

CITIES OF OPPORTUNITY

Drivers and Priorities for Urban Youth
Economic Inclusion



Citi Foundation



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Drivers and Priorities for Urban Youth Economic Inclusion

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Citi Foundation



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About Making Cents International

Making Cents International is a social enterprise based in Washington, DC that works to increase youth economic opportunities in developing countries. Since 1999, Making Cents International has been building the capacity of local organizations worldwide to develop and deliver products and services that respond to market demands and the needs of urban and rural youth. As a result, thousands of youth have gained the skills and knowledge required to participate effectively in profitable value chains, grow businesses, reach new markets, access finance, and obtain meaningful work. Making Cents also contributes to the improved evidence base in the area of positive youth development by creating learning opportunities for both implementers and policy makers.



About Citi Foundation

The mission of the Citi Foundation is to promote economic progress and create measurable impact in low-income communities around the world. We invest in efforts that increase financial inclusion; catalyze job opportunities for youth; and reimagine approaches to building economically-vibrant cities. Our “more than philanthropy” approach leverages the enormous expertise of Citi and its employees so we can fulfill this mission and drive thought leadership and innovation.





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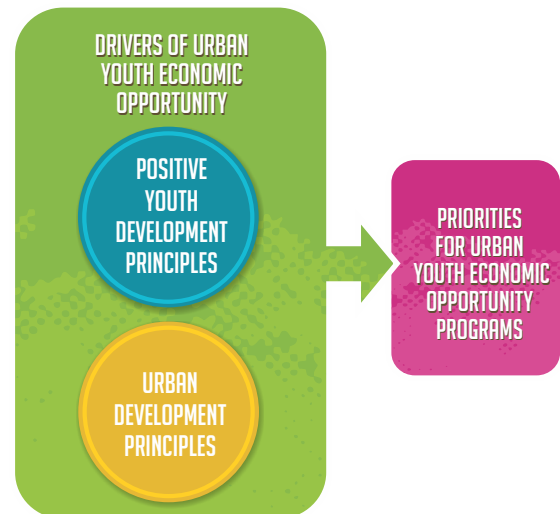
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EXECUTIVE SUMMARY

Historically, cities have been drivers of economic growth and have served as a magnet for investment and migration. However, today, many cities struggle to absorb, provide services to, and harness the power of their rapidly growing populations. This is especially true for youth who are expected to comprise over 60% of urban populations by 2030 and who remain unemployed and excluded at much higher rates than adults.

The global economic and demographic landscape warrants an increased focus on understanding how cities can be more youth inclusive and promote economic opportunities among their younger inhabitants. Cities of Opportunity: Drivers and Priorities for Urban Youth Economic Inclusion suggests a framework that was derived through the examination of drivers of urban youth economic opportunity, positive youth development (PYD) principles, and urban development principles:



- ▶ The drivers of youth economic opportunity are aspects of urban life that impact the design and application of programs to the greatest extent. They include agglomeration, human capital, information, adequate infrastructure, migration, transparent and participatory governance, and a supportive regulatory and policy environment;
- ▶ Positive Youth Development principles such as: considering holistic wellbeing needs, promoting youth participation and involving youth as partners, and leveraging technology and innovation should remain at the core of urban focused programming;
- ▶ Urban Development principles of most relevance for youth include for example: empowering a range of stakeholders, fostering market orientation and public-private collaboration, and providing reliable infrastructure.



Based on this examination Making Cents then proposes and outlines six key priorities for urban youth economic opportunity programming design and activities.

By focusing on the urban drivers of economic opportunity this document provides a foundation for practitioners, donors, and youth to co-create effective initiatives that build truly inclusive cities; cities that will unleash the potential of youth today and tomorrow.



BACKGROUND & CONTEXT

Throughout history, cities have accelerated economic development and wealth creation around the world. In fact, the road to prosperity, it has been argued, inevitably runs through cities.¹ Though there is much heterogeneity among cities of various sizes and locales, the concentration of people, business, and services in urban areas generally allows for increased commerce, ideas and innovation.

The opportunities offered by cities have contributed to their rapid growth since the middle of the 20th century. The world's urban population grew from 746 million (30% of the world's population) in 1950 to 3.9 billion (54% of the world's population) in 2014. While growing, cities have also become younger – most of the three billion people under the age of twenty-five (50% of the world's population) live in urban areas, and according to UN-HABITAT, it is estimated that 60% of urban populations will be under the age of 18 by 2030².

Unfortunately, the economic potential of cities has not been fulfilled when it comes to serving this increasingly youthful population. In 2013, the global unemployed population increased to 205 million people, with 75 million of those between the ages of 15 and 24³. Youth unemployment is responsible for 60% of the increase in those unemployed since 2007, and global unemployment is expected to increase to 215 million by 2017⁴.

