than would be desired such as Junior Achievement activities and the methodologies adopted by the Youth Business Trusts and youth entrepreneurship support schemes in the Region. The ad hoc, small-scale, projects currently operating in the Region, as outlined in Chapter 4, could also supply valuable lessons. A review of global best practice in entrepreneurial education would also assist in this regard, as would the implementation of new pedagogies that utilise ICT.

The final change component is the introduction of education and training in areas relevant to new and emerging sectors, specifically the cultural industries, ICTs and green professions related to renewable energy and climate change adaptation.

Given the transformational institutional changes required in the educational and training systems in the Region, it would not be expected that this would be achieved before 2025.

**Action 9.** Promotion of Active Participation in the Labour Market: The specific points to be addressed in this regard are included in Chapter 6 and relate to: ensure greater utilisation of PES and eventually develop a CARICOM PES to disseminate information on regional opportunities; provide industry-driven remedial education and training for employment; provide counselling and guidance services to the unemployment to reduce possible negative outcomes from unemployment (such as psychological scarring, and involvement in risky behaviours); implement proactive employment placement programmes; examine the feasibility of implementing Youth Guarantee Schemes and a 'Job Card' system; provision of finance and support for self-employment and entrepreneurship; and highlight success stories of youth in employment.

As with the introduction of entrepreneurial skills in the educational sector, the scaling-up of financial and other support for self-employment and entrepreneurship can also draw on lessons from institutions that already exist in the Region such as public sector youth entrepreneurship support schemes in Barbados and Trinidad and Tobago, Junior Achievement and youth business trust initiatives across the Region, and the ad hoc initiatives detailed in Chapter 4. A review of international best practice in the financing and general support for micro and small enterprise development would also assist in the scaling-up of these initiatives into the mainstream business support framework. The reduction in the constraints to the establishment and operation of youth businesses is one key component in promoting youth's participation in the labour market.

As these changes involve a reorientation of some pre-existing institutions and some new developments, it is considered that this could be achieved by 2018.

**Action 10.** Strengthening Labour Market Information Systems: CARICOM is currently undertaking efforts to improve the overall statistical systems in the Region and countries will firstly need to be cognisant of this, as well as ensure that the projects and programmes undertaken at the regional level are relevant to the domestic context, and include statistics on youth in the labour force. As this process is already underway at the regional and national levels, it is considered that this could be achieved by 2020.

**Action 11.** Monitoring and Evaluation (M&E): M&E will be a core component of the development and implementation of policies, programmes and projects directed at getting young people into work. It will be important to understand what works, and promote it, and what does not, and either revise or terminate. This is especially important given the limited fiscal space of governments in the Region. The framework and methodology of M&E systems will need to be established by 2017 as the programme of action moves from the regional to national levels.

One of the overarching issues not addressed fully above is in relation to funding of the process. While international development funds are available and may need to be relied upon given the fiscal constraints of governments in the Region, some of the main recommendations do not incur recurrent expenditure as they are related to the reorganisation of current systems rather than the introduction of new ones. However, financing the agenda is not the only evident risk, with other relevant risk related to:

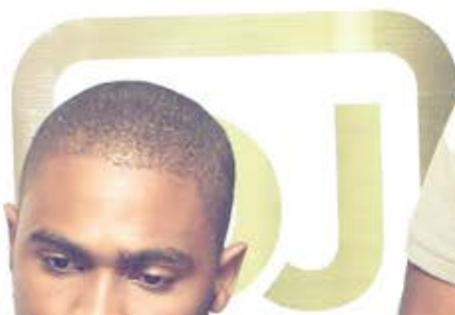
1. Leadership and Power:
  - a. Mismatch between the international agenda and the national agenda
  - b. Changing of the agenda at the international or national levels

- c. Lack of unified vision and dominance of narrow self-interest at national and institutional level
  - d. Adoption of an exclusive rather than inclusive approach
2. Commitment and Culture:
  - a. Lack of 'buy-in' and resistance to change
  - b. Loss of focus
  - c. Implementation deficit
  - d. Failure to deal with failure
3. Project Design:
  - a. Lack of clear definition of roles and responsibilities
  - b. Setting of unreasonable goals and timeframes
  - c. Lack of monitoring and evaluation

Overall, in relation to the list of challenges, there does not appear to be a great risk in changes in the international agenda as set by the ILO and the UN, given the previous dedication seen in relation to the Millennium Development Goals (MDGs). However, there can be concern in relation to unilateral donors' agendas and national agendas, as these are determined to a greater degree by national political agendas and tend to be cyclical in nature. The greatest point of concern is in relation to regional and national agencies, where lack of leadership and power battles can have significant effects on the unity of vision required for transformational change, as well as the level of inclusion of specific constituents such as youth, as well as specific cross-cutting issues such as gender. Throughout the process of planning, organising and designing the implementation of interventions, it is imperative that youth are actively involved and that the issue of gender is taken into active consideration. However, this will be dependent on the belief systems of those leading and guiding the overall process.

Perhaps of greatest concern is at the operational level, given the complex networks of stakeholders, institutions and individuals which are required to effect change. These stakeholders at the operational level will exist at both the regional and national levels, making the process even more difficult to manage, with specific risks relating to lack of 'buy-in' at the initial stages to loss of focus as the project progresses. Such occurrences then have implications for actual implementation, and if implementation results in 'failure', a lack of will or ability to address the causes of such failure. While the issues involved are complex and involve multiple players, it is at the design phase where some of these issues, though not all, can be addressed by the clear definition of roles and responsibilities, the setting of achievable goals and timelines and the implementation of objective monitoring and evaluation systems with risk assessments and mitigation measures included. However, addressing such issues involves leadership; leadership that ensures unity of focus, inclusiveness, and a long-term vision and understanding of the complex causes and detrimental consequences of youth unemployment in the Region.



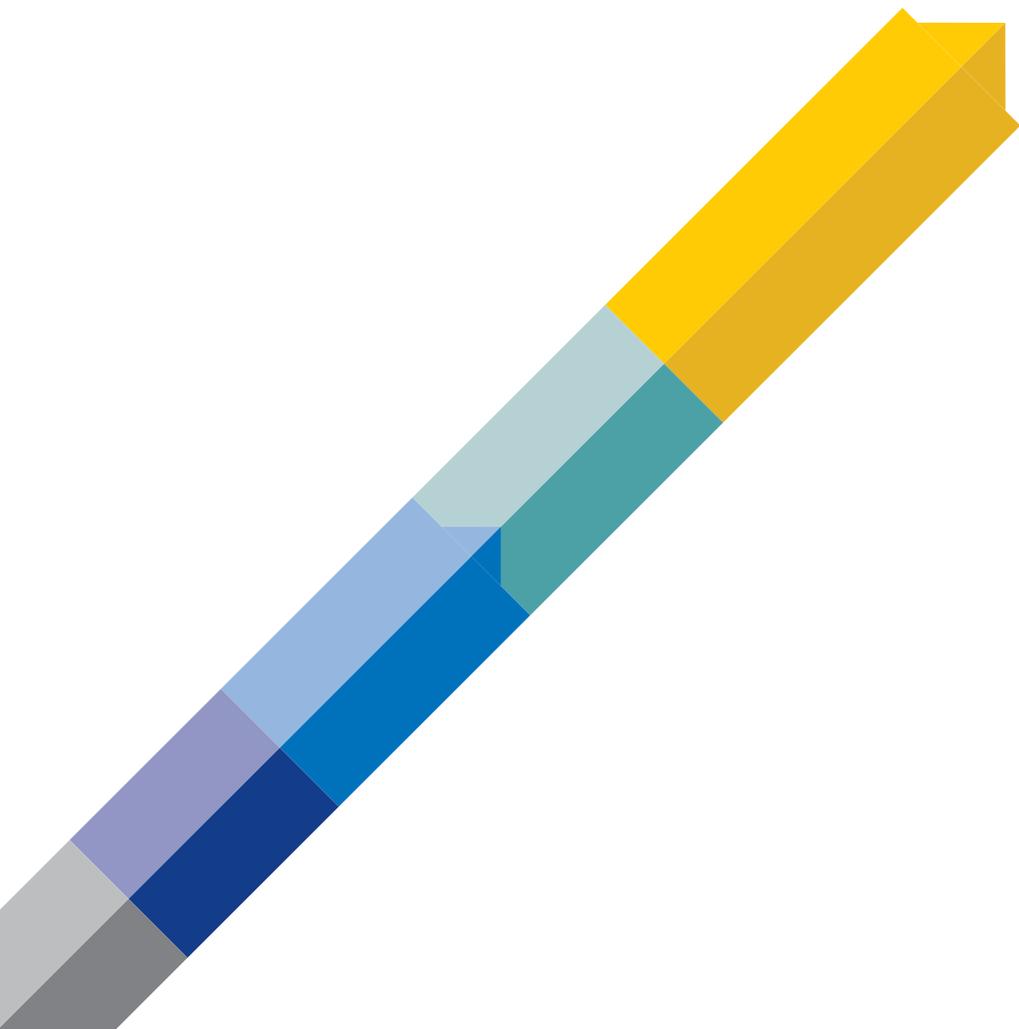


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Chapter

1

# Introduction

*'Bearing in mind furthermore that, in this age of great scientific, technological and cultural achievements, the energies, enthusiasm and creative abilities of the young should be devoted to the material and spiritual advancement of all peoples'*  
(United Nations, 1965: paragraph 9).

Fifty years ago the United Nations adopted the Declaration on the Promotion Among Youth of the Ideals of Peace, Mutual Respect and Understanding Between Peoples, indicating that youth had, and still have, a significant contribution to make to the advancement of society as a whole. Ten years later, in 1975 in Barbados, the Caribbean held what would be the first of many major gatherings of experts to discuss the issue of youth unemployment. The symposium, organised by the newly founded Commonwealth Youth Program (CYP) was titled 'The Young Unemployed: A Caribbean Development Problem'<sup>2</sup> (Commonwealth Youth Program 1976). A decade later, in 1985, further recognition of the importance of youth to global development was seen when International Youth Year was celebrated.

Over another decade later, in 1996, the ILO published the first of two studies on youth unemployment in the Caribbean,

The Challenge of Youth Employment in the Caribbean, with the second published in 2000, Revisiting the Challenge of Youth Unemployment in the Caribbean (Pantin, 1996; 2000). Notwithstanding several research pieces on specific aspects of youth unemployment conducted in the Region, the next major report on youth at the Regional level would follow a decade later with the 2010 publication of the report of the CARICOM Commission on Youth Development titled: Eye on the Future: Investing in Youth Now for Tomorrow's Community. A quinquennium later the current study seeks to investigate the issues raised and conclusions reached in these previous studies to provide for solutions to the still-vexing youth unemployment problem in the Caribbean<sup>3</sup>.

The rest of this chapter details the specific objective of the current study, as well as provides a brief overview of the key concepts utilised and structure of the rest of the manuscript.

## 1.1. STUDY OBJECTIVES

The objectives of the study are firstly to assess the current unemployment situation among youth in the Caribbean in contrast to other age cohorts, and secondly to formulate practical policy solutions to expand employment opportunities for youth in the Region, and assist with wider socio-economic development in the Region. In addition, the study aims to narrow knowledge gaps in the Region as it relates to youth unemployment through:

<sup>2</sup>The Commonwealth Programme was founded in 1973 to enhance the contribution of youth (ages 15-29) to development.

<sup>3</sup>The focus of the current study is on the BMCs of the CDB and the abbreviations used in places throughout the study are as follows: Anguilla (ANG); Antigua and Barbuda (ANT); The Bahamas (BAH); Barbados (BAR); Belize (BEL); British Virgin Islands (BVI); Cayman Islands (CAY); Dominica (DOM); Grenada (GRN); Guyana (GUY); Haiti (HAI); Jamaica (JAM); Montserrat (MON); St. Kitts and Nevis (SKN); St. Lucia (SLU); St. Vincent and the Grenadines (SVG); Suriname (SUR); Trinidad and Tobago (TNT); and Turks and Caicos Islands (TCI).

1. ...fresh thinking on the transformative shifts in policies, practices and institutions that are required to not only promote sustainable youth employment, but also to expand opportunities for youth to play a greater role in increasing the productive capacities of countries;
2. ...a quantitative analysis of the socioeconomic impact of reducing youth unemployment; and
3. ...context-specific solutions to address the youth unemployment challenge to help countries develop more targeted policies and initiatives to promote employment and opportunities, and by extension, inclusive and sustainable development.

Gender, along with class and socio-cultural factors, are also key factors in the analysis, given the diverse characteristics of 'youth', and an appreciation that these factors will also play into their vulnerability to unemployment.

While the operational focus of the study relates to understanding the relationship between youth and the labour market, and various intervening factors, the study is conducted within a framework that seeks to promote sustainable employment, especially for youth, guided by the ILO's Decent Work Agenda and the UN's Sustainable Development Goals. Key elements of these global agendas which are of relevance to the Region are: creating jobs; social protection; skills for employment and entrepreneurship; and promotion of active participation in the labour market. These elements are mostly encapsulated in the UN SDG Goal 8: **Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**

## 1.2. DEFINITION OF TERMS IN THE CARIBBEAN CONTEXT

The definition of youth used by international organisations, such as the UN and its agencies, and the World Bank, usually refers to the age group 15 to 24. In the Region, definitions used at the country level can also include the 25 to 29 age group, while in St. Lucia up to age 35 is considered youth. However, while some rationale is given for the utilisation of these age ranges such as 'acceptable' ages for starting work to give a minimum to the age range (15 years) as well as ages of completing tertiary education to give a maximum (24 years), there is limited empirical basis for the definitions utilised. While issues related to physical and mental maturation have an influence on lifecycle transitions (child to young adult to adult) at the personal level, and different socio-economic and cultural contexts determine adult status at the country level, there is a need for some uniformity in definition in relation to the labour market to enable cross-country comparisons to be made. To achieve this, the current study reviewed information on the labour market in the Region to ascertain what would comprise a unique cohort based on age. Chapter 2 highlights the results of this analysis which established that the unemployment situation for the 15 to 19 age group was more severe than the 20 to 24 age group, which was subsequently more severe than the 25 to 29 age group. In conducting the analysis, the 25 to 29 age

group exhibited a closer affinity to the 30 to 34 age group than it did to the 20 to 24 age group, suggesting the 20 to 24 group and the 15 to 19 age group would be more closely associated. Therefore, the quantitative definition utilised in the analysis relates specifically to the age group 15 to 24.

However, it is understood that this strict definition may not reflect the reality in all countries in the Region, and that definitions of youth utilised may not be explicit, but generally understood. Given this, apart from the quantitative analysis which requires explicit definitions, the general tacit definition of youth utilised will be that of the informants and country-specific contexts. This appreciation of country-specific contexts is required due to the nature of the Region's mostly non-industrialised economies, as well as class and cultural factors which may cause the Caribbean youth category to differ from international standards. For example, while in North America parents may experience an "empty nest" as their children leave home to complete their education and then find work to establish their economic independence in their early twenties, in the Caribbean, young adults stay at home longer and face additional challenges in becoming gainfully employed due to weakened national economies.

Following interviews and general discussions, it is also useful to define the term unemployment. The reason for this is that there was some confusion amongst persons in relation to what was meant by unemployment and labour force participation. In strict computational terms, unemployment is experienced when a person is seeking a job but unable to find one. Those persons seeking work are considered part of the labour force; those not seeking work are not part of the labour force. During discussions on youth unemployment, interviewees would remark that youth just did not want to work. In such a case these youth would not be in the labour force and hence not considered unemployed. They would, however, be considered NEET. Throughout the text the term 'unemployed' refers to youth in the labour force that are unable to find a job, while the terms idle or NEET refer to those youth outside of the labour force and not in any form of education or training. While these strict terms allow for consistency in reporting, it is appreciated that some youth may not be formally employed in the standardised wage economy, nor seeking formal employment, but may however still be engaged in income-generating activities in the informal economy. Where possible, the study highlights the activities of this group.

## 1.3. MOTIVATION AND SIGNIFICANCE

The motivation for the study is based on the high levels of youth unemployment observed in the Region and the consequences this has for youth and wider socio-economic development in the Region. Not only is youth unemployment high with respect to global levels, it is also significantly higher than adult unemployment. Data indicate that the average youth unemployment rate for countries in the Region with available data was nearly 25%, while the adult rate was approximately 8%.

In addition to this, gender differences in youth employment are also symptomatic of unequal gender relations in the Region not only manifested on an ideological level, but also on a material one as well<sup>4</sup>. The gender difference in youth unemployment is represented by female youth experiencing rates over 30% as opposed to 20% for males<sup>5</sup>. Since gender inequality persists in labour market participation, employment acquisition and income levels for adult men and women in the Region<sup>6</sup>, we also need to account for how youth, especially young women, are affected by gender imbalances in the workforce.

This study is significant as the youth account for approximately 25% of the population in the Caribbean, comprise over 38% of the unemployed and experience significantly higher unemployment rates than other age cohorts. The consequences for Caribbean development due to this high level of unemployment among such a significant proportion of the population is not just foregone economic growth and a financial expense; there are also social consequences such as poverty and youth risky behaviours and the concomitant negative outcomes such as crime, unplanned pregnancy, and lost future earning capacity.

#### 1.4. RESEARCH SYNOPSIS

The rest of the study includes six additional chapters. A synopsis of these chapters is presented below.

Chapters 2 to 4 provide a synthesis of the global and regional literature, both statistical and theoretical, as it relates to the causes and consequences of youth unemployment, as well as policy responses. Chapter 2 commences with the review of available labour market statistics to firstly identify the most suitable definition by age for 'youth'. This is followed by a description of the current situation of youth as it relates to the labour market, that is, labour force participation, unemployment and employment. Information on youth not in the labour force is also examined, as well as employment status and sector and occupation of employment. Since gender will be a key variable in examining youth unemployment, data will be disaggregated by gender wherever possible. Having established the position of youth in the labour market, Chapter 3 examines the literature on the causes and consequences of youth unemployment,

including global perspectives to identify the generic issues involved, as well as Caribbean-specific factors which may offer an insight into the reasons for the unusually high youth unemployment rates seen in the Region. Chapter 4 then reviews government policy responses to youth unemployment in the Region.

Given the issues arising in Chapters 2 to 4 in relation to the current employment situation of youth and the causes and consequences ensuing which incur a cost to society, Chapter 5 seeks to estimate the socio-economic costs of youth unemployment in the Region utilising available data. Due to data constraints, the ratios and estimations of costs are only provided for The Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname and Trinidad and Tobago for the period 2000 to 2013. Future estimated costs, utilising the International Monetary Fund's (IMF) World Economic Outlook (WEO) estimates, for 2014 to 2019 are also utilised. While it may be possible to construct estimates for other countries in the Region, the paucity of data would only allow for single year estimates and therefore these estimations were not included.

Drawing on the evidence of socio-economic costs of youth unemployment in the Region presented in the preceding chapters, Chapter 6 proposes policy responses to the causes and consequences identified. This exercise utilised identified best practice in addressing youth unemployment, both internationally and regionally, as well as recommendations to emerge from previous studies. The initial basis for constructing the chapter was a review of public policy dealing with youth unemployment in countries with low rates of youth unemployment and low ratios of youth to adult unemployment rates. The chapter also provides recommendations for the strengthening of the collection, collation, processing and dissemination of labour market statistics, especially unemployment statistics.

In conclusion, Chapter 7 outlines a solutions-oriented action agenda to improve employment in general and youth unemployment in particular, incorporating all actors, namely governments, the private sector, labour organisations and civil society in general.

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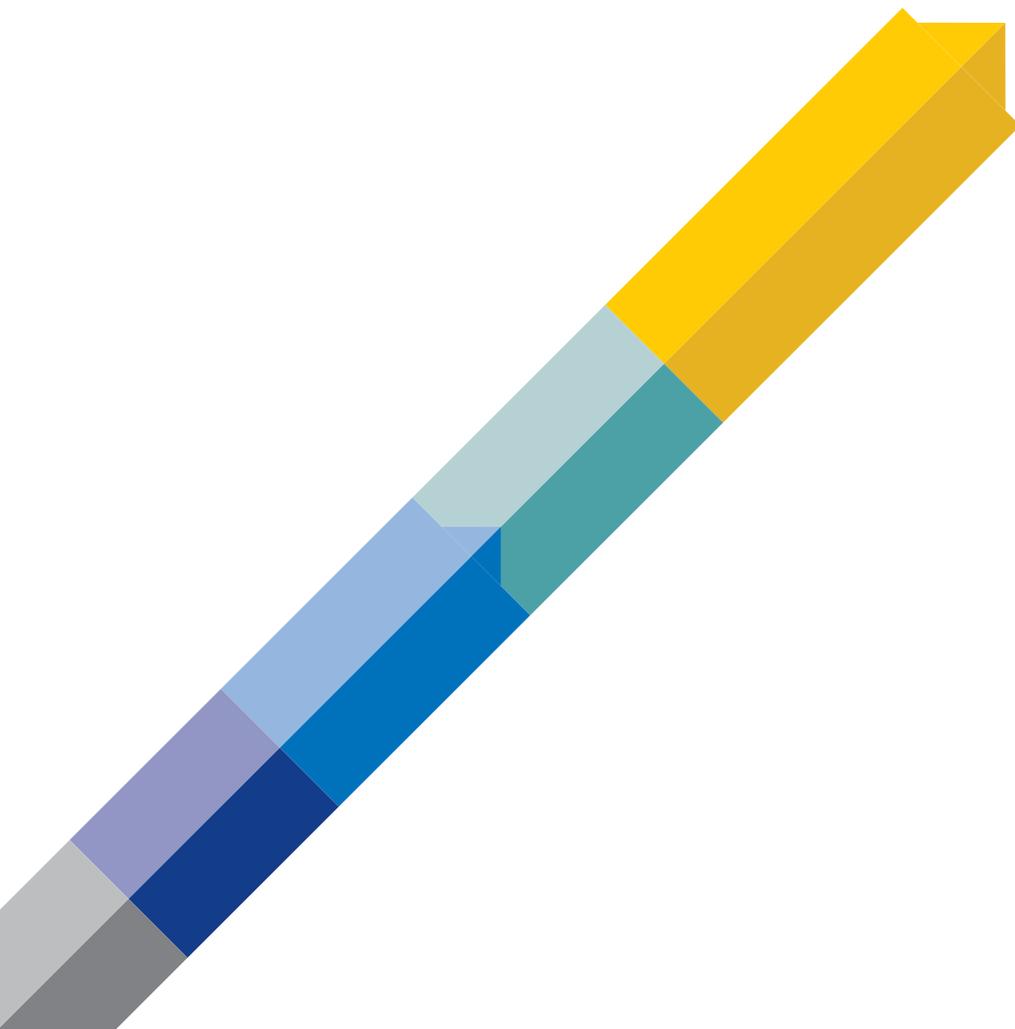
<sup>4</sup>Baritteau, E (2004). "Constructing Feminist Knowledge in the Commonwealth Caribbean in the Era of Globalization. In *Gender in the 21st Century: Caribbean Perspectives, Visions and Possibilities*. Eds. Barbara Bailey and Elsa Leo-Rhynie, 437-465. Kingston: Ian Randle Publishers.

<sup>5</sup>Data for: The Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname, and Trinidad and Tobago.

<sup>6</sup>UN ECLAC (2014). "Implementation of the Cairo Programme of Action in the Caribbean (1994-2013). Santiago Chile, March 2014.







Chapter

2

# Youth in the Labour Market in the Caribbean

Although the quality of labour market data in the Caribbean is poor, particularly in relation to disaggregation by age and sex, the current chapter presents the data that are available to firstly establish the most relevant definition of youth in the Caribbean context, as well as review trends in employment and unemployment. Parra-Torrado (2014) makes a number of claims in relation to trends in youth unemployment in the Region. While the data on the labour market in the Caribbean are scarce for several countries, the following chapter analyses the existing data in light of these claims, which include (Parra-Torrado 2014):

- Youth are at higher risk of unemployment (p.9).
- Teenagers (15 to 19 years old) have the highest unemployment rates (p.9).
- ...some Caribbean countries are among those with the highest youth unemployment rates in the world (p.11).
- Despite recent improvements, school enrollment rates are still low in several Caribbean countries, also reflecting the NEET problem (p.13).

The rest of chapter examines the situation of youth in the labour market in the Caribbean utilising a variety of data sources including international databases and country reports, particularly country poverty assessments (CPAs) and recent censuses of housing and population. Initially the chapter reviews information to assist in arriving at the most appropriate quantitative definition of youth to utilise for the study, while appreciating the conceptual issues which relate to defining the youth in non-quantitative terms.

Following the discussion of the definition of youth which utilises a number of basic labour market indicators for the Region, more specific discussions are presented in relation to employment and unemployment.

## 2.1. DEFINITION OF YOUTH BY AGE RANGE: EMPIRICAL FINDINGS

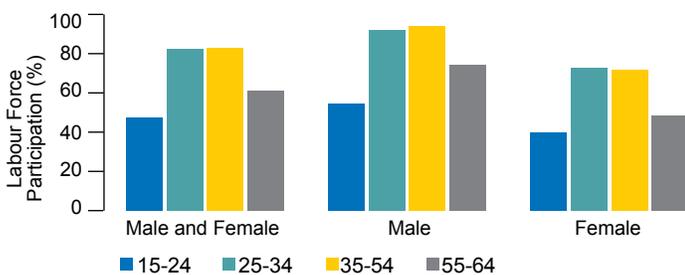
The rationale for special consideration of the youth in policy development is based on the belief that they require special attention in making the transition from education to employment given the economic precariousness of Caribbean economies. In addition to this, there is a lack of appreciation or awareness for their special circumstances which may contribute to their lower labour force participation (although this is also due to remaining in education), higher unemployment, general inactivity, disillusionment, and participation in risky behaviours. The main age cohorts utilised to define the youth by international agencies is 15 to 24 years of age, while the range 15 to 29 is used in specific countries in the Region, with some countries and agencies utilising 15 to 34 years. The determination of the most suitable definition should be based on identifying the age groups that are most similar to one another in relation to labour market indicators while demonstrating a clear difference from other age ranges. In order to establish the actual circumstances of various age groups, and in order to determine the most suitable definition, the following analysis reviews labour force participation and general activity of three main age cohorts (15-19, 20-24 and 25-29), as well as the overall labour force.

## 2.1.1 Youth Labour Market Participation

Figure 2.1 presents ILO estimated labour force participation rates for a selection of Caribbean countries for the various cohorts<sup>7</sup>. As the figure demonstrates, given the maturation process that occurs between adolescence and young adulthood, there is a clear distinction between the labour force participation of the 15-24 age cohort at 47% as opposed to the 25-34 and 35-54 age cohorts where participation rates are in excess of 80%. It is also shown that participation rates are higher for males than females in all age cohorts. Gender norms associated with the male breadwinner or provider role in defining masculinity may inform young men's early employment entry and higher participation rates compared to young women, as well as them having more opportunities in male dominated sectors, for example, information technology and construction.

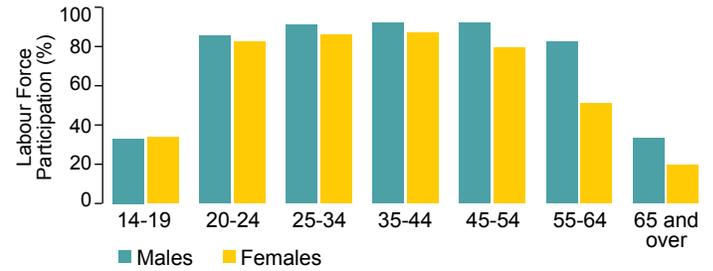
The contrast between the lowest age cohort and the higher age cohorts, and between males and females, is also demonstrated at the country level, as shown in the figures below for St. Lucia, Jamaica and Trinidad and Tobago. The participation rate for the under-20s ranges from a high of approximately 30% in St. Lucia, to a low of approximately 10% in Jamaica. For those in the 20-24 age range, the participation rate is between 60% and 80%, while for the next age range the participation rate is over 80%, with the exception of females in Trinidad and Tobago where the participation rate is 74%. One of the interesting results to emerge from the analysis of labour market participation is in relation to consumption quintiles. As shown in Figure 2.4, the poorest youth (Quintiles 1 and 2) have greater labour market participation rates than those in higher quintiles. This trend is also seen for the population as a whole. While the underlying cause of this occurrence is not revealed here, possible reasons could be related to household needs forcing participation in the labour market, perhaps at the expense of participation in education, or an inability to participate in education due to the expenses involved. More often than not in poor households, multiple sources of income are needed for survival. Therefore, young men and women may have to forgo their education in the short term, and even in the long term, in order to maintain themselves and family members.

**FIGURE 2.1: LABOUR FORCE PARTICIPATION RATES BY SEX AND AGE GROUP FOR SELECTED COUNTRIES (2013)**



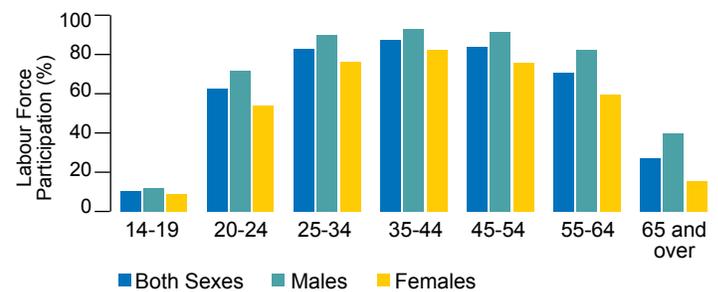
Source: International Labour Organisation (2014). Countries for which estimated data were available include: The Bahamas; Barbados; Belize; Guyana; Haiti; Jamaica; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago.

**FIGURE 2.2: LABOUR FORCE PARTICIPATION RATES FOR ST. LUCIA BY SEX AND AGE COHORT (2012)**



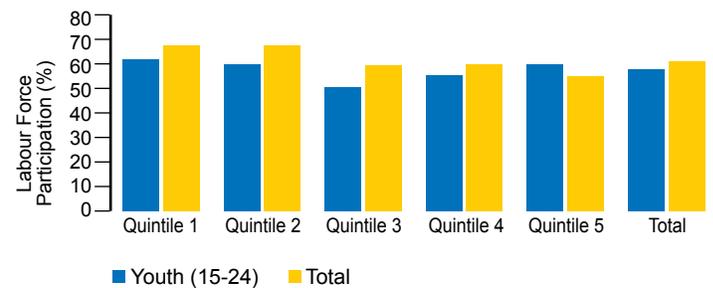
Source: St. Lucia Central Statistical Office. URL: <http://204.188.173.139:9090/stats/>

**FIGURE 2.3: LABOUR FORCE PARTICIPATION RATES FOR JAMAICA (JULY 2014)**



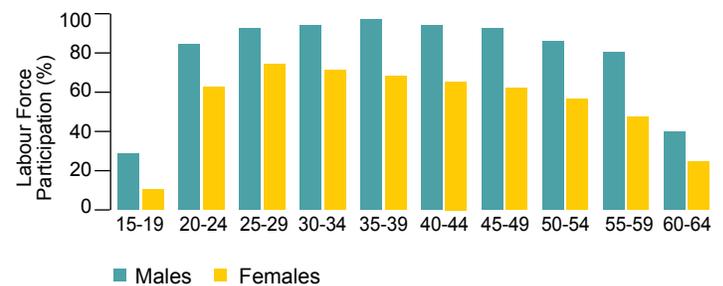
Source: Statistical Institute of Jamaica. URL: <http://statinja.gov.jm/LabourForce/NewLFS.aspx>

**FIGURE 2.4: LABOUR FORCE PARTICIPATION RATES FOR GRENADA BY CONSUMPTION QUINTILE (2008)**



Source: Kairi Consultants Limited (2009)

**FIGURE 2.5: LABOUR FORCE PARTICIPATION RATES FOR TRINIDAD AND TOBAGO BY AGE AND SEX**



Source: Trinidad and Tobago Central Statistical Office. URL: <http://cso.planning.gov.tt/content/labour-force-employment-status-and-age-male>

<sup>7</sup>Data from the ILO for this indicator are only supplied for 10-year and 20-year age groups.

<sup>8</sup>This is based on household consumption and not individual consumption.

The results suggest a clear difference between the under-20 population and the 20-24 population, and that the over-24 population exhibits more similarities with the higher age cohorts than with the lower age cohorts. This finding supports a classification of youth as those in the 15-24 age group, as they will be the group in greatest need of support in the transition from education to employment.

### 2.1.2 Youth Activities

Data for 2010 for Barbados also suggest that there is a rationale for restricting the definition of youth in the analysis to 15-24, given the difference seen between this group and the 25-29 age group. Table 2.1 demonstrates that those in the 15-24 age range are more likely to be in education than the 25-29 age group, and that those in the 25-29 age group are more likely to be employed. A basic calculation of the unemployment rate<sup>9</sup> suggests a rate for the 15-19 age group of 40%, falling to 19% for the 20-24 age group. The rate for the 25-29 age group was 12%, as opposed to 11% for the entire population. Again this suggests that those persons under 25 years are in greater need of assistance in transferring from education to employment than the 25-29 age group.

Reviewing the general profile of activities for the youth utilising the Barbados' Country Assessment of Living Conditions (CALC) conducted in 2010, 41% of the youth (15-24) were working, 22% were unemployed, and 34% were in education (Caribbean Development Bank 2012). The findings for Barbados are similar to that seen in Antigua and Barbuda in 2011 where the unemployment rates were 47%, 20% and 12% respectively for the three lowest 5-year age ranges, while the rate for all ages was 10%; the general youth activities (15-24) were education (48%), employment (34%) and unemployment (11.5%) (Government of Antigua and Barbuda 2014) (see Table 2.2).

For the employed in Barbados, 83% of the youth were working full-time, as opposed to a national average of 89%, while 14% of the youth were working part-time, where the national average was 8%. For those in education, 35% were in secondary school, 14% in TVET, and 51% were in tertiary education. The main differences related to sex were that 60% of females were in tertiary education as opposed to 40% for males, while 20% of males were in TVET as opposed to 9% for females (Caribbean Development Bank 2012). This skewed gendered pattern in educational attainment is notable. Parry (2000) notes that gender stereotyping in schooling, as well as male privilege, influence how boys view education and their career path. Regardless of their educational success, or in spite of it, boys believe that they can and will find work. Hence, boys being streamed into vocational training then set the stage for their mobility in getting practical skills or trades for immediate marketability and income generation.

**TABLE 2.1: MAIN ACTIVITY IN LAST 12 MONTHS FOR BARBADOS (2010) (%)**

Main Activity	All age groups	15-19	20-24	25-29
Employed <sup>10</sup>	58	15	57	75
Looked for Work	6	10	13	10
In Education	7	60	18	4
Not Stated	7	13	8	7
Home Duties	4	1	3	3
Retired	15	0	0	0
Incapacitated	2	0	0	1
Other	1	1	1	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Barbados Statistical Service (2013).

**TABLE 2.2: MAIN ACTIVITY IN LAST 12 MONTHS FOR ANTIGUA AND BARBUDA (2011) (%)**

Main Activity	All age groups	15-19	20-24	25-29
Employed <sup>11</sup>	63.5	9.2	60.0	76.6
Job Seeker (first job)	1.3	4.7	4.2	1.3
Job Seeker (not first)	5.4	2.8	10.1	8.4
Reactive Job Seeker	0.5	0.7	0.9	0.8
In Education	10.9	77.3	16.3	4.8
Not Stated	1.7	1.7	2.5	2.1
Home Duties	4.3	2.4	4.3	4.5
Retired	10.1	0.1	0.1	0.1
Disabled	1.5	0.4	0.6	0.8
Other	0.8	0.9	0.9	0.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Government of Antigua and Barbuda (2014).

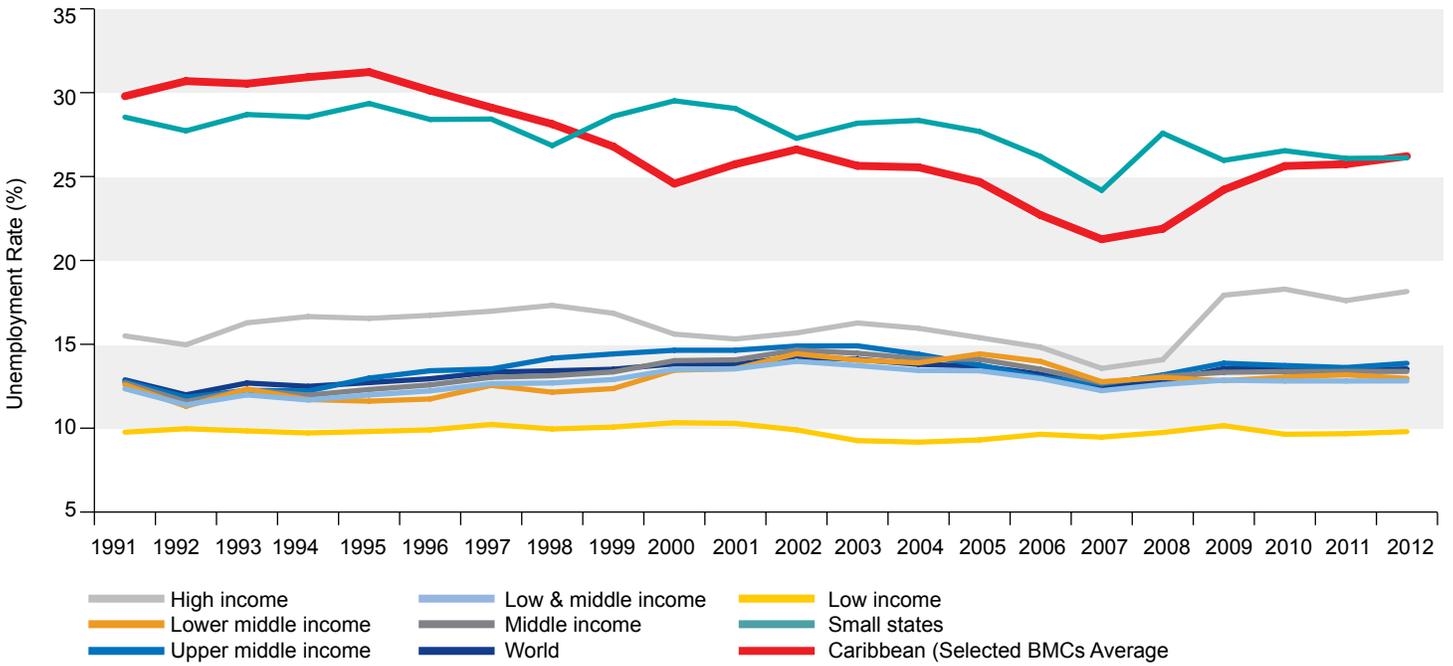
Another sex-related difference seen in the analysis was in the Turks and Caicos in 2012 where 36% of males in the 17-19 age group and 7% of 20-24 age group were in education, and the related percentages for females in these age groups were 62% and 10% respectively, indicating that a greater percentage of females were remaining in education in the Turks and Caicos (Halcrow Group Limited 2012). However, this situation was not mirrored elsewhere in the Region, as demonstrated in Table 2.3 where nearly 50% of males and females aged 15 to 19 were in education in Antigua and Barbuda in 2011; this was as opposed to approximately 5% for those in the 25-29 age group.

<sup>9</sup>Unemployed= those seeking work/(those seeking work plus the employed)

<sup>10</sup>Includes those working and those with a job but not working

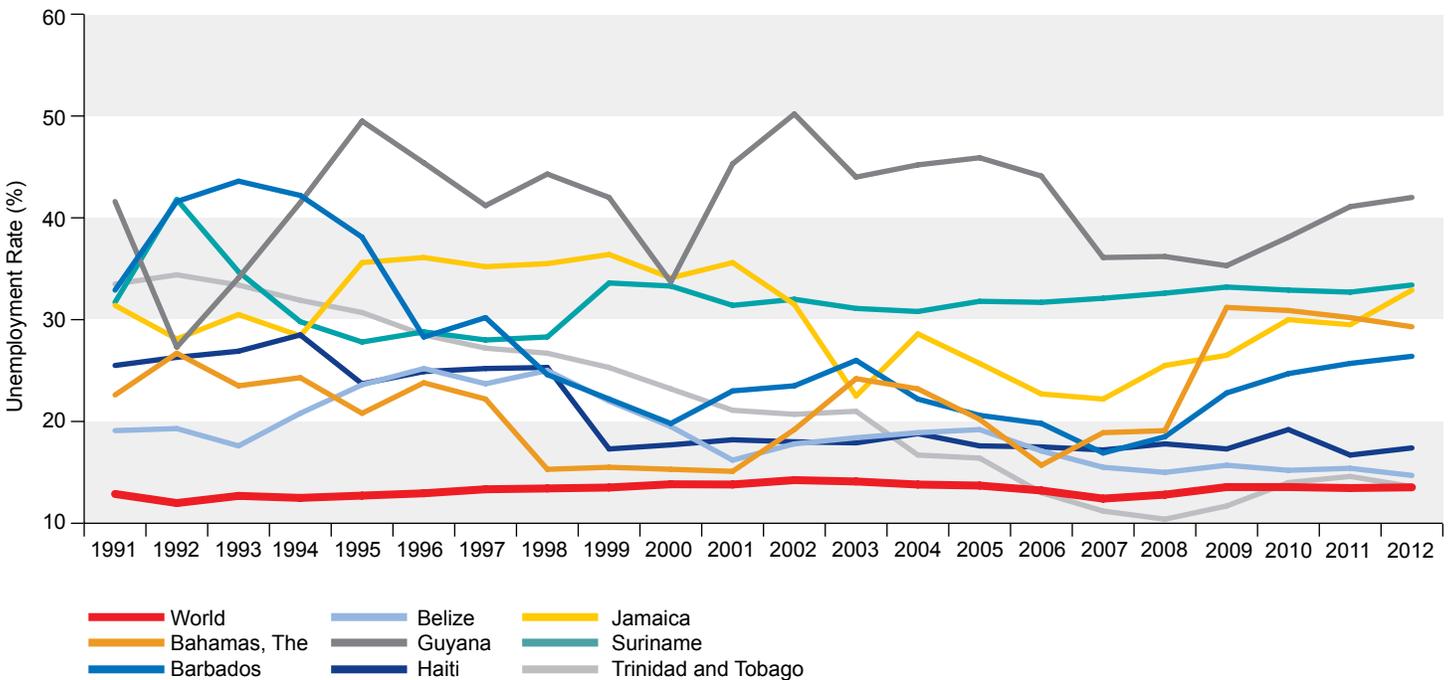
<sup>11</sup>Includes those working and those with a job but not working

**FIGURE 2.6: YOUTH UNEMPLOYMENT RATES FOR SELECTED COUNTRY GROUPINGS 1991-2012**



Source: World Development Indicators

**FIGURE 2.7: YOUTH UNEMPLOYMENT RATES FOR SELECTED CARIBBEAN COUNTRIES AND WORLD AVERAGE 1991-2012**



Source: World Development Indicators

The results for Barbados in relation to sex were more similar to Antigua and Barbuda than for the Turks and Caicos, where 37% of young males and 34% of young females were employed, while 36% of young males and 42% of young females were in education. In contrast, and again exhibiting the difference between the 15-24 age group and the 25-29 age group, approximately three-quarters of males and females in the older age group were employed and only 4% were in education. For unemployment, the rates for young males and females were 26 and 23% respectively, while the rate for the 25-29 age group was 12%.

The above analysis lends support to the classification of youth as those in the 15 to 24 age group, as against 15 to 29, as the variables reviewed indicate that this 15-24 group is less likely to participate in the labour market, more likely to be in education, and, when participating in the labour market, are more likely to be unemployed, that is, they have greater difficulty than the 25-29 age group in transitioning from education to employment. The rest of the quantitative analysis of youth in the labour market in the Caribbean therefore adopts the definition of youth by age as those in the 15-24 year old group.

## 2.2. YOUTH AND THE LABOUR MARKET: UNEMPLOYMENT AND EMPLOYMENT CHARACTERISTICS

The following subsections provide a descriptive analysis of youth in the labour market in the Caribbean, utilising what limited recent data are available for the Region. While some data are available for multiple years from countries that conduct regular surveys that provide information on the labour force, such as Jamaica, Trinidad and Tobago, Barbados, and St. Lucia, or from ILO estimates, specific year data are only from censuses of population or CPAs for several other countries. The countries for which data are extremely limited are: Anguilla, British Virgin Islands, and Montserrat, three of the non-independent countries in the study.

For the countries for which data are available, the following descriptive analysis examines issues related to contrasts against other regions, as well as disaggregated analysis based on age group (youth versus adults or overall averages), sex, and, where available, poverty status or consumption quintiles.

### 2.2.1 Youth Unemployment in the Caribbean

The information on youth unemployment in the Region does indicate that youth unemployment is among the highest in the world, as shown in Figure 2.6 in comparison to other regional groupings. As Figure 2.67 demonstrates, between 1991 and 2012, the average youth unemployment rate in the Region was higher than for all of the other groupings, and was only lower than all Small States between the late 1990s and 2011; for all other years during this period, the youth unemployment rate was the highest amongst all other regional groupings. While

TABLE 2.3: MAIN ACTIVITY IN LAST 12 MONTHS FOR ANTIGUA AND BARBUDA BY SEX (2011) (%)

Main Activity	Males 15-24	Females 15-24	Males 25-29	Females 25-29
Employed	35.1	32.1	78.6	74.9
Seeking first job	4.3	4.6	1.1	1.6
Seeking job (not first)	7.0	5.6	9.0	7.8
Did not seek work but available	0.9	0.7	1.0	0.6
Attended School	46.7	49.4	5.3	4.4
Home Duties	1.9	4.7	0.9	7.6
Retired did not work <sup>12</sup>	0.1	0.2	0.0	0.1
Disabled	0.6	0.4	1.1	0.6
Other	1.0	0.8	0.5	0.7
Not Stated	2.4	1.7	2.5	1.7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Government of Antigua and Barbuda (2014).

TABLE 2.4: MAIN ACTIVITY IN LAST 12 MONTHS FOR BARBADOS BY SEX (2010) (%)

Main Activity	Males 15-24	Females 15-24	Males 25-29	Females 25-29
Employed	36.9	33.1	74.9	73.6
Employed but not working	0.4	0.4	0.9	0.6
Looked for work	13.2	9.8	10.8	8.7
Home Duties	0.7	3.3	0.6	5.5
Student	36.1	42.5	3.5	4.8
Retired	0.2	0.2	0.2	0.3
Incapacitated	0.4	0.3	0.9	0.6
Other	0.9	0.5	0.7	0.3
Not stated	11.1	10.0	7.5	5.8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Barbados Statistical Service (2013).

the 2012 rate for the Caribbean was over 25%, the world average was 10% and, apart from small states, all regional groupings had a youth unemployment rate of less than 20%.

Reviewing the data for eight of the Caribbean countries shows that only in Trinidad and Tobago did youth unemployment rates fall below the world average, and this was during the period 2006 to 2010; between 1991 and 2012, all other Caribbean countries had a youth unemployment rate above

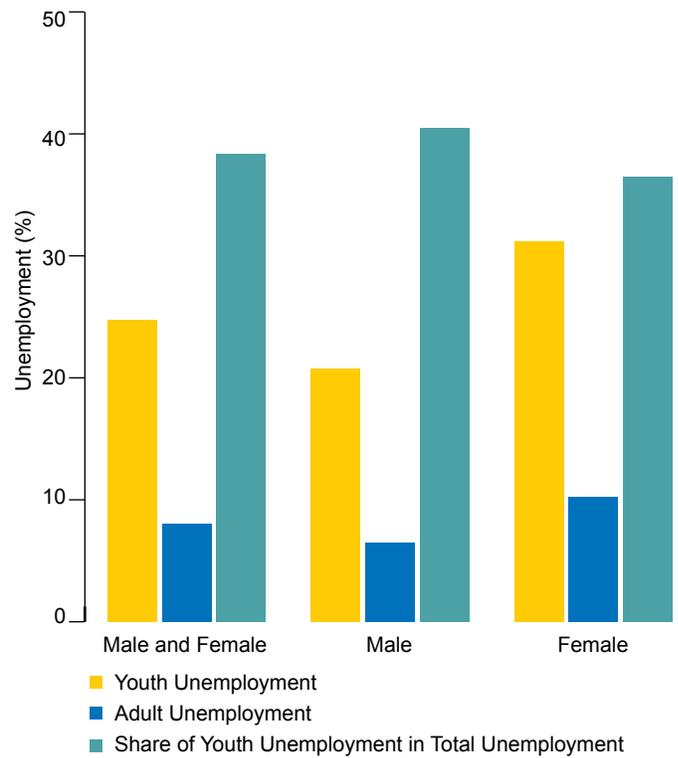
<sup>12</sup>It would be unlikely that persons between 15 and 24 years of age would be retired and it appears that this is a spurious data point that may have occurred during collection or collation of the original data. The percentages presented here are however marginal.

the world average. The regional countries with the highest persistent youth unemployment were Guyana and Suriname where, since 2000, have consistently been above 30%, with the rate in Guyana hovering around 40% since this time. It should be noted however that total unemployment rates in Guyana are also persistently high. While most countries have a relatively consistent youth unemployment rate over the period, The Bahamas and Barbados, and to some degree Belize, demonstrated a significant increase in youth unemployment since 2007, attributable in part to the recent global economic crisis.

In comparing the youth unemployment rates with general population unemployment rates, Figure 2.8 shows some disparities with Antigua and Barbuda's youth unemployment rate being over 3 times that of the general population, with a world average of 2.2. The only countries in the Region which demonstrate a ratio below the world average are Barbados, The Bahamas, Guyana and Belize. This data do not necessarily indicate that these countries are performing well generally, simply that the disparity between the youth and the general population rates is not as severe as in other countries.

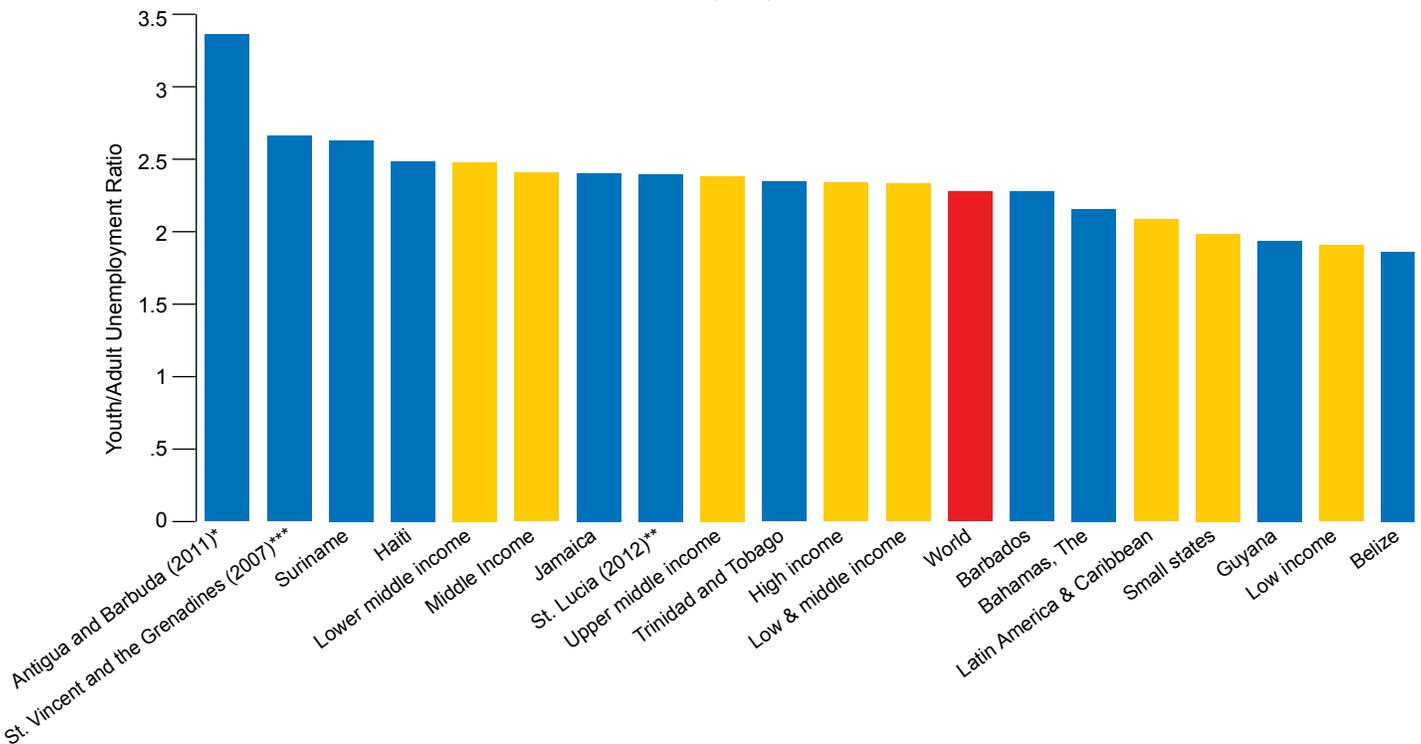
In looking at actual contrasts between youth and adults, by gender, Figure 2.9 demonstrates a large differential in unemployment rates in the selected countries with a youth rate of approximately 25% as opposed to an adult rate of approximately 8%. The gender differential is however much more substantial where the rate for male youth is

**FIGURE 2.9: AVERAGE UNEMPLOYMENT RATES BY SEX AND AGE GROUP FOR SELECTED CARIBBEAN COUNTRIES (2013)**



Source: International Labour Organisation (2014)  
 Countries for which estimated data are available include: The Bahamas; Barbados; Belize; Guyana; Haiti; Jamaica; Suriname; Trinidad and Tobago.

