Entrepreneurship and incubators in Estonia 360 Entrepreneurship projects

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Introduction

Estonia is a small, open economy, highly dependent on external factors. In response to the recession, the youth unemployment rate reached its peak in 2010 – at 33 percent it was one of the highest in the EU. It fell sharply in 2011, to 22 per cent, but this is still double the rate in 2007. Young people not in employment, education or training (NEETs) comprised 13 per cent in 2011. Eurofound has calculated that the annual cost of the NEET group is 1.5 per cent of GDP in comparison to the EU21 average of 1.1 per cent. Education resources play a crucial role in youth labour market opportunities. The most vulnerable are people with less than a secondary education. People graduating during the recession 2008–2011 are not more likely to continue their studies compared to those graduating during the boom years of 2001–2007. The only exception is people who obtained a BA. Compared to the economic boom, a downward substitution process is observable in the social position of young people during the recession. Only an MA seems to have retained a distinct value in the labour market, since the likelihood of those with such a degree becoming unemployed or taking precarious employment has not increased. In Estonia, mainly reactive policies have been developed to assist the labour marketentry of the unemployed. However, there is clear need for a wider range of measures, including those related to formal education and training. Although education is not a miracle cure, it can still be said that, in addition to specific knowledge and skills, it also fosters flexibility. Generally, people who have been educated for longer are better able to engage in retraining, if necessary, and to adjust to economic changes. In order to promote a more proactive approach and more sustained prospects, the coordination of youth policy measures between the Ministry of Social Affairs (Employment Office) and the Ministry of Education and Research (education system) is vital.

The Estonian Context

The context of labour market entry varies over time due to a number of different factors. We will address three major trends affecting youth labour market opportunities: the economic situation, changes in the education system, including educational expansion, and the upskilling of the occupational structure. First, economic reforms in Estonia were among the most radical in post-socialist countries in the early 1990s, particularly with regard to the highly liberal economic principles and modest role of the state. The dominance of liberal right-wing parties since 1992 has contributed to the dominance of trust in the free market's ›invisible hand‹and to the lack of any sufficiently strong political support for the development of proactive social policy (Lauristin 2003). Active labour market policies have low coverage and even lower levels of financing and provide limited re-employment assistance and employment security (Saar and Lindemann 2008). Indeed, international economists have characterised Estonia's labour market as highly flexible (Cazes and Nesporova 2003).

The Estonian economy went through a major recession in August 1998. On 13 August 1998, the Russian stock, bond, and currency markets collapsed and Estonian exporterslost their competitiveness compared to local manufacturers. This crisis was most painful for food products, as foodstuff exports fell by 44 per cent (Rei 2009: 18). In terms of workplaces, there had been a substantial decrease in employment in the first half of the 1990s and between 1997 and 2000 a further 44,700 workplaces disappeared. the Euro area, with living standards exceeding those in most new members of the European Union. However, growth was unbalanced and driven by overexpansion of non-tradable sectors, particularly real estate and construction.

It was financed by large capital inflows, which led to unsustainable current account deficits and high private debt. External financing became a key source of rapid credit growth, mainly to households for real estate purchases in the form of variable interest rate and foreign currency loans. Pro-cyclical fiscal policy and wages amplified the cycle (Brixiova, Vartia and Wörgötter 2010).

Exactly ten years after the previous downturn, in September 2008, Estonia entered a new deep recession, the key events being the collapse of the real estate market and the global financial crisis. The combination of plummeting real estate prices and transactions led to a rapid decline in output and jobs in construction, finance and real

estate services (Brixiova et al. 2010). Real GDP growth fell by –14.2 per cent in 2009 compared to 2008. Overall employment dropped by 85,600 between 2008 and 2010; in 2010 there were the lowest number of working people during the past two decades: 570,900 (Statistics Estonia 2012). While aggregate outcomes improved during 2000–2007, large inequalities persisted across regions, ethnic groups and workers with different skill levels (Brixiova 2009). After a rapid decline, Estonia has recovered quickly. Therefore, lately Estonia has been used as an austerity success story. In 2011, it had a faster economic growth rate than any other EU country, at 7.6 per cent. Estonia is also the only EU member with a budget surplus and had the lowest public debt – 6 per cent of GDP – in 2011. Fitch affirmed Estonia's A+ credit rating (http://www.businessweek.com/news/2012-06-01/estonia-srating-affirmed-by-fitch-amid-economic-recovery) at the beginning of June 2012. The growth was driven by industrial exports, which recovered more rapidly than expected, contributing to an increase in employment and falling unemployment since the end of 2010. The recovery of the industry sector was due to the good economic situation in the main export countries in Scandinavia. In addition, the improvement of labour market indicators can be partially attributed to labour migration to foreign countries, especially at the end of 2010 (Estonian Bank 2011). These are those people who work abroad, but who are still residents of Estonia. It is called commuting migration. At the same time, the risks to economic growth due to the spread of the Euro area's debt crisis have increased. The external environment may thus hinder Estonia's future economic development. At the same time, the risks to economic growth due to the spread of the Euro area's debt crisis have increased. The external environment may thus hinder Estonia's future economic development.

