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## *Economic Empowerment: A Key Step Towards Roma Inclusion*

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# *What is Economic Empowerment?*

*“Jobs are more than just the earnings and benefits they provide. They are also the output they generate, and part of how we interact with others in society. Through these outcomes, jobs can boost living standards, raise productivity, and foster social cohesion.”*

World Development Report – Jobs. (World Bank, 2013).

Due to the interwoven effect of **limited access to quality education and training** and **unequal access to labor market opportunities**, many Roma do not have the tools to succeed and **advance economically**.

# Outline

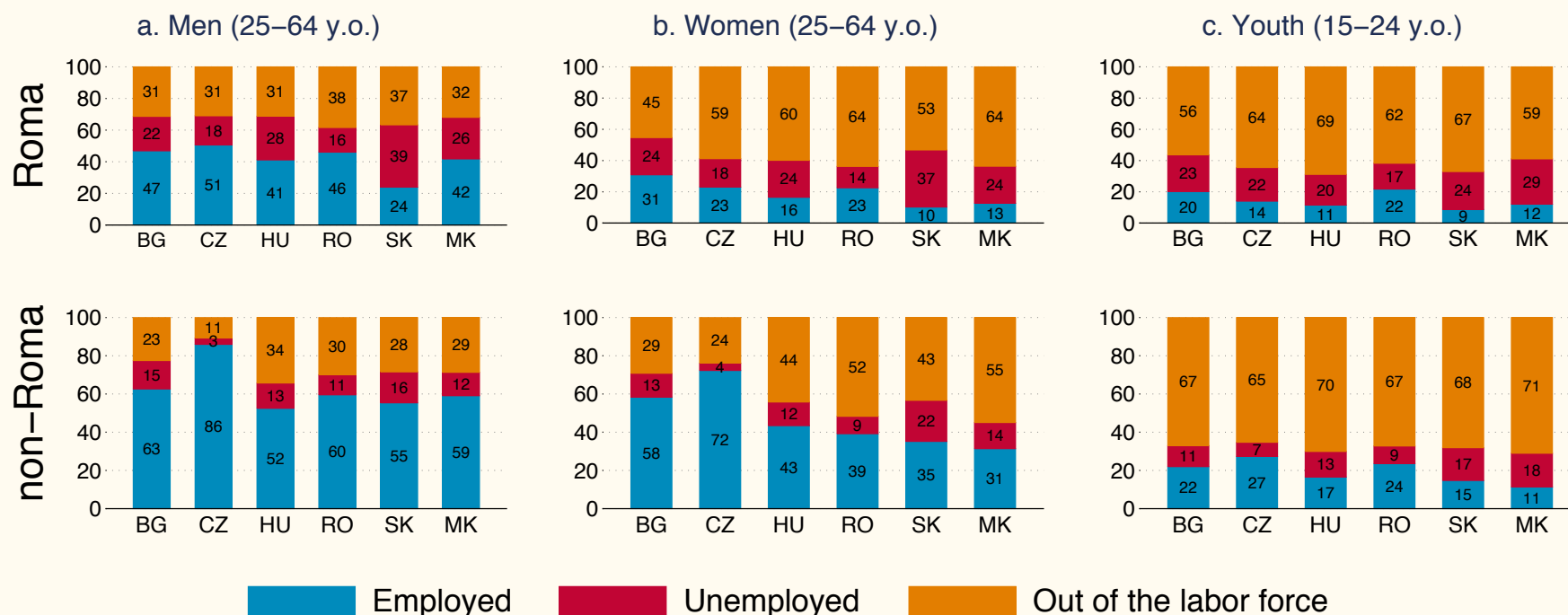
1. Labor Market Snapshot of Roma in 6 countries
    - A. High unemployment rates
    - B. Jobs are unstable, and many are informal
    - C. Roma workers earn lower wages than non-Roma neighbors
  2. Barriers to Employment
    - A. Inadequate education and low experience hamper job opportunities
    - B. Reported labor market discrimination is widespread
    - C. Discouragement can be pervasive
    - D. Significant information constraints regarding the labor market
    - E. Roma entrepreneurs have limited access to startup capital
  3. Including the Roma: challenges of PES and (A)LMPs
    - A. Limited provision of services through PES
    - B. Lack of specific units targeting disadvantaged groups (including Roma)
    - C. Beyond public employment programs and low-quality training
- Dire need for **stronger M&E system** to understand what works and what doesn't

