

Oslo, 5 April, 2018





# Part I - Context and challenges

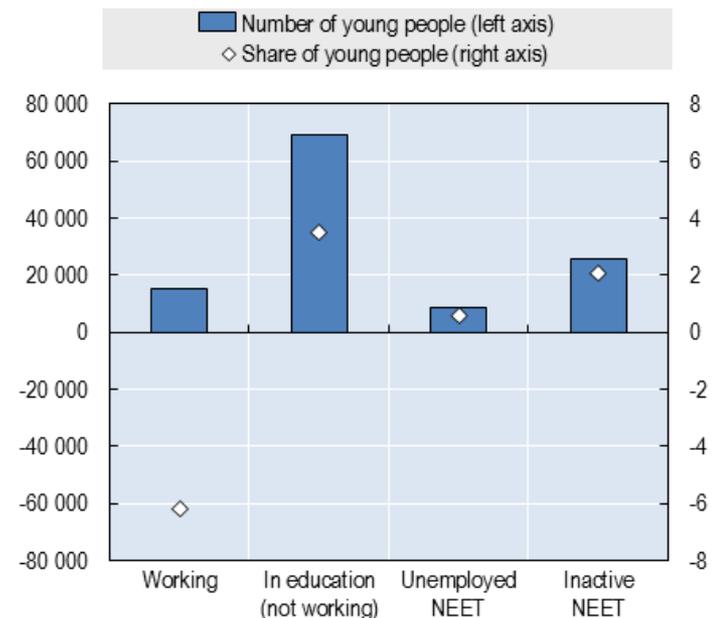
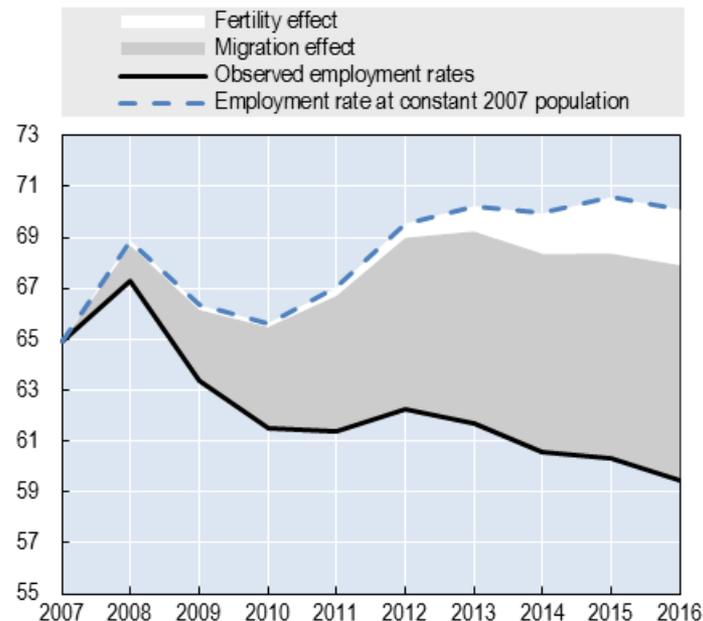


# Context and challenges

## High but declining youth employment

- Youth (15-29) labour market conditions are favourable in OECD comparison, but the youth employment rate has declined by 7 ppts since its peak in 2008
- This reflects rapid youth population growth because of high immigration; the absolute number of young people in work has *increased*, but so has the number of young people not in employment, education or training (NEET)

Observed youth employment rate, and youth employment rate assuming zero population growth, 2007-16      Change in activity status of young people, in absolute numbers (left axis) and percentage points (right axis), 2008-15