Educational Attainment

This is the second major trend affecting young people's labour market opportunities. The share of early school leavers1 among 18–24 year olds remained at 13.9 per cent (Table 1), slightly below the
EU27 average of 14.4 per cent in 2009. The issue concerns mainly the male population. Compared to 16.3 per cent in the EU27, the percentage of males leaving school early is 18.4 per cent. Reducing early school leaving has been a serious concern of policymakers. The measures include teaching Estonian to non-nationals already in preschool, developing counselling systems and introducing customised measures for children with special educational needs. In autumn 2010, a new Elementary Schools and Upper Secondary Schools Act was introduced which obliged teachers to contact parents in case of pupils' absenteeism or truancy. The roles and responsibility of the different parties involved were also defined (student, parent, school, local municipality) (Turk, Nurmela 2012). In 2011, the percentage of early school leavers
fell to 10.8 per cent, which is better than the 11 per cent sought by 2015 according to goals set by the Estonian government in the document »Estonia 2020«.

After elementary school, around 70 per cent of students opt for general secondary school; only 30 per cent continued studies at vocational schools in the 2000s. In 2010, 26 per cent of elementary school graduates continued in vocational education (Reinhold and Vaher 2011). The forecast by the Ministry of Education and Research foresees a further decrease as there is growing competition between general secondary and vocational schools for students due to demographic decline (Ibid.). Although it is not an official target, it is obvious that the current school reform, within the framework of which small secondary schools are being merged, it is expected that more pupils will opt for vocational school in future. There has been fierce criticism concerning the pressure to opt for vocational schools as the small and highly flexible labour market does not support narrow and early specialization (Saar 2004). Vocational school graduates do worse than general secondary graduates in the labour market in terms of pay and unemployment due to the lack of support systems, such as close cooperation between employers and vocational schools and the quickly changing and small labour market (Ibid). Mailis Reps, former Minister of Education and Research, has pointed out that ongoing educational reform in general secondary schools is causing a lot of instability and the aim of directing more young people into vocational schools is short-sighted due to the lack of a broader framework. According to Statistics Estonia, most of students enrolled in vocational education in the academic year of 2010/2011 were studying in the vocational upper secondary programme after elementary school (62 per cent), 36 per cent of students were receiving post-secondary vocational training and 1.3 per cent were taking vocational courses without educational requirements (mostly they do not have basic education). Female pupils outnumber males in general secondary education, while males dominate in vocational education. The proportion of female and male students in vocational education is the opposite of general secondary education – male students accounted for 57 percent. In vocational secondary programmes 67 per cent are male, but in postsecondary vocational training the figure is only 40 per cent (Estonian Education Information System (EHIS)). The most preferred field of study for men is engineering and engineering trades. Women mostly study personal services, business and administration. Estonian vocational education has been reorganised and has received substantial investments in recent years. In 2009, a new Development Plan for the Estonian Vocational Education and Training System 2009–2013 was developed and aims to increase the quality and competitiveness of vocational training and tighten the links to the labour market. While vocational education at the secondary and postsecondary levels became increasingly unpopular, tertiary education expanded rapidly through the emergence of private institutions of higher education, the emergence of fee-paying students in public schools and the reorganisation of specialised secondary schools as professional higher education schools. Until the early 1990s, the Estonian higher education system was highly centralised and institutionally homogenous. Thereafter, a considerable expansion took place through the establishment of new private universities and professional higher schools, the reorganisation of specialised secondary schools as public professional higher schools and new legislation allowing foreign universities to establish departments in Estonia (Saar and Unt 2011). Following the Bologna Proce ss, Estonia implemented a new system from 2002/2003. It has a two-cycle (bachelor/master) structure, known as the »3+2 model«.The attainment of qualifications in tertiary education has grown steadily in the past five years. In 2009, the figure in the age group 30–34 was 35.7 per cent, but in 2011 it was 40.2 per cent. Noticeable growth was observed in 2010 when the

attainment of qualifications in tertiary education reached 39.7 per cent, which is much higher than the EU average of 31 per cent. Concerning gender differences, in the early 1990s the share of female and male students was equal, while in 2010/2011 females outnumbered males at all levels of higher education. In professional higher education programmes, the share of female students was 58 per cent, in BA studies 59 per cent, in MA studies 66 per cent and in PhD studies
58 per cent (Tõnisson 2011: 14). Study preferences are traditional: the share of men is the lowest in education (2010/2011: 10 per cent) and health (13 per cent) programmes, while men are in the majority in engineering, manufacturing and construction.

Youth educational attainment in Estonia, 2009 and 2011 (%)

	% 2009	2011
Early school leavers*	13.9	10.8
Having tertiary education,	30–34-y-	35.7 40.2

Note: *18–24 year-olds with a basic education or less and not studying. Source: Estonian Statistical Office.

