

INTERNATIONAL LABOUR ORGANIZATION

Youth employment in Eastern Europe: Crisis within the crisis

**A background paper for the Informal Meeting of Ministers of Labour and
Social Affairs during the 100th Session of the International Labour
Conference**

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Youth employment in Eastern Europe: Crisis within the crisis

Introduction

Creating decent jobs for young women and men entering the labour market every year is an essential element of the progression towards wealthier economies, fairer societies and stronger democracies. Getting the right foothold in the labour market is not only critical for “success” at work, but also has a multiplier effect throughout the lives of individuals, their families and their countries. Youth is a crucial time of life when people start fulfilling their aspirations, assume their economic independence and find their place in society. A difficult entry into the world of work has serious repercussions for young people, including a higher risk of poverty and a loss of valuable skills, talent and energy.

The employment trajectories of young people are particularly sensitive to the economic cycle. Young people are generally the first to lose their jobs in times of economic contraction and the last to gain employment when the economy rebounds. This is one of the main reasons why young people have been seriously affected by the global economic crisis.

The world today is facing a monumental youth employment challenge. Of the estimated 211 million unemployed people in 2009, nearly 40 per cent – or about 81 million – were between 15 and 24 years of age.¹ The number of unemployed youth increased by 6.7 million in 2009 alone. This compares with an average yearly growth in youth unemployment of 191,000 over the prior ten years. Youth unemployment rates increased by 4.6 percentage points in developed economies and the European Union (EU) between 2008 and 2009, and by 3.5 points in Central and South-Eastern Europe (non-EU) and the Commonwealth of Independent States (CIS). By mid-2010, there were 5.2 million unemployed young people in the countries of the European Union: an increase of 1.2 million during the crisis. The rise in youth unemployment was particularly sharp in the Baltic States, Spain, Slovakia and Ireland. Similar increases in youth unemployment were experienced by the countries of Central and South-Eastern Europe (non-EU) and the CIS, where the youth unemployment rate reached nearly 21 per cent by the end of 2010. However, unemployment alone is not an accurate indicator of the labour market problems faced by young people in these countries. Many young people are in precarious jobs, while others are working in the informal economy.

The global economic crisis has exacerbated the youth employment crisis that was already a daunting challenge for many of the countries of Eastern Europe and the Caucasus.² In these countries, the integration of young people into the labour market is more pressing than ever. The youth unemployment rates, at well above 35 per cent in some of the countries, are among the highest in the world. These alarming figures are compounded by the increasing numbers of young men and women who are trapped in the informal economy. Estimates for countries where data are available show that over one third of young workers are engaged in informal employment with no social security coverage. This is in addition to the high number of young workers in precarious jobs and the many young people who have lost hope and are neither in employment, education or training (NEET).

These trends have significant consequences for young people, as a large proportion of the new cohorts of the active population are joining the ranks of the unemployed. This unprecedented situation raises concerns about the risk of a lost generation or, in other words, a cohort of

¹ If not otherwise indicated, data on global trends presented in this paper are drawn from ILO's publication *Global employment trends for youth*, Geneva, August 2010.

² This paper covers the following eight countries in Eastern Europe and the Caucasus: Armenia (ARM), Azerbaijan (AZE), Belarus (BLR), Croatia (HRV), Georgia (GEO), Former Yugoslav Republic of Macedonia (FYRoM), Republic of Moldova (MDA) and Ukraine (UKR).

disaffected and discouraged young people forced to live on the margins of the labour market. As demonstrated by the recent events in the Arab States and North Africa, high levels of enforced idleness, discouragement and poor job opportunities are a threat to economic and social stability.

The promotion of youth employment has been identified as an overarching theme of the Hungarian Presidency of the European Union. A number of initiatives have been taken during the Hungarian Presidency in this connection, some of which were aimed at discussing the implementation of the initiative “Youth on the Move” – one of the flagship initiatives of the Europe 2020 Strategy– and the “New Skills for New Jobs” initiative.³ Youth employment was also discussed at the Hungarian Presidency Conference “Stepping up to the challenge: Repositioning Public Employment Services to enhance youth employment prospects”, held in Budapest on 28 and 29 April this year. The Conference looked into the roles that the public employment service (PES) can play in the implementation of youth employment policies.

The Hungarian Presidency has selected youth employment in accession countries and in the six countries of the EU Eastern Partnership as the topic for discussion at the Informal Meeting of Ministers of Labour and Social Affairs that will take place on 15 June 2011 during the 100th Session of the International Labour Conference.

The main purpose of the present paper is to serve as background for the discussion at the Informal Meeting, with the aim of sharing national experience and practice, as well as identifying priority areas for future action by governments and employers’ and workers’ organizations in EU Accession and Partnership countries. The first part of the paper reviews the main indicators of the youth labour market in the eight countries concerned, while the second part outlines some of the implications for policies affecting youth employment. The last part of the paper points to some areas on which future work and dialogue on youth employment could focus and outlines some issues for discussion.

³ The Programme of the Hungarian Presidency is available at <http://www.eu2011.hu/presidency>

1. Youth labour markets in crisis

Since the beginning of the transition to a market economy that started nearly 20 years ago, the situation of young people in the labour markets of Eastern Europe and Central Asia has been particularly difficult.⁴ Despite high economic growth in many countries in the region, especially during the period 2005-07, employment has grown on average by just half of one percentage point over the past decade in the countries covered by the present paper. The average overall employment rate in the eight countries covered by this paper was 49.6 per cent in 2009, which is 15 percentage points lower than the rate of 64.6 per cent in the EU-27 in the same year. The economic contraction stemming from the global economic crisis, exacerbated the situation.

The impact of the global economic crisis on youth employment has been severe in most countries. Only in Armenia and Belarus did youth employment increase during the period 2007-09. The falls in the youth employment rates in Azerbaijan, Croatia, Georgia and the Republic of Moldova over that period were higher than for adult workers. Similarly, youth unemployment worsened in nearly all the countries covered by the paper. The highest increases in youth unemployment were recorded in Georgia (5.5 per cent) and Ukraine (4.9 per cent). Azerbaijan, Belarus and the Republic of Moldova also registered increases in youth unemployment (0.6 per cent in Azerbaijan and Belarus and 1 per cent in the Republic of Moldova), while adult unemployment actually declined in the latter two countries.

This section of the background paper reviews the main trends in youth labour markets in the eight countries during the 2000s, with particular reference to the period of the global economic crisis.

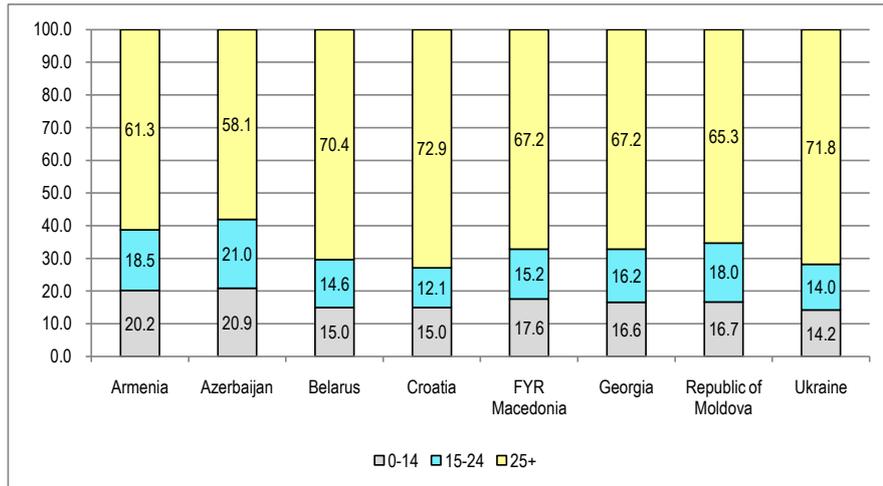
1.1 A shrinking youth labour force...

The youth population peaked in most of the countries around 2005 with the share of young people falling thereafter, especially in Armenia (-1.1 percentage points), Belarus and Ukraine (-1.8 percentage points). Azerbaijan, Georgia and the Republic of Moldova have also experienced a fall in their youth population, although in the range of 0.2 to 0.4 percentage points. In 2010, Azerbaijan had the most youthful population in the region (see Figure 1.1).

The youth population is projected to fall as a proportion of the total population in all eight countries by 2035. By that date, the share of young people in the total population is projected to shrink by over five percentage points in Armenia, Azerbaijan and the Republic of Moldova.

⁴ Within the United Nations system, and in all its statistics and indicators, young people are identified as those between 15 and 24 years of age.

