Policy Performance and Evaluation: Turkey

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Koç University Social Policy Center

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i) to ‘advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of enhancing the employment of young people and their transition to economic and social independence’, and

ii) to engage with ‘relevant communities, stakeholders and practitioners in the research with a view to supporting employment policies in Europe.’ Contributions to a dialogue about these results can be made through the project website www.style-research.eu, or by following us on twitter @STYLEEU.

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EXECUTIVE SUMMARY

Turkey’s working age population will expand by over 800,000 every year during the next decade and will reach 68.6% of the population in 2023. The increase in the productive population will either lead to a demographic advantage or a threat of youth unemployment. Despite the potential of labour capacity with a significant proportion of the population below age 15; quality and equity remain as challenges for youth’s further education and employment. The employment rate for the working age population is around 45%, significantly lower than the EU average. The low level of female LFP lies behind Turkey's low employment rates. While male LFP was recorded as 76% in 2012, female LFP is only 30%, less than half of the average of OECD countries. The unbalanced relation between Turkey's employment protection legislation (EPL) and job quality has been one of the main controversial issues which shapes Turkey's labour market. Turkey's employment protection rules are still one of the most rigid among OECD countries in terms of temporary employment, employment through work agencies and severance pay. Furthermore, Turkey still has the highest proportion of NEETs among 15 to 29 year-olds with 29.2 percent.

The concept of youth-related policy is fairly a new phenomenon in Turkey. Governance of youth policies is remarkably centralized, yet fragmented. The involvement of social partners such as trade unions, employer associations or other NGOs remains ineffective. The most significant development in recent years regarding youth is the foundation of the Ministry of Youth and Sports (MYS) which aims to improve the quality of youth policies and involvement of youth to the policy-making processes. The basic structure of education is planned, operated, managed and financed by the state under the Ministry of National Education (MoNE). Ministry of Labour and Social Security has recently taken up issues of regional minimum wage, unregistered work, severance pay and flexible work into its agenda related to youth employment. Turkish Employment Agency (İŞKUR) serves as a portal to mediate between employers and jobseekers. İŞKUR also aims to increase labour market participation and the employability of the active population in Turkey. As part of its ALMPs, İŞKUR conducts annual labour market analyses in all cities and organizes routine training programs on employment and entrepreneurship.

Due to a relatively long compulsory education period Turkey records high rates of schooling ratios; schooling ratios for 2013-2014 academic year are as follows: 99.6% for primary education, 94.5% for elementary education, and 76.7% for high schools. Secondary education in Turkey is highly fragmented, i.e. it has a multi-tracked nature at the secondary level and this further increases when it comes to the vocational and technical secondary education. Nineteen different kinds of vocational schools providing training in more than 130 occupations are present in Turkey. Despite a growth of vocational enrolment at secondary education level, the lack of prestige and lower quality associated with this sector means few students opt voluntarily for VET as an alternative to general education. For many young people vocational high school is a “second” option after they fail to enrol in general education giving high schools. Likewise, higher vocational schools (MYO) are a second option for those who cannot get into 4-year degree programs in universities. Nominally free tertiary education is planned, managed and financed by the Council of Higher Education (CoHE). There are currently 178 universities, and more than 800 vocational schools of higher education.

Turkey has the strictest employment legislation and the tax rate on labour is among the highest in the OECD for low-wage workers and those with families. This tax burden creates disincentives for
employers to hire labour and for these workers to seek employment, especially in the formal sector. Because young people are overrepresented in the low-wage sector, they are particularly affected by the tax wedge. In 2008, a minimum living allowance for personal income tax was introduced which reduced the tax wedge by between 2.5 and 6 percentage points depending on the family status and income level of the worker. Furthermore, social security contributions for employers were reduced which further reduced the average tax wedge. Most importantly, Labour Law is only applied to formal labour force which includes white-collar public-sector employees, self-employed and agricultural workers, whereas the informal employment which is around approximately 38% is left out. In this respect, while legal structure of labour can be viewed as highly fragmented, one of the recent improvements about the minimum wage is a progressive step in terms of young people’s rights. The level of minimum wage difference between young employees and regular employees were recently eliminated. Tax exemptions for the companies, in the case of hiring interns and apprentices, are another financial support mechanism for young people.

Flexible forms of employment have created grounds for part-time work, temporary work and overwork for the first time. The implementation of flexible types of employment has so far been relatively limited. The activities of private employment agencies are strictly regulated.

Turkey allocated a considerable amount of financial resources to active labour market policies. Expenditures on ALMPs grew considerably, to 4% of public expenditures in 2012. Expenditures on unemployment benefits rose to 4% of total non-interest expenditures during the crisis. İşKUR increased coverage of the unemployed and the number of participants in active labour market programs after 2008. The government’s policies included the expansion of active labour market programs to all registered unemployed. Since 2008, İşKUR has increased vocational training, introduced Job and Vocation Counselling and, recently, linked social assistance beneficiaries to registration with İşKUR.

Although not targeting specifically the youth as does the education or labour policies, the social insurance system aims at providing insurance to society at large, mainly in the form of health care services and pensions, with the principle of self-financing, whereas the social assistance seeks to alleviate poverty and provide social care for needy persons and groups. In this regard, a system of Universal Health Insurance (GSS) is currently being implemented in Turkey. Individuals below 18 are eligible for health insurance in any case and if the young people are enrolled to tertiary education they can benefit from the GSS till the age of 25.

In terms of welfare policies, the family still represents the core supporting mechanism for the young employed. Families are still expected to protect youth from the risk of unemployment and to facilitate their STW transition by providing financial support. Despite this situation, some policy reforms have direct or indirect benefits for youth. Since healthcare became universal in 2012, it has decreased the destructive effects of unemployment. Another policy measure that has an indirect impact on disadvantaged youth is social assistance programs for alleviating poverty. Conditional cash transfers for poor households have played a role in encouraging the school enrolment of girls and boys.

Turkey reduced the overall tax wedge and waved social security contributions for unemployed youth and women. These measures may have contributed to greater female and youth employment rates. At the same time, lower payroll taxes and improved enforcement have helped lower informality from
34% in 2005 to 25% in 2012. Still there is need to tackle labour market rigidities, resulting from disincentives against part time work and high hiring and firing costs. Greater labour market flexibility, through part-time work and a reform of severance pay arrangements, as well as targeted measures to help women combine work and family are the policy priorities in dealing with the youth unemployment.

What seems to be lacking in Turkey is a comprehensive youth policy approach which takes youth’s needs and prospects as a focal issue and creates and coordinates policies and institutions in a coherent way toward this goal in different relevant areas from education to employment, budget allocations, regional policy and social security. The institutional and policy framework concerning youth lacks coherence, scope and effectiveness. Youth-related projects are often defined according to urgent needs in an ad hoc way, without much institutionalization or planning. Active labour market policies (ALMPs) and measures alone may fail to make a sufficient impact, given the high level of informal activity in the labour market and the low level of education.

Turkey’s entire prospective development path toward 2023 (the centennial of the Republic) aiming at such targets as very high levels of competitiveness, higher employment, sustainability of growth, greater equity and gender equality makes the need for effective policy focus on youth all the more important. Turkey needs to go beyond its present rather problem-based, sectorial approach to youth with a comprehensive youth policy.

Key words:
ALPMs; Vocational education and training; welfare; youth policy
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<th>Description</th>
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<tbody>
<tr>
<td>ADEK</td>
<td>Academic Assessment and Quality Improvement Board</td>
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<tr>
<td>ALMPs</td>
<td>Active Labour Market Policies</td>
</tr>
<tr>
<td>CoHE</td>
<td>Council for Higher Education</td>
</tr>
<tr>
<td>ÇYDD</td>
<td>Association of Support for Contemporary Life</td>
</tr>
<tr>
<td>DİSK</td>
<td>Confederation of Progressive Trade Unions of Turkey</td>
</tr>
<tr>
<td>DS</td>
<td>Diploma Supplement</td>
</tr>
<tr>
<td>ECTS</td>
<td>European Credit Transfer and Accumulation System</td>
</tr>
<tr>
<td>EES</td>
<td>European Employment Strategy</td>
</tr>
<tr>
<td>EHEA</td>
<td>European Higher Education Area</td>
</tr>
<tr>
<td>ELP</td>
<td>Employment Protection Legislation</td>
</tr>
<tr>
<td>EQF-LLL</td>
<td>European Quality Framework-Life Long Learning</td>
</tr>
<tr>
<td>ERG</td>
<td>Education Reform Initiative</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GPA</td>
<td>Grade Point Average</td>
</tr>
<tr>
<td>GSS</td>
<td>Universal Health Insurance</td>
</tr>
<tr>
<td>HAK-İŞ</td>
<td>Confederation of Right Trade Unions</td>
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<tr>
<td>HEIs</td>
<td>Higher Education Institutions</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IPA</td>
<td>Instrument for Pre-Accession Assistance</td>
</tr>
<tr>
<td>ISKUR</td>
<td>Turkish Employment Agency</td>
</tr>
<tr>
<td>KOSGEB</td>
<td>SME Development Organization</td>
</tr>
<tr>
<td>KPSS</td>
<td>Public Personnel Selection Exam</td>
</tr>
<tr>
<td>MoNE</td>
<td>Ministry of National Education</td>
</tr>
<tr>
<td>MYO</td>
<td>Vocational Schools of Higher Education</td>
</tr>
<tr>
<td>MYS</td>
<td>Ministry of Youth and Sports</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organizations</td>
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<tr>
<td>NQF</td>
<td>National Qualification Framework</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PAYG</td>
<td>Pay As You Go</td>
</tr>
<tr>
<td>SODES</td>
<td>Community Centres and Social Support Programs</td>
</tr>
<tr>
<td>SSI</td>
<td>Social Security Institution</td>
</tr>
<tr>
<td>STW</td>
<td>School to Work</td>
</tr>
<tr>
<td>TBMM</td>
<td>the National Assembly</td>
</tr>
<tr>
<td>TESK</td>
<td>Turkish Confederation of Tradesmen and Craftsmen</td>
</tr>
<tr>
<td>TİSK</td>
<td>Turkish Employers Unions Confederation</td>
</tr>
<tr>
<td>TOBB</td>
<td>Turkish Union of Chambers and Stock Exchanges</td>
</tr>
<tr>
<td>TÜBİTAK</td>
<td>The Scientific and Technological Research Council of Turkey</td>
</tr>
<tr>
<td>TÜRK-İŞ</td>
<td>Confederation of Turkish Trade Unions</td>
</tr>
<tr>
<td>TURKSTAT</td>
<td>Turkish Statistical Institute</td>
</tr>
<tr>
<td>UI</td>
<td>Unemployment Insurance</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>---------</td>
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<tr>
<td>UMEM</td>
<td>Project on Specialized Vocational Training Centres</td>
</tr>
<tr>
<td>UN</td>
<td>The United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>YURTKUR</td>
<td>The General Directorate of Credit and Dormitories Agency</td>
</tr>
</tbody>
</table>
1. Institutional Arrangements

1.1 Governance Structure

1.1.1 Public Institutions

The concept of youth-related policy is fairly a new phenomenon in Turkey. The most significant development in recent years regarding youth is the foundation of the Ministry of Youth and Sports (MYS) in 2011, which was previously a directorate. The establishment of a youth ministry means greater budget and human resources as well as a specific state unit that is responsible for youth-related matters. The Ministry published the National Youth and Sports Policy Document, a pioneering document that reflects youth-related policies for the first time. This document also highlights a change in state’s view towards youth-related policies from a lack of policy, which can be considered as a policy itself to an active policy-making. The ministry also performs youth-related tasks at local level by its provincial directorates.

