



THE CHALLENGES OF YOUTH INACTIVITY & UNEMPLOYMENT

Stéphane CARCILLO
Senior Economist
Employment, Labour and Social Affairs Directorate



General context

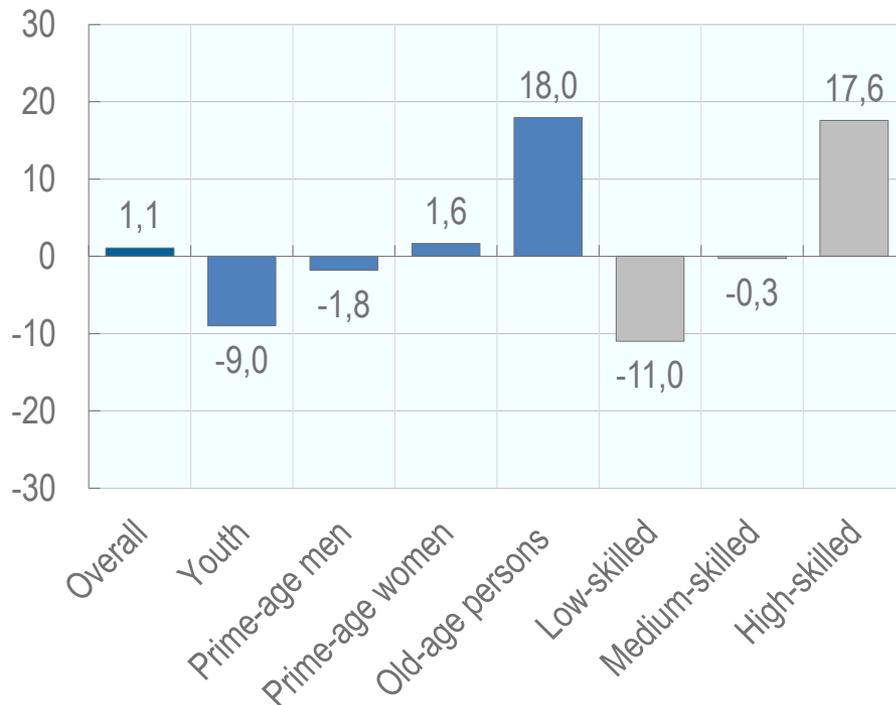




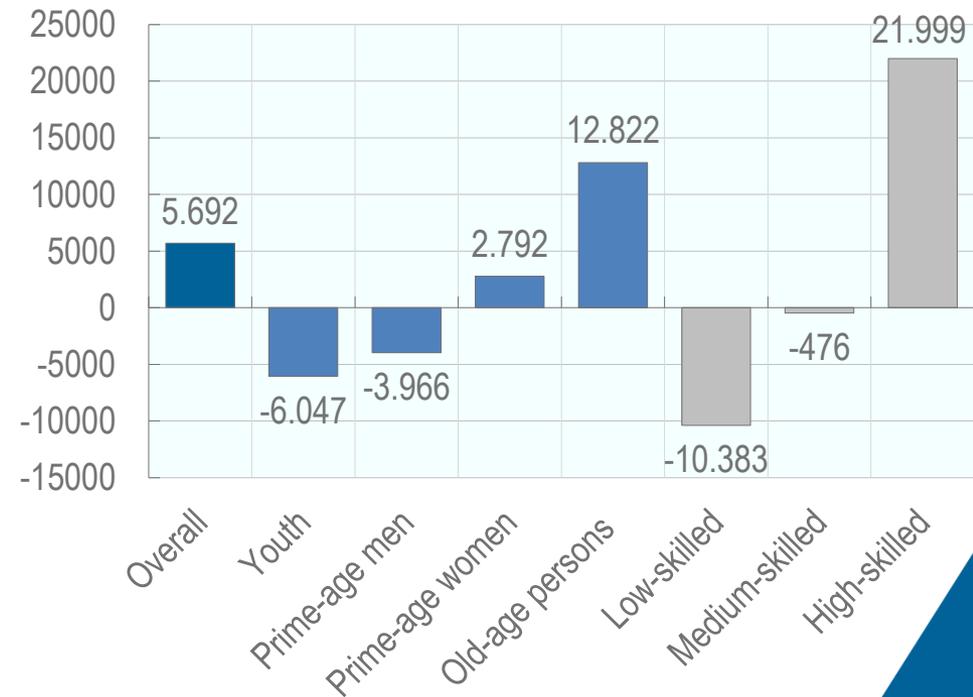
The crisis has badly hit youth and the employment gap has not receded yet

