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Young People in South Eastern Europe:

From **RISK** to Empowerment



***Young People in South Eastern Europe:
From Risk to Empowerment***

Draft Report

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June 14, 2004

THE WORLD BANK
ENVIRONMENTALLY AND SOCIALLY SUSTAINABLE DEVELOPMENT
SOCIAL DEVELOPMENT TEAM
EUROPE AND CENTRAL ASIA REGION

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ACRONYMS

AIDS	Acquired Immunodeficiency Syndrome
ALMP	Active Labor Market Program
BiH	Bosnia-Herzegovina
CAS	Country Assistance Strategy
CDD	Community-Driven Development
CEPR	<i>Centre for Economic Policy Research</i>
CIDA	Canadian International Development Agency
CIS	Commonwealth of Independent States
CPA/CPS	Centar za poučavanje alternativa/Center for Policy Studies (Yugoslavia)
EBRD	European Bank of Reconstruction and Development
ECA	Europe and Central Asia
ECSSD	Europe and Central Asia Environmentally and Socially Sustainable Development Unit
EPL	employment protection legislation
ESPAD	European School Survey Project on Alcohol and Drugs
ESW	Economic and Sector Work
EU	European Union
EUROSTAT	Statistical Office of the European Communities
EYF	European Youth Forum
GDP	gross domestic product
HIV	Human Immunodeficiency Virus
IBHI	Independent Bureau for Humanitarian Issues
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDP	internally displaced person
IDU	intravenous drug use
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
KEI	Key Employment Indicators
KILM	Key Indicators of the Labor Market
LAC	Latin America and the Caribbean
LFS	Labor Force Surveys
LSD	lysergic acid diethylamide
LSMS	Living Standard Measurement Surveys
LIL	Learning and Innovation Loan
MDG	Millennium Development Goal
MONEE	Monitoring the human impact of socio-economic change in CEE/CIS and the Baltics (UNICEF)
MV	motor vehicle
NGO	nongovernmental organization
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Papers
SEE	South Eastern Europe
SIDA	Swedish International Development Cooperation Agency
SJCRKC	Saudi Joint Committee on the Relief of Kosovo and Chechnya
S-M	Serbia and Montenegro

STI	sexually transmitted infection
TB	tuberculosis
TIMSS	Third International Mathematics and Science Study
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WDI	World Development Indicators
WDR	<i>World Development Report</i>
WHO	World Health Organization
WID	Women in Development
YAPS	Youth Albania Parcel Service
YLMD	youth labor market disadvantage

ACKNOWLEDGMENTS

This study was prepared by a team led by Gloria La Cava that consisted of Paula Lytle, Alexandre Kolev, and Carine Clert. Research assistance was provided by Ivana Aleksic. The team's work on the Concept Note benefited from the guidance of Daniela Gressani, chair of the review meeting, and that of the reviewers, Viviana Mangiaterra and Wendy Cunningham, as well as from the initial comments of Richard Burcroff, Indira Konjhodzic, Vera Dugandzic, and Taies Nezam.

This report is based on several key inputs. Arjan Gjonca's demographic analysis served as the background for chapter 1. The QED Group prepared a background report for chapter 2. Catherine Saget of the International Labour Office and Alexandre Kolev co-wrote a background paper on youth labor-market disadvantage that was used for chapter 3. Jere Behrman and James Knowles prepared a background report used for chapter 4, for which Tiziana Tamborrini provided research assistance. The discussion of human trafficking in chapter 3 is based on a forthcoming economic and sector work (ESW) by Carine Clert and Elizabeth Gomart. Zlatko Nikoloski prepared appendix 2 and Diana Marginean contributed substantially to the preparation of the bibliography.

The team thanks Alexandre Marc, Joana Godinho, Helen Shahriari, Merrell Tuck-Primdahl, and Pasi Sahlberg for their extensive comments on earlier drafts of the report, and Blasko Smilevski for his inputs. The authors also thank the Development Co-operation of the Ministry of Foreign Affairs of Italy for its financial support (through the Social Development Initiative for South Eastern Europe) and its early endorsement of and financial assistance to the youth agenda in the subregion.

Peggy McNerny and Alicia Hetzner edited the study, and Daphne Sawyer-Dunn processed and formatted it.

EXECUTIVE SUMMARY

Young people are assets in development and, in many cases, agents of social and political change. Yet in South Eastern Europe (SEE), youth who have come of age during the years of transition have been strongly affected by increased poverty and neglect.

This study addresses the following questions regarding youth aged 15 to 24 in SEE: What is the age structure of the economies of SEE? How are young people at risk in the subregion? What are the dimensions of these risks? What are the economic and social implications of these risks? How is youth disadvantaged in the labor market? How does economic exclusion influence risky behaviors of youth? What are the elements of an effective youth policy?

The study finds that youth in SEE need urgent attention, particularly young males in Kosovo and Bosnia-Herzegovina (BiH). To a greater degree than elsewhere in the subregion, these two conflict-affected areas have large youth population bulges and high rates of school leaving, youth unemployment, substance abuse, post-traumatic stress disorder, and young male suicide. Young males in these areas also risk being recruited into extremist organizations, which increases the potential for renewed ethnic violence. Young women throughout SEE are vulnerable to the risks of domestic violence, early pregnancy, human trafficking, and, especially in Kosovo, early school leaving.

The study finds that unemployment is contributing to risky behaviors among youth in SEE. Youth in the region have become marginalized—socially, economically, and politically. They are dropping out of secondary school, failing to find jobs, engaging in unsafe sex and substance abuse, and becoming victims of violent crime. They are marrying later, but continuing to have children younger (in many cases, as single mothers). The social and economic implications of these conditions are significant, including costly potential health crises and the transmission of poverty to the next generation in SEE.

The study contends that, to be effective, youth policy in SEE must adopt an integrated approach to the social, economic, and political participation of young people in society. Specifically, these needs are for education appropriate to the job market (formal and non-formal), employment, childcare and development, preventive health practices, youth-friendly services (particularly mental health and rehabilitation services), and participation in decision-making.

Finally, the study finds that youth concerns need to be mainstreamed within World Bank development policy and practice. Traditional sectoral approaches are not well suited to addressing the multidimensional nature of youth issues, particularly the multiple risks faced by male adolescents and young men. Ideally, each client country should have a well-developed, gender-sensitive youth policy that integrates the following key components: (a) community-based, informal education, (b) practical work experience and support to small businesses, and (c) youth policies developed in conjunction with national and sub-regional youth councils and/or organizations.

As used in this report, South Eastern Europe consists of Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, the former Yugoslav Republic (FYR) of Macedonia, Moldova, Romania, and Serbia and Montenegro, which are collectively referred to as the “subregion.”

YOUTH NEED URGENT POLICY ATTENTION

Youth in SEE have fallen through the cracks of public policy. Failure to provide adequately for young people's needs has profound short- and long-term development implications for the subregion. The over 9 million youth who have come of age during the years of transition away from communism have been strongly affected by increased poverty, conflict, and neglect. The collapse of the communist system and its corresponding youth programs created a policy vacuum regarding young people. Tapping the potential of youth in SEE is crucial to building more stable and cohesive societies.

The situation of youth in SEE has declined precisely at a time when it should be improving to meet the challenges of European Union (EU) accession. Unlike their EU peers, the majority of youth in SEE practice unsafe sex and thus risk a potential HIV/AIDS epidemic. Secondary school enrollment rates have declined in the post-transition period and are now lower in SEE than in southern European countries. Youth unemployment in the subregion is 2.5 times higher than EU youth unemployment, and inadequate education is leaving young people unprepared for the more competitive EU economy.

POPULATION TRENDS

The contemporary population of youth aged 15 to 24 in SEE is the largest youth cohort that the subregion will experience for years to come. With the exception of Albania and Kosovo, fertility rates throughout SEE are below replacement levels. The size of this youth cohort is roughly the same throughout the subregion, varying from 14 percent of the total population in Croatia to 18 percent in Moldova (2000). Albania and Moldova have the highest percentage of population in this age group.

Although the fertility rate has decreased in SEE in general, a significant percentage of childbearing occurs among youth aged 15 to 24. The youth cohort clearly plays a major reproductive role today. Bulgaria has the highest rate of childbearing among this cohort (57 percent) and Albania, the lowest (34 percent). Population growth in the subregion is highest in Kosovo, which has and will continue to have the highest total fertility rate for the next 15 to 20 years.

Combined trends suggest that more childbearing is taking place outside of marriage. The mean age of females at first marriage has increased rapidly in the subregion, indicating late entrance to marriage. For example, the mean age of females at first marriage in Croatia increased from 21.4 in 1970 to 25.1 years in 2000. Age at first marriage also increased in Albania, Bosnia-Herzegovina (BiH), and Serbia and Montenegro. Yet youths between 15 and 24 still account for the highest number of births in the subregion. High levels of unsafe sex may explain the high percentage of childbearing in this age group and the trend of out-of-wedlock births. Children born out of wedlock are more vulnerable than those born to married couples. In the context of weakening family structures and cuts in the provision of social services, this trend has serious implications for the inter-generational transmission of poverty.

With the exception of Moldova, urbanization has increased in SEE. One implication of urbanization is that youth are less likely to be integrated into social networks and more vulnerable to heroin addiction, violence, and crime.

RISKY BEHAVIORS AND VULNERABILITIES

Although young women are subject to the specific vulnerabilities of domestic violence, early pregnancy, and human trafficking, young men in SEE suffer greater overall vulnerability to risk, including the risks of school leaving, suicide, substance abuse, crime, violence, and unemployment. The combined effect of risky behaviors and social and economic marginalization is detrimental not only to the lives of young men, but to society at large, particularly in countries where ethnic divisions and instability remain significant.

Suicide rates among young men in SEE are much higher than among young women, and are highest in the post-conflict countries of Bosnia-Herzegovina and Croatia. Young male suicides are testaments of the continuing trauma of war. Psychosocial services to heal war trauma are urgently needed, but are inadequate or non-existent in these regions. Family structures in the subregion are fragile, unable to address post-traumatic stress disorder, and coming under greater stress due to decreased access to resources.

Only a minority of SEE youth appears to use contraception and practice safe sex (defined as abstinence, fewer sexual partners, and the use of condoms). Many youth lack knowledge about the consequences of risky sexual behaviors and do not discuss these issues in their families. Comparisons to the pre-transition period indicate that youth are engaging in their first sexual experiences at younger ages. Research findings demonstrate a low level of knowledge about HIV/AIDS, early pregnancy, and related health issues. Although current rates of HIV/AIDS infection are low, high rates of unsafe sex indicate that the epidemic could spread dramatically in SEE. As a recent World Bank study of HIV/AIDS explained, “Two epidemics are... intertwined in these countries; a well-established IDU [intravenous drug use] since 1995, and an incipient HIV epidemic. Young people are at the center of both.”¹

The rate of heroin and other substance abuse is rising. It is currently estimated that Macedonia has over 50,000 heroin addicts in a population of just 2 million, but lacks community-based support services. Of the 20,000 registered drug addicts in Croatia, nearly two-thirds are heroin addicts.

Alcohol consumption is starting at very early ages and, although chronic drinking is prevalent among the more mature adult population, intensified youth drinking may become a worrisome trend. In general, young men are more likely to consume and/or abuse alcohol than young women.

Young people cite such reasons for drug and alcohol abuse as loss of hope for a better future, a profound sense of displacement, and loss of friendships due to forced migration and ethnic conflict. Responding to these youth needs requires careful design of rehabilitation services as well as preventive, community-based approaches that actively engage families and schools.

Young men are both targets for ethnic violence and potential recruits for extremists. Conflict-affected societies in SEE are often still armed. High rates of unemployment, idleness, and social alienation make young men ripe recruits for extremists and terrorists, posing great dangers to social stability. In Kosovo, lack of adequate secondary schooling and job training for rural youth has created a vacuum that has been filled by non-formal, fundamentalist education, a trend that has potentially negative consequences for social cohesion and inclusion.

¹ Novotny, Haazen, Adeyi, 2003, *HIV/AIDS in Southeastern Europe*, 4.

Crime affects youth in SEE two ways: youth are engaging in criminal behavior (mostly property crimes), but are also direct victims of crime. The relatively young age of offenders in SEE transition countries is a troubling trend. Juvenile crime rates in the subregion are higher than total general crime rates. The decline in social capital and increasing family dysfunction may explain the rising rate of youth crime in SEE.

Youth, primarily young men, are also victims of crime. With the exception of Croatia, all SEE societies have higher rates of homicide and purposeful injury among youth than do Central European countries.

More than two-thirds of the children and youth in the subregion have witnessed violence in their homes. Data indicate that domestic violence has increased, often coupled with alcohol abuse. Families are exhibiting increasing dysfunction, including domestic conflict, lack of parental control, weak intergenerational ties, premature autonomy and the associated risk of delinquency.

Instead of progressing on MDG education indicators, SEE is moving backward. Secondary school enrollments in SEE are considerably lower than in southern European countries such as Greece, Cyprus, and Malta. Dropout rates are increasing and are higher among young men than young women. Secondary school enrollments declined in the immediate post-transition period, then recovered slightly, but have yet to reach pre-transition levels of universal enrollment. Variation in enrollment rates is higher among countries experiencing political and economic instability. In addition, corruption in the educational system is widespread in SEE and ethnic divisions in education persist, particularly in BiH and Macedonia.

Young people consider their formal education inadequate preparation for the contemporary job market. Youth have stressed in consultations that the quality and relevance of education need to be improved. They also seek a voice in educational reform because they are directly affected by educational content.

Fieldwork and the experience of young people themselves demonstrate the effectiveness of non-formal education in developing life and livelihood skills. Non-formal education can be defined as “organized and semi-organized educational activities operating outside the structure and routines of the formal education system.”² It also includes sports and cultural activities, which support the development of positive individual and group identities while providing opportunities for income generation. Many youth organizations have expressed interest in extending the recognition of non-formal education. The European Youth Forum, the main EU-wide youth platform, has in particular emphasized the need for non-formal education, including a role for youth organizations as educators.

HIGH YOUTH UNEMPLOYMENT AND ITS IMPLICATIONS

Despite the resumption of economic growth in most SEE countries, youth unemployment rates remain very high more than ten years after the fall of communist regimes in the region. In 2001, youth unemployment rates in SEE were already high by EU standards, averaging 38.6 percent according to World Bank Labor Force Survey data for seven SEE economies, and 31.2 percent according to Bank Living Standards Measurement Surveys data

² Sahlberg, *Building Bridges*, 10.

for six SEE regions. In comparison, LFS data for the same period showed that youth unemployment in the EU was 14.9 percent.

There are large disparities in youth unemployment in SEE. The LFS-based unemployment rate in the subregion ranges from 16.2 percent in Moldova to 69.2 percent in Kosovo. Absolute youth unemployment rates are highest in Kosovo, Macedonia, Croatia, Bulgaria, and Bosnia-Herzegovina. Labor-market disadvantages are not spread equally among young people. Youth with little education, youth with disabilities, and youth from certain minorities (such as the Roma) are disproportionately affected, as are young males. In 2001, the unemployment rate was higher for young men in 7 of the 10 SEE economies for which data was available.

Large numbers of jobless youth in the subregion are no longer looking for work. The inclusion of these young people in the category of “officially unemployed” would raise unemployment rates among youth considerably. If we depart from the “strict” ILO definition of unemployment to a more “relaxed” definition that captures discouraged unemployed young people, the average youth unemployment rate in 2001 (approximately) rises from 31.2 percent (strict definition) to 41 percent (relaxed definition). The proportion of jobless youth who do not report looking for work is particularly significant in Albania, Bosnia-Herzegovina, and Kosovo, where the gray economy seems to be widespread.

Young people who were both jobless and out of school accounted for more than 35.6 percent of the youth population in 2001. In Albania, Bosnia-Herzegovina, Bulgaria, and Kosovo, approximately one in three young persons aged 15–19 is neither in school nor employed. In most SEE economies, with the exception of Kosovo, there is a greater proportion of young men than young women in this category.

A large number of young people in SEE are working in environments where they are deprived of basic employment rights and entitlements. Low-quality employment in the subregion includes jobs that may provide higher salaries, but do not provide health, pension, or unemployment insurance. In Albania, Bosnia-Herzegovina, and Bulgaria, a very large proportion of the wage-employed work in low-quality jobs.

Large absolute youth unemployment is only one aspect of high aggregate unemployment and low job creation in SEE; it cannot be addressed in isolation from the wider employment problem. While economic growth is essential to supporting youth employment, the quality of that growth is equally important. The impact of economic growth on youth labor markets is not uniform throughout SEE. In Macedonia, employment prospects of youth remained particularly troubling until 1997, but improved slightly thereafter with the return of economic growth. In Bulgaria, however, the labor-market situation of youth has continued to deteriorate, despite the fact that the economy began to grow in 1997. Youth unemployment rates in Bulgaria rose from 32 percent in 1998 to 38 percent in 2001. In Romania, weak economic growth has gone hand-in-hand with stagnation in youth unemployment.

Policymakers need to address the barriers to young people’s entry into the labor market. The existence of these barriers is indicated by higher rates of youth unemployment relative to adult unemployment. Barriers include the poor quality of skills possessed by labor-market entrants, low incentives for employers to hire first job seekers, a lack of mechanisms to give young graduates exposure to work, and credit access that disproportionately affects young adults, preventing them from starting up micro- and small enterprises.

A difficult entry into the work force has serious welfare repercussions on young people, increasing the risks of income poverty and the deterioration of human and social capital. Data show that lack of a job is a strong correlate of poverty in SEE. There is large heterogeneity in the subregion, however, regarding the extent to which joblessness affects the relative risk of poverty.

International evidence shows that the longer an unemployment spell, the more difficult it is to find work because of the loss of skills, poor morale, and stress. Early unemployment in a person's life may permanently impair his or her future employability in decent jobs. The evidence indicates that a great incidence of poverty among jobless youth is not captured in unemployment data.

One of the most positive ways that youth in SEE are responding to unemployment is by staying in educational institutions longer, thus delaying their entry into the labor force. This option is not a possibility for vulnerable youth, who have a tougher time completing education even at the primary level.

Given high unemployment in SEE, many youth have left their countries to look for jobs abroad. According to official data, emigration from Bulgaria and Romania is the most significant in SEE, but real migration levels throughout the region are probably greater than indicated by official figures. In Moldova, the official estimate of citizens working abroad is 234,000, but unofficial estimates range between 600,000 and 1,000,000. Survey findings from BiH, Macedonia, Moldova, and Serbia confirm that a majority of youth would emigrate if they had the opportunity to do so.

International migration can have a positive outcome. Young people and their households can exit unemployment and poverty by working abroad and sending private remittances home. For Kosovo Albanians, such remittances are estimated at 43 percent of the gross domestic product (GDP).

The negative aspects of labor migration are a brain drain in the subregion and lost investment in education in the home country. While low-qualified migrants are usually part of short-term and seasonal migration, highly qualified workers are prone to long-term or permanent migration.

Unemployment and poverty in the region have been instrumental in contributing to the development of a large informal sector. Informal activities often mitigate, but do not necessarily prevent, income poverty. Growth in the informal economy, moreover, has seen a rise in the number of young workers who do not enjoy labor code protections and are not adequately protected against health risks and old age.

The growth of human trafficking in SEE is a negative aspect of labor migration and a flourishing informal economy. Lack of economic opportunities establishes conditions in which young women are vulnerable to trafficking. An estimated 175,000 persons from Central and Eastern Europe and the Commonwealth of Independent States (CIS) are trafficked annually, that is, up to 25 percent of the 700,000 to 2 million people trafficked around the world each year. Moldova, Romania, and Albania, followed by Bulgaria, are the major countries of origin of trafficking in South Eastern Europe. Data is limited, but it is apparent that females vulnerable to trafficking are either very young or young, single or not married, single mothers, and come from either a poor or very poor family background.

COMPONENTS OF AN EFFECTIVE YOUTH POLICY IN SEE

Effective youth policies must view young people as agents of change and active participants in local, national, and global governance. Youth policies need to address young people as stakeholders and key decision makers in the policies and programs that affect their lives.

Youth need to be the center of sectoral investment programs that address their needs in a comprehensive way. Youth policies—whether focused on education, health, culture, sports, justice, and/or active labor markets—will have greater impact if they approach youth inclusion and empowerment in a comprehensive manner. Such an approach would provide youth a much-desired voice in decision-making *and* contribute to more efficient use of budgetary resources.

The costs of not investing in youth in SEE are alarmingly high. This study clearly links risky behaviors to youth labor-market disadvantage, demonstrating the high social cost of *not* investing in youth. The discounted per capita cost of, for example, a young person infected with HIV in the subregion is estimated as high as US\$400,000; of a young career criminal and/or heavy drug user, US\$49,000; and of a high school dropout, US\$9,000. At the national level, it has been estimated that the current cost of not investing in youth in Kosovo is 204 million euros (one-third of the government budget), based on the cost of youth riots that occurred there in March 2004.

Preventive policies in both formal and non-formal education, health, and first-chance active labor market programs appear to be more cost-effective than curative policies. Reviews of international programs addressing youth employment have found that effective programs integrate youth employment policy into an integrated package of community-based services tailored to youth needs.

One of the most promising areas for youth investment is non-formal education, which would provide a much-needed complement to formal education. Such programs would be particularly beneficial for youth who have either not entered or have dropped out of secondary school. This group is at high risk for imposing costs on society over the entire course of their lives. Cost-effective, non-formal education programs that permit young people to complete secondary schooling in ethnically integrated programs, combined with life skills training in a variety of areas and opportunities for sports and recreation, appear to be economically beneficial investments for SEE as a whole.

The literature on youth development cites a wide range of potential benefits, although information on the cost and effectiveness of community-based youth centers, sports and recreation programs, and youth rehabilitation programs is limited. Because of their possible social, in addition to private, benefits, the rationale for public support of such centers and programs is strong.

The experience of the World Bank-funded Babylon Youth Centers in Macedonia indicates that youth-friendly spaces can effectively promote social cohesion among different communities and ethnic groups through non-formal educational activities at a limited per capita cost (US\$30–60 per young person per year). Similarly, evaluations of selected active labor-market programs (ALMPs) in Bosnia-Herzegovina, Bulgaria, Macedonia, and Romania indicate some positive employment results, with the exception of public work programs. Programs that

offered job search assistance and training linked to guaranteed jobs were found to be more effective than programs in vocational and technical training.

CONCLUSIONS

The World Bank can best support youth in SEE by mainstreaming youth issues into current macro-level policies. This means increasing the role of youth in Poverty Reduction Strategy Papers (PRSPs) and country assistance strategies (CASs). Other important steps in this direction would include setting up youth advisory groups, known as *Youth Voices*, in country offices and complementing country-level youth strategies with institution building for youth organizations. The policy dialogue the World Bank has established with governments can also be used to promote youth issues.

Mainstreaming youth in World Bank country work will require breaking up certain sectoral barriers and revisiting standard practices. In those countries where *Youth Voices* advisory groups are being established, these mechanisms can be instrumental in helping World Bank staff address youth concerns in PRSPs and CASs, as well as in priority sectors such as education (both formal and non-formal), health, labor markets, rural development, environment, and urban development.

Within the context of mainstreaming youth, young men in SEE should be a clear priority. The multiple dimensions of risk faced by adolescent boys and young men have not been adequately addressed by traditional sectoral projects. In education, for instance, the emphasis has been mainly on girls. Non-formal education, in particular, offers a means of reaching the significant percentage of young men who are neither in school nor employed, and could be integrated effectively into community-based approaches. The involvement of male educators and young male peer educators as positive role models acceptable to young men will be critical to the outreach of such programs.

Country-level youth policies need to incorporate three major elements: (1) non-formal education, (2) practical work experience and support to small business, and (3) development of national youth policies with national youth councils. These three dimensions reflect the key priorities expressed by youth forums worldwide and should constitute the foundation of all youth-focused interventions.

Ideally, every country in SEE should have a well developed and sustainable youth policy and adequate financial allocations to address their needs in a multidimensional way. The study develops a typology of the countries/areas of SEE as either (a) frontrunners in EU accession, (b) conflict-affected, or (c) lower-income. It then outlines youth policy implications for each typology. *Youth focused investment projects that address the multiple dimensions of risk described in this study should be the priority option.* A second-best option would be to integrate a youth component into sectoral projects.

Given the multiple dimensions of risk faced by youth in Kosovo and Bosnia-Herzegovina, delay in youth investment in these regions is not an option. Kosovo in particular has the highest absolute youth unemployment rate and the largest youth population bulge in SEE. These conditions exacerbate young people's vulnerability to risk, increasing the possibility of political extremism and renewed outbreaks of ethnic violence.

Certain conditions of youth vulnerability in SEE¾ including trauma, depression, and drug addiction¾ require instruments that cannot be provided by demand-driven or family support models. Given high rates of youth suicide, psychosocial support services are greatly needed in conflict-affected areas such as Bosnia-Herzegovina, Croatia, and Kosovo. As the use of injected heroin increases throughout SEE, there is also a need for community-based rehabilitation services in addition to broader drug prevention activities.

This study provides a roadmap for youth inclusion and empowerment in SEE that can help overcome existing programming fragmentation and increase development effectiveness. In partnership with selected donors such as Italy, Germany, UNICEF, and the Council of Europe, the World Bank can play catalytic role in providing incentives for a coherent youth policy through capacity building and strategic support of youth policy coordinating bodies. In South Eastern Europe, the active involvement of youth is necessary to build more stable and cohesive societies prepared to enter the European Union.

INTRODUCTION

Background on youth exclusion and poverty

Youth are assets to development and potential agents of social change, yet youth poverty and exclusion are widespread and increasing. Globally, the major issues affecting youth in specific ways are lack of adequate education and employment, lack of assets and property rights, exposure to risky behaviors, violence and crime, and, *most important, lack of participation in decision-making*. Excluded from access to economic and societal resources, in some dimensions, youth tend to be more vulnerable than older age groups, who are relatively more protected by the economy, social policy, and customs. Many countries lack an adequate policy response to young people's needs.

Over the past decade, youth³ has emerged as a key focus in development, due in part to increased challenges youth face in developing countries. International development organizations, governments, and NGOs have placed youth issues on the agenda as a concern to be addressed.⁴ In September 2000, the Millennium Declaration adopted during the United Nations General Assembly set the Millennium Development Goals (MDGs), to be achieved by countries by 2015. Fully half of the MDGs include specific targets and indicators to be measured that relate directly to youth. These goals are:

- Goal 2. Achieving universal primary education
 - Indicator: literacy rates among 15–24 year olds

- Goal 3. Promote gender equality and empower women
 - Indicator: ratio of literate females to males of 15–24 year olds

- Goal 6. Combat HIV/AIDS, malaria, and other diseases
 - Indicator: HIV prevalence among 15–24-year-old pregnant women

- Goal 8. Develop a global partnership for development
 - Target: in cooperation with developing countries, develop and implement strategies for decent and productive work for youth
 - Indicator: unemployment rate of 15–24 year olds

South Eastern Europe, as used in this report, is comprised of : Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, FYR Macedonia, Moldova, Romania, Serbia and Montenegro. Table 1 shows the absolute numbers of youth and the percentage of youth in the population in this subregion. This particular youth cohort has come of age during the post-communist transition years and has been strongly affected by increased poverty during the transition.

³ In any study or policy paper focusing on youth, the first requirement is to clarify to whom one is referring. Many international organizations, including the World Bank, currently define youth as those between the ages of 15 and 24. While this paper employs 15–24 years of age as the principal definition, many ECA countries define youth within the range of 16–30 years old.

⁴ Specific forms that this concern has taken include the 1998 Braga Youth Action Plan at the UN Youth Forum, 2000 UN Program of Action for Youth, Youth Development and Outreach Program at the Inter-American Development Bank, and USAID's YouthNET (this last focuses on reproductive health).

Youth are less likely to be employed and are less educated as well. In the Yugoslav successor states, they have been directly or indirectly affected by conflict—through violence, displacement, and interrupted or inadequate education. The effects of these disruptions will have profound short- and long-term development implications for a generation that is more vulnerable than its predecessors.

Table 1. Youth aged 15-24 in SEE, 2000

	<i>% of population</i>	<i>Absolute number (000s)</i>
SEE	15.7%	9,240.9
Albania	17.2%	522.9
Bosnia –Herzegovina .	15.0%	598.0
Bulgaria	14.6%	1,161.0
Croatia	13.8%	641.0
Moldova	17.7%	760.0
Romania	16.1%	3,612.0
FYRO Macedonia	16.3%	333.0
FR Yugoslavia (now Serbia and Montenegro)	15.3%	1,613.0

Social exclusion, vulnerability, and poverty are strongly interconnected in the subregion and cause the current generation of children, teenagers, and young adults to engage in risky behaviors with long-term health and social consequences. Risky behaviors such as substance abuse, unsafe sex, and participation in prostitution and human trafficking—and the results or correlates of those behaviors such as early pregnancy, sexually transmitted infections (STIs), addiction, poor health, lack of training for sustainable employment, and dropping out of school—pose threats to healthy, productive lives for young adults in South Eastern Europe.

The ability of SEE economies to respond to these challenges in an integrated manner has been circumscribed due to a policy vacuum created by the collapse of the communist parties and their corresponding youth wings. Therefore, at a time when youth issues required policy responses and increased coordination to address multidimensional challenges, appropriate policy mechanisms had not been established. In the past few years, central coordinating agencies, ministries, or directorates have been established in several countries.⁵ Now that institutional counterparts exist for youth policy, the next step is to review available data on key youth issues and assess current policy frameworks and programs for youth development in order to design more effective youth policies and investments.

Objectives

The key objective of this study is to provide a roadmap for youth development in SEE that governments, donors, and the World Bank can use to align public expenditures and investments with youth needs and priorities. This study also aims at a better understanding of the complex processes that prevent youth from developing their full potential. The Europe and Central Asia (ECA) region has pioneered multidimensional approaches to youth inclusion and

⁵ Specifically in SEE, in Albania, Bulgaria, Croatia, Macedonia, Romania, and Serbia and Montenegro. See “Youth in ECA: A Vulnerability and Social Exclusion Perspective,” World Bank 2002, 53–56; and UNICEF, “Young People in Changing Societies: The MONEE Project,” 2000, 117.

empowerment. In the context of youth as a World Bank corporate priority, but also given this regional experience on youth issues, the study identifies at what further efforts should be directed and the urgent priorities in the subregion.

More specifically, the study addresses the following questions: What is the underlying age structure within SEE economies? What are the youth policy implications of different countries' demographic profiles, considering the impact of other factors (for example, economic transition, conflict)? What are the dimensions of risky behaviors and their economic implications? What is the relationship between social exclusion and these? What are the patterns of youth labor market disadvantage in SEE? To what extent has youth empowerment materialized in SEE and what are the ongoing prospects?

Multidimensional analytic framework

This report integrates social analysis and economic analysis. Evidence found in both ECA learning activities and Latin America and the Caribbean (LAC) region analytical studies suggested the need to acknowledge the multidimensional nature of youth's experience and perception of marginalization. Available quantitative evidence generally focused on the socioeconomic dimensions of youth disadvantage. These elements are essential to understand the types of processes that may lead youth to fall into poverty and vulnerability. However, the literature on youth processes of socialization and existing qualitative evidence clearly suggested that they do not provide a sufficient frame of analysis. For example, the qualitative social analysis described youth idleness and frustration, identifying how the lack of opportunities may lead to violent behaviors. The economic analysis of youth labor market disadvantage demonstrated the extent of the problem and assessed it relative to different measures.

*Recognizing multidimensionality does not mean setting out a catalogue of missing assets but rather emphasizing the cumulative and complex processes involved.*⁶

The analytic framework adopted for this study combined a *social inclusion* perspective aimed at *establishing the right environment for youth*, with an *empowerment* perspective, emphasizing the *role of youth as agents of positive change and assets for development*. The social inclusion perspective involves the identification of the interrelated dimensions and processes of exclusion that create the social disadvantage of youth in a particular context. This identification is a prerequisite for (1) the development of inclusive policies aimed at the removal of institutional barriers and the enhancement of incentives to increase access of youth to assets and development opportunities,; and (2) the process of youth empowerment, defined as the "expansion of assets and capabilities of young people to participate in, negotiate with, influence, control and hold accountable the institutions that affect their lives."⁷

The social inclusion and empowerment approach adopted here is consistent with the *World Development Report 2000/01: Attacking Poverty*, which proposed a framework addressing three areas: promoting opportunity, facilitating empowerment, and enhancing security. Promoting opportunities relates to social inclusion in various domains, ranging from education to labor markets. As mentioned, facilitating empowerment includes removing barriers to youth participation in decision-making. Enhancing security involves addressing vulnerability to risk, including health risks and risks posed by violence and conflict. Bearing in mind this

⁶ Clert, 1998, 2000b.

⁷ UNICEF and World Bank, *Youth in Southeastern Europe: Report of the Rome Conference on Participation, Empowerment and Social Inclusion*, June 2002, 29. Adapted from *Empowerment and Poverty Reduction: A Sourcebook*, World Bank, 2002.

framework, analytical challenges in youth development include: What are the main barriers or processes that prevent access of youth to assets? (and what are the processes that seem to enhance assets?) What are the consequences for youth lack of opportunities (social, economic, and/or political)?

Young people experience exclusion from labor markets (they face specific barriers as new entrants) and credit markets. They rarely possess the material assets such as land or housing that could serve as collateral, so they have little access to credit. They also experience isolation, vulnerability, powerlessness, and idleness (due to lack of free-time activities). Their disadvantages derives from lack of access to assets in three interrelated dimensions: (1) *economic* (assets leading to income generation), (2) *social* (access to information, social capital, free-time activities, cultural expression, educational opportunities, care and mentoring in youth-friendly venues), and (3) *participation* in decision-making (empowerment, governance).

The multiple dimensions of youth exclusion informing the analytic approaches in this study include social, economic, demographic, gender,⁸ and risk analyses (see box 1). Demographic analysis can serve as an entry point to social analysis, because it highlights and provides insight into specific issues as well as risky behaviors. Large youth cohorts also are associated with violence and domestic armed conflict.⁹ The specifics of the demographic profile in the subregion aid in the process of identifying policy priorities.

Box 1. Gender and youth in South Eastern Europe

In the past decade at least, development interventions and analyses that incorporate a gender focus have focused on girls and young women. As the results of the present economic and sector work (ESW) demonstrate, gender analysis also can illustrate the risks faced by boys and young men. The different findings discussed in the study highlight the greater vulnerability of young men along multiple dimensions and the risks posed in ethnic divided societies by disaffected male youth. Furthermore, targeting young men who are out of work and out of education requires specific efforts at outreach and more attention to their needs.

This report also integrates elements of risk analysis, specifically through elements of youth exclusion that create or reinforce exposure to risk and through identifying specific groups among youth that are more vulnerable than others. More specifically, youth in conflict and post-conflict areas may suffer the most of any group from political and institutional uncertainty. Exclusion takes on spatial and mobility dimensions in ethnically segregated post-conflict countries. Male youth unemployment is classified as one of the key determinants leading to protracted or re-emerging conflict.¹⁰ On the other hand, *youth represent great potential for conflict prevention and for the establishment of social cohesion, as the WB financed Macedonia Children and Youth Project is showing.*

⁸ Gender analysis examines the different roles and tasks of men and women, the relationships between them, their different needs, the different access they have to resources, and their control over these.

⁹ Urdal, "The Devil in the Demographics: How Youth Bulges Influence the Risk of Domestic Armed Conflict," International Peace Research Institute, Oslo, March 2002.

¹⁰ World Bank Conflict Analysis Framework.

The multidimensional analysis outlined here posits *youth as assets for the development process*, in their roles as individuals and as members of communities, in the context of the macro-environment. On the positive side, supporting the development of life¹¹ and livelihood¹² skills for youth can result in increased social capital on the community level. This social capital, in turn, builds social cohesion in the society as a whole, as well as political stability within and among countries. The overall environment can contribute to this process by providing resources for youth or having policies that enhance youth empowerment. Interventions at different levels can have a dynamic impact on youth development as a whole.

On the negative side, institutional barriers to youth participation and to their access to economic assets (live lihood skills, credit, training, income generation, and housing) and social assets (life skills, information, social capital, culture, and leisure opportunities) all disempower youth. On the community level, this disempowerment manifests as social exclusion and a lack of social cohesion. When youth engage in risky behaviors, there is a direct impact on the community, and the overall effect is multiplied for the society as a whole, with high economic and social costs.¹³

Development interventions can facilitate successful transitions between life cycle stages¹⁴ and should aim at preventing exposure to risk that the individual is not capable of managing him/herself and at preventing disadvantages from accumulating throughout the life cycle. Public policies for young people can be divided in three broad categories: (1) preventive, (2) curative, and (3) empowerment. Generally, preventive interventions are aimed at counteracting the processes that generate the problem, while a curative intervention addresses their consequences. *Recent analysis indicates that a shift in the emphasis from curative toward preventive interventions—from treating the symptoms to addressing the causes—is more effective.*¹⁵ Broadly speaking, empowerment policies focus on the full development of the capacity of young people. Preventive, curative, and empowerment policies are complementary, and the precise mix should depend on country and local context. These policy dimensions for SEE youth will be analyzed more thoroughly in section 6.

