YOUTH LIVELIHOODS DEVELOPMENT PROGRAM GUIDE

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David James-Wilson

LIST OF ACRONYMS

ARC	American Refugee Committee
AREU	Afghanistan Research and Evaluation Unit
BCYF	Balkan Children and Youth Foundation
CEDEA	Center for the Development of Alternative Education
CGAP	The Consultative Group to Help the Poor
DCOF	Displaced Children and Orphans Fund
EDC	Education Development Center
EFA	Education For All
ELA	Employment and Livelihoods for Adolescents
EQUIP3	Education Quality Improvement Program 3
ILO	International Labor Organization
IPM	Integrated Pest Management
IRC	International Rescue Committee
IRIN	Integrated Regional Information Networks
IZA	Institute for the Study of Labor
LCEP	Literacy and Community Empowerment Program
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
NGO	Non-governmental Organization
OSI	Open Societies Institute
S&O	Strategic and Operational Plan
SC	Save the Children
SI	Search Institute
SKI	Street Kids International
TKL	The Kids League
UN-DESA	United Nations Department of Economic and Social Affairs
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
USG	United States Government
YBA	Youth Business Albania
YBI	Youth Business International
YEN	Youth Employment Network
YSO	Youth-Serving Organization

EXECUTIVE SUMMARY

Imagine a country where half of the youth is neither in school nor employed in the formal economy, where private sector jobs leading to careers are scarce, where youth unemployment rates in the formal economy exceed 50 percent, where educational opportunities beyond the fourth grade cannot be accessed by half the population, where there is a clear mismatch between the skills provided by schools and universities and the ones that employers want, and where the growth of the country's economy has trouble keeping up with the rapid growth of its youth population. Such would describe the plight of today's youth in many developing countries, particularly those in countries emerging from conflict.

For several decades international agencies have been supporting education and training programs that prepare youth for the workforce and higher levels of education. Programs are based on the assumption that the private sector is growing and has jobs for qualified applicants. But suppose jobs are scarce and employers are reluctant to invest where literacy rates are low? What good are workforce development programs when there are no jobs? And if workforce development can benefit only a small percentage of youth because of dire economic realities, what can be done to improve the well-being of the rest and give them hope?

In response to this dilemma, USAID and other donor agencies have become increasingly interested in supplementing workforce development strategies with what is called "livelihood development," especially for young people aged 15–24 from marginalized backgrounds. Donor agencies increasingly recognize that millions of young people working in the informal sector are finding ways to eke out a living and make something from very little—in some cases, something from almost nothing. And they take whatever paths are available to them, pro-social or otherwise. Acknowledging this reality, agencies are learning that successful strategies must help youth where they are until they can break into the formal economy and that interventions should assist and accelerate this process while improving the short-term well-being of youth and their households.

Donor agencies, non-governmental organizations (NGOs), host country governments, and civil society are also coming to realize that youth can and should be key actors in the strengthening, rebuilding, and transformation of their nations. When appropriately engaged and adequately prepared for roles in the worlds of work, family life, and civil society, youth can be definite assets for community development. However, when governments and communities disregard the huge numbers of youth with minimal attachment to the formal sector, youth can also become a profoundly de-stabilizing force. Specifically, the absence of livelihood development opportunities for youth can impede a nation's development in the form of increased crime, violence, poor health, disease, extremism, and both social and political instability.

Thus, the presence of livelihood development (to complement workforce development) is a strategic necessity for national development, especially when delivered in careful coordination with traditional investments in health, education, democracy and governance, and economic growth activities.

CONCEPTUAL FRAMEWORK

Successful livelihood development programs reflect actual youth realities and respond to the existing goals, plans and strategies of young people themselves and their community supporters (especially at the household and extended family levels). Perhaps the greatest misconception is that poor youth without jobs are idle and economically inactive. Still, research carried out by EQUIP3 with young people in countries as diverse as Uganda, Morocco, the Philippines, Haiti and the West Bank suggest that most contribute to household income through work in the informal sector, in household-based enterprises, or in family-based farming, fishing and petty trading activities (USAID 2005, USAID 2006, EQUIP3 2005). This mirrors the research of other youth development actors that indicate that youth frequently use their work in the informal sector as a means of paying for continuing education and building informal peer networks linked to accessing start-up capital or introductions to employers (ILO 2004, ILO 2005, Population Council 2004, World Bank 2007, USAID 2005, USAID 2006, UNESCO 2001).

Another misconception is that poor people are unable to coach their young people to make rational economic decisions. Research by EQUIP3 and others has shown that youth from marginalized backgrounds and their families are able to understand trade-offs and opportunity costs associated with participation in various interventions (EQUIP3 2005, EQUIP3 2007, USAID 2005, USAID 2006, SC 2006, UNESCO 2001). Indeed, households are actively engaged in helping youth plan their futures and make practical decisions about continuing education, vocational training and the use of microfinance services and products. They deserve the consideration of those who design and implement programs intended to improve their livelihoods.

Other research suggests that many poor families do learn to save and build assets, and that effective livelihood interventions reflect marketplace opportunities, constraints, and barriers (Population Council 2004, Akkord 2006, ADB 2004, ILO 2005). The best interventions are "learning while earning" programs that represent a balance between meeting immediate household needs and accumulating sustainable livelihood capital and capabilities over the longer term. Most youth and their families do not choose between school and work; instead, they endeavor to blend and balance continuing education with short-term income generation and ongoing livelihood development demands.

While one can talk in purely demographic terms about a single "youth cohort" (or in some countries a "youth bulge"), any meaningful appraisal of needs, aspirations, assets, and obstacles must disaggregate youth data. Gender, for instance, still plays a major role in how young people are socialized, and it can provide unique barriers and/or novel entry points into youth livelihood development. Data should be broken down by age, gender, ethnicity, rural vs. urban, household income, marital status, in- vs. out-of-school status, and developmental stage.

Evidence also suggests that livelihood development is the core driver of positive youth outcomes in other areas, such as health (e.g., HIV/AIDS prevention), education, public safety, and democracy and governance (Population Council 2004, IRIN 2007, UN-DESA 2005, UNESCO 2001). These linkages, however, must be designed with specific sector outcomes in mind, along with carefully-planned and well-executed monitoring and evaluation (M&E) systems.

DESIGNING EFFECTIVE YOUTH LIVELIHOOD STRATEGIES

Livelihood development ought to incorporate the ideas and insights of a wide range of stakeholders. The design package would contain ways to acquire human, social, financial, and physical capital, to integrate youth livelihood development with programs in other sectors, and to build the capacity of local service providers.

Building Human Capital

This is best achieved by a combination of skills training (usually nonformal education), mentoring, and guidance, combined with helping credit-ready young entrepreneurs gain access to financial capital. Skills training programs should:

- Provide youth with opportunities to master core literacy and numeracy skills, basic employability and life skills, and vocational skills. They can be designed as a second chance pathway to a primary or secondary school degree, an opportunity to gain the skills needed to return to formal education, or a vehicle to acquire the skills needed to get a job or start a business.
- Build upon the existing knowledge and experience of participating youth and relate these to the predominant household livelihood strategies.
- Allow participants to make educational gains or earn achievement certifications in manageable blocks, offering flexibility (e.g., in pacing classes and allowing students to easily enter and leave programs) to youth and their families who must often defer or interrupt educational pursuits to address day-to-day survival needs.
- Have schedules and locations that are compatible with the participants' livelihood and family demands and security concerns.
- Enable even the most marginalized (illiterate or semi-literate) groups to participate.
- Recover some costs, if feasible, via user fees, which encourage program staff and their sponsors to continually maintain and improve program quality, while reminding participants and their households that they should invest their scarce resources only in programs that are beneficial.

Further guidance on how to design nonformal basic education programs for out-of-school youth is provided by a companion document, the *Guide to Developing Literacy Programs for Out-of-School-Youth*.[1]

Building Social Capital

Young people frequently rank access to mentors, peer support, new ideas, and a sense of self confidence or courage as being far more important to livelihood success than access to financial capital or skills training. For example, youth consistently rank mentoring and constructive advice as important to starting, improving, and growing a small business or informal service sector activity. The key, though, is that there be a fit between the knowledge base of the mentor and the needs of the young person. Despite their good intentions, businessmen and women in the formal sector may have little practical advice to offer a young person operating in the informal sector.

Context is also important when building social capital through peer networks. Encouraging young people to join groups of only extremely poor or unskilled individuals is not nearly as effective as joining groups with members from diverse backgrounds.

One promising vehicle for social capital development is service learning, whereby youth combine community service work with a form of human capital development (literacy, life, or work skills development). Service learning engages and retains youth not by emphasizing their deficits, but by inviting them to make a positive contribution to their communities.

Another promising catalyst for the development of social capital is the use of sports-based interventions. The convening and mobilizing power of sports is well known. Some pilot projects have linked sports with health and education outcomes; others have begun to make the connections between sports and livelihood preparation. One powerful advantage of sports-for-development programming is its ability to attract private-sector funding.

Building Financial Capital

Perhaps 15–20 percent of the existing client base for microfinance is already young people aged 18–24. Efforts to expand youth participation have achieved mixed results and yielded some important lessons.

[1] Document soon to be published by the EQUIP3 Project.

One lesson is that failures are most often due to inexperienced youth development organizations that lack the technical capacity to manage microfinance products. Better results occur when youth development providers build alliances with community microfinance providers. In these alliances each group plays a more specialized role, and both respect the essential technical skills of the other. Such efforts do not have to be large to be effective. Adding a savings and financial literacy component to a short-term youth employment scheme, like those often found in post-conflict or post-natural disaster countries, can open new doors to project completers and can serve to build in a measure of sustainability to project outcomes.

Another lesson is to substantially invest in market research and development. Best practices in adult microfinance do not necessarily work with youth. One outcome of research is that youth, perhaps more than adults, need to be part of a solidarity group that enforces discipline in using loans wisely and in repaying them. Recent microfinance research also shows that savings products may be more appropriate for youth than loans in many contexts. Savings is a precursor to a loan, and teaches youth about financial management without becoming indebted. Savings can be used for business purposes, or more broadly, for school or consumption, which are also important to young people. Savings (from family members or friends) are often utilized for start-up businesses more so than grants or loans.

Finally, research is showing that youth livelihood programs should not expect youth to become fully independent breadwinners. In fact, relatively small changes in income can lead youth to build or strengthen ties to their extended families, thus limiting the need to create their own households. One recent project found that street children would often return to extended family households if they could develop relatively stable incomes through street vending or other low-barrier-to-entry livelihood pursuits.

