Investing in Youth

SWEDEN

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Investing in Youth: Sweden

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Foreword

As highlighted in the OECD Action Plan for Youth, successful engagement of youth in the labour market is crucial not only for their own personal economic prospects and well-being, but also for overall economic growth and social cohesion. Therefore, investing in youth is a policy priority in all countries, including Sweden, and requires concerted action to develop education systems and labour market arrangements that work together well.

Following the launch of the OECD Action Plan for Youth in May 2013, the OECD is working closely with countries to implement the plan's comprehensive measures in their national and local contexts and to provide peer-learning opportunities for countries to share their experience of policy measures to improve youth employment outcomes.

This work builds on the extensive country reviews that the OECD has carried out previously on the youth labour market and vocational education and training (*Jobs for Youth*, *Learning for Jobs* and *Skills beyond School*), as well as on the OECD Skills Strategy.

The present report on Sweden is the sixth of a new series on *Investing in Youth* which builds on the expertise of the OECD on youth employment, social support and skills. This series covers both OECD countries and countries in the process of accession to the OECD, as well as some emerging economies. The report presents new results from a comprehensive statistical analysis of the situation of disadvantaged youth in Sweden exploiting various sources of survey-based and administrative data. It provides a detailed diagnosis of the youth labour market and education system in Sweden from an international comparative perspective, and offers tailored recommendations to help improve school-to work-transitions. It also provides an opportunity for other countries to learn from the innovative measures that Sweden has taken to strengthen the skills of youth and their employment outcomes.

The work on this report was mainly carried out within the Social Policy Division of the Directorate for Employment, Labour and Social Affairs (ELS). The report was prepared by Stéphane Carcillo, Raphaela Hyee, and Claire Keane with assistance from Johanna Gustaffson and under the supervision of Monika Queisser (Head of the Social Policy Division).

The report benefited from many useful comments provided by Stefano Scarpetta (Director, Employment, Labour and Social Affairs) as well as by staff in the OECD Economics Department and the Directorate for Education and Skills.

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Acronyms and abbreviations

AC	Activity compensation (*Aktivitetsersättning*)
AG	Activity grant (*Aktivitetsersättning*)
ALMP	Active Labour Market Programme
AW	Average wage
CB	Child Benefit (*Barnbidrag*)
CSN	National Board of Student Aid (*Centrala studiestödsnämnden*)
DA	Disability allowance (*Handikappersättning*)
ESF	European Social Fund
EU-LFS	European Union Labour Force Survey
EU-SILC	European Union Statistics on Income and Living Conditions
FB	Family benefit
HB	Housing benefit (*bostadsbidrag*)
IB	Introduction benefit (*Etableringsersättning*)
IP	Introduction Programme
JGY	Job Guarantee for Youth (*Jobbgarantin för ungdomar*)
LFS	Labour force survey
NEET	Young people Not in Employment, Education or Training
PES	Public Employment Service (*Arbetsförmedlingen*)
PISA	Programme for International Student Assessment
SA	Social assistance (*Ekonomiskt bistånd*)
SCB	Statistics Sweden

SEK	Swedish kroner
SFI	Swedish tuition for immigrants
SIA	Social Insurance Agency (*Försäkringskassan*)
SKL	Swedish Association of Local Authorities and Regions
UB	Unemployment benefit (*Arbetslöshetsförsäkring*)
UI	Unemployment insurance
UIF	Unemployment Insurance Fund (*Arbetslöshetskassa*)
VET	Vocational education and training
YEI	Youth Employment Initiative
YG	Youth Guarantee

Executive summary

Sweden has relatively favourable labour market outcomes for youth. While in 2015, nearly 10% of 15-29 year olds (177 000 young people) were not in employment, education or training (NEET) this is well below the OECD average of 15%. Around half of Swedish NEETs were "*inactive*", that is, they are not looking for work. The NEET rate rose from 9% to 12% between 2007 and 2009, but has declined in recent years thanks to the recovery from the financial crisis.

Despite this relatively good performance, this report identifies several challenges for specific groups more at risk of becoming NEET:

- Young people with low education are more at risk of being NEET in Sweden than across the OECD on average. Those who have not completed upper secondary education are five times more likely to be NEET than those with tertiary education, compared to three times more likely across the OECD on average – this is one of the highest gaps across the OECD. Young people without upper secondary education account for one third of all NEETs, and 20% have poor literacy and numeracy skills.
- Youth with a migrant background tend to be more vulnerable than other youth. Those born outside of Sweden are 2.6 times more likely to be NEET than those born in Sweden with at least one Swedish parent. This is cause for concern, given that 163 000 asylum seekers arrived in Sweden in 2015 alone, 43% of whom were under 18.
- NEETs are substantially more likely to report poor health and physical limitations than other youth, and are more likely to suffer from a long-term illness or mental health problems.
- Socio-economic background matters: NEET rates are much higher for young people whose parents have low educational attainment – twice as high for those whose parents have a maximum of lower secondary education compared to youth who have at least one parent with third level education. This replication of socio-economic disadvantages is slightly above the OECD average.

The NEET-gender gap has disappeared in Sweden. In contrast, in the OECD on average, young women are 40% more likely to be unemployed or inactive than young men. Young Swedish women are, however, still much more likely to be inactive because of caring responsibilities.

Being NEET is a long-term status for too many young people. Around one quarter of young Swedes are NEET for more than two years between the ages of 16-30. Remaining NEET in the longer term is associated with the same risk factors: young people with low education, who come from a low socioeconomic background and who are foreign-born are more likely to spend more time being NEET, as are women. Recipients of sickness and disability benefits are also over-represented in this long-term NEET group.

However, Swedish NEETs are less likely to receive benefits than across the OECD on average (63% of NEETs in Sweden, vs. 69% across the OECD). There are two unemployment insurance schemes in Sweden: a basic, government-run scheme providing a flat-rate payment to anyone with the relevant employment history; and a voluntary, contribution-based scheme run by unemployment insurance funds (UIS), which provide additional, income-related benefits to paying members. Until 2007, individual member contributions to UIS funds benefited from government subsidies and tax advantages. Their scrapping led to a sharp increase in individual contribution rates, triggering an exodus from unemployment insurance funds, with young people more likely to withdraw. Changes to the basic public unemployment benefit also made it more difficult for students and recent graduates to qualify through studying and short-term employment. As a result, the share of young people receiving unemployment benefits more than halved between 2007 and 2013, during a time of rising unemployment. The youth poverty rate rose from 21% in 2007 to 24% in 2013, and is now significantly above the OECD average of 19%. The policy changes affecting the voluntary unemployment insurance schemes were reversed in 2014; the changes to the basic system, however, remain in effect. It is still unclear how this will affect youth poverty.