**FIGURE 2.8: YOUTH/ADULT UNEMPLOYMENT RATIOS FOR SELECTED CARIBBEAN COUNTRIES AND WORLD AVERAGE (2012)**



Source (unless otherwise stated): World Development Indicators  
 \* Sourced from 2011 Census of Housing and Population; \*\* Sourced from Labour Force Survey \*\*\* Sourced from Country Assessment of Living Conditions.

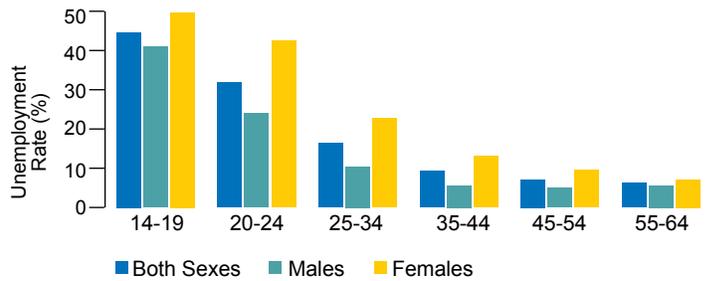
approximately 20% as opposed to a female youth rate of over 30%. Overall, youth unemployment accounts for over 35% of total unemployment, while female youth unemployment accounts for over 40% of male unemployment.

Parra-Torrado's (2014) notation that the unemployment rate for the 14-19 age group is higher than for other age groups is also supported by the data. In Belize in 2009, the unemployment rates for the 14-19 and 20-24 age groups were 33% and 20% respectively, while the general unemployment rate was 13% (Government of Belize/Caribbean Development Bank 2010). The situation of women is however more severe in Belize, with the female unemployment rates for the two lowest 5-year age cohorts being 43 and 28%, respectively, and the overall female unemployment rate being 20%, more than twice that of males which was 8%. Overall, women comprised 62% of the unemployed. Such findings are echoed across the Region where the unemployment rate is higher for the lowest age cohort, and women generally experience higher unemployment rates than men, as shown in the figures below. Despite women's educational gains in the Caribbean over the last two decades, this has not necessarily translated into employment security for them. Men tend to experience unemployment in the short term while women's experiences are over a longer period. One of the concerning issues is that, on average, youth comprise 38% of the unemployed, while being only 25% of the adult (25+) population<sup>13</sup>.

Although there is not a substantial amount of data for the Turks and Caicos Islands, the data from the 2012 CPA indicate that the country is following a similar trend to elsewhere in the Region where the unemployment rate for the youth (15-24) is approximately 27%, as opposed to a national average of 17%. The labour force participation rate for youth is also lower at 56%, while for the economy as a whole, it is 81%. From the participatory poverty assessment element of the CPA for the Turks and Caicos, reasons given by the unemployed for not obtaining employment related to a lack of qualifications due to low rate of completion of high school. No blame was apportioned domestically as the country's 'low' economy and lack of trade were thought of as the cause.

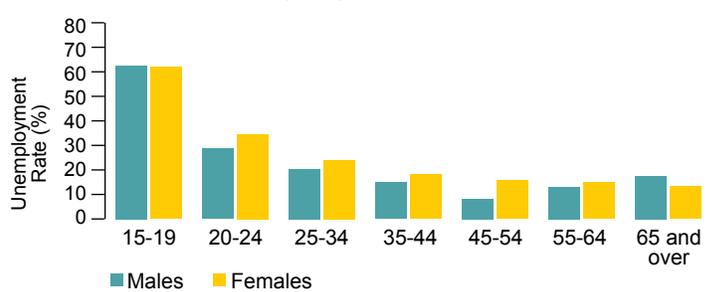
Noting the strong link between unemployment and consumption poverty, the figures below for Dominica and Grenada demonstrate that unemployment is significantly higher amongst the poorest youth and especially severe for females and the 15-19 age group. Figure 2.14 shows that for the lowest consumption quintile, unemployment rates for youth were higher than all other quintiles, while the situation for young females was quite extreme where the unemployment rate is in excess of 70%, as opposed to 45% for young males. However, while there is only a marginal difference in unemployment between the sexes in Quintile 2, the unemployment rate for young males in Quintile 3 actually exceeds that for young females by a significant degree; 39 versus 27%. The reason for

**FIGURE 2.10: UNEMPLOYMENT RATE BY AGE GROUP AND SEX FOR JAMAICA (JULY 2014)**



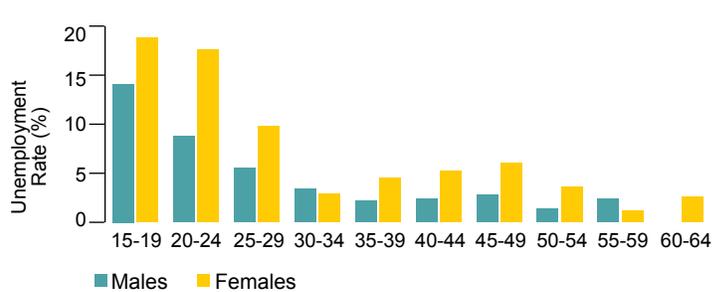
Source: Statistical Institute of Jamaica. URL: <http://statinja.gov.jm/LabourForce/NewLFS.aspx>

**FIGURE 2.11: UNEMPLOYMENT RATES FOR ST. LUCIA BY AGE GROUP AND SEX (2012)**



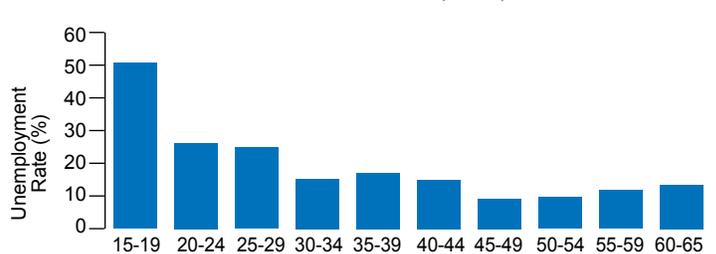
Source: St. Lucia Central Statistical Office. URL: <http://204.188.173.139:9090/stats/>

**FIGURE 2.12: UNEMPLOYMENT RATES FOR TRINIDAD AND TOBAGO BY AGE GROUP AND SEX (QUARTER 3 2012)**



Source: Trinidad and Tobago Central Statistical Office. URL: <http://cso.planning.gov.tt/content/labour-force-employment-status-and-age-male>

**FIGURE 2.13: UNEMPLOYMENT RATES IN ST. VINCENT AND THE GRENADINES BY AGE GROUP (2007)**



Source: St. Vincent and the Grenadines Statistical Office. URL: <http://www.redatam.org/binsvg/RpWebEngine.exe/Portal?BASE=SVGLIVCOND2007&lang=Eng>

<sup>13</sup>Source: United Nations: World Population Prospects (2012 revision), database from: [http://esa.un.org/unpd/wpp/unpp/panel\\_indicators.htm](http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm)

this higher unemployment rate for males in Quintile 3 is unclear, but points up an interesting occurrence for deeper investigation in relation to whether the trend relates to a greater propensity for females to obtain employment in this quintile, or whether males are either finding it more difficult to get a job or 'waiting' for the 'right' job. The trend of higher unemployment for young females as opposed to young males however returns for those in Quintiles 4 and 5, although unemployment rates for young females in Quintile 5 is below that for all other quintiles. While there is a general expected trend of lower unemployment for females at higher consumption quintiles, the unemployment rate for Quintile 4 is actually higher than for Quintiles 2 and 3, although the difference is marginal.

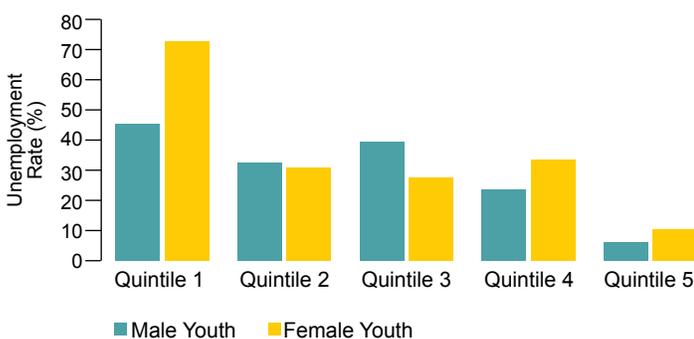
Figure 2.15 looks at the unemployment rates for the two 5-year age groups that comprise the youth and again support is given to Parra-Torradó (2014) which suggests that teenagers (15-19) suffer higher unemployment rates. As the figure shows, this situation is more pronounced at lower consumption quintiles where the unemployment rates for the 15-19 age group falls from 62 to 46% from Quintiles 1 to 3, increasing slightly to approximately 50% for Quintiles 4 and 5. The respective rates for the 20-24 age group were 37 to 30%, and approximately 20%.

Reviewing the limited information on the educational profile of the unemployed in the Region, the figures below indicate that, as with poverty and employment, there is a strong link between

the level of education and unemployment. As demonstrated in Figure 2.16 for Trinidad and Tobago in 2011 for all unemployed persons, those with at least a secondary education with passes in five subjects demonstrate unemployment rates below the average of 4.2%, while those with no formal education suffer rates in excess of 10%. The data do however demonstrate some anomalous results where those with only primary or secondary with no subjects passed, have a lower unemployment rate than those with between one and four passes.

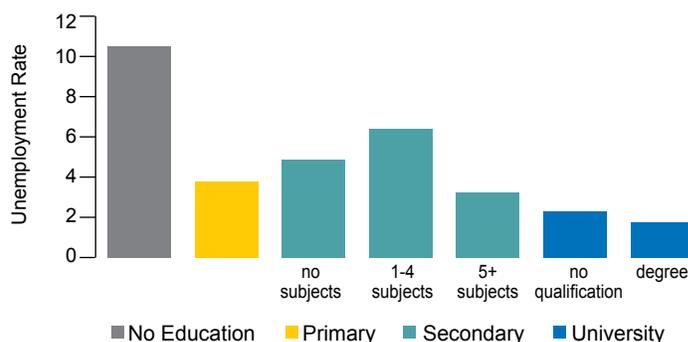
With respect to the distribution of the unemployed by educational level, Figure 2.17 indicates that in St. Lucia in 2012, 94.1% of the unemployed had a secondary level education or below. Distinguishing between unemployed youth and unemployed adults in relation to qualifications obtained, Figure 2.18 shows that in Barbados in 2010 that 80% of both groups were comprised of those with secondary school qualifications or below. While the general profile of the unemployed in Barbados demonstrates the link between education and employment, with over 50% of unemployed adults and nearly 30% of unemployed youth having no qualifications, of concern is that nearly 20% of both groups have at least a post-secondary qualification. However, there is a lack of in-depth information on these qualified unemployed, and therefore the underlying reasons for their unemployment, whether it be waiting, having high reservation wages, a skills mismatch or simply due to the state of the economy, cannot be determined.

**FIGURE 2.14: UNEMPLOYMENT RATES FOR YOUTH IN DOMINICA BY SEX AND HOUSEHOLD CONSUMPTION QUINTILE (2009)**



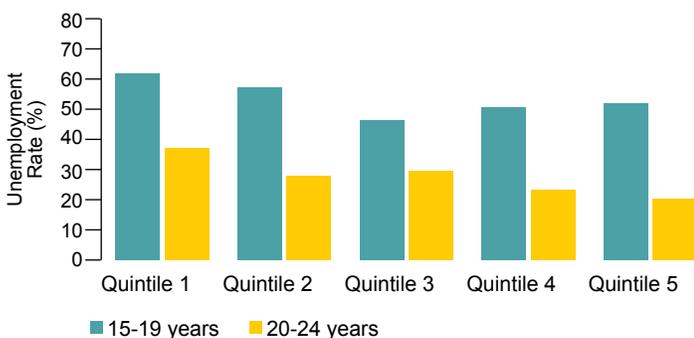
Source: Kairi Consultants Limited (2009).

**FIGURE 2.16: UNEMPLOYMENT RATES BY HIGHEST LEVEL OF EDUCATION FOR TRINIDAD AND TOBAGO (Q4 2011)**



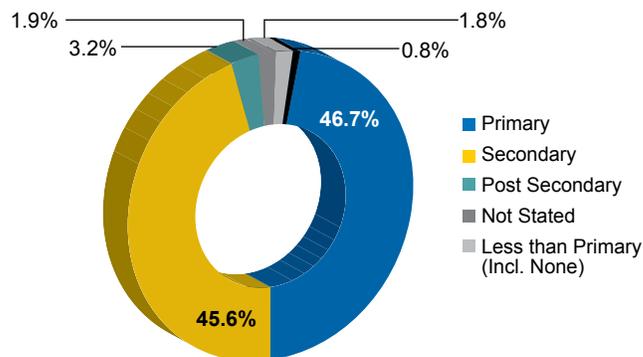
Source: Trinidad and Tobago Central Statistical Office. URL: <http://cso.planning.gov.tt/>.

**FIGURE 2.15: UNEMPLOYMENT RATES FOR YOUTH IN GRENADA BY AGE GROUP AND HOUSEHOLD CONSUMPTION QUINTILE (2008)**



Source: Kairi Consultants Limited (2009).

**FIGURE 2.17: DISTRIBUTION OF THE UNEMPLOYED BY HIGHEST LEVEL OF EDUCATION FOR ST. LUCIA (2012)**



Source: St. Lucia Central Statistical Office. URL: <http://204.188.173.139:9090/stats/>.

In seeking to highlight some of the other general characteristics of unemployed youth, Box 2.1 provides an overview of unemployed youth in Barbados from the CALC conducted in 2010.

### BOX 2.1: CHARACTERISTICS OF UNEMPLOYED YOUTH IN BARBADOS IN 2010

The Barbados Country Assessment of Living Conditions, conducted in 2010, revealed a number of characteristics of youth in Barbados who were currently actively seeking employment. Overall, the youth accounted for 30% of the unemployed, and there was limited difference based on sex for unemployed youth with females accounting for 53%. This was in contrast to adults, where females accounted for 63% of unemployed adults. Overall, females accounted for 60% of the unemployed.

In relation to the poverty profile of unemployed youth, 40% were categorised as poor, while 14% were vulnerable; this was in contrast to the adult unemployed where 35% were poor and 12% were vulnerable. However, although there is a link between education and employment, it appears that the unemployed youth in the sample are more educated than their adult counterparts; 90% of unemployed youth had completed at least a secondary education while the related percentage for unemployed adults was 66%. Ninety percent of employed youth has also completed at least a secondary education, as opposed to 82% of employed adults. This suggests that the link between unemployment and education is not as strong for the youth as it is for adults, suggesting that there are other factors causing higher unemployment rates for youth. It should also be noted that while 10% of the unemployed had completed tertiary education, the national average was 18%.

One of the factors that may be causing this imbalance is the type of skills the youth possess, and not necessarily linked to the highest level of education obtained. While data are not available in relation to the soft skills of individuals, data on technical and vocational training can indicate the level of marketable skills the youth have to offer in the labour market. Of the unemployed youth, while 15% had undertaken technical/vocational training, the related figure for unemployed adults was 27%. For the employed, 26% of youth and 34% of adults had undertaken technical/vocational training. The actual areas of training for the unemployed are shown in the table below, contrasted against employed youth and adults.

As shown in the table above, skilled trades training dominated for all groups, however at a lower level for the unemployed, and unemployed youth in particular. Where the greatest contrast is seen is with training in hairdressing/cosmetology, accounting for over a

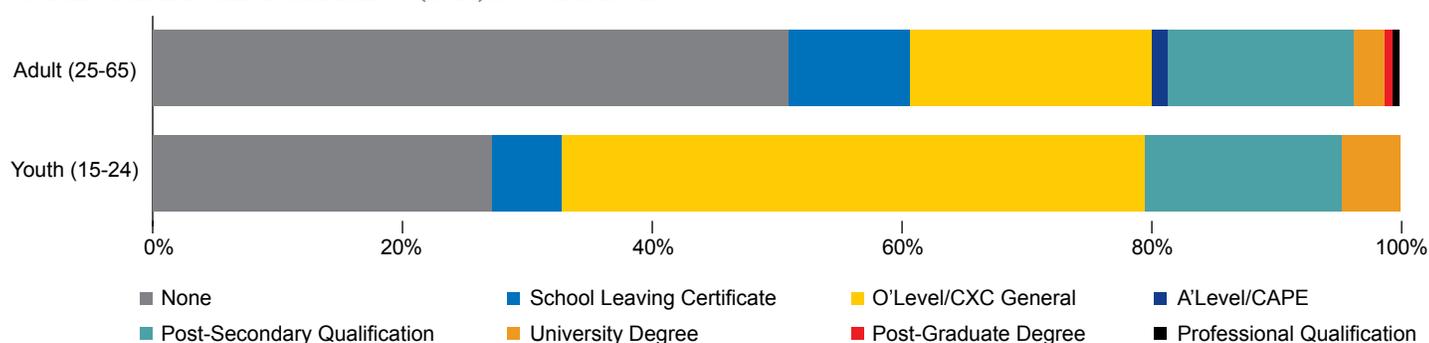
Area Trained	Unemployed		Employed	
	Youth	Adult	Youth	Adult
Agriculture	0.0	3.0	1.4	1.6
Skilled Trade	34.8	39.4	51.4	40.9
Upholstery/Garments	13.0	10.1	1.4	7.4
Hairdressing/Cosmetology	26.1	5.1	8.3	4.9
Teaching/Nursing/Childcare	0.0	3.0	4.2	8.3
Hospitality	17.4	14.1	11.1	9.6
Cultural Skills	0.0	5.1	0.0	1.5
Business Studies	0.0	12.1	16.7	16.2
Other	8.7	8.1	5.6	9.6

quarter of trained unemployed youth, as opposed to less than 10% for the other groups. The other area of contrast is with business skills, where 16% of the trained employed had been trained in business skills; no unemployed youth had trained in business skills. These results indicate that unemployed youth have undertaken technical or vocational training to a lesser degree than unemployed adults or the employed, and for those that did undertake such training, it appears that the skills obtained are either not relevant to the needs of the labour market, or the skill demands are already satisfied.

In seeking to explore these issues of skills demanded in the labour market and those being sought by the youth, the figure below outlines the main type of work being sought by the unemployed. As shown in the figure, unemployed youth are seeking employment as service/sales workers, and other miscellaneous and elementary occupations. These occupations are also being sought by unemployed adults, but to a lesser degree. Unemployed adults are also seeking employment as technical/associate professionals, and craft and related trades. The profile of occupations sought by unemployed youth suggests that they are seeking employment in areas that require limited skills and therefore are vacancies employers can fill easily and are thus very competitive. In addition, previous experience can be integral to an employer, which is a constraint for youth, especially as 34% of unemployed youth had never worked.

Source: Caribbean Development Bank (2012).

FIGURE 2.18: DISTRIBUTION OF HIGHEST QUALIFICATION ACHIEVED FOR THE UNEMPLOYED IN BARBADOS (2010) BY AGE RANGE



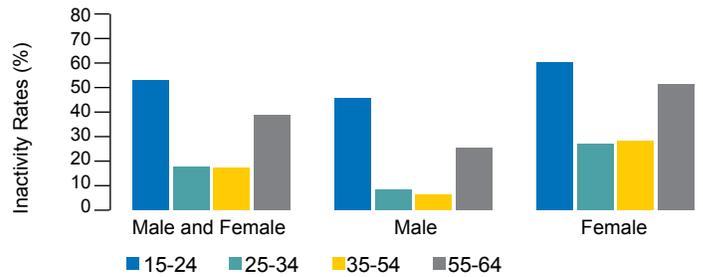
Source: Caribbean Development Bank (2012).

Figure 2.19 shows that on average for these countries the inactivity rate falls with age to a certain point, and then increases again. Figure 2.20 demonstrates this U-curve relationship in Jamaica, clearly showing that the trend is the same for both males and females, with females having higher inactivity rates at all age groups. The underlying reasons for the high levels of inactivity among the youth and especially young women, are discussed below.

Analysing data at the country level related to the reason for inactivity (see Table 2.1, Table 2.2, Table 2.3 and Table 2.4 for detailed information) reveals the main reasons as being in education, especially for the 15-19 age group and to a lesser extent home duties. In St. Lucia in 2012, 74% of youth cited being in education as the main reason for not participating in the labour market. For the remaining 26% a variety of reasons were given, mainly home duties (48%) and illness and disability (13%)<sup>14</sup>. There was also a number of other lesser cited reasons, as shown in Figure 2.21. Although these lesser cited reasons only account for less than 5% of total responses, there are still informative if considered from a wider perspective. Of the reasons included in the figure below, several relate to 'waiting', which accounted for 5.5% of inactive youth, while the other reasons appear to indicate a lack of knowledge (3% do not know how or where to seek work), or a general level of discouragement. Taken together, being inactive because of not being able to find work previously, believing no suitable work was available, and just discouragement, accounted for 10% of inactive youth, as opposed to 5% of inactive adults. This general discouragement that is preventing youth from participating in the labour market is at the same level as illness and disability.

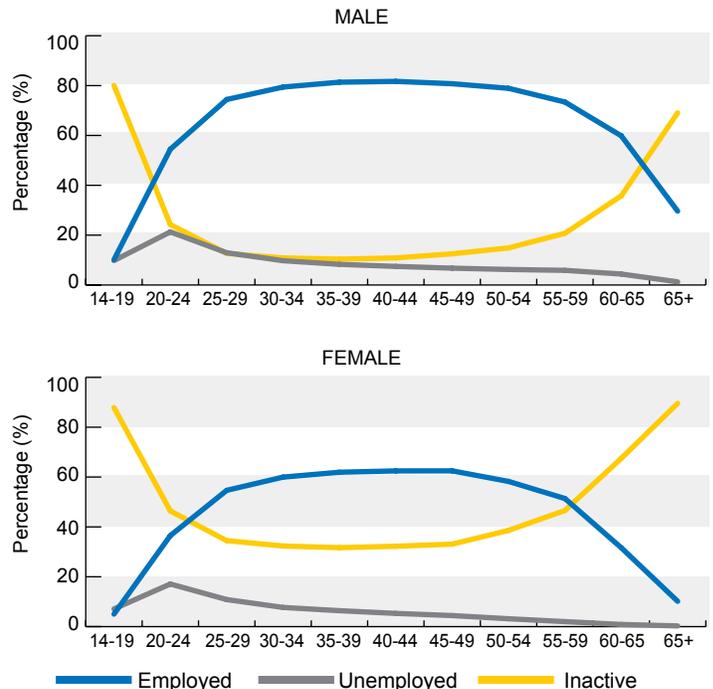
The Barbados CALC, in reviewing reasons for not seeking work, for those not in education, revealed that for the youth, 38% 'Did not want to work', with other prominent reasons given as 'Knew of no vacancy' (14%), and 'Pregnancy'/'Illness' or caring for someone (19%) (Caribbean Development Bank 2012). The main reasons for those in the 25-65 age range were Pregnancy/Illness or Caring for someone (46%), not wanting to work (16%), discouraged (10%) or 'Knew of no vacancy' (9%). Care work and household responsibilities continue to be disproportionately borne by young women making it difficult for them to balance

FIGURE 2.19: INACTIVITY RATES BY SEX AND AGE GROUP FOR SELECTED COUNTRIES (2013).



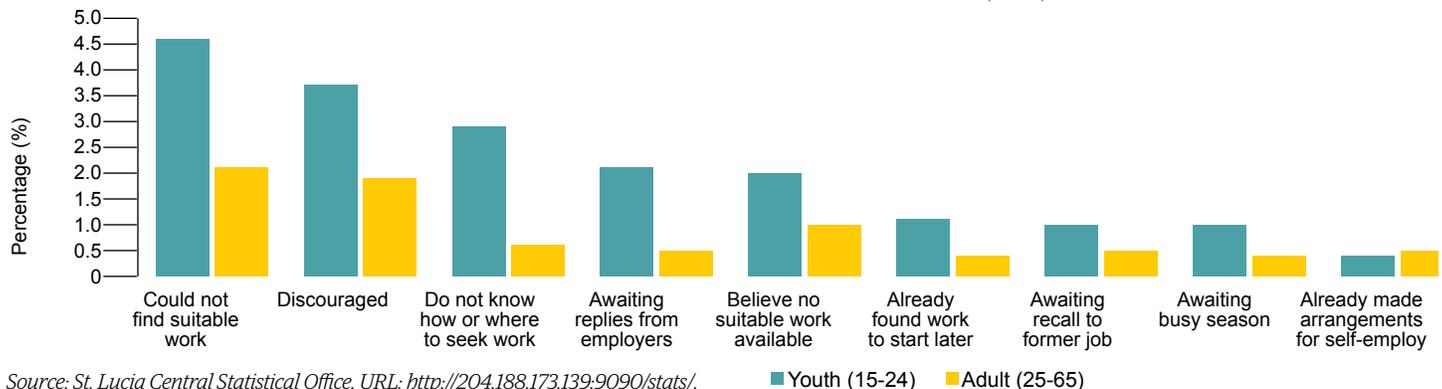
Source: International Labour Organisation (2014). Countries for which estimated data are available include: The Bahamas; Barbados; Belize; Guyana; Haiti; Jamaica; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago

FIGURE 2.20: EMPLOYMENT, UNEMPLOYMENT AND INACTIVITY IN JAMAICA BY AGE GROUP (JULY 2014)



Source: Statistical Institute of Jamaica. URL: <http://statinja.gov.jm/LabourForce/NewLFS.aspx>.

FIGURE 2.21: OTHER REASONS FOR NOT WORKING IN ST. LUCIA FOR YOUTH AND ADULTS (2012)



Source: St. Lucia Central Statistical Office. URL: <http://204.188.173.139:9090/stats/>.

<sup>14</sup>St. Lucia Central Statistical Office. URL: <http://204.188.173.139:9090/stats/>.

paid work and familial responsibilities. In addition to this, the issue of health and well-being of young men and women, as well as educational interventions on their sexual and reproductive awareness and rights, are critical in informing the life chances and choices for youth when it comes to employment and their career path. Teenage pregnancy is symptomatic of a larger socio-cultural related to the lack of comprehensive sex education for youth and youth-centred leadership and responses to sexual health, safety and rights. In relation to not wanting to work, some of the comments included:

- 'Get up when you want to
- You don't have all the stress of going to work
- Pick up your children and spend time with them
- More time to lime, time to enjoy your freedom
- Feeling good, like you on vacation'

(Caribbean Development Bank, 2012, p. 81)

While many youth are seeking their first job, it is also informative to look at those with some work experience but who were currently unemployed. For youth in Barbados, some of the reasons given for leaving the last job were given as: no more work available at place of employment (26%); laid off (17%); seasonality of job (16%) (Caribbean Development Bank 2012). As an indicator of high reservation wages, 8% indicated the reason they left their last job as 'wages too low'; this was however more prevalent amongst young males (11%) as opposed to young females (4%), while 11% of young females left their last job due to pregnancy. The gendered dynamic of youth employment is telling here because it demonstrates greater male mobility in seeking employment and leaving one job for the next for better pay. However, added vulnerabilities for teenage mothers not only impact their educational and employment choices, but also their livelihoods in that they are more likely to be pushed into and remain in, poverty because of the added responsibility of caring for children that may occur across generations.

### 2.2.2 Youth Employment: Status, Occupation and Industry

The above has examined the employment status of the youth. However, the actual occupations, sectors of operation, and employment status of the youth is also relevant to the current exercise. Table 2.5 shows that in Barbados the employed youth are concentrated in private enterprises (79%), with limited gender differences. The second largest employment source for the youth is government, at approximately 9% for both sexes. By comparison, private enterprises account for 57% of all employment, and government 22%.

While youth are more likely to be employed in a private enterprise, it appears that self-employment is being underutilised by the youth as a means of wealth creation. At the national level, self-employment is utilised by 14% of the population, although the majority of this is as a sole operator, as shown in Table 2.6.

**TABLE 2.5: EMPLOYED POPULATION IN BARBADOS BY EMPLOYMENT STATUS, SEX AND SELECTED AGE GROUPS FOR 2010- EMPLOYEES**

Employees	All Ages	15-19	20-24	Youth Average (un-weighted)
Government	21.8	6.1	12.1	9.1
Male	20.1	6.3	12.5	9.4
Female	23.5	5.9	11.7	8.8
Private Enterprise	56.5	81.3	76.5	78.9
Male	53.3	78.6	73.9	76.3
Female	59.8	84.5	79.3	81.9
Private Household	3.3	1.7	1.8	1.8
Male	1.6	1.8	1.8	1.8
Female	5.0	1.5	1.8	1.7
Other Employee Type	0.6	0.5	0.3	0.4
Male	0.6	0.9	0.5	0.7
Female	0.5	0.1	0.2	0.2
Undefined	3.1	4.7	3.2	4.0
Male	3.7	5.5	3.6	4.6
Female	2.5	3.8	2.9	3.4

Source: Derived from Barbados Statistical Service (2013). Table 08.03.

**TABLE 2.6: EMPLOYED POPULATION IN BARBADOS BY EMPLOYMENT STATUS, SEX AND SELECTED AGE GROUPS FOR 2010- SELF-EMPLOYED**

Employees	All Ages	15-19	20-24	Youth Average (un-weighted)
Self-Employed	14.3	4.6	5.4	5.0
Male	20.3	5.7	7.2	6.5
Female	8.1	3.2	3.4	3.3
With Paid Employees	3.5	0.7	0.8	0.8
Male	5.2	0.8	1.2	1.0
Female	1.8	0.7	0.4	0.6
With Unpaid Help/Alone	10.8	3.8	4.6	4.2
Male	15.1	4.9	6.1	5.5
Female	6.3	2.5	3.0	2.8

Source: Derived from Barbados Statistical Service (2013). Table 08.03

However, only 5% of the youth are self-employed, with a lower representation of females. Such a trend was highlighted in Jamaica, with self-employed females being mainly in traditional female jobs such as cosmetology and hairdressing. Indeed the Women's Business Network, a Jamaican association, encourages women to go into more sustainable types of employment, with a push into agriculture<sup>15</sup>. Therefore, there is the need for better

<sup>15</sup>Interview with Mareeca Brown [Gender Specialist at Planning Institute of Jamaica], January 30, 2015

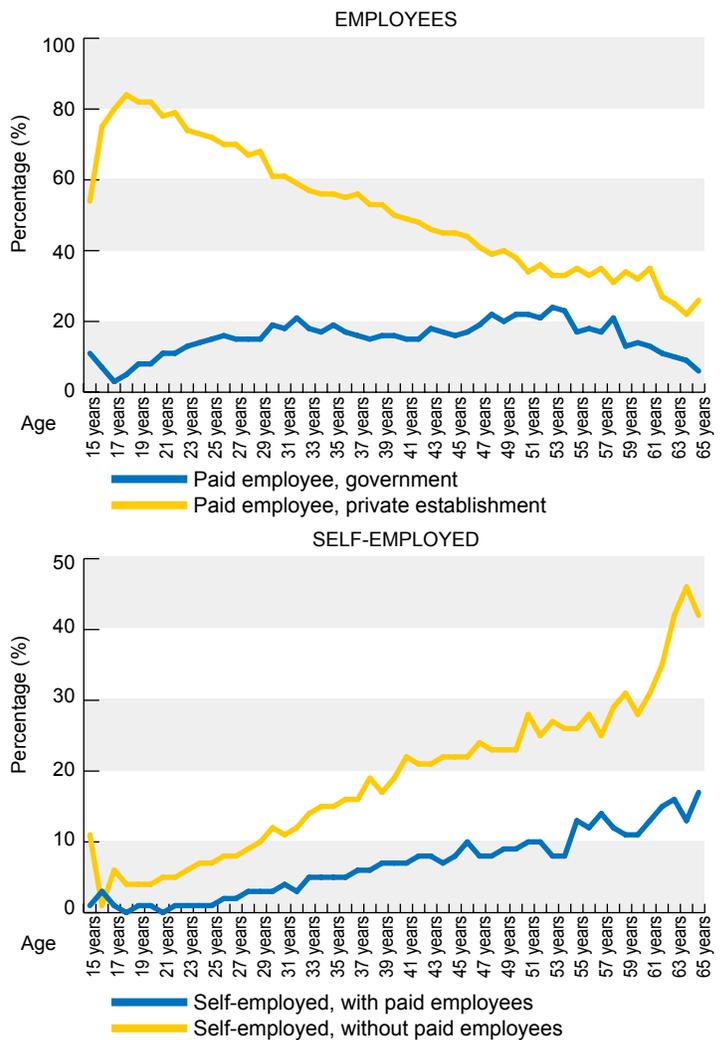
strategies to enhance youth entrepreneurial activities, especially among young women who are often relegated to low-paying gender-specific work in the service sector.

This trend in Barbados of youth employment being dominated by private enterprises and being less likely to participate in self-employment is also seen in data from St. Lucia for individual age groups. As Figure 2.22 shows, private employment accounts for over 50% of employment for 15-year olds, reaching a peak at 82% for 19-year olds, followed by a mostly constant declining trend to approximately 25% for those at retirement age (65 years old)<sup>16</sup>. The general increase in government as an employer over the age groups, with a decline for those in their mid-50s onwards, is however not sufficient to account for the decline in employment in private enterprises. This appears however to be accounted for by those in self-employment, both with and without employees, as shown below.

Figure 2.23 adds to the understanding of the character of youth employment in the Region. As the figure demonstrates, youth employment is dominated by lower-skill occupations in sales and personal and customer service, as well as refuse and elementary workers and workers in construction, mining, manufacturing and transport. These occupations accounted for 51% of youth employment, while accounting for only 33% of adult employment. Less than 4% of youth were employed as associate professionals in business and administration, as opposed to 6% for adults.

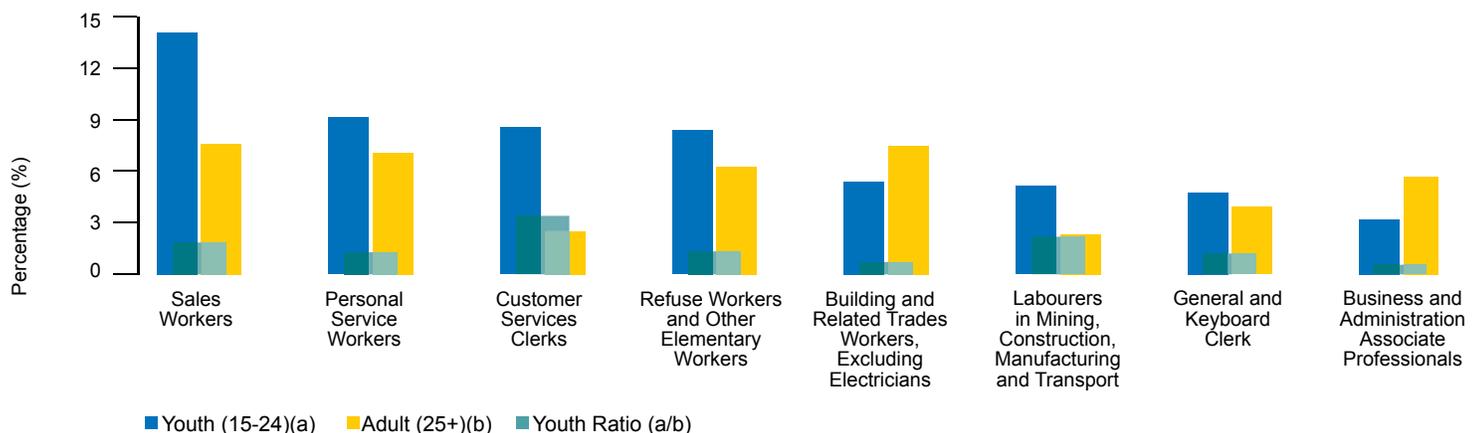
The youth ratio in the figure below highlights the level of overrepresentation of youth in these lower-skill occupations. The figure shows that youth are most overrepresented as customer service clerks with a ratio of 3.4, indicating that this occupation accounts for three times more of youth employment than for adult employment. The next two highest levels of overrepresentation are seen with labourers in mining, construction, manufacturing and transport (2.2) and as sales workers (1.8).

**FIGURE 2.22: EMPLOYMENT STATUS IN ST. LUCIA BY AGE GROUP (2010)**



Source: St. Lucia Central Statistics Office. URL: <http://204.188.173.139:9090/redatam1/>.

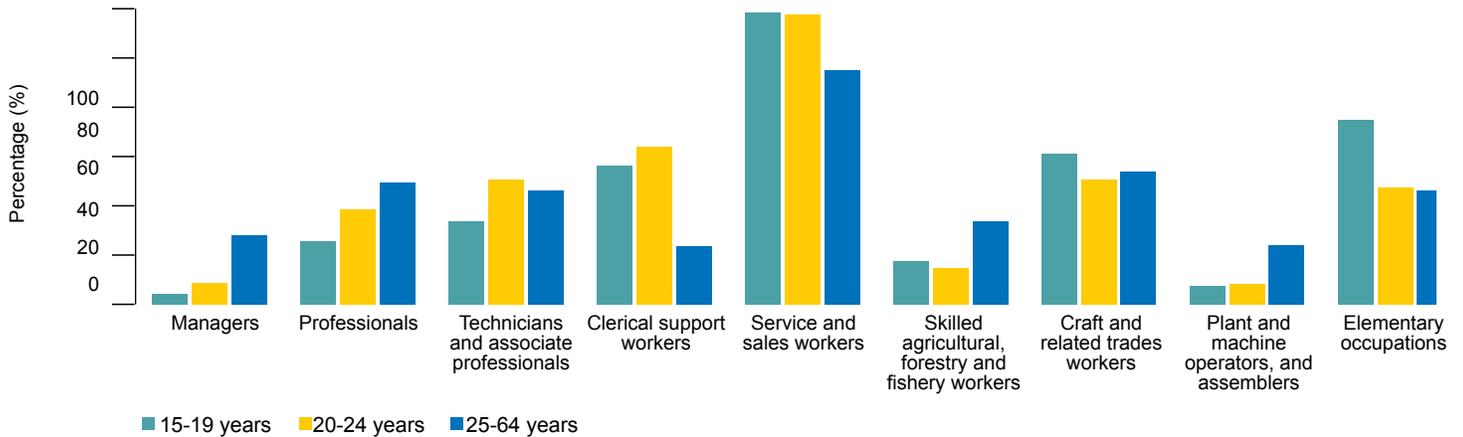
**FIGURE 2.23: OCCUPATIONS FOR EMPLOYED YOUTH AND ADULTS IN BARBADOS AND YOUTH/ADULT RATIO (2010)**



Source: Barbados Statistical Service (2013) Note: Other occupational categories which accounted for less than 3% of youth employment were excluded.

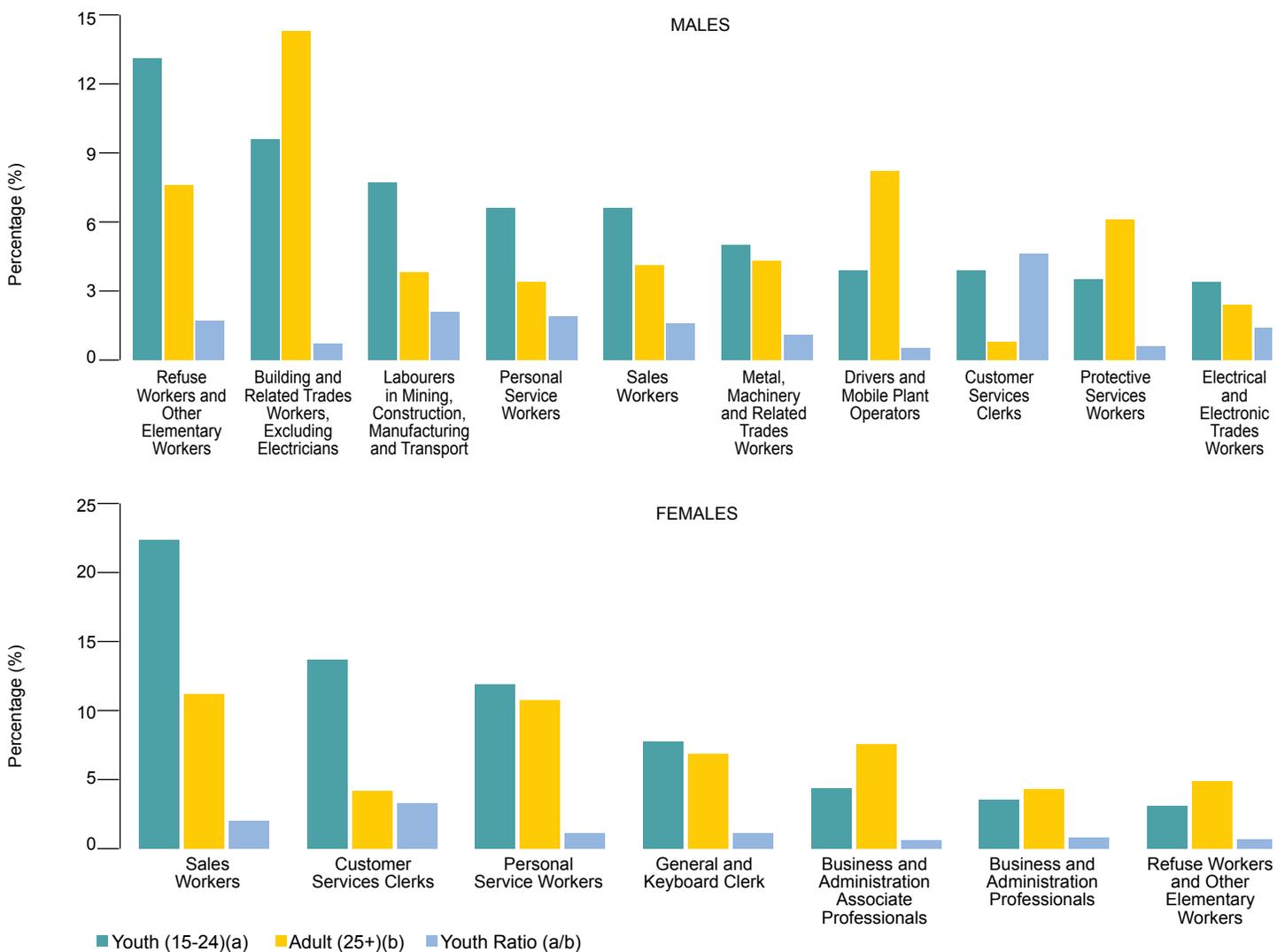
<sup>16</sup>The data here are from self-reported surveys and therefore it is not possible to determine whether the employment reported is formal or informal.

FIGURE 2.24: OCCUPATIONS FOR THE EMPLOYED BY AGE GROUP IN ST. LUCIA (2010)



Source: St. Lucia Central Statistics Office. URL: <http://204.188.173.139:9090/redatam/>.

FIGURE 2.25: OCCUPATIONS FOR EMPLOYED MALES AND FEMALES IN BARBADOS AND YOUTH/ADULT RATIO (2010)



Source: Barbados Statistical Service (2013). Note: Other occupational categories which accounted for less than 3% of youth employment were excluded.

These trends seen in Barbados are replicated in St. Lucia where youth occupations are mostly in low-skilled sales and service work and in elementary occupations. Figure 2.24 shows that work in service and sales accounts for approximately 30% of youth employment, followed by work in elementary occupations, clerical support and craft and related trades.

While there is a link between unemployment and poverty, there is also a link between occupation and poverty given their income generating potential. As shown in Table 2.7, poor employed youth are employed in unskilled occupations to twice the degree of non-poor employed youth, while employment as managers, professionals and technicians is marginal in poor households (3%) as compared to 14% in non-poor households. The poverty rates for the various occupations reiterate this point with 65% of those in agriculture and 57% of those in unskilled occupations living in poverty. This is as opposed to a poverty rate of 14% for those employed as managers, professionals and technicians. Therefore, in reducing the incidences of poverty among youth, special attention needs to be paid to economic disparity among youth.

In looking at gender differences in employment for youth, Figure 2.25 outlines the situation in Barbados. The occupations shown for males account for 63% of their employment and show that employment as refuse workers and other elementary occupations and work in building and related trades dominates male youth employment. For female youth, the occupations listed account for 67% of their employment. In this case, female work is dominated by work in sales and as customer and personal service workers. In order to avoid a gender-segregated employment market for youth, cross-gender training and expertise would need to be facilitated.

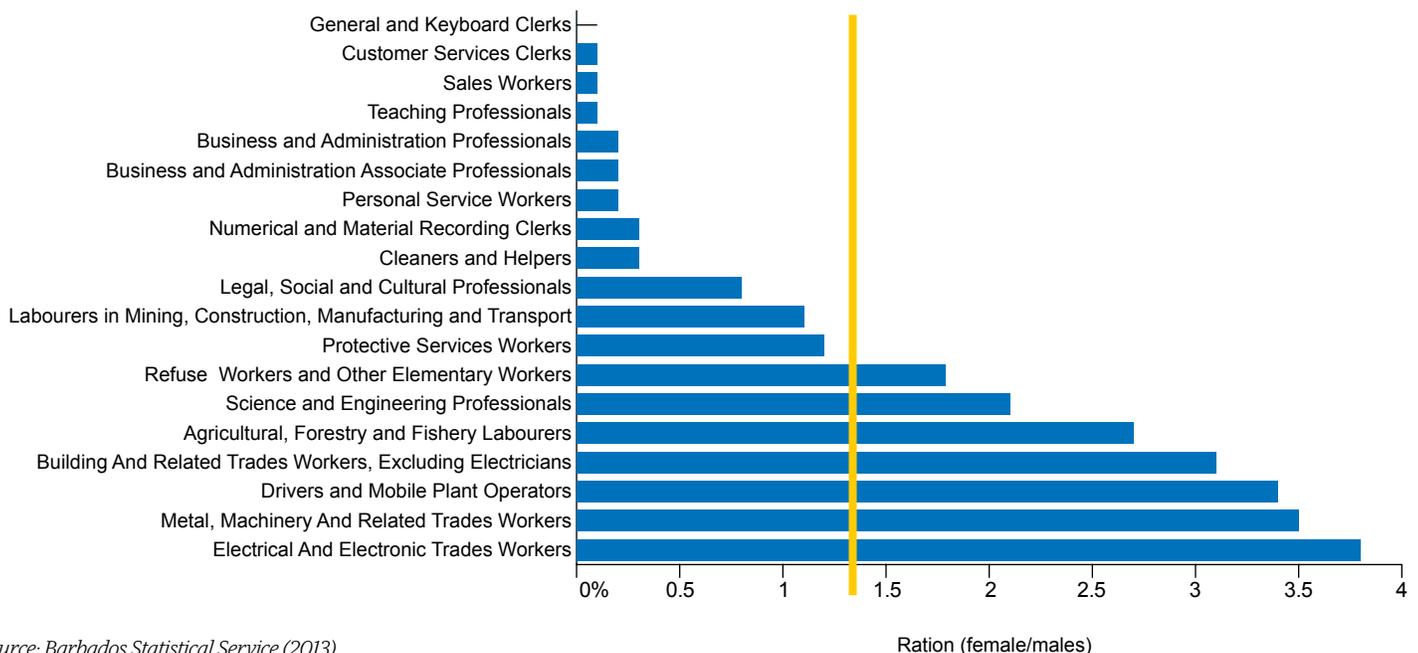
**TABLE 2.7: EMPLOYMENT AND POVERTY FOR UNDER 25-YEAR OLDS IN BELIZE (2009)**

Occupation	In Poor Households	In Non-Poor Households	Poverty Rates
Managers, Professionals and Technicians	3	14	14
Clerical	10	21	24
Service	16	24	31
Agriculture	14	5	65
Craft Workers	8	8	39
Skilled Manual	4	6	34
Unskilled	44	22	57

Source: Government of Belize/Caribbean Development Bank (2010).

In looking in more detail at the differences between male and female youth, Figure 2.26 demonstrates the occupational gender differences utilising a ratio of young females to young males in the main occupational categories for youth. The figure reveals that female youth are overrepresented as general and keyboard clerks, customer service clerks, sales workers, teaching professionals and in business and administrative occupations. For males, they are overrepresented as trades workers, drivers and mobile plant operators, science and engineering professionals and as general labourers. The skewed job pattern of young men being highly represented in traditionally male-orientated sectors compared to young women not only produces inequalities in terms of job status and employment viability, but also impacts on the income differentials between genders and, if this is not effectively addressed, it contributes to a gender imbalance in adult employment as well.

**FIGURE 2.26: YOUTH OCCUPATIONAL CATEGORY GENDER RATIOS FOR BARBADOS (2010)**



Source: Barbados Statistical Service (2013)

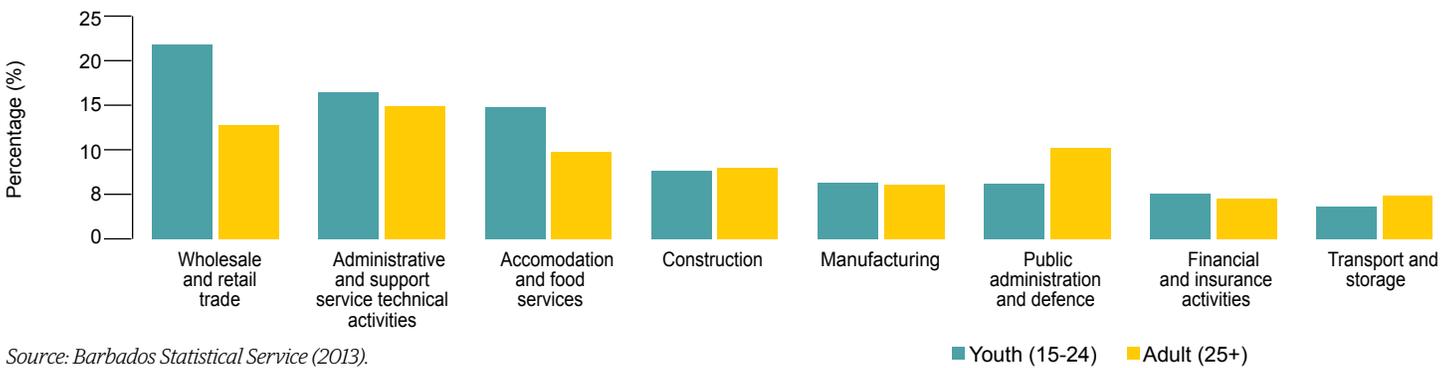
Other notable categories not in the figure with disproportionately high gender ratios, but not in the main occupational categories were: Health Professionals (6.0), Health Associate Professionals (4.7); while for low gender ratios (male youth overrepresentation compared to female youth were: Skilled Agricultural Workers (0.11); Armed Forces (0.14); ICT Professionals (0.29); Science and Engineering Associate Professionals (0.29); Skilled Forestry, Fishery and Hunting Workers (0.32); ICT Technicians (0.35); and Street and Related Sales and Service Workers (0.37).

Industry of employment is not generally a useful classification for establishing any inequalities as most industries utilise a range of occupations, from unskilled to low-skilled to professional. However, and confirmed in Figure 2.27 for Barbados, given the dominance of sales and service work for youth, it would be

expected that employment by industry would be dominated by sectors such as wholesale and retail and accommodation and food. As the figure shows, the industries that account for 82% of youth employment are dominated by wholesale and retail trade (22%), technical administration and support services (16%) and accommodation and food services (15%).

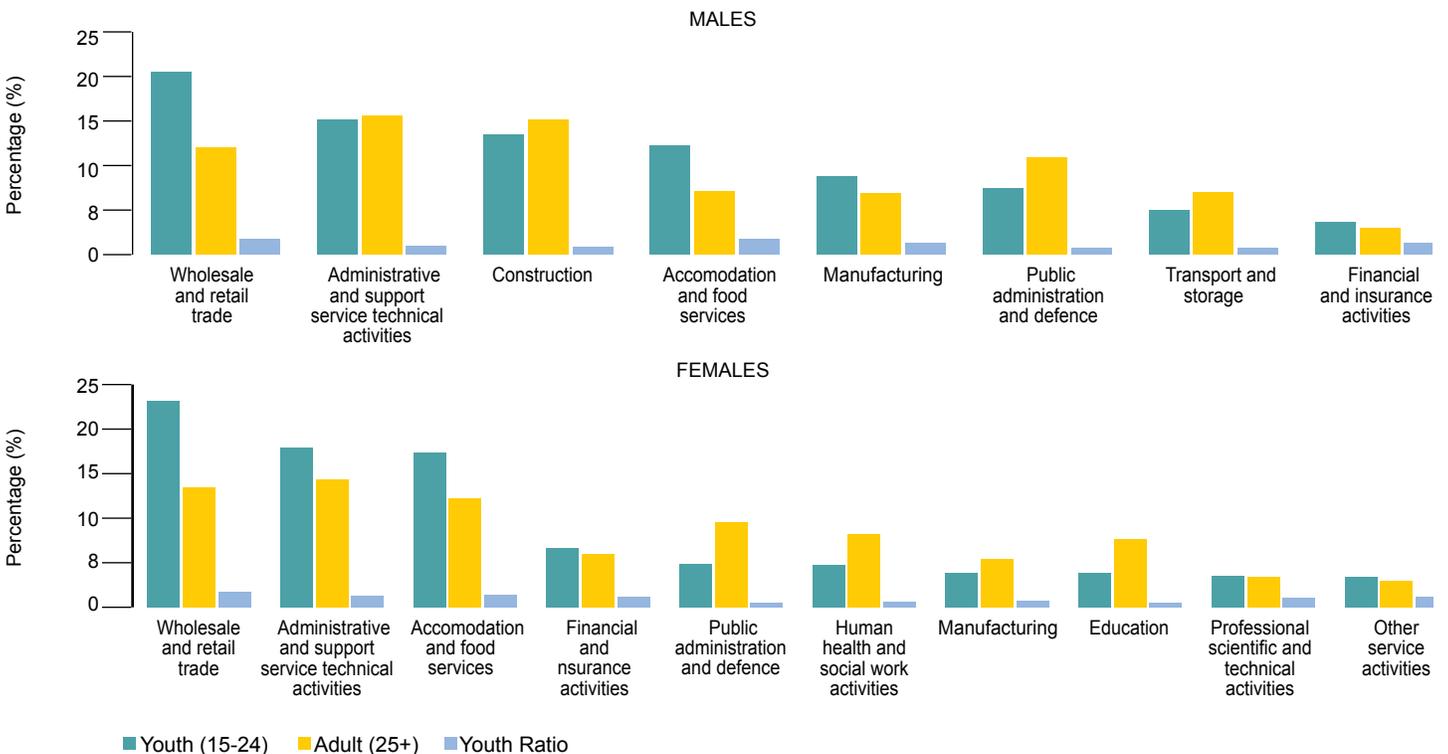
There are, however, limited gender differentials with wholesale and retail trade, technical administration and support services being the two dominant groups accounting for 36% of male youth employment and 41% of female youth employment. The third highest industry of employment for male youth was construction at 13%, while for female youth it was accommodation and food services at 17%. The industries listed in the figure below accounted for 86% of male youth employment and 90% of female youth employment.

