# EXECUTIVE SUMMARY



Emerging market and developing economies (EMDEs) face a jobs challenge of historic proportions. Over the decade to 2035, around 1.2 billion young people in these economies are set to reach working age, the largest youth cohort the world will likely ever see. Yet global economic growth is at a multi-decade low, constraining job creation prospects. Many of these young people live in economies ill-equipped to confront the challenge. Although projections for employment over the next decade are highly sensitive to underlying assumptions, an illustrative extrapolation suggests that, of these 1.2 billion young women and men, just over 400 million would be employed in 2035, while about 300 million would not be in employment, education, or training. Jobs are at the heart of development: they provide income, purpose, hope, and dignity, while strengthening social cohesion and stability. Job creation underpins growth, poverty reduction, and shared prosperity.

Creating sufficient job opportunities for this large wave of young working-age people is thus a pivotal development challenge and a potentially transformational opportunity. Without prospects for jobs, many young people risk being left behind. Yet while the obstacles are significant, if the challenge is met, the opportunity is enormous. Jobs can help propel the next generation of young people—who are better educated than previous cohorts—toward a more hopeful future. These young people could then in turn strengthen domestic demand, reinforce economic and social stability, and drive global prosperity for years to come.

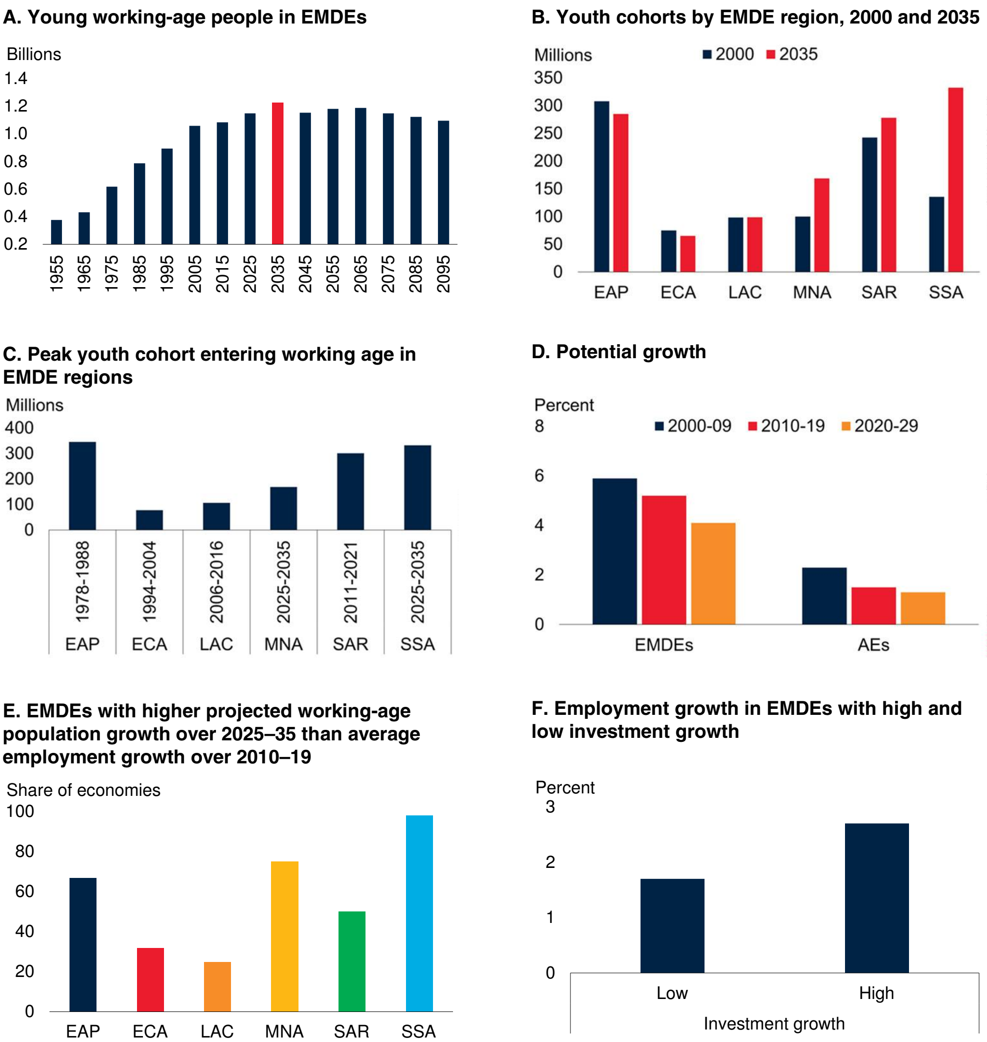
To capitalize on the potential this young generation represents, policy makers should focus on three pillars that have underpinned successful job creation efforts in the past: delivering foundational infrastructure, fostering a business-enabling environment, and mobilizing private capital. This study offers a framework for policy makers centered around these three pillars. It also highlights five sectors that the World Bank Group has identified as having particular potential for resilient local job creation at scale.

### *A historic and multifaceted jobs challenge*

The 1.2 billion young people reaching working age over the next decade in EMDEs will constitute the largest youth cohort ever (figure ES.1.A). The numbers are large across all EMDE regions. However, they are becoming more concentrated in certain parts of the world, most notably Sub-Saharan Africa. In 2035, over 330 million young people will live in Sub-Saharan Africa, almost two-and-a-half times as many as in the year 2000 (figure ES.1.B). The Middle East and North Africa, as well as South Asia, will also see larger youth cohorts in 2035 than at the start of the millennium. In Sub-Saharan Africa

## FIGURE ES.1 The global jobs challenge

*Over the decade to 2035, around 1.2 billion young people in EMDEs are set to reach working age, the largest youth cohort the world will likely ever see. The youth surge in Sub-Saharan Africa and the Middle East and North Africa over the next decade will be their largest to date, making job creation an urgent priority. Yet global potential growth looks set to be one-third lower in the 2020s than in the 2000s. In the four regions with the largest incoming youth cohorts, recent job creation has not been sufficient to keep pace with projected growth in working-age populations over the next decade in the majority of countries. Investment growth is a priority: economies that have recorded higher investment growth have tended to record stronger employment growth.*




*Sources*: Haver Analytics; ILOSTAT (database); Kose and Ohnsorge (2024); UN World Population Prospects (2024); WDI (database); World Bank.