In the 1990s, around 4,000 graduates obtained a higher education each year. Thereafter, there was a rapid expansion of higher education between 1998 and 2005, when almost every year the number of graduates increased by approximately one thousand. In 2004/2005, 11,528 people graduated from higher education institutions. Since then, the number of graduates has fluctuated around the same value. It is also noteworthy that the expansion of higher education occurred mainly before implementation of the Bologna Process in Estonia. In terms of graduate profiles, almost all graduates obtained a BA at universities in early 1990s. Thus, the Estonian higher education system was very unified. Thereafter, the number of lower tertiary graduates started to increase rapidly. In parallel to the expansion of lower tertiary programmes, a growing number people opted for master's programmes. According to the typology presented by Arum et al. (2007), Estonia has had a diversified higher education system since the 2000s. While the primary tier comprises university courses, the secondary tier comprises both professionally and occupationally oriented programmes.

Labour Market Regulations and Occupational Structure

The new Employment Contracts Act adopted in 2009 creates more flexible regulations in terms of the possibilities for employers to hire and dismiss employees. The positive side of it should be that as employers take less risk when hiring newcomers, it might make it easier for young persons to enter the labour market. At the same time, it might mean higher volatility in their work careers. When analysing young people's labour market opportunities, it is also essential to pay attention to the demand side. If we agree with job matching theories, the occupational attainment of graduates not only depends on their educational attainment, but even more on the type of jobs available on the labour market. If there is a growing need for professionals and managers in the labour market, tertiary graduates easily find a matching workplace. The flipside of the coin is that the less educated are especially harshly crowded out of the labour market if those two processes take place in parallel (Gangl 2003). If the expansion of higher education is faster than the creation of new workplaces at the top of the occupational ladder, then fresh graduates face greater competition for the top positions. In all CEE countries, but especially in Bulgaria, Poland, Lithuania and Estonia, occupational upskilling has taken place at a much slower speed than the expansion of tertiary education, which might have generated oversupply and devalued degrees (Saar and Unt 2012). Of course, increasing the numbers of highly qualified workers does not necessarily create an oversupply and devalue degrees when professionals and managers are underqualified. What does the occupational structure look like in Estonia?

Estonia has a significantly higher proportion of unqualified workers in the workforce, while the proportion of white-collar workers is notably lower compared to most European countries (Saar 2008). In comparison to the European average, the current structure of the production sectors and the technology used in them in Estonia is heavily based on blue-collar workers. Data show that between 1990 and 2010 the percentage of lower whitecollars (clerks and service workers) and elementary occupations increased, while the share of skilled workers decreased (Figure 3). However, there was practically no change in the percentage of jobs at the top of the occupational hierarchy (those of managers and semi-professionals) during the same period, except for professionals, whose share increased. This was partly caused by the fact that the 2008 crisis hit the other occupations more – growth in absolute numbers is more moderate. There are significant differences in occupational positions by gender and ethnicity. Men are more likely to be eithermanagers or blue-collar workers. Women dominate in professionals and service and sales worker groups. Ethnic minorities work predominantly as blue-collar workers;they are considerably less likely to occupy positions at the top of the occupational structure. In sum, the supply of educated labour has increased, butthe demand for highly educated labour has not changed remarkably. Therefore, there is a conflict between the current economic structure, which needs simple andcheap labour, and the relatively high educational level of the new workers.

Vulnerable Young People

In this section, we address youth labour market opportunities from a number of different angles. A wider range of youth labour market indicators will help us to better understand young people's disadvantages, disengagement and underutilisation in the labour market.

Characteristics of Youth Unemployment

First, let us take a more general look at youth employment and unemployment dynamics during the boom and bust period, 2005–2011. Youth employment shows how much of all age groups, 15–74, are working. The youth employment rate fluctuated between 25 per cent and 35 per cent between 2005 and 2011, followingthe GDP growth line. During boom years, the youth employment rate increased, reaching 36 per cent in 2008. Due to the economic crisis, the youth employment rate decreased to 23 per cent at the beginning of 2010; thereafter there has been a gradual increase. The annual average employment rate was 25 per cent in 2010. In 2011, there was a further increase and the average employment rate was 31 per cent, 6 per cent higher than a year before. Young people were seriously hit by the crisis, as unemployment dynamics show. The impact of the economic crisis on unemployment from 2008 to 2010 completely wiped out the reduction experienced in the unemployment rate between 2005 and 2007. The youth unemployment rate changed dramatically as it rose from 7.5 per cent at the beginning of 2008 to 40.6 per cent at the beginning of 2010. Thus, the youth unemployment rate jumped by 33.1 percentage points within two years! Since the second half of 2010, the youth unemployment rate has started to decrease sharply. By the end of 2011, the youth unemployment rate was 22.7 per cent. We can note a substantial improvement in youth unemployment, but the rate of unemployment is still more than twice as high as before crisis. The youth unemployment rate has always been much higher than the adult unemployment rate. The two lines followed the same pattern, although the gap between the two age groups has varied; it widened more during the economic crisis. Young people face a twice or two and a half times higher unemployment risk than adults. Higher youth unemployment rates do reflect the difficulties faced by young people in finding a job, especially during the reduction of workplaces. Young people tend to be the last ones hired and the first ones fired. In addition, graduates who enter the labour market during recession years face especially harsh times in finding employment. In addition to the worsening economic situation, demographic trends have contributed to the vulnerability of this specific youth cohort. The large birth cohort of the baby boom, that took place at the end of the 1980s, has started to enter the labour market, tightening the competition for scarce workplaces during the economic recession years. Historically, in EU old member states, women have been more affected by unemployment than men, only the last crisis changed the gender order for a short time between 2009 and 2010 (Eurostat). In Estonia, male advantage is less prevalent. In 2005, unemployment among men and women was almost identical. Although in 2006 the

