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Promoting Labour Market Mobility in the Republic of Kazakhstan and the Russian Federation

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Abbreviations

AF	Public Agency for Employment Services (*Arbetsförmedlingen*)
AIT	Agreement on Internal Trade
ALMP	Active Labour Market Programme
BA	Federal Employment Agency (*Bundesagentur für Arbeit*)
BMAS	Federal Ministry for Labour and Social Affairs (Germany) (*Bundesministerium für Arbeit und Soziales*)
CME	Coordinated Market Economy
EEA	European Economic Area
EI	Employment Insurance (in Canada)
ESDC	Employment and Social Development of Canada
ESF	European Social Fund
EU	European Union
FLMM	Forum of Labour Market Ministers
GDP	Gross Domestic Product
HDI	Human Development Index
ICT	Information and Communication Technology
IFAU	Institute for Evaluation of Labour Market and Education Policy (*Institutet för arbetsmarknads- och utbildningspolitisk utvärdering*)
ILO	International Labour Organization
LMA	Labour Market Agreement
LMCG	Labour Mobility Coordinating Group
LMDA	Labour Market Development Agreement
LME	Liberal Market Economy
LMP	Labour Market Programme
MoLSP	Ministry of Labour and Social Protection
OECD	Organisation for Economic Co-operation and Development
PES	Public Employment Services
PLMP	Passive Labour Market Programme
PPP	Purchasing Power Parity
PT	Province and Territorial administrative level in Canada
Rostrud	Federal Service for Labour and Employment
UB	Unemployment Benefits

Contents

List of Tables

Executive Summary

This report focuses on labour market mobility in the Republic of Kazakhstan and the Russian Federation, in particular mobility that entails a transition from one region to another within the countries. We will examine how labour market programmes (LMPs) should be designed to promote mobility. In order to identify relevant possibilities, Kazakhstan and Russia have been compared to three Organisation for Economic Co-operation and Development (OECD) countries. The central idea that the report seeks to communicate is that the two countries can develop their existing labour market policies to create an infrastructure of programmes and measures that facilitate and reinforce labour market mobility.

The two countries have experienced impressive economic and social development during the past 15 years. However, great disparities remain in terms of national unemployment rates, regional gross domestic product (GDP) and poverty. The countries also have rather large sectors with low productivity. In that regard, the agricultural sector in parts of Kazakhstan stands out in particular. Moreover, the informal economy is extensive, with the unwelcome side effects of decreased tax revenues, unfair competition and workers in risky employment. Widespread use of wage arrears and in-kind wages make employees dependent on specific employers and may prevent mobility.

Such problems could be reduced if individuals were prepared to move to growing sectors of the formal economy. However, the available figures indicate that interregional mobility is low in both the Russian Federation and Kazakhstan in comparison to the three OECD countries. This may not come as a surprise due to the vast distances, as well as the cultural and social heterogeneity that exist within the two countries. Research has found that so-called "poverty traps" also constitute a major hindrance to mobility. In some regions people are too poor to be able to afford such a transition to a new location, even if the move would prove to be beneficial in the long run. This problem calls for policies that reduce mobility-related costs for the individual, as well as other policies that would raise the living standard of citizens.

This study argues that a comprehensive approach should be taken to promote mobility. Such an approach would focus on general labour market policies and on how a complementary system of programmes and measures could be constructed to reinforce mobility. That includes both passive and active measures that, if combined, could influence the decisions of job seekers, perhaps leading them to choose a new job in a new locality. Firstly, adequate unemployment benefits are a prerequisite for a well-functioning LMP system. Such benefits provide the unemployed with the financial means to expand their job search, and offer them incentives to take part in other LMPs. Secondly, high quality job search assistance (on site and with information and communication technology (ICT) resources) provides comprehensive labour market information, thereby expanding the job seeker's options. Thirdly, training measures are a vital part of a well-functioning LMP system as they enable the labour force to adapt to a changing economy. However, to be successful, those training measures would need to be designed in such a way as to reduce their potential negative effects. Therefore, the training measures should: a) not be exclusively introductory in nature, but rather should incorporate vocational training; b) involve social partners, thereby ensuring high quality (e.g. social partners would be consulted in order to identify in-demand vocations and training measure requirements); c) concern vocations that are in demand on the labour market; d) be of optimal length (i.e. they should not be too long in order to decrease "lock-in effects"); and e) not generally entitle job seekers to an extension of unemployment benefits. Fourthly, various mobility allowances (financial support for job interviews, commuting, and resettlement) positively affect mobility. Fifthly, careful use of job creation schemes and employer subsidies is necessary. Such measures should not be used on a large scale, but rather, primarily for categories of individuals with weak labour market prospects.

An LMP system that includes elements that are *complementary* should positively impact labour market mobility and decrease frictional and structural unemployment. High quality labour market information systems exist where the majority of vacancies and job applicants are recorded in national job banks. With adequate unemployment benefits that require applicants to register at the employment office, the job bank would most likely expand both in terms of the number of applicants and the number of vacancies announced. Job seekers that de facto register at the employment office would be better informed of existing measures, for example, mobility allowances or training courses. Furthermore, the higher the number of recorded vacancies, the easier it would be to predict labour market shortages and to better adapt the orientation of training measures.

When comparing the existing LMPs in Kazakhstan and the Russian Federation to this ideal system of labour market programmes, the most conspicuous feature and greatest weakness of the systems in the two countries are the very ungenerous unemployment benefits. That is particularly true of Kazakhstan, whereas the benefits in Russia are somewhat more generous. In Kazakhstan, few receive unemployment insurance. That may be explained by the low rate of compensation – the small sum does not seem worth the effort of registering as unemployed. Problems at public employment offices have also been noted in evaluations of the two countries. These problems include a heavy caseload for officers and few jobs to offer. Evaluations have pointed out that recipients of the employment service may be stigmatized as job seekers that are unproductive and have social difficulties. In assessing the active measures available, both countries rely more on job creation schemes than on training measures. That priority does not facilitate mobility, although it may be necessary for social reasons. However, in Russia the report has identified mobility allowances, a measure which, in evaluations, has been proven to increase interregional mobility. In Kazakhstan, mobility allowances are included in the *Employment Roadmap 2020*, but not as a general measure in the LMP.

In the light of the assessments of labour market policies in Russia and Kazakhstan, the following changes to existing programmes are suggested in order to create a system that facilitates labour market mobility and contributes to structural transformation.

1. A strategic factor is the unemployment benefit in both countries. A more generous benefit provides a stronger incentive to register as unemployed, thereby expanding the pool of available job applicants and increasing the incentive to report vacancies. It also makes it possible for officers to provide advice and services to, and explores a variety of measures with job seekers. It also puts some pressure on the unemployed in terms of their job search activities. Furthermore, a more generous unemployment benefit provides the economic means necessary to extend the geographical job search area and enables unemployed individuals to be somewhat more selective in their job search, thereby positively impacting the quality of matches (OECD, 2010). Furthermore, an increased reservation wage may result in the contraction of the informal labour market by making job seekers less willing to accept informal work. Moreover, a more generous unemployment benefit creates a strong incentive to find a formal job in order to be eligible for the benefit (Boeri and Macis, 2010). In that regard, the generosity of the unemployment benefit can add to the structural transformation of the labour market.

The main components of the benefits are eligibility criteria, duration and compensation rate. In the case of Kazakhstan improvements are possible in all three components. The eligibility criteria are defined by the contribution of the employer to the social insurance system. The risk with such a system is that the employed become dependent on the behaviour of the employer. For the individual employee, it may be difficult to verify whether the contributions really are paid. A system that separates employee and employer contributions, and in which the eligibility criteria are solely dependent on the employee contribution, becomes more predictable for the individual. Furthermore, the maximum duration of the benefit in Kazakhstan is very short (previously four months, but in 2016 increased

to 6 months), and the maximum compensation rate is very low (30 per cent of the former salary if the employer has contributed to the insurance for more than five years). These features provide little incentive for unemployed individuals to register as such at the employment office. In addition, the benefit does not allow for the expansion of the geographical search area nor an increase in the quality of matches – the unemployed need to find a new job at all costs, whatever the circumstances. One cannot then expect that pressure will be placed on the informal sector by virtue of the benefit. It is strongly recommended, therefore, to increase the generosity of the benefit both in terms of maximum duration and compensation rate.

The unemployment benefit in the Russian Federation bears resemblance to the German system, with one year of income insurance, and an additional year of a more basic benefit. Furthermore, the compensation rate drops significantly during the period of unemployment, which may provide a strong incentive to try to return to work before reaching the lowest level of compensation. The time frame for the gradual reduction of the benefit also seems reasonable. The critical question for the unemployment benefit system in Russia is the so-called benefit ceiling. Currently, only wages of up to 26 per cent of the average wage receive the highest compensation rate of 75 per cent for the first three months. That means that a large majority of wage earners will not have sufficient income security in the event of unemployment. The financial pressure on the unemployed may imply that some of the positive effects of the benefit are not achieved. Consequently, the recommendation in this report is to raise the ceiling in the unemployment benefit system to a higher level, thereby allowing a larger proportion of employees to enjoy the income security provided by the benefit. Additionally, the way in which the unemployment benefit system is funded could be reformed. Currently, it is funded directly from the federal budget. However, with an insurance-based system – such as that used by the Germans, wherein both employees and employers automatically pay contributions – and benefit eligibility is based on contribution, the incentive for employees to secure a formal job will be strengthened.

2. The public employment services are strategically crucial to the proper functioning of labour market policy. A general recommendation is to make strong investments in the services in order to gain the trust of the public and to establish those services as the heart of a system of efficient labour market programmes. The investments should focus on staffing density to reduce the very heavy caseload and improve the quality of services. Higher quality services may increase general trust in the employment office and reduce the stigmatization of service recipients. It has not been possible to assess the degree to which labour market information ICT resources are user friendly or efficient in the two countries. Such systems can usually be further improved, and both Germany and Canada appear to have very good systems in that regard. It is important that the national job banks become the main resource for announcing applications and vacancies, and that the labour market information cover the whole country, not only the regional labour market.

3. Both countries have training programmes in their arsenal of active measures. It was not possible to assess the quality of these programmes in this study. Good examples (and assessments) of the organization of such programmes can be found in Germany. There, and to some degree also in Canada, social partners (employer organizations and unions) play an important role in the implementation of these programmes. However, in both Russia and Kazakhstan, the training programmes have few participants. Instead, job creation schemes are the major active measure used. Job creation schemes do not promote mobility, while well-designed training programmes increase the overall chances in the labour market for the unemployed. Consequently, a recommendation is to gradually shift the emphasis of active labour market programmes from job creation schemes to training, and in that process scale up the volume of training measures.

4. In the light of the good results of mobility allowances, the final recommendation would be to evaluate the allowances in place in the Russian Federation and Kazakhstan with a view to discovering whether they are adequate and determining how they can be further improved. However, such evaluations are usually dependent on the extensive and high quality registration of job seekers and unemployed individuals. In Sweden, for example, such records are used to evaluate labour market programmes, and new statistical experimental methods have increased the quality of such evaluations.

1. Introduction

This report focuses on labour market mobility in Kazakhstan and the Russian Federation. In comparing the two countries with three OECD countries – Canada, Germany and Sweden – an attempt will be made to identify how LMPs can be used and combined in order to create an institutional "infrastructure" that will reinforce geographical labour market mobility. An individual's decision to move to a new locality for labour–market-related reasons is affected by many factors, such as the supply of jobs, the wage premium of a job change, housing facilities, the social situation of other family members (including a job for the spouse, schools or nurseries for children), and the general quality of life in the new place of residence. The focus of this study, however, will not be on policies that could affect such factors, including, for example, general investment strategies in different regions or wage-setting mechanisms in the countries. Instead, attention will be paid specifically to the countries' labour market policies. The main objectives of such policies are to reduce frictional and structural unemployment, as well as to mitigate the social consequences of unemployment. A well-structured system of programmes and measures can facilitate the functioning of the labour market. Therefore, the features of a country's labour market policy are essential to understanding how it can promote mobility and facilitate transitions between jobs.

However, creating an infrastructure of well-functioning labour market programmes in the two countries in focus is a great challenge. The Russian Federation is the largest country in the world and the Republic of Kazakhstan has the ninth largest territory. The general population density of both countries is on the lower end of the distribution of the countries in the world with 8.4 and 6.3 inhabitants per square kilometre, respectively. Parts of the Russian land mass have a rather high population density (e.g., the southwest and the Moscow Region), while Siberia and the Far East are very sparsely populated (Markevich and Mikhailova, 2013). In Kazakhstan, the population density is generally low in all parts of the country, with the exception of the large city regions of Astana and Almaty (Rodionov, 2011). In addition to the vast distances within the countries, they each also span a large variety of climate zones with some areas given to very harsh climatic conditions. In Russia, 65 per cent of the territory is exposed to permafrost (Markevich and Mikhailova, 2013), and in Kazakhstan some regions are severely affected by drought. Moreover, the countries are ethnically heterogeneous and contain many different ethnic minority groups besides the majority populations of Russians and Kazakhs.

After the fall of the Soviet Union, both countries went through a period of transition during the 1990s that included shrinking economies, declining living standards and decreasing populations. In the past 15 years, however, not only have both countries experienced economic recovery, they have also experienced positive economic development. Unemployment rates are now down to 5–6 per cent, and there has been a sharp decrease in poverty rates. Despite that economic success, problems still exist in the labour markets of the two countries. One such problem is the existence of sectors in the economy with low productivity. In Kazakhstan, the rather large agricultural sector, in particular, suffers from low productivity (ILO 2015: 25). In the Russian Federation, there are signs that underperforming companies survive to a higher degree than in other countries (ILO 2014: 68; World Bank, 2013). One important explanation for this is high wage flexibility. According to the ILO, wage flexibility in Kazakhstan and Russia is achieved through the widespread practice of not paying salaries and wage arrears when an employer encounters economic difficulties (ILO 2015: 71ff). For the individual worker, the actual job is saved by this praxis, but at the expense of income security and a potential transition (a job change) into more well-paid sectors of the economy. The macroeconomic effect is a general loss in productivity due to the survival of less productive companies during periods of downturn. In addition, the transition of the labour force to more productive sectors is hampered. Low industry diversification is also regarded as a problem in the two countries. The industry structure is dominated by the extraction industries (oil and gas) and large companies, while other sectors and

small and medium-size companies have a harder time expanding. That raises the risk that regions and municipalities will be dependent on a few large employers.

A related problem is informal employment. According to the ILO (2015: 27ff), 26 per cent of overall employment in the Kazakh labour market in 2012 was in informal enterprises. That was particularly prevalent in the agricultural sector. Similar problems exist in Russia. In 2012, informal employment constituted about 17 per cent of total employment (ILO, 2014: 26ff). The ILO also emphasizes the common use of informal employment arrangements (e.g. oral agreements, undeclared "envelope" wages, in-kind wages). There are several good reasons to try to reduce the informal sector in a country's economy. The companies and the employed in the informal sector largely escape taxation, thereby decreasing the potential revenues of the State. As such, informal companies compete unfairly with the formal sector of the market economy. For the individual employee, informal employment may be a solution to economic hardship in the short term. However, by escaping formal labour standards (e.g. job safety) those kinds of jobs put workers at great risk, and, in the long term, limit the possibility of the creation of decent workplaces with decent wages.

In both countries there are also imbalances in the labour market. Some regions have a surplus of labour, a low employment rate and a high level of unemployment, while other regions have the opposite and, in fact, require an inflow of people. Those imbalances are, to some degree, the legacy of the economic and ideological policies of the former Soviet Union (Markevich and Mikhailova, 2013); however, the natural population increase, as well as migration, exacerbates those imbalances.

In the light of these issues, and with the overall objective of strengthening further economic and social development in the Russian Federation and Kazakhstan, some observers have focused on labour market mobility as a strategic question for the future. Labour market mobility can mean many things, but in general it refers to transitions in the labour market. These transitions can take place between different statuses (from unemployment to employment), between positions within companies, or between jobs in the external labour market. Moreover, the transitions can imply both short-range mobility in a local labour market or long distance moves to new job opportunities within a country, or even migration abroad. In this report, we will focus, in particular, on interregional mobility in the two countries; however, the policies and measures that will be discussed may have more general effects on many different forms of mobility.

In general, labour market mobility is believed to play a positive role in the economy. If people are prepared to move for new job openings, the matching efficiency of the labour market is improved. That in turn can positively affect the productivity of the economy. However, on a company level, excessive turnover rates may sometimes become a problem and create instability in production as well as large recruitment costs. According to the OECD (2011: 16) very high turnover rates seems to characterize the situation of low-qualified blue-collar workers in the Russian Federation due to low wages and bad working conditions. From the perspective of the individual, labour market mobility implies both costs and opportunities. That would seem to be particularly true of the two large countries in focus. In particular, interregional mobility may be regarded as a rather costly and risky project if it implies travel over vast distances to socially and culturally new environments. From the perspective of regional governments and municipalities, labour mobility may be regarded as a promise of future development, or a risk of impoverishment of the region or locality.

Some observers claim that the labour markets of the Russian Federation and Kazakhstan have a problematic low rate of interregional mobility. The World Bank (2015: 7) stresses low geographical mobility in the Russian Federation as one reason for the disparity between unemployment rates in the various regions. People do not move to the areas where jobs have been created. A similar observation is found in an OECD report (2011: 16). In addition, that report emphasized the existence of poverty

traps – wherein family incomes are too low to allow for a move – in some regions as an explanation for the low mobility rate. The ILO (2015) emphasizes geographical mobility as a strategic factor for Kazakhstan given its vast territory, scattered population and economically diverse regions. In both countries, governmental programmes have been developed to promote interregional mobility. These will be in focus in later sections of the report.

To promote interregional labour market mobility, many different kind of measures can be used. They range from wage premiums in remote areas, investments in housing, social services and education, to more soft issues, such as a welcoming social climate and measures to combat ethnic discrimination (ILO, 2014b). In this report, however, the focus will be on labour market policies and programmes. These policies include programmes of unemployment benefits and active labour market programmes, such as labour market information, training, subsidies and job creation. Depending on their formulation, these measures can both promote or counteract labour market mobility. How they are expected to affect mobility will be the focus of the next chapter. The general message of this report is, however, that a well-designed system of labour market programmes can constitute an institutional "infrastructure" that promotes labour market mobility. In the coming sections of the report we will study existing programmes and discuss how they can be developed further.

Three OECD countries for comparison

To be able to assess how the existing labour market programmes in Kazakhstan and Russia promote mobility, they will be compared to existing programmes in three OECD countries. The countries selected for comparison are Canada, Germany and Sweden. These countries have been selected for a variety of reasons. One major reason is that the three countries are prime examples of how the institutional setting surrounding the labour market is organized, usually described as different labour market and welfare regimes/models (Esping-Andersen, 1990; Hall and Soskice, 2001). Institutional theory has many different explanations of why different models of labour markets develop, ranging from power resources (capital-labour relations), path dependency (the tendency to follow a specific track after fundamental institutional reforms have been implemented), and institutional complementarities. The latter are of special importance for this study. The term refers to combinations of institutions that, together, reinforce an outcome (Crouch, 2011). The presence of the institutions makes it rational for different actors (e.g. employers, employees, the unemployed) to act in specific ways. In the long run, complementary institutions create comparative advantages for countries, allowing the economy to run smoothly due to reduced transaction costs. However, sometimes countries can get stuck in counteracting institutional combinations, thereby reducing the potential of the economy (cf. Berglund, 2012). And, the tendency of path dependency makes it difficult to change trajectory.

Canada is usually placed in the cluster of liberal market economies (LMEs) together with, for example, the United States (Hall and Soskice, 2001). In this group of countries, the market (prices and competition) is central to the relation between the different market actors (investors, employers, employees and consumers). Regulations for capital and labour are minimized to the extent possible, and mainly focus on anti-trust and anti-monopoly regulation. Employment protection legislation is usually liberal. In the case of Canada the regulations concerning permanent workers are the third most liberal of the OECD countries (OECD, 2013). The unions are, in most cases, rather weak. In Canada, however, union density (union members among wage earners) was 27.5 per cent in 2012, much higher than the rate in the United States (11.1 per cent).[1] Public social protection is usually

[1] https://stats.oecd.org/Index.aspx?DataSetCode=UN_DEN This note as well as the following note also apply to the descriptions of Germany and Sweden.

also rather low, focusing on means-tested basic protection. In 2011, public social spending in Canada amounted to 17.4 per cent of the GDP.[2] The cost of additional protection (private forms of insurance) must be borne by the individual. Subsequent sections of this report will cover the main features of Canadian labour market policy, as well as that of the other countries in the report. Moreover, the forthcoming analysis will show that the labour market systems of Canada and Sweden coincide with some of the highest rates of geographical mobility of the five countries.

Germany and Sweden are usually classified as coordinated market economies (CMEs) (Hall and Soskice, 2001). In this institutional regime, the market mechanism is still the main allocator of capital, labour and goods. However, the market is embedded in social networks of strategic interaction and social protection systems. In Germany there are business networks that cooperate in order to obtain capital for investment and maintain the well-developed vocational education and training system. This system, which will be described later in the report, is usually regarded as a main factor for the high-quality manufacturing industry in Germany. Employee representation and worker influence through work councils in the production systems is also important, although overall union density is low (17.9 per cent in 2012). However, the corporative feature is especially well developed in the manufacturing industry where unions are still rather strong (Thelen 2014: 47ff). Employment protection legislation is also strict, while some liberalization has taken place in terms of the use of temporary employees. Germany has a well-developed public social protection system with spending of 25.5 per cent of the GDP in 2011. The social insurance system is strongly connected to the labour market status of recipients, and is focused on protecting the income losses of the employed in the event of unemployment, illness, work injuries or old age. However, persons not strongly attached to the labour market are less well covered.

Sweden, included in the category of coordinated market economies, is usually regarded as a distinct case within the sub-cluster of the Nordic regime, with some unique features of its own. The social partners are a strong force in the labour market and union density is very high (67.5 per cent in 2012). While there are corporate structures, the relationship between employers and unions is somewhat tenser in Sweden than in Germany. Collective bargaining is rather centralized and collective agreements regulate wages and other conditions for a very large part of the labour market. As in Germany, Sweden also has quite strict employment protection legislation. However, the use of temporary employees has been greatly liberalized in Sweden. According to the most recent figure (2014), temporary employees constituted 16.7 per cent of all employees. Sweden is well-known as an extensive welfare State, although the spending on social protection has been reduced in recent decades. In 2011, Sweden spent 27.2 of the GDP on public social protection. Compared to the German welfare system, the Swedish welfare system, which covers all citizens, is regarded as more universalistic. However, parts of the system have a clear profile of protecting income and the living standard for the citizens when faced with different risks.

In summary, the three countries represent different labour market and welfare systems which make it interesting to compare them to the systems of Kazakhstan and the Russian Federation. However, from the theoretical perspective of political economy and welfare State studies, the classification of these two countries is highly contested (see the overview in Cerami and Stubbs, 2011; and Drahokoupil, 2009). The term “transition economies” seems to be increasingly abandoned as it seems to imply a transition to a western-style market economy. The Russian Federation has been labelled a State-led capitalistic system (Lane, 2008) and Kazakhstan a State-led liberalized market economy (Charman, 2007). These descriptions seem to imply that the countries combine aspects of both the liberal and the coordinated market economies, which is not surprising given the heritage of the former Soviet

[2] https://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG. See also Adema, W., P. Fron and M. Ladaique, (2011).