As youth without upper secondary education find it hard to secure stable employment, it is a national policy goal is Sweden that all young people graduate from upper secondary school. Those who do not achieve the compulsory school grades necessary to gain admission to a regular, national upper secondary programme can enrol in a remedial "introductory" programme to catch up on coursework. Nearly all leavers of compulsory school enrol in upper secondary education, either in a regular (national) or an introductory programme – a great strength of the Swedish school system. Introductory programmes, however, are not very effective in transferring the majority of their students to national programmes – about half of all students enrolling leave school without obtaining their upper secondary degree. As

these programmes are designed at the school level, they do not lead to standardised and recognisable qualifications.

Overall, upper secondary completion rates are below expectations: 18% of all 25-34 year-olds end up without an upper secondary degree, above the OECD average of 17% but behind the best performing countries.

Drop-out rates are particularly high in vocational education and training (VET) programmes, which also suffer from low status and waning student interest. Largely school-based with a strong focus on general subjects, they may be ill-suited to appeal to practically-minded or school-tired youth. A recent reform introduced an apprenticeship track to increase the practical content of VET programmes. Apprenticeships are largely designed at the municipality- or even school - level, however, making it difficult for employers and students to gauge the skills and qualifications apprentices acquire in various programmes. As a consequence, both student and business interest in the apprenticeship track remains weak.

Monitoring of school attendance is strict, and municipalities' are obliged to track NEETs under the age of 20 and to offer them activities with a view to getting them back to school. This obligation is laid out quite generally, however, and the intensity of follow up and support for young NEETs varies across municipalities.

Sweden has a comprehensive system of second chance programmes for young people over the age of 20 who left school without upper secondary education, including programmes specifically tailored to groups with particular needs (migrants, those with disabilities). For youth out of education and work, a variety of labour market programmes are available including training, work experience, subsidised employment and measures targeted at youth with disabilities. The Public Employment Service (PES) routinely follows up on programme participants, which is a very good practice.

Even before the advent of EU Youth Guarantee, a Job Guarantee for Youth (JGY) programme was in place since 2007 to better target active measures at youth who most need them. Young people aged 16-24 only receive intensive measures if they have been unemployed 90 days and over, so that those who can easily find a job do not curtail their search effort because they participate in a programme. Youth who are deemed at high risk of long-term unemployment may, however, participate in a programme from day one. Many eligible youth still are not engaged in a programme, however, and it is unclear which exact interventions youth are receiving under the youth guarantee and how intensive these interventions are.

Active labour market programmes for youth are often not subject to rigorous impact evaluations. Many evaluations only report the number of youth in education or employment at the end of the programme, without comparing them to the outcomes of randomised control groups, making it impossible to gauge programme impacts. Little is known about the content and impact of municipality-run programmes. This does not allow the identification of good practices and their extension to other municipalities.

The multitude of public agencies administering benefits, and the fact that both the PES and municipalities provide employment programmes, may cause confusion among young people and create inefficient parallel structures. In this context, recent measures aimed at improving co-operation between the various actors are welcome. These include the establishment of the Youth Employment Delegation (Dua) which is tasked with supporting collaboration between the PES and municipalities, additional funding for one-stop shops and the appointment of a national co-ordinator for NEETs.

Key policy recommendations

- Standardise the apprenticeship track in upper secondary schools across municipalities, so that training content and acquired skills are more transparent for prospective students and employers.
- Consider introducing a shorter upper secondary VET track, including work-based training from day one, to appeal to school-tired youth.
- Improve career guidance on the transition from compulsory to upper secondary school to better align student choice with labour market demands.
- Further clarify municipal obligations to follow up on and offer counselling and programmes for young NEETs under the municipal activity responsibility scheme.
- Improve outreach to the substantial number of youth not registered at the PES, particularly those who are not in contact with any government agency and those receiving sickness or disability benefit.
- Improve collection of information on municipality-run labour market programmes for youth, for example through the expansion of the Kolada database.
- Continue to extend the coverage rate of the Youth Guarantee. Monitor the number of young people eligible for the Youth Guarantee and identify groups who are less likely to participate in the programme.

- Monitor the type, quality and targeting of the programmes offered under the Youth Guarantee as well as the number of hours per week young people spend in these programmes.
- Increase the number of low skilled youth engaged in education and training as part of the Youth Guarantee, and ensure that training is aligned with employer needs and of adequate duration.
- Ensure more systematic and rigorous evaluation of the impact of social and employment programmes by including evaluation requirements in funding contracts and specifying methodological minimum standards such as the use of control groups.

Assessment and policy options

How are Swedish youth faring in the labour market?

The Swedish youth population has been growing rapidly over the past decade due to high fertility in the late 1980s combined with high and persistent migrant inflows – migration has been above the OECD average over the past ten years, and many of the recent immigrants are young. From 2009 onwards, the increase in the youth population has been entirely driven by immigration. During the recent refugee crisis, 163 000 asylum seekers arrived in Sweden in 2015 alone, 43% of whom were under 18. This growth in the youth population might temporarily raise the Swedish NEET rate, as these young people take time to settle in and find employment.

As in other countries, youth employment was affected by the Great Recession, falling from 56% in 2006 to 50% in 2009. But it has been steadily increasing since and is now back at its pre-crisis level. At 56% in 2015, the youth employment rate is significantly higher than the OECD average (52%), but below best performers such as Norway (60%) and the United Kingdom (63%). Job quality is a concern for a number of young workers in Sweden: 13% would like to work full-time but cannot find a full time job, compared to 7% across the OECD; and 56% of employed Swedish youth aged 15-24 are on temporary contracts, compared to an OECD average of 40%.

In 2015, 177 000, or nearly one in ten, young people aged 15-29 in Sweden were not in employment, education or training (NEET). Around half are currently not looking for work ("*inactive*"). The NEET rate rose marginally during the Great Recession. At 9.5% in 2015, it was significantly below the OECD average (14.6%).

Who are the NEETs, and what are the risk factors?