female unemployment rate surpassed male unemployment, already in 2007 men were more exposed to unemployment risk. By 2009, this gender gap had climbed to around 10 percentage points in favour of females. With the economic recovery since 2010, male and female unemployment rates have converged, although men are still more likely to be unemployed. The differences can be explained by the fact that sectors dominated by males were hit the hardest by economic recession, including construction.

The unemployment risk differs clearly by educational attainment, the least educated being the most vulnerable. Unemployment data for tertiary graduates are not presented for economically better years as the number of unemployed tertiary graduates aged 15–24 has been too small to calculate the representative unemployment rate based on Labour Force Survey data. During the last recession, the gap between educational groups increased, as also noticed by previous analyses in other EU countries (Gangl 2003). As Estonia entered recession in 2008, the unemployment rate rose 2.4 times for young people with secondary and basic education. This was one of the biggest rises in the EU, with comparable youth unemployment increases only in Spain, Ireland and the other Baltic States. The youth unemployment rate rose further in 2010, reaching almost 50 per cent for basic education graduates, 30 per cent for secondary and 20 per cent for tertiary graduates. However, one year later in 2011, Estonia was the only country among rocketing youth unemployment countries that managed to reduce youth unemployment substantially. In 2011, the youth unemployment rate in Estonia was close to the EU27 average (22.3 per cent vs 21.4 per cent). The youth unemployment rate was reduced by 20 percentage points to around 30 per cent for young people with basic education, by 10 percentage points to around 20 per centfor young people with secondary education and by 5 percentage points to around 15 per cent for young people with a tertiary education in 2011. Unemployment or, in more positive terms, job search, could be a normal stage in people's life course if it has a short duration. People look for a job after graduation (or already during studies) or change workplaces. Also, the economy cannot expand without available workforce. Unemployment becomes a serious issue if it becomes long term. On a personal level, it is very important for unemployed individuals not to lose the social contacts and skills necessary for finding work. While in 2008, over one-third of young people were looking for a job longer than one year, by 2011 the share of long-term unemployed constituted over half of young unemployed people. Long-term unemployment is more frequent among the less educated, men and the non-native population (Marksoo 2012).

Even though youth unemployment is considerably higher compared to that of the primary working age group of 25–49, they tend to turn less to the local employment office for support in case of unemployment. However, it is true that with increased unemployment the proportion of young people who turn to the Employment Office has increased considerably. According to the Estonian Statistical Office, in 2009 60 per centof unemployed persons aged 25–49 turned to the Employment Office, while the share remains at 46 per cent among persons aged 15–24 years. Still, this is more than two and half times higher compared to the situation one year ago among the youngest age group. Since 2010, the economic situation has improved and although youth unemployment rates are still very high, the share of unemployed young people is decreasing. In 2011, 39 per cent of unemployed young people turned to the Employment Office. Probably, the reason why few young people turn to the Employment Office is that they are mostly not entitled to unemployment insurance benefit since they lack the required employment record and have not paid unemployment insurance premiums for the required period. They are only entitled to the flat-rate unemployment assistance benefit, which is very low and probably not enough to motivate young people to register as unemployed (Nurmela and Leetma 2010). During the recession, it was evident that the services offered by the Employment Office were of interest to young people and the reason for increased activity in turning to the Employment Office. Still, currently over 60 per cent of unemployed young people have not turned to the Employment Office, which increases their risk of further marginalisation. It can be concluded from these trends, however, that the problems faced by young persons in the labour market cannot be overcome merely through labour market measures offered through the Employment Office system. These measures can only address less than half of the young unemployed. Thus, a wider range of measures needs to be implemented, including those related to education and (additional) training (Nurmela and Leetma 2010).

How do the latest trends in Estonian youth unemployment dynamics look in the EU context?

