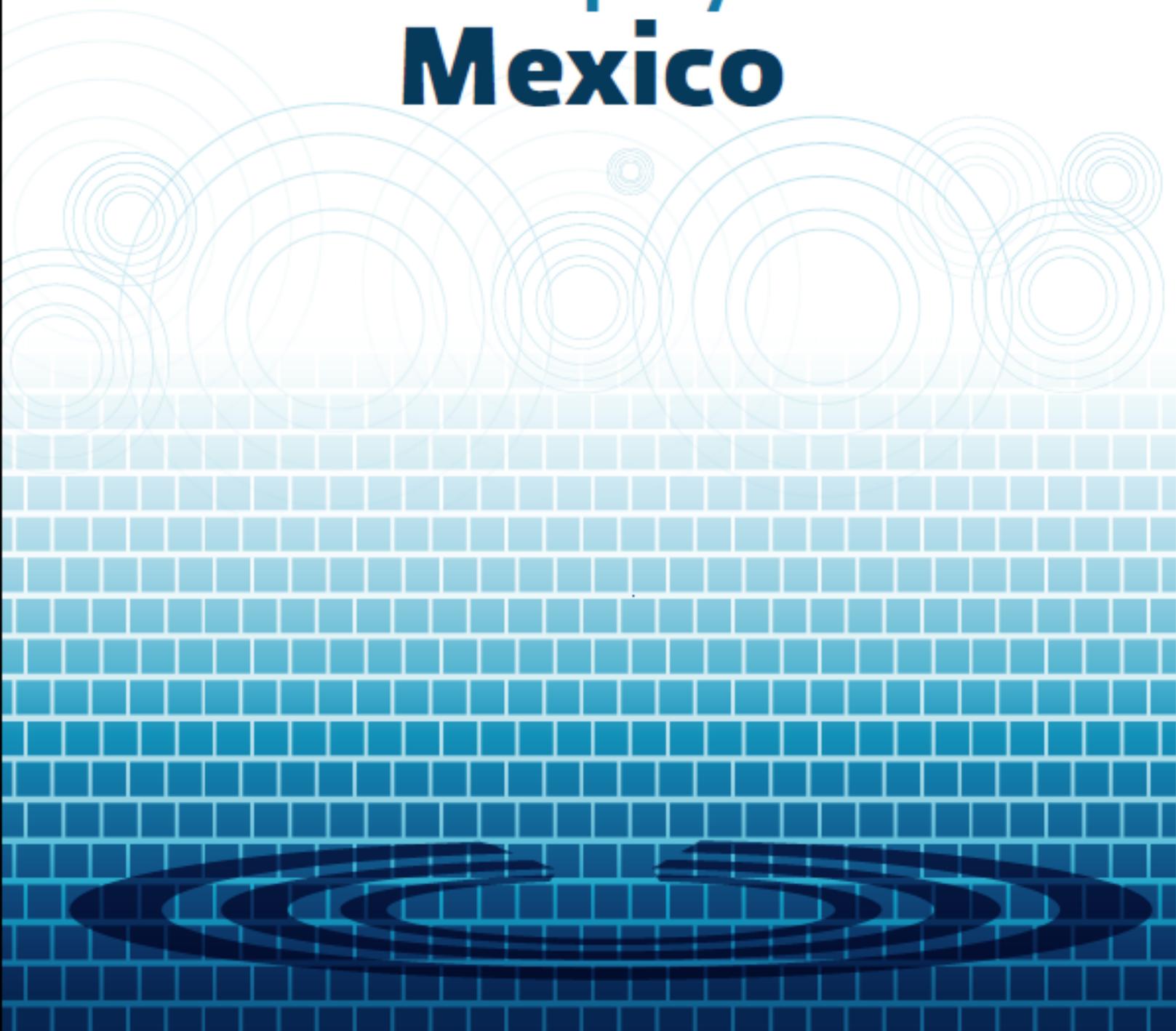


Youth Employment: **Mexico**



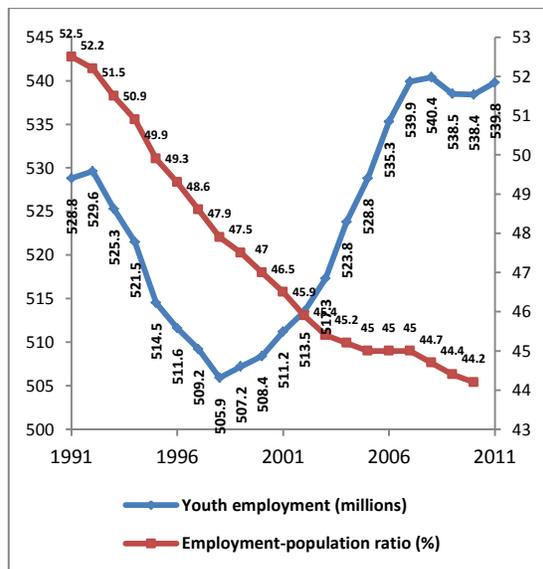
I. Worldwide & Latin American Youth Unemployment Context