MYS’s duty, as the chief state agency responsible for youth-related policies, is to support the youth, to enhance their participation through information and counselling services, to coordinate with other ministries regarding youth-related matters and lastly to conduct research and develop projects. After the foundation of the ministry, the number and variety of activities and projects such as Youth Centres, Youth Training, seasonal Youth Camps and Leadership Camps have increased as the budget expanded. Youth Centres/Camps and Leadership Camps are founded with the objective of enhancing cooperation and solidarity among the youth and providing them a platform to socialize through cultural activities and courses (Youth Partnership, 2010, p.6). The rise in the number of activities and projects also led to an increase in the number of participants within youth groups.

Influenced by the European Union (EU), the ministry initiated the Turkish National Youth Council, which is not autonomous as its counterparts in the EU are.

Ministry of National Education (MoNE) is responsible for delivery of educational services under the supervision of provincial and district educational directorates. The MoNE, as the primary body responsible for education, regulates the whole schooling system including the curriculum, the appointment of teachers and youth education-related activities. In addition to its main tasks, two nation-wide projects are implemented by MoNE for the aim of education and career planning of young people. These projects are "100% Support for Education" and "Go Girls" in cooperation with UNICEF for increasing the schooling of girls. For tertiary education, the Council of Higher Education (CoHE), founded in 1981, is an autonomous public institution that is responsible for planning, coordination and inspection of higher education. CoHE, as the primary responsible body, oversees the implementation of the Bologna Process nationwide.

The General Directorate of Credit and Dormitories Agency (YURTKUR), an institution that became a part of the MYS, also has a youth-related mandate. The institution has two main responsibilities: supporting university students by giving scholarships and loans, and providing accommodation for them. It operates on both national and regional levels.
The Ministry of Interior, as another state institution involving in youth related policies, has developed City Council Regulations, which established the legal background for youth assemblies. This regulation is a notable development for the youth since the decisions taken in these councils are taken to the agenda at the municipality assembly. (Youth Partnership, 2010, p.3)

Although it is not specifically targeting youth employment, Turkish Labour Agency (İŞKUR) has a number of policies and projects concerning the youth. In this regard, the National Youth Employment Action Plan prepared by İŞKUR in collaboration with the United Nations (UN) was the first official policy document that fully targets youth employment in Turkey. In the action plan, the economic and social situation, which affects youth labour market, is discussed and based on these analysis and evaluations, policy recommendations are provided in the areas of education, training and youth employment. In this plan, the primary role of İŞKUR is to promote youth employment in urban areas, monitoring the registered youth's employment status and encouraging youth entrepreneurship. Additionally, İŞKUR’s institutional duties involve the implementation of ALMPs and a mediator role for youth searching for jobs. In line with the suggestions of International Labour Organisation’s (ILO) Global Employment Trends for Youth 2013 report, İŞKUR spends some of its budget on policies on youth employment and training opportunities for recent graduates in order to ease their transition to the labour market. Financed by both international and national resources, İŞKUR operates various projects targeting youth and women’s employment. Table 1 below shows the numbers of men and women who received vocational training services throughout the years provided either by İŞKUR or by public or private contractors.

<table>
<thead>
<tr>
<th>Table 1: Vocational Training, Courses and Trainees by Gender</th>
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<tbody>
<tr>
<td>2011</td>
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<tr>
<td>---</td>
</tr>
<tr>
<td>Number of Courses</td>
</tr>
<tr>
<td>Number of Trainees</td>
</tr>
<tr>
<td>Men</td>
</tr>
<tr>
<td>(49%)</td>
</tr>
<tr>
<td>Women</td>
</tr>
<tr>
<td>(51%)</td>
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</table>

*Retrieved from monthly statistics bulletin on 28.02.2013

Source: Statistical Data Report, 24.03.2013 and authors’ calculations.

However, recent studies on İŞKUR programmes reveal low attendance and low completion rates which are interpreted by the interviewees as indicators of low quality of or low expectations from these courses. These studies show that the average impact of these vocational training programs is very modest. Results suggest that there is some potential for vocational training to improve the short-term employment prospects of the unemployed, but this potential will be best realized, when courses are offered by providers that have both the incentives and ability to respond to market demands. However, overall the results suggest that this large-scale vocational training programs struggle to meet a cost-benefit test.

Similar to its counterparts in EU countries, the Turkish National Agency under the Ministry for European Union Affairs implements Lifelong Learning Programs. These programs primarily focus on mobility of the youth to provide them opportunity with enhancing language skills and gaining experience in the labour market. Also, EU grants are available for both public and private institutions
for the purpose of occupational training. Although Turkey is a participant in these programs, since it has no representative in the European Youth Forum, it does not take role in decision-making.

The Ministry of Development contributes to the field by integrating youth-related policies and objectives to its five-year development plans. It also has youth-focused development projects and centres such as Youth Culture Houses (in the provinces covered under the South-eastern Anatolia Project), Community Centres and Social Support Programs (SODES) such as entrepreneurship training for women and vocational training for youth that aim to reach the youth in less developed regions in Turkey. These programs are aiming to strengthen the cultural capital and social inclusion especially in the southeast provinces of Turkey through sportive, cultural and artistic activities and vocational training.

1.1.2 Main Stakeholders

The government, relevant ministries and government agencies are the main stakeholders in any youth-related policy in Turkey. International organizations and institutions such as the World Bank, the European Union and the United Nations also contributes to the youth related policies through grants and loans to launch or implement various projects. These inter-governmental organizations construct bilateral agreements with local governmental and non-governmental organizations to canalize international funds within the framework of youth issues. Characteristics of youth in Turkey shape the content of these internationally funded projects and the level of involvement of international organisations. In this scope, the OECD report of Education Policy Outlook: Turkey (2013, pp. 8-9) provides a comprehensive framework for youth-related education policies in Turkey by indicating the role of education in the labour market, and it proposes several education-related programmes and policies, such as increasing the role of vocational education and training (VET). Additionally, indicated as a part of the Action Plan for Youth (OECD, 2013, p.2), OECD defines key obstacles for on-going youth policies and drafts reports through short policy notes and country reviews. In addition to OECD, European Union also has an active role on youth-related political agenda in Turkey through policy recommendations, grants and loans. Centre for European Union Education and Youth Programmes and the Turkish National Agency conduct Erasmus+ programme, supporting youth to attend universities as well as providing apprenticeship and traineeship opportunities in EU countries. Furthermore, EU’s the Instrument for Pre-Accession Assistance (IPA) improves “regional competitiveness” by fostering entrepreneurship and provides technical assistance such as implementation of the Project for Improving the Quality of Vocational and Technical Education. On the other hand, World Bank do not develop any specific project theme for the youth, yet there are some projects under the themes of “education for the knowledge economy”, “education for all” and “social analysis and monitoring” consisting of youth-related issues (World Bank, n.d). For instance, World Bank’s Secondary Education Project is conducted in Turkey to support “…the Government’s reform of general secondary and vocational education by improving conditions for student learning, establishing a career guidance system and enhancing foreign language teaching” and the results of project is framed based on school grants to 3,509 schools (World Bank, n.d).

In addition to international organisations, NGOs, Trade Unions and research centres are among the other stakeholders in youth-related policies. Some of crucial youth-related NGOs are the Association of Support for Contemporary Life, Educational Volunteers, Community Volunteers Foundation, Turkish Education Trust, Youth Services Centre, Turkish Red Crescent Society, Youth Development Association, and Education Reform Initiative (ERG). These NGOs’ role can be framed in two main dimensions; policy making and policy implementation. In terms of policy making, these NGOs deliver
opinions to the government during legislation process, yet the ultimate decisions are taken at the governmental sphere. As an example, ERG, which conducts research and provides training for the enhancement of education policies, prepares the Education Monitoring Report every year also to be presented to the MoNE before the annual budget discussions in the National Assembly (ERG, 2014). This report contains an evaluation of education policies and puts an emphasis on specific issues, such as the low pre-primary schooling rate, regional inequality and poor quality in education that are needed to be improved.

Trade unions such as TÜRK-İŞ (Confederation of Turkish Trade Unions), DISK (Confederation of Progressive Trade Unions of Turkey) and HAK-İŞ (Confederation of Right Trade Unions) and employers’ associations such as TİSK (Turkish Employers Unions Confederation) take part in the process of preparing policy documents or projects related to youth. For instance, recently, these institutions presented a report to the Constitution Conciliation Commission under the National Assembly (TBMM) (2014) to express their opinions and to contribute to the content of new constitution, but the scope of their role are very limited.

Lastly, some of these institutions promote youth-related policies not only in policy making, but also in the policy implementation process through encouraging student mobility, social entrepreneurship, consulting, and scholarship etc. As a good illustration of such kind of attempts, Association of Support for Contemporary Life (ÇYDD) organizes youth congress, camps and voluntary activities for community sharing and personal development. Moreover, ÇYDD raises funds to support primary, secondary and university students, particularly, female students in urban areas to support gender equality and regional development.

Last words before concluding the section on the roles of NGOs and research centres should be the following. Although these actors have undeniable contribution to the development of youth-related research, their role is limited in the decision-making process. Furthermore, trade unions emphasize economic and social rights, right to unionization and qualified and equal education as issues to be considered in the policy making; however their impact on decision making is not considerable. On the other hand, these institutions are more active in the implementation phase of the youth-related policies.

1.2 Education and Training

1.2.1 Primary and Secondary Education

With the exception of military, health and agricultural education, formal education in Turkey is planned, operated, managed and financed by the state under the Ministry of National Education (MoNE). Educational services are delivered under the supervision of provincial and district educational directorates.

The school system in Turkey is outlined in the Basic Law of National Education. The basic structure of education consists of pre-school education, primary education, secondary education and higher education. The basic curricula offered in primary and secondary education is unified across the country. Turkish is the only official language in the education system. English courses are obligatory in schools and start in the 4th grade and continue through secondary education. Second foreign language courses such as German, Kurdish and Circassian are also available through elective courses at the 4th grade.
Compulsory education is 12 years for both boys and girls covering primary education –primary school (4 years), elementary school (4 years) and high school (4 years). For 2013-2014 academic year, the schooling ratio for primary education is 99.6%, for elementary education it is 94.5% and for high schools it is 76.7% (TURKSTAT, 2014).