Several factors are associated with an increased risk of being NEET:

- Low educational attainment is probably the most important driver of NEET status in Sweden. Youth who failed to complete upper secondary education account for one-third of NEETs, the same as across the

OECD. They are five times more likely to be NEET however than those with tertiary education, compared to three times more likely on OECD average – this is one of the highest gaps in the OECD. Around 20% of NEETs have poor literacy and numeracy skills

- Bad health also adds to the risk of being unemployed or inactive. NEETs are more than three times more likely to report poor health compared to non-NEET youth, and they are more likely to have mobility restrictions or severe problems due to long-term illnesses.
- Youth with a migrant background tend to be more vulnerable than other youth. Those born in Sweden with at least one Swedish-born parent have a NEET rate of 8.3%, compared to 11.5% for those born in Sweden to two migrant parents and 21.3% for those born outside of Sweden – this is twice the average rate.
- Disadvantage is transmitted across generations. NEET rates are higher for young people whose parents themselves have low educational attainment. Compared to youth who have at least one parent with a third level education, NEET rates are around twice as high for those whose parents have a maximum of lower secondary education.

The NEET-gender gap has almost disappeared in Sweden. In contrast, across the OECD, female NEET rates tend to be around one-third higher than male NEET rates. However, women are still much more likely to report caring responsibilities as the reason for their inactivity.

Of the cohort of 16-year-olds in 2000, about 40% were NEET for at least a year before turning 29. About one fifth were NEET for one year while around one quarter were NEET for two or more years. Those with low education, whose parents have low education, youth born abroad and young women are more likely to fall into this long-term NEET category. Recipients of sickness benefits and disability pensions are also over-represented in this long-term NEET group. The Great Recession appears to have increased the number of youth who experience a one year NEET spell slightly, but it had no significant effect on the number of youth experiencing longer (two years and over) NEET spells.

A long period of inactivity or unemployment may lead to discouragement and social disconnection. Only a quarter of Swedish youth report low life satisfaction compared to almost half of Swedish NEETs, significantly above the EU average. Similarly, nearly twice as many Swedish NEETs report feeling depressed compared to the overall youth population. NEETs are also 50% more likely to have low levels of trust in the political system and twice as likely to report low levels of trust in others.

Benefit receipt and the incidence of poverty

There are two unemployment insurance schemes in Sweden: a basic, government-run unemployment scheme providing a flat-rate payment to over-20 year-olds who have worked for at least six of the last 12 months; and a system of voluntary, contribution-based, unemployment insurance funds (UIS), often run by unions, that provide additional, income related benefits to paying members.

In 2007, member contributions to the voluntary component of the unemployment insurance system rose sharply as state subsidies and tax advantages were cut, especially in industries with a high risk of unemployment. This led to an exodus from the voluntary unemployment insurance system; and young people were more likely to withdraw. In the same year, changes to the basic unemployment insurance system made it more difficult for students and recent graduates to accrue contribution periods for unemployment benefits through studying and short-term employment.

As a result, unemployment benefit receipt among youth more than halved between 2007 and 2013, a time of rising unemployment. Rates of social assistance and disability benefit receipt only rose slightly during this time-period, although NEETs without a work history can qualify for means-tested social assistance payments, and there are benefits for youth with reduced work capacity. While in 2007, youth and NEETs in Sweden were more likely to receive benefits than in other countries, the share of both youth and NEETs receiving any kind of benefit (including out-of-work benefits, housing benefits and family benefits) is now lower than on the OECD average.

This lack of support through transfers is also reflected in the youth poverty rate: while the overall poverty rate in Sweden is just below the OECD average, the youth poverty rate is significantly above average, 24% compared to 19% in 2013. The reform of the voluntary unemployment system was reversed in 2014 and coverage rates are expected to rise again, but the changes to the basic unemployment insurance remain in place.

The average length of unemployment spells for youth is low in Sweden; half of all unemployment spells starting between 2006 and 2008 were shorter than three months. While spells of social assistance receipt are somewhat longer, only a quarter of recipients remain on social assistance for more than a year. The spell analysis supports the hypothesis that only a small proportion of young people switched from unemployment benefit to social assistance following the 2007 reform.

Although the number of youth receiving disability benefits increased during the crisis, the numbers are very low overall. But the length of benefit spells increased significantly: the share of spells lasting more than three years increased from 4% for spells starting between 2006-2008 to 35% for spells starting between 2009 and 2011. This is a worrying trend since young people who have been receiving disability benefits for an extended period of time are very unlikely to leave the benefit rolls. Tight monitoring and reintegration efforts are needed to ensure that youth on disability benefits do not become permanently inactive.

Raising school completion rates and providing high-quality professional training

The Swedish school system is highly decentralised. Municipalities are responsible for running schools, which includes managing budgets, hiring staff and the implementation of teaching. As a consequence, the content and organisation of courses provided within upper secondary programmes can vary at the municipality or even at the school level.

Students who do not qualify for an upper secondary programme may enrol in an introductory programme. While there are national guidelines on the structure and content of introductory programmes, they are designed at the school level and should be tailored to the needs of individual students. Some introductory programmes aim to transfer students into regular upper secondary programmes, while others prepare them directly for the labour market. These programmes do not seem to deliver for weak students, however as about half of all those enrolled in the programme leave school without obtaining a degree. As these programmes are designed at the school level, they do not lead to standardised and recognisable qualifications.

It is a national policy goal that all young people attain upper secondary education, and the fact that nearly all compulsory school leavers enrol is a great strength of the Swedish school system. But upper secondary completion rates are disappointing: 18% of all 25-34 year-olds have not completed upper secondary education, slightly more than the OECD average of 17%, but behind best performers. Of the cohort who enrolled in upper secondary education for the first time in 2011, only 69% had graduated within four years. Completion rates are especially low for VET programmes.

VET and general programmes have the same duration, and VET is largely school-based with a comparatively strong focus on general subjects, which contributes to the low completion rates. VET graduates have higher NEET rates than general programme students, and the social status of VET is quite low, contributing to weak student interest. A reform has recently been introduced to increase the practical content of VET and employer

involvement by reducing the academic content of VET programmes and introducing an apprenticeship track; but few students choose this pathway, and schools struggle to find businesses willing to train apprentices.

Monitoring of school attendance is quite strict. Municipalities are required to follow up on upper secondary school drop-outs under the age of 20, and offer them activities with a view of getting them back into school (activity responsibility). This activity responsibility is not specified in great detail, however, and implementation differs across municipalities.

Several steps could be taken to help at-risk youth attain the skills they need:

Increase the attractiveness and relevance of the apprenticeship track

- *Further decouple the apprenticeship track from school-based VET.* Apprenticeships should combine work-based and classroom-based learning from day one, which might imply cutting down on general subjects in favour of practical training. The training content should be more specialised and tailored to specific occupations.
- *Further standardise the programme structure nationally* so the training content, and skills requirements, are more transparent, and hence more valuable, for students and employers.