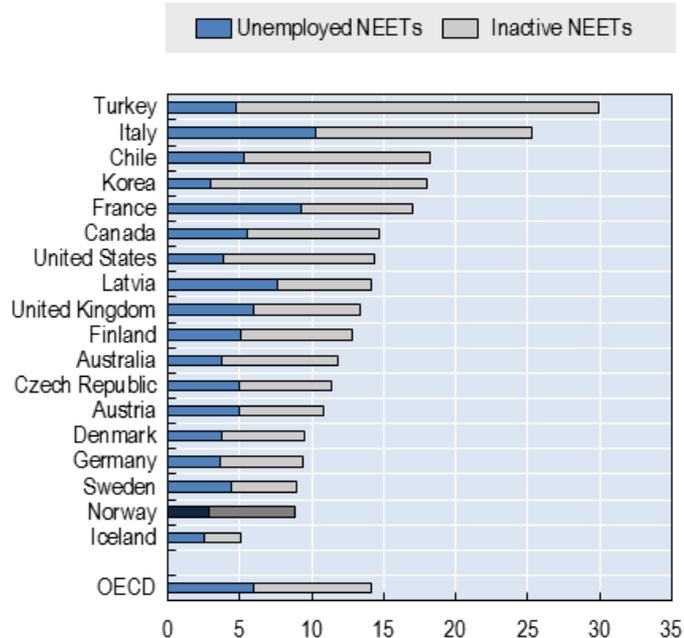
# Context and challenges

## Low NEET rate, but widespread inactivity

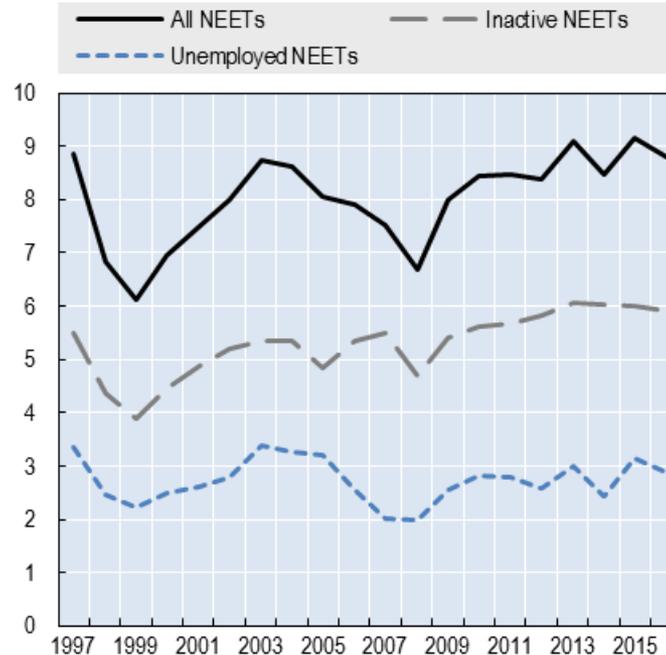
- The NEET rate in Norway is one of the lowest across OECD countries (9% vs. OECD average of 14%)
- 2/3 of NEETs are *inactive* and this share is *growing*; these young people are generally further from the labour market, and often not in touch with public services

