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**Study on Youth Employment
in Western Balkans**

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Regional Cooperation Council



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GIVE YOUTH A CHANCE

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Youth Employment in the Western Balkans

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Topics

Youth labour markets

Key challenges

Youth employment policies in place

NEET policies and PES capacities

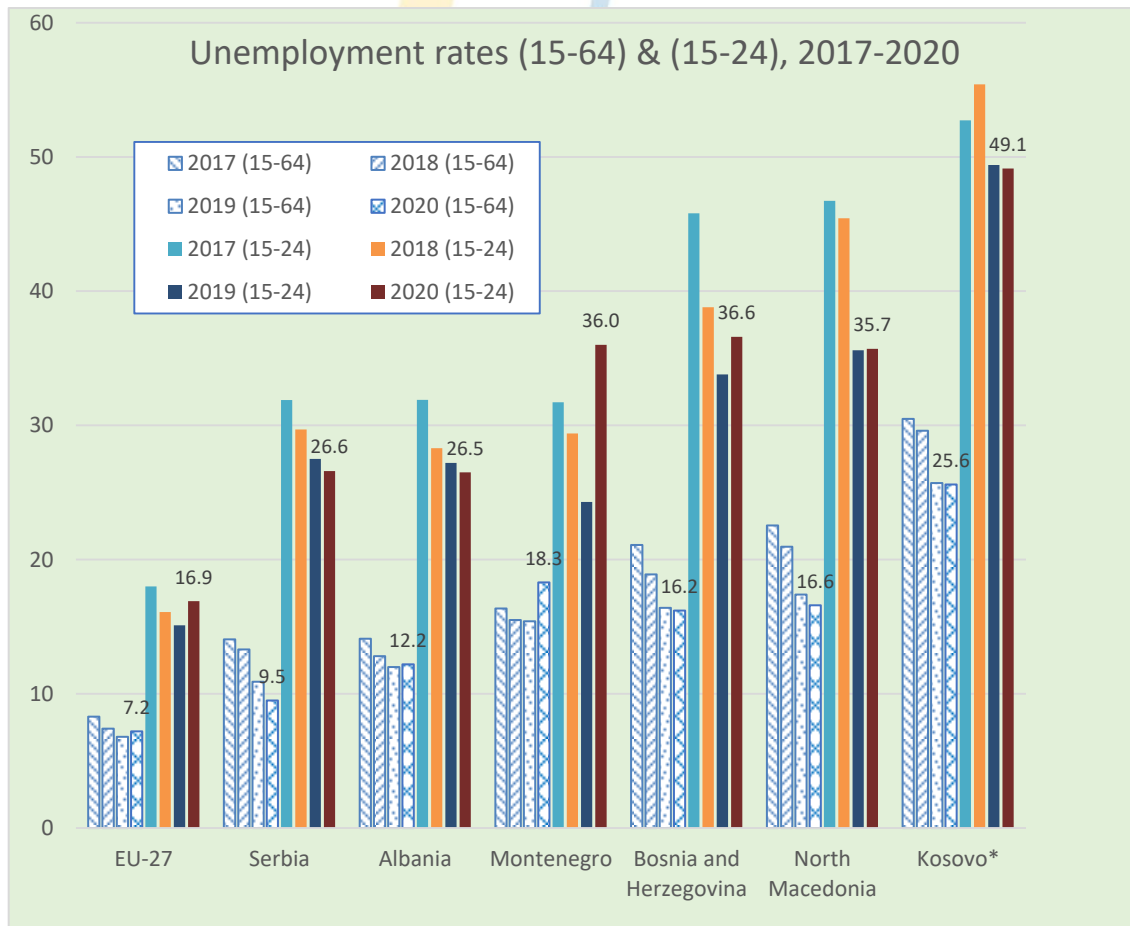
Youth Guarantee(s)



Youth unemployment

Youth unemployment rates are extremely high in relation to both EU-27 and their own economy overall unemployment rates.