Building Physical Capital

Outright grants to help youth sustain their livelihood activities are sometimes necessary. For example, USAID and other donor agencies frequently help youth in rural areas or in fishing communities get back on their feet by providing them with equipment or supplies after an armed conflict or natural disaster. It is important to not overlook women's potential to use infusions of physical capital, and not exclusively support the bigger, commercial activities of the men.

Sometimes helping youth acquire physical capital is a good strategy to reward positive behavior. For example, vocational training schools sometimes reward new graduates with a set of tools or special work clothing. Sometimes it is a good strategy to reward positive group behavior, for example, providing farming or sewing cooperatives with laptops and access to the Internet after they achieve a certain level of group savings. Such tools could help them get weather reports, technical assistance to help increase production efficiency, literacy lessons, etc.

Building Cross-Cutting Positive Youth Development Assets And Programs

The "40 positive assets" for youth development elaborated by the Minneapolis-based Search Institute (SI) should be built into youth livelihood programs (SI 2006). A research base of now over 3 million youth has shown that regardless of race, gender, ethnic heritage, economic status, or geographic location, these assets promote four positive behaviors—leadership, good health, valuing diversity, and success in school—and protect youth from four high-risk behaviors—alcohol abuse, violence, drug abuse and premature sexual activity. Examples of the 40 assets include achievement motivation, reading for pleasure, adult support, establishing boundaries and expectations, constructive use of time, commitment to learning, and positive identity. Acquiring these assets helps youth thrive and serves as the foundation for their eventual contribution to family and community life as prepared and engaged adults.

Research is also beginning to show that blending livelihood development with sector-specific programs in basic education, economic growth and workforce development, agriculture, public health, humanitarian assistance, or social stability in post-conflict settings is more cost-effective than investments in stand alone prevention or mitigation efforts.

Building Capacity Of Local Service Providers

Youth development practitioners and their organizations should have opportunities to learn how to:

- Use market research-type appraisal and assessment tools.
- Develop cross-sectoral programs that equip youth with multiple types of capital.
- Collaborate with traditionally adult-serving micro-enterprise/microfinance providers and build on current programs.
- Ensure youth livelihood programs complement and do not supplant family livelihood strategies.
- Develop youth development assets as part of livelihood development programs.
- Understand the legal framework that governs livelihood activities (e.g., licenses, control of savings, use of public spaces) and advocate for pro-social changes and resources to serve youth in the informal sector.
- Develop a program budget and revenue plan along the full continuum of livelihood investments—from governmental assistance to commercially-viable products and services (such as microfinance products and services and skills training) where households and youth co-invest by paying user fees or interest.
- Develop and use M&E tools that capture sector-specific and cross-sectoral outcomes at the individual and cohort levels.

CONCLUSION

Youth livelihood programs must engage and support youth, most of whom are already economically active and focused on the immediate needs of their households, and who desire more sustainable and socially constructive livelihood pathways. The challenge is to determine how to encourage these youth and help them acquire the relevant competencies and resources necessary to enhance their livelihoods, and ultimately the livelihoods of others within their communities.

INTRODUCTION

Imagine a country where half of the youth—older adolescents and young adults—is neither in school nor employed in the formal economy, where private sector jobs leading to careers are scarce, where youth unemployment rates in the formal economy exceed 50 percent, where educational opportunities beyond the fourth grade cannot be accessed by half the population, where there is a clear mismatch between the skills that schools and universities teach and the ones that employers want, where the well-off attend universities and the poor are left with out-of-date vocational programs with obsolete equipment and under-prepared instructors, and where the growth of the country's economy has trouble keeping up with the rapid growth of its youth population. Such would describe the plight of today's youth in many developing countries, particularly those in countries emerging from conflict (IRIN 2007, World Bank 2007).

FOCUS: INFORMAL AND HOUSEHOLD-BASED SECTORS

Most youth in developing countries, especially those from more marginalized backgrounds, find livelihood opportunities in the informal and household-based sectors (UNESCO 2001). Thus, this Guide focuses on improving opportunities in these domains. Compared to formal employment, the informal sector is generally an underserved segment of the youth economic opportunity continuum. Readers are encouraged to see **ILO.org/YEN** for technical guidelines that focus on employability and employment creation in the formal sector.

Over several decades international agencies have been supporting education and training programs that prepare youth for the workforce and higher levels of education. Programs are based on the assumption that the private sector is growing and has jobs for qualified applicants. But suppose jobs are scarce and employers are reluctant to invest where literacy rates are low? What good are workforce development programs when there are no jobs? And if workforce development can benefit only a small percentage of youth because of dire economic realities, what can be done to improve the well-being of the rest and give them hope?

In response to this dilemma, USAID and other donor agencies have become increasingly interested in supplementing workforce development strategies with what is called "livelihood development," especially for young people aged 15-24 from marginalized backgrounds. Donor agencies increasingly recognize that millions of young people working in the informal sector are finding ways to eke out a living and make something from very little or, in some cases, something from almost nothing (ILO 2005, UNESCO 2001, UN-DESA 2005, World Bank 2007). They take whatever paths are available to them, pro-social or otherwise. Acknowledging this reality, agencies are learning that successful strategies must build on where the youth are until they can break into the formal economy, and that interventions should assist and accelerate this process while improving the short-term well-being of youth and their households (see Figure 1).

Donor agencies, non-governmental organizations (NGOs), host country governments, and civil society are also coming to realize that youth can and should be key actors in the strengthening, rebuilding and transformation of their nations. When appropriately engaged and adequately prepared for roles in the worlds of work, family life, and civil society, youth can be definite assets for community development. However, when governments and communities disregard the huge numbers of youth with minimal attachment to the formal sector, youth can also become a profoundly de-stabilizing force. Specifically, the absence of livelihood development opportunities for youth can impede a nation's development in the form of increased crime, violence, poor health, disease, extremism, and both social and political instability (IRIN 2007, NRC 2005, UN-DESA 2005, World Bank 2007).

Thus, the presence of livelihood development (to complement workforce development) is a strategic necessity for national development, especially when delivered in careful coordination with traditional investments in youth-specific health, education, democracy and governance, and economic growth activities.

This Guide responds to the interest on the part of USAID and development practitioners worldwide for a common language to describe youth livelihood programs, and a practical set of suggestions and reference materials to improve youth livelihood development practices and to expand programming in this

Figure 1: Graduating from Livelihood Development to Workforce Development

CHARACTERISTICS OF THE TRANSITION
FROM THE INFORMAL ECONOMY TO THE FORMAL ECONOMY

INFORMAL ECONOMY
Livelihood Development Programs Meet Needs of Youth

- Undocumented youth and little statistical information
- Little or no schooling—most youth not ready for career training
- Limited number of private employers & formal sector jobs
- Youth generally involved in household livelihood activities
- Flexible, nonformal basic education offerings that do not interfere with existing livelihood activities
- Peer support groups, access to adult livelihood coaches, service learning, or sports activities
- Access to microfinance

FORMAL ECONOMY
Workforce Development Programs Meet Employer Needs

- Youth counted in employment surveys and statistics
- Progress from:
  1. Fundamental learning skills to
  2. Generic work skills to
  3. Labor exchange system that matches employers and workers to
  4. Industry-specific skills
- Career guidance available
- Industry skill standards and assessments drive curricula
- Applied academics to solve workplace problems
- Training provided by formal schools, employers, unions, community organizations, and nonprofits

increasingly important area. The document has four sections:

- **Section A: A Common Language for Youth Livelihood Programs:** This section orients users to common terms and concepts that describe youth livelihood programming.
- **Section B: Conceptual Framework for Youth Livelihood Programs:** This section provides a frame of reference for effective youth livelihood interventions by presenting nine key areas of learning synthesized from current programming and research.
- **Section C: Designing Effective Youth Livelihood Strategies:** This section of the Guide identifies the resources (i.e., the abilities, social networks, and financial and physical assets) that help young people develop successful livelihoods; the program strategies that help youth acquire these resources; and the types of youth livelihood capacity-building activities that can help achieve sector-specific program goals.
- **Section D: Additional Information and Resources:** This section offers readers a wide range of supplementary print and web resources they might turn to for further information or programming examples.

USING THIS PROGRAM GUIDE

This Guide is set within the overall context of youth development programming. While it enunciates a fairly detailed set of principles for designing youth livelihood development programs, it does not pretend to replicate all the “how to” steps of such programming, such as identifying goals and objectives or establishing a strong M&E system to assess their attainment. Similarly, the Guide assumes there are programming elements that are essential for any successful youth development initiative, including youth livelihood development. One such element, for example, would be to ensure that youth and other in-country stakeholders are involved in the design and planning of the program. Another would be the importance of establishing a supportive policy framework with respect to youth in the informal sector that is respectful, responsive, relevant, legally supportive, and sufficiently resourced to be sustainable.

A. A COMMON LANGUAGE FOR YOUTH LIVELIHOOD PROGRAMS

This section includes several terms and concepts that development professionals tend to use to situate and describe the field of youth livelihood programming. These include the following:

- Readiness-oriented youth livelihood programming;
- Access-oriented youth livelihood programming;
- Interaction of readiness- and access-oriented programs;
- Acquisition of human, physical, financial, and social capital;
- Measuring outcomes and impacts; and
- Cross-cutting contributions to strategic planning.

READINESS-ORIENTED YOUTH LIVELIHOOD PROGRAMMING

Livelihood development programming refers to interventions that enhance the readiness of young people to engage in sustainable livelihood activities such as: (1) employment in the formal and informal sector; (2) contributions (paid and unpaid) to household-based livelihood activities (in agriculture, fishing, or small scale manufacturing); and, (3) self-employment micro-enterprise activities in areas such as petty trading, the production of food or trade goods, and the delivery of informal services.

TWO FACETS OF YOUTH LIVELIHOOD PROGRAMMING	
Readiness-oriented:	**Access-oriented:**
▪ Enhance readiness of youth to engage in sustainable livelihood activities	▪ Improve access of youth to market-driven products and services
▪ Develop human capital	▪ Develop financial capital

Readiness-oriented youth livelihood programs can include formal and nonformal basic education, vocational and technical skills training, and programs that focus on employability and the development of key cross-cutting work and life skills.

ACCESS-ORIENTED YOUTH LIVELIHOOD PROGRAMMING

Livelihood development programming also refers to interventions that improve young people's access to market-driven products and services that can enhance their economic success or that of their households. These can include access to microfinance products (savings, credit, micro-insurance), business development services, technical skills training, linkages with mentors or business skills coaches, and support in improving the value-added proposition of their livelihood activities (through improvements to quality, cost, or market access).