After the economic crisis which began in late 2007 / early 2008 young people have been particularly hard-hit by the recession and youth unemployment is likely to remain high well into the recovery. The cited crisis reversed the gradual decline in global youth unemployment rates that took place from 2002 to 2007.

According to the International Labour Organization (ILO) during 2011 around the world there were 540 million young people employed, while 74.6 million where unemployed which represents an unemployment rate of 12.6%.

Since 2000 more than 30 million young people incorporated to the labor market, reaching 539.8 million employed young people in the world. Despite this increase in absolute numbers, the proportion of youth working has been steadily decreasing since the 1990's decade going from more than 50% to around 44% in 2011 (See Figure 1).

Figure 1. Youth population employed & Employed youth rate (1991 to 2011).

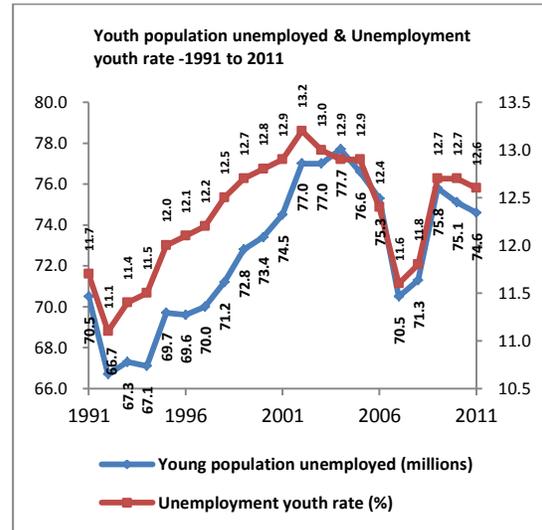


Source: Galhardi, Regina, International Labour Organization (ILO), 2011.

According to the ILO one important factor that would explain this decrease is that a bigger proportion of young people stay longer at school, therefore not entering the work force until later in their life.

As shown in Figure 2 the level of unemployment among youth, after a strong increase in 2009, still in 2011 was a full percentage point higher than in 2007 (12.6% vs. 11.6%).

Figure 2. Youth population unemployed & unemployment youth rate (1991 – 2011).



Source: Galhardi, Regina, International Labour Organization (ILO), 2011.

Latin America

By definition, all youths between 15 and 24 are part of the Population in Working Age (PWA). According to the study "Trabajo decente y juventud en América Latina" prepared by the ILO, in 2010 PWA in Latin American was 104.2 million people, of whom about 50 million were working or actively seeking employment, that group represents the Economically Active Population (EAP). This group is equivalent to one-fifth of the total workforce in the region.

Youth participation in the labor market is calculated by the ratio resulting of Economically Active Population (EAP) divided by the PWA (Population in Working Age), in the case of Latin America it is calculated to be 54%.

According to the "World Youth Diagnosis" Report in the region, youth participation in the labor market is one of the highest in the world – only after East Asia and Sub-Saharan Africa- and its decrease rate has been slower than in the rest of the regions, except for the Middle East.

Considerable participation of youth in the labor force increases competition to find a job puts pressure on

labor markets, resulting in higher vulnerability when compared to adults. The ratio of youth-adult unemployment rate increased from 2.6 to 2.8 over the 1997-2007 period, ratio that according to the ILO was 2.7 during 2011 (See Figure 3).

Figure 3. Youth unemployment vs. adult unemployment ratio.

	1998	2008	2011
World	2.7	2.8	2.7
Developed Countries	2.5	2.8	2.5
Central & Eastern Europe	2.5	2.4	2.5
East Asia	2.6	2.6	2.6
South East & South Pacific Asia	5.0	5.2	5.1
South Asia	3.1	3.3	3.2
Latin America & the Caribbean	2.7	2.7	2.7
Middle East	3.8	3.9	3.9
North Africa	3.7	4.0	3.7
Sub-Saharan Africa	1.9	2.0	2.0

Source: Generated by DIEJ with International Labour Organization (ILO) data.