Change in employment Q4 2007-Q4 2013

Percentage change in employment



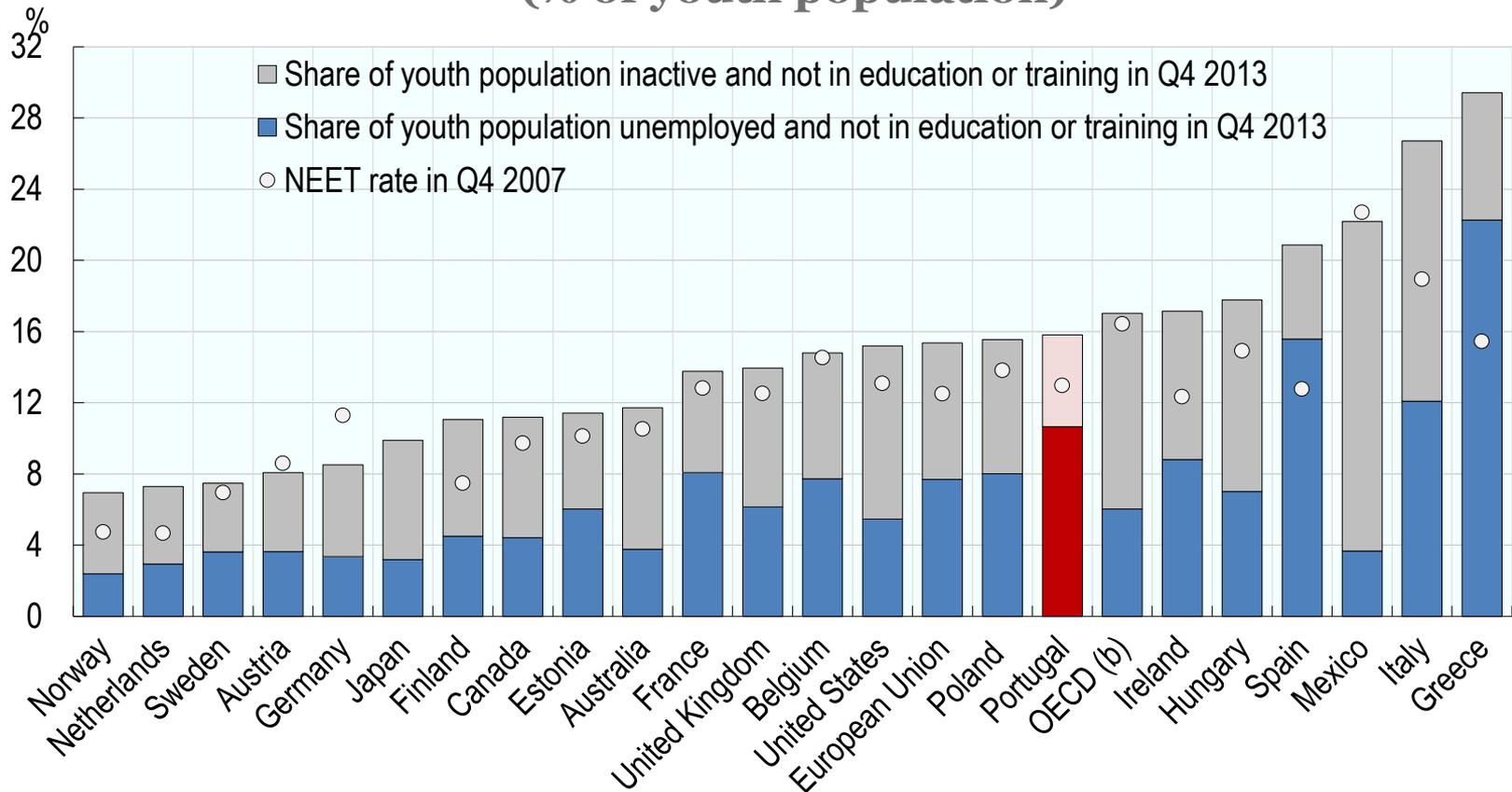
Absolute change in employment
(thousands)





Labour market difficulties for youth go well beyond unemployment

Not in Employment, Education or Training (NEET) rates (% of youth population)



a) 2007-12 for Australia and the United States.

b) OECD is the weighted averages of 30 OECD countries (excluding Chile, Israel, Japan and Korea)

Source: OECD estimates based on national labour force surveys and OECD Education Database.