**Table 2: Schooling Ratio in Turkey (%)**

<table>
<thead>
<tr>
<th></th>
<th>Primary School</th>
<th>Elementary school</th>
<th>High School</th>
<th>General Secondary Education</th>
<th>Vocational And Technical Secondary Education</th>
<th>Higher Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>99,53</td>
<td>94,57</td>
<td>77,22</td>
<td>32,78</td>
<td>37,99</td>
<td>38,90</td>
</tr>
<tr>
<td>Female</td>
<td>99,61</td>
<td>94,47</td>
<td>76,05</td>
<td>36,26</td>
<td>33,05</td>
<td>40,93</td>
</tr>
<tr>
<td>Total</td>
<td>99,6</td>
<td>94,5</td>
<td>76,7</td>
<td>34,47</td>
<td>35,59</td>
<td>39,89</td>
</tr>
</tbody>
</table>

*Source: TURKSTAT, 2013/14*

According to National Education Statistics Formal Education 2013/14, the number of students who completed the 8th grade is 1,205,507 in total (628,347 males and 577,160 females). The number of graduates in general secondary education is 388,522 (181,537 males and 206,988 females), and Vocational and Technical Secondary Education graduates amount up to 339,270 (181,142 males and 158,128 females).

**Table 3: Number of Graduates by Type of School in 2013**

<table>
<thead>
<tr>
<th></th>
<th>Elementary School</th>
<th>General Secondary School</th>
<th>Vocational and Technical School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>628,347</td>
<td>181,537</td>
<td>181,142</td>
</tr>
<tr>
<td>Female</td>
<td>577,160</td>
<td>206,988</td>
<td>158,128</td>
</tr>
<tr>
<td>Total</td>
<td>1,205,507</td>
<td>388,522</td>
<td>339,270</td>
</tr>
</tbody>
</table>

*Source: National Education Statistics Formal Education 2013/14*

Pre-school education refers to non-compulsory programs for children aged between 3-6 years old. Primary education (4 years) comprises the education of children who are older than 66 months and it is co-educational and free of charge in public schools. Elementary schools (4 years) are divided into two categories: general elementary schools and Imam Hatip elementary schools (providing religious education). Eighth graders are subject to a centrally administered national secondary education entrance examinations.

Secondary education is again free of charge in the public schools. The education is either co-educational or single-sex depending on the types of high school. Students enter high schools typically at the age of 14 or 15. Based on the preference of the students, their GPAs and their rankings in the exam, they are placed in either general high schools of different types or different kinds of vocational and technical high schools. Multi-tracked nature of education system, especially at the secondary education level (Table 4), is one of the most important distinguishing points in Turkey. The multi-track nature of secondary education flourishes further when it comes to the vocational and technical secondary education. That is, there are at least 19 different kinds of vocational schools providing
training in more than 130 occupations. The work experience placement is compulsory in these vocational and technical high schools as part of curricula. In this regard, 11th and 12th graders are required to do internship for 40 days per school year.

**Table 4: High School Types as of 2014-15**

<table>
<thead>
<tr>
<th>Secondary Education</th>
<th>Private Education Institutions</th>
<th>Vocational and Technical Education</th>
<th>Religious Education</th>
<th>Special Education and Counselling Services</th>
<th>Lifelong Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anatolian High School (HS)</td>
<td>Private Turkish HS</td>
<td>Vocational and Technical Anatolian HS</td>
<td>Anatolian Imam-Hatip HS</td>
<td>Vocational Special Education HS</td>
<td>Open Education HS</td>
</tr>
<tr>
<td>Science HS</td>
<td>Religious Minority HS</td>
<td>Multi Program Anatolian HS</td>
<td>Vocational Special Education Centres</td>
<td>Vocational Special Education Centres</td>
<td></td>
</tr>
<tr>
<td>Social Sciences HS</td>
<td>International HS</td>
<td>Vocational and Technical Education Centres</td>
<td>Special Education Job Practice Centres</td>
<td>Special Education Job Practice Centres</td>
<td></td>
</tr>
<tr>
<td>Fine Arts HS</td>
<td>Foreign HS</td>
<td></td>
<td>Imam-Hatip Open Education HS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports HS</td>
<td>Basic HS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: ERG Monitoring Report 2013*

When it comes to the guidance and psychological counselling, the system in Turkey can be outlined as the following. As a mandatory component of education system, Guidance and Psychological Counselling Services in schools include educational, individual and career counselling, as well as group activities. The service providers are professionals called “counselling teachers” specialized in Guidance and Psychological Counselling. The number of counselling teachers depends on schools’ population. For instance, a school of 1,400 students would have three counselling teachers on average.

### 1.2.2 Tertiary Education

Founded in 1981, the Council of Higher Education (CoHE) is an autonomous public institution that is responsible for planning, coordination and inspection of higher education. Higher education in Turkey includes universities, graduate institutes, vocational colleges and conservatories. The majority of universities are public, but there are an increasing number of universities endowed by foundations, which are also under CoHE jurisdiction and are allowed to operate as non-profitable institutions. There are currently 178 universities, excluding police and military academia. Seventy-three of these (approximately 40%) are foundation universities. Additionally, there are more than 800 vocational schools of higher education (MYO), compared with 178 universities. About half of the MYOs are small, with less than 500 students and about 15% are considered large, with more than 2,000 students. In public universities, there are 5,089,291 students, whereas in foundation universities, the amount of students is 350,999 in 2013-2014 academic year (CoHE Statistics, April 2014). As indicated in Figure 1, in last decade, the net schooling ratio in higher education reached to 40% by gradually increasing (TURKSTAT, 2014).
Upon successful completion of secondary education, students receive the high school diploma, which enable them to have access to centralized national higher education entrance examinations. Higher education consists of 4-year bachelor degree programs, as well as 2-year vocational colleges. The typical age of students who enter tertiary schools is 18. Students are placed in a degree program based on their ranking in the university entrance exams and their high school GPAs. Some schools such as conservatories and police and military academies may have additional entrance examinations. Universities typically consist of higher vocational schools (colleges) and faculties. Higher vocational schools offer two-year vocational-based pre-bachelor’s (associate degree) programs or four-year programs, whereas faculties offer four-year bachelor's degrees. On the other hand, first-cycle medicine programs last six years, while programs of dentistry, pharmacy and veterinary sciences last five years. Prospective secondary education teachers are also trained through five-year programs. With one additional year of study, Bachelor’s degree holders can obtain a specialization certificate that is not recognized as part of a degree. Master’s degree programs last one or two years, the latter requiring the writing of a thesis. The duration of doctoral and equivalent programs is generally four years. Equivalent to doctoral-level programs, medical specialization programs are offered by faculties of medicine and training hospitals under the MoNE. Also, as indicated in Table 5, the majority of the undergraduates, around 2 million students, study in social sciences, business and law fields.

Figure 1: Net Schooling Ratio in Higher Education by Year (%)

Upon successful completion of secondary education, students receive the high school diploma, which enable them to have access to centralized national higher education entrance examinations. Higher education consists of 4-year bachelor degree programs, as well as 2-year vocational colleges. The typical age of students who enter tertiary schools is 18. Students are placed in a degree program based on their ranking in the university entrance exams and their high school GPAs. Some schools such as conservatories and police and military academies may have additional entrance examinations. Universities typically consist of higher vocational schools (colleges) and faculties. Higher vocational schools offer two-year vocational-based pre-bachelor’s (associate degree) programs or four-year programs, whereas faculties offer four-year bachelor's degrees. On the other hand, first-cycle medicine programs last six years, while programs of dentistry, pharmacy and veterinary sciences last five years. Prospective secondary education teachers are also trained through five-year programs. With one additional year of study, Bachelor’s degree holders can obtain a specialization certificate that is not recognized as part of a degree. Master’s degree programs last one or two years, the latter requiring the writing of a thesis. The duration of doctoral and equivalent programs is generally four years. Equivalent to doctoral-level programs, medical specialization programs are offered by faculties of medicine and training hospitals under the MoNE. Also, as indicated in Table 5, the majority of the undergraduates, around 2 million students, study in social sciences, business and law fields.
### Table 5: Number of Undergraduate Students According To Classification of Fields of Education and Training

<table>
<thead>
<tr>
<th>Fields of Education and Training</th>
<th>Number of Undergraduate Students 2013-2014 Academic Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Teacher Training &amp; Education Science</td>
<td>279,329</td>
</tr>
<tr>
<td>Humanities &amp; Arts</td>
<td>365,386</td>
</tr>
<tr>
<td>Social Sciences, Business &amp; Law</td>
<td>1,957,472</td>
</tr>
<tr>
<td>Science, Mathematics &amp; Computer</td>
<td>163,022</td>
</tr>
<tr>
<td>Engineering, Manufacturing &amp; Construction</td>
<td>222,811</td>
</tr>
<tr>
<td>Agriculture &amp; Veterinary</td>
<td>43,015</td>
</tr>
<tr>
<td>Health &amp; Welfare</td>
<td>156,638</td>
</tr>
<tr>
<td>Social Work</td>
<td>9,831</td>
</tr>
<tr>
<td>Services</td>
<td>52,013</td>
</tr>
<tr>
<td>Total</td>
<td>3,377,977</td>
</tr>
</tbody>
</table>

**Source:** Higher education Statistics 2013-2014

Education in public universities is nominally free, foundation universities; on the other hand, require the payment of tuition fees. Each foundation university determines its fees for different departments. Average annual amount of tuition fee for medical schools is around 10,120 €; for social science departments it is around 7,590 €; for engineering departments it is around 8,675 €. Foundation universities offer merit-based scholarship opportunities to some of their students. The scale of these scholarships ranges between exemptions only from tuition fees to full scholarship opportunities (exemption from tuition fee + accommodation + monthly stipend). Some public institutions also provide education loans and merit-based grants for students. The Scientific and Technological Research Council of Turkey (TÜBİTAK) is another body providing monthly stipends for students based on their rankings in the entrance examination. The MoNE also distributes education loans for university students who need financial support. Finally and most importantly, YURTKUR awards scholarships and provides education credits to the tertiary education students. Students have to pay the credits taken form YURTKUR back but the scholarships, which are awarded to the needy university students, are free of payback. Before concluding this section, it is worth to state that young people in Turkey tend to have slow transitions from school to work with high unemployment rates for many young people; even the most educated youth. For youth 20-24 years of age, the unemployment rate in 2013 for those with tertiary education is close to 10% percent compared with 12,5% for youth with a secondary education (TURSTAT, 2013).
Table 6: Employment Rate and Informality by Educational Degree