# 1. Labor Market Snapshot of Roma

- Roma = **substantial** and **growing** share of new labor market entrants in Eastern Europe
  - Share of 0-14 y.o. (future generation of working-age people) among Roma is **27 to 38%**
  - but only **13 to 15%** in non-Roma population
  - The economic benefits from inclusion can be substantial in rapidly aging countries
- Yet:
- High unemployment rates
- Jobs are unstable, and many are informal
- Roma workers earn lower wages than non-Roma neighbors

# A. High unemployment rates, especially among youth and women

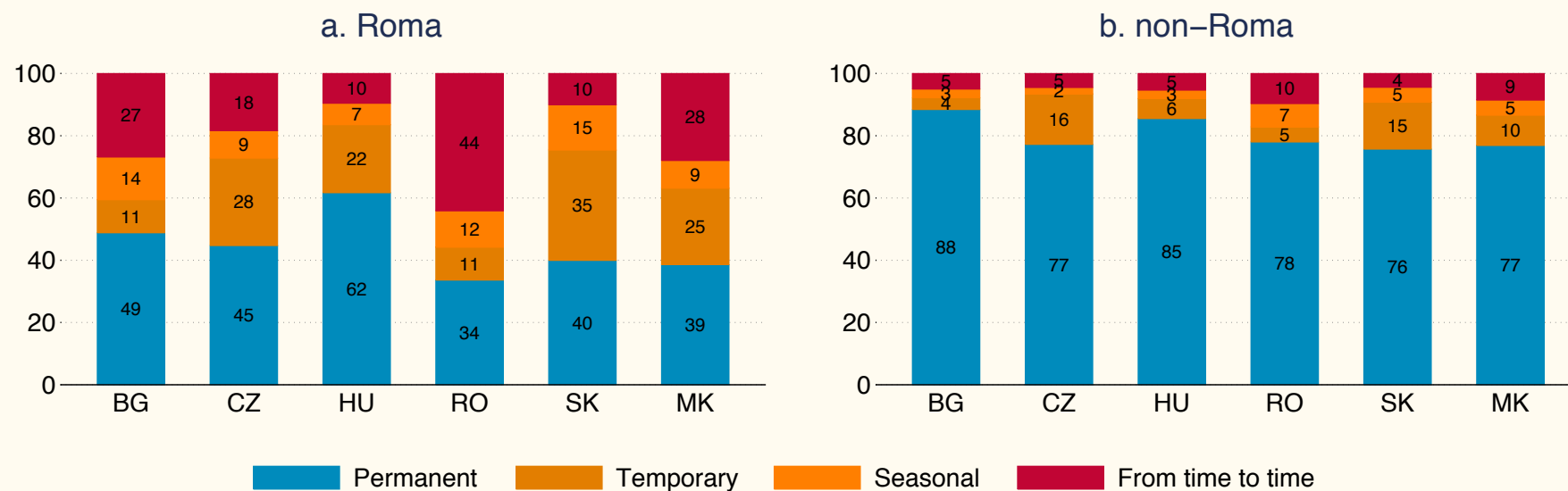
## Figure 1: Less than one third of Roma are employed



Source: UNDP/World Bank/EC Roma Regional Survey (2011).  
 Note: sample restricted to working-age individuals (15-64 y.o.).