Methodology

The methodology for this study consists of qualitative and quantitative analysis. The qualitative analysis includes desk reviews, analytical stocktaking of a range of materials reflecting the different dimensions of SEE youth as well as selected consultations with youth representatives and policymakers throughout SEE. By reviewing the existing surveys and assessments, the study identifies common themes and traces interrelationships as well as to find the gaps.

¹¹ Life skills include communication, decisionmaking, and leadership skills; critical and creative thinking; skills for coping with emotions, stress and conflict; and overall healthy behavior.

¹² Livelihood skills include job searching skills, interviewing skills, entrepreneurial and marketable skills appropriate to the local economy.

¹³ For a more thorough discussion of these points and the linkages with the life-cycle, see La Cava and Lytle, “Youth: Strategic Directions for the World Bank,” World Bank, 2003, www.worldbank.org/childrenandyouth

¹⁴ See Inter-American Development Bank, *Social Development Strategy* [draft], 4.

¹⁵ Martin Godfrey, “Youth Employment Policies in Developing and Transition Countries: Prevention as Well as Cure” draft World Bank commissioned paper, March 2003. Alexandre Kolev and Catherine Saget. “Towards a Better Understanding of the Nature, Causes and Consequences of Youth Labor Market Disadvantage: Evidence for South East Europe.”

The quantitative analysis includes analyses of Labor Force Surveys (LFS), Living Standard Measurement Surveys (LSMS), census data, and public finance data. These data sources were analyzed with a focus on youth. Two background papers were prepared on the basis of these statistical sources, one on youth labor market disadvantage and the other on the cost-effectiveness of selected youth investments.¹⁶ For the paper on youth labor market disadvantage, comparable indicators of youth labor market outcomes were developed for 10 SEE economies, relying on 7 LFS and 6 LSMS conducted in approximately 2001.

¹⁶ Alexandre Kolev and Catherine Saget. “Towards a Better Understanding of the Nature, Causes and Consequences of Youth Labor Market Disadvantage: Evidence for South East Europe.” Jere Behrman and James C. Knowles. *Economic Evaluation of Investments in Youth in Selected SEE Countries*.

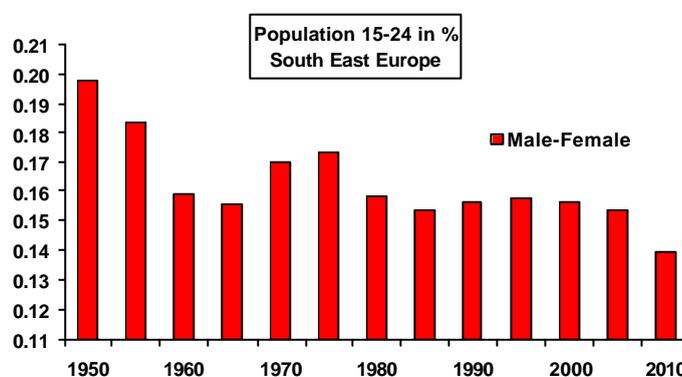
CHAPTER 1. POPULATION TRENDS: INDIVIDUAL AND FAMILY LEVEL

From a demographic point of view, the youth population is of particular importance. Because the population of SEE economies is no longer growing, the 1995–2000 youth cohort, aged 15–24, is the largest cohort that South Eastern Europe will have in the coming years. Although fertility in all SEE economies is below the replacement level of 2.1 children per woman (with the exception of Albania with 2.2), youth still have a key reproductive role, because more than 40 percent of childbearing occurs at ages 15–24. At the same time, the high levels of unsafe sex (described in chapter 2) help to explain the high percentage of childbearing in this young age group and are likely to contribute to the trend of out-of-marriage births.

Size and growth of youth population in SEE

While, compared to North Western countries, most of the SEE economies have relatively young populations, this situation began to change in 1995, with most of SEE experiencing rapid reduction in fertility rates, resulting in an aging population. Comparing the percentages of the population aged 15–24 over the last 50 years, figure 1 shows that today’s percentage of youth population is smaller than 50 to 60 years ago. In SEE the 1995–2000 cohort is the largest that the subregion will have in the coming years.

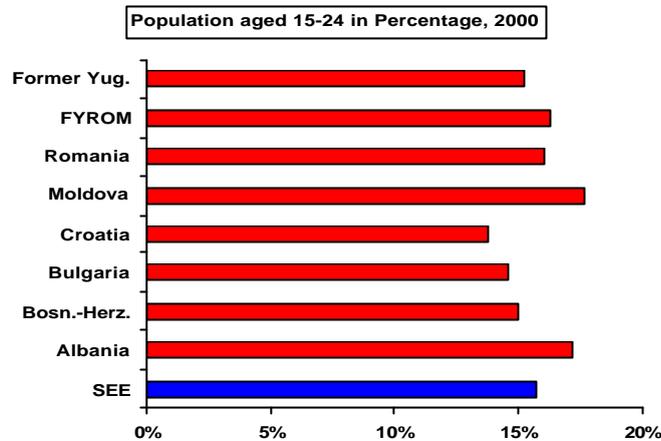
Figure 1. Population aged 15–24 as percent of total SEE population, 1950- 2010



Source: Gjonca, “Demographic Situation of Youth in South Eastern Europe.” Based on “UN Population Prospects 2001 Rev.”

The long-term trend in the relative size of the population aged 15–24 is similar among SEE countries, and the variation among them is quite small. The size of the 15–24-year-old cohort varies from 14 percent in Croatia to 18 percent in Moldova in 2000. The two countries with the highest percentage of population at ages 15–24 in SEE are Albania and Moldova (figure 2).

Figure 2. Population aged 15–24 as percent of total population in economies of SEE, 2000

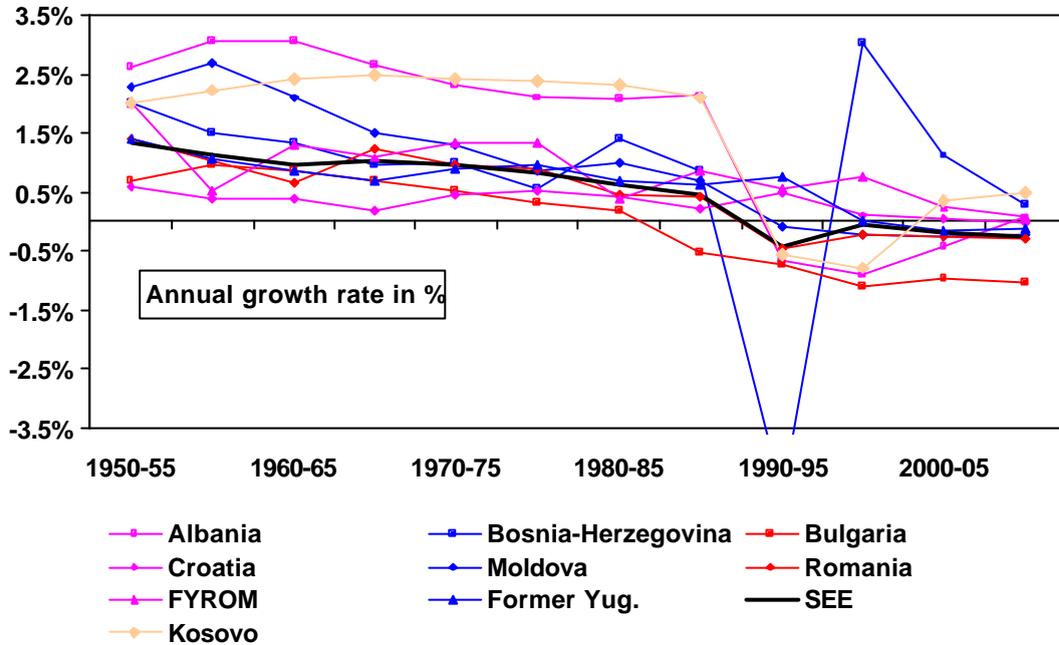


Source: Gjonca, "Demographic Situation of Youth in South Eastern Europe." Based on "UN Population Prospects 2001 Rev."

On the other hand, Bulgaria and Croatia have the smallest percentage of people aged 15–24. The total picture from the demographic data below shows that Kosovo has the most significant youth bulge, with the highest growth rate in the area. Kosovo also has and will have the highest total fertility rate for the next 15–20 years..

The population of SEE economies grew slowly from 1950 to 1990, but this growth became negative after 1990. Figure 3 shows the annual growth rate of countries in SEE from 1950–2010. Since the 1990s, the growth rates of the SEE populations have been either negative or very close to zero. The most important factor for the sharp drop in annual growth rate during the 1990s and the early 2000s was the very low levels of fertility in SEE economies, which all were impacted by the conflict in the Yugoslav successor states. in the exception is Albania, whose negative growth rate was determined by the large emigration of the youth population (23 percent of the population migrated between 1990–2000).

Figure 3. Annual SEE growth rates in percentages, 1950–2005

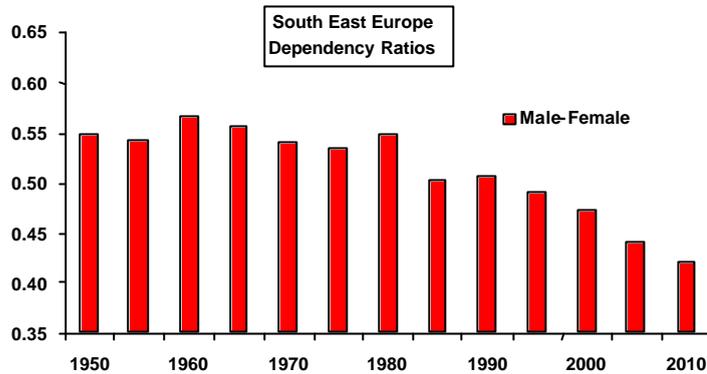


Source: Gjonca, "Demographic Situation of Youth in South Eastern Europe." Based on "UN Population Prospects 2001 Rev."

Negative implications of dependency ratios in SEE

The consequences of aging populations are reflected in the values of dependency ratios (figure 4). The dependency ratios, calculated here as the ratio of population aged 0–14 and 65 and older over the working age population (15–64) also are indicators of how the population distribution of a country or region will affect its economic development. It is argued that the higher the number of people in the active population (15–64), the higher will be the productivity of its economy and the better the country will cope with retirement issues. Figure 4 shows clearly that SEE dependency ratios have decreased dramatically from approximately 57 percent in 1960 to approximately 47 percent in 2000. This reduction in dependency ratios is due mainly to the long-term reduction in the number of children aged 0–14, who initially affect the numerator and later the denominator of the dependency ratio.

Figure 4. Dependency ratios in SEE economies, 1950- 2010



Source: Gjonca, "Demographic Situation of Youth in South Eastern Europe." Based on "UN Population Prospects 2001 Rev."

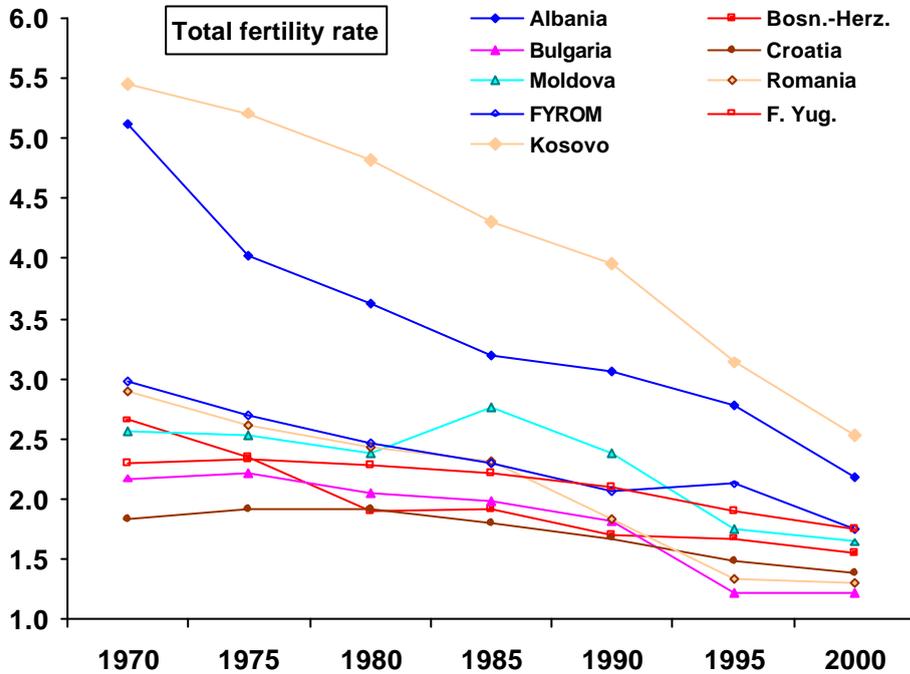
As dependency ratios decrease, it is not only the problems associated with aging such as pensions and care for the elderly that must be faced. The failure of the current youth cohort to be well-integrated into the labor market exacerbates the problems indicated by the decreasing dependency ratios.

Demographic changes in SEE, 1950- 2000

By 2000 all SEE economies, with exception of Albania, had total fertility rates below the replacement level (2.1 children per woman). Even Albania showed dramatic reduction in total fertility rate—from 3.0 in 1990 to 2.2 children per woman in 2000. SEE economies show very similar pattern of changes in fertility (see figure 5). Some SEE countries, such as Bulgaria, Croatia, and Romania, have levels of fertility below 1.5 children per woman, levels even lower than those of most of the developed countries of the North Western Europe.¹⁷ Although Kosovo has experienced a decline in fertility, its fertility rate is still the highest in the subregion and remains above replacement levels.

¹⁷ Coleman, D., 1996.

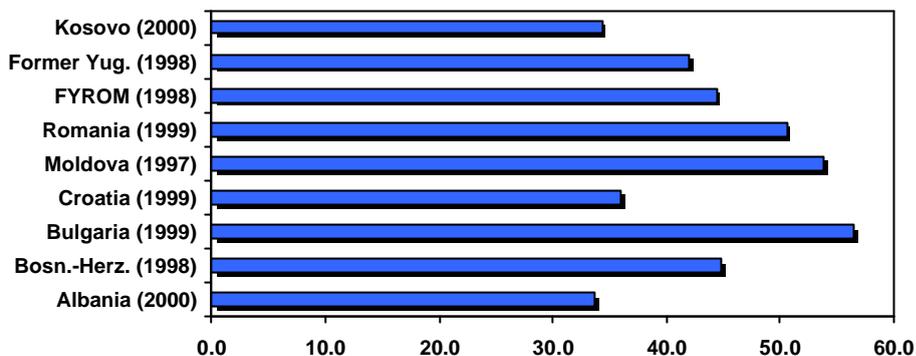
Figure 5. Total fertility rates in SEE, 1970- 2000



Source: Council of Europe, "Recent Demographic Experiences in Europe, 2001."
 The 2000 figure on Albania is based on data from the latest census 2001 and vital registration data.

Although the fertility rate has decreased in general, significant percentages of childbearing are occurring among young population, aged 15–24 (see figure 6). Bulgaria has the highest percentage of childbearing at these ages, with almost 57 percent of childbearing occurring in this age group; while Albania has the lowest, approximately 33.7 percent. These percentages are clear indicators that the current youth cohort has a major reproductive role. At the same time, the high levels of unsafe sex (see chapter 2) help to explain the high percentage of childbearing in this young age group and are likely to contribute to the trend of out-of-marriage births.

Figure 6. Childbearing at young ages (15–24) as percentage of reproductive ages in SEE (latest available year)

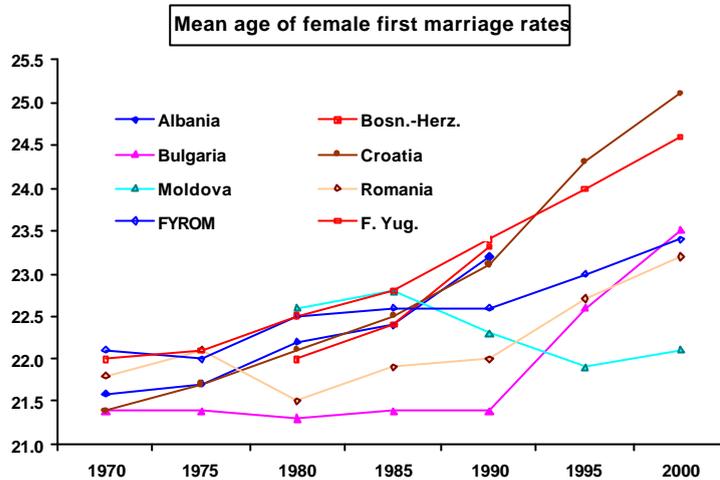


Source: Based on data from Council of Europe, "Recent Demographic Development in Europe, 2001."

This cohort is the most affected by higher unemployment rates, higher rates of suicide and homicides, and higher exposure to various risky behaviors, yet still has a central reproductive role. This youth reproductive role has implications for investments that have an impact across the life cycle, not just in this generation's youth but also in terms of their role as parents, that is, early child care and development.

The mean age of females at first marriage has increased rapidly, indicating a late entrance into marriage (see figure 7). In Croatia, from 1970 to 2000, the mean age of females at first marriage increased from 21.4 to 25.1 years; in former Albania, Bosnia-Herzegovina, and Yugoslavia, it also increased. Taken with the data above, these combined trends suggest that more child-bearing is taking place outside of marriage.

Figure 7. Mean age of first marriage for females in SEE economies, 1970- 2000



Source: Based on data from Council of Europe, "Recent Demographic Development in Europe, 2001."

Taken together and placed in the context of the life-cycle, these demographic data point to issues of concern in SEE with respect to family structure and childrearing. If cohabitation is not widespread, the implications are that more single mothers are childrearing. At the same time, services such as preschool and accessible health care, which previously were provided through workplace/enterprises, no longer are available or charge fees beyond a single income. Other social institutions and social capital remain weak.¹⁸ Thus, more young women are raising children without access to services that would increase their children's viability.

Finally, table 2 demonstrates the extent to which SEE has become more urbanized, with the exception of Moldova. Although specific data is not available for youth, it is well known that youth in SEE have become increasingly urbanized due to internal migrations, following similar trends globally.¹⁹ Youth move to urban areas in pursuit of better education or job opportunities, leaving rural areas depopulated and with a higher proportion of elderly residents. As youth move to urban areas, they are less likely to be integrated into social networks and are more subject to specific vulnerabilities due to the relative lack of social institutions, as will be described in the following sections. Although urbanization also has increased in Kosovo, as of 2000, the area was still predominately rural (58.6 percent), with clear implications for youth policies.²⁰

¹⁸ See, for example, *Bosnia-Herzegovina Local Level Institutions and Social Capital and Conflict and Change in Kosovo: Impact on Institutions and Society*, World Bank, 2001.

¹⁹ Woodrow Wilson Center Conference report.

²⁰ *Conflict and Change in Kosovo*, x.

Table 2. Urbanization in SEE, 1990- 2000 (as percentage of population)

<i>Percentage of urban population</i>	<i>1990</i>	<i>2000</i>	<i>Change, 1990-2000 (%)</i>
Albania	36.1	41.6	15.2
Bosnia-Herzegovina	39.2	43.0	9.7
Bulgaria	66.5	69.6	4.7
Croatia	54.0	57.7	6.9
Moldova	46.9	46.1	-1.7
Romania	53.6	56.2	4.9
FYROM	57.8	62.0	7.3
F. Yugoslavia	50.9	52.2	2.6

Source: World Urbanization Prospects, 1999 rev. UN, New York, 2001.

CHAPTER 2. RISKY BEHAVIORS AND SOCIAL EXCLUSION

Young people have been falling through the cracks of social policy in SEE for over a decade. This policy vacuum resulted from the collapse of communist parties and youth wings, along with their traditional attention to youth matters. At the same time, as discussed in the previous section, the family structure has been under increased pressure and demands due to the decline of enterprise-based services, decreased access to resources, and destabilized environments. In this context, the incidence of risky behaviors may have been amplified by policy failures, but these behaviors, once identified, can be prevented or reduced in the future through adequate policy interventions.

This section highlights the risky behaviors in which young people engage: involvement in crime and violence, unsafe sex, substance abuse, and school leaving. These behaviors are associated with a high degree of risk: risk of ill health, loss of economic productivity, and diminished function in family and community life, among others. As a recent World Bank study of HIV/AIDS explained, “Two epidemics are therefore intertwined in these countries; a well-established IDU [intravenous drug use] since 1995, and an incipient HIV epidemic. Young people are at the center of both.”²¹

This section also highlights the specific gender dimensions of youth risky behaviors and, in particular, the young men’s higher vulnerability to most risks, in ways that have been perhaps underestimated in the past.

Violence on the individual and family level

Current risky behaviors of young people in many cases are associated with vulnerability due to weak family structure and other social institutions, and this correlation can be seen in the impact of missing protective bonds in the family. As youth move through the life cycle, they may experience violence in different ways; young adolescents directly and second-hand (witnessing abuse, usually of their mothers) in the home from parents and other adult household members. Once young women have left their parents’ home, they are more vulnerable than young men to domestic abuse from spouses, partners, or members of the spouse’s family.

In the *Young Voices Poll*, 7 of 10 children and young people say that they sometimes face violent or aggressive behavior at home, generally verbal.²² One-fifth said that physical violence sometimes happens at home.²³ Similarly, 17 percent of Macedonian university students surveyed had witnessed acts of domestic violence at home.²⁴ A 1999 survey of students aged 15

²¹ Thomas Novotny and others, *HIV/AIDS in Southeastern Europe: Case Studies from Bulgaria, Croatia and Romania*. February 2003, 4.

²² Provide ref for the Youth Voices poll.

²³ UNICEF, “A Brave New Generation, Youth in Federal Republic of Yugoslavia, Findings and Recommendations” (Belgrade: FRY, 2002), 82.

²⁴ “Minnesota Advocates for Human Rights, “Domestic Violence in Macedonia,” September 1998, 7.

to 19 in Serbia-Montenegro found that the majority of girls who had suffered sexual abuse in some form were close to the offender (boyfriend, relative, boss, family friend).²⁵

According to a 1996 study, 64 percent of women in Albania had experienced physical, emotional, or sexual abuse.²⁶ Women who were less educated and below the age of 30 were found to be at a greater risk. When women were asked to identify causes of the abuse, 80 percent stated alcohol; 52 percent, unemployment; 50 percent, poor living conditions; and 43 percent, stress.²⁷ Women have reported more abuse in arranged marriages.²⁸ In Macedonia, 31 percent of surveyed female university students reported being the victims of physical or psychological violence.²⁹ In Moldova, 22 percent of women interviewed in a survey had been abused by a partner or former partner,³⁰ and women who were married were 15 times more likely to have been victims of severe physical violence than women who had never been married.³¹ In Romania in 1995, indications were that violence had increased and was attributed to economic decline, coupled with alcohol abuse.³²

Domestic violence also is associated with post-conflict situations and demobilization of soldiers. In Bosnia-Herzegovina, given the lack of baseline data, it is difficult to determine whether the war has increased spousal abuse, but focus groups with young women conducted for *Voices of the Poor* identified spousal abuse as a problem and linked it to alcohol abuse.³³ Violence from sons to mothers also has increased dramatically in post-conflict BiH.³⁴

Violence also can be turned against oneself. Figure 8 shows the suicide rates for youth in SEE, disaggregated by gender in most cases. Suicide rates are highest in Croatia and Bosnia-Herzegovina, which have the respective rates of 18 and 24 suicides per 10,000 population. These data clearly demonstrate that *young men are at greater risk for suicide than young women, with the exception of Albania, in which young women are at equal risk.*

²⁵ Ivana Aleksic, "Youth Development in Transitioning Countries: Case of Serbia," Background paper prepared for the MultiSector Team Learning Project on Youth Vulnerability and Exclusion in ECA, June 2002, 24.

²⁶ The first Albanian nationwide study on domestic violence was conducted in 1996 by the NGO Refleksione and funded by PHARE. UNICEF, 9–12.

²⁷ UNICEF, 9–12.

²⁸ "Refugee Women—Albania," 24.

²⁹ Minnesota Advocates for Human Rights, "Domestic Violence in Macedonia," September 1998, 7. Survey conducted by the Humanitarian Association for Emancipation, Solidarity and Equality for Women.

³⁰ Minnesota Advocates for Human Rights, "Domestic Violence in Moldova," December 2000, 5.

Survey was conducted by the Centers for Disease Control and Prevention in Moldova.

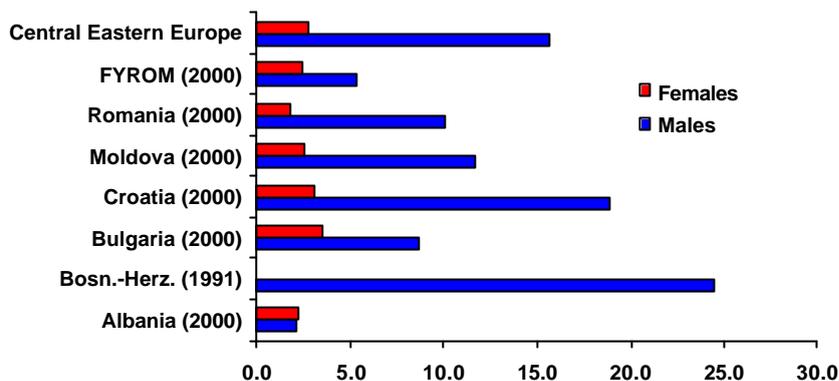
³¹ *Ibid.*, 13.

³² Minnesota Advocates for Human Rights, "Lifting the Last Curtain: A Report on Domestic Violence in Romania," February 1995, 3, 9–10.

³³ Dino Djipa and others. "Bosnia-Herzegovina: National Synthesis Report."

³⁴ "Refugee Women—Bosnia-Herzegovina, 19.

Figure 8. Standardized death rates for ages 15–24 in SEE for suicide and self-inflicted injuries, selected years (per 10,000 deaths)



Source: Gjonca, "Demographic Situation of Youth in South Eastern Europe." Based on "UN Population Prospects 2001 Rev." Bosnia-Herzegovina figures are based on WHO estimates.

Given that domestic violence is underreported, and especially that more than two-thirds of the children and youth in SEE have witnessed violence in the home, the discussion above illustrates the potential magnitude of the problem. Suicide rates among male youth also speak to the breakdown of social bonds. The data also indicate the fragility of family structures in the region, indicating a potential role for support services for young families.

Unsafe sex and HIV/AIDS

As youth become sexually active, the implications of engaging in risky sexual behaviors affects their individual health and can affect public health in the community as a whole. *Only a minority of youth in SEE appear to use contraception and practice safe sex* (defined as abstinence, fewer sexual partners, and the use of condoms), *a percentage much lower than their counterparts in EU countries*. Many youth lack knowledge about the consequences of risky sexual behaviors, and these issues are not discussed in their families.

With respect to specific countries, 33 percent of sexually active young adolescents (ages 11–15) surveyed in Serbia in 2002 did not use condoms regularly and, among 15–19 year-olds, 43 percent of girls and 20 percent of boys had unprotected sex. More than half of university students surveyed, 51 percent, did not use condoms.³⁵ *In Romania, according to a 1996 survey, fewer than 25 percent of girls aged 15–19 relied on contraceptives.*³⁶ *In Bosnia-Herzegovina, half of youth surveyed do not use contraception.*³⁷ Data by ethnicity showed differences in the

³⁵ *A Brave New Generation: Youth in the Federal Republic of Yugoslavia*, 69.

³⁶ "Young People in Changing Societies," op. cit., 34–35.

³⁷ Independent Bureau for Humanitarian Issues (IBHI), UNDP, *Human Development Report*, "Bosnia-Herzegovina 2000 Youth," 44.

use of contraceptives among sexually active youth aged 18–30. Specifically, 38 percent of Bosniacs, 46 percent of Croats, and 27 percent of Serbs reported that they were currently using contraceptive devices.³⁸

These high rates of unsafe sex stand in contrast to more developed parts of Europe: in Belgium, France, and Spain, 75 percent of women aged 20–24 used contraceptives during their first intercourse. Comparisons to the pre-transition period indicate that SEE youth are engaging in their first sexual experience at a younger age.³⁹ Young women in Bosnia have their first sexual experience at ages 17 to 19, and men between ages 15 and 17.⁴⁰

The data on high rates of unsafe sex indicate that, *although current rates of HIV/AIDS are low, the epidemic could spread dramatically in the region.* Half of new HIV positives in Bulgaria are below 25 years of age.⁴¹ In Romania, a specific vulnerable population of children is now reaching the age of sexual maturity.⁴²

These findings suggest the urgency of targeting youth in HIV/AIDS prevention projects as well as addressing youth health needs in the context of health reform projects to a much greater extent than is common practice. The HIV/AIDS project in Moldova included youth among the target groups in the project's assessment, and then shared the findings of the assessment with organizations that work with youth on this issue to discuss the implications for the project's implementation; the project appears to be unique in SEE in adopting this approach.

Finding appropriate methods of reaching out to and engaging youth is crucial. Youth's sources of information as well as the information's impact vary. The 2001 global survey of children and adolescents conducted by UNICEF found that 52 percent of the respondents in the former Yugoslav states and 59 percent in Albania, Bulgaria, and Romania did not consider themselves informed on HIV/AIDS.⁴³ Macedonian youth did not know much about other sexually transmitted infections (STIs) and would not turn to their parents to learn more about sex, contraception, HIV/AIDS, and drugs.⁴⁴ Another survey in Macedonia indicates that parents do not volunteer information; 75 percent of girls between 15–17 were not informed by their parents about how to protect themselves against pregnancy.⁴⁵

In Serbia and Montenegro, young people who consider themselves as having limited knowledge about HIV/AIDS knowledge tend to live outside large population centers and come from large or lower- income families. Test results among youth who claimed to have knowledge showed that less than 25 percent of them had sufficient knowledge.⁴⁶ In Kosovo, information about HIV/AIDS epidemics, early pregnancies, and related health issues is not widespread. Only approximately one-third of interviewed youth declared some knowledge

38 Ibid., 98.

39 UNICEF Social Monitor, 2002, 22.

40 "Human Development Report. Bosnia-Herzegovina 2000 Youth, 98.

41 Novotny and others, *HIV/AIDS in Southeastern Europe*, 22.

42 Ibid., 9, 29.

43 UNICEF, *Young Voices*, 94. This survey is somewhat distorting as these percentages include respondents aged 9–13.

44 Author? "Rapid Assessment and Response on HIV/AIDS among Especially Vulnerable Young People in South Eastern Europe," op. cit., 101.

45 Ljubica Balaban, "School Girls Get Pregnant before They Reach the Lesson on Contraception," Reality Macedonia, May 21, 2003.

46 UNICEF, *A Brave New Generation: Youth in the Federal Republic of Yugoslavia: Findings and Recommendations*, 2002.

about contraception and the risks from transmitted diseases. Females appear to be more informed about transmitted diseases and early pregnancy risks than males,⁴⁷ and the 19–24 age group was generally more informed about risky behaviors than the younger 15–19 group, although a significant percentage of this younger age group is sexually active.⁴⁸ In terms of specific high-risk groups, data from Croatia indicate low levels of knowledge among drug users of the risks of unsafe sex.⁴⁹

In terms of designing policy interventions, the data indicate that youth receive information from the media, but that knowledge alone may not translate into avoidance of risky behaviors. Respondents in the Moldova HIV/AIDS assessment indicated that media (especially radio and TV programs) were their primary source of information about healthy lifestyles. Survey data in Serbia and Montenegro indicate that despite engaging in risky behaviors, over two-thirds of youth believe that alcohol and drugs are harmful to their health.

Substance abuse

Use of drugs, such as cannabis, heroin and ecstasy, is growing in the sub-region. Between 1995 and 1999, the European School Survey Project on Alcohol and Drugs (ESPAD) survey found an increase in the percentage of the general population, especially schoolchildren, who had tried illicit drugs.⁵⁰ Among the children and youth polled by UNICEF, the use of illegal drugs and inhalants comes third, after tobacco and alcohol, as an addiction to a harmful or illegal substance.⁵¹ In Moldova, from 1995 to 1998, drug use among women increased by 60 percent.⁵²

Heroin is becoming more common in South Eastern Europe, particularly among young males, and intravenous drug use increases the possibilities of HIV infection through needle sharing. Heroin has spread rapidly in Kosovo, where a “growing number of young heroin addicts are beginning to inject the drug;”⁵³ 16.6 percent of the youth surveyed had tried some type of narcotics at least once, and approximately 3 percent had used narcotics twice or more.⁵⁴ In Albania, official estimates⁵⁵ show that in late 1997, 8,000 people from the age group 15–35 were using drugs, up from 5,000 in 1995.⁵⁶ Of the 20,000 registered drug addicts in Croatia, nearly two-thirds are heroin addicts.⁵⁷ In Macedonia, current estimates indicate the presence of over 50,000 drug users in a country of just 2 million, in an environment that lacks adequate community-based drug rehabilitation programs and services, beyond the limited methadone available in hospitals.

47 52.7 percent of females in Kosovo knew about the risks of transmitted diseases versus 47.3 percent of males. 63.8 percent of females were informed about the risks of early pregnancies versus 36.2 percent of males. Hasnije Ilazi, “Research on Youth in Kosove,” cit. p.23.

48 Hasnije Ilazi, “Research on Youth in Kosove,” cit., p.23.

49 Thomas Novotny, Dominic Haazen, Olusoji Adeyi, *HIV/AIDS in Southeastern Europe: Case Studies from Bulgaria, Croatia and Romania*, February 2003. p.16

50 Annual Report 2001 On the State of the Drug Problem, see <http://ar2001.emcdda.eu.int>

51 “Young Voices. Opinion Survey,” cit., p.87.

52 “The Republican Narcological Dispensary,” 1995–266; 1998–423.

53 “Report of the International Narcotics Control Board for 2002, 74.

54 Hasnije Ilazi, “Research on Youth in Kosove,” p.25.

55 Data are proposed by the Ministry of Health and Public Order and endorsed by the NGO, Monitoring Center for Alcohol and Drugs

56 World Bank, *Vulnerability Needs and Institutional Capacity Needs Assessment*, Albania, 30.

57 Bijana Bijelik, *Status of Youth in Croatia*, 5.

Reasons given by young people for drug addiction include using drugs to cope with social exclusion and uncertainty; many Bosnian youth take drugs to deal with the stress of leaving their home locales, the loss or departure of friends, as well as the feelings of rejection in their new residence locations.⁵⁸ Surveys of youth who use drugs (including injectable drugs) in Albania, Bosnia-Herzegovina, Croatia, Serbia and Montenegro, and Macedonia identified reasons for sharing needles, specifically: lack of money for needles, sharing as a sign of trust and as providing a sense of belonging to a group, and an imminent desire to inject so that the risk of sharing is not considered.⁵⁹ Regarding both needle-sharing and lack of use of condoms, the most common answer related to trust—either of one’s partner or of fellow drug users. In the context of other forms of declining social capital, this (misplaced) focus on trust may be an attempt to preserve what relationships do exist. Similarly to Western Europe at the beginning of the heroin consumption boom a few decades earlier, families prefer not to acknowledge or report this phenomenon, as drug addiction is perceived as a source of shame for the household. Secondary schools teachers and students also lack capacity to detect cases and support prevention, while national governments are only recently beginning to dedicate some attention to this issue. Much greater efforts are required in awareness raising at the household, community and secondary school levels, in addition to extensive use of peer counseling and peer non-formal education which is known to be very effective in reaching at-risk youth.

