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## Youth Opportunity: Rethinking the Next Generation

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Innovations: Technology, Governance, Globalization, Volume 8, Issue 1/2, 2013, pp. 11-17 (Article)

Published by The MIT Press



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## Youth Opportunity: Rethinking the Next Generation

For at least the last 100 years, each generation has come of age in the face of unique challenges and opportunities that have ultimately defined it. In the early 1900s, it was the emergence of industry, which enabled young people to rise above their economic circumstances in ways their parents could not. Generations raised in times of war developed much different values and worldviews than those raised in more peaceful eras.

For the current generation of young people, the defining characteristic may be the rampant unemployment that has spread across the globe. True, the 2008 financial collapse created employment struggles for all generations, but none more so than youth. According to *The Economist*, nearly a quarter of the world's youth are currently unemployed and not in school or training.<sup>1</sup> In Africa, young people make up more than 80 percent of the unemployed population; in Greece and Spain, unemployment among people age 25-24 surpassed 50 percent in 2013;<sup>2</sup> and in the United States, the youth unemployment rate is more than twice the national average.<sup>3</sup>

While the issue of youth unemployment is universal, the drivers of this trend are unique to each region. In the United States, six million young people are unable to find jobs, whether a high school student who cannot find afterschool work or a college graduate who must settle for an unpaid internship. In Africa, the problem takes on a much different texture: the continent's bulging youth population has outpaced job creation, and longer life expectancy means workers are remaining in the workforce much longer than before, resulting in fewer opportunities for youth to enter the workforce. Despite economic gains in South Asia, nearly one in three young person is out of work, due to gender inequities, cultural norms, and a com-

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plex web of laws and regulations that tend to keep young people out of jobs in the formal economy.<sup>4</sup>

No part of the world has been immune to the youth unemployment crisis, and both the immediate and long-term implications could be severe. Young people who are not on track to secure employment are often stuck in a self-perpetuating

cycle of poverty and instability. Their future earning potential is stilted, and they are likely to settle for part-time jobs or temporary work. As a result, today's youth, many of whom are concentrated in urban areas, face high levels of social exclusion and lack clear access to the safety nets that employment can provide: health benefits, retirement accounts, and pensions. As the United Nations Human Settlements Program has

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noted, “urban youth life tends to take place in worlds that are largely separate from the rest of society,” and as more young people resort to crime and other illegal activities to generate their livelihoods, the danger can be extreme.

Long-term youth unemployment also has a dramatic impact on the economy at large. In Canada, jobless youth are estimated to miss out on \$10.7 billion in wages;<sup>5</sup> in the United States that number could be as high as \$18 billion.<sup>6</sup> The economic and social consequences will likely weaken the next generation's ability to be resilient as they face their own shocks and disruptions—natural, climate driven, and man-made—which will only increase in frequency, scale, and impact over the coming decades.

Many already have termed the current crop of young people a lost generation, but with the right approaches and the will to act, the global community can find new opportunities that not only create jobs and boost incomes but also improve livelihoods and business practices.

## REGIONAL APPROACHES

The Rockefeller Foundation's mission, unchanged since its founding in 1913, is to promote the well-being of humanity. Youth unemployment is among the most detrimental threats to human well-being around the world, in terms of both the immediate economic impact on individual livelihoods and how it can affect entire systems, particularly in cities. As such, for the last several years, the foundation has explored new solutions to the challenge both in the United States and across Africa, where the youth population is set to double by 2030.<sup>7</sup>

In the United States, we see the greatest opportunity in helping put those six million youth who are out of work and not in school on a pathway to sustainable

employment. The foundation was pleased to support creation of the Leadership Council for the Aspen Forum for Community Solutions, an evolution of the White House Council for Community Solutions, to which I was appointed by President Barack Obama and served on for two years. The Council found that here in the United States the capacity for innovation and creativity is often greatest within communities, rather than at the federal level. Communities often can implement more effective and cost-efficient solutions than federal programs can provide, thereby creating scalable models that others can replicate.

## OPPORTUNITY YOUTH IN AFRICA

The unemployment gap in Africa's more than 50 countries requires much different but equally complex solutions than those in the U.S. We see opportunity at the apex where three enduring trends meet: the rapid urbanization, digitization, and globalization of our world.