Consider introducing short-cycle VET programmes

- *As a pilot programme, consider introducing two-year VET programmes with a practical component of at least 50%.* The academic component of these programmes could be organised in modules which could be designed as stepping stones towards higher qualifications in the adult education system.

Set clearer national guidelines for local service provision

- *Further clarify municipal obligations under the activity responsibility scheme.* The intensity of follow up, as well as the measures offered to youth, should be spelled out more clearly, and smaller municipalities should be encouraged to pool resources to offer more tailored services to youth.
- *Improve career guidance.* Measures to improve the quantity and quality of career guidance should be strengthened, particularly the collaboration with the PES. Career guidance should emphasise both employment and earnings prospects of upper secondary courses, to better align student interests with the skills needs in the labour market.

Guaranteeing employment or training options for NEETs in Sweden

Sweden has an excellent system of second chance programmes with high uptake of adult education and multiple opportunities for older youth to re-enter education such as folk high schools and the municipal adult education system. For groups with specific needs (such as migrants and those with disabilities) targeted programmes are available.

Sweden has a long tradition of Youth Guarantees and has introduced or expanded programmes specifically targeting youth in recent years, although the target of providing activities to all eligible participants after 90 days has not yet been met. The PES offers a wide range of programmes, ranging from measures for NEETs who need little assistance to find employment to more targeted programmes for those who lack skills or have long-standing illnesses or disabilities. Participation in training is low, however, in particular for groups at risk of long-term unemployment. Most municipalities also run labour market programmes for youth, but there is little information on their content and impact. Efforts by the PES and the municipalities to offer programmes to young NEETs are often insufficiently co-ordinated. In this context, recent measures aimed at improving co-operation between the various actors are welcome. These include the establishment of the Youth Employment Delegation (Dua) which is tasked with supporting collaboration between the PES and municipalities, additional funding for one-stop shops and the appointment of a national co-ordinator for NEETs.

There seems to be very little outreach to NEETs not registered at the PES, particularly those who are not in touch with any municipality-level services either. It is not clear which agency is responsible for reaching out to disengaged youth over the age of 20 who are not covered by the municipalities' activity responsibility. This group of NEETs is likely to face the greatest obstacles to education and employment.

Some steps should be taken to improve the system:

Strengthen outreach to disengaged youth

- *Registration at the PES should be encouraged:* A substantial proportion of youth who do not qualify for unemployment benefits are not registered at the PES – the registration rate for those in receipt of sickness and disability benefits is particularly low although they are at a high risk of becoming long-term NEETs. Since June 2016 youth receiving social assistance payments have been required to register with the PES, a welcome development. The database containing information regarding NEETs based on administrative data (the UVAS model)

should be updated more frequently and used to reach out to groups not registered at the PES.

Improve co-ordination between the various actors

- *Increased co-ordination would make it easier for youth to find support:* A number of public actors administer benefits for youth, and both the PES and municipalities offer employment programmes. This may cause confusion for young people. The 2016 national strategy for NEETs, which aims to improve co-ordination and provide funding for one-stop-shops for NEETs, is a welcome policy addition and should be monitored closely.

Continue to try increase the coverage rate and quality of the Youth Guarantee

- *Step up active programmes offered to youth.* The Youth Guarantee has not yet reached the goal of offering activities to all youth registered as unemployed after 90 days. Young people are at risk of scarring if they remain NEET for extended periods of time. It would be important to analyse which groups of young people entitled to a programme under the Youth Guarantee are least likely to be engaged in one. This could help determine how coverage can be increased.

- *Increase information regarding programme activities and intensity.* Information on the type of activities offered under the main Youth Guarantee programme is lacking. The intensity of activities offered also appears to be low, with a substantial proportion of participating young people spending fewer than ten hours per week engaged in an activity. Programme intensity is also infrequently monitored.

Maintain the focus on training for young jobseekers with low educational attainment to improve employment outcomes

- *Promote education and training participation among young jobseekers:* Participation in education and training for youth participating in the main Youth Guarantee programme is low. As labour markets rebound and demand for skills increase, providing youth with relevant skills to help meet the needs of employers is essential. This is particularly important as the majority of NEETs have, at most, upper secondary education. The 2015 introduction of two such programmes – one for youth without upper secondary (Education Contract), the other for youth wishing to attain higher level skills (Trainee Jobs) – is a step in

the right direction, but the content of training programmes should be examined to ensure that they meet employer needs.

Increase the knowledge of the content and impact of municipality-run labour market programmes

- *Improve the understanding of municipality run labour market programmes:* Little is known about municipality-run active labour market programmes for young people – their content, who participates and for how long. Even less is known about the impact of such programmes. The Kolada project, which collects information about municipality-run programmes, looks promising in this respect. Information on participation in municipality-run programmes could also be included in the administrative database on NEETs (the UVAS model). This could help determine whether these programmes are successful for NEETs and how they interact with PES-run programmes.

Establish an impact evaluation system for programmes for at-risk youth

- *Systematically require the rigorous evaluation of programmes:* Many programmes in Sweden record the outcomes of participants immediately upon or shortly after completion. Few employment or social programmes for at-risk youth are rigorously evaluated for their impact on individual trajectories, however. The evaluation of programmes should be planned before the programme is rolled out to ensure that experimental techniques are used. The Government should tie the provision of funding to an evaluation requirement, earmark a part of the funding for evaluation, and specify methodological minimum standards at least for the most important programmes.

Chapter 1

Labour market and educational outcomes of youth in Sweden

This chapter presents a brief overview of the labour market and education outcomes of young people in Sweden. The chapter starts by highlighting the importance of demographic factors for understanding youth outcomes. It describes the situation of young people in the labour market looking at trends in youth employment and unemployment. The chapter concludes by documenting the share of the youth population in Sweden who are not in employment, education or training (the "NEETs").

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

This chapter begins by examining the demographic structure of the Swedish workforce. It compares the Swedish labour market to OECD averages and examines how Swedish youth fare in the labour market. Education has an important influence on labour market performance; this chapter therefore also examines the educational attainment of young people in Sweden. Finally, it shows the Swedish NEET[1] rate in a comparative perspective and over the Great Recession.

1. The importance of demographics

The Swedish youth population has been growing over the past decade through a combination of high fertility in the late 1980s and consistently high immigration.