The rate of alcohol abuse is also rising in South Eastern Europe. Among substance users in SEE surveyed between 2001 and 2002, 80.7 percent reported using alcohol, 55.5 percent reported using cannabis, and 17.3 percent reported using ecstasy over the previous month.⁶⁰ Alcohol consumption is starting at very early ages: a UNICEF survey in Romania found that one-third of 11-year-old boys had consumed alcohol at least once in their lives, while most males become occasional or regular drinkers by age 16.⁶¹ Although chronic drinking is prevalent among a more mature adult population and fewer than 10 percent of registered abusers are aged 15 to 24,⁶² a disturbing trend of intensified drinking may be forming. The total percent of youths considered lifetime users is 16 percent in Bulgaria, 18 percent in Croatia, 9 percent in the FYR Macedonia, and 18 percent in Romania (“lifetime” is defined as having used alcohol 40 or more times during their lifetimes; or having used alcohol more than 10 times or having partaken in binge drinking in the past month).⁶³ The UNICEF survey confirmed this trend through identifying patterns of use tangentially, asking both children and adolescents about the use of harmful or illegal substances among their peers. Forty-five percent of the surveyed 9–17 years olds have friends or peer acquaintances who have tried alcohol.⁶⁴

As with drugs, some reasons given for youth alcohol abuse include loss of hope for a better future, a profound sense of displacement, and loss of friendships due to forced migration and ethnic conflict.⁶⁵ UNDP data collected on Bosnia-Herzegovina youth support this finding by

58 “Human Development Report. Bosnia-Herzegovina 2000 Youth,” cit., p.28.

59 Elsie Wong, *Rapid Assessment and Response on HIV/AIDS among Especially Vulnerable Young People in South Eastern Europe*, UNICEF/ CIDA, 2002. The other respondents were: sex workers, mobile youth, out-of-school youth, young men who engage in sex with men.

60 Elsie Wong., *Rapid Assessment and Response on HIV/AIDs among Especially Vulnerable People in South Eastern Europe*, p 19.

61 UNICEF-MONEE, p.27.

62 UNICEF-MONEE, p.27.

63 David H. Jerningan, *Global Status Report: Alcohol and Young People*, 25-26.

64 “Young Voices. Opinion Survey of Children and Young People in Europe and Central Asia,” UNICEF, 2001.

65 Gomart, Elizabeth. *Youth in ECA: A Vulnerability and Social Exclusion Perspective*, Draft. The World Bank, 2002, 20.

listing marginalization and lack of involvement in civil society as potentially dangerous causes behind risky behaviors.⁶⁶ In Kosovo, it was reported that alcohol abuse, particularly among young men, was high in Serb enclaves in which “youth are more frustrated and bored than their Albanian counterparts.”⁶⁷ In Moldova, economic woes also are tied to increased alcohol and drug use.⁶⁸

Young men are more likely to consume and/or abuse alcohol than young women. In a 1999 survey of university students in Serbia, 92 percent had tried alcohol, beginning at an average age of 15 for both men and women, but female students were less likely to get drunk than their male classmates.⁶⁹ According to a UNDP survey of young people aged 14–30, 11 percent of youth in Bosnia-Herzegovina consume alcohol regularly,⁷⁰ and more specifically, 19 percent of young men, and 4 percent of young women consume alcohol regularly.⁷¹ In Bulgaria, Croatia, Macedonia, and Romania, 15–16-year-old boys are more than twice as likely as girls to have used alcohol 40 or more times during their lifetimes, to have used alcohol more than 10 times, or to have partaken in binge drinking in the past month.

Smoking as a risky behavior is widespread among youth in the subregion; almost half of the youth in Kosovo smoke,⁷² and similar estimates indicate that 46 percent of Bosnian youth are regular smokers.⁷³ According to the UNDP survey, 53 percent of young men smoke regularly compared to 38 percent of young women.⁷⁴

Crime and violence

In much of the ECA region, an increasing number of young people are at greater risk of coming into conflict with the law, and not only from substance abuse. The rate of registered crimes per 100,000 inhabitants committed by those under 18 appears to be higher in 1998 than in 1989 for the ECA region as a whole; mixed data is available for the Balkans. *Most juvenile crimes are committed by males—approximately 90 percent to 95 percent of young offenders in ECA.*⁷⁵ *However, the percentage of young women in conflict with the law is on the rise.*

One explanation posited for rising rates of youth crime is the decline of social capital and increasing incidence of family dysfunction, such as conflict, lack of parental control, weak intergenerational ties, premature autonomy, and the associated risk of delinquency. Child neglect and abuse was flagged by UNICEF data in 1997 as contributing to youth predisposition to crime.⁷⁶ A 1999 survey in Serbia correlated 80 percent of juvenile crimes with dysfunctional

66 UNDP and Independent Bureau for Humanitarian Issues (IBHI), “Human Development Report, Bosnia-Herzegovina 2000 Youth,” p.11.

67 John Richardson, *Youth in Kosovo/Kosovo: A Situation Analysis*, 16

68 “Situation Analysis of Women and Children in Moldova,” UNICEF, 2000, 22-3.

69 Aleksic, Ivana, “Youth Development in Transitioning Countries: Case of Serbia,” draft report, February 2002, World Bank, 13.

70 UNDP and Independent Bureau for Humanitarian Issues (IBHI), “Human Development Report, Bosnia-Herzegovina 2000 Youth,” 2000, 27.

71 “Bosnia Youth” as part of the Multisector Team Initiative on ECA Youth, 2002.

72 Hasnija Ilazi, “Research on Youth in Kosovo,” p.25.

73 World Bank (SACG) prepared for ECSSD, *Youth in Bosnia*, p3.

74 UNDP and Independent Bureau for Humanitarian Issues (IBHI), “Human Development Report, Bosnia-Herzegovina 2000 Youth,” p.27.

75 “Young People in Changing Societies,” cit., p.84-85.

76 “Children at Risk in Central and Eastern Europe: Perils and Promises,” UNICEF, 1997, cit. in “Young People in Changing Societies,” UNICEF, 2000, p.93.

families, particularly child neglect.⁷⁷ The survey also linked criminal behaviors among young adults to other risky and/or illegal behaviors, such as alcohol or drug abuse, gambling, or family violence.⁷⁸ Juvenile delinquency in Macedonia has been linked directly to dysfunctional families, in which one or both parents are unemployed and struggling with poverty, and there is a history of parental violence against, or abuse or neglect of, children.⁷⁹ In Moldova, crime is linked to inactivity of the youth as well as alcohol abuse; over 85 percent of the youth (14–18) involved in crimes in 2000 did not work or study, and one-fifth were under the influence of alcohol at the time the crime was committed.⁸⁰

The relatively young age of the offenders in the transition countries is a troubling trend: juvenile crime rates are higher than total general crime rates.⁸¹ Between 1998 and 2000, the number of all recorded crimes decreased in Bulgaria, Macedonia, and Romania. Yet the total number of juveniles convicted in criminal court increased from 32.05 per 100,000 in 1998 to 41.53 per 100,000 in 1999 in Bulgaria, and remained essentially the same for Macedonia, with a rate of 42.23 per 100,000. In Romania, although the total numbers of convicted juveniles steadily decreased from 49.76 per 100,000 in 1998 to 39.1 in 1999 to 30.08 in 2000, it is still very high.⁸² In Macedonia, the rate has remained higher, at 42.3 per 100,000. Between 1997 and 1999, approximately 28 percent of all resolved criminal offenses in Macedonia were committed by juveniles, of which one-quarter were children not older than 14 years old.⁸³ This trend continued, and in 2000 almost one-third of the Macedonian offenders arrested were juveniles.⁸⁴ In Croatia, the juvenile conviction rate nearly doubled in two years, from 11.51 per 100,000 in 1998 to 19.97 per 100,000 in 2000. Moldova experienced an increase as well from 35.69 convicted juveniles per 100,000 in 1999 to 41.62 per 100,000 in year 2000.

Property crimes still account for more than two-third of juvenile crimes in the ECA region at large. However, violent crimes such as homicides, rapes, aggravated assaults, and armed conflicts are on the rise.⁸⁵ In Bulgaria, in the last 10 years of transition, violent crime rates have more than tripled compared to the rates of property crimes. On the contrary, Moldova is showing a decline in violent crime rates committed by juveniles, although this decline may be related to crime underreporting, especially if the violent crime committed was rape against women.⁸⁶

77 E. Gomart, cit., p.43. Data consulted in: Aleksic, I., "Youth Development in transition Countries, Case of Serbia," Mimeo, prepared for the MTL Learning *, World Bank, Belgrade, Serbia, 2000. Survey conducted in Serbia by the Yugoslav Child Rights Center

78 On a sample of 250 minor offenders in the Serbian capital Belgrade, about 45 percent of the sentenced minors were not living with either parents; 44 percent had an alcoholic family member; 21 percent had a family member with a gambling problem, while almost 9 percent of the minors surveyed had a family member consuming drugs. 34.4 percent of the minors reported violence in the family, and 40 percent reported problems between a family member and the justice system. Consulted in E. Gomart, cit., p.43-44.

79 "Youth in Macedonia," p.3. Juvenile delinquency in such cases may take the form of begging or involvement in sex trade or they may be street children.

80 "Women and Children in Moldova," UNICEF, 2000, 44.

81 Young People in Changing Societies," cit., p.84-85.

82 UN Office on Drugs and Crime.

83 "Youth in Macedonia," survey commissioned for the Multisector Team Initiative on ECA Youth, 2002, p.3.

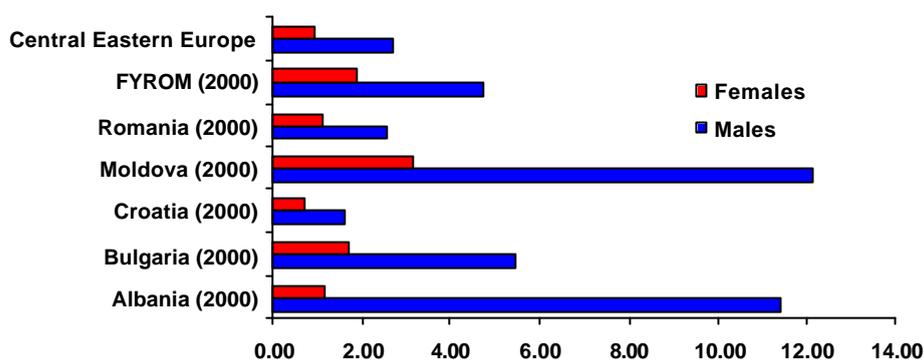
84 Ibid., cit., p.3.

85 Ibid., p.89.

86 Ibid., p.90.

Youth, primarily young men, also suffer directly as victims of crimes. With the exception of Croatia, all SEE economies have higher rates of homicides and purposeful injuries among youth than Central European countries (figure 9). Compared to the rest of SEE, Albania and Moldova in particular have significant high rates of homicide and purposeful injuries against youths.

**Figure 9. Standardized death rates for ages 15–24 in SEE, 2000:
Homicide and purposeful injuries (per 10,000 deaths)**



Source: Gjonca, "Demographic Situation of Youth in South Eastern Europe." Based on "UN Population Prospects 2001 Rev." Bosnia-Herzegovina figures based on WHO estimates.

Persistence of interethnic violence combined with the widespread availability of firearms and other small weapons, even after overt fighting has ceased, have resulted in youth becoming targets. In Kosovo, two Serb youth were killed and others wounded when a gunman opened fire on a group of teenagers swimming in the river near the Serbian enclave, Gorazdevac.⁸⁷ In December 2002, a bomb exploded in front of a Kumanovo high school; a delay in releasing the students limited casualties to one.

In the context of still-armed and conflictual societies, youth also are potential recruits for extremists, a risk exacerbated by the growth of radical Islam elsewhere in the world. After the war in Bosnia-Herzegovina, a group of young Bosnian Muslims who had fought with Arab volunteers in the El Mujahid unit formed the Active Islamic Youth in BiH, which has been the focus of investigations on terrorism in BiH.⁸⁸ Its activities have included disrupting an International Women's Day presentation in Sarajevo on women in Afghanistan, with protests that women lived as they should under the Taliban⁸⁹ and organizing protests to attempt to block the extradition of six suspected Al-Qaeda terrorists.⁹⁰

⁸⁷ *The New York Times*, August 15, 2003.

⁸⁸ Ena Latin, "Suspicious Islamic Missionaries: Active Islamic Youth" *Southeast European Times*, Sarajevo, June 30, 2003.

⁸⁹ Sandra Kasalo, "Taliban at the Gates" Index Online- Latest Censorship News, 1 April 1998.

⁹⁰ Jolyon Naegele, "Bosnia: Transfer Of Terrorist Suspects To U.S. Raises Many Questions," RFE/RL Report, 21 January 2002.

In Kosovo, educational facilities have been the locus of recruitment. According to recent reports, Islamic cadres originating from several countries outside SEE and mostly veterans of the Bosnia war, are recruiting and training young Albanians in paramilitary training camps around Prizren (Kosovo), Kukes, and Trpoje (Albania), and in Western Macedonia around Tetovo.⁹¹ In Kosovo, lack of adequate secondary schooling and/or non-formal education has created a gap that has been filled with religious non-formal education with potentially negative consequences for social cohesion and inclusion. The Islamic Endowment Foundation, operating under the Saudi Joint Committee on the Relief of Kosovo and Chechnya (SJCRKC), has established 30 specialized Koranic schools for young men in rural Kosovo. Locals have complained that the schools do not address the needs of the rural communities, and some observers believe that the schools are fueling intolerance and grievances.⁹²

Exclusion in education and school leaving

Instead of progressing on the MDG indicators on education, SEE is moving backward. Secondary school enrollments declined in the post-transition period, then recovered slightly, but still have not reached pre-transition levels of universal enrollment. Variation in enrollment rates is higher among countries experiencing political and economic instability. Compared to southern European countries such as Greece, Spain and Portugal, secondary school enrollments in SEE are considerably lower.⁹³

Throughout the ECA region, the number of youth who are of secondary school age but are not enrolled or attending school has increased. Prior to the transition, in 1989 nearly 6 million (25 percent) of 15–18-year-olds were not in school. By 1998, the numbers had risen by 50 percent to 9 million (over 33 percent).⁹⁴ In SEE, illiteracy and school leaving are both on the increase. In Kosovo, for example, illiteracy of “other ethnic groups” has risen over the last decade to 22 percent of the 16–17-year-olds and 15 percent of the 18–25-year-olds.⁹⁵ Among Albanian children 8 to 14 years old, 33 percent are illiterate.⁹⁶

Basic school graduation rates of 80 percent or lower were reported in 1997 for 15–24 year olds in Albania, Bulgaria, and Romania. Dropout rates for secondary and upper secondary level education for ECA show that rates vary from 1.5 percent in Romania to 17 percent in Albania for general secondary education.⁹⁷ In Kosovo, only one-third of young adolescents (15–19) are

⁹¹ Laura Iucci, “La Bosnia Resta Un Serbato di Terroristi” *Limes: Rivista Italiana di Geopolitica*, p. 204.

⁹² Isa Blumi, “Political Islam among the Albanians: Are the Taliban Coming to the Balkans?” Kosovar Institute for Policy Research and Development, Policy Research Series #2, July 2003, p.15. The article includes a thoughtful analysis of the foundations of Kosovar localized Islamic traditions, efforts to establish centralized institutional control during the Yugoslav era, and compares current developments in Kosovo with Albania. See also by the same author, “Indoctrinating Albanians: Dynamics of Islamic Aid” in *ISIM Newsletter*, November 2002, p.9.

⁹³ Arjan Gjonca, personal communication, 15 April 2004. Accurate comparable time-series data on secondary school enrollment are difficult to obtain, but estimates can be using several sources and the general trends are clear. For example, some data on Albania show as much as 30% variation in enrollment levels, but agreement between two sources confirm observations.

⁹⁴ “Young People in Changing Societies,” UNICEF 2000, cit., p.53

⁹⁵ Kosovo Poverty Assessment

⁹⁶ Galliano, 22.

⁹⁷ “Young People in Changing Societies,” UNICEF 2000, cit., p.54.

enrolled in secondary education and approximately 24 percent of young adults (19–24) are enrolled in higher secondary and post-secondary education.⁹⁸

Consistent with lower graduation figures, youth enrollment in upper secondary and tertiary education in Romania over the last 10 years has decreased by nearly one-quarter, from 49 percent to 39 percent. Similarly, during the same period, the percentage of enrollment in Moldova decreased from 39 percent to 31 percent.⁹⁹ *As in most of the Central and Eastern European countries, dropout rates are higher among young men than young women.* In Albania, for example, one-third of secondary school girls enroll in higher education, while only 1 in 5 adolescent males do so.¹⁰⁰ For the entire ECA region, disparities by income appear when looking at primary and secondary enrollments. Some 40 percent of the poorest children aged 7–14 years drop out between primary and secondary school, compared with 20 percent of the richest children.¹⁰¹

Increased school leaving, particularly between primary and secondary school, is a response to policy failures in which education lacks relevance and quality. In the context of rising costs, remaining in school is often perceived as forgoing opportunities for additional family income, by youth themselves or by their parents. The school environment has been disrupted,¹⁰² particularly in post-conflict countries. Many youth perceive corruption as further eroding the value of education since corruption or bribes are substituted for attainment.

Costs associated with education have become barriers for many youth in SEE; these can include transportation, textbooks and other supplies, fees for activities, “illegal taxes” such as school repair funds and school fund contributions, and bribes.¹⁰³ After costs of education, lack of security has been cited in Kosovo¹⁰⁴ and Albania. Young Kosovar Albanian women considered the combination of lack of money and the poor security situation as barriers to continuing their education in secondary school.¹⁰⁵ In urban areas of Albania, girls and young women travel to school in groups of three or four and do not engage in evening activities or social events due to the threat of street and gang violence.¹⁰⁶ In rural areas, many young women have been withdrawn from school entirely out of fear of kidnapping,¹⁰⁷ and some parents pay protection money.¹⁰⁸

98 Ibid., cit., p.24.

99 Ibid., p.43.

100 Galliano, 22.

101 UNICEF/MONEE Report., p.29.

102 Examples are the parallel education system and the extended closure and damage to school facilities during the 1999 conflict in Kosovo; understaffing caused by the outflow of qualified and experienced teachers, especially in rural areas, in Moldova; destruction, looting, and vandalism directed toward schools in 1991 and again in 1997 in Albania; and schools being converted into military barracks in Bosnia-Herzegovina and in the Preševo Valley in southern Serbia.

103 The LSMS questionnaires for Bosnia-Herzegovina and Kosovo directly address travel and expense factors and ask respondents who have left school their reasons for leaving. These include too expensive, no interest, agricultural work, other job, school too far, no teacher, no teaching materials, school closed, illness, displaced, security, harassment, language.

104 These are identified as non-Serb, non-Albanian respondents in the Poverty Assessment and are probably Roma.

105 La Cava and others, *Conflict and Change in Kosovo*, 51.

106 Dudwick and Shahriari, *Education in Albania*, p.13.

107 One respondent described the attempted kidnapping of his daughter.

108 Gloria La Cava and Rafaella Nanetti, *Albania: Filling the Vulnerability Gap*, 29.

In Albania, the main reasons for which children abandon school seem to be: critical economic conditions at home (41 percent), lack of interest in school programs and poor performance (some have repeated the same class for 2 or more years) (25 percent); and parents' belief that their children do not need more education than what they already have (24 percent).¹⁰⁹ Concerns about the decline in quality of the education system also are present.¹¹⁰ In Kosovo, "the reason most often cited for lack of school attendance is an economic one: many young people work to support their families, and experience has shown many that getting an education will not necessarily improve their earning potential."¹¹¹ Similarly, in Moldova, a low but steady rate of leaving school before completing the full cycle of 9 years of basic education results from having to help parents with farm work, or having to work full-time as herders to bring home cash or in-kind income for their families. Some children also work on farms as wage laborers beginning at the age of 10.¹¹²

One of the results of ethnic conflict in SEE has been the establishment of separate schools. As of August 2003, over 50 schools in Bosnia-Herzegovina remained ethnically segregated, referred to as "two schools under one roof." Students enter the schools through separate entrances and have separate breaks, and the teachers do not use the same staff rooms.¹¹³ In Macedonia, in 2002, protests by ethnic Albanians about overcrowding in a secondary school escalated into riots by both ethnic Albanians and Macedonians, kidnappings, and several incidents of reprisals.¹¹⁴ An additional round of protests occurred in May 2003 over the inferior quality of the school buildings for ethnic Albanians. In September 2003 Macedonian parents withdrew their children from a high school near Skopje due to a decision to transfer several classes of Albanian students into the school, and in Bitola, a boycott was initiated in response to the decision to have Albanian taught in the high school.¹¹⁵ In Moldova, students have engaged in strikes to protest pro-Russian education policies by the government.¹¹⁶

For youth themselves, globally as well as in SEE, inadequacy of education in preparing for the labor market is a major issue. A Serbian survey found that 42 percent of employed youth respondents do not work at the jobs for which they were educated.¹¹⁷ In consultations held on the draft of the youth component of the World Bank global Children and Youth Strategy,¹¹⁸ SEE youth expressed strong concerns about the irrelevancy of formal education and stated that education does not prepare them for employment.

Similarly, youth representatives from SEE at the 2003 Youth, Development and Peace conference in Paris stressed that quality and relevance of education need to be improved and

¹⁰⁹ Galliano, 22.

¹¹⁰ Hermine Desoto, Peter Gordon, et al, "A Qualitative Assessment of Poverty in 10 Areas of Albania," 56-62.

¹¹¹ John Richardson, "Youth in Kosova/Kosovo: A Situation Analysis," 8.

¹¹² Elizabeth Gomart, ECSSD. MultiSector Team Learning Project on Youth Vulnerability and exclusion in ECA: Draft part II. June 2002, p 18.

¹¹³ These policies are counter to the principles in the Education Reform Strategy for BiH.

¹¹⁴ Helsinki Committee for Human Rights in Macedonia, *Human Rights in 2002*.

¹¹⁵ International Crisis Group, "Macedonia: No Room for Complacency." Europe Report No. 149, Skopje/Brussels: 23 October 2003, 22.

¹¹⁶ Elizabeth Gomart, "Note on Youth in Moldova" Background paper prepared for the MultiSector Team Learning Project on Youth Vulnerability and Exclusion in ECA, June 2002, 2.

¹¹⁷ "Youth in Serbia- 2002," 51.

¹¹⁸ Held in April 2003 via videoconference and through online forum.

that *youth need to have a voice in education reforms because they are directly affected*.¹¹⁹ In this regard, the majority of World Bank education projects do not consider youth themselves as stakeholders. If local stakeholder consultation does occur, parents, teachers, school administrators, and political leaders may be interviewed. This study could identify only two World Bank assessments of education in SEE that has conducted interviews with youth themselves, and out-of-school youth (whether unemployed or employed) had never been considered stakeholders in educational reform projects.

A secondary education concern for many youth in SEE is *corruption*. Moldovan youth, especially from rural areas, considered the high cost of education as the primary reason for dropping out and noted that students who do not pay “illegal taxes” are penalized with poor grades and marginalized.¹²⁰ In addition to widening inequity, these forms of education corruption erode social capital and contribute to the devaluation of education by youth. In Bosnia-Herzegovina, youth identified corruption as a major issue in education, on par with the poor quality.¹²¹ In a non-age-specific survey of corruption in BiH, 20 percent of respondents included education among the areas in which they had paid bribes for services in the previous year.¹²² According to a Transparency International study, 89 percent of respondents thought that there is corruption among university professors.¹²³ Nearly one-fifth of university students in Belgrade surveyed knew a professor who would take bribes, with the percentage rising to 47 percent among students in medicine. Nearly one-third saw the education system as one of the most corrupt institutions in Serbia.¹²⁴

Macedonia university students in one study described the means through which corruption occurs, with students noting that manipulation of entrance exams after the results are announced is more common than cheating during the exams themselves.¹²⁵ Interviewed respondents in Moldova identified the range of bribes necessary to secure places for youth at the university and noted that failure to pay the requisite bribes resulted in qualified youth failing entrance examinations.¹²⁶

Given the lack of economic opportunities available and the lack of relevant education, some youth express *ambivalence about education*. In focus groups, young people in Bosnia-Herzegovina expressed frustration that people without education were prospering economically but noted that they still valued education.¹²⁷ In Croatia, many respondents observed that education is not sufficient—connections are most important.¹²⁸ Moldovan youth expressed

¹¹⁹ The conference was held September 15-16, 2003 in Paris. See Youth Forum Jeunesse, “Youth, Development and Peace: Compact Report” for an overview of the conference.

¹²⁰ Elizabeth Gomart, “Note on Youth in Moldova” Background paper prepared for the MultiSector Team Learning Project on Youth Vulnerability and Exclusion in ECA, June 2002,

¹²¹ IBHI, “Youth Initiatives Assessment, p.11.

¹²² Bosnia-Herzegovina: Diagnostic Study of Corruption, 6.

¹²³ Transparency International- Bosnia-Herzegovina, *Corruption Perception Study*, 153.

¹²⁴ Transparency International- Serbia, *Transparentnost: Bulletin*, vol. 5, March 2002, 6-7. The survey was conducted with 3,500 students by the Alliance of Serbian Students, the Centre for Market Research at the Faculty of Organizational Sciences, the Ministry of Education and Sports and TI- Serbia.

¹²⁵ Open Society Institute- Macedonia, *Corruption in Higher Education in the Republic of Macedonia*, May 2003. Students from three universities were surveyed: St. Cyril and Methodius in Skopje, St. Kliment Ohridski in Tetovo, and Southeast European University in Tetovo.

¹²⁶ Nora Dudwick and Hermine de Soto, “Poverty in Moldova: The Social Dimensions of Transition” in *Moldova: Poverty Assessment Technical Papers*, October 1999, 22.

¹²⁷ Bosnia-Herzegovina- Voices of the Poor.

¹²⁸ Gomart, *Social Assessment of Poverty in Croatia*, p.47.

skepticism about the rewards of education, noting that those with education were suffering economically.¹²⁹ Numerous responses in an Albanian study devalued education since the transition, because it does not contribute to economic survival in a difficult economy.¹³⁰ However, in Kosovo, two-thirds of the young men and women aged 15 to 24 interviewed would continue with their studies if given the chance, instead of looking for a job. One-third would choose employment, and approximately 10 percent of the youth surveyed would continue with their current employment, especially if they are males.¹³¹ Similarly, in a Serbian survey, completion of schooling was ranked as the priority goal by youth respondents, regardless of whether they were currently enrolled, employed, or unemployed.¹³² Moldovan youth participating in focus groups expressed particular concern with the idleness and risky behaviors of peers who dropped out at 15 years old following compulsory education without job prospects.¹³³

Leaving secondary school prior to completion and not pursuing further vocational, technical, or other postsecondary training suited for the twenty-first century global economy contribute to the poverty and social exclusion of youth. The results of too little schooling are borne out over the years in economic measures such as decreased earning potential and lower productivity, and in psychological indices regarding impaired sense of self-worth and knowledge.

¹²⁹ Nora Dudwick and Hermine de Soto, "Poverty in Moldova: The Social Dimensions of Transition" in *Moldova: Poverty Assessment Technical Papers*, October 1999, 22.

¹³⁰ Hermine de Soto, Peter Gordon, Ilir Gedeshi, Zamira Sinoimeri, *Poverty in Albania: A Qualitative Assessment*, World Bank, March 2002, p.61.

¹³¹ Hasnije Ilazi, "Research on Youth in Kosove," PRONI/SIDA/Ministry of Culture, Youth, Sport and NRA–Department of Youth, Prishtine, Kosove, December 2002, p.10.

¹³² Dragan Popadic and Srecko Mihailovic, "Youth in Serbia 2002: National Report," Center for Policy Studies, Republic of Serbia-Ministry of Education and Sports, and Proni Institute for Social Education, January 2003, 46.

¹³³ Elizabeth Gomart, ECSSD. MultiSector Team Learning Project on Youth Vulnerability and exclusion in ECA: Draft part II. June 2002, p 29.

CHAPTER 3.

YOUTH LABOR-MARKET DISADVANTAGE IN SEE

Lack of decent work opportunities for youth is probably one of the most daunting problems faced by countries in SEE.^{134, 135} Data show that, more than 10 years after the beginning of transition, and despite obvious signs of economic recovery in most SEE economies, the average youth unemployment rate in SEE remained 2.5 times higher than the EU average, and 3 times higher than the adult unemployment rate. Besides ILO unemployment, the emergence of large pools of jobless youth who do not even look for work and the large number of youth working in unprotected environments are worrisome trends in several SEE economies.

Youth labor market disadvantage in the subregion increasingly is viewed as an important policy issue. A troubled entry into the world of work has serious welfare repercussions on youth in terms of increased risk of income poverty and erosion of human and social capital.

While there are many beliefs concerning the barriers to youth participation in the workforce, there is still little hard evidence on the determinants of youth unemployment and idleness in the subregion and on the explanatory factors for the growing disparities in youth labor market outcomes observed across SEE economies. To date, much of the attention was paid to the analysis of overall unemployment. However, the high incidence of youth unemployment relative to that of adults points to the existence of *specific barriers to youth employment that need to be addressed by policymakers.*

Experience from Organisation for Economic Co-Operation and Development (OECD) countries suggests that there is no easy solution to the problem of youth unemployment. Many active labor market programs have failed to improve significantly the employment prospects of young people, and the problem of youth unemployment remains linked, above all, with the capacity of countries to achieve the sustainable economic growth that generates viable jobs. Nonetheless, lessons from program evaluations also show that some programs and policies that address the specific barriers to youth employment can be useful to some youth. Government policies and programs supporting the employability of vulnerable youth are still very limited in SEE, but available evaluations of some of the few that exist can provide useful information for the formulation of youth policies in the subregion.

Challenge of monitoring youth labor-market disadvantage

What is the nature and the extent of the problems that youth face in the labor market in South Eastern Europe? How have youth labor market outcomes changed in recent years? This section

¹³⁴ This section is excerpted from Alexandre Kolev and Catherine Saget, "Toward a Better Understanding of the Nature, Causes and Consequences of Youth Labor Market Disadvantage: Evidence for South Eastern Europe," a background paper for this report.

¹³⁵ This is reinforced by several studies and consultations, including UNICEF, 2000.

provides a short assessment of available data and discusses some measurement issues related to youth labor market disadvantage.¹³⁶

Data limitation

The lack of comprehensive, integrated, and centralized databases on youth labor market disadvantage in transition countries in general, and South Eastern Europe in particular, remains a major barrier for analyzing the problems that youth face in the labor market in the subregion. The centralized databases with information on youth labor market outcomes that do exist usually contain solely indicators of youth unemployment that are only a narrow aspect of youth labor market disadvantage, and their information on youth unemployment for SEE is often incomplete.

Such databases include the Key Indicators of the Labor Market (KILM), the Key Employment Indicators (KEI), and the World Development Indicators (WDI) compiled respectively by ILO, EUROSTAT, and the World Bank. However, youth unemployment indicators contained in the KILM, KEI and WDI databases are barely available for all economies in SEE and, even then, for only a few years. The OECD-CCET Labour Market database contained extensive information on youth labor market outcomes based on the compilation of several labor force surveys from Central and Eastern European countries, but it was interrupted in the late 1990s due to lack of funding.

Reported indicators of youth unemployment are not comparable over time and/or across countries, because the indicators refer to different concepts of unemployment. In some cases, the indicators are constructed from data collected by the employment offices and provide measures of the “registered unemployment.” In other cases, they are based on survey data and relate more to the strict ILO definition of unemployment (see box 2 for a summary of the various concepts of unemployment).

Long-time series on youth unemployment that provide a good and consistent coverage of the SEE subregion exist, but they are difficult to interpret. The TransMONEE database produced by the UNICEF MONEE project contains the youth registered unemployment rates for SEE economies since 1989.¹³⁷ However, these rates are based on registry data, and it is unclear from this database whether the changes in youth registered unemployment should be attributed to real changes in youth employment or to changes in registration conditions.

However, good labor market data for several SEE economies do exist,¹³⁸ such as those collected in Labor Force and Living Standards Measurement Surveys, but these data have not been centralized in a subregional database. For this study, an attempt was made to create comparable indicators of youth labor market indicators, relying on 7 LFS and 6 LSMS covering a total of 10 economies of SEE. Although the indicators are meant to be comparable across the subregion, there are still some problems associated with seasonality and timing (not all surveys were conducted in the same month or the same year), and aggregation (some indicators refer to annual average of quarterly data; others refer to the month of the survey).

¹³⁶ In this section, the standard UN definition of “youth” is used, which refers to persons aged between 15 and 24, while “adult” refers to individuals aged 25 and over.

¹³⁷ UNICEF, “Young People in Changing Societies.” *Regional Monitoring Report 7* (2000).

¹³⁸ The quality and comprehensiveness of these various surveys vary quite substantially from one country to another in terms of survey questionnaire, sampling methods, and representativeness of subgroups.

Measuring youth labor-market disadvantage

Another challenge for monitoring youth labor market disadvantage (YLMD) is that *no single indicator can capture youth labor market problems*. Our understanding of youth labor market disadvantage is very much sensitive to the definition of youth disadvantage and the choice of particular indicators. This study defines youth labor market disadvantage as the lack of decent work, encompassing joblessness and the holding of low-quality jobs. The various measures are discussed below.

Youth labor market disadvantage as a lack of jobs. The most basic and widely used measure of youth joblessness relates to strict ILO unemployment (see box 2). This study uses two absolute and two relative measures of youth unemployment, each representing a different aspect of the youth unemployment problem:

1. Youth unemployment rate (youth unemployment as a percentage of the youth labor force)
2. Youth unemployment ratio (youth unemployment as a percentage of the youth population)
3. Ratio of the youth unemployment rate to the adult unemployment rate
4. Share of youth in total unemployment.

Two additional indicators informing on the nature of youth unemployment were constructed:

5. Share of youth in total long-term unemployment (1 year or more)
6. Share of youth unemployed with no work experience.

These indicators of youth unemployment reflect only a narrow aspect of youth labor market disadvantage. On the one hand, they do not take into account the number of discouraged youths who are no longer looking for a formal job, nor the number of idle youths who are in neither employment nor education. On the other hand, they do not capture the extent of underemployment. To get a more accurate picture of the true extent of youth joblessness, three additional indicators were constructed for this study:

7. The ILO “relaxed” unemployment rate, which includes unemployed youth who are not searching for work because they are discouraged
8. The not in employment/not in education ratio, which is the proportion of young people who are not in school and not in employment, either looking for a job or not
9. The proportion of youth not in school and not in the labor force, which measures the proportion of jobless youth not in school who are not looking for a job.

Forced underemployment is another important aspect of the overall youth employment problem, but because of data limitations and interpretation problems,¹³⁹ no measures of underemployment were reported here.

Youth labor market disadvantage as the holding of low-quality jobs. In this report, low-quality jobs refer to jobs that violate the core labor standards usually associated with a formal labor contract, such a pension fund contribution, health and disability insurance, freedom of association, and the effective recognition of the right to collective bargaining. In practical terms, there is no easy way of measuring low-quality employment. Only a very imperfect proxy indicator was constructed for this study, which is the proportion of youth wage employed with

¹³⁹ It is often difficult to infer from quantitative survey data whether part-time workers have chosen voluntarily to do so or whether they have been forced to do so.

no written contract or no social security contributions. This choice was based on the fact that youth in such jobs are exposed to great vulnerability in the labor market, even if these jobs are well paid, because they do not enjoy the protection of the labor code (no contract) or are not protected adequately against health risks and old age (no social security contributions).

Box 2. Defining unemployment indicators

Registered unemployment. “Registered unemployed” refers to individuals who are registered at labor offices as unemployed. This administrative approach reflects national rules and conditions and usually generates figures that are different from those resulting from surveys relying on the “strict ILO concept” of unemployment or on a very similar concept.

Strict ILO unemployed. The strict ILO concept is based on three criteria and defines as unemployed those people who are (1) without work, (2) available for work within the next 2 weeks, and (3) have been seeking work for the preceding 4 weeks.

ILO unemployed relaxed criterion. The ILO has an alternative definition of unemployment, which is more relevant for transition countries. It relaxes the third criterion to include the discouraged unemployed who have not been looking for work because they have lost all hope of finding a job.

Youth unemployment rate and unemployment-to-population ratio. This unemployment rate corresponds to the segment of the youth labor force (unemployed and employed) that is unemployed. A different indicator is the unemployment-to-population ratio, which refers to the overall proportion of the unemployed in the youth population.

Ratio of youth not in employment/not in education. This ratio corresponds to the overall share of the youth population (youth in this report) that is neither employed nor in education. It includes the ILO unemployed as well as discouraged workers who are not in the education system.

Ratio of youth not in employment/not in the labor force. This ratio includes all jobless youth not in education and not looking for a job.

Employment prospects of youth remain daunting

Whichever indicators are used, youth face serious employment problems in SEE. This section documents the extent of youth unemployment in the subregion and discusses youth discouragement and idleness and the problem of low-quality employment.