<table>
<thead>
<tr>
<th></th>
<th>Share in WAP</th>
<th>Employment Rate</th>
<th>Informality</th>
<th>Employment Growth (th)</th>
<th>Contribution (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>41.3</td>
<td>45.4</td>
<td>50.1</td>
<td>39.0</td>
<td>5189</td>
</tr>
<tr>
<td>Less than secondary</td>
<td>61.5</td>
<td>51.6</td>
<td>37.9</td>
<td>39.3</td>
<td>66.4</td>
</tr>
<tr>
<td>Secondary</td>
<td>31.7</td>
<td>36.9</td>
<td>42.0</td>
<td>45.7</td>
<td>36.0</td>
</tr>
<tr>
<td>Higher</td>
<td>6.7</td>
<td>11.5</td>
<td>69.2</td>
<td>71.1</td>
<td>9.3</td>
</tr>
<tr>
<td>Male</td>
<td>62.7</td>
<td>65.0</td>
<td>44.3</td>
<td>32.7</td>
<td>2926</td>
</tr>
<tr>
<td>Less than secondary</td>
<td>52.5</td>
<td>43.2</td>
<td>64.6</td>
<td>63.3</td>
<td>57.1</td>
</tr>
<tr>
<td>Secondary</td>
<td>39.0</td>
<td>43.3</td>
<td>57.3</td>
<td>62.3</td>
<td>34.7</td>
</tr>
<tr>
<td>Higher</td>
<td>8.5</td>
<td>13.6</td>
<td>76.0</td>
<td>78.9</td>
<td>10.3</td>
</tr>
<tr>
<td>Female</td>
<td>25.2</td>
<td>26.3</td>
<td>67.1</td>
<td>54.2</td>
<td>2263</td>
</tr>
<tr>
<td>Less than secondary</td>
<td>85.1</td>
<td>59.7</td>
<td>18.8</td>
<td>22.5</td>
<td>89.3</td>
</tr>
<tr>
<td>Secondary</td>
<td>8.8</td>
<td>30.7</td>
<td>64.3</td>
<td>23.1</td>
<td>42.3</td>
</tr>
<tr>
<td>Higher</td>
<td>6.1</td>
<td>9.6</td>
<td>58.3</td>
<td>60.4</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: TurkStat

Table 7: Higher Education Strategies for Turkey

<table>
<thead>
<tr>
<th>CoHE Strategy</th>
<th>The Ninth Development Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key strategic directions for higher education include:</td>
<td>Specific priorities for higher education include:</td>
</tr>
<tr>
<td>• Increase access and participation in higher education;</td>
<td>• Increase student contributions provided that grants and loans are available to help students meet the costs and to ensure equal opportunities;</td>
</tr>
<tr>
<td>• Develop an appropriate financing strategy to provide sufficient resources and to realize strategic objectives;</td>
<td>• Permit private higher education if a system of quality assurance is set up and the entrance examination system is changed to increase the effectiveness of the system;</td>
</tr>
<tr>
<td>• Diversify education system in a flexible and open manner to allow institutions more autonomy and ability to adapt to changing conditions;</td>
<td>• Restructure the role of the YOK to be responsible for setting standards, coordination and planning;</td>
</tr>
<tr>
<td>• Increase the employability of graduates and contribute to regional and economic development;</td>
<td>• Provide administrative and financial autonomy to institutions along with transparency, accountability and mission diversification.</td>
</tr>
<tr>
<td>• Improve and ensure quality of higher education institutions and students;</td>
<td></td>
</tr>
<tr>
<td>• Increase the number of graduate students and university research.</td>
<td></td>
</tr>
</tbody>
</table>


To overcome this problem, government placed a high priority on reform of higher education that CoHE released a Higher Education Strategy Plan for Turkey in 2007. This strategy is also laid out in
the 9th Development Plan providing an overall strategy for Turkey from 2007 to 2013. Table 7 summarizes the key directions of the CoHE strategy and the 9th Development Plan.

Since 2001, Turkey’s participation in the Bologna Process has also led to compliance with the recommendations and criteria of the European Standards and Guidelines for Quality Assurance in the European Higher Education Area (EHEA). Between 2006 and 2008, as a result of the first Commission of Qualifications for Higher Education’s efforts, National Quality Framework (NQF) for higher education was defined in accordance with the minimum knowledge, skills and competencies to be required to obtain each degree of higher education (associate's, bachelor's, master's and doctoral degrees), mostly regarding the level descriptors within Qualifications Framework for European Higher Education Area (QF-EHEA) (tyyc.yok.gov.tr). Within this framework, the first draft of "National Qualifications Framework for Higher Education in Turkey" was prepared.

In 2009, working groups for Qualifications for Higher Art Education and Higher Vocational Education were established, with the participation of academicians from different universities. Recently, with the efforts of Commission and Working Groups, Turkey takes some progressive steps such as the following (National Report regarding the Bologna Process Turkey, 2009-2012):

- All Higher Education Institutions (HEIs) are encouraged and supported to implement European Credit Transfer and Accumulation System (ECTS) and Diploma Supplement (DS). In order to raise the awareness about ECTS credits, DS Label and quality assurance culture, meetings and study visits have been organized by the CoHE, specifically targeting students, academic and administrative staff of HEIs.
- The level identifiers of EQF-LLL (European Quality Framework-Life Long Learning) were conducted in 2010, as a part of structuring NQF in Turkey.
- National students are encouraged to study abroad by offering scholarships and grants for their MA and PhD studies, whereas international students are attracted to Turkey through bilateral or multi-lateral cooperation agreements, joint and double degree programmes. In this respect, CoHE supports HEIs for their internationalization transformation in terms of designing their curriculum and using of ECTS in advanced level by implementing the Bologna measures.
- “Academic Assessment and Quality Improvement Board” (ADEK) of all HEIs need to have a student representative appointed by the Student Council of the relevant HEI during the preparation stage of self-evaluation reports within their institutions.
- Since 2005, all universities issue the DS upon request in one of the three main languages of the EU, English or German or French for all graduates.
- EU funds for Erasmus programs are only able to cover one thirds of the demand, due to that reason, Turkey also contributes the funds in order to increase mobility, i.e. 3.8 million Euros funded by Turkish National Agency in 2009.

1.2.3 Vocational Training System

There is a long history of vocational secondary education in Turkey. In addition to that, there also exists more traditional apprenticeship training, which is not a part of the formal education system. Vocational and technical education consists of two main dimensions: theoretical (school training) and practical (training in an enterprise). Vocational training policies and activities are mostly carried out by the MoNE within the framework of Law No. 3308, which came into force in 1986 and Law No. 4702 of
2001, which brought some changes to the system, establishing co-operation between vocational education and industry.

Education in vocational and technical high schools lasts four years during which they offer training in more than 130 occupations and provides graduates with the qualification of specialized workers and technicians. In the first two years, students take courses in a specific vocation, and in the 3rd and 4th years they are required to do internships in that field. 300 hours of internship for students of technical education high schools and 160 hours of internship for the students of vocational high schools is required in order to receive a vocational high school diploma. Table 8 below, showing the total number of students enrolled in different types of secondary schools, underlines that although the ratio of students enrolled in the general secondary education is higher, the tendency towards vocational high schools is increasing recently.

Table 8: Students by Type of Secondary School

<table>
<thead>
<tr>
<th>Year/Year</th>
<th>Gen. Secon. Education</th>
<th>Voca. and Tech. Sec. Education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>%</td>
</tr>
<tr>
<td>2009/10</td>
<td>2,420,691</td>
<td>57</td>
</tr>
<tr>
<td>2010/11</td>
<td>2,676,123</td>
<td>56</td>
</tr>
<tr>
<td>2011/12</td>
<td>2,666,066</td>
<td>56</td>
</tr>
<tr>
<td>2012/13</td>
<td>2,725,972</td>
<td>55</td>
</tr>
<tr>
<td>2013/14</td>
<td>2,906,291</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: TURKSTAT, Education Statistics (2014)

Providing statistical data on the graduates of vocational and technical high schools is going to be meaningful to have a notion about school to work (STW) of these graduates. They constitute 16% of the employed population aged between 18 and 24 (TURKSTAT, LFP Surveys of 2009, 2010 and 2011). This ratio corresponds to 45% of vocational high school graduates (TURKSTAT, LFP Surveys of 2009, 2010 and 2011). These numbers are striking because they implicitly underline that the other 43% of vocational high school graduates are not in the labour force. The unemployment rate among these individuals is around 14%.

The more traditional apprenticeship training is a combination of practical training provided in enterprises and theoretical training provided in vocational education centres. In order to become an apprentice, individuals must be between 14 and 19 years old and be elementary school graduate (8 years). Apprenticeship training is performed in workplaces and the duration of the training is 2 to 4 years. Individuals begin to work after a probation period of one to three months as an apprentice. During the probation period, the apprentices’ wages and social security premiums are covered by MoNE. At the end of the training, apprentices have to take the first journeymen proficiency examination prepared by the MoNE. If nominees pass the exam, they get certified as journeymen. In 2011, around 114,000 apprentices aged between 15 and 22, were in training and 5 to 7% of labour force consist of individuals having apprenticeship training (Ünlühisarcıklı, 2013, p.128).
Non-degree informal vocational training; on the other hand, is provided primarily through vocational education centres. People who have never been in formal education or who have completed any level of formal education are eligible for non-degree informal training. In this regard, Public Education Centres, run by MoNE are important public institutions providing informal training; such as skill development, occupation building and cultural activities. İŞKUR is another informal education channel in Turkey. İŞKUR carries out informal training in the framework of active labour market programs. These programs consist of, occupation research and development, occupational counselling and training programs for businesses. Informal vocational training does not directly target youth but is universal; in other words, regardless of age and level of education completed, anyone can participate in informal training.

Having stated the training system in Turkey, it is noteworthy to underline another important component of the system: funding of vocational and technical education. Funding regimes differ for different levels of vocational training. When candidate apprentices and apprentices are put under the contract their social security insurance premiums and the insurance contributions are paid by the state; hence state is, in a way, subsidizes the apprenticeship training in workplaces. Additionally, (candidate) apprentices are exempt from revenue stamps, income tax, tax refund, severance payment and similar financial requirements (Ünlühisarcıklı, 2013). Moreover, based on Vocational Training Law No 3308, the companies with 20 or more employees should not pay less than 30% of minimum wage for interns and the companies with less than 20 employees should not pay less than 15% of the minimum wage. For apprentices, the monthly payment should not be less than 30% of minimum wage. All the payments for students, apprentices and candidate apprentices are exempted from taxes for companies.

Other than MoNE, social partners of the training system are the Turkish Confederation of Tradesmen and Craftsmen (TESK) and the Turkish Union of Chambers and Stock Exchanges (TOBB). Their role in vocational and technical education and apprenticeship training is significant, since they represent more than 90% of the total number of enterprises in Turkey (Ünlühisarcıklı, 2013). Within the scope of the Tradesmen and Craftsmen Law No. 507, TESK is the responsible body for training, testing and assessment and certification in occupations where MoNE does not offer apprenticeship training.

1.3 Active Labour Market Policies (ALMPs) for young people

Youth unemployment has always been one of the main problems both for society and policy makers. As seen in Figure 2, monthly youth unemployment is fluctuating in the last three years and it is higher than the average unemployment rate of the total population. Hence, it requires a policy action and this need led to implement some ALMPs in Turkey.
Labour force participation rate is another dimension underlining the need of ALMPs. As shown in Figure 3, labour force participation rate among young is around 39.6%, which is quite low when it is compared to both EU and OECD countries (refer to Figure 4). Another striking point observed in Figure 3 and Figure 4 is that in addition to youth unemployment, the need for ALMPs is stemming from low average of labour force participation rate of the youth.