Initially, the increase in the youth population was driven by a hike in the fertility rate between the mid-1980s and the early 1990s (see Figure 1.1). This fertility effect began to subside around 2008 when the children of this mini baby-boom started to age out of the youth population, and were replaced by smaller cohorts born in the mid to late 1990s. However, in recent years, the fertility rate picked up again, reaching levels close to the early 1990s. In 2013, Sweden's fertility rate was 1.9 children per woman, slightly below the fertility rate required to keep the population constant (2.1), but above the OECD average (1.7) and other Nordic countries (see Figure 1.A2.1 in Annex 1.A2).

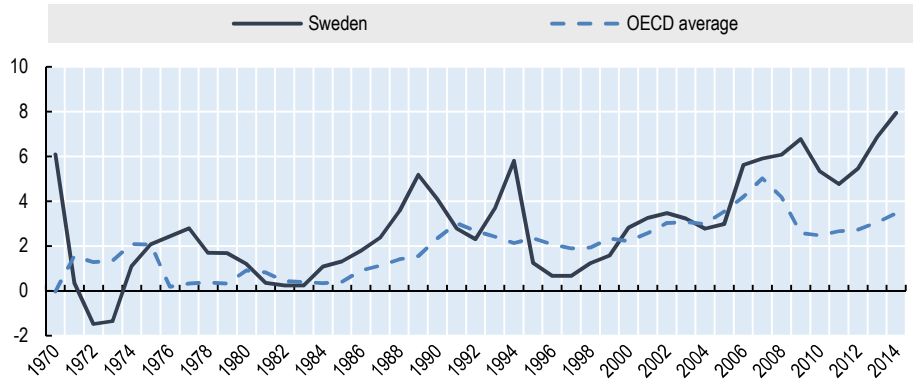
From 2009 onwards, the increase in the youth population has been entirely driven by immigration (Figure 1.2). Since 2005, Sweden's migration rate has been consistently above the OECD average, and in 2012, it reached its highest level since the early 1970s. At 8 per 1 000 in 2014, it was on par with Norway and above other Nordic countries (see Figure 1.A1.1 in Annex 1.A1). Many of these recent immigrants are young: youth aged 15-29 made up 41% of all new immigrants in 2015 (see Figure 1.A1.2 in Annex 1.A1). In 2015 alone the net migration of 15-29 year-olds amounted to 32 000 young people – nearly 2% of the Swedish youth population.

Compared to other OECD countries, Sweden has a high proportion of humanitarian refugees (OECD, 2016b). Between 2003 and 2013, 20% of migrants to Sweden were humanitarian migrants, the highest share of any OECD country (Figure 1.3, bottom panel). A further 40% were family members of previous migrants, many of whom would have arrived on humanitarian grounds themselves. 2015 was an exceptional year with

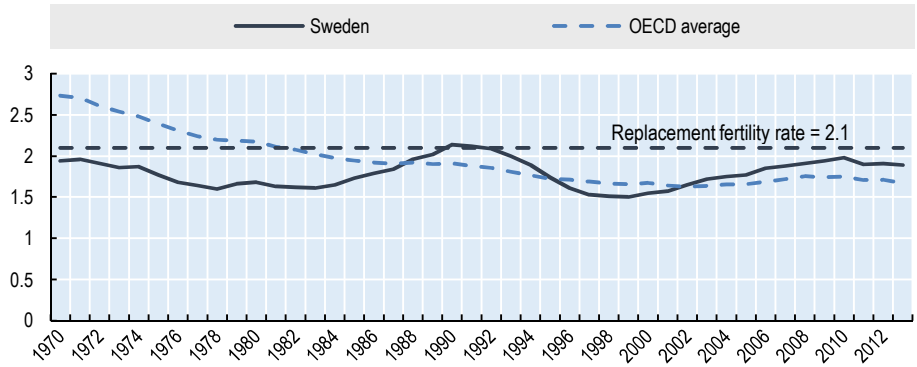
163 000 asylum seekers arriving in Sweden, the highest per-capita inflow ever recorded across the OECD. More than 43% of the asylum seekers (71 000) were under the age of 18, equivalent to 3% of Sweden's youth population (OECD, 2016b).

Figure 1.1. The migration rate is rising in Sweden

Net migration rate, 1970-2014



Fertility rate, 1970-2013



Note:

Net migration rate is measured per 1 000 of the population. The OECD average excludes Estonia (until 1999), Turkey (from 2000), the United Kingdom (from 1995) and the United States (from 2011). Data for 2014 is not yet available for all countries.

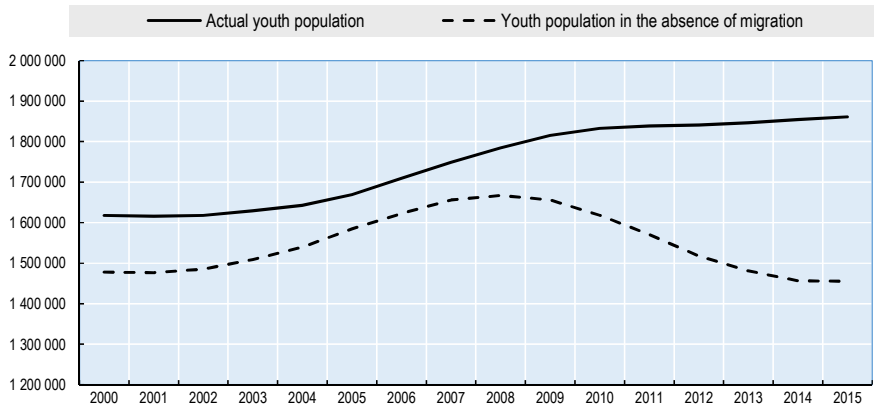
Fertility rate: the OECD average excludes Canada (2012, 2013) and Chile (2013).

The OECD average is unweighted.

Source: OECD.Stat.