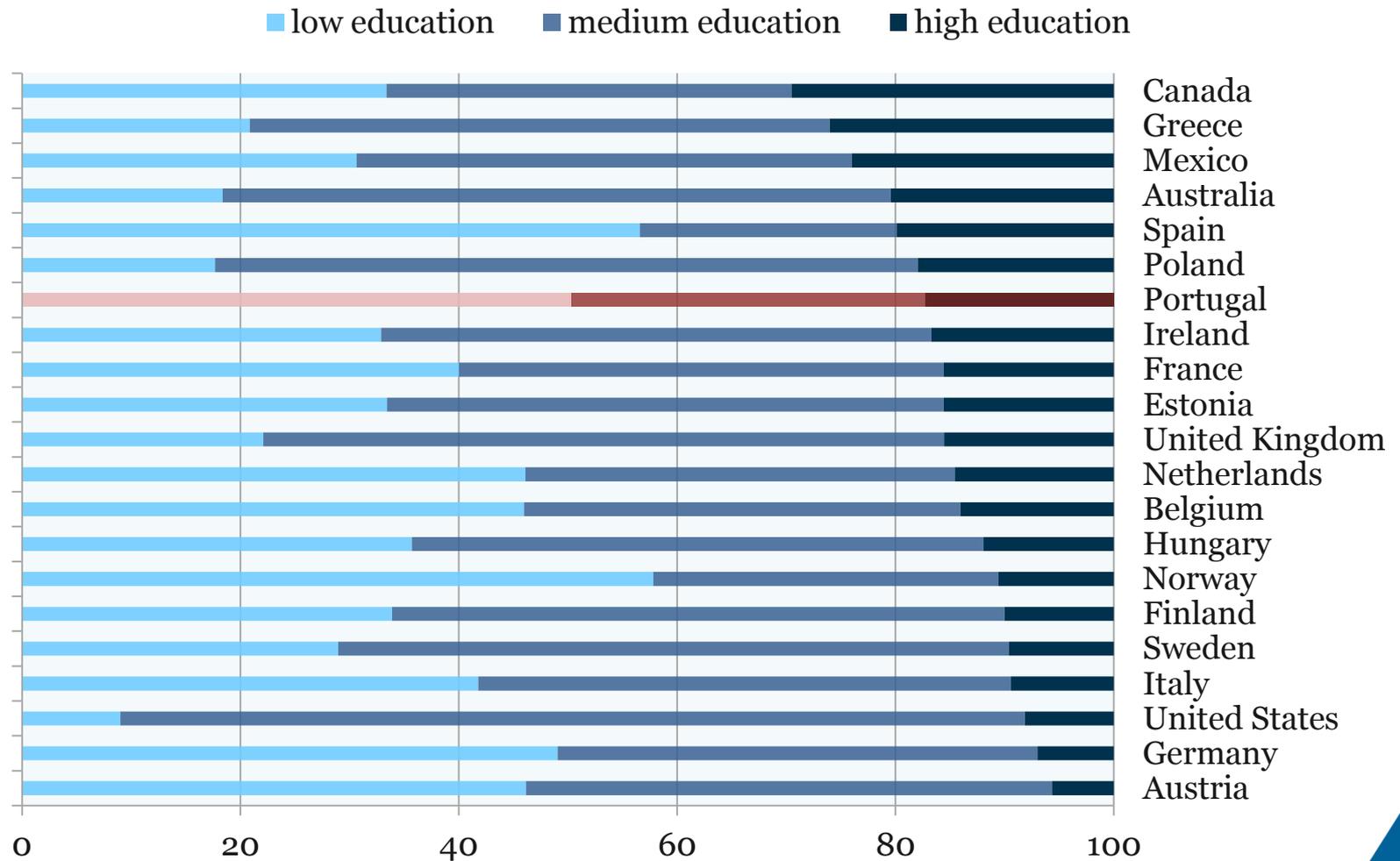
Who are the NEETs ?