Source: TURKSTAT, 2013
Until 2000s, active labour market policies (ALMPs) were not a part of Turkey’s national employment strategies. Contrary to EU countries, Turkey’s ALMPs have been rather limited. In the mid-1990s, some initiatives were launched for generating employment with the financial support of World Bank (WB). In 2000, the objective of alignment with the European Employment Strategy (EES) led to the restructuring of public employment agency under the name of İŞKUR, which created a momentum in terms of coordination and implementation of ALMPs. Initially, İŞKUR’s activities mainly focused on capacity building and distribution of funds for smaller active measures, mostly co-financed by the EU, which led to more systematic and organized ALMP schemes (Bölükbaşı & Ertugal, 2013, p.242). For ALMPs, İŞKUR carries out the following activities: vocational training programs, trainings for entrepreneurship, on-the-job training programs and public benefit work programs. (iskur.gov.tr)

Similar to its counterparts in the EU, İŞKUR also provides job and occupation counselling activities, occupational research and development activities, and certificate programs for hazardous jobs. The agency matches available job positions with the registered job seekers considering their education and occupational skills. Career guidance including searching for jobs, training job seekers for interviews are other services provided in all provinces and service points of İŞKUR.

The ALMPs’ implementation requires establishing communication links between private and public institutions and creating administrative capacity. For instance, the Project on Specialized Vocational Training Centres (UMEM) was established for a five-year period in order to train 200,000 unemployed people each year with the cooperation of public-private sectors and universities (Progress Report prepared by Turkey, 2013, p.29). To this end, service points through cooperation with 1,513 municipalities, 1,055 social institutions, 336 career centres and 44 service centres were established (p.38). As underlined in the EU Progress Reports (2013 and 2014), this massive increase in staffing enhanced the administrative capacity and service provision of İŞKUR (EU Progress Report, 2013, p.40). As a result of these improvements, a total of 539,193 persons (378,544 men and 160,649 women) were placed on the programs. (EU Progress Report, 2014, p.40).
women) were placed in jobs (Progress Report prepared by Turkey, 2013, p.110). In addition to job matching, Table 9 illustrates that approximately 227,000 people were participated in 28,618 active labour market programs in 2013. Hence, the recent developments in the administrative capacity of İŞKUR contribute the labour market in terms of both job creation and skill development through ALMPs.

Table 9: Active Labour Market Employment Policies

<table>
<thead>
<tr>
<th>Type of Programme</th>
<th>Number of Courses/Programmes</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Men</td>
</tr>
<tr>
<td>Vocational Training Courses</td>
<td>5,260</td>
<td>52,449</td>
</tr>
<tr>
<td>Entrepreneurship Training Programmes</td>
<td>507</td>
<td>7,628</td>
</tr>
<tr>
<td>On-the-Job Training Programmes</td>
<td>20,543</td>
<td>28,591</td>
</tr>
<tr>
<td>Public Work Programmes</td>
<td>2,308</td>
<td>70,865</td>
</tr>
<tr>
<td>Total</td>
<td>28,618</td>
<td>159,533</td>
</tr>
</tbody>
</table>

Source: İŞKUR

Within this scope, there are some youth-related employment grant schemes funded by the EU and international organizations such as Active Labour Force Programmes Project (2003-06) and Active Labour Market Measures (2008-10). These programs were implemented for promoting specifically the participation of unemployed women and youth in the labour market by providing them vocational training. Recently, Promoting Youth Employment Operation, a two-year project, was initiated in 2011 for all young unemployed individuals in order to establish new partnerships and to mobilize the resources for more job opportunities and to boost entrepreneurial capacities (ikg.gov.tr). Although commuting allowance is not necessarily a must, some of these programs give allowances for the daily expenses of the participants. For instance, On-the-Job Training Programs delivered by İŞKUR provide 14$ daily stipends for the registered trainees during the program. Besides, all other similar kinds of vocational or training programs provide daily stipends for trainees. For the allowances, the trainees should be registered to the program and follow the minimum requirements that programs demand for (iskur.gov.tr).

As another type of ALMPs, different public institutions provide entrepreneurship programs for the purpose of boosting entrepreneurial activities by delivering trainings or funds. Entrepreneurship training programs designed by İŞKUR train the participants about start-ups, management of business and accessibility to financial resources. Besides İŞKUR’s training activities, with the cooperation of MYS, SME Development Organization (KOSGEB) implemented Entrepreneur Support Program consisting of both trainings and grants for supporting new entrepreneurs. Under these programs, start-up grants without payback, support components such as buildings, furniture, hardware and training/workshops, are available for the eligible applicants. They are designed for both general and specific (woman, youth and disadvantaged) groups. The grants schemes vary from 10,800 € to 25,200 €. These programs, managed by KOSGEB, also provide 70-hour training in 81 provinces of
Turkey (kosgeb.gov.tr). Lastly, the Ministry of Science, Industry and Technology provides capital support for the youth entering into technological businesses. The grant covers undergraduates, masters and doctoral students and also those who received these degrees up to five years before the pre-application date. The amount of grant for eligible candidate is up to 36,000 € (biltek.sanayi.gov.tr).

For available positions in the public sector that require at least a secondary educational degree, candidates have to take the Public Personnel Selection Exam (KPSS) and receive a certain score depending on what the public institution requires. For low-skill public sector jobs that require a primary schools degree or less, candidates are selected through lottery. Certain public institutions may have their own examinations based on the qualifications the job requires. Public Work Programs give opportunities for short-term experience in the public sector for unemployed individuals who can work directly or through contracting. These programs prevent unemployed individuals to stay jobless for a long period of time without any earning. The duration of the program cannot be longer than 9 months per year. Within this program, the minimum wage and social security and health insurance premiums are covered. (iskur.gov.tr)

Not only by ALMPs, but also by giving incentives to employers, İŞKUR aims to increase the rate of employment, especially for young people and women. The subsidies were available for the registered female employees at any age and male employees aged between 18 and 29. The incentives cover the share of the social security premiums (19% of gross wages) paid by the employer for women above 18 or men between 18 and 29 who have completed the vocational courses of İŞKUR that last 36 months. However, in 2011, the scope of the employer premium incentive was expanded to cover unemployed men over the age of 29 who are either registered with ISKUR or have a vocational qualification certificate (at maximum for 12 months). As another financial support instrument, İŞKUR provides Unemployment Insurance (UI), which supports the registered/insured unemployed people by compensating health insurance premiums, unemployment wage up to 240 days and providing vocational training. Other types of social support mechanisms such as childcare and housing allowances or allowances for language skills training are not in the scope of the İŞKUR’s duties. However, there are some welfare benefits programs targeting disadvantaged groups, but not specifically unemployed youth (iskur.gov.tr).

In Turkey, while many public programs aim to increase employment through training, consulting and other types of services, none of these programs are specially designed for NEETs, as one of the main vulnerable groups in Turkey. As indicated in Table 8, the proportion of NEETs in the labour market is quite significant. Turkey still has the highest proportion of NEETs among 15 to 29 year-olds across OECD countries: 29.2% compared with the OECD average of 15%. (Education at a Glance, 2014, p.376)
Within this context, there is increasing number of projects both initiated by public and private institutions to improve vocational skills of the youth. In this regard, UMEM project was launched in 2010 to support the low-qualified unemployed to participate actively in the labour market. The project updated technological resources of schools, improved the capacity of trainers and ensured private-public cooperation in vocational training. Under the framework of this project, registered unemployed were trained theoretically and those who were successfully completed their internship and received a certificate were provided jobs. Approximately 38 million € was allocated for the technical endowment of schools and 12.1 million TL for training (National Youth Employment Action Plan, 2011, p.49).

Additionally, MYS and Ministry of Development initiated some programs especially for the disadvantaged groups such as “Kids and Youth Financial Support Program” as one of the social integration programs distributing grants, and “Social Inclusion Program” for integrating the disadvantaged through volunteer projects, training, culture and art, history projects (gsb.gov.tr).

Lastly, several private sector initiatives carry out training activities and internship programs for vocational and technical high school students to facilitate their transition to work.

Another dimension that needs to be considered for the youth labour market is the compulsory military service for all male citizens. Military Law No 1111 indicates that compulsory military service applies to all male citizens from 20 to 41 years of age. Students registered to higher education or vocational training programs are allowed to postpone their military service until the completion of their programs. The duration of the military service is 12 months for privates (elementary or high school graduates), and reserve officers (University graduates), and 6 months for short-term privates (those who have earned a university degree and have not been enlisted as reserve officers).

1.4 Employment Protection Legislation and Working Time

The unbalanced relation between Turkey’s employment protection legislation and job quality has been one of the main controversial issues, which shapes Turkey’s labour market constantly. According to OECD’s Employment Outlook Report, (2014), Turkey’s employment protection rules are still one of the most rigid among OECD countries in terms of temporary employment, employment through work agencies and severance pay. Based on OECD EPL Indicators (2013), Turkey has 2.47
points out of 6 (most restrictions) in terms of protection of permanent workers against individual and collective dismissals (oecd.org). Even though the ratio of informal employment has fallen from 44% to 36% in the last 5 years, the report also indicates that the level of rigidity causes increasing informality in the Turkish labour market (TURKSTAT, 2014). On the other hand, Turkey performs poorly among the OECD countries in three job quality dimensions: earnings quality, labour market security and quality of the working environment (OECD Employment Outlook, 2014, p.114).

*Figure 5: Employment Protection Legislation Index*

Such a heavy regulatory burden induces informality. Firms choose to hire workers informally in order to escape the cost of hiring or firing due to rigid regulations. Moreover, the minimum wage, as a ratio of the median wage, in Turkey is highest among the OECD countries, which might increase informality among low skilled workers.

While informality is a symptom of restrictive formal employment regulations, it is also a factor mitigating the impact of these regulations. This may explain why despite of restrictive labour market policies, Turkey has managed a rapid employment creation. OECD (2014) argues that because of strict regulations but lax enforcement, firms satisfy growing demand by taking on additional workers informally. At the same time, however, government policy has tried to lower barriers to formal employment with some effect.

In 2003, the Labour Law No. 4857 was enacted to regulate industrial relations and working conditions. Youth above 18 are subject to the same rules and regulations as the regular employees defined in the Labour Law, on the other hand, apprenticeship and internship schemes are regulated by Vocational Training Law. Therefore, this section is employed to discuss ELP and working time under framework of the Labour Law and Vocational Training Law.

