

Main employment and social trends in the Western Balkans

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Conference

***Boosting the social dimension:
the contribution of economic governance to decent work and life
in the Western Balkans and Turkey***

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The Western Balkans: stylized labour market and social profile

- European superperiphery – the poorest part of the rich continent
 - globally upper middle income countries, but:
 - GDP pc only around global average (around or below China's level!)
 - WB GDP 28 % of EU28 average in PPP terms and only 16% in current dollars
- Labour markets – low employment, low activity, high unemployment rates, some recent headcount progress, BUT
- Low employment quality overall - duality, informality, vulnerable, precarious, low wages – remain
- Translate into difficult socio economic situation (which has also autonomous roots – traditional urban-rural divide, effects of 1990s wars etc.
- High poverty risk (AROP) and inequality (Ginis close to 40, quintile ratio 8-9)
- Low levels of extreme poverty (below 1.9\$ per day PPP), but high levels of absolute poverty – at World Bank's new poverty line for UMICs of 5.50\$ PPP

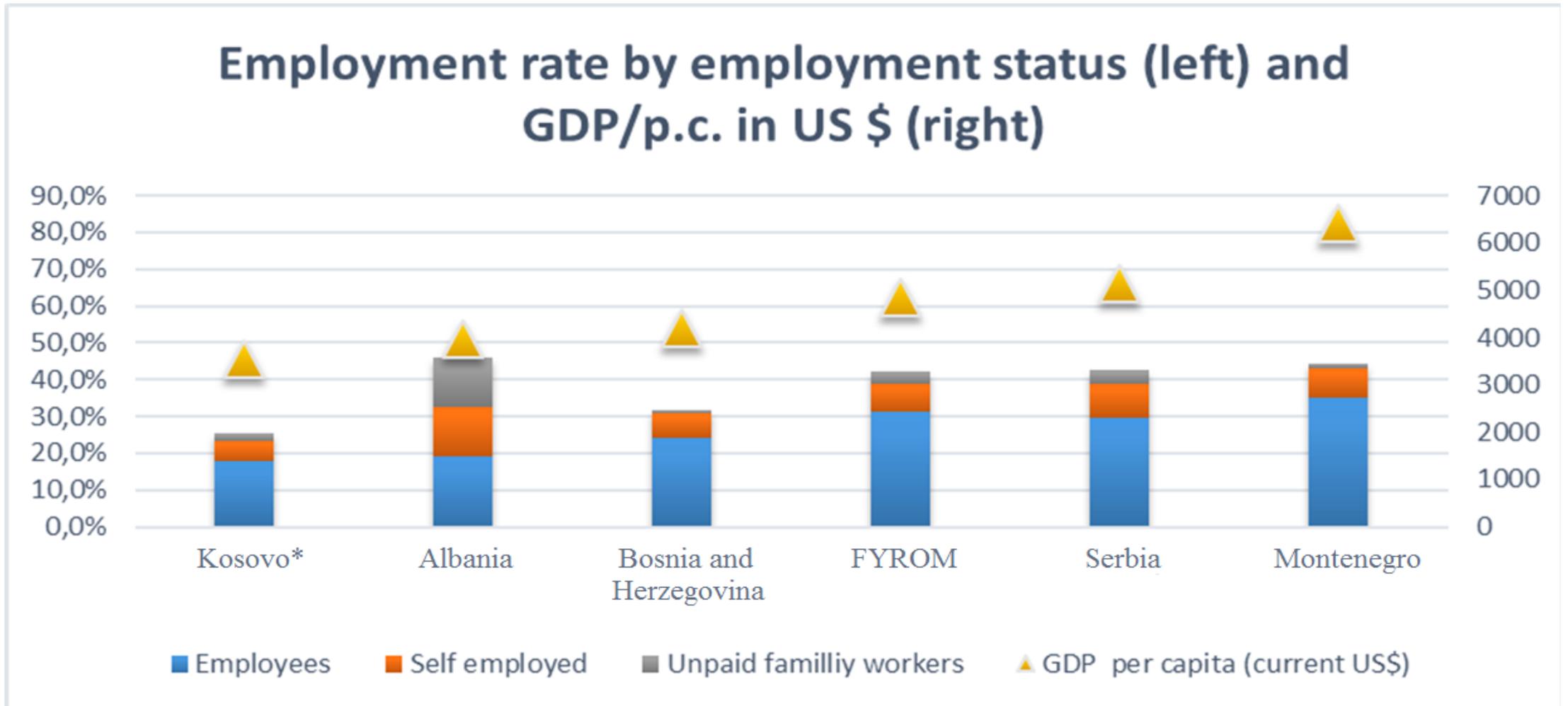
Labour markets – low employment, low activity, high unemployment rates