Union, and the very rapid transformation into market economies in the 1990s. The union density in the Russian Federation in 2013 was 27.8 per cent,[3] while in Kazakhstan it was 33.9 per cent[4] in 2012. Social spending in Kazakhstan is very low in comparison to that of the other countries. According to 2012 statistics, only 6.4 per cent of the GDP went to social spending.[5] Russia is close to the level of Canada in that respect with 16 per cent of the GDP used for social spending, according to 2011 data. The low level of spending in the two countries, especially Kazakhstan, emphasizes the liberal nature of the two countries while the rather high union density, as well as the tripartite wage bargaining system in Russia, are more characteristic of the coordinated economies (Gimpelson and Kapeliushnikov, 2011).

There are also other reasons to choose the three OECD countries for comparative purposes. Canada is the second largest country in the world with a population density of 3.6 per square kilometre. This may indicate that the country faces similar issues with regard to interregional mobility to those faced by Russia and Kazakhstan. Moreover, Canada (as well as Russia and Germany) is a federal State, which may create challenges for the coordination of labour market policies.

Sweden is also a country with a rather low population density (21.7 pop/km^2). The southern part of the country is quite densely populated, while the northern part is less so. Another reason Sweden was chosen for comparison is the policies that have been implemented to promote mobility and the so-called structural transformation of Swedish society (Pontusson, 2011). Sweden has been described as a small export-dependent economy (Katzenstein, 1985) where the continuous restructuring of industries has been essential to keep up with global competition. In addition to export dependence, other internal policies implemented have contributed to structural transformation within that country. In the 1950s, unions and employers in Sweden started to apply a praxis in collective wage bargaining known as "the solidaristic wage policy" (*den solidariska lönepolitiken*). Equivalent jobs all over the labour market should be remunerated equally, independent of the viability of the individual company. The effect of that policy was that efficient, highly productive companies were favoured, while inefficient companies suffered. The policy hit many small, inefficient companies in the countryside and in the northern parts of the country. People who lost their job had to move into the expanding industries and, in many cases, to better jobs with higher salaries. To facilitate the structural transformation, the Government created different labour market programmes. Those included vocational training to help people to adapt to the new jobs, and specific types of support to decrease moving costs. Today there are remnants of those policies, even though Swedish labour market policies have undergone significant change.

Germany faced a huge challenge in 1990 when the eastern and western parts of the country reunited. To a large extent, the industry in East Germany became uncompetitive, and many people became unemployed. It can be said that during that period Germany underwent a major economic structural transformation. In addition to considerable investments in the eastern parts of the country, labour market programmes were also used extensively to manage the restructuring. However, the reunification of the country also led to large-scale movement from the east to the west. Later in this report we will discuss this process further.

The report will be structured as follows: in the next chapter, labour market mobility and interregional mobility will be defined. In addition, the chapter will discuss how labour market programmes can affect mobility outcomes. Chapter 3 will focus on interregional mobility and regional labour market

[3] J. Visser, ICTWSS Database. version 5.0. Amsterdam: Amsterdam Institute for Advanced Labour Studies (AIAS). October 2015. Open access database at: www.uva-aias.net/208

[4] ILO country profile statistics: http://www.ilo.org/ilostat/faces/home/statisticaldata/

[5] Ibid

development in Kazakhstan and the Russian Federation. The chapter ends with a section comparing the five countries in terms of geographical mobility using available indicators. Chapter 4 describes existing labour market policies in the five countries. Both passive and active measures will be in focus. That chapter ends with a section comparing the profile of programmes in the five countries. Chapter 5 focuses on programmes with the specific aim of promoting interregional mobility in the five countries. However, in the case of Germany, a more general description of labour market programmes during the reunification process will be presented. The report ends with a chapter in which an attempt is made to describe how current policies in Kazakhstan and the Russian Federation affect labour market mobility. There we will also present some recommendations as to how those policies can be developed to promote mobility even further.

2. Labour Market Mobility – A Theoretical Approach

In its broadest definition, labour market mobility refers to an individual's transition from one state or status to another within the context of the labour market (Berglund et al., 2010). The aforementioned statuses usually concern the possible legal relationships that can be had by people in the labour market. The employment contract between an employer and an employee is the most basic form. A change in contract implies a transition, and usually also implies a change of employer. The terms "external mobility" or "job-to-job mobility" are usually used to refer to situations in which an employee changes employer. However, sometimes transitions can take place without a change of employer. For example, a temporary contract may be changed to an open-ended contract at the same employer, a new position may be obtained within the same company, or an employee may move to another workplace owned by the same employer. The term "internal mobility" is usually used to refer to such situations.

Other forms of mobility concern transitions between employment and unemployment. Losing a job is, from the individual's point of view, a major life event that implies the loss of a main source of income. A swift transition back into employment is usually a top priority for the individual. However, sometimes the individual withdraws from the labour market altogether, for example, to go into education, for family reasons (e.g., care duties) or due to the inability to work. Usually, that withdrawal is for a limited time period and the authorities that provide financial support during such absence expect a return to the labour market.

An important distinction related to most of the aforementioned forms of transition is the difference between voluntary and involuntary mobility. Usually, the transition that results from external job-to-job mobility is voluntary. Many employees pay attention to new opportunities in the labour market, to new jobs that are better paid, more interesting, or more secure, and are prepared to take the risk of changing jobs. Such transitions are, in general, beneficial for the individual, and can lead to a better match between individual preferences and available jobs. For young people, among whom rates of job-to-job mobility are usually high, finding a suitable job can be regarded as a process of trial and error. A rate of voluntary job-to-job mobility that is too low can be a sign that employees have become "locked-in" to jobs that they may perceive as dissatisfying. That problem has been discussed in relation to the Swedish labour market (Furåker et al., 2014). Involuntary mobility is usually related to the transition from employment to unemployment. The employer has the power to terminate the employment contract, which leads to a forced transition into unemployment. Sometimes, the employee can anticipate the layoff and try to find a new job before the firing. However, many times the employee goes into a period of unemployment and has to rely on sources of income other than the former wage – usually unemployment benefits. In that situation, both the individual and the authorities have a strong common interest in a quick return to employment. However, sometimes the pressure to return can lead to a more or less involuntary transition into a job that does not match the preferences or qualifications of the individual.

From the point of view of the employer, employee mobility can have different functions and consequences. First of all, by their nature, the hiring and firing processes decide the numerical flexibility of the organization, i.e. the potential to adapt the size of the workforce depending on the business cycle. Dismissals are usually regulated by employment protection legislation and affected by the presence of unions. The possibility to recruit, on the other hand, is dependent on the supply of individuals with the right qualifications and preparedness to take the offered jobs. From the perspective of the employee, dismissals are usually the cause of involuntary mobility. However, voluntary mobility can, from the perspective of the employer that has been left, cause high turnover rates that disrupt the production process. In particular, that can be the case if employees with key competencies leave the organization. As such, the exit option (Hirschmann, 1970) can put pressure

on employers to remain attractive for employees, for example, with regard to wages, work tasks, and working conditions. In economic upturns, with many job openings, that is especially true.

Looking at labour market mobility from a societal perspective, the phenomenon can be regarded as both desirable, but sometimes also as a threat. A country's economy is constantly put under pressure due to international competition, technological development, and changes in consumer demand. Consequently, the economy needs to adapt in order to sustain growth. Businesses must expand or contract, and develop their human capital. In that context, labour market mobility is essential. The surplus of workforce in declining sectors must be induced to move to expanding sectors. Moreover, the matching of job offers with available competencies and skills must be as smooth and efficient as possible. In a dynamic economy where employees and the unemployed are prepared to take the risk of making a transition, the possibility of finding a good match is increased, and employers are forced to be attractive in order to find needed personnel. However, the threats of a dynamic economy lie in job insecurity and increased risk of unemployment. If companies have few restrictions and responsibilities related to layoffs, the costs are externalized to the individual and the society, e.g. by increased unemployment benefit expenses. And if localities and areas are relying on a few industries and companies, they risk being drained of people – often young and highly educated – if those industries become uncompetitive. That can have severe consequences on local communities. Other areas may have an inflow of people, which puts pressure on local authorities to provide housing facilities and social services.

Interregional mobility

In most cases, labour market mobility has a spatial dimension. To find a new job, people usually have to move geographically. Many times, the new job is within the local labour market, implying a short-distance commute. Other times, the new job is further away, implying many hours of commuting, or even weekly or monthly commuting. Sometimes, the new job entails a more permanent move.

In this report, we will focus on interregional mobility, meaning that an individual has changed location and is subsequently registered as an inhabitant of a region other than that at which he/she was registered at an earlier point in time. The data used for the report will be discussed more thoroughly at a later point; however, we can now state that aggregated data will be used in that discussion. Consequently, we will not analyse the movements of specific individuals. Moreover, we can neither directly conclude if a change of location occurred for labour market reasons or any other reason. However, we suppose that the vast majority of interregional transitions occur for labour market reasons.

Another point is that most interregional mobility is voluntary. That means that an individual makes an informed choice after having considered the costs and benefits of staying versus those of leaving. Forced interregional mobility certainly does take place, for example, as a consequence of ethnic discrimination. Moreover, pressure placed by authorities on an employee to accept a job offer may amount to forced migration. For example, in Sweden today an unemployed individual may lose their unemployment benefits if they not are prepared to accept a job offer anywhere in the national Swedish labour market (see more below). Nevertheless, both of those examples can be included in a cost-benefit understanding of voluntary mobility.

What factors lead an individual to voluntarily make an interregional transition? In a report by the ILO (2014b), a distinction between natural and institutional/systemic barriers to mobility can be discerned. The former has to do with different circumstances in the life situation of the individual in question. The distance of the new location is one important barrier. Large distances imply high

travelling costs when searching for a new job (job interviews, etc.), and, if a job is found, the moving of furniture and personal affects entails further costs. Furthermore, poverty traps have been pointed out as an important factor behind low interregional mobility, at least in the Russian case (Andrienko and Guriev, 2004). That means that people in the poorest regions cannot afford to move even if they would be better off in the new location. However, that effect seems to have decreased in recent years due to improved incomes in the various regions of the Russian Federation (Guriev and Vakulenko, 2015). Moreover, the family situation of the individual affects the feasibility of a move. If the individual in question is living with a partner, then two new jobs may be needed in the new location. If that couple also has children, then day-care and schooling arrangements may be needed. Other natural barriers include cultural and language differences between the places of origin and destination. Such factors may be very important in ethnically heterogeneous countries. As a result of many of these natural factors, young people are usually more prepared to move than older people, as they are often single, are less attached to a place, have less material investment in the place of residence, and so on.

Institutional and systemic factors can also affect interregional mobility. Administrative systems, such as the registration of residence and rules concerning access to social services, may by their design place constraints on mobility. Other factors include rules related to the right to perform ones profession or trade, i.e. different forms of occupational certifications and licensing. In Canada, for example, the certification process varies largely between the provinces, and measures have been taken to make those processes more uniform around the country (see more below). Moreover, infrastructure and communication are obviously also important factors in terms of decreasing the costs of mobility (e.g., to maintain the attachment to the place of origin).

The significance of labour market policies

The organization and design of a government's labour market policy is also an important institutional factor that affects the propensity of mobility among citizens. How that policy is implemented and incorporated into different programmes and measures can facilitate mobility, but can also hinder transitions to new locations and job options. That means that one has to assess the entire set of LMPs in a country to understand the consequences for mobility. Some measures may facilitate mobility, while others impede transitions (though they may have other beneficial effects).

Usually, LMPs are classified as either passive labour market programmes (PLMPs) or active labour market programmes (ALMPs). The former includes unemployment benefits and early pension systems. Below, we will focus on the significance of unemployment benefits. ALMPs, on the other hand, include placement services, labour market training, employment subsidies and direct job creation. Both kinds of programmes have significance for labour market mobility, although ALMPs are usually stressed as the more important. However, in this discussion about ALMPs, the so-called "activating" aspect of ALMPs is emphasized. That means that the unemployed should not passively receive unemployment benefits. Instead, there should be some conditionality as well as demands made on the unemployed to make every effort to get out of unemployment. That idea is sometimes described as a "rights and duties" approach (Eichhorst et al., 2006). In this report, however, we will look at an earlier understanding of how ALMPs should be used. As discussed previously, Sweden pioneered the use of LMPs in the 1950s with the introduction of active measures. At that time, ALMPs served to upgrade the labour force through the extensive use of training measures (Bonoli, 2010). The purpose was to facilitate the modernization of the Swedish economy, which was set in motion by the solidaristic wage policy. The surplus of labour liberated from non-competitive firms had to be re-skilled and helped to find new jobs in the growing and productive industries. ALMPs were therefore mainly used to facilitate labour market mobility and the structural transformation of the economy.

The overarching perspective on labour market policies and programmes in this report is that they can be regarded as an "institutional infrastructure" to promote labour market mobility. A similar view on such policies has been formulated in the so-called transitional labour market approach (Schmid, 2008). Mobility and labour market transitions seem to be an inescapable feature of modern economies. However, for the individual, such transitions entail great risk and uncertainty, as well as opportunity. By putting in place an institutional infrastructure of well-designed labour market programmes, the risks related to mobility can be reduced. That may lead to a greater preparedness among individuals to take such a risk. Below, we will discuss the possible effects of different labour market measures from the perspective of labour market mobility, in particular interregional mobility.

Unemployment benefits

For individuals living and working in modern market societies, unemployment is one of the major risks and negative life events. The inability to fend for oneself and one's household usually leads to severe economic stress and hampers one's freedom and life plans. Unemployment benefits exist in some form in most countries for the purpose of mitigating some of these negative consequences. However, how those benefits are organized – insurance-based or financed directly by taxes and government budgets – as well as their overall generosity, vary between countries. In this study, we will find great variation in that regard among the five countries.

Besides affecting the individual's ability to provide for him- or herself during the period of unemployment, the generosity of unemployment benefits also have macroeconomic effects. They are usually regarded as an automatic stabilizer during economic downturns that maintain general consumer demand. However, the generosity of the benefit affects the length of unemployment spells (Layard, Nickell and Jackman, 1991; OECD, 2010). The duration decides how long the unemployed individual can substitute a market wage for benefits, and the compensation level affects the reservation wage, i.e. the lowest wage the unemployed individual is prepared to accept in a new job. Those effects may explain some of the focus on "rights and duties" that have accompanied labour market programmes in the OECD area in recent years.

However, generous unemployment benefits would seem to have negative consequences for mobility as well. Generous benefits enable the unemployed to endure the situation in their locality for a longer period of time, providing little incentive to seek better job opportunities. Such disincentives, however, may be counteracted by obligations linked to the benefit, for example, requiring that the search area be expanded beyond the local labour market. Actually, the OECD (2010: 168ff) has studied the effects of unemployment benefit generosity on worker reallocation, and has found positive effects. There is no conclusive explanation of those effects, but it has been suggested that generous unemployment benefits lead to the creation of jobs with greater productivity in more volatile sectors. Moreover, the matching quality seems to be improved by the generosity of the benefits: the unemployed have more time at their disposal to find a job that matches their preferences and qualifications, which, in the long term, is positive for the productivity of the economy. In 2010, Boeri and Macis studied the effect of the introduction of unemployment benefits in different countries, and also found positive effects on job turnover (the destruction and creation of jobs). Moreover, benefits were related to a decreasing agricultural sector and an expanding services sector. One explanation for that finding is that the introduction of unemployment benefits provides an incentive to find a job in the formal labour market, a so-called "entitlement effect". An additional component emphasized by the ILO (2014b) is that generous unemployment benefits provide the economic means for the unemployed to extend their job search area beyond the local labour market, which should facilitate interregional mobility and better job matches.

Besides directly affecting job matches and labour market mobility, unemployment benefits are expected to create a vital incentive to participate in active labour market measures as well, i.e. duties are only perceived as legitimate if the individuals are also aware that they have rights. Usually, when unemployment benefits are available, the administrative authorities require that the unemployed register as such, that they report some job search activity, and that they take part in the measures offered. However, those measures cannot be effective if the unemployed have no incentive to register at the employment office for reason of insignificant benefits.

Active labour market programmes

The active programmes aim to help the unemployed get back to work through a variety of measures (Kluve et al., 2010). The first type of measure includes different job search services, in particular labour market information, which is usually collected in job banks. In those job banks, employers report their vacancies and job seekers upload their curriculum vitae and applications. How that is done varies between countries, but in some cases employers and individuals that have registered as unemployed are obliged to report to the job bank. Furthermore, the national coverage of the job bank may vary, as well as the use of ICTs to support the job search. In addition to the use of ICTs, more personalized services are usually available, including coaching and curriculum-vitae-writing assistance. From an interregional mobility perspective, obviously the coverage of and connection to a country-wide net of labour market information are essential. Such resources make it easier for the job seeker to make informed and realistic choices, thereby reducing the uncertainty related to mobility. Moreover, the employer acquires a substantial supply of recruits that may qualify and be a good fit for vacancies.

The second type of programme includes a variety of training measures. The general purpose of such programmes is to upgrade or adapt the human capital of the unemployed to labour market demand (Bonoli, 2010). However, the scope and focus of the training programmes can vary greatly. Some have an introductory function that provides immigrants or those who have been unemployed for a lengthy period with information about how the labour market works, while others provide rather lengthy vocational training courses. The effect of training measures on employment chances has been thoroughly discussed. In a meta-study, Kluve (2010) found only small positive effects, while a Swedish evaluation of training measures during the 1990s job crisis found negative effects (Calmfors et al., 2001; Fredriksson and Johansson, 2003). Usually, those negative results are explained by so-called “lock-in effects”: a notable decrease in job-search efforts during the course of training programmes may be observed on the part of participants , in particular if the training programme allows the unemployed individual to qualify for a renewal of unemployment benefits. Moreover, in the Swedish case, the expansion of training measures when the unemployment level rapidly increased (1.8 per cent in 1990 to 9.7 per cent in 1994) affected the quality of the training, and it was hard to predict to which branches education should be directed. Later evaluation of training has found much more positive effects (de Luna et al., 2008). In particular that applies to vocational training, while short preparatory courses do not have good results. Furthermore, the positive effects of vocational training seem to appear a couple of years after the end of the course (Card et al., 2015). However, in relation to interregional mobility, there are few studies with inconclusive results. Fredriksson and Johansson (2003) found negative effects, while Nakosteen et al. (2012) found positive effects, though only for men. Both of those studies were conducted using 1990s data from Sweden and with a rather short time frame for mobility to take place.

Despite that inconclusive evidence, it is reasonable to believe that vocational training is important to the structural transformation of an economy. To unemployed individuals with obsolete human capital who have been caught in structural unemployment, vocational training and other forms of

adult education are indispensable tools. Unemployed persons that have been equipped with updated skills and qualifications are more attractive on the whole labour market, which is a prerequisite for interregional mobility. However, to be successful, the courses should be of high quality, in line with labour market demand, and conducted in close cooperation with potential employers.

The third type of programmes encompasses wage subsidies to employers and direct job creation. The idea behind subsidized employment is that some unemployed individuals are believed to have – or signal – low productivity for employers, which makes them reluctant to employ those categories of individuals. Examples of categories are the long-time unemployed, youth, people with disabilities, and newly arrived immigrants. The subsidy creates an incentive to employ such individuals by compensating for some of the expected loss of productivity. By coming into employment, those categories of individuals can rebuild their human capital and become more attractive in the labour market. In a meta-analysis, subsidies were found to have positive effects on employment probability (Kluve, 2010). However, with different subsidies there is a risk of a crowding-out effect, i.e. the subsidy replaces an ordinary job with a subsidized one (Forslund and Viklund, 2011). Direct job creation implies that jobs that are not otherwise being performed are created, often in the public sector. These jobs have been used to keep the unemployed busy and sometimes to re-qualify them for unemployment benefits (Bonoli, 2010). Usually, the surplus of cheap labour is used to create some added value in public services or for large-scale projects. Still, the main conclusion of direct job creation is that it seldom leads to a job in the open labour market (Kluve, 2010).

From the perspective of labour market mobility, and interregional mobility in particular, subsidized employment and direct job creation are the tools in the arsenal of labour market programmes that contribute least to mobility. The subsidized or created job is usually organized at the local level, and can become an opportunity to stay in a locality with structural unemployment problems. Though that may be a necessary measure during a job crisis, from a mobility perspective, it may derail structural transformation. Nevertheless, there are other forms of subsidies – for example, financial assistance with moving or wage premiums to encourage individuals to take on strategic jobs in remote areas – that support mobility. We will come back to those examples in the presentation of the policies in the five countries.

Complementary labour market programmes

To sum up this discussion about the effects of LMPs on mobility and transitions, we believe, firstly, that reasonably generous unemployment benefits are a prerequisite for well-functioning labour market programmes overall. The benefit provides a strong incentive for the unemployed to register as such and to make use of the services and measures offered by the employment office. The benefit also impacts mobility by providing the financial means necessary search for a job outside the local labour market, allowing the unemployed individual to take more time to find a better match, and making the job seeker less averse to risky transitions. Secondly, high quality labour market information services at the national level are vital for employees to be able to make rational choices and to expand their search to areas beyond the more well-known local labour market. Thirdly, vocational training is an investment in the human capital of the unemployed, and should be provided in the occupational areas in demand in order to combat structural unemployment. Fourthly, wage subsidies and job creation may be important for those categories of unemployed individuals that are hard to place. However, when employed on a large scale, such measures may maintain structural imbalances between regions and hinder necessary mobility. Nevertheless, subsidies directly aimed at supporting interregional mobility may have an important role to play.

When looking at these considerations, we see that institutions and programmes can interact in such a way as to reinforce an outcome. As such, we can conceive of programme combinations that reinforce either mobility or immobility outcomes. Systems with very meagre unemployment insurance benefits, undeveloped labour market information services, few investments in training but strong investments in job creation, may reinforce immobility rather than mobility. On the other hand, systems with reasonably generous unemployment insurance benefits (together with some conditionality), high quality national labour market information services, investments in vocational training for occupations in demand, and that demonstrate the reluctant use of subsidies and job creation measures, should reinforce mobility. Empirically, however, we usually find combinations and compromises that do not conform to any of the ideal types – a fact that also applies to this study.

3. The Labour Markets of Kazakhstan and the Russian Federation: A Comparative Perspective

Both Kazakhstan and the Russian Federation performed well economically during the period 2011–2014 (Table 1). In Kazakhstan, the mean growth was 5.7 per cent, while the Russian economy saw a downturn during the last two years of that period, stifling mean growth. In the longer term, both countries have performed very well since the 1990s transition period, which was characterized by contracting economies. The three OECD countries used for comparison are some of the wealthiest in the world. Today, however, using purchasing power parity (PPP) for comparison, the GDP per capita of Kazakhstan and Russian Federation is more than half of the PPP of the three OECD countries. Furthermore, the Human Development Index (HDI) ranks the two countries within the category of high performance countries. However, concerning economic equality, the Russian Federation stands out for its high levels of inequality, while Kazakhstan has a similar Gini coefficient to that of Germany.