### 1.4.1 Labour Law

The 2003 Labour Law has created grounds for the flexible forms of employment such as part-time work, temporary work and over-work for the first time in Turkish history. The dismissal protection regulations are identified and detailed in the Labour Law. Accordingly, individual dismissal of a worker with regular contract requires a written notice to the employee and notification to the Social Security Institution (SSI). Notification period for employees with less than 6 months of employment in that
workplace is 2 weeks; for those with 6 months to 1.5 years, it is 4 weeks; with 1.5 to 3 years 6 weeks and above 3 years of employment in the same place, the notification period is 8 weeks. If the parties have agreed to include a trial clause in the employment contract, the duration of probation cannot exceed two months (extended up to four months by collective agreement). Within this period, the parties have right to terminate the work contract without any notification or severance pay. The employee’s entitlement to wages and other rights are reserved.

Severance pay is based on tenure in the job. After one year’s employment, one month’s gross wages for each year of service (can be extended by collective agreements) is paid. If the severance and notice pay are not paid to the employee upon termination, the worker may claim the termination is not justified. In these situations, the employer has to re-employ the worker, and, in addition to the severance and notice pay, pay up to 4 months of gross wages and other benefits and 4 to 8 months of gross wages in damages. The future of severance payments is currently a hotly debated issue in Turkey between trade unions, employers’ associations and the government.

The general conditions of temporary employment do not differ entirely from regular employment. Temporary employment relations are established through transfer of employee to another department within same holding or to another company with employee’s consent. This relationship is not allowed to last more than six months, but it can be extended twice if necessary. Thus, the maximum duration can be considered as 18 months. The rights of the employee such as wages and benefits are reserved.

As another determinant of temporary employment, fixed-term contracts are designed for a definite period with a specified term or based on the emergence of objective conditions such as the completion of a certain work or the actualization of a fixed-term contract and more importantly, cannot be repeated more than once. For repetition, an essential reason is required. The employee with fixed-contract is subject to the same treatment and regulations as regular employees. Also, employees with fixed-term contracts have the same rights in terms of benefits, wages and other monetary benefits. The dismissal protection regulations do not differ, however, employees with fixed-term contracts cannot ask for severance pay due to nature of definite work. Although the Labour Law has introduced different modes of employment relations for the first time, these flexible types of employment relations have so far been relatively limited.

In addition, The Labour Law stipulates that over-time work may be performed for country’s interest, the nature of the job, or with the objective of increasing production. Over-time work is defined as the work exceeding 45 hours per week. In case the weekly working hours are set by contract as less than 45 hours, work that exceeds the average weekly working time is defined as over-time. In that case, each hour of over-time work is remunerated at 25% more than the regular hourly rate. If the employee works more than 45 hours, for each hour he/she works, it should be 50% more than his/her hourly rate. Over-time work requires the employee’s consent. Over-time work is not allowed to exceed 270 hours per year. Also, for national and public holidays, the employers have to pay a full day’s wages, if the employee does not work. If the employee works during the national or public holidays, they have to be paid for one additional full day’s wage. The night shifts may start at 20:00 and cannot last longer than 11 hours.

Short-term employment allowances are also present in Turkey and it is subsidised if the following circumstances are met: (1) in the case of economic, sectorial or regional crisis, the employer can shorten the working hours (at least to one thirds of regular work-time) or suspend the production completely or partially (at least for four weeks); (2) the compensation period for short-time work is up
to three months, but this period can be extended up to six months upon the decision of the Council of
Ministers. Short-term employment request of the employer should be approved by İŞKUR and
employees should be entitled to unemployment allowance during their employment period. The
amount of daily short employment allowance is 60% of daily gross average earning, considering the
insurant earnings for the last 12 months subject to premium.

1.4.2 Vocational Training Law

Vocational Training Law regulates the employment relations and necessary conditions for apprentices
and interns in labour market. The probation period, dismissal, severance pay and work-time of
apprentices and interns differ from the regular employees’. Apprenticeship has a probationary period,
varying from 1 to 3 months. After the probation period, if both parties do not notify the Vocational
Training Centre in 10 days, the apprenticeship agreement will be definite and this period will be
counted as part of apprenticeship. The period from candidate to apprentice is counted as a part of
probation. In the case of dismissals, under certain conditions, the relevant institution and the other
party should be notified in 3 days.

Likewise, the employment relations for internships and traineeships are regulated under the
Vocational Training Law, Anatolian Vocational and Technical Secondary Education Legislation and
other pieces of legislation related to students and youth. In this context, 300 hours for Anatolian
technical school students and 160 hours minimum for vocational school students are obligatory
internship period in order to obtain their degree. The companies, which employ more than 20
employees, shall not pay lower than 30% of minimum wage. The companies, which employ less than
20 employees, shall not pay lower than 15% of minimum wage. The youth until the age of 18 are
prohibited to work more than 40 hours per week. They are not all allowed to work during holidays or
night shifts. The resting time for the youth (until 18 years old) shall be 14 hours without any break.
Students are not allowed to work more than 2 hours a day and 10 hours per week.

1.5 Minimum Wage

Minimum wage is defined as the obligatory lowest wage to be paid by the employer that will enable an
employee to meet at least his/her fundamental necessities such as nutrition, shelter, clothes, health,
transportation and culture in Turkey. The gross salary for normal working hours without overtime
corresponds to the legal minimum wage. Minimum wages are set every two years by the Ministry of
Labour and Social Security through the Minimum Wage Fixing Board. In 2014, the minimum monthly
wage was announced for the first half of the year as net 307,5 €, whereas for the second half as
323,8 €. In April 2014, according to the new amendments to the Law, employees under 16 years are
subject to the same minimum wage standards as the regular employees.

The Minimum Wage Fixing Board’s members are composed of representatives of five state bodies,
five employees’ representatives from different work branches selected by trade unions with the
highest number of members, and five employers’ representatives selected by an employers’
organization that represents the majority of employers. The board fixes the minimum wage for the first
half of the year, likewise announces it for the second half of the year based on economic forecasting.
The negotiations for the minimum wage are conducted at a national level without any exceptions for
different regions or sectors. All sectors and all workers are subject to the minimum wages set by the
Board.
The minimum wage standards differ for apprentices and interns, compared to regular employees. The companies with 20 or more employees should not pay less than 30% of minimum wage for interns and the companies with less than 20 employees should not pay less than 15% of the minimum wage. For apprentices, the monthly payment should not be less than 30% of the minimum wage. All the payments for students, apprentices and candidate apprentices are exempted from the taxes of a company.

In the case of violation of these provisions, the employer is liable to a fine of 45,4 € for each employee and for each month if he/she deliberately fails to pay the full wages to which the employee is entitled. In the case of violation of apprentices’ rights, the monetary penalty is higher for the employer. For apprenticeship, an employer is liable to a fine of 218 € in the case of circumventing the minimum wage and also the repetition of act may increase the amount of penalty by twice. In order to monitor and audit workplaces, both scheduled controls and spontaneous on-the-spot checks are managed by the regional offices of Ministry of Labour and Security. The SSI also monitors the companies in terms of their compliance with the social security standards.

The minimum wage in Turkey is 71% of the median wage, the highest ratio in the OECD. Earlier studies find that the minimum wage is binding for formal sectors, whereas almost half of workers in the informal sector earn less than the minimum wage (OECD, 2008; World Bank, 2013.b). There are several options to make the minimum wage less binding, such as not taxing it, allowing regional variation or providing regional employment subsidies. Turkey’s investment incentives already recognize the case for regional variation by providing differentiated payroll tax deductions, which are more generous for less advanced regions. Whether these incentives are sufficient to induce greater formality remains to be seen as the system is relatively new. Further shifting the tax burden away from payroll to other taxes might also induce formal employment.

### 1.6 Welfare Benefits

“In Turkey, the social insurance system aims at providing insurance to society at large, mainly in the form of health care services and pensions, with the principle of self-financing, whereas the social assistance seeks to alleviate poverty and provide social care for needy persons and groups” (Adaman et al. 2007). Ministry of Labour and Social Security is the main responsible body for employment and social security affairs in Turkey.

In order to benefit from the Turkish Social Security System, residents in Turkey must enrol with the Social Security Institution (SSI). It is possible to access free or low-cost healthcare, although the standard varies considerably from region to region.

A system of Universal Health Insurance (GSS) is currently being implemented in Turkey (as of February 2012). Social security premiums (as a percentage of employee’s gross earnings) are paid by both employers and employees. Table 11 shows the rates that apply in the case of office employees in the private sector. Rates for employees working in specific sectors (such as mining, oil/gas exploration) may vary depending on the risk category of the work performed.
Individuals below 18 are eligible for health insurance in any case. In order to benefit from the health insurance until the age of 20 individuals should be enrolled in secondary education; if they continue with higher education individuals are eligible till the age of 25. Young adults are assumed to be dependent to the household head; hence they benefit from their fathers’ health insurance. However, while males older than 25 cannot benefit from their fathers’ insurance females have this right until they get married or start with a job.

In addition, Turkey offers a Green Card system for the poor to ensure universal health care coverage. Turkish citizens living within the borders of the Republic of Turkey who were not covered by any social security schemes and who have a per capita household income of less than one-third of the minimum wage threshold (except for taxes and social security premiums), are eligible for coverage under the Green Card program. Moreover, pensioners over 65 years of age and people with chronic illnesses (those employed but who have diabetes or are on dialysis) are eligible, even if their household’s per capita income is greater than one-third of the minimum wage (Menon et. al., 2013).

As indicated in “ALMPs for young people” section, Unemployment insurance as another component of welfare benefits, entered into Turkish agenda in 2002, and İŞKUR is the responsible governmental body for provision of coverage. Unemployment insurance schemes are compulsory in Turkey; however, there are strict eligibility conditions in order to benefit from this type of insurance. “Workers who have paid premiums for at least 600 days in the last three years, including full contributions for the last 120 days prior to unemployment, and who have lost their job involuntarily or owing to no fault of their own, can benefit from unemployment insurance” (Adaman et. al. 2007, p. 26).

Turkey has the second lowest unemployment replacement rate among OECD countries. Besides, the percentage of unemployed receiving unemployment benefits is much less compared to the OECD average; Turkey’s coverage rate is around 11 percent compared to the OECD average of close to 50 percent (OECD, 2011.b). Because formal workers hardly benefit from greater unemployment protection than informal workers, there are few incentives for workers to ask for formal jobs. At the same time, the high costs of current severance pay arrangements create disincentives for firms to hire formal workers. A reform of Turkey’s unemployment and severance pay arrangements could, thus, yield benefits for employment creation as well as reduced informality.
Pension system in Turkey has a multi-pillar nature. It consists of programs providing a pay as you go (PAYG) social insurance system; a tax financed minimum pension, and schemes for voluntary private pension, which are financed by defined contributions. To benefit from PAYG system, workers are required to contribute to the system at least for 7,200 days; civil servants and self-employed workers, on the other hand, have to accrue 9,000 days. The retirement age is 58 for women and 60 for men who started work for the first time after the 1999 reform. However, the retirement age will gradually increase for people who started work for the first time after this reform and will reach to 65 years of age for both men and women by 2048.