This global economic and demographic landscape warrants an increased focus on understanding the characteristics and accelerating the development of youth-inclusive cities. Youth experience the challenges of employment and economic inclusion differently or more acutely than other populations, and strategies should recognize and proactively address these challenges head-on. This is especially true for emerging and developing country cities where youth concentration is highest and urbanization is most rapid. Critical issues to consider include, but are not limited to, informality and underemployment, inadequate education, crime and violence, and migration.

To learn more about this topic, the Citi Foundation supported Making Cents International to create a learning product that can help youth economic opportunity practitioners analyze their current and future urban-focused youth economic opportunity programs. This document draws upon research and best practices globally to frame the key activities necessary for improving urban youth economic opportunities, (with an emphasis on the global south), outline promising initiatives, and provide links to resources that can help practitioners refine their products and services.

The learning product's central research and learning questions are:

1. What challenges do youth development practitioners face when working on youth economic opportunity programming in urban areas?
2. What are the distinct issues or drivers of economic opportunity for youth in cities?
3. What are the central considerations that should be used in programs specifically designed to advance youth economic opportunity in cities?

It is understood and expected that each city will have its own set of differentiating contexts and factors. Nonetheless, there are common drivers of economic opportunity that impact a young person's ability to participate in his or her city's economy. This learning product provides a framework for understanding these drivers and addressing them through practical interventions.

The Cities of Opportunity: Drivers and Priorities for Youth Economic Inclusion publication is part of the Citi Foundation's effort to evolve the field and drive economic opportunity for young people globally, particularly as it relates to the economic development of urban youth.



DEFINING CITIES

In common terminology, a city is generally defined as a place where people live that is larger or more important than a town: an area where many people live and work. The word “city” is commonly associated or used interchangeably with “urban” and “municipal” terminology. In more technical terms, however, there is no common global parameter for what constitutes a city or an urban area. Definition by census bodies and national statistical offices varies widely across countries and in some cases has changed over time within a country. The criteria for classifying an area as urban may be based on one or a combination of characteristics, such as a minimum population threshold; population density; the proportion of the community employed in non-agricultural sectors; the presence of infrastructure such as paved roads, electricity, piped water or sewers; and the availability of education or health services. While the minimum population size and density varies, cities take a range of forms including central cities, peri-urban areas, city-regions, mega-cities, metropolitan areas, urban corridors, incorporated municipalities, and small and intermediate-sized cities.⁵




DEFINING YOUTH

According to the United Nations, youth is best described as a period of transition from childhood to adulthood and, in the economic context, typically refers to a person that is moving from compulsory education into the workforce. The United Nations' official definition of youth includes young people between the ages of 15 and 24.⁶

DEFINING ECONOMIC OPPORTUNITY AND INCLUSION

Economic opportunity commonly comprises employment, entrepreneurship and finance, as well as programs that seek to advance sustainable livelihood and decent work, protection of assets, and the ability to save. When economic opportunities are present and maximized, young people are able to achieve independence, care for their families, and contribute to national wealth and growth. Inclusion implies that economic, commercial and financial ecosystems and institutions, along with policies and regulations, are accessible to and serve the interests of youth. Such an environment ensures that entrepreneurs are able to participate in profitable markets, financial institutions serve new populations, and individuals obtain meaningful work.



**DRIVERS OF URBAN
YOUTH ECONOMIC
OPPORTUNITY**

**POSITIVE
YOUTH
DEVELOPMENT
PRINCIPLES**

**URBAN
DEVELOPMENT
PRINCIPLES**


**PRIORITIES
FOR URBAN
YOUTH ECONOMIC
OPPORTUNITY
PROGRAMS**

CONCEPTUAL FRAMEWORK

Economic opportunity commonly comprises employment, entrepreneurship and finance. Youth economic opportunity programs seek to prepare youth for the labor market, create livelihood (including self-employment and new venture) opportunities in the private sector, and increase youth financial inclusion. When comparing economic opportunity in urban versus rural areas, goals need not be very different: decent work; the ability to start, sustain and grow a business or social enterprise; and the capacity to build and protect economic assets and save for the future.

However, due to the specific character of cities, including higher population density, greater variety of economic opportunities, and the presence of municipal governments with the resources to shape local economic outcomes, there are distinct externalities, factors and drivers that influence economic growth in urban settings. These drivers often are mutually reinforcing and can affect youth's opportunity more intensely. For example, human capital – relevant education and skills – is critical for youth to seize employment prospects, but can only be leveraged if youth have the right information to identify such prospects.

These **drivers of youth economic opportunity in urban areas** can be derived from available data, literature, anecdotal research and reporting.⁷ Recognizing their importance in the design and implementation of urban youth economic opportunity programs is a critical element of program success.



Within the context of these drivers, programs to promote youth economic opportunity in urban contexts should still take what is known about effective youth and urban development programming as their design departure point. This framework draws and builds upon **best practices and principles** that are increasingly recognized to be cornerstones of **positive youth development (PYD)** and **urban development** for growth and resilience in the developing world. Based on this analytical approach, a number of reinforcing priorities emerge that practitioners and implementers should consider when conceiving programs to support employment, entrepreneurship and financial inclusion for youth in cities.

