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STATE OF THE EVIDENCE UPDATE:

Engaging the Private Sector for a More Inclusive Youth Workforce

Part of the USAID Learning Series: Youth Workforce Development in 2023: What Have We Learned?

After four years of advancing learning through its Youth Workforce Development Learning Agenda, in 2022 USAID initiated a process to review new evidence related to the learning questions. Toward this end, the USAID Center for Education commissioned a team of researchers to conduct a desk review, from which a series of **State of the Evidence Updates** synthesize learning around some of USAID’s current learning agenda themes.

This State of the Evidence Update focuses on the most recent evidence on engaging the private sector in creating a workforce that is more inclusive of youth, especially young people who have been traditionally excluded from education and employment. This brief contributes to USAID’s Learning Question: How do employment training programs influence firms’ practices around recruiting and training of future employees, particularly of disadvantaged youth and youth at different education levels?”

More than ever before, societies are turning to the private sector to help build a more diverse workforce for the future.ⁱ In low- and middle-income countries, (LMICs) youth represent a large proportion of the workforceⁱⁱ, yet they often do not finish basic educationⁱ and are subject to unemploymentⁱⁱⁱ and underemployment in the informal economy.^{iv} In this context, there’s a strong case for private sector investment in youth workforce development.

The purpose of this brief is to highlight recent promising practices that have increased private sector contributions to youth economic inclusion in LMICs. It builds on earlier works that discussed the role of the private sector in youth employment program^{2, 3, 4}, with updates that reflect new understanding of economic inclusion of out-of-school youth, young women, youth with disabilities, and other marginalized youth. This brief intends to help policymakers, donors, and implementing partners, including those in youth-led and youth-serving organizations, understand and take advantage of the incentives for businesses to contribute to youth economic inclusion efforts.

This brief is organized as follows: first, it summarizes the barriers that marginalized youth face when engaging with the private sector. Second, it offers a set of benefits that the private sector has derived from being more inclusive of youth. Third, it offers salient lessons learned about how USAID and other donor-funded youth employment programs

ⁱ The World Economic Forum’s Agenda regularly publishes articles on fostering diversity and inclusion in the workplace. Consult their website using “diversity and inclusion” as a filter: <https://www.weforum.org/agenda/>

ⁱⁱ In 2015, youth ages 15–24 represented one out of every six people, or 1.2 billion, with the largest numbers in Southeast Asia, and a large and growing proportion in Sub-Saharan Africa, which is expected to see massive influx of youth over the next 1–2 decades and the population is expected to double by 2050. For more, see United Nations (2015). Population Facts.

ⁱⁱⁱ In 2022, 15.6 percent of the world’s youth were unemployed, compared to 5.8 percent of the total unemployment rate. Source: World Bank Open Data. International Labour Organization. “ILO Modelled Estimates and Projections database (ILOEST)” ILOSTAT and International Labour Organization. “ILO Modelled Estimates and Projections database (ILOEST)” ILOSTAT.

^{iv} Informal employment tends to be higher among youth: 46.2 per cent of employed youth are in the informal economy, compared to 40.4 percent of adults. Source: International Labor Organization (2018). Women and Men in the Informal Economy: A Statistical Picture.

have encouraged companies to adopt policies and practices that are more inclusive of marginalized youth. To the extent possible, these examples focus on the experiences of microenterprises and small- and medium-sized enterprises (SMEs) in LMICs. Finally, it summarizes the recommendations and suggests areas for future research for USAID.



WHAT BARRIERS ARE FACED BY YOUTH FROM MARGINALIZED BACKGROUNDS AS THEY ENGAGE WITH THE PRIVATE SECTOR?

