



URGENT & IMPORTANT

Measuring Investments in Youth Economic Opportunity

By Ritu Sharma and Rohan Naik

Today, we have the largest youth generation in human history. Half the world's population is under the age of 29; 1.8 billion are between 15 and 29. The vast majority of these youth are in the developing world. Regardless of where they live, all young people want economic opportunities and the skills to succeed at work and in life.

Connecting youth to economic opportunity, through technical and vocation training, life skills development, work readiness programs, job placement services, entrepreneurship, and financial inclusion, is more crucial now than ever. Otherwise, income inequality increases, national growth stagnates, and countries cannot garner the tax revenue they need to become self-sufficient. Lack of economic opportunity can contribute to social tensions and civic unrest. When young people lack economic opportunities, we lose the creativity, vitality, and contributions of billions who want to partake in global growth.

Without investments in building both the hard and soft skills of young people, businesses cannot find workers with the competencies they need. The world cannot afford to have millions of youth, who

have the potential to succeed and contribute, remain on the sidelines of economic and social life.

Although youth economic opportunity (YEO) is a critical investment in our shared future, we have virtually no data on how much global donors are investing in this area. Multilateral and bilateral government donors are improving their reporting every day, but investments in YEO remain unidentifiable when they are embedded in larger projects, and YEO programs are rarely categorized as such.

In the absence of reliable data, it is impossible to know if we are investing enough and to develop sound policy solutions. The dearth of information makes it difficult to spot underfunded regions or assess the adequacy of financing for certain approaches.

Years ago, other development sectors such as basic education, microcredit, and reproductive health galvanized the global community by quantifying the gap between current investment and the amount needed to meet national and international goals. The youth economic opportunity community must undertake this same task.

YEO Investment Snapshot

In order to gain some initial insight into YEO donor investments in developing countries, the International Youth Foundation (IYF) and the Center for Strategic and International Studies (CSIS) undertook this joint research.

This report provides a starting point for understanding and conversation; it is a snapshot of funding for YEO by region, sector, and source for calendar year 2014. Data here is compiled solely from *publicly available and easily accessible sources*. Therefore, we know that these findings undercount investments in YEO, particularly from the private sector. Still, they provide us with a first look at total international donor funding in this area. Please see "Methodology" for additional details.

Region

Though it is not the lowest-income region in the world, the Middle East and North Africa (MENA) received the most funding for YEO in 2014 at 27 percent; this averaged about US\$5 per young person in the region. Closely behind MENA were sub-Saharan Africa and South Asia, both at approximately 26 percent. Latin America and the Caribbean received modest amounts, and East Asia and the Pacific was the lowest of all regions.

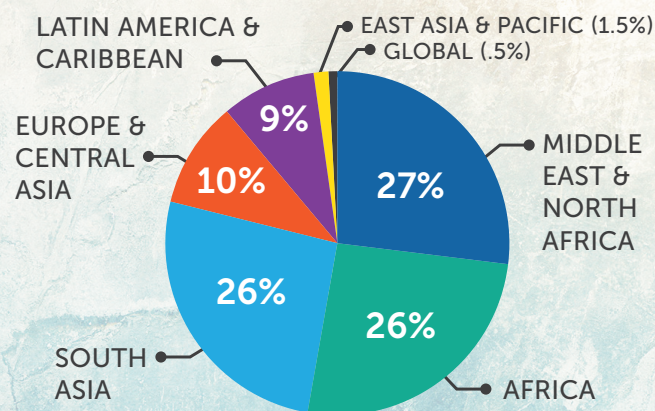
In 2014, international multilateral agencies, bilateral donors, private corporations, and foundations allocated a total of **US\$1.8 billion** directly into youth economic opportunity in developing countries. This equates to an average of **\$1.15** per young person.

Sector

At 60 percent, the majority of projects on youth economic opportunity take form as vocational training. Such training, also called technical or career education, provides young people with the hard skills necessary for many occupations. Of the total amounts across programs, \$57 million was targeted at young women and marginalized groups.