Large youth ILO unemployment

The indicators of youth unemployment discussed in the previous section are reported in table 2 based respectively on 7 LFS and 6 LSMS data and covering 10 SEE economies (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Romania, Serbia, and Slovenia). The LFS and the LSMS data provide estimates that are not necessarily identical,¹⁴⁰ but the evidence shows that youth unemployment is a serious problem in SEE. In approximately 2001, youth unemployment rates in SEE were very high by the standard of EU countries, averaging 38.6 percent according to LFS data for 7 SEE economies, and 31.2 percent according to LSMS data for 6 SEE economies. By comparison, the youth unemployment rate in

¹⁴⁰ The fact that LFS and LSMS data provide different estimates of youth unemployment may arise because of differences in survey questionnaire and period of interview.

the EU based on LFS data for the same period was 14.9 percent. Table 1 also shows large disparities within SEE, with a LFS-based unemployment rate ranging from 16.2 percent in Moldova to 69.2 percent in Kosovo.¹⁴¹ The highest absolute youth unemployment rates were observed in Bulgaria, Croatia, Kosovo, and Macedonia.

Other troubling figures in SEE are the very high youth-to-adult unemployment ratios, indicating the strong disadvantage of youth relative to adults. Youth unemployment rates in SEE were two to four times higher than adult rates. Youth disadvantage relative to adult was particularly pronounced in Bosnia-Herzegovina, Croatia, Romania, Serbia, and Slovenia. However, in Romania and Slovenia, the absolute share of the youth population unemployed was among the lowest in SEE. Among youth, unemployment rates were in general higher for teenagers aged 15–19 than for young adults aged 20–24.

Table 3 also shows important disparities in the subregion as to the extent of long-term youth ILO unemployment. While, in Macedonia, the majority (72 percent) of unemployed youth were unemployed for more than a year, in other neighboring countries such as Bulgaria, less than 20 percent of unemployed youth was in long-term unemployment. What is notable is that, *throughout SEE, the vast majority of unemployed youth had no work experience at all.*

¹⁴¹ To some extent, the high unemployment rate observed in Kosovo in the LFS is due to seasonality. The Kosovo LFS was conducted in December at a time when many individuals farmers were temporarily unemployed. A more realistic figure is the youth unemployment rate of 25 percent obtained from the 2000 LSMS. For a discussion on the reliability of the unemployment figures in Kosovo, see World Bank (2003a).

Table 3. Selected comparable macro and labor market indicators in SEE, approximately 2001

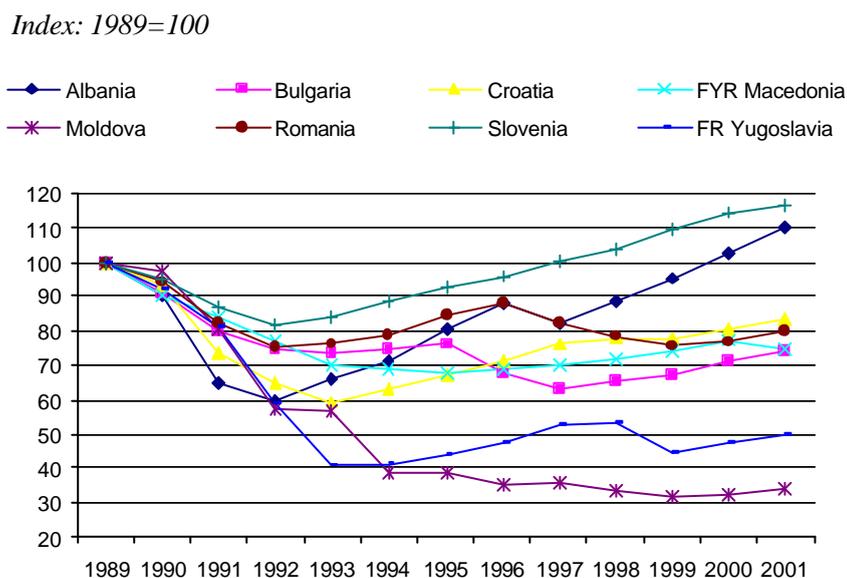
	ALB	BiH	BUL	CRO	KOS	MAC	MOL	ROM	SER	SLO
GDP per capita (<i>constant 1995 \$US</i>)	952	1,498	1,604	5,461	850	2,431	796	1,539	-	11,996
Labor Force Surveys										
Unemployment rate (%)	-	-	19.4	15.3	41.2	30.5	7.3	6.4	-	6.4
Youth unemployment rate (%) ^a	-	-	38.4	41.1	69.2	56.1	16.2	18.4	-	18.1
Teenager aged 15–19 unemployment rate (%)	-	-	58.8	-	79.8	57.5	19.0	24.7	-	24.2
Young adult aged 20–24 unemployment rate (%)	-	-	34.2	-	64.7	55.7	14.5	16.4	-	16.8
Ratio of youth unemployment rate to adult (25+) rate	-	-	2.2	3.6	2.1	2.2	2.8	3.9	-	3.7
Youth unemployment ratio (%)	-	-	12.6	16.3	17.1	22.4	5.3	7.4	-	6.9
Youth employment ratio (%)	-	-	20.7	23.4	7.6	17.5	27.6	32.8	-	31.4
Youth labor force participation rate (%)	-	-	32.9	39.6	24.7	39.9	32.9	59.5	-	38.3
youth in total unemployment (%)	-	-	21.3	-	40.6	28.1	30.1	36.5	-	32.0
youth in total long-term unemployment (%)	-	-	16.9	-	3.0	72.0	-	42.6	-	23.4
youth unemployed with no work experience (%)	-	-	74.0	-	92.1	-	66.7	75.3	-	71.5
Living Standard Measurement Surveys										
Unemployment rate (%)	9.3	15.8	26.7	-	11.6	-	-	6.8	10.3	-
Youth unemployment rate (%)	13.7	44.6	52.4	-	25.2	-	-	17.9	33.6	-
Teenager aged 15–19 unemployment rate (%)	12.7	64.3	78.4	-	23.5	-	-	20.5	43.3	-
Young adult aged 20–24 unemployment rate (%)	14.7	39.3	46.7	-	26.1	-	-	17.2	31.0	-
Ratio of the youth un rate to the adult (25+) rate	1.6	3.9	2.3	-	3.1	-	-	3.4	4.2	-
Youth unemployment ratio (%)	5.9	10.3	20.6	-	7.6	-	-	6.8	11.0	-
Youth employment ratio (%)	36.8	12.9	18.7	-	22.6	-	-	31.0	23.9	-
Youth labor force participation rate (%)	42.7	23.2	39.3	-	30.2	-	-	37.8	32.8	-
youth in total unemployment (%)	28.0	36.7	25.8	-	45.3	-	-	33.4	29.5	-
youth in total long-term unemployment (%)	39.4	5.7	24.6	-	43.0	-	-	-	7.4	-
youth unemployed with no work experience (%)	77.7	82.7	-	-	-	-	-	-	-	-

Sources: World Bank staff estimates based on Labor Force Surveys and Living Standard Measurement Surveys; GDP figures based on World Bank Live Databases. GDP figure for Kosovo refers to unofficial estimates and is still preliminary. LFS conducted in June 2001 for Bulgaria, November 2001 for Croatia, October 2001 for Macedonia, and December 2001 for Kosovo and Romania; 2001 annual average for Moldova and Slovenia. LSMS-type conducted in April–July 2002 for Albania, September–November 2001 for Bosnia-Herzegovina, April–May for Bulgaria, September–December 2000 for Kosovo, June 2002 for Romania, June–August 2002 for Serbia.

If the various indicators discussed above point to the gravity of youth unemployment in SEE more than a decade after the beginning of transition, an important question is how has this situation evolved in recent years? Economic reforms in the region often have demanded short-term sacrifice but were intended to create new job opportunities and growth in the longer term. Are youth starting to benefit from economic reforms in the region? In other words, did the employment situation of youth initially worsen with the collapse of economic output but then improve with the return of economic growth?

There is a sharp diversity across the region as to the degree to which countries in South Eastern Europe have recovered from the initial transition shocks (figure 10). By the end of 2001, only Albania and Slovenia had managed to reach and even exceed their pre-transition GDP level. In Bulgaria, Croatia, and FYR Macedonia, despite continuous economic growth throughout almost all of the 1997–2001 period, GDP levels were approximately 70 percent to 80 percent of their pre-transition levels. In Romania, economic growth has been lumpy, with the peak in economic activity in 1996, when GDP reached approximately 90 percent of its 1989 level, but a decline thereafter. In 2001 GDP was down to 80 percent of its 1989 level. The situation in Moldova and FR Yugoslavia has been even worse. These countries experienced one of the biggest initial falls in output in SEE: in 2001 GDP levels in Moldova and FR Yugoslavia stood at approximately only 30 percent and 50 percent of their 1989 levels respectively.

Figure 10. Real GDP growth in SEE, 1989- 2001



Source: UNICEF MONEE project database.

The impact of these overall macro-developments on youth labor markets is mirrored in table 4, which displays the trends in youth unemployment rates in selected SEE economies for 1990–2001. In Macedonia, in which pre-transition youth unemployment already was very high, the employment prospects of youth apparently remained particularly troubling until 1997 but improved slightly thereafter with the return of economic growth. Nevertheless, in 2001 youth unemployment rates in Macedonia were among the highest in SEE. In Bulgaria, despite economic growth since 1997, the labor market situation of youth has continued to deteriorate

with unemployment rates up from 32 percent in 1998 to 38 percent in 2001.¹⁴² In Slovenia, youth unemployment rates have remained almost unchanged at approximately 18 percent since 1997 despite strong economic growth. In Romania, weak economic growth went hand in hand with the stagnation in youth unemployment.

Table 4. Trends in unemployment rates among youth in selected SEE economies, 1990–2001

Country	Data source	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Bulgaria	Employment registry ^a	4.7	-	-	-	-	26.3	-	-	-	-	-	-
	Labor Force Survey ^b	-	-	-	-	-	-	-	34.7	32.2	32.6	-	38.4
Croatia	Labor Force Survey	-	-	-	-	-	-	-	-	29.8	-	-	41.1
FYR Macedonia	Employment registry	52.9	-	-	-	-	48.1	49.3	-	-	-	-	-
	Labor Force Survey	-	-	-	-	-	-	69.5	74.2	70.9	62.9	59.9	56.1
Romania	Labor Force Survey	-	-	-	-	-	20.9	20.2	17.1	18.3	19.5	-	18.4
Slovenia	Employment registry ^c	18.0	-	-	48.5	31.5	-	-	-	-	-	-	-
	Unknown	-	-	-	-	-	18.9	19.2	-	-	-	-	-
	Labor Force Survey	-	-	-	-	-	-	-	17.8	18.6	18.2	-	18.1

Notes: ^a youth=16–29, adults=30+; ^b youth=16–24 for 1997–99; ^c youth=15–25.

Sources: ILO for 1990–2000 and World Bank for 2001; World Bank estimates based on LFS for 1996–2001 for FYR Macedonia.

There also is a sharp diversity observed in SEE regarding the evolution of the ratios of the youth-to-adult unemployment rate. In recent years, the employment position of youths relative to adults improved in Bulgaria and Macedonia, but remained unchanged in Romania and even deteriorated in Slovenia (table 5).

¹⁴² Since the sample of the Bulgarian Labor Force Survey changed in 2001, the unemployment figures before and after 2001 may not be strictly comparable.

Table 5. Ratio of youth to adult unemployment rate in selected SEE economies, 1990-2001

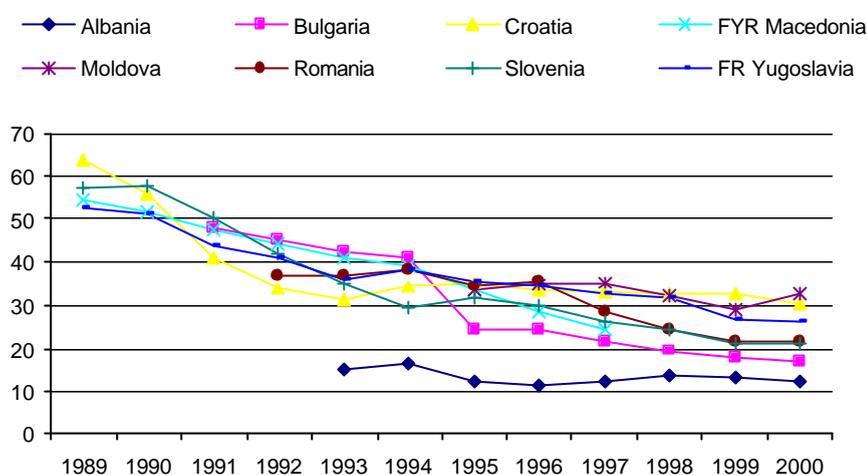
Country	Data source	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Bulgaria	Employment registry ^a	5.1	-	-	-	-	-	-	-	-	-	-	-
	Labor Force Survey ^b	-	-	-	-	-	-	-	2.9	2.7	2.5	-	2.2
FYR Macedonia	Employment registry	5.1	-	-	-	-	2.6	-	-	-	-	-	-
	Labor Force Survey	-	-	-	-	-	-	2.9	2.6	2.6	2.3	2.2	2.2
Romania	Labor Force Survey ^c	-	-	-	-	-	3.3	4.2	4.7	4.3	3.8	-	3.9
Slovenia	Employment registry ^d	4.9	-	-	8.3	5.0	-	-	-	-	-	-	-
	Unknown ^e	-	-	-	-	-	3.3	3.4	-	-	-	-	-
	Labor Force Survey	-	-	-	-	-	-	-	3.2	3.1	3.1	-	3.7

Note: ^a youth=16-29, adults=30+; ^b youth=16-24 and adults=25-59 for males and 25-54 for females for 1997-99; ^c adult=25-59 for 1995-1996; ^d youth=15-25; ^e adults=25-54.

Sources: ILO for 1990-2000 and World Bank for 2001, except FYR Macedonia World Bank estimates based on LFS for 1996-2001.

The employment situation of youth that emerged from LFS contrasts sharply with administrative data from employment offices, which show a reduction in the share of youth registered as unemployed in all SEE economies, with the exception of Albania and Moldova (figure 11). Data from employment registry need to be treated with great care. The differences observed between countries and within countries over time are sensitive to the incentives to register, which vary according to national legislations and may change over time. Thus, actual youth unemployment is higher than data from employment registries reveal.

Figure 11. Youth aged 15–24 in SEE as percentage of registered unemployed, 1989– 2000



Source: UNICEF MONEE project database.

Widespread youth discouragement and idleness

The emergence of large pools of jobless youth who do not even look for work is a disturbing trend in several countries of Central and Eastern Europe.¹⁴³ Table 6 provides recent evidence of youth discouragement and idleness in SEE, relying on LSMS data collected in approximately 2001. Moving from the “strict” to the “relaxed” definition of unemployment to capture the proportion of discouraged unemployed youth further raises the regional average youth unemployment rate from 31.2 percent (strict rate) to 41 percent (relaxed rate).¹⁴⁴ The proportion of jobless youth who do not report looking for work is particularly important in Albania, Bosnia-Herzegovina, and Kosovo, in which the gray economy seems to be widespread.¹⁴⁵ Table 5 also shows the large proportion of idle youths, as measured by the share of the youth population not in school nor in employment. In approximately 2001, while the proportion of the overall ILO-unemployed youth population averaged 10.4 percent in the region, those who were jobless and out of school accounted for more than 35.6 percent. In Albania, Bosnia-Herzegovina, Bulgaria, and Kosovo, approximately 33 percent of young persons aged 15–19 was neither in education nor in employment.

A large majority of jobless and out-of-school youths (in neither education nor employment) were not looking for jobs, and this group warrants special attention. Often, they are engaged in the gray economy, which means that they are not covered by satisfactory working conditions, occupational safety, or benefits in case of illness, job loss, or retirement. There also are those at risk of being enrolled in the illicit economy, including the sex and drug industries.

¹⁴³ UNICEF, 2000.

¹⁴⁴ Regional average estimates refer to unweighted averages among the 6 SEE economies for which LSMS data are available.

¹⁴⁵ World Bank, 2003a; World Bank 2003c, World Bank 2003e.

Table 6. Selected indicators of youth idleness and discouragement in six SEE economies, approximately 2001 (in percentages)

	Albania	Bosnia-Herzegovina	Bulgaria	Kosovo	Romania	Serbia
Living Standard Measurement Surveys						
ILO "strict" youth unemployment rate (%)	13.7	44.6	52.4	25.2	17.9	33.6
Teenager aged 15–19 ILO "strict" unemployment rate (%)	12.7	64.3	78.4	23.5	20.5	43.2
Young adult aged 20–24 ILO "strict" unemployment rate (%)	14.7	39.3	46.7	26.1	17.2	31.0
ILO "relaxed" youth unemployment rate (%)	27.0	64.6	55.7	33.3	18.0	47.2
Teenager aged 15–19 ILO "relaxed" unemployment rate (%)	27.2	82.6	82.1	37.9	20.8	56.5
Young adult aged 20–24 ILO "relaxed" unemployment rate (%)	26.7	57.9	49.0	30.3	17.2	44.6
Youth unemployment ratio (%)	5.9	10.3	20.6	7.6	6.8	11.1
Teenager aged 15–19 unemployment ratio (%)	4.9	6.2	11.8	4.7	3.4	6.2
Young adult aged 20–24 unemployment ratio (%)	7.1	14.5	28.5	10.9	10.2	15.6
Youth not in education nor in employment (%)	41.6	42.3	43.3	46.0	19.0	21.7
Teenagers aged 15–19 not in education nor in employment (%)	32.7	28.8	32.6	35.6	12.3	12.9
Young adults aged 20–24 not in education nor in employment (%)	52.7	55.8	52.8	57.7	26.0	30.0
Youth not in education nor in the labor force (%)	35.7	32	22.7	38.4	12.2	12.8

Sources: World Bank staff estimates based on Living Standard Measurement SurveysLSMS-type conducted in April-July 2002 for Albania, September-November 2001 for Bosnia-Herzegovina, April-May for Bulgaria, September-December 2000 for Kosovo, June 2002 for Romania, June-August 2002 for Serbia.

Large incidence of low-quality jobs

A large number of young people in SEE are working in unprotected environments, deprived of basic employment rights and entitlements, and vulnerable to exploitation. Low-quality employment includes jobs that may provide a relatively high salary but do not provide health, pension, and unemployment insurance. It also includes uncounted jobs in the gray economy with no written contracts. There are no good data on job quality in SEE, as many of these jobs in the non-recorded economy are not well captured in survey data, but the evidence shown in table 7 indicates that, in Albania, Bosnia -Herzegovina, and Bulgaria, a very large proportion of the wage employed was in low-quality jobs. The incidence of low-quality employment also was much higher among youth.

Table 7. Incidence of low-quality wage employment in selected SEE economies, approximately 2001 (as % of overall wage employment)

	Albania	Bosnia- Herzegovina	Bulgaria	Romania	Serbia
Youth					
No contract or no social contributions	-	-	43.9	-	18.4
No contract	-	-	17.8	2.8	13.9
No social contributions	58.7	51.2	41.1	-	10.8
Adults					
No contract or no social contributions	-	-	22.5	-	7.9
No contract	-	-	7.9	1.0	4.3
No social contributions	36.5	31.9	21.0	-	4.9

Sources: World Bank staff estimates. Incidence of low-quality wage employment based on Living Standard Measurement Surveys. LSMS-type conducted in April-July 2002 for Albania, September-November 2001 for Bosnia-Herzegovina, April-May for Bulgaria, September-December 2000 for Kosovo, June 2002 for Romania, June-August 2002 for Serbia.

Not all youth face the same risk of being jobless

Although the region has been characterized by a lack of decent work opportunities for youth, not all youth in SEE face the same risk of being jobless. Evidence from LFS and LSMS data provided in tables 8 and 9 shows respectively the incidence of youth unemployment and the share of jobless youth not in education by gender, education, location, and among Roma youth and youth with disabilities. In general, the LFS and LSMS data provide different absolute estimates of youth unemployment by socioeconomic characteristics, but the overall profile of vulnerable youth seems to be consistent across survey types, except for Kosovo and Romania. In approximately 2001, the unemployment rate was higher for young men in 7 out of the 10 SEE economies covered by the data. A strong unemployment disadvantage of young women relative to young men was observed in Kosovo and, to a lower extent, in Croatia and Slovenia. Higher unemployment among young men does not seem to hide a greater inactivity among young women. Table 9 shows that, in SEE, with the exception of Kosovo, there is a greater proportion of young men than young women not in education nor in employment.

It also appears that youth with little education have lower employability (table 9), although not necessarily a lower incidence of being ILO unemployed (table 8). On the other hand, positive returns to education in terms of employment outcomes are not observed in all SEE economies. In Bosnia-Herzegovina, Bulgaria, and Serbia, the more education, the lower the ILO unemployment.

With respect to gender, table 8 shows that more young men than women were ILO unemployed, with an important unemployment rate differential between the least and the most educated. However, in Moldova, Romania, and Slovenia, the incidence of ILO unemployment seems to be spread equally among youth with different levels of education—and is even higher for the most educated youths. In Albania, youth with higher education have the lowest incidence of being ILO unemployed or idle, but youths with secondary education have higher unemployment rates and higher out of school/out of work ratios than those with primary education or less. In Romania and Serbia, the share of out of school/out of work youths among the most educated is not statistically different from that of the least educated youths.

A higher incidence of ILO unemployment among highly educated youths can be an indication of their higher reservation wage as well as their greater capacity to afford being unemployed, since better-educated youth often belong to better-off families. However, when this higher incidence of ILO unemployment is combined with a relatively high incidence of idleness among highly educated youths, as in Romania, it also can reflect some mismatches in the labor market, with an excessive supply of labor from highly educated youth relative to the actual demand in the economy. In some SEE economies, there indeed has been a growing gap between expectations and the opportunities available locally, which has been particularly pronounced for highly educated youths.

Differences across SEE in unemployment by education level are much more pronounced for the least educated than for the better educated. Among youth with higher education, the ratio of the highest to lowest unemployment rate was only 2.6 according to LFS data and 3.7 according to LSMS data. However, among youth with primary or less education, the ratio stood at 5.6 according to LFS data and 7.6 according to LSMS data. Smaller regional imbalances in youth unemployment among the most educated could indicate greater cross-country mobility among highly educated youth, compared to those with less education. At the same time, it points to the high vulnerability of youth with little education who may not be able to take much advantage of the global economy.

Table 8. Youth strict ILO unemployment rates in SEE by selected socioeconomic characteristics, 2001 (in percentages)

	ALB	BiH	BUL	CRO	KOS	MAC	MOL	ROM	SER	SLO
Labor Force Surveys										
All	-	-	38.4	41.1	69.2	56.1	16.2	18.4	-	18.1
Male	-	-	42.0	37.9	63.7	57.4	18.3	19.7	-	15.9
Female	-	-	34.5	45.0	78.8	54.5	13.8	16.6	-	20.9
Higher education	-	-	25.7	-	39.5	-	15.1	22.1	-	19.3
Secondary education	-	-	37.5	-	62.8	-	16.4	18.1	-	16.8
Primary or less	-	-	72.2	-	78.2	-	14.0	17.0	-	23.9
Urban	-	-	36.6	-	55.0	-	29.3	28.0	-	22.5
Rural	-	-	43.1	-	75.5	-	9.6	10.0	-	14.5
Living Standard Measurement Surveys										
All	13.7	44.6	52.4	-	25.2	-	-	17.9	33.6	-
Male	16.0	44.8	60.9	-	21.7	-	-	20.9	34.3	-
Female	11.5	44.3	42.6	-	32.6	-	-	14.2	32.7	-
Higher education	7.9	9.0	21.1	-	29.4	-	-	22.8	9.8	-
Secondary education	26.0	40.4	53.2	-	24.7	-	-	17.8	34.4	-
Primary or less	11.4	73.8	86.2	-	24.3	-	-	17.2	32.6	-
Urban	44.0	48.7	47.6	-	43.1	-	-	-	33.5	-
Rural	4.5	38.6	61.9	-	18.2	-	-	-	33.7	-
Disabled	6.7	-	-	-	30.2	-	-	0.0	-	-
Roma	0.0	-	90.5	-	50.4	-	-	13.2	-	-

Sources: World Bank staff estimates based on Labor Force Surveys and Living Standard Measurement Surveys; LFS conducted in June 2001 for Bulgaria, November 2001 for Croatia, October 2001 for Macedonia, and December 2001 for Kosovo and Romania, 2001 annual average for Moldova and Slovenia; LSMS-type conducted in April-July 2002 for Albania, September-November 2001 for Bosnia-Herzegovina, April-May for Bulgaria, September-December 2000 for Kosovo, June 2002 for Romania, June-August 2002 for Serbia.

There also are *large disparities in the unemployment rate by the type of locale with, in general, a higher incidence of youth unemployment in urban areas, but a greater incidence of youth idleness in rural areas*. Of the 8 economies in the subregion for which disaggregated youth unemployment data are available, higher urban youth unemployment rates are observed in 4 of them (table 8, LSMS data). Only in Bulgaria was the youth unemployment rate greater in rural

areas. In Serbia, youth unemployment was spread equally across urban and rural areas. In Kosovo, the LFS and LSMS data provide contradictory results.¹⁴⁶

Looking at *youth idleness*, the data shows that rural youth were at a higher risk of idleness, except in Albania. Yet, the proportion of urban youth who are not in education nor in employment is very high in SEE, indicating that idleness and discouragement is also an important problem affecting youth in cities. The fact that youth unemployment tends to be higher in urban areas than in rural areas, while the reverse is observed for youth idleness, comes as no surprise. The employment opportunities outside of agriculture for SEE youth in rural areas are very limited, and much more so than in urban areas. As a result, more youths in rural areas become discouraged and give up looking for jobs.

No systematic information is available on the employment outcomes of youths from ethnic minorities, but there are indications that some ethnic minorities may be at a disadvantage in securing employment. One group that faces specific difficulties in several SEE economies are Roma youths. The incidence of youth unemployment was much greater among Roma youths in Bulgaria and Kosovo, but lower in Albania and Romania (table 6). For Romania, the results of the LSMS regarding the Roma unemployment rates are at odd with that of the LFS and the Yale cross-country household survey,¹⁴⁷ which found a higher incidence of unemployment among Roma than non-Roma.¹⁴⁸ The evidence presented in table 6 also points to a higher incidence of youth idleness among Roma youth, with the exception of Albania. Even in Romania, while the LSMS data show a lower incidence of ILO unemployment among Roma youth, there was a much higher proportion of Roma youth who are neither in school nor in education. This finding could indicate that in Romania, compared to other neighboring countries, a greater proportion of jobless Roma youth are not “looking” for jobs.

Finally, the evidence points to a great vulnerability in the labor market of SEE youth with disabilities. In all SEE economies with no exception, the proportion of young people out of school and not employed was the highest among youth with disabilities (table 9). Often, young people with disabilities were underrepresented among the ILO unemployed (table 8), either because they were not looking for work or had lost any hope of finding a job.

¹⁴⁶ These differences could be due to the rapid changes that have occurred in the economy between the two dates when the LSMS and LFS were conducted (September-December 2000 and December 2001, respectively), in particular the return of refugees in villages that may have increased unemployment in rural areas.

¹⁴⁷ The survey was conducted by the Center for Comparative Research, Sociology Department, Yale University. The survey addressed the ethnic dimension of poverty in certain countries of Central and Eastern Europe: Bulgaria, Hungary, Romania, Russia, and Slovakia. In three of the countries –Bulgaria, Romania and Hungary–Roma households were over-sampled to gain a more representative picture of their living conditions.

¹⁴⁸ World Bank 2003a; Revenga and others 2002.

Table 9. Share of youth in SEE neither in school nor employed, by selected socioeconomic characteristics (2001)

	Albania	Bosnia- Herzegovina	Bulgaria	Kosovo	Romania	Serbia
Living Standard Measurement Surveys						
All	41.6	42.3	43.3	46.0	19.0	21.7
Male	42.2	44.1	45.8	31.4	19.3	22.6
Female	39.0	40.4	40.8	59.7	18.7	20.9
Achieved higher education	15.1	3.6	21.9	0.8	23.8	14.9
Achieved secondary education	41.1	42.2	41.0	32.2	18.3	29.0
Achieved primary education or less	29.3	57.9	91.0	61.7	23.3	13.4
Urban	48.2	34.9	34.4	42.8	-	18.4
Rural	37.6	46.1	66.1	47.4	-	27.1
Disabled	60.9	-	-	57.8	89.0	-
Roma	39.8	-	83.5	86.3	44.6	-

Sources: World Bank staff estimates based on LSMS data conducted in April-July 2002 for Albania, September-November 2001 for Bosnia-Herzegovina, April-May for Bulgaria, September-December 2000 for Kosovo, June 2002 for Romania.

Troubled entry into the labor market has serious effects on youth

This section discusses the effects that a difficult entry into the working life may have on youth, examines the welfare repercussions of youth joblessness, and reviews a number of social outcomes correlated to the ways that youth respond to employment difficulties.

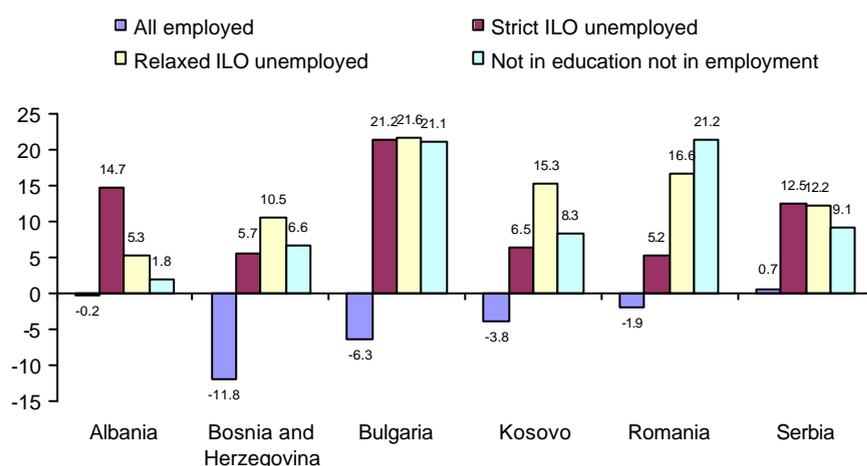
Welfare repercussions of youth joblessness

Poverty in its multidimensional aspects is both a determinant and a cause of youth unemployment and idleness. Below the authors provide evidence on how youth joblessness in the subregion has resulted in greater income poverty and discuss why it can contribute to the erosion of human and social capital. A discussion of poverty as a key obstacle to participation in employment will be provided in the next section.

Greater risk of income poverty and vulnerability. There is a large body of evidence on the correlation between unemployment and poverty in SEE.¹⁴⁹ Less is known, however, on the welfare repercussions of youth unemployment and youth discouragement and idleness. Figure 12 shows the relative risk of poverty related to different youth labor market outcomes based on LSMS data for 6 economies of SEE. The data confirm that the lack of job is a strong correlate of poverty in SEE but also show that there is a large heterogeneity in the extent to which joblessness affects the relative risk of poverty. For instance, compared to the employed, the relative position of the ILO unemployed youth appears much less unfavorable in Bosnia-Herzegovina, Kosovo, and Romania than in Albania, Bulgaria, or Serbia.

Figure 12 also points to a great incidence of poverty among jobless youth who usually are not captured in unemployment data. In Bosnia-Herzegovina, Kosovo, and Romania, the relative poverty rates among idle youth (in neither education nor employment) and discouraged youth (relaxed ILO unemployed) were higher than the poverty rate observed among ILO unemployed youth. Only in Albania was the relative poverty risk higher for the ILO unemployed youth than for the discouraged and idle youths. In Bulgaria and Serbia, the relative poverty risk was almost identical for the ILO unemployed youth and for the discouraged and idle youths.

Figure 12. Relative poverty risk associated with different youth labor-market outcomes in selected SEE economies, approximately 2001 (in percentages)



Note: Relative poverty line = bottom quintile of household consumption per capita, except for Romania, whose per capita income is used. Relative poverty risk = percentage of individuals whose per capita consumption is below or above the bottom quintile of the overall distribution.

Sources: World Bank staff estimates based on LSMS data conducted in April-July 2002 for Albania, September-November 2001 for Bosnia-Herzegovina, April-May for Bulgaria, September-December 2000 for Kosovo, June 2002 for Romania, June-August 2002 for Serbia.

Besides the immediate welfare repercussion of youth unemployment, another concern is the long-term impact of today's youth unemployment and informal jobholding. The lack of panel data that cover the entire life cycle of individuals prevents a rigorous analysis of the long-term

¹⁴⁹See for instance World Bank, 2002a.

poverty impact of youth joblessness. Nevertheless, many observers have raised concerns that, given the large number of youth in the region who do not contribute to national social security systems, the risk that these people will become poor during old age is actually very high. Vulnerability to income poverty in old age, in addition to current poverty, is therefore another strong correlate of youth joblessness.

Erosion of human and social capital

Joblessness also has a deleterious impact on human and social capital. A large number of quantitative studies have shown that the longer a person is unemployed, the more difficult it is to find work because of the loss of skills, low morale, and psychological damage. A review of the studies on the determinants of unemployment duration and labor market transitions in the Central and Eastern European countries can be found in Svejnar (1999). In addition, evidence around the world has shown that early unemployment in a person's life may permanently impair his/her future employability in decent jobs.¹⁵⁰ Unemployment also decreases self-esteem and contributes to isolation.¹⁵¹

Social and economic outcomes related to youth responses

Besides its direct welfare repercussion on youth, a poor start in the world of work influences youth behaviors in a number of ways. If some outcomes related to youth responses to their employment problems may be viewed as neutral or positive from a social point of view (delayed entry in the labor force), others have produced both positive and negative externalities (labor migration, informalization) or have not been socially desirable at all (human trafficking, risky behaviors). Labor migration and trafficking are discussed separately in chapter 4.

Delayed entry into the labor market

Youths have substantial specific supply responsiveness to the difficult situation in the labor market. Some responses may be positive, such as staying longer in education to delay their entry in the labor market and increase their chances of finding a job. Indeed, in Bulgaria, Croatia, Romania, and Slovenia, tertiary enrollments have increased tremendously (figure 13).

The lower risk of unemployment among highly educated persons observed earlier in Bulgaria indicates that, in this country, acquiring more education can be a viable strategy for youth, and it is likely to pay off in the medium term. In fact, in Bulgaria, the position of youth relative to adults has improved and may have resulted from the fact that youth are getting more education, relative to their parents. In Romania and Slovenia, however, the incidence of unemployment was not lower for the most educated. The increase in tertiary enrollments in these countries did not translate into any visible improvement in the employment prospects of youth and may even have had a perverse effect by aggravating the local mismatch between the supply and the demand for young people with tertiary education.

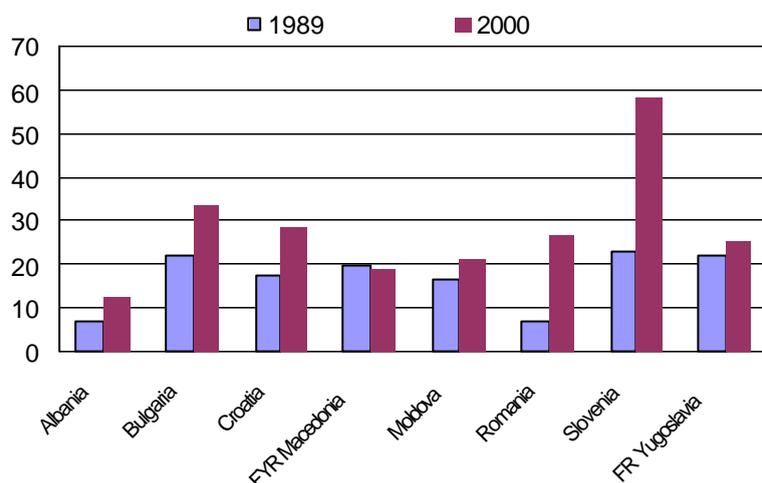
Such socially desirable supply responsiveness may not have been accessible by disadvantaged youths in the subregion—youth from poor families, youth with disabilities, and youth from

¹⁵⁰ See for instance World Bank 2003b, World Bank 2003c, World Bank 2003d, World Bank 2003e, World Bank 2002b, World Bank 2001a.

¹⁵¹ UNICEF, 2000.

certain minority groups—who have been facing the most difficulties to complete education even at primary level¹⁵²

Figure 13. Higher education enrollments by youth in South Eastern Europe, 1989 and 2000 (as percentage of total youth population)



Note: Gross rates, % of 19–24 population.
Source: UNICEF MONEE project database.

Informalization

Unemployment and poverty in transition economies also have been instrumental in the development of a large informal sector.¹⁵³ Other factors in the informal economy include a relatively high tax wedge and the weak capacity in the region to enforce labor laws. Evidence from Romania shows that low income was an important determinant of informal economy participation.¹⁵⁴ In Russia, the decision to work in the informal sector was largely driven by unemployment.¹⁵⁵ Several observers also indicate that informal activities have acted as a safety valve for many jobless youth who—contrary to adults—were less likely to be eligible for unemployment benefits or could not rely on other sources of income. On the other hand, informal job-holding as a coping mechanism has limitations as well, at both the micro and macro levels.