The private sector often perpetuates the economic exclusion and marginalization of youth.⁵ For example:

- ❖ **Lack of relevant skills and experiences limits youth’s decent work prospects.** Youth in LMICs often find it difficult to obtain the skills which are in-demand in the labor market, including soft skills and technical skills, even in the formal education system.^{6,v} Further, micro-, small-, and medium-sized enterprises (MSMEs) in LMICs often report a reluctance to invest in upgrading youths’ skills beyond those that are narrowly tied to specific job functions.^{7, 8, 9, vi}
- ❖ **Discrimination by employers limits youth’s opportunities for wage employment.** Hiring and human resource management practices have shown to uphold social and cultural norms around nepotism, corruption, regionalism (favoring workers from urban areas or certain regions), or tribalism.^{10, 11} Firms also engage in discrimination on the basis of marginalized identities that are often intersectional; for example, Zimbabwean female immigrants in South Africa reported “exclusion from formal employment and permanent positions due to their status, nationality, gender, legality, poverty, and desperation.”¹² In Central America and the Caribbean, employers often hold deep-rooted stigmas around young job-seekers living in areas affected by gang violence.¹³
- ❖ **Youth from marginalized backgrounds face compensation discrimination.** For example, youth with disabilities have shown to earn less for the same type of work than their peers without disabilities; for women with disabilities and indigenous people with disabilities, the wage disparity is even greater.^{14, 15} Because of the overwhelming discrimination that people with disabilities face in the workforce, most tend to opt for self-employment or informal employment over formal wage employment.¹⁶
- ❖ **Unfavorable or harmful work environments make it difficult for some youth segments to succeed in the workplace.** For example, in Papua New Guinea, Myanmar, Haiti, Jordan, Vietnam, Nicaragua, and Bolivia, norms and practices around gender-based violence or harassment in the workplace have led to greater levels of absenteeism, presenteeism^{vii}, low productivity, increased workforce turnover, with companies themselves facing reduced profits as a consequence.¹⁷

At the same time, the private sector offers great potential to contribute to a more youth-inclusive workforce. As the following section illustrates, companies can not only advance social change within their organizational structures, but they can also be a powerful change agent across their sector, the economy, and the community.



WHAT ARE EXAMPLES OF THE PRIVATE SECTOR’S CONTRIBUTIONS TO A MORE INCLUSIVE YOUTH WORKFORCE IN LOW- AND MIDDLE-INCOME COUNTRIES, AND WHAT ARE THE BENEFITS THAT THEY DERIVE FROM IT?

^v The ILO identifies decent work as “productive work for women and men in conditions of freedom, equity, security and human dignity” – e.g., which includes providing a fair income, secure forms of employment, prospects for personal development, and encourages social integration.

^{vi} Few studies have explored the impacts on productivity, revenues, employee engagement, retention, or other benefits of work-based learning. These are explored more at length in USAID’s [State of the Evidence Update: Work-based Learning in Youth Workforce Development](#).

^{vii} Presenteeism is defined as “the problem of workers being on the job, but, because of illness or other medical conditions, not fully functioning” National Library of Medicine (2010). Presenteeism: A Public Health Hazard

Research suggests that social inclusion, as a sustainability practice, may be a necessary part of competitiveness in today's global economy; ^{18,19,viii} however, more data is needed to confirm the relevance of this assertion for MSMEs in LMICs. Drawing from the USAID [Women-Inclusive Return on Investment \(WI-ROI\) Framework](#),^{20, 21, 22, ix} the following section offers four business strategies by which the private sector in LMICs have benefitted from youth economic inclusion.