The graphic conceptual framework represents and recommends a union of best practices from the fields of urban development, positive youth development and urban youth economic opportunity that can be used to better inform urban youth economic opportunity strategies and programs.

DRIVERS OF YOUTH ECONOMIC OPPORTUNITY AND INCLUSION

Though there is much heterogeneity among cities of various sizes and locales, a number of underlying conditions – drivers – are commonly necessary for economic growth and opportunity. These seven drivers are especially important for young people in cities as they are most relevant to young people's developmental needs, they are those that youth are most likely to encounter as they seek employment and economic independence, and are most likely to have a more acute impact on young people. Addressing and being aware of these drivers is an important starting point to forming any youth economic opportunity program.

AGGLOMERATION

- Cities tend to offer more, and more proximate services including health, education, finance and businesses. Density eases the movement of goods, people, information, and ideas and facilitates connections and commerce.
- Freer flow of ideas can stimulate entrepreneurship and potentially lead to greater innovation, more jobs and additional economic opportunity. Similarly, cities are drivers of human capital where workers become more skilled by being around other skilled people.



HUMAN CAPITAL

- Human capital is a critical input to economic growth. Urban economies are naturally dynamic, and as the demands of the labor market shift more quickly, youth will need to keep up. As cities become increasingly service- and knowledge-oriented, young people will need a distinct set of soft skills and technical competencies that current standard curricula and pedagogies may not be incorporating.
- Urban education systems and schools are often laden with robust challenges including limited resources and budgets, teacher absenteeism, high dropout rates, significant heterogeneity in terms of student preparation and out of school environment, and drugs and crime. All of these factors could undermine learning outcomes and weaken a city's human capital.



INFORMATION

- Information and connectivity are important to youth's access to and participation in economic opportunities.
- Skills mismatch and labor market inefficiencies result when young people don't know about vacancies and when employers do not have the networks to tap into the communities of youth most suitable for the work. Many urban youth – especially slum dwellers or migrant youth – more likely rely on informal word of mouth and are left out of these information loops.
- Information on setting up and running a business may not be youth-friendly or disseminated toward youth, limiting entrepreneurial efficiency and pushing and/or keeping more youth in informal markets.





ADEQUATE INFRASTRUCTURE

- Housing, transport, electricity and communications infrastructure play a crucial role in urban life.⁸
- Especially in developing countries, transport plays two principal roles - it determines the cost (financial, time) of commuting as well as the cost of moving goods within and between cities and peri-urban areas. Road accidents are the leading cause of youth mortality worldwide, especially in cities with dangerously unmanaged, ill-maintained, and congested roads and public-mass transit systems.
- The availability of land and affordable housing and real estate is also a key factor in that slums, informal settlements and urban sprawl result from high prices and lack of space.



MIGRATION

- Young migrants are a likely source of innovation and leadership for their adoptive cities. However, they may also arrive with high expectations for a better life and can quickly become disillusioned when they don't have the right skills, work is hard to find or pay is low.
- Such an economic aspiration gap, combined with social exclusion and limited awareness or protection for their rights, breeds inequality and makes migrant youths more vulnerable. As a result, many metropolitan areas see a rise in instability and youth crime.



TRANSPARENT AND PARTICIPATORY GOVERNANCE

- Cities need efficient, accountable institutions and public leadership. Importantly, policies tend to be more decentralized, localized and connected to the citizen; but national laws and norms may factor in as well.
- Governance is the process of decision-making that engages various actors with differing priorities to ensure a variety of needs are met. In urban areas, higher education tends to bring higher expectations. Along with more rapid information flow over new media channels, there is further demands on municipal governance for openness, transparency and participation – especially by its younger citizens – who may feel they have more to lose if excluded.



SUPPORTIVE REGULATORY & POLICY ENVIRONMENT

- On the demand side, private-sector growth and job creation in cities requires a conducive investment and business climate; one where commerce, trade, and entrepreneurship can flourish.
- Successful cities recognize the power of young people and encourage and deliberately support their innovation, risk-taking, and entrepreneurship.



CORNERSTONES OF POSITIVE YOUTH DEVELOPMENT & URBAN DEVELOPMENT

Programs to promote youth economic opportunities in cities should not only be designed to activate or speed up the drivers outlined above, but per the conceptual framework, should also encompass and be rooted in positive youth development and urban development principles and best practice.⁹ To be effective, programs should recognize and respond to what is known about a young person's needs to successfully transition to adulthood – especially in the world of work and achieving economic independence and success. Both sets of cornerstones respond to dynamics among individuals, institutions and across systems.

DRIVERS OF URBAN YOUTH ECONOMIC OPPORTUNITY

POSITIVE
YOUTH
DEVELOPMENT
PRINCIPLES

URBAN
DEVELOPMENT
PRINCIPLES

Positive Youth Development (PYD) Principles: Creating economic opportunities can't be done without applying other PYD principles that reflect the socio-economic, cognitive and emotional changes youth experience and what's needed by young people to ensure a safe, productive and positive transition to adulthood. However, given the drivers, several PYD practices should be even more of a priority for integration into economic opportunity programming for young people living in urban areas.