80% or more of NEETs do not have higher education

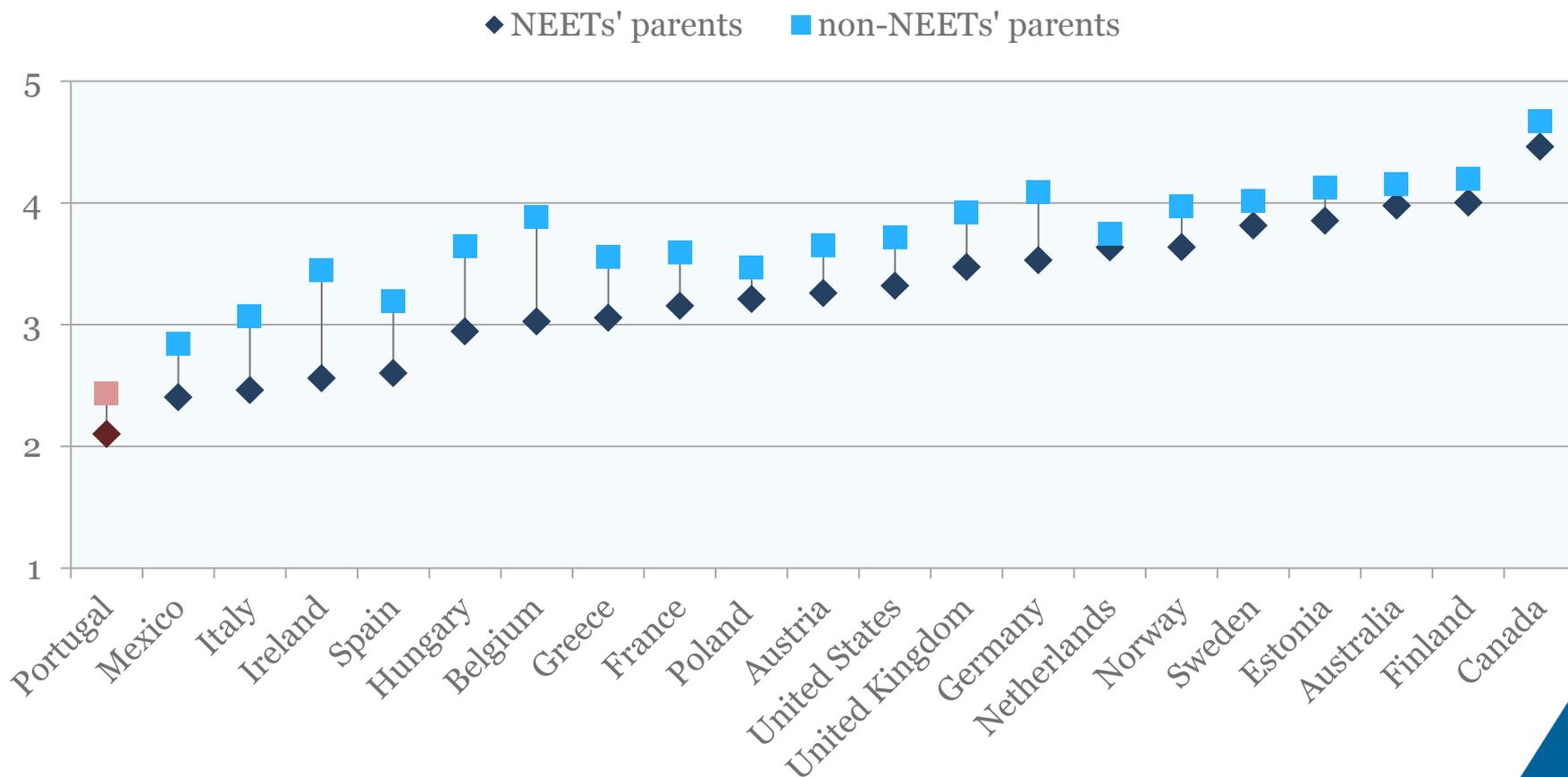
Breakdown in % of NEETs by level of education in 2012.