Table 1: Economic and Social Indicators

	GDP/Capita 2014 (USD)	Mean GDP Growth 2011–2014 (%)	GDP/Capita 2014 (PPP in 2011 USD)	Gini Income 2013*	HDI 2013*
Kazakhstan	12,602	5.7	24,227	29.0	0.76
Russian Fed.	12,736	2.4	25,635	40.1	0.78
Canada	50,235	2.3	44,057	32.6	0.90
Germany	47,822	1.5	45,802	28.3	0.91
Sweden	58,939	1.5	45,183	25.0	0.90

Source: The World Bank
*United Nations Development Programme

In addition, the labour markets in the two countries have many positive characteristics (Table 2). A rather large share of their populations is in employment. In both countries, the employment-to-population ratio has increased. In particular, in Russia the rate has increased by 11 percentage points since 2000. Furthermore, the unemployment level is on the same level as that of Germany – one of the top European performers. In Kazakhstan, the large agricultural sector employs a considerable part of the labour force. Kazakhstan also has a much smaller percentage of its population living in urban areas in comparison to the four other countries (53 per cent compared to 74 per cent or more in the other countries in 2013).[6] Those facts may explain why quite a significant number of employees in Kazakhstan can be found in so-called vulnerable employment. Such positions consist of family-based companies in the agricultural sector with small incomes and economic margins (ILO, 2015: 28). Usually those types of companies constitute an important part of the informal economy. A study by Schneider et al. (2010) estimated that both the Russian Federation and Kazakhstan have rather large informal "shadow" economies: in 2007, 40.6 per cent and 38.4 per cent, respectively, of the GDP. That can be compared to 15.3 per cent in Canada and Germany, and 17.9 per cent in Sweden.

[6] World Bank: http://data.worldbank.org/indicator/

Table 2: Labour Market Performance

	Employment rate (%) 2014 (15 years +)	Employment rate (%) 2014 (15–64)*	Unemployment rate (%) 2014	Employment in agriculture 2014 (%)	Vulnerable employment (own account and family workers)
Kazakhstan	67.1	–	5.0	18.9	31.0 (2010)
Russian Fed.	65.3	69.0 (2012)	5.2	9.4	6.0 (2009)
Canada	61.4	72.3	7.1 (2013)	1.8 (2013)	10.6 (2012)
Germany	57.4	73.8	5.0	1.4	–
Sweden	66.2	74.9	7.9	2.0	–

Source: The Agency of Statistics of the Republic of Kazakhstan (now – Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan); Federal State Statistics Service of the Russian Federation (Rosstat); ILO database
*OECD database

Population, mobility and labour market changes in the regions of the Russian Federation and Kazakhstan

The following sections will focus on the regions of Kazakhstan and the Russian Federation. Descriptive statistics about the population, population growth and interregional mobility will be presented, as well as a number of indicators on the labour market situation and socioeconomic conditions in the regions. The purpose is to identify regions that are senders and receivers of interregional migrants, and to try to understand some of the underlying mechanisms of those trends. This part of the report will end with a general comparison of the mobility rate in the five countries in focus.

Regions of the Russian Federation

During the transition period in the 1990s, the Russian Federation saw a sharp decline in the size of its population. The decline stopped in the second half of the 2000s, and since 2010 Russia has seen an increase in its population. In the period 2011–2014, which will be the focus of this section of the report,[7] the population of Russia increased by 0.6 per cent.[8] In general, two factors affect population change: the natural rate of the population change (the birth rate minus the death rate), and migration (arrivals minus departures). Since the end of the 2000, there has been a positive natural rate of increase; however, the major part of the population increase during the period in question is due to immigration to Russia.

We will focus on development in the regions of the Russian Federation, where changes in population vary significantly. In the Appendix (Table 14–16), descriptive statistics of the regions with regard to population, population change, and interregional mobility are shown. Large population increases were found in three Caucasian regions and the metropolitan areas of Moscow and Saint Petersburg. Furthermore, the Ural region of Tyumen, including Yamalo-Nenets and Khanty-Mansi Autonomous Okrug, as well as the West Siberian region of Novosibirisk have seen large increases in their

[7] Due to a change in the methods used for the population census in 2010, there is a disruption in the rate of interregional migration, an indicator of primordial importance to the report. One advantage of this rather short period is that it takes place after the major financial crisis in 2009. We are therefore able to examine migration during rather "normal" economic circumstances.
[8] The calculation of the increase excludes the Crimea peninsula, which is included in official statistics from 2014 onwards.

populations. For most of those regions, interregional mobility contributes positively to the increase. That is especially true for the Saint Petersburg area, and the Krasnodar region, where the inflow is higher than the total increase. In those cases, the positive inflow of people is larger than decreasing natural growth or emigration abroad. The Ural regions have demonstrated a slowing incoming mobility rate, even an outflow of people despite the population increase. In such cases, immigration from abroad helps to maintain population growth.

With regard to the population decline seen during the period 2011–2014, 45 of the 83[9] regions included in the analysis saw a decrease in their populations. The regions that experienced the largest decline are in the far east and northwest, while others are found in the western European parts of the Russian Federation (Bryansk, Pskov), as well as in regions close to Moscow (Tula and Tver). In many of those cases outgoing interregional mobility is an important factor behind the decline.

If we concentrate on interregional mobility *per se* (see Table 3), the highest rate of incoming mobility is found in the metropolitan areas of Moscow[10] and Saint Petersburg, beside the Ingush Republic and Krasnodar region in Caucasus. In the latter case, investments related to the Olympic Winter Games are a possible explanation for the positive figures. However, there are several regions (using -2 per cent as a cut-off point) with high rates of outgoing interregional mobility. Some of them correspond to the ones with high population decreases. Additional such regions are found in the north and far east. We also find some Caucasian regions among these, which suggest a rather high rate of mobility between the Caucasian regions, with both receivers and senders of migrants (see, for example Dagestan). That may be a reflection of the rather instable political and socioeconomic conditions in parts of the Caucasian regions.

Table 3: Regions of the Russian Federation with Highest Incoming or Outgoing Interregional Mobility 2011–2014

	Population 2014	**Population Change 2011–2014**		**Interregional Mobility 2011–2014**	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
Largest Incoming Mobility					
Moscow region	7,231	32	0.4	261	3.6
Saint Petersburg	5,192	239	4.8	160	3.2
Leningrad region	1,776	42	2.4	44	2.5
Krasnodar region	5,454	170	3.2	124	2.4
Moscow	12,197	584	5.0	243	2.1
The Republic of Ingushetia	464	34	7.9	9	2.1

[9] Currently, according to official statistics, the Russian Federation consists of 85 regions.

[10] In July 2012, the administrative borders of the region of Moscow and the city of Moscow changed, decreasing the population of the former and increasing that of the latter. That may explain why the rather high figures of incoming mobility do not add very much to the population increase in the Moscow Region, while the increase of the population of the city of Moscow is much higher than the rather high rate of incoming mobility.

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change BY NET Migration (%)
Largest Outgoing Mobility					
Magadan Region	148	-7	-4.5	-8	-4.8
Komi Republic	864	-26	-2.9	-33	-3.7
Republic of Kalmykia	281	-6	-2.1	-10	-3.6
Murmansk region	766	-22	-2.8	-27	-3.4
Jewish Autonomous Region	169	-6	-3.4	-6	-3.3
Kamchatka Krai	317	-3	-0.9	-11	-3.3
Tyva Republic	314	5	1.6	-10	-3.2
Yamalo-Nenets Autonomous Okrug	540	3	0.6	-16	-3.0
Kurgan region	870	-26	-2.9	-25	-2.7
Chukotka Autonomous Okrug	51	0	0.0	-1	-2.7
The Republic of Sakha (Yakutia)	957	1	0.1	-26	-2.7
Karachay-Cherkess Republic	469	-6	-1.3	-12	-2.5
Republic of North Ossetia - Alania	706	-3	-0.4	-18	-2.5
Arhangelsk region	1,183	-30	-2.5	-29	-2.4
Transbaikal region	1,087	-13	-1.2	-26	-2.4
Kabardino-Balkar Republic	861	2	0.2	-18	-2.1
The Republic of Dagestan	2,990	59	2.0	-61	-2.1

Source: Federal State Statistics Service of the Russian Federation (Rosstat)

Table 4 show the regions with the highest and lowest employment rates. The metropolitan areas of Moscow and Saint Petersburg are among the regions with the highest employment rates and lowest levels of unemployment despite the growing population and incoming mobility. That is indicative of very dynamic labour markets in the metropolitan areas that are able to absorb the inflow of people. Other regions with high employment rates are Yamalo-Nenetsky and Khanty-Mansiyskiy. As important areas in the Russian Federation's oil and gas industry, those regions have until now been able to employ a large influx of people. However, strong dependence on that industry may render those regions sensitive to the fluctuation of global oil and gas prices. Three of the regions with

very high employment rates are found in the far east. Two of them (the Magadan and Kamchatskiy Regions) are also included in the group of regions with a high rate of outflow of people. That certainly helps to maintain the employment rate and check unemployment. A similar picture emerges in the case of the Murmansk Region.

Table 4: Regions of the Russian Federation with the Highest (69 % or above) and the Lowest (59 % or below) Employment Rates

Regions	Employment rate 2014	Employment 2011–2014, percentage points change	Unemployment rate 2014	Unemployment 2011–2014, percentage points change
Highest Employment Rate				
Chukotskaya Autonomous Region	81.2	2.9	3.2	-2.4
Yamalo-Nenetskiy Autonomous Region	75.1	-0.3	3.1	-0.4
Magadan Region	74.4	-1.5	3.1	-1.4
Moscow	74.0	3.2	1.5	0.1
Saint Petersburg	71.9	0.5	1.4	-0.6
Khanty-Mansiyskiy autonomous Region	71.0	1.3	4.6	-1.7
Yaroslavl Region	69.5	4.3	3.8	-1.3
Murmansk Region	69.3	1.8	6.7	-1.9
Kamchatskiy Region	69.2	0.0	6.1	0.0
Moscow Region	69.1	0.0	2.7	-1.0
Lowest Employment Rate				
Republic of Tyva	48.4	-3.7	19.1	1.8
Republic Ingushetia	49.4	14.2	29.8	-18.3
Republic Adygeya	55.5	-0.7	8.6	0.2
Republic Dagestan	56.7	-0.5	10.2	-2.5
Republic Karachaevo-Cherkessia	56.7	-2.2	13.0	3.2
Chechen Republic	58.0	16.5	21.5	-15.8
Buriatia Republic	58.4	0.4	8.4	-0.6
Riazan Region	58.9	-0.2	4.4	-2.8

Source: Federal State Statistics Service of the Russian Federation (Rosstat)

At the other end of the distribution we find regions with low, or very low, employment rates. Those include several Caucasian regions, where Ingushetia stands out in particular. However, as can be seen in Table 3, Ingushetia has had a large influx of people and it would seem that the labour market is not strong enough to absorb those people. Ingushetia also has the highest unemployment level among the regions in the Russian Federation, with the Chechen Republic in second place. Another region with a low employment rate and high rate of unemployment is the Republic of Tyva in South Siberia. That region is also one of the regions losing the most people due to outgoing mobility.

Table 5: The 10 Regions with the Highest and Lowest Poverty Rates, the Size of Their Agricultural Sector, and GDP per Capita

	Poverty, 2014	Agriculture as % of Employment, 2014	GDP per Capita 2013, (RUB)
10 regions with highest poverty rate			
Republic of Kalmykia	34.7	26.3	145,318.3
Tyva Republic	34.7	9.7	134,193.8
The Republic of Ingushetia	24.9	9.1	100,910.7
Jewish Autonomous Region	21.4	13.6	220,875.0
Altai Republic	20.7	13.8	156,828.0
Mari El Republic	19.7	10.4	180,416.2
Karachay-Cherkess Republic	19.5	22.9	133,175.0
Irkutsk Region	18.6	8.9	329,142.7
Kabardino-Balkar Republic	18.5	21.3	131,866.1
Transbaikal Region	18	12.8	210,277.3
10 regions with lowest poverty rate			
Yamalo-Nenets Autonomous Okrug	6.9	1.3	2,540,488.6
Republic of Tatarstan	7	9.6	403,941.9
Belgorod Region	7.5	18.5	369,139.1
Moscow Region	7.6	3.2	359,799.4
Lipetsk Region	8	12.3	271,125.4
Saint Petersburg	8.3	0.4	491,449.5
Sverdlovsk Region	8.3	4.4	367,331.1
Chukotka Autonomous Okrug	8.3	5	927,403.5
Nizhny Novgorod Region	8.5	4.5	281,779.2
Kursk Region	8.7	16.7	243,267.5

Source: Federal State Statistics Service of the Russian Federation (Rosstat)

Table 5 show the 10 regions with the highest and the lowest poverty rates, the size of their agricultural sector, as well as the GDP per capita. The regions with the highest poverty rates are found in Siberia, the far east, and the Volga-Vyatka area. Overall, Kalmykia and Tyva are the regions with highest poverty rates. At the other end of the distribution, we find two regions in the North dominated by the oil and gas industry. The metropolitan areas of Moscow and Saint Petersburg are also within the range of the 10 regions with lowest poverty rates, as well as some other regions in the central European parts of Russian Federation.

The socioeconomic factors presented in Table 5 are related: the poverty rate has a positive correlation to the size of the agricultural sector ($r = 0.329$), and a negative correlation to the GDP per capita ($r = –0.331$). Furthermore, if we regress the rate of interregional mobility on those factors, we find that both the poverty and unemployment rates, as well as the size of the agricultural sector are important predictors with a negative relationship to the net migration rate, while the GDP per capita is a less conclusive factor. In particular, the unemployment rate is an important factor: people tend to move away from regions with high unemployment.

Regions of Kazakhstan

In general, the Republic of Kazakhstan has had positive demographic figures (Table 6). The population during the period 2011 to 2014 increased by over 700,000 inhabitants, i.e. an increase of 4.4 per cent. External immigration is a significant reason for the population increase, with a large influx of Kazakhs arriving from neighbouring countries.

Table 6: Population, Population Change and Interregional Mobility in Kazakhstan

Regions	**Population 2014**	**Population Change 2011–2014**		**Interregional Mobility 2011–2014**	
	thousands	thousands	%	Cumulative Net Migration	Population Change by Net migration (%)
Kazakhstan Total	17,161	721	4.4		
Akmola region	736	2	0.3	-5034	-0.7
Aktobe region	809	31	4.0	-4567	-0.6
Almaty region	1,985	112	6.0	1250	0.1
Atyrau region	568	36	6.7	393	0.1
West Kazakhstan region	624	16	2.6	-1869	-0.3
Zhambyl region	1,084	38	3.7	-22149	-2.1
Karaganda region	1,370	17	1.3	-3266	-0.2
Kostanai region	881	-1	-0.1	-3008	-0.3
Kyzylorda region	740	39	5.6	-6460	-0.9
Mangistau region	587	63	12.1	4235	0.8
South Kazakhstan region	2,733	166	6.5	-37045	-1.4
Pavlodar region	753	7	0.9	-672	-0.1

Regions	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration	Population Change by Net migration (%)
North Kazakhstan region	576	-14	-2.3	-8504	-1.4
East Kazakhstan region	1,394	-4	-0.3	-15239	-1.1
Astana city	814	117	16.8	53576	7.7
Almaty city	1,508	94	6.6	48359	3.4

Source: The Agency of Statistics of the Republic of Kazakhstan

Focusing on the changes in the different regions of Kazakhstan, the picture is more diverse. The largest increases in population are found in the metropolitan areas of Astana city and Almaty city, as well as the Mangistau region close to the Caspian Sea. The two metropolitan areas also have a large surplus of interregional mobility. That means that incoming mobility contributes to the population increase, which is especially visible for the city of Astana. However, the Mangistau region has experienced a population increase despite a rather low surplus related to interregional mobility; there are indications that immigration from abroad is an important explanation for that increase. Other regions with population increases above the national level are South Kazakhstan, Kyzlorda, Atyrau and Almaty regions. However, only two of those have experienced a small surplus in interregional mobility, while the other two regions having grown despite losing a portion of their populations due to an outflow of people to other regions. In particular, the South Kazakhstan region has a strongly growing population although there is migration to other regions in Kazakhstan. The increasing population is explained by a high natural increase and immigration from abroad (Rodionov 2011: 87ff, 100ff). A similar pattern can be found in the Zhambyl region.

Only a few regions experienced a population decrease in the period 2011-2014. The region that experienced the highest decrease is found in the North Kazakhstan region (-2.3 per cent). That loss is due, to some extent, to interregional mobility with an outflow of inhabitants (-1.4 per cent). Another key reason is external emigration to Russia (Rodionov 2011:100ff). East Kazakhstan saw a population decrease combined with rather significant migration away from the region.

This overview of demographic patterns shows strong population increases in the metropolitan areas, mainly due to internal mobility. Many of the regions in the south and southwest also saw a strong increase in population, mainly caused by high natural growth of the population and external immigration. In the northern parts that border to Russia, we see some outflows caused by external emigration. However, in 11 of Kazakhstan's 16 regions, there were higher outflows than inflows of migrants.

Next, we will take a look at the employment and unemployment patterns of the regions, focusing on the same period as above (see Table 7). The employment rate ranges from 62.3 per cent (Mangistau region) to, at most, 74 per cent (Akmola region) in 2014. Since 2011, nine of the regions have experienced a decrease in the employment rate, with the highest decrease taking place in the Mangistau region (-5.3 percentage points). Other regions that experienced a significant decrease are the Zhambyl and

Kyzylorda regions. The highest increase in the employment rate was seen in the Almaty Region (an increase of 2.9 percentage points). The unemployment level did not vary much between the regions and was, in general, rather low. Furthermore, during the period 2011–2014, a large majority of the regions saw a decrease in unemployment, with only two regions experiencing no improvement. All in all, most regions have seen positive development with regard to the unemployment level; there have been mixed results, however, with regard to the employment rate.

Table 7: Working Age Population and Employment Changes in the Regions of Kazakhstan

Regions	Employment rate 2014	Employment 2011–2014, percentage points change	Unemployment rate 2014	Unemployment 2011–2014, percentage points change
Kazakhstan Total	67.1	-0.7	5.0	-0.4
Akmola region	74.0	1.3	4.9	-0.6
Aktobe region	67.7	-1.9	4.9	0.0
Almaty region	70.3	2.9	4.9	-0.2
Atyrau region	72.3	0.2	5.0	0.0
West Kazakhstan region	66.3	0.5	5.0	-0.3
Zhambyl region	70.9	-3.9	4.9	-0.6
Karaganda region	63.4	-2	4.9	-0.4
Kostanai region	69.3	-2	5.0	-0.4
Kyzylorda region	64.8	-3.1	5.0	-0.5
Mangistau region	62.3	-5.3	5.0	-0.8
South Kazakhstan region	64.9	-2.7	5.4	-0.3
Pavlodar region	70.5	1	4.8	-0.4
North Kazakhstan region	68.1	-1.4	5.0	-0.4
East Kazakhstan region	64.0	0.5	4.8	-0.4
Astana city	69.9	1.4	5.1	-0.7
Almaty city	63.4	1.5	5.5	-0.1

Source: The Agency of Statistics of the Republic of Kazakhstan

We will end this descriptive section on the regions of Kazakhstan by looking at a variety of socioeconomic indicators (Table 8). The first is the GDP per capita (measured in million KZT). Here we find great variation between the regions: the poorest regions produce 0.8 million KZT (5,200 USD) per capita (South Kazakhstan and Zhambyl region), while the richest region (Atyrau) produces 6.4 million KZT (41,500 USD). We also find great variations with regard to the share of the population living below the subsistence level. The lowest proportion is found in the city of Astana (0.4 per cent), and the highest level in the South Kazakhstan region (6.1 percent). For Kazakhstan in total, the proportion of the population living below the subsistence level is 2.8 per cent. We see that the size of the agricultural sector in Kazakhstan is still rather large (18.9 per cent). During the period 2011-14, however, its size decreased (-7.6 percentage points). In some of the regions the decrease was very large (-18.2 percentage points in the South Kazakhstan region and -12.9 percent points in the Almaty region). Nevertheless, there are significant variations between the

regions with regard to the size of the agricultural sector. It is largest in the North Kazakhstan region (38.3 per cent), and smallest in the Mangistau region (1.4 per cent) and the metropolitan areas of Astana and Almaty.

Table 8: Selected Indicators for the Regions of Kazakhstan

Regions	Below subsistence line	Agriculture as of Employment, 2014, %	GDP per capita, 2013, (million KZT)
Kazakhstan Total	2.8	18.9	2.1
Akmola region	2.9	35.6	1.3
Aktobe region	1.8	10.3	2.2
Almaty region	2.5	31.9	0.9
Atyrau region	2.8	4.5	6.4
West Kazakhstan region	2.9	22.1	2.8
Zhambyl region	3.1	24.9	0.8
Karaganda region	1.4	9.0	1.9
Kostanai region	2.5	37.0	1.5
Kyzylorda region	3.2	10.3	1.8
Mangistau region	3.0	1.4	3.3
South-Kazakhstan region	6.1	19.1	0.8
Pavlodar region	1.5	22.0	2.4
North Kazakhstan region	4.2	38.3	1.3
East Kazakhstan region	2.5	21.4	1.5
Astana city	0.4	1.8	4.4
Almaty city	0.6	0.2	4.8

Source: The Agency of Statistics of the Republic of Kazakhstan

The indicators shown in the tables are related. The GDP per capita is a function of the industrial structure, where employment in the manufacturing, extraction and services sector is crucial. In Kazakhstan, the size of the oil and gas sector contributes heavily to the regional GDP, which is shown in the case of the Atyrau and Mangistau regions (Turganbayev, 2013). Moreover, the size of the agricultural sector has a negative correlation to the GDP per capita (-0.715) and a positive correlation to the poverty level (r = 0.417). If we relate these indicators to the interregional mobility rate, the strongest predictor is the subsistence indicator, i.e. the higher the rate below subsistence level, the higher the net rate of mobility outflow. Also, unemployment is an important predictor.

Interregional mobility – a comparison of five countries

Interregional mobility is also an important question in the three OECD countries of concern. We will only briefly describe the mobility patterns of each. In Canada, the main axis of migration is from the east – the Atlantic Provinces – to the west – the provinces near the Pacific Ocean and the Great Lakes.

In the case of Germany, the regions of former East Germany have been the sender regions. Finally, in Sweden, the pattern of migration has been from the north to the south.

Table 9: Inter- and Intraregional Mobility (percentage of population)

	Canada[1] (2011)	Germany[2] (2006)	Kazakhstan[3] (2013)	Russian Federation[4] (2013)	Sweden[5] (2013)
Interregional	0.7	1.3	0.9	1.3	2.2
Intraregional	3.4	–	–	1.5	2.6
Total	4.2	–	–	2.8	4.8

[1] Ministry of Finance (2014) Jobs Report: The State of the Canadian Labour Market
[2] Bonin et al., 2008
[3] The Agency of Statistics of the Republic of Kazakhstan, calculations by the author
[4] Russian Statistical Yearbook 2014 and Federal State Statistics Service of the Russian Federation (Rosstat)
[5] Statistics Sweden

Table 9 summarizes indicators of the mobility rate in the countries concerned. However, it is very tricky to compare interregional mobility between countries, because the comparison is strongly affected by how national administrative borders are defined and the size of those units. Also taking intraregional mobility into account, that is, mobility between lower level administrative units, in most cases cities, we get a somewhat better indicator of the tendencies of inhabitants in terms of geographical mobility. Although available data is incomplete, we can conclude that Sweden has the highest figure in terms of interregional mobility. Canada and Kazakhstan have the lowest figures, and Russia and Germany have somewhat higher rates. With regard to intraregional mobility, Canada has the highest rate, with Sweden in second place, and Russia coming in last for the countries with available data. Putting those indicators together, Sweden demonstrates the highest rate of total mobility of the three countries with available data, while Russia demonstrates the lowest.