POSITIVE YOUTH DEVELOPMENT

- Build assets
- Promote gender equality and account for diversity
- Take a rights-based approach
- Consider holistic wellbeing needs ¹⁰
- Promote youth participation and involve youth as partners
- Leverage technology and innovation
- Engage and support adult partnerships and be family centered

URBAN DEVELOPMENT

- Ensure political and financial sustainability
- Advance pro-poor delivery models
- Foster market orientation and public-private collaboration
- Support municipal resilience
- Empower a range of stakeholders
- Take an integrated and long-term approach
- Ensure social justice and cohesion
- Provide reliable infrastructure

Urban Development Principles: Research and experiences point toward a number of representative planning principles and practices that contribute to economic growth and a young person's opportunities in developing world cities. When present in initiatives, these and others principles interact to support cities' ability to respond to shocks and adapt to policy or changes outside their control, equity, and stability necessary for investment, good governance, financial viability and a robust private sector.



PRIORITIES FOR URBAN YOUTH ECONOMIC OPPORTUNITY PROGRAMS

After analyzing external factors that affect a young person's ability to take advantage of economic opportunities and reflecting upon best practices in positive youth development and urban development, Making Cents identified six elements as key priorities that youth economic opportunity practitioners should consider in urban-specific program design. Not all of these priorities are new to economic opportunity programming, but rather, may have to be considered differently for application in an urban context.





CONSIDER AND ADDRESS INFORMALITY

85% of new employment is created by slum-based informal economies including family-owned, small, low-productivity businesses and domestic employment.¹¹

Across the developing world, informality is a shared feature of the lives of both rural and urban young people. However, the nature of informality differs between the two contexts. Youth in cities are likely to encounter informality on many levels – both in how they live and how they work. Urban sprawl and slum settlements tend to be further removed from services, limiting their residents' ability to access education or public transportation and thus creating more economic exclusion. Urban economies also tend to be cash-based while rural economies may be more barter-oriented.

Programs should recognize the fluidity of youth's economic trajectory and that they may move between informal and formal sectors. Therefore, it is important to understand their needs at a given point in time and meet them with targeted education, skills and capital support. While efforts should be made to support the transition to work in formal sectors, programs could also seek to make informal work more productive and safe. Finally, programs should also leverage the opportunities in informality - entrepreneurship and social ventures in goods and services that slum dwellers may need.

Many young people in urban areas engage in informal employment due to a lack of formal sector opportunities. Informal employment has many negative consequences such as low wages, employment instability, precarious working conditions, and a lack of social security coverage.¹² Many informally employed youth commence working at a younger age than formally employed youth, a fact that can have lasting consequences, specifically on the duration of their education.¹³ Urban youth in the informal economy need to be supported throughout their gradual transition towards the formal economy.¹⁴ Programming should help youth transition to work that is stable and has better safety and pay standards. At the same time, it may be difficult for a young person to take time away from these activities to participate in a training program. Some models include structures that compensate a young person for their time in training.

Programmatic elements to consider and address informality in urban youth economic opportunity programming could include:

- ▶ Micro Franchise business models
- ▶ Cash for training programs
- ▶ SMS job-matching for slum and informal employers
- ▶ Elements to provide safe transport and commuting
- ▶ Information public awareness campaign for youth worker rights
- ▶ Promoting youth in labor and worker associations
- ▶ Establishing business linkages between informal and formal supply chains
- ▶ Supporting urban “bottom of the pyramid” market enterprise product development and pilot

In Cluj, Romania, YouthBuild is designed to respond to the needs of Roma youth. These young people - suffering long-term formal unemployment at eight times the rate of their peers - are engaged full time at informal, family-run enterprises. Much of this work is trash-picking on the Pata Rat landfill, home to Roma who were forcibly relocated from another city neighborhood. Many families support themselves picking through waste and collecting anything that can be recycled or resold. As the young people, many of them parents themselves, could not afford to interrupt this daily work to attend the core YouthBuild training, the program responds by providing bags of food, small stipends, transportation, and child care to supplement the income from their informal income generating activities. At the same time, YouthBuild provides market-responsive skills training, credentials, and access to social networks to support the transition into formal employment.

By 2050, it is projected that 6.3 billion people (64% of the world's population) will reside in cities¹⁵

LEVERAGE DENSITY

An advantage (and an attraction) to living in a city is the concentration of people and businesses. As noted, agglomeration is an important driver of growth as cities are able to generate wealth and increase standards of living and quality of life for residents by providing greater access to information, communication channels, financial networks, information and communications technology (ICT) hubs, etc. In urban areas, young people are more highly concentrated and, when compared to rural youth, have greater opportunities to access education, technology and infrastructure. Density also makes it easier to reach more youth, ripening the potential for scalable solutions.