## B. Jobs are unstable, many are informal

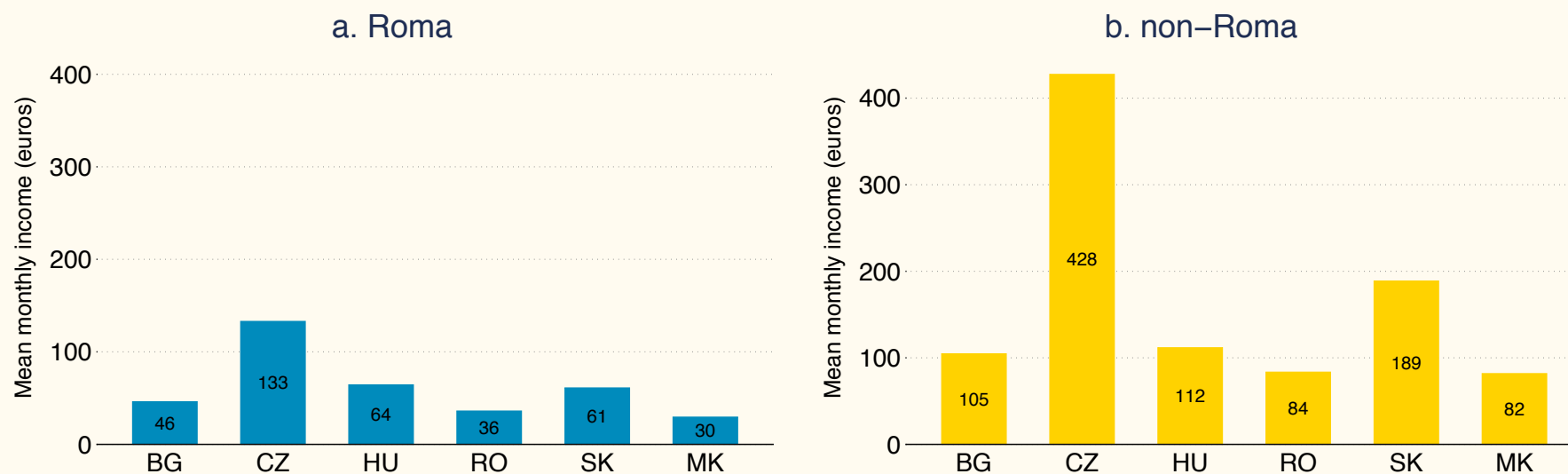
Figure 2: Jobs held by Roma workers are very unstable



Source: UNDP/World Bank/EC Roma Regional Survey (2011).  
Note: sample restricted to employed individuals (15–64 y.o.).

