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# Young People in South Eastern Europe:

From **RISK** to **Empowerment**



Gloria La Cava, Paula Lytle, Alexandre Kolev  
with Zeynep Ozbil, Carine Clert, and Diana Marginean

February 2006





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**THE WORLD BANK**

**Environmentally and Socially Sustainable Development  
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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
CCET	Center for Cooperation with Economies in Transition
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 Community
EYF	European Youth Forum
FYR (Macedonia)	Former Yugoslav Republic of Macedonia
GDP	Gross domestic product
HIV	Human Immunodeficiency Virus
IBHI	Independent Bureau for Humanitarian Issues
IBRD	International Bank for Reconstruction and Development (The World Bank)
IDA	International Development Association
IDP	Internally displaced person
IDU	Intravenous drug use
ILO	International Labor Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
JSDF	Japanese Social Development Fund
KEI	Key Employment Indicators

KILM	Key Indicators of the Labor Market
LAC	Latin America and the Caribbean
LFS	Labor Force Surveys (of the World Bank)
LSMS	Living Standard Measurement Surveys (of the World Bank)
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 project)
MV	Motor vehicle
MTL	Multi-Sector Team Learning (World Bank project)
NGO	Nongovernmental organization
OECD	Organization 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
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> (World Bank publication)
WHO	World Health Organization
WID	Women in Development
YAPS	Youth Albania Parcel Service
YLMD	Youth labor market disadvantage

# Foreword

At the *Youth, Development and Peace* Conference in Sarajevo held in September 2004, we heard the voices of young people calling for investing in youth and youth organizations to create a better society and a promising future. In spite of encouraging efforts by policy makers and implementers in some countries, youth in South Eastern Europe (SEE) have sometimes fallen through the cracks of public policy. The overall situation of youth, has tended to deteriorate precisely at a time when it should be improving to meet the challenges and opportunities of European Union (EU) accession.

This study, *Young People in South Eastern Europe: from Risk to Empowerment*, explores the challenges faced by young people, and outlines priority policy options to address these challenges, with full recognition of the constraints faced by SEE countries.

The multiple dimensions of youth exclusion are captured by this comprehensive report which argues compellingly for an integrated youth policy in SEE. The study links the needs for education (formal and non-formal) with employment, and demonstrates how unemployment, exclusion and marginalization contribute to risky behaviors. Addressing these challenges will require mainstreaming youth issues into World Bank's country work, a process which is already underway in the Western Balkans. This study provides an elaborate roadmap for youth inclusion and empowerment in SEE—one that will involve youth as assets in building more stable and cohesive societies prepared to enter the European Union.

Orsalia Kalantzopoulos  
*Country Director*



# Executive Summary

**Y**oung 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 sub-region? 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 sub-region, 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), leisure time activities 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 youth-led small businesses, and (c) youth policies developed in conjunction with national and sub-regional youth councils and/or organizations in SEE.

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 “sub-region.”

## 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 sub-region. 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

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thus risk a potential HIV/AIDS epidemic. There is no adequate education on sexual health and STDs in the formal education system. 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 sub-region is 2.5 times higher than EU youth unemployment, and inadequate education is leaving young people unprepared for the more competitive EU economy and a common European labor market in the future.

## Population Trends

**The contemporary population of youth aged 15 to 24 in SEE is the largest youth cohort that the sub-region 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 sub-region, 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 sub-region 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 sub-region, 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 sub-region. 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 sub-region 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.”<sup>1</sup>

**The rate of heroin and other substance abuse is rising.** It is currently estimated that Macedonia has nearly 50,000 heroin addicts in a population of just 2 million, but lacks community-based rehabilitation 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 there is no coherent government policy on drinking of minors. 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 and employ non-formal education to train youth against these risks.

**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.

**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 sub-region 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 sub-region 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.”<sup>2</sup> 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 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 sub-region 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 sub-region 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 sub-region 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 sub-region, 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.

Many youth in SEE are responding to unemployment by staying in educational institutions longer, thus delaying their entry into the labor force. Young people use school enrollment as a buffer zone: They enjoy certain benefits that come with a student status, while at the same time working a part-time job, looking for a full-time job or planning their next move. Vulnerable youth with low-income do not have access to such options.

**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 sub-region 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. This presents a challenge especially in the war-affected countries of the sub-region where industry is devastated, since it is the highly educated young people who constitute the critical mass necessary to build democratic societies and re-launch economic development.

**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. This study identifies four *key pillars for building youth empowerment* from the bottom up: 1) non-formal education to support the development of life and livelihood skills (aimed at creating a positive self-perception and taking full advantage of existing opportunities); 2) well-organized, articulate, and sustainable youth organizations that can provide quality services to young people; 3) youth participation and representation at different levels of governance; and 4) the development and implementation of National Action Plans for Youth co-managed by umbrella youth organizations or national youth councils.

**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 sub-region 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, Croatia, 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.

**A clear youth mobility policy is needed in the countries of SEE.** Young people in SEE were unable to move during and after wars and conflicts. Youth mobility provides not only non-formal education opportunities, but also inter-cultural learning experiences and exchanges, which help break down inter-ethnic prejudices among young people in the region. Youth exchange programs and youth mobility policies are therefore critical to promote social cohesion and help prevent inter-ethnic conflicts in the future.

## 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 mecha-

nisms 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 SEE—including trauma, depression, and drug addiction—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, youth<sup>1</sup> 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.<sup>2</sup> 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 sub-region. 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. 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.

Social exclusion, vulnerability, and poverty are strongly interconnected in the sub-region 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

**Table 1. Youth aged 15–24 in SEE, 2000**

	% of population	Absolute number (000s)
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

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.<sup>3</sup> 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 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 sub-region.

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, and 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

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.”<sup>4</sup>

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 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)?

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 life<sup>5</sup> and livelihood<sup>6</sup> 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 (livelihood 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.<sup>7</sup>

The multiple dimensions of youth exclusion informing the analytic approaches in this study are social (including gender) economic, and demographic (See Box 1).<sup>8</sup> 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.<sup>9</sup> The specifics of the demographic profile in the sub-region aid in the process of identifying policy priorities.

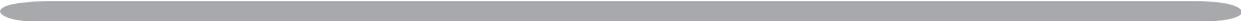
Finally, the report elaborates the specific dimensions of youth empowerment policy, which are consistent with the guiding principles of the Council of Europe on youth policy. These include an integrated approach across sectors and government levels that incorporate different youth stakeholders in the decision-making process.

## 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

### 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. Male youth unemployment is classified as one of the key determinants leading to protracted or re-emerging conflict. On the other hand, young men and women represent great potential for conflict prevention and for the establishment of social cohesion, as the WB financed Macedonia Children and Youth Project is showing.



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.

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.<sup>10</sup> 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.

## Population Trends: Individual and Family Level

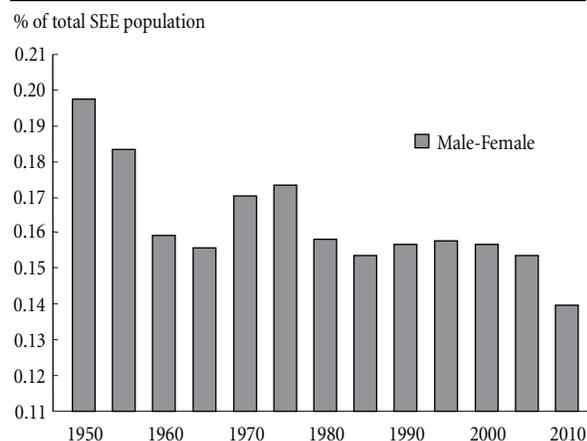
From a demographic point of view, the size of the population of young people is of particular importance. Because the population of SEE societies is no longer growing, the current youth cohort aged 15–24 in the sub-region is the largest cohort that South Eastern Europe will experience in the coming years. Although fertility in all SEE societies is below the replacement level of 2.1 children per woman (with the exception of Albania, where the rate is 2.2), youth still play a key reproductive role: more than 40 percent of childbearing in the sub-region occurs between the ages of 15 and 24. High levels of unsafe sex (see chapter 2) may explain the high percentage of childbearing in this age group and likely contribute to the trend of out-of-marriage births.

### Size and growth of youth population in SEE

While most SEE societies have relatively young populations compared to the countries of North Western Europe, this situation began to change in 1995. The majority of SEE societies have since experienced a rapid reduction in fertility rates, resulting in aging populations. The percentage of the population aged 15–24 is smaller today than it was 50 to 60 years ago (see figure 1).

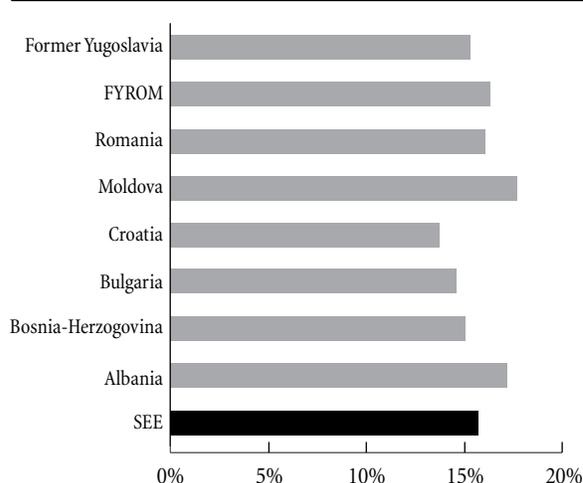
The long-term trend in the relative size of the youth population is similar among SEE countries, ranging from 14 percent in Croatia to 18 percent in Moldova in 2000. Albania and Moldova have the largest percentage of youth aged 15–24 in SEE are (see figure 2). Bulgaria and Croatia, on the other hand, have the smallest percentage of people in this age range. The total demographic picture shows that Kosovo has the most significant youth bulge and the highest population growth rate in the area. Kosovo also has and will continue to have the highest total fertility rate for the next 15–20 years.

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



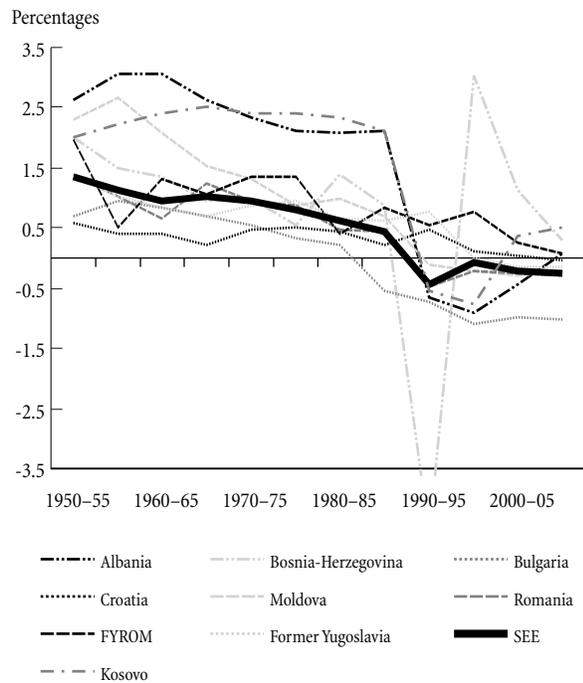
Source: Gjonca, 2004, *Demographic situation of youth*. Based on UN, 2001, *World population prospects*.

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



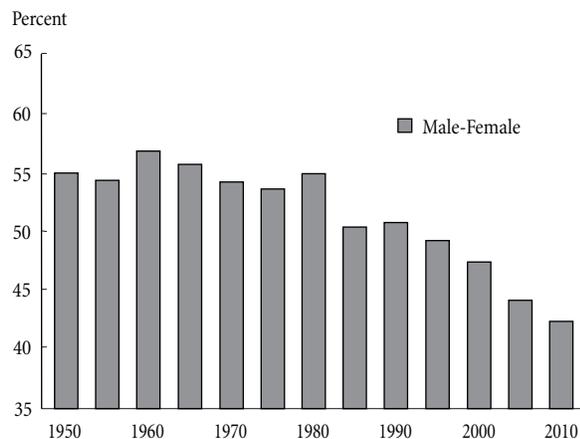
Source: Gjonca, 2004, *Demographic situation of youth*. Based on UN, 2001, *World population prospects*.

**Figure 3. Annual SEE growth rates, 1950–2005**



Source: Gjonca, 2004, *Demographic situation of youth*. Based on UN, 2001, *World population prospects*.

**Figure 4. Dependency ratios in SEE economies, 1950–2010**



Note: Figures shown reflect sub-regional averages for each year.

Source: Gjonca, 2004, *Demographic situation of youth*. Based on UN, 2001, *World population prospects*.

The population of SEE societies grew slowly from 1950 to 1990, but the annual growth rate has been either negative or very close to zero since the mid 1990s. The most important factor behind the sharp drop in annual population growth during the 1990s and early 2000s was the very low level of fertility, which in all societies of the sub-region was affected by the conflict in the Yugoslav successor states. The exception was Albania, where negative population growth resulted from significant youth emigration (23 percent of the population migrated between 1990 and 2000).

### Negative implications of dependency ratios in SEE

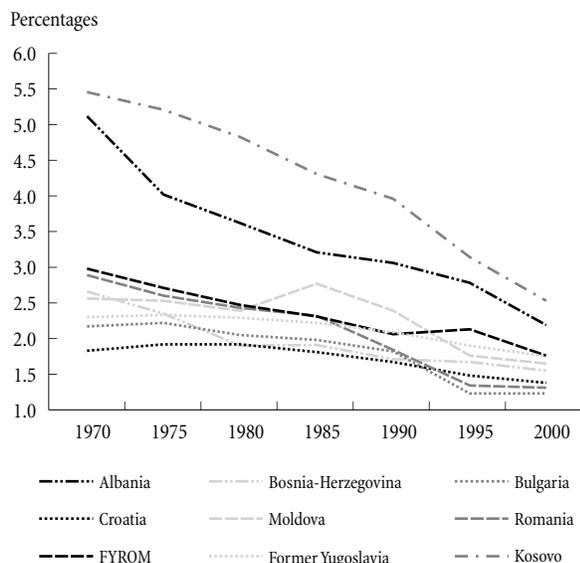
The consequences of aging populations are reflected in the dependency ratios shown in figure 4. These ratios, calculated here as the ratio of population segments aged 0–14 and 65 and older to the working-age population (aged 15–64) indicate how the population distribution of a country or region will affect its economic development. Demographic literature shows that the higher the number of people in the active population (15–64), the higher the productivity of the economy and the better a 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 the dependency ratio is mainly attributable to the long-term reduction in the number of children aged 0–14, who initially affect the numerator and later the denominator of a dependency ratio.

As dependency ratios decrease, not only problems associated with aging must be faced, such as pensions and care for the elderly, but also the failure of the current youth cohort to integrate into the labor market.

### Demographic changes in SEE, 1950–2000

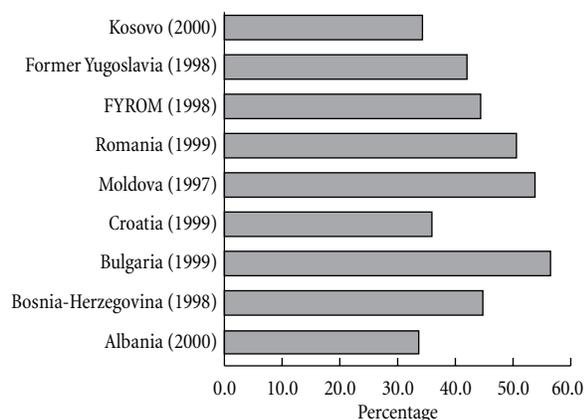
By 2000 the total fertility rate of all SEE societies, with exception of Albania, was below the replacement level of 2.1 children per woman. Even Albania experienced a dramatic reduction in the total fertility rate, from 3.0 children per woman in 1990 to 2.2 in 2000. SEE societies show a similar pattern of fertility change (see figure 5). Some countries, such as Bulgaria, Croatia, and Romania, have fertility rates below 1.5 children per woman—levels even lower than those of most of the developed countries of North Western Europe.<sup>1</sup> Although Kosovo has experi-

**Figure 5. Total fertility rates in SEE, 1970–2000**



Source: Council of Europe, 2001, *Recent demographic developments*. The 2000 figure for Albania was extrapolated from 2001 census and vital registration data.

**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, 2001, *Recent demographic developments*.

enced a decline in fertility, its fertility rate is the highest in the sub-region and remains above replacement levels.

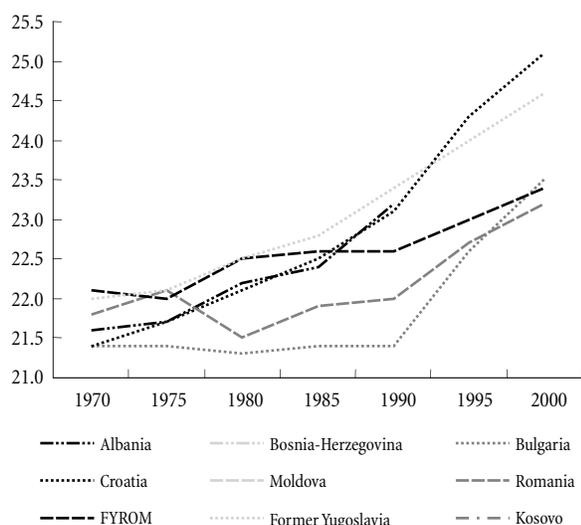
Although the fertility rate has decreased in general, a significant percentage of childbearing occurs among the population aged 15–24 (see figure 6). Bulgaria has the highest percentage of childbearing at these ages (almost 57 percent) and Albania has the lowest (approximately 33.7 percent). These percentages clearly indicate that the current youth cohort plays a major reproductive role. High levels of unsafe sex (see chapter 2) may explain the high percentage of childbearing in this age group and likely contribute to the trend of out-of-marriage births.

Youth in SEE play a central reproductive role despite higher unemployment rates, higher rates of suicide and homicide, and higher exposure to various risky behaviors than other population segments. Their reproductive role has implications for investments that have an impact across the life cycle in the sub-region, that is, investments designed not only for young people, but for young people in their role as parents (e.g., investments in early child care and development).

While a significant percentage of childbearing is taking place among young people in SEE, the mean age of females at first marriage has increased rapidly, indicating a late entrance into marriage (see figure 7). Delay in first marriage among youth is due to a combined set of reasons including longer years of education, changes in values and culture and a prolonged youth phase in one's life, which implies continued economic dependency on families as a result of high levels of youth unemployment and high costs of housing for young people. For example, the mean age of females at first marriage in Croatia increased from 21.4 years in 1970 to 25.1 years in 2000. Age at first marriage also increased in former Albania, Bosnia-Herzegovina, and Yugoslavia. Nevertheless, these combined trends suggest that more child-bearing is taking place outside of marriage.

When placed in the context of the life-cycle, the demographic data for SEE point to issues family structure and childrearing. If cohabitation is not widespread, the implication is that more single mothers are rearing children alone. At the same time, social services such as preschool and accessible health care, which were previously provided through workplace, are no longer available or charge fees beyond the means of a single income. Other social institutions and social capital remain weak.<sup>2</sup> Thus, more young women are raising children without access to services that would increase their children's viability.

**Figure 7. Mean age of first marriage for females in SEE societies, 1970–2000**



Source: Based on data from Council of Europe, 2001, *Recent demographic developments*.

Following similar trends globally, youth in SEE have become increasingly urbanized because of internal migration.<sup>3</sup> Table 2 demonstrates the extent to which SEE has become more urbanized, with the exception of Moldova. Youth move to urban areas in pursuit of better educations or job opportunities, leaving rural areas depopulated with a higher proportion of elderly residents. Rural youth that move to urban areas are less likely to integrate into social networks and are thus more vulnerable to the risks described in chapter 2. Although urbanization also has increased in Kosovo, the area was still predominately rural in 2000 (58.6 percent), a fact that has clear implications for youth policies.<sup>4</sup>

**Table 2. Urbanization in SEE, 1990–2000 (percentage of population)**

Percentage of urban population	1990	2000	Percentage change, 1990–2000
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
FYR Macedonia	57.8	62.0	7.3
Former Yugoslavia	50.9	52.2	2.6

Source: UN, 2001, *World urbanization prospects*.

## Risky Behaviors and Social Exclusion

Young people have been falling through the cracks of social policy in SEE for over a decade. As discussed in the chapter 1, the decline in enterprise-based services, decreased access to resources and destabilized environments have put increased pressure and demands on the family structure. In addition, the changes in the values system, which emphasizes the importance of social status defined in material terms and links social status to levels of education and employment place increased pressure on young people. As a result, they have sometimes turned to crime, criminal role models, violence and other risky behaviors. The incidence of risky behaviors may have been amplified by policy failures, but once identified, these behaviors can be prevented or reduced in the future by adequate policy interventions.

This chapter highlights the risky behaviors in which young people in SEE engage, including involvement in crime and violence, unsafe sex, substance abuse, and school leaving. These behaviors are all associated with a high degree of risk, such as risk of ill health, loss of economic productivity, and a diminished role in family and community life. 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.”<sup>1</sup>

This chapter also identifies the specific gender dimensions of young people’s risky behaviors in the sub-region, particularly the higher vulnerability of young men to most risks, in ways that have been perhaps underestimated in the past.

### Violence on the individual and family level

In many cases, the current risky behaviors of young people in SEE are associated with vulnerabilities caused by the weakening of family structures and other social institutions. This correlation can be seen in how missing protective bonds in the family affect the behavior of youth. As young people move through the life cycle, they experience violence in different ways. Young adolescents may experience violence directly in the home from parents and other adult household members, as well as indirectly by witnessing abuse (usually of their mothers). After leaving their parents’ home, young women are more vulnerable than young men to domestic abuse from spouses, partners, or members of the spouse’s family.

In the *Young Voices Poll* conducted by UNICEF in 2001, 7 out of 10 children and young people reported that they sometimes faced violent or aggressive behavior at home, generally of a verbal nature.<sup>2</sup> In a UNICEF study in the Federal Republic of Yugoslavia, one-fifth of respondents reported that physical violence sometimes occurred at home.<sup>3</sup> Similarly, 17 percent of university students surveyed in Macedonia in 1998 had witnessed acts of domestic violence at home.<sup>4</sup> A 1999 survey of students aged 15–19 in Serbia and Montenegro found that the majority of girls who had suffered sexual abuse in some form were close to the offender (who was often a boyfriend, relative, boss, or family friend).<sup>5</sup>

According to a 1996 study, 64 percent of women in Albania had experienced physical, emotional, or sexual abuse. Women who were less educated and below the age of 30 were found to be at a greater risk. When these women were asked to identify causes of abuse, 80 percent stated alcohol; 52 percent, unemployment; 50 percent, poor living conditions; and 43 percent, stress.<sup>6</sup> Women in Albania have also reported more abuse in arranged marriages.<sup>7</sup> In Macedonia, 31 percent of surveyed female university students reported being the victims of physical or psychological

violence.<sup>8</sup> In Moldova, 22 percent of women interviewed in a survey in 2000 had been abused by a partner or former partner; women who were married were 15 times more likely to have been victims of severe physical violence than women who had never been married.<sup>9</sup> In Romania in 1995, survey data indicated that domestic violence was increasing and could be attributed to both economic decline and alcohol abuse.<sup>10</sup>

Domestic violence is also associated with post-conflict situations and the demobilization of soldiers. Given the lack of baseline data, it is difficult to determine whether the war in Bosnia-Herzegovina (BiH) has increased spousal abuse, but focus groups with young women in BiH conducted for the World Bank *Voices of the Poor* project identified spousal abuse as a problem and linked it to alcohol abuse.<sup>11</sup> Violence of sons against mothers has increased dramatically in post-conflict BiH.<sup>12</sup>

Violence also can be turned against the self. As shown in figure 8, suicide rates in SEE are highest in Croatia and Bosnia-Herzegovina, where the respective suicide rates are 18 and 24 per 10,000 deaths. 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.**

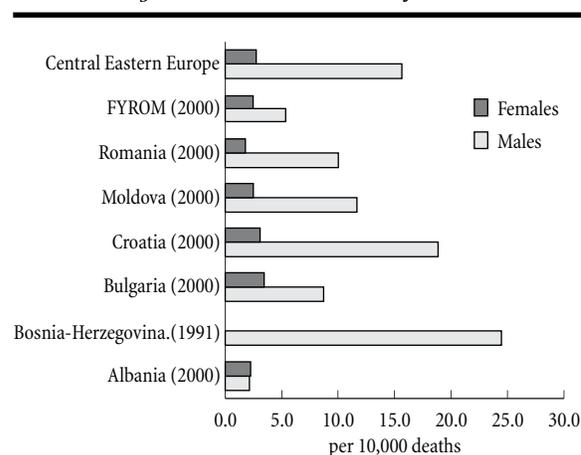
Given that domestic violence is underreported and, especially, that more than two-thirds of children and youth in SEE have witnessed violence in the home, the preceding discussion illustrates the magnitude of the domestic violence problem. Suicide rates among young males also speak to the breakdown of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

## Risky Sexual Behaviors and HIV/AIDS

As youth become sexually active, engaging in risky sexual behaviors can affect their health and that of 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 as sexual education is not provided as part of the formal education system and young people do not discuss these issues in their families, due to long standing religious and social values. Nevertheless, comparisons to the pre-transition period indicate that SEE youth are now having their first sexual experience at a younger age.<sup>13</sup> Young women in Bosnia, for example, have their first sexual experience between the ages 17 and 19, and young men, between the ages of 15 and 17.<sup>14</sup> Similarly in Croatia, youth engage in their first sexual experiences at a very young age, without using contraception and protection from sexually transmitted diseases. According to a longitudinal monitoring study conducted by UNDP on sexual knowledge, the average age of first sexual intercourse was 16.7 years for boys and 17.1 years for girls, and during this first sexual intercourse 42 per cent did not use any form of contraception, and condom use was influenced by peer group attitudes.<sup>15</sup>

With respect to specific countries, 33 percent of sexually active young adolescents (aged 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. Just over half of university students surveyed (51 percent) did not use condoms.<sup>16</sup> According to a 1996 survey, fewer than 25 percent of girls aged 15–19 in Romania relied on contraceptives.<sup>17</sup> In Bosnia-Herzegovina, half of youth surveyed in 2000 did not use contraception.<sup>18</sup> Data sorted by ethnicity shows differences in the use of

**Figure 8. Standardized death rates for individuals aged 15–24 in SEE: Suicide and self-inflicted injuries, latest available year**



Source: Gjonca, 2004, *Demographic Situation of Youth*. Based on UN, 2001, *World Population Prospects*. Bosnia-Herzegovina figures are based on WHO, 2000, *Mortality Database*.

contraceptives among sexually active youth aged 18–30. Specifically, 38 percent of Bosnians, 46 percent of Croats, and 27 percent of Serbs in BiH reported using contraceptive devices in 2000.<sup>19</sup>

These high rates of unsafe sex in SEE stand in contrast to rates in more developed parts of Europe. In Belgium, France, and Spain, 75 percent of women aged 20–24 used contraceptives during their first intercourse. The data 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, for example, are below 25 years of age.<sup>20</sup> In Romania, a sub-group of vulnerable population of children is now reaching the age of sexual maturity.<sup>21</sup>

**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. Preventive policies should incorporate good education programs on HIV / AIDS in higher grades of primary schools and in secondary schools. Counseling services, information centers, free testing opportunities should complement these efforts. Involvement of peer educators can strengthen the reach and impact of these programs. In addition, involvement of youth and youth organizations in project design, assessments and implementation can improve project effectiveness. The World Bank HIV/AIDS project in Moldova, for example, included youth among the target groups in the project assessment, and then shared the assessment findings with organizations that work with youth on the issue to discuss project implementation. The project appears to be unique in SEE for having adopted such an approach to project design and implementation.