INTERACTION OF READINESS- AND ACCESS-ORIENTED PROGRAMS

Readiness- and access-oriented youth livelihood development interventions are interconnected. In order to benefit from access-oriented opportunities, many marginalized youth will need youth livelihood readiness investments (from government, donor or household actors, including youth themselves). Similarly, in order to convert readiness-oriented investments into viable livelihood activities, youth should have access-oriented interventions available to them. The success or failure of these interventions often depends on providing both kinds of programs concurrently while building dynamic partnerships or alliances among mainstream adult microfinance institutions (MFIs), business development service providers, and youth- or family-oriented community-based organizations.

ACQUISITION OF HUMAN, PHYSICAL, FINANCIAL, AND SOCIAL CAPITAL

Both readiness- and access-oriented programs can contribute to the on-going acquisition and development of the broad types of capital youth can apply to any livelihood activity. Section C.2 of this document provides descriptions of the various types of livelihood capital (human, social, financial, physical) and how to augment them.

MEASURING OUTCOMES AND IMPACTS

Indicators of the impact of youth livelihood programming include improved competencies or skills, enhanced income, increased employment/self-employment, and improvements in the sustainability of new or existing economic activities. Increasingly, youth livelihood programming is also shown to be a key driver of outcomes in other development sectors such as improved health (including decreases in sexually-transmitted infections and substance abuse), enhanced civil society engagement (including reduced crime and violence or a decrease in extremism), improved social and economic opportunities for young women (which is linked to later marriages and increased personal agency), or increased investments in continuing education by young people and their families. Change in young people's contributions to household income has also been linked to changes in the ways families prioritize spending on health and education for younger family members, including dependent children (AREU 2006).

CROSS-CUTTING CONTRIBUTIONS TO STRATEGIC PLANNING

As USAID Missions look to develop their Strategic and Operational (S&O) Plans, investments in youth livelihood programs represent a powerful cross-cutting contribution to key strategic priorities in education, health, economic opportunities, humanitarian relief, and democracy and governance. USAID is favorably disposed to such programmatic interventions because they tend to be more cost-effective than programs that address only a single issue at a time in a single sector. Thus, well-conceived cross-cutting programs are more cost-effective than efforts to mount a program for every problem identified in every sector.

B. CONCEPTUAL FRAMEWORK FOR YOUTH LIVELIHOOD PROGRAMS

Too many programs that endeavor to improve the economic situation of marginalized youth fail because of insufficient attention to articulating and then examining the assumptions that under gird these programs. Effective youth livelihood interventions must build upon a clear conceptual and programmatic framework, which, in turn, must be driven by a number of emerging understandings derived from research and best practices, namely that:

- Most youth are already economically active
- Young people's economic activities are linked to household livelihood strategies
- Households are actively engaged in planning for youth livelihood development
- Youth must often balance education with work
- Livelihood programming should reflect marketplace realities and build from existing assets and activities
- Livelihood is the key driver of positive youth development outcomes
- The youth cohort is diverse
- Youth livelihood programs should be cross-sectoral and track both livelihood-specific and cross-cutting outcomes and impacts

Concluding that the eight propositions above constitute a fully formed consensus among funders and practitioners may well be premature, as much research and field-based learning still needs to take place in this nascent field (ILO 2004, ILO 2005, IRIN 2007, Making Cents 2008, NRC 2005, Population Council 2004, World Bank 2007, USAID 2005, UNESCO 2001, USAID 2006, YEN 2007). Nevertheless, each area signals an important dimension of youth livelihood development programming that ought to be considered by funders and practitioners alike.

A FOCUS ON "INTERVENTIONS"

"Interventions" are investments made by donors, governments and others in youth livelihood development. These investments take place within an existing marketplace of economic opportunities, constraints and barriers that youth and their households are already attempting to navigate. Program developers should take this marketplace into consideration at every stage of the appraisal, design, and implementation of projects they support. They should also fully engage youth and their households in program design and implementation.

B.1 MOST YOUTH ARE ECONOMICALLY ACTIVE

One of the greatest misconceptions about young people is that since a high percentage is deemed by traditional macro-economic surveys to be "unemployed" (i.e., lacking stable formal sector employment), they are necessarily economically inactive. This view of young people leads to calls for quick-fix youth employment schemes, or short-term grant and credit mechanism, both of which are ostensibly designed to help youth to start a new work activity (presumably their first). Alternatively, it leads to the general conclusion that youth invariably need more technical training or vocational skills preparation in order at some point in the future to become economically productive members of society.

Research carried out by a wide range of development practitioners raises questions regarding the accuracy of this assumption (ADB 2004, ILO 2004, ILO 2005, Myers 1998, Population Council 2004, EQUIP3 2005, EQUIP3 2007, USAID 2005, USAID 2006). This research indicated that most young people ages 14-25 years in developing countries are already economically active, contributing to household income through work in the informal sector, in household-based enterprises, or in family-based farming, fishing, and petty trading activities. This correlates with the findings of other major studies (IRIN 2007, World Bank 2007, NRC 2005, UNESCO 2001) and reflects a growing awareness of the diversity and complexity of youth economic participation and preparation at the household and community level.

For more information on the **"Youth, Microfinance and Conflict"** case studies see **www.microlinks.org** or go to the EQUIP3 portion of the **www.EQUIP123.net** site.

Youth use this work (paid or unpaid) to develop key livelihood capabilities and to begin to acquire core livelihood capital (human, social, financial, and physical). In many world regions, work in the informal sector generates the majority of all employment and self employment opportunities for youth and adults alike. Far from being marginal, such work represents the employment mainstream in many countries and the first step on a wide range of livelihood development pathways (ILO 2004, ILO 2005, IZA 2007). Many youth also report that these kinds of early livelihood pursuits form the first steps to wider livelihood options, including opportunities in formal sector employment or small enterprise development. Thus, these pursuits are not the dead-end survivalist activities long assumed by mainstream researchers. Youth frequently use their work in the informal sector as a means of paying for continuing education and building informal peer networks linked to accessing start-up capital or introductions to employers (ILO 2005, SC 2006, UNESCO 2001, USAID 2005, USAID 2006).

B.2 YOUNG PEOPLE'S ECONOMIC ACTIVITIES ARE LINKED TO HOUSEHOLD LIVELIHOOD STRATEGIES

Another common misunderstanding is that young people uniformly seek to gain economic independence or self-sufficiency. This, again, leads to the assumption that all interventions should focus on stand-alone employment or self-employment schemes, or the technical-vocational preparation required for an independent career or formal employment pathway. EQUIP3's field research with youth consistently reveals that the primary focus of 15-24 year-olds is, in reality, to contribute to family or household-level economic survival strategies, as opposed to economic independence (as might be the case in industrialized western nations) (EQUIP3 2005, EQUIP3 2007, Population Council 2004, SC 2006). Young people understand how family support to help them acquire additional livelihood assets (through access to education, technical training, or mentorship opportunities) will enhance their ability to contribute to immediate household needs. Young people also see the link between their ability to generate income and the family's ability to send younger siblings to school (UNESCO 2001).

YOUTH CONTRIBUTIONS TO HOUSEHOLD SURVIVAL

It is not unusual for youth to wish to contribute to the welfare of their household- or extended family as well as to their own economic welfare. In fact, most youth live within households, and most of their economic activity is linked to those of other family members.

In the West Bank, for example, over 80 percent of all employment is via household-based activities (in agriculture, petty trading, and light manufacturing) (World Bank 2002). Moreover, extended families play an important role in enhancing the readiness of youth to take on new livelihood development activities, and families commonly facilitate the access of youth to financial and non financial supports in the community.

B.3 HOUSEHOLDS ARE ACTIVELY ENGAGED IN PLANNING FOR YOUTH LIVELIHOOD DEVELOPMENT

Households and extended families help youth prepare for earning their livelihood in several ways. More often than not in developing countries, programs offered by schools and community-based organizations complement these family strategies. Field research in Bolivia, the Philippines, Uganda, Indonesia, and the West Bank has shown how families seek out technical training and/or vocational immersion experiences for their youth with members of their immediate and extended families, or from neighbors and other community members (SC 2006, USAID 2005, USAID 2006, World Bank 2007). Families tend to involve their youth in multiple economic activities as a way of both earning income, but also of developing a wide base of livelihood experience to be drawn upon in the future.

A BROAD UNDERSTANDING OF HOUSEHOLDS

Many young people live within households made up of extended family members and find themselves in non-traditional living arrangements. In HIV/AIDS-affected communities, for example, youth may take on the role of primary caregiver for both younger siblings and older relatives (especially those who are ill). Young men and women may also take on head of household roles within communities impacted by high levels of migratory work, or they may set up their own households or other informal living arrangements if they themselves are involved in migratory or street-based work. Successful development of youth livelihood interventions requires understanding of these different "household" configurations and continual assessment of their impact on existing livelihood practices.

Households also help their youth make decisions about continuing education, vocational training, and the use of microfinance services and products. Leaving families out of assessment and planning exercises generally has a negative impact on livelihood-oriented programs. Problems can arise with, for example, the diversion of loan capital by families or irregular attendance in training programs due to competing family economic activities. For example, a USAID-supported project working with former child soldiers in Sierra Leone encountered significant setbacks when it did not initially consult with parents and other household members about the skills young people should be learning (Making Cents 2008).

B.4 YOUTH MUST OFTEN BALANCE EDUCATION WITH WORK

Three important policy issues are emerging as funders and practitioners focus on the extent to which education and training should be part of youth livelihood development programs.

1. Does support for youth livelihood initiatives (especially those serving 15-18-year-olds) inadvertently promote school abandonment?
2. What extent of training should be formal training versus livelihood coaching and accompaniment?
3. Is attempting to recover the cost of training from the participants themselves a viable strategy?

Balancing education with work

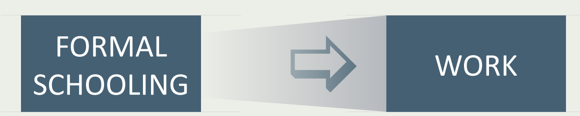
The fear is that once exposed to employment or self-employment opportunities, young people will be tempted to end their studies prematurely. The debate raises questions about how to provide flexible continuing education opportunities to older children and youth whose family circumstances require them to start working before completing their education. A positive aspect of the debate is that development planners are beginning to recognize that simplistic efforts to convince or mobilize poor parents to understand the importance of education belies the reality that they cannot always afford it and must make difficult, direct and opportunity cost-related decisions on a daily basis (Myers 1998).

Emerging research from multiple world regions shows that instead of making poor youth and their families choose definitively between continuing education and earning income, such

For more on the links between livelihood and education see the publications: *Realizing the Potential of Tajik Youth* from Street Kids International (2006), and *Child Labor: Promoting the Best Interests of Working Children* (1998) from Save The Children UK.