## C. Roma employees earn lower wages than non-Roma

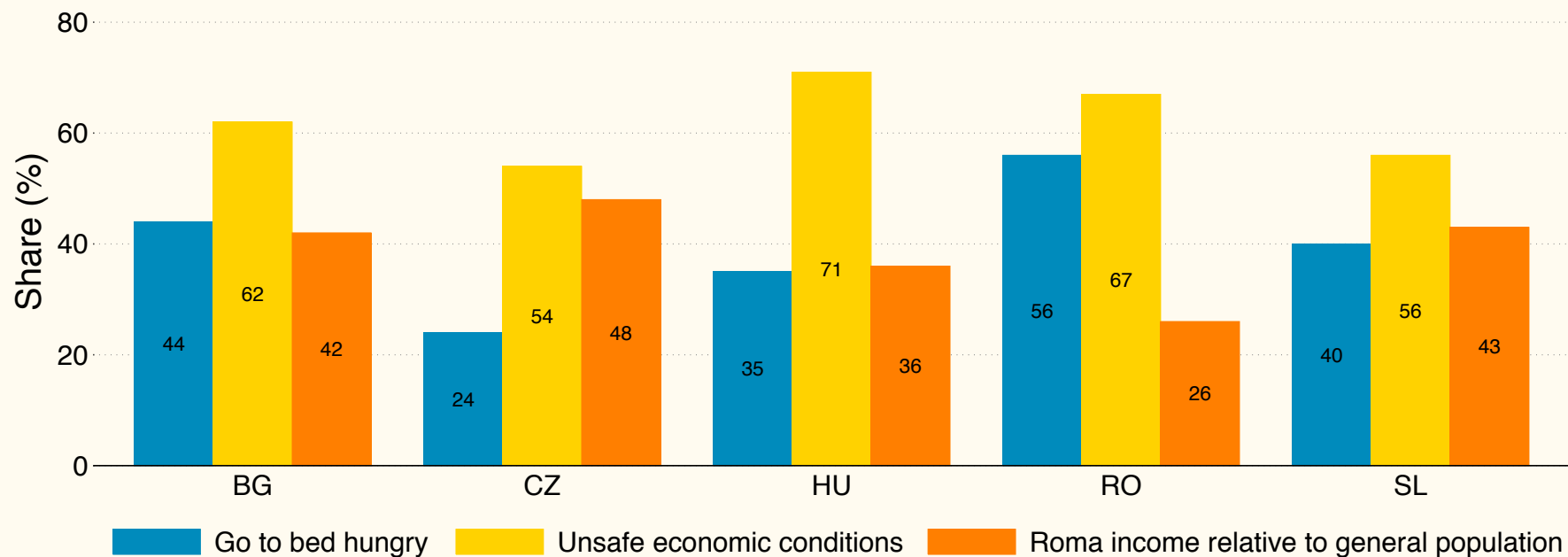
Figure 3: A job, but a low pay



Source: UNDP/World Bank/EC Roma Regional Survey (2011).  
Note: sample restricted to employed individuals (15–64 y.o.).

## ...leading to high incidence of poverty

Figure 4: Roma live in poor economic conditions



Source: UNDP/World Bank/EC Roma Regional Survey (2011).



## 2. *Barriers to Employment*

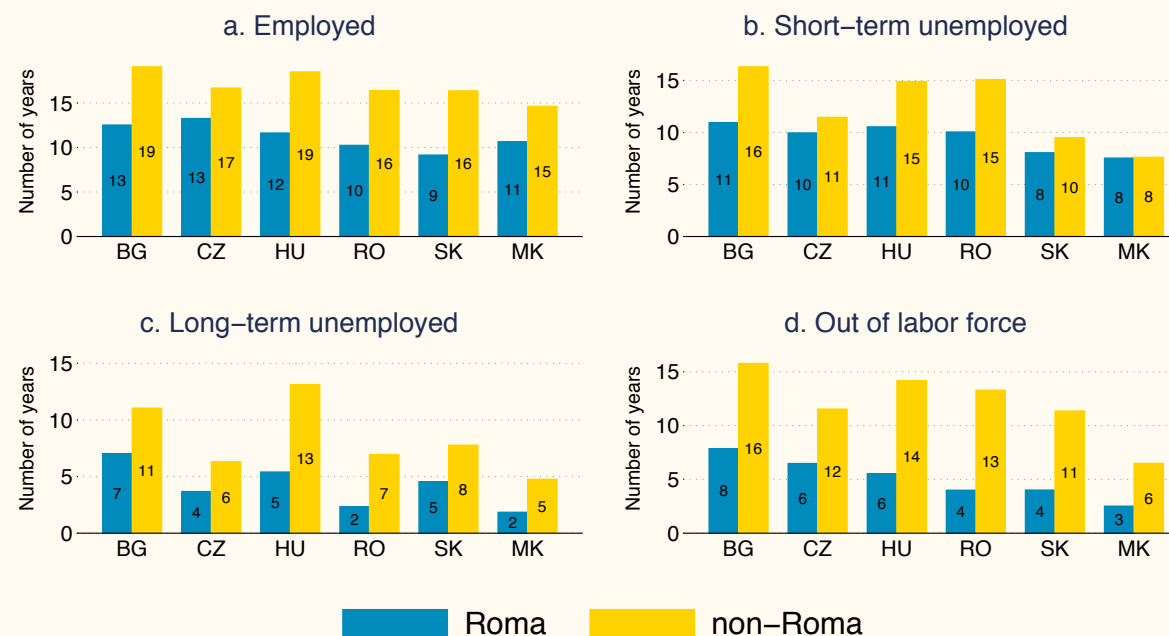
*Classification adapted from Almeida et al., 2012.*