In 2010, the highest youth unemployment was observable in countries hit the hardest by economic crisis: southern countries such as Spain, Greece, Italy and Portugal, as well as the Baltic countries Ireland and Slovakia. Estonia stood between Greece and Italy in 2010. However, one year later, Estonia was the only country among those with rocketing youth unemployment that managed to reduce youth unemployment substantially. In 2011, the youth unemployment rate in Estonia was close to the EU27 average (22.3 per cent vs 21.4 per cent). In this respect, Estonia has made considerable progress. The youth unemployment rate is often criticised as it is calculated as a percentage of the total labour force aged 15–24 and it does not reflect the situation of those not belonging to the labour force. Therefore, recent reports on youth unemployment also cover young people who are not in employment, education or training (NEET). Here unemployed young people and inactive people who do not study are taken together. In 2008, every tenth person in the 15–24 age group was NEET (Table 1) in Estonia. Just two years late, in 2010, there were approximately twice as many young people aged 15–24 classified as NEET. Although there has been an economic recovery and the youth unemployment rate has fallen more rapidly than anywhere else in the EU, the share of NEET youth has decreased only marginally. In terms of government policies, unemployed aged 162–24 are defined as a labour market risk group and in the Government Programme 2011–2015, one of the main focuses of active labour market policies is to decrease youth unemployment. However, there are very few special measures targeted at NEETs and the approach is rather to tackle the overall problem of unemployment.

What are young people doing? In both years, half of those in age group 15–24 are studying. It is often claimed that during a recession education absorbs part of otherwise unemployed people. However, in Estonia, descriptive data indicate that at least on average young people are not studying more as a consequence of the crisis. The employment gap between 2008 and 2011 is 5 percentage points: in 2011, 36 per cent of young people were employed in comparison to 31 per cent in 2011. Here it must be underlined that I am comparing the latest annual data that already show a significant improvement in youth labour market indicators. In order to get a closer look at NEET young people, in second chart in Figures 10 and 11, all NEET young people are shown in their different subgroups. NEET young people are unemployed and inactive and not in education. Under »inactive not in education«, I separated for substantive reasons also those who are inactive due to illness or disability, pregnancy or parental leave.

Who were NEET in Estonia in 2011? Half of them were actively looking for a job; around one-quarter were either sick or on parental leave; and another quarter were inactive for other reasons. If we leave out those who are inactive because of small children or sickness, that still leaves 13 per cent or nearly 24,000 young people left aside in 2011.

Responses to Youth Unemployment

Fears have been expressed that a ›lost generation‹ might be a possible legacy of the current worldwide crisis (International Labour Organization 2010). Young people's disadvantages, disengagement and underutilisation in the labour market may result in lasting costs to the economy, society, individuals and families. This is particularly true of Estonia where, during the economic crisis, the youth unemployment rate has risen conspicuously compared to the average European rate. Youth unemployment risk is clearly associated with education in Estonia. It is easier for young people with higher education to enter the labour market and find work, while those with a lower level of education, especially basic, but also vocational secondary education, have a significantly smaller chance of success in the labour market if they leave the education system. The differences between educational levels have widened during the economic crisis. Since vocational secondary education also fails to provide a good protection from unemployment, it might be inferred that what is being taught does not correspond to the needs of Estonia's economy. However, as Estonia is very small and open to cyclical changes, it is very hard to predict the need for specific qualifications in future. In particular, vocational school graduates typically gravitate to elementary occupations and craft and related trades, in which workers were the first to be laid off as a result of the economic crisis. As trade unions and collective agreements have very low coverage in Estonia, their positions are very open to labour market volatility.

It is crucial to solve the problems faced by young people in order to reduce unemployment in general as well as reduce the number of young people leaving the country to find work elsewhere. It is also very important to take into account the long-term effects of the aging of the Estonian population. While in 2008 there was one individual over the age of 65 for every four working-age people aged between 15 and 64, in 2020 the ratio will be 3:1 (Kask, 2009). Since we already have a shortage of young people, it is all the more important to be able to integrate them into the education system or labour market. While analysing the possible responses to youth unemployment, one should first ask how the target group can be reached. In Estonia, compulsory schooling ceases at the age of 17 or on completion of basic education.

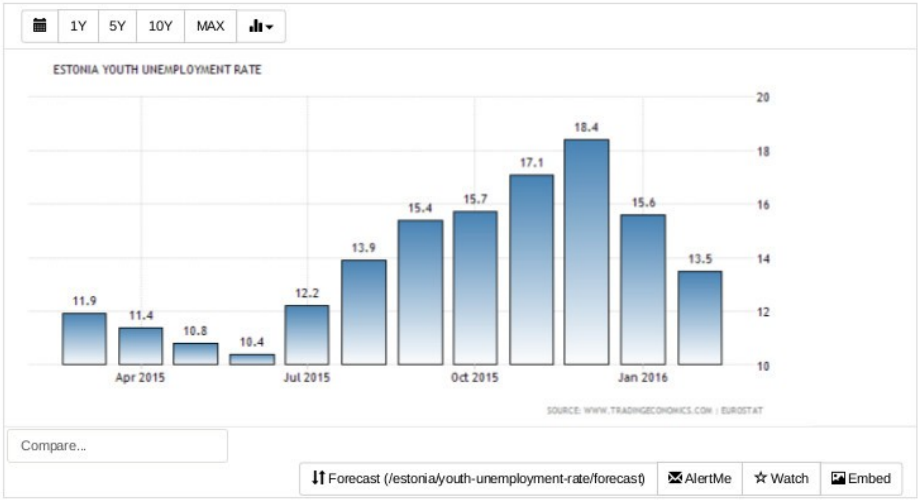
Thereafter, there is no surveillance system to target NEET youth. However, as is very clear from unemployment statistics, young people with a basic education are not prepared for the labour market. If they fail to continue their educational career, they are most likely to be marginalised in terms of very high unemployment risks as well as a high risk of precarious jobs. In addition, only around 40 per cent of all unemployed young people turn to the employment office (no statistics are available by educational level). Thus, even those having a clear motivation to enter the labour market are poorly connected to institutions. Spending periods of time as NEET may lead to a wide range of negative social conditions, such as isolation, insecure and underpaid employment, crime, and mental and physical health problems. These outcomes each have a cost attached to them and therefore being NEET is not just a problem for the individual but also for societies and economies as a whole. Eurofound has calculated that the annual costs of the NEET group is 1.5 per cent of GDP in Estonia in comparison to the EU21 average of 1.1 per cent (Eurofound 2011).