Furthermore, Turkish employment law allows a pregnant woman 16-week maternity leave, with eight weeks to be taken before the birth and eight after; it is not possible to take the whole period of leave after the birth. In the case of a multiple pregnancy (twins or more), maternity leave is 18 weeks. A pregnant woman may work up to three weeks before the birth, with the balance of leave added to the period of leave taken after the birth, provided her health and that of the baby allow it. In order to be eligible for maternity benefit, a woman must have worked at least 120 days within the last year, and must submit a medical report from a doctor to a local social security office. The woman is entitled to receive up to two-thirds of her salary during the maternity leave.

In Turkish welfare benefits system, temporary incapacity benefits constitute the other component. Employees are eligible for this benefit if they are on sick leave. They are entitled to 50% of their average daily earnings or 67% of it if they have dependents. The employees must submit a report from a doctor to their local social security office to benefit from this right.

Child and minimum living allowances are also part of the welfare benefits schemes in Turkey. Child allowance varies based on the age group of children. For children aged between 0 and 6, amount of child allowance is 14 € per child, and for those older than 6, state pays 7 € per child. The same maximum age procedures as the health insurance scheme are applied to this program. Families are also supported by the government through conditional cash transfers if they have children who are enrolled in different levels of school: 10.9 € for per male child, 12.7 € for per female child at primary school level; 16.3 € for per male child, 19.9 € for per female child at secondary school level is paid to the families. Minimum living allowances; on the other side depend on the marital status and household size. Varying amounts of minimum living allowances are summarized in the Table 12.

Table 12 Minimum Living Allowance in Turkey (2014)

<table>
<thead>
<tr>
<th>Marital Status &amp; Number of Children</th>
<th>Amount Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Single</td>
<td>29,06 €</td>
</tr>
<tr>
<td>- Married (Spouse working)</td>
<td>29,06 €</td>
</tr>
<tr>
<td>- Married (Spouse working) 1 Child</td>
<td>33,42 €</td>
</tr>
<tr>
<td>- Married (Spouse working) 2 Children</td>
<td>37,80 €</td>
</tr>
<tr>
<td>- Married (Spouse working) 3 Children</td>
<td>40,87 €</td>
</tr>
<tr>
<td>- Married (Spouse working) 4 Children</td>
<td>43,80 €</td>
</tr>
<tr>
<td>- Married (Spouse not working)</td>
<td>35,04 €</td>
</tr>
<tr>
<td>- Married (Spouse not working) 1 Child</td>
<td>39,42 €</td>
</tr>
<tr>
<td>- Married (Spouse not working) 2 Children</td>
<td>43,79 €</td>
</tr>
<tr>
<td>- Married (Spouse not working) 3 Children</td>
<td>46,71 €</td>
</tr>
<tr>
<td>- Married (Spouse not working) 4 Children</td>
<td>49,63 €</td>
</tr>
</tbody>
</table>

1 Source: www.MuhasebeTR.com
Most important instrument to finance these schemes is income tax, which is levied on the income of individuals. Individual income consists of business profits, agricultural profits, shares and wages, income from independent personal services, income from immovable property and rights (rental income), income from moveable property (capital investment) and other income and earnings without considering the source of income. An individual residing in Turkey is liable to pay tax for his/her worldwide income. Citizenship is the other criterion for tax liability. That is, a Turkish citizen living abroad and working for governmental institutions or for a company with headquarter in Turkey is also liable to pay income tax.

Table 13: Varying Tax Rates by Income

<table>
<thead>
<tr>
<th>Exceeding TL</th>
<th>Not Exceeding TL</th>
<th>Tax on Lower Amount TL</th>
<th>Tax Rates on Excess (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10.000 (3.620 €)</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>10.000 (3.620 €)</td>
<td>25.000 (9.050 €)</td>
<td>1.500 (543 €)</td>
<td>20</td>
</tr>
<tr>
<td>25.000 (9.050 €)</td>
<td>58.000 (20,998 €)</td>
<td>4.500 (163 €)</td>
<td>27</td>
</tr>
<tr>
<td>58.000 (20,998 €) (88.000 (31.860 €) for wage income)</td>
<td>-</td>
<td>13.410 (4.854 €) (21.510 (7.778 €) for wage income)</td>
<td>35</td>
</tr>
</tbody>
</table>

Source: [http://www.gep.gov.tr](http://www.gep.gov.tr)

Turkish taxation system could be counted as a progressive one, i.e. tax rates change according to monthly income of individuals (illustrated in Table 13) and tax wedge, which is applied to everyone regardless of their job, age group etc., is 38.2% (OECD, 2013).
2. Policy Innovations

2.1 Education and Training

2.1.1 Formal Education

Turkey has experienced vast reform attempts in education system, especially primary and secondary levels in the last several decades. The fundamental change in the school system occurred in 2011 with the enactment of Law No. 6287. With the new amendment, compulsory education extended from eight to twelve years. Previously compulsory education was 8 years, consisting of five years for primary school and 3 years for elementary school. Currently, the basic structure of education consists of pre-school education, primary education, secondary education, and higher education. The compulsory education is 12 year for both boys and girls covering primary education – primary school (4 years) and elementary school (4 years) - and secondary education (4 years). Another major change was about the school starting age. The compulsory school age was 6 (72 months), whereas under the same adjustments, primary education comprises the education of children who completed the age of 5.5 (66 months). Families have the right to postpone their child’s registration to primary schools for one more year with doctor approval on illness, disabilities, etc. Law No. 6287 also refers to some fundamental changes in the curricula by introducing elective courses in the middle and secondary schools. In the elementary and religious schools, students have the right to take variety of elective courses in accordance with their skills, developments and preferences. However, the only subjects specifically outlined in the Law No. 6287 as elective courses are about Qu’ran and the life of prophet. The new curricula changed the content of education and encouraged more innovative teaching methods with a special focus on student-centred learning process. To illustrate, by FATIH project, 42.000 schools and 570.000 classes are equipped with the latest information technologies and are computerized (fatihprojesi.meb.gov.tr). Lastly, weekly course hours are increased; from 30 to 36 hours for 6th grades and to 37 per week for 8th grades.

Turkey’s investments in education yielded a significant increase in educational coverage. After the enactment of the Basic Education Program, the net enrolment rate in primary education jumped sharply from 85% to 95% within three years and almost universal coverage was achieved in the education year 2011-2012. More strikingly, the gender gap, which was as high as 11% in 1998 disappeared as of 2012. Turkey was also successful in expanding secondary education, supported by the success in achieving universal enrolment in primary education. The net secondary enrolment rate jumped from 38% in the 1997-1998 education year to 77% in the 2013-2014 education year. Parallel to the gains made in primary education, the gender gap fell significantly, although a small gap of 1.2 percent remains as of 2012. Given that secondary education became mandatory in 2012, further expansion in enrolment can be expected in the coming years.

Turkey also invested significantly in higher education in the last decade. The number of universities increased from 69 in 1997 to 176 in 2014. As a result, the net enrolment rate in tertiary education increased from 10% to 35% in 15 years. Supporting the increase in supply, demand for tertiary education also increased. Due to increasing enrolment at secondary education level, graduation rates from secondary school increased from 37% in 2000 to 56% in 2011. With the expansion in the number of universities, the capacity to accommodate this increasing number of secondary school
graduates has also been created. The number of new admissions in tertiary education has more than doubled, increasing from 176,000 to 380,000.

The most striking policy innovation in tertiary education is the abolishment of tuition fees for the public universities in 2012. Moreover, the university examination system has gone through many adjustments in the last decade. Single-stage examination system first replaced by a two-stage examination, and finally it is designed in a way that students are required to take six field examinations. Yet, little is known about the quality of university education and complaints by the private sector regarding the relevance of skills of new entrants into the labour force have persisted.

2.1.2 Education Expenditures and Incentives

In 2013, education expenditures (including primary, secondary and post-secondary non-tertiary) constitute 4.2% of the GDP, increasing by 20% in the last five years, as seen in Figure 6. (muhasebat.gov.tr)

Figure 6: Education Expenditures by Year and Ratio to GDP

![Education Expenditures by Year and Ratio to GDP](source)

For pre-primary and primary education, the public expenditures are doubled in last seven years. As seen in Figure 7, the increase in general secondary education expenditures are relatively fewer.

Figure 7: Educational Expenditures by Year

![Educational Expenditures by Year](source)
For higher education expenditures, Turkey assigned 1.1% of GDP, comparable with many countries and above many others, but below the Scandinavian countries. Since the competing educational priorities at the basic and secondary education levels are present for the government, this percentage is unlikely to increase substantially. At the same time, private spending on tertiary education is 0.1% of GDP, on par with the Scandinavian countries (World Bank, 2007, p.8).

Regarding incentives for promoting education, Campaign of 100% Support for Education supports private companies and NGOs through tax exemptions on educational spending (OECD Education Policy Outlook: Turkey, 2013, p.17). Furthermore, the changes in the legislation also influence education system in a positive manner: (1) With the introduction of Income Law No.193 in 2003, a full tax deduction is possible for contributions to education; (2) the Private Teaching Institutions Law No. 5580 enables government funds for private VET schools which are placed in the industrial zones and private schools with students in special education. (p.17)

2.1.3 Vocational Schools and Training

To strengthen completion rates and develop skills suitable for the labour market, Turkey has focused on improving vocational education and training (VET). Through various projects and programs, the Government has sought to tighten the link between students’ skills and the demands of the job market, and improve teacher quality and the curriculum. In 2001, the Government passed a law establishing the Board of Vocational Education at the central level with representatives from government, employees, employers and other social partners, while a Provincial Board of Vocational Education was also established within each province. In 2002, the Government initiated The Project on Strengthening the Vocational Education and Training System (SVET), a five year project with support from the European Union (EU), to design new national vocational standards developed in cooperation with the industrial sector and other social partners. The creation of institutional development programs to provide high quality education for school administrators and teachers and a new certification system to ensure quality were also among SVET’s goals (OECD, 2007). The modernization of Vocational Education and Training Project (MVET, 2003-2006) included initiatives to improve VET teacher quality, such as the introduction of VET teacher competencies; development of modular curricula based on competencies; seminars on student-centred education and basic skills in selected provinces; and quality assurance based on the European Network System (OECD, 2013b).

Specialized Vocational Training Centres Project (UMEM) also aims to enhance the occupational skills of youth for their employability. In addition, MoNE and TÜBİTAK collaborate for increasing the leadership qualities and vocational skills of 15,000 VET school managers and teachers (OECD Education Policy Outlook, 2013). Lastly, between 2006 and 2011, MoNE initiated “Secondary Education” project for restructuring VET system, improving the curriculum and training programs. Within this scope, the diversity of school types was scaled down from 79 to 15.

In addition to these projects, the leading companies especially working on automotive, electronic, construction, textile and tourism cooperated with MoNE through some protocols. The aim of these protocols is to follow the technological developments and transfer them to schools and train students and teachers by setting up new laboratories

In parallel to the developments in VET schools’ infrastructure, MoNE’s organizational activities such as information seminars, career days, lifelong learning seminars contributes to awareness about the significance of VET in the labour market. In this context, an online platform “National Career
Information System" was recently established. The system provides career guidance and counselling services especially for VET students, as well as anyone else who needs to learn more about VET programs.