In a study by Bell et al. (2015), more sophisticated geographical methods were used to compensate for different spatial zones within a country (see study for details), making it possible to produce more reliable estimates. Table 10 shows the results from the study of four of the countries (Kazakhstan is missing from the study). It shows the percentage of relocations, i.e. permanent changes of address, as a proportion of the total population, as well as the ranking of the four countries in comparison to 45 others. That study shows very low mobility for the Russian Federation – only 2 per cent of the population change address permanently per year. The highest figure is found in Sweden with 13.9 per cent. The study also presents factors that affect the intensity of mobility. Urbanization, GDP per capita, the HDI and female labour force participation are positively related to mobility, while the number of males aged 20-24 years living with parents negatively affects mobility to a rather strong degree.

Table 10: Residential Mobility Intensity within Country. One Year Intervals. Various Years

	Percentage	Rank of 45 Countries
Russian Federation (2010)	2.0	42
Germany (2009)	9.0	15
Canada (2006)	13.3	9
Sweden (2012)	13.9	8

Source: Bell, M. et al., 2015. Appendix 1 available online at http://www.gpem.uq.edu.au/image.

In another study presenting mobility figures (including for Kazakhstan) similar patterns were found

(Esipova et al., 2013). That study is based on surveys with representative samples of the populations for the years 2011 and 2012. In the questionnaire the following question was asked: "[d]id you move to another city or area within this country in the past five years?" Canada was placed in the 16–20 per cent mobility interval, while Sweden was placed in the 11–15 per cent interval. The three other countries were placed in the 6-10 per cent interval. Higher levels of education, young age and being a first-generation international migrant were factors related to the high probability of mobility.

All in all, the studies above provide some evidence of the rather low mobility rates within Kazakhstan and the Russian Federation. Sweden and Canada are countries that demonstrate rather high mobility rates, in particular when the definition of geographical mobility includes a change of residence (rather than only interregional mobility). When looking at those results in the light of the rather significant variation between the regions – of poverty and unemployment levels in the case of Russia and of less productive sectors (agriculture) in the case of Kazakhstan – increased mobility in the labour market seems essential to equalize socioeconomic conditions between the regions in the two countries.

4. An Overview of Labour Market Policies in Kazakhstan, Russian Federation, and Three OECD Countries

Labour market mobility, especially interregional mobility, can be promoted in many ways, as has been discussed earlier. The general state of the regional economy is a decisive factor, as well as housing facilities, educational opportunities and social services in the new place of residence. They are all factors that governmental decisions can affect by various forms of investments. However, in this report the focus is not on those factors *per se*, but on how labour market policies and programmes may constitute a general infrastructure to facilitate mobility in the labour market. Those measures can promote the dynamics in the labour market by affecting opportunities for mobility. As was discussed in the introduction, in particular the example of Sweden, labour market policies can be an integral part of policies to reinforce a structural transformation of the economy, i.e. to facilitate workforce transitions into the growing sectors of the economy, which often entail better and more productive jobs. Labour market programmes may serve to decrease transaction costs in the job search and matching process. Such programmes can, therefore, be beneficial both for the individual and society if they are organized and designed in an efficient and operational manner. However, labour market programmes can also have the opposite effect, sometimes locking participants into measures that do not facilitate transition, and thereby allowing inefficient jobs to become subsidized and hampering structural transformation.

This section will focus on two aspects of LMPs. Firstly, we will focus on the governance and implementation of such programmes in Kazakhstan and the Russian Federation. Given the federal State structure of Russia, one could expect the implementation to be more challenging compared to the more centralized structure of Kazakhstan. Secondly, we will discuss in greater detail how such policies are organized in specific programmes. We will make use of the conventional distinction between PLMPs and ALMPs. PLMPs include cash benefits for which the unemployed may be eligible in the event of unemployment. Usually, there is a separation between early retirement schemes and unemployment benefits; we will focus on the latter because of their central role in the functioning of LMPs. ALMPs include informational resources for the unemployed to find a new job, or guidance in terms of what type of skills and competencies the unemployed need to be employable in the labour market. ALMPs also include training resources for the unemployed to increase their human capital and improve matching. Subsidies to employers are usually also an integral part of ALMPs, and serve to compensate for the low human capital for some categories of the unemployed. Moreover, direct job creation by the Government to combat unemployment is included as an ALMP. The arsenal of PLMPs and ALMPs in the Russian Federation and Kazakhstan will be compared to the investments of the three OECD countries in those areas.

Spending on labour market programmes in the five countries

Before going into details, we will start with an overview of how much each of the five countries spends on passive and active measures. That gives an indication of how the five Governments prioritize LMPs. Table 11 shows spending on different types of LMPs in terms of percentage of the GDP. For both Kazakhstan and the Russian Federation, the information cannot be broken down into different items. In total, Russia spent only 0.077 per cent of the GDP on passive and active measures. Only a small fraction is spent on active measures, while the majority goes, instead, to passive measures. In comparison to the three OECD countries, Russia spends much less – about one tenth of what Canada (the low spender of the three OECD countries) spends.

Table 11: LMP Spending as Percentage of GDP, 2012

	Canada	Germany	Kazakhstan*	Russian Federation**	Sweden
PES	0.1	0.34			0.31
Training	0.08	0.22			0.09
Employment Incentives	0	0.03			0.65
Sheltered and supported employment	0.01	0.03			0.26
Direct Job Creation	0.01	0.03			0
Start-up Incentives	0.01	0.03			0.01
Out-of-Work Maintenance	0.59	0.93			0.66
Early Retirement	0	0.05			0
Total	0.83	1.68	0.180	0.077	1.99
Active	0.24	0.69	0.180	0.002	1.33
Passive	0.59	0.98	0.003	0.075	0.66

Sources: OECD, 2013. "Labour market programmes: expenditure and participants". OECD Employment and Labour Market Statistics (database). DOI: http://dx.doi.org.ezproxy.ub.gu.se/10.1787/data-00312-en (Accessed on 18 February 2015)

* The figures are an approximation based on the spending for the Employment Strategy 2012 (http://www.minfin.gov.kz/irj/portal/anonymous?NavigationTarget=ROLES://portal_content/mf/kz.ecc.roles/kz.ecc.anonymous/kz.ecc.anonymous/kz.ecc.anonym_budgeting/budgeting/reports_fldr/yearly_reports), which in total was 56 billion KZT. The spending on unemployment insurance was only 868 million KZT for 14,350 recipients (www.gfss.kz). The GDP in 2012 was 30,347 billion KZT.

** Social Bulletin March, 2015, table 5. Analytical Centre for the Government of the Russian Federation

The figures for Kazakhstan are uncertain and based on different sources (see Table 11). However, they indicate rather weak spending on LMPs. The figures for passive measures (unemployment benefits) stand out in that regard. Few recipients, strict eligibility rules and a low benefit compensation rate (see more below) are possible explanations for that. The spending on ALMPs is higher. The source of the figures shown for Kazakhstan is the Employment Programme 2020 (now known as the Employment Road Map 2020). The programme was primarily intended to help the unemployed and low income families in rural areas transition into more productive jobs (ILO 2015). The spending on the programme is at a much higher level than the spending in Russia on ALMPs, although it does not reach the Canadian level. However, the figure shown does not include possible additional funding made by the regions of Kazakhstan.

Comparing the three OECD countries, Sweden has a more “activating” profile than Canada and Germany. The country’s spending on passive measures is between that of the two other countries, with Germany as the top spender. However, these figures must be assessed in relation to the unemployment rate, where Sweden has a higher unemployment level than the other two countries. Germany and Sweden invest more resources in public employment services (information) than Canada, while Germany is the top spender when it comes to training. The latter fact is interesting because, traditionally, Sweden believed in training measures. However, in the past decade, that country has rethought the efficiency of such measures. We will return to this question later in the

report. Sweden now spends much more on employment incentives (subsidies to employers) and sheltered employment for people with disabilities and so on.

The various levels of spending are also an indicator of how central LMPs are in the country's political debate and discussions. For example, the rather high spending in Sweden is accompanied by fierce opposition between the political parties about the level of spending and development of LMPs. One beneficial side effect of that opposition is institutional innovation in the policy area. However, changes in Government can lead to significant changes in the LMP arsenal, which may negatively affect programme efficiency.

Organization of labour market programmes

How efficiently an LMP functions or is implemented is dependent on how this area of policy is organized in the country. This section focuses on the main bodies that organize LMPs in the different countries. That is especially challenging where there is a federal structure, which is the case of the Russian Federation, Canada and Germany, unlike the unitary States of Kazakhstan and Sweden. The level of regional jurisdiction places constraints on LMP governance, and much effort goes into coordination. However, one advantage that is usually emphasized in decentralized systems is the ability to adapt policies to local circumstances.

Main bodies

Russian Federation

The Ministry of Labour and Social Protection (MoLSP) of the Russian Federation is in charge of developing the legislative frameworks that regulates the country's LMPs, as well as the budget and priorities of the federal employment policies. The MoLSP coordinates and controls the activities of the Federal Service for Labour and Employment (Rostrud), which supervises the regional public employment services.

In 2007, the duties of the public employment services were decentralized. The regional government became the main entity responsible for the implementation of labour market policies at the regional level (OECD 2011: 86ff). PES staff are still paid by the federal Government, while Rostrud became responsible for controlling the activities in the regions. The funding of LMPs was transferred from the Federal Compensation Fund to regional control (OECD 2011: 87ff). Unemployment insurance, however, remains under federal control, as well as benefits for persons with disabilities. The regions forecast the number of unemployed persons and related expenditures, and the MoLSP decides how much funding to allocate depending on the federal budget and priorities. The regional Government can co-fund additional spending on LMPs, although according to the OECD (2011), that seldom seems to occur.

At the local level, there are PES centres tasked with registering the unemployed and vacancies, and administering unemployment benefits, as well as active measures. In 2011, there were 2,150 centres around the country (ILO 2014: 95). There are also mobile centres to service remote geographical areas. However, very few of the unemployed register at PES centres – of 7.5 million unemployed, only 1.1 million were registered as such (ILO 2014: 94). According to the OECD (2011: 96ff), local PES centres suffer from several problems. There is insufficient staffing compared to the caseload, which forces PES officers to focus on administration rather than on assisting the unemployed to find a new job. The staff-to-registered-unemployed ratio is 1:230, far below the international benchmark of 1:100 (ILO 2014: 98). Confidence in the PES is low both among the unemployed and employers;

few unemployed persons are registered, and employers do not rely on the PES to fill vacancies. Therefore job openings are underreported to the PES. Furthermore, PES officers generally have very few active measures to assist the unemployed.

Kazakhstan

In Kazakhstan, the responsibility of developing and implementing LMPs is split between the central, regional and local levels. When Kazakhstan became independent in 1991, the State Employment Agency was established and given responsibility for LMPs. The Agency was financed by the State Employment Promotion Fund (ILO 2015: 66ff). However, in 1999 this structure was decentralized, and the municipalities acquired the main responsibility for the local job centres. Furthermore, in 2003 a tax reform decentralized the responsibility for funding the main functions of LMPs to the local authorities (ILO 2015: 51ff). That means that the budget for LMPs may vary between rich and poor regions.

At the government level, the main authority for LMPs is the Ministry of Health and Social Development. Over the past 10 years, the Government has taken major initiatives in the area of LMPs, by launching national programmes. Currently, the Employment Road Map 2020 programme governs the Ministry's actions, with a focus on reducing unemployment and improving the productivity of the employed and self-employed in low-productive or informal sectors. One of the means to achieve productivity gains is to promote mobility in the labour market, which we will return to later in the report. Local Governments must adapt to those programmes by making plans at the regional/local level, and receiving people from the target group who want take part in the programme. Funding comes mainly from the national and regional Governments, as well as from some additional private co-funding (ILO 2015: 68ff).

Regional Departments for Coordination of Employment and Social Programmes are responsible for implementing the national programmes at the regional level (ILO 2015:79ff). That is done by developing measures adapted to the regional level and coordinating the activities at the local level. Furthermore, those departments are also responsible for monitoring the regional labour market and maintaining a regional database of job openings and vacancies.

It is the local Government and, more specifically, the job centres that have the task of registering the unemployed, facilitating the job search and providing labour market information for job seekers, and assisting the unemployed with different active measures (ILO 2015: 79ff). Furthermore, they have to implement the Employment Road Map, assisting the unemployed that are a match for the target group and who are interested in the programmes, in cooperation with the local business sector. There are approximately 205 job centres in Kazakhstan with approximately 1,980 employees in total (ILO 2015: 84). As in the Russian Federation, few unemployed register at the centres. According to the ILO (2015: 81) only 6.4 per cent do. The ILO lists a number of reasons for that: low income support from unemployment benefits; low-quality vacancies (few announced by employers); those who register as unemployed risk to be seen as problematic and stigmatized; there is a lack of information on what the job centres can provide; and the job centres may be in remote locations. Also, the large workload of the staff may negatively affect the quality of the services provided.

Canada

In Canada, a federal State, there is a complex relationship between the federal Government and the Governments of the 10 provinces and three territories, which affects the implementation of labour market policies (Wood, 2010). The federal, provincial and territorial Governments fund programmes. Funding comes from the Employment Insurance (known as the EI, before 1996 it was called "unemployment insurance"), additional federal taxes (the Consolidated Revenue Fund), and provincial taxes. Before 1996 LMPs were mainly handled at the federal level (Wood, 2013).

That included both passive and active measures. Since 1996, however, active measures have been decentralized to the provinces while the responsibility for the employment insurance and active measures for specific groups (indigenous persons, disabled persons, immigrants and youth) remain at the federal level. Furthermore, the Government also operates various pan-Canadian programmes.

The devolution of LMPs to the provinces was done through bilateral agreements between the federal Government and each provincial or territorial Government. The first of these agreements was the Labour Market Development Agreement (LMDA). LMDAs have successively been negotiated and assigned by the provinces and territories, starting in 1996 and ending in 2010. The agreements transfer staff, assets and funding to the provinces and territories to implement programmes for those unemployed individuals that are eligible for the employment insurance. In 2007 a new agreement was concluded with the provinces and territories with regard to uninsured persons (e.g. youth and immigrants), and the Labour Market Agreement (LMA), which transferred additional funding to the regions. Besides the LMDA and the LMA, there are also special agreements concerning older workers and persons with disabilities. In total, there are 49 bilateral agreements (Wood, 2010). Only 10 per cent of the budget of active programmes is still solely under federal control (Wood, 2013). However the federal Government has some influence on the labour market programmes, and promotes pan-Canadian interests through the provisions in the agreements (Wood and Klassen, 2011).

There are some collaborative bodies between the federal level and the provinces. One central body is the Forum of Labour Market Ministers (FLMM), which promotes federal-provincial cooperation on labour market issues. It consists of provincial and territorial ministers, as well as a minister at the federal level in charge of labour market issues. The body's main focus is on labour market information, labour mobility, foreign qualification recognition, apprenticeships and issues of productivity.[11] FLMM set up different working groups, one of which focuses on labour market mobility. However, meetings between the ministers are quite seldom, and the capacity of the Forum to influence policy appears to be rather limited (Wood and Klassen, 2011). The Employment Insurance Commission is another pan-Canadian body (Wood, 2010). It consists of two Government representatives and two representatives of social partners (employers and unions). It monitors LMP outcomes, and subsequently present the results in a report that is submitted to the parliament.

The central authority at the federal level is the department of Employment and Social Development Canada (ESDC). Its function, after decentralization, is to provide funding, ensure accountability, determine national priorities, evaluate outcomes, ensure the similarity of services across Canada, and to deliver pan-Canadian programmes and services (Wood, 2010). The implementation of federal programmes at the local level is carried out by Service Canada. It has 600 offices across Canada and well-developed online services where the citizens can apply for employment insurance benefits, other monetary support (including pensions and child benefits) and search for jobs.

The provinces and territories in Canada have, as indicated above, subsequently received greater responsibility with regard to implementing labour market measures. Before 1996, the main responsibility of the provinces and territories was the delivery of education, health care and social assistance. From a labour market perspective, variations in educational systems across Canada have been a concern, in particular the emergence of various apprenticeship systems, as well as occupational certificate systems across the provinces (Department of Finance, 2014; FLMM Homepage). As a result, it is difficult for vocationally trained workers to cross jurisdictions. However, some measures have been taken to solve those issues. They will be described later on in this report.

[11] http://www.flmm-fmmt.ca/english/view.asp?x=1

After the devolution, the provinces and territories began to deliver programmes benefitting insured (LMDA) and uninsured (LMA) unemployed persons. An argument for devolution was that more specific and tailored programmes could be delivered at the level of the provinces and territories. The LMDA agreement gave them the possibility to manage, design and implement active measures funded by the federal Government, and to achieve economies of scales by adding up resources obtained at the provincial level and using them for existing programmes on post-secondary education, social assistance and economic development (Wood, 2010). The LMA works in a similar way, but with fewer provisions as to how the resources should be used in the area of target groups. Overall, the provinces and territories have great flexibility to adapt labour market policies to their own goals and priorities.

In each province and territory there is a system of employment services that is parallel to Service Canada. The provinces and territories are free to decide if services should be delivered by public or private providers (CEIC 2014: 126). A few rely solely on public employment services (e.g., Quebec) or private providers (e.g., Ontario), while the majority use a mix of public and private employment services. In general, the PT employment service is the entry point to take part in labour market programmes.

Germany

The organization of labour market programmes in Germany also takes place within a federal structure. However, in contrast to Canada, the German *Bundesländer* do not have any important function in the creation and implementation of LMPs. Instead, the federal Government bears the main responsibility, and since the Hartz reforms in 2003-2005, in cooperation with the municipalities (Zimmermann and Fuertes, 2014). Moreover, the social partners (unions and employer organizations) are important stakeholders in the formulation and implementation of labour market policies.

The federal body responsible for developing policies is the Federal Ministry of Labour and Social Affairs (BMAS). It defines targets and allocates funds for all the main labour market programmes, and monitors and evaluates outcomes. The main body responsible for implementing the programmes is the Federal Employment Agency (*Bundesagentur für Arbeit*, henceforth BA). However, the BA has a rather independent position in relation to BMAS because the LMPs are directly funded through insurance contributions from employers and employees (European Commission, 2014b). Both at the federal and local levels of the agency (although not at the regional level), the social partners are well integrated in administrative boards that govern the operations of the BA (Zimmermann and Fuertes, 2014; Wegrich et al., 2013). The integration of the social partners in the BA creates space for tripartite bargaining, which affects policy formation. However, the BA's main tasks are job placements services, the payment of unemployment insurance benefits and the promotion of vocational training.

At the local level, the BA has local agencies with tripartite representation. The representation of employers and unions is an important precondition for the well-developed training and apprenticeship system in Germany (see more below). The local agencies also enjoy a great amount of independence in terms of how programmes should be organized (European Commission, 2014b). However, after the Hartz reforms, strong collaboration between the BA and the municipalities was developed as a consequence of the two-tier unemployment benefit system that was introduced (see more below). The system comprises wage-related unemployment insurance benefits for a 12-month period. If the insurance is exhausted, or if the unemployed individual does not qualify for the insurance, basic income schemes remain an option. Those benefits should be organized with the intent of "activating" beneficiaries to draw nearer to the labour market (Eichhorst et al., 2006). The responsibility for that became a joint venture of both the BA and the municipalities. For that purpose local job centres were developed. They include personnel from both the BA and the municipalities (although in some

localities the latter has opted out, leaving the centres to be solely operated by BA-produced personnel). In total, there are 303 job centres and 105 opt-out centres (European Commission, 2014). The main task of the BA staff is to help the long-time unemployed with different placement services, while the municipal staff helps unemployed and other recipients with different forms of social assistance, e.g., accommodation and living costs, child care services, socio-psychological counselling and treatment of drug abuse. In parallel, however, there are BA offices for short-time unemployment (eligible for unemployment insurance), which help recipients with training, labour market information, etc. In 2014, there were a total of 610 branch offices throughout Germany (European Commission, 2014).

Private profit-oriented providers of social services have expanded since the Hartz reforms (Zimmermann and Fuertes, 2014). Training and activation measures can be contracted by private providers after a tendering process. Moreover, there is a voucher system for unemployment benefit beneficiaries who can choose the providers they believe can help them to improve their employment chances.

Sweden

In Sweden, a unitary State, the Government has a very far-reaching influence in terms of steering the form and content of labour market policies. The parliamentary system has three levels with bodies that are elected in a proportional electoral system. The national parliament (*Riksdagen*) is the legislative assembly of Sweden. At the regional level, there are also elected assemblies (*Landsting* or Regions). Their main task is to organize the health care system in the region and to determine regional taxes. Their influence on LMPs is, however, limited. The third level, with elected bodies, is the municipal (*Kommunfullmäktige*). The municipal Government's main task is to organize and determine social services for residents, and to decide local taxes. However, the local Government has some important duties in terms of the organization of LMPs.

Labour market policies are often the main topic in national election campaigns, and the Government that is elected usually has a reform programme that it wants to put in motion during its term of office. The Ministry of Employment prepare the programme. LMP expenses are included and specified in the national budget proposition that is submitted to the parliament each year. The next step for the Ministry is to specify instructions for the national public employment service, which is the governmental agency for labour market policies.

The Swedish agency for public employment services, *Arbetsförmedlingen* (AF), has about 12,000 employees and is organized on four different levels. The highest decision-making body is a board appointed by the Government, and a Director General as the executive manager. The board and the Director General decide on strategic matters and coordinate the agency's operations. The top level bears the responsibility of analysing labour market trends and of reporting the agency's operations. Subsequently, the agency is divided in three regions: south, middle and north, in addition to a special division for rehabilitation services and another for the integration of immigrants. Furthermore, the region is divided into 11 market areas. Locally, the AF is represented by 320 employment offices in 69 geographical labour market areas. At the employment office job seekers and the unemployed meet local employment officers.

The main tasks of the AF are to help employers find new staff and to help job seekers to find a new job. The AF also verifies whether those unemployed with unemployment benefits are actively searching for a new job. That function has been emphasized during the past 10–15 years (Bengtsson and Berglund, 2012). There is a rather large arsenal of different measures that the employment officer can use for the unemployed, which we will return to later on in this study. About 70 per cent of all unemployed in 2011 (according to the Labour Force Survey) have been in contact with the AF (Arbetsförmedlingen 2014: 40).

The role played by the municipal Government in Swedish labour market policies is not so clear cut. In the 1990s there was a tendency towards decentralization, where municipalities played a more crucial role, for example in youth unemployment and the integration of immigrants into the labour market. During the last eight years those duties have been returned to the AF. However, the municipalities are strongly affected by changes at the central Government level. In particular, a declining generosity in the unemployment insurance has led to more pressure on social assistance, which is a responsibility of the municipalities. In general, the local authorities have many reasons to play an active role in labour market issues (Lundin 2008). Unemployment decreases the revenue of local taxes, and increases social assistance costs. Furthermore, high unemployment may entail the movement of people away from the municipality, and lead to an increase in such social problems as criminality.