On one hand, this means more access to services and on the other, it means that there could be more competition to access those opportunities. It also means that there is a lot of “noise” that young people have to filter through as they seek to make informed decisions about how to invest their time. Urban youth economic opportunity programs should be designed with density in mind, and seek not only to take advantage of and utilize proximity, technology and services, but also to help youth sort through potentially confusing and distracting 'congestion' of information and options.

Programmatic elements to leverage density in urban youth economic opportunity programming include:

- ▶ Peer-to-peer tutoring and mentoring and the employment of program alumni as peer tutors and mentors
- ▶ Partnering with community workers to know where to find the specific youth audience that the program is targeting
- ▶ Establishing innovation and entrepreneurship incubators
- ▶ Employing Geographic Information System (GIS) community mapping in slums
- ▶ Creating city guides for migrant youth

The USAID-funded Global Entrepreneurship Program in Egypt, implemented by J.E. Austin Associates, Inc., focused on support to young entrepreneurs by engaging and training private sector mentors who could help young people start and grow new enterprises. While the project focused initial support on Cairo, it expanded interventions into rural areas through a hub-and-spoke support system. The project's comparative experience working with entrepreneurs in both urban and rural areas highlighted the critical role of population density in cities and the dynamism that accompany it. Project interventions that launched new startups with great success in cities failed to have the same impact in rural areas. It became apparent that people and diversified commerce were key. The project could find smart and creative young people who were serious about building a business everywhere. But only in Cairo could be found a network of mentors with deep experience in different industries, technologies or functional areas with broad international experience. For JE Austin, this experience illustrated the role that proximity in urban environments plays in fostering a dynamic entrepreneurial culture that supports start-ups by young people.



PROMOTE ECONOMIC INTEGRATION & INCLUSION

Recognizing and accounting for diversity among youth is a foundational principle of positive youth development. This PYD principle is especially important in cities where migration leads to urban populations with higher levels of youth diversity. Certain characteristics (language minority, disability, slum dweller for example) have even more direct effects on young peoples' economic inclusion and participation options.

Young women and young men may require different or specific support. For example, urban young women may find it more difficult to obtain the relevant training that would allow her to secure a wage job outside the home (or slum). Young men are often more exposed and susceptible to engage in crime, gangs and illicit economic activities. Inequality in cities is rampant, and economic marginalization is often met with civic or social exclusion – reinforcing challenges and fueling instability (especially given higher education rates and higher demands and expectations among groups of youth).

At the same time, the needs of young people in cities are complex and interconnected – arguably even more so than for their rural peers. In urban contexts, economic aspects of wellbeing are to an even greater extent dependent upon a mix of contributing factors. In designing programs, there is a need to recognize the multiplicity of distinct risks that youth in cities face that could undermine economic inclusion. For example, youth health in cities is more uniquely shaped by the fact that many urban youth face food deserts, perform less physical activity, and may be more likely to use alcohol or tobacco. All of these conditions could undermine a young persons' ability to perform well in education or in the workplace.

The risks of crime and violence also affect youth's (and perhaps disproportionately young women's) ability to get to work, maintain a business establishment or secure their finances and assets. To this end, programs should be considerate of more marginalized youths' needs in design and participant outreach. Programs should also use rigorous monitoring and evaluation to ensure all program participants are having an equitable experience, and consider building both skills and a supportive community. Programmatic integration within the economic space (providing loans with entrepreneurship training for example), as well as cross-sector programming will be important for generating holistic outcomes that may be required to generate or reinforce economic goals.

If a program is selective of a particular subset of the population, it is important that practitioners openly address reasons for program inclusion or exclusion within the community. In addition, practitioners should provide the community with a timeline and consistent updates to appropriately set and maintain expectations.

Programmatic elements to promote integration and inclusion in urban youth economic opportunity programming include:

- ▶ Conducting cross-sector youth assessments and surveys
- ▶ Youth community mapping
- ▶ Supporting credit financing for education and training
- ▶ Creating a migrant hotline
- ▶ Supporting legal aid for youth
- ▶ Creating a public awareness anti-discrimination campaign in partnership with broader (non-youth) interest groups
- ▶ Language training



In Africa, one of Junior Achievement's (JA Africa) key target groups is marginalized youth living in urban slums. JA Africa promotes their economic integration by collaborating with trusted, community "channel partner organizations" such as NGOs, faith-based organizations and youth clubs to deliver its groundbreaking "Immersion Training Strategy: Targeting Young Marginalized Entrepreneurs" (ITS TYME). The ITS TYME curriculum has been adapted for local context and educational level of the youth, utilizing simple language, pictures and interactive activities, to provide instruction on neglected life skills such as time-management or communication, and immersion training in business skills and work-readiness for relevant informal and formal job opportunities. This holistic approach of combining of ITS TYME with the ongoing social services offered by the channel partners has helped to minimize drop-outs and increase program success: to date, over 4,000 youth in cities such as Nairobi, Dar El Salam and Libreville have benefitted from this program and created income-generating opportunities for themselves and their families.