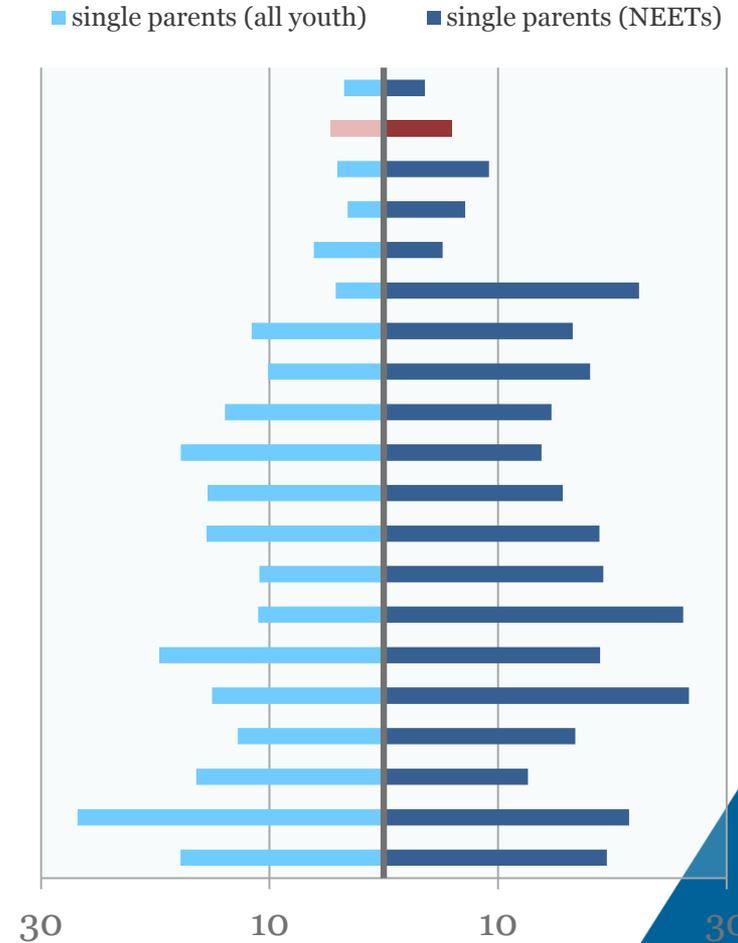
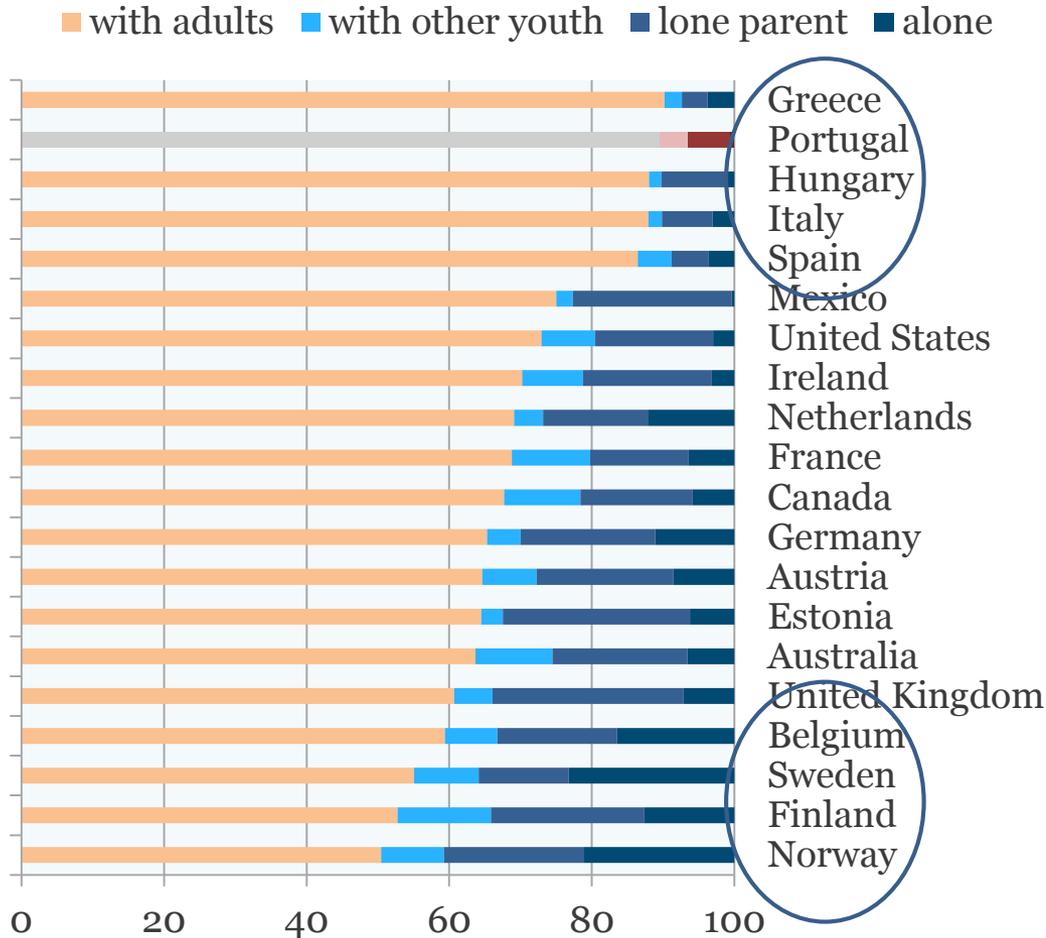
NEETs often have a disadvantaged family background