Unemployed and inactive NEETs, as a percentage of all 15-29 year-olds

Selected OECD countries, 2016



Norway, 1997-2016



86 000 NEETs  
in 2016,  
2/3 of them are  
inactive

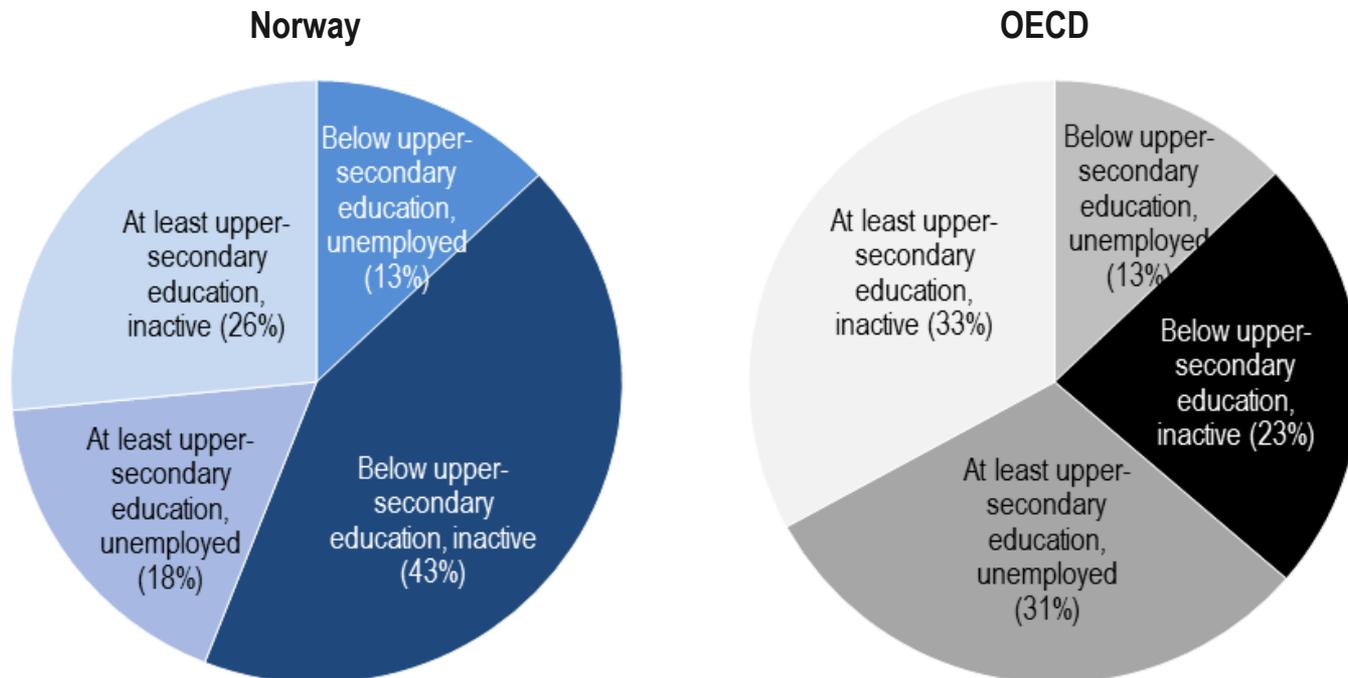


## Context and challenges

# High school drop-outs are particularly at-risk

- Young people without an upper-secondary degree account for **56%** of all NEETs in Norway, a much greater share than in the OECD on average (36%)
- Those without an upper-secondary degree face a risk of being NEET that is **seven** times higher than for university graduates (numbers for 25-29 year-olds)

Breakdown of NEETs (15 to 29 years) by educational attainment and activity status, as percentages, 2015