Finding appropriate methods of reaching out to youth is crucial. Young people's sources of information vary, as does the impact of information on their behavior. The UNICEF global survey of children and adolescents conducted in 2001 found that 52 percent of respondents in the former Yugoslav states and 59 percent in Albania, Bulgaria, and Romania did not consider themselves informed on HIV/AIDS.<sup>22</sup> Youth in Macedonia did not know much about sexually transmitted infections (STIs) and would not turn to their parents to learn more about sex, contraception, HIV/AIDS, or drugs.<sup>23</sup> Another survey in Macedonia indicated that parents do not volunteer information on these topics; 75 percent of girls between 15–17 were not informed by their parents about how to protect themselves against pregnancy.<sup>24</sup>

In Serbia and Montenegro, young people who consider themselves to have limited knowledge of HIV/AIDS tend to live outside large population centers and come from large or lower- income families. Test results among youth who claimed to know about the disease, however, showed that less than 25 percent of them had sufficient knowledge.<sup>25</sup> In Kosovo, information about HIV/AIDS, early pregnancy, and related health issues is not widespread. Only one-third (approximately) of youth interviewed in the region declared to have some knowledge of contraception and the risks of transmitted diseases. Females in Kosovo appeared to be more informed about transmitted diseases and early pregnancy risks than males, and the 19-to-24 age group was generally more informed about risky behaviors than the younger 15-to-19 age group, although a significant percentage of this younger age group was sexually active.<sup>26</sup> In terms of specific high-risk groups, data from Croatia indicate low levels of knowledge about the risks of unsafe sex among drug users.<sup>27</sup> Nevertheless, HIV/AIDS infection in Croatia remains at a low level, without indications of a rise in incidence.<sup>28</sup>

In terms of policy intervention design, data indicate that youth receive information from the media, but that knowledge alone may not translate into avoidance of risky behaviors. Respondents in an HIV/AIDS assessment conducted in Moldova indicated that media (especially radio and TV programs) were young people's primary source of information about healthy lifestyles.<sup>29</sup> Survey data in Serbia and Montenegro indicated that, despite engaging in risky behaviors, over two-thirds of youth believed that alcohol and drugs were harmful to their health.<sup>30</sup>

## Substance Abuse

Use of drugs such as cannabis, heroin and Ecstasy, is growing in the sub-region. Between 1995 and 1999, the annual European School Survey Project on Alcohol and Drugs (ESPAD) found an increase in the percentage of the general population, especially schoolchildren, who had tried illicit drugs.<sup>31</sup> Among the children and youth polled by UNICEF in 2001, use of illegal drugs and inhalants came third (after tobacco and alcohol) among addictions to harmful or illegal substances.<sup>32</sup> In Moldova, drug use among women increased by 60 percent from 1995 to 1998.

**Heroin use is becoming more common in South Eastern Europe, particularly among young males. 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;”<sup>33</sup> 16.6 percent of youth surveyed have tried some type of narcotics at least once, and approximately 3 percent have used narcotics twice or more.<sup>34</sup> In Albania, official estimates show that in late 1997, 8,000 people in the age group 15–35 were using drugs, up from 5,000 in 1995.<sup>35</sup> In Croatia, there are 18,476 registered drug users, who received treatment for abuse of psychoactive drugs. Opiate type of addiction is most present and accounts for 72% of the cases. The average age of first intake of opiates is 20 years and of the first intravenous drug use is 20.6 years.<sup>36</sup> Although Macedonia is currently estimated to have 50,000 drug users in a population of just 2 million, it lacks adequate community-based drug rehabilitation programs and services, beyond limited methadone treatment available in hospitals.<sup>37</sup>

One of the reasons that young people give for drug addiction is the use of drugs to cope with social exclusion and uncertainty. For example, many Bosnian youth take drugs to deal with the stress of leaving their home locales, the loss or departure of friends, or feelings of rejection in new locations of residence.<sup>38</sup> Surveys of youth who use drugs (including injectable drugs) in Albania, Bosnia-Herzegovina, Croatia, Serbia and Montenegro, and Macedonia identified the following reasons for sharing needles: lack of money, sharing as a sign of trust or belonging to a group, and a desire to inject immediately so that the risk of sharing is not considered.<sup>39</sup> Regarding both needle-sharing and non-use of condoms, the most common answer of respondents involved trust—either of a partner or a fellow drug user.

In the context of declining social capital, the (misplaced) focus on trust may be an attempt to preserve those relationships that do exist. Like Western Europe at the beginning of the heroin consumption boom in the 70s, families prefer not to acknowledge or report drug addiction because it is perceived as a source of shame. Secondary school teachers and students lack the capacity to both detect cases and support prevention, while national governments have only recently begun to dedicate some attention to the issue. **Much greater efforts are required to raise awareness of drug abuse at the household, community, and secondary school levels.** Extensive use of peer counseling and non-formal, peer education, known to be very effective in reaching at-risk youth, are also urgently needed.

**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 during the previous month.**<sup>40</sup> Alcohol consumption is starting at very early ages: a UNICEF survey in Romania in 2000 found that one-third of 11-year-old boys had consumed alcohol at least once in their lives and that most males became occasional or regular drinkers by age 16.<sup>41</sup>

Although chronic drinking in SEE is prevalent among the more mature adult population (fewer than 10 percent of registered abusers are between the ages of 15 and 24),<sup>42</sup> a disturbing trend of intensified drinking may be forming among young adolescents. For example in Croatia, the use of alcohol among youth is on the rise, and the trends are faster with girls than with boys. An increase in one time drinking of several drinks is particularly visible.<sup>43</sup> The total percentage of young people considered lifetime alcohol users in 2001 was 16 percent in Bulgaria, 18 percent in Croatia, 9 percent in FYR Macedonia, and 18 percent in Romania.<sup>44</sup> (“Lifetime” is defined as either (a) having used alcohol 40 or more times during their lifetimes or (b) having used alcohol more than 10 times or having partaken in binge drinking in the previous month). A 2001 UNICEF survey confirmed this trend by tangentially identifying patterns of use, asking both children and adolescents about the use of harmful or illegal substances among their peers. Forty-five percent of those surveyed between the ages of 9 and 17 had friends or peer acquaintances who had tried alcohol.<sup>45</sup>

**As with drugs, among the reasons that young people cite for alcohol abuse are loss of hope for a better future, a profound sense of displacement, and loss of friendships due to forced migration and ethnic conflict** UNDP data collected in 2000 on Bosnia-Herzegovina youth support this finding by listing marginalization and lack of involvement in civil society as potentially dangerous causes of risky behaviors.<sup>46, 47</sup> In addition, some young people abuse drugs and alcohol out of boredom (lack of recreational activities) coupled with a culture of conformity, which pressures them to consume alcohol and drugs to identify with a particular group and socialize with their peers. In Kosovo, it was reported in 2000 that alcohol abuse, particularly among young men, was high in Serb enclaves, where “youth

[were] more frustrated and bored than their Albanian counterparts.”<sup>48</sup> In Moldova, economic woes are also tied to increased alcohol and drug use.<sup>49</sup>

**Young men in SEE are more likely to consume and/or abuse alcohol than young women.** In a 1999 survey of university students in Serbia, for example, 92 percent of students 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.<sup>50</sup> According to a 2000 UNDP survey of young people in Bosnia-Herzegovina aged 14–30, 11 percent of youth consumed alcohol regularly of which 19 percent were young men and 4 percent were young women.<sup>51</sup> 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, or to have used alcohol more than 10 times or partaken in binge drinking in the previous month.

Smoking as a risky behavior is also widespread among youth in the sub-region. Almost half of the youth in Kosovo smoke and estimates indicate that 46 percent of Bosnian youth are regular smokers.<sup>52</sup> According to a 2000 UNDP survey in BiH, 53 percent of young men smoke regularly, compared to 38 percent of young women.<sup>53</sup> In Croatia, the habit of experimenting with smoking is still on the rise with the girls, whereas with boys it has become relatively stable.<sup>54</sup>

## **Increasing Juvenile Violence and Violent Crimes**

In much of the ECA region, growing numbers of young people are at greater risk of coming into conflict with the law. The rate of registered crimes per 100,000 inhabitants committed by individuals under 18 appeared to be higher in 1998 than in 1989 for the ECA region. Mixed data is available for the Balkans.) **Most juvenile crimes are committed by males, who constitute approximately 90 to 95 percent of young offenders in ECA.**<sup>55</sup> **However, the percentage of young women involved in juvenile crimes is on the rise.**

**Rising rates of youth crime may be explained by the decline in social capital and increasing incidence of family dysfunction, such as domestic conflict, lack of parental control, weak intergenerational ties, and premature autonomy and its associated risk of delinquency.** In addition, as mentioned before, the changes in value systems further exacerbate the problem of juvenile delinquency, as some young people engage in illegal activity as a quick fix to acquire a social status in their communities much faster than conventional ways would allow. In 1997, child neglect and abuse was flagged by UNICEF as contributing to youth predisposition to crime.<sup>56</sup> A 1999 survey in Serbia correlated 80 percent of juvenile crimes with dysfunctional families, particularly child neglect.<sup>57</sup> The survey also linked criminal behaviors among young adults to other risky and/or illegal behaviors, such as alcohol or drug abuse, gambling, or domestic violence.<sup>58</sup> 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.<sup>59</sup> In Moldova, crime has been linked to youth inactivity as well as alcohol abuse; over 85 percent of the young people aged 14–18 that were involved in crimes in 2000 did not work or study, and one-fifth were under the influence of alcohol at the time they committed a crime.<sup>60</sup>

**The relatively young age of offenders in the transition countries is a troubling trend in SEE, where juvenile crime rates are higher than total general crime rates.**<sup>61</sup> While the total number of all recorded crimes decreased in Bulgaria, Macedonia, and Romania between 1998 and 2000, the total number of juveniles convicted in criminal court increased from 32.05 to 41.53 per 100,000 in Bulgaria between 1998 and 1999. (The juvenile conviction rate remained essentially the same in Macedonia.) Although the total numbers of convicted juveniles in Romania steadily decreased, from 49.76 per 100,000 in 1998 to 39.1 in 1999 and 30.08 in 2000, this rate is still very high.<sup>62</sup> In Macedonia between 1997 and 1999, approximately 28 percent of all resolved criminal offenses were committed by juveniles, of which one quarter were children not older than 14 years of age.<sup>63</sup> This trend has continued; almost one-third of the Macedonian offenders arrested in 2000 were juveniles.<sup>64</sup> In Croatia, the juvenile conviction rate nearly doubled between 1998 and 2002, from 11.51 to 19.97 per 100,000. In Moldova, the juvenile conviction rate increased from 35.69 per 100,000 in 1999 to 41.62 in 2000.

**Property crimes still account for more than two-thirds of juvenile crimes in the ECA region as a whole.** However, violent crimes, such as homicide, rape, aggravated assault, and armed conflict, are on the rise.<sup>65</sup> Over the past 10 years, violent crime in Bulgaria has more than tripled compared to property crime. In Moldova, by contrast, violent crimes committed by juveniles have declined, although this decline may be related to underreporting, especially if the violent crime committed was rape against a woman.<sup>66</sup>

**Youth, primarily young men, also suffer directly as victims of crimes.** With the exception of Croatia, rates of homicide and purposeful injury among youth in SEE societies are higher than in than Central European countries (see figure 9). Compared to the rest of SEE, Albania and Moldova in particular have significant rates of homicide and purposeful injury against youth.

The persistence of interethnic violence and the widespread availability of firearms and other weapons, even where overt fighting has ceased, combine to make young people the target of violence in SEE. Two brief examples convey the nature of this violence. In Kosovo in 2003, two Serb youth were killed and others wounded when a gunman opened fire on a group of teenagers swimming in a river near the Serbian enclave of Gorazdevac.<sup>67</sup> In December 2002, a bomb exploded in front of a Kumanovo high school, delay in releasing the students limited the casualties to one.

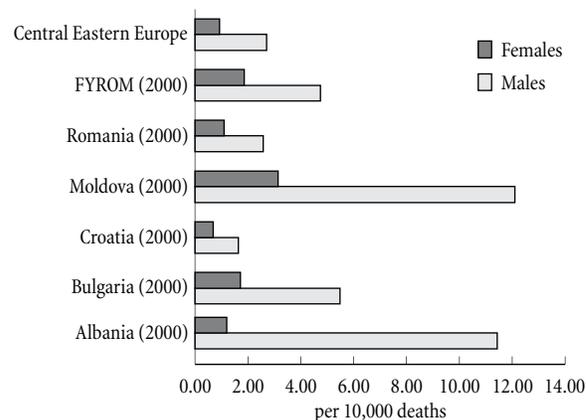
**In societies that remain armed and continue to experience conflict, youth also are potential recruits for extremists national or religious, as exemplified by neo-fascist youth in Croatia, radical nationalists in Republica Srpska or radical Muslim Albanians in Kosovo. This risk is further exacerbated by the growth of radical Islam in other parts of the world.** After the war in Bosnia-Herzegovina, for example, 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 terrorism investigations in the region.<sup>68</sup> The activities of the group have included disrupting a presentation on women in Afghanistan during International Women's Day in Sarajevo (the group protested that women should live as they did under the Taliban) and organizing protests against the extradition of suspected Al-Qaeda terrorists.<sup>69</sup>

In Kosovo, educational facilities have been the locus of recruitment. According to recent reports, Islamic men from several countries outside SEE (mostly veterans of the Bosnian war), are recruiting and training young Albanians in paramilitary training camps in Kosovo, Albania, and western Macedonia.<sup>70</sup> **Lack of adequate secondary schooling and/or non-formal education in Kosovo has created a gap that has been filled with non-formal religious education, a development that has potentially negative consequences for social cohesion and inclusion in the area.** The Islamic Endowment Foundation, for example, has established 30 specialized Koranic schools for young men in rural Kosovo. (The Foundation operates under the Saudi Joint Committee on the Relief of Kosovo and Chechnya, or SJCRKC.) Locals have complained that the schools do not address the needs of rural communities and some observers believe that the schools promote intolerance.<sup>71</sup>

## Exclusion in Education and School Leaving

**Instead of progressing on the MDG education indicators, SEE is moving backward.** Secondary school enrollments are considerably lower in the sub-region than such southern European countries as Greece, Spain, and Portugal.<sup>72</sup>

**Figure 9. Standardized death rates for ages 15–24 in SEE, 2000: Homicide and purposeful injuries**



Source: Gjonca, 2004, *Demographic Situation of Youth*. Based on UN, 2001, *World Population Prospects*. Bosnia-Herzegovina figures based WHO, 2000, *Mortality Database*.

Enrollment in secondary schools declined in the immediate post-transition period, then recovered slightly, but has not yet reached universal levels of pre-transition times.<sup>73</sup>

Increased school leaving, particularly between primary and secondary school, is a response to policy failure: education in SEE today lacks relevance and quality. Leaving secondary school prior to completion and failing to pursue further vocational, technical, or other postsecondary training suitable for the twenty-first century global economy is exacerbating the poverty and social exclusion of young people in SEE. The results of too little schooling are later seen in decreased earning potential, lower productivity, and an impaired sense of self-worth.

Throughout the ECA region, the number of youth of secondary school age who are not enrolled or attending school has increased. Prior to the fall of communist regimes in SEE, nearly 6 million (25 percent) of 15–18-year-olds were not in school in 1989. By 1998, this number had increased 50 percent to 9 million.<sup>74</sup> **Illiteracy and school leaving are both on the increase in the sub-region.** Among Albanian children 8–14 years old, 33 percent are illiterate.<sup>75</sup> In Kosovo, illiteracy of other ethnic groups has risen over the last decade to 22 percent of 16–17-year-olds and 15 percent of 18–25-year-olds.<sup>76</sup>

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 in the ECA region as a whole vary from 1.5 percent in Romania to 17 percent in Albania for general secondary education.<sup>77</sup> In Kosovo, only one-third of young adolescents aged 15–19 are enrolled in secondary education and approximately 24 percent of young adults aged 19–24 are enrolled in higher secondary and post-secondary education.<sup>78</sup>

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 to 39 percent. The percentage of enrollment in such educational institutions in Moldova decreased over the same period from 39 to 31 percent.<sup>79</sup> **As in most Central and Eastern European countries, dropout rates in SEE are higher among young men than young women.** In Albania, for example, one-third of girls in secondary school enroll in higher education, while only one-fifth of adolescent males do so.<sup>80</sup> For the ECA region as a whole, disparities in income level appear to account for disparities in enrollment at the primary and secondary school level. Some 40 percent of the poorest children aged 7–14 in the region drop out between primary and secondary school, compared with 20 percent of the richest children.<sup>81</sup>

The costs associated with education have become barriers for many youth in SEE; they can include transportation, textbooks and other supplies, fees for activities, “illegal taxes” such as school repair funds and school fund contributions, and bribes.<sup>82</sup> Given rising costs, both youth and their parents can perceive continued schooling as an opportunity cost, causing them to forego opportunities for additional family income. In addition to higher costs, the school environment in the sub-region has also been disrupted, particularly in post-conflict countries.<sup>83</sup>

After the cost of education, lack of security has been cited in both Kosovo and Albania as a reason for leaving school.<sup>84</sup> Young Kosovar Albanian women in particular considered lack of money and poor security to be barriers to their continued secondary school education.<sup>85</sup> In urban areas of Albania, girls and young women travel to school in groups of three or four and do not attend evening activities or social events because of the threat of street and gang violence.<sup>86</sup> In rural areas, many young women have been withdrawn from school entirely out of fear of kidnapping; some parents even pay protection money to secure their daughters’ safety.<sup>87</sup>

In Albania, the main reasons children abandon school seem to be critical economic conditions at home (41 percent), lack of interest in school programs, and poor performance (25 percent of those surveyed in 2001 had repeated the same class two or more years); and parents’ belief that their children did not need more education (24 percent).<sup>88</sup> Concerns about the decline in the quality of the education system also are evident in Albania.<sup>89</sup> In Kosovo, “the reason most often cited for lack of school attendance [was] 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.”<sup>90</sup> Similarly, in Moldova, a low but steady rate of school leaving prior to completion of the full nine years of basic education occurs because children need to help parents with farm work, work full-time as herders, or bring home cash or in-kind income for their families. Some children in Moldova work on farms as wage laborers, beginning at the age of 10.<sup>91</sup>

One of the results of ethnic conflict in SEE has been the establishment of separate ethnic schools. As of August 2003, over 50 schools in Bosnia-Herzegovina remained ethnically segregated and were referred to as “two schools

under one roof.” Students enter the schools through separate entrances and take separate breaks and teachers do not use the same staff rooms.<sup>92</sup>

Reconciliation and integration of children and communities of different ethnicities remains a challenge. In Macedonia, protests by ethnic Albanians about overcrowding in a secondary school escalated into riots, kidnappings, and several incidents of reprisal in 2002.<sup>93</sup> An additional round of protests occurred in May 2003 over the inferior quality of school buildings designated for ethnic Albanians. Macedonian parents withdrew their children from a high school near Skopje in September 2003 when a decision was made to transfer several classes of Albanian students to the school. In Bitola, a boycott was initiated in response to a decision to teach Albanian in the local high school.<sup>94</sup> In Moldova, students have engaged in strikes to protest pro-Russian education policies of the government.<sup>95</sup> Transdnistrian separatist authorities in Moldova have been using the school system as a stake in the negotiation process. Every time the negotiation process comes to a deadlock, Transdnistrian authorities threaten to close schools down, disrupting the teaching process. Following the increased tensions surrounding the Transdnistrian situation since July 2004, schools in Bendery and Tiraspol were closed during the summer, with schools in Tiraspol being closed to this date. Schools were devastated by the Transdnistrian militia, children and parents were intimidated. Ethnically segregated schools are also found in Eastern Croatia, where teachers and students who resist this ethnic division are pressured by the state, international community and their own communities.

**For youth themselves, globally as well as in SEE, the inadequacy of education in preparing them for the labor market is a major issue.** A Serbian survey in 2002 found that 42 percent of youth respondents who were employed did not work at jobs for which they were educated.<sup>96</sup> In consultations held in preparation for writing the draft youth component of the World Bank Global Children and Youth Framework for Action, young people from SEE expressed strong concerns about the irrelevancy of formal education, stating that it did not prepare them for employment.<sup>97</sup>

Youth representatives from SEE at the 2003 Youth, Development, and Peace conference in Paris also stressed that the quality and relevance of education in the sub-region need to be improved. These representatives argued that **young people need to have a voice in educational reform because they are directly affected by such reform.**<sup>98</sup> Youth participation mechanisms in the education sector are poorly developed in the SEE. High school students’ councils exist in very few high-schools in the region while university students are not well represented in faculty and university bodies. Further more the students’ movement in the SEE with few exceptions (Serbia, Moldova and Kosovo) is much segmented and doesn’t have capacity to put high pressure on decision-makers in the field of education. It should be noted here that the majority of World Bank education projects do not yet consider youth as stakeholders in the projects. If local stakeholder consultation does occur, parents, teachers, school administrators, and political leaders tend to be interviewed. This study could identify only two World Bank assessments of education in SEE that conducted interviews with young people themselves; out-of-school youth (whether unemployed or employed) have never been considered stakeholders in Bank educational reform projects.

**Many young people in SEE perceive corruption as eroding the value of education because corruption or bribes are substituted for attainment. In addition to widening inequity, corruption in the education system impairs social capital and contributes to the devaluation of education by young people in the sub-region.**

In Moldova, young people, especially those from rural areas, noted that students who do not pay “illegal taxes” are penalized with poor grades and marginalized in school.<sup>99</sup> In Bosnia-Herzegovina, youth identified corruption as a major issue in education, on par with the poor quality of educational content.<sup>100</sup> 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 during the previous year.<sup>101</sup> According to a Transparency International (TI) study in BiH in 2002, 89 percent of respondents believed that university professors were corrupt.<sup>102</sup> Nearly one-fifth of university students in Belgrade surveyed by TI in 2002 knew a professor who would take bribes; the percentage rose to 47 percent among medical students. Nearly one-third of all students saw the education system as one of the most corrupt institutions in Serbia.<sup>103</sup>

In an Open Society Institute study in 2003, Macedonian students described the typical form of education corruption: manipulation of entrance exams results is more common than cheating during the exams themselves.<sup>104</sup>

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Respondents interviewed in Moldova identified a range of bribes necessary to secure places at university and noted that failure to pay the requisite bribes resulted in qualified youth failing the entrance examinations.<sup>105</sup>

Given the lack of both economic opportunity and relevant education, some youth express ambivalence about education. In focus groups, young people in Bosnia-Herzegovina expressed frustration that people without educations were prospering economically, but noted that they still valued education.<sup>106</sup> In a Croatian study, many respondents observed that education was insufficient to get a job, connections were more important.<sup>107</sup> Moldovan youth expressed skepticism about the rewards of education, noting that people with educations were suffering economically.<sup>108</sup> Numerous respondents in an Albanian study devalued education since the transition because it did not contribute to their economic survival in a difficult economy.<sup>109</sup>

In Kosovo, however, two-thirds of young men and women aged 15 to 24 interviewed in 2002 said that, given the chance, they would continue with their studies rather than look for a job. The other third would have chosen employment; and approximately 10 percent would have continued with their current employment, especially if they were male.<sup>110</sup> Similarly, in a Serbian survey, completion of schooling was the priority goal of youth respondents, regardless of whether they were currently enrolled, employed, or unemployed.<sup>111</sup> Moldovan youth who participated in focus groups in 2002 expressed particular concern about the idleness and risky behaviors of peers who ceased compulsory education at age 15 without job prospects.<sup>112</sup>



## Youth Labor-Market Disadvantage in SEE

Lack of decent work opportunities for young people is one of the most daunting problems faced by countries in SEE.<sup>1</sup> More than ten years after the collapse of communist regimes in the region, and despite obvious signs of economic recovery in most SEE economies, the average youth unemployment rate in SEE remains 2.5 times higher than the EU average and 3 times higher than the adult unemployment rate.<sup>2</sup> In addition to ILO unemployment, the emergence of large numbers of jobless youth who are not even looking for work or who work in unprotected environments constitute worrisome trends in several SEE economies.<sup>3</sup>

Youth labor-market disadvantage in the sub-region is increasingly viewed as an important policy issue. Difficulty in entering into workforce has serious welfare repercussions on youth, increasing the risk of income poverty and the erosion of human and social capital. While many theories exist concerning barriers to youth participation in the workforce, there is little hard evidence on the determinants of youth unemployment and idleness in the sub-region. Likewise, scant data exists on the reasons for the growing disparity in youth labor-market outcomes across SEE economies. To date, analysis has focused on overall unemployment. However, **the high incidence of youth unemployment relative to that of adults points to the existence of specific barriers to youth employment in SEE that need to be addressed by policymakers.**

The problem of youth unemployment remains linked, above all, with the capacity of countries to achieve the type of sustainable economic growth that generates viable jobs. The experience of countries belonging to the Organization for Economic Co-Operation and Development (OECD) suggests that there is no easy solution to the problem. Many active labor market programs (ALMPs) have failed to improve significantly the employment prospects of young people. Nonetheless, lessons from program evaluations show that certain programs and policies that address specific barriers to youth employment can be useful.