FIGURE 2.27: MAIN INDUSTRY OF EMPLOYMENT IN BARBADOS FOR YOUTH AND ADULTS (%)



Source: Barbados Statistical Service (2013).

FIGURE 2.28: MAIN INDUSTRY OF EMPLOYMENT IN BARBADOS FOR MALE AND FEMALE YOUTH (%)



Source: Barbados Statistical Service (2013).

Exploring the gender differences by sector, as shown in Figure 2.29, young females are overrepresented significantly in human health and social work, other services and education; while young males are overrepresented in construction, transport and storage, manufacturing, and public administration and defence. Gender inequality is reinforced in the division in the types of work young men and women are expected to do and the unequal value assigned to these activities based on rigid gender roles. Care and reproductive work is labour intensive and essential to Caribbean societies, ensuring that economies are staffed with a viable workforce, yet it is not remunerated at the same rate as male labour intensive activities. Equal pay must be applied to equitable work across gender-segregated sectors to lessen the gender income disparity.

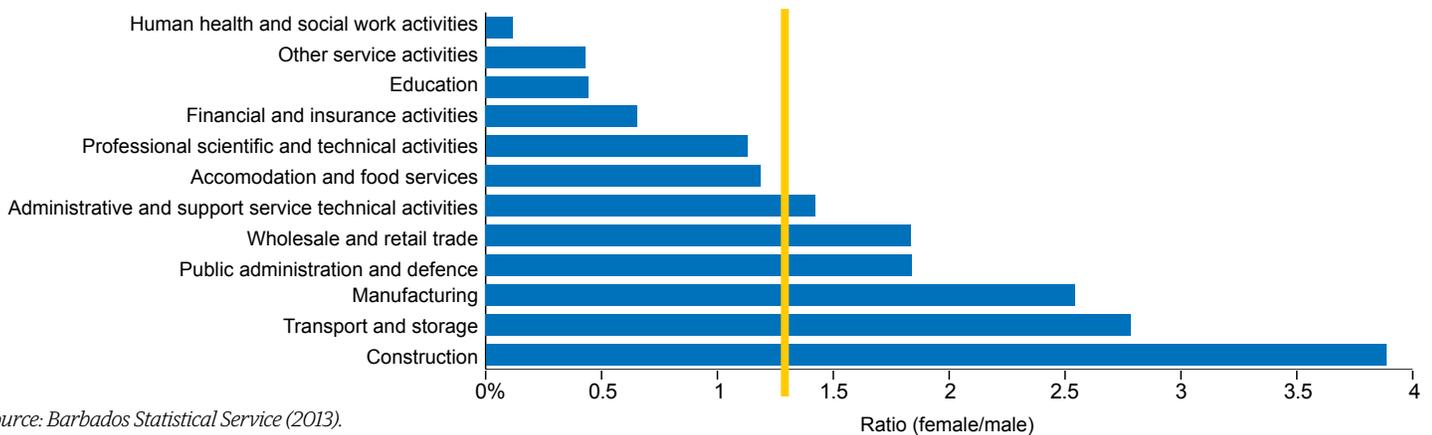
The above information on employed youth in the Caribbean indicates that youth are mainly employed in private enterprises, with limited participation in self-employment, although this trend decreases with age. In relation to occupation and industry of employment, youth are overrepresented in low-skill occupations and industries and given this are more likely

to be living in poverty. In terms of gender, there is also a clear segmentation with regards to occupation for youth, although this is less the case in terms of industry of employment. Given the prevalence of the youth in low-skilled occupations and sectors, it is expected that this would be reflected in their consumption ability and if this consumption ability is constrained in relation to income, the question of how the youth survive needs to be addressed. These issues are briefly explored below.

### 2.2.3 Youth Income and Livelihood Sources

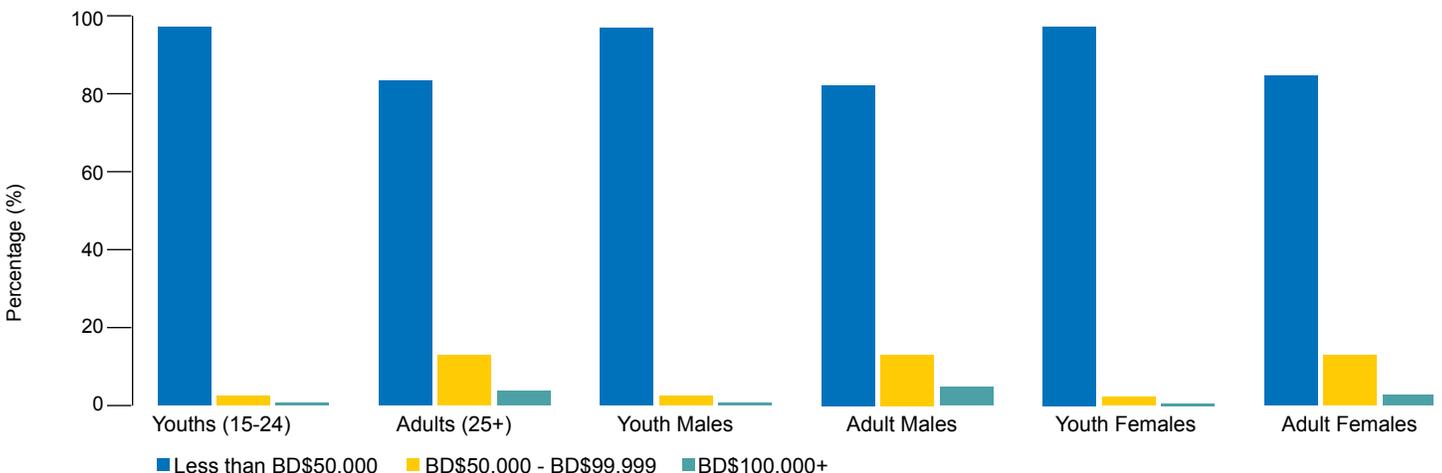
As a result of the unemployment situation of the youth and their concentration in low-skilled occupations and industries characterised by low skills, it would be expected that their income generation would also be low. Although only broad income ranges were used for the Barbados Census, indicates that while 83% of adults earned less than BDD50,000 (USD25,000) in 2010, the related percentage for the youth was 97%. The percentages for male and female youth were similar at 97%, while for adult males and females the percentages were 82 and 84%, respectively<sup>17</sup>.

FIGURE 2.29: YOUTH INDUSTRIAL SECTOR GENDER RATIOS FOR BARBADOS (2010)



Source: Barbados Statistical Service (2013).

FIGURE 2.30: INCOME DIFFERENTIALS BY AGE GROUP FOR BARBADOS (2010)



Source: Barbados Statistical Service (2013).

<sup>17</sup>There is a marginal percentage of youth that are earning in excess of BDD100,000 (USD50,000) per annum and this can perhaps be attributed to those in high earning professions such as in the legal or medical fields.

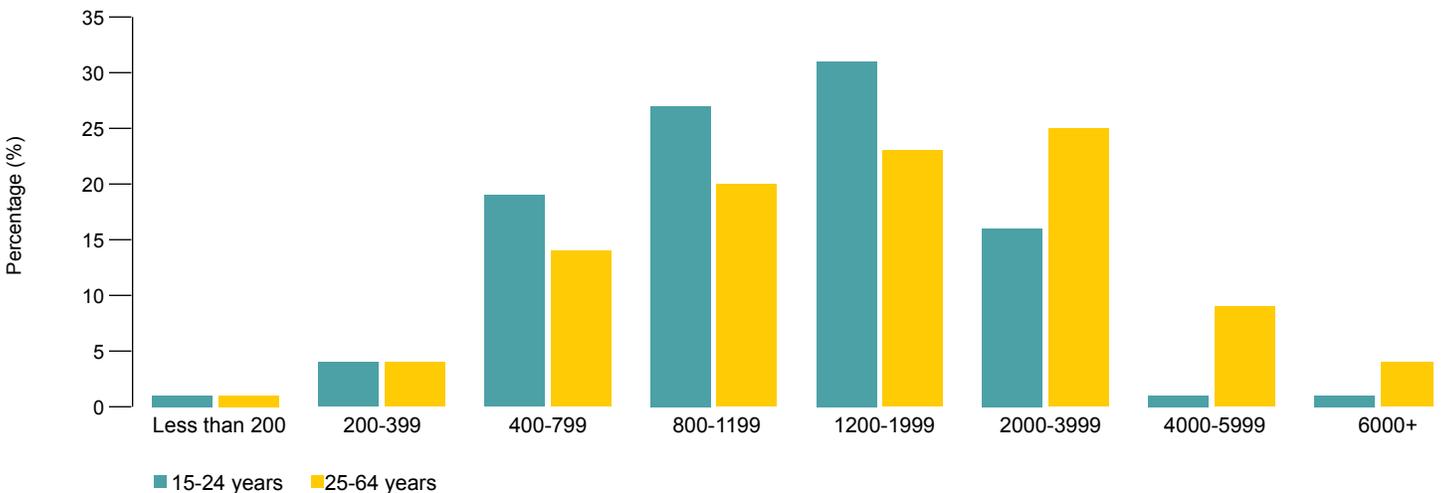
Data from St. Lucia give a more detailed analysis of income from employment by age. As Figure 2.31 shows, the percentage of youth and adults earning less than XCD400 (USD150) per month is similar, with the main difference seen with youth income peaking at between XCD1,200 (USD450) and XCD1,999 (USD750), and adult income peaking at between XCD2000 (USD750) and XCD3,999 (USD1,500). Income differentials between youth and adults were also seen in Belize where, in 2009, median monthly income was BZD600 (USD300) for those under 25 years, as opposed to BZD800 (USD400) for those over 25 years (Government of Belize/Caribbean Development Bank 2010).

The available evidence suggests that youth are either more likely to be unemployed than adults and, when employed, are more likely to be earning less because of the occupations and sectors they are employed in, as well as lacking sufficient experience to command higher wages. If youth are earning less, the question is how do they manage to survive? The only data available on sources of livelihoods by age were from the St.

Lucia census. While 33% of the youth reported income from employment, compared to 69% of adults, Figure 2.32 shows the distribution of non-employment income sources of livelihoods. The figure demonstrates that while working age adults have a variety of livelihood sources and that both adults and youth rely on local contributions from friends and family, youth's livelihood sources are more limited. While local contributions from friends and family account for less than 60%, the percentage for youth is over 75%. Other sources account for 18% for youth and 15% for adults, while overseas contributions from friends and family account for 3 and 4% for youth and adults, respectively. The greatest disparity is seen with savings, which is utilised by 10% of adults and only 2% of youth.

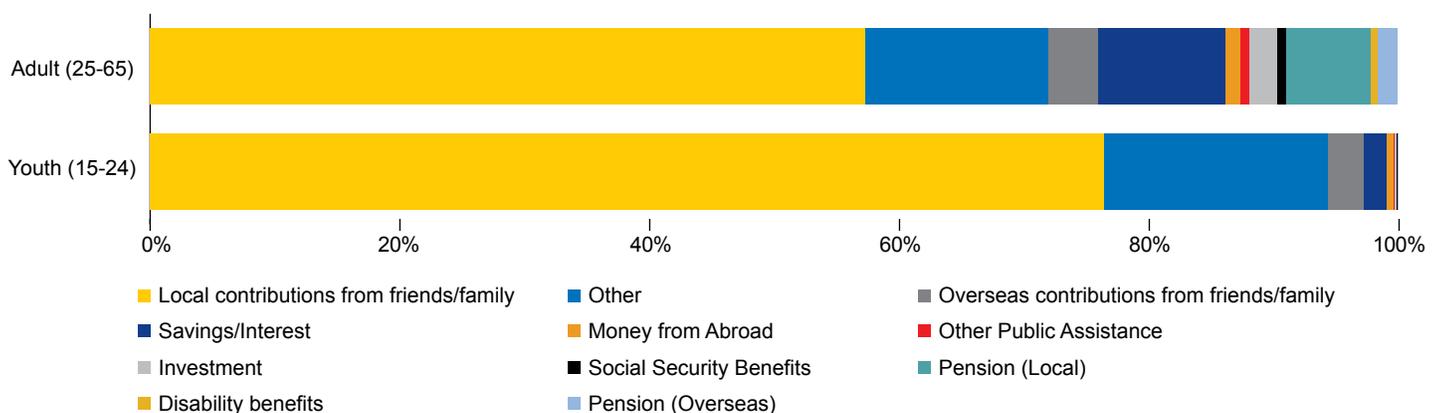
The results above are not necessarily surprising given the high levels of unemployment of the youth, the occupations they are employed in and, given their age, have not had sufficient time to accumulate financial and physical capital to utilise as a coping mechanism in the event of loss of employment or long periods seeking employment.

**FIGURE 2.31: GROSS MONTHLY PAY BY AGE GROUP FOR ST. LUCIA (2011) (XCD)**



Source: St. Lucia Central Statistics Office. URL: <http://204.188.173.139:9090/redatam1/>.

**FIGURE 2.32: NON-EMPLOYMENT INCOME SOURCES OF LIVELIHOODS FOR YOUTH AND ADULTS IN ST. LUCIA (2010)**



Source: St. Lucia Central Statistics Office. URL: <http://204.188.173.139:9090/redatam1/>.

## 2.3. SUMMARY

Parra-Torrado (2014) claimed that for the Region:

- "...in most countries youth unemployment is double the rate of total unemployment" (p.8); and
- Female youth unemployment rate is also higher than male youth unemployment in many of the countries with available data, which is consistent with the distinctions in the unemployment rates of adults in many countries in the Region.

In support of these claims, from the analysis conducted for the present study, in 2013 youth accounted for 38% of the unemployed, while only accounting for 20% of the population. In addition, youth to adult employment ratios ranged from as high as 3.4 in Antigua and Barbuda to 1.9 in Belize, with female youth unemployment rates of approximately 30% as compared to a male youth rate of 20%.

It appears that this situation is somewhat constant over time as similar information is presented by others from over the last 12 years, such as The World Bank (2003), Kazi (2004), and Carter (2008). Kazi (2004), for example, indicates that:

- Young people represent around 40% of the world's total unemployed and like "most parts of the world, unemployment in the Caribbean is primarily a youth phenomenon" (p.9).
- In fact, "...youth unemployment rates are substantially above the national averages across the Region and average around 40% in the 15-19 age group and 30% in the 20-24 age group" (p.10).
- "In some countries in Latin America and the Caribbean, it [the rate of youth unemployment] is as high as five times the rate for adults over age 45" (p.5)
- "Caribbean-wide data indicate that St. Lucia, Dominica, St. Vincent and the Grenadines, and Jamaica, have the highest youth unemployment rates" (p.9)
- "In general young women have a much harder time finding employment than young men" (p.6), although "their proportion of the total labour force tends to be less" (p.9)
- "In places like the Bahamas, for example, young women are twice as likely to be unemployed than young men" (p.6). Overall, in the "...English-speaking Caribbean, the gender differential is greatest in Belize, followed by Bahamas, Jamaica and Guyana" (p.9).

It appears that little has changed in the last decade as the information presented above is consistent with Kazi's findings from 2004.

Carter (2008) also observes that a disparity along gender lines also still exists in the pay and types of work that young adults tend to do in some countries. Citing findings from the "Situation of Youth in Selected Caribbean Countries," Carter writes that:

*"The report indicates that most of male labour force aged 15 to 19 and 20 to 24 pursued work-related activities associated with elementary occupations (35.5 per cent and 26 per cent respectively) and craft and related activities (28.5 per cent and 25.4 per cent respectively), while most of the females pursued clerical activities (27.6 per cent and 35.3 per cent respectively) and service and sales occupations (33.6 per cent and 26.7 per cent respectively)" (UNECLAC 2007 cited in Carter 2008:58).*

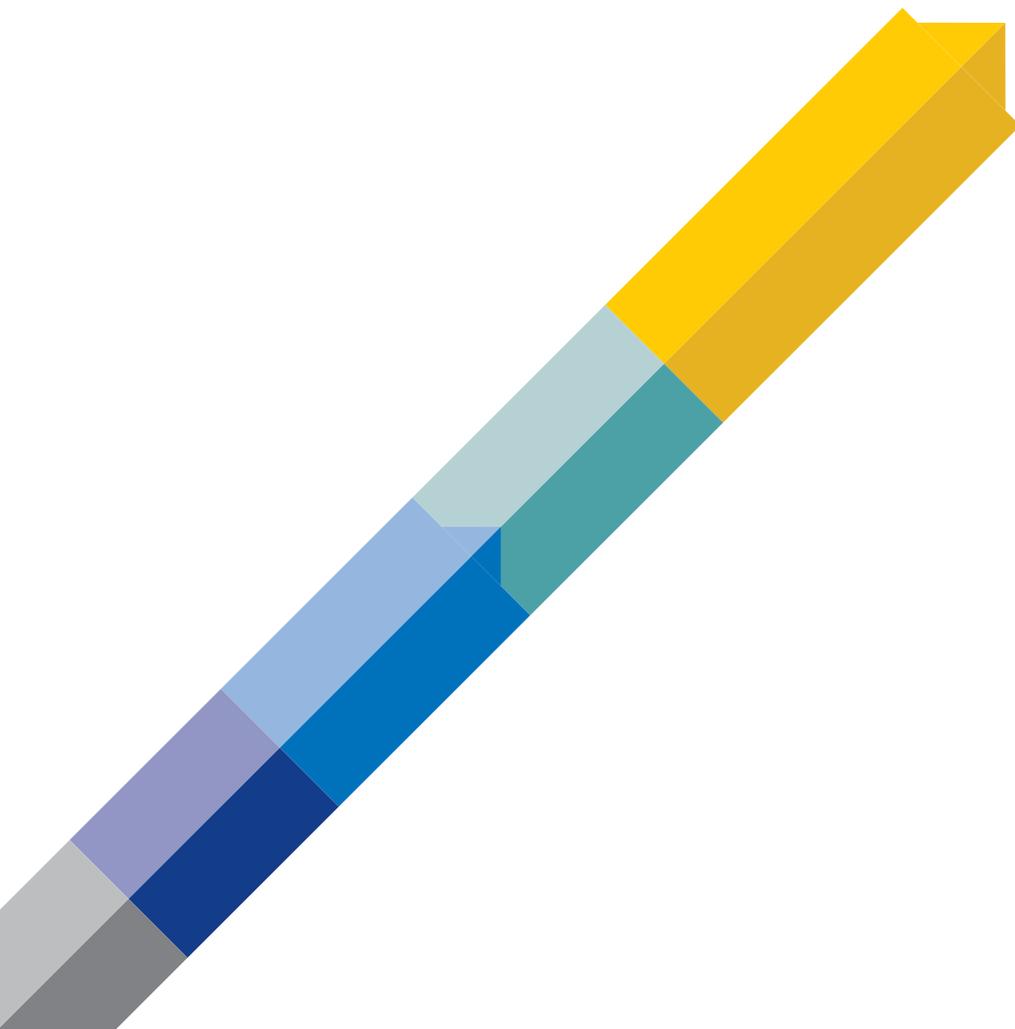
The integration of youth in the labour market is an issue of pressing concern in the Caribbean and other regions of the world. However, youth unemployment, as Charles (2006) highlights, is linked to the overall "inadequacy of prevailing youth development policies and strategies in the contemporary era of Caribbean development" (cited in Carter 2008:7). Indeed, a 2013 USAID-commissioned report, "Eastern and Southern Caribbean Youth Assessment," declares that, "...it is clear that the most influential societal systems—economic, social support, and educational—are not meeting the needs of Caribbean youth" (Social Impact, Inc. 2013: iii).

The above descriptive analysis presents a number of issues for exploration. Firstly, the Region exhibits some of the highest youth unemployment rates in the world and the reasons underlying this need to be explored in relation to economic, political, sociological and cultural issues. Secondly, while youth are participating less in the labour market, in part due to participation in education or home duties, there is still a high level of dissatisfaction with the labour market, leading to a proportion of the youth being excluded. Although this group of inactive youth does not count in the official unemployment statistics, this occurrence is still a matter of concern, not only from the potential lost from their exclusion from the labour market, but also due to the consequences of this exclusion for the person, as well as the potential for participation in risky behaviours that would also affect wider society. It will be important in this vein to seek to explore in greater detail the reasons for exclusion from the labour market, as well as the mechanisms utilised to maintain their livelihoods, and the consequences of such for the household in relation to dependency and the burden of care, and wider society in relation to crime.

The other issue of importance to emerge is the gender dimension of youth and the labour market. Females are participating less in the labour market, in part due to participation in education, however they are also segregated into certain low-skilled, low-pay occupations and suffer higher unemployment rates. While educational attainment may be factor in the low female labour market participation rate, it is not the only reason for it. Unfortunately, due to gender inequities, young women have to deal with unplanned pregnancies and being burdened with care and household work in their personal life, which hampers employment participation. Also, young women are segregated in low-skilled, low-paying

gender-specific occupations that are transient, contributing to higher unemployment rates. Young poor females are also more likely to have higher unemployment rates than their male counterparts, making it difficult for them to escape the cycle of poverty. Given the higher level of participation in education, it would be expected that females would be able to be more employable and secure better employment, however, due to gender imbalances, this is not the case and more has to be done in order to rectify this situation.

While there are a number of wider macroeconomic factors that cause unemployment, with the youth and young females suffering the greatest, it is also important to understand the role of education, as well as psychological, sociological, and cultural factors that can also cause the patterns observed in relation to youth segmentation in the labour market, youth unemployment, and exclusion from the labour force. The participatory poverty assessment element of the Belize CPA is informative in this regard where some of the specific problems experienced by poor unemployed youth and young adults were noted as: '...stigmatisation, inability to afford school fees, lack of personal, technical and social skills needed to gain employment' (Government of Belize/Caribbean Development Bank 2010, 93).



Chapter

3

# Causes and Consequences of Youth Unemployment: A Global and Regional Picture

## 3.1. INTRODUCTION

The causes and consequences of youth employment at a global level are wide and varied, ranging from macroeconomic factors that constrict employment opportunities in general to psychological consequences at the individual level. In seeking to provide a holistic picture at the regional level, the following chapter seeks to investigate these various factors with reference to the extant global and regional literature. As a point of departure, previous research has proposed the following as key contributing factors to youth unemployment in the Caribbean:

- Lack of relevant skills for the job market and educational deficiencies: Parra-Torrado (2014:11) notes that 'One main factor contributing to youth unemployment is the lack of right skills for the job' and '...quality of education in the Region has shown to be low, in spite of efforts and significant public investments in education'. In addition, Downes (2006:22) suggests that the '...educational system has not provided young persons with the requisite skills and knowledge to meet the needs of employers', noting that a large proportion of the youth enter the labour force with no qualifications.
- Lack of work experience (Downes, 2006; Parra-Torrado, 2014).
- Difficulty in employers locating skilled youth (Parra-Torrado, 2014) and difficulties for youth in locating employment due to a lack of information on job vacancies.

In addition, Parra-Torrado (2014) also indicates a number of costs and risks associated with youth unemployment, particularly in relation to youth exiting the labour market altogether, and categorised as NEET. She notes that this NEET phenomena is reflected in the decline in labour market participation for youth over the last decade; particularly amongst male youth. Some of the reasons proffered for this decline included:

- Discouragement/frustration with the inability to find a job
- Feelings of over-qualification for jobs available
- Low wages
- Preference for 'leisure, stress-free time and enjoy freedom' (Parra-Torrado 2014, 13)

Other costs and risks identified by Para-Torrado (2014) include:

- Youth unemployment can also reduce future employment prospects and earnings (p.14)
- Unemployment and NEET status affect negatively the individual's mental health status and these effects are not compensated when securing employment (p.14)
- Unemployment, NEET status and early school leaving may lead to youth involvement in risky behaviours (p.14)
- Discouragement from the education system and the labour market may induce youth pregnancies and sexual risky behaviours (p.14)

- Youth unemployment and early school leaving may also lead to youth participation in crime and violence- a particular rising issue in the Caribbean (p.15)
- ...risky behaviours, such as teen pregnancy and participation in crime and violence, can have long-lasting individual and social costs (p.15)

In addition, Downes (2006) notes the added burden on the household of unemployed youth waiting 'their turn in the job queue' (p.23) for a desired placement based on their skill set or reservation wage levels. Downes (2006) terms this phenomenon 'youth wait unemployment'.

The findings of Parra-Torrado (2014) suggest that a broader conceptualisation of youth unemployment is required for the current study, not one strictly guided by official statistics that include youth that are willing, able and seeking to participate in the formal labour market, but those able but excluded from the formal labour market, either through disillusionment or participation in illegal activities to earn income. The incorporation of this group in the study is integral, as it will give a more complete picture of the broader effects of youth unemployment, such as participation in risky and illegal activities, and personal mental health and future earning capacity. An understanding of these issues will prove integral to the development of policies to enhance youth employment and wider sustainable development.

### 3.2. CAUSES OF YOUTH UNEMPLOYMENT IN THE CARIBBEAN

The following discussion seeks to highlight the major causes of youth unemployment in the English-speaking Caribbean as identified in the existing literature and statistics on the Region. Whilst qualitative and quantitative data on youth unemployment or unemployment by age in the Region are scarce, the available information shows that youth unemployment is a critical problem, with far-reaching socio-economic consequences for individuals, families, and national and regional governments. Although there are numerous identified causes for youth unemployment, it is nevertheless possible, as is done here, to group the major identified causes under two broad themes: generalised factors that are observed globally, and Caribbean-specific factors. These broad themes are addressed below.

#### 3.2.1 Generalised Factors

Although there are no available empirical studies on the individual determinants of youth unemployment for the Caribbean, it may be the case that there are similar contributing factors to those identified for countries in other regions (Parra-Torrado, 2014); these include individual factors such as: poor educational attainment, disadvantaged family background and other specific vulnerabilities, as well as institutional ones such

#### BOX 3.1: 'INS AND OUTS' OF JAMAICA'S YOUTH UNEMPLOYMENT

The Inter-American Development Bank (IDB)/Government of Jamaica jointly sponsored Youth Information Centres identify the following contributing factors to youth unemployment:

1. Lack of Qualifications. Young people without any skills are much more likely to be unemployed (structural unemployment). To some extent the service sector has offered more unskilled jobs such as bar work, supermarket checkout and waiters. However, the nature of the labour market is that many young people lack the necessary skills and training to impress employers.
2. Geographical Unemployment. Youth unemployment is often focused in certain areas - usually inner cities where there is a cycle of low achievement and low expectations.
3. Real Wage Unemployment. You could argue unemployment is caused by labour market rigidities and wages being above the equilibrium rate. However, nominal wage growth has been muted leading to falls in real wages. This has increased potential for real wage unemployment
4. Cyclical Unemployment. This is unemployment caused by the falling output which occurs during the recession. During the 2008 recession, youth unemployment increased at a faster rate than the actual unemployment rate. It is often young workers who are more likely to experience unemployment because with the least experience they are the easiest to remove. Also, firms often don't sack workers, but they do stop taking on new (young) workers.
5. Frictional unemployment. School leavers may just take time to find the right work.
6. Cultural / Social factors. Youth unemployment is often highest amongst deprived areas where there is pessimism over job prospects. Youth unemployment is often higher among people who have history of broken families, drug use or criminal record.
7. Underground Economy. Official Unemployment may occur in areas where there is a thriving black economy, i.e. there are unofficial jobs for people to take. These jobs may be illegal such as dealing in soft drugs. However, it is hard to ascertain the extent of these unofficial jobs and it is easy to make sweeping generalisations about deprived areas.
8. Hysteresis. Hysteresis is the idea that past unemployment trends are likely to cause future unemployment. If young people have been unemployed in the past, it becomes increasingly difficult to get a job. This is because
  - Lack of jobs may cause young workers to become demotivated
  - A lack of past employment may cause firms to be unwilling to hire in the first place.
  - Unemployment means workers don't have the opportunity to learn skills and on the job training.

Source: Youth Information Centres: <http://www.youthjamaica.com/content/ins-and-outs-youth-unemployment>

as: “institutional arrangements in the education and training systems, as well as in the labor market, skills mismatch, [and] low labor demand” (Parra-Torrado 2014:11). The academic literature on youth unemployment similarly identifies that one of the main reasons for the general “worse youth labour market performance with respect to adults is related to the lower level (and/or different quality) of human capital (and productivity), which-ceteris paribus-makes employers prefer adults to young people” (Choudhry, Marelli and Signorelli 2012:78-79). Specifically, “young people with low human capital and low skills are more exposed to long-term unemployment, unstable and low-quality jobs, and perhaps social exclusion” Organisation for Economic Cooperation and Development [(OECD), 2005 cited in Choudhry, Marelli and Signorelli 2012:79]. Human capital here refers not only to young people’s educational level but also to “generic and job-specific work experience” (ibid.).

Furthermore, Choudhry, Marelli and Signorelli (2012), in their study assessing the impact of the recent 2007-09 financial crisis and recession on youth unemployment rates in a large selection of European countries, found that the “financial crises have an impact on the [youth unemployment rate] YUR that goes beyond the impact resulting from GDP changes; and the effect on the YUR is greater than the effect on overall unemployment” (p.76). As is the case in the Caribbean,<sup>18</sup> these scholars note that the crisis has impacted the weakest segments of the labour market. This includes young workers whose unemployment rates, as in most parts of the world, “are generally more than twice as high as the adult rates, with significant differences across countries and regions...Youth unemployment dramatically rose again after the recent global economic crisis” (see ILO, 2010a, b; Arpaia and Curci, 2010 cited in Choudhry, Marelli and Signorelli 2012, p.77).

It should be noted that even though the above economists point out a connection between the financial crisis and youth unemployment rates, they nevertheless also assert that one cannot simply say that the changes in the economic cycle caused by the recent financial crisis alone account for the persistently high youth unemployment rates in Europe, as well as in other countries in the world. In fact, whilst the financial crisis may indeed be significant globally, the “...overall and specific impact of a crisis is usually different across (and within) countries depending on many factors, such as the economic structure, the institutional framework (including STWT [school-to-work-transition] institutions) and the policymakers’ response at different levels” (Choudhry, Marelli and Signorelli 2012:80). Choudhry, Marelli and Signorelli (2012:80), also in reference to Europe, observe that:

*‘...crises exacerbate a number of structural problems that affect the transition from school to work. In fact, during and after a (financial and/or economic) crisis, the decline in*

*GDP turns - after some months - into a reduction of labour demand: in this situation school-leavers are competing with more jobseekers for fewer vacancies, while the young people already in the labour market are generally among the first to lose their jobs, mainly due to the higher diffusion of temporary contracts [including apprenticeship], with consequent considerable difficulty in getting another one.’*

The same may be said for the way in which this most recent global financial crisis has impacted the unemployment rates, including that for young people, in many Caribbean countries, by further worsening already fragile economic and social systems.

Other generalised factors that may be worthy of consideration have also been identified. For example, in Kazi’s (2004) report on the issue of youth unemployment in Latin America and the Caribbean the following are named as contributing factors that may impede one’s employability:

- Belonging to an ethnic minority: whilst there is again a dearth of systematic data on this, Kazi notes that “[c]ultural differences and, more importantly, prejudices; religious differences; linguistic differences add to incompatibilities (or perceived incompatibilities) which result in, among other things, unemployment” ibid. (p.7)
- Disabilities: that is, one may surmise, despite the difficulties in obtaining statistical evidence for this, that youth with disabilities experience greater difficulty when seeking jobs (p.7).

A 2000 UNICEF CAO report on the Status of Children and Adolescents with Disabilities in the Caribbean estimated that while there are “four times as many children whose special needs may be less severe,” they “nevertheless require intervention to be able to participate effectively in society” UNICEF CAO 2000 cited in Carter 2008:50). However, it was noted that “...less than a fifth of all young people under the age of 18 are receiving some kind of special help” (ibid.). Moreover, it was also cited that there was “greater integration of young people with sight or hearing impairments in the school system than young people with other disabilities who are generally marginalized and excluded from educational services” (ibid.). This, in part, is related to the intolerance within the society and the “lack of imaginative cost-effective supports for assisting young people to access and benefit from training and employment” (UNICEF CAO 2000 cited in Carter 2008:50-51).

In addition to consideration of age as a factor, analysis of disability and (un)employment along gender lines is also necessary. Randolph and Andresen (2010), in their US-based study, which examined weighted data from disability surveillance programmes and the Behavioural Risk Factor Surveillance System on over 47,000 respondents, argue that women with

<sup>18</sup>Commonwealth Youth Programme Caribbean Centre (2012) identifies the global 2008 financial crisis as a factor contributing to high rates of unemployment and vulnerable employment in the Region. The report also stressed that as a result of the economic and resulting job crisis, young people struggle to enter and remain in the labour market.

disabilities face simultaneous oppression in employment due to discrimination with regard to disability and to gender. Needless to say, further research within the English-speaking Caribbean region on these kinds of interrelations would be desirable.

In general, the extant global literature has identified human capital issues such as poor educational attainment, lack of experience and a mismatch of skills, as well as ethnicity, gender and disabilities, as the main issues at the individual level causing youth unemployment. The general state of the economy is also noted as the main external cause with youth being the first to experience the effects of economic recession as they are the first to lose employment or experience greater difficulty in obtaining employment. From the various studies and interviews conducted in the Region, it appears that the situation in the Caribbean is no different. These issues are examined in greater detail for the Caribbean in the following subsection.

### 3.2.2 Caribbean-specific Factors

A number of causes of youth unemployment were identified from the study, including individual characteristics related to human capital, as well as issues of stigma and discrimination related to gender, age and area of residence. The socio-economic situation in the Region is also a key cause. While Parra-Torrado (2014) proposes that specific major contributing factors for youth unemployment in the Region include “lack of skills and lack of information” (p.11), the current study also highlights a number of issues related to the socio-economic reality in the Region. In reviewing these main causes, the following subsections draw on the extant regional literature and interview data to highlight the main issues emerging as they relate to lack of skills, lack of information and the relevant factors in the Caribbean societies.

#### Lack of Skills, Information and Industry Relevance

“One main factor contributing to youth unemployment is the lack of right skills for the job” (Parra-Torrado 2014: p.11). A number of factors contribute to this reality:

**BOX 3.2: THE MAIN CAUSES OF YOUTH UNEMPLOYMENT IN BARBADOS**

- Insufficient qualifications and certification;
- The lack of adequate work experience;
- Limited skill-sets;
- Poor work attitudes;
- Inadequate job searching skills;
- Inadequate school-to-work transition programmes;
- Limited scope for meaningful career planning in non-traditional areas like culture, arts and sports; and
- Unrealistic expectations of the labour market in terms of levels of remuneration

*Source: The National Employment Policy of Barbados (Ministry of Labour, Social Security and Human Resource Development, 2014).*

- Low quality of education: in spite of ongoing efforts and significant public investment in education (ibid.)
- Also, “the sets of skills youth acquire are [frequently] not entirely relevant to the labour market needs; there is mismatch of supply and demand of skills” (ibid.).

In an analysis of the literature produced in the post-1990 period pertaining to Caribbean youth (15-29 years of age), Richard Carter (2008) writes that a common theme is that there is a need for the Region as a whole “to re-examine its approach to education and training, so as to equip school leavers with tools more relevant to a changing labour market” (p.23; see also Chant and Pedwell 2008:18; Kazi 2004; Social Impact, Inc. 2013:vi; World Bank 2003:39). As noted above, this need, which is commonly identified in the literature, exists in spite of the seemingly high investments in education in various areas of the Region, in comparison to that spent in more developed regions.

A 2005 report by UNECLAC, “Labour Market Trends and Implication in the Caribbean,” for example, states that “public expenditure on education in Barbados, Belize, Jamaica and St. Lucia exceeds the average spent (as a proportion of GDP) in high-income countries and OECD countries” (cited in Carter 2008:28). However, the same report concluded that:

*‘despite seemingly adequate funds overall—measured relative to GDP—expenditure on education needs to be more carefully targeted as a large proportion of unskilled labour, proxied by low educational achievements, particularly in Trinidad and Tobago and Belize, clearly limits the types of industries that countries can attract, diminishing their growth potential’ (UNECLAC 2005 cited in Carter 2008, p.28).*

Carter further cites a number of reports’ findings, which emphasise education as a crucial factor related to youth (un)employment:

- Respectively, reports in 2005 and 2007 by UNECLAC identify that not only was there a mismatch of skills and labour market demands, but there was also a need to “widen access to school, towards the realization of universal enrolment at the secondary level” (p.23)
- “There is considerable evidence that the education system in the Region tends to focus more on the acquisition of academic as opposed to labour market skills. Teaching does not impart life skills demanded by service sector” (p.30).

Indeed, UNECLAC (2007) reports that although students may receive up to eleven years of formal education, upon leaving school many within this group displayed:

- difficulties with reading and arithmetic, as indicated by the results of Common Entrance and CXC exams in English and Mathematics;

- difficulties demonstrating behavioural life skills valued by employers e.g. team work, pro-activeness, critical thinking and communication;
- lack of professional skills linked to specific careers or technical demands such as ICT;
- limited access to labour market training while in the labour force, since research shows that companies are more likely to offer training to highly skilled workers. Those that do receive training do so in areas of relatively low demand such as sewing and cake decorating (cited in Carter 2008, pp.30-31).

In a similar vein, Parra-Torrado (2014) more recently notes that the shortfall in skills is compounded by the general inexperience of youth. Indeed, many employers in the Caribbean reported that they “face considerable difficulty in finding skilled youth” (p.12), which is consistent with worldwide statistics. This is, however, an important factor that contributes to high youth unemployment in the Caribbean, as lack of experience is “strongly tied to lack of skills,” (p.12), “since skills are mastered and, sometimes even acquired, on the job” (p.11). Indeed, Parra-Torrado writes that:

*Employers prefer adult workers, as they, given their work experience, are more likely than younger ones to successfully apply job-specific skills and to have stronger socio-emotional skills and work ethics, and therefore to be more productive in the workplace. Inexperienced candidates are also costly in the sense that they have to be trained with the risk of leaving or not fulfilling expectations (p.12).*

Importantly, acquiring job skills may pose an even bigger challenge for youth living in rural areas that are far removed from many businesses or tourist destinations; the inability to gain authentic experiences to build their professional skill set is yet another significant hindrance to their employability (Social Impact, Inc. 2013, p.18).

In sum, there are two ways in which the lack of work experience contributes to high rates of youth unemployment. “First, without work experience there is no possibility of obtaining referrals regarding the candidates’ past performance. Second... employers [as is apparent in the above quotation] cite the lack of experience as a major inconvenient factor for hiring since they value socio-emotional and technical skills the most, which are proven and acquired on the job” (Parra-Torrado 2014: p.13). Downes (2006), likewise, identifies a combination of the lack of desirable socio-emotional and technical skills as critical causes for youth unemployment, when he writes that “poor attitude and work ethic are high on the list of concerns of employers. These attitudes coupled with knowledge in basic educational skills (reading, writing and arithmetic) are critical to hiring and training of employees” (cited in Carter 2008, p.60).

Regarding the lack of information, Parra-Torrado (2014: p.14) writes that this is also a main factor constraining youth

employment. Although information systems or employment offices hold better knowledge of the labour market, these are often not utilised, whilst informal job-searching practices such as obtaining referrals from relatives and friends or having direct contact with an employer are commonly used. The effectiveness of the latter depends on a person having strong social and professional networks or being well-connected within the society (see also Social Impact, Inc. 2013:iv &18). “However, youth tend to have smaller networks, especially those out of school and employment, and the vulnerable” (Parra-Torrado 2014, p.13).

The reverse is also true when it comes to employers not having information about potential young employees. Adding to this impediment is that the information that youth provide on resumés usually includes only “educational attainment, if any, from which [it] is hard to tell their actual skills” (p.13).

Furthermore, Parra-Torrado (2014) argues that one of the risk factors associated with the high rates of youth unemployment is the risks of youth exiting the labour market altogether, a phenomenon categorised as NEET. The exiting of the labour market and not participating in education or training, can also have future scarring effects. This correlation between NEET and continued unemployment is also identified in a 2002 World Bank Report (Kristensen and Cunningham 2006) that states that in “Caribbean countries where unemployment is high the youth are despondent in their search for work. Many desire to be employed but they do not concern themselves with looking for work because they know they will not find it” (cited in Carter 2008:54; see also World Bank 2003).

Kazi (2004) also identifies a comparable situation to the abovementioned NEET phenomenon, stating that, “[y]outh unemployment is likely to be quite underestimated in high unemployment economies where non-availability of employment over a prolonged period influences ‘discouraged workers’ to stop looking for work” (p.9). Moreover, education and skills are also identified as general factors impeding labour force entry. Kazi (2004), in particular, writes that:

*Education and Skills: Mostly in developing countries, a substantial number of young people are poor. Since there is little or no social safety net, many of them simply cannot afford to continue education (or even start the education process, in some extreme cases). These young people therefore enter the job market, frequently in the informal sector, where there is an abundance of labour already (p.7).*

The report further acknowledges that besides traditional notions of education and job skills, there is also a new factor to consider, the so-called “digital divide,’ where computer literacy has polarised employment opportunities” (Kazi 2004:7). Kazi adds that, “...a greater proportion of jobs in industries which presuppose computer literacy, and so the privileged few who can afford the education have access to better jobs, further the discrepancy” (ibid.).

## Socio-economic Reality of the Caribbean

Of course, the specific socio-economic experiences of Caribbean countries, as well as the impacts caused by more recent global economic recessions, cannot be ignored as a major contributing factor to high unemployment rates:

*Over the last two decades, most Caribbean countries experienced severe economic decline and stagnation. This was a result of a loss of their preferential treatment in agricultural products, depressed market for minerals, losses due to lack of market diversification, stagnation of the manufacturing sector in the face of increased competition, and the increasing vulnerability of the tourism sector. Many countries have been forced to implement structural adjustment and stabilization programs, with resulting cutbacks in health, education, housing, and social welfare programs. More recently, global economic recession, debt service obligations and declines in development assistance have severely impeded economic recovery and growth for most of the Caribbean countries (Kazi 2004:8).*

Although Kazi does not focus on worsening or declines in economic growth and other areas of development resulting, in part, from the occurrence of a natural disaster, due to the geographical location of most Caribbean countries, others, such as Parra-Torrado (2014), have done so. However, this excerpt highlights that youth unemployment is not only caused by youth not having the required skilled set because of personal or institutional failures but also by wider economic recessions as identified in the article by Choudhry, Marelli and Signorelli (2012) of youth unemployment in a select number of European countries (see also Commonwealth Youth Programme Caribbean Centre 2012). Social Impact Inc. (2013) also notes that due to the experiences of economic recessions or “macroeconomic shock that the Region has weathered” (p.14), it is not surprising that Eastern and Southern Caribbean youth “struggle to secure jobs because of a lack of sufficient and diverse jobs opportunities” (Social Impact, Inc. 2013:iv). Evidently, this “imbalance between the supply and demand for employment has been a key contributing factor for ‘brain drain’” (ibid.). The lack of economic opportunities caused by the experiences of “macroeconomic shock” also manifests itself and is heightened by youth lacking “...the necessary financial resources to start their own businesses and lack property needed for economic ventures” (Social Impact, Inc. 2013:18; see also World Bank 2003:37-38).

Additionally, there are certain specific social problems that are, on the one hand, outcomes of high rates of unemployment, but on the other hand, contributing factors to the cycle of poverty and unemployment (Kazi 2004, p.12; Social Impact, Inc. 2013, p.8; World Bank 2003, chp.3). They include a history of early sexual initiation within the Region, which may sometimes be forced, combined with low levels or no use of contraceptives, with a natural consequence being high rates of undesired and adolescent pregnancy (see Kazi 2004, p.12).

### BOX 3.3: A CAUSE OF YOUTH UNEMPLOYMENT IN JAMAICA: LOCATION, LOCATION, LOCATION

K'knife answered that he was definitely sure that youth do continue to face discrimination based on their community affiliation, especially for inner city youth. People still have certain preconceived notions and biases that serve as a hindrance for some youth. This was somewhat corroborated by Richards and Brown, who noted that whilst this has not been measured, there seems to be some issues of discrimination based on community affiliation. In fact, they stated that females and older females from inner city communities may have easier opportunities than their male counterparts. However, they provided an example of a business in Majesty Gardens, Kingston not wanting to hire people from the community. Reasons given usually entailed employers feeling that they will open themselves to possible robbery and other crimes. Also, it has been stated that this will disrupt the work environment because the workers from these communities may have to stop from work whenever there are cases of violent community disturbances. Additional reasons provided are the poor work ethics. Some employers have however, tried to provide employment to people from these communities

*From interviews with Dr. Kadawame K'knife (lecturer in Entrepreneurship at UWI, Mona), January 29, 2015 and Mareeca Brown and Antonette Richards [Planning Institute of Jamaica], January 30, 2015.*

Other social problems, as emphasised by Kazi (2004, pp.13-14), are:

- The involvement of youth in risky sexual behaviour and the related high incidence of HIV among youth (specifically the 15-24 age group).
- Experience of physical abuse
- Experience of sexual abuse
- Early school-leaving: noting that boys across the Caribbean tend to fall behind and leave school more than girls
- Involvement in crime and violence: the data also reveal a gender disparity in that young men are most likely the victims of violent crimes. As discussed in other sections of this report, the causal relationship between crime and unemployment is an aged-old and highly debated concern in the social science literature. Some scholars note that unemployment may result in an increase in crime, whilst others argue against the evidence for this. Some note the reverse, that is, that a conviction or even an arrest may also cause unemployment (Narayan and Smyth 2004). For example, scholars such as Borland and Hunter (2000, p.123) argue “that a person who has been arrested and/or convicted of an offence might be stigmatized by employers and therefore be less likely to find employment” (cited in Narayan and Smyth 2004, p.2081).
- Substance abuse and drug dealing
- Social exclusion: “at-risk” youth feel powerless and marginalised from the mainstream social, cultural, political and economic spheres of the Caribbean. This is somewhat akin to the previously mentioned consequences of the

NEET phenomenon, as well as the 2002 World Bank Report, which states that young people have a desire to work but become despondent and ultimately not concerned with finding employment (World Bank 2002 cited in Carter 2008, p.54).

- Possible low self-esteem
- Feelings of hopelessness and ambivalence, where young Caribbean youth feel they have no chance of integration into the mainstream spheres of society. This may thus prevent them from proactively supporting the public good.

Notwithstanding that some of the above factors also emerge in other reports on youth (un)employment in the Region, the matter of early school-leaving, as Carter (2008) stresses, is a particularly common theme (see also World Bank 2003:55-57). This contributes, as Bailey and Charles (2008) assert, to the “apparent feminization of education” (cited in Carter 2008:24). Ironically, despite boys having higher dropout rates from the formal school system, “the employment figures show that there are greater levels of unemployment for young women than for young men” (Carter 2008:24). This may contribute to another gender-related phenomenon, that is, the feminization of poverty, which is rooted in experiences of gender inequality and various manifestations of power imbalances within societies. Whilst there are various meanings attached to this idea, one definition that is in line with many recent studies proposes that the feminisation of poverty refers to “a change in poverty levels that is biased against women or female-headed households” (Medeiros and Costa 2008:1). In particular:

*...it is an increase in the difference in poverty levels between women and men, or between households headed by females on the one hand, and those headed by males or couples on the other. The term can also be used to mean an increase in poverty due to gender inequalities, though we prefer to call this the feminization of the causes of poverty (ibid.).*

In the case of Jamaica, for example, it is stated that in 2011 the poverty rate in the country was “...16.5%, having increased in the past two years. The result is that a larger proportion of the population now falls below the poverty line and inequality has risen, in many instances heightening vulnerabilities of the most-at-risk populations, including women and young people. Closely linked to poverty is the unemployment rate, where 14.8% of women are unemployed in comparison to 8.6% of men”<sup>19</sup>. Comparable realities also exist in other countries in the Region.

### **Gender Stereotyping, Segregation and Stigma and Discrimination**

Overall these problems tend to “deter the development of youth and their profitable absorption into a productive labour force, they impose astronomical costs to the societies and governments at large as well as individuals and their families” (Kazi 2004:14). Still, more in-depth research on the direct and/

or indirect impact of some of these abovementioned social problems is needed, as Kazi also recommends.

Similarly, whilst the analysed data speak to gender differences in relation to the rates of unemployment in the Caribbean, and youth unemployment specifically, as well as in reference to some of the contributing factors, further exploration is still needed. For example, there is need for further research on whether youth's diversion from traditional or mainstream gender norms and performances influence the job-seeking experience. The following questions also point at some areas for further interrogation:

- What impact do gender stereotyping and discrimination have on the employment choices of young men and women?
- Do stigma and discrimination play a role in the employment practices when it comes to hiring youth? What are the gender differentials in this area?
- How do gender stereotypes contribute to young men and women being streamed into gender-specific jobs that are not equally valued and remunerated (e.g. young women in social work and services and young men in technical and IT fields)?
- How do gender socialisation and gender norms contribute to women being expected to fulfil unpaid childcare and domestic work, first, instead of paid work in the public sphere?

In other words, what are the links between gender, paid and unpaid work?

The above questions seek to provide a critical perspective on the gendered relations of power and its interaction with observed trends in employment and unemployment within the Region. These gender-oriented areas of focus also seek to demonstrate the ways gender gets (re)produced, albeit not always explicitly, when Caribbean men and women seek employment in the labour market, in both the formal and informal economy. Moreover, a gender-oriented focus may shore up “the need to deal more consistently with women's [including young women's] reproductive responsibilities and unpaid care work within the socio-economic analysis of informality” (Chant and Pedwell 2008, p.6). This was corroborated also by interviewees in Jamaica, who pointed out that although Jamaica is a patriarchal society, it is also very matrifocal in the private sphere, and thus women are expected to perform many duties. For example, the triple role of women (as providers of care and services in family, community and then being a part of the labour force) puts a lot of strain on them<sup>20</sup>.

Likewise, additional attention is also needed on the ways other social axes influence experience of (un)employment. This is a crucial ongoing task as youth in the Eastern and Southern

<sup>19</sup>Source: <http://caribbean.unfpa.org/public/Home/Countries/Jamaica>

<sup>20</sup>From interview with Mareeca Brown [Gender Specialist at the Planning Institute of Jamaica], January 30, 2015).

Caribbean, for example, “can face stigmas and discrimination based on the location of their residence, gender, ethnic or racial identities, or disability” (Social Impact, Inc. 2013:19). Of course, gender as a socially constructed category intimately interconnects, either implicitly or explicitly, in complex ways with a range of other axes of social differentiation (such as “race,” ethnicity, nationality, community affiliation, residence religion, sexuality, class, age and ability) to shape many individual’s and/or group’s understanding of self, personhood, rights and experiences. To some extent this is demonstrated in the reviewed literature, where age and gender are thus far highlighted as having differential impact on rates of unemployment for young Caribbean men and women. A consistent “intersectional” approach, to borrow from Chant and Pedwell (2008:6), is not only beneficial but necessary to any form of gender-oriented research that is aimed at providing more than a shallow analysis of the issues at hand. From this methodological perspective, future studies on Caribbean youth and unemployment should critically examine how other social axes interact with gender and age to influence employment outcomes. For example:

- How does gender interconnect with other categories, for example socio-economic class or ability, to shape differential experiences of unemployment?
- How does gender interconnect with sexuality, for instance, to shape differential experiences of poverty (e.g. the challenges of Lesbian, Gay, Bisexual, Transgender,

Questioning (LGBTQ) homeless youth being forced into prostitution has received some attention in the Jamaican media)?

- Do youth who are read as “non-heterosexual” experience discrimination in employment practices? Furthermore, what are the gender differentials in this area?