Most municipalities in Sweden have special departments for labour market issues (85 per cent in 2009), and their labour market activities seem to have increased since the 1990s (Lundin, 2008; SKL, 2011). One explanation for that, despite the relatively high levels of unemployment in past decades, is that it is possible to apply for funding for labour market projects financed by the European Social Fund (ESF). In 2008, special labour market councils were established at the local level. They included representatives from the municipality, the local public employment service, the Swedish Social Insurance Agency, and employer and union representatives. The purpose is to coordinate and adapt national labour market programmes to the local level (SKL, 2011).

Sweden has a strong corporative tradition where employer organizations and unions play an important role in the shaping of labour market policies. They are included in a tripartite council at the top level of the AF and are involved in the local labour market councils. Due to their importance in Swedish society, they also shape programmes of their own to support their members. About 90 per cent of employees in Sweden are covered by collective agreements, and some of these are so called "adjustment agreements" (*omställningsavtal*). They can include help and coaching to employees that are made redundant and need to find a new job, as well as extra monetary compensation.

Labour market programmes

This section will focus on passive and active labour market programmes provided for the unemployed. Passive measures usually include both early retirement schemes and unemployment benefits. In this section we will only focus on the latter form of benefits. Active measures include labour market guidance and information, training, subsidies, and direct job creation. We will start with a description of available unemployment benefits.

Unemployment benefits

Russian Federation

In the Russian Federation, there are both earnings-related and non-earnings-related unemployment benefits (OECD, 2011: 89). Both types of benefits are funded from the Government budget. To be entitled to the earnings-related benefit, one has to have been in employment for at least 26 weeks of the past 12 months. The maximum duration for receipt of the benefits is 12 months. The compensation rate is 75 per cent of the former wage for the first three months, 60 per cent thereafter for the next four months, and 45 per cent for the remainder of the period. However, there is a ceiling: about 26 per cent (4900 RUB, which is approximately 64 USD) of the average wage (SSA, 2014: 260). There is also a minimum compensation rate of 850 RUB (11 USD), which is about 4.5 per cent of the average wage. When the unemployed reach the end of the 12-month benefit receipt period, it is possible to

continue to receive benefits for an additional 12 months for an amount equal to 30 per cent of the regional minimum subsistence level. For the unemployed that do not satisfy the relevant criteria, it is possible to receive non-earnings-related unemployment benefits equal to 30 per cent of the regional minimum subsistence level for the first six months and then 20 per cent for another six months (SSA 2014: 260).

To be eligible for the benefits, the unemployed must be registered as such at the PES, and be willing and able to work. In principle, every unemployed individual is eligible for the benefits, which makes the potential coverage of the benefit very high. However, only a small percentage of the unemployed actually do register, and, as shown, the compensation rate is very low. The OECD's (2011: 89) calculation of the net replacement rate (2009) of a newly unemployed, single person that had been earning the average wage, is 26 per cent (compared to an average of 50 per cent in the OECD area). That provides little incentive to actually register as unemployed, a fact that has been emphasized both by the OECD (2011) and the ILO (2014). Moreover, the registration rate varies greatly between regions (ILO 2014: 95).

Kazakhstan

The unemployment benefit in Kazakhstan is funded by the State Social Insurance Fund (ILO 2015: 77ff). The fund finances, for example, childcare benefits, maternity benefits and pensions, in addition to unemployment benefits. Of the total spending in January 2015, only 4 per cent went to unemployment benefits.[12] All employed persons whose employer contributes to the insurance system are eligible for unemployment benefits, which means that about 70 per cent of all employed are insured. The maximum duration for which one may receive unemployment insurance is 6 months, and the maximum compensation rate is 30 per cent of the average salary earned over the last 24 months if the employer has contributed for more than five years. According to the ILO (2015: 78), only 0.8 per cent of all unemployed persons received unemployment benefits, and the average amount was 17,118 KZT (115 USD), which is 15 per cent below the minimum wage. If an unemployed person is not eligible for the unemployment insurance, either because the former employer has not contributed to the insurance system, or the unemployed person had worked for less than six months, target social assistance may still be option, but at a very low level (as of January 2014, 1852 KZT, or approximately 12 USD).

Canada

In Canada, every citizen and others who have a social security number and are entitled to work in the country are eligible for unemployment benefits.[13] The unemployment insurance is included in a system of social insurances called Employment Insurance (EI). The exact name of the unemployment benefit is EI Regular Benefits. It is funded by contributions from both employers and employees. The unemployment benefit is offered to unemployed persons who have lost their job through no fault of their own (e.g., reductions at the work place), and are ready, willing and able to take on a new job. However, there are also other conditions to be met. Firstly, one has to have been without work for at least seven consecutive days in the preceding 52 weeks. Moreover, one has to have been working a required amount of hours during a specific time frame. There are two types of periods within that time frame. The first is called the "labour force attachment period" wherein the person is required to have worked at least 490 hours during a 52-week period. That period precedes the so-called "qualification period". During that second 52-week period, the person should have been in paid employment for between 420 and 700 hours. The specific amount of time is determined by the place of residence and the unemployment level in that region (a minimum of 420 hours for an unemployment level of 13.1 per cent or above, and a maximum of 700 hours for an unemployment level of 6 per cent or below).

[12] Statistics Kazakhstan: http://www.gfss.kz/en/statistic/772/

[13] http://www.servicecanada.gc.ca/eng/ei/types/regular.shtml#Labour

However, if it is the person's first job, 910 hours of work is needed in order for that person to qualify for the insurance. There are also specific rules for people returning from maternity leave, or that have been away from the labour force for a longer period.

The unemployed have to apply for the benefit on the Internet or at a Service Canada centre. Every two weeks the unemployed must fill out a short report for Service Canada in order to ensure that they are still eligible for the insurance. Moreover, the unemployed must actively search for a new job and keep a record, as proof of their job search activities, up to six years following the receipt of benefits. The unemployed must also accept a suitable job offer from the job centre. Before the first payment there is a waiting period of two weeks. The maximum compensation is 55 per cent of the former salary up to a ceiling of 524 CAD per week, or approximately 4,125 CAD per month (about 3,348 USD). However, the benefit is calculated using the "best weeks" during the 52-week qualification period. The number of weeks varies depending on the unemployment rate (a minimum of 14 weeks for a 13.1 per cent or more unemployment rate and a maximum of 22 weeks for an unemployment rate of 6 per cent or less). The unemployed can receive the benefit for a period of 14-45 weeks depending on the numbers of hours worked during the qualification period.

Germany

In Germany, there are two unemployment benefit systems (Eichhorst et al., 2006; Zimmermann and Fuertes, 2014). The first is the unemployment insurance. Beneficiaries in the region that was formerly West Germany receive a maximum (2014) monthly benefit of 5,800 EUR (6,527 USD), while beneficiaries in the region that was formerly East Germany receive 4,900 EUR (5,514 USD). However, the benefit is calculated using the average daily wage during the year preceding unemployment, and beneficiaries with children receive 67 per cent of their former net earnings, while beneficiaries without children receive 60 per cent. To be entitled to the insurance, a person must have completed a period of 12 months over the preceding two years in employment, for which contributions (by employers and employees) to the insurance were compulsory. The contribution is 1.5 per cent of the salary both for the employee and employer (SSA 2014: 119-120). Furthermore, the person needs to be registered at an employment office and unemployed, or be employed for fewer than 15 hours a week, and be actively searching and available for work, i.e. capable of working and prepared to accept any suitable job offers. The latter condition implies that a job offer cannot deviate too much from the wage level of the former job. The duration of the benefit varies between six and 24 months depending on how long contributions were paid and the age of the recipient.

Within the unemployment insurance system, there also exist short-time work allowances for businesses that experience economic difficulties and are forced to reduce working hours, or that have to reduce the workforce due to seasonal variations or weather conditions (e.g., the construction industry). Moreover, the short-time work allowance is also used in situations of permanent loss of employment for a company, where parts of the workforce have to be transferred to new employment. The allowance covers income losses in case of a reduction of working hours, or, in the last case, subsidizes wages.

The other system is the basic income scheme, which consists of either "unemployment benefit II" or different kinds of social assistance (Eichhorst et al., 2006; Zimmermann and Fuertes, 2014). Residents of Germany, aged 15-65 years, capable of work and without other means are eligible for those benefits. Among the recipients are persons that have exhausted the unemployment insurance described above. The provision is mean-tested and need-oriented and covers the means necessary to live at subsistence level. The duration is in principle indefinite although the entitlement is examined every six months. However, the inability to work is decided by the job centre to which the recipient is obliged to report. Moreover, the recipient is requested to perform different actions to find a new job. Such "activation measures" have been much debated in Germany (Eichhorst et al., 2006).

Sweden

The Swedish unemployment insurance scheme has two parts: a basic insurance for which everyone who fulfils a working condition is eligible, and an income-loss insurance.[14] Basic conditions to be eligible for the insurance are that the unemployed is able and ready to work, registered at the public employment centre, and actively searching for a job. The unemployed must also be prepared to accept a job assigned by the centre. Furthermore, the unemployed has to search for a job on the whole Swedish labour market, not only on the local market.[15] Each month the unemployed person has to report his/her activities in an activity report to the employment centre (via the Internet), and, in the beginning of the unemployment period, must set up an action plan together with the employment officers on how to find a new job. However, the activity report introduced 2013 has been heavily criticized for having created too large of an administrative burden both on the unemployed and employment officers.

To satisfy the working condition, in the 12-month period preceding unemployment, the unemployed person should have worked at least six months, for 80 hours or more each month. Alternatively, the unemployed person should have worked, uninterrupted, at least 480 hours, and not less than 50 hours in a single month, in the six months prior to unemployment. The working condition has changed several times during the years, with the tendency of becoming stricter (Bengtsson and Berglund, 2012).

The criteria above must be satisfied in order to be eligible for the basic insurance. However, to be eligible for the income-loss insurance, there is also a membership criterion. The Swedish system of unemployment funds is called the "Ghent system" (other countries with similar systems are Belgium and Denmark). In those countries, the funds come from the membership fees of union members, constituting a solidaristic way to mitigate the effects of unemployment. Those funds, however, were underfunded and in 1935 the Swedish Government started to support the funds with tax money. Today the lion's share comes from the State, while membership fees constitute the smaller portion. The funds continue to be administrated by the unions even today, which mean that there are 28 different funds related to the various trade unions. Membership to a fund is voluntary, although strongly connected to union membership. A person can apply for membership to a fund within his/her occupational area and start to pay the fee. After 12 months, the person is eligible for the income-loss insurance if the basic criteria and the working conditions are fulfilled.

The Ghent system provides a strong incentive to become a union member in order to, more or less automatically, also become a member of an unemployment fund. That is usually put forward as an explanation for the rather high rate of unionization in Sweden (currently 70 per cent of all employees) (Kjellberg, 2015). However, the Government has the power to decide the amount of the membership fees of the funds, and in 2006, with a centre-right Government in power, it was decided to have the fees mirror the risk of unemployment for the occupational categories of each fund. The consequence was a sharp increase of the fee in some of the funds (mostly in funds for blue collar workers), while the increase in others (white collar funds) became more modest. That led to a drop in union membership but also a drop in the coverage of the unemployment insurance. In January 2006, 70 per cent of the registered unemployed were covered by the unemployment insurance. In January 2011, the coverage had dropped to 43 per cent (Arbetsförmedlingen, 2014). However, special benefits have been introduced for unemployed persons taking part in labour market programmes, although on a much lower level. The total coverage is therefore about 57 per cent taking both the insurance and other benefits into account.

[14] http://www.samorg.org/opinion/Documents/Sa_fungerar_arbetsloshetsforsakringen_april2015.pdf

[15] Before 2007, during the first 100 days of unemployment, the unemployed only had to search for jobs in the area of their occupation and close to their residence, and, after that, in the national labour market (Bengtsson and Berglund, 2012).

The maximum amount of the basic insurance is 365 SEK per day (43 USD), 22 days a month. The income-loss insurance pays 80 per cent of the former average income during the first 200 days, and 70 per cent for another 100 days. However, the ceiling of the income-loss insurance has recently been raised to 910 SEK per day (previously, it was 680 SEK), which means that the highest amount paid per month is 20,020 SEK (about 2,342 USD). That means that the income-loss covered is about 65 per cent of the average wage. The maximum duration of receipt is 300 days for both types of insurance. For parents, the duration of receipt is extended to a total of 450 days. Furthermore, there is a waiting period of seven days for both types of insurance.

A comparison of the unemployment benefits

In Chapter 2 it was emphasized that unemployment benefits play an important role in the functioning of labour market policies and programmes. The generosity of the benefit affects economic security during unemployment; it works as an automatic stabilizer during periods of downturn; it positively affects mobility by making employees and unemployed more inclined to take risks; and it works as an incentive to take part of other labour market programmes. Table 12 shows the main characteristics of the unemployment benefit in the five countries summarized.

Table 12: Overview of the Unemployment Benefit

	Kazakhstan	Russian Federation*	Canada	Germany	Sweden
Earnings-related system	Yes	Yes	Yes	Yes	Yes
Eligibility criteria	Employer contributes to the State Social Insurance Fund	Worked 26 weeks during the last 12 months	Worked 490 hours in 52 weeks + 420-700 hours for a second period of 52 weeks	Worked 12 months for an employer that contributes to the insurance	In a 12-month period worked at least 6 months, and 80 hours or more each month + 12 months of membership fee to fund
Compensation rate	Average salary over 24 months x 0.3 (all), and: x 0.7 (6-12 months of employer contribution) x 0.75 (1–2 years) x 0.85 (2–3 years) x 0.9 (3–4 years) x 0.95 (4–5 years) x1.0 (>5 years)	75%/3 months 60%/4 months 45%/5 months	55% of "best weeks" decided by the unem-ployment level	67% (60%) of former average net earnings	80% of average wage during 200 days, thereafter 70% for 100 days
Ceiling (% of average salary)	No	26%	About 100%	171%[3]	65%

	Kazakhstan	Russian Federation*	Canada	Germany	Sweden
Duration	Maximum 6 months (approx. 24 weeks) after 3 years of contribution	12 months (52 weeks)	14–45 weeks	6–24 months	300 working days (approx. 62 weeks)
Coverage of Unemployed[1]	0.4%	20.6%	40.5%	29.3%	28.0%
Non-earnings related	Social assistance	Yes	Social assistance	Yes, basic unemployment benefit	Yes, basic unemployment benefit
Eligibility criteria		Every registered unemployed		All needy job seekers without other income sources.	In a 12-month period worked at least 6 months, and 80 hours or more each month
Compensation rate		30% of subsistence level in region		13%, however, supplements are paid for dependent children, and heating and housing costs[4]	26% of average salary
Duration		12 months		Infinite	300 working days
Coverage of Unemployed[1]	–	–	–	58.7%	–
Total coverage of unemployed[1]	0.4%	20.6%	40.5%	88.0%	28.0%
Net Replacement rate (single with previous average wage)		26%*	63%[2]	59%[2]	44%[2]
Waiting days		10	14		7

*2009 (OECD, 2011)

[1] ILO, 2015: Table B.3 Unemployment: Indicators of effective coverage. Defined as the number of actual recipients of benefits related to the total number of unemployed.

[2] 2013, Source: OECD, Tax-Benefit Models. http://www.oecd.org.ezproxy.ub.gu.se/els/benefits-and-wages-statistics.htm

[3] Calculated using the average wage of a single individual without children, and net taxes (i.e. monthly wage = 3,829 EUR – tax = 703 EUR), and a mean value for the ceiling of the monthly UI benefit in West and East Germany. http://ec.europa.eu/eurostat/web/labour-market/earnings/database

[4] Calculated using the maximum allowance (391 EUR) related to average wage earner's net taxes. SSA, 2014

In comparing the five countries, the most conspicuous feature is the low level of generosity in Kazakhstan and the Russian Federation. In particular, the unemployment benefit in Kazakhstan is characterized by its short duration and low compensation rate (although there is no ceiling of maximum compensation). Moreover, employees are strongly dependent on their employer's willingness to pay the contribution to the State Social Insurance Fund, which may reduce the coverage of the insurance among employees. It is possible to conclude that the unemployment benefit does not provide adequate financial security in case of unemployment, and provides little incentive for the unemployed to take part in different active measures (to which the very low figures of coverage testify). Assessments reveal the positive effects related to macroeconomic stabilization and labour market mobility to be minor.

The unemployment benefit in the Russian Federation is in many respects more comprehensive than the one in Kazakhstan. The duration is comparable with the three OECD countries with the longest duration, and the income-related compensation rate is also generous, although with a rather steep declining rate during the unemployment spell. However, the benefit ceiling is very low (26 per cent of the average salary), which strongly decreases its generosity. The coverage of the benefit is much higher than in Kazakhstan but still much lower than in the three OECD countries. That shows that there is great potential for improving the unemployment benefit, with a view to having it play a more central role in the system of labour market policies.

Among the three OECD countries, the German unemployment benefit is the most generous, with a very strong income preserving function that reduces economic insecurity. That, however, applies to individuals in the first insurance phase, while the benefits in the second phase are less generous. The Canadian insurance scheme also has a high compensation rate, while the Swedish benefit is less generous. However, in all three countries the unemployment benefit system plays an essential role in providing the unemployed with an incentive to take part in active labour market measures. And, as is evident from Chapter 3, the system coexists with, and presumably contributes to, rather high levels of interregional labour market mobility.

Active labour market programmes

Labour market programmes can be classified into four main groups (Kluve, 2010). In the first are direct services to the unemployed provided by the PES, for example, *job search assistance* and guidance. In the second are *training* programmes, the purpose of which are to change or add to the human capital (skills and qualifications) of the unemployed with a view to increasing their employability. The third group of measures includes *subsidies* to employers for employing persons that can be hard to place (e.g., due to disability, or long-term unemployment), or start-up incentives to unemployed persons who want to start a business. The fourth category is *direct job creation*, which refers to jobs that are created by the State in order to reduce unemployment. Below, there is a description of the types of measures that exist in the different countries.

Job search assistance

The Russian Federation

The regional PES have databases that include available vacancies both on their web pages and on site. The scope of these databases is the regional labour market. There are also federal-level databases with a pan-Russian scope, to which job seekers can upload their curriculum vitae, and on which employers may post their job offerings. These resources have recently been updated, and still appear to be under construction. Important factors in the successful creation of a reliable database is employer inclination to announce offers and job seeker inclination to indicate availability, which have been pointed out by the OECD (2011) and the ILO (2014). Besides the public databases, there are also private job mediators, which have more of a "head hunter" profile.

In addition to web-based information resources, job fairs play a significant role in connecting employers and job seekers. They can have an interregional focus, including employers and employment services from different regions of Russia, or a more local focus. There are also mobile job fairs in remote areas without other employment services available. The PES have different guidance programmes, for example vocational consultations and advice, and professional screening at the request of employers.

However, with few jobs to offer, and a low level of staffing, the quality of the mediation and consulting services may be suffering. That may contribute to the bad reputation the PES have among citizens (OECD 2011: 95).

Kazakhstan

In Kazakhstan, the local job centres provide job databases covering both the regional labour market and the whole country. However, in some remote areas connection to the Internet is sometime problematic (ILO 2015: 84). Job centre staff also mediates job proposals and organize job fairs that enable job seekers and employers to meet face to face. In a recently developed ICT-system, the officers in the job centres collect information about the job searchers employment history, as well as the labour market measures that have been completed, with the purpose of being more efficient in advising measures. Furthermore, the job centres try to identify potential growth sectors within the locality where labour and skills are in demand. The job centres can help job seekers to move to those areas and provide them with appropriate training. However, one problem is the widespread view that the vacancies mediated by the job centres are of low quality; another is that registered job seekers are often stigmatized, as they are seen as having some social difficulty (ILO 2015: 82). Employers are obliged by law to report vacancies within three days. According to the ILO (2015: 84), that seldom seems to be the case.

Three OECD Countries

All three OECD countries have very well-developed job search assistance mechanisms in place. In Canada, Service Canada provides job search support both through personal support at the offices and online – the Job Bank – where job openings across all of Canada are registered. For employers, the Job Bank is open free of charge to advertise job openings, and there are guides on how to take part in programmes for subsidized employment for youth and persons with disabilities, or internships for youth post secondary school. In addition to what is available at the federal level, the provinces and territories also have well-developed information systems about programmes and online services for job searches, and links to the national Job Bank.

In Sweden the Public Agency for Employment Services (AF) is the central provider when it comes to helping employers find new staff and helping the unemployed and job seekers to find a new job. For the employers, the AF offers an online curriculum vitae database, where employers can find and assess job seekers' qualifications and competences, and an online resource (*Platsbanken*) for the announcement of job offers. Until 2007, employers had an obligation to report vacancies to the AF. The law was subsequently abolished. However, employers are obliged to provide the AF with a written notice of layoffs if more than five employees in the same region are concerned. The time limits for the notification depend on the number of layoffs (a maximum of six months in advance). The AF offers special support to companies that have operations in different parts of the country and need to recruit a significant number of new workers. Furthermore, the AF also supports recruitment from abroad (inside and outside the European Union (EU)/European Economic Area (EEA)).

An unemployed person entitled to unemployment benefits is registered as unemployed from the day he/she has met the employment officer in person at the AF. That constitutes a strong incentive to get in touch with the AF quickly. At the meeting, the job preferences of the job seeker are recorded, and a profile is created based on the person's qualifications and competences; that profile is later used

to match the person with available jobs. Thirty days, at the latest, after registration, an individual action plan should be prepared for the unemployed person. That represents a sort of contract between the job seeker and the employment officers, and stipulates what type of measures the unemployed person needs to be able to return to employment (e.g., labour market training), and what type of job the employment office believes to be suitable for the unemployed person. The action plan must be renewed no later than six months after the initial plan.

Also in Germany the unemployed have a strong incentive to register as such at the public employment office as it is a requirement to be eligible for unemployment insurance. In fact, employees are even required to notify the public employment service three months before the end of their contract. When registered as unemployed, the person is placed into one of six different categories, using an IT-guided assessment system, and an action plan is set up (European Commission, 2012). That categorization determines what actions must be taken and, based on the information, the individual's action plan, is set up. The unemployed are called for a new interview with the officials at least six times a year (OECD 2007: 227).

The information resources available are well developed, both online and on site. The dominant online service is the Jobbörse, although there are several other job banks (GHK, 2011). Before the 2006 online system reform, the regional job banks were not integrated into the national system. The Jobbörse is also integrated with the IT-support system of the employment officials, and with "job crawler" (JobRobot) that collects job vacancies from company web sites. Jobbörse is used by 59 per cent of all online job seekers.

Training

The Russian Federation

The Public Employment Services (PES) in the Russian Federation offers vocational training to priority categories of unemployed persons. Those include persons with disabilities, the long-time unemployed (more than six months), and persons without previous work experience or vocational training. In 2011 a total of only 3 per cent of the beneficiaries of ALMPs benefited from training measures (ILO, 2014: 97), and considering the overall budget of ALMPs, the scale of training measures is very small. On average, a course lasts about three months, but can in some cases be longer (up to 12 months). In some regions, the courses include a job guarantee after completion. During the time in the course the participant receives an allowance equal to the unemployment benefit. The training takes place at authorized educational establishments that have agreements with the PES on the provision of educational services.

A related programme is internship schemes for school leavers aged 18-20 years (ILO 2014: 100) that have a vocational or tertiary school education, and are searching for a job for the first time. Such persons should be registered with the PES within one year after graduation. Ideally, that type of measure should combine practical work experience with theoretical training. In the Russian case, such internships mainly focus on obtaining work experience. For employers that accept interns, salaries and other costs are covered by the State. The employer concludes a work agreement for the term of the internship, but does not guarantee further employment after the internship is completed.