### The Challenge of Monitoring Youth Labor-Market Disadvantage

What is the nature and extent of the problems that young people face in the labor market of South Eastern Europe? How has youth labor-market outcomes changed in recent years? This section provides a short assessment of available data on the topic and discusses certain issues related to the measurement youth labor-market disadvantage.<sup>4</sup>

#### *Data limitations*

The lack of comprehensive, integrated, and centralized databases on youth labor-market disadvantage in post-communist transition countries in general, and South Eastern Europe in particular, remains a major barrier to analysis. The centralized databases that do exist usually track indicators of youth unemployment that reflect only a narrow aspect of youth labor-market disadvantage and offer incomplete information on youth unemployment in SEE.

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 the ILO, EUROSTAT, and the World Bank. Youth unemployment indicators contained in the KILM, KEI and WDI databases are barely available for all economies in SEE and, even then, only for a few years. The OECD Center for Cooperation with Economies in Transition (CCET) Labor Market database contains extensive information on youth labor-market outcomes (based on the compilation of several labor force surveys in Central and East European countries), but the database 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 various database indicators refer to different concepts of unemployment. In some cases, indicators are constructed from data collected by employment offices and provide measures of “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 good and consistent coverage of SEE exist, but are difficult to interpret. The TransMONEE database produced by the UNICEF MONEE project has tracked registered youth unemployment rates for SEE economies since 1989.<sup>5</sup> However, these rates are based on registry data and it is unclear whether the changes in registered youth unemployment reflected in this database should be attributed to real changes in youth employment or to changes in registration conditions.

Good labor market data for several SEE economies exist, such as those collected in World Bank Labor Force Surveys (LFS) and Living Standards Measurement Surveys (LSMS), but these data have not been centralized in a sub-regional database.<sup>6</sup> **For this study, an attempt was made to create youth labor-market indicators by relying on seven LFS and six LSMS surveys that covered a total of ten SEE economies** (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Romania, Serbia, and Slovenia). Although the indicators are meant to be comparable across the sub-region, there are problems associated with seasonality and timing (not all surveys were conducted in the same month or year) and data aggregation (some indicators refer to an annual average of quarterly data, others refer to data collected during the month of the survey).

## **Box 2. Defining unemployment indicators**

*Registered unemployed.* “Registered unemployed” refers to unemployed individuals who are registered at labor offices. This administrative definition reflects national rules and conditions. It usually generates figures that differ from the “strict” ILO concept of unemployment (or similar concept).

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

*“Relaxed” ILO unemployed.* The ILO has an alternative definition of unemployment, which is more relevant for transition countries. It relaxes the third criterion above to include the discouraged unemployed, i.e., people 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 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 neither employed, nor in school.* This ratio includes the ILO unemployed as well as discouraged workers who are not in the education system. (The ratio is based on a definition of “youth” aged 15–24.)

*Ratio of youth neither employed, nor in the labor force.* This ratio includes all jobless youth not in an educational institution who are not looking for a job.

## **Measuring youth labor-market disadvantage**

Another challenge of monitoring youth labor-market disadvantage is that no single indicator can capture youth labor-market problems. Our understanding of these problems is very 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, a definition that encompasses joblessness and the holding of low-quality jobs. Various specific measures used to determine this disadvantage 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 problem:

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

Two additional indicators were constructed to shed light on the nature of youth unemployment:

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

These indicators reflect only a narrow aspect of youth labor-market disadvantage. They take into account neither the number of discouraged young people who are no longer looking for a formal job, nor the number of idle youth who are neither employed nor in school. They also 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 “relaxed” ILO unemployment rate, which includes unemployed youth who are not searching for work because they are discouraged.
8. The neither employed nor in school ratio, which is the proportion of young people who are not in school and do not hold jobs, whether or not they are looking for jobs.
9. The proportion of youth not in school and not in the labor force, which measures the proportion of jobless youth who are not in school and not looking for a job.

Forced underemployment is another important aspect of overall youth employment, but because of data limitations and problems of interpretation, no measures of underemployment are reported here.<sup>7</sup>

**Youth labor-market disadvantage as the holding of low-quality jobs.** In this report, low-quality jobs refer to jobs that violate core labor standards usually associated with a formal labor contract, such as pension fund contributions, health and disability insurance, freedom of association, and effective recognition of the right to collective bargaining. In practical terms, there is no easy way to measure low-quality employment. An imperfect proxy indicator was constructed for this study, which is the proportion of wage-employed youth who either have no written contract or receive no social security contributions. This indicator was chosen because youth in such jobs, even if well paid, are exposed to greater vulnerability in the labor market, as they do not enjoy the protection of a labor code and are not protected adequately against the risks of poor health and old age.

## Daunting Employment Prospects

Whichever indicators are used, the employment prospects of young people in SEE remain daunting. This section documents the extent of youth unemployment in the sub-region and discusses youth discouragement, 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 3. Although LFS and LSMS data provide estimates that are not necessarily identical,<sup>8</sup> the data jointly confirm that youth unemployment is a serious problem in SEE. **In approximately 2001, youth unemployment rates in SEE were very high by EU standards, averaging 38.6 percent (for 7 economies) according to LFS data, and 31.2 percent (for 6 economies) according to LSMS data.** By comparison, LFS data for the same period estimated youth unemployment in the EU at 14.9 percent. Table 3 also shows large disparities within SEE: the LFS-based unemployment rate ranges from 16.2 percent in Moldova to 69.2 percent in Kosovo.<sup>9</sup> The highest absolute youth unemployment rates were observed in Bulgaria, Croatia, Kosovo, and Macedonia.

The high youth-to-adult unemployment ratios shown in table 3 are troubling and indicate the strong disadvantage of youth relative to adults. **Youth unemployment rates in SEE were two to four times higher than adult rates.** This disadvantage was particularly pronounced in Bosnia-Herzegovina, Croatia, Romania, Serbia, and Slovenia. However, in Romania and Slovenia, the absolute share of unemployed young people was among the lowest in SEE. 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 sub-region regarding 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 neighboring countries such as Bulgaria, less than 17 percent of unemployed youth was in this category. **Throughout SEE, the vast majority of unemployed youth had no work experience at all.**

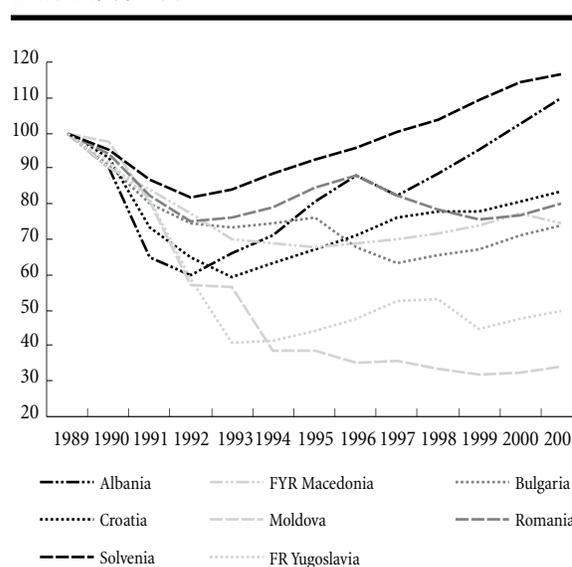
The various indicators above point to the gravity of youth unemployment in SEE more than a decade after the beginning of the transition. An important question is: How has the situation evolved in recent years? Economic reforms in the region often demanded short-term sacrifice, but were intended to create new job opportunities and growth in the long 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 and then improve with the return of economic growth?

**The degree to which countries in South Eastern Europe have recovered from the initial transition shocks diverges sharply** (see figure 10). By the end of 2001, only Albania and Slovenia had managed to exceed their respective pre-transition GDP levels. In Bulgaria, Croatia, and FYR Macedonia, despite continuous economic growth throughout almost the entire 1997–2001 period, GDP levels were approximately 70 to 80 percent of pre-transition levels. In Romania, economic growth has been lumpy; it reached a peak in 1996, when GDP was approximately 90 percent of the 1989 level, followed by a decline. By 2001, GDP in Romania was down to 80 percent of the 1989 level. The situation in Moldova and FR Yugoslavia has been far worse. Both countries experienced one of the biggest initial falls in output in SEE: GDP levels in Moldova and FR Yugoslavia in 2001 stood, respectively, at approximately only 30 and 50 percent of their 1989 levels.

The impact of these overall macroeconomic developments on youth labor markets is illustrated in table 4, which shows trends in youth unemployment rates in selected SEE economies for the period 1990–2001. In Macedonia, where pre-transition youth unemployment was already very high, employment prospects of youth apparently remained particularly difficult until 1997, but improved slightly thereafter with the return of economic growth. Nevertheless, youth unemployment rates in Macedonia were among the highest in SEE in 2001. Despite continued economic growth since 1997, the labor-market situation of youth in Bulgaria continued to deteriorate: youth unemployment rose from 32 percent in 1998 to 38 percent in 2001.<sup>10</sup> In Slovenia, youth unemployment rates have remained almost unchanged since 1997 (approximately 18 percent), despite strong economic growth. In Romania, weak economic growth went hand in hand with stagnation in youth unemployment.

The ratio of the youth-to-adult unemployment rate also diverges sharply among SEE economies. **In recent years, the employment position of young people relative to adults improved in Bulgaria and Macedonia, but remained unchanged in Romania and even deteriorated in Slovenia** (see table 5).

**Figure 10. Real GDP growth in SEE, 1989–2001, Index: 1989=100**



Source: UNICEF, 2000, *Young People in Changing Societies: The Monee Project*.

**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
<b>Labor Force Surveys</b>										
Unemployment rate (%)	–	–	19.4	15.3	41.2	30.5	7.3	6.4	–	6.4
Youth unemployment rate (%)	–	–	38.4	41.1	69.2	56.1	16.2	18.4	–	18.1
Teenagers aged 15–19, unemployment rate (%)	–	–	58.8	–	79.8	57.5	19.0	24.7	–	24.2
Young adults 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
<b>Living Standard Measurement Surveys</b>										
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	–
Teenagers aged 15–19, unemployment rate (%)	12.7	64.3	78.4	–	23.5	–	–	20.5	43.3	–
Young adults aged 20–24, unemployment rate (%)	14.7	39.3	46.7	–	26.1	–	–	17.2	31.0	–
Ratio of youth unemployment rate to 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. The GDP figure for Kosovo is preliminary and based on unofficial estimates. LFS surveys were conducted in June 2001 for Bulgaria, November 2001 for Croatia, October 2001 for Macedonia, and December 2001 for Kosovo and Romania; a 2001 annual average was used for Moldova and Slovenia. LSMS–type surveys were conducted in April–July 2002 for Albania, September–November 2001 for Bosnia–Herzegovina, April–May 2001, for Bulgaria, September–December 2000 for Kosovo, June 2002 for Romania, June–August 2002 for Serbia.

**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 <sup>a</sup>	4.7	–	–	–	–	26.3	–	–	–	–	–	–
	Labor Force Survey <sup>b</sup>	–	–	–	–	–	–	–	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 <sup>c</sup>	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 defined as ages 16–29, adults as 30+.

b. Youth defined as ages 16–24 in 1997–99.

c. Youth defined as ages 15–25.

Sources: ILO, 1990–2000, Key Indicators of the Labor Market (KILM) World Bank, 2001, staff calculation. World Bank estimates for FYR Macedonia based on LFS survey for 1996–2001.

**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 <sup>a</sup>	5.1	–	–	–	–	–	–	–	–	–	–	–
	Labor Force Survey <sup>b</sup>	–	–	–	–	–	–	–	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 <sup>c</sup>	–	–	–	–	–	3.3	4.2	4.7	4.3	3.8	–	3.9
Slovenia	Employment registry <sup>d</sup>	4.9	–	–	8.3	5.0	–	–	–	–	–	–	–
	Unknown <sup>e</sup>	–	–	–	–	–	3.3	3.4	–	–	–	–	–
	Labor Force Survey	–	–	–	–	–	–	–	3.2	3.1	3.1	–	3.7

Notes: a. Youth defined as 16–29, adults as 30+.

b. Youth defined as 16–24, and adults as 25–59 for males and 25–54 for females in 1997–99.

c. Adults defined as 25–59 in 1995–1996.

d. Youth defined as 15–25.

e. Adults defined as 25–54.

Sources: ILO, 1990–2000 Key Indicators of the Labor Market (KILM); and World Bank, 2001, staff calculation, except FYR Macedonia, for which World Bank estimates are based on LFS survey data for 1996–2001.

The employment situation of youth that emerges from LFS data contrasts with administrative data from national employment offices, which show a reduction in the share of registered unemployed young people in all SEE economies, with the exception of Albania and Moldova (see figure 11). Data from employment registries, however, must be treated with great care. The differences observed between countries and within countries over time are sensitive to incentives to register, which vary according to national legislation and may change over time. Actual youth unemployment is thus often higher than the rate shown by employment registry data.

#### *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.**<sup>11</sup> 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 ILO unemployment raises the regional average youth unemployment rate from 31.2 percent (strict rate) to 41 percent (relaxed rate).<sup>12</sup> 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.<sup>13</sup>

Table 6 also shows the large proportion of idle youth, as measured by the share of the youth population neither in school nor employed. In approximately 2001, while the proportion of overall ILO-unemployed youth averaged 10.4 percent in the sub-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 were neither employed nor in school.

**A large majority of these jobless and out-of-school youths were not looking for jobs.** This group warrants special attention. **Often, they are engaged in the gray economy, which means that they are not protected by satisfactory working conditions, occupational safety standards, or benefits (for illness, job loss, or retirement).** There is also the risk that idle youth will be pulled into the illicit economy, including the sex and drug industries.

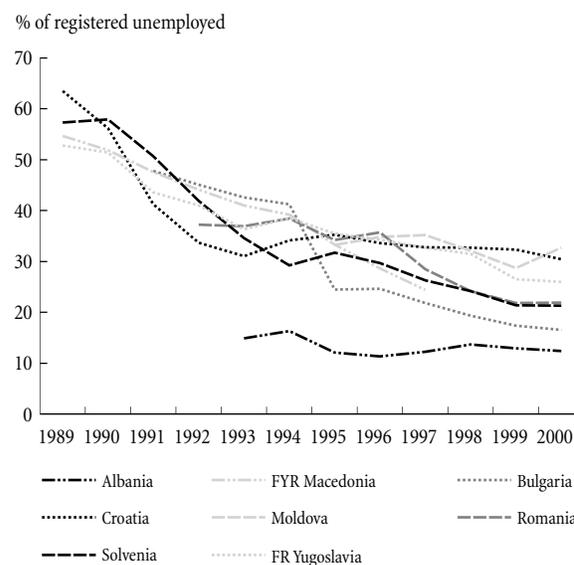
#### *Large incidence of low-quality jobs*

**A large number of young people in SEE are working in unprotected environments, deprived of basic employment rights and entitlements, and thus vulnerable to exploitation.** Low-quality employment may include jobs that may provide a relatively high salary, but do not provide health, pension, or unemployment insurance. It also includes uncounted jobs in the gray economy that do not offer written contracts. There are no good data on job quality in SEE, as many jobs in the non-recorded economy are not captured in survey data, but the evidence in table 7 indicates that, in Albania, Bosnia-Herzegovina, and Bulgaria, a very large proportion of the wage employed was in low-quality jobs in approximately 2001. The incidence of low-quality employment was much higher among young people than among adults.

#### *Unequal risk of joblessness*

Although the sub-region lacks decent work opportunities for youth, not all youth in SEE face the same risk of being jobless. 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 school, disaggregated by gender, education, location, Roma youth, and youth with

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



Source: UNICEF, 2000, *Young People in Changing Societies: The Monee Project*.

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

		Albania	Bosnia-Herzegovina	Bulgaria	Kosovo	Romania	Serbia
<b>Living Standard Measurement Surveys</b>							
ILO "strict" youth unemployment rate (%)	<b>Regional average 31.2</b>	13.7	44.6	52.4	25.2	17.9	33.6
Teenagers aged 15–19, ILO "strict" unemployment rate (%)		12.7	64.3	78.4	23.5	20.5	43.2
Young adults 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
Teenagers aged 15–19, ILO "relaxed" unemployment rate (%)		27.2	82.6	82.1	37.9	20.8	56.5
Young adults 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
Teenagers aged 15–19 unemployment ratio (%)		4.9	6.2	11.8	4.7	3.4	6.2
Young adults aged 20–24 unemployment ratio (%)		7.1	14.5	28.5	10.9	10.2	15.6
Youth neither in school, nor employed (%)	<b>Regional average 35.6</b>	41.6	42.3	43.3	46.0	19.0	21.7
Teenagers aged 15–19 neither in school, nor employed (%)		32.7	28.8	32.6	35.6	12.3	12.9
Young adults aged 20–24 neither in school, nor employed (%)		52.7	55.8	52.8	57.7	26.0	30.0
Youth neither in school, 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 Surveys. LSMS-type surveys conducted in April–July 2002 for Albania, September–November 2001 for Bosnia-Herzegovina, April–2001 for Bulgaria, September–December 2000 for Kosovo, June 2002 for Romania, and June–August 2002 for Serbia.

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

	Albania	Bosnia-Herzegovina	Bulgaria	Romania	Serbia
<b>Youth</b>					
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
<b>Adults</b>					
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 is based on Living Standard Measurement Surveys. LSMS-type surveys conducted in April–July 2002 for Albania, September–November 2001 for Bosnia-Herzegovina, April–May 2001 for Bulgaria, September–December 2000 for Kosovo, June 2002 for Romania, and June–August 2002 for Serbia.

disabilities. In general, LFS and LSMS data provide different absolute estimates of youth unemployment by socioeconomic characteristic, but the overall profile of vulnerable youth appears to be consistent across the two surveys, except for Kosovo and Romania.

As can be seen in table 8, 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 lesser extent, in Croatia and Slovenia (LFS data). Higher unemployment among young men does not seem to hide a greater inactivity among young women. Table 9 shows that, with the exception of Kosovo, there is a greater proportion of young men than young women in SEE who are neither employed nor in school.

It also appears that youth with little education have lower employability (see table 9), although not necessarily a lower incidence of ILO unemployment (see table 8). On the other hand, **the positive returns of education in terms of employment is not observed in all SEE economies. Only in Bosnia-Herzegovina, Bulgaria, and Serbia, for example, does a greater level of education show lower ILO unemployment.**

With respect to gender, table 8 shows that in most countries, more young men than women were ILO unemployed. The table also shows an important unemployment rate differential between the least and the most educated in most countries (LFS and LSMS data). 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 youth. In Albania, youth with higher education have the lowest incidence of being ILO unemployed or idle, but youth with secondary education have higher unemployment rates and higher out-of-school/out-of-work ratios than those

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

	ALB	BiH	BUL	CRO	KOS	MAC	MOL	ROM	SER	SLO
<b>Labor Force Surveys</b>										
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
<b>Living Standard Measurement Surveys</b>										
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 surveys conducted in June 2001 for Bulgaria, November 2001 for Croatia, October 2001 for Macedonia, and December 2001 for Kosovo and Romania; a 2001 annual average was used for Moldova and Slovenia. LSMS-type surveys conducted in April–July 2002 for Albania, September–November 2001 for Bosnia-Herzegovina, April–May 2001 for Bulgaria, September–December 2000 for Kosovo, June 2002 for Romania, and June–August 2002 for Serbia.

with primary education or less (see LSMS data in tables 8 and 9). In Romania and Serbia, the share of out-of-school/out-of-work youth among the most educated is not statistically different from that among least educated youth (see table 9).

A higher incidence of ILO unemployment among highly educated young people can indicate a higher reservation wage, as well as a greater capacity remain unemployed, since better-educated youth often belong to better-off families. However, when the higher incidence of ILO unemployment is combined with a relatively high incidence of idleness among highly educated youth, as in Romania (see tables 8 and 9), it can reflect a mismatch in the labor market: an excessive supply of highly educated youth labor relative to actual demand. **In some SEE economies, there has indeed been a growing gap between expectations and locally available opportunities, a trend particularly pronounced for highly educated youths.**

**Differences across SEE in unemployment by education level are much more significant for the least educated than 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-level 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, the imbalances point to the high vulnerability of youth with little education, who may be unable to take advantage of the global economy.

**There also are large disparities in the unemployment rate by geographic location. In general, a higher incidence of youth unemployment occurs in urban areas and a greater incidence of youth idleness in rural areas.** Of the 5 economies in the sub-region for which disaggregated youth unemployment data were available, higher urban youth unemployment rates were observed in 3 (see table 8, LSMS data). Only in Bulgaria was the youth unemployment rate significantly 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.<sup>14</sup>

Looking at youth idleness, the data show that rural youth are at a higher risk of idleness, except in Albania. **The proportion of urban youth who are neither employed nor in school is, however, very high in SEE, indicating that idleness and discouragement is 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 holds for youth idleness, comes as no surprise. Employment opportunities outside of agriculture for youth in rural areas of SEE are very limited, much more so than in urban areas. As a result, more youth become discouraged and give up looking for jobs.

**Table 9. Share of youth in SEE neither in school nor employed, by selected socioeconomic characteristic, approximately 2001 (percentages)**

	Albania	Bosnia-Herzegovina	Bulgaria	Kosovo	Romania	Serbia
<b>Living Standard Measurement Surveys</b>						
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 surveys conducted in April–July 2002 for Albania, September–November 2001 for Bosnia-Herzegovina, April–May 2001 for Bulgaria, September–December 2000 for Kosovo, and June 2002 for Romania.

No systematic information is available on employment outcomes of youths from ethnic minorities, but there are indications that certain ethnic minorities may be at a disadvantage in securing employment. One group that faces specific difficulties in several SEE economies is Roma youth. The incidence of youth unemployment was much greater among Roma youth in Bulgaria and Kosovo, but lower in Albania and Romania (LSMS data, table 6). For Romania, LSMS data regarding Roma unemployment rates are at odds with that of the LFS and the Yale cross-country household surveys,<sup>15</sup> which found a higher incidence of unemployment among Roma than non-Roma.<sup>16</sup>

The evidence presented in table 9 also points to a higher incidence of youth idleness among Roma youth, with the exception of Albania. Even in Romania, while LSMS data show a lower incidence of ILO unemployment among Roma youth, a much higher proportion of Roma youth were neither in school nor employed. 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 of youth with disabilities in the labor market of SEE. In three SEE economies where data was available, the proportion of young people out of school and not employed was highest among youth with disabilities (see table 9). (Young people with disabilities were often underrepresented among the ILO unemployed shown in table 8, either because they were not looking for work or had lost any hope of finding a job.)

## Difficulty in Entry into the Labor Market

This section discusses how a difficult entry into working life affects youth in terms of the welfare repercussions of youth joblessness. It also reviews a number of social outcomes of this problem, correlated to the ways in which youth respond to employment difficulties.

### *Welfare repercussions of youth joblessness*

Poverty in its multidimensional aspects is both a determinant and cause of youth unemployment and idleness. Data in this subsection demonstrates youth joblessness in the sub-region has resulted in greater income poverty and contributes to the erosion of human and social capital. The way in which poverty acts as an obstacle to participation in the workforce is explored 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.<sup>17</sup> Less is known, however, about the welfare repercussions of youth unemployment, discouragement, and idleness. Figure 12 shows the relative risk of poverty as it relates to different youth labor-market outcomes, based on LSMS data for six SEE economies. **The data confirm that the lack of a job is a strong correlate of poverty in SEE, but also show large heterogeneity in the extent to which joblessness affects the relative risk of poverty.** For instance, compared to the employed, the relative position of 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 are not usually captured in unemployment data. **In Bosnia-Herzegovina, Kosovo, and Romania, the relative poverty rates of idle youth (neither employed nor in school) and discouraged youth (relaxed ILO unemployed) were higher than the poverty rates observed among ILO unemployed youth.** Only in Albania was the relative poverty risk higher for ILO unemployed youth than for discouraged and idle youth. In Bulgaria and Serbia, the relative poverty risk was almost identical for ILO unemployed and discouraged and idle youth.

In addition to the immediate welfare repercussions of youth unemployment, there is a long-term impact of unemployment and informal jobholding. Lack of panel data on the entire life cycle of individuals in SEE prevents rigorous analysis of the long-term poverty impact of youth joblessness in the sub-region. **Given the large number of youth in the region who do not presently contribute to national social security systems, there is a high risk that these individuals will become poor during old age. 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 has a deleterious impact on human and social capital: it can decrease self-esteem and contribute to isolation.<sup>18</sup>

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 stress.<sup>19</sup> Evidence around the world also shows that early unemployment in a person's life may permanently impair his or her future employability in decent jobs.<sup>20</sup>

### Social and economic outcomes related to youth responses

Besides its direct welfare repercussions, a poor start in the work world influences youth behaviors in a number of ways. While certain youth responses to employment problems may be viewed as neutral or positive from a social point of view (e.g., delayed entry into the labor force), others produce both positive and negative externalities (e.g., labor migration, informalization), and still others are completely undesirable (e.g., human trafficking, risky behaviors).