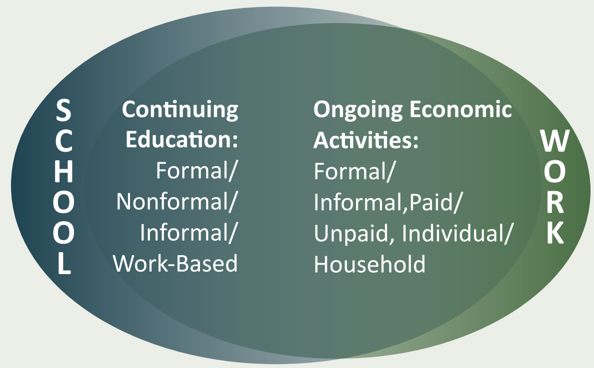
youth are often best served with flexible, modular programming that allows them to complete secondary school (or some kind of equivalency certificate), develop specific technical skills and cultivate cross-cutting work readiness skills, all while continuing to work at least part time (SC 2006, UNESCO 2001). Such "learning while earning" programs are pro-poor and youth friendly, and represent an excellent balance between meeting immediate household needs and the longer term accumulation of sustainable livelihood capital and capabilities by young men and young women. Figures 2 and 3 capture the shifting view of some education and livelihood planners from a school-to-work paradigm to a school-and-work paradigm.

Figure 2: School TO Work Paradigm



- Transition is seen as an "event" or a "point in time"
- Metaphor for intervention is one of building a bridge from school to work—with an emphasis on making a seamless transition, and escaping the vicious cycle of poverty
- Flow of activity is seen to be generally from a focus on the preparation of knowledge/skills to the application of these to the world of work
- Focus is on "dropout prevention" and successful transition
- Focus is on improving the supply and quality of learning inputs

Figure 3: School AND Work Paradigm



- Transition is seen as an interwoven process that takes place over a long period of time
- Metaphor is one of a balancing act or a dynamic exchange between education and economic activities—with a hope for virtuous cycles of opportunity and growth
- Flow of activity is seen to be a parallel process marked by the spiraling acquisition, application and continuous development of knowledge/skills/ capabilities in and for work (including lifelong learning)
- Focus is on matching demand for learning outcomes with the development of options that understand the importance of relevance and accessibility in the (1) location, (2) timing, and (3) content of offerings

Training versus livelihood coaching and accompaniment

One of the biggest shortcomings of traditional NGO-based youth livelihood development programs is their sole reliance on training. Typically, these youth entrepreneurship or youth self-employment projects are premised on the belief that young people are inherently inexperienced and lack business skills such as planning, budgeting, marketing, and decision making. Nevertheless, a recent multi-country study of youth self-employment strategies found that whereas youth development workers consistently ranked "training" as a critical factor in helping entrepreneurs succeed, the young people themselves consistently ranked it as one of the least important factors (after factors such as "guidance and wisdom," "having good ideas," "a bold heart/courage," "access to capital," "supportive friends") (USAID 2005, USAID 2006). Although the study did not examine the reasons for these divergent responses, investigators hypothesized that the youth development workers did not appreciate the fact that many young people have been economically active for years before connecting with youth-serving organizations (YSOs), either in their own small businesses or as part of household enterprises (USAID 2006). This is not to say that training is unimportant or that young people are aware of all of the skill-sets they will need to become successful. But it is important to acknowledge their economic experience and to build from where they are and not necessarily at the beginning.

Is cost recovery for training feasible?

There is livelihood-related training in both the formal and informal sectors. In the formal sector, many groups have begun to experiment with fee-for-service skills training. In some cases, these mimic the kind of services families (and youth themselves) already provide to one another in the informal sector. Even where some degree of subsidy is warranted in order to reach especially vulnerable groups, the market discipline fostered by recovering some costs via user fees is often a strong driver of the development of sustainable, demand-driven offerings that are seen to be of genuine relevance and measurable value to potential participants and thus something they and their households will co-invest in.

While there is not yet extensive research on cost recovery for youth livelihood training, it is most likely to succeed in relatively benign environments such as those where households are already investing in their children's education. Cost recovery is more of a challenge in post-conflict settings. Both the American Refugee Committee (ARC) and International Rescue Committee (IRC) have begun youth livelihood programs with cost recovery components in Africa, but final results are not in. In ARC's project in Guinea, the goal of the project was conflict mitigation, and the beneficiaries were relatively volatile clientele, that is, ex-combatants and youth at risk of criminal behavior. ARC found that cost recovery was not appropriate in this setting, and felt that adding a fee for service would be a disincentive to participate, thus defeating project goals (Making Cents 2008).

B.5 LIVELIHOOD PROGRAMMING SHOULD REFLECT THE MARKETPLACE AND BUILD FROM EXISTING ASSETS AND ACTIVITIES

For youth livelihood programs to be both scalable and sustainable, they must build from existing youth and family-driven livelihood strategies and be driven by the wants and needs of the customer (in this case, young people and their families) in relation to the realities of the marketplace. Thus, service providers must engage clients in the development of programs, instead of relying only on assumptions and pre-dispositions of YSOs, government actors, or mainstream microfinance providers. Client involvement in the planning process becomes particularly important when beneficiaries and their families are expected to increasingly co-invest their time and resources. Thus, developers of youth livelihood interventions must: (1) understand what young people's current livelihood activities are; (2) appreciate their existing repertoire of livelihood assets and capabilities; and (3) co-design programmatic interventions that assist youth and their families in addressing chronic barriers or in seizing key opportunities.

Connecting youth's survivalist pursuits with interventions that will increase their livelihood capital—educational, financial, social, physical—and someday their standard of living is important. Such interventions would, for example:

- Provide flexible nonformal basic education offerings that build assets of literacy, numeracy and livelihood skills while not interfering unduly with existing livelihood activities.
- Enhance the readiness of youth to access

- mainstream microfinance offerings and therein build up their financial assets (e.g., financial literacy programming works best when combined with savings schemes rather than access to credit products alone).
- Address key gaps in social assets through peer support groups (including savings clubs), access to positive adult livelihood coaches, or connection with service learning or sports activities.

Research is also beginning to show that youth and their families are prepared to cover some or all of the cost of these services and that youth livelihood interventions should consist of a full range of offerings (SC 2006). These comprise a continuum that begins with traditional, government-funded supports (i.e., basic education, skills development); continues through co-investments (by governments, NGOs, youth, and their households) in technical training, vocational readiness, financial literacy, or non-commercial savings and credit products; and arrives at commercially-viable and financially-sustainable microfinance services and products that leverage or add value to new or existing livelihood activities and are paid for by interest rates or fees (Hatch 2002, CGAP 2006).

Ultimately, the assessment, design and implementation of youth livelihood development must be driven more by youth and their households than by funders or service providers. Engaging youth and their households in each stage of programming is a development necessity, not a mere courtesy. Youth from marginalized backgrounds and their families are quite able to understand trade-offs and both direct and opportunity costs associated with participation in the interventions being considered. They deserve the respect and appreciation of those who design and implement programs that will improve their livelihoods.

At the same time, the importance of linking youth livelihood development investments with marketplace opportunities in both the formal and nonformal/household sectors is now apparent. This is particularly true of livelihood readiness investments connected to vocational training, which are often mismatched with market demand. Access-oriented investments also need to take careful note of marketplace realities, and much work has been done in recent years to adapt adult-focused market research tools and protocols to youth-oriented microfinance programming. Private employers can be an important source of information on skill requirements, and they should be involved in the planning of skills training interventions. However, realities of local economic development will determine if the best private sector sources will come from large enterprises or from the small- and medium-enterprise sector.

ADAPTING TRAINING TO MARKETPLACES

The field of microfinance must adapt training programs to marketplace realities. Currently, microfinance institutions in several countries are adapting adult-oriented financial literacy tools to a diverse range of youth populations in a wide range of market settings. For more information, see **www.microfinanceopportunities.org**.

B.6 LIVELIHOOD IS THE CORE DRIVER OF POSITIVE YOUTH DEVELOPMENT OUTCOMES

It has become increasingly clear that older teenagers and young adults need livelihood development (i.e., connections to work and the economy) in order to thrive (NRC 2005, UN-DESA 2003, UN-DESA 2005). For example, HIV/AIDS prevention programs with marginalized populations of adolescent girls are providing evidence that livelihood development is the principal driver of program success. Efforts that focus exclusively on information dissemination, skills development, or the provision of youth-friendly reproductive health services are not as successful as those that include strategies to assist livelihood development (Population Council 2004). For it is young women’s lack of economic security and livelihood opportunities in many cultures that underpins risky behavior, despite their exposure to mainstream prevention programming. The lack of holistic livelihood development opportunities, therefore, contributes in no small way to girls 14-24 continuing to have the highest prevalence of new incidences of HIV/AIDS among any cohort (UNAIDS 2006).

In the case of conflict prevention, or post-conflict re-integration of youth, the key driver of sustainable peace and community engagement is increasingly understood to be youth livelihood development. When young people acquire tools and opportunities to enhance their livelihood and that of their families, they become more active and effective participants in helping society relieve community trauma and assist with demobilization, conflict mediation, and community peace building (USAID-CMM 2004).

B.7 THE YOUTH COHORT IS DIVERSE

Growing Up Global (NRC 2005), perhaps the most important recent international study on changing transitions to adulthood in developing countries, recognizes that globalization is having a profound impact on local cultures and the development of young people in those societies. The publication emphasizes the importance of seeing youth as a heterogeneous cohort and not a monolithic one—whether at a global, regional, national or even local level. While one can talk in purely demographic terms about a single "youth cohort" (or in some countries a "youth bulge"), any meaningful appraisal of needs, aspirations, assets, and obstacles must disaggregate youth data in a number of ways (by age, gender, ethnicity, rural vs. urban, household income, marital status, in- vs. out-of-school status, and developmental stage). Gender, for instance, still plays a major role in how young people are socialized, and it can provide unique barriers and/or novel entry points into youth livelihood development.

> **PAYING ATTENTION TO GENDER AND HOUSEHOLD ROLES**
>
> There are profound differences in programs that serve 18-year-old unmarried girls with no children who work in a factory and programs that serve married 18-year-old girls who stay at home and care for children (Population Council 2004). By the same token, at increasingly younger ages many youth in AIDS-affected countries, such as Zambia, or in migration-impacted countries, such as the Philippines, are forced to take care of younger siblings or older relatives with health problems (IRIN 2007). In both cases the livelihood development needs of these young women and men are driven less by age or traditional practices and more by accelerated life-cycle stages, social forces, and changing household dynamics (UNESCO 2001).

