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

- Young people’s employment prospects in Asia and the Pacific are severely challenged as a result of the COVID-19 pandemic. Youth will be hit harder than adults in the immediate crisis and also will bear higher longer-term economic and social costs. Before the pandemic, young people were already facing challenges in the labour market. These are worsened by the COVID-19 crisis, and its multiple effects threaten to create a “lockdown generation” that will feel the weight of this crisis for a long time.

- Nearly half of young workers in the region are employed in the four sectors hit hardest by the crisis. This is one of the reasons that young people face greater labour market disruption and job loss than adults due to COVID-19. And it is compounded by forced suspension of education and training, which will affect youth’s transitions to and within labour markets and could result in “scarring effects”, as seen in previous crises.

- Youth unemployment rates in the region are rising quickly. Projections through the end of 2020 in 13 countries show sizable jumps, with youth unemployment rates doubling the 2019 rate in some cases.

- To address the youth employment crisis, governments in the region urgently need to adopt large-scale and targeted responses, centered on (1) comprehensive labour market policies including wage subsidies and public employment programmes, and (2) minimizing the impacts on young students of disrupting their education and training. Effective COVID-19 mitigation measures will ensure that the poorest and most vulnerable youth are reached and that young people are meaningfully engaged in policy and social dialogue.

- Prioritizing youth employment and maximizing youth productivity in the COVID-19 recovery process will improve Asia and the Pacific’s future prospects for inclusive and sustainable growth, demographic transition and social stability. When young people feel empowered to earn a living through fulfilling work, and their energy, creativity and talents are nurtured, they can take up their roles as active, engaged citizens. This contributes to a positive cycle of economic growth, investment and social justice.
Overview

The coronavirus disease (COVID-19) pandemic has triggered a massive disruption of labour markets that has had disproportionate impacts on youth employment. Through lockdowns and travel restrictions, demand has slumped and many businesses have been forced to close or cut back operations, with serious impacts on workers. Nearly 220 million young workers (15–24 years) in the region are particularly vulnerable given their short tenure on the job, their employment in especially hard-hit sectors and their tendency to earn livelihoods in unsecure informal jobs.

The usual challenges of youth employment are heightened in economic crises. Given their relative lack of experience, young people face higher rates of unemployment than adults (25 and older) regardless of the business cycle. Young people are also more likely than adults to work in less-secure, lower-wage employment, frequently with limited legal rights, social protection, and representation. The current COVID-19 crisis brings the vulnerabilities of youth labour markets to the fore, but with the further complication of disrupted education and training pathways. Young people will be hit harder than adults in the immediate crisis and also bear higher longer-term economic and social costs. Pre-existing vulnerabilities of youth in the labour market will be exacerbated, with negative consequences for intergenerational poverty and inequality.

The crisis negatively impacts the prospects for youth through three channels. Young people are experiencing (1) job disruptions from reduced working hours and layoffs, (2) disruptions in education and training as they try to complete studies, and (3) difficulties transitioning from school to work and moving between jobs. The crisis will affect young people differently depending on their situation in the labour market. The scale of the impact will depend on the length of the crisis, the choices of governments in the socioeconomic recovery, and the capacity of institutions to implement effective measures.

Youth in Asia and the Pacific faced a challenging labour market situation before the crisis. Even before the COVID-19 pandemic, young people faced numerous constraints in their access to decent work. The regional youth unemployment rate was 13.8 per cent in 2019 compared with 3.0 per cent for adults and the global youth unemployment rate of 13.6 per cent. More than 160 million youth (24 per cent of the population) were not in employment, education or training in 2019, and the region's rates have been rising primarily as a result of the exclusion of young women who face an excessive burden of unpaid household and care work. Four in five young workers in the region were engaged in informal employment – a higher share than among adults – and one in four young workers was living in conditions of extreme or moderate poverty.

At the onset of the crisis, nearly half of young workers in the region were employed in the four sectors destined to be hardest hit by the recession. These sectors – wholesale and retail trade and repair, manufacturing, rental and business services, and accommodation and food services – employed nearly half of all young people (more than 100 million) working in Asia and the Pacific at the onset of the crisis. Young women are overrepresented in three of the four highly impacted sectors, particularly in accommodation and food services.

The vulnerabilities of youth in labour markets were already visible in the first half of 2020 as the COVID-19 crisis unfolded. Youth unemployment rates jumped in the first quarter of 2020 from the last quarter of 2019 in all economies for which data are available. Compared with the first quarter of 2019, the youth unemployment rate increased in six of nine economies that have quarterly data available: Australia, Indonesia, Japan, Malaysia, and Viet Nam, as well as in Hong Kong, China, which showed the largest increase of 3 percentage points. All economies that experienced increases showed sharper jumps in youth rates than in adult rates.

The reduction in working hours is unprecedented. Working hours across the region dropped 7.1 per cent in the first quarter of 2020 from the fourth quarter 2019. The loss of working hours increased to 13.5 per cent in the second quarter of 2020. While the regional figure is not disaggregated by age, evidence from two countries – the Republic of Korea and Thailand – showed young workers experienced a significantly larger loss of hours than adults.
Job loss among youth will continue throughout 2020 and could result in youth unemployment rates doubling. Between 10 and 15 million youth jobs (full-time equivalent) may be lost across 13 countries in Asia and the Pacific in 2020. These estimates are based on the expected fall in output and consequent decrease in labour demand for the year relative to a non-COVID-19 scenario. The estimates include large countries, such as India and Indonesia, as well as small ones such as Fiji and Nepal.

The projected rise in youth unemployment rates varies considerably across the 13 countries, but increases are expected for all countries. In Cambodia, Fiji, Nepal, Pakistan, the Philippines and Thailand, youth unemployment rates are expected to reach at least double the 2019 estimates even in a scenario of short COVID-19 containment.

Policy measures are urgently required to tackle the youth employment crisis in Asia and the Pacific and recover lost ground on inclusive growth and sustainable development. Experience from past crises suggests that young people who attempt to enter the world of work during a slowdown face long-term impacts on employment pathways, wages and productivity. To minimize future “scarring” of the current generation of youth governments are called upon to urgently adopt and implement large-scale and targeted measures to stimulate the economy and youth employment, balancing (1) the inclusion of youth in wider labour market and economic recovery measures, with (2) youth-targeted interventions to maximize efficiency in the allocation of resources.

Support measures, many of which should be directed at enterprises in the hardest hit sectors where youth job losses are concentrated, to be prioritized in response to the youth employment crisis include:

- providing youth-targeted wage subsidies and public employment programmes;
- expanding job information and employment services targeted to young jobseekers;
- supporting apprenticeship programmes and focusing on demand-driven skills development;
- increasing funds for upskilling and reskilling, especially in growth sectors;
- investing in digital inclusion for equitable access to education, training and entrepreneurship; and
- supporting young entrepreneurs through access to capital combined with non-financial services.

Three cross-cutting considerations should underpin an effective policy response: reaching the most vulnerable youth including the poorest and marginalized young women, meaningfully engaging young people in policy development and social dialogue, and facilitating disaggregation of crisis impact data by age and enhanced youth labour market information.