What Measures Would Help to Improve the Situation of Young People?

As described above, reducing early school leaving has been a serious concern of policymakers in recent years and the share of early school leavers among 18–24 yearolds has fallen considerably, from 13.9 per cent in 2009 to 10.8 per cent in 2011. One shortcoming of Estonian school system is unequal preparation for school. In contrast to a number of other countries, children have difficulties if they cannot when they first go to school as school materials require a lot of reading even during the first semester. Estonian preschools prepare children for school, but in particular less affluent families or families in remote locations do not send their children to kindergarten due to the high costs. Therefore, it would be necessary to guarantee social support and transportation (for remote areas) for low in come families to attend kindergarten to offer their kids a better preparation for school age. Although it is a very long-term measure, it would take a life-course perspective and deal with causes of early dropping out. In addition, international studies have shown that investing resources is the most cost-effective way of reducing inequalities in early childhood. A second set of measures should tackle prolonging educational careers at least until secondary school level and providing resources for young people to obtain qualifications. As the statistics show, a basic education is not sufficient to enable a young person to compete in the labour market. Low educated young people are more marginalised in Estonia than the EU average. Therefore, young people also need attention after obtaining an elementary school certificate. A common measure in this respect is to raise the obligatory school age to 18. In any case, there should at least be a guaranteed study place at secondary level for all elementary school graduates. For example, according to the Study Counselling Centre in Pärnu County, the local vocational training centre and the upper secondary schools were unable to accommodate 137 young elementary school graduates. In the circumstances of the economic recession, their prospects in the labour market are virtually non-existent and Counselling Centre workers argued that they are unable to provide any assistance to these youngsters. Current general secondary school reform might result in further polarisation of educational outcomes as many general secondary schools are either merged or closed down, narrowing opportunities to obtain a secondary education. However, it is hard to draw any stronger conclusions on possible outcomes of school reform as comprehensive analyses are missing. In any case, it is important to allow young people, especially those with fewer educational resources, to study during the economic recession. It is also certain that young people need well functioning housing, education allowance and social assistance systems, since not all parents are able to support their children. This investment is important in both the short and long terms. It directly decreases youth unemployment and provides young people with meaningful activities.Finally, we should stress the importance of coordinating youth policy measures between the Ministry of SocialAffairs (Employment Office) and the Ministry of Education and Research (education system). Currently, much emphasis is put on short-term measures assisting labour market entry.

Estonia Youth Unemployment Rate 2000-2016 | Data | Chart | Calendar

Youth Unemployment Rate in Estonia decreased to 13.50 percent in February from 15.60 percent in January of 2016. Youth Unemployment Rate in Estonia averaged 19.32 percent from 2000 until 2016, reaching an all time high of 42 percent in March of 2010 and a record low of 7.90 percent in February of 2008. Youth Unemployment Rate in Estonia is reported by the Eurostat.



Actual	Previous	Highest	Lowest	Dates	Unit	Frequency	
13.50	15.60	42.00	7.90	2000 - 2016	percent	Monthly	SA

This page provides the latest reported value for - Estonia Youth Unemployment Rate - plus previous releases, historical high and low, short-term forecast and long-term prediction, economic calendar, survey consensus and news. Estonia Youth Unemployment Rate - actual data, historical chart and calendar of releases - was last updated on May of 2016.