B.8 YOUTH LIVELIHOOD PROGRAMS SHOULD BE CROSS-SECTORAL AND TRACK BOTH LIVELIHOOD-SPECIFIC AND CROSS-CUTTING OUTCOMES AND IMPACTS

For all of the reasons enumerated in this conceptual framework, USAID and other agencies concerned with youth development should consider that investments in youth livelihood could well be the most effective or efficient way to achieve desired sectoral outcomes in democracy and governance, health, education, or economic growth. By helping youth with what they value most—succeeding in the adult role of sustaining themselves and their households—they would become more enthusiastic, persistent participants in other sectoral efforts. Of course, it would be naive to infer that such investments would automatically drive broader positive youth development outcomes or contribute to country-level development goals. The pre-conditions for success in youth livelihood programs are the same as those for any other USAID program—they must be effectively designed, led, administered, monitored, and evaluated.

Research by groups such as the Search Institute suggests that youth livelihood programming can improve outcomes in other sectoral areas. Specifically, their research has shown that the acquisition of livelihood-specific competencies or assets is strongly correlated with the promotion of positive behaviors and attitudes in the areas of leadership, health promotion, valuing of diversity, and success in school. Acquisition of such competencies also correlates closely with a diminution of high risk behaviors, such as substance abuse, violence, or premature sexual activity.

THE SEARCH INSTITUTE

Extensive research available at **www.search-institute.org** demonstrates the strong correlation between the acquisition of developmental assets and both the promotion of thriving behaviors and protection from high risk behaviors (SI 2006).

With a research base now over 2 million youth, these ongoing studies are having a powerful influence on youth development programming in all areas, including: education, health, sports, juvenile justice, AIDS prevention, after-school programs, service learning, and community centers. Regardless of race, gender, ethnic heritage, economic status or geographic location, the Search Institute's research has shown that the acquisition of assets such as adult support, establishing boundaries and expectations, commitment to learning, and positive identity are essential for youth to thrive. Furthermore, they serve as the foundation for young people's eventual contribution to family and community life as prepared and engaged adults (SI 2006). Indeed, in many cases investing in livelihood development may produce broader and deeper results in public health or social stability than spending increased resources on stand-alone prevention or mitigation efforts (Population Council 2004, UNESCO 2001).

Such research notwithstanding, it is still important to gather data to determine how well a particular program is performing. Fortunately, M&E systems for youth livelihood programs can draw on best practices from a number of sectors. The microfinance sector, for example, has developed well-regarded tools for tracking financial and non-financial outcomes for their largely adult clients which can be adapted for use with younger populations. Cross-cutting outcomes in health, or democracy and governance, can similarly be tracked by developing M&E protocols that correlate impacts in livelihood development with outcomes in health or civic participation (see Figure 3). Groups such as the Population Council have been examining the linkages between risk and protective factors in reproductive health and the presence/absence of livelihood assets (Population Council 2004). Their pioneering work, along with that of the Search Institute, can serve as models for broader efforts that link livelihood development with a range of thriving and resilience indicators.

The Cross-Sectoral Youth Working Group within USAID Washington is developing common indicators for youth development that blend existing sector-specific indicators with newer cross-cutting ones. Many of these new measures developed by groups like the Search Institute (SI 2006) are increasingly used by both U.S. domestic and international agencies that are active in the field of youth work.

Indicators for an M&E framework might well be organized into the same four personal capital categories that are described in detail in Section C of this Guide. These four categories are human, financial, social, and physical capital. Illustrative M&E indicators that fit within these categories appear below in Figure 4. Of course, the establishment of M&E indicators normally follows program design. The ones in Figure 4 assume that more positive activity is better, whether in education, household livelihood development, social activity, or accumulation of assets. The indicators track how much of this positive activity is occurring and assume the sum of such positive individual behaviors eventually will translate into improved sector outcomes in economic development, education, democracy and governance, health, and conflict mitigation.

Figure 4: Illustrative Monitoring and Evaluation Indicators for Livelihood Development Programs

INDICATOR	COMMENTS
Number of youth participants (15-24 years old) in different activities after becoming participants in program	Periodically counting the number of participants helps determine the program's growth and youth penetration rate in different domains.
Human Capital: ▪ # and % enrolled in formal education • Academic subjects • Vocational subjects ▪ # and % enrolled in nonformal education activity • Literacy and numeracy • Financial literacy and/or business skill training • Vocational skill training • Entrepreneurial training ▪ # and % moving from out-of-school or nonformal education status to formal education ▪ # and % receiving an educational credential, (e.g. completing grade in school or vocational program, primary school diploma, occupational skill credential) ▪ Learning units achieved per 100 hours of instruction if tested for literacy/numeracy before and upon exiting a program	Data analysis should also determine the number of youth who are involved simultaneously in several livelihood development activities. Ideally, participants' literacy levels would be assessed before participating and upon exiting a particular education program.
Financial Capital: ▪ Savings mobilization • # of individual savings accounts • # in group savings programs ▪ Student financial aid • # receiving student loans • # receiving scholarships or stipends to cover education expenses ▪ Self-employment loans • # of self-employment loans for young adults • # who progressed from small test loans to larger loans • Average size and monetary range of loans ▪ Movement to formal economy • # and % moving from unemployment or informal employment to employment in formal sector • # obtaining internships or unpaid work experience with entrepreneurs or employers.	Movement from informal to formal sector is important to measure.

INDICATOR	COMMENTS
Social Capital: ▪ Livelihood coaching • # and % with livelihood planning coaches or mentors • # of coaches or mentors helping youth in project ▪ Community service and humanitarian assistance • # and % joining groups with community improvement or humanitarian assistance goals • # and % contributing voluntary services to disease prevention, health promotion, environmental and other civic projects ▪ Civic engagement • # and % voting in elections • # and % active in political campaigns or social causes • # and % joining sports teams or recreational leagues ▪ Positive behaviors • # of hours per participant reading for pleasure • # of hours per participant spent learning new skills	For complete list of 40 positive behaviors see www.search-institute.org.
Physical Capital/Assets: ▪ # of electronic communication devices acquired by household members during course of program, such as cell phone, TV, radio, computer, etc. ▪ # households with member(s) participating in program that acquire work tools or clothing during course of program ▪ # of household appliances acquired during program, such as refrigerators, stoves, vacuum cleaners, washing machines, etc. ▪ # of furniture pieces added to household during program, such as beds, bureaus, sofas, tables, chairs, etc. ▪ # of rooms added to residences/households of participants ▪ # and % of households of participants that gain legal property status ▪ # of participants who establish independent households	A menu of indicators by program sector is available through EQUIP3's *Guide to Conducting Cross-Sectoral Youth Assessments*

Figure 5: Connecting Youth Livelihood Development to Community Change

1 COALITIONS OF ORGANIZATIONS TO IMPROVE YOUTH LIVELIHOODS

Create and/or maintain coalition with the following resources and ingredients:

- Vision, Mission, Goals, Objectives, Action Plan
- Funding
- Personnel
- Time
- Space
- Materials
- Technology
- Partners
- Evaluation

2 WORK OF NGOS, GOVERNMENTAL AGENCIES, AND PUBLIC-PRIVATE PARTNERSHIPS

Improve human capital – formal and nonformal education	▪ Increase basic literacy and work application skills ▪ Encourage further education and work goals ▪ Improve instruction, program design, management, evaluation
Improve financial capital – financial institutions work with youth-serving organizations	▪ Savings mobilization ▪ Student financial aid ▪ Self-employment loans ▪ Job placement – youth move from informal to formal economy
Improve social capital – connect young people to each other, their communities and adult role models	▪ Savings mobilization ▪ Student financial aid ▪ Self-employment loans ▪ Job placement – youth move from informal to formal economy
Increase physical assets – wealth accumulation	▪ Through all of above, accumulate property that can provide collateral for investment in future livelihood activity

3 SYSTEM CHANGE

There is a well-coordinated and well-funded system of high-quality youth development services in place, so that everyone in need of such services will have ready access to them.

4 INDIVIDUAL CHANGE

Young people in the community can reach their potential in their roles as workers, family members and citizens through increased skills, assets and healthy behaviors to enable them to:

- Gain access to information and resources
- Have a voice to express ideas and opinions with confidence
- Take action to solve problems and make decisions without having to rely on others
- Learn to learn in order to keep up with the world as it changes

5 COMMUNITY CHANGE

Improving young people's livelihoods by increasing their human, financial, social, and physical capital will impact the community in the following ways:

- A literate, skilled workforce creates a stronger economy by attracting more private employers with jobs paying higher wages, which in turn creates higher productivity and a community with less poverty and crime.
- Stronger families and households support education and improve the economy with better financial practices that reduce debt and increase savings, and ensure the well-being of all family members.
- Greater civic participation moves communities toward justice and equality for all, generates volunteerism and charitable work, energizes an informed electorate, and creates a cleaner, safer environment.
- A healthier population raises the quality of life, reduces morbidity, and improves the management of major chronic disease.

6

Community change translates into improved scores on sector indicators in economic growth, education, democracy and governance, health, conflict mitigation, and humanitarian assistance.

Adapted from Literacy USA by Barry Stern

The logic model represented by Figure 5 shows how livelihood development activities impact individuals, and eventually their communities, if these activities are brought to scale and reach a critical mass of youth in the community.

C. DESIGNING EFFECTIVE YOUTH LIVELIHOOD STRATEGIES

Youth livelihoods are the work and service related activities that young people pursue as they transition to adulthood, from being mainly a dependent of a family and community to being a householder and/or a full-fledged community member. Youth livelihoods can take many different forms, from contributing to a family-run rural farm to small-scale urban street-based enterprises to assisting others in child care.

This section identifies the resources—the abilities, social networks, and financial and physical assets—that help young people develop successful livelihoods, the program strategies that help youth acquire these resources, and the types of youth livelihood capacity-building activities that can help achieve sector-specific program goals.

C.1 RESOURCES TO STRENGTHEN YOUTH LIVELIHOOD CAPACITIES

Youth livelihood resources tend to fall into one or more of the following four clusters:

Cluster 1: Human Capital

This area includes one's cognitive, emotional, intellectual, and spiritual abilities. It encompasses the formal, informal, and cross-cutting learning-to-learn life skills that youth acquire from the family, peers, and community, as well as from formal and nonformal education and practical work experiences. It specifically includes their level of literacy and numeracy, the practical things they know how to do or make, the technical knowledge and skills they have developed, along with some specific vocational skills and broader life and employability skills that they have acquired.