Youth unemployment had been falling pre-pandemic, but shot up in some economies as the pandemic effects took hold.



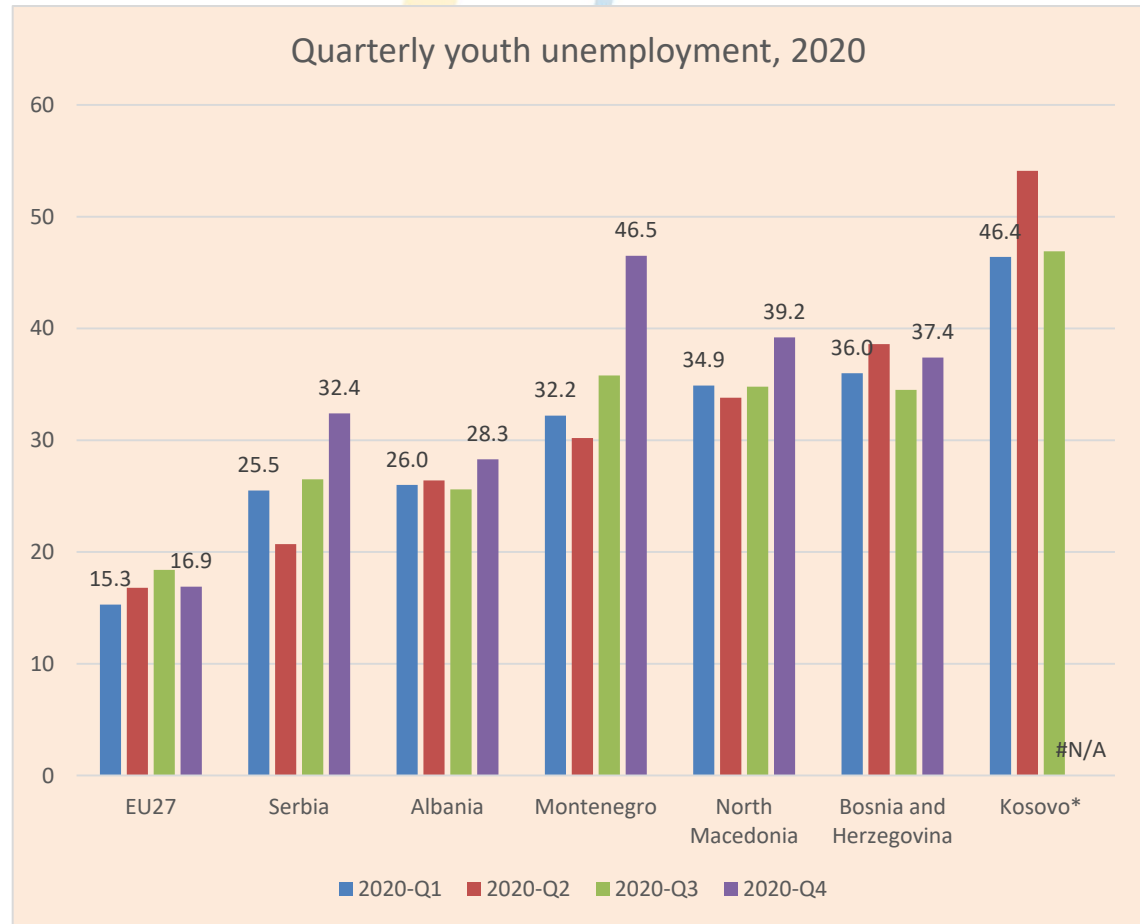
* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Impact of COVID-19 pandemic

The COVID-19 pandemic has had a severe negative impact on the youth labour market.

Unlike in the EU-27, in the WB6 registered youth unemployment shot up in the 4th quarter of 2020, as the pandemic entered its second wave.