- A. Low level of skills and experience
- B. Discrimination
- C. Discouragement
- D. Social capital and information constraints
- E. Working capital constraints

## A. Inadequate education and low work experience hamper opportunities

- Inequalities start early in life for the Roma, with low access to ECD
- Inadequate education
  - Poorer quality of education...
  - ... leading to low achievements (less than 1/3 of Roma graduate from secondary education)
  - ... followed by limited access to adult education and trainings
- Lack of soft skills
  - “From Benefits to Brooms”, Messing et al. (2010)
  - Roma Inclusion Mobile Innovation Lab (RIMIL), 2014
- Limited number of years of experience

Figure 5: Roma have little experience, especially the LT unemployed

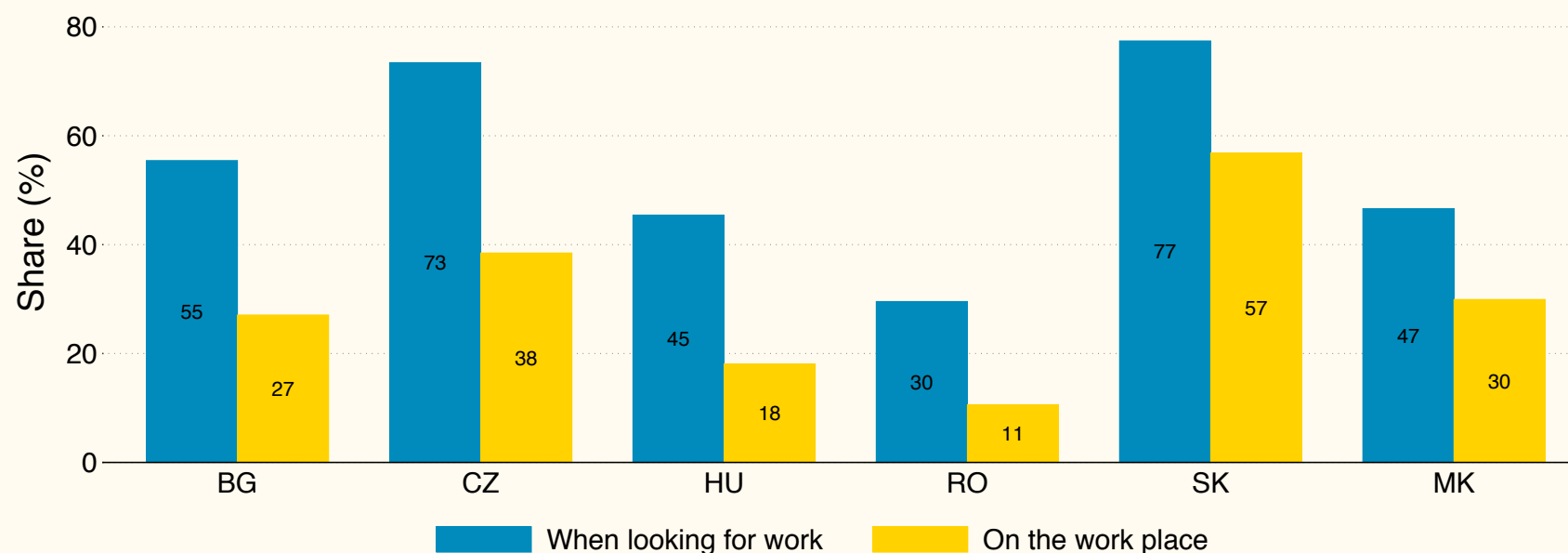


Source: UNDP/World Bank/EC Roma Regional Survey (2011).  
Note: sample restricted to working-age Roma (15–64 y.o.).