Cluster 2: Financial Capital

This area includes an individual's savings; the property or assets they can readily convert into cash money; their access to credit and/or savings; and, their overall level of financial literacy. Many youth begin to manage financial capital from an early age—converting income from wage labor or simple services such as brick-making or water selling, into capital that can be used to accumulate savings, cover education expenses, or be used to invest in a new livelihood activity.

Cluster 3: Social Capital

This area includes an individual's social ties, support networks, trusting relationships, and ability to draw on the knowledge, skills, and resources of others in their households, extended families and communities. Social capital is the broad foundation of support for most livelihood activities, where personal ties and the ability to navigate both formal and informal economic environments depend as much on whom you know as what you know. Social capital is also closely linked to "how you know what you know," based on your interactions and social networks, along with the formal and informal knowledge sharing and capacity building spaces you have access to.

Cluster 4: Physical Assets

These include fixed capital goods that are necessary for a business or the participation in a particular form of productive employment. These assets can range from proper working clothes, tools, and equipment to the physical space for work. These assets also include ownership of, or regular access to, productive farmland, along with access to on- and off-shore fisheries.

C.2 DESIGNING STRATEGIES THAT BUILD YOUTH LIVELIHOODS

The following are programmatic strategies that can help youth acquire the resources to pursue livelihood activities, including human, social, financial, and physical capital.

Strategies to Help Youth Develop Human Capital

Nonformal basic education programs provide youth with access to relevant education and training on a pace and schedule that fits the time they have available to participate. These programs provide youth with opportunities to master core literacy and numeracy skills, basic employability and life skills, and vocational skills. They can be designed as a second chance pathway to a primary or secondary school degree, an opportunity to gain the skills needed to return to formal education, or a vehicle to acquire the skills needed to get a job or start a business.

Current examples of nonformal basic education programs include USAID's IDEJEN Project in Haiti, the nonformal learning component of the Philippines EQUALLS Project, the Literacy and Community Empowerment Program (LCEP) in Afghanistan, and the new World Bank-sponsored second chance programs in the Dominican Republic. Further guidance on how to design nonformal basic education programs for out-of-school youth is provided in a companion document that will be published by the EQUIP3 Project entitled *Guide to Developing Literacy Programs for Out-of-School-Youth*.

Of course, some educational programs are better than others, and all are influenced mightily by a host of variables such as teacher quality, resources, accountability practices, discipline, parental involvement, and curriculum design. Nevertheless, even where optimal conditions do not prevail, many students still benefit. However, there is growing evidence that very poor youth and their households are more likely to spend their limited time or resources to participate in educational and livelihood skills development when these programs meet five criteria (World Bank 2002).

Five criteria for effective nonformal education offerings

1. Are the offerings **relevant to the day-to-day lives of participating youth**? Do they build upon their existing knowledge and experience? Do they acknowledge value and incorporate existing livelihood activities, and anticipate ways these might be improved or transformed? For example, youth in a farming community with knowledge of small-scale agricultural production could be exposed to science instruction that introduces practical skills in the area of experimentation, observation and analysis such as that found in the Integrated Pest Management (IPM) curriculum.

2. Are the offerings **relevant to the local economy**? Do they reflect an understanding of the predominant household and individual sustainable livelihood strategies in the community/region where prospective students live, and do they intentionally relate to the skills, attitudes and behaviors required to succeed in these kinds of activities? For example, are youth in a fishing community learning how to improve seaweed production by using fertilizers? Are they learning math linked to weights and measures relevant to the buying and selling of products?

3. Are the offerings **progressive** in design? Do they allow a participant to measure educational gains or earn achievement outcomes/certification in manageable blocks versus one-time terminal outcomes? Do they offer flexibility (e.g., pacing classes and allowing students to easily enter and leave programs) to youth and their families who must often defer or interrupt educational pursuits to address day-to-day survival needs? For example, nonformal education offerings can make use of student portfolios to track acquisition of key competencies and thus reduce the need

for students to start over continually when they re-enter an educational program.

4. Are the offerings **user friendly** in their design? Do hours of operation, day-to-day attendance expectations, and location of services complement or conflict with the child's or household's livelihood demands? For example, are students who work in early morning fishing work able to access later in the day nonformal education classes? Or are youth living in more remote communities able to do more home-based independent work in order to save on transportation costs/travel time?

5. Are the offerings **low-barrier-to-entry**? Does the program design ensure that the most marginalized groups are not excluded from participation because of being illiterate or semi-literate? For example, are there nonformal education offerings that start with basic literacy classes or integrate literacy components into hands-on livelihood skills training?

Strategies to Help Youth Develop Financial Capital

Perhaps the most promising tool to facilitate youth's acquisition and development of financial capital is microfinance. While microfinance exists for adults, by and large microfinance programs are not available to young people, especially unmarried ones, perhaps because youth are perceived as a risky group to serve. For example, microfinance institutions (MFIs) rarely offer credit to a person under the age of 18 without an adult guarantor, since a loan contract often requires an adult signatory. Youth older than 18 must generally meet the requirements for other adults seeking loans (e.g., have an existing business). MFIs are usually reluctant to lend to new businesses, irrespective of the age of the owner. The orthodox response to financing a new business would be to increase the interest rate and/or request more collateral to mitigate the risk of failure of the new business. Some groups have explored this option with higher risk youth, while others have begun to reason that starting with credit may not be the best entry point after all (CGAP 2006, Hatch 2004).

In recent years a range of alliances between YSOs and microfinance providers has begun to foster a pioneering round of youth-oriented microfinance initiatives. For example, the Gates Foundation recently funded the well-regarded microfinance pioneer Pro Mujer and its local youth serving partners in three Latin American countries to develop new youth livelihood programs with microfinance elements (www.promujer.org). The Population Council has experimented with a range of microfinance-linked livelihood interventions for young women in Kenya via their widely publicized TRY project with the MFI K-REP (Population Council 2005). NIKE has become an active funder of livelihood programs for young women and is interested in the role that financial literacy and access to microfinance can play in holistic, positive development programming for girls in countries such as India and Malawi (Population Council 2004).

Such innovations are giving rise to the concept of entry finance (Akkord 2006), which takes the best of adult-oriented microfinance and makes it more accessible to youth clients. This approach provides a continuum of programming that begins with fully subsidized social investments such as basic education and technical skills training; then co-investments in such activities by institutions, youth and their households; and finally on to commercially-viable and financially-sustainable services and products that are paid for entirely by interest rates and fees.

Thus, entry finance increases the readiness of older children and youth to make use of microfinance services (including both savings and credit products) and makes microfinance providers more accessible to a younger clientele. Entry finance is not meant to be a segregated set of services, rather it is designed to overlap and integrate within existing microfinance product and service delivery structures and to "graduate" as many young people as possible, as early as possible, into mainstream adult serving programs.

The goal of entry finance is to fully realize the potential of microfinance by helping to build a more intentional bridge or ladder between youth ages 15–24 and traditional microfinance providers and, in so doing, open up new down-market opportunities for microfinance providers and new livelihood development pathways for youth and their households. Savings is key. Savings products teach savings discipline to youth and provide MFIs with liquid collateral for a future loan in case a youth business fails. Entry finance consists of a four-step process that a young person (or cohort of peers) progresses through according to his (or their) own unique circumstances. This process can be supported by services from interested MFIs or YSOs.

Four-step entry finance process

1. **Engagement** – outreach services, relationship building and appreciative inquiry into existing MFIs and services;

2. **Investment** – capacity building, financial literacy work, enterprise practicum, apprenticeships with entrepreneurs, livelihood guidance services, intensive coaching by peers and supportive adults, and market research with youth and their families to develop new microfinance services and products;

3. **Mobilization** – linkages to commercially-viable or non-commercial entry finance products (e.g., savings, group credit) and services (e.g., business development, value chain analysis), the formation of peer support groups, and ongoing work with a livelihood coach;

4. **Graduation** – linkages to traditional adult microfinance institutions and their commercially-viable products and services, follow-up livelihood coaching, and an opportunity to serve as a livelihood mentor or coach for younger members in the community.

Street Kids International's (SKI) work on an Open Societies Institute-funded project for the children of migrant workers in Tajikistan illustrates this four-step process. In the engagement and investment phases SKI used its Street Business Toolkit (SKI 2001) to provide at-risk youth previously involved in a health education program with small business training. In the mobilization phase, SKI provided successful graduates with small start up grants if their business plan was approved by a panel of parents, community leaders and youth workers. Grant recipients had regular access to a livelihood coach and met regularly within small support groups. These successful young entrepreneurs were then introduced to microfinance providers in their community for either direct loans, or loans guaranteed by their parents or older relatives.

A youth livelihood project in Bolivia run by the Center for Alternative Education (CEDEA) in partnership with a number of local YSOs in El Alto and La Paz, provides further insight into both the "mobilization" and "graduation" steps of work. CEDEA's Pasana'ku toolset helps young entrepreneurs set up group savings and loan associations that fund each other's business start-ups or expansions. CEDEA also invites microfinance groups to meet with Pasana'ku members and to use their session to recruit potential new clients (CEDEA 2004).

Embedding microfinance components within other youth livelihood programs

Many multi-sectoral youth livelihood programs have begun to explore the incorporation of microfinance components to complement technical skills training and basic education. These have had mixed results. Failures most often are due to inexperienced youth development organizations that lack technical capacity to manage microfinance products.

One apparently successful example of a youth service organization using microfinance comes from Albania.[1] Launched in May 2005, Youth

[1] "Apparently successful" because no independent evaluation was available.

Business Albania (YBA) provides young entrepreneurs with technical training and financial support. By May 2006, more than 50 young people became employed as a result of 17 loans made to 20 young entrepreneurs (ages 21 to 29) to begin small enterprises. The loan amounts were less than $4,000. YBA is a partnership between the Balkan Children and Youth Foundation (BCYF), Youth Business International (YBI), and the MJAFT! Foundation (Making Cents 2008).

Two other successful youth service organization projects with microfinance components were in Peru and Ecuador. Both were supported by Street Kids International. In Peru, the NGO called MANTHOC provides credit to working children and youth in the cities of Lima and Cajamarca. The small loans have been used by youth to start businesses or supplement their savings in order to later start business. These individual loans have a 50–70 percent return rate (very low by microfinance standards but conceivably adequate for youth micro-entrepreneurs in training). In Ecuador, the Program for Working Children provided business start up training for unemployed youth in the city of Quito. Youth who completed the training and developed a business plan were able to obtain a loan up to $1,000. Among the businesses established by these youth were a catering business and a document processing service (Making Cents 2008).

