THE KEY TO MORE JOBS

How Digital Technology Drives Employment for Young People

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The world is young. In Gaza, the median age is 17; in Iraq, it's 21.5; and in Ethiopia, it's 18.8 years old. Africa has the youngest population in the world, with 200 million people between the ages of 15 and 24. By 2050, this figure will grow by 90% in Sub-Saharan Africa, and 60% globally in the least developed countries.[1]

Coupled with the bulging youth population is a lack of good jobs. In sub-Saharan Africa, nearly 50% of youth experience long-term unemployment, and more than 80% of African young people work in the informal sector.[2] This can mean fluctuating incomes, few benefits, and an inadequate social safety net when jobs dry up. On average, almost 50% of Sub-Saharan youth live on less than US$2 per day, the international poverty threshold.[3]

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[1] UN. https://www.un.org/development/desa/youth/wp-content/uploads/sites/21/2019/08/WYP2019_10-Key-Messages_GZ_8AUG19.pdf

[2] International Labor Organization. https://www.ilo.org/africa/whats-new/WCMS_377286/lang--en/index.html

[3] UNICEF: https://www.unicef.org/publications/files/Ending_Extreme_Poverty_A_Focus_on_Children_Oct_2016.pdf

MERCY CORPS

We believe the surest way to address this employment crisis is to focus on the potential of digital technology. Digital technology can deliver the specific skills that youth need when they need them, support outsourcing jobs in remote places, foster new ways of networking between youth about the labor market, and create new career models including gig work.

Digital technology is particularly suited to those who face barriers to employment because it supports flexible working arrangements. It can open up job opportunities to women, who may face gender-specific barriers to working in certain sectors, or to people with disabilities, whose range of physical, audio, visual and cognitive challenges typically limit their access to jobs.

It is also supportive to self-employment, and can be uniquely impactful for on-demand or "gig" jobs. In these environments, digital applications and platforms help build and ensure worker skills, standardize customer experience and expectations, and link job seekers and entrepreneurs to opportunities. Because they document and formalize the worker-employer relationship, digital gig platforms can also mitigate exploitation risks and abuse that may occur in more traditional markets.

❯ WHAT ARE "GIG" JOBS?

Gig jobs are defined as those where the worker is independent, the work is short-term, and the worker is paid by the task (as opposed to receiving a salary or an hourly wage.) Gig jobs can take many forms: a Jordanian stylist cutting hair in women's homes; a Nairobi boda-boda driver making deliveries by motorbike; a freelance coder in Gaza developing an app for a customer in Europe.

Yet digital technology is no panacea. On an annual basis, the number of young people entering the workforce far outstrips the number of new digitally-enabled jobs. And the benefits are not always evenly distributed. In rural areas, networks are often sparse, and the very poor may not be able to afford smart phones or other hardware or software, raising questions about access, use, and ownership of digital technologies.

Nonetheless, the potential for digital technology to address youth unemployment is significant. To take advantage of that, we need to capitalize on the global expansion of digital infrastructure; support the innovations of entrepreneurs; and marshal youth aspirations and technological capacity.

Our Vision

We believe in a future where young people have access to quality self-employment opportunities, both formal and informal, and in multiple business sectors. The key to this is leveraging digital technology to link young people to on-demand (gig) jobs and/or enable them to successfully start and grow their own businesses. Three components are critical to this vision.

Access to Self-Employment Opportunities

Access is enabled by linking young people to digital platforms such as job matching services and on-line marketplaces. Digital platforms help build trust in the products and services that young entrepreneurs produce, connect them to customers, and achieve greater scale. They can also help build their capacity to be successful, ensure consistent product or service quality, enhance inclusion, and mitigate their business, social and safety risks.

Quality Self-employment Opportunities

Quality self-employment opportunities include those that are **safe** (do not put young people at risk); **ethical** (not exploitative); and **equitable** (not discriminatory based on gender, ethnicity or vulnerability). Digital technology supports this by enabling workers to have better market information about costs and prices, and creating more transparency between buyers and sellers. We also recognize that most young people work in some form or another. Our aim is to connect them to opportunities that will allow them to earn more—or to work more consistently, leading to higher incomes over time.