Estonia Labour	Last	Previous	Highest	Lowest	Unit	
Unemployment Rate (/estonia/unemployment-rate)	6.50	6.40	20.10	0.50	percent	[+] (/estonia/unemployment-rate)
Employed Persons (/estonia/employed-persons)	630.00	639.40	839.10	551.60	Thousand	[+] (/estonia/employed-persons)
Unemployed Persons (/estonia/unemployed-persons)	30.47	32.64	95.00	12.00	Thousand	[+] (/estonia/unemployed-persons)
Long Term Unemployment Rate (/estonia/long-term-unemployment-rate)	2.00	1.90	8.30	1.40	percent	[+] (/estonia/long-term-unemployment-rate)
Youth Unemployment Rate (/estonia/youth-unemployment-rate)	13.50	15.60	42.00	7.90	percent	[+] (/estonia/youth-unemployment-rate)

However, there is a clear need for a wider range of measures, including those related to formal education and training. Although education is not a miraclecure, alongside specific knowledge and skills it also fosters flexibility. Generally, people who have been educated for longer are better able to engage in retraining, if necessary,and adjust to economic changes. Last but not least, currently very limited evaluation of current programmes is are available. However, assessing the effectiveness of such present and future initiatives is crucial, especially in times of austerity when more efficient use of resources is essential.

Report on Measures to Combat Youth Unemployment in Estonia

Overview of the political situation with regards to youth unemployment

According to the Ministry of Social Affairs in 2008 there was 203 500 young people(aged 15-24) in Estonia, the majority of them were inactive (59%). Occupied rate was 36% and unemployed rate was 5%. In 2008 youth unemployed rate increased to 12%. In 2009 the rate continued to grow and by the end of second quarter the rate was 27%. During the peak of the economic crisis, at the beginning of 2010, youth unemployment rate was up to 40,6%. Within the next year youth unemployment rate decreased to 22,3%. In the second quarter of 2013 youth unemployment rate was 16,1%, what is substantially lower compared to last year (23,1%). Analysis by Eurofund show that in 2011 there was 14,9% NEET-youth of 15-29 year-old population in Estonia. According to coalition contract, in order to decrease youth and long term unemployed unemployment, the following is necessary:

a. The key of being successful in labor market is to gain competitive education. This is why it is important to pay attention to increasing people's education and vocational skills, which allows them to request better conditions at work and higher salary;

b. Continue with projects like "TULE" and "KUTSE", as a result school drop outs (or student who did not graduate by their own choice) will be given a change to return to education;

c. Continue and develop labor market services, depending on active labor market measures, including salary support, work practice, business start-up support, training for people with no vocational skills etc;

d. Improve Estonian Employment Agency's ability to help people find new jobs, offer faster service, modern IT-opportunities and personal help;

e. Support mothers to return to labor market, who have been away from labor market because of parental leave;

f. Guarantee career training and counselling, for youth in general education school, vocational school and in universities;

g. To ease Ida-Virumaa's long-term unemployment we offer through EAS individual large-scale industrial investment support package, which help to create new jobs in that region.

Measures brought in to address youth unemployment since 2008 Estonia

Estonia Youth Council and Estonia Unemployment Agency have had great collaboration and we hope to continue to pursue. There has been several measures that ENL has proposed to Unemployment Agency in March 2013. Unemployed Agency has developed an Individual Action Plan. It is presented to everyone who registers as being unemployed. This plan outlines the activities necessary to give unemployed the best chance of finding new employment. The plan also lists the labor market services that are offered. The proportion of unemployed who receive labor market training has substantially increased due to the fall in the number of employed. Another very effective measure is training in workshops (incl specifically for job seeking skills) with other people, who have the same status. For example the workshops are compiled in view of person's background or experience in labor market. Demand for this type of measure has increased. In addition Unemployment Agency has implemented a mobile consulting measure. During this project Agency's consultants travel across the country to region where unemployment rate is the highest.

Perspective of the National Youth Council of Croatia on what has been done so far

Estonia Youth Council has taken a strong interest in tackling unemployment through collaboration with government. ENL has expressed their views on reducing unemployment to Ministry of Social Affairs, Ministry of Finance, Ministry of Education and Research and also to its Youth Department. ENL has also draw attention to the seriousness of the youth unemployed problem through media.There have been developments, but not nearly enough. As said, government has not started a process for planning a rights-based youth guarantee, only some individual measures. While the services for unemployed youth have developed, many suggestions like specializing some Unemployment Agency consultants specifically for with youth have not been adopted. While Youth in Action and structure funds have been used to develop some youth work for NEETs, most of the NEETs are not evolved or don't even know about the services offered to them (lack of youth information).

Other additional measures

Most of all, we want an organized process to draft a rights-based youth guarantee model in Estonia. Right now, we're only getting individual proposals from ministries under the "youth guarantee" label, but no overall plan. By writing a letter to minister of social affairs ENL was proposing on meeting to discuss preparations for Youth Guarantee in Estonia and about planning of structural funds in order to reduce and prevent unemployment. Especially with the emphasis on structural funds investment priority: "For youth integration to labor market primarily for those, who isn't occupied nor in employment, education or in training."

ENL wrote letter to Ministry of Finance about suggestions for planning structural funds, to reduce unemployment among young people though youth work. The aim for that letter was to let the ministry know that there is a mismatch and actually it seems to ENL that in reality youth isn't priority for them. Besides formal education, there was not enough necessary planned resources for youth. ENL took the position that it is crucial to fund youth integration to labor market in sufficient amount, in order to reach the goals set in that priority methods. ENL estimates that in new period the investment needed, for reducing and prevention of youth unemployment through youth work, is 35 millions from ESF which means 5 millions per year.
We also advocate for a whole host of supportive services like youth information, career counselling, etc.