15-64 (2015)	Activity rate	Employment rate	Unemployment rate
The Former Yugoslav Republic of Macedonia	64,9	47,8	26,3
Albania	64,2	52,9	17,5
Serbia	63,6	52,0	18,2
Montenegro	62,6	51,4	17,8
Bosnia and Herzegovina	54,6	39,2	28,2
Kosovo*	38,4	25,8	32,8

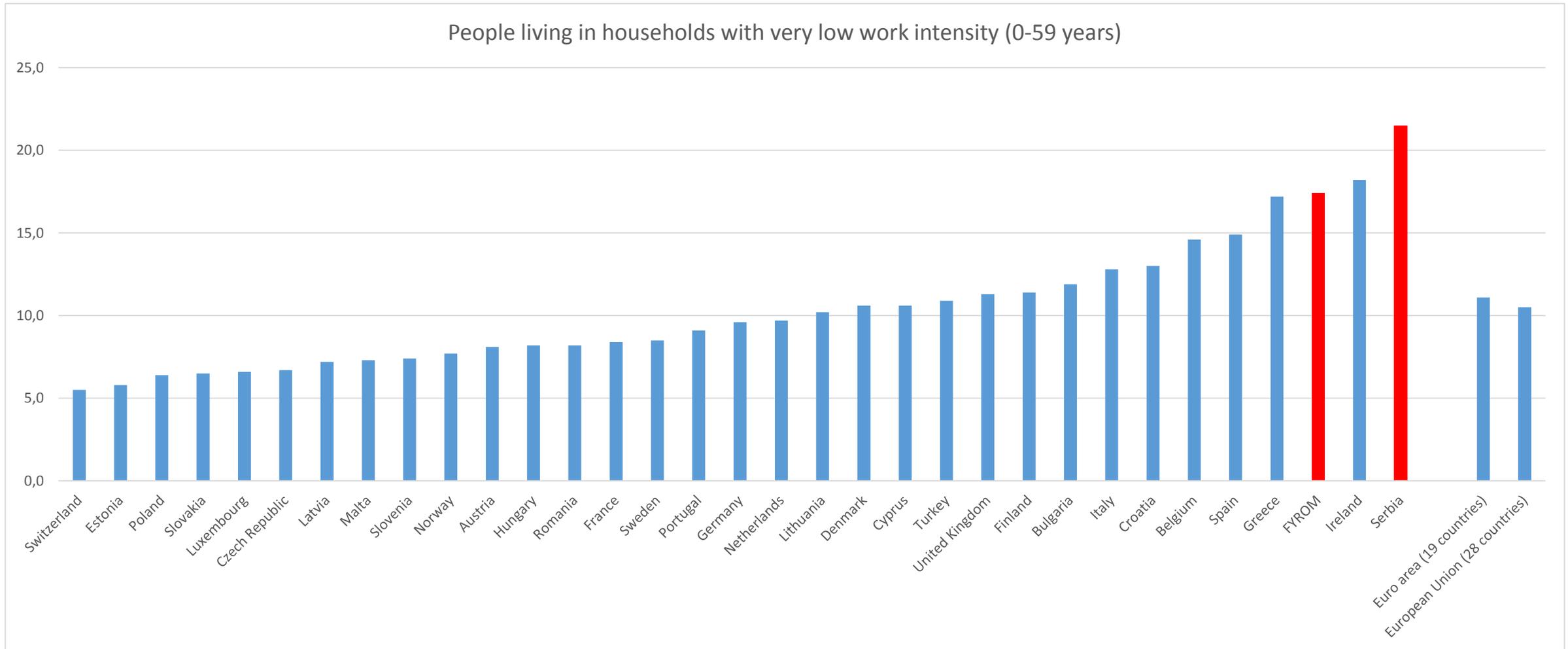
15-64 (2015)	Activity rate	Employment rate	Unemployment rate
Austria	75,5	71,1	5,8
Bulgaria	69,3	62,9	9,2
Hungary	68,6	63,9	6,8
Croatia	66,8	55,8	16,5
EU 28	72,6	65,7	9,4
WB6	59,8	46,9	21,6