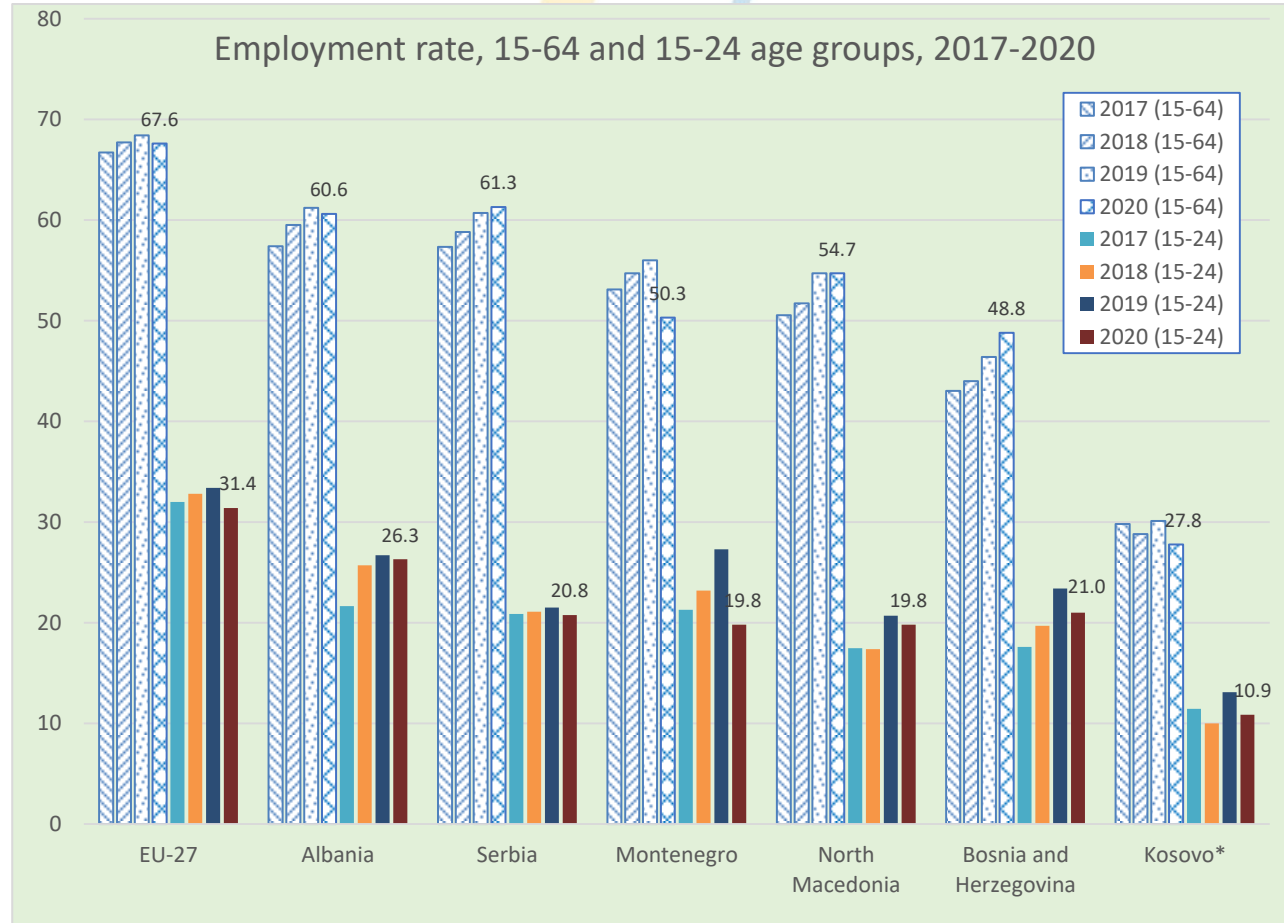
Registered youth unemployment increased sharply in Montenegro, North Macedonia and Serbia in Q4 2020.