- 1. Talent and Leadership** refers to firms' ability to attract and retain talent and develop leaders. Global research suggests that inclusive talent and leadership practices reduce recruitment costs, increase employee retention and employee morale, and increase innovation.^{23, 24} Evidence from LMICs point to the benefits of two specific practices:
 - **Participating in sector skills councils and public-private alliances**, whose primary purpose is to improve access to and the quality of skills development opportunities for youth who are historically marginalized. Companies indicate that these efforts are worth their investment because they ensure that the talent pipeline is producing workers with the skills that their businesses need to stay competitive.^{25, 26} In USAID activities in Kenya and the Philippines, for example, employers reported that such contributions to skills development policies and programs were a way for them to expand the talent pool of qualified candidates.^{27, 28}
 - **Employers contribute to work-based learning as an inclusion practice.**²⁹ A study in five garment factories in India showed that female garment workers who received on-the-job soft skills training were 20 percent more productive than those who did not receive training.³⁰ According to USAID experiences, employers in LMICs that have introduced internships for youth with disabilities report high levels of satisfaction in the productivity of these young recruits.^{31, 32}
- 2. Workplace Culture** refers to the positive workplace experience that a company promotes. According to emerging research, companies that **make efforts to include women, persons with disabilities, and LGBTQI+ youth in the workplace** experience increased productivity, decreased absenteeism, and increased employee engagement.^{33, 34, 35, 36} While there are few documented examples of youth-inclusive workplace practices from LMICs, some emerging champions are illustrating the potential benefits:
 - Servis, the largest footwear manufacturer in Pakistan, was having difficulty retaining its male workforce and decided to attract young female workers. The company found that a number of family-friendly policies, including the introduction of childcare services, led to lower rework rates (fewer defects requiring repair) among women compared to men. The expanded female workforce also increased Servis' audit scores by international buyers who were responding to consumer demand for women-made products.^{37, x}
- 3. Consumers:** When firms make efforts to **expand their customer base to those who have been largely ignored as a market segment**, it leads to increased sales, consumer satisfaction, customer retention, improved brand image, and an expanded talent pipeline.^{38, 39} In LMICs, certain sectors have reported revenue-generating benefits of a more youth-inclusive customer base:
 - Over the past two decades the financial services sector has begun to **right-size its products for youth customer segments** as a means to expand its long-term revenue base.⁴⁰ For example, Equity Bank in Kenya invested in youth savings products because of the future revenues it expected from youth who matured into adult clients. According to bank leadership, "We start them small, so they will grow with Equity Bank and never leave."⁴¹ In efforts to increase financial inclusion, the Y-Initiative Compendium offers a set of best practices and a toolkit to help financial service providers expand their market base to youth.⁴²

^{viii} Additional business case studies include: USAID (n.d.) [Engendering Industries: Developing a Business Case for Gender Equality](#) and International Labor Organization (2014a). Inclusion of Youth with Disabilities: The Business Case and Krueger, Holly (n.d.) The Business Case for Disability Inclusion in Market Systems Development Research Brief.

^{ix} This framework arose out of a series of evidence briefs prepared by the Feed the Future Market Systems and Partnerships Activity. It explored the evidence around the business case for investing in women's inclusion, derived largely from multinational companies in high- and upper-middle-income countries, and to a lesser extent small-and medium-sized companies in LMIC. Although this framework does not explicitly consider youth marginalization or different factors of intersectionality, its business strategies closely resemble those pertaining to youth economic inclusion.

^x According to a Servis case study, "Men tend to have comparatively higher labour mobility, which meant that businesses like Servis would often devote resources to recruiting and training male workers only for them to leave after a short period of time." For more see Somji, Aatif (2020). The case for developing childcare services to boost women's economic empowerment, p. 13.

- In the telecommunications sector, Safaricom in Kenya rolled out an interactive voice-responsive platform for all customers in 2017, which enabled them to expand their customer base to people with disabilities and reach more than 3,000 customers daily.⁴³
- In Pakistan’s health care sector, Sehat Kahani created a new service for a large unserved market: rural adolescent girls. By attracting local nurses and health support workers to serve this niche market, the company raised more than \$1 million in investor funding and generated more than \$2.42 million in sales.⁴⁴

4. Supply Chains: Companies also seek to **diversify their supply chains** for cost savings, improved scores on social audits, eligibility for specialized certification programs, and an increased ability to generate a price premium for niche products.^{45, 46} Examples from LMICs suggest youth inclusive practices can help companies expand their distribution networks:

- Agriculture programs in Zambia⁴⁷, Kenya⁴⁸, Rwanda⁴⁹, and Uganda⁵⁰ worked with local input suppliers to set up shops, kiosks, or a network of intermediary agents in rural areas in which youth agro-dealers were offering a profitable last-mile distribution solution for the input suppliers.
- In Ghana, FanMilk was among the early innovators in micro-franchising and partnered with young people on bicycles to expand its milk product distribution networks throughout West Africa.⁵¹



WHAT PROMISING PRACTICES HAVE EMERGED FOR ENCOURAGING THE PRIVATE SECTOR TO ADOPT POLICIES AND PRACTICES THAT ARE MORE INCLUSIVE OF MARGINALIZED YOUTH? HOW DO THESE APPROACHES BENEFIT YOUTH AND EMPLOYERS?