### **Urbanization, Globalization, and Digitization**

Today, half of the world's population lives in cities, and that number is growing. It is expected that three-fourths of the world's people will call cities home by 2050. That fact is most pronounced in the developing world, with both Asia and Africa experiencing massive population growth.<sup>8</sup>

For the first time in history, more young people live in urban than rural areas. By 2030, young people under the age of 18 are expected to make up 60 percent of the world's urban population, which will put them in ever greater competition for a finite number of jobs.<sup>9</sup> Urban youth are often likely to live in slums or other unplanned settlements, making them vulnerable to poverty. However, with young people flocking to cities in search of new opportunities and economic mobility, urbanization can be a driver of innovation and economic growth.

The increase in digitization also has enormous implications for the African continent. More than 2.5 quintillion bytes of data exist in the world today, 90 percent of which have been created in the last two years,<sup>10</sup> but we certainly are not close to reaching a data peak anytime soon. Businesses and organizations of all sizes and types—universities, libraries, governments—need workers who can curate and manage that data, from people who transcribe printed books into digital formats to those who create databases to mine insights from consumer data. In Africa, with an increasing demand for e-government services and the exponential growth of a consumer base with improved access to technology, the digitization needs are particularly pressing.

And, finally, globalization means these jobs can be done from anywhere in the world, not just at company headquarters or in government offices.

### **A Booming ICT Sector**

The combination of these three trends has led to leapfrog advancements in Africa's information communications technology (ICT) sector. Countries such as Ghana, Kenya, South Africa, and Egypt are implementing key policies and incentives to

support and grow their ICT sectors as vehicles for job creation.<sup>11</sup> Government support for laying fiber optic cables to enhance ICT capacity has led to an exponential increase in Internet connectivity.

In addition, African corporations are emerging as major players alongside multinational corporations, which are expanding and will continue to expand to Africa, further increasing demand for a skilled labor force and business process outsourcing (BPO) services. It is no coincidence that Nigeria, home to nearly half of Africa's multinationals, also has the largest ICT sector.<sup>12</sup> The expansion of multinationals into Africa and the creation of homegrown African corporations together will create opportunities for ICT-enabled employment. The global BPO and information technology outsourcing sectors together are expected to reach \$574 billion by 2015,<sup>13</sup> and a study from the World Economic Forum notes that, by 2020, an estimated 150 million new jobs could be created in the ICT sector for young Africans.<sup>14</sup>

Faced with these staggering numbers, the Rockefeller Foundation posed a question: How can we leverage this explosion in the ICT and BPO sectors to employ more disadvantaged but high-potential youth? Part of the answer was to promote broader adoption of socially minded hiring practices across business and government through a field we call "impact sourcing". This kind of innovation creates more opportunities for large multinationals and growing African corporations to employ youth in digital jobs in emerging industries, such as banking, insurance, health care, and mobile technology.

For the last several years, the Rockefeller Foundation has worked to build up the impact sourcing sector in Africa, which seeks to promote equitable growth by employing low-income youth and young people from other marginalized communities in information and communications processing centers. The arrangement has been a win-win: businesses and governments have seen costs decrease by 40 percent, while employees have seen their incomes rise as much as 200 percent.

## DIGITAL JOBS AFRICA

The Rockefeller Foundation's nearly \$100 million initiative Digital Jobs Africa aims to build on this foundation to eventually impact one million lives through the creation of digital jobs, skills training, and a sustaining ecosystem in which to grow future digital job opportunities.

### **Creating Sustainable Employment Opportunities**

Digital Jobs Africa is working to create new jobs in three ways. The primary pathway for job creation is by continuing to catalyze the impact sourcing sector. We also will leverage the rising demand for skilled workers from African-based companies, governments, and multinational corporations to create sustainable employment opportunities. One particularly intriguing opportunity is the movement of African governments toward e-government systems, which are implementing ICT practices to improve their efficiency, efficacy, and transparency.