Kazakhstan

Vocational training is also a tool in Kazakhstan's ALMP arsenal, and include vocational training, retraining and advanced training. The duration is up to 12 months if the person needs complete vocational training, while shorter courses are provided for those that only need to update their skills. Furthermore, there are subsidies for companies that need to retrain personnel on the job. However, all in all, the scale of training measures is very small. According to the ILO (2015: 85) only 4.2 per

cent of the register unemployed received training in 2013, and the figures have declined since 2010. There are internships for young people that have completed their professional or vocational education but lack work experience. Such internships consist in subsidized temporary employment of up to six months with an employer responsible for training and supervising the recipient during the period.

Three OECD Countries

In the three OECD countries, the extent of training measures varies quite a bit. In comparison, both Canada and Sweden spend much less than Germany. In Canada there are different types of agreements with the provinces and territories to facilitate training.[16] The Canada Job Grant programme helps employers to train newly recruited employees or existing personnel for new work tasks. That means that not only unemployed persons take part in the programme. The training is provided by third-party trainers and can take place in a classroom, the workplace or online. The federal and the provincial Governments provide for two thirds of the costs of the training –a maximum of 10,000 CAD per grant (about 7,175 USD), and the employers cover the last third of the costs. Other training programmes are found in the LMDA. Parts of these measures are aimed at unemployed persons that are eligible for the (un)employment insurance and are in need of a skills upgrade to be able to find a job. How the training is organized varies between the provinces and territories, although in many regions they involve active collaboration between the local business sector, local training providers, community organizations and the local Government. The purpose of such consultation is to identify skills in demand on the regional labour market.

The second part of the training programmes concern apprenticeships. However, the organization of apprenticeships related to vocational and professional certifications vary a lot between provinces, which creates problems of interregional mobility for certified occupations (see more below). Furthermore, very few complete the apprenticeship period successfully, perhaps because many apprenticeships take place in small and medium-size businesses (Galley, 2015). All in all, in the period 2012–2013, approximately 58,000 unemployed took part in training measures and 61,000 in the apprenticeship programmes (CEIC 2014: 118ff).The majority (81 per cent) of spending on active measures is for labour market training.

Historically, training has been one of the most important features of Swedish active labour market programmes. In the 1950s it was regarded as essential for the functioning of the solidaristic wage policy and structural transformation of Swedish society. However, for the solidaristic wage policy to work, it was necessary for people to move into growing sectors, and to upgrade the skills of the new workforce. In that context, training was a strategic measure, and vocational training courses were arranged for the new jobs in, for example, the building industry, manufacturing and the growing public sector.

In the late 1980s, with an unemployment rate below 2 per cent, Sweden spent approximately 0.5 per cent of the GDP on training (Berglund and Esser, 2014: 74ff). As late as 2000, spending was close to 0.6 per cent, although the unemployment rate was about 5 per cent. However, today the spending on training is about 0.1 per cent of the GDP. Why Sweden has stopped investing in training is a much debated topic. The Swedish Government lost faith in training measures after the 1990s crisis when the unemployment rate skyrocketed. Some influential economists, who reviewed the labour market measures in place during the period, condemned the training measures as inefficient (Lindwall, 2011). The quality of the training suffered during the period of mass unemployment. It was also hard to predict in which occupational areas the new jobs would grow when the crisis ended, making it difficult to choose the right vocational training to invest in. However, later reviews of the efficiency of training measures have come to more positive conclusions, at least in more normal labour market situations (Forslund and Vikström, 2011; see also Cards et al., 2015).

[16] http://www.esdc.gc.ca/eng/jobs/training_agreements/index.shtml

Today, the use of training measures has been reduced to a fraction of its former importance in Swedish labour market programmes. Moreover, the direction of the training measures has changed. Few of the unemployed receive vocational training. Instead, the majority are involved in so-called preparatory training programmes aimed at young people that have not graduated from primary or secondary school, language courses for immigrants, or primary or secondary school for the long-time unemployed, immigrants or persons with disabilities. In 2013 only 2 per cent of the unemployed actively participating in the various measures participated in vocational training, and 11 per cent participated in preparatory training (Arbetsförmedlingen, 2014: 83). However, for the long-time unemployed (more than 300 days) and young people that have been unemployed 90 days or more, there are special programmes (so-called "guarantees") that combine different measures (e.g., job search activities, coaching) and that also include preparatory measures. Thirty-one per cent of all unemployed persons participate in the Job and Development Guarantee programme, while 12 per cent participate in the Job Guarantee for Youth programme.

Germany is the one of the five countries that spends the most on training measures. It has been a major proponent of ALMPs for a long time. In particular during the transitional phase of East-West unification, training became an essential measure for adapting the labour force for the new market economy (Wunsch, 2006). The BA supports training by providing income support during the period of participation, and covers other extra costs (e.g., child care). Fees to private providers and study materials are also paid by the BA. There are five types of training programmes. The first type is *short training*, which has a maximum duration of 12 weeks, and is intended to introduce job-search techniques to the unemployed (very similar to the Swedish preparatory training) and to help them complete vocational training programmes they have already begun. In 2009 that programme was replaced by activation and integration measures (Wolff and Stephan, 2013). The second type of training programme is basic *vocational training*. It provides young people from more disadvantaged social backgrounds with the financial means to cover extra expenses (e.g., travel and housing) related to the completion of an apprenticeship within German's famous dual-system of vocational training (see more below). Those measures can continue for two to three years. The third type of programme is *further vocational training*, which provides training courses for job seeker so that they may adjust to new requirements within their field. In contrast to what is available in many other OECD countries, the courses can be rather substantial, last for over one year and lead to a vocational certificate (professional degree) (Wunsch, 2006). The courses are usually full time and can include both classroom and on-the-job training. A fourth type of programme is *retraining*, which aims to provide job seekers with skills rendered obsolete by the structural transformation of industries, with a new vocation. Those courses can last up to two years and include a considerable amount of on-the-job training. The final type of training measure is *language courses*, which aim to teach immigrants the German language.

Germany is famous for its dual system of initial vocational training, which combines training both at the workplace and in schools. The system is not formally an ALMP but is a part of the German school system. However, it has shown very good results for school-to-work transitions and, as was discussed above, parts of the ALMP (e.g. basic vocational training) support the system. The dual system of vocational training combines school- and work-based training for pupils that choose a vocational track in secondary school (OECD, 2010a). At the lower-secondary-school level, pupils decide which track they will follow for the rest of their education. The Gymnasium is, in general, the track for entrance into tertiary education. There is also a vocational track that is mainly school-based. However, in 2007 the dual-system track attracted approximately 43 per cent of students, and 57 per cent in total entered a vocational track (including the school-based vocational track) (OECD, 2010a). A negative side effect of the strong focus on vocational education is the relatively low rate of graduation from tertiary institutions (23 per cent of a cohort compared to an OECD average of 39 per cent (ibid)).

The dual system of initial vocational training takes between two to three and a half years, and training within 349 vocations are offered (OECD, 2010a). The majority of the training takes place in the workplace (three to four days a week) under the supervision of a trainer qualified in the occupation and that has some basic pedagogical skills. The apprentice earns, on average, about one third of the initial wage of a skilled worker in the vocation, with subsequent wage increases during the apprenticeship period. Besides work as an apprentice, the student spends about 12 hours a week in school-based classes: one-third is general education, and the rest is occupation-specific education. How the training should be conducted is strictly regulated by ordinances that describe what type of training is necessary for a vocation, the duration, and the final exam requirements. Besides the federal and the *Länder* Governments, social partners are strongly involved in preparing the ordinances: employers through different Chambers of Commerce and Industry and unions for different trades. By involving social partners, the standardization and quality of the system can be maintained. Moreover, the expenses of training in workplaces are funded by the employers, while the *Länder* funds the school-based teaching.

Despite the success of the dual system, some observers have noticed some problems (OECD, 2010a; Thelen, 2014). As already touched upon, the rather low proportion of persons with tertiary education in Germany may constitute a problem in the future if the economy increasingly needs a more qualified labour force. With young people making occupational choices very early on, there is a risk that they may be locked-in with qualifications that are not in demand in a volatile economic environment. The possibility to change occupational tracks, or to enter tertiary education may need to be facilitated. Furthermore, the share of young people that are not qualified to enter into the dual system seems to be on the increase (incomplete certificates from compulsory school). In a growing service economy, there also seem to be a decrease in the number of places for apprentices within the industrial sector, which increases internal competition for the places among students and delays accreditation for skilled workers.

Subsidies and start-up incentives

The Russian Federation

There are various subsidies that provide incentive for employers to recruit members of hard-to-place groups such as persons with disabilities, young people looking for their first job, or older people just below pension age. Employers can receive support to employ such persons on a fixed-term basis. One condition to receive this subsidy is that the employer and the job applicant must be in the same region. According to the ILO (2014: 97), in 2011 only 0.7 per cent of all beneficiaries of ALMPs were referred to such subsidies. However, a special subsidy is available for employers that temporarily employ students (aged 14–18) who need extra work, for example during summer holidays. About 6.6 per cent of all beneficiaries are in that category (ILO 2014: 97). There also exist special subsidies available for employers to adapt workplaces to people with disabilities. Besides subsidies to employers, there are financial and other types of support for unemployed individuals that want to start a new business. That subsidy comes as a lump sum when the unemployed individual is registered as an entrepreneur. However, to be eligible for the support, the unemployed person needs an approved business plan and a recommendation from the employment office.

Kazakhstan

In Kazakhstan, subsidies exist for employers who, on a temporary basis, employ target groups, for example, youth, disabled persons and Kazakh immigrants. The subsidy of those so-called social jobs is 35 per cent of the salary, and the subsidized employment can continue for up to one year. However, very few receive such support: in 2013 it was 2.4 of all registered unemployed persons (ILO 2015: 86).

In addition to subsidies for employers, there is also support for unemployed individuals who wish to start their own business. In the Employment Road Map 2020, this is a priority area. The measure targets unemployed persons in rural areas that, though less developed, have the potential for positive development. Unemployed persons who wish to take part in the measure are trained in entrepreneurship and, after the approval of their business plan, they obtain access to microcredit. During one year they are also provided with extra assistance in conducting their business. Moreover, the local Government can receive the means to make additional investments in the local infrastructure to make the business initiative successful.

Three OECD Countries

Sweden spends the most on subsidies among the three OECD countries (see Table 11). One explanation for this is the solidaristic wage principle that characterizes the Swedish labour market. The inflexible wage structure, guarded by collective agreements, makes it hard for both employers and employees to compete with wages. Job seekers with characteristics that may "signal" lower productivity to employers, for example by low education, long-time unemployment, disabilities, or even a foreign background, may be at a disadvantage. Subsidies, theory says, can restore the competitiveness and increase the job chances for such categories of job seekers by compensating for the expected lower productivity (Forslund and Vikström, 2011). In Sweden, there are several employment subsidy programmes. The most important is New Start Jobs, which targets the long-time unemployed (more than one year). The measure involves the receipt by the employer of a subsidy two times the Swedish payroll tax (31 per cent of the wage) during a time equal to the length of the unemployment spell (maximum five years).

In Canada, subsidies are less prominent in the LMP arsenal. There are targeted wage subsidies and start-up incentives that represent 8.4 and 5.5 per cent, respectively, of the total budget on active measures (Canada Employment Insurance, 2014: 118ff). The subsidy programmes vary between the regions. For example, in Quebec the employer wage costs are covered for 30 weeks if employing an immigrant or member of a minority group. In Newfoundland and Labrador, employers are provided a subsidy of up to 50 per cent of the wage for a period of 10-52 weeks if employing an unemployed person. However, priority groups are persons with disabilities, or that receive social assistance.

Despite the rather low spending on subsidies in Germany, one can still conclude that it is a major ingredient in ALMPs. Several different subsidies exist and new ones have been introduced since the Hartz reform. One new programme targets unemployed persons who wish to start a company (*Gründungszuschuss*). Unemployed persons entitled to unemployment insurance can apply for the support. They have to present a business plan, which has to be approved by the BA. If it is approved, the subsidy is paid for a maximum of 15 months. In the first nine months, the equivalent of the unemployment benefit is paid in addition to a lump sum of 300 EUR (337 USD) a month to cover social security costs. After nine months, the beneficiary can apply for an additional six months, although only the lump sum of 300 EUR is then paid. That measure seems to be behind the creation of many new companies in Germany, estimated to be 40-60 per cent of all new full-time business start-ups in the period 2006–2011 (Caliendo et al., 2013). Besides start-up incentives, there are also "integration subsidies" for employers to employ priority groups such as older and disabled persons (Jacobi and Kluve, 2006). Up to 50 per cent of the wage can be covered for up to 12 months (Wolff and Stephan, 2013).

A more general measure within German labour market policies that apply to both employed and unemployed persons starting a new job are the so-called mini- and midi-jobs.[17] For jobs with a salary

[17] http://www.bmas.de/EN/Our-Topics/Social-Security/450-euro-mini-jobs-marginal-employment.html

of up to 450 EUR a month (506 USD), employees pay a low income tax of 2 per cent and no social contributions (except pension insurance). Mini-jobs are replaced by midi-Jobs if the monthly income ranges between 451–850 EUR. In that case, the social contribution increases proportionally: from 11 per cent for a monthly wage of 451 EUR up to a full share for a wage of 850 EUR. The income tax is normal for the wage range. That structure is in place to counteract any marginal effects of the mini-jobs. Employees at those kinds of jobs are covered by the health insurance but have no pension rights. In 2011, the proportion of mini-jobs on the German labour market was 7.5 per cent (OECD, 2014).

Direct job creation

The Russian Federation

One of the main ALMPs in the Russian Federation is the creation of public jobs to combat unemployment. Examples include road construction, work in the agricultural sector, forestry, elderly care, etc. Placement in those temporary jobs requires the active consent of the unemployed, who also have the possibility to end work at a public job without prior notice if they find another job in the open labour market. A number among the various categories of the unemployed (long-time unemployed, youth, etc.) are offered these jobs, and in 2011 about 4 per cent of beneficiaries participated in such programmes (ILO, 2014: 97).

Kazakhstan

Direct job creation is an extensively used active measure (ILO, 2015: 87). These jobs are temporary with a salary above the subsistence level in areas such as infrastructure, and social and environmental jobs. In 2013, about 30 per cent of the registered unemployed were placed in public works. Participants are usually low skilled and have been unemployed for a long time.

Three OECD countries

Direct job creation is not a prominent part of LMPs in the three OECD countries. Still, there are some programmes. In Canada, some provinces have such programmes. There is, for example, the Job Creation Partnerships programme in Newfoundland and Labrador.[18] The programme support projects run by community organizations, tribes, or business that are regarded as beneficial for the community or the local economy. The Government covers costs for employing unemployed persons on a full-time basis in the projects. However, the projects are not allowed to last longer than 52 weeks.

Swedish spending on job creation is reported to be zero, as shown in Table 11. However, there are large-scale measures that can be classified as job creation measures. Sheltered employment for people with disabilities is one such measure. The jobs are created in a State-owned company called Samhall, which has about 20,000 employees. Samhall offers temporary work services to companies and public sector organizations, in areas such as manufacturing, transport and cleaning. In the Job and Development Guarantee programme, which targets the long-time unemployed, there is also what can be classified as a job-creation measure. The programme has three phases. The first phase lasts for 150 days, while the second phase lasts 300 days. Coaching and preparatory training are the main activities of those phases. However, after 450 days, the AF is obliged to create employment for the participants, although with very low pay. Job places are bought from private providers. Those jobs should not compete with ordinary jobs; instead, they consist of tasks that otherwise would not have been performed. The measure can continue until the participant obtains ordinary employment or starts an education. The third phase has been subject to heavy criticism in Sweden; for example, it has been accused of locking people in meaningless activities.

[18] http://www.aes.gov.nl.ca/lmda/jcp.html

In Germany there is also a job creation programme, often called "One-euro Jobs" (Wolff and Stephan, 2013). It is a rather large programme that had about 350,000 participants in 2012 (about 18 per cent of all participants in active measures). It targets beneficiaries of the second type of unemployment benefit who have few prospects of finding a job otherwise. The programme creates jobs in the public or non-profit sector and generally consists of work that otherwise would not have been performed. The employers' costs for the employment are covered by a single payment. The participants still receive their benefits while they participate in addition to a salary of 1 EUR to 3 EUR per hour. However, participants may work a weekly maximum of 30 hours, for a maximum of six months (Tisch and Wolf, 2015). According to Wolff and Stephan (2013), the programme is not particularly attractive and might have a "threat effect" on beneficiaries, causing them to scale up their job search efforts before entering the programme.

A comparison of active measures

As discussed in Chapter 2, ALMPs can play a central role in promoting labour market mobility. However, some of the measures have a more facilitating function than others. All five countries have, evidently, active measures as an integral part of their labour market policies. However, the extent of the measures varies (Table 13).

Table 13: Overview of Active Measures

	Canada	**Germany**	**Kazakhstan**	**Russian Federation**	**Sweden**
Placement services					
Information services	Databank covering whole country, Regional databanks High reporting of vacancies[3]	Databank covering whole country High reporting of vacancies	Databank covering whole country Regional databanks Low reporting of vacancies	Databank covering whole country Regional databanks Low reporting of vacancies	Databank covering whole country High reporting of vacancies[2]
Staffing	–	1:87[4]	1:164*	1:230	1:94[1]
Individual action plan	Occasionally	Yes	No	No	Yes
Training					
Vocational	Some extent	High extent	Low extent	Low extent	Low extent
Internship/ apprenticeship	Some extent	High extent	Some extent	Some extent	Some extent
Preparatory courses	Low extent	Some extent	No	No	Some extent

	Canada	Germany	Kazakhstan	Russian Federation	Sweden
Employment Incentives	Subsidies for the hard to place *Small* volume Business start-up Some extent	Subsidies for the hard to place *Medium* Volume Business start-up High extent	Subsidies for the hard to place. *Small* volume Business start-up High extent	Subsidies for the hard to place *Small* volume Business start-up Some extent	Subsidies for the hard to place *Large* volume Business start-up Small extent
Direct Job Creation	Yes, to a *small* extent	Yes, to *some* extent	Yes, to a *high* extent	Yes, to *some* extent	Yes, to *some* extent

***** An approximation based on figures from the ILO (2015: 83-84). In 2013, 325,000 unemployed were registered at the job centres, and the total staff was 1,980. However, not all of them were involved with job placement, which makes that figure somewhat lower than in reality.
[1] *Arbetsmarknadsrapport* 2014, p. 28
[2] *Arbetsmarknadsrapport* 2015, p. 23ff. In 2014, 52 per cent of all new recruitments were reported as a job offer to the AF.
[3] Latest information from Statistics Canada report 232,000 job vacancies (http://www.statcan.gc.ca/daily-quotidien/150616/dq150616b-eng.htm). In June 2015, the Job Bank reported 118,000 jobs in the database (http://www.jobbank.gc.ca/home-eng.do?lang=eng)
[4] Based on figures in PES Country Fiche: Germany (European Commission, 2014) for 2013. The number of staff directly working with clients is approximately 79,000. The number of job seekers registered at the employment office is about 6,850,000. However, that figure does not include programme participants.

The quality of the placement services varies between the countries. Different sources have noted the low quality of the services in Kazakhstan and the Russian Federation. The caseload for the staff is high and the unemployed seem to place little confidence in the services. It is very unfortunate that clients should be seen as less productive by employers and the public. In the three OECD countries, placement services seem to be utilized to a much greater degree by the unemployed. The need to register as unemployed to qualify for the (rather generous) unemployment benefit is probably the explanation for the more relaxed relationship the unemployed enjoy with the public employment office. There, if one should become unemployed, making contact with the office is a normal course of action. Labour market information systems (job banks) with a country-wide scope are available and have been upgraded in both Kazakhstan and Russia. However, it is important that those information channels become the first choice when employers post their vacancies and job seekers their applications. Still, it would seem that both Kazakhstan and the Russian Federation need to rely on and invest in mobile employment centres to connect the remote areas in their vast territories until the ICT infrastructure covers the majority of the countries.

Training measures seem to be underdeveloped in both Kazakhstan and Russia compared to the three OECD countries. In Kazakhstan, very few are provided with training, and in Russia, training measures are mainly offered to unemployed persons with rather low labour market attachment. Such a focus is in many ways reasonable. However, a more proactive stance on training could be taken: it could be regarded as a strategic measure to adapt the supply of workers to labour market demand, thereby facilitating mobility. That, however, presupposes that the demand for different occupations has been identified. The Swedish experience during the 1990s crisis is perhaps a cautionary example of what could happen when one fails to identify bottlenecks in attempts to handle an exploding unemployment rate. In contrast, the German system, with close tripartite cooperation at the local level between employment authorities, employers and unions, is a good example of how this can

be organized efficiently. Also, the Canadian authorities focus strongly on involving the business sector in the development of training measures and apprentice systems. That focus on the supply of the labour force and its human capital, is in accordance with a liberal labour market, where job destruction, job creation and mobility are accepted as the main features of the economy.

Subsidies to employers are not a main feature of active labour market measures in Kazakhstan and Russia. Some subsidies exist mainly as a means to support the employment of hard-to-place categories of workers. The small role of subsidies seems rather obvious in economies with high wage flexibility and a low tax rate, as in the two countries. Subsidies should function much more efficiently in countries with low wage flexibility and high taxes, as in Sweden. However, both countries seem to invest rather actively in subsidies for new business start-ups, which seems to be a good choice if one wishes to develop small and medium-size companies and to diversify the industry. One can conclude, however, that subsidized employment does not hamper labour market mobility in the two countries.

The last type of measure falls under the heading of "job creation programmes". Of all the active programmes, these seem to be the most prominent in Kazakhstan and the Russian Federation. As was discussed in Chapter 2, such programmes may play a role in job creation in depressed regions where nothing else is available and, in that regard, integrate people into the labour market that otherwise would have been marginalized and left in a socially exposed situation. However, from a mobility perspective, such measures do not support the structural transformation of the economy and may hamper necessary interregional mobility. Surely, if the labour force available is used for important projects, such as infrastructure investments, then those investments would have a positive effect on the economy in general. However, for individual participants, temporary jobs may not constitute a sustainable solution to their problems in the labour market. As has been shown in the presentation above, job creation programmes exist in the three OECD countries as well, and give rise to similar problems.

5. Specific Labour Market Programmes to Promote Mobility

Kazakhstan and the Russian Federation are very large countries that span various climates and time zones, and that have remote and sparsely populated areas. Furthermore, the regions of the countries differ in terms of their economies, employment opportunities and economic cycles. Mobility within and between regions is essential to avoid structural unemployment, that is, people getting stuck in localities with industries that are not able to handle competition. Moreover, mobility is also fundamental to combat matching problems in the labour market. People with the right competencies should be prepared to move, commute, and to place their skills and qualifications where they are in demand.

However, the challenges related to geographical mobility are many. To motivate people to take the sometimes rather large step to move, many pieces must be in place. There must be a reliable job offer, or a high probability that a new job can be found at the new location. Those job offers must be of better quality (in terms of salary and working conditions) in order to outperform the conditions of the person's current situation. Moreover, if the person has a family (and is not prepared to commute) the social situation for all family members must be resolved (e.g., a job for the partner, school for the children). And obviously, the question of housing is essential. In addition, especially in countries with many ethnic groups and a rich cultural variety, the new place of residence must offer emotional ties similar to those existing at one's current place of residence (cultural belongingness). Any risk of feelings of alienation, discrimination, or even ethnic tensions at the new place of residence, will certainly be included in the individual's decision-making process.