Employment is strongly associated to the region’s economic performance. Between 2004 and 2007 youth unemployment dropped from 16.5 to 14.1% while the economy was growing. However, this progress vanished with the 2008-2009 economic crises. The ILO reports that in 2010 approximately 6.7 million youth were unemployed in the region, this represents an unemployment rate of 14.5%. According to Figure 4 this rate is comparable to other regions.

Figure 4. Youth unemployment vs adult unemployment ratio.

	2010	2011
World	12.7	12.6
Developed Countries	17.9	18.0
Central & Eastern Europe	19.4	17.6
East Asia	8.8	9.0
South East & South Pacific Asia	13.6	13.5
South Asia	9.9	9.8
Latin America & the Caribbean	14.5	14.3
Middle East	25.4	26.5
North Africa	23.1	27.9
Sub-Saharan Africa	12.5	11.5

Source: Generated by DIEJ with International Labour Organization (ILO) data.

Gender gap in labor force and employment level has decreased over the last years.

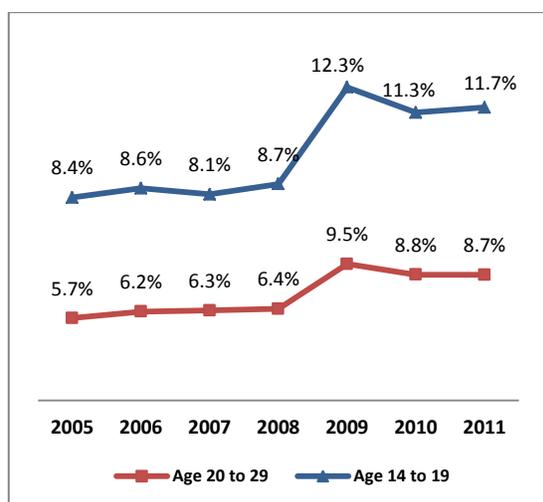
However, this is still one of the regions with greater gender inequalities as reflected in youth unemployment rates (men 11.5% women 19.0%), in youth employment to population ratio (men 56.4% and women 35.5%), and in youth labor force participation rate (men 63.7% and women 43.8%).

In the region, since the beginning of working life there is less inclusion of women in the labor market in relation to men (Male youth employment rate 64% / Female youth employment rate 43%). As later it’ll be explained, the region’s gender gap is also replicated in in Mexico.

II. Mexican Experience on Youth employment after 2008 world economic crisis

As the whole world, Mexico has been affected by the 2008 crisis, especially on unemployment rates. It can be seen in Figure 5 that Mexican youth unemployment rates according National Survey of Occupation and Employment (ENOE) during the years previous to the crisis were stable around 7% on average. However, from 2008 to 2009 this rate increased in 3.3% on average, as can be seen the bigger impact was suffered by the youngest group.

Figure 5. Youth unemployment rate in Mexico (2005-2011).



Source: Generated by DIEJ using ENOE data.

Since 2009 this rates has being decreasing, this could be because the battery of policies the Mexican government has implemented. These policies have stopped the effect of the crisis and have started to get down. Now, we still being on higher rates than before 2008 but this have not increased like in the most of countries in Europe.

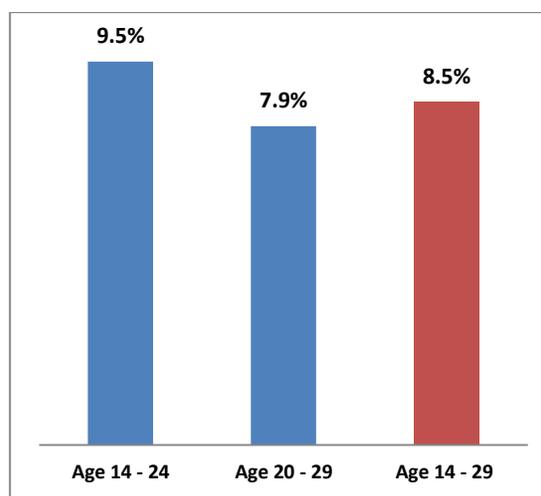
Differential effect by age group is also validated with the most recent data available for ENOE, this data also reflects higher rates of unemployment for the younger age groups.