Attention to this form of intersectionality will not only update and further develop the existing literature, but also provide data that may inform sound social and economic changes. However, the current study, in response to the questions posed earlier concerning gender, has revealed anecdotal evidence that gender stereotyping in education, the household and the labour market does affect employment choices, with women located in the private sphere and, when in the public sphere, located in low-skill or caring occupations, those closely associated with household duties. This is a systemic issue, with stereotyping in education resulting in males being streamed into vocational training (Parry, 2000) and hence perpetuating the level of stereotyping and occupational segregation seen in the labour force. This also has some effect on employability for, as noted by Parry (2000), the practical skills obtained from vocational training makes for immediate marketability on the labour market. The stereotyping seen in education and the labour market is reinforced at the household level, as noted previously in relation to the triple expectations placed on women in relation

#### BOX 3.4: GENDER ISSUES IN THE LABOUR MARKET IN CAYMAN

Gender discrimination: The reality in Cayman is that women do not experience higher unemployment than men<sup>21</sup>. This was the emerging theme from interviews, with the statistical office providing confirmation. Women are very much involved in the workforce and in many industries, much more so than men. They tend to go into traditional fields such as education, health, administration. Females are doing better in school than males and as a result will take less time to secure employment upon graduation. They are also believed to be more proactive in securing work even with added responsibilities of child care.

Women do, however, receive discrimination when attempting to go into traditionally male occupations such as construction, agriculture or utilities. The gender bureau indicated that they get numerous calls from women who are trying to go into construction and having problems. Employers believe that women cannot do the work. The Bureau also lamented the discriminatory advertisements in the paper as well. For example asking for a “shampoo girl” or a hotel “doorman”. Labour laws exist but are not enforced.

*“We have gotten several calls and complaints from women looking to go into certain occupations. Construction for example. Employers believe that women cannot do the work. One woman was told that her hands were too soft.”*

Child-care is an issue that severely hinders the employment potential of some women.

*“We do not have corporate family-friendly policies here. A lot of expense therefore falls on mothers - child-care, nannies. They are very expensive. So many women prefer to stay home and collect social security. It is more lucrative for them.”*

It is also more expensive for employers to hire women of child-bearing age since it is the business that has to pay for maternity leave and health care (employers have to pay six weeks of health care). Anecdotal evidence suggests that pregnant women face serious discrimination at the hiring stage. Smaller businesses are particularly reluctant to hire pregnant women.<sup>22</sup>

The Gender Bureau also receives numerous complaints about sexual harassment in the workplace. It is said to be particularly bad in male-dominated industries where women face issues such as no dedicated female bathroom etc.<sup>23</sup> Unequal pay is also an issue where in some cases women earn less than men for the same job. Women are also in many instances forced to go into occupations that give them flexibility for child-rearing and so earn less as a result of that.

<sup>21</sup>There is also no gender streaming in schools.

<sup>22</sup>The absence of a worker’s union plays a large role in this.

<sup>23</sup>This was a complaint made by a woman in the Fire Service.

### BOX 3.5: CAUSES OF YOUTH UNEMPLOYMENT IN THE CAYMAN ISLANDS: INTERVIEW RESULTS

A number of different reasons were put forward for the high rates of youth unemployment in Cayman.

**Attitude:** This was a theme that ran through all of the interviews. It is suggested that this is the first generation of Caymanian youth that now have to compete within a global market for jobs in their country. Youth used to be able to pick and choose from a range of employment options upon graduation from even high school. But with the influx of expatriates, availability is now limited for the first time and Caymanian youth are struggling. There is a feeling among employers that youth still feel like they are “owed” employment and so do not have the necessary work ethic to make them attractive employees. There is a perceived feeling of entitlement among young job seekers. They do not realise what is needed for employment today. They feel that entry-level positions are “beneath” them. These are apparently common complaints among employers and were sentiments echoed by the various institutions listed above.

**Lack of skills and/or experience:** There is a mismatch between the skills that youth acquire from both secondary and tertiary institutions and what is needed in the workplace. Those leaving high school often seem to lack basic literacy and numeracy. Those leaving tertiary education lack computer skills, as well as critical interpersonal, conflict management and problem-solving skills necessary for the modern workplace. Academic instruction too is lacking at the main tertiary institution on the island. It is not as rigorous as other foreign institutions that Caymanians will be competing with and so this puts them at a disadvantage.

Since internship programmes in high schools and tertiary institutions are not typically part of the curriculum, students also leave without

the necessary experience to compete for employment. Job listings often ask for 5 and 10 years’ experience which is unrealistic (and seen by some as a deliberate ploy to exclude Caymanians).

**Discrimination of young Caymanians:** This was an issue that was raised forcefully by two respondents that wanted to remain anonymous. There is a belief among Caymanian society that a lack of adequate immigration policies (and enforcement of those that are in place) has led to a considerable reduction in job opportunities for young Caymanians. Job advertisements are “doctored” and companies are making it harder and harder for young people to qualify for positions. This benefits employers in a number of ways. Firstly, with no minimum wage, employers are likely to prefer to bring in people from overseas that will work for very little money while Caymanians will not. There is therefore an influx of foreign nationals<sup>24</sup>. Higher up the ladder, human resources executives of many big companies are from overseas. They therefore prefer to recruit people from their home countries. The stigma young Caymanians face is that they are lazy, mediocre. But many believe these are deliberate excuses being made. Respondents were careful to point out however that work permits are a primary source of income for the Government and so there is little incentive to intervene on discriminatory practices.

**Other types of discrimination:** Sunrise Adult Training Centre reported that many businesses are reluctant to employ the disabled. There are concerns about productivity. There are also concerns about expense since it will cost more to have them insured. There is also the expense of practical considerations such as ramps etc. One client of the Centre was fired from his job because he had to use crutches at work.

to the provision of care and services to family and community, as well as participation in the labour force.

The issue of stigma and discrimination was also raised during the research where, in addition to stigma and discrimination due to area of residence, it was also seen relative to gender, especially in relation to women’s participation in certain untraditional occupations and sectors and discrimination against pregnant women and young mothers. While discrimination due to age was seen in relation to youth in general, it appears the situation for young women is more severe, as revealed in the actual levels of unemployment experienced by these women.

In summary, the study has revealed that there are strong linkages between gender and paid and unpaid work, with gender stereotyping and segregation in education channelling both young men and women into certain occupations. At a societal level, women’s close association with the home not only places a further burden on them relative to the provision of care in the home, but also constrains opportunities in the public sphere in relation to greater participation in the labour market.

### 3.3. CONSEQUENCES OF YOUTH UNEMPLOYMENT

As noted above, it is difficult in places to identify the direction of causation in relation to causes and consequences of youth unemployment. For example, questions are raised as to whether poverty is a cause of unemployment, due to stigma and discrimination or lack of educational opportunities, or a consequence of unemployment due to a lack of income; indeed, it is probably both, dependent on individual circumstances. Similar questions can be raised as it relates to risky behaviours and their consequences, such as unwanted pregnancies or incarceration. Despite the difficulties in discerning an issue as a cause or a consequence, the following subsections review some of the core issues categorised as consequences at the individual and societal levels. At an individual level the main issues relate to: living in poverty; psychological issues; risky sexual behaviour; negative health outcomes; and involvement in crime. The main societal issues relate to: the cost of youth unemployment to governments; brain drain; the wider effects of crime; and the extra burden placed on households.

<sup>24</sup>Chinese, Indians, Filipinos, Jamaicans, etc. take a lot of the low level jobs.

### 3.3.1 Lack of Income, Scarring, and Living in Poverty

The loss or absence of income has significant short-term financial effects for individuals. It is however perhaps the individual long-term financial consequences that are most damaging for unemployed youth, with current unemployment having a potential scarring effect through reduced future earnings or future unemployment (Arulampalam, Gregg and Gregory n.d.). The most glaring financial consequence of youth unemployment relates to its association with living in poverty.

Attempts to establish a direct link between unemployment and poverty have produced somewhat mixed results, with evidence particularly from Europe showing weak links between the two variables (Becker 1997, Nordisk Ministerråd 1996, Syntheses 1996). Studies elsewhere have however shown greater agreement on the nature of the association. Early work in Australia produced conclusive results with the 1970s Poverty Commission identifying unemployment as a major cause of income poverty (Gregory and Sheehan 1998). Early work in the United States too, addressing this issue, illustrated the manner in which fluctuations in the official national poverty rate were closely linked to changes in the national employment rate during the 1950s, 1960s and 1970s (Blank and Blinder, 1986). Although no universal consensus exists, subsequent research has commonly demonstrated that levels of poverty are significantly affected by increases in unemployment (Cutler and Katz 1991, Blank and Card 1993, Haveman and Schwabish 2000, Freeman 2002).

In the Caribbean, while there are no in-depth empirical studies related directly to establishing a causal link between unemployment and poverty for the youth, data from poverty studies have indicated that the unemployment rate is higher for those living in poorer households. The CPA for Dominica for 2009 (Kairi Consultants Limited, 2009) revealed that youth in the lowest quintile experienced unemployment rates in excess of 55%, with nearly three-quarters of the poorest females in the labour market (73%) being unemployed. This was in contrast to those in higher quintiles; the unemployment rates for youth in quintiles 2 to 5 were 32, 33, 28 and 8%, respectively. In addition, and in support of Kazi's (2004) observation, not only are youth unemployment rates higher for the poor in Grenada, there are higher for the 15 to 19 age group than the 20 to 24 age group. From the Grenada CPA for 2008 (Kairi Consultants Limited, 2009), the unemployment rate for lowest quintile in the 15 to 19 age group was 62%, falling to 52% for the highest quintile; the relate unemployment rates for the 20 to 24 age group were 37% in Quintile 1 and 20% in Quintile 5.

The financial consequences of unemployment are exacerbated considerably by the fact that a future period of protracted low-wage earning is expected for youth who experience protracted unemployment when they first enter the labour market. Indeed, it is argued that it is possible for this low wage earning to last an individual's entire working life (Schwerdtfeger 2013) (scarring effect). This can occur for a variety of reasons

that may include the loss of valuable work experience when unemployed, rendering individuals

ill-equipped in the eyes of prospective employers. In addition, employers may use unemployment records to infer information relating to an individual's productivity when deciding whether or not to hire, or how much money to offer (Heckman and Borjas 1980). Moller and Umkehrer, (2014) found that among their German youth sample, a rise in unemployment eight years into labour market entry significantly reduced average earnings for up to 16 years. Similarly, Kahn (2010) concluded that among US youth, a one percent increase in the national unemployment rate corresponded with an annual wage loss of 4.4%, lasting for as many as 17 years after entering the employment market.

From the global literature and evidence from the Region, there appears to be a close association between unemployment and poverty in the Region, with the situation for youth, and especially young females, being particularly severe. However, unemployment does not just mean lack of income in the short term, it can also affect the ability to secure employment in the future due to lost opportunities to gain experience and prejudgement by potential employers, as well as lower future wages.

### 3.3.2 The Psychological Effects of Unemployment

Discussions surrounding the effects of unemployment on youth tend to focus primarily on financial consequences, as indeed these are the most immediate, although as noted above there can also be longer-term financial scarring effects. Those who are unable to find, or who have lost their jobs however, lose more than money, since work provides more than a salary, even for those who find their jobs uninteresting or unlikable. Work fills the day and allows time to pass. Time hangs heavily on the hands of the unemployed. They have a sense of not belonging, of being isolated from others, for, when work places people into different groupings, it gives them an identification tag which provides recognition and a sense of security. In this sense we can speak of psychological scarring in addition to financial scarring. Fagin and Little (1984) related the isolation and alienation that accompanies unemployment. The unemployed, they said, believe that their role is not a part of the system of goals of the society, so they become remote from the wider social order. Since what they are doing is not contributing positively to their personal identity, they become self-estranged, feel powerless and see themselves as victims of an impersonal, distant system. Their exclusion from the job market leads to the creation of a young alienated group of people who feel that they occupy no stratum in the society.

There is an emerging school of thought that holds that it is not the loss of the actual work that provides the greatest negative effect, but the loss of the ability to consume (Bocock 1993). Early in the twentieth century, a group of philosophers and sociologists recognised a change taking place relating to a person's sense of identity and place in society. As urbanisation

and industrialisation increased, people became more alienated from their communities and there was a shift away from character towards personality as a means of making judgments about others. As personality is viewed mainly by a person's outward appearance, as well as his behaviour, individuals began to use goods to create their social 'self'. Identity became constructed rather than revealed. In acquiring these goods, people established themselves with the meanings embedded in these goods. The adopted meanings become part of the perceived 'self'.

Bocock (1993) stated that, by the 1950s, mass consumption began to develop among all but the poorest groups in society. As people gained sufficient income to provide for their needs, they became aware of luxuries such as cars, television sets and stereos. The change from mass (Fordism) to more individualised production in industrial countries was mirrored by the development of greater individualism, less grey conformism and a change from a situation in which group boundaries determined the pattern of consumption. Boundaries became more fluid, identities were in a state of constant change and, by the 1970s and 1980s, mass consumption had a central place in the way of life of those groups classified as the poorest because of income and socio-economics. Their social construction of a sense of identity was not determined by external characteristics such as socio-economics, but by the acquisition and use of certain items - shoes, clothing, and music. The people who were supposed to 'know their place' in the social hierarchy no longer thought in those terms. Their actions were not so much motivated by the desire to copy their 'betters,' but to demonstrate style and be attractive to themselves and to others, to make a statement. As Featherstone (1991) wrote, in this consumer culture, the term lifestyle lost its sociological meaning of the style of life of specific status groups and came to connote individuality and stylistic self-consciousness. Young's (2001) discussion of the immersion of poor, black Americans in the ghetto in the American culture; his discovery of their preoccupation with brand-name products and the extent to which they shared the values of the included is instructive. According to Matthews (2012), improvements in communication, as well as the activities of the media and marketing companies, created a cultural supermarket effect in the sense that people were no longer obliged to develop identities based on the country in which they lived, but could adopt the styles of any group they chose.

Global consumerism however homogenises, such that styles of the American ghetto are the styles of the Caribbean inner-city youth. Partly because of the proximity to the United States, there is pressure among poor Caribbean youth to match the consumption patterns of the middle classes. Although unemployed, poor and marginalised, they are exposed to the messages and commodities from all over the world. The problem is that the virtual society set up by modern mass communication both includes and excludes, both absorbs and rejects and, it is the blurring of the boundaries that explains the nature of the discontent at the bottom (Young 1999).

### BOX 3.6: HANGING AROUND, DOING NOTHING AND HUSTLING

In Cayman, when respondents were asked what youth do if not employed or in education, the overwhelming answer was "nothing". All respondents indicated that Caymanian society enables young people in their lack of productivity. Children commonly are maintained by their parents and families giving them little incentive to seek employment.

*"It is very common for a Caymanian male to be at home well into his 30s. Parents, and mothers in particular, enable them. They support them."*

They "hang around" mostly at home. Smoking weed and watching television were common things respondents said the unemployed do. There is a belief that youth are discouraged because Caymanians are not getting jobs. Some are relying on social services. There is slight gender difference in coping in that women are more likely to put their pride aside and take entry level positions that it is felt are beneath them. The belief is that men are more willing to stay at home and have their parents, family, spouse, or girlfriend, take care of them.

In Jamaica, whilst "some are simply not doing anything" interviewees noted that many youth who are not in education, employment or training are hustling, sometimes legally, or engaging in illegal activities such as scamming, extortion or trading in (as well as using) ganja and/or tobacco. One respondent argued that one may say that some youth are also being productive, but their skills and creativity could be applied to more legitimate means. In other words, some youth do have the 'agency' to want to improve themselves, however, there may not be the structural opportunities for legally seeing through this agency. The respondent also drew a gendered comparison, stating that some young women are a little bit more willing to engage in non-paid productive, legal work, such as helping to clean someone's house or take care of someone else's child.

Some researchers argue that feelings of inadequacy are exacerbated in situations of chronic unemployment, as a result of which people become used to unemployment and become detached from the labour force (ILO 2010, Warr, Banks and Ullah 1985). Chronic unemployment causes a degeneration of an individual's work ability, and this affects his ability to work in the future. Research has shown that the longer an individual is unemployed, the less likely they will find gainful employment in the future. In this sense, not only do the unemployed experience financial scarring because of loss of work experience and negative views from employers, the financial scarring is made worse by the psychological effects of unemployment and the ability to reintegrate into the mainstream workforce.

The psychological scarring effects of unemployment and a sense of not belonging, is also further exacerbated by the emergence of an individualistic, consumer-based society. Existence in such a society, where belonging is tied up in the trappings of global consumerism, for an unemployed youth, can lead to the emergence of negative behaviours to gain the means to acquire the trappings required by society, such as

crime, gambling, and transactional sex. For the unemployed youth there may be other consequences of the feeling of not belonging, such as substance abuse, unsafe sex, and violence.

While the immediate psychological effects of unemployment may lead to individual feelings of exclusion from the functioning of society, there is a need to be cognisant of other wider societal costs of feelings of exclusion.

### 3.3.3 Risky Sexual Behaviour

The commencement of sexual activity at a young age and engaging in unprotected sex can be defined as risky sexual behaviour. The Caribbean as a region has one of the largest proportions of sexually active youth in the world (Blum 2002). Within the Americas, only four countries have birth rates of more than 100 births per 1,000 women aged 15-19 years. Two of these are in the Caribbean (World Bank 2003). Particularly consequential, is that much of this early sexual activity is taking place without the use of contraception. One study reported that more than 40% of adolescent girls admitted that they did not use contraception the last time they had sexual intercourse, with 87% of teenage pregnancies having been unplanned (World Bank 2001). Similarly, World Bank (2008) reported that 95% of males, and over 50% of females aged 15-19 admitted to having sex with a non-marital, non-cohabiting partner, with very few reporting the use of a condom. The lack of contraception use is particularly disturbing considering the high rate of HIV/AIDS in the Caribbean. After Sub-Saharan Africa, the Caribbean region has the highest prevalence rate of HIV/AIDS in the world with the virus reaching epidemic proportions in several countries including Haiti, the Bahamas, and Guyana (World Bank, 2003).

While the statistics are glaring, they are rooted in unequal gender relations and lack of sexual awareness and efficacy among youth in the Region. Young men and women experience early sexual initiation, and especially for young girls it is usually as a result of sexual violence, which may lead to the consequences of sexuality-transmitted diseases (STDs) and pregnancy, and later sexually promiscuous behaviour. According to UN ECLAC (2014:68): "Adolescents are vulnerable to STIs, HIV and unplanned pregnancies as a result of their lack of information and access to relevant services in most countries, together with inadequate levels of knowledge about human sexuality and reproductive health. Health and education services must enable adolescents to deal in a positive and responsible way with their sexuality".

Although data are far from conclusive, there is evidence to suggest that those that are excluded, or retreat from education and the labour market at a young age are more likely to engage in risky sexual practices and, in particular, get pregnant (World Bank 2012). Some have reported rates of pregnancy to be up to five times higher among youth living in conditions of poverty, than those who are not (World Bank, 2008). It has been suggested that among other reasons, some female youth

opt for early pregnancy when they observe little evidence that their lives will improve in the future. In such instances children, they feel, bring meaning to their lives (Naslund-Hadley and Binstock 2010). Unemployment contributes heavily to these feelings of anxiety about the future. Indeed World Bank (2012) definitively cited unemployment among those factors that were determinants of teen pregnancy. The inability of young women to negotiate sexual relations with their male counterparts, as well as the incidences of sexual abuse and transactional sex, should also be factored into the high levels of unplanned pregnancies in the Region. Unfortunately, young women have to bear the brunt of biological and social reproduction and the negative social consequences of delayed or terminated education and employment, as well as shame and discrimination that goes along with being a young mother.

There are direct costs associated with risky sexual behaviour that are incurred by individuals. Having children at a young age carries with it considerable risk for mothers, many of whom die during pregnancy, as maternal mortality is one of the main causes of death among female adolescents in the Caribbean (Bernstein, 2000). Risky sexual practices also render youth susceptible to STDs with 15% of those between the ages of 15 and 19, believed to have contracted an STD at some point during that period (Schutt-Aine and Maddaleno 2003). The earning potential of adolescent parents is also reduced considerably as a result of risky practices. World Bank (2008) argued that adolescent mothers in the United States earn an average of USD5,600 less than the poverty level annually. Similarly, by the age of 27, adolescent fathers earn on average USD4,732 less annually, than those that delayed becoming fathers until later in life. Financial costs to individuals also include treatment for infections, as well as medical expenses associated with pregnancy. These out-of-pocket costs associated with risky behaviour can amount to as much as 1% of annual GDP (World Bank, 2008).

### 3.3.4 Negative Health Outcomes

A number of researchers have linked unemployment to a variety of negative health outcomes, some attributed to the material deprivation associated with unemployment and others to the psychological stresses. In their study of unemployed teenagers in Britain, Warr, Banks and Ullah (1985) found higher psychological distress figures among those who were unemployed. The majority of the symptoms were said to have started after the transition to unemployment. Many of the most serious symptoms occurred at about three months into unemployment. Unemployment has also been linked to increased mortality. One study found that men who were unemployed were twice as likely to die 5.5 years after being unemployed than those who were continuously employed (Morris et al., 1994). Furthermore, they were more likely to commit suicide. These findings are consistent with more recent work in the field, as well (Ahs and Westerling 2006, Gerdtham and Johannesson 2003). In addition to increases in mortality, research has indicated that unemployment is also associated

with increased morbidity and long-term illness (Bartley and Plewis 2002, Arber and Lahelma 1993).

There is, however, a school of thought that asserts that the health implications of unemployment are more associated with poverty than with unemployment itself. Wilkinson (1998) believed that the poverty associated with unemployment can lead to a 'cycle of poor health' and an inability of an individual to be in total control of his/her life. He felt that, from the time of childhood, poor nutrition and the absence of a stimulating, positive environment can lead to health problems from which the child may never completely recover. Poor conditions, he felt, lead to poor health. As young adults, the poor are more vulnerable to health risks for a variety of reasons including occupational hazards associated with undesirable jobs, as well as the consumption of cheap unhygienic food (Begum and Sen 2003). These factors bring the issue of access to the fore, since access to adequate health care is essential for those of low socio-economic status. The reduction or absence of financial accessibility due to poverty and indeed unemployment, have a detrimental impact on one's health status. In such instances individuals are forced to either utilise cheap and, in some cases, unsafe health care alternatives, or forgo treatment altogether, both of which increase the likelihood of further complications (Ruthven and Kumar 2003).

There is evidence to suggest that problems can begin even before people actually become unemployed. As youth approach job-seeking age, or jobs become insecure, anxiety takes a toll on mental health and there is an increase in the incidence of depression and in self-reported ill-health (Burchell 1994). But Cullen and Hodgetts (2001) presented unemployment as an illness in itself. The social stigma and shame which often accompany unemployment, they said, were similar to those associated with illness. Employment is an important part of 'normal' identity, while unemployment prevents people from feeling like normal functional members of society. So the deprivation associated with unemployment goes beyond the material to a deprivation of self-worth:

*"Like a chronic illness, unemployment is not just something one suffers from; it requires one to renegotiate a sense of identity and to account for the appropriateness of one's strategies for bearing the affliction" (Cullen and Hodgetts, 2001, p. 41).*

### 3.3.5 Involvement in Crime

*"It would be unrealistic to assume that creation of full employment for young people would eliminate social deviancy. However, the close correlation between poverty, unemployment/underemployment and social deviance*

*can only lead the rational thinker to the conclusion that conditions in the labour market and in income distribution do play a substantial role in crime' (Pantin, 2000:18)*

Youth crime has become an issue of increasing concern within the Caribbean in recent years. The increase in the incidence of violent crimes is of particular importance to the Region due to the considerable threat it poses to Caribbean development and public safety. It is troubling that in many countries, the proportion of violent crimes being committed by youth and juveniles appears to be increasing steadily<sup>25</sup> (UNODC; World Bank 2007). Evidence suggests that the Latin America and Caribbean region has the highest rate of homicide among men aged 15-29 in the world. A rate of 68.6 per 100,000, for the Region is alarming when compared to those of countries such as Canada (2.5 per 100,000) and Chile (5.2 per 100,000) (UNODC, 2007). Jamaican data show that in 2000, 51% of all murders, and 53% of all major crimes in 2001 were committed by youth 16 to 25 years old (World Bank, 2004). In profiling those involved in crime in Jamaica, World Bank (2004:122) notes:

*"Youth from inner cities are also more likely to be recruited as drug sellers because of their relatively lower opportunity costs, given that they are more likely to be school-dropouts/unemployed. Because drug sellers/dealers carry guns for self-protection and dispute resolution, the increased penetration of guns has led to greater incidences of violence among the youth."*

In 2005, over 70% of all homicides were committed by men between the ages of 16-30 (UNODC; World Bank 2007). Despite these figures however, the reality is that the majority of youth that run afoul of the law, are not involved in these forms of criminality. UNDP (2012) reported that 1.6% of youth in the Region aged 18-24 were either accused of, or arrested for a violent crime involving the use of a weapon and 2.5% for a violent crime without a weapon. Country-specific data revealed that 7.3% in Barbados were accused of, or arrested for marijuana use. The same was true of 3.8% in Jamaica and 3.7% in St Lucia. Youth accused of, or arrested for property crime was highest in St Lucia (2.3%) followed by Trinidad and Tobago (1.3%), St. Lucia (1.1%) and Guyana (1.1%).

UNDP (2012) listed high levels of youth unemployment as one of the main factors creating a climate conducive to the perpetration of crime in the Region. Studies investigating the link between unemployment and crime specifically among youth are relatively sparse. However a general association between unemployment and crime has long been hotly debated, with a number of studies having been carried out to test this link. The landmark study by Cantor and Land (1985) for example, posited two avenues through which unemployment

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<sup>25</sup>While we are unable to make a clear distinction as to whether these youth involved in crime are employed or unemployed, data from the World Bank (2004) for Jamaica indicates drug sellers were more likely to be school dropouts or unemployed, while UNDP (2012) lists high youth unemployment as one of the main factors related to crime in the Region. The assumption in the discussion is therefore that youth unemployment plays a significant role in the crime statistics noted

may affect criminal activity. The first is through an altering of criminal motivation, as a result of the effect that changing economic conditions have on social control and strain. This suggests a positive effect of unemployment on levels of crime. The second occurs through a change in the opportunities for crime as a result of altered availability and vulnerability of criminal targets. This suggests that crime could fall during periods of high unemployment, since general spending is reduced limiting the number of attractive target items to steal. More recent research has found strong support for this model (Andreson 2012, Phillips and Land 2012). Much of the research that has followed has revealed either a weak relationship between the two variables, or has found that rates of unemployment, are associated only with some forms of criminality (Cantor and Land 2001, Raphael and Winter-Ebmer 2001, Kleck and Chiricos 2002). Such studies have however, primarily utilised aggregate data, the use of which has been the subject of considerable criticism, on the grounds that reactions to unemployment are governed by subjective perceptions and interpretations that are more effectively investigated through the use of micro level, individual data (Levitt 2001, Box 1987). Individual level data provide a number of advantages, the most important of which possibly is the ability to target specific sub-populations such as the socially excluded, where the effects of unemployment are likely to have the most detrimental effect. Indeed, although limited in number and producing somewhat mixed results, the best support for a link between unemployment and crime among youth appears to come from these micro-studies (Uggen and Wakefield 2008, Laub and Sampson 2003).

From as far back as 1971, a longitudinal study of 399 eighteen-year olds in London showed that, for those who were unemployed, the rate of offending was about three times that for people who were working. Crimes for material gain were twice as likely to be committed when not working (Dickenson 2000). This supports a view held by many today that unemployment leads to property crime since the unemployed would have something to gain in this instance. Some argue this to be false since, if a large number are unemployed, then there is very little to steal. However, unemployment results not in a reduction of opportunity for crime but in an increase in the gap between rich and poor as a minority experience a drastic drop in income while the majority experience only a little. The work of Farrington, Gallagher, Morley, St. Ledger, and West (1986) too, found that upon leaving school, youth in London that were unemployed, were more likely to become involved in crime than those that found employment. Similar results were found by Fergusson, Horwood and Woodward (2001) in New Zealand.

A number of theories have been advanced to explain the possible link between unemployment and crime. Some have pointed to the obvious effects of a lack of income. In the same way that an increased income is likely to reduce the propensity to engage in acquisitive crime, a lack of income is expected to increase that likelihood (Agnew, 2006). Agnew saw the loss of income as one of the critical sources of

economic strain that may result from unemployment and lead to crime. One's motivation to commit crime may increase with unemployment, particularly when one's status is viewed as unjust. As such, young unemployed individuals living in poverty are considerably likely to be monetarily dissatisfied, and turn to crime as a mean of dealing with this dissatisfaction (Agnew 2006).

It has been argued also, that the effects of unemployment may be more gradual than generally portrayed. Social capital, and by extension, social bonds, are argued to increase steadily during protracted periods of employment (Laub and Sampson 2003). This encourages identification with a law-biding lifestyle and increased self-worth. By contrast, long spells of unemployment lead to decreased feelings of self-worth, stigma and reduced well-being. As time passes, conditions of disadvantage become more acute. Over time, this increases an individual's chances of turning to criminality (Paul and Moser 2009, Kulik 2000, Sampson and Laub, 1997). Indeed, Sampson and Laub (1990) demonstrated this gradual effect of employment in a longitudinal study of a sample of juvenile delinquents followed up until the age of 32. They concluded that consistent employment among youth reduced the likelihood of criminal involvement.

#### BOX 3.7: GANGS, YOUTH AND COMMUNITIES IN JAMAICA

A 2012 draft document for the Community Renewal Programme by the Planning Institute of Jamaica (PIOJ), reported that:

*'Many youth are ill-equipped to function in mainstream society with its more formal governance and legal structures and traditional civil society values and demands and this predisposes them to involvement in gangs. Most, if not all of these gangs are based in marginalised communities which give shelter to them and provide a ready workforce by virtue of the large number of unattached youth (mainly males) that live in them. The gangs in turn provide protection to the community members as well as financial support to many of them. They also exact a heavy toll on community members who do not submit to their rule. Young males in particular, who are often forced or influenced into participation in illegal activities, are the primary victims and perpetrators of violent crimes, although women and children are increasingly becoming victims and perpetrators of murder and other forms of violence' (PIOJ 2012, p.18)*

Likewise, interviewees in Jamaica also noted that young women, though increasingly becoming more visibly involved in criminal activities, are still more likely to engage in some form of "transactional sex". This may perhaps be a result of the existing patriarchal gender socialisation norms that still position men as primary breadwinners and women in the domestic sphere. Although it was generally stated that males are more likely to engage directly in illegal or criminal gang-related activities, some respondents identified that this was especially the case in more urban areas. This urban/rural distinction is essential, as, one respondent explained, people in rural communities "may be poor but not that desperate" since they usually have other avenues for support, such as family or community.

### 3.3.6 Effect of Crime on Community and Society

As stated above, high rates of youth unemployment are likely to have a positive correlation with levels of crime, especially considering the manner in which youth dominate the perpetration of criminal offenses in the Caribbean. Increases in crime therefore in turn have considerable implications for society. Although research on the economic effects of crime in the Caribbean are sparse, there is evidence from work in Jamaica that high levels of crime have both long and short-term consequences for overall development as a result of the diversion of funds to combat offenses, as well as the discouraging of investment. Chronic large-scale unemployment leaves societies particularly vulnerable to acquisitive crime and indeed Francis, Harriott, Kirton and Gibbison (2009) found theft to be the most common form of victimisation experienced by businesses in Jamaica. Theft occurred on a regular basis with 27% of the firms reporting that they were victimised on at least a quarterly basis and 9% as much as once a week. More violent crimes such as extortion is also common in some countries in the Region and has detrimental impacts for business operations. Target hardening measures such as burglar bars, alarms, security personal and other strategies have become commonplace in the context of both private residences and businesses. Francis, Harriott, Kirton, and Gibbison (2009) found that firms in Jamaica were spending an average of JMD1 mn (USD8,700) on private security per annum, with the percentage of annual income varied depending on the size of the firm; micro enterprises spent an average of 17% of their annual income, medium-sized firms spent an average of 7.6%, and large firms spent an average of 0.7%. Other target hardening measures such as grills and fences amounted to an average cost of JMD137,871 (USD1,200) per year.

The effect of crime on investment, both foreign and local is less straightforward. There is a perception that criminal activity has served to deter investment, thus impeding the country's growth (Robotham 2003). The argument is that investors are reluctant because crime increases the cost of doing business in the island. As discussed earlier, security costs have escalated and business losses are also incurred because of theft, extortion, and other crimes, all of which make it safer and less costly to locate in less crime-prone countries. The risk of personal victimisation can also be a deterrent to investors.

A number of Caribbean leaders have argued that investment and crime are closely related as crime drives away both local and foreign investment resulting in a slowing of growth (World Bank 2004). Indeed, of the managers interviewed for the Jamaica study (Francis, et al. 2009), 39% reported that as a result of crime, they were less likely to invest in their business. An additional 37% indicated that crime discouraged investment that would improve the productivity of their enterprises. Bonnick (1992) maintained that crime was a deterrent to investment because of the heavy costs associated with increased risk of loss of life or injury due to armed robbery.

At the community level, high rates of crime associated with unemployment lead to the stigmatisation of entire neighbourhoods from the wider society. It is well established that areas that are blighted by crime are subject to social exclusion and stigmatisation (Young, 2001). The poor are easy targets for modern society, which rejects and relegates them to the most marginal societal positions. Bailey (2004) demonstrated the manner in which one high crime community in Kingston's inner city suffered as a result of their reputation. Police assigned to the community explained that the stigma had to do not only with the fact that there was a high level of crime, but also, that the community had produced some of the island's most feared and notorious criminals. Harriott (2003) discussed the manner in which groups and communities acquired a social identity, that is, the way the group is perceived by others. Some acquired the 'stable sameness' because of their well-established political affiliation, and because they had traditionally provided the 'fire power' for their political party during election campaigns, they acquired conflict identities. Other communities may have also acquired conflict identities because of violent engagements with other communities or because of internal conflict. This stigmatisation has debilitating effects for communities and traps individuals in a vicious cycle out of which it is unlikely to escape since residents are deliberately excluded from productive enterprises. The exclusion is practised at all levels and residents are left to fall back on their own meagre resources, and, like the young men and women on Craine's Black Magic Roundabout (Craine 1997), they resort to survival adaptations which gave them the autonomy and status from living off their wits. It must be seen as a reaction to:

*"... stigmatized residential location ... absentee fathers; enduring poverty; transgenerational unemployment; negative policy interventions in housing benefits and training; plus the cynicism and alienation engendered by post-school labour market experiences" (Crane, 1997, p. 148).*

Craine could well have had the experiences of the young poor Caribbean urban residents in mind.

In seeking to estimate the magnitude of the cost of youth crime to Caribbean countries, Chaaban (2009) calculated this as between 2.8% for Guyana in 2002 and 4.0% for St. Lucia for 2005. These costs relate to direct costs (expenditure on security, policing, arrest, judicial processing and incarceration) and indirect costs (foregone earnings for those incarcerated and lost tourism revenues). The estimates however do not include costs to victims. Although Chaaban (2009) could only provide estimates for five Caribbean countries (Dominica, Guyana, Jamaica, St. Lucia and Trinidad and Tobago), it is clear that the cost of youth crime is significant for these Small Island Developing States that experience annual GDP growth of between 1 and 2%.

### 3.3.7 The Economic Cost of Youth Unemployment

There are significant economic losses to society as a result of high rates of youth unemployment. Employed workers contribute considerably to society through the generation of goods and services. A shortage of workers therefore results in a loss of these commodities, as well as the multiplier effect, that would stem from this production (Schwerdtfeger 2013). Potential workers that are part of the labour market are valuable resources. High levels of unemployment therefore mean that these resources that should be engaged in the production of goods and services are not being used, hampering the long-term growth of an economy (Central Bank of Lesotho 2012). It was estimated that lost output due to youth unemployment cost the city of Birmingham, England, the equivalent of over USD200 mn in 2012 (Office of National Statistics 2012). There is also a fiscal impact of rising youth unemployment as there is a transfer of income from taxpayers to those receiving benefits, placing a considerable burden on taxpayers of all ages. O'Sullivan, Mugglestone and Allison (2014) as part of their US study, calculated the various fiscal costs that result from youth employment. They found that an average cost of USD4,100 in forgone tax revenue is incurred by federal and state governments as a result of one unemployed 18-24 year old. This increased to USD9,900 for one unemployed 25-34 year old. They concluded that in total, high unemployment rates for individuals aged 18-34 cost federal and state governments an average of USD8.9 billion annually. Similar results too have been found in England (Office of National Statistics 2012).

In estimating these costs for the Caribbean in 2006, Chaaban (2009) utilised the assumption of equality of adult and youth unemployment rates. Based on this assumption, the estimated cost to CARICOM member states ranged from 0.7% of GDP in Suriname to 2.5% of GDP in St. Lucia. However, these estimates only included lost wages and productivity due to unemployment, and not the true societal costs such as psychological distress, lost opportunities for human capital development, and the costs of risky behaviours such as involvement in crime and unsafe sexual practices. A more detailed analysis of Chaaban's methodology and more recent cost estimates for the Region are provided in Chapter 5.

### 3.3.8 Brain Drain

The high levels of migration from Caribbean countries are also related to the inability of local economies to absorb young graduates. The World Bank argues that when quality of life declines, those who are able to leave, do so.

*At the beginning of the 21st century, more than 130 million people live outside the country of their birth, and that number has been rising at about 2% a year...Cross-border migration, combined with the 'brain drain' from developing industrial countries, will be one of the major forces shaping the landscape of the 21st century... A brain drain can hamper*

*a developing country's ability to harness agricultural and industrial technology. Some countries...have lost one third of their skilled workers.' (World Bank 2000, 38)*

Mishra (2006) showed that since 1965, approximately 12% of the Caribbean existing or potential workforce has migrated to OECD countries. When the low rates of migration from five countries are excluded - Haiti, Dominican Republic, The Bahamas, St. Lucia, and Trinidad and Tobago - the rest of the Caribbean has lost more than a quarter of its potential resources to OECD countries. The factors motivating this migration vary from country to country but economic betterment due to difficulty in finding employment has been cited as one of the major factors contributing to people leaving the Region (Rose 2005). These are in many cases well-educated and skilled migrants, since this is the sector of the population that is in high demand in destination countries (Nurse 2004). The loss of this critical demographic has serious social and economic implications. From a social standpoint the increase and dominance of female migrants in the figures has had a negative effect on family structures as children are forced to be raised by friends and relatives. From an economic perspective, this brain drain produces gaps in knowledge and skill that are not easily replaced (Nurse, 2004). Mishra estimated that emigration loss from the Caribbean has been highest in Guyana, which revealed a loss of 7.8% of GDP, followed by Grenada (7.7%) and Jamaica (7.2%).

### 3.3.9 Household Burden of Care

Youth unemployment puts considerable pressure on household members and by extension can leave families depleted of financial resources. Families are commonly considered to be the primary social units of society. As such, as young people attempt to navigate that period between dependence and independence, childhood and adulthood, a period which often renders them the most fragile members of the family, they are likely to look to more mature, financially stable family members to continue to provide for them (Celik 2008). The situation becomes exacerbated if young unemployed persons make the decision to marry, or have children, in which case family members are forced to take care of them, as well as others. This increases pressure on household incomes and reduces the ability for family members to save, thus making them vulnerable to future shocks. In order to meet consumption needs, parents may employ strategies such as the borrowing of money or the sale of assets, both of which can have negative future ramifications (Central Bank of Lesotho 2012).

This has considerable implications for financial status of women in the Caribbean, considering the dominance of female-headed households in the Region particularly among the poor. These poor living conditions are exacerbated too by the presence of children, many of whom are being cared for in the absence of a male partner. The physical and emotional well-being of children is often left in the hands of the Caribbean woman, particularly in countries such as Barbados and Jamaica

where single parent, female-headed households are dominant. UNICEF (2002) reported that up to 59% of all children in the Caribbean are brought up in single-parent, female-headed households. In Jamaica, these households have been found to be larger on average than those headed by men, and more likely to contain children (UNICEF 2005). Similar results have been reported in St Lucia and Haiti (St. Bernard 2003). These women are the breadwinners, and given the problems they encounter in receiving support for children from their fathers (Caribbean Net News 2005), many are forced to provide both day-to-day care and financial support for their families on their own.

Women are already disproportionately represented in poverty figures in many Caribbean countries. A 2002 study of The Jamaica Food Stamp Programme (JFSP), a social protection programme established to assist the most vulnerable, is illustrative. Those deemed to be vulnerable were pregnant and lactating women attending public clinics, the elderly poor or incapacitated, families and single-member households with incomes below JMD18,000 (USD160) and JMD7,500 (USD65) a year, respectively (McDonald 2002). McDonald found that less than a third of the beneficiaries were in receipt of an earned income and that about 45% earned about 50% of the minimum wage. In other words, they constituted the working poor. A substantial number of beneficiaries comprised female heads of households and McDonald found that a higher percentage of females than males headed poor households. This observation about the relative importance of single female heads among beneficiaries is interesting in view of the debate over the so-called feminisation of poverty. Gimenes (1990) argued that, because women were often found in the lowest paying jobs, even when they work full-time they were often poor. Added to this is the belief that, not only are women likely to be paid less, but they also tend to work part-time and rely on benefits more than men do. Within the Caribbean therefore, the burden of care for unemployed youth is likely to fall on women, thus restricting their financial growth, and contributing further to the feminisation of poverty.

### 3.4. SUMMARY

The review of the global and regional literature has revealed a number of causes, direct consequences and ultimate negative outcomes related to youth unemployment. However, the main causes, consequential actions and ultimate outcomes related to youth unemployment come with the caveat that the direction of causation in some instances may be unclear, and mutually causal. In summary, drawing on the results of the literature review and interviews conducted in the Region, the following causes and consequences of youth unemployment have been identified:

- **Causes of youth unemployment:** state of the economy; structure of the labour market; lack of relevant skills; lack of experience; lack of knowledge of vacancies; constrained opportunities due to: health status or disability, location (rural location or general lack of transport options); stigma

and discrimination due to age, ethnicity, criminal record, gender, motherhood, poverty, area of residence, disability; a reactive approach to gaining employment due to negative experiences of employment (by self or from others), lack of work ethic, belief that opportunities are limited due to social class or political affiliation.

- **Direct Consequences of Youth Unemployment:**

- Personal: Lack of means to support self; Participation in negative behaviours to gain income; participation in negative behaviours as a consequence of social exclusion, low self-esteem, hopelessness and ambivalence;
- Household: reduction in disposable income to support unemployed youth; greater burden on caregivers and other household members;
- Community and Nation: high youth crime rates; poor health; poverty; community degradation (graffiti, vandalism, unsafe environments); lost revenue from employment taxes and lost national output; higher public expenditure to address causes and consequences.

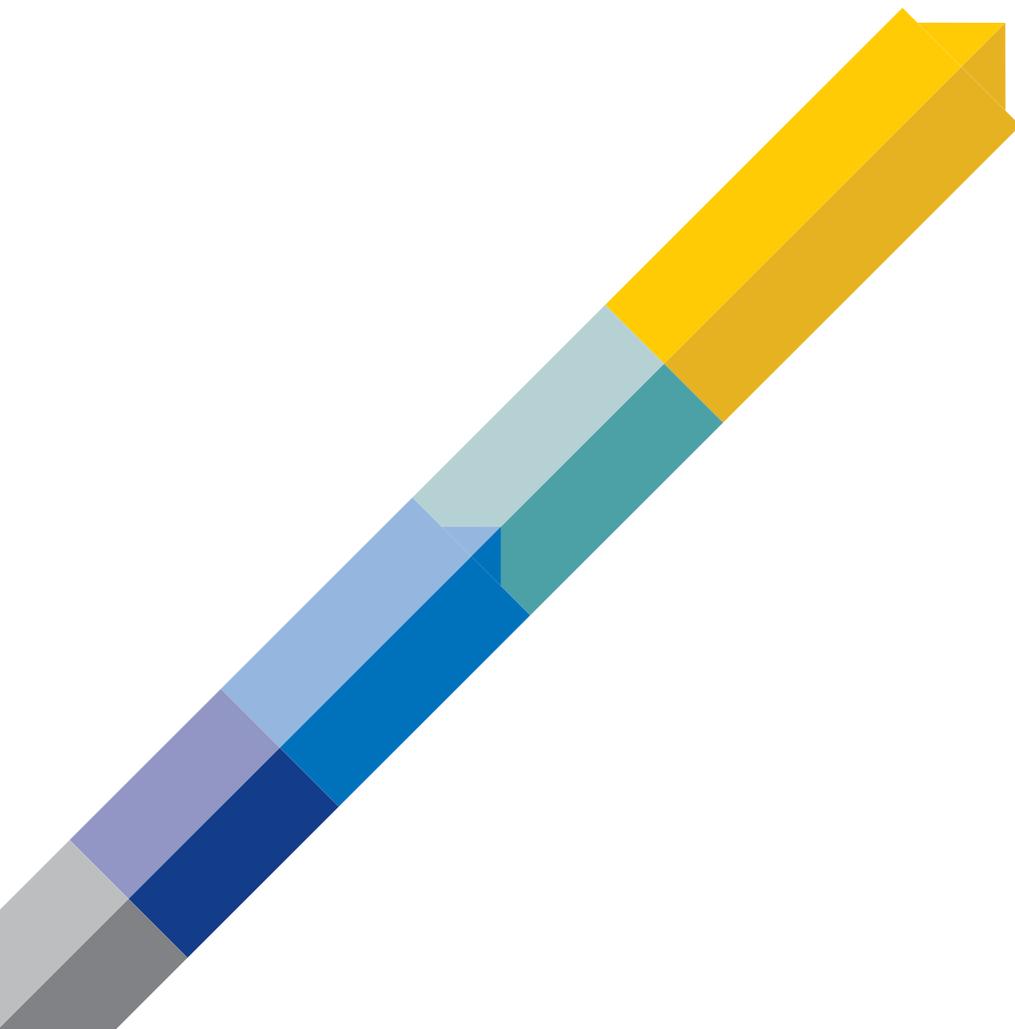
- **Ultimate Consequences:**

- Personal: living in poverty; incarceration; poor health and nutrition; adolescent pregnancy; unattractiveness to future employers;
- Household: lost opportunities for investment, especially in savings, education or enterprise; negative psychological effects on caregivers and other household members; household conflict resulting in abuse (physical and psychological); stigmatisation of the household;
- Community and Nation: cost of special programmes for unemployed youth (education and training, finance for self-employment, welfare), social support for those living in poverty and unemployed youth, crime prevention, enforcement and imprisonment, health services to deal with adolescent pregnancy, STIs, drug addiction, violence, and lost investments in education and training.

The identification of these factors is informative for firstly the estimation of the socio-economic cost of youth unemployment, as well as in the development of policy interventions to address the issues, as outlined in Chapters 5 through 7. Previous to this is an outline of current regional responses to these issues in Chapter 4.







Chapter

4

# Policy Responses to Youth Unemployment

## 4.1. INTRODUCTION

The causes and consequences of unemployment, and youth unemployment, are broad, and include issues related to the macroeconomy (industrial and labour market structures), health, education, crime and culture, as outlined in Chapter 3. Following on from these findings, the following chapter seeks to provide an inventory of the policy responses by governments in the Region to these causes and consequences.

While the policy responses by governments may seek to have positive outcomes for youth in the labour market, they also seek to address consequences in relation to health, education and the criminal justice system. It is beyond the scope of the current exercise to address all of these issues, and focus is therefore given to a description of policies, projects and programmes which relate directly to getting youth into employment.

It should however be noted that it is not only governments that are responding to the youth unemployment problem. International multilateral agencies such as the United Nations, the ILO, IDB and the World Bank, and unilateral agencies such as the UK Department for International Development (DfID), USAID and the Canadian Ministry of Foreign Affairs, among others, all support initiatives directed in some way at addressing the issue of youth unemployment. The same can be said of regional agents such as CARICOM and the CDB (see Box 4.1 for an overview

of agencies operating in the Region). However, in order to have any significant impact on youth employment, the implementation at the national level is of paramount importance. In seeking to catalogue these interventions, the following subsections outline governments' approaches to youth unemployment, i.e. whether there are specific government agencies allocated responsibility, the existence of a national youth policy that addresses unemployment, and details of specific programmes of relevance.

In seeking to deal with the policy responses thematically, Eichhorst & Rinne's (2014) categorisation of institutions and public policies, which address employment and the labour market is utilised. The three broad classifications utilised are:

- (1) Vocational education and training;
- (2) Minimum wages and employment protection; and
- (3) Activation measures and active labour market policies.

While the definition and role of vocational education and training is clear, even though its institutional structure and implementation can vary, the role of minimum wages and employment protection is less clear. Eichhorst & Rinne (2014) indicate that the evidence demonstrates that too high a minimum wage can adversely affect youth employment, as can inflexible contracts. The authors however caution, especially with a lack of systemic vocational training, that flexible contracts can also adversely affect the youth with 'excess labour turnover and very limited possibilities of a successful transition from fixed-term to permanent contracts' (p.8).

Activation measures and active labour market policies (AM/ALM policies) relate to interventions designed to increase employment through the reduction of job-finding obstacles. Downes (2009:31) categorises ALM policies into three main types:

1. 'Public employment services- which provide labour market information to job seekers and facilitate entry into the labour market;
2. Training schemes- apprenticeships, institutional training in technical and vocational areas. By enhancing the human capital of workers, their employability is increased.
3. Employment subsidies- tax benefits which encourage firms to employ more workers.'

While the second point may relate to the wider category of technical and vocational training and education, the training schemes under ALM policies are more remedial in nature, seeking to address any deficiencies in skills or abilities of unemployed persons.

Eichhorst & Rinne (2014:9) provide a similar classification to Downes (2009) with the addition of:

1. 'Direct job creation and public employment programmes.
2. Start-up subsidies, self-employment assistance and support.'

These proactive ALM policies are also complemented by AM policies which seek to disincentivise remaining unemployed, such as the enforcement of strict eligibility criteria for accessing benefits and utilisation of re-employment services. Lower benefit levels and shorter periods of eligibility for benefit payment also act as activation incentives.

Eichhorst & Rinne (2014:8) note that AM/ALM policies are especially relevant in times of crisis as they '...are independent of broad and comprehensive structural reform'. This observation suggests that in situations where comprehensive structural reform is needed, but only realised over the medium-to-long term, that AM/ALM policies can be implemented in the short term to complement any benefits achieved by longer term structural reform. This is therefore directly relevant to the situation in the Caribbean. The following subsections utilise these categorisations to outline the policies, programmes and projects undertaken in the Region, preceded by a description of where youth issues are institutionalised in the Region.

#### BOX 4.1: REGIONAL AND INTERNATIONAL SUPPORT FOR YOUTH EMPLOYMENT

CARICOM's Council for Human and Social Development is the main umbrella body in the Region addressing youth issues from a macro perspective. The Commonwealth Youth Programme Caribbean Centre (CYPCC), operating since 1974, is more operational in nature, providing technical assistance and training to governments and youth organisations. In addition, the CDB, through both its social and economic programmes, address youth issues both directly and indirectly. The CDB's youth-specific programme is called Vybzing, and seeks to engage youth in the general development process by providing a communication platform between the CDB and youth.

At an international level, multilateral and unilateral agencies provide support to youth programmes and projects at both a regional level and country-specific level. The main agencies include: the United Nations, the World Bank, IDB, the Organisation of American States, the European Union, the DfID, the Canadian Ministry of Foreign Affairs (formerly CIDA), and USAID. Some of the interesting interventions related specifically to youth in the labour market include:

- UNDP Caribbean-wide Youth-IN (Youth Innovation) Project which seeks to support youth in culture and sports, expand youth entrepreneurship in emerging sectors, involve youth in national and regional governance, and promote volunteerism.
- World Bank's support for Startup Jamaica (a hub for technology entrepreneurs) and a USD20 mn project for Youth Employment in Digital and Animation Industries.
- USAID's A Ganar programme in St. Kitts and Nevis, Jamaica, St. Vincent and the Grenadines, Dominica and Suriname. The programme seeks to build life skills and employability skills through the medium of sports.
- Canada's CARICOM Education for Employment Programme which seeks to build institutional capacity in relation to the provision of demand-driven technical and vocational training. The Canadian Government is also providing support for the Entrepreneurship Programme for Innovation in the Caribbean to develop a regional network of business incubators.

## 4.2. YOUTH UNEMPLOYMENT POLICY APPROACHES IN THE PUBLIC SECTOR IN THE CARIBBEAN

As Table 4.1 below indicates, youth are recognised at the ministry level in all 19 countries, with the exception of Anguilla and Antigua and Barbuda, which only have youth departments within the wider social development ministries. In addition, across the Region youth issues are partnered with wider social or cultural issues, rather than in economic ministries. This allocation of youth issues to ministries of social development, along with separate ministries of labour, is in contrast to the situation seen elsewhere in countries with low levels of youth unemployment, where labour issues are closely integrated with social development ministries (see Chapter 6).

### 4.2.1 Technical and Vocational Education and Training in the Caribbean

TVET in the Caribbean is well established with institutional based delivery and assessment as well as National/Caribbean Vocational Qualifications<sup>26</sup> (N/CVQs), which are mainly work-based. TVET instruction is supplied at community colleges

<sup>26</sup>N/CVQs provide certification at five occupational levels: Chartered, Professional and Senior Management; Technical, Specialist and middle management; Technical, Skilled and Supervisory; Skilled; and Entry Level.