Both Kazakhstan and Russia have some measures in place to promote mobility within and between regions, which will be described in this section. Furthermore, some programmes with similar aims in the three OECD countries will also be described. However, in the case of Germany, the challenges of the structural transformation caused by the reunification of East and West Germany will be discussed.

Russian Federation

In the new State Employment Programme 2013–2020, intended to develop LMPs in Russia, labour mobility is stressed as a vital area. In the programme some regions are defined as priority regions because of their economic potential and strategic importance for the whole nation. The Government therefore wants to promote the incoming migration of specific professional categories and experts. The idea is that not only the salary and the work tasks are important for these categories of employees to take the step to move to these, often, remote regions. The entire social situation in the new locality is important to the decision, for example, schooling facilities for the children. Employers that participate in this programme will therefore receive funding in order to take particular actions to improve the aforementioned conditions. The measures can include housing facilities, or measures for the settlement of the family, such as nurseries. The scale of the programme is calculated to include about 13,000 persons in 2015.[19] The same year the federal Government spent 450 million RUB (6.1 million USD[20]) to co-finance programme activities with the regions.[21]

In connection to the programme, a new web portal, entitled "Working in Russia", was released in 2015, bringing together job offers and job seekers all over Russia, in particular specialists and

[19] http://www.rosmintrud.ru/employment/employment/410/
[20] Exchange rate as of March 2016
[21] Summary of the Government meeting on 5 November 2015 and 1 March 2016 (from the speech of D. A. Medvedev and M. A. Topilin)

professionals.[22] Collaboration agreements have been signed with the main suppliers of information for the Portal including the constituent entities of the Russian Federation, commercial job-search portals, major employers such as Gazprom OJSC, the "Post of Russia" Federal Public Unitary Enterprise, the Russian Railways OJSC, the "Rostech" Public Corporation, and the Yandex LLC. A novelty of the portal is that it not only matches applicants with job offers, it also gives interactive information about the region where the job is located. The information includes the availability of housing and childcare, as well as general prices and unemployment levels in the regions. Furthermore, the portal makes it possible to conduct long distance job interviews via internet. Since the introduction the site has had over 12 million visitors, and over 180 million views of vacancies have been registered. Moreover, it currently contain information of more than 1,43 million vacancies.

A measure to promote mobility included in the general ALMP arsenal is relocation support. It is a benefit for unemployed individuals (and their family members) who wishes to move for a new job in another locality. The job must be in accordance with the professional/vocational profile of the person, but the employment can be either on a temporary or permanent basis. The registered unemployed make a request at the employment services centre, which then collects information about the desired place and provides information on available vacancies. If the unemployed individual agrees to accept a job offer, an order for work in another region will be received. The individual relocating will receive compensation for transportation expenses (including personal belongings), allowances for daily subsistence during the period of travel and living costs until the new job contract is concluded.

Kazakhstan

In the Employment Road Map 2020 the improvement of interregional mobility is a priority. In particular, focus is placed on promoting moves to regions or places within regions that are considered to have high economic potential at the expense of regions and localities with lower levels of productivity (ILO, 2015: 87). Priority categories for participation in the programme are young people (less than 29 years old) and older people (aged 50+), women in rural areas, as well as different categories of at-risk individuals. However, also persons that have been exposed to downsizing or company closures in the regions of the program are included in the priority categories. The programme covers costs for the person and their family related to moving to a new region (also within regions). Moreover, the programme arranges provisional housing facilities for the newcomers. For young people, that could mean staying in dormitories. The new arrivals are offered placement services. However, they can also be offered specific jobs within projects related to the Employment Road Map 2020. Furthermore, vocational training for the purpose of adapting the individual's skills to labour market demand is also provided. According to the ILO (2015: 87), very few have taken part in the programme to date. In 2012, 10.1 billion KZT (414 million USD) were allocated to the mobility programme. As a result of the programme, 8,115 people moved and 764 houses were built.[23] For the period 2011–2014, 16,100 people have moved to a new location within the framework of the programme.[24]

There is another project, which targets graduates with a professional education, for example, in healthcare, veterinary care or education, entitled "With Diploma into the Village" (ILO, 2015: 88). If graduates are prepared to move to rural areas that lack specialists, for example in healthcare, they receive various subsidies, for example a single cash premium, housing subsidies, and wage premiums. The programme seems to be rather popular, especially for young teachers.

[22] https://trudvsem.ru/

[23] Extract from the speech of the Minister of Finance during the presentation of the report on the implementation of the State budget for 2012 to Parliament. Source: website of the Ministry of Finance

[24] http://www.mzsr.gov.kz/node/328048

Canada

In the federal State of Canada, a central question to the promotion of mobility between provinces and territories is the elimination of juridical barriers to work in other provinces.[25] Those barriers consist of disparities in occupational standards regarding certification and qualification requirements for certified workers to carry out their profession. The provinces and territories have the right to decide those standards to ensure the protection of the public, consumers and the environment. However, a side effect of variations in standards is that they can negatively impact the mobility of professional workers. Over the years, the federal Government has tried to coordinate those standards across Canada, and in 1994 the federal, provincial and the territorial Governments signed the Agreement on Internal Trade (AIT) to abolish unnecessary barriers to mobility. However, even after an amendment was made in 2008–2009 to make the agreement more effective, hindrances for the mobility of professional workers still exist.

The work to remove barriers is led by the FLMM, and their working group, the LMCG. The task for the LMCG is to monitor and guide certification recognition processes, and to develop policy proposals for the removal of still-existing barriers. Moreover, the LMCG should respond to workers that wish to have their certificates recognized in another province or territory. The main point is that workers should not need to go through additional training for the certificate to be recognized. Still, the local Government has to approve the certificate, and can, in a limited number of cases, require further training if the workers do not comply with the standards of the province or territory in question. However, workers can complain to the LMCG local coordinator in order to resolve the dispute.

A related programme is the Interprovincial Standards Red Seal Programme, the purpose of which is to facilitate the mobility of apprentices across Canada (ILO 2014b: 24). There is cooperation between the Governments at the federal, provincial and territorial levels in order to develop nationwide qualification standards and to promote increased mobility among apprentices. Furthermore, with a Red Seal endorsement, skilled workers are approved to work in all provinces and territories across Canada. Today, there are 57 designated trades within the programme.[26]

To further promote geographical mobility in Canada, individuals that move to a new location for a new job (at least 40 kilometres closer to the new location) may receive a tax deduction for different moving expenses.[27] Those include travelling costs, transport and storage costs for household effects, costs for up to 15 days of meals and temporary accommodation, costs for cancelling a lease for the old residence, selling costs for the old residence (e.g., advertising), additional taxes for buying the new residence, and costs incurred during the period of selling the old estate (e.g., heating costs). The amount of costs that the individual is eligible to deduct cannot exceed the income from the employment at the new work location. However, the deduction can be significant, which therefore constitutes an important means of reducing transaction costs and promoting mobility.

Sweden

In the case of Sweden, tax deductions are also used to promote mobility. As is well known, Sweden is a country with generally high tax levels, which creates an opportunity to use different tax deductions as incentives for people and companies. To promote geographic mobility, people working temporarily

[25] http://www.flmm-lmcg.org/english/view.asp?x=1
[26] http://www.red-seal.ca/about/pr.4gr.1m@-eng.jsp
[27] IT-178R3 (Consolidated)

outside of their home district can take deductions for increased living costs, two residences, and travels between the work place and the home district (ILO, 2014b: 29). Concerning living costs, the standard deduction is either 66 SEK a day (about 8 USD), or is based on actual cost increases upon presentation of receipts. That applies for the first month. If the person has two residences because of a job, with a distance of 50 kilometres between the two, the person is entitled to a tax deduction. That deduction is normally applicable for two years, but can be extended to up to five years if the person has a spouse in the home district that cannot change to a job in the new location. Moreover, deductions can also be made for one trip home per week if the distance between the two locations is more than 50 kilometres. Other tax deductions related to mobility include a reduction of travelling costs incurred for a job interview.[28] The deduction is also applicable for job interviews abroad, within the EU/EES area.

Registered unemployed individuals can also receive compensation for travelling to a job interview within Sweden or within the EU/EEA.[29] The maximum amount is 2,500 SEK (about 300 USD). The compensation is paid by the AF. Furthermore, the AF can compensate for costs related to the moving of furniture and personal effects. The maximum amount is 20,000 SEK (about 2,400 USD). That applies to those who have registered as long-time unemployed persons (12 months or more) or unemployed persons aged 20–24, or people aged 25 years and above that have been registered at the AF as job seekers for at least six months. The last criterion implies that both the unemployed and employees at risk of unemployment (and therefore searching for a new job) can be eligible for the support. Additional requirements include established difficulties finding a new job in the local labour market, proof of a new job for at least six months in the new location, and proof of residence in the new location. A third kind of aid from the AF is commuting support. It applies for the same categories as above. Daily commuting support is up to 2,000 SEK (240 USD) a month, and applies to travels within 50 to 150 kilometres for a period of six months. Concerning weekly commutes, the home trip is paid every second week and can be supported for up to six months during a four-year period. However, further conditions include an established high level of unemployment in the home location, and a skill on the part of the commuter that is considered in demand in the new local labour market. In 2012 about, 32,000 Swedes were chosen to receive support for job interviews, 900 for relocation support, and 3,547 for commuting support (Arbetsförmedlingen, 2013).

As described earlier in this report, the 1950s and 1960s were characterized by the strong structural transformation of the economy with very high interregional mobility, especially from the north to the south of Sweden. The Government supported that development, and the compensation described above was expanded during the period. However, another measure worth mentioning, which was introduced in 1965, but only existed for a short period, was a Government programme to redeem the houses of job seekers in the north of Sweden that wished to move south for a new job (SOU, 2003: 45). The houses were, in principle, unsellable; the measure seemed to be an appropriate way to counteract the resulting impasse people sometimes found themselves in.

Germany

When the German reunification took place in 1990, large parts of the East German industry became obsolete and non-competitive (Wunch, 2006). Unemployment increased to two-digit levels: in 1993,

[28] http://www.skatteverket.se/rattsinformation/arkivforrattsligvagledning/meddelanden/2011/meddelanden2011/skvm201129.5.71004e4c133e23bf6db80003139.html

[29] All details in this paragraph comes from http://www.arbetsformedlingen.se/For-arbetssokande/Stod-och-service/Fa-extra-stod/Flyttningsbidrag.html

it was 15 per cent and continued to rise to 19 per cent by 1997 (Lechner and Wunch, 2006). The reunification started an unprecedented investment boom from West into East Germany – mostly in construction, less in industrial equipment (Burda, 2007). Still, the workforce decreased by about 15 per cent in the period 1991-2004 with many East Germans moving to the western regions to find a job and resettle. Obviously, the mobility rate from East to West was very high. Just after the reunification, the mobility rate was the highest: in 1991, 230,000 people moved to West Germany (Fuch-Schündeln and Schündeln, 2009). The net mobility declined in the middle of the 1990s, but a second peak was reached in the beginning of 2000s. In the period 1991–2006, a total of 16.6 per cent of the East German population had left for the western part of the country. Young people were more likely to move, as well as the unmarried and people with a college education.

The reunification gave rise to the extreme structural transformation of East German society. To handle the deteriorating labour market, the programmes in the existing labour market policy system were put in motion. Many East Germans had to rely on the passive measures of unemployment benefits, and many older workers exited the labour force through early retirement schemes (Wunch, 2006). However, the system of active measures was also used. In 1992, the spending on ALMPs peaked at 9 per cent of the East German GDP (Lechner et al., 2005).

As described previously, the German ALMP system is characterized by a strong belief in training measures. They were used to adjust the skills of the East German labour force to the new demands. The training programmes, together with job creation schemes, constituted the majority of ALMP spending. In 1993, more than 260,000 participated in various training measures in East Germany (Lechner at al., 2005). The main training programmes during the 1990s were "further vocational training" and "retraining". In 1993, nearly 70 per cent of training participants were placed in further vocational training. The purpose was to add to or adapt skills needed in the participant's main occupation. The average duration of the courses was nine months. Retraining was aimed at equipping the participant for a new occupation, and the average duration was about 22 months. Many were retrained for the booming construction industry (Lechner et al., 2005). However, in the beginning of the 1990s, there were also short training courses, which were reintroduced later in the decade (Lechner and Wunch, 2006). Those measures were much cheaper and aimed at making minor adjustments to skills. They lasted for about 48 to 56 days. From the beginning of 2000s, short training courses became the major training programmes, counting more participants than further vocational training.

Job creation schemes and subsidized jobs were also used on a large scale in East Germany. Directly after the reunification, short-time work schemes were the main measure (Lechner et al., 2005). The purpose was to delay the transition into unemployment by reducing the working time and replacing the loss of income by unemployment benefits. In 1991, 1.6 million East Germans were included in those schemes, but already by 1993 the number of participants had been reduced to 181,000. Direct job creation schemes were used on a large scale. Those jobs were meant to be useful to society, for example environmental clean-up, but were not supposed to compete with the ordinary labour market. The number of participants at its peak was 237,000 (in 1993); the number then declined to 70,000 in 2003. The aim of the programme was to preserve the human capital of the unemployed and to preserve social stability in depressed areas (Lechner at al., 2005). There were also the so-called structural adjustment measures, which provided private employers with wage subsidies and could last up to 36 months. They were specifically intended to create jobs in economically weak regions (Wunch, 2006). Usually unemployed individuals with very weak employment prospects, including many above age 50, participated.

In 1998, measures to facilitate mobility were introduced in Germany. The programme may be regarded as a step to facilitate mobility between the eastern and western parts of Germany with the purpose of equalizing regional labour market disparities. According to Caliendo et al. (2015) the use of the

programme has increased considerably since the Hartz reform in the mid-2000s. The programme provides financial support for remote job interviews, and commuting and transportation costs related to resettlement in a new locality. Any unemployed person that has found a new job requiring more than 2.5 hours of daily commuting is eligible (Caliendo et al., 2015). However, if the job seeker decides not to move permanently but, instead, to commute on a weekly basis and therefore maintain two residences, then he/she can apply for financial support of up to 260 EUR a month (292 USD) for a maximum of six months from the start of the new job. If the person decides to move permanently, the programme can cover up to 4,500 EUR (5,060 USD) of the relocation costs. The application must be submitted within two years of having started the new job. In addition, the individual must apply before moving (Caliendo et al., 2015). In 2008, 375,000 job seekers took part in the entire mobility programme, and 68,000 in the relocation assistance measure. A majority of the participants in the latter programme, moved from the eastern part of Germany to the western part. They had a higher level of education, were, to a large extent, women, and tended to be younger than those unemployed individuals that did not participate.

The reunification of East and West Germany was a great challenge for German labour market programmes. The large costs of the programmes forced policymakers and researchers to ask how efficient the measures were at reducing the structural disparities between the eastern and western labour markets. One can first conclude that the disparities that existed between East and West Germany still exist. In 2014 the unemployment rate in eastern Germany was 9.8 per cent, while in western Germany it was 5.9 per cent.[30] Researchers observed a new peak in the migration rate from the east to the west in 2001 (Fuch-Schündeln and Schündeln, 2009). To explain the phenomenon they referred to a declining hope for improvement, especially among the young and well-educated Germans living in the eastern part of the country. Investments in eastern Germany were made in the real estate and construction sector rather than in industrial equipment to modernize the manufacturing industry. The building sector went into a recession at the end of the 1990s, which led to a new rise in the unemployment rate there (Wunst, 2006). With very high wage increases in eastern Germany after the reunification, and after joining the German currency, the region could not adjust the currency so as to become competitive. The only way to reduce disparities, therefore, seemed to be continued investments in the eastern part of the country combined with outgoing mobility toward the western regions.

The extensive use of active labour market measures seems to have had mixed results on the East German labour market (see overview in Lechner and Wunch, 2006). Firstly, the job creation measures and subsidies seem not to have improved the chances of the unemployed to reach the ordinary labour market. Those kinds of measures contain the structural problems of the labour market and do not contribute to structural changes. However, in a situation of massive structural unemployment, when the human capital of an entire generation becomes obsolete, such programmes still seem necessary in order to reduce some of the social costs of the transformation.

The efficiency of the training programmes during the German transition period is also contested. Some studies present positive results. The training measures increased the chances for new employment for East Germans. However, the effects seemed to appear rather long time after the implementation of the programmes (three years). During the time in the programme, there are strong lock-in effects, which is particularly problematic in quite lengthy and extensive programmes. Subsequent evaluation studies, however, found that the training programmes had little effect on employment chances. It seems that Germany encountered problems similar to those experienced in Sweden when the training programmes expanded rapidly during the 1990s Swedish unemployment crisis. The quality of the

[30] www.destatis.de/EN/FactsFigures/Indicators/LongTermSeries/LabourMarket/lrarb001.html

programmes suffered, and in particular, it was difficult to predict to which occupations training should be directed. In eastern Germany, many manual workers were retrained for the 1990s' expanding construction industry which, however, started to decline later in the decade. Consequently, when many of the newly educated construction workers tried to enter the labour market, there were no jobs to be found. Moreover, many of the training programmes made it possible to extend the receipt of unemployment benefits (Lechner and Wunch, 2006), which may have acted as a disincentive to search for a new job. Since 1998, the possibility of an extended benefit period by virtue of participation in ALMPs has been strongly reduced.

The few existing evaluations of the mobility programmes show rather positive results for the measures (Caliendo et al., 2015). Programme participants move to a greater degree than non-participants. Moreover, they earn a higher wage and obtain more stable jobs after the programme, which indicates that programme participation leads to upward job mobility and higher quality job matches.

6. Conclusion and Recommendations

This report has studied labour market mobility in Kazakhstan and the Russian Federation, and in particular, transitions between regions within the countries. The question in focus has been how labour market programmes should be designed to promote mobility. For the purpose of identifying possible ways forward in that regard, Kazakhstan and the Russian Federation have been compared to three OECD countries. The main message of this report is that the two countries can develop their existing labour market policies in such a way as to create an infrastructure of programmes and measures that facilitate and reinforce labour market mobility.

The two countries have undergone impressive economic and social development during the past 15 years. Nevertheless, there are considerable disparities within the countries concerning unemployment rates, regional GDP, and poverty. The countries also have rather large sectors with low productivity. In particular, the agricultural sector in parts of Kazakhstan stands out. Moreover, the informal economy is extensive, with the unwelcome side effects of decreased tax revenues, unfair competition and workers in risky employment. The widespread use of wage arrears and in-kind wages place employees in a position of dependence vis-à-vis specific employers, and may prevent mobility.

Such problems could be reduced if individuals were prepared to move to growing sectors of the formal economy. However, the available figures indicate that interregional mobility is low in both the Russian Federation and Kazakhstan in comparison to the three OECD countries used. That may not come as a surprise due to the vast distances, as well as the cultural and social heterogeneity within the two countries. Research has found (at least in Russia) that poverty traps also constitute a major hindrance to mobility. In some regions people are too poor to be able to afford a move to a new location, even if they would benefit from the move in the long run. That problem calls for policies that reduce mobility-related costs incurred by individuals, as well as other policies that raise the living standard of the citizens.

Kazakhstan and the Russian Federation have launched major programmes to promote mobility. In Kazakhstan, the Employment Road Map 2020 emphasizes mobility and use a combination of measures to facilitate the transition process of the individual. That seems to be an appropriate step forward. However, one problem is that rather few job seekers are prepared to take part in the programme. The Russian Federation has also introduced a specific programme to promote mobility. It is restricted to professional categories and seeks to facilitate moves to remote areas of strategic importance for Russia. An innovative aspect of the programme is the involvement of employers and the focus on the situation of the individual and his/her family, specifically with respect to issues of childcare, schooling, and so on. The programme may be crucial to attracting key personnel to certain localities. However, the programme is rather specific and does not promote mobility on an extensive scale in Russia.

This study argues for an approach that promotes mobility by focusing on general labour market policies, and on how a complementary system of programmes and measures could be constructed to reinforce mobility. That includes both passive and active measures that could be combined to encourage job seekers to decide in favour of a transition to a new job in a new locality. Firstly, adequate unemployment benefits are a prerequisite for a well-functioning LMP system. The benefits can provide the financial means necessary for the unemployed individual to extend his/her job search area, as well as an incentive to take part in other LMP measures. Secondly, high quality job search assistance (onsite and with ICT resources) provides labour market information on the entire national labour market and thereby expands the job seeker's possible choices. Thirdly, training measures are also a vital part of a well-functioning LMP system that supports the adaptation of

the labour force to a changing economy. However, for training measures to be successful, they need to be designed in such a way as to reduce their potential negative effects. That includes: a) vocational training courses rather than introductory courses; b) courses greatly enhanced through the involvement of social partners (e.g., social partners are consulted in order to identify vocations in demand and training measure requirements); c) courses related to vocations that are in demand on the labour market; d) courses of optimal length (i.e. not too long, in order to decrease "lock-in effects"); and e) courses that do not generally entitle participants to an extension of unemployment benefits. Fourthly, different mobility allowances (financial support for job interviews, commuting, and resettlement) affect mobility positively. Fifthly, cautious use of job creation schemes and employer subsidies is necessary. These measures should not be used on a large scale, but rather primarily for categories of individuals with weak labour market prospects.

A system of labour market programmes that includes complementary elements should impact labour market mobility positively and decrease frictional and structural unemployment. High quality labour market information systems exist where the majority of vacancies and job applicants are recorded in national job banks. With adequate unemployment benefits that require individuals to register at the employment office, the job bank will most likely expand in terms of the number of applicants and vacancies. And, if job seekers actually register at the employment office, they will be better informed of the measures that exist, for example of mobility allowances or training courses. Furthermore, with a higher rate of vacancies recorded, the possibility of predicting shortages in the labour market can be facilitated, and the direction of training measures better adapted.

In relation to this ideal system of labour market programmes, how can we assess the ones that exist in Kazakhstan and the Russian Federation? The most conspicuous features and perhaps the greatest weakness of the systems in the two countries are the meagre unemployment benefits. This especially applies to Kazakhstan, while the benefits in Russia are somewhat more generous. In Kazakhstan, there are few recipients of the benefit. The low compensation rate may explain why unemployed individuals feel it is not worthwhile to register. Problems related to quality at the public employment offices are also a factor that has been noted in evaluations of the two countries (OECD, 2011: 96ff; ILO, 2014: 98; ILO, 2015: 81). Those problems include a high caseload for the officers and few jobs to offer. Evaluations have pointed out that recipients of the employment service may face stigma, as their status as job seekers causes some to view them as unproductive or as persons with social difficulties. In assessing the active measures available, both countries seem to rely more on job creation schemes than training measures. That does not facilitate mobility, although it may be necessary for social reasons (i.e. targeting categories of unemployed individuals with very weak labour market prospects). However, the report has identified mobility allowances in Russia, a measure that, in evaluations, has been proven to increase interregional mobility (Caliendo et al., 2015). It was not possible to assess whether the allowance is enough to have that effect in this report. In Kazakhstan, mobility allowances are included in the *Employment Roadmap 2020*, but not as a general measure in the LMP.

In the light of the assessments of labour market policies in Russia and Kazakhstan, the following changes to existing programmes are suggested in order to create a system that facilitates labour market mobility and contributes to structural transformation.