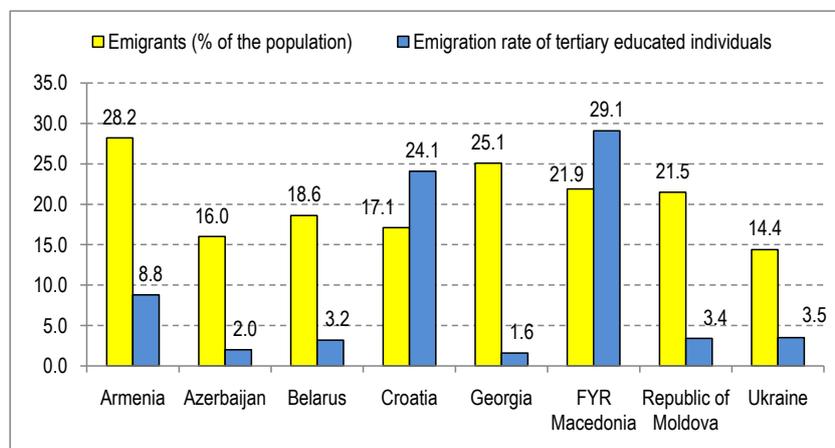
Figure 1.1: Share of the population by age group (2010)



Source: United Nations, Department of Economic and Social Affairs, Population Division, *Population estimates*, downloadable at http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm

Labour migration data disaggregated by age group are mostly unavailable. However, there is evidence that young people aged between 18 and 35 constitute a large share of migrant workers. For instance, young migrant workers from the Republic of Moldova represent nearly one quarter of all migrant workers, with young women accounting for over one third. Figure 1.2 provides estimates of the population working abroad and the emigration rate of persons holding tertiary education certificates. In 2010, Armenia, Georgia, FYR Macedonia and the Republic of Moldova were in the top thirty emigrating countries in terms of percentage of the population, while the Republic of Moldova was among the top ten in terms of remittances as a percentage of GDP (23.1 per cent). Armenia and Georgia had an emigration stock equal to over one quarter of their population, while Croatia and FYR Macedonia recorded the highest brain drain rates (with 24.1 and 29.1 per cent of migrants holding a tertiary education degree, respectively). Interestingly, the educational background of migrants has changed significantly over the past decade, with increasing shares of migrant workers with tertiary education. The main destination countries for migrant workers from Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine are the Russian Federation and other countries in the Commonwealth of Independent States (CIS). For migrant workers from Croatia and FYR Macedonia, the European Union remains the principal destination.

Figure 1.2: Emigrants (percentage of the population) and emigration rates of individuals with tertiary education (2010)



Source: World Bank, *Migration and remittances data*, Washington D.C., 2011, downloadable at <http://data.worldbank.org/data-catalog/migration-and-remittances>.

In 2009, the average share of young people in the labour force for the eight countries covered by this paper was 37.2 per cent. This rate is over 6 percentage points lower than that of the EU-27, and nearly 14 percentage points lower than the worldwide rate of 50.9 per cent. Between 2001 and 2009, youth labour force participation rates fell in all eight countries, with the exception of Armenia and the Ukraine. The sharpest decreases were recorded in Azerbaijan and the Republic of Moldova (approximately 11 percentage points), and in Croatia and FYR Macedonia (4.6 and 3.8 percentage points, respectively).

Table 1.1: Key indicators of the youth labour market disaggregated by sex, 2009 (per cent)

Country	Labour force participation rate			Employment-to-population ratio			Unemployment rate		
	Total youth	Young men	Young women	Total youth	Young men	Young women	Total youth	Young men	Young women
Armenia	59.3	66.2	52.3	30.2	37.7	22.7	48.9	43.0	56.6
Azerbaijan	34.2	34.3	34.2	29.2	27.7	30.8	14.6	19.2	9.9
Belarus	42.5	45.0	39.9	33.5	35.7	31.2	21.1	20.5	21.8
Croatia	34.0	39.5	28.2	25.2	30.2	19.9	25.9	23.7	29.3
FYR Macedonia	32.1	37.0	26.8	14.3	17.4	11.1	54.8	52.7	58.5
Georgia	33.0	41.9	24.2	21.1	27.9	14.2	36.4	33.5	41.3
Republic of Moldova	20.6	21.6	19.7	17.4	18.1	16.7	15.4	15.8	14.9
Ukraine	41.5	46.4	36.5	34.1	38.0	30.1	17.9	18.2	17.5
Average	37.2	41.5	32.7	25.6	29.1	22.1	29.3	28.2	31.1
EU-27	43.8	47.0	40.6	35.1	37.2	33.0	19.8	20.9	18.5

Source: ILO, *Key Indicators of the Labour Market*, 2010. Data for the EU-27 are from EUROSTAT.

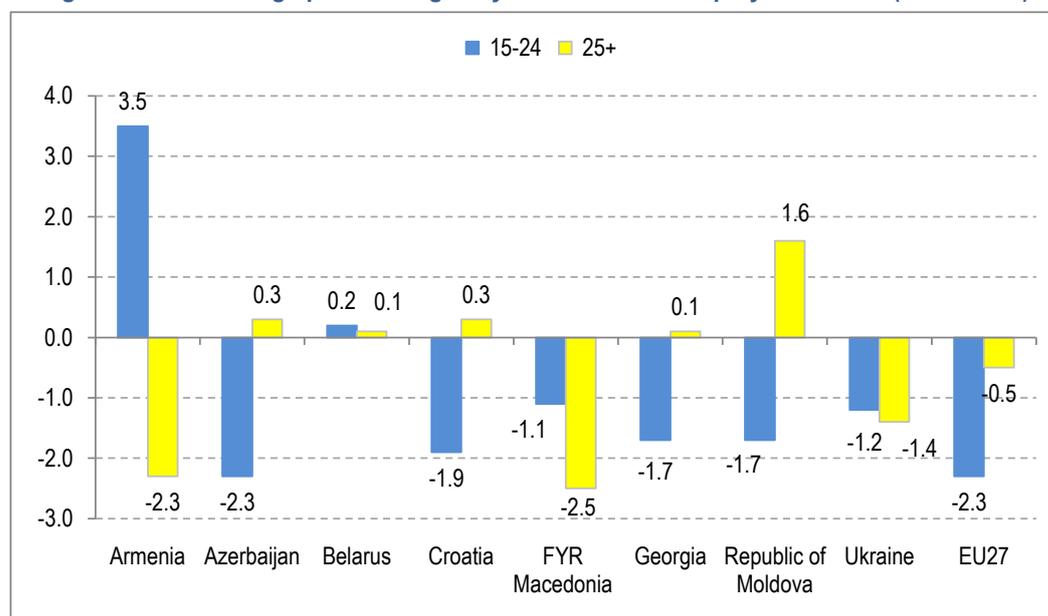
As shown in Table 1.1, the highest labour force participation rates of young people in 2009 were registered in Armenia and the lowest in the Republic of Moldova. In the same way as for adults, the participation and employment rates of young women are lower than those of young men in all eight countries, with the exception of Azerbaijan. Across the eight countries, there is a gender disparity in participation rates of nearly 9 percentage points. The trend for declining youth labour force participation rates is mainly a result of more young people engaging in education and extending their studies. Moreover, in Armenia, Belarus, Croatia, Georgia and FYR Macedonia, unemployment is higher among young women than young men, reflecting important gender-based labour market inequalities. Nevertheless, the economic crisis had the effect of narrowing the gender gap to a certain extent, as in many countries young men experienced higher falls in employment and sharper increases in unemployment than young women. For example, in Croatia during the period 2008-10 the employment rate of young men fell by 2.7 percentage points, while that of young women actually increased slightly (by 0.1 percentage point). At the same time, the unemployment rate of young men rose by 11.5 percentage points, nearly twice the increase recorded for women (6.5 percentage points).

1.2 ...but jobs for youth are fewer and of lower quality

The average youth employment-to-population ratio (or “employment rate”) in the eight countries was 25.6 per cent in 2009 (29.1 per cent for young men and 22.1 for young women). Despite robust economic growth, the youth employment rate fell by over two percentage points between 2001 and 2009, except in Armenia and the Ukraine. The low youth employment rate shows that the economy does not create enough jobs for the young persons wishing to enter the labour market, at least in the formal economy. All eight countries have youth employment rates below both the EU-27 average of 35 per cent and the worldwide figure in 2009 of 44.4 per cent. Only in Belarus and in the Ukraine did the youth employment rate increase (by 1.9 and 2.9 percentage points, respectively) over the period 2001 to 2009. In the Ukraine, the gain was more

substantial for young men (from 32.5 to 38 per cent) than for young women (from 28.6 to 30.1 per cent). The most significant fall in youth employment was experienced in the Republic of Moldova (over 9 percentage points), followed by Azerbaijan (8 percentage points) and Georgia (7.2 percentage points). Figure 1.3 shows the generally higher loss of youth employment compared to adult employment during the period 2007-09.