In Ghana, for example, we see the potential to create a significant number of jobs by digitizing the immense backlog of government data. However, the real power in creating digital jobs is that it also has a secondary impact: businesses that use this accessible and easy-to-understand government data will be able to provide information and services to the public, thereby creating a cascading series of additional jobs and improved communities. Furthermore, we aren't starting from scratch: IT Enabled Services Secretariat Ghana has already had great success in training young workers to do these jobs. The young employees who participated in the program have shown not only an 80 percent improvement in skills but a 250 percent increase in incomes.<sup>15</sup>

Digital Jobs Africa is exploring additional opportunities to create new digital jobs, whether through the next big development in mobile health or a new business innovation that will require thousands of digitally trained workers. We do not know what these jobs will be, but the characteristics of the ICT space suggest that they will appear and increase in number rapidly. For example, M-PESA Kenya, a pilot project in 2007, now employs over 25,000 agents and has given nearly 20 million Kenyans access to the formal financial system.

### **Skills Development**

To help young people develop the digital skills that will let them land these kinds of jobs, we are working with nongovernmental organizations and other groups to build training programs that will connect disenfranchised populations with income-generating opportunities. By supporting skills development, such as computational thinking, cognitive functioning, and digital media literacy and training for young people, we will help prepare them for digital jobs. We also will support training programs for skills such as transcribing, editing, and app development, to name just a few, that are driven by existing needs and opportunities in the private sector.

However, Digital Jobs Africa is not just an initiative to help young people develop skills for skills' sake; it aims to address the skills gap that is directly linked to Africa's growing digital economy and to stimulate the growth of that sector in order to employ more young people. As such, an important lever for ensuring that disadvantaged youth are employed in ICT jobs is to establish partnerships with employers to guarantee that our workforce training meets their needs. As demonstrated by the recently launched Global Business Coalition for Education, there is an emerging global movement to involve business in education and training that will, among other things, identify good business practices and strengthen the impact of corporate efforts to improve access to education and strengthen learning outcomes.

For example, Kenya's Nairobi's training center partners poor youth with employers for practical training in website design and publishing. Ninety percent of these students find employment through Nairobi's, while others start their own business or look for other opportunities.<sup>16</sup> As employers continue to face a massive shortage of qualified youth to fill important positions in their rapidly growing

businesses, there will be great incentive to create innovative partnerships to address a problem that exists across the public and private sector.

### **Fostering an Enabling Environment**

Finally, Digital Jobs Africa is working to create an environment that will ensure that digital jobs can be created and maintained over the long term. This will require more effective coordination among businesses, training providers, governments, and nonprofits long after philanthropy exits the space. Ultimately, our goal is to work ourselves out of a job and leave behind an environment in which philanthropic intervention is no longer needed.

### **Measuring Success**

The creation of digital jobs not only will benefit the workers who will be employed by the ICT and related sectors, it also has the potential to generate additional income and opportunities for their families, communities, and entire countries.

On the individual level, digital job training will teach young people skills they will be able to apply to a range of jobs over a lifetime, making them more resilient in a dynamic labor force—which is a key reason we have focused on digital jobs. As a result of gaining a secure livelihood, youth employed in digital jobs will provide their family members with economic and social benefits. The young people can use the income from their digital jobs to invest in household and other expenses, such as rent, health care, and school fees. On a community level, this boost to incomes will inject much-needed capital into local economies, thus creating additional job opportunities, such as small-scale food vendors, housekeeping services, construction, and transport.

## **CHANGING THE MINDSET**

While we are focused on six countries in Africa—Egypt, Ghana, Kenya, Morocco, Nigeria, and South Africa—based on their potential and their interest in building their BPO and ICT sectors, we believe this model will be replicable and scalable in other parts of Africa and can serve as a model for other interventions worldwide.

But to change the dynamic, we must first change our mindset, from viewing the youth bulge as a challenge to be solved to seeing it as an opportunity we must harness. Unlocking the talents and ingenuity inherent in today's generation of young people may well create the very innovations that will help solve humanity's most pressing concerns.

No matter the outcome, the moral imperative to act is clear. As Rockefeller Foundation founder John D. Rockefeller Sr. said, "I believe in the dignity of labor, whether with head or hand; that the world owes no man a living but that it owes every man an opportunity to make a living." One hundred years later, those words ring just as true; it is up to us to answer the call.

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