At the micro level, evidence indicates that working in the informal sector often helps to mitigate but not necessarily prevent income poverty. In Kosovo, for instance, informal job-

¹⁵² In the US, the evidence shows that the huge rise of enrollments in college resulting from the deterioration of youth labor market prospects was concentrated among young persons from high income families and has been minimal among those from families in the bottom quintiles of the income distribution. See Kane.

¹⁵³ “Informal sector” has been used to describe an extremely wide spectrum of activities that do not have much in common, including tax evasion, corruption, money laundering, organized crime, bribery, subsistence farming, barter, petty trade, and the stealing of state property.

¹⁵⁴ Kim, 2002.

¹⁵⁵ Kolev, 1998.

holding and income poverty were not strong correlates.¹⁵⁶ In contrast, in Bulgaria, wage employment with no contract was associated with a higher risk of income poverty compared to contract employment, and, to a large extent, the welfare repercussion of holding an informal wage employment was similar to that of being unemployed.¹⁵⁷ In Bosnia-Herzegovina, the poverty assessment finds lower poverty rates among informal job-holders than among the jobless, but informal sector work offered a much smaller reduction in poverty than formal employment.¹⁵⁸ For example, in Serbia and Montenegro, workers employed in the informal sector had a high incidence of poverty.¹⁵⁹

Besides the income dimension of poverty, many informal jobs also are characterized by poor working conditions and the violation of core labor standards, which expose young workers to health hazards and a great vulnerability to income and non-income poverty. In Bulgaria, for instance, data from the Integrated Household Surveys (BIHS) show that the majority of wage employment with no contract was low-paid and characterized by poor working conditions.¹⁶⁰ Informal jobs also often include jobs that are well-paid but related to illegal and/or criminal activities.

Youth in Serbia and Montenegro often are employed through students' and youth cooperatives through which youth provide services to employers on short-term contracts. The type of employment available in such cooperatives is only part-time and temporary, and usually seasonal,¹⁶¹ and the duration of the employment is from one to two months. Students must become a member of the cooperative, usually with no fee required. When a job is found, the company, the cooperative, and student are signing a trilateral contract. The commission for the cooperative, paid by the company, is approximately 22 percent of the salary.¹⁶² Such jobs are vulnerable to abuses and discrimination, as can be seen in the comment by a director of a student employment association who noted that Roma youth "perform all sorts of jobs related to cleaning of the town, etc. We help them find a suitable job. This means we would never send a Roma person to the Intercontinental Hotel if they need a waiter, for example."¹⁶³

There often are gendered differences in informal labor market activities as well. The economic sanctions against the Federal Republic of Yugoslavia during the Milosevic regime created opportunities for a range of smuggling, and anecdotal evidence suggests that young men were most active in this respect. At the same time, in the effort to avoid military service, young men in Serbia avoided documentation, thus limiting their job opportunities to the informal economy.¹⁶⁴ Findings from Bosnia-Herzegovina suggest that work in unregistered cafes is often done by young women, who are vulnerable to sexual harassment without recourse.¹⁶⁵

At a macro level, the development of a large informal labor market in SEE also has a strong negative impact on the ability of states to collect taxes and to finance the provision of essential

¹⁵⁶ World Bank, 2003a.

¹⁵⁷ World Bank, 2002.

¹⁵⁸ World Bank, 2003b.

¹⁵⁹ World Bank, 2003c.

¹⁶⁰ Kolev, 2003.

¹⁶¹ For example in Montenegro, every summer around 10,000 young people work in seasonal jobs, around 75 percent of this number is through students cooperatives, as estimated by the Republic Employment Office of Montenegro.

¹⁶² "Action Research on Local Level Youth Development Initiatives in Serbia and Montenegro," 18.

¹⁶³ UNICEF report, *A Brave New Generation: Youth in Federal Republic of Yugoslavia. 2002*, p.61.

¹⁶⁴ CPA/CPS, *Youth Development in Transition Countries: The Case of Serbia*.

¹⁶⁵ Narayan and others, *Voices of the Poor: Bosnia-Herzegovina*.

basic public services. Poor working conditions also may reduce labor productivity and affect growth in a negative way. Quantifying the costs of work-related injury and disease at the national level is of growing interest in OECD countries. Available estimates show that the total costs of occupational illnesses and injuries in the early 1990s for Western European countries and the United States may be in the range of 2 percent to 6 percent of GDP.¹⁶⁶ Unfortunately, there are no such estimates yet available for transition countries.

Barriers to participation in the workforce: Beliefs and evidence

This section discusses and, to the extent possible, tests a number of hypotheses regarding the (1) determinants of youth unemployment and youth idleness in SEE and (2) key factors that can explain the differences in absolute and relative youth unemployment observed across SEE economies.

Demand-side factors

To a large extent, high youth unemployment mirrors the overall high level of aggregate unemployment characterizing the South Eastern European labor markets.

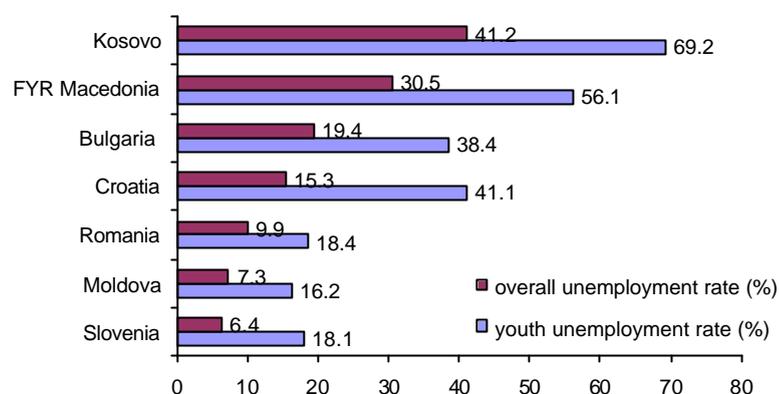
Level of aggregate demand and economic output

The higher the overall unemployment rate in the subregion, the higher the youth unemployment rate (figure 14). To capture the impact of overall unemployment net of other factors on the risk of ILO unemployment among youth, multivariate analysis was used to estimate the probability of being unemployed based on the LSMS data for 6 SEE economies and using Probit models.¹⁶⁷ The results show that, in all 6 SEE economies for which recent LSMS data are available, regional unemployment has a huge impact on the probability of being unemployed among youth. This result confirms the evidence found elsewhere in the world that the overall level of labor demand is an important determinant of youth unemployment in a region. It further indicates that some of the differences in youth unemployment observed across SEE can be explained by the differences in aggregate demand. Thus, the solutions to youth unemployment are very much driven by the international context and the effectiveness of chosen macro and regional policies in promoting sustainable growth that leads to the creation of viable jobs.

¹⁶⁶ Dorman, 2000.

¹⁶⁷ See Kolev and Saget.

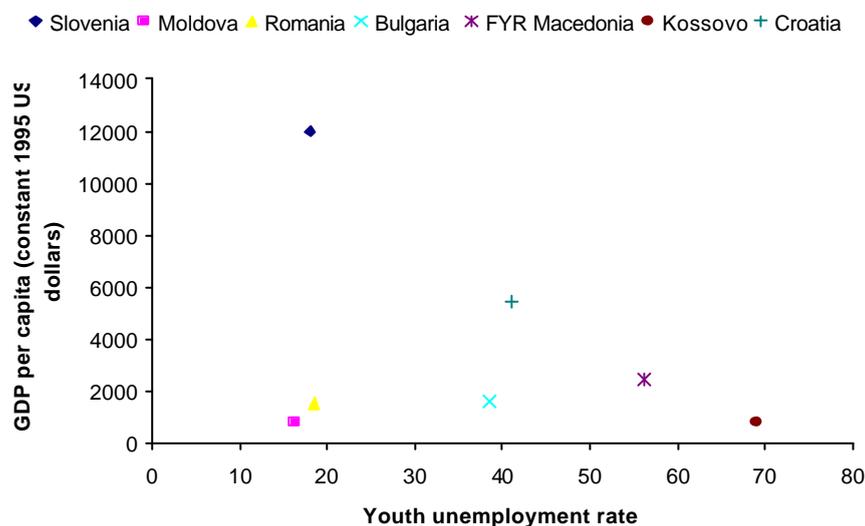
Figure 14. Sensitivity of youth unemployment to overall unemployment in SEE, 2001 (in percentages)



Sources: World Bank staff estimates based on Labor Force Surveys conducted in June 2001 for Bulgaria, November 2001 for Croatia, October 2001 for Macedonia, December 2001 for Kosovo and Romania, 2001 annual average for Moldova and Slovenia.

The importance of stimulating growth for tackling the problem of youth and overall unemployment is further illustrated in figure 15, which shows the links between GDP per capita and youth unemployment rates for 7 SEE economies. In general, the highest the economic activity in the region correlates with the lowest the youth unemployment rate. Nonetheless, figure 15 also shows that some countries such as Bulgaria and Romania have similar levels of output but very different absolute and relative youth unemployment rates.

Figure 15. Youth unemployment and economic output in selected SEE economies, 2001



Note: Nonofficial GDP estimates for Kosovo.

Sources: World Bank staff estimates based on Labor Force Surveys conducted in June 2001 for Bulgaria, November 2001 for Croatia, October 2001 for Macedonia, and December 2001 for Kosovo and Romania; 2001

annual average for Moldova and Slovenia; 2001 GDP figures based on Live Databases.

The fact that youth unemployment in SEE remains two to four times higher than adult unemployment and that some countries with similar levels of output have very different levels of youth unemployment suggest that, besides the factors affecting aggregate unemployment, other factors contribute to a strong youth relative disadvantage in the subregion. International evidence shows that youth are more sensitive than adults to aggregate demand. In industrialized countries, youth have not been equally affected by changes in aggregate demand and overall macroeconomic developments. As new entrants to the job market, youths often lack the specific training or seniority that buffers older workers from swings in market conditions and these lacks often make youth more vulnerable than adults to economic recession.¹⁶⁸ In SEE, demand-side barriers to youth inclusion in the labor market include low incentives for employers to hire first-time job-seekers and lack of mechanisms to enable young graduates to get an exposure to the world of work.

At the same time, there is:

- No obvious negative impact of enterprise restructuring and privatization per se on youth employment, but a positive effect from the development of service sector employment;
- No evidence that youth in the most deregulated labor markets in SEE are experiencing better labor market outcomes;
- No evidence that high relative wages for young entrants, possibly resulting from minimum wage regulations or wage-floors set by collective agreements, explain the observed differences in youth relative unemployment rates;
- No evidence that employment protection legislation in SEE is more protective than that of EU countries, suggesting that labor market inflexibility is not a major factor responsible for higher youth unemployment in the subregion.

Supply-side factors

Poor quality of skills possessed by new labor market entrants

A major obstacle to the employability of youth in decent jobs is the poor quality and/or the lack of skills possessed by new labor market entrants. These deficiencies have been general problems facing youth in countries in which education systems perform poorly. They also have affected more severely youth from poor socioeconomic backgrounds and unfavorable home environments, youth with disabilities, and some youth from ethnic minorities such as Roma youth, who face multiple barriers to access, continue, and succeed in education. For this study, the marginal effects of schooling net of other factors based on the estimation of Probit models on the probability of being ILO unemployed were estimated separately for youth and adults. For youth only, the probability of being out of school and out of work also was estimated.¹⁶⁹

¹⁶⁸ Blanchflower and Freeman, 2000; Clark and Summers, 1982.

¹⁶⁹ see Kolev and Saget, 2003

Schooling does not necessarily reduce the risk of being unemployed for youth. In the LSMS data, the probability of being ILO unemployed is significantly lower for the most educated youth only in Albania and Serbia. In contrast, in six SEE economies, education among adults does reduce the risk of being ILO unemployed. More often, however, *education seems to reduce the risk of being idle.* In Bulgaria and Romania, while higher schooling does not reduce ILO unemployment for youth, it does reduce the probability of being out of work. This confirms that, although education is not the only determinant of labor market outcomes—which depends very much on the relative supply and demand for specific skills—it is an important factor. Another aspect is that, in general, *more education prevents discouragement.* In the context of depressed labor demand, highly educated youth are not necessarily less likely to be ILO unemployed, but they are less likely to be discouraged and more likely to continue to actively look for jobs. In contrast, the least educated youth are more likely to give up searching for formal jobs. Furthermore, this fact indicates that *large inequalities in youth labor market outcomes begin with the large disparities in access to education by income level, disability status, and ethnicity that are well documented in the subregion.*

Employment returns to education are not uniform in SEE. While being a more educated youth reduces the probability of being workless (looking or not for a job) by 34 percent in Bulgaria, the estimated impact is only approximately 19 percent in Romania. Lower returns to education observed in some SEE economies in terms of employment outcomes do not necessarily result from a lower quality of education in a particular economy. The differences can be attributed to a combination of factors, including the variation in the demand for and supply of different skills.

Studies point to disparities in the quality of education in South Eastern Europe, at least as measured through learning outcomes. The 2002 UNICEF Social Monitor Report, for instance, discusses the results of the Third International Mathematics and Science Study (TIMSS) and reveals a large heterogeneity in knowledge of mathematics and sciences in South Eastern Europe. According to the TIMSS data analyzed in the report, of the 5 SEE economies included in the 1999 mathematics test, 2 had a proportion of students with scores above the median international benchmark—that is, above the proportion in Italy and the United States (Bulgaria, Slovenia), and 3 did significantly less well (FYR Macedonia, Moldova, Romania).

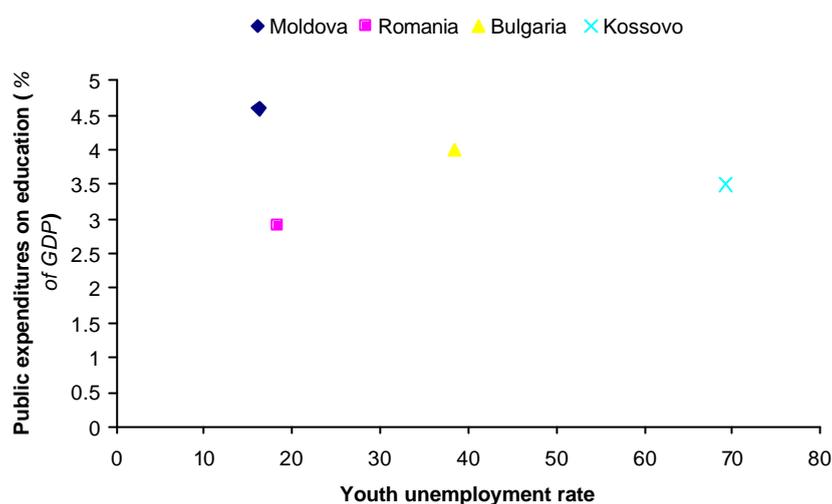
Evidence from public finance data also shows that under-funding of education programs is a crucial problem in the region,¹⁷⁰ although it is more acute in some economies than others. Not only can inadequate investments in education jeopardize the overall quality of skills obtained by labor market entrants, but also they can threaten the equity of access by forcing households to bear an increasing proportion of the costs of schooling, thus excluding the poorest. One question raised by the disparity in public expenditures on education observed across countries in SEE is whether the disparity is a reason for the differences in youth employment outcomes. To shed some light on these issues, it is useful to plot on a graph the relative youth unemployment rates and the public expenditures on education as a percentage of GDP. Figure 16 plots these values for the 4 SEE economies for which data are available, but shows no apparent relationship between public spending on education and the relative youth absolute unemployment rates.¹⁷¹ The small sample size makes these findings rather tentative. Nevertheless, they well may be explained by the fact that what matter for the quality of

¹⁷⁰ UNICEF, 2001

¹⁷¹ Similarly, there is no apparent relation between public spending on education and relative youth unemployment rate.

education and the employability of youth are not only the overall spending on education but also the efficiency of spending—which is not captured by these public finance data.

Figure 16. Public expenditures on education and absolute youth unemployment rate in selected countries of South Eastern Europe, 2001



Note: Youth refers to persons aged 15–24; except Macedonians aged 15 and above. LFS conducted in June 2001 for Bulgaria, October 2001 for Macedonia, and December 2001 for Kosovo and Romania, annual average for Moldova and Slovenia.

Sources: World Bank staff estimates based on Labor Force Surveys for unemployment data; UNICEF MONEE project database for public expenditures data, except for Kosovo; World Bank 2002.

Corruption, nepotism, and the role of connections

Some evidence shows that, given the level of corruption and almost complete absence of transparency in human resources and recruitment policies in several SEE economies, connections and money are important determinants of labor market outcomes. A study by Redmond and others based on the 1999 round of the International Social Survey Program shows that “knowing the right people” and “coming from a wealthy family” are judged as much more important to getting ahead by survey respondents in Central and Eastern Europe than they are by those in Western countries.¹⁷²

Available LSMS data for 5 SEE economies further confirm the importance of family and friends as a way to find a job and the limited use of employment services by youth. In Albania, Bosnia-Herzegovina, and Romania, a much higher share of young unemployed people indicated that they were looking for jobs by relying on friends rather than on public employment offices (table 10). While, ideally, employment services should be disseminating useful information to first-job seekers, this does not seem to be the case. Moreover,

¹⁷² Redmond and others “Attitudes to Inequality after Ten Years of Transition”

employment offices often lack funding for training programs, and their job search strategies are limited and not market-oriented. These deficiencies have clear implications for designing labor market investment projects, which traditionally have supported national employment services instead of private sector incentives aimed at improving youth access to the labor market, particularly among disadvantaged youth.

Table 10. Role of friends and relatives versus employment-office services in youth job searches, 2001 and 2002 (%)

	Albania	Bosnia- Herzegovina	Bulgaria	Romania	Serbia
Living Standard Measurement Surveys (year varies)					
ILO youth unemployed relying on friends and relatives to look for a job	68.0	42.6	28.6	75.6	19.4
ILO youth unemployed relying on employment office to look for a job	23.9	40.7	31.4	4.7	53.5

Sources: World Bank staff estimates based on Living Standard Measurement Surveys. LSMS-type conducted in April-July 2002 for Albania, September-November 2001 for Bosnia-Herzegovina, April-May for Bulgaria, June 2002 for Romania, and June-August 2002 for Serbia and Montenegro.

Unemployment compensation systems and work incentives

Generous unemployment benefits do tend to raise the level and duration of unemployment, but they also can facilitate labor relocation and help reduce the entry into low-quality job by improving the quality of the job search.¹⁷³ In SEE, however, youth usually are not eligible for unemployment benefits because of their lack of formal work experience or, in some economies such as Kosovo, because of the absence of unemployment compensation systems. Indeed, evidence from LSMS data for 5 SEE economies in which unemployment compensation systems exist shows that only a small proportion of the ILO youth unemployed actually are receiving unemployment benefits, and fewer youth than adult unemployed receive benefits (table 11). This discrepancy indicates that high absolute and relative youth unemployment rates in the subregion hardly can be imputed to unemployment compensation systems. Among the few recipients however, unemployment benefit levels may be an issue.¹⁷⁴

¹⁷³ See for instance Vodopivec and Raju, 2002.

¹⁷⁴ Besides the role of unemployment benefit system, other private and public safety nets like private remittances from workers abroad and social assistance scheme also may have a non-negligible impact on youth labor supply.

Table 11. Youth and adults receiving unemployment benefits in selected SEE economies, in years 2000- 2003 (%)

	Albania	Bosnia- Herzegovina	Bulgaria	Romania	Serbia
Living Standard Measurement Surveys (year varies)					
ILO unemployed youth receiving unemployment benefits	0.0	50.1	15.5	28.3	2.3
ILO unemployed adults receiving unemployment benefits	2.7	56.3	24.6	42.3	6.3

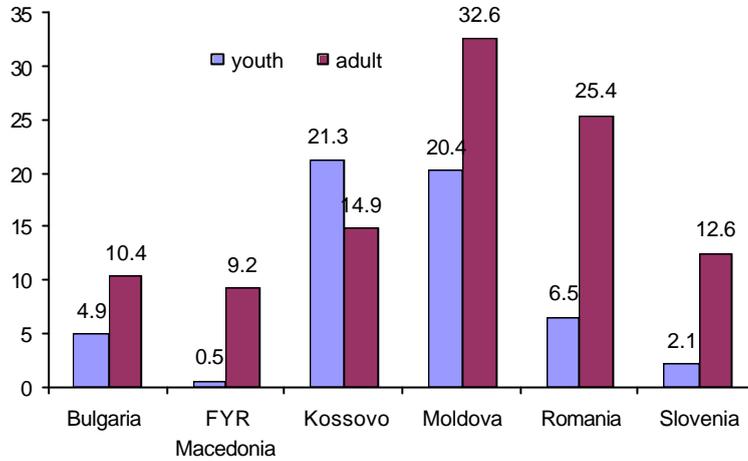
Source: World Bank staff estimates based on Living Standard Measurement Surveys. LSMS-type conducted in April-July 2002 for Albania, September-November 2001 for Bosnia-Herzegovina, April-May for Bulgaria, September-December 2000 for Kosovo, June 2002 for Romania, June-August 2002 for Serbia.

Youth face specific barriers to self-employment

Another possible reason for the relatively higher incidence of youth unemployment compared with that of adults is that youth face more difficulties to start and expand businesses. Self-employment increasingly is being identified as a fairly successful route to exit unemployment—but not necessarily to exit low-paid work.¹⁷⁵ The lower incidence of self-employment among youth in SEE is depicted in figure 17. Clearly, the data reported in figure 17 point to the existence of specific barriers to youth entrepreneurship. According to many observers, the barriers to youth entrepreneurship usually are a combination of (1) lack of experience and business skills (2) difficulty to secure adequate start-up funds (3) lack of spaces and (4) more limited access to information, established business networks and contacts.

¹⁷⁵ Blanchflower and Oswald, 1998.

Figure 17. Share of self-employment in total employment in SEE, 2001 (%)



Note: Youth refers to persons aged 15–24; adult refers to persons aged 25 and above, except Macedonia persons aged 15 and above. LFS conducted in June 2001 for Bulgaria, October 2001 for Macedonia, and December 2001.

Source: World Bank staff estimates based on Labor Force Surveys.

In particular, young entrepreneurs often face substantial difficulties in securing adequate business capital, due to their lack of business experience, the absence of sufficient collateral and bank bias against younger borrowers. This shortage of capital can kill many good business ideas before they even begin. When young entrepreneurs do win some financial backing, it is often insufficient, leading to an undercapitalization that threatens business viability. Liquidity constraints are a strong impediment to self-employment in transition countries, in which evidence shows that both pre-transition income and the receipt of property through restitution are major correlates of self-employment probabilities.¹⁷⁶

¹⁷⁶ Earl and Sakova, 2000.

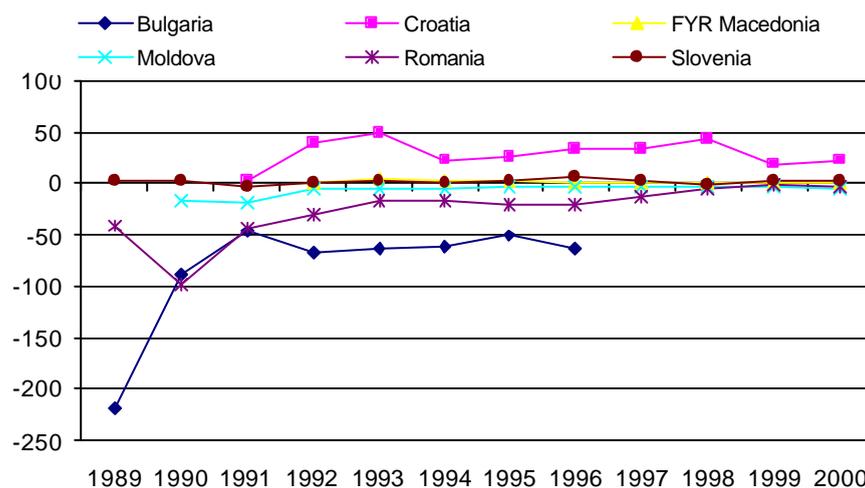
CHAPTER 4. LABOR MOBILITY AND BRAIN DRAIN

With increased unemployment and lack of economic opportunities in SEE, greater international labor migration, in particular to the EU, has been an expected outcome of transition. Monitoring of migration flows in the region has been difficult due to the lack of accurate data. Nonetheless, many observers agree that the number of persons migrating from Eastern Europe to the West has fallen significantly since the beginning of the 1990s with the resumption of growth and the stabilization of the political situation in the former Yugoslavia. However, labor migration from SEE remains considerable. Evidence of increasing illegal migration is to be found on the streets of most cities in Europe, in the form of informal job markets and clandestine employment. Furthermore, young women pursuing economic opportunities outside their countries are vulnerable to being trafficked.

Labor migration and brain drain

According to official data, emigration from Bulgaria and Romania has been the most significant (figure 18). However, the true level of emigration is probably much greater than indicated by official figures, since people leaving a country are requested but not required to report their departures. In Moldova, in 2003 official figures state there are 234,000 individual citizens working abroad, but unofficial numbers estimate between 600,000 to 1,000,000.¹⁷⁷ Moreover, many observers agree that, while permanent emigration is declining, the temporary migration of workers for seasonal, cross-border, individual, or contract-based employment has grown in importance, although it is very difficult to record.

Figure 18. Net external migration in SEE, 1989- 2000
(immigrants minus emigrants, in 000s)



Source: UNICEF MONEE project database.

¹⁷⁷Sleptova, 2003. UNDP Human Development Report: Moldova 2000.

Often, increased mobility is viewed as a positive outcome enabling young people and their households to exit unemployment and poverty through work abroad and private remittance. In Kosovo, for instance, it is estimated that private remittances from Kosovo Albanians abroad have become one of the primary source of income for the province, accounting for 43 percent of GDP.¹⁷⁸ Upon return to their home countries, even for short-term stays at home, migrants also bring international exposure and new ideas back home and contribute to the development of the society.

Labor migration also has negative aspects. On the economic front, while low-qualified migrants usually are part of short-term and seasonal migration, highly qualified workers are prone to long-term or permanent migration, translating into what is usually called “brain-drain.” In many SEE economies, the outflows of programmers, scientists, doctors, musicians, and many other qualified workers has been identified as a major devastation of local labor markets and disqualification of the labor force¹⁷⁹ while representing a lost investment in education in the home countries. Recent empirical studies relying on long itudinal data also point to a negative effect of remittances on economic growth.¹⁸⁰

Labor migration is considered to constitute “brain drain” if there is a significant outflow of the highly educated population, followed by the adverse economic consequences.¹⁸¹ Two groups of skilled migrants typically constitute “brain drain”: (1) trained professionals in the sending country who join the workforce of the recipient country immediately, and (2) students migrating from developing to developed countries who decide to live and work in the latter.¹⁸² In a discussion of labor migration and brain drain during the World Bank conference on Youth, Development and Peace, youth participants from SEE stressed their desire to contribute to rebuilding and developing their own countries, rather than being compelled to emigrate due to lack of opportunities.¹⁸³ Emigration of young people in the region has been associated with brain drain, risk of exploitation, lost investments in education in the original country, and increased xenophobia in the host country (box 3).

Brain drain has a relatively high profile in Albania, Bosnia-Herzegovina, and Moldova. Albania lost one-third of its qualified people in the decade after the fall of communism.¹⁸⁴ Other sources indicate that 40 percent of lecturers and researchers from universities and scientific institutions left the country.¹⁸⁵ For certain SEE economies, opinion polls have monitored the attitudes of youth toward migrating. In Bosnia-Herzegovina, the issue has garnered significant attention, serving as the focus for special consultations in the context of the Poverty Reduction Strategy Paper (PRSP). The emphasis is due in part to survey findings¹⁸⁶ in which 62 percent of respondents stated that they would leave the country if they had such an opportunity. Between

¹⁷⁸ According to IMF staff estimates.

¹⁷⁹ For example, for Moldova, see Sleptova, 2003.

¹⁸⁰ Chami and others 2003.

¹⁸¹ “Skilled Migration Abroad or Human Capital Flight?,” B. Lindsay Lowell, Institute for the Study of International Migration, Georgetown University, June 1, 2003, www.migrationinformation.org

¹⁸² Lakshmana Rao, G. 1979, Brain Drain and Foreign Students, New York: St. Martin’s Press.

¹⁸³ The Youth, Development and Peace conference was held in Paris in September 2003. Youth representatives from Bosnia-Herzegovina, Croatia, Macedonia, and Romania participated.

¹⁸⁴ September 2002, *The Economist*, www.migrationinformation.org/Feature/display.cfm?ID=136

¹⁸⁵ Migrations: Albania, Osservatorio Balcani, 09 December 2002, www.oneworld.net/article/view/33614/1/ .

¹⁸⁶ Surveys conducted for the *UNDP Human Development Report Youth 2000*.

1996 and 2001, 92,000 young people left BiH.¹⁸⁷ In 2003 a follow-up study found that 24 percent would like to leave BiH forever.¹⁸⁸ The majority of the young respondents would leave the country temporarily for either work (40 percent) or study (13 percent), while 21 percent would not like to leave. Of those who want to leave either temporarily or permanently (77 percent), 18 percent has taken concrete steps to do so.¹⁸⁹ Other findings showed that more men than women want to leave the country, and women more often want to leave for studying abroad, while men's primary motivation is work.

Box 3. Forced to migrate: Impact of the conflict in former Yugoslavia

For youth of the former Yugoslav republics, particularly Bosnia- Herzegovina, emigrating represented a chance to avoid the ongoing armed conflicts. A study of students from these countries found that nearly half had "never thought of studying abroad" but left due to the war. The surveyed students represented primarily the upper middle class; more than half of their mothers (55.4%) and two-thirds of their fathers (66.3%) have university degrees.

At the time of survey, 15.1% of students did not want to return home at all, 10.5% said that they will certainly return, while the rest of the respondents were not ready to make a decision. When answering the question "What is your biggest hope when you think of return?" 47.8% replied that that would be "my participation in the reconstruction of the country by working in some foreign firm," 41.2% "a job at one of the universities in my country," and an additional 22.8% "establishing of my own business enterprise."

Source: Bec, Janja, 2000, "Academic Exile: Sociological case study of students displaced by wars in former Yugoslavia and supported by the Open Society Institute Supplementary Grant Program for Students from former Yugoslavia, 1994-2000," OSI SGP Board, New York.

A survey of Moldovan youth between 16–30 years of age found that 99.3 percent would leave the country if they had an opportunity. Employment was a key issue; of those, 61.3 percent said that the reason for leaving the country would be to look for a well paid job. Approximately 17 percent would leave for a permanent residence abroad, and 12.4 percent would go to study.¹⁹⁰ Other surveys place the percentage of youth who would like to leave permanently at over 37 percent and found that only 9 percent wish to stay in Moldova.¹⁹¹ Focus groups with the young people revealed that emigration is linked to the lack of employment opportunities, unsatisfactory living conditions in the country side, high informal and formal costs of higher education as well as the feeling of lack of the prospects for the young in the country.¹⁹²

¹⁸⁷ *UNDP Human Development Report 2002*,

¹⁸⁸ Youth in Bosnia-Herzegovina 2003, Are you a part of the problem or part of the solution?, UNDP, Sarajevo which surveyed a sample of 1,000 young people between 15 and 30,

¹⁸⁹ Youth in Bosnia-Herzegovina 2003, Are you a part of the problem or part of the solution?, UNDP, Sarajevo.

¹⁹⁰ Youth in Moldova. A Decade of Transition, Department of Youth and Sports of the Republic of Moldova, Moldovan Youth National Council, Chisinau, 2002.

¹⁹¹ Helga Konrad, South Eastern Europe–Gateway for Traffickers into the EU, in the newsletter "Trafficking in Human Beings," Information, events and updates from Croatia and the Region, January-March 2003.

¹⁹² Elizabeth Gomart, 2002, MultiSector Team Learning Project on Youth Vulnerability and Exclusion in ECA: Note on Youth in Moldova, ECSSD, June 15, 2002.

In Macedonia, a May 2003 survey of students (mean age of 24 years)¹⁹³ found that nearly 85 percent either are considering or have plans to emigrate.¹⁹⁴ However, of these, only 12.5 percent plan to emigrate permanently, and nearly 70 percent would leave for temporary employment or for professional advancement. The principal reasons given for emigrating were: (1) high earning levels and better standard of living, (2) opportunity to work in one's own profession and in more technologically advanced workplace, and (3) economic crisis. An opinion survey of youth conducted in Serbia found that over half (54 percent) of youth would emigrate if they had the opportunity. At the time of the poll, only 18 percent had concrete plans to go abroad. The main reasons given for wanting to leave were: low living standards (56 percent), lack of prospects (28 percent) and more secure life outside the country (27 percent), a ranking that reflects the reasons given by the Macedonian and Moldovan students.¹⁹⁵

Despite considerable data on youth demand to emigrate to pursue economic opportunities, there is little data on the extent to which SEE youth who emigrate are employed in the formal sector in the host countries and what constitutes the overall profile of émigrés. In host countries, young migrant workers often have no other choices but to work in informal jobs.¹⁹⁶ However, they have strong interest in more structured opportunities (see box 4).

Box 4. Opportunities for youth mobility

Anecdotal evidence, taken with the survey data above, indicates that strong demand in SEE for academic exchange programs and short-term job opportunities. Among its other activities, the Youth Information Agency in Bosnia-Herzegovina, supported by the Open Society Fund and other donors, produces a weekly newsletter informing youth of a range of opportunities for they can apply. In the United States, the number of youth from SEE participating in short-term exchange programs has risen dramatically, and an informal estimate suggests that nearly 12,000 youth, primarily from Bulgaria, Macedonia, Montenegro, Romania, and Serbia, will work in seasonal jobs and in resort areas in 2003.

Trafficking

Lack of economic opportunities promote the conditions in which young women are vulnerable to trafficking.¹⁹⁷ Women and girls leave their countries of origin due primarily to economic motives. Throughout SEE, data strongly suggest that women and girls travel abroad because of

¹⁹³ The surveyed students were in their final year of studies from the faculties of Electrical Engineering, Mechanical Engineering, and Mathematical and Natural Sciences- selected as the students were more likely to be able to find employment abroad. The study also surveyed the teaching and research staff of the faculties (a slightly older age cohort).

¹⁹⁴ "Migration of Highly Educated and Skilled Persons from the Republic of Macedonia" Institute of Economics- Skopje, University "Sts. Cyril and Methodius," Skopje, 2003.

¹⁹⁵ "Youth in Serbia 2002," 49-50.

¹⁹⁶ According to International Labor Office estimates, in 1991, there were an estimated 2.6 million non-nationals in Europe in an irregular or undocumented situation.

¹⁹⁷ An upcoming ESW by Carine Clert, , "Human Trafficking from, through and to South Eastern Europe: Beyond crime control, an agenda for inclusion and development" will address this issue, and the information here is drawn from background reports for that study.

the lack of job opportunities for the young people, and the lack of opportunities in general, especially for young women.

An estimated 175,000 persons are trafficked from Central and Eastern Europe and the CIS annually—that is, up to 25 percent of the 700,000 to 2 million people trafficked around the world annually.¹⁹⁸ Groups at risk of trafficking are mostly young unemployed or low-paid women, who are trafficked for sexual exploitation and slavery. Despite the lack of data on the trafficked children, boys also are among the trafficking victims, who are most frequently trafficked for forced labor, and sometimes for forced prostitution or pornography, and there are reports of trafficking in Roma boys from Albania and Serbia for the purpose of begging.¹⁹⁹

NGOs working with trafficked persons and with sex workers estimate that under-age prostitutes comprise approximately 10 percent to 30 percent of all workers. IOM estimates 10 to 15 percent of all trafficked persons whom it has assisted in returning home to the Balkans are under the age of 18. Even more startling, Save the Children estimates that up to 80 percent of all trafficked persons from Albania are young girls under 18.²⁰⁰

- Although “each country or territory [in EE] is, to varying degrees, a country of origin, transit or destination,”²⁰¹ of SEE economies, Bosnia-Herzegovina, Kosovo, and the Western part of Macedonia represent predominantly destination countries. Other former Yugoslav countries (Serbia and Montenegro, Croatia, and Slovenia) represent mostly countries of transit, and to a lesser extent the countries of destination or origin of the trafficking victims. Moldova, Romania, Albania followed by Bulgaria are the major countries of origin in South Eastern Europe.