**TABLE 4.1: INSTITUTIONS ADDRESSING YOUTH ISSUES IN THE PUBLIC SECTOR IN THE CARIBBEAN**

Country	Main Agencies and Ministry	Youth Policy Year
Anguilla	Department of Youth and Culture, Ministry of Social Development	None
Antigua and Barbuda	Youth Department, Ministry of Social Transformation and Human Resource Development	2007
The Bahamas	Ministry of Youth, Sports and Culture	2013
Barbados	Ministry of Culture, Youth and Sports	2012
Belize	Ministry of Education, Youth and Sports	None
Cayman Islands	Ministry of Health, Sports, Youth and Culture	2011
Dominica	Ministry of Culture, Youth and Sports	2004
Grenada	Ministry of Youth Empowerment and Sports	2003
Guyana	Ministry of Culture, Youth and Sports	Under development
Haiti	Ministry of Youth, Sports and Civic Action	2001
Jamaica	Ministry of Education, Youth and Culture	2003
Montserrat	Ministry of Education, Youth Affairs and Sports	None
St. Kitts and Nevis	Ministry of Youth Empowerment, Sports and IT	Under development
St. Lucia	Ministry of Youth Development and Sports	2000
St. Vincent and the Grenadines	Ministry of National Mobilisation, Social Development, Family, Gender Affairs, Persons with Disabilities and Youth	1996
Suriname	Ministry of Sports and Youth Affairs	None
Trinidad and Tobago	Ministry of Sport and Youth Affairs	2004
Turks and Caicos Islands	Ministry of Education, Youth, Sport and Culture	None

and polytechnics across the Region. The oversight of TVET resides with specific national training agencies (NTA), which are represented at the Regional level by CANTA. While general TVET instruction and qualification is institutionally based, and N/CVQs relate primarily to the work-place<sup>27</sup> and include expert assessments, the general linking of instruction with industry needs lies within the remit of the NTA.

In general, TVET is widespread in the Region and receives attention at the level of CARICOM, with the governing body being the CXC. However, two general points require attention. Firstly, as noted by Jules (2011:6): ‘TVET has not taken root in the Caribbean education systems because notwithstanding the discourse, it is still treated by planners and seen by the public as a compensatory device. It is seen as something that is to be provided to students who- in the words most frequently used- are not ‘academically minded. Thus is consequently relegated to secondary status’. Therefore, while there is an extensive framework for TVET in the Region, it is seen at times as a last resort in terms of obtaining qualifications.

The second point to note in relation to TVET is that the current system is somewhat separated from ‘industry’, where the link between the education system and the needs of the labour market is the NTA, rather than an integrated relationship between the two, as seen in countries that operate dual-track apprenticeship schemes with both academic and on-the-job

training. This issue is discussed in greater depth in Chapter 6. This is not to say that the disconnect is not being addressed, and that the training is completely separated from industry needs and secondary education. This is illustrated with the implementation of CVQs in the Region, which are based on occupational standards developed by industry bodies and issued by NTAs, suggesting that the system was demand-driven from the outset. These standards are subsequently approved by CARICOM’s COHSOD.

One example of a more comprehensive approach to unemployment in the Region was seen in the Cayman Islands. The NWDA, which was noted as being heavily utilised, provides a number of services. While the agency’s remit is not specifically directed at youth unemployment, it does have a direct impact through its activities. It is completely Government funded and there are a number of programmes that are either ongoing or are close to being implemented, as outlined below:

- Apprenticeship scheme: This is being developed at the moment but has not been rolled out yet. They are at the stage of seeking companies to support the programme.
- Training development: NWDA is also in search of companies to support the programme. At the moment one company takes on 10 auto mechanic students a year. They go to classes there and receive both theoretical and practical instruction. They do Phase 1 and 2 in Cayman and

<sup>27</sup>It should be noted that N/CVQs are also offered at TVET institutions as well as in secondary schools in some countries in the Region (Trinidad and Tobago, Jamaica and St. Kitts and Nevis), with other countries coming on board once domestic NTAs meet certain requirements.

then go to Jamaica for Phases 3 and 4. There is continuous assessment and at the end they get certification.

- Mentorship programme: Now being developed
- Internship programme: They had their first “pairing” last year. The Agency facilitates an internship between client and companies that are in search of interns. Progress is tracked by the Agency.
- National Job Link programme: Agency assists in finding permanent employment for clients. The minimum age is 16. These are mainly entry level positions. The agency works with clients to find out what they need. Some might have skill gaps and transportation issues for example. Needs are also determined by a “work readiness assessment” designed to identify barriers to employment. Once barriers are identified the Agency works with the client to address these. After placement the Agency remains involved through assessments. The Agency may, suggest higher education after a while. If the client is interested, they again work with them to map out a path to reach their aspirations.

In relation to the effectiveness of TVET programmes in the Region, tracer survey results from Jamaica are not encouraging according to information on the employment training programmes provided by the HEART Trust/NTA (Human Employment and Resource Training Trust, National Training Agency), which is the main TVET institution in the country and is funded by a 3% employment levy. HEART/NTA Trust<sup>28</sup> (2014) indicated that for 2011-12 beneficiaries, surveyed in 2013, 93% were in the labour force. Of this number, 34% were unemployed, which is higher than the national average in 2013 of 15%, and only marginally below the youth rate of 35%. In addition, only 72% were employed in their area of training, while the median gross weekly salary was JMD8,500 (USD75), which was only 27% above the poverty line. Note that those at 25% above the poverty line are generally considered vulnerable in the Region.

#### **4.2.2 Minimum Wages and Employment Protection in the Caribbean**

Minimum wages are established across most of the Region with only Anguilla, Barbados, Cayman Islands, Montserrat, St. Lucia and Suriname not having a national minimum wage(s). However, given the relatively low levels at which minimum wages are set across the Region, it is unlikely that they would introduce significant barriers to youth obtaining employment. However, Downes (2008) does indicate for the Region that there is some reduction in employment for workers at this lower level, the level at which a significant proportion of youth would be located. While minimum wages may not be a significant barrier in obtaining employment, it may contribute more to being working poor, especially if the minimum wage is set at a low level, as it ‘offers a wage into which employers can

“lock in” wages that are already near that level’ (Kristensen and Cunningham 2006, 1). However, Kristensen and Cunningham (2006) only found weak distortion effects on the wage distribution in Jamaica, and an inconclusive effect in Guyana. Overall, given the lack of empirical research on the effect of minimum wages across the Region, a concrete conclusion cannot be reached on their effect on youth unemployment.

There are, however, additional concerns about a gender dimension to minimum wage setting in the Region. At present in Grenada, the minimum wage varies by occupation, and traditionally female occupations, such as domestic worker, have a lower wage. the Division of Gender and Family Affairs in the country believes this wage gap to be the result of the traditional view of gender roles (men as breadwinners, women as helpers), and further recommends that a proper valuation of work be carried out so that female-dominated occupations are not assigned a lower minimum wage.<sup>29</sup>

Employment protection can have significant impacts on youth obtaining employment if it is too stringent; but youth can also suffer recurring unemployment if protection is too weak. Labour market regulation data from the World Bank’s Doing Business (DB) survey provide a number of variables for the Region in relation to difficulty of hiring, rigidity of hours, difficulty of redundancy, and redundancy costs.

**Difficulty in hiring** is not a particular issue in the Region according to the DB 2015 results, with fixed-term contracts for what are considered permanent tasks only prohibited in Grenada. There is also limited regulation regarding the maximum length of fixed term contracts, with only Belize and St. Lucia setting limits of two years for single contracts and only St. Lucia setting a limit which includes contract renewals. None of the other countries have a limit. It should however be noted, as arose in discussion in the OECS, that short-term contracts also affect a worker’s ability to qualify for loans or credit, thus limiting opportunities to acquire assets such as real estate, to improve employment prospects by increasing mobility with a vehicle, or to obtain funds to start a small business. All of these issues form the basis for capital accumulation for youth (physical, financial, human and social), and restricting these opportunities places youth in a vulnerable position.

**Rigidity of hours data** indicate that the regulations provide for seasonal flexibility with extended hours allowed for seasonal increases in production, no premium or restrictions for night work, as well as having no significant limitations on the length of the working week; the majority of countries allow for at least a six-day work week with the exception of The Bahamas and Barbados. However, while there are no restrictions, there is a premium for working on allocated rest day in some countries, ranging from 50% of hourly pay in Belize and Haiti to 150% in St. Lucia. The other countries with a premium in this area

<sup>28</sup>See <http://www.heart-nta.org/index.php/research/labour-market-studies>

<sup>29</sup>Interview at Division of Gender and Family Affairs, Grenada, 8 January 2015.

(Dominica, Guyana, Jamaica, Suriname and Trinidad and Tobago) have a premium of 100%.

**Paid annual leave** in the Region averages 12 days for both workers with one-year tenure and five-years tenure, with differences only seen between the two tenure types in Barbados (17 days to 22 days), Dominica and Grenada (10 days to 15 days), St. Vincent and the Grenadines (14 days to 21 days), and Suriname (12 days to 18 days).

With regards to **difficulty of redundancy** the data indicate that the maximum length of probationary periods varies widely across the Region from one month in Grenada to six months in The Bahamas, Dominica, St. Vincent and the Grenadines and Trinidad and Tobago. This suggests that the time period for which the employer has a time to assess an employee is limited in the Region. However, across the Region dismissal due to redundancy is permissible under the law. In relation to trade unions and the difficulty of redundancy, the DB survey provides information on the requirements of third party notification and approval when workers are dismissed. For the dismissal of a single worker, third-party notification is not generally required, with the exception of The Bahamas, Belize, Guyana, St. Lucia and Suriname. Only in St. Vincent and the Grenadines and Trinidad and Tobago is such notification required when nine or more workers are dismissed, and only in Suriname is third-party approval required.

In addition, only Antigua and Barbuda has obligations on retraining or reassignment before redundancy, and priority rules for redundancies only exist in Antigua and Barbuda and Trinidad and Tobago. Priority rules regarding reemployment are also utilised in the Region in Barbados, Dominica, St. Kitts and Nevis and St. Vincent and the Grenadines.

Information on severance pay indicates that Haiti and St. Kitts and Nevis do not have this regulation, while the burden on employers is highest in for those with one year of tenure in Suriname, the period most relevant to youth seeking to gain entry into employment. Overall, the highest average severance pay requirements are seen in Trinidad and Tobago, mostly driven by those with more than five years tenure.

Generally, across the Region, there is limited difficulty in hiring or rigidity in hours worked, while there is some difficulty in making persons redundant and constrained probationary periods which will specifically affect employers' desire to hire youth with an unknown track record or experience. In addition, the prospect of having to pay severance payments of up to one month's salary in Suriname for a person employed for only one year, may also act to constrain the hiring decision. This finding is complimented by Downes, Mamingi and Belle-Antoine (2004), who found that the distortion affect of labour market regulations was small, especially as compared with Latin America. This finding was in support of Marquez and Pages (1998), who found low levels of protection in the labour market in the Region. Their index of employment protection showed an index value

**TABLE 4.2: SEVERANCE PAY FOR REDUNDANCY FOR CARIBBEAN COUNTRIES**

Country	Severance Pay for Redundancy Dismissal (Salary Weeks)			
	1 year of Tenure	5 years of Tenure	10 years of Tenure	Average
Antigua and Barbuda	2.4	12.0	24.0	12.8
Bahamas, The	2.0	10.0	20.0	10.7
Barbados	2.5	12.5	25.0	13.3
Belize	0.0	5.0	20.0	8.3
Dominica	0.0	9.0	19.0	9.3
Grenada	1.0	5.0	10.0	5.3
Guyana	2.0	10.0	25.0	12.3
Haiti	0.0	0.0	0.0	0.0
Jamaica	0.0	10.0	20.0	10.0
St. Kitts and Nevis	0.0	0.0	0.0	0.0
St. Lucia	1.0	7.0	20.0	9.3
St. Vincent and the Grenadines	0.0	10.0	20.0	10.0
Suriname	4.0	5.0	17.3	8.8
Trinidad and Tobago	2.2	11.9	28.2	14.1

Source: World Bank Doing Business Indicators 2015 <http://www.doingbusiness.org/>

of less than 10 for the six Caribbean countries included in their study; this was opposed to figures in excess of 35 for Bolivia and Nicaragua, indicating a high degree of protection.

#### 4.2.3 Active Labour Market Policies and Activation Measures in the Caribbean

Public Employment Services are utilised across the Region, as listed below. However, they appear not to have been effective in having a wide-ranging effect on unemployment.

- Antigua and Barbuda One Stop Employment Centre
- Bahamas Employment Exchange Section
- Barbados National Employment Bureau
- Belize Public Employment Services
- Cayman Islands National Workforce Development Agency
- Dominica Employment and Small Business Support Agency
- Grenada Employment Agency
- Guyana Central Recruitment and Manpower Agency
- Jamaica Labour Market Information System
- Trinidad and Tobago National Employment Service

Downes (2009) indicated that in Barbados, the National Employment Bureau, an agency with which unemployed persons on benefits must register, is mostly only effective with finding placements in elementary occupations with 49% of placements being in this category in 2007, and only 4% for technicians and associate professionals; there were no placements for senior official and management positions.

Downes (2009:33) goes on to note: 'Like other public employment agencies in the Caribbean, the NES [in Trinidad and Tobago] is highly underutilised as there are no requirements to register at the NES. Job information tends to flow through informal channels such as word-of-mouth and social networks'. This claim by Downes (2009) in relation to job information flows are supported by 2010 findings for Barbados where only 6% utilised the NEB for information on employment vacancies, while the dominant channel was newspapers (51%) followed by word-of-mouth. Therefore, although those on benefit are required to register at the NEB in Barbados and the EES in The Bahamas, there is no such incentive in the majority of the other countries due to the absence of unemployment benefits; that is with the exception of injury benefits and the like.

### Remedial Employment Training/Re-Training Schemes

Another innovative measure seen in the Cayman Islands is Passport to Success, which also experiences heavy usage. While it is a private undertaking, is contracted by the Government to specifically address unemployment, more often than not among youth. Those programmes addressing unemployment are completely funded by Government. It began in April 2010 as a result of a recognized gap between young school leavers and the needs of the job market. Twenty-five individuals are admitted three times a year. It is a 12-week programme that includes:

- Employment skills curriculum: This identifies skills that are lacking in individuals and tries to address them. Includes basic literacy and numeracy, time management, resume writing as well as psychological skills.
- Job shadowing: This is an introduction to entry-level positions whereby individuals get very short-term experience in employment.
- Work experience programme: Here they are placed in positions for a longer period of time in order to get insights into their specific career interests.

All programmes include site visits (field trips) as well as guest speakers that come to share experiences.

Other relevant schemes in the Cayman Islands include:

- The Department of Family and Social Services. While support currently exists, it appears to be an ad hoc operation that provides assistance if individuals seek it. Between 2004 and 2011, the Department ran a programme called STARS (Support Towards Autonomy, Retraining and Self Sufficiency) that targeted the young and unemployed but this was phased out with the introduction of Passport to Success. Currently they have social workers that give guidance to young people in resumé writing, interview skills, as well as any assistance they can give in finding employment. There is also a Needs Assessment Unit that is linked to the Department. They refer people to the NWDA in the country for assistance.

- Sunrise Adult Training Centre. Despite the name of the centre, they target youth as well. This is the only organisation dedicated to addressing unemployment among the disabled. It is completely government funded overseen by the Ministry of Education.
  - Vocational training: Minimum age is 18. It focuses on "work-ready skills" that included literacy and numeracy, communication, interview skills, interpersonal skills, computer training, resume writing for example.
  - Job placement: They identify the needs of employers and attempt to match disabled clients with employment. Sunrise then works with the employer to ensure that the adequate facilities are in place.
  - Internship programme: This has only recently started and the aim is to provide work experience for the disabled.

Another holistic programme identified in the Region is the Imani Programme in Grenada, operated through the Ministry of Youth, Sports and Religious Affairs. It is the main youth employment initiative in Grenada and runs for 18 months, starting with an initial three months of self-development courses in Personal Skills, Health and Well-Being, Managing Conflicts and Problem Solving, and My Community and Me. The second level offers specific training in the form of apprenticeships, direct skills training (including cosmetology, construction, hospitality, for example), small business training, or community development initiatives. Successful completion of the first and second levels results in certification. The third and final phase consists of a placement at workplace. A stipend is paid to participants, ranging from XCD700-1,000 (USD260 to USD370) depending on qualifications.

Some positive aspects of the programme gleaned from interviews include:

However, the following problems have been noted:

- The origin of the Imani Programme and its successors is strongly political, with claims continuing that participation and success is linked to political affiliation
- It is alleged that participants who have not obtained placements still receive stipends 'for sitting at home'
- On the other hand, it is said that interns have been required to skip work to attend compulsory Imani events, even when the work is more relevant to their training than the event
- Interns' stipends in some cases exceed the pay of full-time employees at their placement, causing resentment
- Employers have been known to fire paid workers in order to have free interns on staff, thus reducing their payroll costs. However, the Government has become aware of this practice and will soon be requiring employers to pay 50% of the intern's stipend for the duration of the placement

- Some feel that the Imani Programme should not be counted as employment in statistical surveys regardless of the apprenticeship and placement components
- Others accused the programme of encouraging dependence on government handouts

Some of these issues point to problems in the oversight and administration of the programme. Others indicate broader economic failings, such as the lack of a general minimum wage (different minimum wage levels are assigned according to occupation/sector, and enforcement is another issue), the lack of jobs and the challenges of job creation in the context of the current global economic situation.

The Ministry of Youth, Sports and Religious Affairs also acknowledged broader problems in the implementation of youth policy and programmes, namely the lack of centralisation of information and action among government and non-government organisations, resulting in duplication of effort in some areas and neglect in others. It is hoped that the new National Youth Policy will help to address this.

In Jamaica, the Ministry of Youth and Culture, in partnership with the parent company of Red Stripe, Diageo, has a programme that is aimed at providing youth with training in such things as mixology. To date, they have trained up to 6000 youth.

#### BOX 4.2: ADDRESSING YOUTH UNEMPLOYMENT IN GRENADA

Grenada's main youth employment programme, the New Imani Programme was launched on August 27, 2013. Like its predecessor the Grenada Youth Upliftment Programme, it is run by the Ministry of Youth, Sports and Religious Affairs.<sup>30</sup> The Imani Programme provides opportunities for youth employment, mentorship and training in partnership with community based organisations (CBOs), national and regional NGOs, and the corporate sector.

##### Technical and vocational skills development and hard skills

Level Two of the Imani Programme offers the option of specialised training with certification in various areas including General Construction, Health Care Services, General Cosmetology, Graphic Arts, and Hospitality Arts.

The HEON (Help Educate Our Nation) Project, which was launched January 10, 2015 as a non-profit organisation, provides funds via pledges and fundraising to help disadvantaged youth attend the tertiary institution T.A. Marryshow Community College.<sup>31</sup>

##### Personal skills and soft skills

Level One of the Imani Programme consists of a three-month self-development course including such topics as Personal Skills, Health and Well-Being, Managing Conflicts and Problem Solving, and My Community and Me. Successful completion of this course gains the participant a certification in Life Skills from the Grenada National Training Agency.

The Grenada Community Development Agency (GRENCODA) runs the Young Male Outreach Programme (YMOP), which 'provides at risk young males with psychosocial support and counseling sessions including exploring Life skills, gender roles, talent opportunities, attitude and discipline, sports, sexuality and reproductive health ...'. Life skills and personal development are also taught in their Youth

and Children Empowerment Programme held during the summer for children and adolescents (aged 7-17) from rural communities in the lower socioeconomic bracket.<sup>32</sup>

##### Self-employment promotion

The Young Americas Business Trust which works in conjunction with the Organisation of American States, conducts regular business workshops in partnership with Caribbean Innovation Challenge, a component of the Youth-In Programme by the UNDP and the OECS.<sup>33</sup> Recent workshops in November 2014 involved additional partners the Golda Meir Mount Carmel International Training Center, Israel's Agency for International Development Cooperation, the Grenada Tourism Authority, the Ministry of Tourism, and the Ministry of Youth, Sports and Religious Affairs.<sup>34</sup> Level Two of the Imani Programme offers the option of small business training with certification.

##### Gender-specific programmes/projects

Although it is not designed specifically for women, the Imani Programme has estimated that about 80% of its interns are female. The Ministry of Youth, Sports and Religious Affairs has also had informal 'block interventions' where, for example, the Minister visits the community and speaks to unemployed young men to discover their needs. The Ministry response involves the youth: for example, a request for sports facilities in the community resulted in the employment of youth in the construction of said facilities. The Young Male Outreach Programme run by GRENCODA is another male-oriented, gender-specific programme.

##### Job placement/Apprenticeship

Level Two of the Imani Programme provides the option of on the job training through apprenticeships, and Level Three offers opportunities for permanent job placements.

<sup>30</sup>The Grenada Youth Upliftment Programme, [https://www.facebook.com/pages/Grenada-Youth-Upliftment-Programme/201482469918351?sk=info&tab=page\\_info](https://www.facebook.com/pages/Grenada-Youth-Upliftment-Programme/201482469918351?sk=info&tab=page_info), accessed 6 February 2015.

<sup>31</sup>The HEON Project, <https://www.facebook.com/pages/Heon-Project/293208397532006?sk=timeline>, accessed February 6, 2015.

<sup>32</sup>The Grenada Community Development Agency, <http://grencoda.org/projects/>, accessed 6 February 2015.

<sup>33</sup>Caribbean Innovation Challenge, <http://www.youthin-cic.net/about.php>, accessed 6 February 2015.

<sup>34</sup>'Business Labs successfully implemented in Suriname and Grenada', November 21, 2014, <http://yabt.net/ennews.php?n=business-labs-successfully-implemented-in-suriname-and-grenada> accessed February 6, 2015.

Also in Jamaica the Graduate Work Experience Programme initiated through the National Youth Service, places graduates of tertiary institutions in internship positions for a six-month period. These internships are mostly in government and the private sector. In addition, the National Security policy addresses the issue of personal skills by implementing programmes such as the Citizens, Security and Justice Programme which "...provides crime and violence prevention services to 39 vulnerable and volatile communities, spanning eight parishes, and conducts institutional strengthening of the Ministry of National Security"<sup>35</sup>. In addition to this wider goal and amongst a number of other aims, this programme aims to create a culture of good work ethics amongst youth in these communities. The programme has also employed a person who calls young persons in certain inner city communities to ensure they wake in time to get ready for work. The National Crime Prevention Safety Strategy was implemented to help "at risk" youth move into formal employment<sup>36</sup>.

In a similar vein, PIOJ, Ministry of Labour and Security, as well as the Ministry of Education, often have career fairs and may go into schools, oftentimes at the request of the schools, to have discussions related to job preparation, continued education and even training. There are also other NGOs doing this, for example: Hamilton Light, Rise Life Management (which offers training in both soft and some vocational skills) and Children First<sup>37</sup>. Such an approach is also seen in Barbados with private sector groups delivering career training sessions for secondary school students, but this is ad hoc and intermittent.

The Community Renewal Programme (CRP) is another relevant programme in Jamaica "envisioned as a ten-year programme to be supported by shorter term projects of four to five years" (PIOJ 2012, p 9)<sup>38</sup>. The CRP initiative "has been conceptualised on the premise that security, justice and community economic well-being are prerequisites for the sustainable development of Jamaica's communities and for the country as a whole" (ibid., p 7). Whilst the CRP has a number of components that are not directly targeting youth, there is also a youth development component. This involves:

- "Focused interventions for children and at risk youth"
- "Skills training coupled with more extensive use of HEART, National Youth Service and Jamaica Foundation for Lifelong Learning)"
- "Mentorship, apprenticeships and job placement programmes"
- "Establishment of information and homework centres"

- "Establishment of National Youth Club Movement and promotion of uniformed groups" (ibid., p 9)

Specifically, the CRP focus on youth development will include such broad-based interventions as:

- "Training in Life Skills, Behavioural Changes and Personal Exposure"
- "Apprenticeships and job placements"
- "Establishment of a Scholarship Fund for Youth from Low-Income Families"
- "Establishment of more Youth Information and Home Work Centres"
- "Establishment of a National Youth Club Movement"
- "Mentorship Programmes: The program will focus on unattached and at risk-youth who fall in the 15-25 age groups and are from marginalised communities. Mentoring sessions will focus on: (a) building quality relationships; (b) conflict resolution skills; (c) building capabilities; (d) career and entrepreneurial exploration and; (e) promoting healthy lifestyle behaviours"
- "Data Collection and Analysis"
- "The appointment of an increased number of Youth Empowerment Officers. The Empowerment Officers' main mandate is to encourage youth to move into legitimate and positive mainstream activity." (PIOJ 2012, pp 33-4).

In speaking to NGO initiatives to address problems in the inner city in Jamaica, K'nife<sup>39</sup> notes that:

*"Many of these interventions result in more profit for the organisers than a sustainable quality of lives for the youth that they claim to be aiding. In this regard, you need to think about how we define employment and decent work."*

In St. Lucia, there are a number of programmes to address the unemployment situation in the country. The most prominent programme in the country is the National Initiative to Create Employment (NICE) aimed at both the public and private sectors, and targeted at those 16 to 65. NICE was launched in 2012 to address the country's unemployment problem and was tasked with ensuring employment for 4,500 persons within 3 years. The main strategy involve include direct intervention through a JOBS programme (Joint Opportunities for Building St. Lucia) which has three components:

1. National Apprenticeship and Placement Programme
2. Small Business Targeted Assistance Programme
3. Constituency Projects and Infrastructure Programme

<sup>35</sup>See [http://www.csjp.gov.jm/index.php?option=com\\_content&task=view&id=35](http://www.csjp.gov.jm/index.php?option=com_content&task=view&id=35).

<sup>36</sup>Interview with Antoinette Richards [Security Specialist at the Planning Institute of Jamaica (PIOF)], January 30, 2015.

<sup>37</sup>Interview with Charmaine Brimm and Deidra Coy [Planning Institute of Jamaica], January 28, 2015.

<sup>38</sup>The Planning Institute of Jamaica. 2012 (January). "Community Renewal Programme: Towards Building a Secure, Cohesive, Just and Empowered Jamaica." A Draft Report.

<sup>39</sup>From interview with Dr. Kadawame K'nife (lecturer in Entrepreneurship at UWI, Mona), January 29, 2015

After one year of operation, NICE had secured employment for over 2,600 persons, and established 40 partnerships with private enterprises, resulting in 129 persons being employed, and 22 apprenticeships<sup>40</sup>.

In relation to youth in St. Lucia, and specifically at-risk youth, the Centre for Adolescent Renewal and Education was established. In early 2013 the programme was rolled out as an eight-month programme providing career guidance that includes life skills, career testing and personal coaching, delivered in six-week sessions. The programme is operated by the Caribbean Youth Empowerment Programme, which is an initiative of USAID and the International Youth Foundation. Associated partners include BELFund (a microcredit agency for microentrepreneurs), the National Skills Development Centre (NSCD) (which supplies general services to the wider population such as career counselling, TVET and job attachment programmes), RISE (an NGO concerned with all aspects of youth development), and the St. Lucia Chamber of Commerce. In addition, the other youth-specific programme is Youth Agricultural Entrepreneurship Programme, which aims to get youth into agriculture through training in agricultural technologies, with up to XCD50,000 (USD18,500) funding provided for their own projects.

Although not specifically tailored to youth, the St. Lucia Single Mothers in Life Empowerment (SMILE) Project is for single mothers aged 18 to 40 and provides life skills training and job placement. The completion of the programme results in the award of an NVQ and access to the NSCD's services such as job placement.

St. Lucia also undertakes a Public Sector Direct Employment programme which is called STEP (Short-Term Employment Programme) which provides short-term employment in communities in such activities as landscaping; while the only case of employment subsidies identified in the Region was seen relation to the NICE project. Pseudo-public sector direct employment was also seen in The Bahamas and Dominica where parliamentarians were given funds for micro-projects in their constituencies with the aim of providing short-term employment opportunities.

While the situation and approach to youth unemployment in Suriname is similar to other countries in the Region, that is the provision of TVET and retraining, as well as welfare support, an interesting NGO project relates to training in the cultural industries. With funding from the Multilateral Investment Fund the Back Lot Foundation has implemented a youth employment training programme in film and media. The Back

Lot Foundation was founded in 2002 by Back Lot Holdings, a private cinema company based in Paramaribo, Suriname. Back Lot uses its experience using film and media to engage children and youth; particularly in the production of film festivals, documentaries, education programs, and children's news programs which are shown in the country's interior and in Paramaribo on different subjects such as HIV and child labour. In addition, the USAID-supported A Ganar programme is also in operation in Suriname, which utilises sports as an engagement mechanism to provide disadvantaged youth with TVET, life skills and rudimentary numeracy and literacy skills. The main targets of the programme are youth employment, crime prevention, leadership development and the promotion of healthy life choices. In addition, the programme also seeks, at an institutional level, to strengthen the relationships between skills training and labour market demands. A Ganar also operates in St. Kitts and Nevis, Jamaica, St. Vincent and the Grenadines, and Dominica, and as of March 2013, had graduated 400 youth, and by the beginning of 2015, 176 had graduated in Suriname, with 42 obtaining full-time employment. What is interesting about the Back Lot Foundation and the A Ganar programme is that they are utilising mediums that are attractive to youth, and areas that youth may have a competitive advantage in the labour market.

In Trinidad and Tobago<sup>41</sup>, specific attention is paid to youth employment experience through an On-the-Job Training Programme to provide young secondary school and TVET graduates with work experience to develop skills over a two-year period. In addition, the Government has also introduced workforce assessment centres to conduct skills assessments to increase access to post-secondary education. There is also a wide array of skill development programmes in the country, some of which are specifically directed at assisting in the school-to-work transition<sup>42</sup>. Of particular interest are the Youth Training and Employment Partnership Programme (YTEPP), the Multi-Sector Skills Training Programme (MUST), and the Youth Apprenticeship Programme in Agriculture (YAPA). YTEPP provides remedial, vocational and entrepreneurial skills training (business management and business planning), and between 2010 and 2011, 7,267 persons benefitted. MUST provides sector-specific training for 18 to 50-year olds in construction, hospitality and tourism to NVQ level, and between 2010 and 2011, 720 persons were trained. YAPA is directed at skill development for youth 17 to 25-years old in various aspects of agriculture. The programme involves internships at private and public sector farms where interns can cultivate and harvest short-term crops for sale. Between 2010 and 2011, 341 youth were trained. One of the proactive approaches seen in Trinidad and Tobago is through the Ministry of Tertiary Education

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<sup>40</sup>See [http://www.nicejobs.govt.lc/images/nice\\_at\\_a\\_glance.pdf](http://www.nicejobs.govt.lc/images/nice_at_a_glance.pdf)

<sup>41</sup>See [http://www.cpahq.org/cpahq/cpdocs/Wade-Paper%20on%20Tackling%20Youth%20Unemployment\\_58th%20CPC.pdf](http://www.cpahq.org/cpahq/cpdocs/Wade-Paper%20on%20Tackling%20Youth%20Unemployment_58th%20CPC.pdf)

<sup>42</sup>Programmes include: Geriatric Adolescent Partnership Programme (GAPP), Military-Led Youth Programme of Apprenticeship & Reorientation Training (MYPART) and Military Led Academic Training 21 Programme (MILAT), Helping Youth Prepare for Employment (HYPE), Youth Apprenticeship Programme in Agriculture (YAPA), the Youth Training and Employment Partnership (YTEPP) Programme and the Multi-Sector Skills Training Programme (MUST).

and Skills Training which operates a mobile Jobs and Career Coach which provides internet job search services, assistance in resumé writing, training for interviews, and assistance in application for tertiary and technical education. The mobile centre is open to all, but has a particular focus on youth.

### Enterprise Development Support

Youth entrepreneurship is one of the most widespread ALM policies adopted across the Region. While entrepreneurship training is undertaken, either under general training schemes such as those provided by TVET institutions or NTAs, or through specific entrepreneurship schemes such as the Youth Entrepreneurship Scheme (YES) in Barbados, and the Youth Entrepreneurship Success Programme in Trinidad and Tobago, the dominant form of support in the Region is finance. Throughout the Region there are microcredit programmes for microenterprise development such as FundAccess in Barbados, and the National Entrepreneurship Development Company in Trinidad and Tobago, among many others. Apart from solely providing financing, Youth Business Trusts (YBTs) operate across the Region in providing both finance and mentoring services to young entrepreneurs. Currently they are YBTs in Antigua and Barbuda, Barbados, Belize, Dominica, Guyana, Jamaica, St. Lucia, and Trinidad and Tobago.

In Jamaica, the Ministry of Education is taking steps to incorporate entrepreneur programmes in high schools, some of which are occurring through partnership with the private sector. For example there is a revival of the Junior Achievement/Enterprise Programme<sup>43</sup>. Additionally, a recent initiative is "Start-Up Jamaica," developed by the Ministry of Science, Technology, Energy and Mining and funded by the World Bank<sup>44</sup>. This is aimed at getting youth into entrepreneurship:

*'Start-Up Jamaica (SUJ) is an accelerator (a physical facility that takes equity in start-up technology companies that go through an intensive selection process, in return for seed capital, training and mentorship). The accelerator houses start-up companies and provide them with the key skills and technology, business, management, legal and accounting support that will prepare them to pitch to equity investors ("Angels" or "Venture Capitalists") and receive investments to grow their businesses.'*<sup>45</sup>

One of the challenges noted in the Region however, is that there is a struggle to change the mindset that being employed in more financially rewarding and stable than being self-employed. In Grenada, while extracurricular and community activities such as Junior Achievement have been cited as helpful for imparting life skills and fostering entrepreneurial interest, they are not compulsory; they are likely to be attended by the same core group of motivated youth and may be overlooked

by the majority of youth. Beyond training, it was suggested in interviews that the belief that entrepreneurship is a viable career choice must be reinforced by the wider community. It was also asserted that young people must be persuaded that entrepreneurial success is possible without political and social connections, or family support and wealth. Another barrier to self-employment in the Region is through a demonstration effect in relation to the performance of existing business. It was noted that an overall improvement of the national economy is essential, as youth will be naturally risk averse in an economic environment where larger, long-established businesses are failing.

### Activation Measures: Disincentivising Unemployment

The two main elements of activation measures relate to strict eligibility criteria for accessing benefits and re-employment services (discussed above). In the Caribbean, only The Bahamas and Barbados have unemployment benefits systems, although Antigua and Barbuda has an unemployment assistance fund created to deal with the economic crisis. Therefore, there is limited scope to use this mechanism to disincentivise unemployment in the Region. However, the current structure of the schemes in The Bahamas and Barbados means they are not relevant to unemployed youth who have never worked or worked for a short period as at least 52 contributions are required to be able to receive benefits in Barbados and 40 in The Bahamas. There are, however, some re-employment/re-training services in the Region, as discussed above.

### 4.3. SUMMARY

As the preceding description of the public policy approaches to youth unemployment in the Caribbean has revealed, the Caribbean has a majority of the rudimentary requirements in place for addressing this issue. These core requirements relate to the institutionalisation of youth issues in government ministries, availability of vocational education and training, elements of labour market flexibility, PES, remedial employment-related training schemes, and support for self-employment. The only major missing component in this area is the ability to disincentivise unemployment through restriction in the unemployment benefits system, as such systems do not widely exist across the Region.

However, despite the existence of these core components for addressing youth unemployment, the overall system is fragmented and disjointed from the top down and horizontally. At the level of overall governance, governments across the Region have located youth issues in the social sphere. While there is recognition of the linkages between youth and youth-at-risk issues and unemployment, youth have become the remit of ministries concerned solely with social issues or those

<sup>43</sup> Interview with Charmaine Brimm [Technical Specialist: Socio-Economic Development Community Renewal Programme PIOJ], January 28, 2015.

<sup>44</sup> Interview with Deidra Coy (Labour Market Analyst at (PIOJ), January 28, 2015

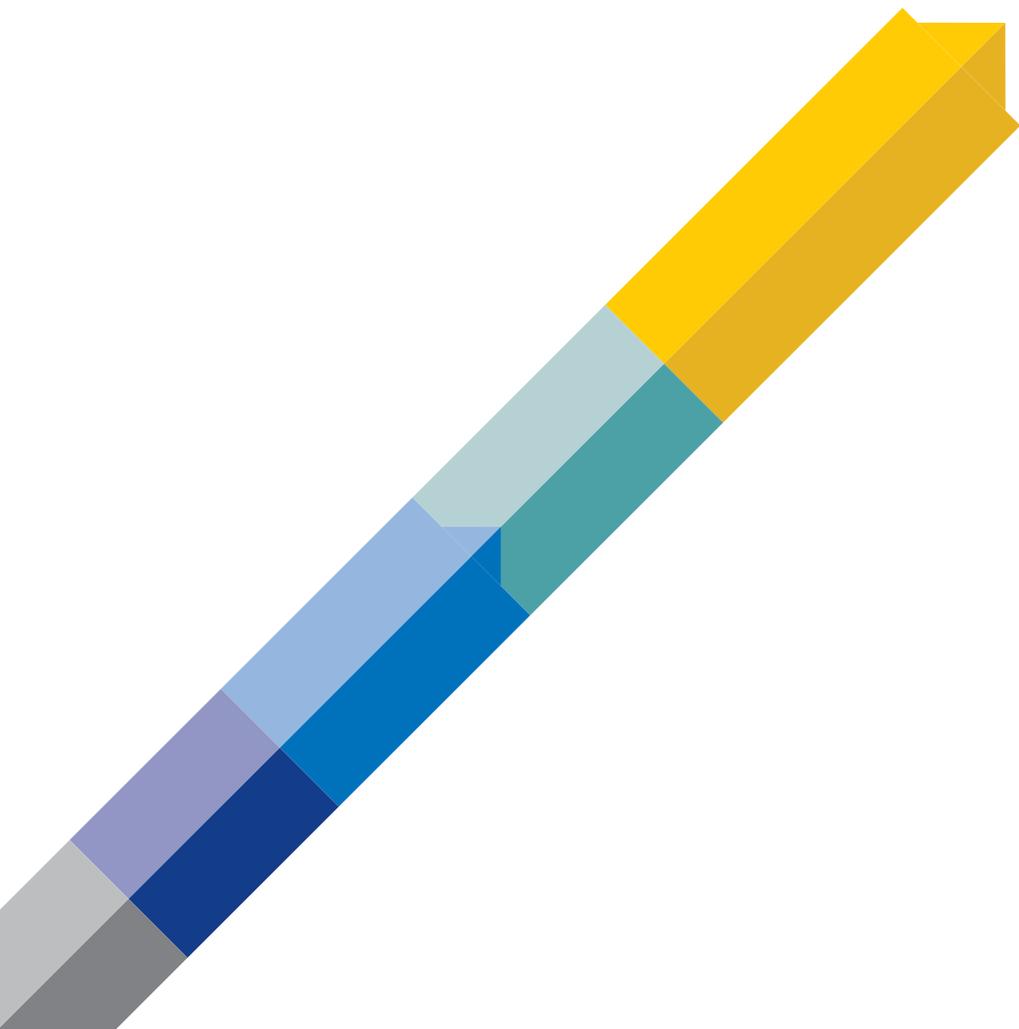
<sup>45</sup> See <http://www.start-upjamaica.com/en/p/list/57094>

related to sports and culture, and sometimes education. More importantly, social issues are separated from labour market issues in the Region, while the two have important causal linkages. This is unlike some of the global exemplars discussed in Chapter 6, where ministries of social development are linked with labour issues.

The other major disjoint seen in the Region is the manner in which TVET is delivered where, for the most part, this is institutionally-based, leading to a lack of coherence between what is taught and what is needed in the labour market, and subsequently a lack of employment opportunities for youth. This disjoint has subsequently led to the plethora of generic employment training programmes implemented in the Region and delivered after youth have left formal instruction. While these programmes are important in the current context, they are piecemeal within the wider economy. In essence, these programmes are addressing a market failure by providing the skills required for employment or self-employment; however, these skills should be provided in the formal education system before young people enter the labour market, and therefore the market failure is one which is self-induced. Examples of how these issues are addressed by countries performing well in relation to youth unemployment are discussed in Chapter 6.







Chapter

5

# Assessing the Socio-Economic Impact of Lower Youth Unemployment in the Caribbean

## 5.1. INTRODUCTION

The cost of unemployment varies according to the bearer of the cost, whether it is an individual, a household, an economy or a government. The overall cost of unemployment includes actual direct costs in relation to the provision of support to the unemployed, the cost of lost output to an economy, and the costs of the consequences of unemployment such as negative outcomes as the result of risky behaviour. The negative outcomes can include the costs resulting from risky sexual behaviour, drug use or crime.

At the individual level, the costs relate to: lost income; lost work experience, which can result in lost future earning capacity; personal cost of poor health outcomes and involvement in crime; and social isolation and exclusion. These costs are aggregated to the household level, with the additional cost of the provision of support to unemployed individuals that is borne from overall household income. The economy also loses in relation to foregone economic output and the extra cost of provision of support to the unemployed, while government loses in relation to foregone tax revenue and the costs of addressing the consequences of unemployment.

However, not all of these costs are unavoidable, if a certain level of unemployment is deemed necessary to the efficient functioning of an economy. However, the

disproportionately high levels of youth unemployment as compared to adult unemployment in the Caribbean suggests that there is a certain element of these costs that could be avoided if a greater proportion of young people were able to obtain employment. In seeking to quantify these costs in the Region, the following sections adopt a conceptual framework for costing the reduction of the gap between youth unemployment and adult unemployment; as well as the cost of addressing the consequences of youth unemployment. While there is a total cost to unemployment, the following sections address the cost of the excess of youth unemployment, measured as the difference between the adult and youth rates of unemployment. This is a similar approach to one adopted by Chaaban (2009) and World Bank (2003) to estimate the cost of youth unemployment in the Region, measured as the cost of lost wages and productivity, but goes beyond this approach to also include losses in government revenue. In addition, it is also proposed that a proportion of the costs of dealing with the consequences of risky youth behaviour can be attributed to youth unemployment, and these costs are also discussed.

The rest of the chapter is structured as follows. Initially a conceptual framework of the costs of youth unemployment is proposed, including issues related to the negative outcomes experienced due to risky behaviour. This is followed by the operational framework and historical cost estimates for the period 2000 to 2013, and potential cost

estimates for 2014 to 2019. These estimations were conducted for eight BMCs for which relevant data are available. The countries included: The Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname and Trinidad and Tobago. The cost estimates for the 2014 to 2019 period are complemented by cost saving estimates if the differences between the adult and youth unemployment rates were reduced from estimated levels. The final section summarises and concludes.

## 5.2. CONCEPTUAL FRAMEWORK OF THE COSTS OF YOUTH UNEMPLOYMENT

The following subsection provides a conceptual framework to inform the estimation procedure regarding the cost of youth unemployment to the Caribbean region. It should however be noted that while there are both financial and psychological costs to youth unemployment, there are also benefits to having a natural rate of youth unemployment, as there is a benefit from a degree of unemployment in an economy in general, although not chronic, long-term, unemployment. While 'full employment' suggests that every single person in the labour market is gainfully employed, in macroeconomic terms 'full employment' relates to a natural rate of unemployment, which allows for the efficient functioning of the labour market, and keeping wage inflation to a minimum<sup>46</sup>. Utilising a literal definition of 'full employment' would suggest that in seeking to fill vacancies, an employer is in an inferior position to the applicant, as the employer will need to match or exceed current wages to effect a transfer from one job to another, as there are no unemployed persons in the labour market from which to draw. Such a situation curtails opportunities for growth through the expansion of employment, and any growth will be mostly governed by productivity gains. While these productivity gains may be realised through technological advances, increases in labour productivity are hampered as employees have limited motivation given the limited threat to losing their jobs. In a situation where there is a natural rate of unemployment, the employer has greater choice in the expansion of employment and investment.

Dealing specifically with youth in the labour market, their particular characteristics suggest that they would be 'last in, first out', and are more likely to be utilised by businesses to deal with short-term needs, whether it be in boom (employed to expand production at least cost) or bust (made redundant to contain costs), '...since it is more costly for employers to lay off older workers', and 'youth workers are less likely to have had company training, have fewer skills, and are often on a temporary contract'<sup>47</sup>. In a sense, youth are basically seen as a part-time or temporary workforce. Given that youth, relative to adults, lack experience, have smaller social networks from which to draw employment and enterprise opportunities, and lack financial resources to fund or secure funds for self-

employment, it is suggested that the youth unemployment rate will naturally be higher than the adult unemployment rate. However, the significant gaps seen between these two rates in the Caribbean, among the highest in the world, suggest that there is a significant cost to the Region in dealing with the reality, causes, and consequences of youth unemployment.

In general, conceptualising the cost of youth unemployment relates to dissecting the costs at various levels, from the personal to the national; and indeed the international level, as international donor agencies supply significant funds to address youth unemployment in the Region. The conceptualisation also relates to addressing the various consequences of youth unemployment such as stresses on household income, risky behaviour, which can result in health and incarceration costs, psychological costs of social exclusion and feelings of hopelessness, and costs to the economy in terms of foregone economic growth. The costs at these various levels are disaggregated later following an examination of the main causes/consequences of youth unemployment.

### 5.2.1 Main Causes, Consequences and Outcomes of Youth Unemployment

The main causes, consequential actions and ultimate outcomes related to youth unemployment are outlined below, with the caveat that the direction of causation in some instances may be unclear, and that there is also a feedback mechanism where outcomes can affect causes, such as incarceration leading to stigma and discrimination when seeking employment in the future.

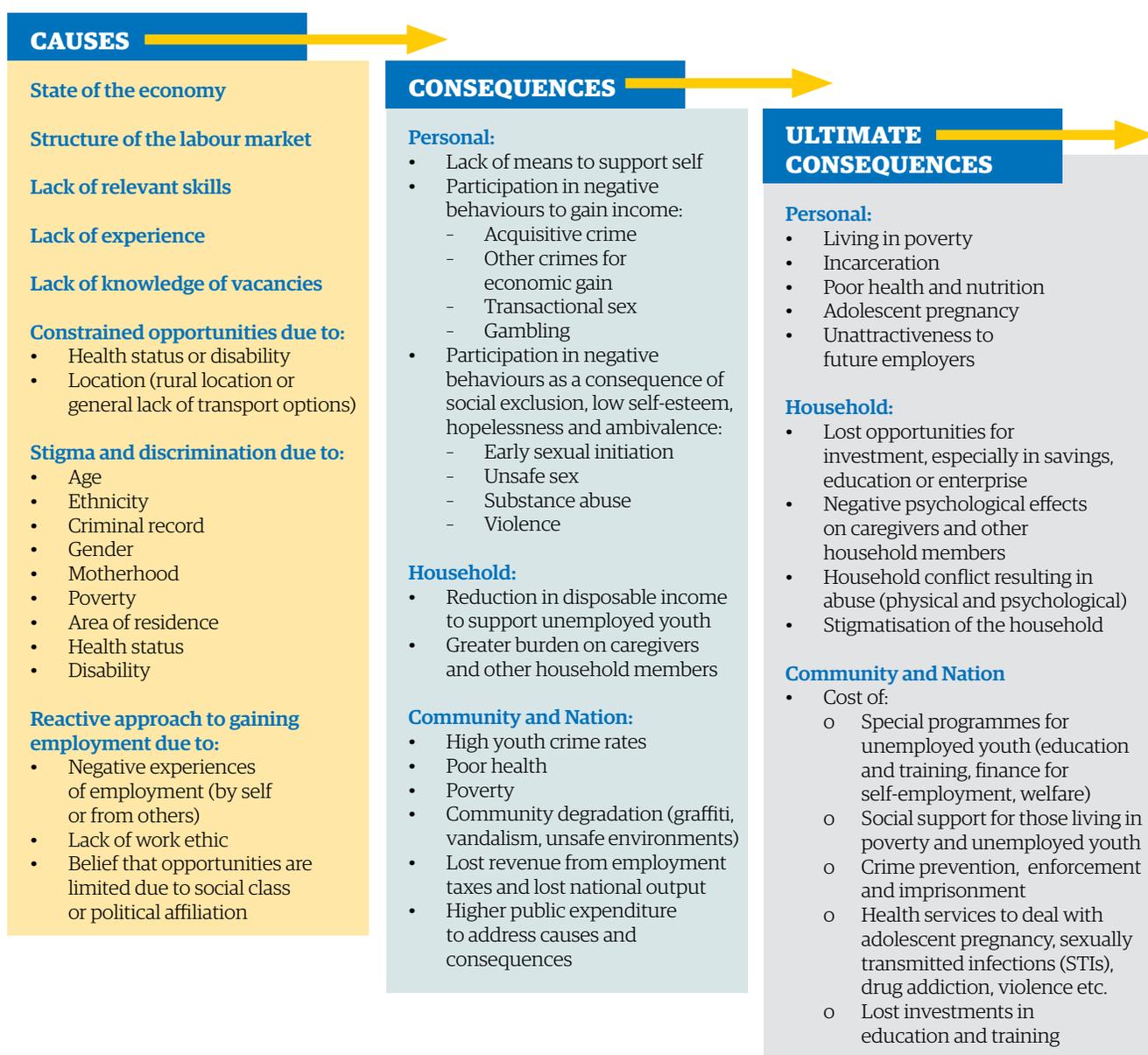
The illustration above is not however deterministic in relation to unemployment resulting in all of the negative consequences listed, nor does it suggest that unemployment is a direct or the only cause of such outcomes as participation in criminal behaviour or poor health. Further to this, it is also difficult to estimate what proportion of negative outcomes, such as crime and poor health, are directly attributable to unemployment, and therefore any estimation in this area must be treated with a high degree of caution. As the actual effect of unemployment on these outcomes is undetermined, the estimation procedures employed seek to provide a conservative estimate of the total cost of outcomes where possible, as not all outcomes can be monetised. The table below details the specific potentially measurable costs of youth unemployment, separated by entity bearing the cost; the individual, the household, and the government and country.

These costs are however not mutually exclusive or borne singly by each entity. For example, support for the individual may originate from the household, the government or both, and unemployment benefits may be related to the level of

<sup>46</sup>While the arguments and limitations surrounding the Non-Accelerating Inflation Rate of Unemployment are appreciated here, their discussion is beyond the scope of the development of the current conceptual framework.

<sup>47</sup>See: <http://www.weforum.org/community/global-agenda-councils/youth-unemployment-visualization-2013>

TABLE 5.1: YOUTH UNEMPLOYMENT: SUMMARY OF CAUSES AND POTENTIAL CONSEQUENCES



social welfare expenditure to the household or individual. In providing a framework for the cost estimates, it is useful to disaggregate to the level of the individual cost-bearing entities to understand the sources of support.

### 5.2.2 Conceptualisation of the Direct Cost of Youth Unemployment

Firstly, at the individual level, there is a certain level of cost to be borne to provide for essentials such as housing, amenities and food. In coping with these costs, an individual with no employment income will need to draw on: other income sources (investments, interest on savings); financial stocks (savings, liquidisation of investments or property); credit; family and friends, including remittances; charities and NGOs; and government. However, given the assumption that youth

TABLE 5.2: SUMMARY OF COSTS INCURRED AS A RESULT OF YOUTH UNEMPLOYMENT

Entity	Cost Incurred
Personal	Lost current income
Household	Transfer cost of support to unemployed household members
Government and Country	Foregone economic output
	Welfare support to unemployed youth
	Unemployment transfers
	Funding of Healthcare
	Funding of youth unemployment programmes
	Funding of crime prevention, enforcement and imprisonment

will possess limited physical and financial assets, including investments and savings, and hence unattractive to financial providers, the burden would be expected to fall mainly on family and friends, charities and the wider social safety net.

Using an example from St. Lucia, as illustrated earlier, over 75% of non-employment income for youth was from local contributions from friends and family, 'other sources' and remittances. Therefore, it would be expected that the basic cost required to support an unemployed youth would mainly accrue to the household and to the government. Despite not being able to clearly apportion the level of support from each source to allow an unemployed person to meet the basic cost of living, an estimate of the total amount required can be inferred via the poverty line. While a greater proportion of unemployed youth can be considered to be living in poverty, and hence not meet or exceed the poverty line, the issue here is that the poverty line represents the minimum amount society is required to provide to ensure the individual is not denied their basic human rights. In this vein, this requirement acts as a liability on the state at a moral level, while at a practical level, the deficit between what is provided by the state and household directly, is compensated for by the costs incurred by the person as a result of living in poverty such as provision of healthcare, institutionalisation, for example. In effect, the first main cost of youth unemployment is the costs required to ensure each unemployed youth at least meets the poverty line of the country; in this instance it is not relevant whether that cost is covered by the household or from the public purse. It should also be noted that the calculation of the total costs in this area is not a simple summative exercise, but it is also the opportunity cost to the Government or the household; id est. what is the foregone cost in supporting an unemployed youth?

The second main cost of youth unemployment is lost output to the country as a result of the non-contribution of unemployed youth. This element actually relates to the basic cost noted above plus the additional potential income gained from employment. At the individual level, assuming the basic cost of living is covered by government or the household during unemployment, the net loss from unemployment is potential gross income minus the poverty line; at the national level, the net loss is the total lost output from the unemployed youth, which can be measured by the potential gross income of the youth, plus the opportunity cost of expenditure that is incurred to support the young person while unemployed, that is, the poverty line. In this scenario, the liability on the country caused by youth unemployment, whether it is on the household or the government, is hypothetically transferred to the individual on gaining employment. The Government also loses directly through the loss of any potential taxes on income that the youth would be required to pay if employed. This second element of costs therefore relates to the foregone contribution in relation to the additional income supplied by employment, that income which exceeds the poverty line.