Figure 1.3: Percentage point change in youth and adult employment rates (2007-2009)



Source: ILO, *Key Indicators of the Labour Market*, September 2010

Employment by sector and by employment status

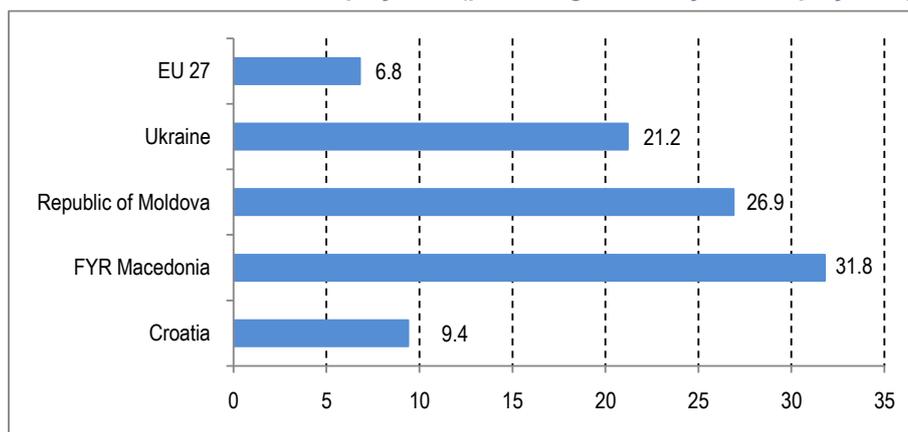
The service sector is the largest provider of jobs for young people in the region (over 50 per cent of employed youth in countries for which data are available, compared with an EU-27 average of 72 per cent). Young workers in manufacturing only exceed one third of the total of employed young persons in Belarus and Croatia. The agricultural sector is the provider of employment for 27.6 per cent of young workers in FYR Macedonia, 23 per cent in the Republic of Moldova and over 22 per cent of young Ukrainians. Although the share of the service sector in total youth employment increased over the 2000s in all eight countries, only Croatia has shares of youth employment in agriculture, manufacturing and services that are similar to those of the EU-27 countries.

The available data on employment status show that over 77 per cent of young workers in the region are engaged in wage employment. The percentage of young self-employed is around 12 per cent (compared to an EU-27 average of slightly over 4 per cent), with young people in the Ukraine and the Republic of Moldova being the most entrepreneurial (20.7 and 19.6 per cent, respectively).⁵ The number of young persons engaged in unpaid family work is more than double the rate for adults (9.5 and 3.7 per cent, respectively). This suggests that young persons are more prone to vulnerable employment than adults.⁶ FYR Macedonia has the highest rate of young workers engaged in family work (over 27 per cent). The share of young people in vulnerable employment in the region amounts to 22.3 per cent of overall youth employment (see Figure 1.4 below), with the highest rates being found in FYR Macedonia and the Republic of Moldova.

⁵ Data for Armenia, Azerbaijan, Belarus and Georgia were not available.

⁶ Vulnerable employment is defined as the sum of young workers engaged in own account work and of young contributing family members.

Figure 1.4: Youth in vulnerable employment (percentage of total youth employment), 2009



Source: ILO, *Key Indicators of the Labour Market*, September 2010

Type of contract

The average proportion of young workers engaged in full- and part-time work in the eight countries is 93.4 and 6.6 per cent, respectively. This is quite similar to the figures for adult workers (93.8 and 6.2 per cent, respectively).⁷ The greatest differences between young men and women are found in Croatia and the Ukraine, where the rate of part-time employment for women is twice that of young men (10.9 and 5.3 per cent in Croatia and 5.6 and 2.5 per cent in Ukraine). The percentage of young persons engaged in involuntary part-time work is only available for Croatia and FYR Macedonia, where it amounts to approximately one third of all young part-time workers.⁸ The incidence of part-time employment among young Ukrainians is the lowest of the eight countries (3.8 per cent).⁹

Only Croatia, FYR Macedonia and the Republic of Moldova publish data disaggregated by age group and sex on fixed-term contracts for new recruits. In 2010, the share of young workers engaged in temporary work ranged from a high of 38.2 per cent in Croatia to a low of 8.4 per cent in the Republic of Moldova, compared to an average of 42.2 per cent in the EU-27 in the same year. In FYR Macedonia, there were two young temporary workers for every adult temporary worker. In the same country, young women are less likely than young men to be working temporarily (27.8 of young women, compared with 42.6 per cent of young men), while the reverse is true in Croatia, where 43 per cent of young women workers are engaged in temporary employment, compared to 35 per cent of young men.

Informal employment

During the transition period, when job destruction far exceeded job creation, work in the informal economy became a coping strategy for many persons unable to find a job in the formal economy, or for those who had to supplement their earnings from low-paid jobs (multiple job holding). No uniform criteria are used across the eight countries to measure informal employment. However, available estimates point to a significant rise in informality since the early 2000s, with the rate of young workers engaged in the informal economy exceeding one third of total youth employment in the countries where data are available. Informal employment in the Ukraine, as measured by the 2010 Labour Force Survey, accounts for 22.9 per cent of total employment, while the share of young workers in the informal economy is 33.2 per cent (35.2 per cent for young men and 30.5 per cent for young women). In the Republic of Moldova, the overall share of informal employment is 30.4 per cent, with young workers in the informal economy accounting for 37.5 per cent of total youth employment (43.3 per cent for young men and 30.4

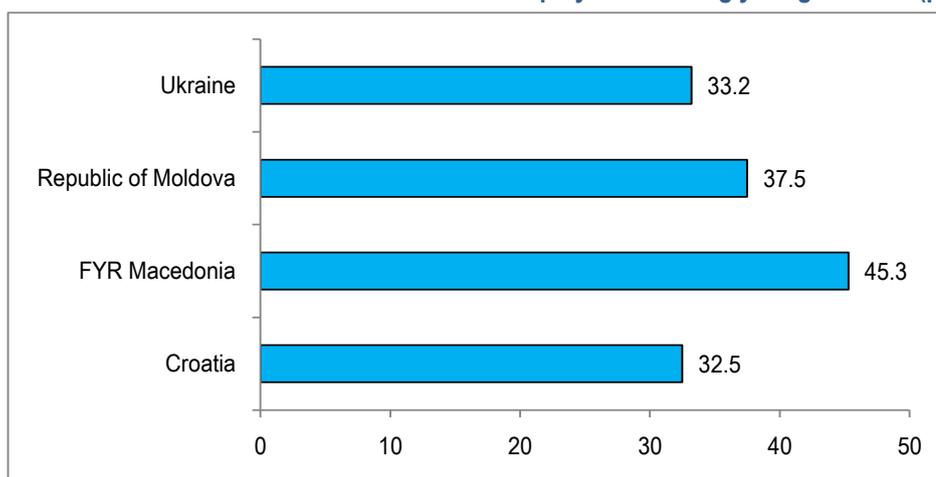
⁷ Data are not available for Armenia, Azerbaijan, Belarus and Georgia.

⁸ EUROSTAT online database.

⁹ ILO, *The youth labour market in the Ukraine*. April 2011 (unpublished).

per cent for young women). In FYR Macedonia, informality among young workers is even more widespread. In 2010, nearly half of total youth employment (46.9 per cent of young men and 42.3 per cent of young women) was in the informal economy. This rate, however, is significantly lower than that indicated by the 2002 Labour Force Survey, which showed that the rate of informality among young workers was then 63 per cent. Figure 1.5 contains numerical estimates of the magnitude of informal employment among young people. The high share of informal employment confirms the poor quality of youth employment in the countries analysed by this paper, where many young workers do not enjoy basic rights at work, do not have an employment contract and are not covered by health insurance or pension contributions.

Figure 1.5: Estimates of the incidence of informal employment among young workers (per cent)



Source: Calculations based on national reports, ILO, April 2011 (unpublished)

The numerical estimates that are available show informality to be higher among teenagers (15-19) than young adults (20-24), and among young workers (15-24) than adult workers. Another characteristic concerns the composition of informal employment, with the highest proportion of informal workers being found in agriculture, construction and services. Unfortunately, data on the composition of the informal workforce by subsector are mostly unavailable. Data for Croatia, FYR Macedonia, Republic of Moldova and the Ukraine show that a large proportion of young informal workers are engaged in occupations relating to the wholesale and retail trade, as well as hotels and restaurants. Higher educational attainment is associated with a lower incidence of informal employment among all age groups, including young workers. Informal employment also appears to be more widespread among young workers living in rural areas.