Employment rates

Employment rates of all age groups are far below EU27 but were increasing up to 2019

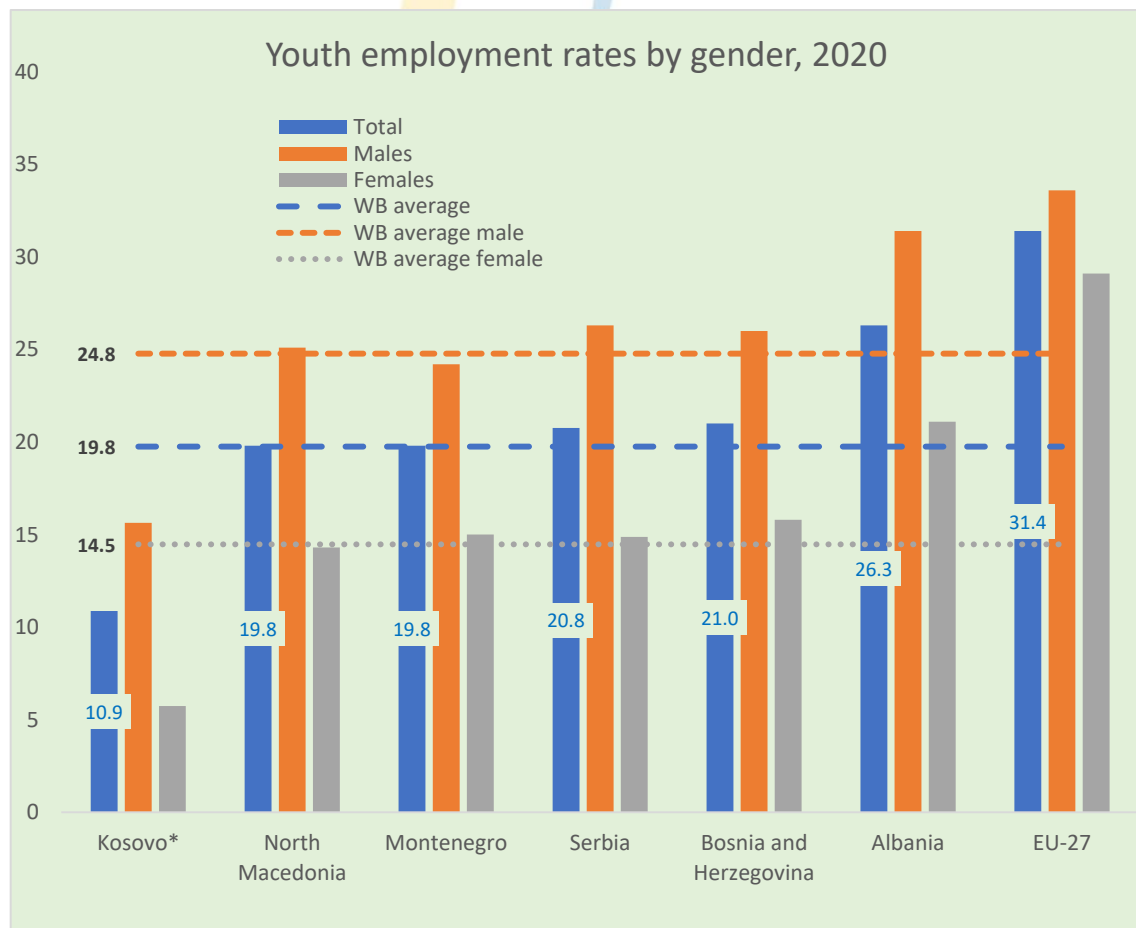
In WB6, employment rates continued to increase, stagnated or fell slightly, BUT youth employment rates fell moderately or sharply



Gender gaps

Large gender gaps exist in youth employment rates (and other labour market indicators).

The average male youth employment rate is almost double the female youth employment rate with a gap of 10.3 p.p. (in contrast the gap in EU-217 is just 4 p.p.)