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

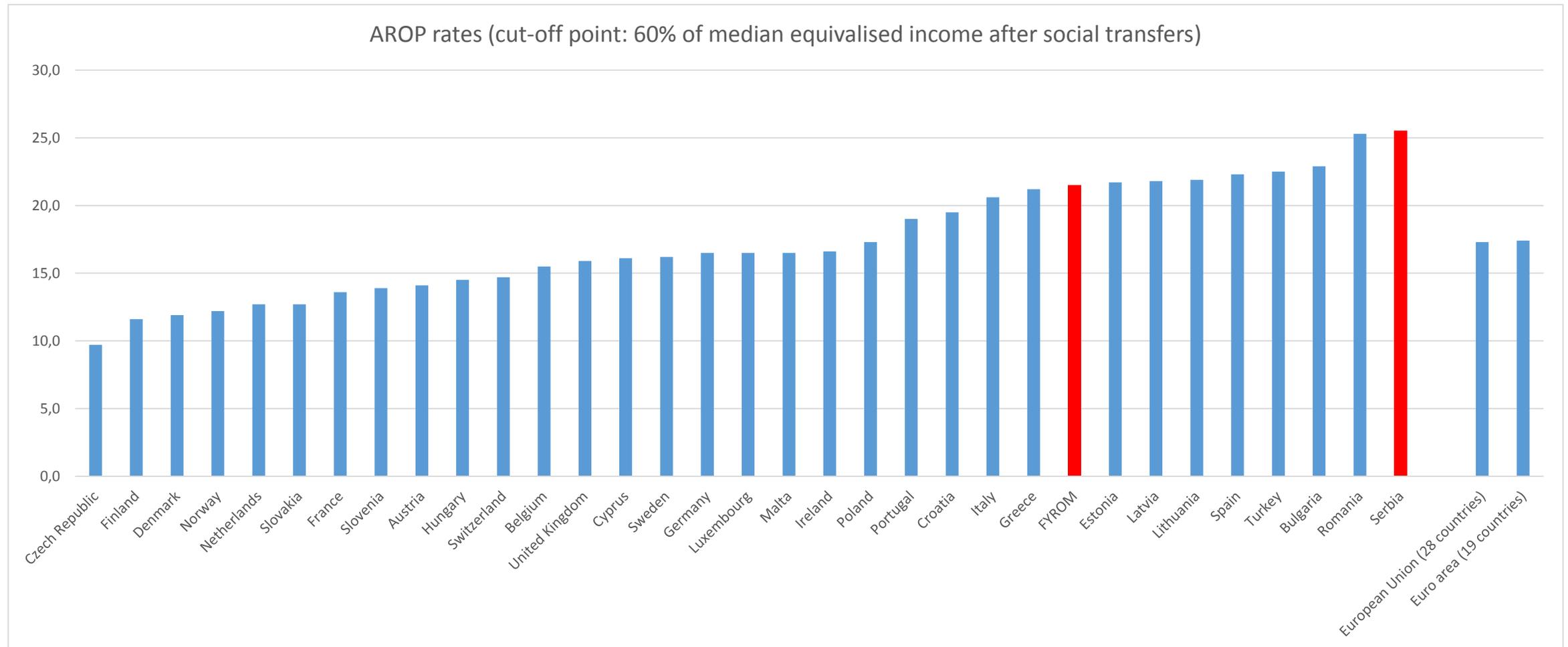
Wage employment, size and share (as a proxy for quality of employment), increases with GDP