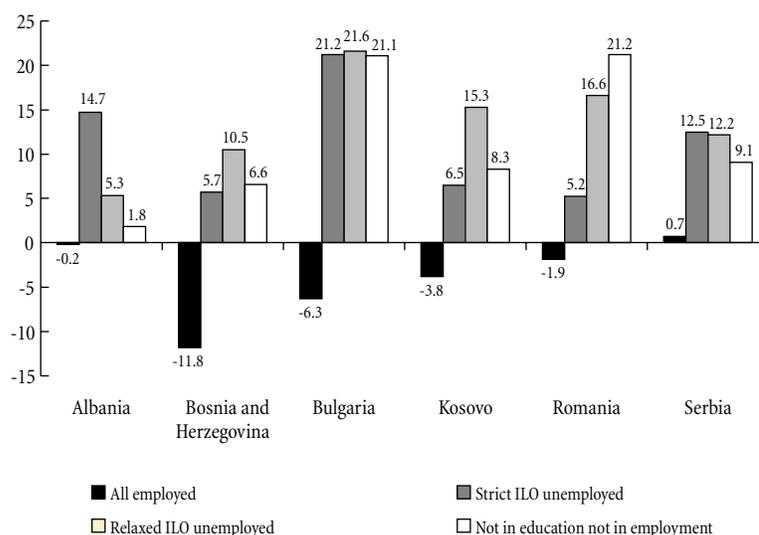
### Delayed entry into the labor market.

Youth demonstrate specific supply responsiveness to the difficult situation in the labor market. Staying in school longer delays entry into the labor market and (hopefully) increases the chance of finding a job. Indeed, in Bulgaria, Croatia, Romania, and Slovenia, enrollments in institutions of higher education have increased tremendously between 1989 and 2000 (see figure 13). Nevertheless, these figures should be treated with relative caution. Young people in SEE enroll or stay in higher education in order to enjoy certain social benefits which comes with the student status. In other words, young people use school enrolment as a buffer zone; they keep enjoying the benefits while they work a part-time job, look for a full-time job or plan their next move. This is one of the reasons why there is a huge discrepancy between the number of young people that enroll in university education and young people who finish university education (in some countries this ratio is 5 to 1).

The lower risk of unemployment among highly educated persons observed in Bulgaria (see table 8) indicates that acquiring more education can be a viable strategy for youth in this country and is likely to pay off in the medium term. In fact, the position of young people relative to adults has improved in Bulgaria, possibly because youth are getting more education than their parents. In Romania and Slovenia, however, unemployment was not lower for the most educated. The increase in higher education enrollments in these countries has not translated into any visible improvement in the employment prospects of youth. Higher enrollments may even have had a perverse effect by aggravating the local mismatch between the supply of and demand for young people with tertiary education.

Disadvantaged youth in the sub-region—youth from poor families, with disabilities, and from certain minority groups—may not be able to adopt such socially desirable supply responses. These groups experience the greatest difficulty in completing education at all levels, even primary school.<sup>21</sup>

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



*Note:* Relative poverty line defined as bottom quintile of household consumption per capita, except for Romania, where per capita income was used. Relative poverty risk defined as the 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. Surveys conducted in April–July 2002 for Albania, September–November 2001 for Bosnia-Herzegovina, April–May 2001 for Bulgaria, September–December 2000 for Kosovo, June 2002 for Romania, and June–August 2002 for Serbia.

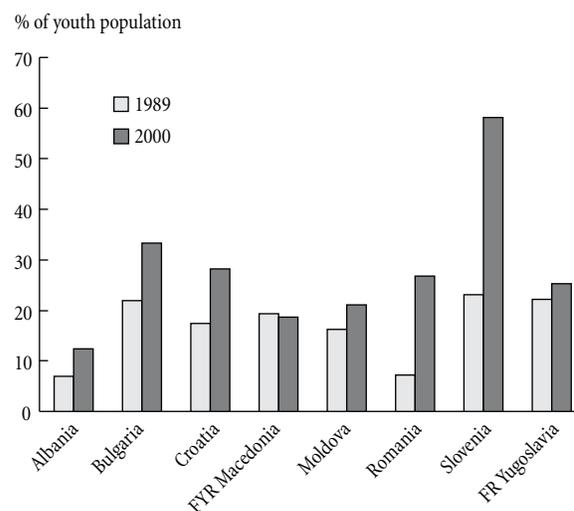
**Informalization. Unemployment and poverty in transition economies in the sub-region have been instrumental in the development of a large informal sector.**<sup>22</sup> Other factors contributing to the growth of the informal economy include a relatively high tax wedge and a weak capacity to enforce labor laws in the region. Evidence from Romania, for example, shows that low income was an important determinant of participation in the informal economy.<sup>23</sup> In Russia, the decision to work in the informal sector in the late 1990s was largely driven by unemployment.<sup>24</sup> Informal activities appear to have acted as a safety valve for many jobless youth who—contrary to adults—were less likely to be eligible for unemployment benefits and had no other sources of income on which they could rely. As a coping mechanism, however, informal jobholding has limitations at both the micro and macro levels.

**At the micro level, evidence indicates that working in the informal sector often mitigates, but does not necessarily prevent, income poverty.** In Kosovo, for instance, informal job-holding and income poverty were not strong correlates.<sup>25</sup> In contrast, non-contract wage employment in Bulgaria was associated with a higher risk of income poverty than contract employment; to a large extent, the welfare repercussion of informal wage employment in Bulgaria was similar to that of being unemployed.<sup>26</sup> In Bosnia-Herzegovina, a World Bank poverty assessment found lower poverty rates among informal jobholders than among the jobless, but concluded that informal sector work offered a much smaller reduction in poverty than formal employment.<sup>27</sup> **In Serbia and Montenegro, for example, workers employed in the informal sector had a high incidence of poverty.**<sup>28</sup>

Youth in Serbia and Montenegro are often employed in student and youth cooperatives which provide services to employers on short-term contract. Employment in such cooperatives is part-time and temporary (usually seasonal<sup>29</sup>), with a duration of one to two months. Students must first become a member of the cooperative, usually without paying a required fee. When a job is found, the company, the cooperative, and the student sign a trilateral contract. The cooperative's commission, paid by the company, is approximately 22 percent of the student's salary.<sup>30</sup> A similar system exists in Croatia, although the cooperative's commission is relatively lower at 12% (16%, if pension security is included). This is much lower than the official tax for any part-time or full-time employment in Croatia. When costs of benefits for employees are added up, the cost to employers increase significantly. Employers therefore prefer to employ students because their costs to the company are much lower in terms of social, health and pension benefits. Young people working in such jobs are vulnerable to abuse and discrimination, as seen in the comment of a student employment association director, who noted that Roma youth “perform all sorts of jobs related to cleaning 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.”<sup>31</sup>

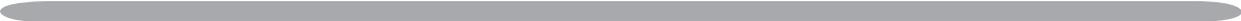
There are often gender differences in informal labor-market activities as well. Economic sanctions against the Federal Republic of Yugoslavia during the Milosevic regime created opportunities for a range of smuggling, but anecdotal evidence suggests that young men were most active in this sphere. At the same time, young men in Serbia attempted to avoid military service by failing to obtain documentation, thus limiting their job opportunities to the informal economy. Findings from Bosnia-Herzegovina suggest that work in unregistered cafes is often done by young women, who are vulnerable to sexual harassment without recourse.<sup>32</sup>

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



Note: Data reflect gross percentage rates of the population aged 19–24.

Source: UNICEF, 2000, *Young People in Changing Societies: The Monee Project*.



**At a macro level, the development of a large informal labor market in SEE has a strong negative impact on the ability of states to collect taxes and finance the provision of essential basic public services.** Poor working conditions also may reduce labor productivity and affect growth in a negative way. OECD countries are expressing growing interest in quantifying the costs of work-related injury and disease at the national level. Available estimates indicate that the total cost of occupational illness and injury in the countries of Western Europe and the United States in the early 1990s was in the range of 2 to 6 percent of gross domestic product (GDP).<sup>33</sup> Unfortunately, no such estimates are yet available for transition countries.

## Barriers To Youth Participation in the SEE Workforce

This chapter discusses and, to the extent possible, tests a number of hypotheses regarding determinants of youth unemployment and idleness in SEE, as well as key factors that explain differences in absolute and relative youth unemployment across SEE economies. It also reviews barriers to youth participation in the workforce in SEE, such as corruption, ineligibility for unemployment compensation, lack of access to credit, labor migration, and human trafficking.

### Demand-side Factors

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

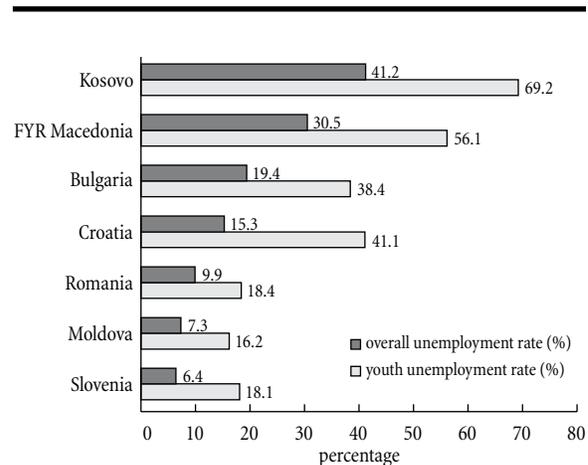
#### *Level of aggregate demand and economic output*

**The higher the overall unemployment rate in the sub-region, the higher the youth unemployment**, net of other factors, multivariate analysis was used to estimate the probability of being unemployed in six SEE economies, using LSMS data and Probit models.<sup>1</sup> The results showed that, in all six SEE economies for which recent LSMS data was available, regional unemployment had a huge impact on the probability of youth being unemployed. This result confirms evidence from other areas of the world that the overall level of labor demand is an important determinant of youth unemployment in a region.<sup>2</sup> It further indicates that **some of the differences in youth unemployment observed across SEE can be explained by differences in aggregate labor demand.** The solution to youth unemployment is thus very much driven by the international economic context and the effectiveness of chosen national macro and regional policies in promoting sustainable growth and the creation of viable jobs

Figure 15 further illustrates the importance of growth for tackling the problems of both youth and overall unemployment. The figure shows the links between GDP per capita and youth unemployment rates for seven SEE economies. In general, higher economic activity in an economy correlates with lower youth unemployment. Nonetheless, certain countries, such as Bulgaria and Romania, have similar levels of output, but very different absolute and relative youth unemployment rates.

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 factors other than aggregate unemployment contribute to a significant youth disadvantage in the sub-region. International evidence shows that youth are more sensitive than adults to aggregate labor demand, but are not equally affected by

**Figure 14. Sensitivity of youth unemployment to overall unemployment in SEE, 2001 (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 used for Moldova and Slovenia.

changes in aggregate demand and overall macroeconomic developments in industrialized countries. As new entrants to the job market, young people often lack the specific training or seniority that buffers older workers from swings in market conditions; these factors often make them more vulnerable than adults to economic recession.<sup>3</sup> **In SEE, demand-side barriers to youth inclusion in the labor market include low incentives for employers to hire first-job seekers and a lack of mechanisms to give young graduates exposure to the work world.**

With respect to other economic factors in SEE, there is no evidence that:

- enterprise restructuring and privatization has had a negative impact on youth employment, but evidence indicates that development of service sector employment has had a positive impact,
- youth in the most deregulated labor markets in SEE experience better labor market outcomes,
- high relative wages for young entrants, possibly resulting from minimum wage regulations or wage floors set by collective agreements, explain observed differences in relative youth unemployment rates in the sub-region, or that
- employment protection legislation in SEE is more protective than that of EU countries, suggesting that labor market inflexibility in the sub-region is not a major factor in higher youth unemployment.

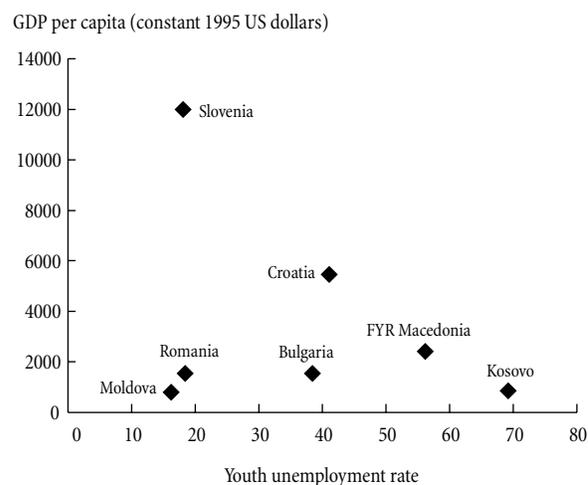
## Supply-side Factors

A major obstacle to the employability of young people in decent jobs is the poor quality and/or lack of skills possessed by new labor-market entrants. These deficiencies are common among youth in countries where the education system performs poorly and affect youth from poor socioeconomic backgrounds and unfavorable home environments, youth with disabilities, and youth certain ethnic minorities (such as the Roma youth) more severely. Roma youth in particular face multiple barriers to access, continue, and succeed in education. For this study, the marginal effects of schooling net of other factors were estimated separately for youth and adults, based on an estimation of Probit models of the probability of being ILO unemployed.<sup>4</sup>

As demonstrated in chapter 3, **schooling does not necessarily reduce young people's risk of being unemployed, but it seems to reduce the risk of being idle and to prevent discouragement.** In Bulgaria and Romania, while higher schooling did not reduce ILO unemployment for youth, it did reduce the probability of being out of work (see tables 8 and 9). This confirms that, although education is not the only determinant of labor-market outcomes—which depend very much on the relative supply and demand for specific skills—it is an important factor.

Disparities in the quality of education in South Eastern Europe exist, as measured by learning outcomes. For instance, the 2002 UNICEF *Social Monitor Report* revealed great heterogeneity in mathematics and sciences knowledge in the sub-region. According to the data analyzed in the report, of the five SEE economies included in a 1999 mathematics test, two (Bulgaria, Slovenia) had a proportion of students with scores above the median international benchmark, that is, above the proportion in Italy and the United States, and three (FYR Macedonia, Moldova, Romania) scored significantly less than the median.<sup>5</sup>

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



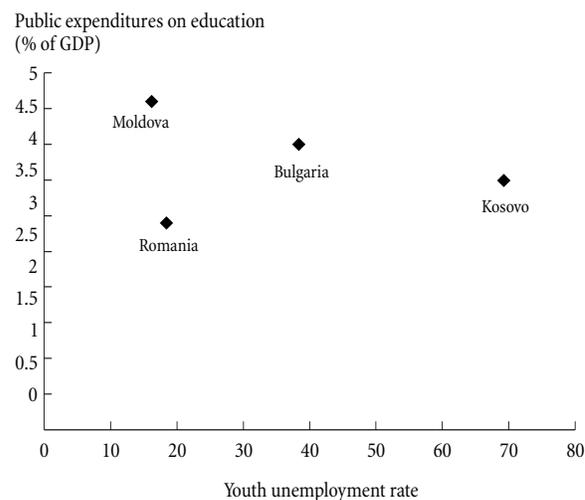
Note: Value for Kosovo GDP per capita based on Bank staff estimates.

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 used for Moldova and Slovenia. 2001 GDP figures based on World Bank Live Databases.

Evidence from public finance data shows that underfunding of education is a crucial problem in the region, although it is more acute in some economies than others.<sup>6</sup> Not only can inadequate investment in education jeopardize the overall quality of skills obtained by labor-market entrants, it can also threaten equitable access to education by forcing households to bear an increasing proportion of the costs of schooling, thus excluding the poorest. **Large inequalities in youth labor-market outcomes begin with large disparities in access to education by income level, disability status, and ethnicity, disparities that are well documented in the sub-region.**

One question raised by the disparity in public expenditures on education observed across countries in SEE is whether this disparity is a reason for differences in youth employment outcomes. To shed light on these issues, it is useful to plot the relative youth unemployment rates against public expenditures on education as a percentage of GDP in the sub-region. Figure 16 plots these values for the four SEE economies for which data were available, but shows no apparent relationship between public spending on education and respective absolute youth unemployment rates. The small sample size makes these findings tentative. Nevertheless, they may indicate that what matters for the quality of education and youth employability is not simply overall educational spending, but also the efficiency of this spending, which is not captured in public finance data.

**Figure 16. Public expenditures on education and absolute youth unemployment rate in selected SEE countries, 2001**



Note: Youth defined as persons aged 15–24.

Sources: World Bank staff estimates based on Labor Force Surveys. LFS conducted in June 2001 for Bulgaria, and December 2001 for Kosovo and Romania; an annual average of quarterly data was used for Moldova. UNICEF MONEE Project database provided public expenditure data, except for Kosovo; which is provided by World Bank, 2003, Public Expenditure Review.

## 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 survey respondents in Central and Eastern Europe judged “knowing the right people” and “coming from a wealthy family” much more important to getting ahead than respondents in Western countries.<sup>7</sup>

Available LSMS data for five SEE economies further confirm the importance of family and friends for finding 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 (see table 10).

While employment services should ideally disseminate useful information to first-job seekers, this does not seem to be the case. Moreover, employment offices often lack funding for training programs, and their job search strategies are both 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 the access of young people to the labor market, particularly that of disadvantaged youth.

**Table 10. Role of friends and relatives versus employment offices in youth job searches, 2001 and 2002 (percentages)**

	Albania	Bosnia-Herzegovina	Bulgaria	Romania	Serbia
<b>Living Standard Measurement Surveys (year varies)</b>					
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 surveys conducted in April–July 2002 for Albania, September–November 2001 for Bosnia-Herzegovina, April–May 2001 for Bulgaria, June 2002 for Romania, and June–August 2002 for Serbia and Montenegro.

## Unemployment Compensation Systems and Work Incentives

Generous unemployment benefits tend to raise the level and duration of unemployment, but they can also facilitate labor relocation and reduce entry into low-quality jobs by improving the quality of job searches.<sup>8</sup> **In SEE, however, youth are usually not eligible for unemployment benefits because of their lack of formal work experience** or, in Kosovo, because of the absence of an unemployment compensation system. Indeed, evidence from LSMS data for five SEE economies in which unemployment compensation systems exist show that only a small proportion of ILO unemployed young people actually receive unemployment benefits. **The data also reveal that fewer unemployed youth than adults receive benefits** (see table 11). This discrepancy indicates that high absolute and relative youth unemployment rates in the sub-region hardly can be imputed to unemployment compensation systems. Among the few recipients of unemployment benefits, however, benefit levels may be an issue.<sup>9</sup>

**Table 11. Youth and adults receiving unemployment benefits in selected SEE economies, in years 2000–2003 (percentage of total unemployed)**

	Albania	Bosnia-Herzegovina	Bulgaria	Romania	Serbia
<b>Living Standard Measurement Surveys (year varies)</b>					
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 2001 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 in SEE compared with that of adults is that youth face more difficulties in starting and expanding businesses.** Self-employment is increasingly identified as a fairly successful route to exit unemployment, but not necessarily low-paid work.<sup>10</sup> The lower incidence of self-employment among youth in SEE is depicted in figure 17. Clearly, the figure points to the existence of specific barriers to youth entrepreneurship. Barriers to youth entrepreneurship are usually a combination of lack of experience and business skills; difficulty in securing adequate start-up funds; lack of space; and more limited access to information, established business networks, and contacts.

In particular, young entrepreneurs often face substantial difficulties in securing adequate business capital due to lack of business experience, absence of sufficient collateral, and a bank bias against younger borrowers. Shortage of

capital can kill many good business ideas. When young entrepreneurs do win financial backing, it is often insufficient, leading to undercapitalization that threatens business viability. Liquidity constraints are a strong impediment to self-employment in transition countries, where evidence shows that both pre-transition income and the receipt of property through restitution are major correlates of the probability of self-employment.<sup>11</sup>

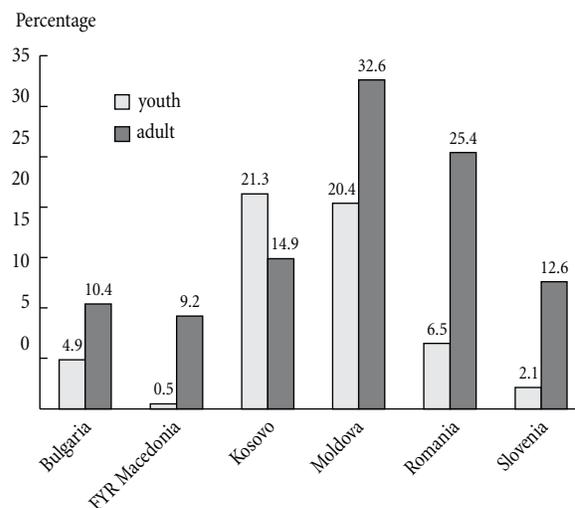
## Labor Migration and Brain Drain

**Given increased unemployment and lack of economic opportunity in SEE, greater international labor migration, in particular to the EU, has been an expected outcome of transition.** Monitoring migration flows in the region has been difficult due to the lack of accurate data, but many observers agree that the number of people migrating from Eastern Europe to the West has fallen significantly since the beginning of the 1990s, when economic growth and political stabilization began to take hold in 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, clandestine employment, and human trafficking. 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.

According to official data, emigration from Bulgaria and Romania has been the most significant since 1989 (see figure 18). However, the true level of emigration is probably much greater than that indicated by official figures, since people leaving a country are requested but not required to report their departures. In Moldova, the 2003 official showed that 234,000 individual citizens were working abroad, but unofficial estimates put the number between 600,000 and 1,000,000.<sup>12</sup> Moreover, many observers agree that, while permanent emigration is declining, temporary migration of workers for seasonal, cross-border, individual, or contract-based employment has grown in importance, although it is very difficult to record.

Increased mobility is often viewed as a positive outcome that enables young people and their households to exit unemployment and poverty through work abroad (and for those who remain at home, through private remittances). In Kosovo, for instance, it is estimated that private remittances from Kosovo Albanians abroad have become one of the pri-

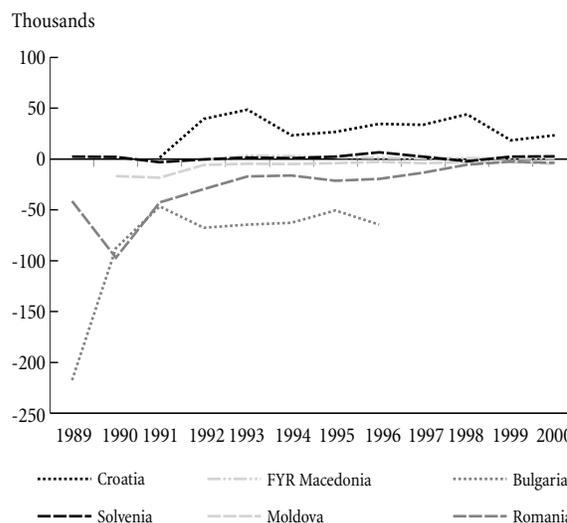
**Figure 17. Share of self-employment in total employment in SEE, 2001 (percentages)**



Note: Youth defined as persons aged 15–24; adults defined as persons aged 25 and above, except for Macedonia, where adults are defined as aged 15 and above.

Source: World Bank staff estimates based on Labor Force Surveys. LFS conducted in June 2001 for Bulgaria, October 2001 for Macedonia, and December 2001 for Kosovo and Romania; a 2001 average was used for Slovenia.

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



Source: UNICEF, 2000, Young People in Changing Societies: The Monee Project.

mary source of income for the province, accounting for 43 percent of GDP.<sup>13</sup> Upon their return home, even for short-term stays, migrants bring international exposure and new ideas and thus also contribute to social development.

Labor migration also has negative aspects. On the economic front, recent empirical studies relying on longitudinal data point to a negative effect of remittances on economic growth.<sup>14</sup> And, while low-qualified migrants are usually part of short-term and seasonal migration, highly qualified workers are prone to long-term or permanent migration, translating into what is usually called a “brain-drain.” Labor migration is considered to constitute “brain drain” if there is significant outflow of the highly educated population, followed by adverse economic consequences.<sup>15</sup> Two groups of skilled migrants typically constitute this phenomenon: (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. Brain-drain implies that the money invested in education sector is wasted as the best human capital that could generate greater development in the SEE is lost to other countries.

**In many SEE economies, outflows of programmers, scientists, doctors, musicians, and many other qualified workers have been identified as the cause of major devastation of local labor markets and the “disqualification” of the labor force.**<sup>16</sup> Such outflows also represent a lost investment in education in the home countries. 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 opportunity.<sup>17</sup> In addition to brain drain, emigration of young people in the region has been associated with risk of exploitation and increased xenophobia in the host country (see box 3).

**Brain drain has a relatively high profile in Albania, Bosnia-Herzegovina, and Moldova.** Albania, for example, lost one-third of its qualified workforce in the decade after the fall of communism. 40 percent of lecturers and researchers from universities and scientific institutions left the country.<sup>18</sup> Opinion polls have monitored the attitudes of youth toward migration in certain SEE economies. In Bosnia-Herzegovina, migration has garnered significant attention, serving as the focus of special consultations for the Poverty Reduction Strategy Paper (PRSP). The emphasis was due in part to **survey findings that showed 62 percent of respondents stated would leave BiH if they had the opportunity.**<sup>19</sup> Between 1996 and 2001, 92,000 young people left the country.<sup>20</sup>

A follow-up study in 2003 found that 24 percent of young people wanted to leave BiH forever. The majority of young respondents indicated that they would leave the country temporarily either to work (40 percent) or to study (13 percent), while 21 percent did not want to leave. Of those who wanted to leave, either temporarily or permanently (77 percent), 18 percent had taken concrete steps to do so. Other findings showed that more men than women wanted to leave the country, and that women often sought to leave to study abroad, while men’s primary motivation was work.<sup>21</sup>

**A survey of Moldovan youth between 16 and 30 years of age found that 99.3 percent would leave the country if they had the opportunity.** Employment was a key issue: among those ready to leave, 61.3 percent said that their

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

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

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

*Source: Bec, 2000, Academic Exile.*

reason was to look for a well-paid job. Approximately 17 percent would leave for permanent residence abroad and 12.4 percent would leave to study.<sup>22</sup> Another survey placed the percentage of youth who wanted to leave Moldova permanently at over 37 percent, finding that only 9 percent wished to stay in Moldova. World Bank-organized focus groups with young people in the country have revealed that emigration is linked not only to the lack of employment opportunities, but also to unsatisfactory living conditions in the countryside, high informal and formal costs of higher education, and the feeling that young people lack prospects in the country.<sup>23</sup>

**In Macedonia, a May 2003 survey of students qualified to find work abroad found that nearly 85 percent were either considering or had plans to emigrate.** However, only 12.5 percent of this number planned to emigrate permanently; nearly 70 percent sought to leave for temporary employment or for professional advancement. The principal reasons given for emigrating were higher earning levels and a better standard of living abroad, the opportunity to work in one's own profession and in a more technologically advanced workplace, and the economic crisis.<sup>24</sup>

**An opinion survey of youth conducted in Serbia found that over half (54 percent) of youth would emigrate if they had the opportunity, although only 18 percent had concrete plans to do so.** The main reasons they gave for wanting to leave were low living standards (56 percent), lack of prospects (28 percent), and a more secure life outside the country (27 percent), rankings similar to those provided by Macedonian and Moldovan students in the aforementioned surveys.<sup>25</sup>

Despite considerable data on young people's desire to emigrate to pursue economic opportunities, there is little data on the overall profile of émigrés and whether they are employed in the formal sector in their host countries. In many host countries, young migrant workers often have no other choice but to work in informal jobs,<sup>26</sup> despite their strong interest in more stable opportunities (see box 4).

