



▶ Global Employment Trends for Youth 2022: Europe and Central Asia

The COVID-19 crisis has reversed the progress made in addressing labour market challenges faced by young people in Europe and Central Asia (ECA). Strict lockdown measures, including workplace closures, disruptions to global supply chains and widespread economic slowdown, have brought with them significant socio-economic hardship to the region. Regardless of the comprehensive green packages introduced prior to the pandemic, most ECA countries lack a green focus in their recovery measures,¹ which has stalled the progress towards a just transition in the region. The conflict in Ukraine – which has resulted in global inflationary pressures, especially in food and energy prices – has heightened the financial stress, while monetary policy tightening threatens employment recovery around the world, which has yet to fully recover from the pandemic. The mass influx of refugees from Ukraine is creating further pressure for the labour market and social protection systems in neighbouring countries, while the deterioration of the Russian economy could exacerbate employment challenges in Central Asia.²

In this context, the unemployment rate of young people aged between 15 and 24 years in ECA is worrying, as it is projected to be 1.5 percentage points higher than the world average in 2022 – at 16.4 per cent versus 14.9 per cent (table 1). The region experienced a peak in youth unemployment during the stalled recovery in 2021, with higher unemployment rates observed for young women than for young men (17.7 per cent and 16.8 per cent, respectively). In 2022, youth unemployment rates across the region are projected to range from almost 20 per cent in Central Asia – with a significantly higher prevalence among young women – to less than 15 per cent in Eastern Europe, with no major difference between the sexes. Substantial progress in reducing youth unemployment – for

both women and men – has been observed in the region during the first half of 2022. Nevertheless, the actual and potential shocks of the Ukraine conflict are highly likely to affect the results achieved.

The marked improvements in the combined rate of youth unemployment and potential labour force (termed the LU3 rate)³ that ECA countries have observed in recent years compared to the global average, have been reversed by the COVID-19 crisis. The LU3 rate increased from 22.5 per cent in 2019 to 26.3 per cent in 2020, the latter figure being three percentage points higher than the global average of 23.3 per cent. There are also marked subregional variations, with Central Asia reporting significantly higher rates: one in three women and more than one in four men who are willing and/or available to work there are not able to find a job. The fact that young women in Central Asia are more likely than young men to be in the potential labour force⁴ reflects the specific challenges they face in searching for a job and being available to take up employment, given traditional gender roles and the increased care demands households have experienced as a result of school closures and the health crisis.

Unlike the situation with regard to youth unemployment and labour underutilization, ECA has long had a relatively small share of young people who are not in employment, education or training (NEET), with NEET rates well below the global average. Progress has been made towards meeting the United Nation's Sustainable Development Goal target 8.6 (to substantially reduce the proportion of youth not in employment, education or training). This is undoubtedly due in part to the introduction of comprehensive measures to promote youth employment and reduce youth NEET rates in many countries. Above all, the introduction and subsequent

¹ Brian J. O'Callaghan and Em Murdock, *Are We Building Back Better? Evidence from 2020 and Pathways to Inclusive Green Recovery Spending* (United Nations Environment Programme, 2021).

² "The impact of the Ukraine crisis on the world of work: Initial assessments", ILO Brief, 11 May 2022.

³ The LU3 indicator may be thought of as a broadened unemployment rate inasmuch as it includes both the unemployed and the potential labour force (comprised of those who would like to work but for one reason or other are not actively looking). The precise definition may be found at <https://ilostat.ilo.org/glossary/>.

⁴ The potential labour force includes those who are not in employment and who are available but are not seeking work; and those who are not in employment and who are seeking work but are not available.

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► **Table 1. Youth unemployment rate, labour underutilization (LU3) rate and NEET rate, world and Europe and Central Asia, 2019–22 (percentage)**

			2019	2020	2021	2022
Youth unemployment rate	World	Total	13.5	15.2	15.6	14.9
	Europe and Central Asia	Total	15.6	17.1	17.2	16.4
		Male	15.7	17.1	16.8	16.1
		Female	15.6	17.1	17.7	16.8
Youth LU3 rate	World	Total	20.3	23.3	n/a	n/a
	Europe and Central Asia	Total	22.5	26.3	n/a	n/a
		Male	21.9	25.5	n/a	n/a
		Female	23.2	27.2	n/a	n/a
Youth NEET rate	World	Total	21.8	23.3	n/a	n/a
	Europe and Central Asia	Total	14.1	15.3	n/a	n/a
		Male	12.0	13.7	n/a	n/a
		Female	16.4	17.0	n/a	n/a

Note: Youth are defined as those aged 15–24 years. LU3 rate refers to the combined rate of youth unemployment and potential labour force. The values in the column for the year 2022 are projections. n/a = not available.

Source: ILOSTAT, ILO modelled estimates, November 2021.

► **Table 2. Key labour supply indicators, world and Europe and Central Asia, 2019–22 (percentage)**

			2019	2020	2021	2022
Youth labour force participation rate	World	Total	41.2	38.6	39.7	40.1
	Europe and Central Asia	Total	40.4	38.1	39.7	39.9
		Male	44.8	42.4	44.0	44.3
		Female	35.7	33.7	35.2	35.3
Youth employment-to-population ratio	World	Total	35.7	32.7	33.6	34.1
	Europe and Central Asia	Total	34.1	31.6	32.9	33.4
		Male	37.8	35.2	36.6	37.2
		Female	30.1	27.9	29	29.4

Note: Youth are defined as those aged 15–24 years. The values in the column for the year 2022 are projections.