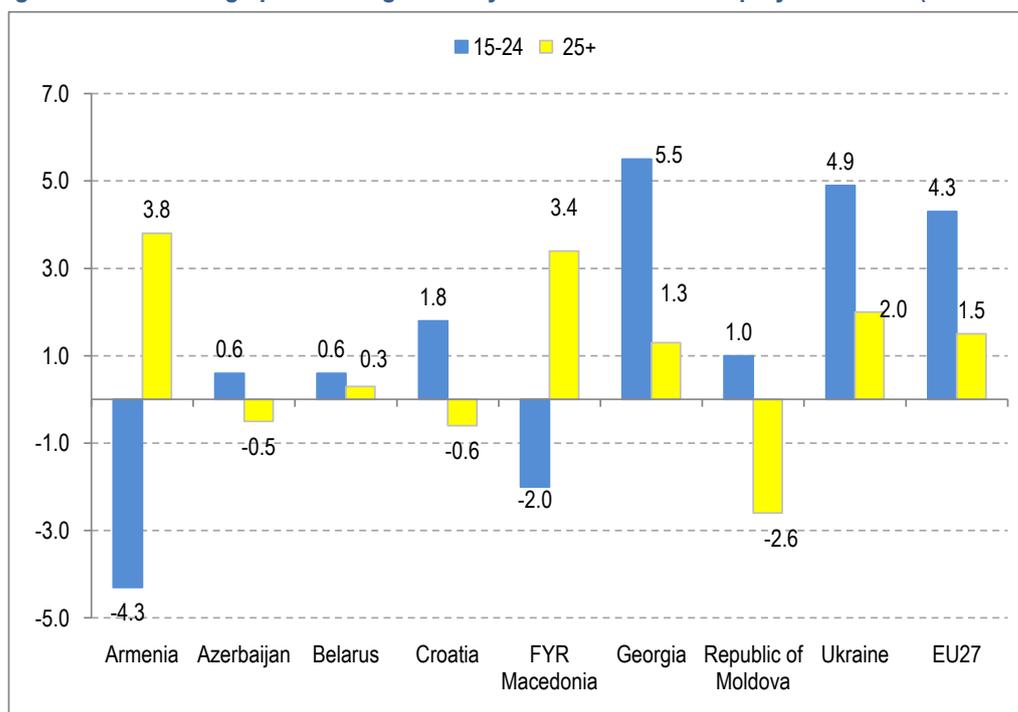
1.3 Youth unemployment: A daunting challenge

Youth unemployment remains a daunting challenge for the eight countries covered by the present paper. Over 29 per cent of young people in the labour force were unemployed in 2009 (the rate was 28.2 per cent for young men and 31.1 per cent for young women). In comparison, the rate for the EU-27 in the same year was 19.8 per cent, and the global rate was 13 per cent.

Data from most of the countries reviewed show that young workers were the ones who were most seriously affected by the economic crisis and that they experienced the biggest increases in unemployment and the sharpest falls in employment. Figure 1.6 shows the percentage change in youth and adult unemployment during the crisis. In most of the countries, the rise in youth unemployment was the result of sharp surges in the unemployment rate of young men, while young women appeared to be less affected. This may be due to the sectoral composition of youth employment and to the fact that the economic sectors which suffered most during the crisis are male-dominated. This is particularly the case in manufacturing and construction. Youth unemployment only fell during the crisis in FYR Macedonia. This was

probably due to the measures taken by the Government, which may have particularly favoured young workers (see Part 2 below).

Figure 1.6: Percentage point change in the youth and adult unemployment rates (2007-2009)



Source: ILO, *Key Indicators of the Labour Market*, 2010

With rates at well over 35 per cent, some of the countries covered by this paper have the highest youth unemployment rates in the world. Prior to the crisis, most of these countries had experienced a considerable fall in overall unemployment, and a few had also managed to reduce youth unemployment. For instance, the youth unemployment rate fell in Croatia by over 21 percentage points between 2001 and 2007. These gains were, however, swept away by the global jobs crisis. The relation between youth and total unemployment rates deteriorated in nearly all of the eight countries, reflecting the worsening of the labour market position of young people over the past ten years. For instance, during the period 2001-07, the youth-to-adult unemployment ratio increased from 1.4 to 2.5 in Armenia and from 1.9 to 2.7 in Georgia. The relative disadvantage of young workers in comparison with adults in the eight countries is such that in the late 2000s there were an average of 2.6 unemployed young people for every unemployed adult in the eight countries (see Table 1.2 for this ratio by country).

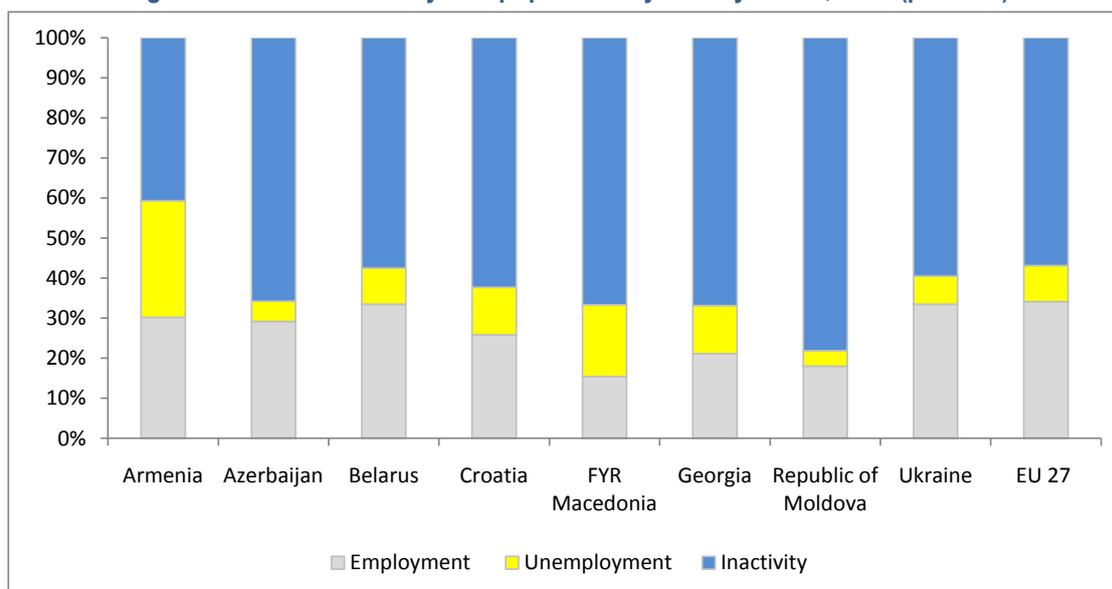
Table 1.2: Youth-to-adult unemployment ratio

Country	Year	Ratio
Armenia	2007	2.5
Azerbaijan	2008	3.1
Belarus	2009	2.4
Croatia	2010	3.3
FYR Macedonia	2010	1.8
Georgia	2008	2.8
Republic of Moldova	2010	2.9
Ukraine	2010	2.3
EU-27	2010	2.4

Source: ILO, *Key Indicators of the Labour Market*, op.cit, 2010. For the EU-27, Croatia and FYR Macedonia, data are from EUROSTAT.

The youth unemployment ratio (the share of unemployed youth in the total youth population) is another indicator of the disadvantage of young workers in terms of unemployment. Together with employment and inactivity rates, it offers a picture of the distribution of youth by activity status (see Figure 1.7). The average youth unemployment ratio for the eight countries is 12 per cent. The highest ratio (29.1 per cent) is found in Armenia, followed by FYR Macedonia (17.9 per cent), while the ratio is lowest in Azerbaijan (5 per cent) and the Republic of Moldova (3.9 per cent).

Figure 1.7: Distribution of youth population by activity status, 2009 (per cent)



Source: ILO, *Key Indicators of the Labour Market*, op.cit. 2010. For the EU-27, Croatia and FYR Macedonia, the figures are from EUROSTAT.

The correlation between educational attainment and unemployment, in the sense that the higher the level of educational attainment, the lower the rate of youth unemployment, is generally valid in all of the eight countries. Nevertheless, the issue of the young “educated” unemployed is emerging in nearly all countries. For instance, in FYR Macedonia, the unemployment rate for people with tertiary education rose by four percentage points over the period 2005-2010, while the unemployment rates of individuals with primary and secondary education fell by 7.8 and 16.7 percentage points, respectively. However, this information needs to be taken with caution, and read together with other indicators of the youth labour market. Indeed, in many cases youth with lower levels of education are likely to be found among the under-employed or the inactive.

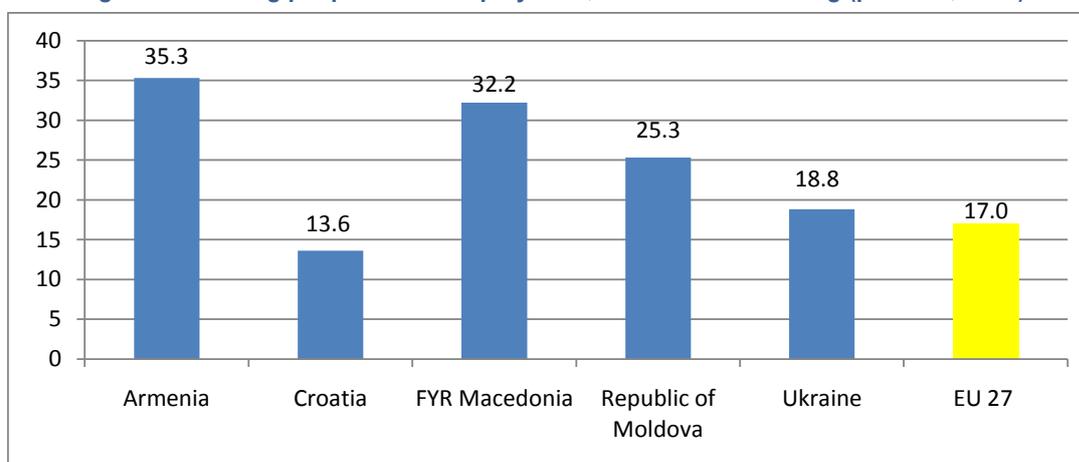
1.4 Youth inactivity and discouragement

The high level of inactivity is another important characteristic of youth labour markets in the eight countries. In 2009, the average rate of youth inactivity was 62.2 per cent in these countries. However, this figure is meaningless unless it is read in conjunction with the number of young persons who are engaged in education and training. Unfortunately, data disaggregated by sex, age group and reason for inactivity are only available for a few countries. Nevertheless, the youth inactivity rate during the period 2001-09 increased in all of the countries, with the exception of Armenia and Belarus, mainly as a consequence of the higher proportion of youth engaged in education.