Figure 1.2. Immigration is driving the growth in the youth population

Number of youth (15-29) in Sweden in thousands, observed and expected in the absence of immigration

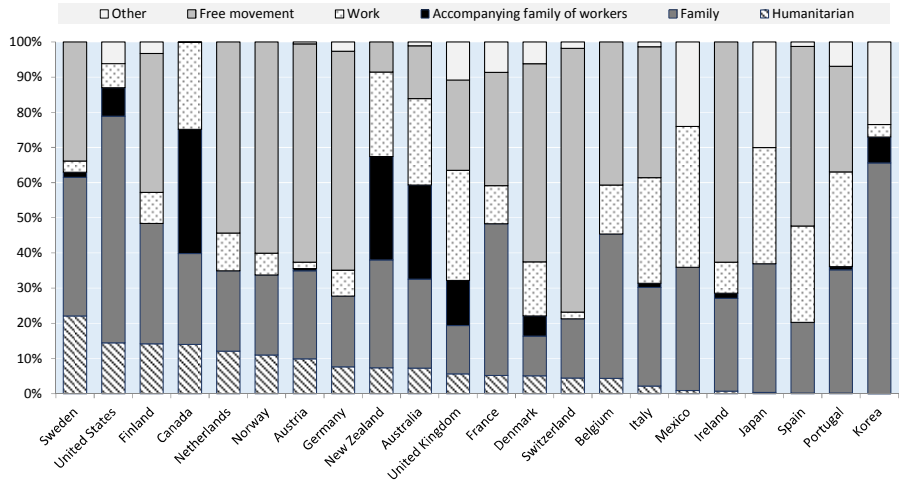


Note: The youth population in the absence of migration is calculated by counting the number of youth in each year as implied by the number of live births 15-29 years earlier, and adjusting by the sex- and age-specific survival probabilities, derived from the "Life-table (number living at age)" for each year (SCB, 2016b). This calculation assumes no emigration from Sweden (i.e. all those born in Sweden stay). The actual youth population does not include asylum seekers.

Source: SCB (2016).

Figure 1.3. Sweden receives a high proportion of humanitarian refugees

Composition of permanent inflows to OECD countries, 2004-13



Note: Countries are ranked by the proportion of humanitarian refugees received from left to right in descending order.

Source: OECD (2016b).

This recent surge in asylum seekers might temporarily raise the Swedish NEET rate, as young immigrants take time to settle in and find employment. This is particularly the case for humanitarian refugees, as they tend to find it harder to integrate into the labour market than those who migrate to pursue job or educational opportunities.

2. The current labour market situation of youth

Young people tend to be more affected by economic fluctuations, because they are more likely to work in temporary and atypical contracts that are easier to terminate. Moreover, in times of weak labour demand, young people with little or no work experience struggle to find a job. This section examines the evolution of employment, unemployment and labour force participation of young people in Sweden over the crisis and the recovery, including some salient features of the job quality.

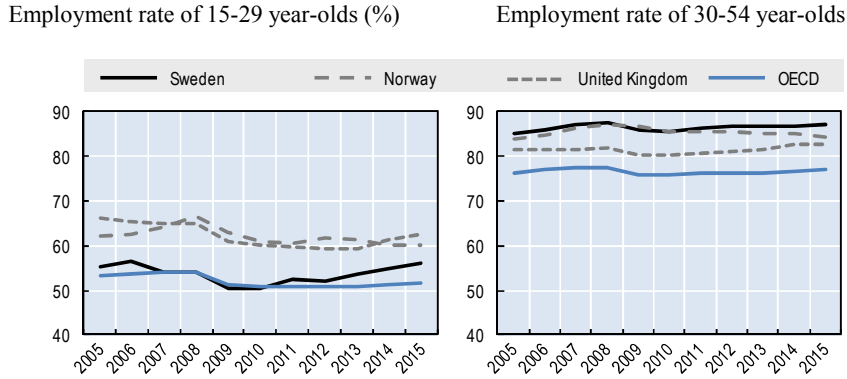
Employment

Before the onset of the Great Recession, the Swedish youth employment rate was close to the OECD average (left panel, Figure 1.4). It fell markedly from 54% to 50% in 2009, but has been steadily increasing since 2011. In 2015 it reached 56%, significantly higher than the OECD average (52%), but below best performers such as Norway (60%) and the United Kingdom (63%).

This contrasts with the evolution of the employment rate of prime-age adults (30-54 years). While it did drop slightly between 2008 and 2009 (-2 ppts), it did so from a pre-crisis high. In 2012, it was already back at its 2007 level (right panel, Figure 1.4). The employment rate of prime-aged adults in Sweden is one of the highest in the OECD, significantly outperforming the OECD average in 2015 (87% vs. 77%), as well as peer countries such as Norway.

High employment rates among youth are in part due to the fact that young people often combine work and study. A somewhat higher share of young people in Sweden combine education and employment (13.5%) compared to the OECD average (12%), but not as many as in other Nordic countries (ranging from 19% in Finland to 31% in Denmark, see Figure 1.5). Combining part-time work and studying contributes to smooth school-to-work transitions and improves labour market outcomes early on in a person's career (OECD, 2016c).

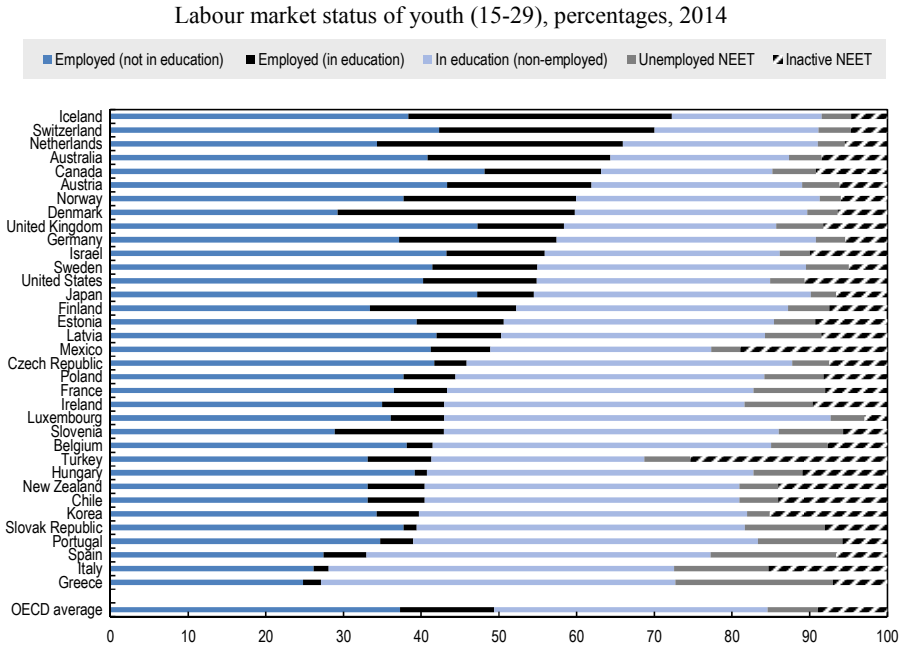
Figure 1.4. Youth employment in Sweden is back at its pre-crisis level



Note: From 2007 the lower age limit for inclusion in the LFS dropped to 15 from 16. Full-time students who report seeking a job were now classified as unemployed, increasing unemployment.