The majority of clients in the Balkans destination countries are local men, including local police,²⁰² and the “the large number of international troops and officers in non-family posts create a market for the sex industry.”²⁰³ UNICEF estimated that at least 70 percent of all profits from prostitution comes from internationals in BiH, who pay higher rates and spend more money in bars than local men.²⁰⁴ In Bosnia-Herzegovina, the number of women prostitutes has been rising since the war began. UNDP notes a number of factors, including the presence of troops as well as the poor economy that combined, “create an environment in which women desperately need to make money to survive and suggests that there are many men with an abundance of disposable income.²⁰⁵ Likewise, Kosovo has been a major destination for prostitution and trafficking. The UNMIK police force estimated in 2002 that there were 104 brothels in Kosovo. In Kosovo,²⁰⁶ the majority of victims came from Moldova (52 percent) followed by Romania (23 percent), and were predominately between the ages of 18 to 24 (58.4

198 Elizabeth Gomart, ECSSD. MultiSector Team Learning Project on Youth Vulnerability and exclusion in ECA: Draft part II. June 2002, 36.

199 Aleksic, Ivana, "Youth Development in Transitioning Countries: Case of Serbia," draft report, February 2002, World Bank, 25.

200 Ibid, 11.

201 Victims of Trafficking in the Balkans, A study of trafficking in women and children for sexual exploitation to, through and from the Balkan Region, IOM, 2001.

202 Trafficking in Human Beings in South Eastern Europe, UNICEF 2002, Victims of Trafficking..., IOM 2001.

203 Victims of Trafficking..., IOM 2001, 47.

204 Trafficking in Human Beings in SEE, UNICEF 2002, 65.

205 *Human Development Report: Bosnia-Herzegovina 2000 Youth*, 44

206 IOM assisted 303 women between February 2000 and April 2002, and from their data a picture emerges of women who are trafficked.

percent), and most had either a primary or middle school education.²⁰⁷ Repatriated sex workers from Moldova were asked where they had worked as prostitutes, and over three-quarters had worked in either Macedonia or Serbia.²⁰⁸

Fear of being trafficked is further pushing young women out of the mainstream. Young women in Albania are being kept home from school or outside work. In some areas, as many as 90 percent of girls do not receive a high school education in some areas.²⁰⁹ In Kosovo, although not as severe, young women are feeling more threatened and have taken precautions such as traveling in groups or with male family members, and only during the daytime.²¹⁰

As mentioned, women and girls leave the countries of origin primarily for economic motives. A majority of women (84 percent) said that they went abroad in search of work, and 80 percent did not know that they had been recruited for prostitution.²¹¹ In 75 percent of the cases that IOM recorded, victims had been recruited through a direct contact by a person offering the possibility of a well-paid work abroad.²¹² “Usually, female traffickers were the most convincing—they showed up in luxury cars, wearing a lot of gold jewelry and telling stories about the beautiful life in the West...”²¹³ A 2000 report on trafficking quotes an interviewee referring to an un-named opinion poll in a Moldovan college in which 50 percent of girls said they wanted to be hard currency prostitutes because the latter have fancy cars, clothes, and lots of money and go to fancy restaurants.²¹⁴ Women also are deceived by false newspaper advertisements and, less frequently, kidnapped. In some SEE economies, such as Albania and Moldova, the false promise of marriage to a Western European or a national abroad also is used.

The findings on labor migration and human trafficking point to the implications of the absence of economic opportunities for youth within their own countries and, to some degree, to the gendered dimension of these responses.

207 IOM Kosovo Counter-Trafficking Unit, Situation Report 2/2000-4/2002, 3; *A Brave New Generation: Youth in the Federal Republic of Yugoslavia: Findings and Recommendations*, UNICEF, 2002.

²⁰⁸ Executive Summary - Social Assessment- TB and HIV/AIDS in Moldova

²⁰⁹ *Ibid.*, 126.

210 Gloria LaCava, Nanetti Raffella, et. Al, “Conflict and Change in Kosovo: Impact on Institutions and Society, 44.

²¹¹ IOM Regional Database

212 Laczko, Frank, Gramegna, Marco, A., 2003, “Developing Better Indicators of Human Trafficking,” in: *The Brown Journal of World Affairs*, Summer/Fall 2003, Volume X, Issue 1, 189.

213 *Victims of trafficking...*, IOM 2001.

214 Minnesota Advocates notes that they never obtained a copy of this survey to confirm these surprising results. *Minnesota Advocates*, 2000, 13.

CHAPTER 5. BUILDING EFFECTIVE YOUTH POLICY IN SEE

This chapter makes a compelling case for investing in young people through various preventive policies so as to avert the high costs of neglect. Given the high costs of not-investing in youth calculated below for Serbia and Montenegro, this chapter identifies cost effective youth investments which could potentially be supported or scaled up to enhance youth inclusion and empowerment.²¹⁵ While preventive policies in education, both formal and informal, and first chance active labor market programs, appear to be more cost effective than curative policies, the evidence from SEE points to the existing gaps in preventive youth policy, across sectors and throughout the life cycle. In particular, prevention strategies which integrate school and work and aim at easing the entry into the labor force before youth encounter difficulties, have been notably missing. Examples of these first chance programs include part-time work, internships, workplace-based training, and the promotion of social businesses aimed at providing employment opportunities to disadvantaged youth.

Reviews of international programs addressing youth employment found that those which integrate youth employment policy into the context of initiatives in other sectors and into coherent policy formation are the most effective.²¹⁶ Policies directed at youth whether focused on education, culture, sports, justice, and/or active labor markets—can therefore produce a higher impact if integrated into a comprehensive approach to youth inclusion and empowerment. This chapter concludes with illustrations of effective youth policy which include the empowerment dimension, establishing the conditions under which youth can have choices and opportunities to improve their lives. Empowerment policies addressing youth as stakeholders, and as key decision-makers are here presented as an important complement to more traditional preventive and curative policies, in recognition of the latest commitment jointly taken by the World Bank and youth global organizations to increase youth voice in public policy.²¹⁷

Cost of *not* investing in SEE youth

There are potentially attractive investments in SEE youth, such as preventing crime or drug abuse, for which it is possible to develop estimates of the potential benefits that are lost by not making cost-effective investments (that is, the cost of failing to invest in SEE youth). Some of

²¹⁵ Jere R. Behrman and James C. Knowles, “Economic Evaluation of Investments in Youth in Selected SEE Countries,” a paper prepared as background study for this chapter, December 5, 2003. The authors observe that very few of the existing investments in youth in SEE countries have been systematically evaluated (for example, using experimental designs), so that there is little information currently available on their cost and effectiveness. International findings may be helpful in some areas (for example, formal schooling), but the international knowledge base is still weak for some types of potentially important investments (for example, continuing and non-formal education, crime prevention, most reproductive health investments).

²¹⁶ “Good Practices in Social Inclusion and Active Labor Market Programs for Youth.”

²¹⁷ These commitments were publicly undertaken at the September 2003 Youth, Peace and Development conference in Paris.

these costs will be private, while others will be borne by the government. This section discusses estimates of this type.

The methodology used to estimate the cost of not investing in SEE youth draws heavily on the methodology developed by Cohen²¹⁸ for estimating the potential monetary value of saving a high-risk youth from becoming a career criminal, a heavy drug user, and/or a high-school dropout. In this report, Cohen's methodology is used to develop estimates of the potential monetary value of saving a high-risk youth from Serbia-Montenegro (S-M) from becoming a career criminal and/or heavy drug user. (The potential benefits in preventing an S-M youth from failing to complete high school are estimated above). Details of the methodology and of the assumptions made are presented in appendix 1. However, it is important to mention that much of the information necessary to apply Cohen's methodology to S-M is not available. Consequently, the estimates presented below depend heavily on the US data presented in Cohen, with cost estimates adjusted to reflect differences between US and S-M GDP per capita.

The monetary value of preventing a career criminal

According to Cohen, the annual costs of a career criminal to society include:

- Victim costs
- Criminal justice-related costs
- Opportunity cost of offenders' time during incarceration.

Victim costs and the opportunity cost of offenders' time during incarceration are private costs, whereas criminal justice-related costs are public costs. Table 12 summarizes the estimates developed in appendix 1 of the monetary value of preventing a high-risk S-M youth from becoming a career criminal. The estimates are discounted to age 13,²¹⁹ using an annual discount rate of 5 percent. They indicate that the monetary value of preventing a high-risk S-M youth from becoming a career criminal is US\$42,594 (at 2002 prices). Prevention of victim costs accounts for 77.5 percent of the total potential benefits of preventing a career criminal, while prevention of public costs accounts for 19.3 percent (\$8,201) of the total potential benefits.

Table 12. Monetary value of preventing a high-risk youth in Serbia and Montenegro from becoming a career criminal (in 2002 US\$)

Cost items	Private costs	Public costs	Social costs
Victim costs ^a	33,013		33,013
Criminal justice-related costs		8,201	8,201
Opportunity cost of prisoners' time while incarcerated	1,380		1,380
Totals	34,393	8,201	42,594

Note: ^aDiscounted to age 13, using an annual discount rate of 5%.

Source: Appendix 5.

²¹⁸ Cohen, M.A., 1998, "The monetary value of saving a high risk youth," *Journal of Quantitative Criminology* 14(1), 5-33.

²¹⁹ Following Cohen (1998), this is the age at which efforts at prevention are assumed to terminate.

The monetary value of preventing a heavy drug user

According to Cohen, the annual costs of a heavy drug user to society include:

- Cost of crimes committed
- Opportunity cost of drugs consumed
- Drug rehabilitation costs
- Drug-use-related reductions in labor productivity
- Drug-use-related healthcare costs
- Cost of premature death.

Among crime costs, victim costs, and the opportunity cost of offenders' time during incarceration are private costs. Other private costs include the opportunity cost of drugs consumed, drug-use-related reductions in labor productivity, and the cost of premature death. Public costs include the criminal justice-related costs of crimes committed by heavy drug users. In addition, it is assumed that drug rehabilitation costs and drug use-related healthcare costs also are public costs.

Table 13 summarizes the estimates prepared in appendix 1 of the monetary value of preventing a high-risk S-M youth from becoming a heavy drug user. Both low-end and high-end estimates are provided, corresponding to a range of assumptions regarding the annual risk of premature death among heavy drug users. The low-end estimate of potential benefits is US\$16,088, while the high-end estimate is \$18,536. The prevention of costs related to crimes committed by heavy drug users accounts for 66.7 to 76.9 percent of the total potential benefits of preventing a heavy drug user (and 88.9 percent of public costs prevented), while the prevention of all public costs accounts for 30.0 to 34.6 percent of the total potential benefits.

Table 13. Monetary value of preventing a high-risk youth in Serbia and Montenegro from becoming a heavy drug user (in 2002 US\$)

Cost items	Private costs		Public costs	Social costs	
	Low-end	High-end		Low-end	High-end
Cost of crimes committed by heavy drug users ^a	7,443	7,443	4,928	12,371	12,371
Opportunity cost of drugs	1,580	1,580	0	1,580	1,580
Drug rehabilitation costs	0	0	307	307	307
Productivity losses due to heavy drug use	831	831	0	831	831
Drug-related healthcare costs	0	0	331	331	331
Cost of premature death (low-end)	668		0	668	
Cost of premature death (high-end)		3,116	0		3,116
Totals	10,522	12,970	5,566	16,088	18,536

Note: ^aDiscounted to age 13 using an annual discount rate of 5%.

Source: Appendix 5.

Potential benefits of investments in high-risk youth

Many of the available investments to prevent high-risk youth from becoming either career criminals or heavy drug users potentially affect both negative outcomes (including investments that prevent youth from dropping out of school before completing high school). However, as Cohen points out, the potential benefits from such investments are not simply the sum of the estimated social costs prevented because there is duplication in the area of crime prevention. Eliminating such duplication (by subtracting from the total the cost of crimes committed by heavy drug users), one obtains an estimate of \$46,311 (low-end) to \$48,759 (high-end) of the monetary value of preventing a high-risk S-M youth from becoming both a career criminal and a heavy drug user.

Table 14 compares the estimates of the monetary value of preventing a high-risk S-M youth from becoming a career criminal and/or a heavy drug user to the potential benefits of preventing some other negative outcomes in S-M youth (that is, the cost of not making the investments necessary to prevent these outcomes).²²⁰ These estimates indicate that the potential monetary value to society of preventing a career criminal and/or heavy drug user appear to be substantially higher than the potential monetary value to society of preventing a high school dropout or an unemployed youth. However, they appear to be substantially lower than the monetary value to society of preventing an HIV infected youth.

Table 14. Discounted social costs of not preventing selected negative youth outcomes in Serbia and Montenegro (in 2002 US\$)

Negative outcome	Social cost	Source/assumptions
Career criminal	42,594	Section 8.4.1
Heavy drug user	16,088–18,536	Section 8.4.2
Career criminal/heavy drug user	46,311–48,759	Section 8.1
High-school dropout ^a		Section 8.1 (estimates converted to 2002 dollars)
Male	5,285	
Female	9,229	
Unemployment for one year		
Male	3,912	
Female	2,956	
HIV infection		34.6 DALYs lost per HIV infection; DALYs valued at 1-3 times annual earnings ^b
Male	135,000–406,000	
Female	102,000–307,000	

Notes: ^a Cost estimate includes associated unemployment.

^b Commission on Macroeconomics and Health (2001).

What can be concluded from these estimates? One conclusion is that any investment that prevents any of the outcomes listed in the first column at a lower discounted cost than the social cost estimate in the second column will have a benefit-cost ratio greater than one. Another possible conclusion is that an investment that prevents some combination of the negative outcomes listed in the table at a cost lower than the estimated social cost of the combination of outcomes prevented will also have a benefit-cost ratio greater than one. An example might be the non formal (continuing) education investment discussed in section 6.2.3.

²²⁰ The estimates of social costs in Table 6-3 include both private and public costs and are discounted at an annual rate of 5 percent.

With the assumed benefits of the investment limited to earnings gains through enhanced productivity and reduced unemployment, the investment is only marginally attractive. However, if the monetary values of the prevented crime, drug abuse and HIV infection that are likely to result from completing high school are included in the benefits, it is likely that the benefit-cost ratio of an investment in continuing education would increase significantly. A very cost-effective example of a non formal education program which addresses the prevention of multiple risks is the life and livelihood skills development offered by the Macedonia Children and Youth Development Project (described later in this chapter) at an operational per capita cost ranging between US \$ 30 and 60. This is an insignificant amount when compared to the costs of risky behaviors illustrated in Table 14 in a neighboring country with similar cost of living.

Box 5 below illustrates another dimension of the costs of not-investing in youth. In Kosovo, the costs of youth violence are estimated at approximately 204 million Euros.

Box 5. The costs of not investing in youth: The March 2004 uprisings in Kosovo

On March 17, 2004, the unstable foundations of over four years of gradual progress in Kosovo buckled and gave way. Within hours the province was immersed in anti-Serb and anti-UN rioting and regressed to levels of violence not seen since 1999. By the following day, the violence had mutated into the ethnic cleansing of entire minority villages and neighborhoods. It is reported that most of the 51,000 rioters were young males between the ages of 15 to 25, or around 15-20% of the cohort of Albanian males. Disappointment over the weak political and economic progress, idleness, and frustration about vanishing employment opportunities had turned a formerly optimistic young generation into a volatile and explosive group.

The rampage in 33 cities and towns left nineteen dead, nearly 900 injured, and hundreds of homes, churches, public buildings and vehicles damaged or destroyed. An additional 3,200 soldiers had to be sent in to restore order, and 4500 people were displaced. The costs of the March uprising strained the Kosovo consolidated budget considerably. The government's initial allocations were insufficient, and yet required shifting funds from education, health and pension funds budgets. The full damage to the economy and the image of Kosovo as an investment market has not yet been accounted for, though it is clear that it far exceeds the Government's capacity to respond, and important business opportunities have already been lost. It is estimated that Government and international community expenses for merely providing reinforcement troops to restore public order until parliamentary elections in October, and for an international investigation of the perpetrators of the violence, would easily exceed the 75 mill. budget surplus of the Kosovo Consolidated Budget for 2003.

The Kosovo Albanian population has an estimated 70 percent under 30 years of age and 50 percent under twenty, leaving only a narrow time window for rapid action to educate and integrate an idle, and ever more aggressive and disaffected young generation. The costs of not investing may well pay off in further recurrences of violence, further diverting scarce resources away from development of this fragile region.

Sources: Collapse in Kosovo, ICG Report No 155, 22 April 2004. Gallup International End of Year Poll 2001, Gallup International Islamabad. UN website, Kosovo.

Formal and non-formal education

In education, the review indicates that one of the most promising areas for investment would appear to be in non-formal education programs for youth who have either not entered or have dropped out of secondary school before completing it. This is a group that is at high risk of imposing costs on society over the entire course of their lives and also faces personal risks and potential private costs. Cost-effective non-formal education programs that permit these young people to complete their secondary schooling in ethnically integrated programs, combined with life skills training in a variety of areas and opportunities for sports and recreation, would appear to be economically attractive investments for SEE as a whole (see box 6). The current very high rates of youth unemployment in SEE economies, and the limited cost-effective investments to address this problem, enhance the relative returns to investments in education, both formal and non-formal compared to other types of investments. Investment options in formal and non-formal education should be especially considered in Bosnia-Herzegovina, Bulgaria, Kosovo and Albania, in which one of three young persons aged 15–19 was neither in education, nor employment in 2001. Kosovo is the only country overall in which young women are less enrolled in secondary schools and less employed, but young men are more vulnerable in every other region to these circumstances. This requires especially targeted programs for young men, especially where radicalism can provide a fertile ground for recruitment into armed organizations.

Box 6. Education: A beneficiary's perspective

"I was a school dropout because of my own mistake. Since I started to visit the Babylon Youth Center I have met many new friends and I have started to think in a different way than how I used to think before. I have managed to improve my skills in English language and computers and also life skills, specially communication. With the support of the Babylon Youth Center I managed to regain my self-confidence and I am now back in school. I am also being very regular in my classes and I am not missing classes any more."

—Young beneficiary of Sveti Nikole Babylon Youth Center, funded by the World Bank Children and Youth Project in Macedonia

Further investments in the education of SEE youth assessed below specifically include:

- Investments to improve the quality of schools
- Targeted scholarships for secondary schooling
- Non-formal (continuing) education at the secondary level
- Other Non-formal education programs
- Vocational and technical training

Investments designed to improve the quality of public schools

Investments to improve school quality include investments to strengthen inputs (for example, teacher training) and investments to support decentralization and school autonomy. There is clearly a need for investments to improve the quality of formal schooling at all levels in SEE economies, and several donors including the World Bank have invested in these areas. Given the current state of schools (as well as governance constraints), the process of improving existing SEE public school systems is likely to require a long time. In the meantime, many youth will leave school early, with only limited education.

Limitations of investments to improve the quality of schools are that there is not much reliable information about which investments are most cost-effective²²¹ and that such investments benefit only children currently enrolled in school, though at the margin higher quality schools may induce longer enrollment for those nearing the end of their schooling or reentry for recent dropouts.²²² Many poor youth are not enrolled. On the other hand, investments in school quality improvement tend to have more favorable benefit-cost ratios as compared to some other education investments because they can increase education (cognitive achievement) among children already in school without increasing the opportunity cost of children's time in school.²²³

In addition, youth unemployment prevention programs involving a greater integration of school and work through part-time work, internships, workplace-based training, and the promotion of youth entrepreneurship among graduates, also tend to be cost effective. They have been developed with positive results in various countries such as Australia (the Teacher Release to Industry program), the Czech Republic (First Chance program); Germany (the German dual education and training system), South Africa (the Youth Enterprise Society), the UK (Learning by doing, the Scottish Business birth rate strategy), and the US (Real enterprise Program, Independent means).

Targeted scholarships for secondary schooling

As previously discussed, secondary enrollment and completion rates are low in some SEE economies, particularly among the poor, some ethnic minority groups (for example, Roma), and among boys according to the LSMS in Bosnia-Herzegovina and Serbia.²²⁴ In Serbia, approximately 23 percent of poor children aged 15-17 discontinue schooling without enrolling at the secondary level, compared to only 6 percent of non-poor children.²²⁵ School fees are not the only constraint on school enrollment among the poor. Indirect costs of schooling include the opportunity cost of time and education fees and other education-related costs not paid directly to schools (as well as possibly psychic costs related to lack of security in the schools).

The Kosovo Poverty Assessment (World Bank 2001a) proposes paying family allowances (equivalent to a scholarship) to large families with several children (as a social protection measure, because such families often are extremely poor), with the payments tied to the requirement that their children attend school. This would appear to be an economically attractive investment, particularly since the transfer itself would not be a project cost.²²⁶

²²¹ Glewwe 2002

²²² (Knowles and Behrman 2003a.

²²³ Behrman, Ross and Sabot 2003.

²²⁴ However, girls' enrollment and completion rates may be lower in Kosovo as well as in some ethnic minority groups, such as the Roma.

²²⁵ Multivariate analysis of the factors associated with secondary school enrollment in Serbia found that the level of schooling achieved by the head of household was a strong predictor of secondary non-enrollment (World Bank 2003d). The same study found that urban-rural residence was not significantly related to non-enrollment, while female children were more likely to be enrolled in any type of secondary school. Similar analysis using LSMS data from Bosnia-Herzegovina found that secondary enrollment was related to the household head's education, household income and gender (that is, girls were less likely to be enrolled, with other factors held constant).

²²⁶ The cost of such a scheme is the cost of collecting the tax revenue to finance such allowances (which may be zero, if they substitute for other types of transfers already paid) plus the administrative costs in implementing such a scheme (for example, the cost of verifying that the children of beneficiary households are indeed attending school).

Although no such schemes have yet been implemented in SEE economies, in Turkey, the World Bank-assisted Social Risk Management Project (World Bank 2001c) is providing poor households with cash payments that are conditional on children attending school (ages 6 and above if attending grades 1-11) and utilizing preventive health services (ages 6 and below).²²⁷

Non-formal (continuing) education

Because of the poor conditions of public schools and the lack of ethnic integration that persist within them, many adolescents in SEE economies have not completed secondary education, despite ongoing efforts in education reform. Since many of these adolescents will have dropped out of school because they had problems dealing with the local public school system, it makes sense for a continuing education (non-formal education) to be operated by NGOs or other private entities (which could be paid through a voucher system).²²⁸ In such non-formal schools, which would be ideally multiethnic, adolescents would receive the standard (improved) secondary school curriculum and take the same standardized examinations as their peers in regular secondary schools (ongoing education projects in several countries are currently establishing such standardized testing programs). Adolescents enrolled in continuing education might also receive life skills instruction.

In SEE economies, there is a strong justification for public financing of continuing education. First, in the interest of both equity and efficiency, some groups (for example the Roma) are marginalized in the preschool and general education system. These persons deserve a second chance within an alternative school system that is designed to meet their special needs. Second, because many youth were not provided with schooling that achieved basic citizenship goals (for example schooling in ethnically segregated schools), there are probably greater externalities available from investments in continuing education in SEE economies than would normally be the case. In Hungary, alternative schools operated by NGOs have been used successfully for several years to provide secondary schooling to Roma children (World Bank 2001d).²²⁹ In addition to providing basic and/or secondary schooling, some of these schools also provide vocational training and broader instruction in cultural, health and political topics. As private schools, these alternative schools benefit from Hungary's relatively liberal policies related to the operations and financing of private schools. The average age of students is 13-14 years, but many are older (as old as 25 years). In addition to non-formal education approaches to secondary schooling, other forms of non-formal education can contribute to skills development

²²⁷ Similar conditional cash grants have been used successfully in several Latin and Central American countries (World Bank 2001c, Knowles and Behrman 2003a). In the Turkey Social Risk Management project, payments are targeted to the poorest 6 percent of the population with proxy means tests used to identify beneficiaries (that is, households receive a score based on the values of selected indicators that are believed to be closely correlated to poverty status). The education grant was originally expected to be \$32 per school year (4 payments of \$8), based on the estimated out-of-pocket costs incurred by households when children attend school (for example, the cost of uniforms and books). The payments were not intended to cover the opportunity cost of children's time, which would be much larger.

²²⁸ Palacios (2003) argues that the government's role in non-formal education should be limited to providing an appropriate regulatory framework and to partial financing of marginalized students. The wide variation in the type of skills development required by different young people would make it very difficult for the government to provide such training directly.

²²⁹ The six schools reviewed in this report have only been in existence for 5-6 years. The limited data available suggests that the schools still experience higher failure, repetition and drop out rates than conventional schools (although there is no data on how their performance compares to Roma children within conventional schools).

that can be built in parallel to formal education. (see section 6.5 on policies supporting youth empowerment).

Vocational and technical training

Investments in vocational and technical education (VTE) are viewed by some as a way to respond to high rates of youth unemployment and the need of many youth for additional education and training. However, evaluations of VTE programs outside SEE economies have not been very positive to date. Such programs often are expensive, outdated or obsolete in content or equipment, not very effective (apart from helping some workers to find overseas employment), and inequitable (only the relatively well educated and those who can afford to pay informal fees are admitted to the programs in some countries).

In SEE, a high percentage of rural and poor youth (upwards of 80 percent in some) already enroll in vocational and technical schools at the secondary level, though with substantial variance among countries as noted above.²³⁰ In contrast, only 3.3 percent of poor youth aged 15–17 in Serbia enroll in a gymnasium (academic secondary school), compared to 13.4 percent of the non-poor.²³¹ The high share of vocational/technical students at the secondary level in SEE economies does not reflect labor market needs since 90 percent of vocational school graduates reported that they had been unemployed one to five years upon graduation.²³² High enrollment in vocational/technical schools reflects poorer test score performance in secondary school entrance examinations as well as lack of access to academic secondary schools in some rural areas.²³³

The case for public subsidies of vocational/technical training is weaker than that for general education and even university education. There are no obvious public goods involved and no significant externalities, apart from those possibly associated with youth unemployment (that is,, reduced risk of crime and civil disturbances). The types of vocational/technical training investments that governments make is likely to affect the gender composition of benefits, particularly if some types of jobs are mainly performed by one gender. Data from the 2001 BiH LSMS indicate that males aged 15–24 are 13.2 percent more likely than females to be attending a vocational/technical school, with other factors held constant . The other side of this coin is that females are significantly more likely to attend general academic schools (since they are more likely to attend schools overall) for which the rates of return are, if anything, higher than for the vocational/technical schools.

Some data actually point to negative effects of VTE on students' performance in the labor market. The 2001 BiH LSMS indicates that adults 25 and over who had attended vocational/technical schools were significantly less likely to be employed (-0.6 percent) and more likely to be unemployed (0.6 percent), with other factors held constant, and . hourly wages and earnings also were significantly lower (-1.9 percent and -1.0 percent respectively). Given that vocational/technical schools have higher costs per student, additional investment in such schooling without improvements in quality does not appear to be attractive. Effective

²³⁰ Students in 4-year technical schools can continue their schooling, while those enrolled in vocational schools (mostly 3-year schools) cannot.

²³¹ World Bank, 2003d.

²³² World Bank, 2003d.

²³³ One factor that affects test scores is the amount of private tutoring received. Data from the Serbian Living Standards Survey indicate that almost all students receiving four or more private tutoring classes per week were from non-poor households (World Bank 2003d).

vocational/ technical education is demand-driven, involves partnerships with enterprises and firms and is connected to the labor market.

Active Labor Market Programs (ALMPs)

Although job enhancing economic growth remains a precondition for addressing youth unemployment, several well targeted ALMPs can provide an important complement for facilitating the integration of youth in the labor market. Policies and programs supporting youth employment are still very limited in South Eastern Europe. Where ALMPs exist, they usually are limited in scope and funding,²³⁴ and not specifically designed to address the needs of youth.

In addition, government active employment programs in SEE have usually focused on “cure” rather than “prevention” strategies. The target groups for these programs were usually individuals who were already unemployed (Bulgaria and FYR Macedonia), restructured workers (Romania), and demobilised workers (Bosnia-Herzegovina). In most cases, the programs offered job counselling services, training, public work, subsidised employment and measures that encourage the start-up of businesses. These government programs also were complemented with additional small-scale activities intended to facilitate youth entry into the labor market and provided by NGOs with support from donors and government agencies.

Lessons that emerged from the evaluation of selected ALMPs in Bosnia-Herzegovina, Bulgaria, Macedonia and Romania indicate some positive results on the employment prospects of participants, with the exception of public work programs. Job search assistance and training with guaranteed job were found to be more effective for youth, than vocational and technical training. As regards the impact of subsidized employment, there is only evidence for Bulgaria, but the results show a positive impact on the employment prospects of participants, especially among youth. The cost-effectiveness of these programs varies substantially across programs. Training, counseling and subsidized employment tended to have a high positive net impact on employment and a low cost per placement, while self-employment programs were more expensive. Public works schemes turned out to be the least cost-effective, and this is probably because of a heavy bias toward infrastructure work at the expense of less expensive service sector work. The results also show that the impact varies across demographic groups, confirming the importance of narrow targeting by age subgroup and gender, as well as careful monitoring to improve the cost-effectiveness of these programs.²³⁵ Once again, given the higher unemployment rate for young men in 7 of 10 regions analyzed in this study, special targeting for young men is urgently required.

An innovative approach that holds significant potential for addressing some of the root causes of social exclusion and poverty is the concept of ‘social entrepreneurship’ and the implementation of the ‘social business’ model. UNICEF has been promoting and supporting this model in transitional economies based on a growing body of evidence suggesting that these ventures not only provide training and jobs to socially disadvantaged groups, but that provision of social protection services to the most vulnerable population groups may be improved by the introduction of social business initiatives. In addition, these schemes can provide the space and

²³⁴ According to unofficial estimates, in 2001, the percentage of GDP spent on active labor market programs was 0.3 in Bulgaria and 0.05 in Macedonia. This compares with an average of 0.76 for 22 OECD countries for which data were available (OECD, 2002).

²³⁵ For a more comprehensive discussion of ALMPs, see the background paper by Alexandre Kolev and Catherine Saget, “Toward a Better Understanding of the Nature, Causes and Consequences of Youth Labor Market Disadvantage: Evidence for South Eastern Europe.”

opportunity to encourage other aspects of social and civic participation among disadvantaged youth.

Social business ventures are commercial enterprises that employ disadvantaged people and redistribute earnings toward business growth for further job creation and for addressing a range of other social needs. The benefits of the model go beyond generating employment for the youth as the approach can greatly foster empowerment among those with multiple social disadvantages. Most importantly, these initiatives have a powerful effect in that they can contribute to the break down of social stigmas against marginalized populations such as minorities, disabled, and the homeless, that normally cause a double burden for these populations. Social businesses that are well conceived and demand-driven (relying on market research for the types of products and services they offer the community) can be self-sustaining and can generate profits that foster their expansion and can be re-directed to address other social needs. As it relates to the 'soft' side of youth programming, the model in itself also encourages the concept of *social entrepreneurship* (see box 7).

Box 7. Youth Albania Parcel Service

Based on a similar project in Azerbaijan, the Youth Albania Parcel Service (YAPS), supported by UNICEF employs disadvantaged youth to work in all aspects of the courier business. The business model was developed based on market surveys that revealed extensive demand for domestic courier service, and financing has come from corporate financial donations and donated in-kind goods and services. The youth working in YAPS receive six months of training, and the jobs can serve as a foundation to move onto higher education or other jobs. The program serves as a bridge between marginalized youngsters and the world of commerce, work and industry.

Targeted programs for vulnerable youth

Several World Bank social protection projects have begun to address the needs of vulnerable youth among a variety of other vulnerable groups, that is, institutionalized children, disabled persons, and the elderly. The Romania and Bulgaria Child Welfare Projects provide, among other services, free shelter for homeless vulnerable youth while the Albania Social Service Delivery Project supports youth-friendly spaces and preventive programs for human trafficking. While these programs are necessary to address the needs of youth in special need their impact remain partial unless complemented by broader multidimensional youth inclusion and empowerment investments which provide an integrated package of services tailored to youth needs, depending on country circumstances.

Social fund-type and community driven development programs provide effective means of targeting youth and also facilitating their participation²³⁶. Social-fund type mechanisms can build sustainable local community networks and social capital, but these should preferably specialize on youth issues, and should carefully incorporate municipal administrations, other local institutions and youth representatives in the decision-making process. Social-fund

²³⁶ The World Bank Social Development strategy refers to use of both of these mechanisms, and the social fund mechanisms are discussed in this context in the Inter-American Development Bank, draft Social Development strategy, 12.

programs should ideally be integrated into the national policy environment for youth and across sectors.

Most important certain conditions of youth vulnerability, for example, trauma, depression and drug addiction, require adequate instruments that cannot be provided simply by demand-driven mechanisms or through family support systems. For example, psychosocial support services are very much needed in Bosnia Herzegovina and Croatia given the high rates of youth suicide. As the use of injected heroin increases through SEE economies, there is also the need to provide community-based rehabilitation services similar to those available in Western Europe. With respect to anti-drug programs, key elements include: establishing a bridge between families and the schools, creating awareness of drug addiction, and developing a culture of prevention that identifies and addresses incipient problems.

On the juvenile justice front, which has been an increasing concern given the higher youth violence throughout SEE, UNICEF and other donors have supported reforms of the criminal justice system. The activities supported have included the provision of counseling and legal services to juvenile detainees, monitoring of conditions in juvenile detention centers and training of criminal justice and court staff in handling juvenile offenders, but they require scaling up in order to have adequate impact. Where needed, the World Bank could support the scaling up of certain elements of such programs, especially in the context of broader multi-sectoral youth inclusion and empowerment projects.

Finally, investments in youth should include an integrated set of actions benefiting young parents and their children, to offset the weakening of the family structure and declining child services. Community-based Early Child Care and Development programs would be particularly essential in (1) conflict-affected countries in which disruption and trauma have affected family bonds (as manifested in rising domestic abuse), in (2) countries such as Bulgaria, Moldova, and Romania, which are experiencing significantly high rates of childbearing among girls and young women aged 15 to 24 years, in the context of their higher exposure to risky behaviors and single motherhood. Early Child Care and Development programs, supporting parenting skills and violence prevention at household and community level, have already been funded by the World Bank, in partnership with UNICEF, in deprived and/or conflict affected communities in Macedonia, Kosovo and Northern Albania, but additional efforts are required to scale them up and mainstream them in social policy.²³⁷

Policies supporting youth empowerment

Building effective youth policy in SEE not only responds to the sectoral issues identified earlier in this chapter, but also addresses youth as agents of changes, and key decision-makers in the policies and programs that affect their life at local, national as well as international levels. Youth empowerment may become one of the most challenging and potentially innovative policy the World Bank can support. In this context, what are the building blocks of an effective youth empowerment policy? This section reviews the key pillars of youth empowerment policies from *non-formal education*, to *well-organized, articulate and sustainable youth*

²³⁷ Although these programs are still in the process of being evaluated, qualitative evidence indicate that they are more cost effective than investments in preschool facilities and that they promote violence prevention at the household and community level, with overall benefits for social cohesion.

organizations youth organizations, to *participation and representation by youth in governance*, leading to the establishment of National Youth Policies.

While many useful initiatives have aimed at increasing youth inclusion and empowerment at the local level, there is still a large unfinished agenda for mainstreaming youth empowerment policies, including systematic horizontal regional linkages among youth from different countries.

Non-formal education

The foundations for youth empowerment are built at the individual and grass-root level through the development of life and livelihood skills among young people. Livelihood skills are aimed at developing young people's income opportunities through productive skills, foreign language and IT learning. Life skills include communication skills; decision-making skills; leadership skills; critical and creative thinking; skills for coping with emotions, stress, and conflict; and values clarifications skills. Life skills education has been found to increase the capacity of young people to make healthy behavioural choices. These settings also can offer critical entry points to young people who are not enrolled in school.²³⁸

Life and livelihood skill building is most effectively achieved through investments in *non-formal education*. Non-formal education can be defined as "organized and semi-organized educational activities operating outside the structure and routines of the formal education system;"²³⁹ it also includes sports and cultural activities, which support the development of positive individual and group identities while providing opportunities for income generation. The process of empowerment through *non-formal education* can be seen in the responses of youth to participation in such programs. Youth in Bosnia-Herzegovina consider local youth programs as a place in which they can express their creativity, learn something new, and acquire new information.²⁴⁰ This finding is similar to the sentiments expressed by youth participants in the activities of the Babylon Centers in Macedonia.²⁴¹ Sustainability and extending the impact of non-formal education can be facilitated through establishing recognition of the skills and knowledge acquired in this way; many youth organizations have expressed interest in extending recognition of non-formal education (see box 8).²⁴² The European Youth Forum has emphasized the need for non-formal education, including a role for youth organizations as educators.²⁴³

²³⁸ UNICEF/World Bank, *Youth in South Eastern Europe: Report of the Rome Conference on Participation, Empowerment and Social Inclusion*, 2003.