## Human Trafficking

Lack of economic opportunities promote conditions in which young women become vulnerable to human trafficking.<sup>27</sup> Women and girls leave their countries of origin due primarily for economic motives. Throughout SEE, data strongly suggest that women and girls travel abroad because of the lack of job opportunities for young people in general, and young women, in particular.

**An estimated 175,000 persons are trafficked from Central and Eastern Europe and the Commonwealth of Independent States (CIS) annually. This number represents close to 25 percent of the 700,000 to 2 million people trafficked around the world annually.**<sup>28</sup> Groups at risk of trafficking are mostly young unemployed or poorly paid women, who are trafficked for sexual exploitation and slavery. Despite the lack of data on trafficked children, it is clear that boys are also trafficked, most frequently for forced labor and sometimes for forced prostitution or pornography. There are also reports of Roma boys from Albania and Serbia being trafficked for the purpose of begging.<sup>29</sup>

NGOs working with trafficked persons and sex workers estimate that under-age prostitutes comprise approximately 10 to 30 percent of all such workers. The International Organization of Migration (IOM) estimates that 10 to

### Box 4. Opportunities for youth mobility

Anecdotal evidence, together with survey data from Moldova, Macedonia, and Serbia, indicate that there is strong demand in SEE for academic exchange programs and short-term work opportunities abroad. Among 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 abroad. In the United States, the number of youth from SEE participating in short-term exchange programs has risen dramatically. Informal World Bank estimates suggest that nearly 12,000 youth, primarily from Bulgaria, Macedonia, Montenegro, Romania, and Serbia, worked in seasonal U.S. jobs and resort areas in 2003.

*Sources:* Department of Youth and Sports of the Republic of Moldova, 2002, *Youth in Moldova*; Institute of Economics-Skopje and University Sts. Cyril and Methodius, 2003, *Migration of Highly Education Persons*.

15 percent of all trafficked persons whom it has assisted to return to the Balkans were under the age of 18.<sup>30</sup> Even more startling, Save the Children estimates that up to 80 percent of all trafficked persons from Albania are young girls under 18.<sup>31</sup>

Although “each country or territory [in Eastern Europe] is, to varying degrees, a country of origin, transit or destination,”<sup>32</sup> **Bosnia-Herzegovina, Kosovo, and the western part of Macedonia are the predominant destinations of trafficking in SEE.**<sup>33</sup> Serbia and Montenegro, Croatia, and Slovenia are mostly countries of transit and, to a lesser extent, of destination or origin. **Moldova, Romania, and Albania, followed by Bulgaria, are the major countries of origin of human trafficking in the sub-region.**

**The majority of clients of trafficked prostitutes in Balkan destination countries are local men, including local police,<sup>34</sup> and the “the large number of international troops and officers in non-family posts [that] create a market for the sex industry.”<sup>35</sup>** UNICEF estimates that at least 70 percent of all profit from prostitution in the Balkans is derived from foreign nationals, who pay higher rates and spend more money in bars than local men.<sup>36</sup>

In Bosnia-Herzegovina, the number of women prostitutes has been rising since the war began. The UNDP notes a number of factors, including the presence of troops and the poor economy, that combine to “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.”<sup>37</sup> Kosovo has also been a major destination for prostitution and trafficking: in 2002, the UNMIK police force estimated that there were 104 brothels in the Kosovo. The majority of victims in Kosovo in the early 2000s came from Moldova (52 percent), followed by Romania (23 percent), and were predominately between the ages of 18 to 24 (58.4 percent). Most had either primary or middle school educations.<sup>38</sup>

**Fear of being trafficked is pushing young women further out of the mainstream.** Young women in Albania, for example, are being kept home, both from school and outside work. In some areas of Moldova, as many as 90 percent of girls do not receive a high school education.<sup>39</sup> In Kosovo, young women have taken precautions such as traveling in groups or with male family members, and only during the daytime.<sup>40</sup>

A majority of women (84 percent) trafficked in SEE said that they went abroad in search of work; 80 percent did not know that they had been recruited for prostitution.<sup>41</sup> **In 75 percent of cases recorded by the IOM, victims had been recruited by a direct contact who offered the possibility of well-paid work abroad.**<sup>42</sup> “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. . . .”<sup>43</sup> 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 other foreign national is also used.

## Building Effective Youth Policy in SEE

This chapter makes a compelling case for investing in young people in SEE through various preventive policies in order to avert the high costs of neglect. The chapter first calculates the specific costs of not investing in youth in Serbia and Montenegro, then identifies cost-effective youth investments that could enhance youth inclusion and empowerment in the sub-region as a whole.<sup>1</sup> In general, preventive policies in education (both formal and informal) and first-chance active labor market programs appear to be more cost effective than curative policies.

Evidence from SEE points to gaps in existing preventive youth policy, both across sectors and throughout the life cycle. Notably missing are prevention strategies that integrate school and work to ease the entry of young people into the labor force before they encounter difficulties. Examples of 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.

Policies directed at youth—whether focused on education, culture, sports, justice, and/or active labor markets—produce a greater impact if they adopt a comprehensive approach to youth inclusion and empowerment. Reviews of international youth employment programs, for example, have found that the more effective programs integrate youth employment into initiatives in other sectors, and thus facilitate the development of coherent youth policy.<sup>2</sup> The chapter concludes with illustrations of effective youth policies that establish conditions which give youth choices and opportunities to improve their lives. In this context, empowerment policies that address youth as stakeholders and key decision makers are an important complement to more traditional preventive and curative policies and illustrate the joint commitment of the World Bank and global youth organizations to increase the voice of young people in public policy.<sup>3</sup>

### The Cost of *Not* Investing in SEE Youth

There are potentially attractive youth investments in SEE, such as preventing crime and drug abuse, for which it is possible to develop estimates of potential benefits. Failure to make such investment results in both private and governmental costs, which are elucidated in the discussion that follows.

The methodology used to estimate the cost of not investing in SEE youth draws heavily on the methodology developed by M.A. Cohen to estimate the potential monetary value of saving a high-risk U.S. youth from becoming a career criminal, heavy drug user, or high-school dropout.<sup>4</sup> Details of Cohen's methodology and the assumptions made for the analysis of youth risk in Serbia and Montenegro are presented in appendix 2. It is important to mention, however, that much of the information necessary to apply Cohen's methodology to Serbia and Montenegro is not available. Consequently, the estimates presented below depend heavily on U.S. data presented in Cohen's article, with cost estimates adjusted to reflect differences in per capita GDP between the United States and Serbia and Montenegro.

#### *The monetary value of preventing a career criminal*

According to Cohen, the annual cost of a career criminal to society include victim costs, criminal-justice related costs, and the 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. Using these categories, table 12 estimates the monetary value of preventing a high-risk youth from becoming a career criminal in Serbia and Montenegro. The estimates are discounted to age 13, the age at which Cohen assumes prevention efforts terminate. The total cost of preventing this outcome is estimated at US\$42,594 (2002 U.S. prices), of which prevention of victim costs accounts for 77.5 percent, while prevention of public costs accounts for 19.3 percent (US\$8,201).

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

Cost	Private costs	Public costs	Total social costs
Victim costs <sup>a</sup>	33,013	n/a	33,013
Criminal justice-related costs	n/a	8,201	8,201
Opportunity cost of prisoners' time while incarcerated	1,380	n/a	1,380
<b>Total</b>	<b>34,393</b>	<b>8,201</b>	<b>42,594<sup>b</sup></b>

Notes: a. Discounted to age 13, using an annual discount rate of 5 percent.

b. See appendix 2 for a detailed review of the assumptions on which these calculations are based.

### *The monetary value of preventing a heavy drug user*

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

- the cost of crimes committed
- the opportunity cost of drugs consumed
- drug rehabilitation costs
- drug use-related reductions in labor productivity
- drug use-related healthcare costs
- the cost of premature death

The opportunity cost of drugs consumed, drug-use-related reductions in labor productivity, and the cost of premature death are all private costs. Public costs include the criminal justice-related cost of crimes committed by heavy drug users, as well as drug rehabilitation, and drug use-related healthcare.

Table 13 estimates the monetary value of preventing a high-risk youth from becoming a heavy drug user in Serbia and Montenegro. 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 US\$18,536. Costs related to crimes committed by heavy drug users account for 66.7 to 76.9 percent of the total potential benefit of preventing a heavy drug user (and 88.9 percent of all public costs).

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

Costs	Private costs		Public costs	Total social cost <sup>b</sup>	
	Low-end	High-end		Low-end	High-end
Cost of crimes committed by heavy drug users <sup>a</sup>	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
<b>Total</b>	<b>10,522</b>	<b>12,970</b>	<b>5,566</b>	<b>16,088</b>	<b>18,536</b>

Notes: a. Discounted to age 13 using an annual discount rate of 5 percent.

b. See appendix 2 for details on assumptions.

### Potential benefits of investments in high-risk youth

Table 14 compares estimates of the monetary value of preventing a high-risk youth in Serbia and Montenegro from becoming a career criminal and/or a heavy drug user to that of preventing other negative youth outcomes. These estimates indicate that the potential monetary value of preventing a career criminal and/or heavy drug user appear to be substantially higher than that of, for example, preventing a high-school dropout or an unemployed youth. However, the preventive benefits of these options all appear to be substantially lower than the monetary value of preventing an HIV-infected youth.

Efforts to prevent high-risk youth from becoming either career criminals or heavy drug users potentially affect both of these negative outcomes (e.g., investments that prevent youth from dropping out of high school). As Cohen points out, however, the potential benefits of such investments are not simply the sum of estimated social costs which are avoided because this would duplicate crime prevention costs. Eliminating this duplication (by subtracting the cost of crimes committed by heavy drug users from the total cost), one obtains an estimate of US\$46,311 (low-end) to US\$48,759 (high-end) of the monetary value of preventing a high-risk youth from becoming both a career criminal and a heavy drug user in Serbia and Montenegro.

What can be concluded from these estimates? One conclusion is that investments that prevent any of the outcomes listed in the first column of table 14 at a cost lower than the estimate in the second column will have a benefit-cost ratio greater than one. Another possible conclusion is that investments that prevent some combination of the negative outcomes at a cost lower than the total estimated social cost of that combination will also have a benefit-cost ratio greater than one. An example might be a non-formal (continuing) education investment, as discussed later in this chapter.

**If the assumed benefits of an investment in non-formal education are limited solely to earnings gained through enhanced productivity and reduced unemployment, the investment is only marginally beneficial to society. If, however, the monetary value of preventing crime, drug abuse, and HIV infection are included in the benefits of preventing a high-school dropout, the benefit-cost ratio of continuing education investment would increase significantly.** The Macedonia Children and Youth Development Project of the World Bank (described later in this chapter) is a highly cost-effective example of a non-formal education program that addresses the prevention of multiple youth risks. The operational per capita cost of the life and livelihood skills program range from US\$30 to US\$60, an insignificant amount compared to the cost of risky behaviors illustrated in table 14.

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

## Formal Education Policies

This section explores policy options for improving the formal school system, including investments to improve education quality, scholarships for secondary schooling, and vocational and technical training. Prolonging higher education

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

Negative outcome	Social cost <sup>a</sup>
Career criminal	42,594
Heavy drug user	16,088–18,536
Career criminal/heavy drug user	46,311–48,759
High-school dropout <sup>b</sup>	
Male	5,285
Female	9,229
Unemployment for one year	
Male	3,912
Female	2,956
HIV infection	
Male	135,000–406,000
Female	102,000–307,000

Notes: a. Estimates of social cost include both private and public costs and are discounted at an annual rate of 5 percent. See appendix 2 for details of calculations.

b. Cost estimate includes associated unemployment.

c. Commission on Macroeconomics and Health (2001).

to avoid entry into the labor market creates additional costs to governments. As a result, funds should be channeled to reforming the sector to enable them to meet market demands.

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

On March 17, 2004, the unstable foundation 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, approximately 15–20% of Albanian males. Disappointment over weak political and economic progress, added to idleness and frustration over vanishing employment opportunities turned a formerly optimistic young generation into a volatile and explosive group.

The rampage in 33 cities and towns left 19 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 into Kosovo to restore order, and 4,500 people were displaced. The costs of the March uprising strained the consolidated Kosovo budget considerably. The government's initial allocations were insufficient and required shifting funds from education, health, and pension funds.

The full damage to the economy and image of Kosovo as an investment market has not yet been calculated. It is clear, however, that the damage far exceeds the government's capacity to respond and that important business opportunities have been lost. It is estimated that the government and international community expenses of providing reinforcement troops until parliamentary elections in October 2004 and the cost of an international investigation will easily exceed the US\$75 million Kosovo budget surplus for 2003.

*An estimated 70 percent of the Kosovo Albanian population is under 30 years of age and 50 percent are under age 20, leaving only a narrow time window for rapid action to educate and integrate an idle, ever more aggressive, disaffected young generation. The costs of not investing in this generation may well result in renewed violence, further diverting scarce resources from the development of this fragile region.*

Sources: International Crisis Group, 2004, *Collapse in Kosovo*; Gallup International, 2004, End of Year Poll; UN website, Kosovo.

#### **Investments designed to improve the quality of public schools**

Investments to improve the quality of schools generally aim to strengthen inputs (for example, teacher training) and support decentralization and school autonomy. **There is clearly a need for investments to improve the quality of formal schooling at all levels in SEE societies;** several donors, including the World Bank, have already begun to invest in these areas. Given the current state of schools (as well as the governance constraints of these institutions), the process of improving existing public school systems in the sub-region will likely take a long time. In the meantime, many youth will leave school early with only limited educations.

Unfortunately, little reliable information exists concerning the cost-effectiveness of investments to improve school quality.<sup>5</sup> Higher-quality schools may induce longer enrollment for students nearing the end of their schooling and even re-enrollment for recent dropouts.<sup>6</sup> Many poor youth are not, however, enrolled in school. While education quality investments appear to principally benefit only currently enrolled students, they tend to have more favorable benefit-cost ratios than other types of educational investments because quality improvements can increase the cognitive achievement of children already in school without increasing the opportunity cost of their time.<sup>7</sup>

**Youth unemployment prevention programs that integrate schooling and work through part-time work, internships, workplace-based training, and the promotion of youth entrepreneurship among graduates also tend to be cost effective.** Such programs have been developed with positive results in 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 (the Learning by Doing program, the Scottish Business birth-rate strategy), and the USA (the Real Enterprise and Independent Means programs).

### *Targeted scholarships for secondary schooling*

According to previously discussed LSMS data (see tables 8 and 9 in chapter 3), secondary enrollment and completion rates are low in some SEE societies, particularly among poor youth, Roma minority youth, and boys in Bosnia-Herzegovina and Serbia.<sup>8</sup> 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.<sup>9</sup> 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, plus other education-related costs not paid directly to schools (including the possible psychic cost of lack of security in the schools).

The World Bank's *Kosovo Poverty Assessment* of 2001 proposed paying family allowances (equivalent to scholarships) to large families with several children as a social protection measure, given that such families often are extremely poor. Payments would be tied to the requirement that children of the families attend school. This proposal would appear to be an economically attractive investment, particularly since the monetary transfers would not be a project cost.<sup>10</sup> Although no such schemes have yet been implemented in SEE economies, the World Bank-assisted Social Risk Management Project in Turkey is providing poor households with cash payments that are conditional on children attending school (ages 6 and above) and utilizing preventive health services (ages 6 and below).<sup>11</sup>

### *Vocational and technical training*

Investments in vocational and technical education (VTE) are viewed as a way to respond both to high rates of youth unemployment and the need for additional education and training of youth. However, evaluations of VTE programs outside of SEE have not been very positive to date. Such programs often are expensive, outdated, or obsolete in content or equipment, ineffective (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 programs in some countries).

**In SEE, a high percentage of rural and poor youth (upwards of 80 percent in some economies) enroll in vocational and technical schools at the secondary level, although there is substantial variance in these programs among countries.**<sup>12</sup> Only 3.3 percent of poor youth aged 15–17 in Serbia enroll in a gymnasium (an academic secondary school), compared to 13.4 percent of the non-poor.<sup>13</sup> The high share of vocational and technical students at the secondary level in SEE economies does not reflect labor market needs: 90 percent of vocational school graduates in Serbia reported that they were unemployed for one to five years after graduation.<sup>14</sup> High enrollment in these schools appears to reflect poorer test scores on secondary school entrance examinations, as well as lack of access to academic secondary schools in certain rural areas.<sup>15</sup>

The case for public subsidies is weaker for vocational and technical training than for general or even university education. There are no obvious public goods involved and no significant externalities generated by such subsidies, apart from those possibly associated with youth unemployment (that is, reduced risk of crime and civil disturbances). The types of investments made in vocational and technical training will, moreover, likely affect the gender composition of benefits, particularly if certain jobs are mainly performed by one gender. For example, the LSMS conducted in BiH in 2001 indicated that males aged 15–24 were 13.2 percent more likely than females to attend a vocational or technical school, other factors held constant. The other side of the coin is that females were significantly more likely to attend general academic schools (they were more likely to attend school overall) for which the rates of return are, if anything, higher than for vocational and technical schools.

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

## Policies for Active Labor Market Programs (ALMPs)

Although job-enhancing economic growth remains a precondition for addressing youth unemployment, several well-targeted ALMPs could facilitate the integration of young people into the SEE labor market. Policies and programs supporting youth employment are still very limited in the sub-region. Where ALMPs exist, they are usually limited in scope and funding and not specifically designed to address the needs of youth.<sup>16</sup>

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

In addition to the ALMPs mentioned above, supporting youth-led businesses can have an additional positive impact on youth unemployment situation. Youth-led businesses are not just a positive response of young people through self-employment. Young business leaders tend to employ younger people. Therefore, providing micro-credit for youth businesses together with training and capacity-building of young entrepreneurs can be critical in efforts to decrease youth unemployment.

Lessons that emerged from the evaluation of selected ALMPs in Bosnia-Herzegovina, Bulgaria, Macedonia, and Romania indicate some positive employment results, with the exception of public work programs. **Job search assistance and training tied to guaranteed jobs were found to be more effective for youth than vocational and technical training.** Evidence from Bulgaria shows that subsidized employment had a positive impact on the employment prospects of participants, especially among youth.

The cost-effectiveness of ALMP programs varied substantially. 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, probably because of a heavy bias toward infrastructure work at the expense of less expensive service sector work. The results also showed that the impact of such programs varied across demographic groups, confirming the importance of narrow targeting by age subgroup and gender, as well as careful monitoring to improve cost effectiveness.<sup>17</sup> **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 (see box 6).** Social business ventures are commercial enterprises that employ disadvantaged people and redistribute earnings to promote business growth (for further job creation) and address a range of other social needs. The benefits of the model go beyond generating youth employment, as the approach can foster great empowerment among those with multiple social disadvantages. Most importantly, these initiatives have a powerful effect in helping break down social stigmas against marginalized populations, such as minorities, the disabled, and the homeless. Social businesses that are well conceived and demand driven (i.e., that rely on market research to determine the types of products and services offered to the community) can be self-sustaining and generate profits.

### Box 6. Youth Albania Parcel Service

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

UNICEF has been promoting and supporting the social entrepreneurship model in transitional economies, based on a growing body of evidence that suggests these ventures not only provide training and jobs to socially disadvantaged groups, but may also improve the provision of social protection services to the most vulnerable population groups. These schemes can also provide the space and opportunity to encourage other aspects of social and civic participation among disadvantaged youth.

## Targeted Programs for Vulnerable Youth

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

**Social fund and community-driven development programs provide an effective means of targeting youth and facilitating their participation.**<sup>18</sup> **These interventions can build sustainable local community networks and social capital.** When using these mechanisms to target youth, programs should carefully incorporate municipal administrations, other local institutions, and youth representatives in the decision-making process. Ideally, social fund programs should be integrated across sectors and be made part of a national policy for youth.

**Certain conditions of youth vulnerability (such as trauma, depression, and drug addiction) require instruments that cannot be adequately provided through demand-driven or family support systems.** Given high rates of youth suicide, for example, psychosocial support services are very much needed in Bosnia-Herzegovina and Croatia. As the use of injected heroin increases throughout SEE, there is also a need to provide community-based rehabilitation services similar to those available in Western Europe. Anti-drug programs should establish a bridge between families and the schools, create awareness of drug addiction, and develop a culture of prevention that identifies and addresses incipient problems.

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

**Finally, investments in youth should include an integrated set of actions to benefit young parents and their children in order to offset a weakened family structure and declining child services in the sub-region.** Community-based early child care and development programs are particularly essential in conflict-affected countries in which disruption and trauma have affected family bonds (manifested in rising domestic abuse) and in countries such as Bulgaria, Moldova, and Romania, where there are significant rates of childbearing among girls and young women aged 15 to 24 years, who have greater exposure to risky behaviors and single motherhood. The World Bank, in partnership with UNICEF, already funds such programs in deprived and/or conflict-affected communities in Macedonia, Kosovo, and Northern Albania. Additional efforts are, however, required to bring these programs to scale and mainstream them in social policy.<sup>19</sup>

## Policies Supporting Youth Empowerment

**Effective youth policy in SEE must respond not only to the sectoral issues identified earlier in this chapter, but must address youth as agents of change and key decision makers in the policies and programs that affect their**

### Box 7. Nine causes for youth passivity in SEE<sup>20</sup>

1. **The economic situation** – the high levels of youth unemployment, and the low standard of living give rise among youth to the wish to leave the country,<sup>21</sup> and to apathy.
2. **The war and post-war period** – not only was the war one of the causes of the grave economic situation, in which youth infrastructure was also destroyed, it has also had an effect in creating among young people a distaste towards politics, a loss of confidence in political institutions, and lower levels of participation by young people in political life and the decision-making process.
3. **The former system** – which fostered, valued and nurtured passivity and loyalty. «It created a mentality of passivity, a feeling that someone else would resolve problems of youth.
4. **Political parties** – the heritage of the former system and lack of confidence in the abilities of young people is present in the functioning of political parties. It is true that young people are not interested in politics, that there are not many of them in the political parties, but those parties do not promote young personnel enough nor do they mould them or leave them enough room for initiatives and influence. On the other hand, it is open to question how far young politicians have been able to acquire, the knowledge of development of policy, e.g. youth policy, of European practice and so on.
5. **Disillusion with politics** – because of the excessive number of elections over a short period, and the increasing corruption and political scandals, politics is not attractive to young people.
6. **Non-transparent political institutions** – means politics and political institutions are inaccessible, and are insufficiently open to the public, particularly to young people.
7. **The lack of youth policy** – state administrations lack basic mechanisms for the development of youth policy, whether in the executive or the legislative branch or at local level. No regular communication between the authorities and young people is available, as young people and youth organizations are unable to identify an official interlocutor and partner in the governmental sector.
8. **The absence of facilities and resources** – youth premises, premises dedicated to youth in the previous system (youth centres, cultural centres) are now for the most part badly damaged or being used for entirely different purposes. Where the premises remain accessible, they often lack equipment, unless someone has managed to gain the support of a donor (which is not a long-term solution). Budgets for youth projects barely exist at governmental level.
9. **The formal education system** – is still such that there is almost no interaction in the teaching process, nor does it provide sufficient encouragement to the development of critical thinking, engagement with civil society and student involvement in decision-making.

Source: Youth Information Agency Bosnia-Herzegovina; Special Report on Youth Policy no.2 (SIROP) 2002.

**lives at local, national, and international levels.** Youth empowerment may become one of the most challenging and potentially innovative policies that the World Bank can support. In this context, what are the building blocks of effective youth empowerment policy? This section reviews the key pillars of youth empowerment policies, which would enable young people to overcome passivity (see Box 7) and lead healthy and productive lives and participate in decisions that affect them. These pillars include non-formal education; well-organized, articulate, and sustainable youth organizations; and participation and representation by youth in governance, leading to the establishment of national youth policies.

#### 1. Non-formal (continuing) education

**One of the most promising areas for investment in SEE are non-formal education programs for youth who have either not entered or have dropped out of secondary school.**<sup>22</sup> This group is at high risk of imposing costs on society over the entire course of their lives; its members face both personal risks and potential private costs. Cost-effective non-formal education programs that permit these young people to complete secondary schooling in ethnically integrated programs and pursue life skills training in a variety of areas, combined with opportunities for sports and recreation, appear to be economically attractive investments for SEE as a whole (see box 8).

There is a strong justification for public financing of continuing education in SEE. First, in the interests of both equity and efficiency, some groups (for example, the Roma) are marginalized in preschool and the education system in general. These groups deserve a second chance within an alternative school system designed to meet their needs. Second, because many youth were not schooled in institutions that promoted basic citizenship goals (i.e., in ethnically segregated institutions), investments in continuing education in SEE economies would probably generate greater externalities than would normally be the case. Third, non-formal education can be used for conflict prevention.<sup>23</sup>

Very high current rates of youth unemployment in SEE and the limited cost of interventions to address this problem enhance the relative returns on investments in non-formal education. For example, the operational per capita cost of non-formal education programs provided under the World Bank Macedonia Children and Youth Development Project range between US\$30 and US\$60, a relatively small amount when compared to the cost of risky behaviors illustrated in table 14.

Investments in non-formal education should be considered especially in Bosnia-Herzegovina, Bulgaria, Kosovo and Albania, where one out of every three young persons aged 15–19 was neither in school, nor employed in 2001. Kosovo was then the only society in which secondary school enrollments and employment of young women were lower than those of young men, whose dropout and unemployment rates were higher in the other societies. This fact requires programs that specifically target young men, especially in regions where radicalism can provide fertile ground for recruitment into armed organizations.