A Focus on Gig Jobs

On-demand jobs, or gig jobs, enable young people to provide services directly to customers. They are often coordinated through platforms like Bilforon (which links home chefs with customers in Amman) or Lynk (which connects blue-collar workers to jobs in Nairobi). In the places we work, many jobs are provided on-demand, including home cleaning, childcare, logistical services like courier and package transport, handyperson, appliance repair, etc. These jobs are almost never formal wage employment and offer a great opportunity for young people to enter the job market and build a career.

Our Core Approach

Two core programmatic approaches underpin this vision: a focus on blended solutions and an emphasis on non-technical skill-building.

First, we support platforms and social enterprises that incorporate **blended solutions**, merging online technology solutions with offline support. These solutions recognize that while technology can be great at breaking down barriers, alone it is insufficient to address the complex challenges and dysfunctional markets that job seekers face, especially in the informal sector and in developing economies. We support platforms that provide "wrap-around services", including technical certification, professional development, skill-building, and customer service support.

Specific to skill-building, we recognize a focus on the development of critical **non-technical skills** for on-demand, self-employed workers is essential. Life skills like communication, team work, taking responsibility, managing conflict, and emotional maturity are

> ## WHERE DO WE USE THIS APPROACH?
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> *Mercy Corps focuses on the **most fragile contexts**, often following conflict or natural disaster. and **supporting those communities to recover and rebuild**. We design our interventions recognizing the local, regional, and national context, while responding to that community's specific drivers of the fragility.*
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> *For example, our **Gaza Sky Geeks** program recognizing challenges and opportunities in Gaza, the high skill level of youth, the access to strong ICT networks, and the significant constraints on local economic expansion and opportunity, has supported young Gazans to build their digital skills and then link them to jobs as independent contractors*
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> Mercy Corps

especially important as gig workers need to personally deal with suppliers, partners, and customers. Furthermore, self-employment skills such as managing finances, assessing market demand, and providing good customer service enable gig workers to better manage their micro-enterprises today and into the future. By supporting young people to develop these skills, we ensure that youth can merge the market-ready technical skills they have with their entrepreneurial drive, to manage successful businesses and develop sustainable livelihoods.

Our Value Proposition

At Mercy Corps, we embrace the potential of digital solutions to catalyze systemic change within the youth employment sector. We bring a deep understanding of local contexts and expertise, innovating within market systems and partnering with the private sector, to develop solutions tailored to the fragile places where we work. By marrying the incredible energy, drive and creativity of youth with the powerful tool that is technology, we incubate and scale-up solutions that help young people increase their incomes.

Deep Understanding of Local Context

We build our understanding of local context on the knowledge and networks we have at the country, regional and local level. This is complemented by the experience we have gained implementing programs across a wide range of sectors, including disaster response, peace building, governance, agriculture, alongside more than 10 years of expertise as leaders in economic development and employment.

Building upon our local knowledge, we conduct systems-based **labor market analysis.** We start by exploring the skills, aspirations and concerns of young people, as well as the risks they face in navigating the labor market and the constraints they face accessing work. We then link this data to the actual job market in a given context, making sure we understand business owners' demand for labor and where we can help new businesses grow and create jobs. This enables us to seek out and support **contextualized digital solutions**, ones that target specific opportunities and the issues that inhibit economic activity and job creation in our specific communities. This may prevent a one-size-fits-all approach, but it does not inhibit scaling. We often transfer effective solutions to new locations considering social, economic, and other dynamics and develop tailored solutions for that context.

For example, in our Signpost program, in response to the global refugee crisis and working with local organizations and humanitarian agencies, we gathered a wealth of local information and delivered it via multiple channels, including a mobile app to recently arriving migrants. This includes information on local labor laws, training and employment opportunities, emergency services, and resources to locate separated family members. Signpost was implemented following a User Centered Design approach that revealed how populations in a specific crisis utilize digital tools for survival, community integration, learning and employment.

Market Systems Innovations

We **innovate within market systems** by applying our rigorous understanding of the root causes of unemployment. We use this knowledge to build sustainable relationships to create job opportunities at scale, and address larger issues that impact the labor market, including those related to social norms, labor policy

and regulations. We layer on that a resilience lens to support young people and markets to withstand inevitable shocks and stresses.