## B. Reported labor market discrimination is widespread

- On the job place: quite widespread and least concealed in the Romanian and Bulgarian cases (Messing et al., 2013)
  - Lower pay than non-Roma for same job
  - Sign mentioning “we do not hire ethnic Roma” when looking for work (see below)
- When Roma look for work and on the workplace

Figure 6: Roma jobseekers and employees experience systematic discrimination



Source: UNDP/World Bank/EC Roma Regional Survey (2011).

Note: sample restricted to working-age Roma (15–64 y.o.). Discrimination is self-reported by Roma.

## C. Discouragement can be pervasive

Low incentives to find a job is sometimes based on rational decision:

- Roma often live in areas where unemployment is structurally high
- Mobility constraints (long commute to the work place)
- Low wages, uninteresting jobs

*"It's very difficult with jobs... I met two situations: people who want to work but cannot find any and people who find work but outside their community. Let me take an example, in Pușcași commune we found women seeking for work. The nearest jobs were available in a garment factory from Vaslui city and so they needed to commute. The money that they would get to that job was about 5 million, while the transportation related costs were almost 2 million, per month. With the remaining 3 million they would have covered the lunch for them and to provide for the family. And some have a small child at home who would have remained unsupervised. They have also a small plot... a household. So, it's a simple cost-benefit analysis to stay at home instead of commuting for a low paid job: better stay and take care of the baby than earning so little money with so much time and effort."*

(NGO representative, Qualitative study, October 2013)

## D. Significant information constraints regarding the labor market

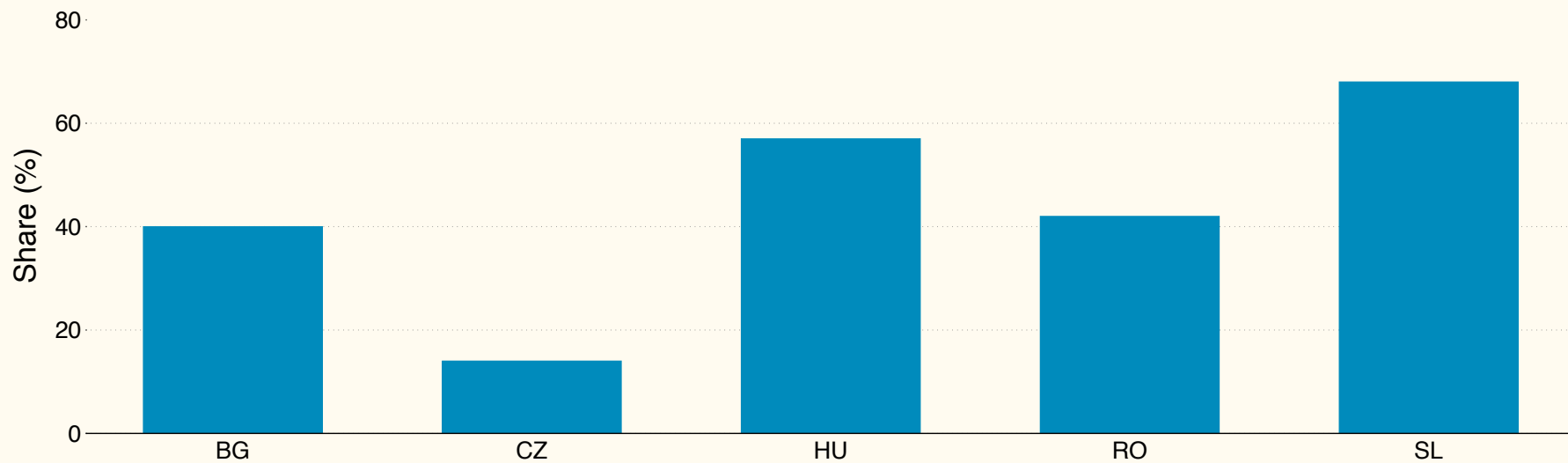
- Limited ability to signal their skills to prospective employers
- Limited social networks and contacts
- Not aware of policy instruments/programs/measures available to them

