

Youth Bulge in Nepal: Meeting the Employment Challenge

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Plan of the Presentation

- Introducing Youth Bulge
- Demographic Trend and Youth Bulge in Nepal
- Youth Policy and Youth Employment /Unemployment Situation in Nepal
- Addressing Employment Challenges of Youth

Youth Bulge : Both Challenges and Opportunities

- Youth bulge : a demographic transition with share of youth population very high compared to other age groups including more younger and old.
- It is, however, not simply a matter of age group rather it refers to events of life transition (such as ending schooling, starting work, leaving home etc) and associated attributes of states and responsibility related to each of the makers of the life transition.
- Youth bulge is both an opportunity and challenge :
 - Opportunity: high share of youth population means larger pool of working and productive population essential for nation building, economic /societal transformation as often termed as demographic dividend.
 - Challenges : if there are limited or no opportunities to the youths that creates frustration and grievances leading to or aggravation of different forms of political and social unrest/conflicts including increased threat of violence, terrorism and riots etc.
 - Jobless growth, rapid urbanization amidst high migration accompanied by exclusionary political, economic and social system /practices driven by both historical and contemporary factors are found to be added challenges in the context of SA countries .
 - Therefore, policy on youth bulge for peaceful transformation to prosperity is critical for South Asian countries.

Demographic Trend and Youth Bulge in Nepal

- Population growth fluctuating but with sharp downturn in recent years: 1971-81:2.7%, 1981-91:2.1%,1991-2001: 2.1% and 2001-2011: 1.35%
- Total Population 2011: 26.49 million with distribution : Terai 50.27%, Hills 43% and 6.73% and sex ratio: male 99.8 % in 2001 and 94.2% in 2011
- Pop density: 157 in 2001 and 180 per sq km in 2011
- High speed of Urbanization in South Asia: from 13.1 % in 1991 to 17.1 % in 2011 with more than 5 % growth per annum. With newly declared municipalities, the share of urban population goes up to 24%.
- Population Structure : 0-14: 34.91%, 15-24: 19.97% , 15-29: 27.82%, 15-39: 40.43%, 15-59: 57% and 60-above 8.09%.
- Thus, Working pop (15 to 59): 57% in 2011 from 54% in 2001 ie
 - $26.49 \times 0.57 = 15.10$ million in 2011
- No uniform definition on youth as UN treats 15-24 age group. In Nepal, 15-39 age group is considered and hence youth share comes out to be very high at 40.43 % or 10.71 million in 2011.
- Interestingly studies point out that societies are particularly vulnerable when 15-24 year age group pop is at least 20 % . In Nepal this groups is almost 20 percent.
- With such a age structure, almost 4 to 4.5 million youth bulge enters labor market each year which is phenomenal.

Youth Policy, Youth Employment and Unemployment Situation in Nepal

- For addressing youth problem, a separate Ministry of Youth and Sports was established a few years back followed by youth policy in 2010. Last three year plan/current three year plan approach paper (2013-14 to 2015/16) also envisage youth policies with focus on mainstreaming the youth in country's development. Some of the policies and programs include:
 - Vocational education and training
 - Youth self employment programs
 - Some affirmative action programs by Ministry of youth
 - Some positive discriminatory employment policies to the disadvantaged caste, ethnicity and gender groups
 - Priority to employment enhancing sectors and areas as well as focus on employment and income opportunity enhancing labor market policy
 - Focus on education/training linked to capacity enhancement and entrepreneurship development.
 - Selected targeted youth employment programs

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- But limited or isolated policies amidst very low but jobless growth has manifested underemployment in general and youth underemployment in particular a big problem added by inability to address compounding structural problems in the labour market :
 - Employment elasticity is estimated to be in between 0.40 to 0.60 amidst low growth rate at 3.0 to 3.5 percent. Therefore, despite unemployment at 1.8 percent under utilization of working population in general and youth in particular is a major problem.
 - Out of underutilization of working population at 30 %, youth underemployment in urban areas is estimated to be 49.9 % and rural underemployment at 26.9 % .
 - Along with informal sector employment at almost 94 %, a tendency of faster rise in wages of skilled workers compared to unskilled including continued wage discrimination among men and women and increased practices of displacement of unskilled workers by skilled is increasing.

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- A recent youth survey by British Council in Nepal (2010) further corroborates that about 40.75 percent of youth lack income earning opportunities. The study finds that 57.1 % of age group 15 to 19 , 36.4 % of age group 20 to 24 and 27.4 % of age group 25 to 29 lack income earning opportunities.
- Furthermore, a quick assessment based on NLSS (2011) shows that despite increased productive abilities of youth through enhanced access to education, health and drinking water facilities etc no commensurate employment opportunity in the labour market is available reinforcing that labour market is not performing well.
- Another phenomenon as reported by NLSS data (2011) is the persistence of severe exclusionary practices in youth employment by caste, ethnicity, gender and location.
- The cumulative effect is that more than 1500 (except India) youth leave country every day in search of job abroad.
- Therefore, compared to many other South Asian countries the youth employment is a major challenge in Nepal.
 - As well known many studies indicate that root cause of decade long conflict and other forms of continued violence in Nepal is primarily the outcome of lack of employment and other economic opportunities to the youth.

Addressing Youth Unemployment Challenges

- Reorient development strategy toward mainstreaming youth in nation building bestowing future responsibility including priority to their leadership building
- Establishment of high level youth commission to deal with youth issues
- Inclusive growth with important ingredients such as
 - Priority to employment enhancing productive sectors like agriculture, agro-industry, water resources and tourism in the Nepalese context .
 - Spatial/socio-economic dimensions in growth and employment policies and programs key to minimize exclusionary practices overtime.
 - Reorient policies ensuring labor force participation in both processes and outcomes.
- Augment gainful employment opportunities to the youths to ensure benefit from the demographic dividend before it becomes cause of political and social disorder added by the focus on expanding literacy and the quality basic school education and skill training to ensure their employability, among others,.

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- Comprehensiveness and effectiveness of targeted youth employment programs including youth self employment programs.
- Labor market reform linking with productive abilities of youth.
- Youth driven production organizations at the grass roots in an integrated way making skill enhancement, new technology adoption, infrastructure facilities , access to credit, entrepreneurship development and market access as a part and parcel of it.
- Encourage social responsibility of the private sector.
- Comprehensive social security policy to the youth making strategically income opportunity and asset formation as a part of it.