Maximum level of educational attainment of parents for NEETs and non-NEETs, 2012





A third of NEETs do not live with their parents anymore





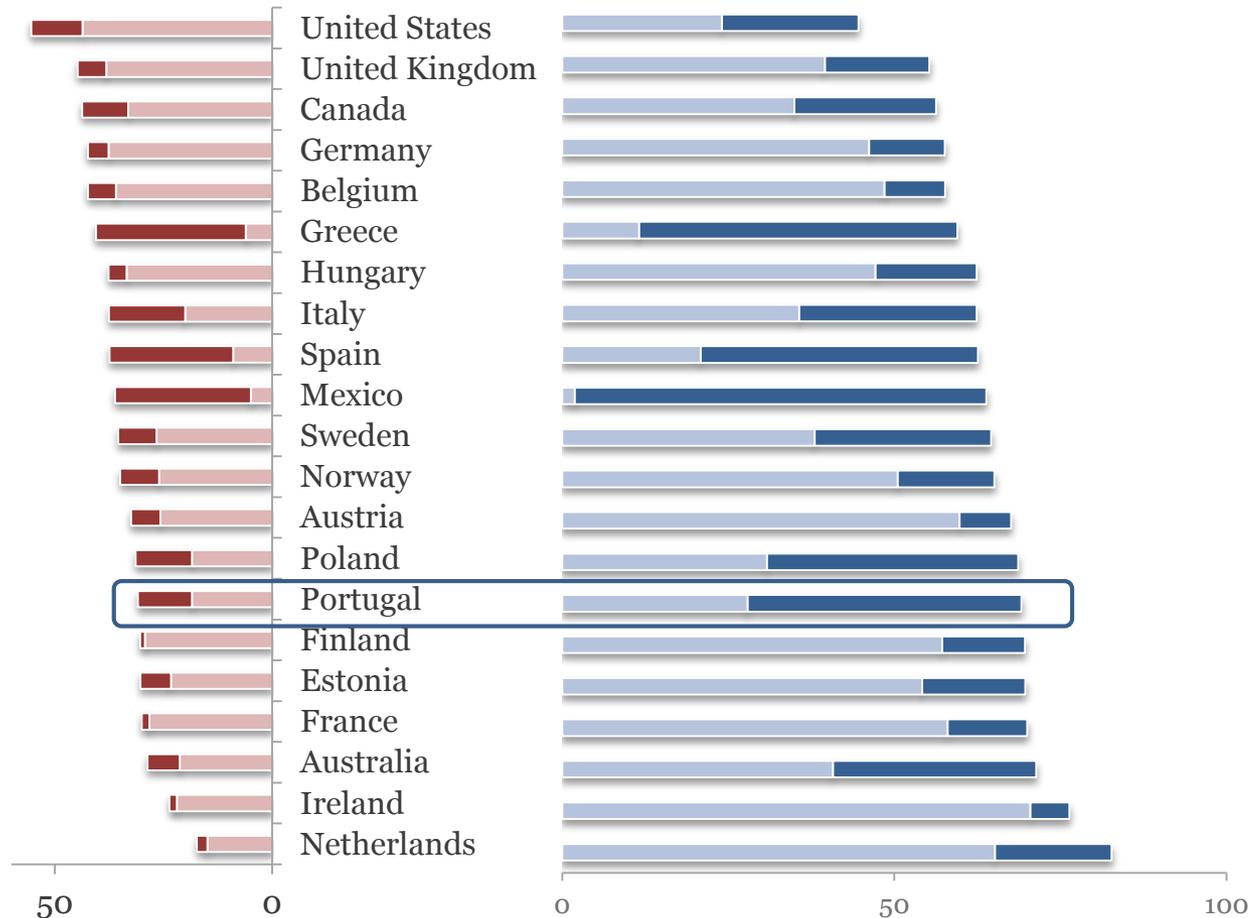
About 1/3 of NEETs live in poor households and do not always receive benefits