### *Bridging the information gap – US Steel, Slovakia*

The government can play a key bridging role enabling employers to identify prospective Roma employees eager and able to work by reaching out to non-State actors and government entities well known with the local Roma community. Many Roma are eager to work, and while discrimination is a barrier to employment prospects, there are also employers interested in hiring Roma men and women, not only for corporate social responsibility reasons, but simply because they need good productive workers to contribute to their firms. Information about employment – and employee – opportunities can be a major barrier. To identify prospective employees, the US Steel factory in Kosice, for example, turned to a local church in Kosice with a strong presence in a large Roma neighborhood in Kosice. In this case church officials were able to be a bridge between the private company US Steel, which had no particular knowledge or expertise identifying motivated and skilled (in the formal but more often in the informal skill sense) Roma; for example, eagerness to learn new skills on the job, or having obtained non-formal skills through previous work experience that would be relevant for US Steel. Similarly, other non-State actors, but also government social workers and community mediators can provide a bridging function for employment services.

## E. Roma entrepreneurs have limited access to startup capital

Figure 7: Starting Roma Entrepreneurs Reporting Lack of Finance as Key Problem



Source: UNDP/World Bank/EC Roma Regional Survey (2011).  
Note: sample restricted to working-age Roma (15–64 y.o.).

### 3. Challenges of PES and (A)LMPs

*PES: Public Employment Services*

*(A)LMPs: (Active) Labor Market Programs*

Despite being tackled by ALMPS

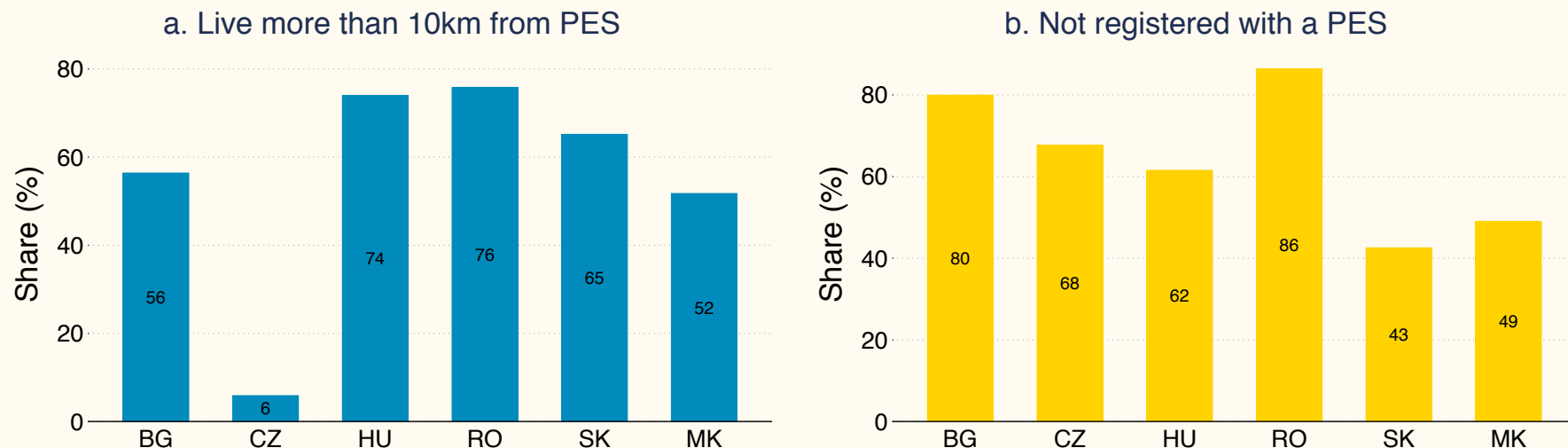
- low levels of education and skills
- employers' discriminatory attitudes and lack of trust towards Roma
- high levels of participation in the informal labor market
- geographical distance from jobs
- and lack of access to PES