ACTIVATE MULTI-STAKEHOLDER PARTNERSHIPS

Cities have complex governance structures, and urban agglomeration guarantees a concentration of stakeholder organizations and institutions across public, private and civil society sectors — all with different incentives. A common interest is seeing that youth thrive in the workplace and economy and are able to contribute to their city's success and resilience.

Municipal government often has resources that could be readily allocated towards youth initiatives. Local government institutions may also be more nimble or approachable than national-level bodies, and therefore easier to influence and collaborate with. Given the importance of governance on creating economic opportunities, and given that funding and implementation of programs to serve youth interests are likely to reside with both governmental and non-governmental actors, it is critical to activate alliances and partnerships.

Recognizing infrastructure as a generally public good, private-sector partners may cost-share or invest in youth access and affordability. In cities, private-sector companies (especially local businesses) and civil society organizations are playing a more active role, often in collaboration with or through municipal institutions, to provide services to youth. This is especially true in the areas of education and training, information, or finance. At the same time, youth-led and youth-serving business and commercial interest groups should more deliberately collaborate with local government on youth policies or skills and employment strategies, and with city regulators and agencies to ensure the regulatory environment is youth-friendly.

In addition to organizational and institutional partnerships, it is also important to promote and prioritize partnerships and cultivate relationships on individual levels. Similarly, the involvement of youth as partners in program design and implementation, as well as fostering intergenerational (youth-adult, youth-children) partnerships, are seen as impactful and effective practices. Finally, partnerships promoting youth economic inclusion should be rigorously evaluated to determine what works, what doesn't, and how an urban context might influence that level of success. Learning generated as a result of that kind of review should be better shared.

Programmatic elements to activate multi-stakeholder partnerships in urban youth economic opportunity programming include:

- ▶ Municipal development impact bonds to facilitate private-sector investment and financing of education and training
- ▶ Establishing Mayor's youth advisory councils and young entrepreneurs commissions
- ▶ Establishing youth chambers of commerce
- ▶ Technical and consultation support in development/evaluation of municipal skills and youth employment policies and strategies
- ▶ Utilizing unused space owned by government to create a training center, computer lab or incubator program
- ▶ Creating and disseminating a catalogue of organizations, agencies, associations and business engaging and supporting youth economic inclusion.

Since 2011, Plan International has implemented the Youth Employment Solutions (YES) program across five urban departments in El Salvador. Seeking to economically empower youth aged 16-25, YES has to date reached thousands of youth and has cultivated partnerships with more than 70 companies. As a core element of the program, YES has signed agreements with over 20 local governments. They have offered facilities, land, machinery, financial resources for training, and seed capital to develop youth enterprises. Working together, Plan and the municipalities have organized business fairs, contributing to the employment of almost 1,500 youth in formal sector jobs or microenterprises. Promoting youth cooperatives, the Municipality of San Isidro has financially supported the Association of Young Beekeepers of Cabañas; the Municipality of San Pablo Tacachico has assisted the value chain of Young Fish Farmers Associations; and the Municipality of El Paisnal founded a training center and enterprise incubator.

In Peru, nearly 20% of urban youth were not in education, employment or training (NEET) in 2013. In Tunisia, 1 in 5 of young urban males and 1 in 3 female youth were NEET.¹⁶

ALIGN SKILLS
TO MARKET
DEMAND

Urban economies are unavoidably dynamic and rely on human capital to drive growth, as noted earlier. Programs should be designed with awareness and understanding that young urbanites are likely to move between sectors (see Consider and Address Informality) and among job types that require diverse job requirements. They are also likely to have multiple jobs at the same time and undertake short-term contractual work, requiring them to have transferable, nimble skillsets.

Jobs in urban areas tend to be service-centered (business services, hospitality, food and beverage, banking, retail) and knowledge-based or innovation-leaning as Internet information and connective technologies become more widespread. At the same time, manufacturing and construction remain key employers of young people. Youth in cities (more than their rural peers) are also more likely to have multiple jobs at once, perhaps in different sectors. To ensure youth are prepared and ready to take advantage of economic opportunities and succeed in the variety of jobs or sectors they may work in, programs should take steps to understand the needs of employers of a city's youth and to ensure youth are gaining city-specific, market-relevant and demand-oriented skills and competencies. For service sectors for example, urban youth especially need to be equipped with soft and non-cognitive skills and increasingly, language skills; digital skills for livelihoods in ICT; and foundational math and statistical skills for youth to find success in banking, finance and commerce — and if they venture out on their own. Furthermore, it is important for employers to better understand learning, interaction and work styles of their young employees. HR staff can be key allies in helping to provide staff training and build supportive environments to ensure success of younger employees.