**The foundations of youth empowerment are built at the individual and grass-roots level through life and livelihood skills.** Livelihood skills are aimed at developing young people's income opportunities through productive skills, foreign languages, and information technology (IT) learning. Life skills include communication, decision-making, and leadership skills; critical and creative thinking; and skills for coping with emotions, stress, and conflict. Life skills education has been found to increase the capacity of young people to make healthy behavioral choices. These types of programs can offer critical entry points for young people who are not enrolled in school. They can provide valuable education opportunities that are complimentary to schools-based education.<sup>24</sup>

The process of empowerment through non-formal education can be seen in the responses of young people who participate in such programs. Youth in Bosnia-Herzegovina consider local youth programs as a place where they can express their creativity, learn something new, and acquire new information.<sup>25</sup> This finding is similar to the sentiments expressed by youth participants in the Babylon Centers in Macedonia.<sup>26</sup> Establishing some kind of formal recognition of the skills and knowledge acquired in non-formal education programs could facilitate their sustainability and extend their impact. Many youth organizations have expressed interest in extending recognition of non-formal education (see box 9).<sup>27</sup> The European Youth Forum, for example, has emphasized the need for non-formal education, including a role for youth organizations as educators.<sup>28</sup>

**Since many young people dropped out of school because they had problems dealing with the local public school system, it makes sense for continuing non-formal education to be operated by non-governmental organizations (NGOs) or other private entities. Payments to such entities could be made through a voucher system.**<sup>29</sup> In non-formal schools, which ideally would be multiethnic, adolescents would study a standard or improved secondary school curriculum and take the same standardized examinations as their peers in regular secondary schools. (Ongoing educa-

#### **Box 8. 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. . . not missing classes any more."*

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

### Box 9. 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 of Romania. The program seeks to develop social capital (especially by building bridges between teenagers and various communities) and vocational and business skills. Jiu Valley is one of the most destitute and isolated regions in Romania, it has an unemployment rate of 56 percent and high levels of social unrest and despair. Young beneficiaries of the Kaizen program 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 the self and society. The program harnesses the excitement of adventure education to the proven worth of service learning. Through participation in a ropes course and later 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 young people in this region.

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 receive academic credit. Each Kaizen club is provided its own personalized website to feature its identity, which is expressed through community service projects ranging from building outhouses in Romania’s National Parks to lobbying local governments to install speed bumps on main avenues.

Preliminary program results indicate a positive impact both on young people and their communities and the potential to scale up the program to the national level, pending a program evaluation.

tion projects in several countries in SEE are currently establishing such standardized testing programs). Adolescents enrolled in continuing education programs might also receive life skills instruction.

In Hungary, alternative schools operated by NGOs have been used successfully for several years to provide secondary schooling to Roma children.<sup>30</sup> In addition to providing basic and/or secondary schooling, some of these schools also provide vocational training and broader instruction in culture, health, and politics. The schools benefit from the relatively liberal policies of Hungary related to the operation and financing of private schools. The average age of students is 13–14 years, but many are older (up to 25 years of age).

Beyond economic considerations, youth themselves point to the central role of non-formal education today, which in their view is as important as that of formal education.<sup>31</sup> In particular, they emphasize the need for youth-managed spaces at the community level where they can access multiple services, build social capital, and have a voice in local and national affairs. **The experience of the Babylon Youth Centers in Macedonia (see box 10) indicates that youth-managed spaces can effectively promote social cohesion among different communities and ethnic groups, promoting a bottom-up culture of peace.**<sup>32</sup> During various World Bank consultations with youth in SEE, young people have noted the empowerment element in non-formal education, because youth NGOs and community-based groups often are active in such programs.

Sports and cultural activities are an integral part of non-formal education. These activities support the development of positive individual and group identities and counter the problem of idleness.<sup>33</sup> Youth express strong interest in sports and cultural programs, voicing concern over the current lack of available options. Approximately 75 percent of young people surveyed in Macedonia were dissatisfied with sports facilities and the possibilities for recreation; more than two-thirds were dissatisfied with available cultural opportunities.<sup>34</sup>

In Bosnia-Herzegovina, many former communist youth centers were privatized or the facilities adapted to other purposes. The absence of community-based youth activities has since been raised as a priority issue by youth themselves and urban residents.<sup>35</sup> Where sports and cultural programs have been developed, the programs themselves, as well as the space where they are conducted, have served as a basis for building social cohesion.<sup>36</sup>

The World Bank, often in partnership with UNICEF, has funded youth centers and community-based interethnic youth activities in Albania, Croatia and Macedonia (see box 10). These activities include training in IT and the English

## Box 10. World Bank Investments in Youth

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 among vulnerable youth from different socio-cultural backgrounds in youth centers throughout the country, including selected rural areas. In a conflict-affected country with extremely high youth unemployment, community-based approaches to youth development and institutional capacity building are being used to promote both youth empowerment and conflict prevention. The project is centered around non-formal education (life and livelihood skills and peer education) and seeks to achieve short-term impacts that will complement ongoing efforts to improve the quality of formal education in Macedonia. More recently, the project is piloting new approaches to support youth employment and income generation.

**In Moldova, the youth grant approved in late 2004 will be funded by Japanese Social Development Fund (JSDF) to enable disadvantaged rural and peri-urban young women and men (ages 14–30) in selected regions to create/participate in activities leading to their increased socio-economic empowerment, through inclusive support for business creation and innovative, community-based service delivery. The pilot will increase the number of formal enterprises created by economically vulnerable youth aged 18-30. Through the creation of more youth-friendly spaces for skills building & safe free-time activities, the pilot aims to increase the number of disadvantaged youth who show positive behavioral changes in selected regions (e.g., number of youth involved in organizational activity for community/youth problem solving).**

language, as well as recreational activities such as sports, theater, and dance. The emphasis of the programs has been on developing life skills with a focus on adaptive and positive behavior that enables individuals to deal effectively with the demands and challenges of everyday life.

**Peer education (by youth for youth) is an effective way to provide young people with information, motivation, and life skills, especially regarding sensitive issues such as reproductive health and substance use.** “Hard-to-reach groups” (e.g., street children, young sex workers, intravenous drug users) may be reached more successfully by peer educators who share a similar background with the target population.<sup>37</sup> A recent World Bank health study on HIV/AIDS in South Eastern Europe, for example, recommends improving skill-based and peer education programs for young people to combat the spread of the epidemic.<sup>38</sup>

## 2. Youth organizations

**Well-organized, articulate, and sustainable youth organizations constitute another pillar of successful youth empowerment, as they can provide both community-based services to young people and represent them as advocates.** In several societies of SEE, youth organizations are involved in local-level initiatives that address their needs by providing services and grass-roots advocacy. A review of initiatives in Bosnia-Herzegovina identified a number of programs that targeted youth, including youth recreational and/or cultural centers, counseling services, environmental projects, educational or training programs, services for refugees and internally displaced persons (IDPs), advocacy projects, student organizations and initiatives, and income-generating employment projects.<sup>39</sup>

Leaders of youth organizations in BiH believe their programs have an impact on youth employability by building livelihood skills.<sup>40</sup> Volunteering in youth organizations is a means for youth to acquire job skills, access information, and establish contacts.<sup>41</sup> Young people in Serbia and Montenegro added communication, media activities, democratization, human rights, and civic participation to the list of skills gained in youth organizations.<sup>42</sup>

Of the youth programs surveyed in Serbia and Montenegro in 2003, 41 percent were started by youth themselves and 35 percent by some type of “expert” in youth issues (e.g., teachers, psychologists, or social workers). Only 7 percent were established by international NGOs (see figure 19).<sup>43</sup> Although international organizations may not be creating youth initiatives, they remain an important source of funding for them (see figure 20). After international donors, local authorities are another important source of support. The support of such authorities often takes the form of

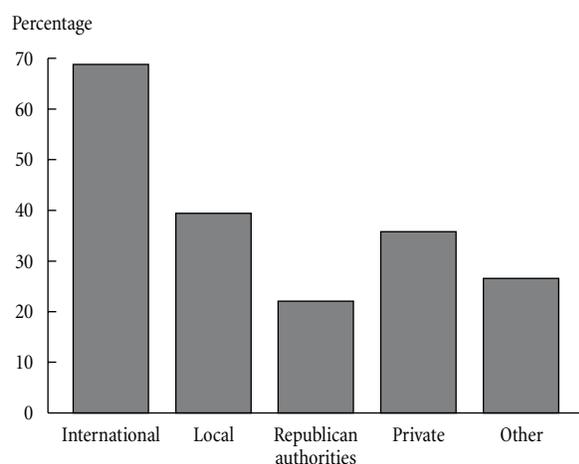
providing space in municipal offices, utilities, or access to services provided by the municipality. Unfortunately, however, the slow pace of decentralization in certain countries in the sub-region can limit the resources available at the municipal level, even where youth organizations are playing a service provider role.

Dependency on foreign assistance can hinder the sustainability of youth organizations. Support to youth organizations should therefore include capacity building to enhance their institutional and financial sustainability. Building leadership skills and providing youth leaders international exposure is a key part of strengthening institutional sustainability (see box 11).

### 3. Youth participation and representation in governance

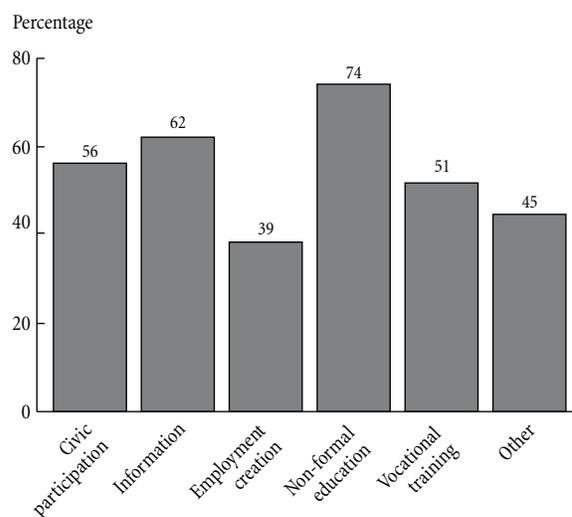
Many youth interventions remain localized and scattered across sectors. They are not integrated into a coherent policy and thus fail to establish linkages between local-level activities and national policy. Youth representatives have increasingly voiced the need to have direct influence at the policy level, for example, in policies for education (particularly for secondary and tertiary education), youth employment, juvenile justice, employment, etc. They have also expressed the need for the participation and representation of young people in governance. More structured governance options range from umbrella youth networks or national youth councils, to youth presence in mainstream political parties, to elected positions, to the co-manage-

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



Source: Iannizzotto, 2003, *Action Research*.

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



Source: Iannizzotto, 2003, *Action Research*.

### Box 11. Strengthening Roma youth leadership

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

ment of youth policies and participation and representation in global institutions. Many SEE youth organizations have, for example, expressed interest in the co-management model adopted by the Council of Europe (see Box 12).

In Bosnia-Herzegovina, seven National Youth Parliament sessions have been held at which representatives from youth NGOs met with representatives of the government and international and donor organizations.<sup>44</sup> One of the more recent sessions addressed budgeting for youth policies. At this meeting, youth representatives sought to guide the process of prioritization and lobbied for youth initiatives. In several municipalities, such as Sarajevo, youth councils have been involved in developing and submitting funding proposals to the municipal government and working with municipal assemblies on youth issues. An important next step for sustainable youth policy in Bosnia-Herzegovina is the establishment of an adequate institutional body that could systematically institutionalize youth participation in policymaking.

The official statement of the conference, “Youth in SEE: Participation, Empowerment and Social Inclusion,” held in Rome in May 2002 (see box 13), indicated that mechanisms need to be put in place to develop, implement and evaluate youth policy at the national and local level. As the conference report noted, “[t]hese [mechanisms] would include youth offices in executive governments (ministries, departments, and sectors), youth bodies in legislative government (commissions, working groups, councils or boards) involving NGO representatives and others. It is also necessary to establish and stimulate the structuring of the youth sector according to European standards and their later integration into European institutions (for example, National Youth Councils).<sup>45</sup> Conference participants urged governments to strengthen systematic data collection on youth (by

### **Box 12. Co-management of youth policies**

The Council of Europe provides a model in which youth are equal participants in the process of formulating youth policy. This model is one of several possible empowerment models to involve youth in governance. The Directorate of Youth and Sport of the Council of Europe promotes coherent and effective youth policies at local, national, and European levels through programming, legal instruments, funding, and educational support. A Youth Advisory Council, which consists of representatives of youth NGOs and youth networks, provides input into Council’s work on youth-sector activities. Decisions on priorities, programming, and budgeting are made jointly by representatives from the Advisory Council and representatives of European ministries responsible for youth matters.

### **Box 13. “Youth Participation, Empowerment and Social Inclusion” conference, May 2002**

With support from the Italian Government, the Environmentally and Socially Sustainable Development Department (ECSSD) of the World Bank organized the first Bank-UNICEF Conference on Youth in South Eastern Europe. Held in Rome in May 2002, the conference was attended by more than 200 individuals from Albania, the former republic of Yugoslavia (including the UN-administered province of Kosovo), Bosnia-Herzegovina, Moldova, Romania, Bulgaria, Macedonia, Croatia, the EU, the Council of Europe, as well as representatives from international organizations, Italy, and the Netherlands. Conference sessions addressed approaches to the issues facing youth in the region. Approximately one-third of the participants were young people under 25 years of age who represented youth organizations and youth activists in the region.

The conference provided a forum for meaningful dialogue between government, international actors, youth, civil society, and the media. Discussions served to raise overall awareness of the importance of investing in and empowering young people, as well as the need to design, implement, monitor, and evaluate policies, programs, and projects “for youth, by youth.” Issues addressed by the conference included high unemployment, access to education, the potential HIV/AIDS epidemic, drug and human trafficking, prostitution and the high level of emigration. Positive developments (although limited) were reviewed in programs managed by youth groups and local NGOs in the sub-region, and in efforts of governments and donors, including the World Bank. The conference included presentations by technical experts and youth practitioners, who reviewed best practices in youth policies and projects in SEE. Private sector representatives from Internet and IT groups were also in attendance.

gender and ethnicity) by national organizations and research institutes in collaboration with young people, to identify benchmarks for assessing youth policy effectiveness, and to build the capacity of key players in national youth policy development.

One step in the process of increasing youth participation in governance is the establishment of *Youth Voices* in selected World Bank country offices to act as advisory groups on youth issues and priorities. Modeled on the experience of an advisory group in Peru, a group of young representatives will engage in extensive consultations on their respective country programs in several SEE locations, including Macedonia, Moldova, Kosovo, and Bosnia-Herzegovina. Youth groups are expected to bring fresh ideas and recommendations to the Bank based on their experience, perspectives, and priorities, while gaining exposure to how the World Bank and their governments function and the rationale for their policies.

#### 4. National Youth Policies

**The establishment of financially sustainable, flexible, and implementable national youth policies in SEE would create a context in which subsequent youth empowerment programs could develop. It is important that these policies be articulated within a clear institutional framework and include provisions for financial sustainability.**

In recent years, some SEE societies have begun to develop youth policies within the framework of the Working Group on Youth of the Stability Pact for SEE, which is coordinated by the Council of Europe. Although action plans were established in Bulgaria (2001), Romania (2001), and Croatia (2002), the institutional and financial capacity to implement these plans have been inadequate. In the case of Albania, a youth policy was developed by the Ministry of Youth, Culture and Sports, but did not adequately involve young people.<sup>46</sup> In Serbia and Montenegro, there is no federal-level institution responsible for youth affairs common to both republics.<sup>47</sup> In Moldova, despite the presence of an active State Department of Youth and Sports, local-level resources have not been forthcoming. The Orhei Youth Section, for example, received only about 10 percent of the budget to which it was legally entitled in 2001.<sup>48</sup>

In several SEE economies, youth representatives expressed considerable interest in adapting best practices from neighboring Eastern European countries, specifically Lithuania, where the government and youth organizations co-manage youth issues through a State Council on Youth Affairs.<sup>49</sup> Representation on the council consists of six representatives from government and six representatives of youth organizations. The latter are chosen from the members of Lijot, an umbrella organization encompassing over 40 constituent youth organizations.<sup>50</sup> The State Council on Youth Affairs adopts and has executive power over youth policy decisions. Similar councils have also been established at the regional and local level.<sup>51</sup> This model provides young people the opportunity to formulate youth policy through representatives that they themselves have selected.

In Macedonia, a National Youth Strategy has been developed in the context of the World Bank-funded Children and Youth Project. The Macedonian Agency of Youth and Sports is aiming to mainstream youth policy in all relevant sectors, both at the national and local level, and to establish a co-managed system for the design and implementation of youth policy. The system will take the form of a National Youth Council modeled after 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 committed to adopt a national youth strategy within a year. Once the process is formalized, the budget will subsequently reflect financing requirements for implementation of the strategy.

It is critical to make institutional frameworks more effective for young people to make youth-policy development more systematic. Creating an effective institutional framework for youth requires the establishment of functional institutions for youth with modern management, procedures and policies.<sup>52</sup> Consulting support by other transition countries to train and improve the capacity of youth departments and a long-term investment to recruit and train a new generation of skilled and motivated youth workers within the system can be critical in policy formulation and implementation and can significantly improve institutional effectiveness. At the national level, development of a coherent youth policy also requires that effective policies on youth information, youth mobility, and volunteer work are incorporated into the national framework.

**Youth information** is an important pre-condition for youth activity. In the sub-region only about 4 to 5% of youth are involved in youth organizations. Establishment of youth centers can be instrumental for not only improving the

capacity of these youth organizations, but also for the remaining 95% of the youth population, who are not affiliated with any NGO. These young people can have access to information and training through these centers. Integrating SEE in the work of European Youth Information and Counseling Agency can therefore be helpful. Currently, the best tool in Europe for youth information is Youth Information Centers/Desks. In 2002 more than 7,000 YICs across Europe had more than 12,500 youth information workers serving 20 million youth visitors.<sup>53</sup>

**Youth mobility** across the Region and across ethnic territories should also be regarded as a policy priority. Young people in SEE countries were denied their right to move during and after the war and conflicts in SEE. Increased mobility is necessary as it creates the opportunity for inter-cultural learning, which is critical in breaking down barriers and prejudices. Youth mobility can be used as a tool to open channels of communication and contribute to the stability in the region. Such youth mobility policy should consist of supportive legislative environment, infrastructure and youth mobility programs. Supportive legal environment means development of state policies on youth mobility especially on the status of long-term international volunteers together with a supportive visa system, which is currently very discouraging for young people. Infrastructure for youth mobility includes cheaper travel options for young people (various travel discounts), cheaper accommodation options (youth hostels etc.), youth travel agencies and information centers. Youth mobility programs include different exchange programs, volunteer exchanges, and summer work-camps especially for disadvantaged youth and some other vulnerable groups of young people (eg. Juvenile delinquents)

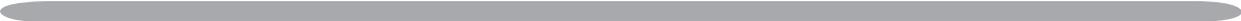
Voluntary work is the best way young people can gain practical experience, and improve their qualifications. In addition, volunteer work empowers young people. It helps eliminate the feeling of idleness by allowing young people to become active citizens. As a result, a comprehensive national youth policy should incorporate a volunteer work policy dimension, with financial support mechanisms (see Box 14).

**On the World Bank side, mainstreaming youth in current Bank macroeconomic policies means increasing the role of youth in Poverty Reduction Strategy Papers (PRSPs) and Country Assistance Strategies (CASs).** This type of mainstreaming would be a crucial step in youth empowerment in terms of global governance and would complement country-level youth strategies and institution building for youth organizations. Similarly, the policy dialogue the World Bank has established with governments can be used to focus development efforts on youth issues. In Bosnia-Herzegovina, World Bank consultations were held with youth groups on the lack of economic opportunity and resultant emigration. Including youth organizations in the implementation and monitoring of PRSP objectives would move this type of participation towards empowerment. **To date, however, youth have not significantly participated in the development of CASs. The lack of youth contribution to these strategies is a crucial gap, given the centrality of the CAS in defining a World Bank country program, both in IDA and IBRD countries.**

It should however be noted that youth participation in the PRSP and CAS processes are not applicable for all countries in the sub-region during the consultation phase. In some countries consultation processes are already com-

#### Box 14.

**South East European Youth Network (SEEYN)** was initiated in 1999 and supported by the FRESTA program of Danish Ministry of Foreign Affairs. In these 5 years, SEEYN has evolved into one of the biggest grassroots youth networks in SEE. Vision of SEEYN is to achieve a stable region where young people share a mutual understanding, without prejudice through their mobility, cooperation and active role in society. SEEYN has developed 2 youth mobility programs in SEE: work-camps and long-term volunteer exchanges. International voluntary work-camps occur in the summer where groups of 15 – 20 young people from the SEE and other parts of the world come together in some local community in the region to assist them through voluntary work (construction, renovation, organizing cultural events etc.). This is not only a great inter – cultural experience for participants, but also improves the life of local communities in the region. SEEYN regional long-term voluntary exchanges involve young people from the local youth organizations in one SEE country to visit a local youth organization in another SEE country. [www.seeyn.org](http://www.seeyn.org)



pleted and documents are approved. Nevertheless, in such cases, youth participation can exist at the level of effective monitoring and evaluation.

**Finally, more transparency is needed on budgetary processes, particularly those that touch on cross-cutting youth-related expenditures, which are very difficult to trace.** The Public Expenditures Review exercises conducted by the World Bank offer an opportunity to secure adequate financing for youth-related expenditures within and across sectors, and to ensure that national budgets transparently reflect youth-related expenditures. These expenditures could then become the object of financial monitoring by youth stakeholders in the context of a national youth policy.

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

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

**Table 15. Typology of SEE countries: Risks, opportunities, and policy implications\* (cont'd)**

Typology of SEE Countries	Youth Risks and Vulnerabilities			Youth Opportunities		Policy Interventions	
	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	Young people 19–24 years old	
<b>Macedonia</b>	<ul style="list-style-type: none"> <li>• Domestic violence</li> <li>• Unsafe sex</li> <li>• Heroin addiction</li> <li>• Suicide of young males in BiH</li> <li>• Involvement in violence and crime for young males</li> <li>• Possible recruitment into extremist organizations for young males</li> <li>• Conflict-related trauma</li> <li>• High incidence of idleness (out of school/out of work), especially in BiH</li> </ul>	<ul style="list-style-type: none"> <li>• Brain drain</li> <li>• Growing HIV/AIDS infections, mainly in Serbia and Montenegro</li> <li>• High rate of idleness (out of school/out of work)</li> <li>• High youth unemployment rate</li> <li>• Exclusion from participation in decision-making (less applicable to Macedonia, where there is an ongoing youth investment project)</li> </ul>	<ul style="list-style-type: none"> <li>• Healthy lifestyles</li> <li>• Youth as agents of peace</li> <li>• Life skills</li> <li>• Leadership skills</li> <li>• Artistic and physical self-expression</li> <li>• Livelihood skills</li> </ul>	<ul style="list-style-type: none"> <li>• Exposure to other cultures and lifestyles</li> <li>• Youth representation and participation in public decision-making</li> <li>• Greater income-generation opportunities for youth</li> </ul>	<ul style="list-style-type: none"> <li>• Preventive reproductive health</li> <li>• Psycho-social services for adolescents</li> <li>• Drug prevention and treatment</li> <li>• Education reform with youth participation in the reform process</li> <li>• Empowerment policies through non-formal education</li> </ul>	<ul style="list-style-type: none"> <li>• Early child care and development; community-based support to young parents</li> <li>• Drug prevention and treatment</li> <li>• Youth-targeted active labor market programs</li> <li>• Empowerment policies through non-formal education</li> <li>• Participation in national youth policy</li> </ul>	
<b>Bosnia-Herzegovina</b>							
<b>Serbia and Montenegro</b>							

**Table 15. Typology of SEE countries: Risks, opportunities, and policy implications\* (cont'd)**

Typology of SEE Countries	Youth Risks and Vulnerabilities	Youth Opportunities	Policy Interventions
<b>Type 3: Lower-income countries</b>			
	<i>Adolescents up to 18 years old</i>	<i>Adolescents up to 18 years old</i>	<i>Adolescents up to 18 years old</i>
<b>Albania</b>	<ul style="list-style-type: none"> <li>• Domestic violence</li> <li>• High incidence of human trafficking for minors, especially in Albania</li> <li>• High incidence of idleness (out of school/out of work youth)</li> <li>• Unsafe sex</li> <li>• Heroin addiction</li> </ul>	<ul style="list-style-type: none"> <li>• Healthy lifestyles</li> <li>• Life skills</li> <li>• Leadership skills</li> <li>• Livelihood skills</li> <li>• Artistic and physical self-expression</li> </ul>	<ul style="list-style-type: none"> <li>• Psycho-social services for adolescents</li> <li>• Preventive reproductive health</li> <li>• Drug prevention and treatment</li> <li>• Education reform with youth participation in the reform process</li> <li>• Empowerment policies through non-formal education</li> </ul>
<b>Moldova</b>	<ul style="list-style-type: none"> <li>• High involvement in commercial sex work</li> <li>• HIV/ AIDS epidemic affecting young people in Moldova</li> <li>• Brain drain</li> <li>• High rate of idleness (out of school/out of work), especially in Albania</li> <li>• Exclusion from participation in decision-making</li> <li>• High rural youth unemployment in Moldova</li> </ul>	<ul style="list-style-type: none"> <li>• Exposure to other cultures and lifestyles</li> <li>• Greater income-generation opportunities for youth</li> <li>• Youth representation and participation in public decision-making</li> </ul>	<ul style="list-style-type: none"> <li>• Early child care and development; community-based support to young parents</li> <li>• Drug prevention and treatment</li> <li>• Youth-targeted active labor market programs, including access to micro-credit, self-employment and social businesses</li> <li>• Empowerment policies through non-formal education</li> <li>• Participation in national youth policy</li> </ul>

**Table 15. Typology of SEE countries: Risks, opportunities, and policy implications\* (cont'd)**

Typology of SEE Countries		Youth Risks and Vulnerabilities		Youth Opportunities		Policy Interventions	
Type 4: Conflict-affected, lower-income, uncertain status							
	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	Young people 19–24 years old	
<b>Kosovo</b>	<ul style="list-style-type: none"> <li>• Domestic violence</li> <li>• Lack of access to education for girls</li> <li>• Involvement in violence and crime for young males</li> <li>• Possible recruitment into extremist organizations for young males</li> <li>• Conflict-related trauma</li> <li>• High incidence of idleness (out of school/out of work)</li> </ul>	<ul style="list-style-type: none"> <li>• High rate of idleness (out of school/out of work)</li> <li>• Lack of access to employment opportunities for girls</li> <li>• High rural youth unemployment, particularly among males</li> <li>• Exclusion from participation in decision-making</li> </ul>	<ul style="list-style-type: none"> <li>• Youth as agents of peace</li> <li>• Healthy lifestyles</li> <li>• Life skills</li> <li>• Leadership skills</li> <li>• Artistic and physical self-expression</li> <li>• Livelihood skills</li> </ul>	<ul style="list-style-type: none"> <li>• Exposure to other cultures and lifestyles through migration</li> <li>• Youth representation and participation in public decision-making</li> <li>• Greater income-generation opportunities for youth</li> </ul>	<ul style="list-style-type: none"> <li>• Preventive reproductive health</li> <li>• Psycho-social services for adolescents</li> <li>• Drug prevention and treatment</li> <li>• Education reform with youth participation in the reform process</li> <li>• Empowerment policies through non-formal education</li> </ul>	<ul style="list-style-type: none"> <li>• Early child care and development; community-based support to young parents</li> <li>• Drug prevention and treatment</li> <li>• Youth-targeted active labor market programs, including access to micro-credit, self-employment, and social businesses</li> <li>• Empowerment policies through non-formal education</li> <li>• Participation in government youth policy</li> </ul>	

## 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 policymakers. 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 sub-region. The fragility of social institutions, including the family, has had a strong impact on adolescent girls and young women. While age at first marriage is increasing, childbearing 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 in the sub-region need to 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 a 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 the EU and SEE 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. And while 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), 75 percent of young people do so 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 should 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* advisory groups 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 made 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 for the social integration of youth from disadvantaged ethnic communities, as well as for the support of 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 overall and should be closely tied to policy needs. For example, research is required 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 age at first marriage 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: (1) community-based, non-formal education providing life and livelihood skills, (2) income-generation opportunities aimed at linking young people to the workplace, and (3) joint development of national youth policies with national youth councils or groups.** These three dimensions reflect the key priorities of youth platforms worldwide and should constitute the foundation of all youth-focused interventions.