AN UNIQUE INNOVATIVE MEASURE

E-Residency

“e-Residency offers to every world citizen a government-issued digital identity and the opportunity to run a trusted company online, unleashing the world’s entrepreneurial potential.“

Estonia (Eesti) is a small country in Northern Europe that sits south of Finland, across the Baltic Sea from Sweden, just north of Latvia, and just west of Russia. It's estimated that 1.3 million people call this country home, which makes it one of the least-populous member states of the European Union, Eurozone, NATO, OECD, and the Schengen Area. The official language is Estonian, and the capital -- which doubles as the country's largest city -- is Tallinn. More importantly, though, Estonia is the world leader in digital governance and a founding member of Digital 5 (D5), a global network of leading digital governments. In fact, in December 2014, Estonia became the first country in the world to introduce the concept of e-Residency As the name suggests, e-Residency gives foreigners the ability to apply for a secure digital residency in Estonia, even though they don't actually live there.

How does it work?

e-Residents are given a digital ID card that contains a special chip. This card enables them to use Estonian public and private sector services and resources, sign documents remotely, and encrypt files.
The security and simplicity of Estonia's e-Residency program has become a success story all over the world. Media outlets swarmed as soon as the program started allowing people to sign up to be notified of an official launch. Within 24 hours, people in 168 different countries signed up for an official notification. Then, when the formal application process actually began, more than 6,000 people applied.

So far, some of the world's biggest names are among the list of Estonian e-Residents -- including Japanese Prime Minister Shinzō Abe, former Apple evangelist Guy Kawasaki, and Timothy Draper from the venture capital firm Draper Fisher Jurvetson.

While e-Residency is a new concept, the idea of a government-issued digital ID card is not. In fact, Estonians have been using these cards for more than a decade. Since Estonia is often called "e-Estonia" because of its technological advances, it made perfect sense to expand this digital ID service to the rest of the world. By extending virtually every public and private sector transaction to people in other countries, Estonia has created long-term value in the idea of secure digital identities, especially when it comes to commercialized Platform-as-a-Service (PaaS)

The motivation behind e-Residency is simple -- to create a country without borders.
"What we aim to do is to create a worldwide virtual business environment, where people from both the developed and developing countries can easily become entrepreneurs and start doing business anywhere in the world. Physical national borders and restrictions will no longer present an obstacle. You can start a business, open bank accounts, make transactions, sign contracts and even declare taxes, all on your computer," said Kaspar Korjus, Estonian e-Residency Program Director.

The main goal of the e-Residency program is to make life and business significantly easier for freelancers, digital nomads, business owners, international partners, and any other non-resident who has a relation to Estonia. Whether you want to start a business, expand your business, make investments, or study in the European Union, Estonian e-Residency makes it possible -- and simple.

As an e-Resident, you'll be able to:

- Establish and run a company online
- Conduct your banking online (e.g. make electronic bank transfers)
- Have access to international payment service providers
- Digitally sign documents (e.g. annual reports, contracts) within the company as well as with external partners
- Verify the authenticity of signed documents
- Encrypt and transmit documents securely
- Declare taxes online

Incubators:

In Estonia there are different incubators for different start-up purposes.

There are following incubators helping entrepreneurs to start their businessess:

social entrepreneurship:

Tartu: Seiku

technology company incubators:

Tallinn: Tehnopol
Tartu: Tartu Biotehnoloogia Park, Tartu Teaduspark

creative industries:
Tallinn: ESA Creative Industries Incubator
Tartu: Tartu Creative Industries Incubator
Viljandi: Viljandimaa Creative Incubator
Other areas of business incubators:

Tallinn: ESA inkubaator in Ülemiste, ESA incubator in Kopli
Narva: Ida-Virumaa Industrial Areas Development Incubator

One of the new sort of “incubator” is national’s minority television. Sine there was european project of creating television channel for national minorities in Estonia, the project has gone through and the channel is opened. In the beginning, and still, everyone who is interested in creating their television-channel can apply with their project to the channel ETV+ and after the evaluation proccess “angels’s” interest is being drown to those successful projects and the funding starts. Also there is a possibility for mentorship in television area. But remember - this is not an straight-forward, official incubator, its rather incubator-like (based on similar principles) television start-up.

Tallinn’s incubators for overall businesses have been brought together under one roof:http://inkubaator.tallinn.ee/, where everyone can see what is going on and what kind of start-ups there are in the process or already finished.

There is also a Garage48 incubator functioning in Tallinn with a famous idea of bringing people together for 48 hours to create a team that will develop an idea into a working prototype.

The incubators usually are focused on a specific area of the start-ups and supports the target group of all the applicants. Of course the incubators offer mentorship by professional in relevant areas and financing “angels” can support those start-ups with money in exchange for shares in the young start-up.