



# BACK TO WORK

## Growing with Jobs in Europe and Central Asia

### THE ROLE OF LEGACY AND DEMOGRAPHICS

Europe and Central Asia, up to the global crisis, was the region with the highest economic growth; however, this growth did not translate into new jobs. Looking back, this is partly explained by the legacy of centrally planned economies; looking forward, the region's employment performance will also be determined by how it responds to mounting demographic pressures. To get more people back to work and to grow with jobs, especially in countries lagging behind in the economic and institutional reform process, the region needs to regain its reform momentum and adapt its jobs agenda to its demographic pressures.

#### Europe and Central Asia has a poor employment record



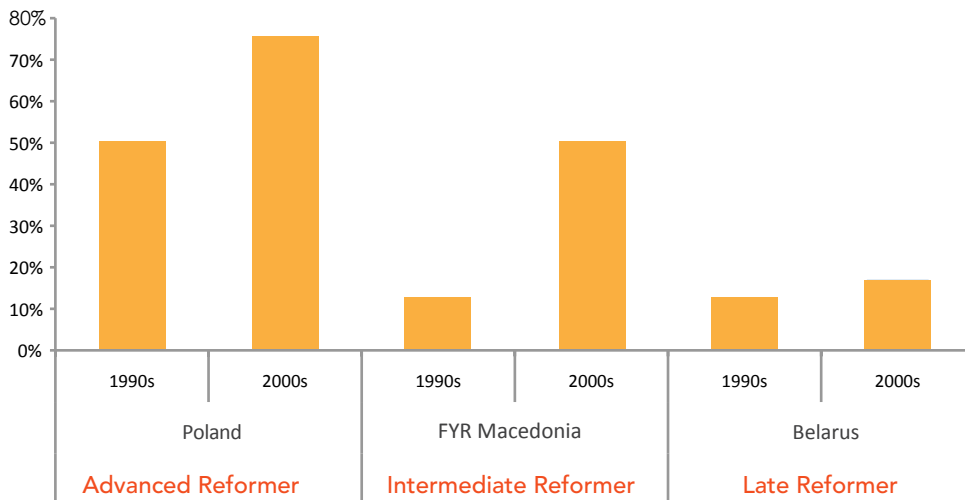
of people in working-age do not have a job in Europe and Central Asia, compared with 35% in East Asia and 40% in Latin America.



Weak employment growth in the region in the 2000s (10%), compared to over 30% in East Asia and Latin America.

#### Reforms pay off... although results take time

% of years in each decade when both labor productivity and employment increased



Reforms and modernization generate a virtuous circle between productivity and employment growth over the long-haul.



## Confronting the Jobs Challenge: Two Contextual Factors

### Transition legacy and stage of reforms



Speed and depth of reforms in business climate, public sector modernization, financial development, trade integration and labor market regulations.

### Demographics



Most countries are aging, in some cases rapidly, while some have large numbers of youth entering the workforce.

## Policies to Grow with Jobs: Where do Countries Stand?

Demographics	Youth bulge	Aging over medium term	Aging rapidly
Stages in reform process			
Late reformers	Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan	Russian Federation	Belarus, Ukraine
Middle reformers	Albania, Kosovo	Armenia, Bosnia & Herzegovina, Croatia, FYR Macedonia, Montenegro, Romania, Serbia	Georgia, Moldova
Advanced reformers	Turkey	Czech Republic, Estonia, Hungary, Poland, Slovakia, Slovenia	Bulgaria, Latvia, Lithuania