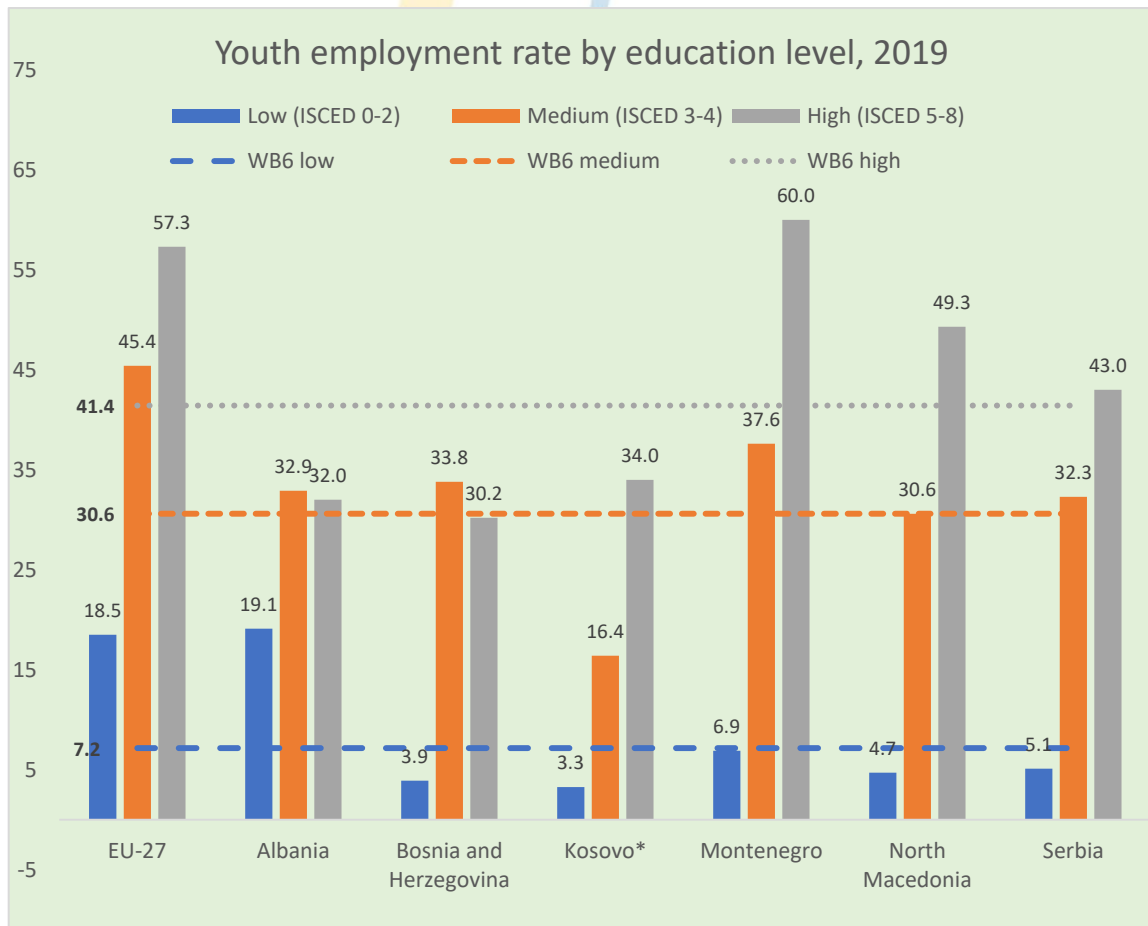


Education gaps

Large differences exist in the youth employment rate by the level of education in the EU-27. Young people with higher level of education tend to have a higher employment rate.

This pattern is replicated in some WB6 economies, but with even larger education gaps (Kosovo*, Montenegro, North Macedonia, Serbia).

In two economies (Albania, Bosnia and Herzegovina), higher education does not confer an advantage in the labour market, possibly due to high level of migration of young skilled workers ('brain drain').

