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Holistic approaches to economic inequality of youth

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Policy paper: Holistic approaches to economic inequality of youth

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Summary

Since 2016, NGO Prima has carefully monitored position of the youth as part of activities implemented under regional CSO network, Youth Hub Western Balkan and Turkey Network of Youth Organizations (YHWBT Network). The main focus was on youth-related data and in order to have structured evidence-based monitoring system, **the Youth Participation Index (YPI)** was produced by the Network, offering valuable insights into the engagement of young individuals within society. This index delves into their involvement in decision-making processes, their integration into the labor market, and their participation in various social spheres.

The Youth Participation Index for years serves as a tool, facilitating a deeper understanding, assessment, and advocacy for youth involvement across societal spaces. It gives a structured framework for evaluation, informing decision-making processes and fostering ongoing dialogues aimed at boosting youth engagement within Montenegro and the broader regional context of Western Balkan and Turkey. Index was developed with the financial assistance of the European Union, and co-funded by the Government of Montenegro, Ministry of public administration for activities in Montenegro.

Every year, NGO Prima publish the monitoring report and evaluates three dimensions of participation through a selection of specific indicators covering three areas.

The **political dimension** assesses young people's engagement in political processes, including their access to governmental information, participation in parliamentary proceedings, involvement in municipal activities, engagement in youth networks, and opportunities for political leadership roles.

The **economic dimension** evaluates the extent of young individuals' inclusion or exclusion from the labor market, encompassing their level of activity, employment status, and opportunities for self-employment.

Lastly, the **social dimension** examines young people's active participation in societal area, considering their integration within communities through formal and informal education, and indicators of potential exclusion such as poverty, reliance on social welfare systems, and periods spent in prisons.



After years of persistent data collection and analysis, the NGO Prima team has come to understand the **complex nature of overall participation of youth**, but more important, nature of youth economic inequality in Montenegro.

Our findings underscore **the urgent need for a holistic approach that not only addresses the surface-level symptoms of economic disparity but also dives deep into the root causes that effect this cycle of disadvantage among young people.**

The challenges faced by youth in Montenegro are linked, spanning from educational inequalities and limited access to quality jobs, to systemic barriers in accessing financial resources and entrepreneurial opportunities.

To address these complexities, it is imperative that policies and interventions are not siloed but instead are interconnected, ensuring that solutions are as multifaceted as the challenges themselves. This means **investing in comprehensive education and training programs that equip young people with the skills needed for the modern workforce, while also creating pathways for entrepreneurship and innovation.**

It requires the removal of systemic barriers that hinder access to financial resources, and the implementation of supportive measures that encourage youth participation in economic life.

Moreover, our approach must be inclusive, recognizing the diverse needs and challenges faced by young people from different backgrounds. This requires targeted support for marginalized groups but also ensuring that **all young individuals, regardless of their socio-economic status, ethnicity, or gender, have the opportunity to succeed.**

By fostering a supportive ecosystem that nurtures talent and ambition, we can unlock the full potential of our youth, driving forward economic and societal progress.

In conclusion, the insights gained by the NGO Prima team from extensive data collection highlight the critical need for a holistic approach to tackling youth economic inequality in Montenegro. By addressing the intertwined challenges through comprehensive, inclusive policies and interventions, we can pave the way for a more equitable future where every young person has the chance to thrive and contribute to the advancement of our society.



National policy framework

The legal framework governing youth policy and the economic positioning of young people in Montenegro is comprehensive and complex, reflecting the broad societal relevance of youth. At the forefront is the Law on Youth, which plays a pivotal role by outlining the methods for determining and implementing youth policy, along with measures and activities aimed at enhancing the social status of young people and facilitating their access to various services and opportunities.