On the *Global Employment Trends for Youth 2012*, recently presented by the *International Labour Office (ILO)* the estimation on unemployment rates observed in 2011 in Latin America & The Caribbean region

average were 14.3%, narrow 5% higher than in Mexico, even in comparison with countries classified as Developed Economies the mexican rates are lower.

In this work we can also find the projection until 2016. Latin America & The Caribbean region in 2012 is forecasted 14.3% and even when we know than the year has just started, we consider important to say that Mexican latest available is rounding the 8%. It's important to say that according to 1Q 2012 ENOE data, unemployment rates started being similar to those before 2008.

Figure 6. Youth unemployment rate (Mexico, 2012 1Q).

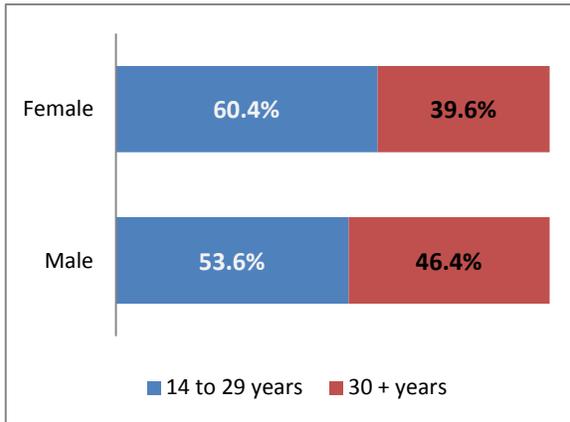


Source: Generated by DIEJ using ENOE data.

During 2012 according to the ENOE there are 1.4 million young people actively searching for a job, which represents an unemployment rate of 8.5%.

Analyzing by gender, there are 1.56 million unemployed men, of those 0.84 million are between the ages of 14 to 29, this represents 53.6% of the total male unemployed population. In the case of women, 0.88 million women are unemployed, while there are 0.53 million young women (ages 14 to 29) in that group representing 60.4% of the total female unemployed population (See Figure 7).

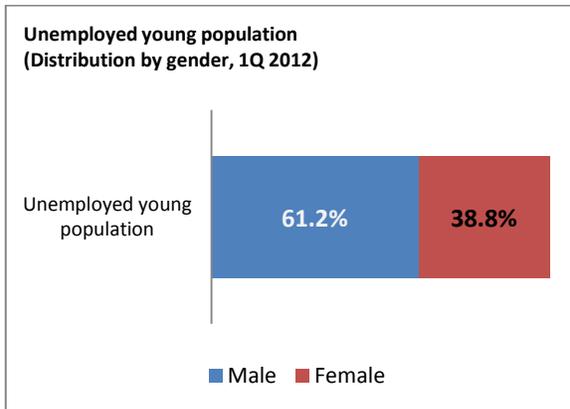
Figure 7. Gender analysis for unemployed youth (2012, 1Q).



Source: Generated by DIEJ using ENOE data.

As per the analysis above, the distribution by gender of the total unemployed young population is 61.2% male and 38.8% female (Refer to Figure 8).

Figure 8. Unemployed young population (Distribution by gender, 2012 1Q)



Source: Generated by DIEJ using ENOE data.

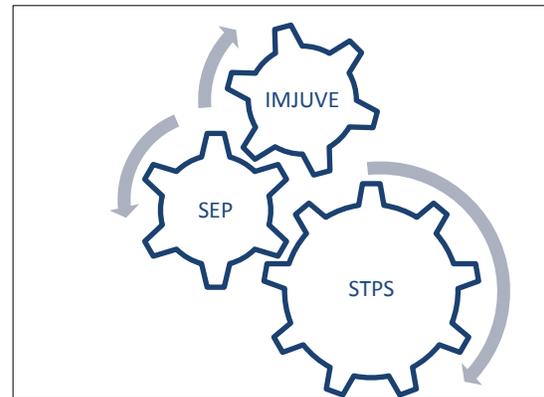
The analysis shows that while the unemployment rate has decreased, it is still in higher levels to those previous to the 2009 economic downturn. In addition it is important to note that people between ages 14 to 29 represent the majority of unemployed population in the country. Both findings strengthen the relevance of working in the design and implementation of new and better programs with the objective to fight unemployment among Mexican youth population.

III. What has made the Mexican Government about this phenomenon?

Seeking to minimize the effects of the 2008 crisis in youth employment, the Mexican government has implemented a comprehensive set of policies.

These policies have been promoted by different actors in public policy. The Mexican Secretariat of Labor (STPS)¹, The Secretariat of Education (SEP)² and the Mexican Institute of Youth (IMJUVE).³

Figure 9. Mexican Government Policies.