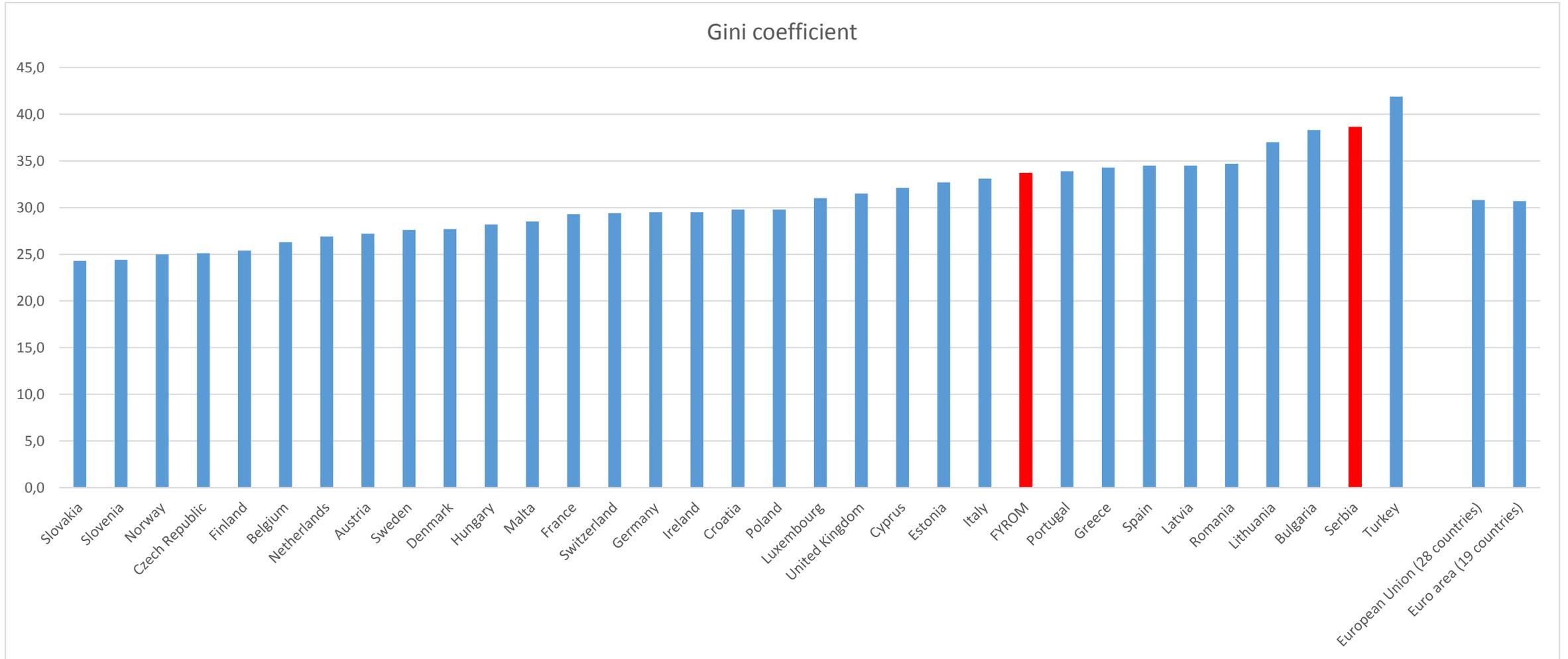
SILC Low work intensity rates against EU-28