% NEETs living in *poor* households

% NEETs living in *other* households

■ benefit ■ no benefit

■ benefit ■ no benefit





What can be done ?





First : Early interventions at school age can make a difference

✓ **Objectives:** Improving *cognitive skills*, *personality traits* and *motivation*.

Impact on :

- educational attainment
- labour market performance
- life-long health outcomes
- and also crime, benefit dependency, etc.

✓ **Timing: Earlier interventions** are more efficient, avoid dropping out of school



Many successful interventions are targeted at disadvantaged / at risk youth

- ✓ **innovative school programmes, with alternative learning methods**
- ✓ **after-school** support and activities, incl. vocational
- ✓ flexible and high-quality **apprenticeship programmes**, incl. pre-apprenticeship
- ✓ **health prevention** programmes (substance abuse, risky behaviors), even short
- ✓ **mentoring** (building motivation, tracking programme attendance), one-on-one or group
- ✓ early **career guidance** and some work experience



But the devil is in the details of
implementation

Challenges ...

Ability to identify at-risk youth? *targeting*

Training of professionals ? *quality*

Remoteness of some areas? *availability*

Coordination with **schools**? *outreach*

Involving **families**? *sustainability*

Evidence on impact?



Second, for those *out of school*, **Youth Guarantee** can be useful

Several potential advantages

- Allows identifying human capital deficits and specific interventions
- Helps prevent youth inactivity and permanent scarring
- Ensures that youth are work-ready when job creation resumes

Examples:

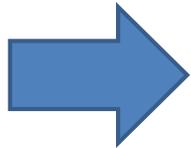
- ✓ **Norway and Denmark:** focus on getting young people back in *education*
- ✓ **Sweden:** focus on *employment / job-matching* and early identification of those needing extra support (10% of funding for training)
- ✓ **Germany:** focus on *employment / job-matching*; offer pre-apprenticeship schemes



But the **roll-out** of Youth Guarantees can be challenging

Substantial **challenges** when unemployment is high

- Large number of unemployed youth makes implementation daunting and risk of large **deadweight** and displacement effects
- Difficult to **scale-up** quickly existing programmes
- Difficult to **introduce** new, really intensive and cost-effective “second-chance” programmes



Some countries are in a better position than others to implement a Youth Guarantee when unemployment is high
...In many, activation measures need to be created or reinforced



Success of the Youth Guarantee depends on **good implementation** at the local level

Give local areas flexibility in design and delivery

- ✓ There is no one-size-fits-all approach to working with youth: some need training, some need support to create a business, some need work experience, etc.

Strengthen local partnerships

- ✓ Ensure early intervention and follow-up to avoid churning
- ✓ Adopt a pathways approach co-ordinating schools, training institutions, PES, employers, youth organisations., etc.