²³⁹ Sahlberg, "Building Bridges for Learning: The Recognition and Value of Non-formal Education," p. 10.

²⁴⁰ IBHI, "Youth Initiative Assessment- Bosnia-Herzegovina," April 2003.

²⁴¹ See Aide Memoire, Supervision Mission-Macedonia Children and Youth Project, September 2003.

²⁴² Sahlberg, "Building Bridges for Learning: The Recognition and Value of Non-formal Education."

²⁴³ European Youth Forum, "Youth Organizations as Non-Formal Educators: Recognizing Our Role"

Box 8. Kaizen Program: Integrating non-formal education into the Romanian school system

The Kaizen Program, supported by the New Horizon Foundation, uses service learning projects to achieve specific social and educational outcomes in the Jiu Valley coal mining region in Romania: (i) development of social capital, especially building bridges between teenagers and various communities and (ii) vocational/business skills.

Growing up in the Jiu Valley, one of the most destitute and isolated regions in Romania with an unemployment rate of 56 percent and high levels of social unrest and despair, these young beneficiaries live in disadvantaged families and have very limited access to positive life-changing experiences. Kaizen, the Japanese term for “continuous improvement”, combines fun, learning and service to continuously improve both self and society. Kaizen harnesses the excitement of adventure education to the proven worth of service learning. Through participation in ropes course activities and later on in community projects, young people learn to trust themselves and others, find creative solutions to seemingly impossible tasks, and learn how to become more proactive. These lessons are particularly important for this group of young people.

The Kaizen program has gained recognition from local governments and local school boards, as well as from Romania’s two most prominent universities. Young people who participate in the program obtain academic credit for this activity. Each Kaizen club gets its own personalized website to feature their identity as expressed through community service projects, which range from building outhouses in Romania’s National Parks to lobbying the local government to install speed bumps on main avenues.

Preliminary program results indicate a positive impact both on young people and their communities and point to the potential for scaling up the program at national level, following completion of program evaluation.

Non-formal education often can effectively address issues such as *conflict prevention*²⁴⁴ as well as *reach youth who have left the formal education system* due to its disruption. Because of their possible social benefits, in addition to private benefits, the rationale for public support is strong. In addition, the operational per capita cost of non-formal education programs provided under the Macedonia Children and Youth Development Project range between US\$30 and US\$60, a relatively small amount when compared to the costs of risky behaviors illustrated in Table 14. Beyond economic considerations, youth themselves point to central role of non-formal education, which in their view is as important as that of formal education.²⁴⁵ In particular, they also point to the need for youth-managed spaces at community level through which they can gain access to multiple services, build social capital and have some voice in local and national affairs. Experience from the Babylon Youth Centers in Macedonia (see box 9) indicates that these spaces can effectively promote social cohesion among different communities and ethnic

²⁴⁴ European Youth Forum , “Youth, Development and Peace: Compact Report”

²⁴⁵ European Youth Forum, *Youth, Development and Peace: Compact Report (September 15-16, 2003)*, Rome, November 2003.

groups and a bottom-up culture of peace.²⁴⁶ In consultations, youth also have noted *the empowerment element in non-formal education*, because youth NGOs and community-based groups often are active in this area and could take on a greater role.

Youth express strong interest in sports and culture programs and express concern over the lack of available options. There also is concern that the absence of adequate cultural or sports activities reinforce idleness.²⁴⁷ Approximately 75 percent of surveyed Macedonia youth respondents were dissatisfied with sports facilities and the possibilities for recreation and more than two-thirds with available cultural opportunities.²⁴⁸ In Bosnia-Herzegovina, many of the former youth centers were privatized and/or the facilities used for other purposes, and the absence of community-based youth activities has raised as a priority, not only by youth themselves.²⁴⁹ Where sports and cultural programs have been developed, however, the programs themselves, as well as the space, have served as a basis for building social cohesion.²⁵⁰

In Albania, Croatia, Macedonia, and Moldova, the World Bank, often in partnership with UNICEF, has funded youth centers and community based interethnic youth activities (see box 9). These activities include English and IT training and recreational activities such as sports, theater and dance. The emphasis has been on life skills aimed at adaptive and positive behaviour that enable individuals to deal effectively with the demands and challenges of everyday life.

²⁴⁶ *Macedonia Children and Youth Development Project*, World Bank Supervision Mission Aide Memoire, September 22-27, 2003. See also Cathryn L. Thorup, "What Works in Building Tolerance Among Balkan Children and Youth"

²⁴⁷ *Youth In Bosnia-Herzegovina 2003*.

²⁴⁸ "Baseline Study on Youth Trends" report prepared for Macedonia Children and Youth Development Project, December 2003.

²⁴⁹ *Bosnia-Herzegovina Local Level Institutions and Social Capital Study*

²⁵⁰ Cathryn L. Thorup, "What Works In Building Tolerance Among Balkan Children and Youth"

Box 9. World Bank youth investment projects in SEE

The *Macedonia Children and Youth Development Project* is a US\$4 million Learning and Innovation Loan (LIL) launched by the World Bank in 2001. The project aims to significantly increase social cohesion, through the integration of youth at risk from different socio-cultural backgrounds. In a conflict-affected country with extremely high youth unemployment, community-based approaches to youth development (through activities disseminated in youth centers throughout the country, including selected rural areas) and institutional capacity building are the two main strategies being employed for youth empowerment and conflict prevention. The project is developing an approach centred on non-formal education (life skills, livelihood skills, and peer education) which aims at short-term impacts to complement on-going efforts in improving the quality of formal education in Macedonia. More recently, other projects are pursuing similar approaches while also incorporating youth income generation activities.

The *Moldova Youth Inclusion LIL* (launched in late 2003) will test whether beneficiary youth (16-25) from vulnerable rural and peri-urban households can engage in positive economic and social practices in response to an integrated package of youth-oriented services and opportunities: that includes: (1) creating enabling conditions for facilitating access of youth to skills and assets leading to better economic participation (business skills, pilot outreach micro-credit); (2) support to youth-serving spaces and local civil initiatives for youth inclusion, in strong collaboration with UNICEF-Moldova; and (3) institutional approach, developing the capacity of a network of government and civil society partners to address youth exclusion in an integrated manner.

Peer education (by youth for youth) is employed as an effective way of providing youth with information, motivation and life skills especially in relation to sensitive issues (such as, reproductive health and substance use). 'Hard to reach groups' (street children, young sex workers, injecting drug users) may be more accessible through the use of peer educators who share the same background.²⁵¹ Along these lines, a recent World Bank health study on HIV/AIDS in South Eastern Europe²⁵² notes that improving skill-based and peer education programs for young people are among the preventive strategies recommended to combat the spread of the epidemic.

Youth organizations

Well-organized, articulate and sustainable youth organizations constitute another pillar for successful youth empowerment, as they can provide both community based services to young people and represent their voices as advocates. In several SEE economies, youth organizations are involved in local level initiatives which address their needs through service delivery as well as grass-roots based advocacy. A review of initiatives in Bosnia-Herzegovina identified the following areas: youth recreational and/or cultural centers, counseling services, environmental projects, educational or training programs, services provided for refugees and IDPs, advocacy projects, student organizations and initiatives and income-generating/employment projects.²⁵³

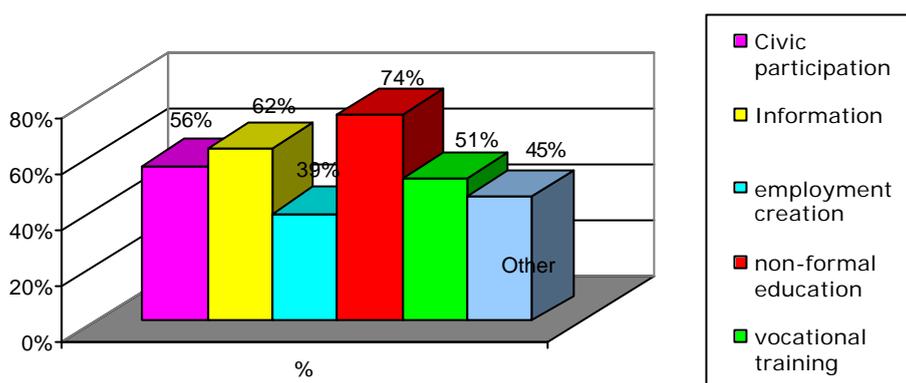
²⁵¹ UNICEF/World Bank, *ibid.*

²⁵² Thomas Novotny, Dominic Haazen, Olusoji Adeyi, *HIV/AIDS in Southeastern Europe: Case Studies from Bulgaria, Croatia and Romania*, February 2003.

²⁵³ IBHI, "Youth Initiative Assessment- Bosnia-Herzegovina," April 2003.

Youth leaders in BiH consider their programs to also have an impact on youth employability through livelihood skill-building.²⁵⁴ Volunteering in youth organizations represents a means for some youth to acquire job skills, access information, and establish contacts.²⁵⁵ A similar review in Serbia-Montenegro added communication and media activities and democratization, human rights and civic participation to the above list.²⁵⁶

Figure 19. Serbia and Montenegro: Youth programs developed by NGOs, 2003



Source: “Action Research on Local Level Youth Development Initiatives in Serbia and Montenegro.” June 2003.

Of the youth programs surveyed in Serbia and Montenegro, 41 percent were started by youth themselves, 35 percent by some form of “experts” on youth issues, such as teachers, psychologists or social workers, and only 7 percent were established by an international NGO (see figure 19).²⁵⁷ Although international organizations may not have established youth initiatives, they remain an important source of funding for them (figure 20). This dependency on foreign assistance can hinder sustainability for youth organizations, After international donors, the local authorities constitute an important source of support, which may take the form of providing space in municipal offices, utilities, or access of services provided by municipality. The slow pace of decentralization in certain countries can limit other resources available at the municipality level, even when youth organizations are playing a role as service providers.

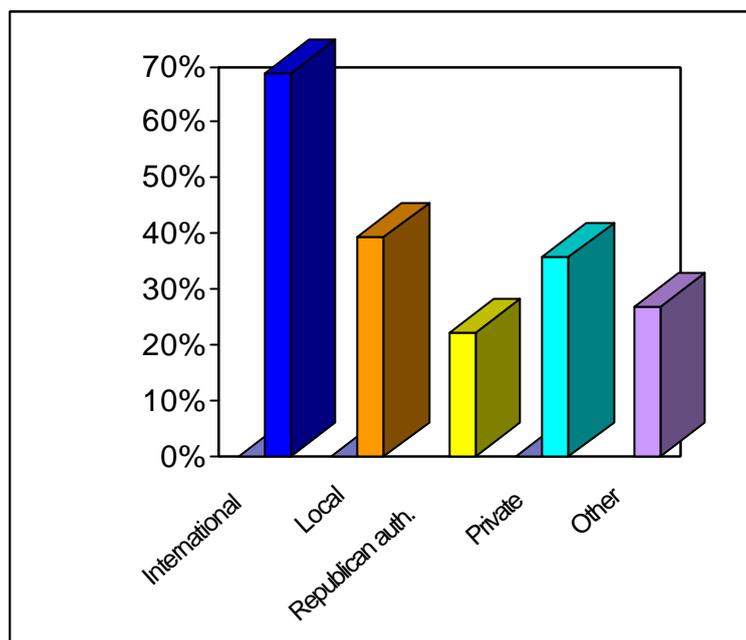
²⁵⁴ IBHI, “Youth Initiative Assessment- Bosnia-Herzegovina,” April 2003, p.19.

²⁵⁵ Both the Youth Initiative Assessment in BiH and the Action Research conducted in Serbia and Montenegro stressed that interviewed youth considered themselves as acquiring job skills through volunteering in a youth organization, regardless of whether it directly addressed employment or not.

²⁵⁶ Martina Iannizzotto, “Action Research on Local Level Youth Development Initiatives in Serbia and Montenegro.” June 2003.

²⁵⁷ “Action Research on Local Level Youth Development Initiatives in Serbia and Montenegro,” 22.

Figure 20. Funding sources for youth initiatives in Serbia and Montenegro, 2003



Source: “Action Research on Local Level Youth Development Initiatives in Serbia and Montenegro.” June 2003

Support to youth organizations should therefore include capacity building for youth organizations’ greater institutional and financial sustainability. Building leadership skills and providing exposure to international experiences is a key part of the process of strengthening institutional sustainability (see box 10).

Box 10. Strengthening Roma youth leadership

Following the 2003 conference on “Roma in an Expanding Europe,” the World Bank organized a study visit for a group of young Roma leaders from Albania, Bulgaria, Czech Republic, Hungary, Macedonia, Romania, Serbia and Montenegro and the Slovak Republic. The Youth leaders met with a range of non-Bank groups engaged in social advocacy, met with Bank experts on a range of issues, and participated in training sessions. Discussions focused on policy priorities for the Roma Decade of Inclusion and for a Roma Education Fund. The joint statement issued by the group as the conclusion of the study tour emphasized the importance of engaging Roma civil society in decision making, empowering such groups through on-going capacity building and promoting affirmative action for Roma in all fields.

Youth participation and representation in governance

Many youth interventions remain localized and scattered across sectors, not being integrated into coherent policy and without linkages between local level activities and national policy. There is a need for youth representatives have increasingly vocalized in public venues to have their direct influence at the policy level, for example in education policies, particularly for secondary and tertiary education, youth employment, juvenile justice, employment, etc. and for there to be participation and representation in governance. A more structured participation and representation by youth in governance includes a combination of aspects, ranging from the functioning of umbrella youth networks or national youth councils, youth presence in mainstream political parties and elected officials, youth policy co-management, youth participation and representation in global governance. Many SEE youth organizations have expressed interest in the co-management model adopted by the Council of Europe (Box 10).

Box 11. Co-management of youth policies

The Council of Europe provides one model on which youth are equal participants in the process of formulating youth policy and demonstrates one possible empowerment model. The Directorate of Youth and Sport of the the Council of Europe promotes coherent and effective youth policies at local, national and European levels through programming, legal instruments, funding, and education support. In this context, the Youth Advisory Council consists of representatives of youth NGOs and networks and provides input into youth sector activities. Decisions on youth sector priorities, programming, and budgeting are made through a co-decision body, with youth representatives from the Advisory Council together with representatives of ministries responsible for youth matters.

In Bosnia-Herzegovina, seven National Youth Parliament sessions have been held in which representatives from youth NGOs have met with representatives from the government and from international and donor organizations.²⁵⁸ One of the more recent addressed budgeting for youth policies with guidance of the process of prioritization and lobbying for youth initiatives. In several municipalities, for example in Sarajevo, youth councils have been involved in developing and submitting proposals for funding from the municipal budget and working with municipal assemblies on youth issues. The next important necessary step for sustainable youth policy in Bosnia Herzegovina would be the establishment of an adequate institutional body to systematically mainstream youth participation in policymaking.

The official statement of the Conference on *Youth in SEE: Participation, Empowerment and Social Inclusion*, held in Rome in May 2002 (see box 12), indicated that primary mechanisms for youth policy development, implementation and evaluation at the national and local level need to be put in place, in which they do not already exist. “These would include youth offices in executive governments (Ministries, departments, and sectors), youth bodies in legislative government (Commission, Working Group, Council or Board) involving NGO representatives and others. It is also necessary to establish and stimulate the structuring of the youth sector

²⁵⁸ The Youth Parliaments have been organized by the Youth Information Agency of BiH. See www.oiabih.info.

according to European standards and their later integration into European institutions (for example National Youth Councils).”²⁵⁹ Conference participants urged governments to strengthen systematic data collection on youth (by gender and ethnicity) through national organizations and research institutes working in a collaborative way with young people, to identify benchmarks for assessing youth policy effectiveness and they called for capacity building of key players in national youth policy development.

Box 12. Rome conference on youth participation, empowerment and social inclusion in SEE, May 2002

With support from the Italian Government, ECSSD organized the first World Bank-UNICEF Conference on Youth in SEE in Rome, which included major participation by youth groups. More than 200 participants from Albania, FR Yugoslavia including the UN-administered province of Kosovo, Bosnia Herzegovina, Moldova, Romania, Bulgaria, Macedonia, Croatia, the EU, Council of Europe, other international organizations as well as Italy and Netherlands, discussed approaches to the issues facing youth in this region. Approximately one-third of the participants were youth under 25 years representing youth organizations and youth activists in the region

The conference provided a forum for meaningful dialogue between government, international actors, youth and civil society and the media to raise the overall awareness of the importance of investing in youth and empowerment of youth in designing, implementing, monitoring and evaluating policies, programs and projects “for youth, by youth.” Issues discussed ranged from high unemployment to access to education to the rising HIV/AIDS epidemic, drug and human trafficking, prostitution and the very high level of emigration. Positive developments (even if still limited in scope) were reviewed in programs managed by youth groups and local NGOs, as well as efforts made by governments and donors, including the World Bank, to deal with youth inclusion and empowerment. The conference included 52 presentations by technical experts and youth practitioners reviewing best practices in youth policies and projects in SEE. Private sector representatives from internet and IT groups also were present.

One step in the process of increasing participation is the establishment of *Youth Voices* in selected World Bank country offices, as advisory groups on youth issues and priorities. Modeled along the experience in Peru, a group of young representatives will engage in in-depth consultation on the country’ program in several SEE locations including Macedonia and Moldova, as well as Kosovo and Bosnia Herzegovina. The youth groups are expected to bring to the Bank fresh ideas and recommendations based on their experiences, perspectives and priorities, while being more exposed to World Bank and government functioning and rationale for policymaking.

National youth policies

The establishment of financially sustainable, flexible and implementable National Youth Policies represent the crystallization of other steps in empowerment and create a framework in

²⁵⁹World Bank/UNICEF, *Youth in South Eastern Europe: Report of the Rome Conference on Participation, Empowerment and Social Inclusion*, 2003, *Conference Statement*, appendix 2.

which subsequent programs can develop. It is important, however, that these policies be articulated in a clear institutional framework and with provisions for financial sustainability. Some SEE economies began in recent years to look again at developing some youth policies, particularly within the framework of the Working Group on Youth of the Stability Pact for SEE coordinated by the Council of Europe. Although action plans were established in Bulgaria and Romania (2001), as well as Croatia (2002), the institutional and financial capacity to implement them have been inadequate.

In the case of Albania, a youth policy was developed by the Ministry of Youth, Culture and Sports without adequate involvement of young people.²⁶⁰ In Serbia and Montenegro, there is no federal level common institution responsible for youth affairs in both republics. In the Republic of Serbia, there is a Youth Section under the Department of Pupil and Student Standards in the Ministry of Education but no corresponding body exists in Montenegro.²⁶¹ In Moldova, despite the presence of an active State Department of Youth and Sports, resources have not been forthcoming on the local level. For example, the Orhei Youth Section received approximately 10 percent of the budget to which it was legally entitled for 2001.²⁶²

In several SEE economies, youth representatives expressed considerable interest in adapting to their circumstances best practices from neighboring Eastern European countries, specifically Lithuania, in which the State Council on Youth Affairs reflects principles of co-management for youth issues²⁶³. Representation on the council consists of six representatives from government and six representatives of youth organizations. The youth representatives are chosen from the members of Lijot, an umbrella organization encompassing over 40 constituent organizations²⁶⁴. The State Council on Youth Affairs adopts and has executive power toward youth policy decisions. Similar council have been established on the regional and local level as well.²⁶⁵ This model involves youth themselves, through representatives that they have selected, in the formulation of youth policy.

In Macedonia, in which a National Youth Strategy is underway in the context of the World Bank-funded Children and Youth Project, the Agency of Youth and Sports is aiming at mainstreaming youth policy in all relevant sectors, both at national and local levels, and at establishing a co-management system for youth policy design and implementation, in the form of a National Youth Council adapted from the Lithuania State Council on Youth Affairs. The Macedonian National Parliament has already adopted a declaration on the rights of children and youth in which it has committed to adopt the National Youth Strategy within a year. Once the process is formalized, the budget will subsequently reflect the financing requirements for the strategy implementation. Similarly, a new World Bank youth project in Moldova is being instrumental in providing financing for investing in youth but also for creating the institutional capacity for youth policy implementation across sectors, in partnership with the newly created National Youth Council.

²⁶⁰ Ibid, 53.

²⁶¹ Action Research on Local Level Youth Development Initiatives in Serbia and Montenegro," 22.

²⁶² "Youth in ECA: A Vulnerability and Social Exclusion Perspective," 58.

²⁶³ Discussions in the ECA regional forum at the Youth, Development and Peace conference. Lithuanian youth groups also participated in regional consultations on the draft of "Youth: Strategic Directions for the World Bank" held in April 2003, and their remarks generated considerable interest among other ECA participants.

²⁶⁴ Council of Lithuanian Youth Organizations. Homepage:
<http://www.takingitglobal.org/opps/orgdir.html?vieworg=4727>

²⁶⁵ Council of Lithuanian Youth Organizations. Homepage:
<http://www.takingitglobal.org/opps/orgdir.html?vieworg=4727>

On the World Bank side, mainstreaming youth in current World Bank macro-policies through increasing youth roles in PRSPs and CASs, is a crucial step in youth empowerment in terms of global governance and complements country-level youth strategies and institution building for youth organizations. The policy dialogue the World Bank has established with governments can be an entry point for focusing efforts on youth issues. In Bosnia -Herzegovina, consultations were held with youth groups, focusing on the youth lack of opportunities and resulting emigration. Including youth organizations in implementation and monitoring of PRSP objectives would move participation beyond these initial steps and toward empowerment. To date, no significant participation by youth has occurred in CASs, and this is a crucial gap, given the centrality of the CAS in defining the World Bank's country program, both in IDA and IBRD countries.

Finally, more transparency is needed on budgetary processes particularly on cross-cutting issues such as youth-related expenditures which are very difficult to trace. The Public Expenditures Review exercises conducted by the World Bank offer an opportunity to (i) secure adequate financing for youth-related expenditures within and across sectors, and to (ii) ensure that national budgets transparently reflect youth-related expenditures which could then become the object of financial monitoring by youth stakeholders in the context of National Youth Policy implementation.

Table 15. Typology of SEE countries: Risks, opportunities, and policy implications*

Typology of SEE Countries	Youth Risks and Vulnerabilities		Youth Opportunities		Policy Interventions	
Type 1: Frontrunners in EU accession: early reformers, middle income countries with stable political environment						
	Adolescents up to 18 years old	Young people 19-24 years old	Adolescents up to 18 years old	Young people 19-24 years old	Adolescents up to 18 years old	Adolescents up to 18 years old
Romania Bulgaria Croatia	<ul style="list-style-type: none"> ▪ Unsafe sex ▪ Drug addiction ▪ Abandonment and street life, especially in Romania and Bulgaria ▪ High incidence of human trafficking for minors in Romania and Bulgaria ▪ High incidence of out of school/out of work youth, especially in Bulgaria ▪ Suicides of young males, especially in Croatia 	<ul style="list-style-type: none"> ▪ Early childbearing and single parenthood in Romania and Bulgaria ▪ Brain drain ▪ High involvement in com/mmercial sex work in Romania and Bulgaria ▪ High youth unemployment ▪ High rate of idleness (out of school/out of work) in Bulgaria ▪ Exclusion from participation in decision-making 	<ul style="list-style-type: none"> ▪ Healthy lifestyles ▪ Life skills ▪ Leadership skills ▪ Livelihood skills ▪ Cultural, artistic and physical expression 	<ul style="list-style-type: none"> ▪ Geographic and upward mobility due to EU accession ▪ Exposure to other cultures and lifestyles through migration ▪ Greater income-generation opportunities for youth ▪ Youth representation and participation through associative life and public decision-making 	<ul style="list-style-type: none"> ▪ Preventative reproductive health ▪ Drug prevention and treatment ▪ Education reform with youth participation in the reform process ▪ Shelters and special services for homeless adolescents ▪ Juvenile justice reform ▪ Empowerment policies through non-formal education 	<ul style="list-style-type: none"> ▪ Early child care and development/ community-based support to young parents ▪ Shelters and special services for homeless adolescents ▪ Youth targeted active labor markets policy addressing skills mismatch ▪ Empowerment policies through non-formal education ▪ National youth policy ▪ Drug prevention and treatment ▪ Participation in National Youth Policy

* Criteria for country typology include: (i) conflict-affected or not; (ii) income level; and (iii) position in the EU accession process.

Type 2: Conflict affected countries						
Macedonia Bosnia-Herzegovina Serbia and Montenegro	<ul style="list-style-type: none"> ▪ Domestic violence ▪ Unsafe sex ▪ Heroin addiction ▪ Suicide of young males in BH ▪ Involvement with violence and crime for young males ▪ Possible recruitment into extremist organizations for young males ▪ Conflict-related trauma ▪ High incidence of idleness (out of school/out of work), especially in BH 	<ul style="list-style-type: none"> ▪ Brain drain ▪ Growing HIV/AIDS mainly in Serbia and Montenegro ▪ High rate of idleness (out of school/out of work) ▪ High youth unemployment rate ▪ Exclusion from participation in decision-making (less applicable to Macedonia where there is an ongoing youth -investment project) 	<ul style="list-style-type: none"> ▪ Healthy lifestyles ▪ Youth as agents of peace ▪ Life skills ▪ Leadership skills ▪ Cultural, artistic and physical expression ▪ Livelihood skills 	<ul style="list-style-type: none"> ▪ Exposure to other cultures and lifestyles ▪ Youth representation and participation through associative life and public decision-making ▪ Greater income-generation opportunities for youth 	<ul style="list-style-type: none"> ▪ Preventive/reproductive health ▪ Psycho-social services for adolescents ▪ Drug prevention and treatment ▪ Education reform with youth participation in the reform process ▪ Empowerment policies through non-formal education 	<ul style="list-style-type: none"> ▪ Early child care and development/ community-based support to young parents ▪ Drug prevention and treatment ▪ Youth targeted active labor markets policy ▪ Empowerment policies through non-formal education ▪ Participation in National Youth Policy
Type 3: Lower-income countries						
Albania Moldova	<ul style="list-style-type: none"> ▪ Domestic violence ▪ High incidence of human trafficking for minors, especially in Albania ▪ High incidence of idleness (out of school/out of work youth) ▪ Unsafe sex ▪ Heroin addiction 	<ul style="list-style-type: none"> ▪ High involvement in commercial sex work ▪ HIV/ AIDS epidemic affecting young people in Moldova ▪ Brain drain ▪ High rate of idleness (out of school/out of work), especially in Albania ▪ Exclusion from participation in* decision-making ▪ High rural youth unemployment in Moldova 	<ul style="list-style-type: none"> ▪ Healthy lifestyles ▪ Life skills ▪ Leadership skills ▪ Livelihood skills ▪ Cultural, artistic and physical expression 	<ul style="list-style-type: none"> ▪ Exposure to other cultures and lifestyles ▪ Greater income-generation opportunities for youth ▪ Youth representation and participation through associative life and public decision-making 	<ul style="list-style-type: none"> ▪ Psycho-social services for adolescents ▪ Preventative reproductive health ▪ Drug prevention and treatment ▪ Education reform with youth participation in the reform process ▪ Empowerment policies through non-formal education 	<ul style="list-style-type: none"> ▪ Early child care and development/ community-based support to young parents ▪ Drug prevention and treatment ▪ Youth targeted active labor markets policy, including access to micro-credit, self employment and social businesses ▪ Empowerment policies through non-formal education ▪ Participation in National Youth Policy

Type 4: Kosovo – Conflict affected, lower-income, and uncertain status						
	<ul style="list-style-type: none"> ▪ Domestic violence ▪ Lack of access to education for girls ▪ Involvement with violence and crime for young males ▪ Possible recruitment into extremist organizations for young males ▪ Conflict-related trauma ▪ High incidence of idleness (out of school/out of work) 	<ul style="list-style-type: none"> ▪ High rate of idleness (out of school/out of work) ▪ Lack of access to employment opportunities for girls ▪ High rural youth unemployment, particularly affecting males ▪ Exclusion from participation in decision-making 	<ul style="list-style-type: none"> ▪ Youth as agents of peace ▪ Healthy lifestyles ▪ Life skills ▪ Leadership skills ▪ Cultural, artistic and physical expression ▪ Livelihood skills 	<ul style="list-style-type: none"> ▪ Exposure to other cultures and lifestyles through migration ▪ Youth representation and participation through associative life and public decision-making ▪ Greater income-generation opportunities for youth 	<ul style="list-style-type: none"> ▪ Preventive/reproductive health ▪ Psycho-social services for adolescents ▪ Drug prevention and treatment ▪ Education reform with youth participation in the reform process ▪ Empowerment policies through non-formal education 	<ul style="list-style-type: none"> ▪ Early child care and development/ community-based support to young parents ▪ Drug prevention and treatment ▪ Youth targeted active labor markets policy, including access to micro-credit, self employment and social businesses ▪ Empowerment policies through non-formal education ▪ Participation in Youth Policy

CONCLUSIONS

In South Eastern Europe, tapping the potential of youth is crucial for building more stable and cohesive societies prepared to enter the European Union. The findings of this study reveal that young people in SEE have become more marginalized and vulnerable during the transition away from communism, their needs and potential unaddressed by policy makers. They are less likely to finish secondary school, more likely to be idle and unemployed, as well as more likely to become heroin addicts, commit suicide, or become victims of homicide. The study in particular points to the high vulnerability of adolescent boys and young men in ways that have been perhaps underestimated in the past. Social exclusion and disaffection of boys is directly linked to violence, which in ethnically divided societies might escalate and re-ignite conflict, for example, in Kosovo and Macedonia.

Among both young men and women, unsafe sex is the norm, which in the context of increased intravenous drug use, establishes the potential for an HIV/AIDS epidemic in the subregion. The fragility of social institutions, including the family, has had a strong impact on adolescent girls and young women. While the age at first marriage is increasing, child-bearing under 24 years is still predominant in several countries. Young families in these societies are living in conditions where public structures are less supportive than previously, youth are increasingly engaging in risky behaviors, and youth unemployment remains high.

Policymakers should design active labor market measures specifically for young people. Youth in SEE are 2.5 times more unemployed than their EU counterparts. Even though economic growth is generally understood to be the precondition for increased youth employment, targeted youth policies are needed. The fact that youth unemployment has persisted in SEE, even in countries where economies have begun to grow, and that youth themselves place a high priority on economic opportunity, should compel policymakers to pay attention to the problem. To date, concrete actions are not yet visible on the necessary scale.

At a time when the attention of SEE is geared towards accession to the European Union, the opportunity gap between youth in EU countries and those SEE countries is widening. Educational attainment in formal education is also considerably lower, impeding fair competition in an enlarged EU labor market in both the short and medium term. This study also shows that only a minority of young people in SEE engage in safe sex by using condoms (for example, 25 percent in Romania and about 30 percent in Serbia) versus 75 percent in countries like Spain, Belgium, and France.

Addressing the multiple needs of youth in SEE requires revisiting standard World Bank practices, with implications for country-level policies and work. In the same way that gender mainstreaming occurred at the Bank, mainstreaming youth into country work requires breaking up certain sectoral barriers. A multidimensional focus on youth should include social, gender, and conflict dimensions, in addition to purely economic ones. Ideally, this multidimensionality would be reflected in the composition of World Bank task teams for country-level projects, which would include social scientists, human development specialists, and economists.

Much greater youth participation is needed in the design and implementation of education as well as HIV/AIDS interventions, given that young people are the primary stakeholders in such areas. In those countries where they are being established, Youth Voices can be instrumental in helping World Bank staff address youth concerns in PRSPs and CASs, and/or in priority sectors

such as secondary and tertiary education, health, labor markets, environment, and urban and rural development. Preventive measures are in order, including first-chance employment programs linked to secondary education, and training programs with job placement services. These measures are needed to address the mismatch of young peoples' skills with the requirements of the contemporary labor market, as well as to create public incentives for entrepreneurs to hire youth.

Within the context of mainstreaming youth, young men in SEE should be a clear policy priority. The multiple dimensions of risk faced by adolescent boys and young men in SEE have not been adequately addressed within the confines of traditional sectoral projects. In education, for example, the emphasis has been mainly on girls. Non-formal education, in particular, offers a means of reaching the significant percentage of young men who are neither in school nor employed, and could be effectively integrated into community-based approaches. The involvement of male educators and young male peers as positive role models is critical to the outreach of such programs. Similarly, non-formal education will be instrumental in the short term to socially integrate youth from disadvantaged ethnic communities and to support interethnic tolerance and socialization (goals that young Roma leaders consider key priorities).

Mainstreaming youth in public policy requires filling the data gaps and generating greater knowledge in order to design and target youth interventions across the life cycle. Living Standards Measurement Surveys and Labor Force Surveys need systematically to include youth information and to offer comparable youth unemployment indicators over time and across countries. The causes of young male disadvantages and disaffection, as well as their coping strategies and life choices, should be further researched, particularly through qualitative social analysis in several countries.

More qualitative social analysis is needed and should be closely tied to policy needs. For example, research needs to identify those youth most vulnerable to HIV/AIDS transmission in order to improve the targeting of preventive and curative measures. Given trends in the later age of first marriages and data on the high proportion of 15–24-year-olds having children, research also needs to answer such questions as: What are the societal arrangements in which these children are being reared? Are they being raised by single mothers alone (which current qualitative observations suggest) or by unmarried couples (such as in Western Europe)? How do current child-rearing arrangements vary along ethnic and cultural lines? The answers to these questions have crucial implications, both for the design of programs to support young parents and for efforts to break the intergenerational transmission of poverty.

Every country in SEE should ideally have a comprehensive and sustainable youth policy that addresses youth needs in a multidimensional way. Such policies require adequate financial allocations that can address the needs of youth through self-standing investments. All policies should include at least three interrelated components that are not well addressed by sectoral policies: i) community-based, non-formal education providing life and livelihood skills, ii) income-generation opportunities aimed at linking young people to the work place, and iii) joint development of national youth policies with national youth councils or groups. These three dimensions reflect the key priorities expressed by youth platforms worldwide and should constitute the foundation of all youth-focused interventions.

Table 15 summarizes current youth risks and outlines policies that can address these risks, according to the typology of countries established in the study (frontrunners in EU accession, conflict-affected, lower-income, and lower-income with uncertain status). Young people face the highest level of risk in conflict-affected countries and regions of SEE. These countries and

regions should be prioritized for comprehensive youth-focused investments that address the multiple dimensions of youth vulnerability. Among conflict-affected areas, youth risks are highest in Kosovo due to the combined conditions of conflict, poverty, and a large youth bulge with the highest level of idleness. Delaying investments for youth is not an option in Kosovo, as recent violent uprisings (which primarily engaged young males aged 15 to 24 in inter-ethnic violence) confirmed. Other conflict-affected areas in SEE, including Bosnia-Herzegovina, Serbia and Montenegro, and Macedonia, are also in great need of comprehensive youth policies and investments, both to avert future eruption of violence and to aid in the recovery from recent conflicts. Of these three countries, only Macedonia is engaged in such an effort, which began in 2001 with World Bank support.

In the lower-income countries, i.e., Moldova and Albania, comprehensive youth development interventions should be linked to the prevention of human trafficking. Preventive measures include raising community awareness through early child care, child development, and non-formal education, together with better economic opportunities, particularly for girls from rural areas and secondary towns who are most vulnerable trafficking. Active engagement of young people in HIV/AIDS prevention and cure is essential in Moldova. World Bank-funded HIV/AIDS and Youth Inclusion projects currently provide adequate venues for such engagement and could serve as models for similar projects in other ECA countries with the potential conditions for an HIV/AIDS epidemic.

For the countries that are front-runners in EU accession, a low case option would be sector-wide investment (SWAP) that integrated interventions in formal and non-formal education with active labor market programs aimed at increasing young people's competitiveness in labor markets and reducing skills mismatch. A more ambitious option would be comprehensive investment in youth that covered the previous activities, plus i) support to young parents through early child care and development, ii) prevention and protective services for homeless adolescents and those at risk of trafficking (particularly urgent in Romania and Bulgaria), and iii) development of national youth policies with the participation of young people.

The roadmap for youth inclusion and empowerment in SEE presented in this study seeks to mainstream youth development and identify priority areas for intervention. By using an integrated, multidimensional approach, the roadmap can help overcome existing programming fragmentation and increase development effectiveness. In partnership with committed donors, such as the Council of Europe, Italy, Germany, and UNICEF, the World Bank can support the scaling up of successful youth interventions developed by international and local organizations, as has been the case in Macedonia and Moldova. The World Bank can also play a catalytic role in providing incentives for a coherent youth policy through capacity building and strategic support to bodies that coordinate youth policies.

APPENDIX 1.