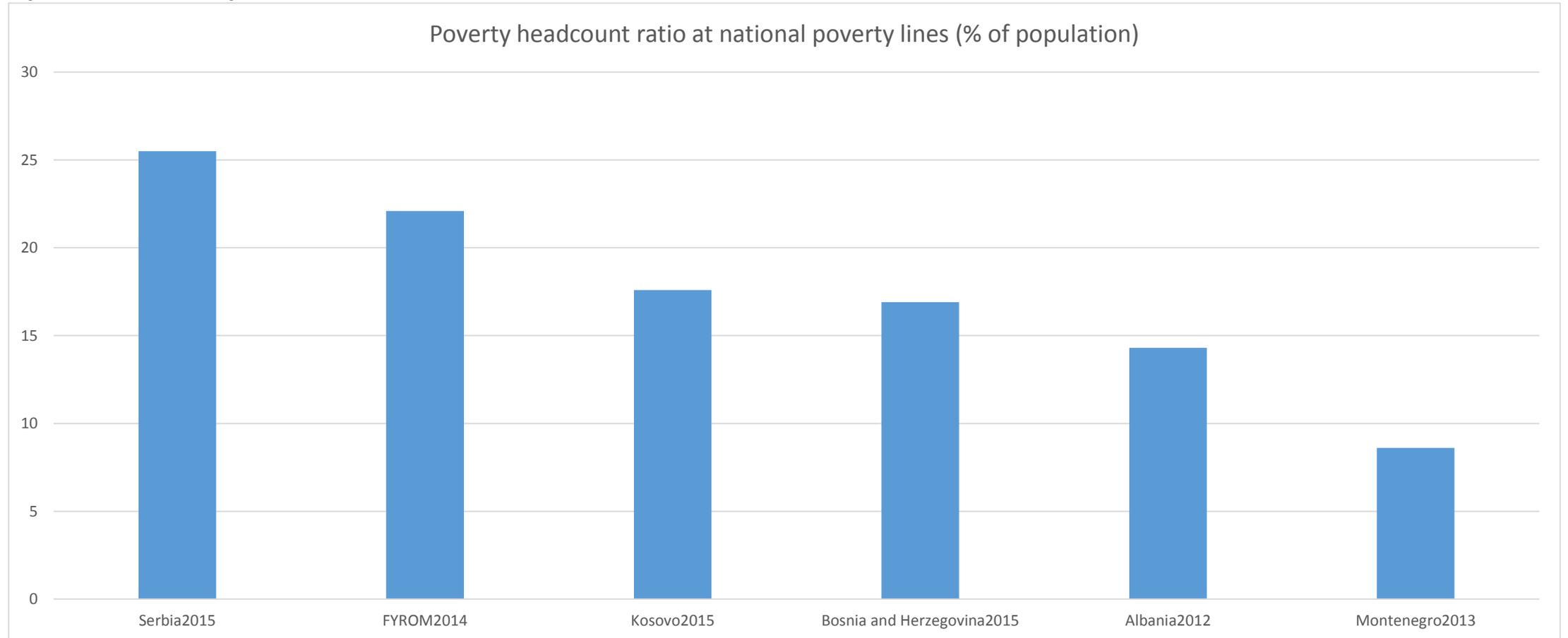
SILC AROP rates Serbia, FYROM compared to EU28