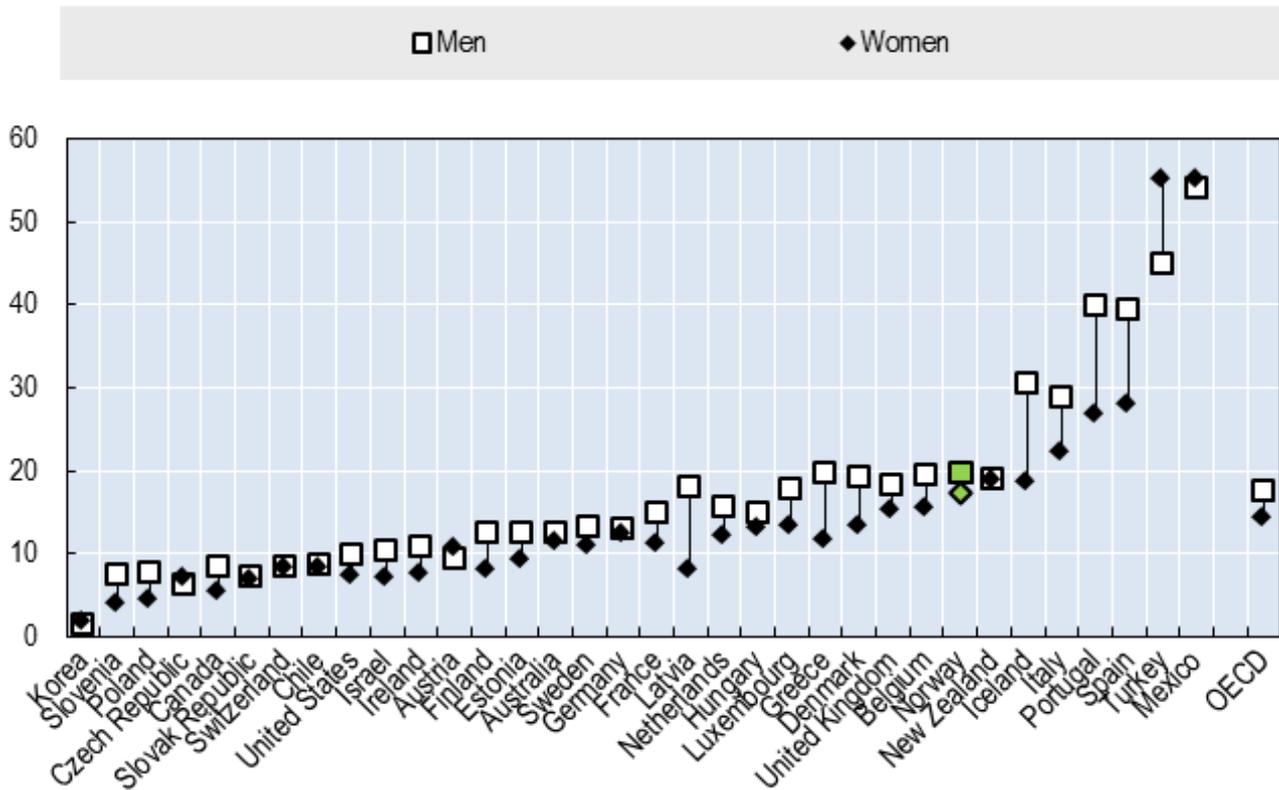
# Context and challenges

## ... and early school leaving rates are quite high

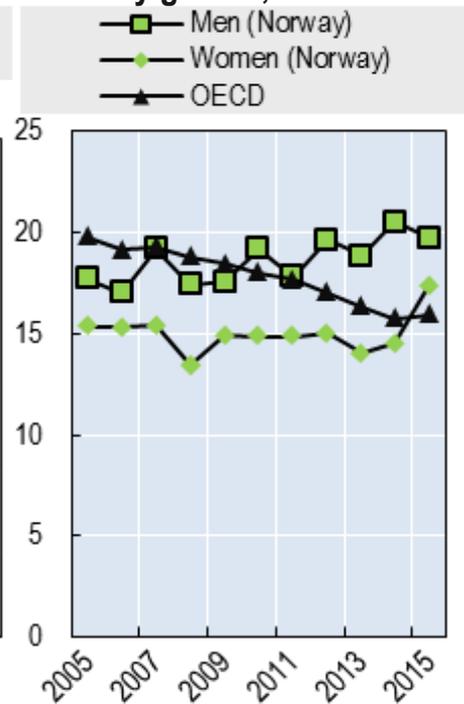
- The share of young people **without upper-secondary** degree is higher in Norway than in the OECD on average and shows no sign of declining

Percentage of 25-34 year-olds with below upper-secondary education

OECD countries, by gender, 2015



Norway and OECD average, by gender, 2005-15



Source: OECD calculations based on the EU-LFS, national labour force surveys and the 2016 NEAC database



# Context and challenges

## But NEETs face various forms of disadvantage

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### Migrant background

NEETs are **twice** as likely as other young people to have come to Norway as migrants



### Ill physical health

NEETs are more than **nine** times as likely as other young people to report poor health



### Poor mental health

NEETs are **six** times as likely as other young people to report feeling depressed



### Intergenerational disadvantage

NEETs are **twice** as likely as other young people to have a father who was not working when they were 16 years old