Source: ILOSTAT, ILO modelled estimates, November 2021.

expansion of the European Youth Guarantee in the wake of the previous global financial and economic crisis has clearly been instrumental in reducing the impact of the COVID-19 pandemic on youth employment and NEET in the EU-27 countries. Nevertheless, in 2020 the youth NEET rate in the region jumped to 15.3 per cent, almost reaching the level of 2012. Within the region, Central Asia has the highest NEET rate, standing at 20.7 per cent in 2020. The already fragile recovery worsened by the developments related to the conflict in Ukraine may lead to “scarring” effects on young people, with long-term effects on their labour market opportunities and outcomes.

Although remaining slightly below the global average, the youth labour force participation rate (LFPR) in ECA has closely followed the global trend in youth LFPR between 2019 and 2022 (table 2). The LFPR in the region dropped by 2.3 percentage points between 2019 and 2020, recovering by 1.6 per cent in 2021. It is, however, projected to remain slightly below the pre-pandemic level in 2022, at 39.9 per cent, compared to 40.4 in 2019. The youth employment-to-population ratio (EPR) also followed the global downward trend between 2019 and 2020. A recovery observed between 2021 and 2022 has not yet led to pre-pandemic levels being reached in the

► **Table 3. Projected youth employment impacts of various policy scenarios relative to the baseline, Europe and Central Asia, 2022 and 2030** (thousands)

	2022	2030
Green scenario	206	603
Digital scenario	21	122
Care scenario	184	715
Combined scenario	415	1 414

Note: Youth are defined as those aged 15–29 years.

Source: ILO, based on the E3ME model of Cambridge Econometrics.

region. Nevertheless, thanks in part to the European Youth Guarantee, the EPR in Northern, Southern and Western Europe had almost returned to its pre-pandemic level in 2021 (at 37.1 per cent, compared to 37.4 per cent in 2019).

Young women exhibit a lower EPR than young men in the ECA region, and there have been no significant signs of a closing of the gender gap in recent years. The decrease in the EPR rate in 2020 was slightly greater for young men than for young women, but young men’s employment also recovered more quickly than did young women’s.

In *Global Employment Trends for Youth 2022*, the ILO used a macro-econometric model to quantify the economic and employment impacts of major investment in the green, digital and care economies. The “green scenario” encompasses measures designed to pave the way towards a net zero economy by 2050 or 2060, the “digital scenario” aims at providing universal (90 per cent) internet broadband coverage, while the “care scenario” includes investments to increase health and long-term care services and education coverage with a view to meeting the relevant targets of SDG 3 (“Good health and well-being”) and SDG 4 (“Quality education”) by 2030. The results indicate that ECA countries have the potential to create additional jobs for youth through implementing the green, digital and care policy packages (table 3). The gains, nevertheless, are likely to be slightly lower than in other regions as ECA countries would be starting from a higher baseline in terms of broadband coverage, green policies, and education and health.

From the employment creation perspective, the ECA region would experience the least employment gains from implementation of the digital package, mainly because of the extensive internet connectivity that is already in place.⁵ Although, as in other regions, the model suggests that the youth employment dividends accrue primarily to young

men (56 per cent of the new jobs) rather than young women (44 per cent), the gender difference in the employment dividend is smaller in ECA than in any other region or indeed the world as a whole, where young women are projected to obtain just 36 per cent of the new jobs created by expanding internet connectivity.

Continued investments in the green transition are likely to lead to higher employment gains in ECA, even though efforts to address climate change were largely postponed as a result of the pandemic. Although youth employment gains through targeted investment in the green economy are higher for young men, young women would account for almost four in ten additional net jobs in the region. Recent geopolitical tensions in Europe may contribute to accelerating the shift away from fossil fuels towards renewables, thus increasing the need for green transformation, which may bear even higher youth employment results in the medium- and long-term.

In absolute numbers, the care policy scenario is projected to lead to the highest youth employment gains for the ECA region. This may reflect increasing care needs, including those associated with the ageing population in high- and middle-income countries of the region. Assuming that the current sex-disaggregated distribution of employment across age groups and sectors remains unchanged, 70 per cent of the new jobs created in care economy in ECA would go to young women.

Additional jobs for young people in ECA – defined for the modelling exercise as comprising those aged 15–29 years⁶ – created through a “big push” effort towards targeted investments (referred to in the modelling as the “combined scenario”) could amount to around 1.4 million by 2030, compared to a “business as usual” scenario. These employment gains made through targeted investments would bring the ECA region on track to achieve the SDGs, including SDG 8 on full and productive employment and decent work for all.

⁵ That being said, there is considerable cross-country disparity in Europe and Central Asia with regard to internet connectivity.

⁶ For this modelling, the age range was expanded to include those aged 25–29 years so as to make the modelling results more robust. This broader definition also reflects the fact that in many countries around the world, young people enter the labour market at increasingly later ages.