Programmatic elements to align skills to market demand in urban youth economic opportunity programming include:

- ▶ Local employer surveys (including among informal or slum-based businesses)
- ▶ City-specific labor market analysis
- ▶ Apprenticeship programs in hospitality or technology
- ▶ Curriculum add-ons, teaching toolkits and trainings
- ▶ Establishing specialized 'academies' and after school programs
- ▶ Cash for training programs
- ▶ Language skills training

In several Salvadoran municipalities, Creative Associates' Crime and Violence Prevention Project (CVPP) aligns the development of skills to market demand through public private partnerships, vocational centers, labor demand diagnostics, employment facilitators, trainings and apprenticeships. CVPP's prominent public private partnership with Microsoft gives 2,000 youth from 10 Salvadoran municipalities the opportunity to become Microsoft Office Specialists or Microsoft Technology Associates. Municipal vocational centers spread throughout El Salvador provide training aligned with the needs of local economic activity. For example, in the sea bordering municipality of La Unión, an apprenticeship on boat repair has just been established. Municipal employment facilitators are trained to identify individual youth skills and private sector needs in order to link them. These activities are informed by CVPP's labor needs diagnostic which was developed jointly with private sector entities and municipalities. To date, several hundred youth have been employed through CVPP's initiatives in 12 Salvadoran municipalities.



STRENGTHEN NETWORKS

Information and social capital are essential to youth's economic participation. As discussed, the right information is an important driver of youth economic inclusion that can help young people make informed choices about their education and job prospects and facilitate entrepreneurship. Yet, given the degree of youth participation in the informal economy, urban youth are more exposed to information asymmetry – in terms of what information may matter most – even while new and old media make information more prevalent. Especially in an informal economy, human and offline networks are very important because the equivalent of a job listing on a website may not be available.

While information could flow more freely within a city, information is not always accessible to young people. Information asymmetry also provides a big challenge in terms of establishing economic opportunities for slum dwellers, and developing the mutual trust between slum dwellers and potential employers. In conjunction with community workers, who serve as the gatekeepers to the community, programmers can work to gain access to the most vulnerable young people and identify and reach their target population.

It is also key to establish and maintain rural-urban connections and networks, especially given the importance of value chains, interregional commerce and job creation. High migration levels even further raise the importance of those rural-urban links. There is value in the connections between youth that are coming to cities from rural areas because they bring with them connections and networks to markets in rural areas.

To the extent possible, urban youth programs should include or create, facilitate and enhance access to peer networks, mentoring networks, entrepreneurship networks and financial networks.

Programmatic elements to strengthen networks in urban youth economic opportunity programming could include:

- ▶ Engaging youth in city-specific interactive games. Developing easily accessible and updated data that young people can both access and have input on
- ▶ Establishing business clubs
- ▶ Supporting 'meet-ups' around various topics relevant to the city's assets
- ▶ Mentorship programs
- ▶ Supporting city exchange programs
- ▶ Promoting service, sports, and leisure

Lack of mainstream social networks is a significant limiting factor for unemployed youth seeking jobs or to create new business ventures. In Ivory Park, Johannesburg, South Africa, YouthBuild students spent half of their time constructing homes for vulnerable families, working side-by-side each day with construction professionals, corporate volunteers, municipal leaders, material suppliers, caterers, and other local citizens. These community service projects enabled students to demonstrate their skills and to make personal contacts that expanded their social networks. As Ivory Park transitioned from one of South Africa's largest informal settlements to a formal municipality, it was a hive of activity outside the YouthBuild training center. The more time students spent circulating in this environment, the more exposure they had to adults who could help them gain access to earning opportunities. For example, employers or corporate volunteers often took a personal interest in a YouthBuild student; leading to job offers or other new livelihood prospects.



CONCLUSIONS AND NEXT STEPS

Urban environments provide many of the ingredients that can drive a young person to create and maintain a safe, secure and prosperous livelihood that contributes to the city's economic growth. Drawing on the key factors that drive urban growth as well as best practices in urban and positive youth development programming, this framework proposes several priorities that youth development implementers could consider to enhance the effectiveness and impact of economic opportunity programming targeting youth in cities.

As each city has its own unique strengths and differences, this study concluded that it would be valuable to conduct a deep-dive analysis to test and assess this framework within specific cities. Further, it is clear that urban economic opportunity programs need to attract funders who are able to invest in five+ year initiatives, and that these need to be rigorously evaluated with key learnings shared with the broader youth development community.

- ▶ What is the current economic situation and prospects for youth based on available city-level data – including any youth outlook and survey data?
- ▶ What is the business landscape from start-ups to small businesses to mid-size companies and larger scale private, NGO and public sector opportunities for youth employment?
- ▶ In what type of city or urban area will this program be implemented (mega, peri-urban, etc)?
- ▶ To what extent are drivers present or absent, accessible and affordable for young people?
- ▶ How prominent are slums?
- ▶ What safety and security issues are present and need to be factored in?
- ▶ What is the policy context within which the program will be implemented? For example, is there a national youth policy or city growth strategy to consider? Is there a municipal skills policy? Are there labor codes that include youth?
- ▶ What is the programmatic landscape for advancing youth economic opportunities, and where are the gaps? What barriers are not being addressed by others?