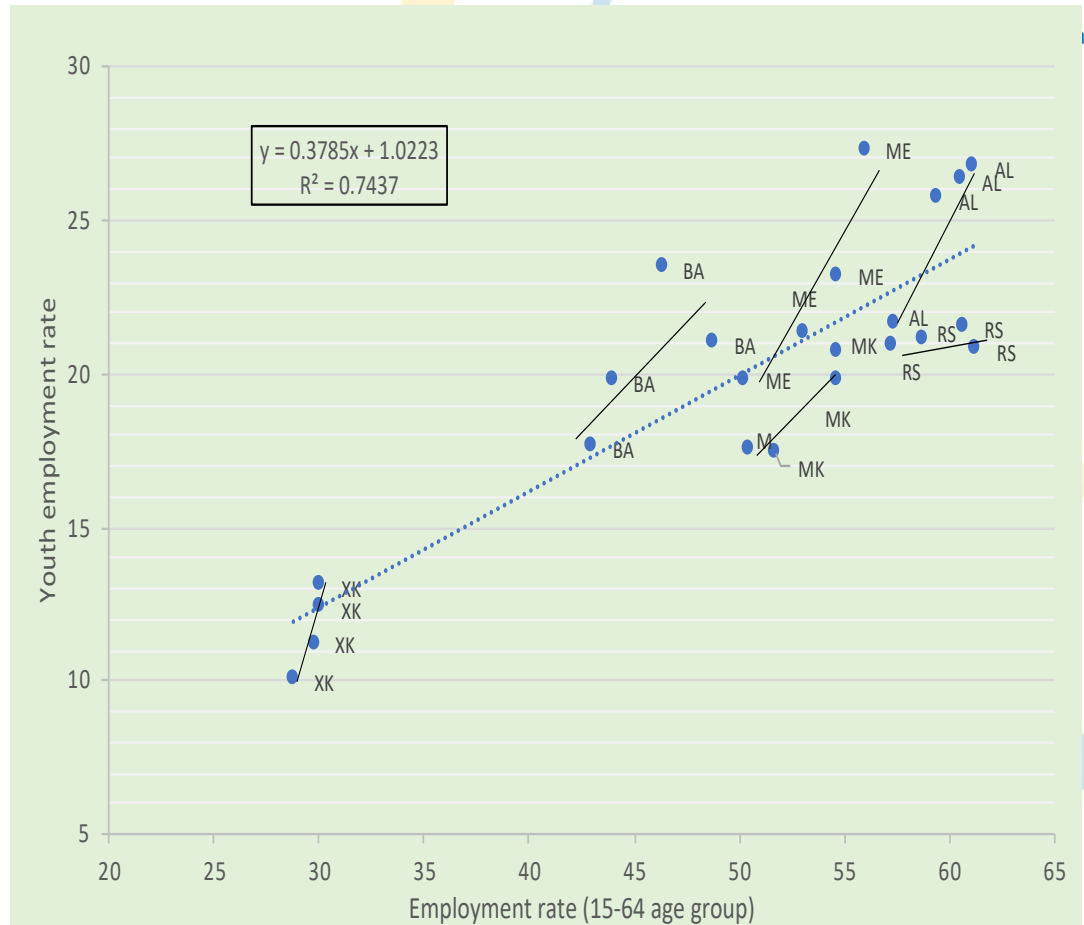


Elasticities of youth employment

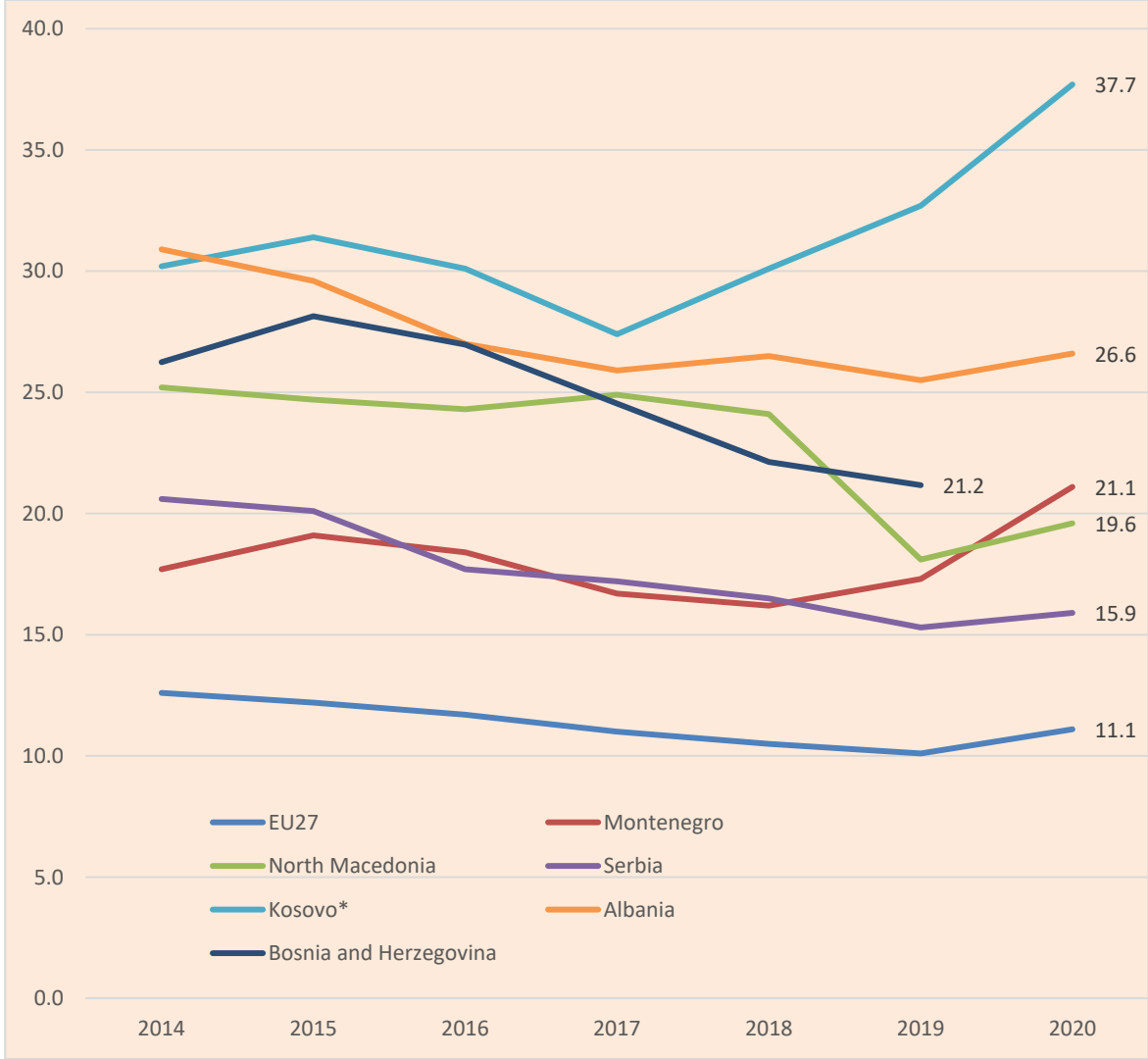
Youth employment rates are highly sensitive to economic activity measured by overall employment rates

In some economies, the sensitivity (elasticity) is very high, so in a downturn youth are badly hit and are the first to lose their jobs

Other economies are insensitive to economic conditions and so in an upturn the youth do not benefit from economic growth.