Table 15 (see chapter 5) summarizes current youth risks in SEE 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 years 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 eruptions of violence and to aid 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 to 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 conditions for a potential HIV/AIDS epidemic.

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Countries that are front-runners in EU accession may opt for a 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 also include support for young parents through early child care and development, prevention and protective services for homeless adolescents and those at risk of trafficking (particularly urgent in Romania and Bulgaria), as well as 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 occurred in Macedonia and Moldova. The World Bank can also play a catalytic role in providing incentives for coherent youth policy by extending strategic and capacity building support to bodies that coordinate youth policies.



## The Cost of Career Criminals and Heavy Drug Users in Serbia-Montenegro

This annex discusses the methodology used by Jere R. Behrman and James C. Knowles to develop estimates of the cost both to society as a whole and to the current Yugoslav government of young people who become either career criminals or heavy drug users. The methodology in both cases follows closely the methodology developed for the United States by M.A. Cohen in his article “The Monetary Value of Saving a High Risk Youth,” published in the *Journal of Quantitative Criminology* 14, no. 1 (1988).

In the absence of corresponding information in Serbia and Montenegro, it is assumed that criminal and drug addict behavior in this country is similar to that in the United States. In the case of all cost estimates, the ratio of GDP per capita in Serbia and Montenegro to that of the United States (the “GDP per capita ratio”) is used to adjust U.S. cost estimates downward to obtain corresponding cost estimates for Serbia and Montenegro. These are significant assumptions and imply that the estimates reported in this appendix are only rough approximations of the true costs. The absence of appropriate specific behavioral data and cost estimates for Serbia and Montenegro, however, make such broad assumptions necessary.

### The Costs of a Career Criminal

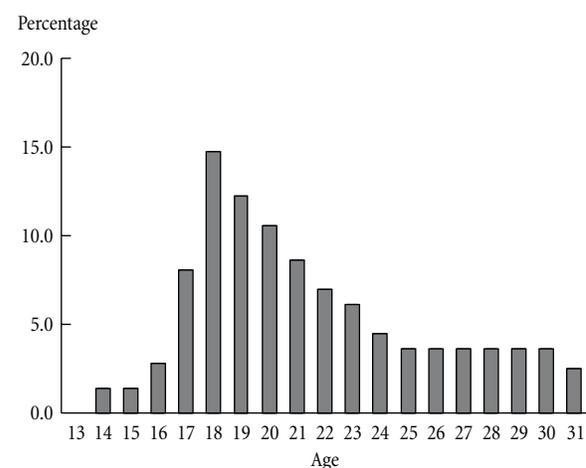
According to Cohen, the annual cost of a career criminal to society include victim costs, criminal-justice related costs, and the opportunity cost of offenders’ time during incarceration. Victim costs and the opportunity cost of offenders’ time during incarceration are private costs, whereas criminal justice-related costs are public costs.

Criminal careers are assumed to begin at age 14 and to last for 10 years (ages 14–23). The lifetime social cost of a career criminal is calculated as the sum of the discounted annual cost over the criminal’s ten-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 for all cost estimates for Serbia and Montenegro.<sup>1</sup> In addition, the following assumptions are also 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. The composition of crimes is also assumed to be the same for juveniles and adults.

Under these assumptions, table 16 presents the number of crimes by age and type of criminal offense. The percentage of assaults among all offenses is relatively high (20.8 percent) in table 16, reflecting conditions in the United States. The actual composition of criminal offenses may be quite different in Serbia and Montenegro, for which comparable crime data are unfortunately not available.

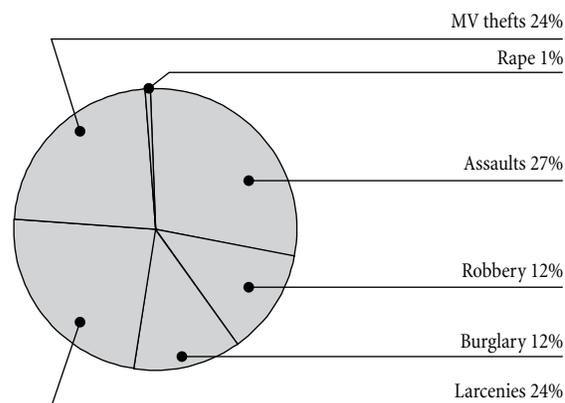
**Figure 21. Assumed age distribution of crimes committed by career criminals in Serbia and Montenegro**



Source: Cohen, 1998, “Monetary Value.”

**Victim costs.** Unit victim costs per offense (see table 17) are based on 1997 estimates of unit victim costs of career criminals in the United States by Cohen, scaled down by the GDP per capita ratio and converted into 2002 dollars.<sup>2</sup> Table 17 shows 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 victim costs are assumed to be private costs.

**Figure 22. Assumed composition of criminal offenses in Serbia and Montenegro**



Source: Cohen, 1998, "Monetary Value."

**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
<b>Totals</b>	<b>20.83</b>	<b>8.68</b>	<b>8.68</b>	<b>17.36</b>	<b>17.36</b>	<b>0.69</b>	<b>73.60</b>

Source: Adapted from Cohen, 1998, "Monetary Value."

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

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

Source: Adapted from Cohen, 1998, "Monetary Value."

**Criminal justice-related costs.** Unit criminal justice-related costs in Serbia and Montenegro 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 and Montenegro (2002 US\$)**

Item	Assault	Robbery	Burglary	Larceny	Motor vehicle 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
<b>Total unit cost</b>	<b>200</b>	<b>296</b>	<b>103</b>	<b>59</b>	<b>132</b>	<b>123</b>	<b>5,584</b>
<b>Total unit cost, including murders<sup>a</sup></b>	<b>261</b>	<b>308</b>	<b>103</b>	<b>59</b>	<b>132</b>	<b>126</b>	

Note: 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).

Source: Adapted from Cohen, 1998, "Monetary Value."

**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 U.S. data used by Cohen. 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 United States prior to incarceration (US\$7,542) reported by Cohen, adjusted downward by the GDP per capita ratio 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 16. 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 and Montenegro (2002 US\$)**

Age	Assault	Robbery	Burglary	Larceny	Motor vehicle 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
<b>Totals</b>	<b>391</b>	<b>163</b>	<b>163</b>	<b>325</b>	<b>325</b>	<b>13</b>	<b>1,380</b>

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

Source: Adapted from Cohen, 1998, "Monetary Values."

**Total cost of career criminals.** Table 20 presents the estimates of the total social cost of career criminals by age and type of offense. These data indicate that the total cost of a career criminal is estimated to be US\$42,594 in 2002 dollars.<sup>3</sup> 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 U.S. crime patterns, on which the data in table 16 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.<sup>4</sup>

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

Age	Assault	Robbery	Burglary	Larceny	Motor vehicle 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
<b>Totals</b>	<b>28,242</b>	<b>5,804</b>	<b>1,164</b>	<b>1,216</b>	<b>4,051</b>	<b>2,117</b>	<b>42,594</b>	

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

Source: Adapted from Cohen, 1998, "Monetary Value."

**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 18 and the crime frequency data in table 16 (discounted to age 13). The public cost of a career criminal in Serbia and Montenegro is estimated to be US\$8,201.

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

Age	Assault	Robbery	Burglary	Larceny	Motor vehicle 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
<b>Totals</b>	<b>3,596</b>	<b>1,768</b>	<b>591</b>	<b>672</b>	<b>1,516</b>	<b>58</b>	<b>8,201</b>

Source: Adapted from Cohen, 1998, "Monetary Value."

## The Costs of a Heavy Drug User

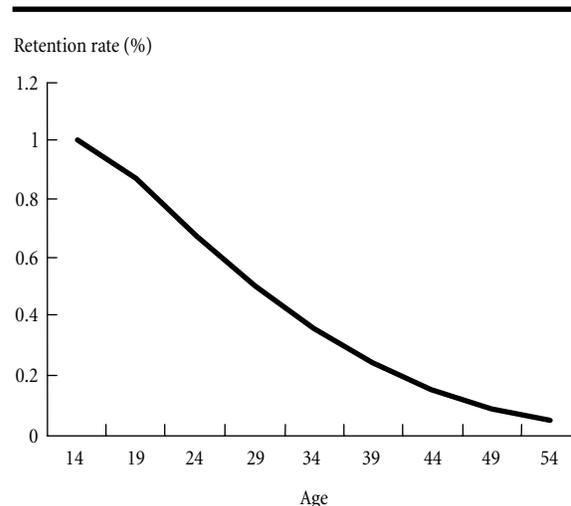
According to Cohen, the annual costs of a heavy drug user to society include:

- the cost of crimes committed
- the opportunity cost of drugs consumed
- drug rehabilitation costs
- drug use-related reductions in labor productivity
- drug use-related healthcare costs
- the cost of premature death

The opportunity cost of drugs consumed, drug-use-related reductions in labor productivity, and the cost of premature death are all private costs. Public costs include the criminal justice-related cost of crimes committed by heavy drug users, as well as drug rehabilitation, and drug use-related healthcare.

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 United States

**Figure 23. Assumed annual retention rates for heavy drug users in Serbia and Montenegro**



Source: Adapted from Cohen, 1998, "Monetary Value."

by Cohen, are presented in figure 23. The lifetime cost of a heavy drug user is calculated as the sum of the discounted annual costs over the 14-year period of drug use, discounted to age 13 using an annual discount rate of 5 percent.

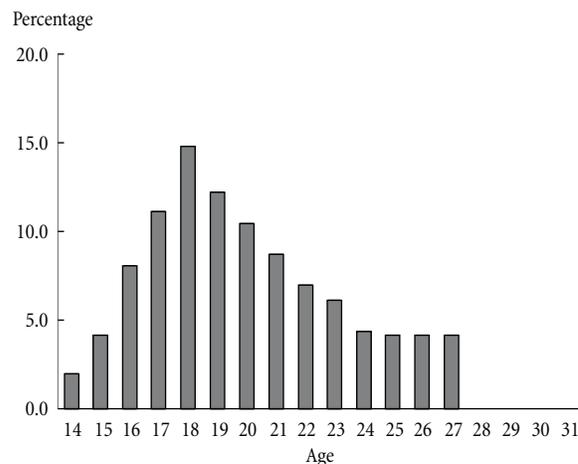
*The cost of crimes committed by heavy drug users.* The following assumptions are made about the criminal careers of heavy drug users:

- 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 eight 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.

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

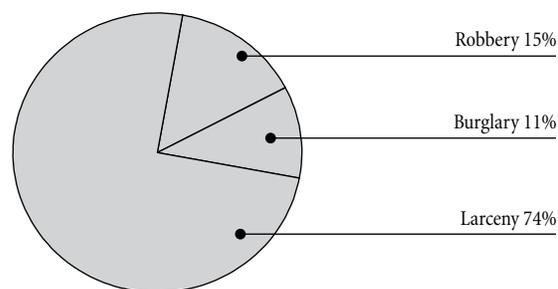
The unit (per offense) victim and criminal justice–related costs of crimes committed by heavy drug users in Serbia and Montenegro are assumed to be those presented in tables 17 and 18, respectively. The discounted opportunity cost of prisoners’ time while incarcerated for an average period of 8 years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

**Figure 24. Assumed age distribution of crimes committed by heavy drug users in Serbia and Montenegro**



Source: Cohen, 1998, “Monetary Value.”

**Figure 25. Assumed composition of criminal offenses committed by heavy drug users in Serbia and Montenegro**



Source: Cohen, 1998, “Monetary Values.”

**Table 22. Number of crimes committed by heavy drug users by age and type of offense, Serbia and 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
<b>Totals</b>	<b>10.15</b>	<b>7.63</b>	<b>51.45</b>	<b>69.23</b>

Source: Adapted from Cohen, 1998, "Monetary Value."

**Table 23. Estimated social cost of crimes committed by heavy drug users, Serbia and Montenegro (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
<b>Totals</b>	<b>7,316</b>	<b>1,110</b>	<b>3,945</b>	<b>12,371</b>

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

Source: Adapted from Cohen, 1998, "Monetary Values."

**The opportunity cost of drugs consumed.** It is assumed that the annual cost of drugs consumed by a heavy drug user in Serbia and Montenegro 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 those of Cohen in his U.S. study, which estimates that the annual cost of drugs consumed by a heavy drug user in the United States is US\$15,000 (in 1997 dollars). The estimate of US\$649 for Serbia and Montenegro is obtained by adjusting Cohen's U.S. estimate downward by the GDP per capita ratio and converting it into 2002 dollars. Table 24 (column 1) presents the estimated annual cost of drugs consumed by age, which are assumed to be private costs.

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

Age	Cost of drugs (1)	Drug rehabilitation (2)	Reduced productivity (3)	Drug-related healthcare (4)	Premature death		Total non-crime costs	
					Low-end (5)	High-end (6)	Low-end (7)	High-end (8)
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
<b>Totals</b>	<b>1,580</b>	<b>307</b>	<b>831</b>	<b>331</b>	<b>668</b>	<b>3,116</b>	<b>3,717</b>	<b>6,165</b>

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

Source: Adapted from Cohen, 1998, "Monetary Values."

**Drug rehabilitation costs.** Cohen estimates that the average annual cost of drug rehabilitation in the United States for a heavy drug user is US\$729 in 1997 dollars (US\$10,200 divided by 14 years). Adjusting this estimate downward by the GDP per capita ratio and converting the result to 2002 dollars yields an annual estimate of US\$31.54 for Serbia and Montenegro. Annual discounted estimates of the cost of drug rehabilitation are provided in column 2 of table 24. These costs are assumed to be public costs.

**Drug-use related reductions in labor productivity.** Cohen estimates that the value of the annual loss of labor productivity by a heavy drug user in the United States is US\$1,971 in 1997 dollars (\$27,600 divided by 14 years). Adjusting this estimate downwards by the GDP per capita ratio and converting it to 2002 dollars, one obtains an annual estimate of the value of labor productivity lost by heavy drug users in Serbia and Montenegro of US\$85.35 (see column 3 of table 24). These are assumed to be private costs.

**Drug-use related healthcare costs.** Cohen estimates that the annual cost of drug-related healthcare in the United States is US\$786 in 1997 dollars (\$11,000 divided by 14 years). This estimate includes the cost of healthcare for drug-related AIDS cases. Adjusting this estimate downwards by the GDP per capita ratio and converting it to 2002 dollars, one obtains an annual estimate of US\$34.02 for drug-related healthcare costs in Serbia and Montenegro (see column 4 of table 24). These are assumed to be public costs.

**Cost of premature death.** Cohen estimates that the annual risk of death among heavy drug users in the United States ranges between 0.2 and 1.0 percent (that is, 3 to 14 percent divided by 14 years). He estimates the present value of lost productivity for the average drug abuse death in the United States as US\$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 US\$1.755 million in 1997 dollars or to a discounted (to age 21) loss of US\$739,339 at a discount rate of 5 percent.

Adjusting the latter estimate downwards by the GDP per capita ratio and converting it to 2002 dollars, one obtains an estimate of US\$32,010 for the average lifetime loss in labor productivity in Serbia and Montenegro 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, then 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 produce estimates of the total social and public costs of a heavy drug user in Serbia and Montenegro (table 25). In the case of social costs, estimates range between US\$16,088 and US\$18,536, depending on whether the low- or high-end estimate of the annual risk of premature death due to heavy drug use is used. Public costs are estimated at US\$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 and Montenegro (2002 US\$)**

	Social costs		Public costs	Social costs as % of total		Public costs as % of total
	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
<b>Totals</b>	<b>16,088</b>	<b>18,536</b>	<b>5,566</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Source: See tables 22 and 23.

## Council of Europe Indicators of National Youth Policy<sup>1</sup>

### **INDICATOR 1: Non-formal education.**

While it is important to pay attention to the conditions for young people in the formal school system and at the universities through policies of formal education, the cornerstone for a 'youth policy' is its focus on how young people can become active citizens and positive contributors to society. This implies a much wider perspective, and an emphasis on non-formal education—education outside the formal school system. How can government policy encourage and promote an active learning process of young people outside the formal school system? Youth initiatives, youth clubs and nongovernmental youth organizations, which are actively involving young people at all levels, and where young people themselves decide upon activities, play a central role in developing young people as active citizens in society. Governments should see it as an important task to promote the development of active and strong non-governmental youth sector, composed of democratic, open and inclusive youth associations that involve young people.

### **INDICATOR 2: Youth training policy**

The government should promote the development of good trainers in the youth sector, so that these trainers again can act as multipliers in raising awareness on diverse issues. These trainers can also better facilitate the development of the nongovernmental structures in the youth field. A training policy is a prerequisite for better structuring the non-governmental sector.

### **INDICATOR 3: Youth legislation**

There needs to be a youth legislation that corresponds to the other dimensions of a proactive youth policy. Such legislation should acknowledge the involvement of young people and youth NGOs in policy decision-making, and make the legislative framework for an efficient government administration to work with youth issues.

### **INDICATOR 4: Youth budget**

In line with the strong recognition for associative life and non-governmental youth organizations outlined in INDICATOR 1, there needs to be a budget for promoting the development of youth initiatives and youth organizations. In order to promote the development of a sustainable youth NGO sector, the government should allocate administrative grants to youth organizations that enable them to run a secretariat and otherwise carry out tasks that are not specifically project-related (statutory meetings, communication with members, etc). There also needs to be a state budget allocated for the realization of activities to be carried out by the youth NGO sector, meaning that the government should allocate project grants for youth activities.

### **INDICATOR 5: Youth information policy**

A youth information strategy should ensure transparency of government policy towards young people. Such a strategy should also inform young people about different opportunities that exist for them. Different initiatives that can be elements of a youth information strategy can be the publishing of a youth magazine and other information material and ensure open communication channels with networks of all major stakeholders for youth policy.

### **INDICATOR 6: Multi-level policy**

A national youth policy should outline steps to be taken and policies to be implemented not only at the national level, but at all levels of government administration. A national youth policy can not become a reality without focusing on what needs to be done at the local level, and with the active involvement of local government authorities.

## **INDICATOR 7: Youth research**

A youth policy should be based on research about young people. A policy should not be based on assumptions and speculations, but rather on facts and research on young people. This should help to determine what should be the focus of government policy. Youth research should address issues relating to the well-being and the situation for young people. However, youth research should also focus on which policy measures that work and which that doesn't, measure how youth NGOs can play a role in promoting youth participation etc.

## **INDICATOR 8: Participation**

The cornerstone of a youth policy should be the active involvement and participation of young people in society. A youth policy must address how young people can be included in decision-making processes. How will government officials involve young people when making decisions that affect young people? Furthermore, how can a youth policy facilitate a process where young people participate and contribute actively to society? There is a long tradition in Europe for involving non-governmental youth organizations and youth councils ("umbrella organizations" of non-governmental youth organizations) in government decision-making. Youth organizations have for more than 30 years had a strong influence on programs and activities in the youth sector in the Council of Europe, through the principle of "co-management". Youth organizations at all levels took active part in the consultation process which preceded the White Paper on Youth Policy which has been adopted by the European Union. Active involvement of non-governmental youth organizations on issues concerning young people is practiced in most European countries. Youth organizations also play an important role in involving young people, making the active citizens in their own society. Encouraging and facilitating the active participation of young people in nongovernmental youth organizations should be a central element of a youth policy.

## **INDICATOR 9: Inter-ministerial co-operation**

A dynamic and comprehensive youth policy needs to address the diverse needs of young people in all sectors of society. A cross-sectoral approach is needed in youth policy development, meaning that it should be the joint responsibility and depend on the joint co-operation between a range of ministries with different portfolios such as youth, sport, education, culture, defense, health, transport, labor, agriculture etc. One possible way of assuring cross-ministerial co-operation is to establish an inter-governmental committee to work on the development, implementation and monitoring of a youth policy.

## **INDICATOR 10: Innovation**

A youth policy should promote innovation, by thinking creatively how to solve challenges, and to stimulate young people to be creative and innovative.

## **INDICATOR 11: Youth advising bodies**

In order to assure the consultation and partnership between the government on one side and young people and youth organizations on the other, a structure should be established (such as a consultative committee) which is consulted and given the mandate to influence government on issues regarding young people. Not only should such a structure exist at the national level, it should also be developed at all different levels of government administration.

## Executive Summary

1. Novotny, Haazen, Adeyi, 2003, *HIV/AIDS in Southeastern Europe*, 4.
2. Sahlberg, *Building Bridges*, 10.

## Introduction

1. 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, youth in SEE is usually defined by national laws or youth policies as a group between 15 and 29 years (inclusive).
2. 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).
3. 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.
4. 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.
5. Life skills include communication, decision-making, and leadership skills; critical and creative thinking; skills for coping with emotions, stress and conflict; and overall healthy behavior.
6. Livelihood skills include job searching skills, interviewing skills, entrepreneurial and marketable skills appropriate to the local economy.
7. 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.
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. 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

1. Coleman, 1996, *New Patterns and Trends in European Fertility—International and sub-national comparisons*.
2. See, for example, Poggi, 2002. *Bosnia-Herzegovina: local-level institutions and Social Capital*; and La Cava and others, 2001, *Conflict and change in Kosovo*.
3. Woodrow Wilson International Center for Scholars, 2003, "Youth Explosion in Developing World Cities".
4. La Cava and others, 2001, *Conflict and change in Kosovo*, 33.