Over the past few years, researchers have started to pay increased attention to the indicator measuring the percentage of youth who are neither in employment nor in education or training (NEET). Although the non-employment rate offers the advantage of calculating unemployment and inactivity that are not due to school attendance, it does not offer as much

information as the rate of discouragement, which is more useful for policy purposes. The share of youth who are not in employment, education or training in the countries for which data are available (see Figure 1.8) averaged 25 per cent in 2009, which is eight percentage points higher than the EU-27.

Figure 1.8: Young people not in employment, education or training (per cent, 2009)



Source: ILO, *Key Indicators of the Labour Market*, op.cit. For Armenia, the figure is from the World Bank, *Armenia: Labour market dynamics*, Washington D.C., 2007. For the EU-27, the figure is derived from EUROSTAT.

Young persons who require urgent attention are those who are neither in employment nor in education or training, and who are involuntarily inactive. These discouraged young workers are on the fringes of the labour market and would be likely to enter the labour force if they felt that the economic situation or their employment prospects could be improved. The situation of these young persons may give grounds for waiving the job search requirement for the calculation of a relaxed rate of unemployment for inactive youth who are willing to and available for work. Data on young worker discouragement as a proportion of the total youth population are available only for the Ukraine (2.7 per cent), FYR Macedonia (2 per cent) and the Republic of Moldova (1.8 per cent).

2. Policies to promote decent work for youth during economic recovery

The brief analysis in Part 1 of this paper of the youth labour markets in the eight countries highlights the main challenges facing young people in their transition from school to work. In most of the countries, young people experience high rates of unemployment and inactivity. When they work, they are more likely than their adult counterparts to be in temporary employment or the informal economy. Their position on the labour market worsened significantly in nearly all of the countries during the recent economic crisis. Part 2 of this paper briefly discusses the major implications of these challenges for policies aimed at promoting decent work for youth.

2.1 Establishing a policy framework for the promotion of youth employment

The preconditions for creating jobs for all categories of the population, including youth, are to stimulate demand and place employment at the centre of economic recovery policies. Policy options that aim to achieve high levels of overall employment and job quality also improve the prospects for the young labour force of obtaining decent work.

The employment challenges facing the eight countries create the requirement for integrated and coherent strategies that address employment as a priority objective of economic and social policy, and which include explicit targets and policy outcomes for youth employment. To redress the decent work deficits faced by a significant number of workers, these strategies should also be aimed at improving the quality of employment, especially for young workers who are over-represented in the informal economy and in precarious employment. It is therefore important for job recovery strategies to be accompanied by policies providing a basic social floor with a view to reducing social exclusion among youth, redressing inequalities between young men and young women and promoting a healthy and productive youth labour force.

Assigning national priority to youth employment means that the national policy framework has to contain a set of coherent policies addressing youth employment in national development strategies and employment policies. This priority needs to be made explicit through the establishment of realistic targets, measurable policy outcomes and expected results. If this priority is to be converted into action, appropriate resources also have to be allocated for implementation.

A review of the policy framework of the eight countries covered by this paper shows that, although youth employment is promoted by various policies that are in some cases part of national development strategies and of employment policies in others, it is quite rare to find a comprehensive policy framework establishing a clear set of policy priorities, targets and outcomes for youth employment. Moreover, funding is often allocated for the implementation of programmes with limited outreach and the resources earmarked for policy implementation are mostly underestimated or absent. Interestingly, more fully articulated youth employment provisions are part of the youth development policies that have been adopted recently by four of the countries under review. In overall terms, emphasis tends to be placed more on supply side measures, while interventions to increase labour demand for young workers are less frequent. Finally, conflicting priorities in the various policies and action plans lead to a lack of coherence. Therefore, the impact of such policies and actions is very low. Croatia offers a good example of a coherent policy framework in the area of youth employability: the priority of enhancing the employability of young people and improving labour market services for them, which is included in the Strategic Development Framework, is specified in the National Employment Strategy, with the action to be taken being set out in detail in the National Youth Programme.

It is even less common for sectoral policies (for example, for trade and industry, agriculture and regional development) to contain measures intended to exploit the high youth employment potential of sectoral development. One example of sectoral policy that is explicitly

geared to increasing employment among youth is the policy for the development of light industry in the Republic of Moldova, which aims to enhance the employability of youth in the occupations that are in demand in light industry.

National action plans on youth employment should be developed to ensure coherence between the youth employment provisions contained in the various policy areas and to identify clear and measurable outcomes using specific resources within a given timeframe. Such action plans would play the important role of fostering inter-institutional coordination by bringing together the various policy-makers and actors, including representatives of employers' and workers' organizations, around the same table.

Evidence from other countries shows that social dialogue plays an important role in the development of a policy framework that is conducive to the promotion of decent work for youth. In general, the social partners should be more involved in the development of the youth employment agenda in the eight countries. Their involvement in the formulation and implementation of youth employment policies and programmes is an effective way of improving the relevance and impact of youth employment interventions. Employers' organizations can play an important role in fostering learning and training in enterprises. They can also promote youth entrepreneurship and offer a range of support services to young entrepreneurs. Trade unions are important in ensuring that issues such as job creation, the improvement of working conditions and the promotion of young people's rights at work are given priority on the policy agenda, and they can promote action for the organization and representation of young people.

2.2 Enhancing youth employability and providing work experience

Access to high quality and relevant education and training is a central element of the employment strategies of several of the countries considered in this paper. The impact of learning and training is of central importance in determining the employability of the labour force and influencing the investment climate of an economy. Education and training that equip youth with skills and work experience can be effective in easing transitions to decent work.

The economic transformation resulting from the transition to a market economy in the countries of Central and Eastern Europe resulted in a serious shock for their education and training systems. These countries had to re-orient their education and training systems to respond to the requirements of a market economy, as well as to those stemming from increased globalization, trade liberalization and technological change.

Since the 1990s, enrolment rates in secondary and tertiary education have increased in all eight countries, including through the provision of education in private universities. In the 2000s, public investment in education as a percentage of GDP increased in most of the countries, with Belarus, Croatia, FYR Macedonia and Ukraine achieving levels of expenditure on education similar to those of the EU (6.2 per cent). Nevertheless, the quality of education and training is lagging behind the requirements of the labour market.

Higher education and training offer advantages on the labour markets of the eight countries, although their importance has declined over recent years. In Azerbaijan, for instance, the employment rate of youth with higher education is 73.6 per cent, compared to 66.3 per cent for young workers with only secondary education.

Despite the progress made in increasing the skill levels of the young labour force, there is evidence in all the countries of diminished participation by young people in vocational education and training and of a mismatch between education outcomes and the skills demanded by the labour market. In Armenia, for instance, as many as 56 per cent of young workers are employed in occupations that are different from those for which they were trained. Moreover, many enterprises in the eight countries identify the lack of adequate skills as an obstacle to improving

enterprise performance. This is the case of half of firms in Belarus, over 40 per cent of Ukrainian enterprises and one quarter of Armenian establishments.¹⁰

Work experience is highly valued by employers, and the lack of such experience constitutes a major obstacle for first-time jobseekers. Many young people feel trapped in a vicious circle in which they are unable to acquire work experience because they cannot find a first job, and they cannot obtain a job because they do not have work experience. To overcome this “Catch 22” situation, several countries have adopted a number of reforms and have included periods of practice in enterprises in the curriculum of vocational education and training programmes. Other countries, particularly in North America, have introduced programmes offering summer jobs and part-time employment to young people during their study period.

Training programmes aimed at increasing the employability of young people are a strategy that can facilitate the transition from school to work. During the recent economic crisis, many countries have expanded existing programmes or have invested in skills development in priority occupations. Some countries have opted to invest in the technical skills of the youth population by increasing funding for vocational and technical schools, thereby opening up places for more young people. In some cases, training is accompanied by incentives for employers to hire young people once the training has been completed. Other countries have introduced bonuses for employers as an incentive to take on trainees.

The apprenticeship system, which used to be quite widespread in most of the eight countries, practically disappeared during the transition period. This system is considered to be one of the main reasons for the low levels of youth unemployment achieved in some European countries (see Box 2.1). Many researchers attribute the relatively low level of youth unemployment recorded by those countries during the recent economic crisis to the effectiveness of their apprenticeship system and the support provided by the government to this important institution during the crisis.