Taking these two main elements into consideration, the first element indicates a cost of supporting each unemployed

person as equal to the poverty line. The second element indicates the loss to the individual as the income they could earn if employed minus the poverty line. For the economy, the cost is due to lost wages plus the opportunity cost of support, with the cost of support being the poverty line:

**Cost of youth unemployment to unemployed youth:  
Gross Wages- Tax- Poverty Line**

$$(1) \quad C_{yu}^i = (w(1 - t) - pl) \times (UR_y * LF_y)$$

Where:  $C_{yu}^i$  is the cost of youth unemployment ( $yu$ ) to all young unemployed individuals ( $i$ );  $w$  is lost wages;  $t$  is the prevailing tax rate;  $pl$  is the poverty line in the country;  $UR_y$  is the youth unemployment rate; and  $LF_y$  is the number of youth in the labour force.

**Cost of youth unemployment to the country:  
Gross Wages + Cost of the Poverty Line**

$$(2) \quad C_{yu}^n = (w + pl(1 + i)) \times (UR_y * LF_y)$$

Where additionally:  $C_{yu}^n$  is the cost of youth unemployment ( $yu$ ) to the nation ( $n$ ); and  $i$  is the cost of gains lost from alternative income earning opportunities.

**Cost of unemployment to the government:  
Opportunity Cost of the Poverty Line + Foregone Taxes**

$$(3) \quad C_{yu}^g = ((w * t) + ((x * pl) * i)) \times (UR_y * LF_y)$$

Where additionally:  $C_{yu}^g$  is the cost of youth unemployment ( $yu$ ) to the Government ( $g$ );  $t$  is the prevailing tax rate; and  $x$  is the proportion of the poverty line attributable to government expenditure. As the ratio of support to the individual supplied by government and the household, this value is set to 1 indicating that all of the support to the individual is borne by the government.

It should be noted that the costs to government and the costs to the country are different; in the case of the country, the cost includes the support provided, that is the poverty line, as well as the opportunity cost of alternative investments, while for the government, only the opportunity cost of alternative investments is included. The rationale for this is that it is assumed that the Government has no excess revenue and would have expended the funds utilised to support the individual for other public purposes.

The above equations (1-3) outline **the total cost of youth unemployment** at the three levels of the individual, the country and the Government. However, not all of these costs are avoidable as it would not be expected or desirable that the youth unemployment rate was reduced to zero.

In seeking to estimate the costs of the significant differential in unemployment rates between youth and adults, the gap in the

rate can be used to estimate the additional cost to the country and the government if the gap was reduced. This additional cost to the country and the government is shown in equations (4) and (5) below.

$$(4) \quad C_{yu}^n = (w + pl(1 + i)) \times ((UR_y - UR_t) * LF_y)$$

$$(5) \quad C_{yu}^g = ((w * t) + (pl * i)) \times ((UR_y - UR_t) * LF_y)$$

Where additionally:  $UR_t$  is a target youth unemployment rate, for which the adult rate can be utilised. In the estimation executed later,  $UR_t$  is set at the adult rate to provide historical and future estimates of the cost of excess youth unemployment. In seeking to provide future estimates if the gap between youth and adult unemployment rates was reduced, two scenarios are utilised, one where the youth rate is the same as the adult rate, and one where the gap is reduced by 75%. The future estimates of costs would therefore be represented by the following:

$$(6) \quad C_{yu}^n = (w + pl(1 + i)) \times (((UR_y - UR_a) * G) * LF_y)$$

$$(7) \quad C_{yu}^g = ((w * t) + (pl * i)) \times (((UR_y - UR_a) * G) * LF_y)$$

Where additionally:  $(UR_a)$  is the adult unemployment rate;  $G$  is the target gap ratio in the difference in rates with 1 representing the current gap. The case of equality of rates ( $UR_t = UR_a$ ) would result in a zero cost of excess youth unemployment; therefore the value range of  $G$  would be greater than zero but less than or equal to 1. In the case of equality of rates, the estimation of the total cost of youth unemployment would be calculated via equations (1) to (3). In addition to utilising these equations in the calculation of the cost of youth unemployment at a country level, for purposes of comparability, the cost is also calculated as a percentage of GDP.

This procedure for the estimation of the overall costs of youth unemployment is informed in part from the methodology utilised by Chaaban (2009) (informed from World Bank (2003)) for estimating the cost of youth unemployment, early school leaving, adolescent pregnancy, HIV/AIDS, and crime and violence for CARICOM member states. Chaaban (2009) cites these as risky behaviours, however it is noted here that these are consequential outcomes rather than risky behaviours. Whatever the classification, these outcomes have both economic and social costs, and Chaaban (2009) supplies estimates for the economic costs, given that he considers social costs as not measurable. Given this approach, his costs are therefore conservative and 'should be seen as a lower bound to the true social costs' (p.2), as they are in the current estimation. The approach by Chaaban (2009) is somewhat different to the

approach taken here as only the lost wages were considered in his estimation, while the equations utilised here include the cost of support for unemployed youth, for which the poverty line is used as a proxy. Chaaban's (2009) central equation for calculating the cost of youth unemployment was:

$$(8) \quad Cost = ((UR_y - UR_y^*) \times LF_y \times w_y) \div GDP$$

Where:  $UR_y$  is the youth unemployment rate;  $UR_y^*$  is the target unemployment rate<sup>48</sup>;  $LF_y$  is the number of youth in the labour force;  $w_y$  is the real youth wage; and  $GDP$  is Gross Domestic Product. While data were available for Chaaban (2009) in relation to unemployment rates, labour force participation and GDP for some Caribbean countries, there were no compatible data on youth wages. To estimate youth wages, Chaaban (2009) made a series of assumptions:

1. Wage earnings in an economy are 60% of GDP
2. Females earn less than males by 25%
3. Youth earn 70% of average earnings.

However, it is difficult to discern the approach to calculating the average wages for the different groups (adult males, adult females, young males, and young females) from the descriptions given. In order to ascertain the relevant ratios and rates to be used in the estimation, including youth wage rates, the operational framework outlined later seeks to construct the actual ratios and estimate the base data to be used in the calculations.

### 5.2.3 Conceptualising the Costs of the Consequences of Youth's Risky Behaviours

Chaaban (2009) and World Bank (2003) both seek to provide estimates of the total cost of adolescent pregnancy, youth crime, youth HIV/AIDS and early school-leaving. However, the current exercise seeks to only estimate the cost of youth's risky behaviours as it relates to unemployment as both a cause and effect, while noting that risky behaviours may not simply be the unemployment, or indeed poverty, but also due to physiological and psychological stage of development, in relation to body and brain development. This is specifically in reference to the maturation process from childhood to young adulthood where self-identity and independence are enhanced. So, regardless of class, gender and social background, youth may engage in behaviours that challenge authority and subsequently place them at risk. However, as a cause, it can be conceptually proposed that a proportion of young people may participate in risky behaviours such as crime and unsafe sexual practices as a consequence of being unemployed; that is out of feelings of hopelessness, social exclusion or need for income. Additionally, unemployment as an effect relates to

<sup>48</sup> Chaaban's (2009) utilised a target rate for youth unemployment as the same as the adult rate. However, other target rates can be utilised to assess various scenarios of rates below current rates or utilised to calculate costs/benefits to the economy with the achievement of specific targets. To date, only Barbados has published target unemployment rates; for the period 2012 to 2020 the Government is seeking to reduce the overall unemployment rate from 12% to 8% (Barbados Economic Affairs Division 2013).

not being able to undertake employment due to such factors as pregnancy, incarceration, or health status.

With respect to these outcomes, any estimation of the cost of youth unemployment would need to determine the proportion of youth that participated in risky behaviours as a consequence of being unemployed, as well as the proportion of those that in the absence of being pregnant, incarcerated or in poor health would be participating in the labour market. While this may be conceptually valid, it is operationally complex. Operationally, and utilising healthcare as an example, the health expenditure incurred due solely to unemployment would firstly require an assessment on a case-by-case basis to ascertain whether the health issue was one incurred directly as a result of unemployment. Additionally, whether the health issue actually prevents the person from participating in the labour market would also need to be determined. Thirdly, the cost of the healthcare provided to each individual would need to be calculated. With such information the overall cost due to unemployment would be a simple summative exercise. However, such micro-data are not readily available.

At a general level, the causes of negative outcomes for adults and youth are related to a number of factors, and for the youth this is exacerbated by significantly higher levels of unemployment, less life experience, less physical, financial and social assets, and stigma and discrimination due solely to age. Such a situation leads to a lack of empowerment, and youth are therefore proposed to be more likely to participate in risky behaviours that result in negative outcomes. It can therefore be proposed that the main causes of the differential rates of negative outcomes relative to adults are: inter alia, higher youth unemployment; less life experience; and powerlessness.

Therefore, while the overall proportion of negative outcomes that are as a cause or effect of youth unemployment are perhaps immeasurable, it can be proposed that a proportion of the difference in the rate of negative outcomes for adults and for youth can give an indication of the effect of higher youth unemployment, less life experience and powerlessness. In such a scenario, other socio-cultural factors not related to the differentials between youth and adults at a general level are controlled for. For example, while unemployment may directly lead to negative outcomes at a general level for youth and adults, the proportion that is related to significantly higher youth unemployment can be understood by looking at the differences in adult and youth rates.

Therefore, while the direct cost of youth unemployment can be discerned by utilising the difference in the youth and adult unemployment rates as described above, calculating the **economic costs of the provision of healthcare and crime prevention, enforcement and incarceration** due to the difference in youth and adult rates would only indicate the cost of the higher rates experienced by youth, which is as a consequence of their higher levels of unemployment, less life experience and powerlessness.

At a broad conceptual level in developing a methodology to estimate these costs, the major assumption adopted is that the difference between the adult rate and the youth rate for a particular variable is in part due to the significant difference in unemployment rates between the two groups. While there are several areas where costs are incurred due to negative outcomes for youth, the main outcomes addressed here are youth pregnancy, youth HIV/AIDS and youth crime. The main cost components are: foregone income for the individual due to inability to work due to incapacitation as a result of a negative outcome of risky behaviour; the excess cost of healthcare because of a negative health outcome; and the excess cost of crime prevention, enforcement or incarceration. These frameworks of analysis for estimation of costs are discussed below, under the assumption that if the individual was not pregnant, was not unemployed because of HIV/AIDS, or not incarcerated, that there would be a much greater probability that they would be in employment.

### Cost of Youth Pregnancy

Chaaban (2009), drawing on the methodology in World Bank (2003), proposes two sources of cost for adolescent pregnancy, opportunity cost of the adolescent mother's foregone income, and financial costs which relate to: annual governmental child support; government income transfers and subsidies to adolescent mothers; and medical care for mother and child. Also, there are costs when a young woman remains in a cycle of poverty with limited opportunity to effectively support themselves and their children and advancing their education. The composition of the mother's foregone annual earnings and tax revenues is detailed as the net loss to lifetime earnings which are as the result of forced early school leaving and less valuable future jobs due to caring for the child (World Bank 2003). There is a gender dynamic here, whereby young women more so than young men have to bear the cost of being a teenage parent. It is also difficult for teenage mothers to re-integrate back into school, which is not usually the case for teenage fathers, as well as future difficulties in accessing employment due to discrimination against teenage mothers. However, the focus for the current estimations relates to unemployed youth, and children in school would not be relevant to the current exercise. The conceptual framework in the instance of the cost of the difference between youth fertility and adult fertility would be:

### Cost of youth pregnancy to pregnant youth:

$$(9) \quad C_{yp}^f = (w(1-t) - pl + h_i + cc_i) \times ((FR_y - FR_a) * P_y)$$

Where:  $C_{yp}^f$  is the cost of youth pregnancy ( $yp$ ) to young pregnant females ( $f$ );  $w$  is lost wages;  $t$  is the prevailing tax rate;  $pl$  is the poverty line in the country;  $h_i$  is health costs borne by the individual;  $cc_i$  is the cost of care of the child borne by the individual;  $FR_y$  is the youth fertility rate;  $FR_a$  is the adult fertility rate; and  $P_y$  is the youth female population.

### Cost of youth pregnancy to the country:

$$(10) C_{yp}^n = (w + pl(1 + i) + ((h + cc) * (1 + i))) \times ((FR_y - FR_a) * P_y)$$

Where additionally:  $C_{yp}^n$  is the cost of youth pregnancy ( $yp$ ) to the nation ( $n$ );  $i$  is the cost of gains lost from alternative income earning opportunities; and  $h$  is the unit cost of pregnancy-related healthcare.

### Cost of pregnancy to the government:

$$(11) C_{yp}^g = ((w * t) + (pl * i) + ((x(h + cc)) * i)) \times ((FR_y - FR_a) * P_y)$$

Where additionally:  $C_{yp}^g$  is the cost of youth pregnancy ( $yp$ ) to the government ( $g$ );  $t$  is the prevailing tax rate; and  $x$  is the proportion of healthcare and childcare covered by the government.

It should however be noted that these estimates only apply to new cases of youth pregnancy as the costs would only apply to the year in which the pregnancy or birth occurs. It can be conceptualised that the costs are borne for a period exceeding a year and a cumulative effect would be seen for children in the range 0 to 5 years' of age. Such estimation would therefore include the previous 4 years' stock of new births in addition to the current year with an inflation factor for the cost of childcare (additional nutrition) for children as they age. However, given a lack of time series data for key variables, as discussed below, only single year estimates are provided for the costs of new youth pregnancies.

Some of the data required for this estimation are included in the estimation of the general costs of youth unemployment. The additional data required for conducting this estimation would relate to **fertility rates** for youth and adult, the **healthcare costs for pregnancy**, and the **cost of caring for the child**. The sources and ratios utilised in the actual estimation are included in the discussion on operationalisation.

### Cost of Youth HIV/AIDS

It can be proposed conceptually that a proportion of unemployed youth partake in unsafe sexual practices as a direct consequence of their unemployment status. One of the outcomes of this risky behaviour can be the contraction of HIV, and subsequently the development of AIDS. However, despite if the underlying cause of the risky behaviour and subsequent outcome being HIV/AIDS, persons living with HIV/AIDS are not necessarily excluded from the labour market. So, despite whether a person becomes infected as a consequence of unemployment, they may still be employed at some later date. These issues make the estimation of the cost of youth HIV/AIDS as a consequence of unemployment operationally difficult. To provide an accurate estimate, for each person with HIV/AIDS that is unemployed or absent from the labour market it would need to be determined whether their contraction of HIV/AIDS was as a consequence of their unemployment and whether their HIV/AIDS status has caused their current unemployment

or exclusion from the labour market due to discrimination or other factors. Given that the causal effect of HIV/AIDS on unemployment at a specific time is indeterminable in this case, actual cost estimates cannot be supplied here.

However, conceptually, estimating the costs of youth HIV/AIDS would follow the same conceptual logic as applied to the cost of youth pregnancy, with exceptions. Firstly, as noted above, not all persons with HIV would be unemployed, therefore any aggregating of costs from the individual level would only apply to those unemployed or absent from the labour market as a direct cause of HIV/AIDS or indirectly because of stigma and discrimination. Secondly, the stock of cases rather than new cases would form the basis of estimations with the assumption that the real costs of care do not increase or decrease on a yearly basis. In addition, the estimates would not account for death, but simply the number of cases in a given year. The relevant equations are as follows:

### Cost of youth HIV/AIDS to unemployed youth:

$$(12) C_{yHIV}^y = (w(1 - t) - pl + h_{iHIV}) * U_{yHIV}$$

Where:  $C_{yHIV}^y$  is the cost of youth HIV/AIDS ( $yHIV$ ) to youth ( $y$ );  $w$  is lost wages;  $t$  is the prevailing tax rate;  $pl$  is the poverty line in the country;  $h_i$  is health costs borne by the individual; and  $U_{yHIV}$  is the number of unemployed youth and youth not in education or training whose status is directly due to being unemployed at the time of infection.

### Cost of youth HIV/AIDS to the country:

$$(13) C_{yHIV}^n = (w + pl(1 + i) + ((h) * (1 + i))) * U_{yHIV}$$

Where additionally:  $C_{yHIV}^n$  is the cost of youth HIV/AIDS ( $yHIV$ ) to the nation ( $n$ );  $i$  is the cost of gains lost from alternative income earning opportunities; and  $h$  is the unit cost of HIV/AIDS healthcare.

### Cost of HIV/AIDS to the government:

$$(14) C_{yHIV}^g = ((w * t) + (pl * i) + (x * h) * i) * U_{yHIV}$$

Where additionally:  $C_{yHIV}^g$  is the cost of youth HIV/AIDS ( $yHIV$ ) to the government ( $g$ );  $t$  is the prevailing tax rate; and  $x$  is the proportion of HIV/AIDS healthcare covered by the government.

World Bank (2003) utilises a methodology to estimate the cost of youth crime in the Caribbean comprising estimates of financial social costs, private social costs, economic social costs, costs to tourism and private economic costs. This is an approach similar to that employed by Chaaban (2009). The composition of these costs is outlined in the table below. However, these costs relate to total costs rather the proportion of costs due to the difference in rates between youth and adults.

**Table 5.3: Methodology for Cost Calculations of Youth Crime and Violence by World Bank (2003)**

Cost Component	Estimation Components
Financial Social Costs	Number of crimes committed by youth; Tangible cost of each type of crime; Cost of arrest, prosecution and average detention
Private Social Costs	Private cost of security measures (fixed costs, recurrent costs)
Economic Social Costs	Foregone tax revenue of incarcerated youth; Opportunity costs of prosecution, arrest and detention; Opportunity costs of tangible costs such as medical costs, lost earnings and public programs for victims
Costs to Tourism	Estimation of increase in tourist receipts from a 1% decrease in youth crime; Utilises elasticities of tourist flows against crime rates
Private Economic Costs	Psychological costs of crime to victim; Number of times crime occurs; Opportunity costs of expenditure on security measures; Foregone income of prisoner (cost to family)

In order to estimate the one element of the costs of youth crime, youth imprisonment, the following equations were utilised to include: the cost of incarceration to the youth in terms of foregone earnings; the cost to the country in terms of lost output, and the opportunity cost of incarceration; and the cost to the government in terms of foregone tax revenue and the opportunity cost of incarceration. These estimates do not take into account the fixed costs of security as in this scenario as crime would still be a threat, nor the effect of stigma and discrimination on the individual or the effect to the reputation of the country and subsequent effect on such sectors as tourism. As with previous estimates, and as a proxy for the cost of incarceration, the poverty line (pl) is utilised to indicate the basic cost of care for an individual.

#### **Cost of youth crime to incarcerated youth:**

$$(15) \quad C_{yc}^y = (w(1-t) - pl) \times ((IR_y - IR_a) * P_y)$$

Where:  $C_{yc}^y$  is the cost of youth crime (yc) to incarcerated youth (y);  $w$  is lost wages;  $t$  is the prevailing tax rate;  $pl$  is the poverty line in the country as a proxy for the cost of incarceration;  $IR_y$  is the incarceration rate for youth;  $IR_a$  is the incarceration rate for adults; and  $P_y$  is the youth population.

#### **Cost of youth imprisonment to the country:**

$$(16) \quad C_{yc}^n = ((w + (x * pl) + cv + mcj) * (1 + i)) \times ((IR_y - IR_a) * P_y)$$

Where additionally:  $C_{yc}^n$  is the cost of youth crime (yc) to the nation (n);  $x$  is the proportion of the poverty line as a cost of support for incarceration as the full cost of support would not be required;  $mcj$  is the marginal cost of enforcement and criminal prosecution;  $i$  is the cost of gains lost from alternative income earning opportunities; and  $cv$  is the cost to the victim of the crime.

#### **Cost of youth imprisonment to the government:**

$$(17) \quad C_{yp}^g = ((w * t) + ((x * pl) * i) + (mcj * i) + ((z * cv) * i)) \times ((IR_y - IR_a) * P_y)$$

Where additionally:  $C_{yp}^g$  is the cost of youth crime (yc) to the government (g);  $t$  is the prevailing tax rate; and  $z$  is the proportion of cost to the victim borne by government.

The operationalisation of all of these estimates is discussed in the following section.

### **5.3. OPERATIONAL FRAMEWORK: COSTING OF YOUTH UNEMPLOYMENT AND CONSEQUENCES**

#### **5.3.1 Cost of Youth Unemployment**

The components of the cost of youth unemployment include a number of variables, of which several require estimation due to the absence of specific data. The conceptual framework outlined above requires the following data for the estimation:

- Youth wages by sex
- Youth and adult unemployment rates by sex
- Youth labour force levels by sex
- Poverty lines
- Interest rates
- Tax rates
- GDP

Data for GDP and interest rates (deposit rates) were readily available from the World Bank's World Development Indicators (WDI) for most BMCs, however other required data were more difficult to obtain and estimations had to be constructed. The base data from which estimations were produced included GDP, poverty lines for various years, ILO estimations of youth and adult labour force participation and unemployment, and the ILOSTAT Global Wage Report Collection. An initial analysis of data indicated that the data required for the estimation were only available for eight of the BMCs; The Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname and Trinidad and Tobago, with the exception of poverty lines for Haiti and Suriname in which case the US\$2 per day standard was used as a proxy. The main information for these countries for 2013 is shown below, with GDP per capita ranging from US\$30,446 for Trinidad and Tobago, to US\$1,703 for Haiti, and youth accounting for between 12% (Suriname) and 24% (Belize) of the labour force. In addition, youth unemployment rates range from 36% in Jamaica to 13% in Trinidad and Tobago. Of interest is the difference between youth and adult unemployment rates which averages 17%, ranging from 24% in Jamaica to 9% in Trinidad and Tobago.

In order to provide appropriate estimates of ratios and levels for the wage rates by age and sex, an approach similar to that utilised for deriving individual age group poverty lines was used to calculate estimates based on an adult male equivalent (AME) wage rate. Given a ratio for the distribution of wages, the number of adult females and youth males and females in the labour force can be normalised according to these ratios to establish the

TABLE 5.4: SELECTED COUNTRY DATA FOR ESTIMATION PROCEDURE FOR 2013

Country	GDP (PPP Current International (\$ mn))	GDP per capita (PPP Current International (\$))	Poverty Line (estimated) (PPP Current International (\$))	Youth Labour Force ('000)	Adult Labour Force \$	Youth Unemployment Rate \$	Adult Unemployment Rate \$
Bahamas	8,779	23,264	4,428	38	182	28.9	10.4
Barbados*	4,411	15,574	4,694	23	142	27.0	9.8
Belize	2,817	8,487	2,921	35	109	29.7	9.7
Guyana	5,234	6,546	1,498	67	246	23.9	7.7
Haiti**	17,571	1,703	730	762	3652	17.4	4.8
Jamaica	24,142	8,892	1,351	188	1096	35.5	11.5
Suriname**	8,667	16,071	730	26	188	22.5	5.8
Trinidad and Tobago	40,833	30,446	3,314	94	587	13.2	4.6

1. GDP Data from WDI.
2. Labour Force Data are Estimates from ILO KILM 8th Edition.
3. Poverty Line Estimates calculated from published country poverty surveys or household expenditure surveys for specific years. Specific year data was inflated to 2013 using annual consumer price inflation (%) from WDI, and converted to purchasing power parity (PPP) current international dollars using the PPP conversion factor (local currency unit per international \$) from the same source. The estimates were also deflated to 2000 to enable historical calculation of estimates.

\*Data for Barbados for 2012; \*\*Poverty line estimated using USD2 (PPP Constant International \$).

number of males that would account for the number of adult female, youth males, and youth females in the labour force; this is the AME that can be applied to the total wages in the economy to give total wages per group. These total wages are then divided by the number of each group in the labour force to give average wages. In order to provide these estimates, the ratio of earnings for each group to male earnings and the ratio of wages share of GDP are required.

Dealing initially with the ratio of female and youth wages to male wages, the matrix below outlines some initial proportions utilising some of Chaaban's (2009) proposals, as described previously.

However, there is limited evidence to support these initial proportions. Utilising income data from the Barbados CALC (Caribbean Development Bank 2012), the following median monthly wages, and associated ratios, for youth and adults was seen.

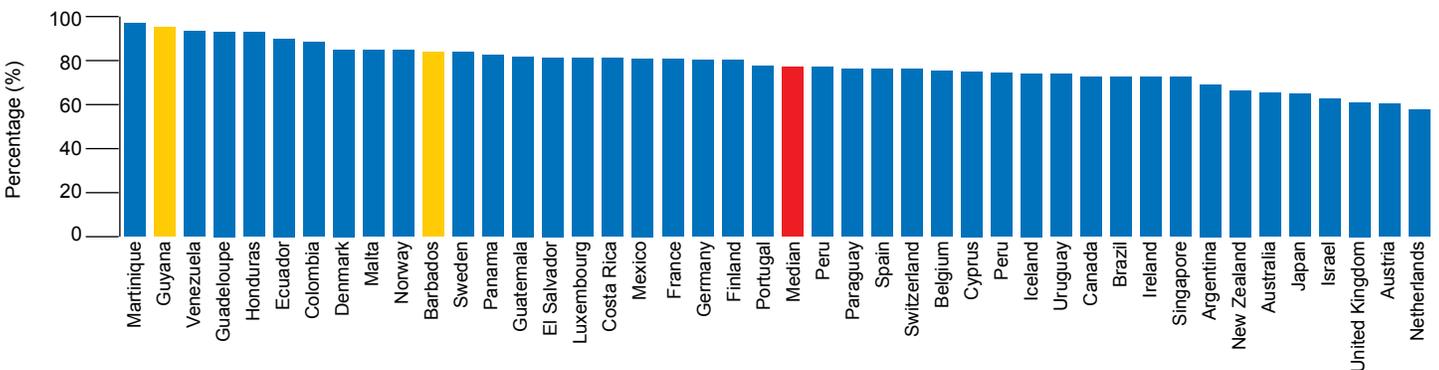
TABLE 5.5: PROPOSED WAGE RATE PROPORTIONS BASED ON ADULT MALE EQUIVALENCE INFORMED BY CHAABAN (2009)

Gender	Adult	Youth
Male	w	0.7w
Female	0.75w	0.525w

TABLE 5.6: MEDIAN MONTHLY WAGES AND RELEVANT ADULT MALE EQUIVALENT PROPORTIONS FOR BARBADOS IN 2010

Gender	Nominal Wages		Adult Male Equivalence	
	Adult	Youth	Adult	Youth
Male	\$2500	\$2000	1.0	0.8
Female	\$2100	\$1800	0.84	0.72
Source: CDB (2012).			Source: Author's Calculations.	

FIGURE 5.1: FEMALE WAGE PROPORTIONS FOR SELECTED COUNTRIES (%)



Source: ILOSTAT- Global Wage Report Collection.

Note: Calculations based on Median of nominal monthly earning by sex for 2000 to 2011. Barbados Data from CALC (CDB, 2012).

In seeking to explore the relevance of these proportions, data from the Global Wage Report Collection of the ILO was utilised as a point of comparison. The database however only included one CDB BMC, Guyana, where the female wage was 95% of the male wage. The information on Barbados was inserted into the figure as a point of comparison. The information reveals a median proportion of 77%, which is similar to Chaaban's (2009) proposition that females earned 25% less than males. If the median for only Latin America and Caribbean (LAC) countries is calculated, this is 81.4%, with a mean of 78.9%, suggesting a limited level of skew in the data.

The information on the earnings differential between males and females suggests a number of potential ratios for inclusion in the costs estimates. Firstly, Chaaban's (2009) proposal was 0.75, while data from Barbados indicated a ratio of 0.84. The median value for selected countries was 0.77, while for selected LAC countries it was 0.81. The two most relevant ratios here would be for LAC and for Barbados, 0.81 and 0.84 respectively, and therefore a ratio of approximately 0.8 should be considered appropriate in this estimation.

Although there is some support for the ratio between male and female wages, the only information on the ratio between youth and adults is for Barbados, where the rate was 0.8 of the median male wage for young males and 0.72 for young females. However, there is limited additional data on youth wages versus adult wages that would allow for useful comparison. In order to accommodate for this, and to support the formulation of an overall conservative estimate, these figures are moderated and an estimated ratio of young males' and young females' wages as a proportion of adult male wages are given as 0.75 and 0.65, respectively.

The other variable which requires estimation for the current exercise is the **proportion of GDP which is attributable to employee compensation**. Chaaban (2009) utilises an estimate of 60% to calculate wage rates. In order to establish the accuracy of this estimate, actual figures from National

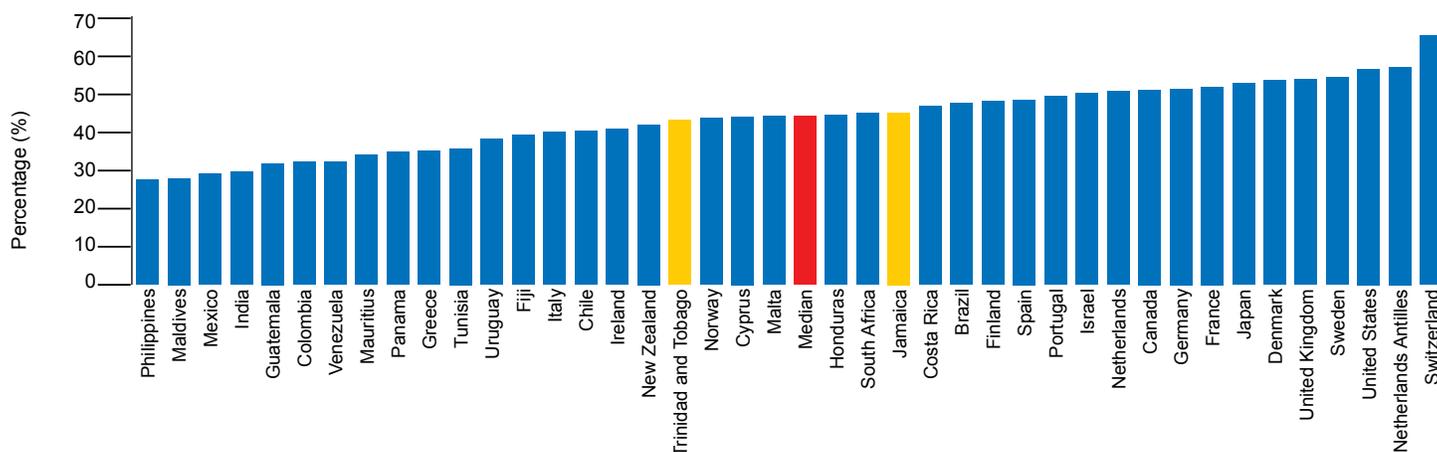
Accounts across the Region were sought, however only Jamaica had readily accessible recent data on compensation of employees in the economy, which was 45.6% of GDP in 2013. For Suriname, Government expenditure on wages and salaries was 34% of total expenditure in 2013. Reviewing global data for selected countries, Figure 5.2 reveals a median of 44% over the period 1999 to 2011, ranging from 28% in the Philippines to 66% in Switzerland, with a LAC median of 39.3%; the median for Trinidad and Tobago is included in the figure, but it should be noted that this is only for 1999.

From the analysis of global ratios on the share of wages in GDP, it appears that Chaaban's (2009) estimate of 60% is high, and not in keeping with regional figures of approximately 40% to 45%. Given this finding, the estimation procedure employs 45% as an approximate share of wages in GDP.

The estimation also required estimation of taxes lost from youth not working. This estimation requires data on wages earned, for which the procedure for estimation of this is described above, plus the prevailing income tax rate and income tax threshold for the period 2000 to 2013. Data on tax rates and threshold levels for tax payment, both historical and current, were sourced from national tax authorities. Data for the estimations for 2014 to 2019 utilised the prevailing 2013 information. The relevant rates and thresholds for tax were then applied to the average wages for male and female youth to ascertain estimated tax paid. It should however be noted that in some countries youth did not meet the income threshold for the payment of tax. Other deductions related to social security contributions were also included where they existed. This was calculated on income up to the relevant limit for contributions, and also included with tax as a cost to the government of youth unemployment.

Interest rates were also included in the estimation as a cost of lost income from investment. The proxy used here was the prevailing deposit rate in the country for the relevant year and was sourced from the World Bank's WDI database.

FIGURE 5.2: MEDIAN LABOUR INCOME SHARE IN GDP (UNADJUSTED) FOR THE PERIOD 1999 TO 2011 FOR SELECTED COUNTRIES



Source: ILOSTAT: Global Wage Report Collection.

### 5.3.2 Costs of the Consequences of Youth Unemployment: Youth Pregnancy

In addition to the information required for the estimation of the cost of excess youth unemployment, as described earlier, the additional information required for estimating the cost of youth pregnancy would require information on unit healthcare expenditures for pregnancy and fertility rates for youth and adults. UN World Fertility Data<sup>49</sup> provides information on age-specific fertility rates (births per 1,000 women) for several Caribbean countries. Given data gaps for 11 of the BMCs revealed for the estimation for the cost of youth unemployment, only the data for eight BMCs for which data are available is shown below.

As the information above demonstrates, the adult fertility rate is actually larger than the youth fertility rate for The Bahamas, Jamaica and Trinidad and Tobago. Therefore, given the conceptualisation that the youth pregnancy cost partially attributable to youth unemployment would be related to higher youth fertility rates, the related cost to these countries in this regard would be zero.

The other data required to operationalise the cost estimation are the unit healthcare cost of pregnancy and the cost of childcare. As the specific costs attributed to pregnancy are not readily available, the total healthcare cost per capita is utilised here. To estimate the cost to the government, the share of government expenditure in total healthcare expenditure is utilised. This information for the relevant countries is shown in Table 5.8.

There are no specific data to account for the cost of pregnancy in relation to caring for a newborn. In seeking to estimate this cost, information on adult male equivalence (AME) ratios utilised in relation to calorie requirements as a proportion of the requirements of an adult male, and age-related poverty lines in the Region were reviewed.

Claro, Levy, Bandoni, & Mondini (2010) provide estimates of AME calorie requirements for Brazil for a range of years and subgroups which included newborns (0-1 year), as well as pregnant women and breastfeeding women in the 15 to 24 age range; these estimates as a proportion of AME were 0.29, 0.98 and 1.06 respectively. The estimates for women that were

TABLE 5.7: FERTILITY DATA FOR SELECTED CARIBBEAN COUNTRIES BY AGE GROUP (VARIOUS YEARS)

Country	Fertility Rate (per 1,000 women)						Youth Average	Adult Average
	Data Year	15-19	20-24	25-29	30-34	35-39		
Bahamas*	2011	31	53	90	62	66	42	74
Barbados*	2007	48	92	85	73	45	70	67
Belize**	2002	90	193	172	123	71	141.5	122
Guyana**	2007	101	163	116	102	55	132	91
Haiti**	2004	102	169	150	122	73	135.5	115
Jamaica*	2011	47	125	123	95	65	83	95
Suriname*	2007	66	124	129	92	52	95	91
Trinidad and Tobago*	2006	35	84	90	68	36	61	66

Source: UN World Fertility Data- <http://www.un.org/esa/population/publications/WFD2012/MainFrame.html> (Last Accessed 26th January 2015).

\*Source: UN Demographic Yearbook 2013- <http://unstats.un.org/unsd/demographic/products/dyb/dyb2013.htm> (Last Accessed 27th January 2015).

\*\*Unweighted Averages.

TABLE 5.8: HEALTHCARE COSTS FOR SELECTED CARIBBEAN COUNTRIES (VARIOUS YEARS)

Country	Data Year	Total expenditure on health/capita at PPP (NCU per USD)	General government expenditure on health/cap PPP (NCU per US\$)	General government expenditure on health as (% of GDP)	Total health expenditure (% GDP)	Genral Gov't Expenditure on health as (% of total health expenditure)	Private expenditure on health (PvtHE) as (% of total health expenditure)
Bahamas	2011	2,322	1,060	3	8	46	54
Barbados	2007	1,522	1,014	5	8	67	33
Belize	2002	248	139	2	4	56	44
Guyana	2007	104	72	3	4	70	30
Haiti	2004	56	20	2	6	36	64
Jamaica	2011	395	212	3	5	54	46
Suriname	2007	412	207	3	6	50	50
Trinidad and Tobago	2006	1054	517	2	4	49	51

Source: WHO Global Health Expenditure Database <http://apps.who.int/nha/database/Home/Index/en>

<sup>49</sup>See <http://www.un.org/esa/population/publications/WFD2012/MainFrame.html>

not breastfeeding or pregnant in the age range 15-24 was 0.86. This suggests an additional calorie requirement as a result of pregnancy of 0.12 of AME, as a result of breastfeeding of 0.2 of AME, and 0.29 for a newborn. Suitable estimates in this regard would be the average of 0.12 and 0.2 (0.16) plus the additional requirement of the newborn of 0.29; i.e. 0.45 AME.

Additional information on the poverty line in the Caribbean indicated that the pre-school (0 to 5 years) poverty line as a percentage of the average poverty line was 55% for Barbados in 2010 (Caribbean Development Bank 2012), while the CPA for Belize in 2002 and 2010 indicates the AME for a newborn was 0.27 and the AME for a female between 15 and 29 averaged 0.74. While the AME ratio is utilised to calculate age specific food poverty/indigence lines in the Region, the poverty line itself is calculated as the sum of these food poverty/indigence line and the non-food component of expenditure. The food share percentage of expenditure was calculated in Barbados as 50.5%, while in Belize it was 58%, and in 2005 in Trinidad and Tobago as 38%.

The information from previous research therefore suggests that a young female requires nutritional consumption of between 74% and 86% of an adult male; that a newborn consumes approximately 27 to 29% of an adult male; and that a pregnant or breastfeeding female's additional consumption is 16% of an adult male. This information can be used in conjunction with the minimum cost food basket to calculate an indigence line, and when complemented by the non-food share of consumption, provide for a poverty line. Utilising a moderate share of 50% would suggest that the cost of feeding and caring for a newborn would be approximately 27% of the poverty line (using the lower estimate), while the additional nutritional cost to the female would be 8% of the poverty line as only the additional nutrition would be required. This gives an estimate of 35% of the poverty line as the additional cost of caring for a newborn. This proportion of the poverty line for the specific years for which other data are available will be utilised in the estimation due to the absence of time series data.

### 5.3.3 Costs of the Consequences of Youth Risky Behaviour: Youth Imprisonment

The specific variables that require estimation of the cost of youth imprisonment, in addition to the variables estimated previously are:

- Incarceration rate for youth and adults
- Proportion for the cost of support (as a percentage of the poverty line)

- Marginal cost of enforcement and criminal prosecution
- Cost to victim of crime
- Proportion of cost to victim of crime borne by government

In reviewing global rates of youth imprisonment, for which data are scarce, observed rates ranged from 24% in New Zealand (2012), 23% in the UK (2013), 17% in Australia (2013), 13% in California (2013), 13.5% in Catalonia (2013), and 7% in the USA(2010)<sup>50</sup>. Data for Barbados for 2012<sup>51</sup> indicate that 24.3% of incarcerated offenders were less than 26-years old, with less than 1% of these being young females. For Jamaica in 2012, a survey of 894 inmates revealed 16.1% were less than 25-years old (with a margin of error of +/-3%), with 65.3% of the sample indicating that they were under 25-years old when they were arrested for the first time. Data from the Ministry of Justice for Trinidad and Tobago given a total of 169 inmates between 9 and 25-years old, while data from the Inspector of Prisons for 2012 gives a rate of 5.2% of the prison population being young (under 18-years old)<sup>52</sup>; this therefore does not cover the range 18 to 24-years old and this will need to be accommodated for in any estimations. Other evidence, albeit anecdotal, suggest that the youth account for 70% to 75% of the prison population in Guyana<sup>53</sup>, where specific official data were not located.

Overall the data indicate a global range of between 7% and 24%, while for the Caribbean this ranged from 5.2% for the under-18 age group in Trinidad and Tobago, to 24.3% in Barbados for the age group 15-24. As the Trinidad and Tobago figure excludes the age group 18 to 24, an estimate is proposed of 15% given that the general trend in the data are for this older cohort to demonstrate a higher probability of incarceration. Given these results, Table 5.9 includes actual youth prison proportions for the countries for which data were available and an estimate for Bahamas, Belize and Suriname of 20% (the unweighted average for Jamaica and Barbados), and a very conservative estimate of 35% for Guyana, half of the anecdotal rate noted above; this rate of 35% was also applied to Haiti.

Utilising these estimates and data on the prison population rate, as shown in, Table 5.10 indicates that the excess rate of youth in prison ranges from 4 per 100,000 in Belize, to 386 per 100,000 in Barbados. The comparison in rates is between the youth rate and the general prison population rate rather than against the adult rate based on current incarceration. The rationale for using the national estimate rather than the adult estimate is that even though the person in prison may currently be an adult, it is not discernible whether their initial incarceration was as a youth.

<sup>50</sup>Data from the following sources and for specific age groups respectively: Statistics New Zealand for 17 to 24 year olds; UK Ministry of Justice Offender Management Statistics for 15 to 25 years old; Australia Bureau of Statistics for under 25 years old; California Department of Corrections and Rehabilitation for 18 to 24 year olds; Statistical Yearbook of Catalonia for 18 to 25 year olds; and US Federal Bureau of Prisons for 25 years and under.

<sup>51</sup>See: <http://www.barbadosparliament.com/htmlarea/uploaded/File/Prison%20Service%20Annual%20Report%202012.pdf>.

<sup>52</sup><http://www.inspectorofprisonstt.com/wp-content/uploads/2013/08/IoP-Report-Summary-and-Recommendations1.pdf>.

<sup>53</sup><http://www.guyanatimesinternational.com/?p=22988> and <http://www.kaieteurnews.com/2014/06/01/youththe-forgotten-majority/>.

TABLE 5.9: PRISON STATISTICS FOR SELECTED CARIBBEAN COUNTRIES

Country	Data Year	Total Prison Population	Prison Population Rate (per 100,000 population)	Female Prisoners (%)	Juveniles Minors and Young Prisoners (%)	Definition of Juveniles Minors and Young	Youth Prisoners (%)*
Bahamas	2013	1,433	379	3.1	-	-	20.0
Barbados	2013	1,507	529	3.0	1.8	Under 18	24.3
Belize	2013	1,650	495	2.9	4.8	Under 18	20.0
Guyana	2012	2,032	269	5.2	0.7	None	35.0
Haiti	2014	10,250	98	4.8	3.9	Minors	35.0
Jamaica	2014	4,050	145	4.9	6.5	Under 18	19.1**
Suriname	2013	1,050	194	2.8	5.7	Minors	20.0
Trinidad and Tobago	2013	4,846	362	2.2	3.4	None	15.0

Source: <http://www.prisonstudies.org/>

\* Youth Prisoners (%) estimated from various sources discussed in text. \*\*Estimate for Jamaica was from a survey of inmates with a margin of error of +/-3%. The value of 16.1% revealed a youth prison rate below the general rate so the upper bound of the margin of 19.1% was utilised in the estimation.

TABLE 5.10: ESTIMATES OF YOUTH PRISON POPULATION RATE FOR SELECTED CARIBBEAN COUNTRIES, 2013

Country	Adult Prisoners (%)	Youth Prisoners (%)	Adult Prisoners	Youth Prisoners	(1) Prison Population Rate (per 100,000)	Definition of (2) Youth Prison Population Rate (per 100,000)	Youth Prisoners (%)*
Bahamas	80	20.0	1,146	287	379	438	59
Barbados	75.7	24.3	1,141	366	529	915	386
Belize	80	20.0	1,320	330	495	499	4
Guyana (2012)	65	35.0	1,321	711	269	493	224
Haiti (2014)	65	35.0	6,663	3588	98	170	72
Jamaica (2014)	80.9	19.1	3,276	774	145	151	6
Suriname	80	20.0	840	210	194	232	38
Trinidad and Tobago	85	15.0	4,119	727	362	381	19

Applying the estimates in Table 5.10, Table 5.11 indicates that the excess number of youth in prison, that is the amount of youth in prison that is attributable to the difference in the youth in prison rate and the general prison population rate, ranges from 3 in Belize to nearly 1,520 in Haiti.

The next variable that required estimation was the cost of support required per person incarcerated. While for other estimates the poverty line is utilised, in the case of incarceration, the main component of an extra cost would be food, rather than shelter and cost of utilities, as this would already be a fixed cost to the penal system. In this case it was proposed that a proportion of the poverty line would be utilised to ensure conformity in the estimates.

From initial research in determining the cost per prisoner, national estimates of revenue and expenditure were reviewed, as well as general prison reports. The Barbados Prison Service Annual Report<sup>55</sup> for 2012 indicated a cost per prisoner of

TABLE 5.11: ESTIMATES OF EXCESS YOUTH IN PRISON SELECTED CARIBBEAN COUNTRIES FOR 2013<sup>54</sup>

Country	Population/ Youth Difference Prison Population Rate (per 100,000)	Youth Population (100,000)	Excess Youth in Prison Population
Bahamas	59	0.65	39
Barbados	386	0.40	154
Belize	4	0.66	3
Guyana (2012)	224	1.44	323
Haiti (2014)	72	21.12	1520
Jamaica (2014)	6	5.13	31
Suriname	38	0.90	34
Trinidad and Tobago	19	1.91	36
Sources	Calculated	WDI	Calculated

<sup>54</sup>Base data for the estimates were based on various years from 2012 to 2014. For uniformity the estimates are applied to 2013 to enable comparison with across countries for a specific year and also for comparison with other cost estimates presented.

<sup>55</sup>See: <http://www.barbadosparliament.com/htmlarea/uploaded/File/Prison%20Service%20Annual%20Report%202012.pdf>

BDD74.37 per day (US\$37). However, on reviewing this information in relation to the Government's estimates of expenditure for 2013, this amount was the per inmate element of total expenditure for the prison, not the variable cost of supporting an inmate. Inspecting the Government's budget documents revealed an allocation of BDD2.33 mn (USD1.16 mn) for utilities and BDD2.26 mn (USD1.13 mn) for supplies and materials; this gave a per inmate cost of BD\$4,469 (USD2,235), or 49.7% of the 2012 estimated poverty line.

In The Bahamas, a similar exercise revealed that the Government spent BSD1.8 mn (US\$1.8 mn) on supplies for prisoners<sup>56</sup>, at approximately BSD1,288 (USD1,288) per inmate or 30.3% of the poverty line; while the related figure for Jamaica was JMD63,388 (USD550) per inmate<sup>57</sup> or 78.7% of the 2013 poverty line; for Trinidad and Tobago TTD5,068 (USD800) per inmate or 39.7% of the 2013 poverty line; and for Guyana GYD154,878 (USD750) per inmate<sup>58</sup> or 88.1% of the 2013 poverty line. The calculation in this regard is a lot easier with Belize as the Government has been paying a private contractor to operate the prison at BZD12 (USD6) per day per inmate since 2002<sup>59</sup>. This is approximately 1.75 times the 2002 poverty line for Belize. No estimates of expenditure on prisons for Haiti and Suriname could be located, so the average for the other countries of 57.3% of the poverty line was utilised, with the exception of the special case of Belize.

While information was available to estimate the rates of incarceration for youth and adults, and the cost of support for inmates as a percentage of the poverty line, no information was available to calculate the marginal rate of enforcement and criminal prosecution, nor the cost of crime to victims. These variables are therefore not included in the cost estimates that follow.

**TABLE 5.12: ESTIMATES OF COST OF SUPPORT OF PRISON INMATES FOR SELECTED CARIBBEAN COUNTRIES FOR 2013**

Country	Poverty Line Estimated (PPP Current International \$)	Cost of Support(% of poverty line)	Estimated Cost per Inmate (PPP Current International \$)
Bahamas	4,428	30.3	1,342
Barbados	4,694	49.7	2,333
Belize	2,921	175.0	5,112
Guyana (2012)	1,498	88.1	1,320
Haiti (2014)	730	57.3*	418
Jamaica (2014)	1,351	78.7	1,063
Suriname	730	57.3*	418
Trinidad and Tobago	3,314	39.7	1,316

<sup>56</sup>These supplies included food, water/ice/clothing and other prisoner supplies.

<sup>57</sup>This is based on the Government of Jamaica's Estimates of Expenditure which uses a line item for correctional facilities related to 'Diet Charges' as the cost of providing meals.

<sup>58</sup>The figures for Trinidad and Tobago and Guyana are based on the countries' prisons expenditure on electricity, water, and food at institutions.

<sup>59</sup>Woods, John C. (2004). From Despair to Renewal: Rebuilding Belize Central Prison. Corrections Today, December 1, 2004.

## 5.4. COST ESTIMATES OF YOUTH UNEMPLOYMENT AND RISKY BEHAVIOURS

The following estimates draw on the data and ratios presented above to provide information on the cost of youth unemployment, youth pregnancy and youth imprisonment. It should be noted that these costs are not the total costs to the countries and their governments, but the costs related to youth rates that are over and above adult rates. In addition, for youth unemployment, historical and future costs are estimated for the period 2000 to 2019, while estimates for the period 2014 to 2019 are provided for the scenario that the difference between youth and adult rates are reduced by 50%.

### 5.4.1 Cost Estimates of Youth Unemployment in the Caribbean 2000 to 2019

The estimated cost of excess youth unemployment in the Caribbean, that is the cost due to the positive difference between the youth and adult unemployment rates, is presented below for 2013 for the cost to governments in relation to lost revenue and the costs to the country as a whole. As Table 5.13 indicates, the loss to government revenue amounts to between 0.04% of GDP in Jamaica, to 0.22% of GDP in Barbados. At the level of the losses to the country, this ranges from 0.71% of GDP in Trinidad and Tobago to 2.79% of GDP in Belize.

Overall, for these eight BMCs, the average cost to governments is 0.12% of GDP, while the average cost to the country is 1.5% of GDP. This is somewhat similar to the estimates from Chaaban (2009), where from 2006 data he estimated, the cost of youth unemployment to CARICOM and Associate Members as 1.10% of GDP, while for the eight BMCs utilised here, the average was 1.03% of GDP. However, the current study adapted Chaaban's (2009) methodology in the utilisation of different wage ratios and the inclusion of the cost of support of the individual, proxied by the country poverty lines, therefore the figures are not directly comparable.

As Table 5.13 demonstrates, the cost component attributable to male unemployment is either equal to or greater than the cost component attributable to female unemployment, with the exception of Belize and Haiti, where elements of the costs attributable to female unemployment is greater than males. In addition, on average, females contributed 47.3% of total costs in 2013 as opposed to 43.6% from Chaaban's (2009) estimate for 2006.

The cost estimates provided are based on a percentage of GDP and calculations were related to purchasing power parity (PPP) international dollars. This has allowed for comparison

TABLE 5.13: COST ESTIMATES OF YOUTH UNEMPLOYMENT FOR 2013

Country	Cost of Youth Unemployment to the Government (%GDP)			Cost of Youth Unemployment to the Country (%GDP)			2006 Estimates (%GDP)
	Female Youth	Male Youth	Total	Female Youth	Male Youth	Total	Total
Bahamas	0.06	0.07	0.13	0.82	0.84	1.66	0.95
Barbados	0.09	0.12	0.22	0.61	0.79	1.41	0.89
Belize	0.06	0.05	0.10	1.48	1.31	2.79	1.09
Guyana	0.08	0.12	0.20	0.67	1.03	1.70	1.06
Haiti	0.05	0.05	0.10	0.64	0.58	1.22	1.31
Jamaica	0.01	0.04	0.04	0.84	0.87	1.71	1.36
Suriname	0.03	0.06	0.09	0.31	0.51	0.82	0.69
Trinidad and Tobago	0.04	0.05	0.09	0.33	0.38	0.71	0.92
<b>Average</b>	<b>0.05</b>	<b>0.07</b>	<b>0.12</b>	<b>0.71</b>	<b>0.79</b>	<b>1.5</b>	<b>1.03</b>

Notes: 2006 estimates from Chaaban (2009)

between countries as a particular period in time, however, for more national relevance, the actual value in 2013 of the excess of youth unemployment over adult unemployment, in local currency units (LCUs) and in US dollars at the average 2013 exchange rate was:

- The Bahamas: BSD139.6 mn (US\$139.6 mn) (USD392 per capita)
- Barbados: BDD118.8 mn (USD59.4 mn) (USD213 per capita)
- Belize: BZD90.6 mn (USD45.6 mn) (USD130 per capita)
- Guyana: GYD10,464.2 mn (USD52.3 mn) (USD66 per capita)
- Haiti: HTG4,456.3 mn (USD104.3 mn) (USD10 per capita)
- Jamaica: JMD24,931.8 mn (USD241.8 mn) (USD87 per capita)
- Suriname: SRD134.9 mn (USD41.2 mn) (USD75 per capita)
- Trinidad and Tobago: TTD1,277.1 mn (USD199.2 mn) (USD148 per capita)

In looking at the historical trends for 2000 to 2013 and estimates for 2014 to 2019, Figure 5.3 outlines the estimated cost of excess youth unemployment for the entire period 2000 to 2019 as percentage of GDP, while Figure 5.4 provides estimates of the additional GDP gained if youth unemployment rates and adult unemployment rates were identical, and if the gap between the two was reduced by 75%.

The cost of youth unemployment as a percentage of GDP indicates a variety of trends across the eight countries. In the first instance there is a trend of declining costs over time as seen in Guyana, Suriname and Trinidad and Tobago, especially since 2004. A decline is also seen in Haiti, but this is marginal as compared to the other three countries experiencing declines since the early 2000s. The other trend is a drastic increase in cost as a percentage of GDP since 2007, seen particularly in The Bahamas, Barbados and Belize, with subsequent declines. However, estimates up to 2019 indicate that the costs will still not have achieved pre-2007 levels. The other trend seen is

peculiar to Jamaica, where following declines between 2004 and 2007, cost has continued to rise and is estimated to be 2.4% of GDP in 2019, up from 1% in 2007. In the scenario that these costs can be eliminated with a reduction in the gap between youth and adult rates, Figure 5.4 outlines the estimated GDP gains for the period 2014 to 2019.