In the past, significant efforts have been made to refine and expand this legal framework, including the initiation of amendments to further align national law with evolving needs and European standards. The first Law on Youth, was adopted in 2016, but after several years of implementation conclusion was that it has to change so the second Law on Youth was created and adopted in 2019, laid the groundwork for the establishment of youth services, a national-level representative youth council, and strategic solutions for implementing youth policies at both national and local levels. However, it's noted that specific issues related to NEET (Not in Education, Employment, or Training) and vulnerable youth groups are not directly addressed within this law, suggesting an area for potential enhancement.

Besides mentioned law, the broader strategic and legislative framework includes a wide array of laws and strategies about social and child protection, healthcare, labor, education, criminal justice for minors, sports, culture, media, and specific strategies targeting employment, children's rights, mental health, and substance abuse prevention, among others. These documents collectively form a robust foundation for addressing the complex aspects of youth well-being and economic engagement.

At the local level, municipalities develop regulations and establish bodies dedicated to youth, in line with the Law on local self-government. The institutional framework, involving departmental secretariats, youth councils, and various service providers, suppose to ensures a cohesive approach to supporting youth across different sectors of society – but that is in practice not a case.

Local Action Plans for Youth (LAPMs) are another cornerstone, serving as primary instruments for applying youth policy at the municipal level, aligned with the national Strategy for Youth and its Action Plan. In theory these plans should incorporate research findings on local youth needs, feedback from working groups, and public discussions, highlighting a structured approach to policy implementation on local level. In practice, local municipalities are



creating those documents depending on their capacities – sometimes including all the steps of evidence-based policy creation, sometimes including fast reaction on push from national level, and creating plans that include minimum of standards.

Since the adoption of the Youth Strategy for 2017-2023 in September 2016, youth policy implementation in Montenegro has experienced significant positive developments, though not comprehensively. The government has annually allocated budgets to support CSOs in implementing youth projects aligned with the Youth Strategy. MONSTAT began publishing data relevant to the youth population as mandated by the Youth Law. All municipalities adopted Local Action Plans, and a network of local youth services was developed. These initiatives have fostered an environment conducive to youth participation by allocating necessary resources, enhancing data transparency, and encouraging local involvement. This supportive ecosystem signifies Montenegro's progress towards improving youth participation in policy development, community engagement, and decision-making processes. However, it is noted that certain youth groups remain less involved due to specific challenges and insufficient outreach efforts.

Despite these advancements, there have been setbacks in youth participation since 2016. The notable issues include the delay in adopting a new Youth Strategy post-2021, resulting in a strategy gap throughout most of 2022 and 2023, and the absence of an operational Council for Youth due to the lack of a valid strategy. Additionally, the flexibility in the law regarding the establishment of local youth councils led to their absence in many municipalities. This situation created a policy vacuum, hindered coordination of youth-related efforts, and resulted in a scarcity of financial resources for youth activities, weakening the youth sector overall. The absence of structured representation and participation of young people in decision-making processes was also a significant concern. These challenges highlight the need for regular updates and reviews of youth strategies to adapt to changing needs and ensure effective coordination and implementation of youth-related initiatives.

In summary, Montenegro's legal and strategic frameworks for youth policy and economic positioning are characterized by their comprehensiveness and alignment with European standards, underscoring a national commitment to improving the lives of young people. However, ongoing adjustments and enhancements, particularly concerning NEET and vulnerable groups, are essential for addressing all facets of youth needs and potentials.



Economic participation of youth

After years of monitoring the situation of youth, we concluded that Montenegro, like many other countries, struggles with persistent economic disparities that disproportionately impact its youth population. Factors such as inadequate employment opportunities, unequal resource distribution, and socio-economic barriers slow down the socio-economic mobility of young people, continuing a cycle of inequality and exclusion. In the search of inclusive and sustainable development, addressing the economic marginalization of Montenegro's youth is vital.

Economic inequality among youth in Montenegro presents a comprehensive challenge that demands all-inclusive and holistic approaches for effective resolution. It is important to explore and advocate for such approaches to address the pressing issue of youth economic inequality in Montenegro.