Box 2.1: Providing work experience for young people through apprenticeships

Apprenticeship – or the “dual system” – which combines school-based education with in-company training, is a proven system of learning for work in Austria, Denmark, Germany and Switzerland. In these countries, low youth unemployment is often attributed to the apprenticeship system, which successfully provides large numbers of young people with quality education and training for recognized qualifications demanded by employers. The involvement of the social partners in programme design and implementation ensures that apprenticeship programmes meet labour market requirements.

However, apprenticeship training can also be narrow and rigid. It is sometimes slow to adapt to rapid changes in technology and work organization. Several countries have reformed their apprenticeship system to meet the demand for higher level and different skills, combined with a better understanding of the broader economic and social context of occupations, work and industry. For example, some countries have introduced a flexible system of apprenticeship, known as “learnership”. This system covers a wide range of qualifications and involves partnerships with several institutions (such as the public sector, enterprises and universities).

Source: Adapted from ILO, *Starting right: Decent work for young people*, Background paper for the “Tripartite Meeting on Youth Employment: The Way Forward”, Geneva, 13-15 October, 2004

¹⁰ World Bank, *Business environment and enterprise performance survey*, Washington D.C.
<http://beeps.prognoz.com/beeps/MultiHandler.aspx?slc>AboutAnalyzingData>

2.3 Supporting the private sector to create decent jobs for youth

An enabling business environment, combined with employment-centred economic and social policies, encourages investment, promotes higher level of growth and creates more and better jobs. An inadequate legal and regulatory framework (for instance, with regard to business registration, licensing, taxation and access to credit, poor safeguards for property rights and an ineffective justice system) can constrain the development of sustainable enterprises and act as a deterrent to job creation. Several reforms were adopted during the transition process to support private sector growth and expand job creation. The private sector is today the main provider of jobs. Public policies can help the market work better and improve the investment climate.

Despite the significant progress made by the eight countries, there is still room for some of them to improve the business environment by reducing barriers to doing business, supporting the formalization of enterprises and applying labour legislation to protect rights of workers and ensure good governance of the labour market.

Strategies to increase the level of employment among youth are not likely to work unless enterprises are committed to and invest in young people. It is by improving competitiveness and supporting investment in dynamic sectors that enterprises can maximize their capacity to create decent jobs for the benefit of young entrants into the labour market. Policies that offer fiscal incentives, support the development of infrastructure and develop enabling regulations for enterprises operating in competitive sectors with a high youth employment elasticity can offer a wide range of potential work opportunities by generating significant demand for labour in the medium to long term. Similarly, incentives that encourage sustainable enterprises to provide work experience for young people can have a significant impact on youth employment outcomes. Box 2.2 highlights a number of areas in which the private sector can play an important role in the promotion of youth employment.

Box 2.2: Private sector action for youth employment

Enterprises can play an important role in promoting decent work for youth. They can participate in the formulation of training policies that meet market needs, provide work experience and mentorships, and facilitate the access of youth to markets, capital and networks. Investing in young people can only result in a win-win situation. It is also a way for enterprises to engage in corporate social responsibility initiatives. Some examples are given below of private sector action for youth employment:

- Connect with schools, training institutions and universities to address skill mismatches and enhance youth employability by ensuring that training meets enterprise requirements, as well as co-financing the provision of training;
- Participate in remedial programmes that provide work experience to young people, including on-the job training and other programmes targeted at disadvantaged youth;
- Provide entrepreneurship training and mentorship for young entrepreneurs;
- Facilitate access to start-up capital, networks and markets, as well as providing business development services;
- Establish partnerships with public and private actors with, for example: (i) public and private employment services for the identification of jobseekers; (ii) governments and other partners to achieve sustainable results for youth employment; (iii) members of networks of companies engaged in supporting youth employment programmes and corporate social responsibility initiatives.

The private sector can also offer an avenue of opportunity for young people who are willing to establish their own businesses. Entrepreneurship can provide career options for young people by unleashing their economic potential. It can also offer greater independence, higher income potential and job satisfaction. As shown in Part 1, young people in the eight countries covered by this paper tend to be less active in entrepreneurship than adults. This may also be due to a number of additional hurdles that are faced by young people wishing to start up a business. In general, young people have fewer business skills, knowledge and experience, savings and reduced access to credit, business networks and sources of information than older individuals. Banks and financial institutions regard them as a high-risk group because of their lack of collateral and business experience. For these reasons, entrepreneurship promotion strategies

which are part of youth employment policies should: (i) support an entrepreneurial culture, including through entrepreneurship training; (ii) promote enabling policies and regulations; and (iii) develop capacity for the provision of support services. The promotion of an entrepreneurial culture should start while young people are still engaged in education and training. An enabling environment and support services are key to helping young people wishing to set up their own businesses. Group-based youth entrepreneurship, including cooperatives and social enterprises, can bring together complementary skills and experience that are valuable in starting and running an enterprise.

2.4 Improving labour market policies to increase youth employment outcomes

Labour market policies can increase youth employment opportunities by improving the allocation of resources and the equity of labour markets. Employment protection legislation (EPL), labour costs and active labour market policies are important policy tools for promoting youth employment.

Employment protection legislation (EPL) consists of labour law provisions governing the recruitment and dismissal of workers, and particularly the regulations on temporary and regular contracts and the rules covering collective dismissals. The impact of employment protection legislation on youth employment is a matter of differing interpretations. On the one hand, it is argued that stricter EPL increases dismissal costs and reduces the flexibility of enterprises to adjust to the economic cycle. This would negatively affect employment in general, and youth employment in particular, by favouring those who are already employed to the detriment of those who are seeking employment (the “insider-outsider” effect). On the other hand, EPL is thought to ensure basic security, increase incentives for employers to invest in human capital and encourage cooperative labour relations, which should all lead to improvements in productivity, competitiveness and overall efficiency.¹¹

Since the late 1990s, EPL provisions have been the subject of a number of reforms in the eight countries. In terms of the regulations respecting permanent contracts and those governing collective dismissals were somehow aligned with those of EU countries, except in Georgia, while more flexible regulations were introduced for temporary contracts in many of the countries. In general, the average EPL index is similar to that of the EU-15.

The changes in EPL have had a major influence on the types of jobs available for young workers. However, the expected increase in youth employment has not materialized: youth employment outcomes have actually worsened over recent years in comparison with those of adults.¹² As indicated in Table 2.1, despite a relatively low EPL index, Georgia has experienced higher youth unemployment rates than Croatia, where the index is nearly seven times higher. Similarly, although the indices for Moldova and in the Ukraine are higher than the average for the eight countries, their youth unemployment rates are among the lowest and are below those of the EU-15. Similar parallels can be drawn for other countries. Regression analyses carried out recently by the ILO have also shown a weak link between EPL and youth unemployment.¹³

¹¹ ILO, *Improving prospects for young women and men in the world of work: A guide to youth employment*, 2004.

¹² Cazes, S. and Nesporova, A., *Flexicurity: A relevant approach for Central and Eastern Europe*, ILO, 2007. This research found a statistically insignificant impact of the strictness EPL on youth unemployment in Central and South-Eastern European countries. The study by Murayev (see Table 2.1) found a statistically significant negative correlation between the strictness of EPL and employment-to-population ratios in the CIS and Baltic countries during the period 1990-2009.

¹³ Cazes and Nesporova, 2007, op. cit.

Table 2.1: EPL index and youth unemployment

Country	Year	Component indices			EPL summary index	Youth unemployment rate (2009)
		Regular contracts	Temporary contracts	Collective dismissal		
Armenia	2009	2.3	1.4	3.4	2.1	48.9
Azerbaijan	2009	3.5	1.9	0.4	2.3	14.6
Belarus	2009	3.2	0.2	3.0	1.9	21.1
Croatia	2007	2.7	2.8	2.5	2.7	25.0
FYR Macedonia	2007	2.1	3.8	3.8	3.1	55.1
Georgia	2009	0.7	0.2	0.0	0.4	35.5
Moldova	2009	3.5	1.9	3.7	2.8	17.8
Ukraine	2009	4.0	1.7	0.0	2.8	17.4
EU-15 (2003)	2003	2.3	2.0	3.4	2.4	20.5

Note: The EPL index measures the degree of strictness of employment protection legislation. The index ranges from 0 (very liberal) to 6 (very restrictive).

Source: A. Muravyev, *Evolution of employment protection legislation in the USSR, CIS and Baltic States, 1985-2009*, IZA Working Paper No. 5365, December 2010, and ILO database for Croatia and FRY Macedonia.