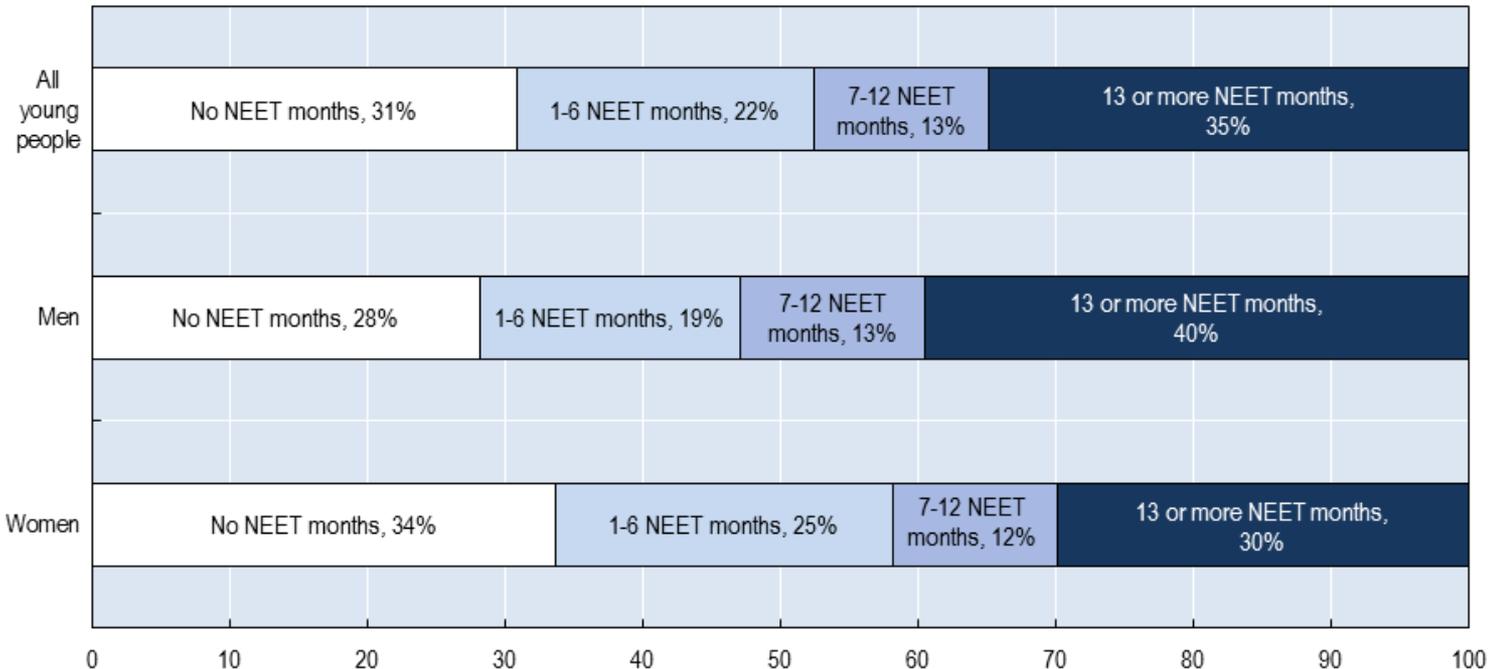


# Context and challenges

## Many youth spend at least some time as NEETs

- Over **two-thirds** of all young people have a NEET spell between the ages of 16 and 24; over **one-third** remain NEET for **more than a year** in total;
- Among young people without a high school degree, the share of long-term NEETs (>12 months) is **70%**; it is twice as high for migrants as for natives

Young people's total time spent as NEETs between the ages of 16 and 24 (1990 birth cohort, 2006-13)