Lessons learned from partnerships between youth service organizations and microfinance providers

Experience with burgeoning microfinance programs in recent years has yielded four important lessons (Making Cents 2008):

- MFIs and YSOs should stick to their respective roles and capabilities.
- Market research is essential for youth microfinance.
- Use solidarity model for adolescent participants.
- Emphasize savings.

Stick to organization's specialized roles and capabilities. Initial efforts by youth serving organizations to offer their own savings and credit programs have proven to be generally unsuccessful. YSOs tend to lack capacity in sustainable microfinance delivery, and they frequently confuse the role of youth worker as both a livelihood coach who counsels youth through their ups and downs and a loan officer who focuses first and foremost on repayment rates.

Better results should occur when youth development providers build alliances with community microfinance providers, but concrete examples of these alliances are scarce. In theory, YSOs should focus on readiness activities and MFIs should focus on (financial) access interventions. Thus, both organizations co-develop bridging activities that intentionally break down barriers between the two and promote clear alignment of their respective missions and purposes. In these alliances each group would stick to its specialized role, and each would respect the essential technical skills of the other. Such efforts do not have to be large to be effective. Adding a savings and financial literacy component to a short-term youth employment scheme in a post-conflict or post-natural disaster country can open new doors to project completers and can serve to build in a measure of sustainability to project outcomes.

For example, the early stages of Kenya's TRY project unintentionally pushed the loan officers into mentoring roles. The social needs of the girls they were working with were overwhelming, but these conflicted with their responsibilities to recover their loans. After the initial stages, the pilot project added mentoring staff to relieve the loan officers of this role without sacrificing the well being of the girls, which was a much more effective strategy (Population Council 2005).

Market research is essential for youth microfinance. As with adults, youth microfinance requires substantial investments in market research and development. Best practices in adult microfinance do not necessarily work with youth. For example, when the Population Council teamed up with the development arm of the well-known Kenyan MFI, K-REP Bank, it became apparent that the group micro-credit methodology that K-REP used with adults was not appropriate for the girls and even had negative consequences, as it increased the girls' vulnerability and damaged their fragile social networks. After a succession of setbacks, the Population Council and K-REP revised the methodology to focus on savings, which is what the girls had indicated was important to them since the beginning of the project (Population Council 2005). One lesson learned was that project staff need to learn from their beneficiaries, rather than imposing their own assumptions.[2]

Use solidarity model for adolescent participants. A successful example of youth development with a financial services component is the Employment and Livelihood for Adolescents (ELA) program of BRAC Bangladesh. ELA primarily focuses on the financial empowerment of adolescent girls who have graduated from BRAC's education programs. ELA groups are comprised of 20–40 members who use loans to invest in poultry, livestock, nursery, fisheries, and other small businesses. This model exemplifies how young people's lack of collateral can be overcome by application of the solidarity model (Making Cents 2008).

Emphasize savings. As suggested by some of the lessons learned just cited, recent microfinance research has shown that savings products may be more appropriate for youth than loans in many contexts (ADB 2004, USAID 2005, CGAP 2006). Savings is a precursor to a loan and teaches youth about financial management without becoming indebted. Savings can be used for business purposes or, more broadly, for school or consumption, which are also important to young people. Savings (from family members or friends) are often utilized for start-up businesses more so than grants or loans (USAID 2005, USAID 2006). Nevertheless, MFIs have not dedicated sufficient energy to rolling out savings products specifically designed for young people, and many MFIs do not mobilize savings even from adults. For those that do, more market research is needed to design youth-friendly savings products.[3]

Strategies to Help Youth Develop Social Capital

Many youth lack social capital, particularly those from more marginalized backgrounds or those who have had their ties with mainstream society ruptured by conflict, internal displacement, family breakdown, disease, or forced migration. Social capital is one of the least understood and researched of the livelihood capitals; but it is essential to the accessing and sustained use of many livelihood development opportunities. As described earlier, research has found that young people frequently rank access to mentors, peer support, new ideas and a sense of self confidence or courage as being far more important to livelihood success than access to financial capital or skills training (USAID 2006).

Among the strategies that help youth acquire social capital are:

- Peer support groups;
- Service learning;
- Sports for development;
- Mentorship and business coaching; and
- Family reunification and community re-integration.

Peer support groups

A consistent research finding on microfinance

[2] Another example of insufficient market research is when a microfinance institution in Mali, Kafo Jiginew, found that its usual practice of providing short-term loans and frequent payments to youth entrepreneurs they had trained was not suitable for youth with entirely new businesses. This was due to the longer start-up period needed to launch new businesses (Making Cents 2008).

[3] USAID is about to encourage the development of such new youth-oriented savings products as part of its Youth and Microenterprise Development Project that will begin in mid-2008.

for adult women is that besides changes in household income related to increased access to financial capital, the most common impact reported by women is an increase in their positive peer network. Women involved in peer lending groups or group loan associations find that they develop social skills, group problem solving skills, and new levels of self-confidence that they can then apply to other areas of their lives, such as advocating for their children's health and education needs, claiming property or inheritance rights, or accessing public services (CGAP 2006, Population Council 2004).

Youth livelihood programs can offer similar benefits for participating youth, often introducing them to new support networks and future-oriented peer groups. When told about a new program, parents often ask "what will my child learn," whereas youth often ask "who will be there." Adolescence and young adulthood are critical periods of identity development and socialization, so livelihood programs that address these developmental needs are both more attractive and effective (NRC 2005).

For young people with poor existing social networks or a lack of family support (i.e., those with very little social capital), the first step in livelihood development may well need to be the development of social capital before they acquire additional skills or financial capital. Research from a girls' microfinance project in Kenya (the TRY project) illustrates this need. Specifically, an assessment of a pilot round of activities showed that Kenyan girls with limited social capital needed peer support before becoming involved with microfinance, and then greater accompaniment by their adult supervisors throughout the life of the project in order to obtain the same levels of success as girls entering with more pre-existing social capital (Population Council 2005).

At the same time, fostering peer support groups can have the unintended effect of reinforcing existing prejudices and barriers to participation in a given community, especially towards marginalized populations. Moreover, forming groups of only extremely poor individuals can limit the development of new social capital that might better be stimulated through serving more diverse groups.

Service learning

One promising vehicle for social capital development is service learning. In these projects, youth, often from marginalized backgrounds, combine community service work with some form of human capital development (literacy, life, or work skills development). Pioneering work in this area by City Year in South Africa and the National Service Learning Coalition (NSLC) across the U.S., along with a growing research base on best practices in this arena, has led to an increasing awareness of this as a key livelihood readiness intervention.

In 2006, USAID invited City Year to explore whether it could adapt its well-regarded U.S.-based service learning program to South Africa. Working under the auspices of EQUIP3's Education For All (EFA) Youth Challenge Grant Program, City Year found that it could duplicate three essential elements of its program in the South African context. These elements included: (1) building dynamic partnerships with large private sector firms interested in partnering with teams of youth; (2) providing participating youth with the opportunity to upgrade their academic skills; and (3) connecting youth with ongoing opportunities for learning and work within mainstream education and employment settings.

Service learning lowers barriers to entry in harder-to-serve communities, and it engages and retains youth not by emphasizing their deficits, but by inviting them to make a positive contribution to their communities (see www.cityyear.org). Service learning projects, however, should carefully consider the provision of some kind of stipend (or re-imbursement of out-of-pocket expenses) in order to serve the most marginalized youth and households. Many of the most marginalized can afford neither the direct costs nor the opportunity costs accumulated by fore-going household economic activities in order to participate in a service learning experience. Developers of service learning projects should carefully assess marginalized youth and their families to address the trade-offs they are willing to make in order to participate.

Sports for development

Another promising catalyst for the development of social capital is the use of sports-based interventions. The convening and mobilizing power of sports is well known. Less recognized and researched is the impact of organized sports on young men's (and increasingly young women's) development, including their acquisition of livelihood capital. The 2005 UN Year of Sport for Development highlighted a number of international efforts to move sports into the mainstream of development programming. Some pilot projects have linked sports with health and education outcomes; others have begun to make the connections between sports and livelihood preparation. One powerful advantage of sports for development programming is its ability to attract private-sector funding, as youth and sports make a strong combination to attract corporate social responsibility efforts versus the purely philanthropic side of corporate charitable giving (UN 2003).

In Uganda, The Kids League (TKL), a local NGO, has pioneered the use of sports in combination with educational and livelihood programming to re-engage youth affected by conflict in communities in the North. Both young men and young women find that participation in organized sports leagues builds their internal and external assets, including their sense of empowerment and acceptance, their willingness to take positive risks, and their ability to set and achieve personal goals.

A consortium of private companies led by the German auto manufacturer BMW is doing the same in South Africa ahead of the 2008 World Cup, as they prepare youth from marginalized communities for employment in sports-related settings. The goal of this program—supported in part by GTZ (German Agency for Technical Cooperation)—is the use of sports to mobilize youth from disenfranchised communities and re-engage them in both continuing education and formal sector employment.

Mentorship and business coaching

Youth often speak of the need for accompaniment by caring adults when it comes to succeeding in livelihood development. As opposed to training—which youth tend to downplay—youth consistently rank mentoring and constructive advice as important to starting, improving, and growing a small business or informal service sector activity (USAID 2005, USAID 2006). The key, though, is that there be a fit between the knowledge base of the mentor and the needs of the young person. Despite their good intentions, businessmen and women in the formal sector may have little practical advice to offer a young person operating in the informal sector.

Bolivian microfinance provider Pro Mujer is exploring a number of mentorship models for its younger microfinance clients (www.promujer.org). One promising approach involves paring older women from its established adult solidarity loan groups with solidarity groups made up of younger clients ages 18–24. This approach provides youth with insights and information about how to succeed in the informal sector, and has proven more successful than matching youth with formal sector mentors who often have little practical awareness of how to operate in the rough and tumble world of street level businesses.

Family reunification and community re-integration

Programs that augment the social capital of youth can help to re-unify families or reintegrate displaced youth (i.e., youth living on the streets, former child soldiers, or other separated youth) into communities. Such programming is also important for youth aging out of institutional care. Many of these youth face tremendous barriers to livelihood development because of their longstanding disengagement from family, community and peer networks.

Too many project designers erroneously assume that youth livelihood programs should expect youth to become fully independent breadwinners. Experience has shown that relatively small changes in income can in fact lead youth to build or strengthen ties to their extended families, thus limiting the need to create their own households. A project supported by the YMCA in the Dominican Republic in the early 1990's found that street children would often return to extended family households if they could develop relatively stable incomes through street vending or other low-barrier-to-entry livelihood pursuits.