For example, our Agrifin program leverages the power, convenience, and prevalence of mobile phones to help smallholder farmers and youth access digital services and boost their harvests and incomes. The program brings together key stakeholders within the agriculture ecosystem including mobile network operators, financial institutions, service providers, farmer networks, agriculture value chain players, and the government. It helps them bundle digital financial services with agriculture production services and market information, and deliver that to farmers across five African countries.

Partnering with the Private Sector

We partner with the private sector to make lasting changes in market systems. We start by facilitating relationships between businesses to address the key constraints they face with a goal of unlocking new business opportunities. These include testing innovative business models, developing high-potential technology solutions, or expanding into new markets or business sectors. All of these have the potential to create new employment opportunities for young people, either as entrepreneurs or as employees.

Our approach is to focus on leverage points, places where our support can make the greatest impact and build upon the work of our private sector partners. We do this by:

- providing financial and technical support
- facilitating linkages between critical groups
- making targeted equity investments

❯ **A PARTICULAR FOCUS ON WOMEN AND GIRLS**

Labor markets tend to work against women and girls. Women suffer from lower participation and higher unemployment rates, and lower pay. This makes labor market gender equity a key priority for Mercy Corps. We engage with partners who prioritize bridging the gender employment gap with their digital tools and platforms.

This includes a Kenyan training provider that combines in-class and at-home on-line learning acknowledging women's domestic responsibilities, a Jordanian start-up that enables women to prepare home-cooked meals for later delivery that helps address social constraints women face, and a gig work website in Nairobi that brings together job-matching with skill building and certification that women especially need.

Corinna Robbins/Mercy Corps

Financial and Technical Support

We provide financial and technical support to businesses by buying down their risk and helping them implement new technologies or business models. In our Youth Impact Labs program (YIL) in Jordan, we helped fund 11 start-ups that focus on creating gig work attractive to young people. They also partnered with startup specialist iPARK to create Generation Impact, Jordan's first social impact business incubator where

YIL startups get multifaceted support, including networking and peer learning, professional coaching, and low-cost office space. In Kenya, our Youth Impact Labs program targets social enterprises that host digital marketplaces and on-demand job platforms. There, we provide targeted grants and technical support to enable them to test creative solutions to upgrade their platforms or introduce new features.

Facilitating Linkages

We also facilitate linkages between entrepreneurs and other businesses, including suppliers, marketers, and business development advisors such as mentors. Mercy Corps' MicroMentor is a social innovation and digital platform that connects youth entrepreneurs and business mentors all over the globe. Through these powerful connections, young people get the expertise of seasoned mentors to help grow and expand their nascent businesses.

Targeted Equity Investments

We also recognize how targeted equity investments can unlock the enormous potential of social entrepreneurs. They are at the forefront of introducing new business models and breakthrough technology solutions and create employment opportunities at scale. However, they often face significant barriers to success. Mercy Corps' Social Venture Fund is a seed-stage impact investment fund designed to help early-stage entrepreneurs overcome barriers to growth by providing capital, tailored post-investment support, and connections to Mercy Corps' global platform. Our recent investment in Lynk, a Nairobi start-up with a gig-matching platform, supported Lynk to enhance their platform with a more detailed worker profiles – including training, certifications, performance and ratings/reviews. This new feature improves employer and customer confidence that they are hiring qualified professionals or purchasing quality products.

Conclusion: It's About Young People

We recognize they represent a powerful source of hope, determination and resilience in the communities they inhabit, and can help set the course for their communities to thrive socially, politically and economically. More importantly, young people know what will work for them and what won't, have great perspective on where opportunities may be found, and are committed to seizing those opportunities when possible. We leverage technology to make those opportunities a reality.

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About Mercy Corps
Mercy Corps is a leading global organization
powered by the belief that a better world is possible.
In disaster, in hardship, in more than 40 countries
around the world, we partner to put bold solutions into
action — helping people triumph over adversity and
build stronger communities from within.
Now, and for the future.

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