Figure 5.4 demonstrates the total gains to the economies of these countries for the period 2014 to 2019. In interpreting these values, it should be noted that these figures are in current PPP international dollars and therefore represent nominal gains to the economies.

The cost estimates provided above however do not include the costs incurred by governments in implementing programmes to address the youth unemployment problem, a problem due to the significant difference in rates between adults and youth. If this differential was reduced to zero, it can be proposed that the governments would no longer need to incur costs to deal specifically with youth unemployment, but only to deal with unemployment issues in general. However, it is not expected that the condition of parity in rates is achievable, and in addition, the actual effect of these programmes in supporting a sustained reduction in youth unemployment is undetermined, and their removal might be detrimental to progress towards parity. Therefore, with the exception of improving programming efficiencies, it is not expected that any cost savings would be possible through the removal of programmes directed at addressing the youth unemployment problem.

#### 5.4.2 Cost Estimates of Youth's Risky Behaviour in the Caribbean: Youth Pregnancy

The estimated cost of youth pregnancy in the Region is based on the positive difference between the youth fertility rate and the adult fertility rate. Estimates of the costs incurred to the countries by higher youth fertility rates is presented in Table

FIGURE 5.3: COST OF EXCESS YOUTH UNEMPLOYMENT IN SELECTED CARIBBEAN COUNTRIES 2000 TO 2013 (%GDP)

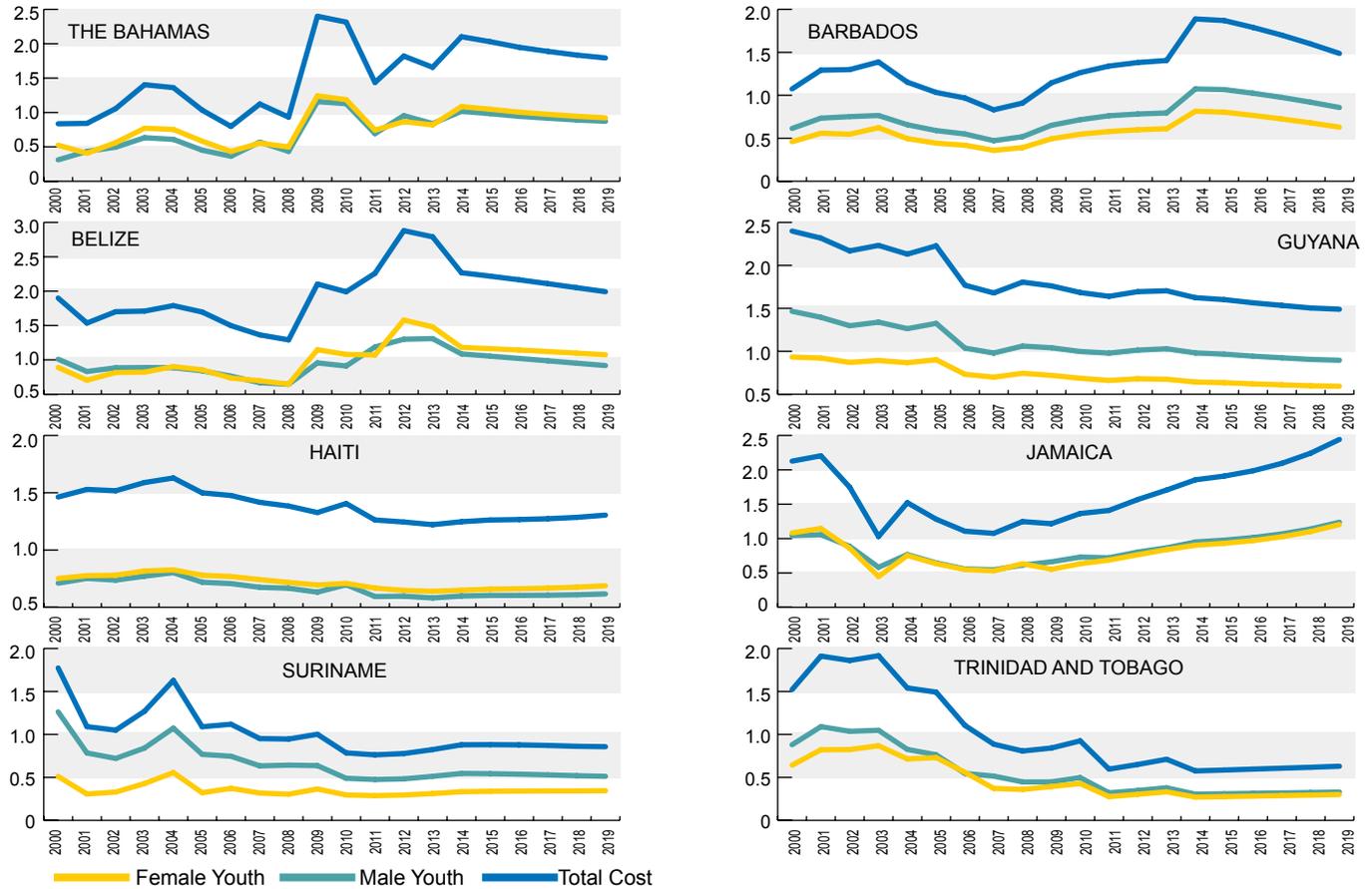
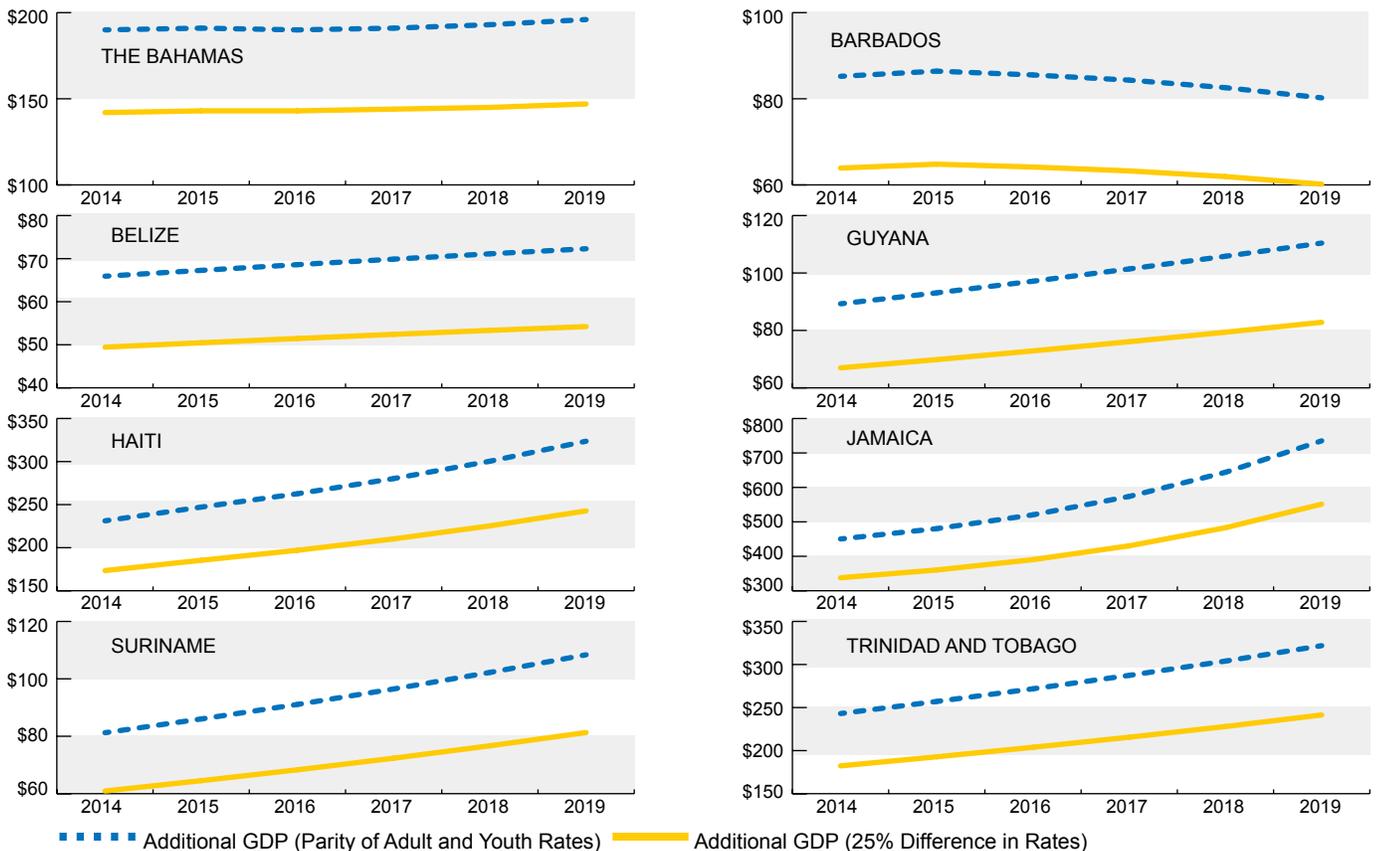


FIGURE 5.4: ADDITIONAL GDP WITH REDUCED YOUTH UNEMPLOYMENT (2014 TO 2019) (PURCHASING POWER PARITY, CURRENT \$ MN)



5.14 for 2013 in relation to the cost to governments in relation to lost government revenue and the costs to the country as a whole. Note that the estimations do not include The Bahamas, Jamaica, or Trinidad and Tobago as the youth rate was below the adult rate.

As Table 5.14 indicates, the unit cost of youth pregnancy is estimated as ranging between \$2,501 in Haiti to \$35,814 in Trinidad and Tobago. The estimated loss to government revenue amounts to between 0.003% of GDP in Suriname and Barbados to 0.05% of GDP in Guyana. At a country level, losses range from \$1 mn in Barbados to \$54 mn in Haiti. As a percentage of GDP, this loss is between 0.02% in Barbados to 0.45% in Guyana. To demonstrate the significance of these estimates, the unweighted average cost as a percentage of GDP to the countries of 0.02% is only 1.1% of the average cost of youth unemployment, suggesting that the economic cost of youth pregnancy is somewhat marginal as compared to the cost of youth unemployment.

#### 5.4.3 Cost Estimates of Youth's Risky Behaviour in the Caribbean: Youth Imprisonment

The estimated cost of youth imprisonment in the Region is based on the positive difference between the youth imprisonment rate and the prevailing prison population rate. Estimates of the costs incurred to the countries from higher youth rates are presented below for 2013 in relation to the cost to governments' revenue and the costs to the country as a whole.

Table 5.15 indicates that the cost of excess youth imprisonment is marginal to the economies, ranging from only \$36,000 in Belize to approximately \$3 mn in Haiti. As a percentage of GDP the average is 0.02%. However, the total cost of youth imprisonment is on average quadruple these costs, as seen in Table 5.16.

As Table 5.16 indicates, the estimated loss to government revenue amounts to between 0.001% of GDP in Jamaica to 0.02% of GDP in Barbados as a result of total youth imprisonment. At a country level, total losses range from \$3.5 mn in Suriname to \$25 mn in Trinidad and Tobago. As a percentage of GDP, this loss is between 0.03% in Jamaica to 0.16% in Belize. To demonstrate the significance of these estimates, the unweighted average cost as a percentage of GDP to the countries of 0.08% is only 5.3% of the average cost of youth unemployment, suggesting that the economic cost of youth imprisonment is somewhat marginal as compared to the cost of youth unemployment, as seen with youth pregnancy. However, it needs to be emphasised that the costs here relate to imprisonment, and would not relate to victim losses due to crime nor the cost of prevention or the total cost of enforcement.

TABLE 5.14: COST ESTIMATES OF YOUTH PREGNANCY FOR 2013

Country	Cost Per Youth Pregnancy	Government Costs		Country Costs	
	(\$)	(\$'000)	(%) GDP	(\$'000)	(%) GDP
The Bahamas	23,168	-	-	-	-
Barbados	17,919	131.6	0.003	1,024.0	0.023
Belize	11,885	274.9	0.010	7,583.7	0.269
Guyana	8,406	2,479.6	0.047	23,782.5	0.454
Haiti	2,501	3,788.5	0.022	54,272.6	0.309
Jamaica	9,472	-	-	-	-
Suriname	16,034	297.3	0.003	2,863.5	0.033
Trinidad and Tobago	35,814	-	-	-	-
<b>Average</b>	<b>15,649.88</b>	<b>148.65</b>	<b>0.002</b>	<b>1,431.75</b>	<b>0.017</b>

TABLE 5.15: COST ESTIMATES OF EXCESS YOUTH IMPRISONMENT FOR 2013

Country	Government Costs		Country Costs	
	(\$)	(%) GDP	(\$)	(%) GDP
The Bahamas	62,304	0.001	690,067	0.01
Barbados	363,881	0.008	2,073,004	0.05
Belize	1,276	0.000	36,040	0.00
Guyana	301,520	0.006	2,574,268	0.05
Haiti	280,609	0.002	2,957,845	0.02
Jamaica	6,674	0.000	279,167	0.00
Suriname	59,379	0.001	568,360	0.01
Trinidad and Tobago	156,740	0.000	1,237,583	0.00
<b>Average</b>	<b>154,047.88</b>	<b>0.002</b>	<b>1,302,041.75</b>	<b>0.02</b>

TABLE 5.16: COST ESTIMATES OF TOTAL YOUTH IMPRISONMENT FOR 2013

Country	Government Costs		Country Costs	
	(\$'000)	(%) GDP	(\$'000)	(%) GDP
The Bahamas	461.7	0.005	5,114.0	0.06
Barbados	862.5	0.019	4,913.7	0.11
Belize	159.2	0.006	4,495.0	0.16
Guyana	663.0	0.013	5,668.6	0.11
Haiti	662.6	0.004	6,983.9	0.04
Jamaica	167.9	0.001	7,025.1	0.03
Suriname	363.1	0.004	3,475.1	0.04
Trinidad and Tobago	3,142.0	0.008	24,808.6	0.06
<b>Average</b>	<b>810.25</b>	<b>0.008</b>	<b>7,810.5</b>	<b>0.08</b>

## 5.5. SUMMARY

The objective of the Chapter was to assess the cost of youth unemployment<sup>60</sup> to the economies of the Region. The conceptual costs related not only to the direct cost of youth unemployment as it related to foregone earnings and the cost of support of the unemployed, but also in relation to the indirect costs related to risky behaviour caused by unemployment, and the consequences of such behaviour. The potential negative outcomes related to incarceration, unwanted pregnancy, contraction of STIs, lost future earnings and overall poor health and nutrition, a result of living in poverty. Given that the full costs of these negative outcomes is not directly measurable in monetary terms, the estimation focused on the cost of unemployment, youth pregnancy and youth imprisonment. However, the estimations do not relate to the full cost of these occurrences, only the excess cost caused by the difference between youth rates and adult or population rates. The rationale for this approach was that if youth and adult rates demonstrated no difference, then the youth problem would be ameliorated, and the issue becomes one of dealing in general with the negative outcome, which is unemployment, unwanted pregnancies and imprisonment.

The estimation procedures revealed that excess youth pregnancy was a marginal cost to the economies of the Region, averaging only 0.02% of GDP, while the cost of excess youth imprisonment averaged the same. However, in considering the total cost of youth imprisonment, this was 0.08% of GDP.

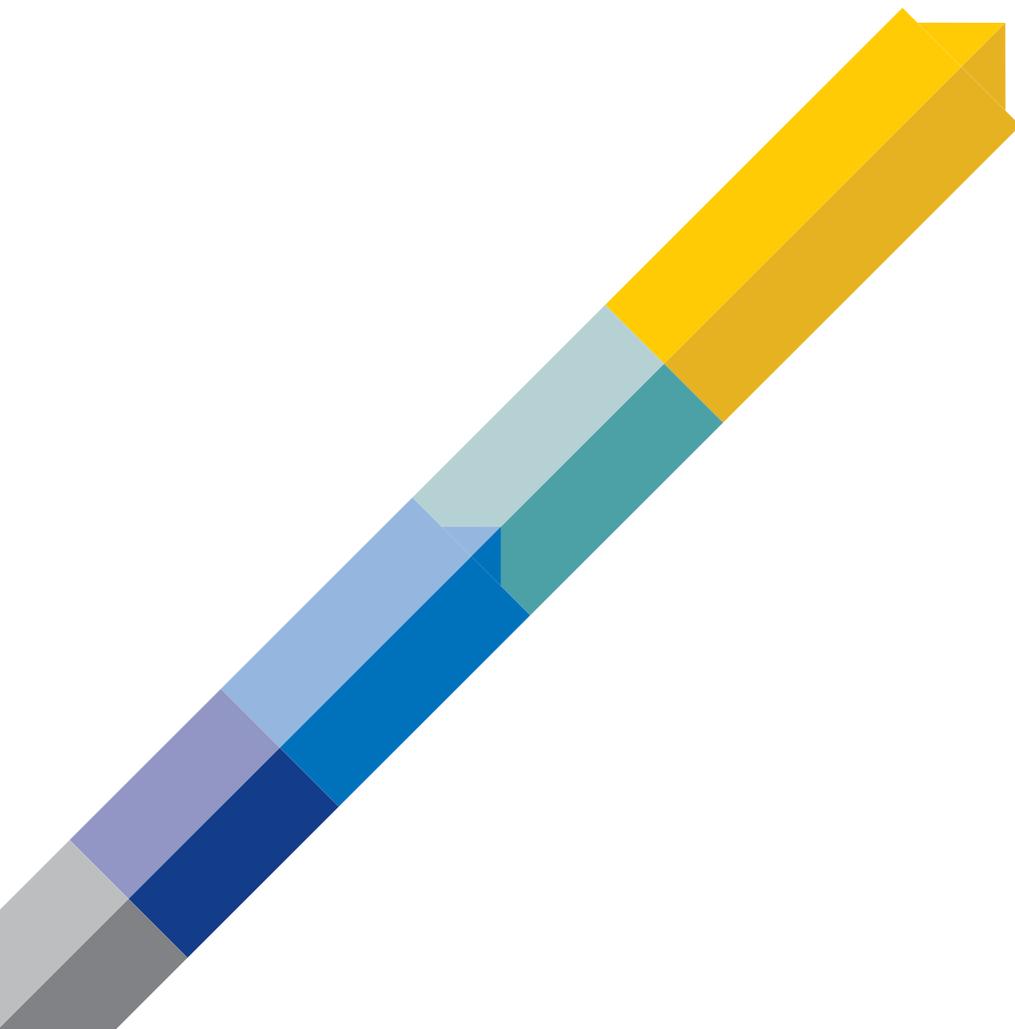
For youth unemployment, the averages were not marginal, which would not be a surprising result given the excessive youth unemployment levels experienced in the Region. The estimation procedures indicated that youth unemployment costs on average 1.5% of GDP, with the situation most severe in Belize where the estimated cost was 2.8% of GDP.

It should however be noted that these costs do not include: the general cost of government programmes to address youth unemployment; the personal and household costs of social exclusion, low self-esteem and hopelessness; nor the effect of unemployment on future employment prospects and the loss of work experience that could have been gained had the youth been employed.



<sup>60</sup>For the eight countries for which cost estimates were calculated, the number of unemployed youth was approximately 260,000.





Chapter

6

# Addressing The Youth Unemployment Situation

## *Exploration of Required Transformative Shifts in Policies, Practices and Institutions*

*'It takes two to tango, and two sides to make up a labour force. The factors which explain youth unemployment and underemployment, therefore, lie both on the demand side and the supply side of the overall market for labour.'* (Pantin, 2000:19).

Drawing on the review of the state of youth unemployment in the Region, and the best practices identified from previous attempts to address this, both globally and regionally, the following chapter discusses the required shifts in policies and practices required to achieve decent and sustainable employment for youth. In addition, recommendations are also made in relation to strengthening the labour market information systems in the Region.

### **6.1. BEST PRACTICE IN ADDRESSING YOUTH UNEMPLOYMENT: LESSONS FROM GLOBAL EXEMPLARS**

The preceding chapters have spoken to some of the key causes of youth unemployment. As noted previously, these main causes are related to:

- The Economy: state of the economy and structure/efficiency of the labour market
- Skills: lack of skills related to the needs of the labour market, lack of experience, lack of knowledge of vacancies
- Health: health status or disabilities, and lack of accommodation of disabilities at the workplace
- Location: rural location, general lack of transport
- Stigma and Discrimination due to: age, criminal record, gender, motherhood, poverty, area of residence, health status, disability
- Reactive approach to seeking employment due to previous personal negative experiences or through experience of others
- Lack of a work ethic.

At a global level, the World Economic Forum (WEF) identifies the main causes of youth unemployment as: quality and relevance of education to the demands of the labour market<sup>61</sup>; inability of economies to create sufficient jobs; population growth; economic crisis (last in, first out); discouragement with the labour market; lack of national comprehensive framework; and deficiencies in labour market institutions and policies. In relation to the last point the WEF states: 'In general, a high level of employment protection legislation can have an adverse effect on youth workers as firms would rather hire more experienced workers if they are less able to fire them during a downturn. Strong increases in minimum

<sup>61</sup>WEF notes that while education is key to employment, it does not guarantee employment. As an example, they state that in Tunisia 40% of university graduates are unemployed as opposed to 24% for non-graduates.

wages have been argued by some as having a negative impact on employment of youth' (see footnote 47).

The issues of inefficient labour markets and skill mismatch is noted by The Economist (2013:para 3):

*'It is no coincidence that South Africa has some of the strictest rules on hiring and firing and one of the worst youth-unemployment problems in sub-Saharan Africa... [another] factor is the growing mismatch between the skills that youngsters have and the vacancies that employers want to fill. Germany, which has a relatively low level of youth unemployment, places a lot of emphasis on high-quality vocational courses, apprenticeships and links with industry. But it is an exception.'* (The Economist, 2013:para 3).

It is these exceptions that are of interest here. In seeking to locate examples of best practice in addressing youth unemployment, data on youth unemployment rates and the ratio to adult rates were examined at a global level to identify countries that had both low youth unemployment and also low youth to adult unemployment ratios. The rationale for utilising both variables was that low youth unemployment may simply be reflective of low overall rates and hence disguise a disparity with adult rates. By utilising both unemployment rates and ratios this is avoided. Utilising the median value for both, which were 15.2% for youth unemployment and 2.6% for the youth to adult ratio, 52 countries were identified that had both rates and ratios at or below the median. The only country in the Region with a value below the median was Trinidad and Tobago in relation to youth unemployment at 13.2%, while the youth to adult unemployment ratio was above the median at 2.9. Of the 52 countries identified; 10 were OECD countries (Austria, Canada, Denmark, Germany, Iceland, Israel, Japan, Mexico, The Netherlands and Switzerland); 32 were from the African continent; with the remaining 10 countries from across the globe. However, there are other reasons for high levels of employment. A review of employment to population ratios, where high rates can be an indicator of a prevalence of low quality jobs and having to work to survive, i.e. high levels of poverty and working poor, revealed that of the 52 countries, 42 had rates above the median of 58.65, while only 9 had low levels of poverty (according to WDI data) **and** moderate employment to population ratios. These countries and the related figures for the Caribbean are shown in Table 6.1.

As the table indicates, all of the well-performing countries are part of the OECD, with the exception of Belarus, and while Caribbean countries have similar employment to population ratios, they have significantly higher levels of unemployment, especially for youth. It is these countries which formed the first grouping for review of approaches to addressing youth unemployment. The key policy approaches adopted in these countries is examined below<sup>62</sup>.

**TABLE 6.1: YOUTH AND ADULT UNEMPLOYMENT AND EMPLOYMENT TO POPULATION RATIO IN SELECTED COUNTRIES**

Country	Youth unemployment rate (%)	Adult unemployment rate (%)	Youth unemployment rate/adult unemployment rate	Employment to population ratio
Japan	6.8	3.8	1.8	56.8
Germany	7.8	5.0	1.6	56.7
Switzerland	8.8	3.7	2.4	65.2
Austria	9.1	4.2	2.2	58.0
Israel	10.7	5.4	2.0	59.4
Netherlands	11.0	5.9	1.9	60.1
Belarus	12.2	5.1	2.4	52.7
Denmark	13.0	5.9	2.2	58.1
Canada	13.8	5.9	2.3	61.5
Bahamas	28.9	10.4	2.8	64.1
Barbados	27.0	9.8	2.8	62.5
Belize	29.7	9.7	3.0	56.0
Guyana	23.9	7.7	3.1	54.5
Haiti	17.4	4.8	3.6	61.2
Jamaica	35.5	11.5	3.1	53.8
Suriname	22.5	5.8	3.9	50.3
Trinidad and Tobago	13.2	4.6	2.9	60.4

Source: ILO KILM 8th Edition

### 6.1.1 Youth Employment Strategies in Japan

The Government of Japan's (2013) White Paper on Children and Young People addresses the issue of youth unemployment through a number of initiatives including: developing of attitudes and abilities for employment; providing employment support for high school and university students; and support for entrepreneurs. The key interventions undertaken include:

- Hello Work, the Government's employment service centre;
- Facilitating cooperation between schools, communities and industry to promote career education<sup>63</sup>;
- Highlighting the contribution of individuals to collaborative efforts in schools, communities and industry through awards;
- Education of high school teachers in career education;
- Utilisation of web-based portal to match support required by schools for career education with resources available in the communities, in industry and society in general;
- Outreach to high schools with persons in various occupations and sectors visiting schools to provide information on their careers and also train personnel teaching career education;

<sup>62</sup>Israel is not included in the analysis as obligatory military service for those over 18 distorts the overall figures of youth unemployment as men serve for three years and females for two. However, it should be noted that these youth emerge from national service with marketable skills.

<sup>63</sup>Career education refers to the education related directly to specific career paths.

- Promotion of internships at companies and universities, including the supply of training materials, and monitoring and evaluation of such efforts to improve quality and outreach;
- Specific programmes to inform young women as to the career opportunities available to them;
- Support to Small and Medium-sized Enterprises (SME) to provide on-the-job training to women that have had career gaps due to childcare or other reasons;
- Specialist training courses for women in collaboration with universities to inform them of issues they might encounter in their lives as well as in career development;
- Vocational training and benefits to support young people ineligible for unemployment support while training;
- Consortium of persons from industry, government and academia to provide training for persons currently working or in tertiary education to acquire necessary skills to obtain employment or change jobs;
- Provision of employment support to high school students: through requests to industry to earmark certain jobs or expand jobs for high school graduates; develop recruitment systems; and screen candidates; and 'Job Support Teachers' who are teachers that provide employment counselling to students and find recruiting companies;
- Provision of employment support to university students through: collaboration between university career counsellors and Job Supporters from Hello Work; establishment of Hello Work for Graduates to provide assistance to students and new graduates that have not yet secured employment through the provision of recruitment information, job placement, matching of applicants to vacancies in SMEs. Psychological support is also provided for the unemployed by clinical psychologists;
- Private organisation holding information sessions and seminars at Job Cafes (one-stop service centres for young people) and Hello Work providing employment counselling and job placement at Job Cafes;
- Youth Hello Work, Corners for Youth Support, and Service Counters for Youth are additional channels utilised to reach unemployed youth;
- Trial employment systems for those under 45; employers hire the person for a period of 3 months to establish aptitude and ability for the work before hiring full time;
- Financial support to young entrepreneurs through low interest loans;
- Promotion of a Job-Card System to assist those with limited experience to obtain employment. The system acts as a means to address information asymmetries between employers and applicants.

*"The "Job-Card System" is a system in which practical vocational training is provided at enterprise workplaces and education/training institutions with certificates then issued after completion of that training for utilization in job seeking activities. They are oriented toward being generally accepted throughout the whole of society.*

*"Job programs", which are the core of the system, will consist of "vocational ability development program" and "practical educational program".*

*The system is expected to break the vicious cycle described above by improving the abilities of job-hopping part-timers (Freeters), women who finished raising children, mothers of lone parent families, and anyone else that was not given the opportunity to develop their vocational abilities, thus promoting the chance for them to obtain stable employment.' (Ministry of Health, Labour and Welfare of Japan, 2009:9).*

In relation to the effectiveness of these schemes, in 2012 approximately 2,300 Job Supporters assisted approximately 120,000 high school and university in obtaining employment (approximately 23% of the youth labour force), and between 2008 and 2012, persons with Job Cards in Japan increased from approximately 50,000 to over 800,000 (approximately 1.2% of the entire labour force).

### **6.1.2 Youth Employment Strategies in Germany**

The education and training system in Germany is the foundation of that country's success in keeping youth unemployment levels low, and also at less than twice the adult rate. While the education system is oriented to ensuring that all young people finish school and subsequently go on to complete an apprenticeship or higher education degree, a dual system of vocational training also plays an important part. The dual system includes training at formal vocational institutions and on-the-job (apprenticeship) training at a company. The apprenticeship system is however different to those in other countries as apprentices actually receive remuneration for their work; an apprentice mechanic at Lufthansa receives approximately one-third the wages of a fully qualified mechanic (Westervelt 2012). Westervelt (2012) notes that: 1.5 million persons annually are trained in this dual system (approximately 3.5% of the entire labour force or 27% of the youth labour force); approximately 90% fully complete their training; and after an apprenticeship of between 2 and 3.5 years, approximately one-half stay on with the company that trains them.

Westervelt (2012) also notes that perhaps the German dual-system is not easily transferable to other nations given that the system is grounded in a 'unique relationship' between trade unions and industry, one characterised by 'antagonistic cooperation'. Tremblay and Le Bot (2003), in reviewing the base legislation for the current system, the Vocational Training Act of 1969, indicate that the Act was a result of political will, and the result of compromises for trade unions and employers. The authors indicate that the German system acts to address a market failure in their recognition that:

*"Unlike the organisation of the German system, the structural split between education and employment in several countries is due to the absence of a direct linkage between the*

*educational and employment systems... the German market of apprenticeship places operates as a link to the labour market by preselecting the future labour force.' (p.38-39).*

Tremblay and Le Bot (2003:39), while providing a thorough review of the system, also note the main factors of success of the system and these in turn provide valuable lessons for transference:

*'The primary factor in the success of the dual system is that it does not compete against itself. In order to innovate and solve the problems of adjusting to the labour market, the education systems in many countries tend to create branches that are parallel to existing ones, thus undermining the value of the latter and creating "upward competition" through higher-level training programs. The second success factor is a proper balance between the process of acquiring vocational qualifications and that of acquiring academic knowledge. Nowadays, many countries have introduced internship and periods of in-firm practical training into their curricula. However, these training periods do not last long and probably cannot rely on a solid tradition of workplace training.'*

In addition to the dual system, Germany also has a number of public programmes to support the unemployed. These programmes are operated through the Federal Ministry of Labour and Social Affairs, with the main agency responsible

being the Federal Employment Agency (FEA). The FEA provides job and training placement, and career and employer counselling as well as providing benefit payments such as unemployment benefit and insolvency payments. Unemployment benefit requires that the unemployed person take any job offered (Eichhorst and Rinne 2014). The agency is also charged with operating the Family Benefits Office, therefore taking a holistic view of employment and the household. Specific aspects of the services provided which are of interest here are outlined below.

- **Job Placement** services provided by the Employment Agency which include: an online job tool which provides information on vacancies; the provision of wage subsidies to employers who employ individuals finding it difficult to secure employment; assistance to become self-employed;
- **Employment Promotion** provides basic income support for job seekers and has the overall aim to improve individual employability; support to persons with disabilities is also provided.

### 6.1.3 Youth Employment Strategies in Switzerland

As with Germany, Switzerland also employs a dual-based (dual-track) apprenticeship system, with vocational and professional 'streams'; vocational education and training (VET)

**BOX 6.1: THE STRUCTURE OF THE EDUCATION SYSTEM IN GERMANY (TREMBLAY AND LE BOT, 2003:08)**

Further Education						
Continuing Workplace Training	Evening Schools Adult Education Centres	Continuing Vocational Schools	Integrated Universities Administration		University Theological Institutes Teacher Training Colleges Academy of Fine Arts Integrated Universities	
			Medical Professional Schools	Higher Technical Schools	Single Option Technical Schools	Grammar School (Grades 11 to 12/13) Secondary Level II (2-3 years)
Interim Employment	Full-Time Specialised Vocational Schools	Full-Time Vocational Schools	General Education Schools (4 years)			Grammar School (Grades 5 to 10) (4 years)
Dual System (On-the-job training and vocational School) Basic Training Year (3 years)			Lower Secondary School (end compulsory education) (3 years)			
Orientation Stage (2 years)						
Secondary Level I (10 to 15/16 years old)						
Primary Schools						
Primary Level (6 to 10 years old)						
Kindergarten						
Elementary Level (3 to 6 years old)						

and professional education and training (PET). Approximately 70% of youth complete an apprenticeship, which run for approximately 3 to 4 years<sup>64</sup> and research has shown that completing an apprenticeship programme can result in a youth being three times less likely to be unemployed<sup>65</sup>. VET training leads to a Federal Vocational Baccalaureate (FVB) which makes graduates eligible for entry to universities of applied science, once university aptitude tests are passed. PET provides for entry into highly technical and managerial positions (Federal Department of Economic Affairs 2014). In 2012 there were 79,700 new enrolments in VET, and 233,200 in total, accounting for 1.7% and 5% of the labour force respectively. Outside of the apprenticeship system, other related characteristics of the Swiss approach to youth employment and unemployment are:

- Job coaching for youth.
- Motivation Semester for 18 to 24-year olds that have not completed the vocational education programme, an internship based school-to-work transition assistance programme of six months during which they remain eligible for unemployment benefit.
- Those under 25 receive unemployment benefit for up to 200 days while all other age groups receive assistance for up to 520 days.
- In Switzerland, those under 30 receiving unemployment benefit are required to accept any job offered, while in some countries in Europe there is no sanction for refusing a job (Greece, Lithuania and Romania), and in others, all age groups are required to accept any job offer (Denmark, Germany, Hungary, Ireland and Poland) (Eichhorst and Rinne 2014).

#### 6.1.4 Youth Employment Strategies in Austria

Youth unemployment, and policies to address it, such as job coaching and vocational training assistance, falls under the Federal Ministry of Labour, Social Affairs and Consumer Protection in Austria. The labour market policy in Austria is implemented by the Public Employment Service and is focused on:

- 'The placement of suitable workers in jobs
- Providing support in the elimination of obstacles to the placement of workers
- Measures to increase the transparency of the labour market
- Reducing the quantitative or qualitative imbalances between labour supply and demand by means of retraining and upskilling in line with labour market needs.
- Saving jobs if this is in the interests of an active labour market policy
- Providing a subsistence income to the unemployed within the framework of unemployment insurance.' (Federal Ministry of Labour, Social Affairs and Consumer Protection 2013, 11).

The Federal Ministry also notes that the low youth unemployment in the country is due to an overall low rate in addition to demographic changes and the dual-based vocational training system; the principles of reintegration and preventive approaches guide the labour market policy, especially in relation to youth.

Austria undertakes a number of active labour market policies including: apprenticeships; youth career coaching; assistance in school-to-work transition; technical and vocational training; and guarantees.

- Apprenticeship programmes and on-the-job traineeships. Remuneration for apprenticeships are EUR240 in the first two years, and EUR555 in the third year;
- Apprenticeship Coaching Programme, and individual training;
- Youth guarantee program, implemented in 2008 where after six months unemployed a young person receives an offer of education/training or subsidised employment through the Austrian Employment Service.

In addition, as a motivation to enter employment, unemployment benefit for under-25s covers 26 weeks over a 12-month period while for others this is 52 weeks over a 24 month period.

The specific approach to youth unemployment includes a differentiation between young people (those up to age 19) and young adults (those between 20 and 24), and specific approaches designed for each group. For young people, the relevant issues relate to the transition to further education (higher level schools or the dual system of vocational training) or employment. For young adults who are unemployed, the focus is on skills training and qualifications not previously obtained, and employment subsidies to integrate them into the labour market through the provision of a training guarantee. The specific policies for young people are:

- Careers guidance;
- Youth coaching (personal and career planning advice);
- Apprenticeship training in companies;
- Apprenticeship coaching for companies and apprentices to avoid dropout and other issues;
- Training Guarantee and Supra-Company Apprenticeship training; and
- Production schools for those not in companies to allow them to gain experience of the world of work.

#### 6.1.5 Youth Employment Strategies in Netherlands

The Netherlands strategy to reduce unemployment is based on a number of approaches, one of which is to reduce the number of youth in the labour force through compulsory attendance

<sup>64</sup>See <http://www.lline.fi/en/article/policy/20135/what-are-they-doing-right-3-cases#title18>

<sup>65</sup>See [http://www.goodjobssummit.ca/switzerland\\_youth\\_unemployment\\_strategy](http://www.goodjobssummit.ca/switzerland_youth_unemployment_strategy)

in education up to age 18 or achieved a basic qualification; there are however regulations to govern under-18s that are in employment<sup>66</sup>.

The Government of the Netherlands has also appointed a youth unemployment ambassador to tackle the problem in light of the global economic crisis. Part of the current strategy is to create more jobs combining work and study (dual approach) through financial support to employers, employers' organizations and trade unions. Overall, the strategic approach of the government is the promotion of: secondary vocational education; longer learning; and relevance of skills to the labour market. The actual operationalisation of this strategy involves the following:

- Traineeships and work placements;
- Cooperation between education and private sector;
- Provision of education, vocational training, social integration, work experience and 'second chances' for disadvantaged youth;
- Return to school promotion: School Ex 2.0 programme promotes continuation of studies in areas of relevance to the labour market;
- Subsidies to employers to encourage integration of young people into the labour market;
- Youth guarantee, as in other European countries;
- Promotion of part-time flexible employment to act as a 'stepping stone' to full time employment and the building of skills and social networks; 'Flexible contracts as screening mechanism for employers and 'stepping stone' for employees' and relatively low minimum wages for young people assist in flexibility; and
- Investment in Youth Act of 2009 which limits access to benefits for those between the ages of 19 and 27: 'Instead of receiving unemployment benefits, young people are immediately sent into activation programmes offering work and/or training' (Eichhorst and Rinne 2014, 18).

Hupkes (2013:18) outlines the comprehensive approach utilised by the Government as:

- 'Prevent youth unemployment:
  - Keep amount of NEETs and early school leavers low
  - Keep wages in line with productivity, especially for young people
  - Connect education to the labour market
  - Maintain high quality of education
- Combat youth unemployment:
  - Decentralise youth employment policy- municipalities are responsible and get involved with local stakeholders
  - Young people that apply for benefit receive support for their next step (education/training/find a job)'

### 6.1.6 Youth Employment Strategies in Belarus

The Republic of Belarus was a member of the Soviet Union, declaring independence in August 1991. Oleinik (2011) outlines the main approaches to addressing youth unemployment in Belarus:

- State guarantee of jobs for graduates from different educational institutions;
- Ministry of Social Protection and Labour identifies, registers and assists unemployed young people in finding employment;
- Professional training for young people who have not acquired employment or a university place, paid for by the state;
- Employment placement in private enterprises; and
- Temporary employment of pupils in their spare time (social protection agencies supplied work experience to 40,000 students in 2009).

### 6.1.7 Youth Employment Strategies in Denmark

In Denmark, the guiding principles of policy to address youth unemployment is based on getting 18 to 29-year olds to complete vocational or further education. Cash benefits and youth guidance and internship centres assist in this; as do wage subsidy jobs and enterprise training for those with vocational or further education. Denmark also utilises the youth guarantee as seen in other European countries where those under 25 receive an offer of employment, education, apprenticeship or traineeship, within four months of becoming unemployed or leaving education. In addition, under-18s are required to be in education, employment or other approved activity. The framework for addressing youth unemployment in Denmark involves a number of organisations.

- Youth Guidance Centres: Assessment of readiness of under 18s to enter further education, and if not ready, remedial training undertaken; assistance in transition to the labour force;
- Vocational Education and Training: Dual-system is adopted as in other European countries;
- Production schools for those not in companies to allow them to gain experience of the world of work;
- Job Centres.

### 6.1.8 Youth Employment Strategies in Canada

The Government of Canada utilises three main programmes to assist youth in the transition to the labour market: Skill Link; Career Focus; and Summer Work Experience. This Youth Employment Strategy is extensive and involves eleven departments and agencies. The elements of the main programmes are described below.

<sup>66</sup>See <http://www.government.nl/issues/youth-policy/youth-and-employment>

## Skills Link

The aim of the programme is to provide funding to employers and other organisations to develop the skills and knowledge of youth to allow their participation in the labour market. Government funds the programme while funded organisations are responsible for recruitment of participants. Eligible activities for funding include projects which: provide career development, job search and job retention activities; provide opportunities for work experience and include mentorship and coaching; and help develop skills including general transferable skills, personal development skills and specific technical skills.

## Career Focus

This programme provides funding to employers and organisations to develop and deliver activities that enhance the skills of youth and assist in career decisions. Work experience in growth sectors is seen as a priority.

## Canada Summer Jobs

The scheme provides funding to assist employers in providing summer job opportunities for students. Costs covered include wage subsidies, mandatory employment-related costs and other relevant overhead costs.

For unemployed youth, the Canadian Government also provides assistance with respect to jobs (electronic job bank, targeted wage subsidies, Job Creation Partnerships to allow unemployed persons to gain work experience, assistance to start a business, and the Federal Work Experience Programme), and education and training (financial assistance to get skills training, apprenticeship with a focus on on-the-job training with some institutional instruction).

### 6.1.9 Summary and Lessons for the Caribbean

The review of strategies undertaken by nations to address the issue of youth unemployment reveals a number of trends and some unique characteristics. These strategies accord with Eichhorst & Rinne's (2014) categorisation of institutions and public policies which address youth in the labour market; the three broad classifications are: (1) vocational education and training; (2) minimum wages and employment protection; and (3) activation measures and active labour market policies. All of these policies relate to preventing and combating youth unemployment, the two strategic approaches explicitly adopted by the Government of the Netherlands. The actual trends seen in the review of global exemplars in relation to these classifications are outlined below.

The dominant theme throughout the review was the prevalence of a **dual-system of technical and vocational education and training**, where institutional instruction is coupled with on-the-job experience with a remuneration component. This system is considered effective in 'smoothing the school-to-work transition of young individuals' (Eichhorst and Rinne 2014, 8).

The other related dominant trend is a high level of interaction between education and training institutions and the private sector, and career education initiatives in schools (including the training of teachers in career education/guidance). The other main trends are dominated by AM/ALM policies and include:

- **Employment service centres** with wide outreach to the youth, coupled with web-based portals to provide information on vacancies;
- **One-on-one coaching** of youth as well as coaching of enterprises in operating the apprenticeship system;
- **Wage subsidies** to enterprises employing youth;
- **Governmental support to enterprises** expanding employment opportunities for youth;
- **Subsidised trial employment** periods for unemployed youth to enable employers to gauge young employees' abilities; some of these programmes allow youth to continue to receive unemployment benefit;
- **Industrial schools** to assist youth not able to secure any of the other employment opportunities in gaining knowledge and skills in relation to the 'world of work';
- **Subsidised credit** to young entrepreneurs;
- **Benefits systems** that place stringent conditions on youth to 'force' them into employment such as shorter periods of eligibility to claim benefits or requiring that they take any job offered; and
- **Youth guarantee systems** that commit to providing an unemployed youth, after a specific period unemployed, with a guaranteed training, education or job offer.

There are also some unique characteristics at the country level that may be informative for the Caribbean:

- **Japan**: Highlighting those that contribute to collaborative efforts through awards; specific programmes aimed at women, with one such programme of interest being specialist training courses that inform them of gender-based issues they may experience during their career, and the Job Card system;
- **Switzerland**: Dual-track system has two streams-vocational education and training and professional education and training;
- **Austria**: A differentiation between young people (up to age 19) and young adults (20 to 24-years only) and specific approaches for each group based on their unique needs;
- **Netherlands**: Compulsory education to age 18 (as in Denmark); promotion of returning to school; promotion of part-time flexible employment through allowing flexible contracts and relatively lower minimum wages for youth;
- **Belarus**: Work experience from young age, with pupils engaged in employment in their spare time/holidays; and
- **Canada**: Funding to businesses and organisations to operate schemes that promote youth employment and work experience; this appears to be a form of privatising the delivery of services.

While the specific programmes offer insights into potential interventions in the Caribbean, it should be noted that overall these exemplar programmes are embedded institutionally, that is they are not merely piecemeal and ad hoc, and that they are part of a wide strategic framework for reducing unemployment and alleviating the socio-economic consequences of such. The association between employment and social well-being is recognised by many of these global exemplars with the linking of the issue of labour to ministries pertaining to social protection and development. This is unlike the Caribbean where labour and social development ministries are separate entities, and in relation to youth, they often fall under the remit of ministries that are responsible for social development, sports, culture or education, representing an explicit separation of the social from the economic. The other important point to note at a broad level is that political will is a key driver of the entire process, and as noted in Germany, the establishment of the framework for active labour market policies was based on cooperation between government, unions and industry.

Chapter 4 revealed that while labour market policies have aspects of Eichhorst & Rinne's (2014) categorisation of institutions and public policies for addressing youth unemployment, such as technical and vocational training institutions, minimum wages and employment protect, the scope of AM/ALM policies is narrow, although job-search assistance, training programmes and assistance for self-employment do exist. Overall, while some of the AM/ALM strategies seen globally may be applicable and useful to the Caribbean, it is the lessons from the dual system of technical and vocational education and employment utilised in the majority of these countries that are most useful for the Region.

## 6.2. PROMOTING DECENT AND SUSTAINABLE YOUTH EMPLOYMENT IN THE CARIBBEAN

*Many youth who are not in education, employment or training are hustling or engaging in illegal activities such as extortion or trading in ganja/tobacco, whilst some are simply not doing anything. For example, you see youth engaged in the illegal making of Clarke's shoes and lottery scamming. Some are also being productive, but their skills and creativity could be applied to more legitimate means. **You may say that some have the agency to want to improve themselves, but there may not be the structural opportunities for legally seeing through this agency**<sup>67</sup>*

The above insight from Jamaica is informative in understanding the youth unemployment problem in the Region. It encapsulates one of the causes (structural problems in being able to participate in the formal labour market), one of the consequences (participation in illicit activity), as well one of the opportunities (exploiting the skills and creativity of youth in the Region through legitimate entrepreneurial activities). In

addressing the problem, there is therefore a need to provide channels for decent and sustainable employment.

The ILO's Decent Work Agenda and the UN's Sustainable Development Goals for a post-2015 development agenda are useful in this regard in directing the design of strategic workforce development plans. The ILO's Decent Work Agenda is based on four strategic objectives, with a crosscutting objective of gender equality:

- **Creating Jobs:** an economy that generates opportunities for investment, entrepreneurship, skills development, job creation and sustainable livelihoods.
- **Guaranteeing rights at work:** to obtain recognition and respect for the rights of workers. All workers, and in particular disadvantaged or poor workers, need representation, participation, and laws that work for their interests.
- **Extending social protection:** to promote both inclusion and productivity by ensuring that women and men enjoy working conditions that are safe, allow adequate free time and rest, take into account family and social values, provide for adequate compensation in case of lost or reduced income and permit access to adequate healthcare.
- **Promoting social dialogue:** Involving strong and independent workers' and employers' organisations is central to increasing productivity, avoiding disputes at work, and building cohesive societies<sup>68</sup>.

Directly related to these strategic objectives are Goals 4 and 8 of the UN Sustainable Development Goals and related components as follows:

- **Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
  - 4.7 by 2030 ensure **all learners acquire knowledge and skills needed to promote sustainable development**, including among others through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development,
  - 4.3 by 2030 ensure **equal access for all women and men to affordable quality technical, vocational and tertiary education**, including university,
  - 4.4 by 2030, increase the number of youth and adults who have **relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship**,
  - 4.5 by 2030, **eliminate gender disparities** in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations

<sup>67</sup>Non-verbatim output from interview with Kevon Campbell [Ministry of Youth and Culture, Jamaica], January 28, 2015

<sup>68</sup>See <http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--de/index.htm>

- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
  - 8.3 promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalisation and growth of micro-, small- and medium-sized enterprises including through access to financial services,
  - 8.5 by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value,
  - 8.6 by 2020 substantially reduce the proportion of youth not in employment, education or training. (United Nations 2014).

The main issues arising from the global agendas, which are of relevance to addressing the issues emerging in the Region in relation to youth unemployment, are therefore:

1. Creating Decent Jobs
2. Social Protection
3. Skills for employment and entrepreneurship
4. Promotion of active participation in the labour market.

These issues should include gender as a crosscutting consideration. While there are several other issues of concern in relation to the ILO and UN global agendas, these are the main issues arising given the findings to emerge from the previous analysis. The following subsections outline the main problems experienced in the Region and recommends plans to address the issues arising. The issue of labour market data and information systems are also addressed.

### 6.2.1 Creating Decent Jobs

Parra-Torrado (2014:17) notes that: 'Ensuring macroeconomic growth, reducing vulnerability to shocks, developing a vibrant private sector are critical for fostering growth and promoting employment'. Basically, without economic and job growth, driven by private sector development, there is limited scope for youth to find employment. Downes (2006) offers further support for the need for growth, noting the negative effect on youth employment by the implementation of structural adjustment policies in the Region which required a reduction in aggregate demand to address balance of payment problems. While it is beyond the scope of the current exercise to provide detailed recommendations for the growth of the Regional economy, recent private sector assessments conducted across the Region provide insights into the main actions required to achieve growth and private sector development. As an example, the priority areas and required actions for St. Lucia, which are mostly relevant for the rest of the Region, are highlighted below.

The main priority areas that needed addressing in St. Lucia included:

- 'General governance issues: business support/facilitation framework and [developing] a national strategy for private sector development;
- Utilising technology to reduce the costs of doing business;
- Improving access to finance;
- Cost of energy;
- Labour market: education, skills capacity-building and productivity;
- Human resource planning;
- Vocational and on-the-job training'

(Lashley and Moore 2013, 25-28).

The recommended action plan to achieve private sector growth included:

- Establishment of a tripartite<sup>69</sup> committee of government, labour unions and the private sector associations to develop and guide private sector development strategies;
- Rationalise/streamline the business support framework to make it more relevant to private sector needs;
- Development of a private sector development strategy that is insulated from political business cycles;
- Reduce the cost of financing and increase the capacity of businesses to access financing;
- Incentivise energy conservation and the utilisation of renewable/alternative energy sources;
- 'Action 7: Education and training curriculum reform that addresses the long-term strategic direction of the government as well as the more immediate needs (in terms of demand for skills) of the private sector'. (Lashley and Moore 2013, 30).

Of relevance to Goal 8 of the SDGs, in particular sustainable economic growth, the authors note at a general level that: 'the Caribbean region needs to exploit those resources in which it has an advantage and a brand, suggesting a concentration on alternative energy (notably geothermal and solar); specialist agricultural products and agro-processing; eco-tourism; "edu-tourism" (drawing on human resources in the Region); heritage tourism; health and wellness (both product-specific and related to tourism); and financial services, among other sectors' (p.30). Such an approach not only relates to environmental sustainability and the creation of 'green' jobs, but also relates to sustainability in economic terms by concentrating on areas in which the countries of the Region have an imbedded advantage.

The development and growth of new and emerging sectors in the Region is of particular relevance to youth. The professionalisation of the cultural industries, advances in ICT, and 'green' jobs related to alternative energy and innovative approaches to climate change adaption, provide a unique

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<sup>69</sup>Such tripartite committees would be expected to work in the same manner as the Social Partnership in Barbados. The background and structure of the Social Partnership in Barbados can be located at: <https://labour.gov.bb/social-partnership>.

opportunity for the youth to gain productive and sustainable employment (see Box 6.2). These new growth sectors are not only attractive options for youth, especially in the arts and technology, but they are also sectors, due to their novelty, that currently suffer from a lack of appropriately trained labour, leaving a gap that the youth can ably and willingly fill. In addition to a recognition of the relatively new growth sectors that are not only attractive to youth and place them in an advantageous position, there will also need to be an understanding of new ways of working, especially those facilitated by ICTs, such as telecommuting and flexi-time.

The recognition by stakeholders and policy-makers of these new growth sectors, new ways of working, the attractiveness they have to youth, the current lack of related skills, and the introduction of training in these areas, provide an ideal opportunity for the creation of decent and sustainable jobs for the youth, not only as employees, but as entrepreneurs. However, given the intellectual property issues that arise in the new creative sectors, appropriately constructed and harmonised intellectual property legislation will need to be in place across the Region to facilitate participation and provide for continued wealth generation.

### 6.2.2 Social Protection

While social protection is a key component of the Decent Work Agenda, and indeed the rights and protection of workers in the Region are protected under ILO conventions that countries are signatory to, the degree of social protection needs to be

#### BOX 6.2: THE 'TECH' SOLUTION TO YOUTH UNEMPLOYMENT

The increasing adoption of ICTs in everyday life, and the growing marketplace for digital goods and services, are creating opportunities for youth to find employment that transcend traditional paradigms.' (International Telecommunications Union (ITU), 2014:17)

ITU's report is a useful resource for the development of ICT solutions to the youth unemployment problem. The report not only highlights the transformational changes occurring in traditional sectors such as agriculture, health and offshore services, it also highlights emerging sectors that provide both employment and entrepreneurship opportunities for youth. In addition, the report notes:

'The very notion of the "work place" now reaches far beyond the local, which has great implications for young people that are challenged to find employment in their own communities' (p.17).