The principal aim of the programs in the STPS is make easily to youth find a job but also consider, give them a chance to improve their skills taking courses increasing their opportunity to find a better paid job.

The Secretariat of Education true their Training Centers for Industrial work (CECATI)⁴ offer a catalog of 246 courses in 55 specialties encompassed 26 economic areas, with various forms of educational quality and relevance. They are training for the work to suit the needs of each individual and business requirement.

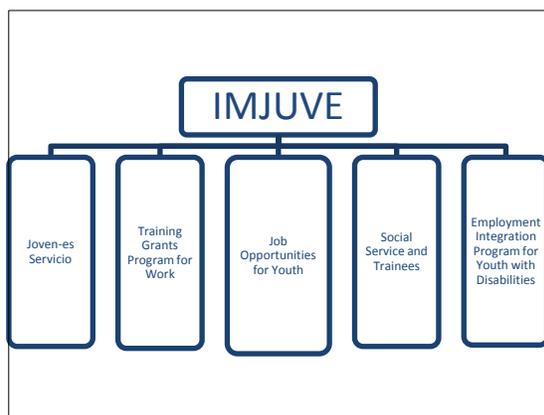
¹ STPS. Secretaria de Trabajo y Previsión Social.

² SEP. Secretaria de Educación Pública.

³ IMJUVE. Instituto Mexicano de la Juventud.

⁴ Centros de Capacitación para el Trabajo Industrial

Figure 10. Programs Developed at IMJUVE.



IMJUVE has five programs that seek primarily to facilitate and prepare the youth in school-work transition.

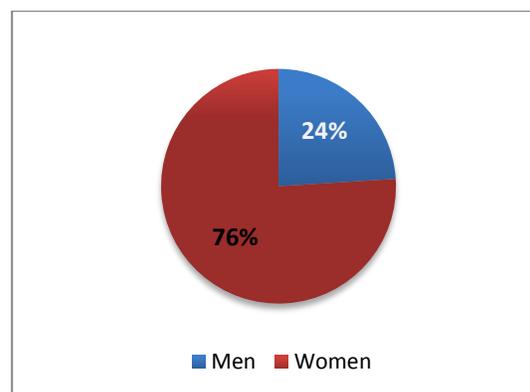
- Job Opportunities for Youth.** It promotes the employability of young people through a system of participation, where you can find a large labor supply and training courses for work, so that young people achieve the country's development articulated in better condition. During the years 2009-2011, there were 133,756 young people subject to the benefits of the program.
- Social Service and Trainees.** Aimed to people between 16 and 29 years, this program offers the opportunity to apply lessons learned in addition to gaining experience by integrating the projects developed at IMJUVE. During 2012 there are 200 students working and participating in this program.
- Training Grants Program for Work.** It offers young people unemployed, alternative Job Training to enable them to expand and update the knowledge available to them and thus get more job opportunities. During the years 2009-2011, there were 6,157 young people subject to the benefits of the program.
- Joven-es Servicio.** This program is aimed at fostering the participation of youth and students from various Institutions of Higher Education and Upper Secondary Technical across the country to implement actions in

favor of Mexican youth, applying their professional knowledge. During 2011-2012 around 3,500.

- Employment Integration Program for Youth with Disabilities.** This program had the aim to support to youth with disabilities seeking to improve their quality of life by inserting a decent job. During 2009-2011 the beneficiaries of the program were 805.

Through the National Youth Survey 2010, we found that the proportion of women NEET is 3 to 1 compared with men, besides being a major problem in rural areas.⁵

Figure 11. NEET distribution by gender.



Source: Generated by DIEJ using 2010 National Youth Survey data available on CENDOC-IMJUVE web-site.

For that reason it is important to consider 2 programs developed in The Secretariat of Agrarian Reform⁶.

Those programs are Young Rural Entrepreneur Program and Program on Women in the Agricultural Sector. They not only seek the creation of rural agribusiness, but claim that young people invest in projects in the area and attacks to the problem in terms of unequal access to employment where this is controlled by gender

Such direct intervention programs in order to the affected population have been shown to be efficiently to contain the effects of the crisis of 2008. However it is important to note also the relevant policies

⁵http://cendoc.imjuventud.gob.mx/sin_registro/Presentacion/RT-jovenes-educacion.pdf

⁶Secretaria de la Reforma Agraria

implemented by the Secretariat of Economy, in order to promote the generation of new jobs.