Data on economic participation of youth for 2022 reveals significant challenges faced by young people in terms of economic participation, including high rates of unemployment, NEET, and long-term unemployment, along with low rates of labor force participation and employment.

Table Economic participation of youth for 2022

Indicator	DATA	Female	Male
NEET rate	23%	22%	25%
Youth unemployment rate	25%	22%	29%
Long-term youth unemployment rate	14%	12%	16%
Youth Labor force participation rate	55%	51%	59%
Youth Employment rate	41%	40%	42%
Young people that started their own business with the financial support of state	no data	no data	no data
Self-employed young people	8%	6%	10%

We can see from the data that NEET (Not in Education, Employment, or Training) rate in 2022 stood at 23%, with a slightly lower rate for females (22%) compared to males (25%). This high rate indicates that a significant portion of the youth population is disengaged from both the labor market and educational opportunities, which is a critical issue as it represents a loss of potential economic and social contribution to society.



The youth unemployment rate was 25%, which is quite high, indicating that a quarter of the youth labor force is actively seeking but unable to find work. The rate is higher among males (29%) than females (22%), suggesting gender disparities in job availability or job search effectiveness in the youth labor market.

The long-term youth unemployment rate was 14%, with males facing a higher rate (16%) compared to females (12%). This suggests that not only is it difficult for young people to find work, but a significant portion remains unemployed for extended periods, potentially leading to discouragement and disengagement from the labor market.

The youth labor force participation rate was 55%, indicating that just over half of the youth population is either working or actively looking for work. The rate is higher for males (59%) than for females (51%), which could reflect cultural, societal, or economic factors influencing women's participation in the labor force.

The youth employment rate stood at 41%, with little difference between males (42%) and females (40%). This low rate signifies that a significant portion of the young labor force is unable to secure employment, highlighting the challenges young people face in entering the job market.

No data is available regarding young entrepreneurs starting businesses with state financial support, which could indicate a gap in policy or data collection regarding youth entrepreneurship. The self-employment rate among young people is 8%, with a higher percentage of males (10%) than females (6%) engaging in self-employment. This suggests that a small but notable proportion of young people are creating their own employment opportunities, though gender disparities exist.

There is a clear need for targeted interventions to improve the economic situation of young people, including enhancing access to education and training, supporting youth entrepreneurship, and implementing policies aimed at increasing youth employment and labor force participation. Additionally, addressing the gender disparities evident in the data should be a key consideration in designing and implementing these interventions.

The urgency of addressing youth economic inequality in Montenegro is underscored by its wide-ranging consequences for social cohesion, economic growth, and intergenerational equity. Given that a significant portion of Montenegro's population comprises young people, the failure to address their economic disenfranchisement risks jeopardizing the country's long-term prosperity and stability. Furthermore, amidst evolving global challenges such



as technological disruption and climate change, empowering Montenegro's youth to meaningfully participate in the economy is crucial for fostering innovation, resilience, and competitiveness.

It is important to explore possible root causes of youth economic inequality in Montenegro, assess its impact on different segments of the youth population, regularly review past approaches to addressing the issue, and identify remaining challenges with the aim to inform policy discourse and catalyse intensive action towards a more equitable and inclusive future for Montenegro's youth.

Why Now is the Crucial Time to Address This Issue

Addressing this topic and its associated challenges today is imperative for several powerful reasons. Firstly, the economic and social landscapes are undergoing rapid transformations, driven by technological advancements, globalization, and changing labor market demands. These shifts present both opportunities and obstacles for young people, highlighting the urgency of tackling youth economic inequality to ensure they are not left behind.

Secondly, the current moment is marked by an increasing awareness and commitment to social justice and equity on a global scale. There is a growing consensus that addressing inequalities is not only a moral imperative but also essential for sustainable development and societal cohesion. By focusing on youth economic inequality, we align with these broader goals, leveraging the momentum to implement meaningful change.