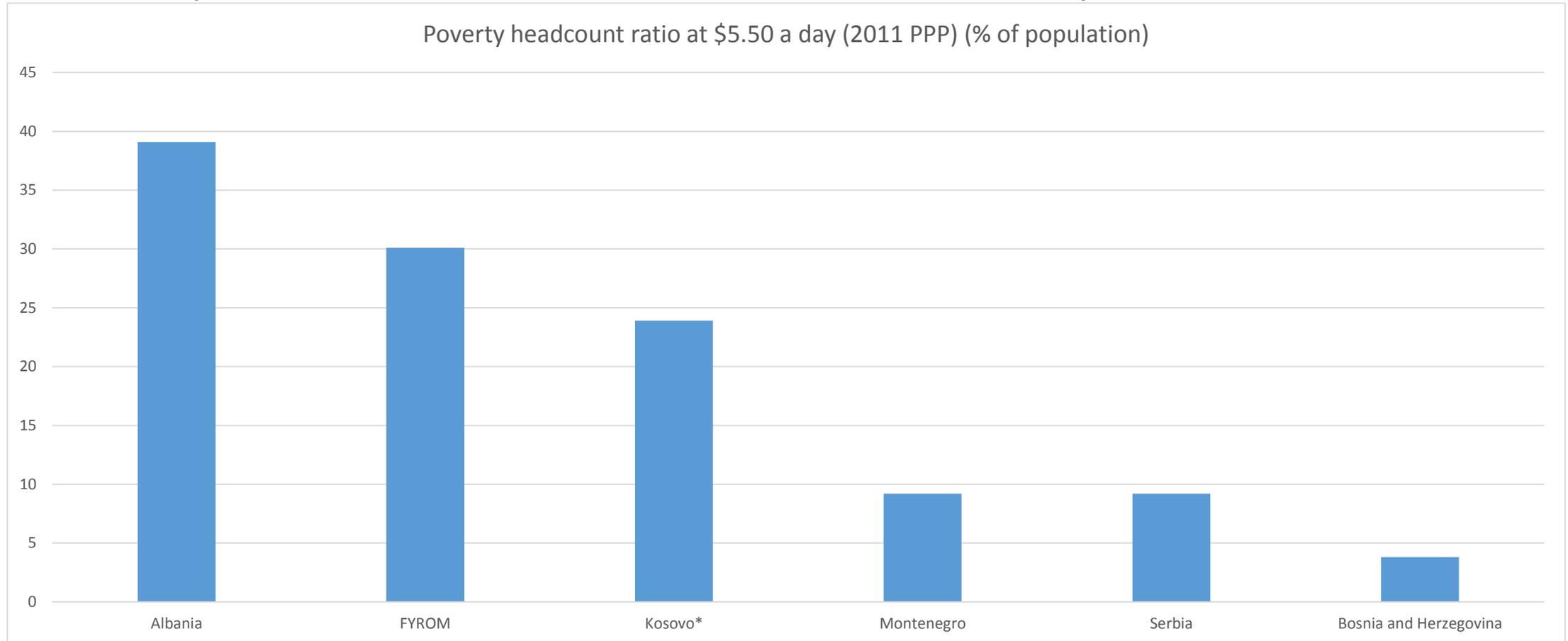
SILC Gini Serbia, FYROM, compared to EU28



National poverty lines - Poverty headcount ratio (% of population) – mix of relative and 'absolute' poverty measures



WB6 World Bank absolute poverty line for upper middle income countries 5.5\$ PPP per day – from clearly non-harmonized local surveys



Labour and social diagnostics and problem of discourse and policy transition in WB6

- Still dominant current discourse – growth will lift all boats, WB6 too poor to afford putting employment and social inclusion at central stage of policy agenda
- Departure point – highly idiosyncratic labour market, demographic and socio-cultural problems that require tailor made solutions in each country ('find what fits')
- Final destination and reference point – European Union and European policy space
- Diagnostics, especially related to social indicators, is still underdeveloped or inappropriate and is not harmonized within the region and in reference to the EU indicators
- Conducting SILC as a key source for monitoring social indicators and using them as main information basis for policy analysis and policy creation should be a priority in all WB6
- Problems should always be identified and addressed based on local diagnostics, but in a manner which secures the convergence to EU policy framework and quantitative targets