Source: OECD.Stat.

Figure 1.5. Close to the OECD average of youth combine education and employment



Note: Data are for 2014 except for Chile, Korea, New Zealand and Turkey (2013).

Countries are arranged, from top to bottom, in order of youth employment rates.

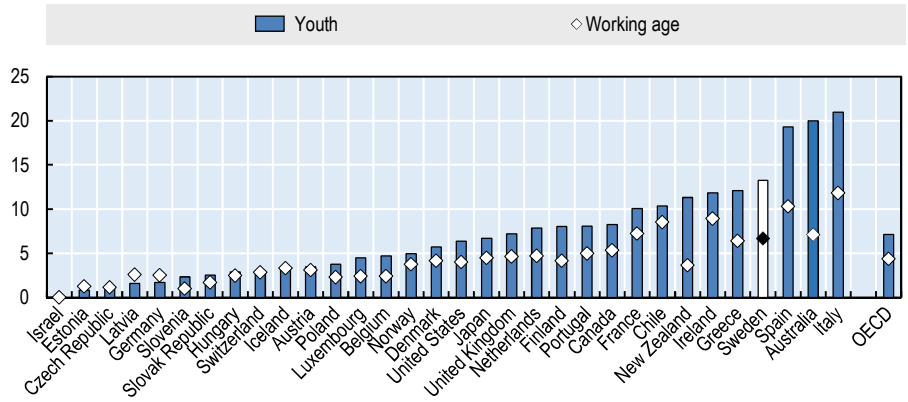
Source: OECD calculations based on national labour force surveys and the *OECD Education Database* (Australia, Germany, Israel and New Zealand).

For employed youth in Sweden, involuntary part-time work and temporary employment are common. One in eight young Swedish workers would like to work full-time hours, but cannot find a full-time job (Figure 1.6). This is nearly twice the OECD average (one in 14). Across the working age population, only 7% of all workers are involuntary part-timers (compared to 4% on the OECD average).

The incidence of temporary work is also high: 56% of young workers aged 15-24 are employed on temporary contracts, which is substantially above the OECD average of 40%, and more than four times the share of workers aged 25-54 in Sweden (Figure 1.7). Around three quarters of new hires in Sweden in 2011-12 were on temporary contracts (OECD, 2014). One reason for the high incidence of temporary contracts is relatively strict employment protection for regular workers. Temporary work can be a way for young people to gain experience in the labour market before moving on to more permanent employment. However, of all temporary workers in Sweden in 2008, only 40% were in a permanent full-time job three years later (this is in line with the OECD average, OECD, 2014).

Figure 1.6. Involuntary part-time employment is high among Swedish youth

Incidence of involuntary part-time employment, in percentage of total employment, 2014



Note:

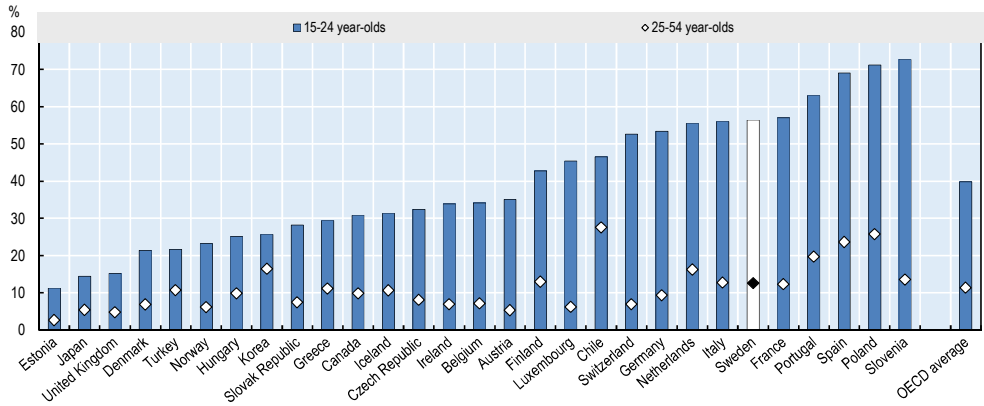
Youth are aged 15-29, working age 15-64. For Australia, Germany, Japan, New Zealand, Israel and Slovenia, youth are aged 15-24, working age 25-54, and data refer to 2015. Data for Chile is for 2013.

Countries are ordered according to the share of young involuntary part-time workers.

Source: OECD calculations based on national labour force surveys and *OECD Employment Database* (Australia, Germany, Japan, New Zealand, Israel and Slovenia).

Figure 1.7. A high proportion of Swedish youth are in temporary employment

Temporary employment as a share of total employment by age group, percentages, 2014



Note:

Persons with specific training contracts (apprentices, trainees, research assistants, workers on probationary periods, etc.) are counted as temporary workers.

The OECD average is unweighted.

Source: OECD.Stat.

Unemployment

The Swedish youth (15-29) unemployment rate has been consistently and significantly above the OECD average since the mid-2000s (Figure 1.8., Panel 1). The large number of students seeking employment in Sweden contributes to this relatively high youth unemployment rate.[2]

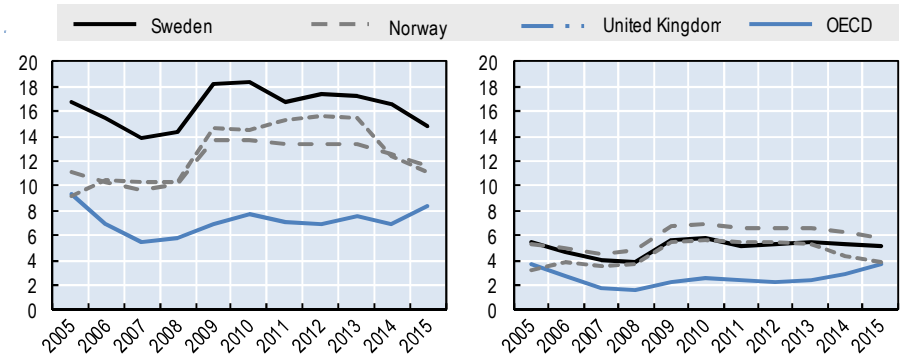
During the most recent global recession youth unemployment rose from 14% in 2007 to a high of over 18% in 2010. The unemployment rate for 30-54 year-olds experienced a much more marginal increase from just over 3% in 2007 to 5% in 2010 (Figure 1.8, Panel B).