Furthermore, the impact of recent global challenges, particularly the COVID-19 pandemic, has magnified existing disparities, affecting young people disproportionately. This has underscored the vulnerabilities in our economic and social systems, revealing the urgent need for a holistic and proactive approach to safeguard the future of the youth.

Moreover, there is a recognition that investing in young people is investing in the future. Empowering young individuals with the skills, resources, and opportunities to succeed economically is crucial for fostering innovation, driving economic growth, and addressing future challenges. Today's efforts to combat youth economic inequality will lay the foundation for a more dynamic, inclusive, and resilient economy.

Lastly, there is an opportunity to capitalize on the energy, creativity, and potential of young people themselves. By engaging them in the design and implementation of solutions, we not only address their immediate challenges



but also empower them as agents of change, capable of shaping a more equitable and prosperous future.

The current moment offers a unique confluence of challenges and opportunities that underscore the importance of addressing youth economic inequality. By taking action now, we can ensure that young people are equipped to navigate the complexities of the modern world, contribute to societal advancement, and achieve their full potential.

Conclusions and recommendations

Holistic approach is essential for effectively tackling youth economic inequality in Montenegro.

Rather than adopting isolated interventions or individual reforms, holistic approaches recognize the interconnectedness of various factors contributing to inequality and seek to address them comprehensively.

By integrating economic, social, and institutional dimensions, holistic strategies need to aim at creating an enabling environment where all young people have equitable opportunities to realize their potential and contribute to society. Some of the proposals that could be taken into consideration are:

1. Enhance access to quality education and training

Ensuring young people have access to quality education and vocational training that match the demands of the modern workforce is fundamental. This entails revising educational curricula to incorporate skills for the digital age, entrepreneurship, and green jobs, thus preparing youth for emerging employment opportunities.

2. Promote Cultural and Creative Programs for Youth Development

Supporting the development of cultural and creative programs is essential in fostering an environment where young people can explore and nurture their interests, talents, and creativity. Initiatives such as art workshops, music classes, theatre groups, and digital creation labs not only provide spaces for young individuals to engage in activities they are passionate about but also contribute to skill development, critical thinking, and personal growth. By broadening their horizons through exposure to diverse cultural experiences, youth can gain a deeper understanding of the world around them, enhance their social and emotional intelligence, and cultivate a sense of identity and community belonging. Encouraging participation in cultural and creative



activities can therefore play a critical role in holistic youth development, preparing them for both personal and professional success in a globally interconnected world.

3. Foster youth entrepreneurship and self-employment

Encouraging young entrepreneurs through financial support, mentorship programs, and business incubators can address high youth unemployment rates. The government and private sector should collaborate to provide resources and create a supportive ecosystem for young business owners.

4. Improve youth labor market data and transparency of it

Regular collection, analysis, and publication of labor market data focused on youth employment trends will enable better policy-making. This includes detailed statistics on NEET rates, youth unemployment, and self-employment, disaggregated by gender and region, to identify and address specific barriers.

5. Promote inclusive policies for marginalized youth

Special attention must be paid to marginalized groups among youth, such as those from low-income families, ethnic minorities, and rural areas. Policies should ensure these groups have equal access to education, employment, and entrepreneurial opportunities.

6. Facilitate transition from education to employment

Implement programs that bridge the gap between education and the labor market, such as internships, apprenticeships, and job shadowing opportunities, with a particular focus on sectors with high employment potential. Support development of volunteering infrastructure.

7. Cultivate a culture of lifelong learning and invest in diverse programs

Promote the concept of lifelong learning to ensure that young people can develop but also continuously adapt to changing labor market demands. This includes access to adult learning programs and online platforms for skill development.

8. Expand and provide sustainable funding for social protection and support services

Enhance social welfare systems to provide targeted support for vulnerable youth, including financial assistance, counseling, and access to healthcare, to mitigate the risk of economic exclusion. Focus on strengthening community-



based services and peer-supporting, development of youth work, especially outreach youth work.