These efforts reinforced by the responsible management in the macroeconomic policy in Mexico, have created an environment suitable to carry on through the hard times on the world economy.

More work is needed to ensure access to decent employment for young Mexican population, and we need to learn the good practice applied over the world.

SUMMARY

The most recent global financial crisis boosted youth unemployment worldwide, as we have already seen. The Secretary-General of the United Nations, Ban Ki Moon, mentioned that due to the devastating effects of the 2008 crisis, youth unemployment increased between 2009 and 2011 by 2%, from 11% to 13% of unemployed youth in the world, which translates into more than 80 millions of young people without jobs. So things, the IMJUVE detected the following problems in this area:

1. Lack of information. Actually there are opportunities for young people? Of this there is much evidence in policies that implement various countries in this matter; however the problem comes when those are inadequate or not found by young people. The problem, then, is that many young people do not have the necessary information to know where the opportunities are and where to find them.
2. Lack of skills for employability. Many young people don't know how to make curriculum vitae, how to behave in a job interview, and how answer, even how to dress. They have no clear how to emphasize more strengths than their weaknesses to a potential employer.
3. Rigid legislation and over-protective. This legal framework protects only who is already in the labour market and not who seeks to enter into it. Such is the rigidity of these laws that the private sector prefers not to generate new jobs because of high costs of recruitment.
4. Lack of youth innovative capacities. The demand for skills in the labour market is increasingly less stable, because the companies as they develop,

require profiles best suited to their particular needs, which not necessarily have the graduates of universities from the perspective of the current educational system.

5. Lack of financial literacy and savings among the youth. In an increasingly complex economic reality, in which the service sector has shifted to other industries, is necessary from early stages to include training in basic financial decisions. In addition, the demographic bonus in many countries can become a burden on the social security in the future if this phenomenon is not attended opportunely.

However, the challenge continues there: make a suitable work insertion of the youth of the world in a work environment increasingly more competitive. In this regard, the Mexican Youth Institute raises seven aspects that should be strengthened to facilitate young people to define successful life trajectories. Given that there's not an institutional model of good practices in regarding to the promotion of youth employment, the question still exists: how to promote employment among young people of the world? Below we offer some answers:

1. Decrease the lack of information on the opportunities that exist today for young people from the Government, the private sector and civil society organizations. Sometimes young people do not know where to go to find basic information enabling them to make decisions about their future. We must ensure that these opportunities are known among young people who need them.
2. Increase the employability skills from the curricula. Many young people do not find work because curriculum vitae are required when they don't have any. And why not have? Because they don't know how to do so, since no one ever told them the best way to make one. Also, sometimes do not know the appropriate way to present to a job interview and how to deal with this to increase your chances of getting the job.
3. Is necessary to redouble the effort to bridge the gap between educational skills of young people and demand for the different economic sectors. This would force young people to know what are

- demanding the companies seeking to hire them to define a career with greater opportunities to develop successfully. In addition, it can boost every economic sector, because they would have qualified and high level human capital.
4. Is required a legal framework more flexible and adapted to the current needs of the employability of youth. We need laws to adopt new schemes of employability: flexible contracts, recruitment of young people to test for initial training and by seasons, legal certainty for the worker and the employer, as well as a clear definition of the relationship between the company and the subject in the company.
 5. The transition from student life to the inclusion in the labour market should be softer. There must be greater coordination between high schools and universities with the private sector to find what their needs with regard to young people. From Governments, it is necessary to make an assessment on the competence and comparative advantage of the regions of any country to know the opportunity areas for each one and where they can develop jobs in the future. It's necessary to generate an agenda as a whole between the educational and productive sectors.
 6. Promote the entrepreneurship culture from schools in initial grades. In this regard, it is necessary to narrow that not all young people were born to be entrepreneurs. To deal with a private business or a social project requires knowledge, but fundamentally vocation. It is therefore necessary to do so in the first years of education to identify young people who have entrepreneurial vocation time.
 7. Management of personal finances of young people must be a priority. The youth of the world is able to develop a financial awareness that allows them to define how they want to use the financial resources available. It is essential to teach young people to invest his money wisely.
 8. The youth of the world must pass from the culture of credits to the culture of savings. Many studies show that young people are not accustomed to saving and mostly mistrust of the banking system, at least in Latin America. In addition to saving brings great benefits, since it allows the achievement of goals as well as anticipate the unforeseen, becomes essential to promote in order to support the social security system when the demographic dividend see sunset in the coming decades.