Center the Value Proposition from the Private Sector Perspective

Many youth employment programs have successfully engaged the private sector in inclusive youth workforce development by first listening to and understanding the needs and interests of business partners. This dialogue leads to identification of a **shared value** between firms and youth-serving organizations representing women, persons with disabilities, indigenous peoples, and other marginalized populations.⁵² Some of the salient lessons include the following:

- **Development programs that make efforts to identify the business problem (and not just the “youth” problem) are likely to attract the interest of the private sector.** The Youth Leadership for Agriculture (YLA) program in Uganda found success in a private-sector-oriented “design in reverse” approach. Initially the program relied on youth-serving organizations to offer ideas for achieving youth employment and skills development outcomes in the agriculture sector; however, the initial ideas did not appear to be sustainable or reflect the interests of the private sector. As a result, YLA pivoted to approach firms to “identify their own business problems and opportunities, and then demonstrated how gender [inclusion] or youth [engagement] are essential to the solution or opportunity...”⁵³ The activity credits this private sector-led approach as central to their ability to increase economic and skills development opportunities for more than 350,000 youth, extend youth’s access to \$1 million in credit, increase firm and farm sales by USD \$18 million, and leverage over USD \$13 million in private sector funds toward this effort.⁵⁴ To note, YLA evaluators recommended more directly engaging youth in future program design and implementation to ensure that youth pain points in the agriculture sector are identified and consistently addressed.
- **Activities that are co-created with the private sector generate win-win results.** In Nicaragua, a USAID-funded workforce development program initially adopted a traditional philanthropic engagement approach to generate private sector support for youth from high-crime, gang-controlled communities. This approach became difficult as the Nicaraguan economy began to decline in 2018. The activity then shifted its approach, engaging the private sector not as donors, but as partners, experts, and drivers of technical and vocational education reform. As a result, employers **co-created** training courses, hosted internship programs, and invested in service delivery for at-risk youth.⁵⁵

- **Partnerships benefit from youth-serving and youth-led organizations that speak the language of business, such as using agreement mechanisms that are tied to performance.** A youth-inclusive market development program in Albania, RisiAlbania, approached each private sector partnership as a **business venture**. Program staff used business language and implemented “smart partnership” strategies such as co-investment and pay-for-performance partnership agreements that were designed to shift businesses toward more inclusive behaviors. These partnerships prompted businesses to invest \$7.2 million and extend job-matching services for nearly 87,000 youth, place 5,400 youth in jobs, improve the skills of 9,700 youth, and create 950 new jobs for youth from 2013 to 2017.⁵⁶ Since that time, RisiAlbania has reported more than 8,000 job placements, 3,000 new jobs for youth (including 800 for marginalized groups), and 5,500 university students receiving career guidance.⁵⁷
- **Private sector engagement requires concrete strategies across the entire project cycle.** In Georgia, the Industry-led Skills Development Program developed a “Private Sector Engagement Framework” built on four principles: (1) proactively engage with the private sector, (2) listen and respond to private sector needs, (3) co-create and support private sector investment, and (4) pause and reflect. This approach has already resulted in tangible results since its launch two years ago. The Program already launched direct partnerships with 30 employers, and 6 business and professional associations to establish training programs responding to sectoral needs. In addition, over 60 employers are partnering with 16 educational institutions, engaged in course development, teachers' training, provision of training and internships. USAID's \$7.7 million is matched by \$9.4 million to establish seven new authorized training institutions in the regions, and 90 new training and retraining programs. Over 1,300 persons, from which 730 are youth, completed training programs to enhance their skills in professions in tourism, agriculture, ICT, creative industries, nursing, construction and other growing sectors of the Georgian economy.⁵⁸

Utilize Financial and Non-Financial Incentives Strategically to Create a Proof-of-Concept that Encourages More Firms to Adopt Inclusive Practices

Financial Incentives: In market systems development programs in LMICs, **strategic subsidies** have been a common stimulus for integrating women and the poor into firms and markets, and the same principles hold true for youth inclusion as well.⁵⁹ Financial incentives increase private sector uptake and scaling of inclusion in the following ways:

- **Strategic subsidies enable youth to move into a new or under-served function in a market system.** In the USAID/Uganda YLA (described above), co-financing agreements with agriculture companies created an entirely new “local agent model” whereby intermediary agents (often youth) provided fee-based business services such as information, advice, input sales, support services, and market linkages. In one example, Aponye Uganda Limited, a produce company, co-financed a subsidy to establish an aggregation and extension services structure that created jobs for 100 youth—including refugees. Under this structure, youth became intermediary agents and provided agriculture inputs and advice to young farmers in their communities. This partnership improved farming technologies among more than 17,000 young farmers and expanded Aponye's supply chain to a new group of young producers who previously had not had access to this market connection.^{60, 61}
- **Temporary subsidies for work-based learning may help combat employer norms or stereotypes about certain segments of youth.** In Rwanda, the USAID Umurimo Kuri Bose (UKB) activity sought to encourage companies to recruit youth with disabilities as interns. Firms were initially skeptical about the idea, presuming it would be costly or hinder their business competitiveness, thus they asked that these internships be fully subsidized by USAID. The activity staff ultimately reached a compromise with employers by paying for the cost of the interns' consumable materials such as uniforms. Over time, however, the companies gained first-hand experience of the benefits of hiring youth with disabilities (for example, many employers reported high levels of productivity among interns) and no longer required the subsidies to onboard youth with disabilities. Some of these companies went on to offer participants permanent positions after the training was complete. In a program with 1,708 participants, 45 percent of youth participants with disabilities and 40 percent of youth participants without disabilities found new employment.⁶²

- **Financial incentives encourage private sector investment in training and work-based learning, including wage subsidies, tax breaks, and flat payments to employers.**⁶³ As a recent USAID evidence brief explains, a study on subsidized dual apprenticeships in Cote d'Ivoire found that “in places experiencing under-investment in training, subsidized formal apprenticeships led to higher earnings, improved skills and productivity, more involvement in complex, non-routine tasks, and increases in training certifications, than unpaid informal apprenticeships.”^{xi, 64, xii}

Non-Financial Incentives in youth workforce development have commonly taken shape in the following forms:

- **Subsidized job-matching services encourage firms to recruit and hire from a more diverse talent pool.** In places where there is imperfect labor market information, job matching services can make it easier for employers to find and tap into a diverse labor pool.⁶⁵ For example, in South Africa, employers found that Harambee’s job matching platform, the Youth Employment Accelerator, reduced their costs of recruitment, increased productivity, and guaranteed a higher-quality and more diverse talent base. The model has worked so well that in 2018 Harambee was part of South Africa’s first Social Impact Bond, in which the private sector co-financed a job training and intermediation program for youth.^{66, 67}
- **Subsidized technical assistance and training encourages employers to adopt youth-inclusive recruitment programs within their own companies.** In Croatia, Indonesia, Rwanda, and elsewhere, employers successfully set up and managed apprenticeships, internships, and other work-based learning programs for youth when youth-serving organizations and development partners developed the standards and guidelines for these new recruitment methods. They then trained and coached the employers in those programs.^{68, 69, 70} A USAID-funded activity in El Salvador, Bridges to Employment, provided direct training and technical assistance to firms to strengthen their hiring policies and practices on gender inclusion and diversity, with the aim of increasing opportunities for at-risk youth living in communities affected by gang violence. The program also worked with training providers on the supply side to develop the skills of at-risk youth and therefore create a more inclusive talent pipeline that was attractive to the employers. According to the final performance evaluation, most employers reported that as a result of the activity they were more open than before to hiring marginalized youth from high-risk areas.⁷¹
- **Awards and public recognition may motivate the private sector to replicate the inclusive practices of their peers.** While the evidence is not clear whether award programs for private sector champions have multiplier effects on the behaviors of other firms, the following programs found value in employer award programs: (a) the El Salvador initiative (mentioned above) distributed awards to employers that recruited youth from gang-affected areas, namely as a way to encourage other firms to follow suit;⁷² and (b) the Mitra Kunci Initiative in Indonesia gave out inclusivity awards to companies for including youth with disabilities in their workplace.⁷³

Stimulate and Support an Industry- and Community-Wide Culture of Inclusion

While training and technical assistance in social inclusion can help socialize inclusive practices among individual firms, several youth employment programs harness the power of the demonstration effect. While more research is needed, this section shares **promising inclusive business practices being used to stimulate industry-wide momentum** of inclusion. For example:

- The RisiAlbania program relied on a concept of “**start small, learn, go big.**” Activity reports explained that pilot activities offered an opportunity to develop proofs of concept in inclusive business models, especially in

^{xi} The Cote d'Ivoire study cited in this brief is Crépon, Bruno and Patrick Premand. Direct and Indirect Effects of Subsidized Dual Apprenticeships. IZA Institute of Labor Economics, DP No. 12793. November 2019. The program placed 14,000 low-skilled youths between 18 and 24 years old in firms where they receive on-the-job training under supervision of master craftsmen in skilled trades.

^{xii} Dual apprenticeships use a regulated approach to provide young people a mix of ‘on-the-job’ vocational apprenticeship and classroom-based training. Well-established “Dual education” systems exist in Australia, Germany, Austria, Switzerland and South Korea, and have been replicated by governments in Bangladesh, India, Mexico, Cote d'Ivoire, Benin, among other low and middle income countries.

small markets. As these models were refined and demonstrated success, they were used to attract or crowd-in others.⁷⁴

- The UKB project in Rwanda developed a **network of 48 employer champions** who modeled disability inclusion and job placement to other employers. To encourage replication and expansion across firms and industries, programs featured these business case studies and highlighted champions' testimonies at industry events, through social media, and at public awards and recognition ceremonies at the community level. It also featured young leaders with disabilities in high profile positions at public events.⁷⁵ While the two-year pilot was too short to determine the impact of this approach, testimonies from employers suggest that these experiences had begun to dispel the myths around youth with disabilities in the workplace and had launched the beginnings of a mindset shift in Rwanda's employment landscape.^{76, 77}

Mass media, social media, or behavior change campaigns have attempted to shift employer norms and mindsets around youth and social inclusion in the workplace; however, there is not sufficient evidence on whether public communications campaigns impact widespread cultural norms writ large.

- In El Salvador, for example, the USAID-funded Bridges to Employment program conducted a **public communications campaign** to shift employer perceptions about the role of marginalized youth in the Salvadoran workplace. While initially the program aimed to change general public perceptions of certain marginalized youth groups (such as youth living in communities affected by violence, youth with disabilities, migrant returnees, or young members of the LGBTQI+ community), ultimately it refocused the campaign to focus on employers specifically. The campaign targeted businesses and worked closely with them to hire youth "regardless of their race, color, religion, sex, sexual orientation, age, disability, or any other characteristic." Moreover, the activity offered recognition awards to employers who adopted inclusive practices. A third-party evaluation indicated that participating companies were more open to hiring youth from marginalized groups based on their experience with the program; however, it did not explore whether this campaign specifically made direct inroads into employers' perceptions or behaviors writ large.⁷⁸
- RisiAlbania used a "**media systems change**" approach to increase the role of mass media as a provider of youth labor market information. According to one project report, "the intervention rationale was not to use mass media as a short-term tool to disseminate information but aimed to change the way that media reports on employment in a sustainable way and therefore focused on change within the mass media system." The project supported media houses to develop and roll out content through radio, television, and print and online media. This support came in the form of cost-sharing arrangements, technical support, and market research. As a result of these partnerships, media campaigns reached an estimated 78,000 youth, families, and employers, of which roughly three-fourths (71 percent) said that the campaigns had changed their perceptions around employment.⁷⁹

Youth-led and youth-serving organizations play an important role in building a skilled and inclusive talent pipeline for employers. Addressing the skills divide may work to dispel employer-held stereotypes associated with marginalized youth, but more evidence is needed on shifts of norms and mindsets.

- A review of 11 USAID YouthPower activities found that all activities sought to improve the skills and assets of marginalized youth, with the most common cohorts being out-of-school youth, youth living in extreme poverty, and youth with disabilities, in that order. Project reports and evaluations have indicated moderate to high levels of employer satisfaction with the participants graduating from these and other programs.^{80, 81, 82, 83, 84, 85}
- Moreover, a 2023 USAID evidence review on youth workforce development systems change, which examined 13 donor-funded projects demonstrating evidence of improved YWFD outcomes at scale, found that "most initiatives reported significant shifts in stakeholder mindsets and cultural norms such as ... employer stigmas around employing marginalized youth or women...." The evidence brief continues to state, "None of these initiatives appeared to measure or capture such behavioral and attitudinal changes, indicating this may be an area of interest for future research."