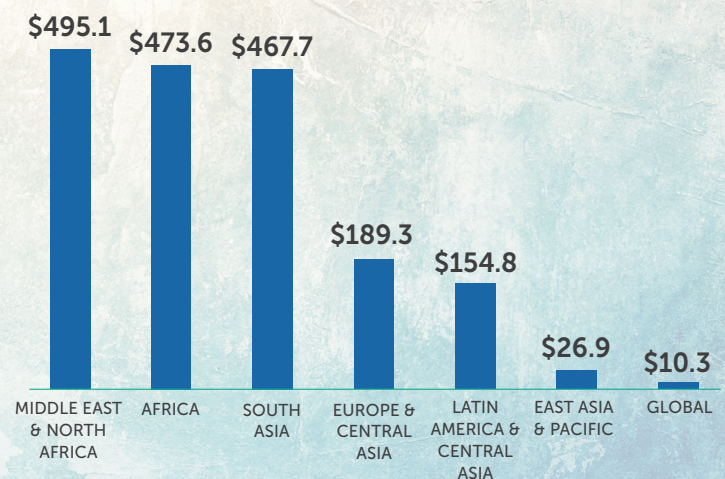
2014 INVESTMENT IN YEO BY REGION

Percentage of total



Source: Authors' Analysis

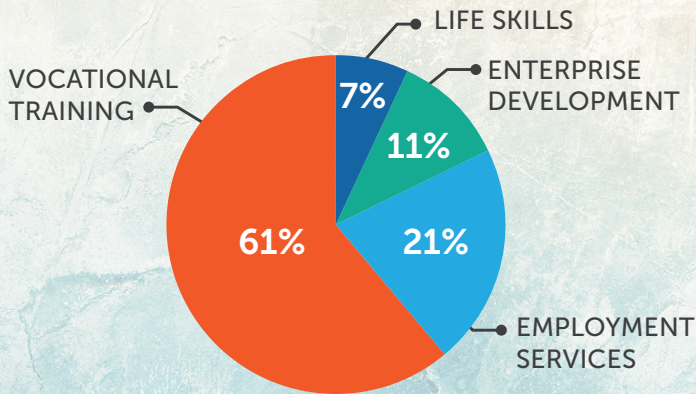
In millions of dollars



Source: Authors' Analysis

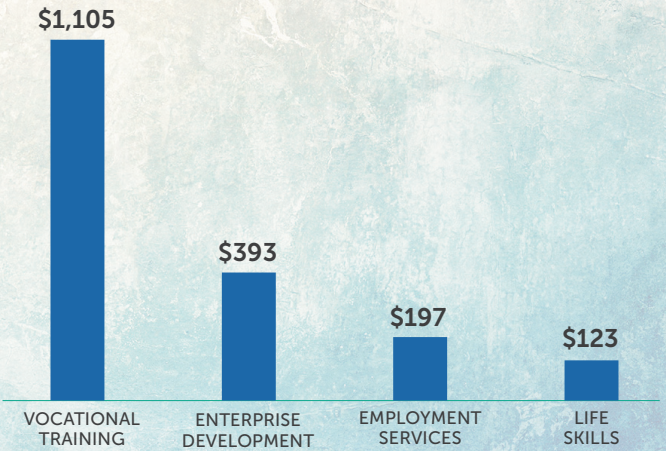
2014 INVESTMENT IN YEO BY PROGRAM TYPE

Percentage of total



Source: Authors' Analysis

In millions of dollars



Source: Authors' Analysis

Source of Investment

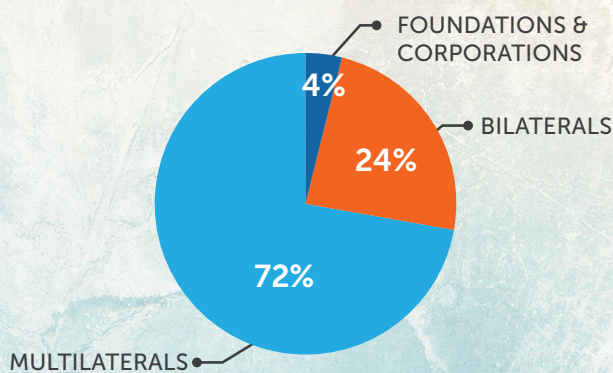
As expected, the vast majority of investments from donors are from multilaterals as both grants and loans, with substantial amounts from the World Bank, InterAmerican Development Bank, and Asian Development Bank. Several governments also meaningfully contribute to this area including Canada, the European Union, Norway, Sweden, Switzerland, the United Kingdom, and the United States.

Development Investment Comparison

The comparison of investments is striking. Global investment in youth economic opportunity lags far behind other sectors. Even if investment in YEO were tripled, it would still remain roughly three times lower than the investments in health, water and sanitation, and agriculture. In 2014, donor administrative costs received greater capital than YEO programming.