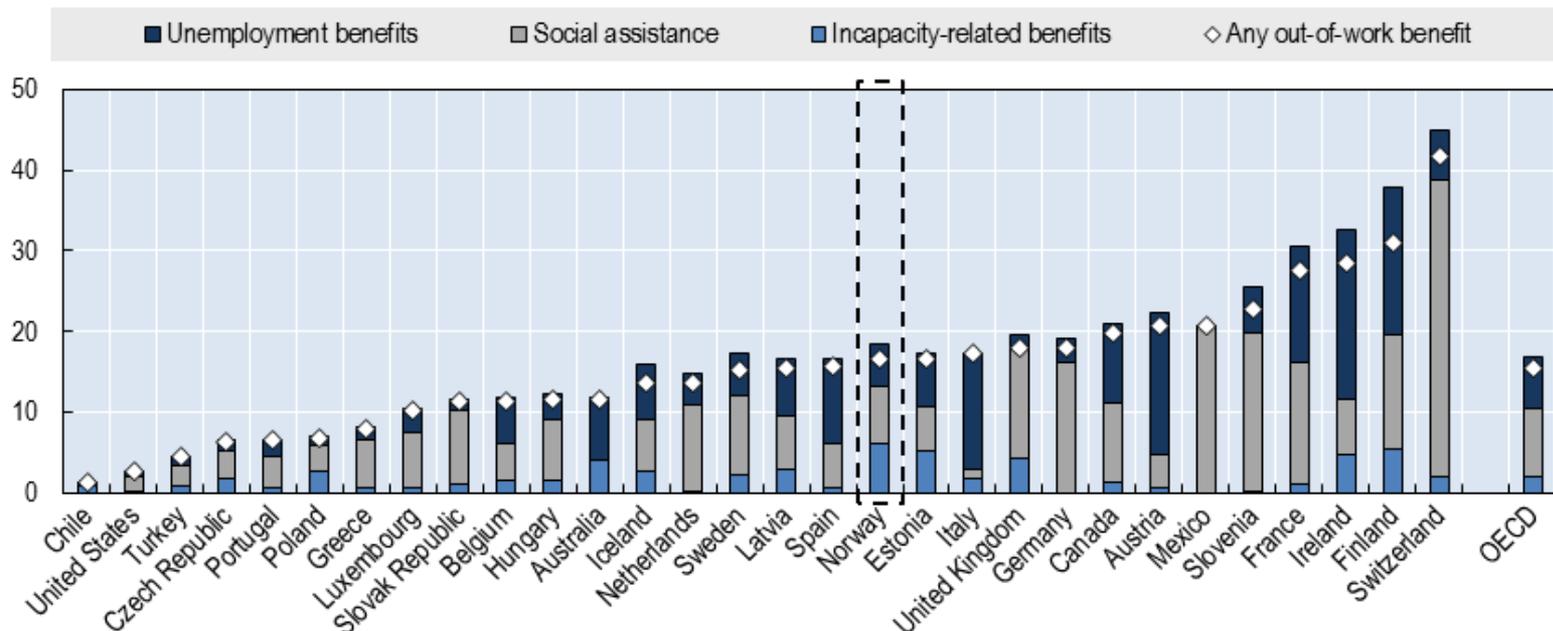


# Context and challenges

## Receipt of incapacity-related benefits is widespread

- Norway has the highest receipt rate of **incapacity-related benefits** across the OECD; a **countercyclical receipt** pattern of incapacity benefits indicates that they serve as income support for difficult-to-employ youth in bad times
- There's moreover been a gradual shift in receipt patterns from the temporary Work Assessment Allowance to the permanent Disability Benefit

Percentage of 16-29 year-olds receiving out-of-work benefits, 2016





# Part II - Main policy conclusions



# Main policy conclusions

## 1. Promoting school completion and quality VET

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### **Combatting early school leaving has long been a priority in Norway:**

- Norway is very successful at ensuring that compulsory school graduates transition into upper-secondary education (enrolment nearly universal)
- The “**Follow-up Services**” are highly effective at tracking high school drop-outs: 94% of NEETs in their target group are successfully contacted

### **... but the challenge remains:**

- **Completion rates are low** especially for students in vocational education and training (VET): only 63% graduate within two years of the regular programme duration (72% in Sweden, 80% in Austria)

#### Explanations:

- VET is relatively academic: first 2 years mostly school-based, only then do young people start their 2 years of apprenticeship
- The transition to an apprenticeship is often difficult: 30% of applicants did not find a training place in 2016



# Main policy conclusions

## 1. Promoting school completion and quality VET

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### **Norway should consider strengthening the labour market ties of the VET system**

- Combine school- and work-based training from day one to better align VET provision with labour market demand
- Permit students to specialise on an occupation during the school-based part of VET to raise the attractiveness of training and make apprentices' skills more relevant to employers

### **... making the hiring of apprentices more affordable to employers**

- Encourage the social partners to reconsider apprentice remuneration to flatten the wage structure in the second year such as to better align apprentice wages with their productivity