remain mostly unchanged

## A. Limited provision of services through PES

- PES are primarily a formal body to which unemployed come to register once a month
- Limited job search support
- Low coverage of rural areas

Figure 8: A majority of rural Roma are not serviced by PES



Source: UNDP/World Bank/EC Roma Regional Survey (2011).  
Note: sample restricted to rural working-age Roma (15–64 y.o.).



## B. Lack of specific units targeting disadvantaged groups (including Roma)

- General overload of PES
- Most vulnerable clients need additional time and help from PES, which is not provided
- Roma mediators can be a solution, but evidence is limited (Bulgaria and Hungary see no impact)
- Preference for focusing on most employable (Spain)

### **Sotomor, Slovakia**

One good example is the Agency for Supported Employment in Slovakia: *Somotor*. It focuses on integration of long-term unemployed with low qualifications and especially those unable to find jobs in the open labor market without help. According to the agency, 90 percent of program participants are Roma. The agency adopted a complex and much individualized approach to their treatment reflecting the complexity of the barriers that they face. Barriers can be both objective or hard (low skills, poor housing situation, indebtedness, benefit dependency) and subjective or soft (internal barriers, fear of unknown, misperception of the social assistance, or fear of losing the income stability provided via social assistance). The agency provides complex services, which include specialized personal psychological counseling and social work with the person as well as his/her environment that leads to the preparation of individual integration plan. Work with the wider surrounding community is a core element and includes close communication with local mayor and employers that employ Agency's clients.

## C. Beyond public employment programs and low-quality training

- Most frequent ALMPs reaching Roma are public workfare program
- Roma tend to participate in trainings that might not help them find better jobs
  - Provide useful training and not just "traditional Roma arts-and-crafts" workshops
- Few initiatives to foster self-employment of the Roma

### *Kiútprogram ("Way out"), Hungary*

The Kiútprogram is a 'social microcredit' aimed at enabling the unemployed living in deep poverty – primarily, but not exclusively Roma – become self-employed. To achieve this, the Kiútprogram provided participants with not only financial services (importantly, unsecured microloans), but also related social services from counseling to physically joining applicants to local municipalities for the registration of their businesses.

Results of the Kiútprogram indicate that facilitating the creation of sustainable enterprises among participants required intensive social work by well-trained field workers familiar with social work, lending, and business.

## → *dire need for stronger M&E system*

- Little evidence of what works and doesn't work: (A)LMPs are established, modified, closed down, without rigorous evaluation of how they help economically empower Roma
  - Lack of disaggregated statistics on AMLPs
    - Geographically
    - Per program component
  - Lack of systematic statistics on Roma participation
  - Absence of impact assessment as programs focus on process evaluation
    - When data is collected, it is about number of participants and not whether participants managed to find a job after graduating from the program
    - Examples of ALMPs that were rigorously evaluated and proven successful include “Juventud y Empleo” in the Dominican Republic

# Conclusion

- Education is the most important determinant of being employed
  - ➔ for the new generations invest in quality education from early on
- For those who have been already through schooling, adjust ALMPs to provide additional/adequate services for the most in need
  - Establish special units dealing with priority groups
  - Outsourcing and subcontracting to specialized institutions can represent efficient solutions
  - Reinforce entrepreneurship programs