1. A strategic factor is the unemployment benefit in both countries. By making it more generous, several important goals can be achieved. A stronger incentive to register as unemployed would be created, thereby expanding the pool of available job applicants and increasing the incentive to report vacancies. Doing so would also enable officers to provide advice and services to, and explore a variety of measures with, job seekers, and puts some pressure on the unemployed to search for a job. Higher quality services may increase general trust in the employment offices. Furthermore, a

more generous unemployment benefit would provide the economic means necessary to expand the geographical job search area and enable unemployed individuals to be somewhat more selective in their job search. That, in turn, can positively impact the quality of matches (OECD 2010). In particular, an increased reservation wage, i.e. the lowest wage an unemployed individual is prepared to accept at a new job, may result in the contraction of the informal labour market by making job seekers less willing to accept informal work. Moreover, a more generous unemployment benefit provides a strong incentive to find a formal job in order to be eligible for the benefit (Boeri and Macis, 2010). In that regard, the generosity of unemployment benefits can add to the structural transformation of the labour market.

In what way can the generosity of unemployment benefits be improved? There are three key aspects: eligibility criteria, duration and rate of compensation. In the case of Kazakhstan, improvements are possible in all three of those areas. The eligibility criteria are defined by the contribution of the employer to the social insurance system. The risk with such a system is that the employed individual becomes dependent on the behaviour of the employer. For the individual employee it may be difficult to control whether the contributions really are paid. A system that separates between the employee and the employer contribution, and with eligibility criteria solely dependent on the contribution of the employee to the unemployment insurance, becomes more predictable for the individual. Furthermore, the maximum duration of the benefit in Kazakhstan is very short (previously four months, but in 2016 increased to 6 months), and the maximum compensation rate very low (30 per cent of the former salary if the employer has contributed to the insurance for more than five years). Such ungenerous features provide little incentive for an unemployed person to register as such at the employment office, and the benefit does not serve to increase the geographical search area or the quality of matches – the unemployed need to find a new job at all costs, whatever the circumstances. One cannot then expect that pressure will be placed on the informal sector by virtue of the benefit. As such, it is strongly recommended that the generosity of the benefit, both in terms of maximum duration and rate of compensation, be increased.

The unemployment benefit in the Russian Federation has many more compelling features. It bears a resemblance to the German system, with one year of income insurance, and then an additional year of a more basic benefit. Furthermore, the compensation rate drops considerably during the unemployment spell, which may strongly encourage a return to work before the lowest level of compensation has been reached. The time frame for the gradual reduction also seems reasonable. However, the critical question for the unemployment benefit system in Russia is the benefit ceiling. The latest available figures show that only individuals that earned up to 26 per cent of the average wage received the highest compensation rate of 75 per cent for the first three months of unemployment (OECD, 2011). That means that a large majority of wage earners do not have sufficient income security in the event of unemployment. In Sweden, similar problems existed because the ceiling had not been raised since 2002 (the ceiling was raised, however, in 2015). The financial pressure may imply that some of the positive effects of the benefit discussed above have not been achieved. Consequently, the recommendation in this report is to raise the ceiling of the unemployment benefit system to a higher level, thereby ensuring income security for a larger proportion of employees. In addition, the manner of funding the unemployment benefit system could be reformed. Currently, it is funded directly from the federal budget. However, if the unemployment benefit system were based on insurance – similar to the German system, for example, in which both employees and employers automatically pay contributions – and if eligibility were based on contributions, employees would have a stronger incentive to secure a formal job.

2. The PES are of strategic value for a well-functioning labour market policy. A general recommendation is to make strong investments in the development of the services offered to employers and employees, thereby gaining the trust of the public and establishing the PES as the heart of a system of efficient

LMPs. The investments should focus on staffing density in order to reduce the very high caseload and improve the quality of services. It has not been possible to assess how user friendly and efficient ICT resources used in the provision of labour market information are in the two countries. However, the new site in Russia connected to the mobility programme seems to be very promising and innovative. In general, however, it is possible to further improve ICT systems, and both Germany and Canada have very good systems in that regard. It is important that the national job banks become the main resource for announcing applications and vacancies, and that the labour market information provided cover the whole country, not only the regional labour markets. In both countries, mobile service centres are available, which seems appropriate in such large countries with some very remote areas. That is perhaps a service that can be developed further.

3. Both countries have training programmes in their arsenal of active measures. It was not possible to assess the quality of those programmes in this study. Good examples (and evaluations) of the organization of such programmes are found in Germany. Here, and to some degree also in Canada, social partners (employer organizations and unions) play an important role in the implementation of those programmes, i.e. by identifying occupations in demand, determining the standards of the training programmes, finding workplaces that are prepared to receive programme participants, and in general serving as a link to business life for the authorities. However, in both Russia and Kazakhstan, the training programmes have few participants. Instead, job creation schemes are the major active measure used. As has been discussed earlier, job creation schemes do not promote mobility, while well-designed training programmes increase the general chances in the labour market for the unemployed. Consequently, a gradual shift of emphasis of active labour market programmes from job creation schemes to training is recommended and, in the process, the scale-up of the volume of training measures.

4. In the light of the good results of mobility allowances, a final recommendation would be to evaluate the allowances in place in the Russian Federation and Kazakhstan in order to find out if they are adequate and how they can be further improved. However, such evaluations are usually dependent on the extensive and high quality registration of job seekers and unemployed individuals. In Sweden, for example, such data is used to evaluate LMPs, and new statistical experimental methods have increased the quality of such evaluations. The Institute for Evaluation of Labour Market and Education Policy (IFAU) has been assigned by the Government to conduct such evaluations – and is a leading expert in the area.[31]

This report has focused on how LMPs can reinforce labour market mobility in Kazakhstan and the Russian Federation. However, programmes and measures related to labour market policies are only some of the factors that affect an individual's decision to move to a new location or region. Of course, the main drivers behind flows in the labour market are the job opportunities in various regions. In addition, macroeconomic policies that affect the condition of production and general demand have a strong influence on the mobility patterns within a country. The perspective taken in this report is that labour market policies can be used to reinforce the modernization of economies by facilitating structural transformation. However, the market forces put in motion in such processes can be a curse or a blessing for different regions. According to Markevich and Mikhailova (2013), the regional policies of the former Soviet Union sought to promote equality-oriented growth all over the Soviet territory, in combination with strategic investments to exploit the country's natural resources (including very remote areas in the north and east). As a result of those policies, investments went eastward and there was a high rate of immigration to those parts of the country. However, in the new environment of market forces with fewer constraints, the authors predict that the economic

[31] http://www.ifau.se/en/

geography will become diversified, with a few hubs of large cities and sparsely populated areas in between. If such processes are put in motion in the Kazakhstan and Russian Federation of today, the policy question is whether that is a welcome development or if it is something that will have to be balanced by supporting local actors striving to modernize their own area and region.

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Annex

Table 14: Population Change and Interregional Mobility 2011-2014 in selected Regions of the Russian Federation

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
Largest Population Increase					
The Republic of Ingushetia	464	34	7.9	9	2.1
Chechen Republic	1,370	68	5.2	-12	-1.0
Moscow	12,197	584	5.0	243	2.1
Tyumen region without autonomous districts	1,429	67	4.9	4	0.3
Saint Petersburg	5,192	239	4.8	160	3.2
Tyumen region	3,581	121	3.5	-15	-0.4
Khanty-Mansi Autonomous District – Yugra	1,612	51	3.3	-6	-0.4
Krasnodar region	5,454	170	3.2	124	2.4
Nenets Autonomous Okrug	43	1	2.4	0	-0.7
Leningrad region	1,776	42	2.4	44	2.5
Altai Republic	214	5	2.4	-2	-0.9
Kaliningrad region	969	22	2.3	10	1.1
Novosibirsk region	2,747	60	2.2	29	1.1
The Republic of Dagestan	2,990	59	2.0	-61	-2.1
Largest Population Decrease					
Magadan Region	148	-7	-4.5	-8	-4.8
Jewish Autonomous Region	169	-6	-3.4	-6	-3.3
Komi Republic	864	-26	-2.9	-33	-3.7
Kurgan region	870	-26	-2.9	-25	-2.7

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
Murmansk region	766	-22	-2.8	-27	-3.4
Arkhangelsk region without autonomous region	1,140	-31	-2.6	-18	-1.6
Bryansk region	1,233	-31	-2.5	-17	-1.4
Arhangelsk region	1,183	-30	-2.5	-29	-2.4
Pskov region	651	-16	-2.4	-4	-0.6
Republic of Kalmykia	281	-6	-2.1	-10	-3.6
Oryol Region	765	-16	-2.0	-6	-0.8
Tver region	1,315	-27	-2.0	-18	-1.3
Tula region	1,514	-31	-2.0	-11	-0.7
Largest Incoming Mobility					
Moscow region	7,231	32	0.4	261	3.6
Saint Petersburg	5,192	239	4.8	160	3.2
Leningrad region	1,776	42	2.4	44	2.5
Krasnodar region	5,454	170	3.2	124	2.4
Moscow	12,197	584	5.0	243	2.1
The Republic of Ingushetia	464	34	7.9	9	2.1
Largest Outgoing Mobility					
Magadan Region	148	-7	-4.5	-8	-4.8
Komi Republic	864	-26	-2.9	-33	-3.7
Republic of Kalmykia	281	-6	-2.1	-10	-3.6
Murmansk region	766	-22	-2.8	-27	-3.4
Jewish Autonomous Region	169	-6	-3.4	-6	-3.3
Kamchatka Krai	317	-3	-0.9	-11	-3.3
Tyva Republic	314	5	1.6	-10	-3.2
Yamalo-Nenets Autonomous Okrug	540	3	0.6	-16	-3.0
Kurgan region	870	-26	-2.9	-25	-2.7
Chukotka Autonomous Okrug	51	0	0.0	-1	-2.7

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
The Republic of Sakha (Yakutia)	957	1	0.1	-26	-2.7
Karachay-Cherkess Republic	469	-6	-1.3	-12	-2.5
Republic of North Ossetia - Alania	706	-3	-0.4	-18	-2.5
Arhangelsk region	1,183	-30	-2.5	-29	-2.4
Transbaikal region	1,087	-13	-1.2	-26	-2.4
Kabardino-Balkar Republic	861	2	0.2	-18	-2.1
The Republic of Dagestan	2,990	59	2.0	-61	-2.1

Source: Federal State Statistics Service of the Russian Federation (Rosstat)

Table 15: Population, Population Change and Inter-regional Mobility in the Regions of Russian Federation

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
Russian Federation	143,972	916	0.6	–	–
Central Federal District	38,951	413	1.1	408	1.1
Belgorod region	1,548	12	0.8	8	0.5
Bryansk region	1,233	-31	-2.5	-17	-1.4
Vladimir region	1,406	-26	-1.8	-9	-0.6
Voronezh region	2,331	-1	0.0	7	0.3
Ivanovo region	1,037	-17	-1.6	-6	-0.5
Kaluga region	1,011	3	0.3	-7	-0.7
Kostroma region	654	-8	-1.2	-5	-0.8
Kursk region	1,117	-5	-0.4	-3	-0.3
Lipetsk region	1,158	-8	-0.7	-9	-0.8
Moscow region	7,231	32	0.4	261	3.6
Oryol region	765	-16	-2.0	-6	-0.8
Ryazan Oblast	1,135	-13	-1.1	0	0.0
Smolensk region	965	-16	-1.6	-12	-1.2
Tambov region	1,062	-20	-1.8	-16	-1.5
Tver region	1,315	-27	-2.0	-18	-1.3
Tula region	1,514	-31	-2.0	-11	-0.7
Yaroslavl region	1,272	1	0.1	9	0.7
Moscow	12,197	584	5.0	243	2.1
Northwestern Federal District	13,844	184	1.3	106	0.8
The Republic of Karelia	633	-7	-1.1	-5	-0.8
Komi Republic	864	-26	-2.9	-33	-3.7
Arhangelsk region	1,183	-30	-2.5	-29	-2.4
Nenets Autonomous Okrug	43	1	2.4	0	-0.7
Arkhangelsk region without autonomous region	1,140	-31	-2.6	-18	-1.6
Vologda region	1,191	-7	-0.6	-6	-0.5
Kaliningrad region	969	22	2.3	10	1.1

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
Leningrad region	1,776	42	2.4	44	2.5
Murmansk region	766	-22	-2.8	-27	-3.4
Novgorod region	619	-11	-1.7	-4	-0.6
Pskov region	651	-16	-2.4	-4	-0.6
Saint Petersburg	5,192	239	4.8	160	3.2
Southern Federal District	14,004	120	0.9	71	0.5
Republic of Adygea	449	6	1.4	3	0.7
Republic of Kalmykia	281	-6	-2.1	-10	-3.6
Krasnodar region	5,454	170	3.2	124	2.4
Astrakhan region	1,021	6	0.6	-8	-0.7
Volgograd region	2,557	-38	-1.5	-31	-1.2
Rostov region	4,242	-18	-0.4	-8	-0.2
North Caucasian Federal District	9,659	166	1.7	-123	-1.3
The Republic of Dagestan	2,990	59	2.0	-61	-2.1
The Republic of Ingushetia	464	34	7.9	9	2.1
Kabardino-Balkar Republic	861	2	0.2	-18	-2.1
Karachay-Cherkess Republic	469	-6	-1.3	-12	-2.5
Republic of North Ossetia - Alania	706	-3	-0.4	-18	-2.5
Chechen Republic	1,370	68	5.2	-12	-1.0
Stavropol region	2,799	12	0.4	-11	-0.4
Volga Federal District	29,715	-96	-0.3	-179	-0.6
Republic of Bashkortostan	4,072	8	0.2	-30	-0.7
Mari El Republic	687	-5	-0.7	-8	-1.2
The Republic of Mordovia	809	-16	-1.9	-13	-1.6
Republic of Tatarstan	3,855	52	1.4	10	0.3
Udmurt Republic	1518	0	0.0	-12	-0.8

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
Chuvash Republic	1238	-9	-0.7	-15	-1.2
Perm Krai	2,637	6	0.2	-13	-0.5
Kirov region	1304	-24	-1.8	-17	-1.3
Nizhny Novgorod Region	3,270	-27	-0.8	3	0.1
Orenburg region	2,001	-23	-1.1	-36	-1.8
Penza region	1,356	-21	-1.5	-14	-1.0
Samara region	3,213	-1	0.0	-2	-0.1
Saratov region	2,493	-16	-0.6	-15	-0.6
Ulyanovsk region	1,262	-20	-1.6	-18	-1.4
Ural Federal District	12,276	133	1.1	-31	-0.3
Kurgan region	870	-26	-2.9	-25	-2.7
Sverdlovsk region	4,327	20	0.5	7	0.2
Tyumen region	3,581	121	3.5	-15	-0.4
Khanty-Mansi Autonomous District - Yugra	1612	51	3.3	-6	-0.4
Yamalo-Nenets Autonomous Okrug	540	3	0.6	-16	-3.0
Tyumen region without autonomous districts	1,429	67	4.9	4	0.3
Chelyabinsk region	3,498	18	0.5	1	0.0
Siberian Federal District	19,312	51	0.3	-141	-0.7
Altai Republic	214	5	2.4	-2	-0.9
The Republic of Buryatia	978	7	0.7	-11	-1.1
Tyva Republic	314	5	1.6	-10	-3.2
The Republic of Khakassia	536	4	0.8	-3	-0.5
Altai region	2,385	-22	-0.9	-31	-1.3
Transbaikal region	1,087	-13	-1.2	-26	-2.4
Krasnoyarsk region	2,859	21	0.7	-10	-0.4
Irkutsk region	2,415	-9	-0.4	-30	-1.2
Kemerovo region	2,725	-26	-0.9	-30	-1.1

	Population 2014	Population Change 2011–2014		Interregional Mobility 2011–2014	
	thousands	thousands	%	Cumulative Net Migration (thousands)	Population Change by Net Migration (%)
Novosibirsk region	2,747	60	2.2	29	1.1
Omsk region	1,978	3	0.2	-21	-1.0
Tomsk region	1,074	16	1.5	4	0.4
Far Eastern Federal District	6,211	-55	-0.9	-111	-1.8
The Republic of Sakha (Yakutia)	957	1	0.1	-26	-2.7
Kamchatka Krai	317	-3	-0.9	-11	-3.3
Primorsky Krai	1,933	-18	-0.9	-21	-1.1
Khabarovsk region	1,338	-4	-0.3	-13	-1.0
Amur region	810	-11	-1.3	-16	-1.9
Magadan Region	148	-7	-4.5	-8	-4.8
Sakhalin region	488	-7	-1.4	-10	-1.9
Jewish Autonomous Region	169	-6	-3.4	-6	-3.3
Chukotka Autonomous Okrug	51	0	0.0	-1	-2.7

Source: Federal State Statistics Service of the Russian Federation (Rosstat)

Table 16: Employment and Unemployment in the Regions of Russian Federation

Regions	Employment rate 2014	Employment 2011–2014, percent points change	Unemployment rate 2014	Unemployment 2011–2014, percent points change
Russian Federation	65.3	1.4	5.2	-1.3
Central Federal Okrug	68.4	2.1	3.1	-1.0
Belgorod region	66.1	4.7	4.0	-0.3
Briansk region	63.4	2.3	5.0	-2.1
Vladimir region	66.8	1.8	4.3	-1.4
Voronezh region	62.0	1.7	4.5	-1.9
Ivanovo region	64.3	1.6	4.3	-2.3
Kaluga region	66.5	-0.2	4.2	-1.4
Kostroma region	64.6	-0.7	4.3	-0.8
Kursk region	64.5	3.1	3.9	-2.4
Lipetsk region	64.9	1.2	3.7	-1.2
Moscow region	69.1	0.0	2.7	-1.0
Orel region	62.3	2.3	5.1	-1.2
Riazan region	58.9	-0.2	4.4	-2.8
Smolensk region	66.1	0.7	5.1	-2.5
Tambov region	61.0	1.2	4.3	-2.3
Tver region	66.7	1.8	5.3	-0.7
Tula region	65.7	2.6	4.1	-1.2
Yaroslavl region	69.5	4.3	3.8	-1.3
Moscow	74.0	3.2	1.5	0.1
Northwest region	67.8	0.1	4.1	-1.0
Republic Karelia	61.7	-0.5	8.1	-0.3
Republic Komi	65.7	1.1	6.0	-2.2
Arkhangelsk region	62.1	-3.4	7.2	1.3
including Nenetskiy autonomous region	67.4	2.0	5.3	-3.4
Arkhangelsk region without autonomous region	61.9	-3.6	7.3	1.5
Vologda region	65.2	0.6	5.6	-1.7
Kaliningrad region	67.4	2.8	5.4	-3.7

Regions	Employment rate 2014	Employment 2011–2014, percent points change	Unemployment rate 2014	Unemployment 2011–2014, percent points change
Leningrad region	66.6	-1.9	4.5	0.2
Murmansk region	69.3	1.8	6.7	-1.9
Novgorod region	66.1	-0.4	3.7	-1.2
Pskov region	63.3	0.8	6.5	-2.8
Saint Petersburg	71.9	0.5	1.4	-0.6
Southern Federal Okrug	61.6	1.1	6.2	-0.8
Republic Adygeya	55.5	-0.7	8.6	0.2
Republic Kalmykia	61.6	3.4	10.9	-3.3
Krasnodar region	61.1	0.7	5.7	-0.2
Astrakhan region	64.5	1.9	7.5	-1.3
Volgograd region	62.5	1.0	6.6	-0.3
Rostov region	61.7	1.4	5.9	-1.4
North Caucasian Federal Okrug	58.7	3.5	11.2	-3.3
Republic Dagestan	56.7	-0.5	10.2	-2.5
Republic Ingushetia	49.4	14.2	29.8	-18.3
Republic Kabardino-Balkaria	61.6	11.0	9.5	-1.0
Republic Karachaevo-Cherkessia	56.7	-2.2	13.0	3.2
Republic North Ossetia-Alania	60.1	-1.9	8.6	0.3
Chechen Republic	58.0	16.5	21.5	-15.8
Stravropol Republic	61.5	1.1	5.3	-0.7
Privolzhskiy Federal Okrug	65.3	1.4	4.5	-2.0
Republic of Bashkartostan	61.8	-0.4	5.3	-2.3
Republic Mariy El	64.5	2.6	4.8	-5.3
Mordovia Republic	68.0	0.7	4.2	-1.0

Regions	Employment rate 2014	Employment 2011–2014, percent points change	Unemployment rate 2014	Unemployment 2011–2014, percent points change
Republic of Tatarstan	68.1	1.7	3.9	-0.8
Republic of Udmurtia	68.2	1.5	5.1	-1.8
Chivash republic	68.9	5.3	5.0	-2.8
Perm region	60.8	-2.8	5.8	-1.7
Kirov region	64.4	1.4	5.1	-3.2
Nizhegorodskaya region	67.4	3.0	4.2	-3.0
Oreburg region	65.7	2.6	4.4	-1.9
Penza region	64.2	4.2	4.6	-0.8
Samara region	68.3	3.0	3.0	-2.1
Saratov region	62.5	0.1	4.6	-1.4
Ulianovsk region	62.7	-0.7	4.8	-2.0
Ural Federal Okrug	66.0	1.0	5.8	-1.0
Kurgan region	60.0	2.3	7.0	-3.0
Sverdlovsk region	65.2	1.1	6.1	-1.1
Tumen region	68.5	0.7	4.7	-1.1
incl. Khanty-Mansiyskiy autonomoous region	71.0	1.3	4.6	-1.7
and incl. Yamalo-nenetskiy autonomous region	75.1	-0.3	3.1	-0.4
Tumen region without autonomous regions	62.8	0.4	5.5	-0.7
Cheliabinsk region	66.0	0.6	6.2	-0.4
Siberian Federal Okrug	62.6	1.1	7.0	-1.1
Altai Republic	59.8	0.8	10.4	-2.4
Buriatia Republic	58.4	0.4	8.4	-0.6
Republic of Tyva	48.4	-3.7	19.1	1.8
Republic of Khakassia	60.4	-0.9	6.2	-1.0

Regions	Employment rate 2014	Employment 2011–2014, percent points change	Unemployment rate 2014	Unemployment 2011–2014, percent points change
Altai region	59.0	-0.9	7.2	-1.3
Zabaikalskiy region	59.0	1.9	10.0	-0.6
Krasnoyarkiy region	66.1	1.9	5.0	-1.0
Irkuts region	62.1	0.3	8.8	-0.3
Kemerovo region	63.7	2.6	6.2	-1.9
Novosibirsk region	65.1	0.5	5.1	-1.7
Omsk region	65.1	1.2	6.7	-1.2
Tomsk region	61.9	5.2	7.6	-1.5
Far Eastern Federal Okrug	65.6	1.2	6.4	-1.0
Republic of Sakha (Yakutia)	65.4	3.4	7.4	-1.6
Kamchatskiy region	69.2	0.0	6.1	0.0
Primorskiy region	64.2	1.8	6.9	-1.1
Khabarovsk region	66.3	1.1	5.9	-0.7
Amur region	63.6	-1.8	5.6	-0.4
Magadan region	74.4	-1.5	3.1	-1.4
Sakhalin region	67.5	0.6	6.5	-1.4
Evreyskaya autonomous region	59.3	-0.3	8.7	0.2
Chukotskaya autonomous region	81.2	2.9	3.2	-2.4

Source: Federal State Statistics Service of the Russian Federation (Rosstat)