THE COST OF CAREER CRIMINALS AND HEAVY DRUG USERS IN SERBIA-MONTENEGRO

by Jere R. Behrman and James C. Knowles

This annex discusses the methodology used to develop estimates of the cost both to society as a whole and to the Yugoslav government of youths who become either career criminals or heavy drug users. The methodology in both cases follows closely the methodology developed earlier for the United States (US) by Cohen (1998). In the absence of corresponding information in Serbia-Montenegro (S-M), it is assumed that S-M criminal and drug addict behavior is similar to that in the US. In the case of cost estimates, the ratio of Yugoslav to US GDP per capita is used in many cases to adjust downward cost estimates for the US to obtain corresponding S-M cost estimates. These are strong assumptions, and they imply that the estimates reported below should be viewed as rough approximations to the true costs. However, such assumptions are necessary in the absence of appropriate S-M-specific behavioral data and cost estimates.

The costs of a career criminal

Following Cohen (1998), the annual costs of a career criminal to society include:

- Victim costs
- Criminal justice-related costs
- Opportunity cost of offenders' time during incarceration

Victim costs and the opportunity cost of offenders' time during incarceration are assumed to be private costs. Public costs are assumed to be limited to all criminal justice-related costs.

Criminal careers are assumed to begin at age 14 and to last for 10 years (ages 14-23). The lifetime social costs of a career criminal are calculated as the sum of the discounted annual costs over the criminal's 10-year career, discounted to age 13 (the age at which it is implicitly assumed that crime prevention investments terminate). An annual discount rate of 5 percent is used.²⁶⁶ In addition, the following assumptions are made:

- A total of 10 crimes are committed by career criminals as juveniles (ages 14-17), while a total of 63.6 crimes are committed by career criminals as adults (ages 18-23)
- Career criminals are incarcerated for an average of 8 years
- The age distribution of crimes is as depicted in figure 21
- The composition (mix) of criminal offenses committed are as depicted in figure 22 and are assumed to be the same for juveniles and adults

²⁶⁶ Cohen (1998) uses a discount rate of 2 percent, but 5 percent is used in this study for consistency with other estimates reported above.

Figure 21. Age distribution of crimes committed by career criminals

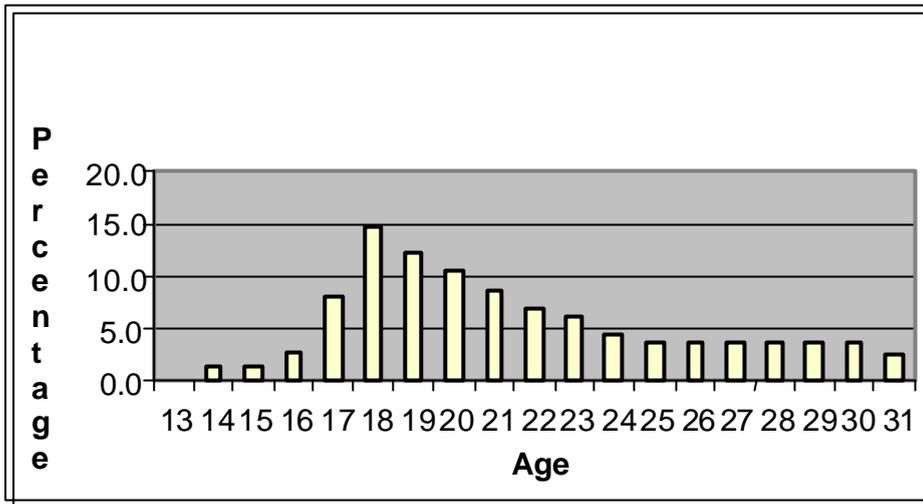
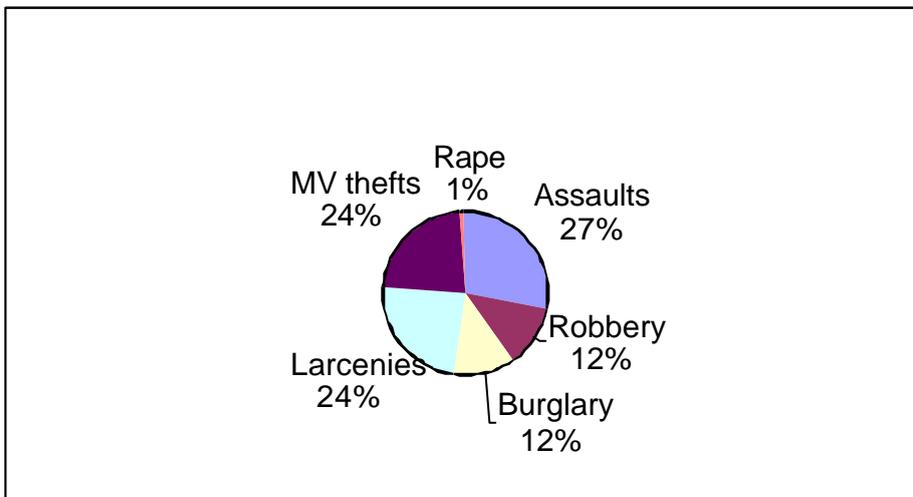


Figure 22. Composition of criminal offenses



Under these assumptions, figure 25 presents the number of crimes by age and type of criminal offense. Assault as percentage of all offenses is relatively high (28.9 percent) in table 16, reflecting conditions in the US. The actual composition of criminal offenses may be quite different in S-M, in which unfortunately comparable crime data are currently unavailable.

Table 16. Number of crimes committed by a career criminal by age and type of offense, Serbia-Montenegro, 2002

Age	Assault	Robbery	Burglary	Larceny	Motor vehicle theft	Rape	Totals
14	0.28	0.12	0.12	0.24	0.24	0.01	1.00
15	0.28	0.12	0.12	0.24	0.24	0.01	1.00
16	0.57	0.24	0.24	0.47	0.47	0.02	2.00
17	1.70	0.71	0.71	1.42	1.42	0.06	6.00
18	3.06	1.28	1.28	2.55	2.55	0.10	10.81
19	2.52	1.05	1.05	2.10	2.10	0.08	8.90
20	2.16	0.90	0.90	1.80	1.80	0.07	7.63
21	1.80	0.75	0.75	1.50	1.50	0.06	6.36
22	1.44	0.60	0.60	1.20	1.20	0.05	5.09
23	1.26	0.53	0.53	1.05	1.05	0.04	4.45
24	0.90	0.38	0.38	0.75	0.75	0.03	3.18
25	0.72	0.30	0.30	0.60	0.60	0.02	2.54
26	0.72	0.30	0.30	0.60	0.60	0.02	2.54
27	0.72	0.30	0.30	0.60	0.60	0.02	2.54
28	0.72	0.30	0.30	0.60	0.60	0.02	2.54
29	0.72	0.30	0.30	0.60	0.60	0.02	2.54
30	0.72	0.30	0.30	0.60	0.60	0.02	2.54
31	0.54	0.23	0.23	0.45	0.45	0.02	1.91
Totals	20.83	8.68	8.68	17.36	17.36	0.69	73.60

Source: see text.

Victim costs. Unit (per offense) victim costs are based on 1997 estimates of unit victim costs of career criminals in the US by Cohen (1998), scaled down by the ratio of S-M GDP per capita (\$1,459) to that of the US (\$36,123) and converted into 2002 dollars.²⁶⁷ These victim costs are presented in table 17. They show that tangible costs account for a relatively high share of total victim costs in the case of burglary, larceny and auto theft, whereas intangible costs and/or the imputed monetary value of the risk of death are relatively important in the case of violent crimes (assault, robbery, and rape). All of the victim costs are assumed to be private costs.

²⁶⁷ According to World Bank data, the GDP price deflator in the US increased by 7.2 percent between 1997 and 2002.

Table 17. Unit victim cost of crime by type of cost category and offense, Serbia
(in 2002 US\$)

Cost category	Assault	Robbery	Burglary	Larceny	MV theft	Rape
Tangible	78	117	56	19	178	260
Intangible	398	290	15		15	4,156
Risk of death	1,286	268				43
Total unit cost	1,762	675	71	19	193	4,459

Source: see text.

Criminal justice-related costs. Unit (per offense) criminal justice-related costs are based on 1997 estimates of unit criminal justice-related costs of career criminals in the US by Cohen (1998), scaled down by the ratio of S-M to US GDP per capita and converted into 2002 dollars. These unit criminal justice-related costs are presented in table 18. The bottom row of the table presents unit cost estimates that incorporate the risk of crime-related murders. All criminal justice-related costs in table 18 are assumed to be public costs.

Table 18. Unit criminal justice-related costs by cost category and type of offense, Serbia-Montenegro (in 2002 US\$)

Item	Assault	Robbery	Burglary	Larceny	MV theft	Rape	Murder
Criminal investigation	38	39	33	23	67	16	377
Legal defense	3	3	1	1	2	1	48
Prison, jail	152	251	65	30	56	104	5,130
Parole	4	3	2	2	3	1	26
Probation	3	1	2	2	4	0	3
Total unit cost	200	296	103	59	132	123	5,584
Total unit cost, including murders ^a	261	308	103	59	132	126	

Source: see text.

^a Murder rates per 1,000 offenses are assumed as follows: assault (11.02), robbery (2.12), burglary, larceny and motor vehicle thefts (0), rape (0.46).

Opportunity cost of offender's time while incarcerated. As previously mentioned, career criminals are assumed to be incarcerated for 8 years on average. This assumption is based on US data (Cohen 1998). The opportunity cost of prisoner's time is assumed to be US\$327 annually (compared to average annual earnings among Serbian males of US\$3,798 in 2000). This estimate is based on the estimated 1997 annual earnings of incarcerated prisoners in the US prior to incarceration (\$7,542) reported in Cohen (1998), adjusted downward by the ratio of S-M to US GDP per capita and converted into 2002 dollars. Discounted at 5 percent, the opportunity cost of prisoners' time during the assumed 8-year period of incarceration is US\$2,088. This discounted cost is distributed among age groups and types of offenses according to the number of crimes committed by age and type of offense in table A6-1. The implicit assumption is that the probability of incarceration for a given offense does not vary with age or type of offense. The estimated costs of incarceration (discounted to age 13) are presented in table 19.

Table 19. The opportunity cost of prisoners' time, Serbia-Montenegro (in 2002 US\$)

Age	Assault	Robbery	Burglary	Larceny	MV theft	Rape	Totals
14	8	3	3	6	6	0	27
15	7	3	3	6	6	0	26
16	14	6	6	11	11	0	49
17	39	16	16	33	33	1	139
18	67	28	28	56	56	2	237
19	53	22	22	44	44	2	186
20	43	18	18	36	36	1	151
21	34	14	14	28	28	1	120
22	26	11	11	21	21	1	91
23	21	9	9	18	18	1	76
24	15	6	6	12	12	0	51
25	11	5	5	9	9	0	39
26	10	4	4	9	9	0	37
27	10	4	4	8	8	0	35
28	9	4	4	8	8	0	33
29	9	4	4	7	7	0	32
30	9	4	4	7	7	0	30
31	6	3	3	5	5	0	22
Totals	391	163	163	325	325	13	1,380

Source: see text.

Note: Costs discounted to age 13 at an annual discount rate of 5 percent.

Total cost of career criminals. Table 20 presents the estimates of the total social cost of career criminals by age and type of offense. The cost estimates in table 19 are discounted to age 13 using a discount rate of 5 percent. These data indicate that the total cost of a career criminal is estimated to be US\$42,594 in 2002 dollars.²⁶⁸ The estimates in table 19 also indicate that assault alone accounts for an estimated 66.3 percent of the total. However, as previously noted, this result reflects US crime patterns on which the data in table A6-1 are based. The cumulative percentages of social costs by age (the last column in the table) indicate that 83.5 percent of the total cost of a career criminal occurs before age 25 (and 17.4 percent before age 18), implying that the social cost of crime is primarily a youth-related problem.²⁶⁹

²⁶⁸ The undiscounted total social costs of a career criminal are estimated to be \$64,980. Using a discount rate of 2 percent (the same discount rate used by Cohen 1998), the total social costs of a career criminal are estimated to be \$54,727.

²⁶⁹ The cumulative percentages by age are biased upwards slightly by the assumption that the discounted opportunity cost of prisoners' time (4.9 percent of the total) is incurred at the age at which incarceration begins.

Table 20. Total social cost of a career criminal by age and type of offense, Serbia-Montenegro (in 2002 US\$)

Age	Assault	Robbery	Burglary	Larceny	MV theft	Rape	Totals	Cumulative percent
14	552	113	23	24	79	41	832	2.0
15	524	108	22	23	75	39	790	3.8
16	996	205	41	43	143	75	1,502	7.3
17	2,838	583	117	122	407	213	4,280	17.4
18	4,858	998	200	209	697	364	7,327	34.6
19	3,801	781	157	164	545	285	5,732	48.0
20	3,095	636	128	133	444	232	4,668	59.0
21	2,450	504	101	106	351	184	3,695	67.7
22	1,862	383	77	80	267	140	2,808	74.3
23	1,548	318	64	67	222	116	2,334	79.7
24	1,050	216	43	45	151	79	1,584	83.5
25	798	164	33	34	115	60	1,204	86.3
26	758	156	31	33	109	57	1,144	89.0
27	720	148	30	31	103	54	1,087	91.5
28	684	141	28	29	98	51	1,032	94.0
29	650	134	27	28	93	49	981	96.3
30	618	127	25	27	89	46	932	98.4
31	440	90	18	19	63	33	664	100.0
Totals	28,242	5,804	1,164	1,216	4,051	2,117	42,594	

Source: see text.

Note: Costs discounted to age 13 at an annual discount rate of 5 percent.

Public cost of career criminals. Table 21 presents estimates of the public cost of career criminals by age and type of offense. These estimates are based on the unit criminal justice-related costs in table 17 and the crime frequency data by age and type of offense in table 15 (and are discounted to age 13). The public cost of a career criminal is estimated to be US\$8,201, or 19.3 percent of the total.

Table 21. Public costs of a career criminal by age and type of offense, discounted to age 13
(in 2002 US\$)

Age	Assault	Robbery	Burglary	Larceny	MV theft	Rape	Totals
14	70	35	12	13	30	1	160
15	67	33	11	12	28	1	152
16	127	62	21	24	53	2	289
17	361	178	59	68	152	6	824
18	618	304	102	116	261	10	1,411
19	484	238	80	90	204	8	1,104
20	394	194	65	74	166	6	899
21	312	153	51	58	131	5	711
22	237	117	39	44	100	4	541
23	197	97	32	37	83	3	449
24	134	66	22	25	56	2	305
25	102	50	17	19	43	2	232
26	97	47	16	18	41	2	220
27	92	45	15	17	39	1	209
28	87	43	14	16	37	1	199
29	83	41	14	15	35	1	189
30	79	39	13	15	33	1	179
31	56	28	9	10	24	1	128
	3,596	1,768	591	672	1,516	58	8,201

Source: see text.

The costs of a heavy drug user

Following Cohen (1998), the annual costs of a heavy drug user to society include:

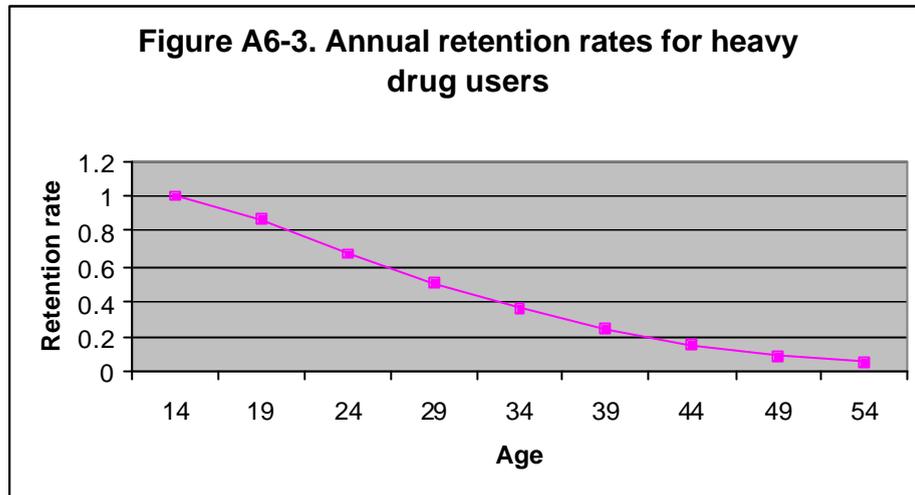
- The cost of crimes committed by heavy drug users
- The opportunity cost of drugs consumed
- Drug rehabilitation costs
- Drug use-related reductions in labor productivity
- Drug use-related healthcare costs
- Cost of premature death

Among crime costs, victim costs and the opportunity cost of offenders' time during incarceration are private costs. Other private costs include the opportunity cost of drugs consumed, drug use-related reductions in labor productivity, and the cost of premature death. Public costs include the criminal justice-related costs of crimes committed by heavy drug users. In addition, it is assumed that drug rehabilitation costs and drug use-related healthcare costs also are public costs.

It is assumed that drug use begins at age 14 and lasts on average for 14 years (ages 14-27). The annual retention rates consistent with this assumption as well as with age-specific patterns of retention reported for the US in Cohen (1998) are presented in figure 23. The lifetime costs of a heavy drug user are calculated as the sum of the discounted annual costs over the 14-year

period of drug use, discounted to age 13 (the age at which it is implicitly assumed that drug prevention investments terminate) using an annual discount rate of 5 percent.

Figure 23. Annual retention rates for heavy drug users



The cost of crimes committed by heavy drug users. The following assumptions are made about the criminal careers of heavy drug users:

- A total of 69.23 crimes are committed by heavy drug users (4.95 annually) during their 14-year period of addiction
- Heavy drug users are incarcerated for an average of 8 years
- The age distribution of crimes committed by heavy drug users is as depicted in figure 24
- The composition (mix) of criminal offenses committed are as depicted in figure 25; the mix of crimes committed is assumed to be the same at all ages

Figure 24. Age distribution of crimes committed by heavy drug users

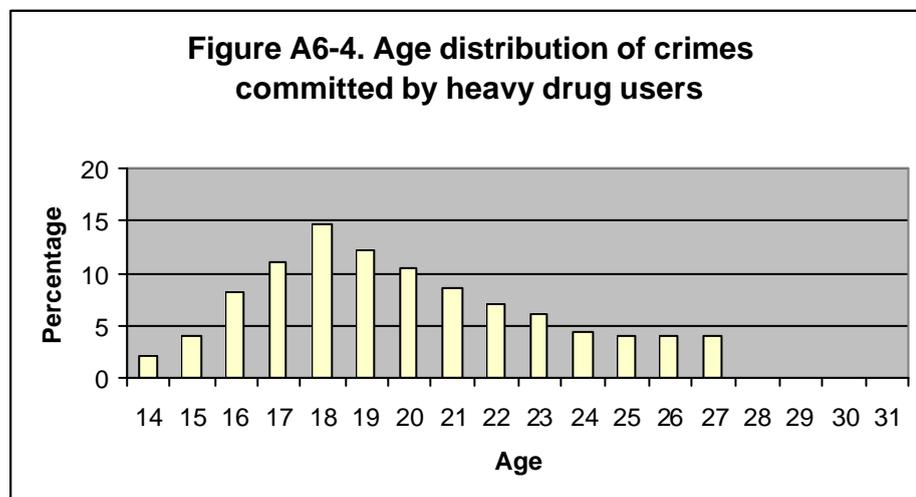
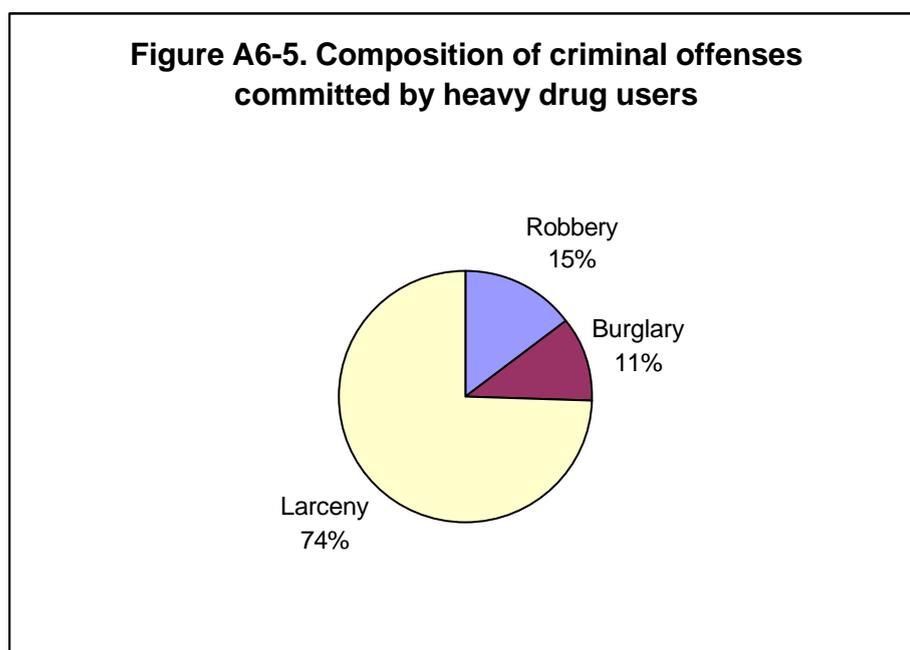


Figure 25. Composition of criminal offenses committed by heavy drug users



Under these assumptions, the number of crimes committed by heavy drug users by age and type of offense are as presented in table 22.

Table 22. Number of crimes committed by heavy drug users by age and type of offense, Serbia-Montenegro, 2002

Age	Robbery	Burglary	Larceny	Totals
14	0.20	0.15	1.03	1.38
15	0.41	0.31	2.06	2.77
16	0.81	0.61	4.12	5.54
17	1.11	0.83	5.62	7.56
18	1.49	1.12	7.56	10.17
19	1.23	0.92	6.22	8.38
20	1.05	0.79	5.34	7.18
21	0.88	0.66	4.45	5.98
22	0.70	0.53	3.56	4.79
23	0.61	0.46	3.11	4.19
24	0.44	0.33	2.22	2.99
25	0.41	0.31	2.06	2.77
26	0.41	0.31	2.06	2.77
27	0.41	0.31	2.06	2.77
Totals	10.15	7.63	51.45	69.23

Source: see text.

The unit (per offense) victim costs and criminal justice-related costs of crimes committed by heavy drug users are assumed to be the same as those presented in tables 17 and 18, respectively above. The discounted opportunity cost of prisoners' time while incarcerated for an average period of 8 years is assumed to be US\$2,088, as above, and is distributed by age and offense in proportion to the number of criminal offenses by age and type of offense in table 21 above. Under these assumptions, the estimated social cost of crimes committed by heavy drug users by age and type of offense is presented in table 22. The cost estimates in table 23 are discounted to age 13. The total discounted cost of crimes committed by heavy drug users is estimated to be \$12,371. Of these costs, only criminal justice-related costs (\$4,928, or 39.8 percent) are public costs.

Table 23. Estimated social cost of crimes committed by heavy drug users, Serbia-Montenegro (in 2002 US\$)

Age	Robbery	Burglary	Larceny	Totals
14	196	30	105	331
15	371	56	200	628
16	706	107	381	1,193
17	915	139	493	1,547
18	1,170	178	631	1,978
19	915	139	493	1,547
20	745	113	402	1,260
21	590	90	318	998
22	448	68	242	758
23	373	57	201	630
24	253	38	136	428
25	222	34	120	376
26	211	32	114	357
27	201	30	108	339
Totals	7,316	1,110	3,945	12,371

Source: see text.

Note: Costs discounted to age 13 using an annual discount rate of 5 percent.

The opportunity cost of drugs consumed. It is assumed that the annual cost of drugs consumed by a heavy drug user is US\$649 and that 25 percent of this cost represents the opportunity cost of resources that could be employed productively in alternative uses. These assumptions follow Cohen (1998), which estimates that the annual cost of drugs consumed by a heavy drug user in the US is \$15,000 (in 1997 dollars). The estimate of US\$649 for S-M is obtained by adjusting Cohen's estimate for the US downward by the ratio of S-M to US GDP per capita and converted it into 2002 dollars. Table 24 (column 1) presents the estimated annual cost of drugs consumed by age, discounted to age 13. These are assumed to be private costs.

Table 24. Estimates of the non-crime related costs of a heavy drug user, Serbia-Montenegro (in 2002 US\$)

Age	Cost of drugs	Drug rehabilitation	Reduced productivity	Drug-related healthcare	Premature death		Total non-crime costs	
					Low-end	High-end	Low-end	High-end
14	154	30	81	32	65	304	363	602
15	147	28	77	31	62	289	345	572
16	139	27	73	29	59	274	327	543
17	132	26	70	28	56	261	311	516
18	126	24	66	26	53	248	295	490
19	119	23	63	25	50	235	281	466
20	113	22	60	24	48	224	267	442
21	108	21	57	23	46	212	253	420
22	102	20	54	21	43	202	241	399
23	97	19	51	20	41	192	229	379
24	92	18	49	19	39	182	217	360
25	88	17	46	18	37	173	206	342
26	83	16	44	17	35	164	196	325
27	79	15	42	17	33	156	186	309
Totals	1,580	307	831	331	668	3,116	3,717	6,165

Source: see text.

Note: Costs discounted to age 13 using an annual discount rate of 5 percent.

Drug rehabilitation costs. Cohen (1998) estimates that the average annual cost of drug rehabilitation in the US for a heavy drug user is \$729 in 1997 dollars (that is, \$10,200 divided by 14 years). Adjusting this estimate downward by the ratio of S-M to US GDP per capita and converting the result to 2002 dollars yields an estimate of \$31.54. Annual discounted estimates of the cost of drug rehabilitation are provided in column 2 of table A6-9. All of these costs are assumed to be public costs.

Drug-use related reductions in labor productivity. Cohen (1998) estimates that the value of the annual loss of labor productivity by a heavy drug user is \$1,971 in 1997 dollars (that is,, \$27,600 divided by 14 years). Adjusting this estimate downwards by the ratio of S-M to US GDP per capita and converting it to 2002 dollars, one obtains an annual estimate of the value of labor productivity lost by heavy drug users of \$85.35 for S-M. Annual discounted estimates of lost labor productivity due to heavy drug use are provided in column 3 of table A6-9. These are assumed to be private costs.

Drug-use related healthcare costs. Cohen (1998) estimates that the annual cost of drug-related healthcare is \$786 in 1997 dollars (that is,, \$11,000 divided by 14 years). This estimate includes the cost of healthcare for drug-related AIDS cases. Adjusting this estimate downwards by the ratio of S-M to US GDP per capita and converting it to 2002 dollars, one obtain an annual estimate of \$34.02 for drug-related healthcare costs. Annual discounted estimates of drug-related healthcare costs are provided in column 4 of table A6-9. These are assumed to be public costs.

Cost of premature death. Cohen (1998) estimates that the annual risk of death among heavy drug users ranges between 0.2 and 1.0 percent (that is,, 3 to 14 percent divided by 14 years) and that the present value of lost productivity for the average drug abuse death is \$1.04 million in 1997 dollars (assuming a discount rate of 2 percent). Assuming that the average death due to drug abuse occurs at age 21, this estimate corresponds to an undiscounted loss of \$1.755 million in 1997 dollars or to a discounted (to age 21) loss of \$739,339 at a discount rate of 5 percent. Adjusting the latter estimate downwards by the ratio of S-M to US GDP per capita and converting it to 2002 dollars, one obtains an estimate of \$32,010 as the average lifetime loss in labor productivity due to premature death due to heavy drug use, discounted to age 21. Multiplying the estimate of the discounted loss by the low-end or high-end annual risk of death and discounting the expected loss to age 13, one obtains the estimates reported in columns 5 and 6 of table 24. These are assumed to be private costs.

Total costs of a heavy drug user. The estimates in tables 23 and 24 can be combined to yield estimates of the total social and public costs of a heavy drug user (table 25). In the case of social costs, these estimates range between \$16,088 to \$18,536, depending on whether the low-end or high-end estimate of the annual risk of premature death due to heavy drug use is used. Public costs are estimated to be \$5,566 (30.0 to 34.6 percent of the total, depending on whether the high- or low-end estimate of the total is used).

Table 25. Summary estimates of the costs of a heavy drug user, Serbia-Montenegro (in 2002 US\$)

	Social costs		Public costs	Social costs percent		Public costs percent
	Low-end	High-end		Low-end	High-end	
Crimes committed by heavy drug users	12,371	12,371	4,928	76.9	66.7	88.5
Opportunity cost of drugs	1,580	1,580	0	9.8	8.5	0.0
Drug rehabilitation costs	307	307	307	1.9	1.7	5.5
Productivity losses due to heavy drug use	831	831	0	5.2	4.5	0.0
Drug-related healthcare costs	331	331	331	2.1	1.8	5.9
Cost of premature death (low-end)	668		0	4.2		0.0
Cost of premature death (high-end)		3,116	0		16.8	0.0
Totals	16,088	18,536	5,566	100.0	100.0	100.0

Source: Tables 22 and 23.

Note: Costs discounted to age 13 using an annual discount rate of 5 percent.

APPENDIX 2. EUROPEAN UNION YOUTH POLICIES AND THEIR IMPLICATIONS FOR SEE

by Zlatko Nikoloski

This annex provides a succinct analysis of the youth policy development in the European Union (EU). It also looks at the implications of present EU youth policies and directives on the candidate and pre-accession countries in South East Europe (SEE).

“The European Commission supports youth...”

These words uttered by the EU Commissioner for Education, Culture and Youth, Ms. Viviane Reding describe the enthusiasm that the European Commission is developing vis-à-vis the issue of youth empowerment and inclusion. However, this is a relatively new theme which does not reflect the priorities the EU has taken over the years. During its initial years, the EU was a mere customs union, composed of only six economies, half of which were considered small even by European standards. Thinking about issues such as common currency or common European foreign policy—let alone a common youth policy—was unconceivable. Yet, the founding of the European Youth Forum in 1979 which was aimed at representing youth organizations at European level and starting a dialogue with young people, provided an early venue for debating youth policy. For the past couple of years, European policy makers have debated over the future of the Union under the auspices of the European Constitutional Convention, merging the current European treaties in order to produce the first Constitution of an enlarged EU. Currently, the EU is venturing into new areas such as the justice and home affairs, as well as youth issues.

The formal engagement of the European Commission²⁷⁰ on youth issues was set on 21 November 2001, when it presented the White paper – the very first policy paper on youth. The White Paper was a product of a two-year consultative process, whereby youth organizations, researchers in the youth field, non-governmental organizations and policy makers of the Member States participated. In the paper, the Commission proposes an open method of coordination, which emphasized the principle of subsidiarity (i.e. most of the youth policies fall within the competencies of national governments), while increasing at the same time the cooperation among member states in setting common objectives and attaining them. According to the White Paper, the open method of coordination would be most suitable if applied in the following areas: youth participation, information, voluntary service, greater understanding of youth, education²⁷¹, employment, social integration as well as the combat against racism and

²⁷⁰ The European Commission is the executive and co-legislative body of the European Union. Its closest equivalent would be a national government in standard parliamentary democracies. However, the role of the Commission is more complex, thus reflecting the unique nature of the European Union.

²⁷¹ The open method of coordination has already been applied in the area of education. Acknowledging that perfect harmonization of the European educational systems is a difficult goal, the EU member states have moved towards increasing their cooperation in the field of educational exchanges (Socrates, Erasmus, Leonardo Da Vinci and Youth programs), recognition of diplomas and creation of a European

xenophobia. The paper also proposed “mainstreaming” youth issues in the current projects and activities of the Commission and the European Union as a whole²⁷².

The White Paper received lukewarm comments from the main bodies of the European Union. The European Parliament acted with disappointment, noting the somewhat high and unrealistic expectations that the White Paper had set²⁷³. Moreover, coming from the need for more democratic participation, the European Parliament asked for greater involvement in the creation of a future European Youth Policy. The European Youth Forum²⁷⁴ (EYF) also criticized the paper, lamenting Commission’s failure to include the youth representatives of the candidate and pre-accession countries more actively in the consultative process leading up to the White paper²⁷⁵.

Despite all of this, the White Paper represents an important reference for policy makers and youth organizations, not only within the EU, but also in what is globally, a relative new policy area. At the same time, a more comprehensive European youth policy, also involving accession countries, would be needed in order to empower the youth and fully engage them as agents of renewal for their European democracies, an approach which since early 2000 has been very much pursued by the European Youth Forum. This would become even more relevant in the perspective of integrating young people from the pre-accession and candidate countries into the European Union. Hence the question: What are the implications of the current EU directives and policies pertinent to youth, on the SEE countries?

By imposing the adoption of the *acquis communautaire* as one of the main criteria for accession, the European Union is improving the legal basis for addressing the youth issues in the candidate and pre-accession countries. Many pieces of legislation contained in the *acquis*, pertain to or are indirectly connected to the issues of youth (mainly through education, employment and social inclusion policies)²⁷⁶. Most of the applicant countries in the Balkans

credit transfer system (the Bologna Process), in order to make the European educational systems a “reference for quality by 2010”.

²⁷² “A new impetus for European Youth – White Paper”, p.21

²⁷³ Report on the Commission White Paper on a new impetus for European Youth (COM(2001) 681 – C5-0110/2002-2002/2050(COS)), p.8-9

²⁷⁴ The European Youth Forum was founded in 1979 in order to represent youth organizations at European level and to start a dialogue with young people.

²⁷⁵ European Youth Forum response to the European Commission’s White Paper: A new Impetus for European Youth, p.3.

²⁷⁶ Treaty of the European Union (Amsterdam Treaty). Article 6 (equal rights for the European Union citizens), Article 13 (prevention of various kinds of discrimination in the Union), Article 17 (establishes the European citizenship), Article 125 (employment in the European Union), Article 136 (recognizes social rights of workers) Article 137 (activities such as improvement of the working environment to protect workers health and safety, working conditions, the information and consultation of workers, the integration of persons excluded from the market), Article 146 (financing of the European Social Fund), Article 149 (legal basis for cooperation in the field of education and youth. It also constituted the legal basis of the YOUTH and Socrates program), Article 150 (vocation training policy), Article 151 (basis for cultural cooperation at European level), Article 152 (the European Union pursues the aim of a high level of human health protection in the definition and implementation of all Community policies and activities), Article 153 (consumer protection), Article 163-173 (EU’s objective of strengthening the scientific and technological bases of Community industry and encouraging it to become more competitive at international level) , Article 177 (continuous and sustainable improvement of the living conditions in the developing countries).

have begun to embody the voluminous *acquis* into national law, however almost all of them have a long way to go. The difficulties partly lay in the limited institutional and judicial capacities of the SEE countries.

Furthermore, through its educational and scientific exchange programs (Tempus), the EU is involved in modernization and restructuring of the education systems of SEE countries. Tempus is a program, which aims to restructure the higher education in the Western Balkans and the Partner states in Eastern Europe and Central Asia. Through the so-called Joint European projects, which are implemented by partnerships (“consortia”) between higher education institutions in the Western Balkans and the European Union, the EU awards mobility grants for teachers and administrative staff of higher-education institutes²⁷⁷. In the field of education, the European Union has since the end of 1990s established the SOCRATES program, under which, member states could cooperate in wide varieties of topics, ranging from higher education cooperation (Erasmus), to language teaching (Lingua) and information and communication technologies in education (Minerva)²⁷⁸. The most popular program of all these has been Erasmus, which yearly allows thousands of EU students to spend a semester abroad. The immense popularity of this program has prompted the European Union to open it to countries which do not belong to the European Union. In that respect, the European Union is preparing to launch its Erasmus Mundus program, whereby the pre-accession countries of SEE will also be included.

Finally, the candidate countries such as Bulgaria, Romania and Turkey are also included in the EU’s Youth Action Program, which has an aim to encourage the creation of a European education area through the promotion of informal education schemes for young people. In the past the program has been mainly centered on developing a European Voluntary Service, as well as promoting transnational cooperation²⁷⁹.

As most of the SEE countries are striving towards a possible EU accession, though at different speeds, a more structured cooperation between the European Union and the countries in SEE on youth issues would be in order for reducing the large gaps existing between young people in SEE and their EU counterparts. Such issues are ranging from poorer educational backgrounds to higher exposure to HIV/AIDS and unemployment. Accordingly, there is scope for larger cooperation between the European Union and the Balkan countries in areas such as formal and non formal education, as well as active labor market programs and national youth policies. This could improve the process of youth empowerment and inclusion in SEE, thus rendering the young people a key to the successful democratization of the region and bringing them closer to their European peers.

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²⁷⁷ Tempus III <http://europa.eu.int/grants/grants/tempus_en.htm>

²⁷⁸ Socrates, <http://europa.eu.int/comm/education/programmes/socrates/socrates_en.html>

²⁷⁹ Youth Action Programme 2000-2006 <<http://europa.eu.int/scadplus/leg/en/cha/c11603.htm>>

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