The differing levels of protection between temporary and permanent workers have led to a segmentation of the labour market in several EU countries. This is particularly the case in countries where EPL reform has been carried out at the “margins”, i.e. by increasing labour market flexibility mainly through the liberalization of temporary contracts. Although temporary employment can be a stepping stone towards more stable employment, evidence from OECD countries shows that it can also become a dead-end, especially for low-skilled workers who may be trapped in a spiral of temporary contracts with alternating spells of unemployment.¹⁴

In countries where *non-wage labour costs* are too high, their reduction has increasingly been considered as a tool for reducing unemployment and informality, especially among youth. Analysis of labour costs in the countries of Central and Eastern Europe found that youth unemployment tends to be higher in countries where the payroll taxes are higher.¹⁵ A study of labour costs in the Western Balkans revealed that payroll taxes are higher than those of EU countries and are not progressive, with a relatively heavy burden falling on low-wage workers.¹⁶ These analyses point to a direct relationship between non-wage labour costs and youth unemployment levels. Reducing non-wage labour costs could therefore result in youth employment gains.

In 2009, as part of its anti-crisis package, FYR Macedonia introduced a reform of the gross wage system. The reform included the gradual reduction of non-wage labour costs (from 32 per cent in 2008 to 27.9 per cent in 2009 and 22 per cent in 2011).¹⁷ Although it is too early to assess the impact on youth employment outcomes, the reform may have helped enterprises overcome the difficult economic period and prevented a further deterioration in the employment of young people. In comparison with other countries, youth unemployment actually fell by two percentage points. In addition, the reform had a positive impact on earnings, as wages rose by 11 per cent in 2009. There are also indications that the reform reduced employment in the informal economy and increased tax compliance.

¹⁴ OECD, *Off to a good start: Jobs for youth*, Paris, December 2010. For a discussion of labour market segmentation between temporary and permanent workers, see European Commission, *Employment in Europe 2010*, Chapter 3, “Youth and segmentation in EU labour markets”, Brussels, 2010.

¹⁵ Cazes and Nesporova, 2007, op. cit.

¹⁶ Arandarenko, M. and Vukojevic, V., *Labor costs and labor taxes in the Western Balkans*, World Bank, 2008.

¹⁷ Mojsoska-Blazevski. N., *Supporting strategies to recover from the crisis in South-Eastern Europe: Country Assessment Report - FYR Macedonia*, ILO, 2011 (draft, unpublished).

Active labour market policies and programmes (ALMPs), which mediate between labour supply and demand, have increasingly been used to improve the labour market integration of young people. They are able to mitigate education and labour market failures and promote efficiency and equity in the labour market. For instance, employment planning and job search assistance can be effective in helping young people find jobs. Training programmes can enhance the employability of disadvantaged youth, especially when they include on-the-job training components. Self-employment and entrepreneurship measures offering business start-up assistance and access to credit may be successful if supplemented by vocational and entrepreneurship training.

The types of ALMPs and their funding differ widely between the eight countries covered by this paper. Public expenditure on ALMPs ranges from 0.03 per cent of GDP in Armenia to 0.2 per cent in Croatia and FYR Macedonia. Despite increases in funding for ALMPs during the recent economic crisis, investment in ALMPs in the eight countries remains well below the EU-27 average of 1.6 per cent of GDP.

The eight countries also show differences in the ALMP measures adopted. Armenia and Belarus, for example, have invested a large share of their ALMP allocation in direct job creation measures, while Croatia and FYR Macedonia have invested more in employment subsidies and start-up incentives, respectively.¹⁸ In terms of the number of beneficiaries, the most popular ALMP programmes are employment counselling, vocational guidance (often for students) and job search assistance (over 65 per cent of total ALMP participants in the countries for which data are available).

Little information is available on the types of measures that are most effective in easing the transition to work for young people.¹⁹ This is mainly due to the low number of evaluations that have been carried out of youth employment programmes in the eight countries. A review of evaluations of youth employment programmes conducted throughout the world shows that each of the most common types of youth employment measures has its own advantages and disadvantages (see Table 2.2).

The information available for the eight countries covered by this paper shows that youth represent the majority of participants in job search assistance, job placement and career guidance programmes in several countries. For instance, in the Republic of Moldova, 79 per cent of career guidance beneficiaries are young people under 29 years of age, while in the Ukraine 34 per cent of job placement services are targeted at young individuals. In other countries, labour market training attracts many young people. In Belarus, about 66 per cent of trainees are young people, while in FYR Macedonia, youth represent half of the total number of trainees. Direct job creation programmes, such as public works, assistance for self-employment, wage subsidies and work experience programmes, are less common among youth, with the exception of FYR Macedonia, where 24 per cent of participants in self-employment programmes are below 27 years of age. In Armenia, young people represent approximately 28 per cent of participants in public works programmes. Azerbaijan and Belarus are the only two countries in the region that have a “youth guarantee” requiring employers to respect a youth quota when recruiting workers.

¹⁸ European Foundation for the Improvement of Living and Working Conditions, *Financing and operating active labour market programmes during the crisis: Background paper*, Dublin, 2010, <http://www.eurofound.europa.eu/pubdocs/2010/66/en/1/EF1066EN.pdf>

¹⁹ Many public employment services have their own definition of “youth”, which makes cross-country comparisons impossible.

Table 2.2: Youth employment programmes: Advantages and disadvantages

Type of programme	Advantages	Disadvantages
Labour market training	Works better with broader vocational and employability skills that are in demand and when it includes work experience and employment services	May produce temporary, rather than sustainable solutions and, if not well targeted, may benefit those who are already “better off”. Training alone may not be sufficient to increase youth employment prospects.
Employment services (job search, career guidance and labour market information)	Can help youth make realistic choices and match their aspirations with employment and training opportunities; improve information on job prospects and on the efficiency, effectiveness and relevance of initiatives	May create unrealistic expectations if not linked to labour market needs, and they often only cover urban areas and the formal economy.
Employment-intensive public works and community services	Help young people gain labour market attachment and, at the same time, improve physical and social infrastructure and the environment, especially when combined with development and sectoral strategies, and can enhance employability if combined with training	Low capacity for labour market integration; young workers may become trapped in a carousel of public works programmes; often gender biased; displacement of private sector companies
Employment subsidies	Can create employment if targeted at specific needs (e.g. to compensate for initial lower productivity and training) and at groups of disadvantaged young people	High deadweight losses and substitution effects (if not targeted); employment may last only as long as the subsidy
Entrepreneurship promotion	Can have high employment potential and may meet young people’s aspirations (e.g. for flexibility, independence); more effective when combined with financial and other services, including mentoring.	May create displacement effects and have a high failure rate, which limits its capacity to create sustainable employment; is often difficult for disadvantaged youth due to their lack of networks, experience, know-how and collateral.

Source: adapted from Rosas G. and Rossignotti, G. “Starting the new millennium right: Decent employment for young people”, in *International Labour Review*, Vol. 144, No. 2, pp. 139-160, 2005.

As indicated above, evaluations of youth employment programmes are by and large lacking in the eight countries. However, evidence from evaluations conducted in other countries and regions helps to identify the main features of effective employment programmes targeted at young people:

- *Formulation and implementation at early stages of joblessness* (unemployment, discouragement or inactivity) are less costly, increase labour market attachment and are more likely to improve the employment of young people.
- *Design that responds to labour market requirements* improves the employment opportunities of participants. Labour market information and control groups are essential for the design, monitoring and evaluation of initiatives.
- *Targeting and tailoring to individual needs and labour market disadvantages* have produced better programme results. Generic targeting based on age may benefit better-off youth.
- *Comprehensive packages of services* that combine various components relating to both labour demand (e.g. tax incentives, entrepreneurship) and supply (e.g. training, career guidance and job search assistance) can be more effective than single measures.
- *Links to work experience and the involvement of the private sector* (e.g. through in-company training and work placement) increase employment opportunities, especially where programmes place participants with private companies.
- *The involvement of the social partners* contributes to the effectiveness of programmes and helps in connecting youth with the world of work.

2.5 Strengthening public employment services for the implementation of youth employment policy

In most countries, the public employment service (PES) has a network of employment offices responsible for all aspects of the provision of services to young people. These services usually include the registration of jobseekers, provision counselling and guidance, management of unemployment benefit and referral to active labour market programmes.²⁰ Although the organizational structure, scope, funding and effectiveness of service delivery vary between countries, the PES remains the most important labour market institution for the implementation of youth employment policy as its core functions touch upon key areas for addressing youth employment. It can offer a broad spectrum of active labour market programmes and reach out to young clients through its network of employment offices. It can also target its services at those groups of young people who are more in need of assistance and tailor them according to the needs of young people and labour market disadvantages. Finally, the PES can also determine what works and for whom through rigorous monitoring and evaluation of the programmes and services that are delivered.

However, there are a number of issues that limit the outreach of the PES to young people. First, evidence from school-to-work transition surveys conducted by the ILO in a number of countries, including Azerbaijan, shows that the job-search method most widely used by young people is through family and social networks, while enterprises prefer to recruit workers through media advertisements, especially for skilled jobs.²¹ This is also due to the fact that young people do not have sufficient information about the services offered by employment offices and to the reticence of employers concerning the capacity of the PES to identify the best candidates for the job. Measures to increase knowledge of employment services among young people would help to improve their outreach to potential young clients.