## Chapter 2

1. Novotny, Haazen, and Adeyi, 2003, HIV/AIDS in Southeastern Europe, 4.
2. UNICEF, 2001, Young Voices: Opinion Survey of Children and Young People in Europe and Central Asia. Web access.
3. UNICEF, 2002, A Brave New Generation, 82.
4. Minnesota Advocates for Human Rights, 1998, Domestic Violence in Macedonia, 7.
5. Aleksic, 2002, Youth Development in Transitioning Countries, 24.
6. The first Albanian nationwide study on domestic violence was conducted in 1996 by the NGO Refleksione and funded by PHARE. UNDP, 1999, Albanian National Women Report. Web access.
7. Refugee Women's Resource Project, 2001, Refugee Women: Albania, 24.
8. Minnesota Advocates for Human Rights, 1998, Domestic Violence in Macedonia, 7. The survey was conducted by the Humanitarian Association for Emancipation, Solidarity, and Equality for Women.
9. Minnesota Advocates for Human Rights, 2000, Domestic Violence in Moldova, 5, 13. The survey was conducted by the Centers for Disease Control and Prevention in Moldova.
10. Minnesota Advocates for Human Rights, 1995, Lifting the Last Curtain, 3, 9–10.
11. Djipa, Muzur, Lytle. 2001. Bosnia-Herzegovina: National Synthesis Report.
12. Refugee Women's Resource Project, 2001, Refugee Women: Bosnia-Herzegovina, 19.
13. UNICEF, 2002, Social Monitor, 22.
14. Independent Bureau for Humanitarian Issues (IBHI) and UNDP, 2000, Bosnia-Herzegovina 2000 Youth, 98.
15. Survey on longitudinal monitoring of sexual knowledge, behavior and relevant attitudes of adolescence by A. Stulhofer, M. Mamula and V. Jersa, Zagreb 1999. [http://www.undp.hr/en/areas/aids/03\\_situation\\_analysis.html](http://www.undp.hr/en/areas/aids/03_situation_analysis.html) (accessed, November 2004).
16. UNICEF, 2002, A Brave New Generation, 69.
17. UNICEF, 2002, Young People in Changing Societies, 34–35.
18. IBHI and UNDP, 2000, Bosnia-Herzegovina 2000 Youth, 44.
19. IBHI and UNDP, 2000, Bosnia-Herzegovina 2000 Youth, 98.
20. Novotny, Haazen, and Adeyi, 2003, HIV/AIDS in Southeastern Europe, 22.
21. Novotny, Haazen, and Adeyi, 2003, HIV/AIDS in Southeastern Europe, 9, 29.
22. UNICEF, 2001, Young Voices, 94. Data from this survey is somewhat distorted, as these percentages include respondents aged 9–13.
23. Wong, 2002, Rapid Assessment and Response on HIV/AIDS, 101.
24. Balaban, 2003, School Girls Get Pregnant, web access.
25. UNICEF, 2002, A Brave New Generation, 71.
26. Ilazi, 2002, Research on Youth in Kosovo, 23. According to Ilazi's research, 52.7 percent of females versus 47.3 of males in Kosovo knew about the risks of sexually transmitted diseases. Regarding the risks of early pregnancy, 63.8 percent of females were informed versus 36.2 percent of males.
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29. Executive Summary. In Social Assessment: TB and HIV/AIDS in Moldova. 2003. Social Assessment prepared for Moldova AIDS Control Project, p.19

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32. UNICEF, 2001, *Young Voices*, 87.
33. Annual Report of the International Narcotics Control Board for 2002, 74.
34. Ilazi, 2002. *Research on Youth in Kosovo*, 25.
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37. Estimates provided by World Bank's Macedonia Children and Youth Project.
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41. UNICEF, 2000, *Young People in Changing Societies*, 27.
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45. UNICEF, 2001, *Young Voices*, web access.
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49. UNICEF, 2000, *Situation Analysis*, 22–23.
50. Aleksić, 2002, *Youth Development in Transitioning Countries*, 13.
51. IBHI and UNDP, 2000, *Bosnia-Herzegovina 2000 Youth*, 27.
52. On Kosovo, see Ilazi, 2002, *Research on youth in Kosovo*, 25. On BiH, see World Bank, 2002, *Youth in Bosnia*, 3.
53. IBHI and UNDP, 2000, *Bosnia-Herzegovina 2000 Youth*, 27.
54. Comments provided by Croatia's Ministry of the Family, War Veterans and Intergenerational Solidarity, July 28, 2004.
55. UNICEF, 2000, *Young People in Changing Societies*, 84–85.
56. UNICEF, 1997, *Children at Risk* as cited in UNICEF, 2000, *Young People in Changing Societies*, 93.
57. See Gomart, 2002, *Youth in ECA*, 43; Aleksic, 2002, *Youth Development in Transitioning Countries*, World Bank-Serbia, 2000.
58. In a sample of 250 minor offenders in the Serbian capital Belgrade, about 45 percent of sentenced minors were not living with either parent; 44 percent had an alcoholic family member, 21 percent had a family member with a gambling problem, and almost 9 percent had a family member using drugs. Among those surveyed, 34.4 percent reported violence in the family and 40 percent reported problems between a family member and the justice system. See Gomart, 2002, *Youth in ECA*, 43–44.

59. World Bank, 2000, Youth in Macedonia, 3. Juvenile delinquency may take the form of begging, involvement in the sex trade, or existence as street children.
60. UNICEF, 2000, Women and Children in Moldova, 44.
61. UNICEF, 2002, Young People in Changing Societies, 84–85.
62. UN Office on Drugs and Crime. Web access.
63. World Bank, 2002, Youth in Macedonia, 3.
64. World Bank, 2002, Youth in Macedonia, 3.
65. World Bank, 2002, Youth in Macedonia, 89.
66. World Bank, 2002, Youth in Macedonia, 90.
67. The New York Times, August 15, 2003. New Violence Feared in Kosovo after death of 2 Serbian Youths.
68. Latin, “Suspicious Islamic Missionaries,” Southeast European Times, June 30, 2003.
69. On the disruption of the presentation on Afghan women, see Kasalo, 1998, “Taliban at the Gates.” On the protests against extradition, see Naegele, 2002, “Bosnia: Transfer of Terrorist Suspects.”
70. Iucci, 2004, “La Bosnia Resta,” 204.
71. Blumi, 2003, Political Islam among the Albanians, 15. This article includes a thoughtful analysis of the foundations of local Kosovar Islamic traditions and efforts to establish centralized institutional control during the Yugoslav era. The article also compares current developments in Kosovo and Albania. See also by the same author, 2002, “Indoctrinating Albanians.”
72. 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.
73. Variation in secondary school enrollment rates is higher among SEE countries experiencing political and economic instability.
74. UNICEF, 2000, Young People in Changing Societies, 53.
75. Galliano, 2001, Vulnerability and Needs, 22.
76. World Bank, 2001, Kosovo Poverty Assessment.
77. UNICEF, 2000, Young People in Changing Societies, 54.
78. UNICEF, 2000, Young People in Changing Societies, 24.
79. UNICEF, 2000, Young People in Changing Societies, 43.
80. Galliano, 2001, Vulnerability and Needs, 22.
81. UNICEF, 2000, Young People in Changing Societies, 29.
82. LSMS questionnaires for Bosnia-Herzegovina and Kosovo directly addressed travel and expense factors and asked respondents who had left school to list their reasons for leaving. Reasons cited included: too expensive, no interest, agricultural work, other job, school too far, no teacher, no teaching materials, school closed, illness, displaced, security, harassment, and language.
83. Examples of school disruptions in SEE include the advent of a parallel education system and extended closure and damage to school facilities in Kosovo during the 1999 conflict; understaffing in Moldova caused by the outflow of qualified and experienced teachers, especially in rural areas; the destruction, looting, and vandalism of schools in Albania in 1991 and again in 1997; and the conversion of schools into military barracks in Bosnia-Herzegovina and in the Preševo Valley in southern Serbia.

84. In Kosovo, certain respondents who cited lack of security were probably Roma; they were identified in the World Bank Poverty Assessment as being both non-Serb and non-Albanian. Kosovo Poverty Assessment, World Bank, 2001.
85. La Cava and others, 2001, *Conflict and Change in Kosovo*, 51.
86. Dudwick and Shahriari, 2000, *Education in Albania*, 13.
87. One respondent surveyed in Dudwick and Shahriari, 2000, *Education in Albania* described the attempted kidnapping of his daughter. See La Cava and Nanetti, 2000, *Albania: Filling the Vulnerability Gap*, 29, for data on protection payments.
88. Galliano, 2001, *Vulnerability Needs*, 22.
89. de Soto and Gordon, *A Qualitative Assessment of Poverty*, 56–62.
90. Richardson, 2000, *Youth in Kosova/Kosovo*, 8.
91. Gomart, 2002, *Youth in ECA*, p.18.
92. These policies are counter to the principles in the Education Reform Strategy for BiH.
93. Helsinki Committee for Human Rights in Macedonia, 2002, *Human Rights in 2002*, 8.
94. International Crisis Group, 2003, *Macedonia: No Room for Complacency*, 22.
95. Gomart, 2002, *Note on Youth in Moldova*, 2.
96. Popadić and Mihailović, 2003, *Youth in Serbia 2002*, 51.
97. The consultations were held in April 2003 via videoconference and an online forum.
98. The conference was held September 15–16, 2003 in Paris. See Youth Forum Jeunesse, 2003, *Youth, Development and Peace*.
99. Gomart, 2002, *Note on Youth in Moldova*.
100. IBHI and UNDP, forthcoming 2004, *Youth Initiatives Assessment*, 11.
101. Shkaratan, M., 2001, *Bosnia-Herzegovina: Diagnostic Surveys of Corruption*, 6.
102. Transparency International-Bosnia-Herzegovina, 2002, “Corruption Perception Study,” 153.
103. Transparency International-Serbia, 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.
104. Open Society Institute-Macedonia, 2003, *Corruption in Higher Education*, web access. Students from three universities were surveyed for the OSI study: St. Cyril and Methodius in Skopje, St. Kliment Ohridski in Tetovo, and Southeast European University in Tetovo.
105. Dudwick and de Soto, 1999, “Poverty in Moldova,” 22.
106. See *Voices of the Poor: Bosnia-Herzegovina* chapter in Narayan and others, 2002.
107. Gomart, 2000, *Social Assessment of Poverty in Croatia*, 47.
108. Dudwick and de Soto, 1999, “Poverty in Moldova,” 22.
109. de Soto and others, 2002, *Poverty in Albania*, 61.
110. Ilazi, 2002, *Research on Youth in Kosovo*, 10.
111. Popadić and Mihailović, 2003, *Youth in Serbia 2002*, 46.
112. Gomart, 2002, *Youth in ECA*, 29.

### Chapter 3

1. Several studies, including UNICEF, 2000, *Young People in Changing Societies* support this contention.

2. See Table 3.
3. This chapter is excerpted from Kolev and Saget, 2003, *Toward a Better Understanding*, a background paper for this report.
4. The standard UN definition of “youth” is used in this section, which refers to persons between the ages of 15 and 24, while “adult” refers to individuals aged 25 and over.
5. MONEE stands for Monitoring the Human Impact of Socio-economic Change in CEE/CIS (Central and Eastern Europe/ Commonwealth of Independent States). See UNICEF, 2000, *Young People in Changing Societies*.
6. The quality and comprehensiveness of these surveys vary quite substantially from one country to another, as their survey questionnaires, sampling methods, and representativeness of subgroups can differ.
7. It is often difficult to infer from quantitative survey data whether part-time workers have chosen voluntarily not to work full-time or have been forced to do so.
8. The fact that LFS and LSMS data provide different estimates of youth unemployment may arise from differences in survey questionnaires and the period of interview.
9. 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 individual farmers were temporarily unemployed. A more realistic figure is the youth unemployment rate of 25 percent from the 2000 LSMS. For a discussion on the reliability of unemployment figures in Kosovo, see World Bank, 2003, *Kosovo Labor Market Study*.
10. The sample used in the Bulgarian Labor Force Survey changed in 2001, thus unemployment figures before and after 2001 may not be strictly comparable.
11. UNICEF, 2000, *Young People in Changing Societies*.
12. Regional average estimates refer to unweighted averages of the six SEE economies for which LSMS data were available.
13. See the following by the World Bank: 2003, *Kosovo Labor Market Study*; 2003, *Bosnia and Herzegovina*; and 2003, *Albania: Poverty Assessment*.
14. These differences could be explained by rapid changes that occurred in the economy between the dates when the LSMS and LFS surveys were conducted (September–December 2000 and December 2001, respectively). In particular, the return of refugees to villages may have increased unemployment in rural areas.
15. The latter survey was conducted by the Center for Comparative Research of the Sociology Department of Yale University. The survey addressed the ethnic dimension of poverty in the following 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.
16. World Bank, 2003; *Kosovo Labor Market Study*; Revenga, Rongold, and Tracey, 2002, *Poverty and Ethnicity*.
17. See for instance World Bank, 2002, *Making the Transition Work*.
18. UNICEF, 2000, *Young People in Changing Societies*.
19. See Svejnar, 1999, *Labor Market Flexibility*, for a review of studies on the determinants of unemployment duration and labor-market transitions in Central and Eastern Europe.
20. See the following works by the World Bank: 2003, *Romania Poverty Assessment*; 2003, *Bosnia and Herzegovina*; 2003, *Serbia and Montenegro*; 2003, *Albania Poverty Assessment*; 2002, *Bulgaria Poverty Assessment*; and 2001, *Kosovo Poverty Assessment*.
21. Evidence from the United States shows that the huge rise of enrollments in college resulting from a deterioration of youth labor-market prospects in the 1980s was concentrated among young people from high-income families and was minimal among families in the bottom quintiles of the income distribution. See Kane, 1995, *Rising Public College Tuition*.

22. “Informal sector” is 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.
23. Kim, 2002, Poverty and Informal Economy Participation.
24. Kolev, 1998, “Labor Supply in the Informal Economy.” Web access.
25. World Bank, 2003, Kosovo Labor Market Study.
26. World Bank, 2002, Bulgaria Poverty Assessment.
27. World Bank, 2003, Bosnia and Herzegovina.
28. World Bank, 2003, Serbia and Montenegro, 79.
29. In Montenegro, for example, approximately 10,000 young people work in seasonal jobs every summer. The Republic Employment Office of Montenegro estimates that close to 75 percent of this number work in student cooperatives.
30. Iannizotto, Martina, Action Research on Local Level, 18.
31. UNICEF, 2002, A Brave New Generation, 61.
32. See Voices of the Poor: Bosnia-Herzegovina chapter in Narayan and others, 2002.
33. Dorman, 2000, Economics of Safety, web access.

## Chapter 4

1. See Kolev and Saget, 2003, Towards a Better Understanding, 62–74.
2. For instance see Blanchflower.
3. See Blanchflower and Freeman, 2000, Entrepreneurship; Clark and Summers, 1982, Dynamics of Youth Unemployment.
4. See Kolev and Saget, 2003, Toward a Better Understanding.
5. UNICEF, 2002, Social Monitor Report.
6. UNICEF, 2001, Young Voices.
7. Redmond, Schneps, and Suhrcke, 2001, Attitudes to Inequality, 9–10.
8. See, for instance, Vodopivec and Raju, 2002, Income Support Systems.
9. Besides the role of unemployment benefits, other private and public safety nets, such as private remittances from workers abroad and social assistance schemes, may also have an impact on the youth labor supply.
10. Blanchflower and Oswald, 1998, Entrepreneurship, 9.
11. Earl and Sakova, 2000, Entrepreneurship from Scratch.
12. Sleptova, 2003, Labor Migration in Europe, 18.
13. According to IMF staff estimates. See also World Bank CEM, 2004.
14. Chami, Fullenkmap, and Jahjah, 2003, Immigrant Remittance Flows, 5.
15. Lowell, B. Lindsay, 2003, “Skilled Migration Abroad, web access.
16. See, for example, data on Moldova in Sleptova, 2003, Labour Migration in Europe.
17. European Youth Forum, 2003, Compact Report. The Youth, Development and Peace conference was held in Paris in September 2003. Youth representatives from Bosnia-Herzegovina, Croatia, Macedonia, and Romania participated.
18. “Migrations: Albania,” 2002, Osservatorio Balcani. Web access.

19. Surveys conducted for the IBHI-UNDP Human Development Report Youth 2000.
20. IBHI-UNDP, 2000, Human Development Report Youth, 7.
21. UNDP, 2003, Youth in Bosnia-Herzegovina, 25. UNDP-Sarajevo surveyed a sample of 1,000 young people between 15 and 30 for this project.
22. Moldovan Youth National Council, 2002, Youth in Moldova.
23. Gomart, Elizabeth, 2002, Note on Youth in Moldova.
24. Institute of Economics-Skopje and University Sts. Cyril and Methodius, 2003, Migration of Highly Educated and Skilled Persons, 8. The students surveyed, whose mean age was 24, were in their final year of studies in the faculties of Electrical Engineering, Mechanical Engineering, and Mathematical and Natural Sciences. They were selected as students more likely to find employment abroad. The study also surveyed the teaching and research staff of the faculties (a slightly older age cohort).
25. Aleksic, I. Youth in Serbia 2002, 49–50.
26. According to International Labor Office estimates, there were an estimated 2.6 million non-nationals in Europe in 1991 working in irregular or undocumented situations.
27. World Bank Economic Sector Work (ESW) by Carine Clert, Human Trafficking from, through and to South Eastern Europe: Beyond Crime Control, An Agenda for Inclusion and Development, addresses this issue. The information in this section is drawn from background reports prepared for that study.
28. Gomart, Elizabeth, 2002, Youth in ECA (Europe and Central Asia): A Vulnerability and Social Exclusion Perspective, 36.
29. Aleksic, 2002, Youth Development, 25.
30. IOM, 2001, Victims of Trafficking, 23.
31. As cited in Aleksic, 2002, Youth Development, 11.
32. IOM, 2001, Victims of Trafficking, 53.
33. When repatriated sex workers from Moldova were asked where they had worked as prostitutes, over three-quarters responded Macedonia or Serbia. See World Bank, 2003, TB and HIV/AIDS in Moldova, 6.
34. IOM, 2001, Victims of Trafficking, 47.
35. IOM, 2001, Victims of Trafficking, 47.
36. UNICEF, 2002, Trafficking in Human Beings, 65.
37. IBHI-UNDP, 2000, Bosnia-Herzegovina 2000 Youth, 44.
38. IOM, 2002, Kosovo Counter-Trafficking Unit, 3; The IOM assisted 303 women in Kosovo between February 2000 and April 2002.
39. World Bank, 2003, TB and HIV/AIDS in Moldova, 126.
40. La Cava and Nanetti, 2001, Conflict and Change in Kosovo, 44.
41. IOM Regional Database.
42. Laczko and Gramegna, 2003, “Developing Better Indicators”, 189.
43. IOM, 2001, Victims of Trafficking, 53.

## Chapter 5

1. This chapter is based on Behrman and Knowles, 2003, Economic Evaluation, which was prepared as background study for this study. The authors note that very few existing youth investments in SEE have been systematically evaluated, such as programs using experimental designs, thus little information is currently available on their cost and effectiveness. International findings may be helpful in some areas, such as formal schooling, but the

international knowledge base is weak concerning investments in continuing and non-formal education, crime prevention, and reproductive health.

2. See, for example, QED, 2003. *Good Practices in Social Inclusion and Active Labor Market Programs for Youths*.
3. These commitments were publicly undertaken at the September 2003 Youth, Peace, and Development conference in Paris.
4. See Cohen, 1998, "Monetary Value."
5. See Glewwe, 2002, "Schools and Skills."
6. Behrman and Knowles, 2003, "Assessing the Economic Returns."
7. Ibid. 49, Behrman, Ross, and Sabot, 2003, "Improving the Quality," 7.
8. The enrollment and completion rates of young girls and Roma youth may be lower in Kosovo.
9. 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. See World Bank, 2003, *Serbia and Montenegro*, 95. 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 school enrollment was related to the education, household income, and gender of the household head. Overall, girls were less likely to be enrolled, other factors held constant.
10. The cost of such a scheme is the cost of collecting the tax revenue to finance family allowances (which may be zero, if they substitute for other types of transfers already paid plus the administrative costs of implementing such a program (for example, the cost of verifying the school attendance of beneficiaries' children).
11. Similar conditional cash grants have been used successfully in several Latin and Central American countries. See World Bank, 2001, *Social Risk Mitigation*, and Knowles and Behrman, 2003, *Assessing the Economic Returns*. In Turkey, payments are targeted at the poorest six percent of the population with proxy means tests used to identify beneficiaries. Households receive a score based on the value of selected indicators believed to be closely correlated to poverty status. The education grant was originally expected to be US\$32 per school year (four payments of US\$8), based on the estimated, out-of-pocket costs incurred by households when children attend school (e.g., 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.
12. Students in four-year technical schools can continue their schooling, while those enrolled in vocational schools (mostly three-year schools) cannot.
13. World Bank, 2003, *Serbia and Montenegro*, 94–95.
14. World Bank, 2003, *Serbia and Montenegro*, 95.
15. 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. See World Bank, 2003, *Serbia and Montenegro*.
16. According to unofficial estimates, the percentage of GDP spent on active labor market programs in 2001 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.
17. For a more comprehensive discussion of ALMPs, see Kolev and Saget, 2003, *Toward a Better Understanding*.
18. The World Bank Social Development strategy refers to the use of both of these mechanisms. Social fund mechanisms are also discussed in this context in the draft Social Development strategy of Inter-American Development Bank. See IDB, 2003 *Social Development Strategy*, 12.

19. Although these programs are still in the process of being evaluated, qualitative evidence indicates that they are more cost effective than investments in preschool facilities and work to prevent violence at the household and community level, with overall benefits for social cohesion.
20. Special Report on Youth Policy no. 2 (SIROP)—OIA Bosnia-Herzegovina 2002 ([www.oiabih.info](http://www.oiabih.info)).
21. Report on Human Development in BiH—Youth 2000—UNDP/IBHI.
22. Non-formal education can be defined as “organized and semi-organized educational activities operating outside the structure and routines of the formal education system.” See Sahlberg, 1999, *Building Bridges for Learning*, 19.
23. See European Youth Forum, 2003, *Youth, Development and Peace*, 7.
24. UNICEF/World Bank, 2002, *Youth in South Eastern Europe*, 31.
25. IBHI, 2003, *Youth Initiative Assessment*, web access.
26. See World Bank, 2003, *Macedonia Children and Youth Development Project*.
27. Sahlberg, 1999, *Building Bridges for Learning*, 8.
28. European Youth Forum, 2003, *Youth Organizations as Non-Formal Educators*, 2.
29. Palacios, 2003, *Financing Lifelong Learning*. Palacios argues that the government’s role in non-formal education should be limited to providing an appropriate regulatory framework and 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.
30. See World Bank, 2001, *Alternative Schools and Roma Education*. The six schools reviewed in this report have only been in existence for five to six years. The limited data available suggests that the schools experience higher failure, repetition, and dropout rates than conventional schools, although there is no data on how the performance of Roma children in these schools compares to their performance in conventional schools.
31. European Youth Forum, 2003, *Youth, Development and Peace*, 7.
32. See World Bank, 2003, *Macedonia Children and Youth Development*; and Thorup, 2003, *What Works in Building Tolerance*.
33. See World Bank, 2003, *Youth In Bosnia-Herzegovina 2003*.
34. Agency for Youth and Sports, *Baseline Study on Youth Trends*, 2004.
35. 2002, *Bosnia-Herzegovina Local Level Institutions and Social Capital Study*, 53, 61.
36. Thorup, 2003, *What Works In Building Tolerance*, 25.
37. UNICEF/World Bank, 2002, *Youth in South Eastern Europe*.
38. Novotny, Haazen, and Adeyi, 2003, *HIV/AIDS in Southeastern Europe*.
39. IBHI, 2003, *Youth Initiative Assessment*.
40. IBHI, 2003, *Youth Initiative Assessment*, 19.
41. Both the Youth Initiative Assessment in BiH and the Action Research conducted in Serbia and Montenegro stressed that youth considered themselves to be acquiring job skills by volunteering in a youth organization, regardless of whether the organization directly addressed employment concerns.
42. Iannizzotto, 2003, *Action Research*, 26.
43. Iannizzotto, 2003, *Action Research*, 22.
44. The Youth Parliaments were organized by the Youth Information Agency of BiH. See <http://www.oiabih.info>.
45. World Bank/UNICEF, 2003, *Youth in South Eastern Europe*, appendix 2.
46. World Bank/UNICEF, 2003, *Youth in South Eastern Europe*, 53.

47. In the Republic of Serbia, a Youth Section exists in the Department of Pupil and Student Standards of the Ministry of Education, but no corresponding body exists in Montenegro. Ianizzotto, 2003, Action Research, 22.
48. Gomart, 2002, Youth in ECA, 58.
49. Discussions in the ECA regional forum at the Youth, Development and Peace conference. Lithuanian youth groups also participated in April 2003 regional consultations on the draft of World Bank youth strategy. Their remarks generated considerable interest among other ECA participants.
50. Council of Lithuanian Youth Organizations, [<http://www.takingitglobal.org/opps/orgdir.html?vieworg=4727>]
51. Council of Lithuanian Youth Organizations, <http://www.takingitglobal.org/opps/orgdir.html?vieworg=4727>
52. For more information see “Institutional Framework for youth in Bosnia-Herzegovina”, Discussion Paper, OIA 2004
53. According to European Youth Information and Counseling Agency (ERYICA).

## Appendix 1

1. Cohen uses a discount rate of 2 percent, but a discount rate of 5 percent is used by Behrman and Knowles. See Behrman and Knowles, 2003, Economic Evaluation.
2. According to World Bank data, the GDP price deflator in the United States increased by 7.2 percent between 1997 and 2002.
3. The undiscounted total social cost of a career criminal is estimated to be US\$64,980. Using a discount rate of 2 percent, the total social cost of a U.S. career criminal is estimated by Cohen to be US\$54,727.
4. Cumulative percentages by age in table 20 are biased slightly upwards 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.

## Appendix 2

1. 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, reflecting the unique nature of the European Union.
2. European Commission, 2001, A New Impetus.
3. The open method of coordination is already in practice in the area of education. Acknowledging that perfect harmonization of the European educational systems would be difficult, EU member states have moved towards increasing their cooperation in educational exchange (e.g., the Socrates, Erasmus, Leonardo Da Vinci, and Youth programs), recognition of diplomas, and the creation of a European credit transfer system (the Bologna Process).
4. European Commission, 2001, A New Impetus, 21.
5. European Parliament, 2002, Report on the Commission White Paper, 8–9.
6. European Youth Forum, 2002, European Youth Forum Response, 3.
7. See Treaty of the European Union (Amsterdam Treaty), Articles 6, 13, 17, 125, 136, 137, 146, 149, 150, 152, 153, 163–173, and 177, at [http://europa.eu.int/abc/treaties\\_en.htm](http://europa.eu.int/abc/treaties_en.htm). Article 6 specifies equal rights for the European Union citizens. Article 13 deals with the prevention of various kinds of discrimination in the Union. Article 17 establishes the European citizenship. Article 125 deals with employment in the European Union. Article 136 recognizes the social rights of workers in the EU. Article 137 deals with activities such as improvement of the working environment to protect workers health and safety, information-sharing and consultation with workers, and the integration of persons excluded from the market. Article 146 addresses the financing of the European Social Fund. Article 149 provides a legal basis for cooperation in the field of education and youth. It also constitutes the

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legal basis of the YOUTH and Socrates programs. Article 150 deals with vocational training policy. Article 151 provides a basis for cultural cooperation at European level. Article 152 commits the European Union to pursuing a high level of human health protection in the definition and implementation of all EU policies and activities. Article 153 deals with consumer protection. Articles 163–173 describe the objective of strengthening the scientific and technological bases of EU industry and encouraging it to become more competitive at the international level. Article 177 specifies EU support of continuous and sustainable improvement of the living conditions in the developing countries.

8. See the Tempus III web page on the European Union Gateway website, [http://europa.eu.int/grants/grants/tempus/tempus\\_en.htm](http://europa.eu.int/grants/grants/tempus/tempus_en.htm).
9. See the Socrates web page on the European Union Gateway website, [http://europa.eu.int/grants/grants/socrates/socrates\\_en.htm](http://europa.eu.int/grants/grants/socrates/socrates_en.htm).
10. See the European Union Youth Action Programme 2000–2006 on the European Union Gateway website, <http://europa.eu.int/scadplus/leg/en/cha/c11603.htm>.

### **Appendix 3**

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