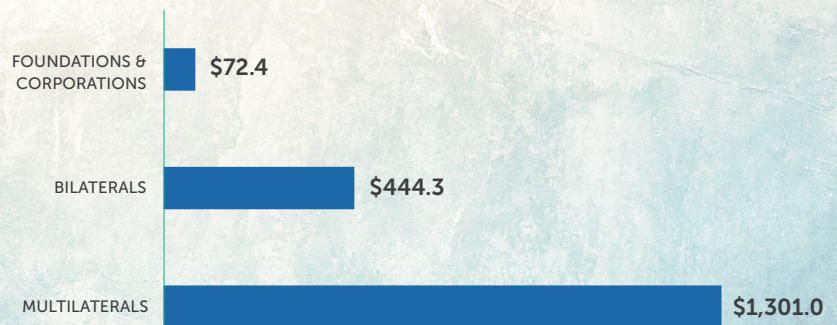
2014 INVESTMENT IN YEO BY SOURCE

Percentage of total



Source: Authors' Analysis

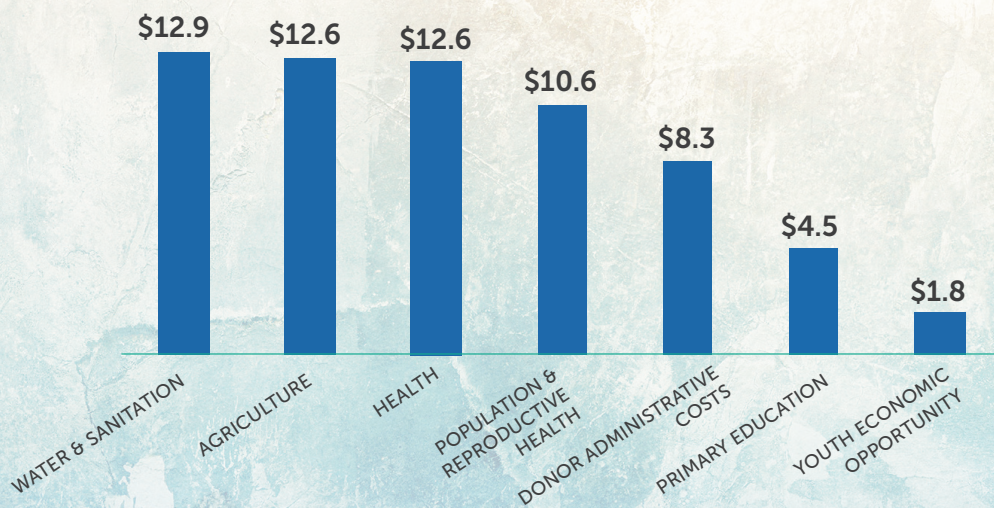
In millions of dollars



Source: Authors' Analysis

2014 INVESTMENT IN YEO COMPARED TO OTHER SECTORS

In billions of dollars



Sources: OECD Creditor Reporting System, 2014 and authors' analysis

The Private Sector

Data from private-sector donors and corporations was hardest to find, even though we know the investments from these sources are substantial.

First and foremost, businesses create economic opportunities for young people. The private sector strongly supports life skills development, vocational and technical training, job counseling, and continuing education for their employees and prospective team members. Employers make significant investments in people ages 16 to 29 that are not counted as donations.

Above and beyond this, numerous global corporations make charitable grants and implement programs to provide young people with the skills, financing, and training to earn a livelihood as an employee or an entrepreneur. Hilton Worldwide invests considerable resources in building the life skills of young people and bringing new knowledge to the space of youth economic opportunity and careers in hospitality. Caterpillar Foundation makes investments that prepare young people, including young women, with market-relevant skills for better-paying jobs. The MasterCard Foundation champions skills building, youth engagement in African agriculture, and work readiness. The Citi Foundation gets youth ready for twenty-first-century careers and contributes valuable insights on the economic status of youth in cities around the world.

FOR MORE INFORMATION

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METHODOLOGY

To estimate the amount of international donor investment toward youth economic opportunity in less-developed countries, we examined the commitments made by multilateral agencies, bilateral government aid programs, international finance institutions, private foundations, and corporations during calendar year 2014. This analysis is intended to represent only a moment in time. Our intent is to spark conversation on the importance of tracking investments in youth economic opportunity.

The information compiled is solely from publicly available and easily accessible sources. They include websites, databases, reports and publications, and IRS forms. While using only publicly available data resulted in uncounted investments, this criterion ensured objectivity and consistency for the analysis.

Investments were counted if they were made in 2014. If a multiyear investment was made, the entire amount was included. If amounts for 2014 were part of a multiyear investment, but the original date of the investment or the total amount was not available, only the 2014 funds were included.

The categories making up youth economic opportunity are life skills, employment services, vocational training, labor market assessment, enterprise development, women-focused economic opportunity, and marginalized group-focused economic opportunity interventions. Projects were assigned to one category only based on their primary purpose.

Given these research parameters, the total donor investment in youth economic opportunity is certainly underestimated. However, the purpose of this research is to provide some initial insight into whether the scale of investment in this area is adequate to meet the needs of large youth populations and their potential employers.

The next step in assessing the adequacy of investment in this space should be to acquire figures directly from donor institutions and/or for donors to publicly report investments in youth economic opportunity. Another important step is estimating the allocation of national budgets to youth economic opportunity, as the vast majority of funds for this area are domestically generated.