Employment services are usually only available to young people who register voluntarily in employment offices. As indicated in Part 1 of this paper, the increasing number of young persons who are neither in employment nor in education or training (NEET) is also a result of the many discouraged young workers who fall into the category of “inactive” and are not included in the unemployment register. Outreach to these young people, many of whom live in areas that are not usually served effectively by employment services, could be improved through the establishment of partnerships between employment offices and municipal authorities, as well as non-governmental organizations.

Finally, there are some groups of young people for whom labour market integration cannot be confined to employment services. For instance, effective responses to address marginalization and social exclusion among youth (for example, for young people belonging to national minorities and youth exposed to anti-social behaviour) would require a better integration of employment and social services.

These new realities and the mounting pressure on employment offices to provide services to the increasing numbers of jobseekers resulting from the economic crisis (the number of registered unemployed in Croatia increased by 22 per cent during the crisis) raise a number of challenges to the capacity of employment services to meet changing demands, especially during periods of fiscal consolidation that limit both their human and financial resources. Reforms aimed at ensuring the provision of a certain level of services to all jobseekers (for example through self-service, group counselling and job search techniques, including employment planning) and more intensive support for “hard-to-place” young people have the advantage of maximizing the use of the resources that are available. For instance, profiling systems which identify the specific difficulties encountered by young jobseekers in finding employment can be very valuable in developing effective targeting mechanisms and devising early interventions. Many employment

²⁰ The public employment service in Georgia was dissolved in 2006.

²¹ Matsumoto, M. and Elder, S., *Characterizing the school-to-work transition of young men and women: Evidence from the ILO School-to-work transition surveys*, Employment Working Paper No. 51, ILO, Geneva, 2010.

services in EU countries have addressed challenges similar to those now facing their counterparts in the countries covered by this paper. Box 2.3 summarizes the lessons learned by the PES in EU countries in dealing with young clients.

Box 2.3: The role of employment services in youth employment promotion in the EU

In most EU countries, the PES is a key player in the implementation of strategies to ease the transition of young persons from school to work. A recent review points to the following lessons learned from experience:

- Person-centred approaches to counselling and guidance appear to be more effective than standard approaches. In addition, individualized counselling and the establishment of an individual employment plan early in the period of unemployment is an effective tool for the implementation of activation strategies for young people. Case management and mentorship approaches have also shown good results;
- Profiling systems that build on accurate, timely and reliable labour market information and take into account the whole personal/life situation of young clients make labour market integration strategies more effective.
- Outreach activities need to focus on employers who are potentially willing to employ disadvantaged youth or to offer them work-based training measures. This includes good relationships with local enterprises and links to employers, social enterprises and the voluntary sector;
- In the case of young drop-outs, non-formal types of learning may be more successful than formal education alone. The interaction of in-classroom and workplace training increases the likelihood of positive labour market outcomes by 30 percentage points. When combined with other services, the probability of a positive outcome increases by 53 percentage points.
- If well targeted, training subsidies for firms that take on low-skilled youth can expand work-based training places for disadvantaged young people. Their effectiveness depends on their design and targeting: both can minimize distortion effects (i.e. deadweight and substitution).

Source: EU, DG Employment, Social Affairs and Inclusion, *The role of Public Employment services in youth reintegration. A review of European good practice*. Analytical Paper, Brussels, April 2011.

3. Promoting decent work for youth in the post-crisis period: The way forward

Achieving decent work for young people is a challenge that is shared throughout the world. The challenge is bound up with the over-riding issues of growth and development, and the general employment situation. However, it also has its own dimensions, which require specific responses.

In June 2005, the representatives of governments, employers and workers from 178 countries at the International Labour Conference (ILC) agreed that the best strategy for addressing youth employment consists of an integrated approach that combines supportive macro-economic policies and targeted measures and addresses labour demand and supply, as well as the quantity and quality of employment.²²

The Resolution concerning youth employment adopted by the ILC in 2005 provides guidance to member States which are committed to developing and implementing policies and programmes that give young people a real and equal opportunity to find decent work. Although youth employment strategies are bound to the country context, the following areas could be considered by the governments and social partners of the eight countries covered by this paper as a basis for tailoring youth employment interventions to their national situation:

- ***An integrated strategy for growth and job creation should be developed to ensure long-term, sustained and concerted action for the promotion of decent work for young people.*** Although youth employment is identified as a challenge in different policies in most countries, assigning priority to youth employment requires a coherent policy framework that addresses youth employment in national development strategies and employment policies. This priority needs to be specified with measurable employment targets and achievable policy outcomes being determined to improve both the quantity and the quality of jobs available for young people.
- ***National and local jobs pacts for youth could be developed through tripartite consensus and implemented to foster growth and create decent jobs for young people.*** These pacts should determine the action to be taken by national and local authorities, the social partners and other actors for the promotion of decent work for young people. Action plans on youth employment can be used as a tool in the pacts for the conversion of youth employment priorities into concrete action and to strengthen the coordination of youth employment interventions. The pacts can identify the youth employment interventions to be undertaken using the resources earmarked and within a given timeframe, and should assess the effectiveness of these interventions through sound monitoring and evaluation.
- ***Measures to improve the quality of jobs and the competitiveness of enterprises*** should be pursued with a view to improving job quality for the many young people who are currently engaged in precarious jobs, especially in the informal economy. Together with labour legislation, these measures can reduce labour market segmentation based on the type of contract and job and can help young people move to decent jobs.
- ***The quality of education and training and its relevance to labour market needs should be improved.*** Education and training programmes that equip young people with the skills required by the labour market are an important element in facilitating the transition of young people to decent work. These programmes should be based on broad skills that are related to occupational needs and are recognized by enterprises, and should include work experience components. Workplace-based learning improves the productivity of young workers and the competitiveness and innovation of enterprises. It can be supported by governments through incentives to train young workers, especially those with low skills. Policy coherence and more

²² This Resolution is available at <http://www.ilo.org/public/english/standards/relm/ilc/ilc93/pdf/resolutions.pdf>

effective coordination across education and training systems and labour market institutions should be pursued at all levels, including between Ministries of Education and of Labour, as well as PES and education and training providers.

- ***The design and funding of active labour market policies should be enhanced in support of the implementation of national youth employment priorities.*** These programmes should offer a comprehensive package of services with a view to facilitating the transition of youth to decent work. Standard types of ALMPs based on single measures are unlikely to work for NEETs or for young workers engaged in the informal economy, especially during crisis and post-crisis periods. The effectiveness of these measures could be greatly improved by introducing mechanisms that target disadvantaged youth and by piloting programmes – and assessing their results – prior to their implementation on a larger scale. Specific mechanisms and alliances should be established by PES (see below) to reach out to discouraged young people who are detached from the labour market. Funding for these measures, which was already low prior to and even during the crisis, should be increased to ensure greater support during the post-crisis period. Lack of support for these employment measures would have dramatic consequences for the current generation of young people.
- ***The provision of employment services should be reviewed with the objective of offering a set of standard services to all young people and more intensive assistance to disadvantaged youth.*** PES should re-orient their services to offer “standard” support to all young jobseekers (for example, self-service, group counselling and job search techniques, including employment planning) and more intensive and targeted assistance for “hard-to-place” youth. Early interventions based on profiling techniques and outreach programmes should be developed at the local level to make the services more relevant to young people and to assist enterprises in the recruitment process. Partnerships between employment offices and municipal authorities, the social partners, social services and civil society organizations are required to improve the targeting of young NEETs and young workers engaged in the informal economy who do not usually fall within the reach of PES.
- ***Reliable and timely information on the youth labour market should be collected, analysed and disseminated on a regular basis.*** The availability of labour market information is a prerequisite for identifying the multi-faceted aspects of the youth employment challenge. Policies and programmes that are developed without this information may end up focusing on problems that are not key to addressing the challenge. Age-disaggregated information can be extrapolated from labour force surveys in some countries. More and better information on the quantity and quality of youth employment can be obtained by adding an ad hoc youth module to these labour force surveys or conducting school-to-work transition surveys.
- ***Monitoring and evaluation systems should be developed to assess the effectiveness and impact of youth employment policies and programmes.*** Very little information is available on the effectiveness of policies and programmes for young people. A system to monitor both quantitative and qualitative indicators could help in assessing the performance of interventions targeted at the employment of young people and in determining what works and for whom. The lessons learned from systematic impact evaluation would help to improve the cost-effectiveness of the measures taken and would provide policy-makers with information on how to optimize the use of the available funding.

4. Suggested points for discussion

During the Informal Ministerial Meeting, participants may wish to consider the following suggested issues for discussion:

1. What policies have been successful in fostering decent work for youth prior to and during economic crises? Which ones could be particularly relevant at present during the period of economic recovery?
2. What types of services should be made available by the Public Employment Service to attract young people and enterprises?
3. How can the effective implementation be ensured of policies and programmes to promote decent work for youth which involve national and local institutions and the social partners?
4. What mechanisms should be established to foster the exchange of knowledge and experience on youth employment between countries in Europe and the Caucasus?