### **... and improving the VET system's inclusiveness for weak students**

- Continue expanding lower-level VET tracks to prevent drop-out of academically weak or more practically minded students



# Main policy conclusions

## 2. Employment and training options for NEETs

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### **Support for NEETs is comprehensive and highly integrated**

- NAV offices serve as “**one-stop shops**” for employment and social services and are generally well-equipped to support young jobseekers
- NAV carefully **profiles** all jobseekers to identify barriers to education or work and effectively targets resources to the most disadvantaged jobseekers

### ***The New Youth Effort* has the potential to improve support for NEETs**

- Recent studies have cast doubt on the effectiveness of the old Youth Guarantee: insufficient awareness of contents among NAV caseworkers; not user-centred; no systematic outcome measurement
- The New Youth Effort addresses some of these shortcomings promising **personalised support** to all youth within eight weeks of registration

### **A recent reform tightens access to the Work Assessment Allowance**

- Clarified eligibility criteria, strengthened follow-up support, reduced maximum benefit duration, etc.



# Main policy conclusions

## 2. Employment and training options for NEETs

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### **Norway should take further steps to promote the labour market integration of youth with reduced work capacity**

- **Clearer guidance** for the caseworkers responsible for work capacity assessments and better guidelines /compliance monitoring for GPs assessing disability
- Strengthened support for highly disadvantaged social assistance recipients, including by expanding the **Qualification Programme**

### **... improve the effectiveness of labour market measures**

- Re-assess reliance on **work experience** measures and expand use of training programmes (upper-secondary qualifications, language classes for migrants)
- Increase the use of rigorous impact evaluations to measure programme effects

### **... and expand data collection and exchange**

- Facilitate **data exchange** between educational authorities and NAV
- Intensify reporting on local-level programme implementation



# Thank you!

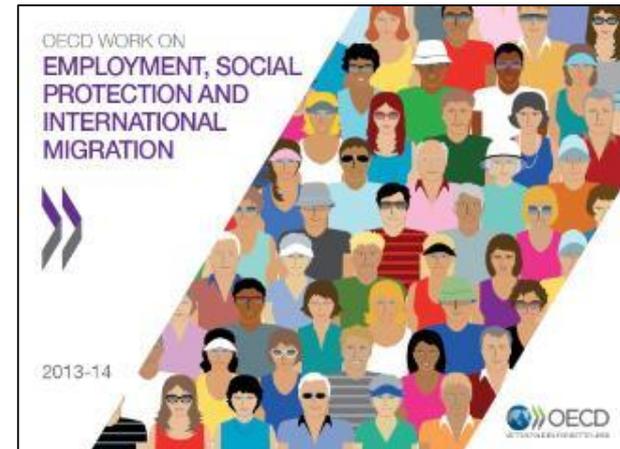
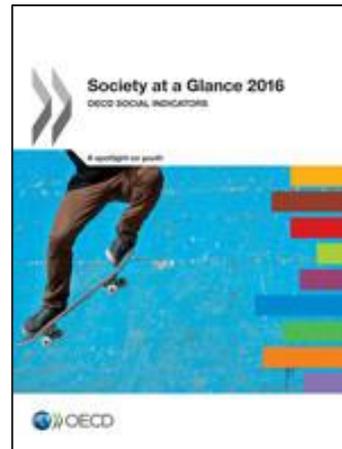
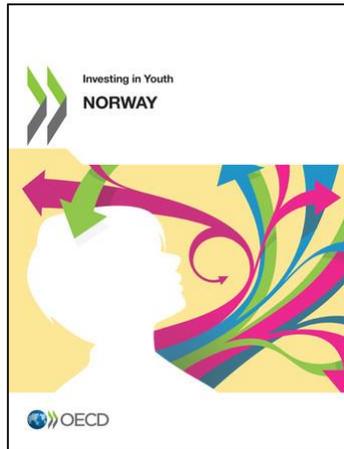
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Check also the OECD's flagship publication **Society at a Glance 2016** with a focus chapter on NEET youth: <http://oe.cd/sag>



OECD Directorate for Employment, Labour and Social Affairs: [www.oecd.org/els](http://www.oecd.org/els)