The Community Development Center Akkord and its local partners in Tajikistan experienced similar results in a livelihood program targeting street active youth in Khodjent and Dushanbe. Participating youth often used income from their small enterprises to negotiate entry into the households of relatives or former neighbors, many of whom could not afford to support another houseguest, but most of whom were willing to open their doors to a young person, even one with only a modest income to contribute to household survival (Akkord 2006).

Strategies to Help Youth Acquire Physical Capital

There are several strategies to help youth and their households acquire physical assets (e.g., clothes, tools, equipment, land, and physical space for work) to assist their livelihoods. These include livelihood sustainability grants, special programs to provide access to assets for young women, and land and housing access programs.

Livelihood sustainability grants

Outright grants to help youth sustain their livelihood activities are sometimes necessary. For example, USAID and other donor agencies frequently help youth in rural areas or in fishing communities get back on their feet by providing them with equipment or supplies after an armed conflict or natural disaster (USAID-CMM 2006). But such grants need to be carefully managed so as to avoid a series of common pitfalls including flooding a limited local market with the same micro-enterprise start-ups (in carpentry or tailoring, for example), or not understanding that capital goods can be re-sold and the cash diverted for other purposes (Making Cents 2008).

GROOTS Kenya provides business training to build the capacities of youth group members along with small grants and low interest loans to assist youth in starting up small-scale (individual or collective) enterprises in communities (Making Cents 2008). GROOTS believes these initiatives have helped reduce young caregivers' burden of caring for household members infected with HIV/AIDS. Grants and subsidized loans (below market rates) are not, of course, strategies for sustainable microfinance; thus, institutions providing this type of support will need ongoing funding from outside entities, or a for-profit business arm that sells other services or products. Such programs might also attract concern from nearby microfinance institutions, which might worry that their own borrowers will expect grants and subsidized loans as well. As long as the MFI carefully targets its grants and subsidized loans, and MFI entry requirements and messages to their borrowers about the need to repay loans are clear, this issue can be minimized, and participating youth can eventually be graduated to mainstream microfinance (CGAP 2006).

Rewarding individual and group accomplishments

Another strategy to help youth acquire physical capital is to reward specific accomplishments.

For example, vocational training schools sometimes reward new graduates with a set of tools or special work clothing. Sometimes it is a good strategy to reward positive group behavior—for example, providing farming or sewing cooperatives with laptops and access to the Internet after they achieve a certain a certain level of group savings. Such tools could help them get weather reports, technical assistance to help increase production efficiency, literacy lessons, etc. Participants in any incentive system should have opportunities to suggest the kinds of rewards or incentives (including cash) that would likely produce the greatest benefit to themselves and the group.

In its Guinea PATHWAYS program, ARC provided grants of US$60 to youth who completed their training program and furnished a viable business plan. The grants were used to start their businesses. The more entrepreneurial youth were referred to local MFIs as well (Making Cents 2008).

Considering the physical asset needs of young women

Young women household members (with or without children) often have a very important role to play in household food security and overall economic wellbeing. Often their small-scale but steady contributions to household income enable the family to endure periods of economic hardship. Nevertheless, livelihood development programs all too often overlook women's potential to use infusions of physical capital, preferring instead to support exclusively the bigger, commercial activities of the men.

Livelihood interventions with ex-combatants, for example, often overlook the need to support the acquisition of physical capital by both the demobilized soldiers and young people who might have lived in their base camps and formed part of their social unit. Similarly, post-Tsunami recovery projects often focus on replacing large, usually male-owned capital assets, such as fishing boats, while failing to see the importance of giving small grants to girls involved in household-based income generating activities, such as food preparation, market gardening, or livestock rearing.

Housing as a key urban physical asset

Since many economic activities are run out of the home, access to housing (and/or legal tenure to informal housing) can be a key physical asset for youth in urban and peri-urban areas. Young people's legal capacity to own property is even more important in HIV/AIDS-affected communities where the death of a parent can leave younger youth ages 14–17 without the right to inherit property (often the only productive asset available to them as they take on the role of lead caregiver for younger siblings). Lack of legal control over housing and farm land often leaves youth-headed households vulnerable to sudden shocks if older relatives appropriate these productive assets for their own use. This risk can often only be mitigated through advocacy efforts and legal reforms at the national level (Dempsey 2003).

C.3 ACHIEVING SECTOR-SPECIFIC PROGRAM GOALS THROUGH YOUTH LIVELIHOOD CAPACITY-BUILDING ACTIVITIES

Efforts to improve youth livelihood skills and resources frequently are used to help achieve sector-specific development program goals, rather than exist as stand-alone programs. Some key types of development programs that build youth livelihood skills and concurrently contribute to achieving USAID sector program goals are:

- Basic education
- Economic growth and workforce development
- Agriculture
- Health
- Conflict and post-conflict country programs
- Humanitarian assistance programs

Basic education programs

Given large out-of-school youth populations, many countries are going to place increased emphasis on providing alternative nonformal education pathways to help youth achieve basic education competencies. Such programs, if they integrate literacy and numeracy with basic life and employability skills and vocational education, will help youth develop the human capital needed to increase livelihood productivity. As their livelihoods improve, youth and families become more able to invest more in formal education, thus creating a "virtuous circle" (AREU 2006).

Economic growth and workforce development programs

Traditionally, economic growth and workforce development programs have addressed the issue of youth employment through the lens of the formal private sector by establishing school-to-work transition, career counseling, and labor market linkage mechanisms that connect youth with formal sector employers. In many countries, however, the majority of economic activity takes place in the informal sector. In these instances, investments in youth livelihood skill development, through, for example, targeted technical training or the provision of microfinance, will help harness the economic productivity of a vital segment of the population. The cultivation of livelihood skills and resources of youth working in the informal economy will help young people contribute to the economic well-being of their family or community, start their own business, and eventually transition to the formal economy (ILO 2004, ILO 2005, UNESCO 2001).

Agriculture programs

Subsistence and small-scale farming is the predominant mode of economic activity in much of the developing world. In such environments, youth often play important roles, assisting their families in the planting and harvesting of crops, and the implementation of small-scale forestry and fishing activities. In such environments, efforts to increase youth livelihood skills and resources can strengthen the ability of youth to contribute to their family's enterprise, and increase the productivity of the enterprise itself. Such efforts can include the provision of basic education and targeted technical skill training, the provision of microfinance, and access to physical assets such as land, seeds, or animals.

Health programs

Health programs offer interested youth a significant opportunity to develop livelihood skills and resources. Many health programs in developing countries (e.g., HIV/AIDS, malaria, basic primary health care) are both understaffed and in need of reaching large numbers of people. Engaging youth to serve as community health workers or peer educators also provides young people who participate with an opportunity to develop livelihood skills and grow their human and social capital resources.

Conflict and post-conflict recovery

Youth often are foot soldiers in the civil conflicts that exist in many parts of the world. The development of youth livelihoods and livelihood skills should be a high priority of conflict and post-conflict country development programs. Countries such as Liberia have very effectively used basic education and vocational training to re-integrate ex-combatants into civil society (Making Cents 2008). Well-designed conflict-resolution, peace education, and tolerance training efforts can help raise awareness and promote behavior change among at-risk youth.

Humanitarian assistance programs

Youth can be valuable assets in mitigating the impact of natural disasters, such as earthquakes, tsunamis, and famines. Livelihood skill training programs can help prepare youth to play important roles in providing humanitarian assistance to their communities. The USAID Ruwwad Project in the West Bank uses a service learning model to train youth in how to assess community needs and provide much-needed humanitarian relief services.

D. ADDITIONAL INFORMATION AND RESOURCES

There are currently a number of places where additional information and resources related to youth livelihood programming can be found. Some useful places to start include the following web sites:

www.EQUIP123.net – for information on the EQUIP3 Project and a range of youth livelihood resources

www.ilo.org – for useful publications and tools related to youth employment

www.popcouncil.org – for excellent information related to adolescent girls' livelihoods

www.livelihoods.org – for resources related to the Sustainable Livelihood Approach (SLA)

www.microlinks.org – for more on youth and microfinance

www.microsave.org – for more on market-driven development of microfinance products and services

www.ICRW.org – for more on linking health and livelihood interventions

www.USAID.gov (then go to the DCOF home page)—for more on economic strengthening with OVC's

www.search-institute.org – for more on Developmental Assets for youth

www.ymeconference.org – for presentations from a multitude of organizations working on issues of youth microenterprise globally

CONCLUSION

Economic and youth development practitioners should apply these youth livelihood program suggestions with a degree of humility, especially when these programs target marginalized youth. The major challenge faced by USAID Missions is not—as it is often assumed—the need to "do something" to give these youth a first step into the labor force. Rather, the challenge is to engage and support youth who are: 1) already economically active and focused on the immediate need of household economic survival; and, 2) who desire more sustainable and socially-constructive livelihood pathways. To meet immediate needs, this population often turns to livelihood pathways that have a negative impact on society—pathways involving high risk activities (including commercial sex work), environmentally-damaging pursuits (such as charcoal making), black market activities, crime, or linkages with extremist groups. Better livelihoods for these youth could reduce or even eliminate their need to undertake harmful livelihood activities.

One reviewer of this Guide made the following observation, which serves as both a helpful last word in this publication, and a provocative challenge to USAID Missions and their implementing partners contemplating investments in youth livelihood development:

> *"The challenge for youth programs is not for outsiders to determine the type of interventions that will engage and prepare youth for whatever the outsiders might see as socially constructive and politically benign lifestyles. The challenge is to determine how to encourage and induce youths to organize themselves and build on what they have in ways that enable outsiders to help them acquire the relevant skills, competencies and resources that can provide a foundation for enhancing their livelihoods and ultimately the livelihoods of others within their communities."*

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ABOUT EQUIP3

The Educational Quality Improvement Program 3 (EQUIP3) is designed to improve earning, learning, and skill development opportunities for out-of-school youth in developing countries. We work to help countries meet the needs and draw on the assets of young women and men by improving policies and programs that affect them across a variety of sectors. We also provide technical assistance to USAID and other organizations in order to build the capacity of youth and youth-serving organizations.

EQUIP3 is a consortium of 12 organizations with diverse areas of expertise. Together, these organizations work with out-of-school youth in more than 100 countries.

To learn more about EQUIP3 please see the website at www.equip123.net/equip3/index_new.html.

EQUIP3 Consortium: Education Development Center, Inc. ▪ Academy for Educational Development ▪ Catholic Relief Services ▪ International Council on National Youth Policy ▪ International Youth Foundation ▪ National Youth Employment Coalition ▪ National Youth Leadership Council ▪ Opportunities Industrialization Centers International ▪ Partners of the Americas ▪ Plan International Childreach ▪ Sesame Workshop ▪ Street Kids International ▪ World Learning