9. Meaningfully engage youth in policy-making processes at all levels

Create mechanisms for meaningful youth participation in decision-making at all levels. This involves establishing local youth councils and forums that allow young people to voice their concerns and contribute to the development of policies affecting their lives.

10. Promote gender equality in formal and non-formal learning and economic opportunities

Promoting gender equality in both formal education and informal learning settings, as well as in economic opportunities, is essential for achieving fair and inclusive societies. If we want to support boys and girls we need to provide more tailor-made opportunities and also need to address gender disparities in the labor market by enforcing equal pay for equal work, combating discrimination, and supporting sectors where women are underrepresented.

11. Enhance digital literacy and access

As the digital economy grows, ensuring young people have the necessary digital skills and access to technology is crucial for their economic participation. This includes providing affordable internet access and digital training programs across the country.

12. Support youth mental health and well-being

Recognize the impact of economic inequality on mental health and provide comprehensive support services, including counseling and mental health programs, to support young people's well-being.

13. Strengthen local action and municipal engagement

Empower local governments to develop and implement youth-oriented policies effectively. This includes providing municipalities with the necessary resources, training, and support to create Local Action Plans that are genuinely responsive to the needs of young people in their communities.

14. Encourage Public-Private Partnerships for Youth Employment

Foster collaboration between the government, private sector, and civil society to develop innovative solutions for youth employment and training opportunities.



15. Establish and implement comprehensive legal and strategic framework

To address the root causes of youth economic inequality, it's imperative to have a robust legal and strategic framework that not only acknowledges the existence of NEET youth e.g. but also provides specific policies aimed at their inclusion. This requires updating existing laws and strategies to better reflect the needs of vulnerable youth groups and ensuring these frameworks are aligned with European standards and best practices.

16. Monitor and Evaluate Youth Policies Regularly

Implement a robust mechanism for monitoring and evaluating the effectiveness of youth policies and programs. This will ensure that interventions are responsive to changing needs and circumstances and contribute to continuous improvement.

We need to work together

It is to be noted that the work on youth economic inequality involves a wide array of key stakeholders and interested parties, each playing a critical role in formulating and implementing effective solutions.

Governmental bodies, at both national and local levels, are primary actors responsible for creating and enforcing policies and laws that address economic disparities among youth.

Non-governmental organizations (NGOs) and other **civil society organizations (CSOs)** serve as crucial intermediaries, advocating for youth rights, providing support services, and ensuring that the voices of young people are heard and considered in policy-making processes.

The **private sector** also plays a significant role by offering employment opportunities, internships, and apprenticeships that can enhance the economic participation of youth.

Educational institutions, including schools and universities, are fundamental in equipping young people with the necessary skills and knowledge for the labor market.

Additionally, **international organizations and donors** contribute by offering financial support, expertise, and global best practices in youth policy development.



Youth themselves are key stakeholders, not only as beneficiaries of policies and programs aimed at reducing economic inequality but also as active participants in shaping solutions that affect their lives. Finally, parents and families, as primary support systems, alongside communities, have a vested interest in creating conducive environments for the economic empowerment of young people.

Addressing youth economic inequality requires a concerted effort from all mentioned stakeholders, with a clear focus on implementing holistic and inclusive strategies. The importance of this issue cannot be overstated, as it impacts not only the current well-being and future prospects of young people but also the broader socio-economic development and stability of society.

Empowering young people today will equip them with the tools to overcome economic challenges, contribute to innovation and economic growth, and lead positive social change. Thus, our collective support for holistic approaches to youth economic inequality is not only an investment in the youth of today but also a foundation for a more inclusive, dynamic, and resilient society tomorrow.

By supporting comprehensive solutions that foster education, employment, entrepreneurship, and active participation, we can build a more equitable and prosperous future for all youth.

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