This study also clearly determined that there are several other relevant research questions that require further analysis and are important to addressing youth economic opportunity in cities. These include:

- ▶ What happens to young people when there isn't private-sector supply in the city?
- ▶ Given the diversity of youth, migration and growth of multi-tiered urban corridors, urban sprawl and slums, how does one ensure inclusion and create economic opportunity for the most marginalized? For example, how are the needs of refugee youth displaced into metro areas, such as Syrian youth refugees in Lebanon, Turkey and Jordan, or former gang members and incarcerated youth in Central America, being considered?
- ▶ Given the importance of policy and enabling systems, how does one convince or work with the government to set, enforce and implement municipal policies, strategies and regulations that advance and promote youth economic opportunities (including skills development, safety, and participation)?

Making Cents welcomes feedback from all stakeholders as this framework is applied to new and existing initiatives, and looks forward to continuing to expand practitioner knowledge in this critical area of youth economic opportunity programming.



RECOMMENDED READING

- ▶ [Alliance for International Youth Development: Guiding Principles 2013.](#)
- ▶ [Glaeser, E., and A. Joshi-Ghani. 2013. “Rethinking Cities: Toward Shared Prosperity.” Economic premise no. 126, World Bank, Washington DC.](#)
- ▶ Glaeser, Edward L, and Abha Joshi-Ghani. *The Urban Imperative Towards Competitive Cities*. 2015. Print.
- ▶ [Ove Arup & Partners International Limited. City Resilience Framework. 2014. Print.](#)
- ▶ [UNHABITAT 2013. Cities of Youth: Cities of Prosperity. Nairobi. Youthful Cities Index 2015, Executive Summary.](#)
- ▶ [USAID. 2012. Youth in Development Policy: Realizing the Demographic Opportunity. United Nations: World Urbanization Prospects The 2014 Revision.](#)
- ▶ [USAID. 2013. Sustainable Service Delivery in an Increasingly Urbanized World: Washington, DC: USAID Policy.](#)
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- ▶ [Youthful Cities Index 2015, Executive Summary.](#)



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END NOTES

¹ See for example: Glaeser, E., and A. Joshi-Ghani. 2013. “Rethinking cities : toward shared prosperity.” Economic premise no. 126, World Bank, Washington DC., and 2015 The Urban Imperative, Oxford University Press; World Economic Forum (WEF). 2014. “The Competitiveness of Cities. A report of the Global Agenda Council on Competitiveness.” World Economic Forum, Geneva; and World Bank. 2009. World Development Report 2009 : Reshaping Economic Geography. World Bank.

² Oyeyinka, O. (2013). “Youth in the Prosperity of Cities. State of Urban Youth Report”. Nairobi: United Nations Human Settlements Program (UN-Habitat).

³ Ernst, E., Viegelaahn, C. and Kapsos, S. (2014). Risk of a Jobless Recovery?. Global Employment Trends. Geneva: International Labour Organization.

⁴ Oyeyinka, O. (2013). “Youth in the Prosperity of Cities. State of Urban Youth Report”. Nairobi: United Nations Human Settlements Program (UN-Habitat).

⁵ Merriam Webster Online Dictionary, Oxford English Dictionary Online, USAID Urban Services Policy (2013), United Nations World Urbanization Prospects: The 2014 Revision.

⁶ United Nations Department of Economic and Social Affairs (UNDESA). Definition Of Youth. 2014.

⁷ Generally the documentation on the dynamics of youths' lives in cities, especially comparable and consistent data, is weak and limits the ability to gain an even more complete understanding of young peoples' needs.

⁸ See for example Henderson “Urbanization and the Geography of Development” and on housing see Hammam “Housing Matters,” both in Glaeser and Joshi-Ghani 2015. On ICT, see UNHABITAT 2012 “ICT, Urban Governance and Youth.”

⁹ PYD Sources: USAID Youth In Development Policy 2012. Alliance for International Development Guiding Principles, 2013. UNDP Youth Strategy 2014. Sources for Urban: USAID Urban Services Policy 2013, 100 Resilient Cities Framework

¹⁰ See Goldin et. al, Global Youth Wellbeing Index 2014 (www.youthindex.org) for discussion and analysis of integrated youth well-being indicators.

¹¹ Oyeyinka, O. (2010). Leveling the Playing Field Inequality of Youth Opportunity. State of the Urban Youth. London: United Nations Human Settlements Programme (UN-HABITAT).

¹² Youth and Informality Promoting Formal Employment among Youth: Innovative Experiences in Latin America and The Caribbean” (International Labour Organization: 2015): 6.

¹³ Ibid., 13.

¹⁴ Ibid., 7

¹⁵ United Nations, Department of Economic and Social Affairs, Population Division (2014). World Urbanization Prospects: The 2014 Revision, Highlights (ST/ESA/SER.A/352).

¹⁶ Sarah Elder (2015). “What Does NEETs Mean and Why is the Concept So Easily Misinterpreted?”