Promote the Reform and Implementation of Youth Economic Inclusion Policies

Advocacy efforts and policy-related incentives may encourage the private sector to be more inclusive, although supplementary investments and/or technical assistance may be needed to ensure a bridge for youth. For example:

- **Investing in youth-led dialogues with the private sector to advocate for economic and workplace inclusion policy reform.** International funders have begun partnering with a growing global network of young LGBTQI+ activists who are researching and advocating for economic inclusion of LGBTQI+ people. For example, the Thailand-based rights organization APCOM developed four country reports on economic inclusion of LGBTQI+ peoples in Cambodia, Indonesia, Laos, and the Philippines.⁸⁶ Its NGO partner Micro Rainbow International Cambodia shared how anti-discrimination efforts in one garment company were a result of their extensive advocacy with the private sector.⁸⁷
- **Utilizing national inclusion policies with specific “carrots” to attract the private sector to engage in youth workforce development activities.** The USAID/EI Salvador activity funded policy assessments early in the activity and identified a new reform that increased tax incentives to companies providing youth with their first job. This reform enabled the USAID activity team to use the new tax incentive as a means to attract new employers for potential partnerships.⁸⁸
- **Building on quotas for social inclusion in employment, civil society organizations representing marginalized youth segments can bridge jobseekers and companies.** Evidence gleaned from regional studies in Latin America and the Caribbean, as well as Nigeria suggests that companies often need technical assistance and/or other supplementary support in order to comply with regulations requiring them to hire people with disabilities.^{89, 90, 91} In Indonesia, where the law established a quota for the employment of people with disabilities in the private and public sector, USAID implementing partners found that employers were seeking ways to recruit and retain youth with disabilities but were having difficulty doing so. In response, the USAID Mitra Kunci activity partnered with an Indonesian organization with expertise in working with persons with disabilities, and developed job training and internships that effectively linked youth with disabilities to employers.⁹²
- **Adopting youth-inclusive public procurement quotas while providing extra support to youth to compete in these markets.** Some governments are establishing public procurement quotas to ensure a certain percentage of government tenders be reserved for youth, women, and people with disabilities. Emerging data suggest a number of challenges in the implementation of these policies, such as lack of awareness by qualifying entrepreneurs, enterprises’ lack of capital, complicated application and tendering processes, and delayed payments.^{93, 94, 95} One exception is in the Gauteng province of South Africa, which was able to meet nearly all of its youth-inclusive procurement spending goals by establishing a local government agency that supported young entrepreneurs to develop more competitive bids.^{96, 97}

Implications for Future Research

More evidence is needed on the outcomes associated with private sector engagement practices for inclusive youth workforce development. To date, most USAID activities have reported on specific interventions that sought to promote inclusion, but deeper evaluation is needed to understand the impact of those efforts on different youth populations. In particular, USAID activities should seek to generate more evidence on private sector engagement strategies that lead to better upskilling, employment, and self-employment of young people with disabilities and LGBTQI+ youth. Some specific areas for future research include:

- ❖ What concrete strategies and practices encourage the private sector in LMICs—and particularly small- and medium-sized enterprises—to be more inclusive of marginalized youth populations in their workplaces and value chains? And what is the impact of these strategies on youth skilling and employment outcomes?

- ❖ What strategies are effective for promoting the economic inclusion of different youth segments, and especially youth with disabilities and LGBTQI+ youth?
- ❖ What perceived benefits and incentives drive the private sector in LMICs to engage a more diverse workforce and diversify their supply chains to include youth from marginalized backgrounds?
- ❖ What are the drivers for financial service providers to expand financial products and services to different segments of young entrepreneurs?
- ❖ To what extent do youth workforce development programs shift employer norms and mindsets around marginalized youth in the workplace, and thereby encourage more companies to adopt inclusive practices?
- ❖ What policies are effective for encouraging the private sector's engagement in workforce development, and what are the challenges associated with and promising approaches to ensuring the implementation of those policies.

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