*Note*: AEs = advanced economies; EAP = East Asia and Pacific; ECA = Europe and Central Asia; EMDEs = emerging market and developing economies; LAC = Latin America and the Caribbean; MNA = Middle East, North Africa, Afghanistan and Pakistan; SAR = South Asia; SSA = Sub-Saharan Africa.

A.B. Bars show the number of young people (aged 15–24), living in (A) EMDEs in each year, and (B) in each region in 2000 and 2035.

C. Bars show each region's peak inflow of young people (aged 15–24) over a decade.

D. Bars show GDP-weighted averages, from Kose and Ohnsorge (2024). Sample includes 53 EMDEs and 30 advanced economies.

E. Bars show the share of economies in a region that are projected to have higher working-age population growth over 2025–35 (number of people, on average, per year), than annual employment growth over 2010–19 (number of jobs, on average, per year).

F. Bars show group medians. "Low" and "High" indicate annual investment growth in the bottom and top third of the distribution. Differences in median employment growth are statistically significant at the 1 percent level. Sample includes 69 EMDEs from 2000–23.

and the Middle East and North Africa, these incoming youth cohorts will be the largest these regions have seen to date (figure ES.1.C). Other regions have already passed their peak youth cohort periods. In East Asia and Pacific, almost 350 million young people entered working age in the decade to 1988, that region's largest youth cohort, fueling a transformative growth experience that showed that large youth populations can help drive economic growth and development.

The global economic backdrop accentuates the jobs challenge. Global growth has slowed markedly in recent decades, amid weak investment, modest trade growth, and elevated uncertainty. Potential growth is projected to remain low in EMDEs over the current decade (figure ES.1.D). The overlapping crises of recent years have put strain on fiscal positions, constraining scope for policy action. Export-led growth strategies that helped power development in some countries in the past may be harder for EMDEs to execute going forward. Structural shifts, including emerging technologies such as artificial intelligence, offer new opportunities but also introduce fresh uncertainty about job creation prospects.

Most countries expected to see large increases in working-age populations over the next decade (and beyond) have not been able to sustain job creation at the same pace in recent years, including almost all countries in Sub-Saharan Africa (figure ES.1.E). Moreover, in some of the regions most-affected by the jobs challenge, initial conditions—including per capita incomes, institutional strength, skill levels, and debt-to-GDP ratios—are unfavorable, not just relative to other EMDEs now, but also compared to when other regions experienced their largest cohorts of young people reaching working age. More than one-fifth of the 1.2 billion young people set to reach working age over the next decade live in places currently classified as fragile and conflict-affected situations.

### *Turning the jobs challenge into an opportunity*

Today's young people brim with potential. Although the jobs challenge is daunting, there are also causes for hope. The regions in which the challenge is largest often face difficult circumstances, but also have other attributes that, if harnessed effectively, could support sustained and rapid development progress. Even as traditional engines of growth are stuttering and uncertainty persists, new opportunities are also emerging. Policy action can help determine the path forward and create the conditions for sustained job creation.

There is no universally-applicable prescription for creating jobs, but three broad policy pillars can set the stage for strong investment and output growth. These pillars have been central to successful episodes of sustained job creation, as historical examples attest. Foundational infrastructure (spanning physical, human, digital, and natural capital) helps connect potential workers to job opportunities. A business-enabling environment, underpinned by macroeconomic stability allied with effective and efficient regulation and institutions, facilitates firm growth and job creation. Mobilizing private capital is vital for the higher investment growth that is needed to create additional jobs at scale.

Since 2000, those economies that have registered higher investment growth have also recorded much higher employment growth (figure ES.1.F). The optimal policy approach will depend on country circumstances, but all three pillars are essential.

Structural changes in the global economy—including new technologies, the energy transition, and shifting approaches to trade—will bring challenges but also opportunities, including in EMDEs. Infrastructure (including energy), agribusiness and farming, health, tourism, and value-added manufacturing represent five sectors with the potential to create large numbers of jobs in EMDEs, jobs that may also be relatively resilient to global developments.

Demographics are a slow-moving but powerful force: less prominent than many pressing challenges facing the world, but inevitably consequential, whether policy makers act or not. Job creation is a fundamental concern for policy makers, but there are other important employment-related considerations: advancing productivity and wage growth; addressing informality; and ensuring adequate working conditions and well-calibrated social support.

The central question, however, is whether policy makers in developing countries, supported by the international community, can translate the wave of young people in their economies into a demographic dividend that powers growth and prosperity, or whether demographic pressures instead become a drag on development. The World Bank Group has therefore placed jobs at the center of its development strategy. Drawing on its global and country-specific knowledge, it is leveraging its resources to provide tailored and timely financing, policy advice, and technical assistance to help governments unlock growth, catalyze private capital, strengthen markets, and create jobs at scale. Initiatives such as Mission 300 (bringing electricity access to 300 million people in Africa) and AgriConnect (transforming smallholder farming), sit alongside core diagnostics and measurement tools that integrate job creation and support policy makers.

Jobs will continue to be a cornerstone of efforts to advance poverty reduction and promote better living standards. In a changing world, the challenge is to create more and better jobs for the next generation.