Ensure sufficient human and financial resources

- ✓ Reduce caseloads for PES staff for these groups
- ✓ Make sure financing is available for training, housing or entrepreneurship

Share policy learning, and improve data and indicators

- ✓ Share experiences with the YG between local areas with similar contexts

Keep focus on quality outcomes

- ✓ Objective: secure *sustainable* employment not a placement by PES
- ✓ National auditing teams to ensure that quality meets agreed standards



Youth Guarantee and Early Interventions should be part of a broader strategy as set out in the **OECD Youth Action Plan**

Tackle the current youth unemployment crisis

- Tackle weak **aggregate demand** and boost job creation
- Provide adequate **income support** to unemployed youth but subject to strict mutual obligations
- Maintain and where possible expand cost-effective **active labour market measures**
- Tackle **demand-side barriers** to the employment of low-skilled youth
- Encourage employers to continue or expand **quality apprenticeship** and internship programmes

Strengthen the long-term employment prospects of youth

- Strengthen the **education** system and prepare all young people for the world of work
- Strengthen the role and effectiveness of **Vocational Education and Training**
- Assist the **transition to the world of work** and help lift personal barriers
- Reshape **labour market policy and institutions** to facilitate access to employment and tackle social exclusion



New country reviews **INVESTING IN YOUTH**
as part of the **OECD Youth Action Plan**

Focus mainly on the **difficult groups** which may vary across countries.

1. Identify with more precision the **risk factors, needs and barriers to training and labour market pathways** for these groups
2. **Map existing policies:** income-support but also housing, health, education, counselling/mentoring, mobility and special training / work experience programmes
3. **Evaluate how these policies help** reduce high-school drop out rates and improve successful participation in vocational training and apprenticeship programmes



OECD work on youth skills and employment

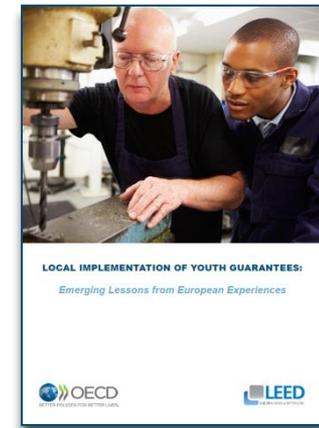
Options for an Irish Youth Guarantee



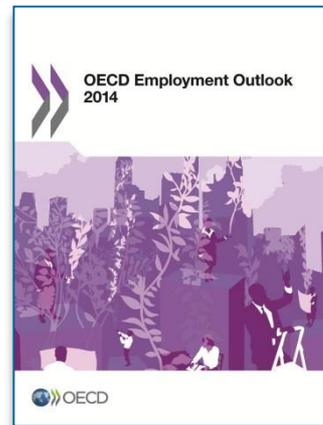
Investing in Youth



Local Implementation of Youth Guarantees



Employment Outlook



Jobs for youth



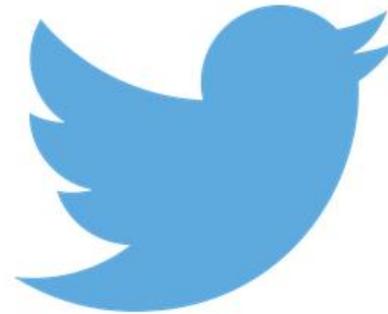
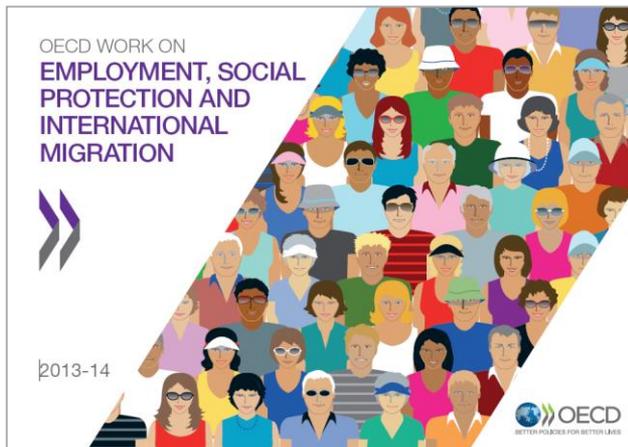


Thank you

Contact: stephane.carcillo@oecd.org

Read more about our work

Follow us on Twitter: [@OECD Social](https://twitter.com/OECD_Social)



Website: www.oecd.org/els

Newsletter: www.oecd.org/els/newsletter