NEETs rate age group 15-24, 2014-2020



Key challenges – education system

Factors related to the education system

Weaknesses in the education system – PISA results

Inadequate work experience opportunities

Skills of many graduates not matching labour market demand

Key challenges – job search process

Factors related to the job search process

Inadequate support for the education-to work transition

Inadequate career advice and counselling services

Scarcity of information on job vacancies

Perceptions of unfair recruitment practices

Youth preferences for secure public sector jobs

Internship's revolving door

Key challenges – labour market

Factors related to the labour market

Insufficient number of jobs especially in the private sector

High level of informality in the labour market

A prevalence of precarious employment

Long-term unemployment and the associated deterioration of skills (scarring)

Key challenges – policy related factors

Policy related factors

Insufficiently targeted youth employment policies

An absence of support for, and barriers to youth entrepreneurship

Inadequate consultation with young people

Existing youth labour market policies:- Transition from education to work

- Transition from primary school
 - Little support is available for early leavers from education system
- Transition from secondary school
 - Some economies have set up dual education systems
- Transition from higher education
 - Internship programmes have been established in some economies

Existing youth labour market policies:

Work-based learning

- Internships
 - Established for higher education graduates at no or low pay
- Traineeships
 - For youth with low or medium education at low pay
- Apprenticeships
 - Linked to dual education with structured programme of learning and full pay
- Informal training
 - Ad hoc short courses often focused on IT skills

Existing youth labour market policies:

Employment support

- Wage subsidies
 - Cover social security costs alongside minimum wage
- Self-employment
 - Support for low or medium skilled people as sole proprietor
- Youth entrepreneurship
 - Training and start-up grants for youth entrepreneurs
- Public works
 - Temporary jobs in public sector for low educated youth

Design of Youth Guarantees: Phase 0

- **Awareness raising**
 - Political leaders promote the policy concept among stakeholders and in the media
- **Political commitment**
 - Building the commitment of public authorities and stakeholders
- **Creation of a Task Force**
 - Develops concepts and operational guidelines
 - Chaired by a “policy champion” - a high-level member of the government
 - Engages with relevant institutions outside government

Design of Youth Guarantees: Phase 1

- Mapping the NEET landscape
 - Specialised surveys of NEETs to inform policy
- Policy design
 - Cut across policy fields, including employment, education, youth, gender equality, housing, health, and social affairs
 - Integrated policies implemented through public-private partnerships involving all relevant actors

Design of Youth Guarantees: Phase 2

- Outreach to unregistered NEETs
 - Outreach Strategy developed to identify best way to involve partnerships between:
 - Employment services
 - Social services
 - Education and training providers
 - Community groups
 - Youth NGOs

Key measures of strategy to integrate non-registered NEETs

- Integrated measures
 - Individualised case management through partnership between PES and CSWs
 - Establish one-stop shops for young people to resolve their multidimensional difficulties
- Training
 - Encourage schools and private businesses to collaborate to provide training and apprenticeships, and practical courses and workshops
- Counselling
 - Provide one-to-one counselling and remedial training programmes for younger NEETs through PES or independent provider organisations
 - Provide business start-up advice and mentoring, and start-up grants and loans targeted at higher education graduates in partnership with financial institutions and European agencies and institutions
- Awareness
 - Raise awareness among youth through social media about available opportunities

Design of Youth Guarantees: Phase 3

- Operational Preparation
 - Period of institutional capacity building to ensure services available for Youth Guarantee
 - PES should be prepared to deliver improved career counselling and guidance services
 - Where this is not possible, contracting out to private providers should be considered

PES capacities

PES capacities to deliver a youth guarantee differ among economies of the WB6. The PES caseload is unsustainably high in Kosovo*, North Macedonia and Serbia.

In these three economies, the number of staff in PES will need to be increased if a Youth Guarantee is to be adopted.

	PES caseload
Albania	168
Bosnia and Herzegovina	n/a
Kosovo*	626
Montenegro	113
North Macedonia	457
Serbia	306
Western Balkan average	338
EU-27	140
Croatia	169
Slovenia	137

Design of Youth Guarantees: Phase 4

- Phase 4a
 - Pilot programme
 - implement the Youth Guarantees in a limited number of localities to provide evidence for next steps
- Phase 4b
 - Rollout to full implementation
 - progressive deployment nationwide, ensuring regular monitoring and evaluation of outcomes



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