### 2.2 Active Labour Market Policies

Turkey allocated a considerable amount of financial resources to active labour market policies (ALMPs) during the crisis. Expenditures on ALMPs, which were very small in 2002, started to rise after 2004. However, it is after 2008 that ALMP expenditures grew considerably, to 4 percent of noninterest public expenditures in 2012 (Figure 8). Expenditures on unemployment benefits rose to 4 percent of total non-interest expenditures during the crisis and declined in 2010, as expected. İŞKUR increased coverage of the unemployed and the number of participants in active labour market programs after 2008. The government's crisis package included the expansion of active labour market programs to all registered unemployed. Also, most of the above mentioned subsidies to employers or employees can be enjoyed only in case workers are registered at İŞKUR, which fosters a higher registration rate. Since 2008, İŞKUR has increased vocational training, introduced Job and Vocation Counselling (JVC) and, recently, linked social assistance beneficiaries to registration with İŞKUR (World Bank, 2013.c).

**Figure 8: Expenditures on ALMPs and Unemployment Benefits**

![Expenditures on ALMPs and Unemployment Benefits](image)

Source: İŞKUR, Small and Medium Enterprises Development Organization (KOSGEB), Ministry of Family and Social Policy (MOFSP)

For the development of ALMPs for the youth, one of the progressive steps is preparation of policy documents specifically related to employment and youth. In “National Employment Strategy” policy document published in 2013, the importance of strengthening the relation between education and employment were underlined and the concrete objectives were identified for development of well-structured and planned policies. In addition, “National Youth Employment Action Plan”, as another primary policy document, highlights the importance of job creation and defines İŞKUR’s role on job creation through promoting youth employment in urban areas, monitoring the registered youth’s employment status, and encouraging entrepreneurship. This also points that the phenomenon of job creation takes place as part of the national agenda of the state.
The “National Employment Strategy” also encourages entrepreneurship for the youth as one of the key elements of youth employment. In this way, KOSGEB provides various start-up grants such as Entrepreneur Support Program and R&D, Innovation and Industrial Implementation programs. In order to promote R&D, Ministry of Science, Industry and Technology provides technology entrepreneur capital support for the youth. In addition, there are some subsidies and tax exemptions introduced for promoting the youth employment and helping them to gain experience. With the changes in the Law No. 338 in 2011, companies with more than 10 employees may also provide internship opportunities for the vocational and technical high school students. All the payments for students, apprentices and candidate apprentices are exempt from the taxes for companies. Even though this financial support for VET can be regarded as an improvement in terms of STW, other kind of supporting mechanisms such as public loans, youth guarantee, and voucher schemes are not available in Turkey.

Enhancing the administrative capacity of İŞKUR can be considered as another dimension of youth employability. Recently, İŞKUR increased the amount of its staff and the number of participants in different provinces significantly. The partnership with local stakeholders; such as İŞKUR’s protocols with the local municipalities, is another effective tool for job creation at the local level. Besides İŞKUR, many other international organizations such as UNDP and World Bank contribute to new partnerships with the local stakeholders. Development agencies and NGOs are the other actors providing services at the implementation phase of the projects.

2.3 Employment Protection Legislation and Working Time

After Labour Law’s enactment in 2003, there is no major change influencing the employee-employer relations significantly. The future of severance payments is currently a hotly debated issue in Turkey between trade unions, employers’ associations and the government, however, there is no action taken regarding the disagreements of different parties.

Considering different types of employment, Labour Law in 2003 was the first regulation specifically targeting the working life and industrial relations and allowed for atypical forms of employment for the first time, including part-time work, on-call work, fixed-term contracts and temporary employment. The law also covers flexible working, compensatory work and a temporary reduction in working time. However, it is important to emphasize that it applies only to formal labour force which includes white-collar public-sector employees, self-employed and agricultural workers, whereas the informal employment, approximately 38%, stayed out of the coverage.

2.4 The Minimum Wage

In January 2008, a minimum living allowance for personal income tax was introduced which reduced the tax wedge by between 2.5 and 6 percentage points depending on the family status and income level of the worker. Furthermore, social security contributions for employers were reduced by 5 percentage points in October 2008, which reduced the average tax wedge by another 2.5-3 percent (World Bank, 2010). In addition to across the board reductions in the labour tax wedge, several incentives were implemented to induce employment in targeted groups. Social security contributions were paid by the unemployment insurance fund up to the level due for the minimum wage for young workers (18-29 years old) and all women above 18 that were not formally employed in the last 6 months and constituted net hires for firms in the period between July 2008 and June 2010. These
employment subsidies were found to be effective. World Bank (2013) simulates that the reductions in social security contributions caused 0.65 and 0.46 percent increases in female and youth employment (aged 15-29), respectively, whereas the effect of similar reductions across the board on total employment would have been just 0.21 percent. Balkan, Başkaya and Tümen (2014) find that the targeted incentives increased the probability of employment among women in the prime age group by 2-2.5 percent, with the effect strongest among women above age 30. In 2011, the reductions were extended till 2015 and new target groups were added.

More specifically, firms which hire new workers, who either attended training courses of Turkish Labour Agency (İŞKUR) or who have vocational training certificates or were registered as unemployed in İŞKUR, can also benefit from the reductions. The government expanded a short-time work scheme in order to prevent job losses and introduced public works in order to create jobs for the unemployed. A short-term work scheme, which was introduced in 2005, was expanded from 3 months to 6 months in order to partially compensate workers in firms with reduced working hours. The income loss of workers who worked fewer than the usual hours due to the crisis was compensated by the unemployment insurance fund, allowing firms to retain workers and avoid the costs of redundancies and, later, the cost of rehiring. Around half a million workers benefited from the scheme in the crisis year 2009. Another measure was a public works scheme where unemployed workers registered at İŞKUR could work for 6 months (9 months since 2012) in public works.

The recent amendment for minimum wage was introduced in April 2014, which brings a major development for the youth. By this amendment, the employees aged between 16 and 18 will be subject to the same minimum wage standards with the regular employees. Therefore, youth-specific minimum wage was eliminated.

2.5 Welfare Benefits and Labour Taxation

Until 2006, Turkish welfare system had a multi-pillar nature: (1) Welfare benefits of the public employees were managed by the Public Employees' Pension Fund (Emekli Sandığı). (2) Blue collar public workers as well as all other workers in the private firms were receiving welfare benefits from the Social Insurance Institution (Sosyal Sigortalar Kurumu). (3) Self-employed were linked to the Social Insurance Institution for Self-Employed (Bağ-Kur). In 2006, SSI was established as an umbrella institution unifying the social security system. By the establishment of SSI, universal health insurance and a single retirement regime have come into force which in a sense extended the welfare benefits in the country. Additionally, since the health care became universal in 2012, access to health care became less strict than before. Contrary to welfare system, taxation system in Turkey has not experienced major changes in the last years. It is because of this reason; the tax wedge decreased only 0.7% between 2010 and 2013.
3. Assessment of Effects on Different Youth Groups

Turkey’s decent economic growth in the last decade has not been matched by a comparable growth in job creation. While the average annual economic growth rate during 2010-2014 exceeded 5%, the unemployment rate remained stubbornly around 10%. Moreover, according to 2013 figures, youth unemployment remained at 19%, almost double the national unemployment level. The demographic profile of Turkey presents a potential window of opportunity for Turkey to build up the skills of its labour force. There are more young people in Turkey than ever before—about 20 million youth between the ages of 10 and 24. Moreover, the share of young people will continue to rise and will peak in the year 2020. Youth unemployment remains a very serious issue linked to other severe problems. Little substantial improvement has been achieved in the education system despite increases in enrolment rates. Vocational education which is crucial for school to work transition showed little signs of progress. Despite efforts to respond to youth’s needs in individual areas and sectors, the effects and scopes of policies concerning youth have not been proportionate to the corresponding needs.

What seems to be lacking in Turkey is a comprehensive youth policy approach which takes youth’s needs and prospects as a focal issue and creates and coordinates policies and institutions in a coherent way toward this goal in different relevant areas from education to employment, budget allocations, regional policy and social security. A specific law devoted to youth is lacking. Youth rights and services are included in general laws (and within these laws and regulations, different definitions of youth are encountered). The services included in these laws are carried out by departments in various public institutions Ministry of Youth and Sports is the largest and most active institutional entity concerning youth matters except education. It has a directorate in each of the 81 provincial centres. However, the institutional and policy framework concerning youth lacks coherence, scope and effectiveness. Youth-related projects are often defined according to urgent needs in an ad hoc way, without much institutionalization or planning.

Policies toward youth need also to cover all the life stages of youth. This would include education, starting work, establishing oneself independently as single or by forming a family. With regard to another dimension, all social categories like the poor, young people with disabilities, young men and women, disadvantaged youth have to be included in policies. Within youth there are several categories with very different requirements in terms of policy. Of the 12.4 million young people aged 15-24, 30% go to school, 30% work. Almost 40% of this age group consist of NEETs. These invisible youth include: women who are neither in education nor at work – about 2.2 million; the disabled—some 650,000; young people who have given up all hope and stopped seeking jobs -300,000 (Human Development Report, 2008). Geographical factors also too need to be fully taken into account to overcome the effects of regional disparity.

Turkey’s entire prospective development path toward 2023 (the centennial of the Republic) aiming at such targets as very high levels of competitiveness, higher employment, sustainability of growth, greater equity and gender equality makes the need for effective policy focus on youth all the more important. Turkey needs to go beyond its present rather problem-based, sectoral approach to youth with a comprehensive youth policy.
Non-participation in the labour market and policies related to this issue in Turkey essentially have a different context and scope than the non-agricultural, urbanized and formal labour market conditions in EU countries. Policy developments and priorities of most of the EU countries are not yet immediately applicable, given the demographic and labour market situation in Turkey. Active labour market policies (ALMP) and measures alone may fail to make a sufficient impact, given the high level of informal activity in the labour market and the low level of education. (The median education level of the workforce is six years).

A vocational education and training (VET) system, serving the labour market’s need for employable individuals whose skills are compatible with international standards is evidently essential for the long-term human resources development policies in Turkey. An immediate priority for Turkey is to create a high quality vocational/technical education sector with clear links to regional and local communities and to the labour market. This is necessary to increase the diversity of institutions, improve quality and better prepare students for the mid-level vocational and technical professions.

Tertiary education is an essential part of the solution for Turkey offering opportunities to students who complete secondary education for further education and better job possibilities in the future. While tertiary education can provide pathways to future opportunities, it can also be a bottleneck for some students and further exacerbate equity concerns. In addition, options to reform vocational and technical education need to be coordinated across secondary and tertiary education so that all students in secondary education have strong general skills with more technical education and training occurring in later years of secondary education or the early years of tertiary education.

The most important priority should be to finalize an articulate employment strategy. Dealing with youth employment within the framework of a national action plan would constitute the most adequate approach. Employment-related policies and plans are necessarily of a general character and therefore may also benefit larger groups (women of all generations, for example).
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