Such novel introductions into the labour market such as microwork and crowdsourcing (individual tasks as part of a larger process that is outsourced via technology) can provide both skilled and semi-skilled employment opportunities, while app development, gaming and bespoke software development all provide opportunities for substantial wealth generation. ICT jobs for youth are now beyond the assembly and repair stage.

balanced with the realities of employment. The presence of overly protective employment rights makes for rigid labour markets, with youth and women the main casualties. However, in the Caribbean, from the previous analysis of labour market regulations, labour markets do not appear to be overly rigid based on the Doing Business Indicators.

One of the missing components of social protection in the Region is unemployment benefits. While this is an integral element of the Decent Work Agenda and countries in the Region will need to seek to address this deficiency, it also means there is limited scope for the utilisation of activation measures to get youth into employment, as seen in several countries in the analysis of global exemplars. Countries in Europe have implemented activation measures specifically to catalyse employment among the youth by implementing differential requirements for the youth to claim benefits such as shorter eligibility periods to receive benefits, and stipulating that young people take any employment offered or lose their benefits. While such measures may seem draconian in places, and have the potential to perpetuate a life of poverty, their utilisation in conjunction with holistic and effective technical and professional education systems, has produced in these countries some of the lowest youth unemployment rates in the world.

As the countries of the Region move towards the implementation of unemployment benefits systems, during development they will need to remain cognisant of the utility of such systems as employment activation measures and design the systems accordingly.

Another interesting point to emerge from detailed research in the Region was the presence of bottlenecks in the employed labour force with those reaching retirement age not retiring and 'making space' for youth to enter. The recommendation made from Grenada was to have adequate pensions to allow over-65's to leave the work force and make space for younger workers. An interviewee noted that some retired workers remain in or return to the labour force in order to gain a living wage due to inadequate pensions and or savings. Furthermore, switching to short-term, no-pension, renewable contracts provides immediate savings to a government or business employing a person past retirement.

#### Skills for employment and entrepreneurship:

*'The educational system is a British colonial inherited institution that is failing to respond to the new social and economic realities of the society'<sup>70</sup>.*

There are two primary issues to emerge in relation to the educational system in the Region and its relationship to the labour market that contribute to the youth unemployment problem. The first issue is the school-to-work transition and the

<sup>70</sup>Non-verbatim extract from interview with Wayne Chen [President of Jamaica's Employers Federation], January 27, 2015

second is the relevance of training to the needs of industry.

Upon leaving secondary school in the Caribbean, youth are presented with several life choices: remain in education, either in formal TVET or university; join the labour force; undertake informal training to increase their employability in one of the many schemes that exist across the Region; or choose to exclude themselves from the education and the labour market altogether (NEET). The educational system in the Region, both formal and informal, essentially seeks to address unemployment and idle youth problems as they emerge, rather than equipping school leavers with the necessary skills and competencies to secure employment. This is not to suggest that governments across the Region are inactive in seeking to address the youth unemployment problem, it is simply that they are reactive, rather than proactive. What is primarily needed in the Region is the implementation of programmes that not only ease the school-to-work transition problem, but remove the problem altogether.

In this vein, the plethora of ad hoc programmes that exist in the Region to provide remedial support to unemployed youth need to be integrated into the mainstream support architecture at a point where they can prevent unemployment, such as at the secondary and post-secondary educational level. Currently, programmes are located at a juncture where the unemployment problem has already presented itself. The measures that should be undertaken within the secondary school and post-secondary system include: career guidance to assist students in understanding the options available in the labour market; preparation for the world of work by the preparation of students in the personal (soft) skills required as well as gender sensitisation, as seen in Japan; and the promotion of work experience programmes during formal education. Compulsory courses in business and business management, as well as leadership, would not only prepare those intent on being self-employed or entrepreneurs, it would also give all students an appreciation of how business operates and better prepare them for being an employee, and perhaps even intrapreneurs.

The implementation of entrepreneurial and self-employment skills training would be well-informed from the current initiatives undertaken in the Region such as Junior Achievement, youth enterprise support schemes, YBTs and other smaller scale ad hoc projects, as well as global best practice in youth entrepreneurship education. OECD (2009) provides case studies of such best practice, with cases judged as good practice being based on:

- '...commitment for entrepreneurship education at the management level of education institutions, and appropriate funding is available.
- Entrepreneurship education is part of elementary, secondary, vocational and tertiary education.

- Entrepreneurial pedagogies with varying formats and learning environments are used.
- When entrepreneurship education is an option and not compulsory, the entrepreneurship education offer is widely advertised amongst students and measures are undertaken to increase the rate and capacity of take-up.
- There is early exposure to the 'world of business'. Entrepreneurs, firms, business support organisations and alumni are involved in the design of entrepreneurship education and its delivery.
- Possibilities for training in entrepreneurship teaching are available and take up is incentivised.
- Exchange of experience and lessons learned amongst entrepreneurship education initiatives is promoted and a network of institutions practicing entrepreneurship education exists at appropriate geographic/administrative level.
- Evaluation of entrepreneurship activities is systematically organised at the level of the education institutions and the relevant governmental organisation. Monitoring of impact includes immediate (post-course) tracking, and for secondary and tertiary education mid-term (graduation), and long-term (alumni and post-start-up) tracking is also practiced.' (p.11).

It appears that the introduction of entrepreneurship education has already commenced with Caribbean Advanced Proficiency Examination (CAPE's) inclusion of entrepreneurship in its programme in 2014-15, although it is not a compulsory course. It incorporates experiential learning, where the goal is to help students build social capital through implementing a business idea, networking and mentorship building. The aim is to implement this in schools across the Anglophone Caribbean in both rural and urban communities. According to one interviewee, this is critical, as entrepreneurial thinking can be applied to business and "best matches the psyche of the Caribbean people"<sup>71</sup>. Such an implementation does, it would seem, address what all of the respondents identified as a current shortcoming of the educational system; that is, that entrepreneurship is not seriously integrated in students' learning from an early stage.

*"The educational system focuses almost exclusively on academic attainment and does not do enough to encourage entrepreneurship. Children who have parents with this mindset or involved in this area of work may learn about the practical side of entrepreneurship outside of the classroom; for others, this lack of practical knowledge may dissuade them from participating in this activity even if they eventually learn the theory. Mr. Chen, for example, noted that he learnt a lot at his dining room at home, a lot about wealth and negotiation"<sup>72</sup>.*

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<sup>71</sup>Interview with Dr. Kadawame K'nife [Lecturer in Entrepreneurship at UWI, Mona], January 29, 2015

<sup>72</sup>Non-verbatim extract from interview with Wayne Chen [President of Jamaica's Employers Federation], January 27, 2015

The other primary issue to emerge from the analysis was the issue of the relevance of training to industry. At present the TVET system does provide links to the needs of the labour market, with the NTAs acting as an intermediary in establishing the needs of industry and introducing changes in the TVET curriculum. However, there are time lags in such a system. The dual-track system, which utilises institutional and industrial training in tandem, enables a much closer relationship between industry needs and curriculum development. This link is also important in relation to the emergence of new and emerging sectors, such as the professionalisation of the cultural industries, ICT and green sectors related to alternative energy and climate change adaptation. As indicated previously in relation to the creation of decent jobs, training in these emerging sectors pose an attractive opportunity for youth, as well as provide them with an advantage in the labour market due to the current lack of skills in these areas.

These proposals are grounded in previous findings in relation to what is being implemented globally; however, it needs to be asked- what really works? A number of recommendations have emerged from regional fora addressing unemployment challenges in the Region. One such forum conducted in 2012 by the CYP Caribbean Centre noted that some of the critical success factors for an effective TVET system in the Region were:

- 'Labour market involvement such as: Internship/practicum, Work based learning, Job shadowing and Apprenticeship
- Industry certified and demand driven training courses
- Re-branding TVET to minimise stigma and negative labels
- Access to updated equipment and technology' (Commonwealth Youth Programme Caribbean Centre 2012, 12).

Active labour market (ALM) policies are also recommended by Parra-Torrado (2014) for the Caribbean in order to address key constraints to youth employment, specifically lack of relevant job skills and information asymmetries. She notes that such policies should include programmes that focus on skills development or matching employers and job seekers, or both. She however notes that: 'Of all youth programs, those that combine skills development with on-the-job training or work-based activities and job placement components are more effective in improving employability and earnings' (p.19). In addition to noting that programmes need to be cost effective and financially sustainable, the main advice offered by Parra-Torrado (2014:pp.19-20) in relation to developing and implementing ALM policies included:

- Skills are better learned on the job, in particular life and work skills.
- The participation and commitment of employers is fundamental.
- Government coordination and regulation is essential to ensure quality and proper functionality of the schemes.
- A critical element of effective delivery of programs is ensuring that programs are delivered in a coordinated fashion with strong administration.

- Heterogeneity of job seekers and their needs must be recognised when providing employment services.

Such a discussion on education and training, should also be cognisant of related pedagogical advances, especially as it relates to the use of technology and other innovative approaches. The use of technology not only provides unique methods of instruction that may be more effective and attractive for today's youth, it also allows for distance-learning both between and within countries, particularly for those in rural settings. The use of such mediums as sport to provide instruction, as seen with the USAID sponsored A Ganar programme, also provides some lessons in this area.

In addition to the utilisation of ICTs and innovative approaches to instruction, overall the recommendations for enhancing the skills for employment and entrepreneurship relate to firstly inculcating instruction in the secondary school system that prepares students for the world of work generically, as well as providing proactive career education services, such as that seen in Japan. Secondly, to ensure that the needs of industry are met, the training and education system could seek to implement the dual-track system as used successfully in several countries in Europe. While the details of the systems operating internationally may not be directly feasible in the Region, the general system of linking instruction at both educational institutions and in the workplace is very relevant to the Region. Currently such a dual track system has not been institutionalised, and relationships and networks between educational institutions and employers will need to be grown; presently the relationship between the two is at a distance, facilitated by the NTAs.

### 6.2.3 Promotion of Active Participation in the Labour Market

Several reasons have been proffered for youth not being actively involved in the labour market. Firstly, a failure to gain qualifications or work experience can make them unattractive to employers, and can also lead to disillusionment as they continually experience rejection. Secondly, youth may also become disillusioned through observing the negative experiences of others in the labour market, such as peers experiencing low quality employment or operating on short-term contracts that lead to uncertainty and anxiety. They may also suffer these negative experiences themselves. Finally, youth may simply not know how or where to locate vacancies that allow them to actively participate in the labour market.

*'Youth... claimed that when employed in certain sectors of the economy they are also subjected to verbal abuse by their supervisors. They also professed to being underpaid and over worked, while being overlooked for upward mobility within the company. A prominent adult resident also claimed that jobs in most foreign owned companies were not available to Grenadian nationals in the top echelons, due to outsourcing. Though data was not available to support this view, this was*

*the consensus of other villagers, who stated this as one of the reasons, why young people are not able to find quality employment'. Unpublished Manuscript by C. Perryman regarding a survey undertaken in Grenada.*

In addressing some of these underlying causes for detachment from the labour market, a number of approaches could be utilised. The provision of additional training and education, highlighting of the positive employment experiences of youth, the provision of employment services, and subsidising employment and self-employment are some of the approaches that may be able to address this detachment.

Eichhorst & Rinne (2014) indicate some of the most useful strategies for promoting active participation in the labour market that would be of relevance to the Caribbean; these strategies include: assistance in locating employment; sanctions for not undertaking employment such as the loss of access to unemployment and other benefits; high quality and industry-driven training programmes for employment and re-employment; targeted, temporary, employment subsidies; and start-up subsidies for self-employment. The authors however note that direct public sector employment creation is 'problematic in promoting transitions to employment' (p.25).

One key mechanism in promoting greater participation in the labour market is facilitating youth in self-employment and entrepreneurship. However, although there are activities in the Region to facilitate youth in self-employment, as with entrepreneurship education, these activities need to be scaled-up and fully integrated within the business support frameworks that currently exist in the Region. Such business support would relate to finance, training, and technical support. As with the above section on skills, such expansion of support for young entrepreneurs could draw on lessons from current smaller scale regional and national interventions in this area such as the public sector youth entrepreneurship schemes, youth business trusts, and other ad hoc programmes and projects. Lessons from global best practice could also inform implementation. OECD (2009), while providing a number of case studies on best practice, outlines the criteria for consideration of best practice as:

- 'An entrepreneurship support structure with clear and accessible routes for youth is in place including attractive and specific youth support measures.
- There is close co-operation and referral between the different organisations involved in the support framework for youth entrepreneurship and roles are clearly defined.
- Entrepreneurship education activities and start-up support are closely integrated.
- Mentoring is organised.
- Facilities for business incubation exist and assistance is offered for youth to gain access.
- Access to financing is facilitated.' (p.12).

The best practice programmes outlined in OECD (2009) include ones that provide: business advice and coaching; incubation

centres; networking opportunities; and finance. Given youth's lack of assets (physical, financial, human and social) due to life-stage, the utilisation of alternative, innovative, non-collateral based finance methodologies will need to be employed to address this deficit; the alternative methodologies utilised in the Region, and those identified as global best practice, would be informative in this regard. Credit tied to training, mentorship or coaching (which increases chances of success), relationship-based lending, grant funding (financed by development agencies, both regional and international) and novel capital raising initiatives such as crowd-funding, are all potential approaches to support the development of youth's business ideas.

Other approaches to promoting active labour market participation identified globally included: fiscal incentives to employers to employ youth; subsidised trial employment; and industrial schools. Of particular interest are youth guarantee schemes which commit to providing youth with a place in employment or training within a specified period after leaving education or becoming employed. The Job Card system in Japan is also of interest as it not only provides vocational training in a dual-track system akin to that provided in several European countries, but also provides a widely accepted certification that unemployed persons can utilise while seeking employment. This gives employers a means to assess the capabilities of a young applicant with no prior experience; a similar system is seen with the Passport-to-Work scheme operational in the Cayman Islands, however the Job Card system in Japan is more systematically institutionalised.

The related recommendations for the Region for promoting more active engagement by the youth in the labour market, and to reduce the NEET problem, comprise seven key points:

1. Increased visibility and utilisation of PES given their current low level of utilisation. At a CARICOM level, a vital longer term goal would be to have an integrated regional PES that would provide information and support to youth that would allow them to gain employment outside of their home country. This, coupled with the inclusion of new ways of working, such as telecommuting, could significantly impact youth employment in the Region, especially in new emerging sectors, as well as assist in the development of countries in the Region which lack the necessary skills base.
2. Continued provision of industry-driven remedial technical and employability training, but more systematically delivered by agencies dealing directly with young unemployed persons, such as public employment agencies, rather than the ad hoc ministerial interventions that are currently utilised;
3. Implementation of proactive employment placement programmed via public employment agencies, including engaging with employers willing to provide short-term employment experience and/or participate in wage subsidisation schemes;

4. Provision of incentives, or as a component in promoting corporate social responsibility (CSR), enhance the private sector's provision of work experience opportunities for youth in school, or those making the transition to the labour force, through such mechanisms as summer jobs or internships.
5. Provision of systematic support within public employment agencies for the development of self-employment for the youth; several finance initiatives for the self-employment of youth exist across the Region, however self-employment support outside of finance is not systematically included as part of public employment agency support;
6. Assessment of the feasibility of Youth Guarantee Schemes in the context of limited fiscal space for regional governments, and the probability of utilising Public-Private Partnerships for the funding of such guarantee schemes;
7. Assessment of the feasibility of utilising the Job Card system seen in Japan as a model to be implemented within the remedial employment training system in the Region, given anecdotal evidence suggesting the success of the similar, less intensive, Passport to Work model in the Cayman Islands;
8. Highlighting of success stories of youth in employment and entrepreneurship to attempt to negate the negative demonstration effects that discourage youth from labour market participation;
9. Inclusion of gender-sensitivity training in youth employment strategies to assess and address the differential needs of youth men and women, as well as promoting diversity and cross-gender training in traditionally male and female dominated sectors.

However, one of the problems with implementing some of the best practice schemes identified is that they require, to some degree, that unemployed youth are able to be identified and located. The problem in the Region, especially given the lack of unemployment benefit schemes, is that youth have no mechanism or motivation to remain in contact with support agencies and the mechanisms employed to assist them. This is especially in relation to such recommendations as the youth guarantee scheme as this is dependent to some degree on youth being registered and at risk from losing benefits if not willing to accept offers of employment or training.

#### 6.2.4 Strengthening Labour Market Information Systems in the Caribbean

Parra-Torrado (2014) recommends two general policy responses to addressing the youth unemployment situation in the Region, data collection and information systems and active labour market policies. While ALM policies are addressed above, the issue of data collection and labour market information systems in the Region are of integral importance in order to provide a greater understanding of the situation in the labour market through in-depth data analysis. While noting that there are some relevant initiatives in the Region, Parra-Torrado (2014) suggests there is a need for greater collection of micro-

data on a regular basis to provide employment information which can be disaggregated by age, sex, education level and sector of employment. In addition to these recommendations, other pertinent information would relate to job quality, such as income, hours worked and type and terms of contract. Data collection should however not be reserved for those in employment, but also for the unemployed and the inactive. Relevant information in this case would relate to job search methods, length of time unemployed or inactive, and barriers faced in obtaining employment. The implementation of such data collection and information systems would not only allow for a deeper understanding of the functioning of the labour market, it would also allow for the implementation of monitoring and evaluation systems to assess the effectiveness and efficiency of interventions in the labour market.

Regional exemplars exist in relation to the regular collection and dissemination of labour market data across the Region such as Barbados, Jamaica, St. Lucia and Trinidad and Tobago, however there are concerns as to the depth of information collected, especially in relation to detailed NEET statistics and the level of age and gender disaggregation.

While there is a recognition that specific data items are missing across the Region, there are institutional and financial

#### BOX 6.3: STATISTICS NEEDED FOR GENDER AND THE INFORMAL SECTOR

Females are three times as likely to be unemployed than men. This does not mean that women are not engaged in productive work, indeed many women are involved in unpaid productive activities, such as child care or taking care of extended family members, that often does not get reflected in statistics. Many women find work in the informal sector and their employment may therefore, not be reported. Also, there is a culture or rather cultural norms of socialisation to contend with that still places expectations on men to be breadwinners

*Source: Interview with Kevon Campbell [Ministry of Youth and Culture, Jamaica], January 28, 2015.*

In addition, the ability of women to have employment security and mobility in the formal sector is stymied by low wages, disproportionate presentation in low-paying service sector jobs, part-time assignments and structural gender inequalities in the workforce. Poor and marginally employed women usually have to supplement their incomes through income-generation strategies in the informal sector (e.g. petty traders, domestic work, cosmetology, food vending and the like). So, despite women's economic gains over the last two decades, "women are likely to work in informal employment, or are concentrated in certain sectors, for example tourism or the public sector. Time surveys have shown that women's work in the home makes a substantial but largely unrecognized contribution to national economies. Assumptions about gender roles of men and women can undermine female participation in the labour market" (UN ECLAC, 2014:55). To understand the full scope of women's contribution to economies in the Region, concrete quantitative data are required for all aspects of women's work.

constraints in statistical service agencies across the Region. In the OECS, the part of the Region where data constraints are most noticeable, Gilchrist (2009)<sup>73</sup> notes that some of the constraints faced in collecting, collating, disseminating and analysing statistics in the subregion include:

- Inadequate budgetary support;
- Lack of human resource development and training;
- Lack of motivation of staff;
- High staff turnover;
- A weak legal framework;
- Limited use of technology; and
- Undeveloped statistical skills in line ministries.

Chase and Mathurin (2006:24) in speaking to difficulties in relation to poverty statistics in the OECS note that issues relate to:

- Lack of regular and consistent surveys that generate data at appropriate levels resulting in a lack of time-series data and the lack of capacity to establish baselines;
- Lack of or limited technical capacity for data collection, analysis and primary research;
- Lack of recognition of key factors such as gender, susceptibility and vulnerability to poverty and the link of the effectiveness or lack of social protection measures to poverty reduction; and
- Limited financial and other resources to undertake the needed regular surveys.

In addition, the OECS Secretariat (2007:1)<sup>74</sup> lists issues faced by statistical offices in the Region as:

- High ratio of non-technical staff to technical staff.
- Inefficiencies in the management of the Statistics Offices.
- Limited technological infrastructure.
- Limited budgetary allocations.
- Insufficient donor support and inefficiency in the use of available donor funds.
- Lack of cooperation with other statistical agencies and the private sector.
- Inadequate awareness of the value of the numerous applied uses of statistics.
- Inadequate data quality control and verification.
- Persistent high staff turnover.

Overall, while there is a recognition of the types of information that the countries of the Region need in order to adequately plan and implement labour market interventions, there are financial, technological and human resource constraints, as well as cultural difficulties in the collection of data.

As a means to address this issue, and to act as an example to other countries lacking in statistical capacity, the OECS Labour Market Information Systems Project can act as an example of the type of activities that need to be undertaken to provide the required institutional structures for the provision of adequate labour market information for the Region as a whole. The project has four main implementation components:

1. Establish capability
2. Human resource development
3. Adaptation to national circumstances
4. External support with national level implementation

The project also has specific national and regional outcomes for labour market information (LMI):

- 'LMI is properly planned and sufficiently integrated into the government budget
- Reliable and affordable data sources for LMI are firmly established to produce LMI with a specified periodicity
- An LMI dissemination platform is established that enables policy makers and the public to use LMI for policy and action
- Stakeholders in the OECS countries reach consensus on an OECS-wide LMI strategy that reflects the national LMI plans and budget
- A regional statistical unit is established at the OECS Secretariat that is charged with the implementation of the OECS Action Plan for the harmonisation of statistics, the provision of research and development and training services to the National Statistical Offices and the review of the quality of national statistics<sup>75</sup>.

The OECS LMIS project recognises the statistical constraints in the Region and the implementation methodology of the project should act as a guide to similarly constrained countries in the Region

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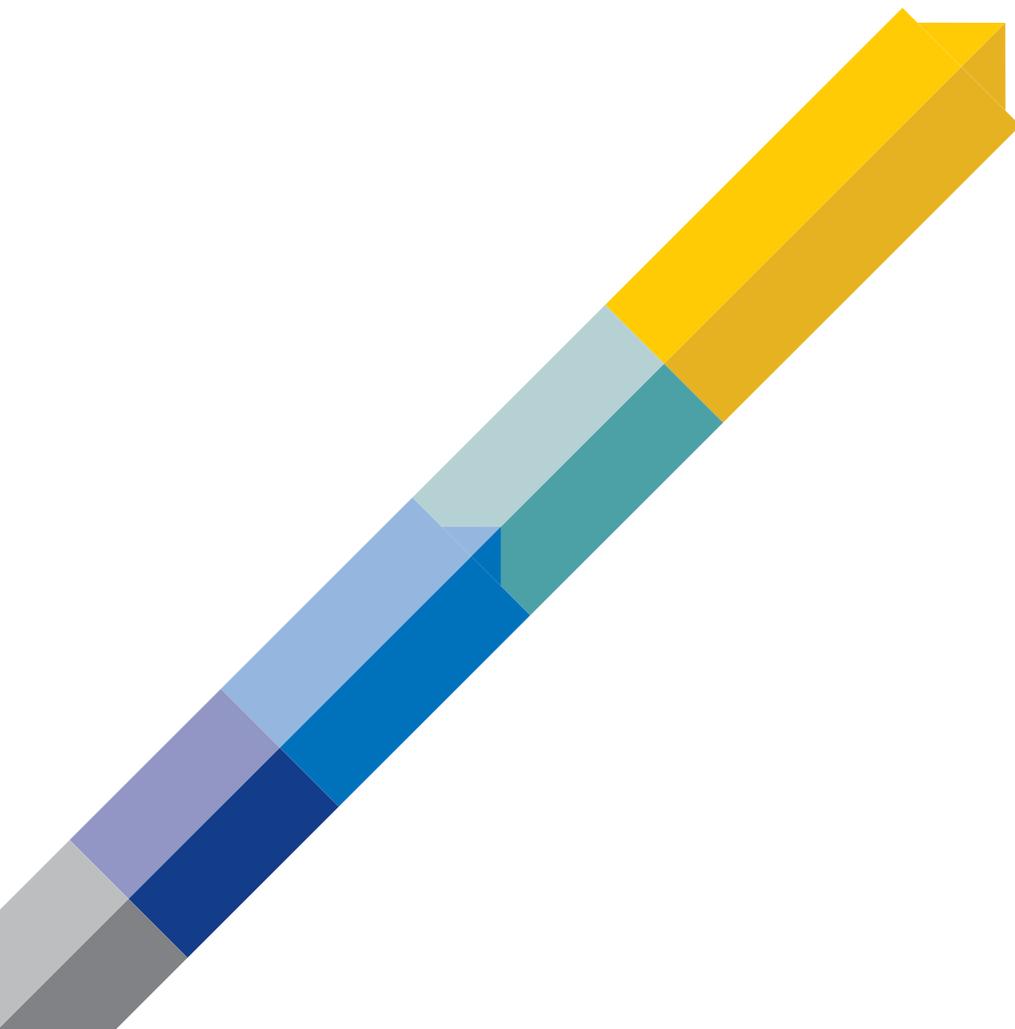
<sup>73</sup>Presentation by Curlan Gilchrist, Director of Statistics, Central Statistical Office, Grenada. High-Level Advocacy Forum on Statistics: Reform of the Statistical Infrastructure in the OECS in Response to the Global Crisis, July 30th 2009, Port of Spain, Trinidad and Tobago

<sup>74</sup>OECS Secretariat (2007). OECS Tourism Statistics - Summary of Constraints and Challenges. OECS Secretariat: St. Lucia.

<sup>75</sup>See [http://dol.gov.vc/index.php?option=com\\_content&view=article&id=28:about-the-lmis-pilot-project&catid=13:about-lmis&Itemid=25](http://dol.gov.vc/index.php?option=com_content&view=article&id=28:about-the-lmis-pilot-project&catid=13:about-lmis&Itemid=25)







Chapter

7

# A Practical and Action-Oriented Agenda for Increasing Youth Employment in the Caribbean

The following chapter draws on the preceding discussions and proposes a practical, feasible, solutions-oriented and gender-sensitive action agenda to help improve employment in general, and youth employment in particular. The proposed priorities and options are not simply limited to governments, but also apply to key stakeholders in the development process, including youth themselves.

The current Action Agenda should be seen as guided by the general regional priorities for youth, as laid out in the CARICOM Youth Development Action Plan (CYDAP) for 2012 to 2017, as well as the rationale for paying greater attention to youth unemployment. The CARICOM Youth Development Goals, as laid out in the CYDAP, are:

- i. "Education and Economic Empowerment: Enhance the quality of life and livelihood opportunities for all adolescents and youth;
- ii. Protection, Safety and Security: Enable the creation of protective environments to foster resilience and ensure adolescent and youth safety and security;
- iii. Health and Wellbeing: Improve the health and holistic wellbeing of adolescents and youth;
- iv. Culture, Identity and Citizenship: Enhance the development and appreciation of Caribbean culture and identity and commitment to regional integration;
- v. Policy and Institutional Framework: Create the policy and institutional environment and mechanisms to support effective national and regional implementation of the CYDAP;

- vi. Leadership, Participation and Governance: Ensure and enhance youth participation at all levels of decision making, programme implementation and oversight." (p.13-14).

CYDAP draws on the Report of the CARICOM Commission on Youth Development (CARICOM Commission on Youth Development, 2010), which positions youth at the centre of Caribbean Development and states:

*"...young people are an under-utilised resource for the development of Caribbean communities, countries and the Region... young people comprise the sector of the population best positioned by virtue of their creative potential to play the leading role in responding to the challenges of globalisation" (p.xi).*

The implementation of the current Action Agenda, based on this realisation, will require a reconceptualisation and destigmatisation of youth, with an understanding that young people are "assets to be developed, not problems to be solved" (Technical Working Group on a CARICOM Youth Agenda, 2012:4). Such an appreciation of youth should allow them to be seen as "partners in the development of the Region and not only as beneficiaries", while combating the current paradigm which is "problem-focused, and does not adequately take into account their assets, contribution and achievements" (CARICOM Commission on Youth Development, 2010:xx).

In addition to the reconceptualisation of youth as agents of change for the reorientation of regional economies, as the current Action Agenda approaches implementation, policymakers and planners will need to be cognisant of not only the threats of globalisation and new technologies, but also the inherent potential of youth to turn these threats into opportunities. As well as this understanding, the current Action Agenda seeks to follow the CYDAP's general programming guidelines, which are articulated as follows:

- "gender sensitive programmes, policies and services;
- collaborative, evidence based and integrated approaches;
- policy coordination and programme harmonisation;
- strategic alliances, youth-adult partnerships;
- longer-term community based programmes and services that respond to the expressed needs and ideas of youth;
- use of culture, sports and ICT as behaviour change methodologies; and
- cross-cutting networking, capacity development, media/social marketing and youth participation strategies." (p.16).

Overall, the current Action Agenda seeks to address the goal of Education and Economic Empowerment for youth, while being cognisant of the effect education and employment have on the achievement of the other youth development goals laid out in the CYDAP. Drawing on the broad issues raised by the CYDAP, the main guiding lessons for the current Action Agenda, where gender is cross-cutting, are: that there needs to be a reconceptualisation of youth as assets for development, not liabilities; and that globalisation and technology not only present threats to regional economies, but through the youth present real and practical opportunities for youth, as well as wealth creation for the Region.

## 7.1. A FRAMEWORK FOR AN ACTION AGENDA

In the Caribbean, an agenda to deal with the youth unemployment problem should firstly be based on: an understanding of the root causes of youth unemployment; the feedback effects of consequences on causes (such as a cycle of recidivism due to a lack of employment opportunities caused by stigmatisation); an understanding of potential solutions and their fiscal implications; and an appreciation of latent conditions in the specific economies of concern in which solutions need to be implemented. An understanding of the various subgroups than comprise the young unemployed will also be needed, for although several of the causes of youth unemployment are the same for each group, they may come at different lifecycle points and have differential gender impacts. Therefore, differential responses are required. The four main groups and the key immediate interventions required specifically for each group

are outlined below, while it is noted that all groups would benefit from technical and vocational education and training, remedial employment skills training, subsidised trial employment, and enterprise development support.

- School-leavers: career education and industrial schools to enable school-leavers to get experience of the workplace;
- Chronic unemployed: coaching to establish root causes of long-term unemployment and implement individualised strategies to address them based on the root causes identified such as lack of job search skills, lack of experience, lack of networks or negative approaches to seeking employment due to disillusionment<sup>76</sup>;
- Transient unemployed: as with the chronically unemployed coaching to establish root causes of being constantly in and out of employment and implement individualised strategies to address them;
- NEET: highlight positive examples of youth in employment and entrepreneurship to get disillusioned youth back into the labour market.

While this is the most pressing need in the Region, there is a further need to develop a system that firstly addresses the issues school-leavers presently face by implementing interventions within the secondary school system to ensure that graduates have the **key generic skills** to firstly seek employment and secondly to participate in employment; the important soft skills that employers often rue as absent in new employees. In St. Lucia, one of the few employer surveys conducted in the Region revealed the main issues (multiple responses) with new employees as: poor work ethic (73%); lack of punctuality (59%); poor customer relations (42%); and poor decision-making ability (37%) (St. Catherine 2013).

Secondly, the implementation of technical and vocational training and entrepreneurship **training** that is currently provided after leaving secondary school should be **integrated within the curriculum**, with links to private enterprises, and students guided to certain areas by career education. Such an approach would ensure that young people leaving secondary school would have an understanding of the needs and expectations of the labour market, as well as some marketable skills.

For the chronic and transient unemployed, a proportion of this issue could be addressed by the reorganisation of the secondary school curriculum as proposed above; as well as the development of an integrated, dual-track, TVET system. However, for those already in the labour market, assistance would be required in relation to job search through enhanced PES with a greater degree of outreach, as well as **technical and**

<sup>76</sup>The Deloitte and Rockefeller Foundation with support of the White House National Economic Council have developed a series of handbooks to assist the long-term unemployed into employment. Handbooks have been developed for the job seeker, for employers and for community leaders. For the long-term unemployed a series of issues are addressed including: understanding the job market and views of employers; utilising volunteering to build experience and job skills; marketing individual abilities; career planning; utilising publically available resources such as employment centres; forming networks; and staying positive in times of adversity. Handbooks can be located at: <http://www2.deloitte.com/us/en/pages/about-deloitte/articles/long-term-unemployed-tools-for-job-seekers-employers.html>

**vocational training**, support for **enterprise development**, and **remedial employment and re-employment training**.

The final group, NEET, are however a more challenging group to address as the causes of their exclusion from the labour market are complex and varied. The analysis conducted in Chapter 2 revealed that youth were not participating in the labour market for a variety of reasons such as: discouragement due to previous experience and observing the negative experiences of others, as well as high expectations not being met; pregnancy; caring for household members; and, worryingly, simply not wanting to work. Some of the reasons for not wanting to work related to preference for personal freedom, and stress avoidance. Special interventions would need to be designed depending on the particular category of NEET, such as coaching of young mothers (such as the SMILE programme in St. Lucia) and career coaching on mechanisms to get into, or back into, the labour market, as well as the promotion of positive examples of youth in employment.

However, one of the main problems is locating unemployed and NEET youth due to the absence of benefit programmes in the Region that would bring youth into the institutional framework. This is where there are **important roles for trade unions, educational institutions, NGOs, the church, community departments and practitioners, the police, and the private sector**. These roles would relate to transferring information to central support bodies about unemployed youth that they come into contact with or aware of (reactive), outreach programmes, which seek to pull unemployed youth into the system, and, specifically for private sector entities, informing those made redundant as to their options, as well as

supporting interventions for the unemployed as part of their corporate social responsibility. It would be expected that this participation would be in the short term, while the systems for addressing youth unemployment are transformed, and also in the long term. It should however also be noted that there is a gender dimension to the issues of youth unemployment and NEET, as noted in Box 7.1.

Generally, the overarching concerns in the development of an action agenda should appreciate the main causes and consequences of youth unemployment, the political context, existing institutional conditions, such as the pre-existence of institutional frameworks, which may be ineffective but politically expedient, and cultures that are detrimental to achieving the goal of transformational change. An appreciation of the potential solutions is also required.

## 7.2. DEVELOPMENT OF AN ACTION AGENDA TO ADDRESS YOUTH UNEMPLOYMENT IN THE CARIBBEAN

The analysis in the preceding chapters highlighted the potential root causes of youth unemployment in the Region, its consequences, costs, and potential solutions drawn from global exemplars. Latent conditions in relation to the current situation of youth in the labour market and the reactive strategies implemented to address the issue have also been outlined. However, while the single most critical factor in the implementation of an action agenda to address youth unemployment in the Region is political will, it is by far the most illusory component of the puzzle to specifically define, deconstruct and implement an action agenda to address. It therefore becomes the responsibility of other state actors, labour, industry, and civil society in general, to ensure that there is political will. Such action will however need extra-national support, both regionally and internationally. This leads to the critical first action agenda item:

### Action 1: External and Internal Support and Activism for Transformational Change

In this regard, the guiding agendas of the UN and the ILO in relation to the SDGs and the Decent Work Agenda respectively, are key international institutions in the action agenda. At a regional level, as noted above, the CYDAP should guide the general actions regarding youth development in the Region. The Commonwealth Youth Programme, specifically its Caribbean Centre (CYPCC), has already recommended a series of actions, which are closely related to the recommendations proposed for promoting decent and sustainable youth employment outlined in Chapter 6. The key points from CYPCC's recommendations (Commonwealth Youth Programme Caribbean Centre 2012) include:

- i. Macroeconomic and development strategies to promote economic and employment growth;
- ii. Integration of youth employment policies into macroeconomic and development policies;

#### BOX 7.1: CAUTIONS FOR DESIGNING YOUTH UNEMPLOYMENT INTERVENTIONS: A GENDER DIMENSION

*'Stop basing decisions or programmes on perceptions. We really do need to be mindful of the facts and to respond to those facts... young men who are unemployed are very visible... problems that males face are more visible than those problems faced by women and girls, and therefore we respond to them faster.'*

An example was given in relation to the recent highlighting of the challenge of male participation in education and male underachievement. This gained a swift response from the entire system of education, but the longstanding problems of girls in education - such as high dropout rates associated with teenage pregnancy, sexual abuse, and sexual harassment within the school environment - have yet to be fully addressed. It was noted in the interview that there needs to be a willingness to see the problems faced by all genders, and to programme for a whole range of problems. Solutions should show a progression to human rights for all, not a regression to traditional gender roles on the basis that limiting opportunities for women and girls will allow men and boys to blossom.

*Source: Interview at Grenada Bureau of Gender and Family Affairs, 8th January 2015.*

- iii. Improve education and TVET strategies through, inter alia, synergy between education and TVET programmes with labour market needs, and 'Expand and strengthen the capacity of apprenticeship and internship programmes through enhanced collaboration with employers' (p.19);
- iv. Employment programmes for the youth designed to respond to the needs of the youth to improve effectiveness. This can be achieved by: involving youth in design and implementation, facilitating dialogue between the youth and relevant stakeholders, and implementing administrative and management mechanisms to facilitate effective monitoring and evaluation of programmes;
- v. Strategic engagement of all partners and stakeholders in design and implementation with priority given to:
  - a. 'Strengthening existing partnerships between Ministries with responsibility for Labour and Youth Development.
  - b. Establishing sustainable Private-Public partnerships to enhance the quality of and sustainability of youth employment interventions' (p.20)
- vi. Establish appropriate review mechanisms of programmes;
- vii. Short-term employment programmes for youth 'must not be discounted'. There are, however, concerns related to some of these programmes' integrity and effectiveness. To address these issues the following actions were proposed:
  - a. Integrate such programmes into national or regional development plans to assist in sustainability and development impact (and perhaps to bolster their integrity);
  - b. Ensure appropriate legislation for transparency, equal opportunity and continuity (presumably in relation to continuity following changes in government);
  - c. Include partners in the implementation process;
  - d. Organise proper marketing of programmes;
  - e. Require more effective accountability and reporting.

As the CYPCC<sup>77</sup> recommendations indicate, there are a number of key stakeholders that would need to be involved in the implementation of interventions in the Region to address youth unemployment. Apart from those agencies already noted, other relevant international agencies operating in the area of youth in the Caribbean include: USAID; the Canadian Ministry of Foreign Affairs; and DfID. All of these agencies present opportunities for financing and technical assistance.

At a regional level the key agencies would be: CARICOM and the OECS Secretariat, CXC, CANTA, and CDB. Given the importance of human resource development to the implementation

of the overall action agenda, it is timely that in late 2014 a CARICOM Commission on Human Resource Development began operations to undertake a comprehensive review of the educational and human resource development systems in the Region to ultimately align them with '21st Century competencies, competitiveness and sustainability'<sup>78</sup>.

At the country level, apart from Central Government and related ministries and agencies dealing with youth, gender, education and TVET, labour and statistics, there are also the trade unions, academia, the private sector, NGOs, CBOs, religious organisations, and of course the youth<sup>79</sup>. Overall the main stakeholders are outlined below in Figure 71.

The **priority objectives** for the development of interventions to address the youth unemployment problem in the Region are drawn from the main objectives outlined in Chapter 6, namely:

1. Creating More Jobs
2. Social Protection
3. Skills for Employment and Entrepreneurship
4. Promotion of Active Participation in the Labour Market
5. Strengthening Labour Market Information Systems

With regards to a timeline for implementation, given that the priority objectives that inform the development of an action plan are in keeping with the UN SDGs, the timelines for achieving the objectives outlined here should be guided by timelines for the SDGs. For Goal 4, the achievement of inclusive and equitable quality education and the promotion of lifelong learning for all, is to be achieved by 2030. A similar deadline is seen for Goal 8 (promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), with the exception of component 8.6 (reduce the proportion of NEET youth), which has a deadline of 2020. Given that Action 1 is integral for the realisation of the targets established for subsequent actions, this will be a short-term priority and would need to be achieved by 2017. This is not an unreasonable timeline given that relevant institutions and relationships between parties already exist, in addition to an appreciation of the importance of addressing the youth unemployment problem.

The timelines for the other action points are determined from this 2017 point, and based on reducing NEET youth by 2020 and all other targets by 2030. To achieve these targets by 2030, it would be expected that the systems to achieve them are in place by 2025.

<sup>77</sup>The CYPCC ceased operation in 2014 and is therefore not discussed in relation to key stakeholders here.

<sup>78</sup>See: [http://caricom.org/jsp/pressreleases/press\\_releases\\_2014/pres176\\_14.jsp](http://caricom.org/jsp/pressreleases/press_releases_2014/pres176_14.jsp)

<sup>79</sup>The identification of implementing partners here seeks to provide greater detail to those listed in the CYDAP. The CYDAP's main implementing agencies are noted as follows: "the CARICOM Secretariat is the principal coordination and oversight agency; Departments responsible for Youth Affairs are national focus points; Social sector and other ministries, national and regional youth-led organisations are strategic partners and entry points; Regional and international agencies and donors working in adolescent and youth development provide technical support for implementation" (p.15).

FIGURE 7.1: OUTLINE OF MAIN STAKEHOLDERS IN AN ACTION AGENDA FOR YOUTH UNEMPLOYMENT IN THE CARIBBEAN



new ways of working, such as telecommuting and flexi-time would also facilitate greater participation by youth in the labour force.

Drawing on the recommendations from CYDAP, the CYPCC and the earlier analysis, and noting the need for guidance at the Regional level, the following Action Points emerge firstly at the level of CARICOM:

**Action 2. Ensure by 2018** that current regional youth policies and programmes are aligned with prevailing thinking in addressing youth unemployment;

**Action 3. Implement by 2017** steering committee involving other regional bodies to oversee the policies and programmes established and facilitate execution at the national levels;

At the country level, the following action points emerge:

**Action 4. Organise multi-stakeholder steering committees** including the public sector, private sector, trade unions, youth related organisations and young people by 2018. The committee will be responsible for the development of country-specific action plans based on country characteristics.

**Action 5. Revise/establish national youth policies by 2018** to include programmes and policies to address unemployment, ensuring that gender is a crosscutting issue.

**Action 6. Job Creation:** Utilise private sector assessment reports, where they exist, to implement recommended actions to facilitate private sector development and growth by 2020. In general there is a need to revise national employment policies as well as increase the ease of doing business. The development and growth of new emerging sectors related to the professionalisation of the cultural industries, ICT, and green sectors, would also need to be facilitated to provide unique employment prospects and decent jobs for youth. In addition, an understanding of

**Action 7. Social Protection and Addressing the Consequences of Unemployment:** Initiate the process for the development of unemployment benefit systems in countries where they currently do not exist by 2020. For countries where they do exist, establish mechanisms through which AMs for youth employment can be accommodated or revise systems to allow for the incorporation of AMs by 2018. While such actions address the financial consequences of unemployment, there is also the need to address the other consequences such as psychological scarring and involvement in risky behaviours such as unsafe sexual practices or crime. Interventions to address these consequences should be integrated in the social protection framework at a general level, as well as within the transformed educational and PES sectors, as highlighted below.

**Action 8. Skills for Employment and Entrepreneurship:** This is a core action area and involves a major transformative change in the educational sector. The issues centre here on the development and implementation of plans for the revision of the curriculum and the general institutional structure of the education and TVET systems in the Region by: promoting career education in the secondary school systems; training for employment and entrepreneurship as well as counselling to provide youth with the tools to deal with the potential consequences of unemployment and develop the necessary skills to avoid negative outcomes; and integrating the TVET system into the secondary school system.

This approach for TVET, coupled with a dual-track approach of institutional instruction with on-the-job training, will not only ensure a dynamic transfer of skills needed in industry to the skills of graduates, it also improves the chances of students obtaining employment on graduation.

The implementation of revision to the current TVET system

should be grounded in the Regional strategy. Presently, at a regional level, TVET is guided by the 2014 CARICOM strategy document entitled: Regional TVET Strategy for Workforce Development and Economic Competitiveness- Skills and Credentials, the New Global Currency. The strategy notes the importance of ‘...ensuring greater alignment of TVET programmes and systems with the emerging demands of employment’ (CARICOM/CANTA 2014, i).

In addition, to complement career guidance and employment training, the introduction of compulsory work experience programmes within the secondary school system would assist in students understanding the ‘world of work’ and gaining valuable experience, one of the contributors to transient and chronic employment.

The issue of skills for entrepreneurship is considered integral to the development of an entrepreneurial culture in the Region as well as the provision of opportunities for youth to participate in the labour market. It is proposed that compulsory training in entrepreneurial skills including leadership, general business financial skills, and business management, would not only assist in the creation of an entrepreneurial class, it would also make for better employees as it would give an appreciation of how businesses operate, and has the potential to drive internal innovation (intrapreneurship). The content of such additions to the curriculum would be well informed from current activities in the Region that are operating on a smaller scale than would be desired such as Junior Achievement activities and the methodologies adopted by the YBTs in the Region. The ad hoc, small scale, projects currently operating in the Region, as outlined in Chapter 4, could also supply valuable lessons. A review of global best practice in entrepreneurial education would also assist in this regard, as would a review of new pedagogies that utilise ICTs and other novel approaches to instruction. The final change component is the introduction of education and training in areas relevant to new and emerging sectors, specifically the cultural industries, ICTs, and green professions related to renewable energy and climate change adaptation. Given the transformational institutional changes required in the educational and training systems in the Region, it would not be expected that this would be achieved before 2025.

#### **Action 9. Promotion of Active Participation in the Labour Market:**

The specific points to be addressed in this regard are included in Chapter 6 and relate to: provide counselling and guidance services to the unemployed to reduce possible negative outcomes from unemployment (such as psychological scarring, and involvement in risky behaviours); implement proactive employment placement programmes; examine the feasibility of implementing Youth Guarantee Schemes and the ‘Job Card’ system; provision of finance and support for self-employment and entrepreneurship; and highlight success stories of youth in employment.

As with the introduction of entrepreneurial skills in the educational sector, the scaling-up of financial and other support for self-employment and entrepreneurship can also draw on lessons from institutions that already exist in the Region such as public sector youth entrepreneurship support schemes in Barbados and Trinidad and Tobago, Junior Achievement and youth business trust initiatives across the Region, and the ad hoc initiatives detailed in Chapter 4. A review of international best practice in the financing and general support for micro and small enterprise development would also assist in the scaling-up of these initiatives into the mainstream business support framework. The reduction in the constraints to the establishment and operation of youth businesses is one key component in promoting youth’s participation in the labour market.

As these changes involve a reorientation of some pre-existing institutions and some new developments, it is considered that this could be achieved by 2018.

#### **Action 10. Strengthening Labour Market Information Systems:**

CARICOM is currently undertaking efforts to improve the overall statistical systems in the Region and countries will firstly need to be cognisant of this as well as ensure that the projects and programmes undertaken at the Regional level are relevant to the domestic context, and include statistics on youth in the labour force. As this process is already underway at the Regional and national levels, it is considered that this could be achieved by 2020.

#### **Action 11. Monitoring and Evaluation:**

M&E will be a core component of the development and implementation of policies, programmes and projects directed at getting young people into work. It will be important to understand what works, and promote it, and what does not, and either revise or terminate. This is especially important given the limited fiscal space of governments in the Region. The framework and methodology of M&E systems will need to be established by 2017 as the programme of action moves from the Regional to national levels.

One of the overarching issues not addressed fully above is in relation to funding of the process. While international development funds are available, and may need to be relied upon given the fiscal constraints of governments in the Region, some of the main recommendations do not incur recurrent expenditure as they are related to the reorganisation of current systems rather than the introduction of new ones. However, financing the agenda is not the only evident risk. As with all attempts at transformational change, issues of leadership, power, culture, commitment and infrastructure pose significant risks. As noted by Bansal (2002, 435): ‘... change entails linking strategy, structure, people, processes, culture and technology with purpose’. Weaknesses in any of these links will pose significant risk to the implementation of the Action Agenda.

### 7.3. IMPLEMENTATION RISK ASSESSMENT

Informing the current risk assessment for implementation are the challenges identified with regard to the implementation of the CYDAP, which include:

- i. "public sector structures, funding arrangements and operational guidelines do not easily lend themselves to collaborative multi-sector approaches. The need for immediate and sometimes unconventional responses to youth issues and needs can be frustrated by levels of bureaucracy endemic to the public sector;
- ii. institutional arrangements for coordination and harmonisation of adolescent and youth development initiatives, where they exist, are not sustainable;
- iii. levels of agency competition and programme duplication are high, levels of information sharing and networking are low;
- iv. absence of a culture of research, evaluation, impact assessment and documentation and dissemination of best practice;
- v. ad hoc participation of ministries responsible for Youth Affairs in the Council for Human and Social Development (COHSOD), poor record of national implementation of regional policy decisions" (p.16-17).

Drawing on these identified challenges and general thinking in the area of challenges to transformational change, some of the specific risk factors that project planners will need to be cognisant of in the implementation of the current Action Agenda include:

#### 1. Leadership and Power:

- a. Mismatch between the international agenda and the national agenda
- b. Changing of the agenda at the international or national levels
- c. Lack of unified vision and dominance of narrow self-interest at national and institutional level
- d. Adoption of an exclusive rather than inclusive approach

#### 2. Commitment and Culture:

- a. Lack of 'buy-in' and resistance to change
- b. Loss of focus
- c. Implementation deficit
- d. Failure to deal with failure

#### 3. Project Design:

- a. Lack of clear definition of roles and responsibilities
- b. Setting of unreasonable goals and timeframes
- c. Lack of monitoring and evaluation

While the issue of communication is subsumed within these challenges as a cross-cutting issue, it should be highlighted

separately as a critical issue given its ability to result in: "...higher receptiveness... higher degree of adoption...greater opportunity for generating dynamic ideas from end users of systems and procedures; and greater ability to create national awareness of proposed change"<sup>80</sup>.

Overall, in relation to the list of challenges, there does not appear to be a great risk in changes in the international agenda as set by the ILO and the UN, given the previous dedication seen in relation to the Millennium Development Goals (MDGs). However, there can be concern in relation to unilateral donors' agendas and national agendas, as these are determined to a greater degree by national political agendas and tend to be cyclical in nature. The greatest point of concern is in relation to regional and national agencies, where lack of leadership and power battles can have significant effects on the unity of vision required for transformational change, as well as the level of inclusion of specific constituents such as youth, as well as specific cross-cutting issues such as gender. Throughout the process of planning, organising and designing the implementation of interventions, it is imperative that youth are actively involved and that the issue of gender is taken into active consideration. However, this will be dependent on the belief systems of those leading and guiding the overall process.

Perhaps of greatest concern is at the operational level, given the complex networks of stakeholders, institutions and individuals that are required to effect change. These stakeholders at the operational level will exist at both the Regional and national levels, making the process even more difficult to manage, with specific risks relating to lack of 'buy-in' at the initial stages to loss of focus as the project progresses. Such occurrences then have implications for actual implementation, and if implementation results in 'failure', a lack of will or ability to address the causes of such failure. While the issues involved are complex and involve multiple players, it is at the design phase where some of these issues, though not all, can be addressed by the clear definition of roles and responsibilities, the setting of achievable goals and timelines, and the implementation of objective monitoring and evaluation systems with risk assessments and mitigation measures included. However, addressing such issues involves leadership; leadership that ensures unity of focus, inclusiveness, and a long-term vision and understanding of the complex causes and detrimental consequences of youth unemployment in the Region.

### 7.4. SUMMARY

The chapter sought to provide practical solutions to improve employment in general and youth employment specifically through a multi-stakeholder approach. In paying attention to employment in general, the issue of general private sector growth was noted as important, and therefore it was recommended that the countries adopt recommendations made elsewhere in relation to private sector development,

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<sup>80</sup>Extract from communication with Richard Durant, Deputy Director, Office of Public Sector Reform, Government of Barbados, March 2015.

specifically recommendations made in Private Sector Assessment Reports conducted across the Region and facilitated by the Compete Caribbean programme.

In specifically addressing the issue of youth unemployment, and seeking to facilitate their entry into employment, four specific groups of unemployed youth were identified: school-leavers; the chronic unemployed; the transient unemployed; and those not in employment, education or training. The differential needs of these groups in attaining employment were also highlighted.

To address these needs, a number of multi-stakeholder actions are recommended, including the involvement of trade unions, educational institutions, NGOs, the church, community departments and practitioners, the police, and the private sector, in addition to central government, and regional and international institutions. Overall, the Action Agenda proposed was guided by five **priority objectives**:

1. Creating More Jobs
2. Social Protection
3. Skills for Employment and Entrepreneurship
4. Promotion of Active Participation in the Labour Market
5. Strengthening Labour Market Information Systems

The actual related actions proposed are:

**Action 1.** External and Internal Support and Activism for Transformational Change

**Action 2.** CARICOM: Align current youth policies and programmes with addressing youth unemployment;

**Action 3.** CARICOM: Implement steering committee involving other regional bodies;

**Action 4.** Organise national multi-stakeholder steering committees

**Action 5.** Revise/establish national youth policies

**Action 6.** Job Creation Initiative

**Action 7.** Social Protection Initiatives

**Action 8.** Skills for Employment and Entrepreneurship

**Action 9.** Promotion of Active Participation in the Labour Market

**Action 10.** Strengthening Labour Market Information Systems

**Action 11.** Monitoring and Evaluation

One of the final points noted was that throughout the process of planning, organising and designing the implementation of interventions, it is imperative that youth are actively involved and that the crosscutting issue of gender is taken into active consideration. In addition, there are a number of risks to implementation, and these can be addressed by decisive leadership at the Regional and national levels.





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P.O. Box 408, Wilkey, St. Michael, Barbados, W.I. BB11000  
Tel: (246) 431-1600 | Telefax: (246) 426-7269 | Website: [www.caribank.org](http://www.caribank.org)  
Email: [info@caribank.org](mailto:info@caribank.org)