The rise in unemployment was mostly driven by over-20-year-olds – under-20-year-olds remained in education longer when the crisis hit. About 3% of all 15-19 year-olds went from being employed to studying in 2009 alone, which drove down youth labour force participation, and hence pushed the unemployment rate for this age group up (from 32% to 36% in 2009, Annex 1.A2). Indeed, enrolment in non-compulsory education has been shown to be countercyclical (e.g. Reiling and Strøm, 2015 for Norway) – when jobs are scarce, the opportunity cost of staying at school are lower, and more young people decide to do so.

Figure 1.8. Youth unemployment in Sweden is high, but durations are short

Panel A. Unemployment rate, 15-29 year-olds (%)

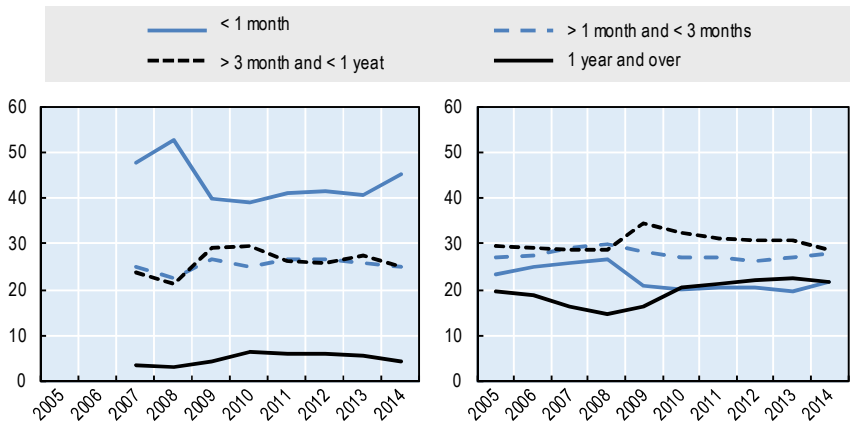
Panel B. Unemployment rate, 30-54 year-olds (%)



Panel C. Unemployment durations in percent of all unemployed persons aged 15-24

Sweden

OECD



Note: From 2007 the lower age limit for inclusion in the LFS dropped to 15 from 16. Full-time students who report seeking a job were now classified as unemployed, increasing unemployment. No data on unemployment duration is available for Sweden in 2005 and 2006

Source: OECD.Stat.

This strategy of avoiding unemployment by prolonging education was predominantly used by 15-19 year-olds, however. While educational enrolment also slightly increased among 20-24 year-olds (Figure 1.A2.1 in Annex 1.A2), those aged 20-29 suffered a noticeable increase in unemployment as a result of the Great Recession. Young men were hit

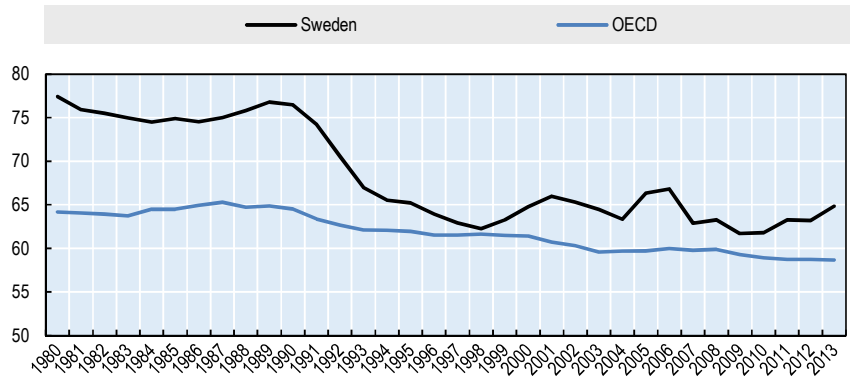
particularly hard: their unemployment rate rose more sharply than that of young women – particularly among 15-24 year-olds (Figure 1.A2.2 in Annex 1.A2). However, unemployment has started to recede for all groups since 2014 (Figure 1.A2.1 in Annex 1.A2).

While the Swedish youth unemployment rate is considerably higher than on average in the OECD, unemployment is a transitory state for young people. Unemployment duration tends to be lower in Sweden than across the OECD, and has remained low even during the recent crisis – in 2014, only 5% of unemployed young people aged 15-24 were out of work for over a year, compared to 22% on the OECD average (Figure 1.8, Panel C).

Labour force participation

Labour force participation (i.e. either working or actively seeking work) of young people in Sweden underwent major changes over the past thirty years. During the 1980s, the proportion of young people participating in the labour market in Sweden was well above the OECD average – around 75% (Figure 1.9). By 1998, this figure had fallen to 62%, in line with the OECD average. This drop was driven by youth below 25 years, who remained in education for longer, and increasingly so (see Figure 1.10). The labour force participation rate for 25-29 year-olds has remained consistently high (above 80%).

Figure 1.9. Labour market participation of Swedish youth has fallen



Note: A break in the Swedish LFS on which these figures are based occurred in 2007. Full-time students who were seeking employment were, prior to 2007, excluded from the labour force and the unemployed numbers. From 2007 on these students seeking employment were included in both the labour force and counted as unemployed.

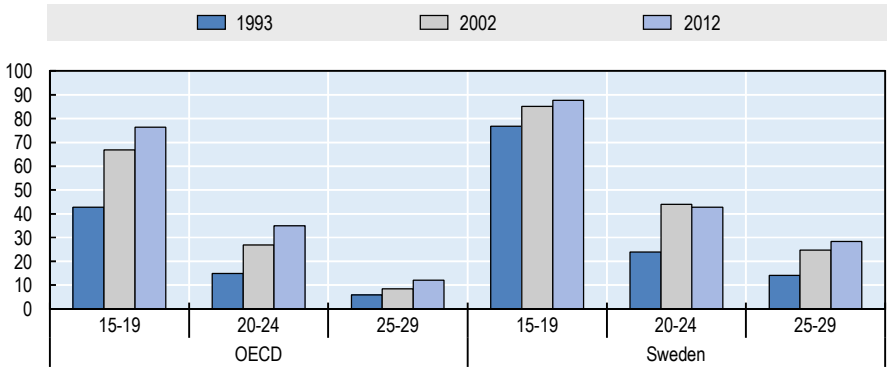
Source: OECD.Stat.

3. Educational attainment among youth

The decline in labour force participation among youth is connected to the increasing share of youth in education. Between 1993 and 2002, the proportion of youth engaged in education rose across all age groups, particularly among youth over 20, and has remained relatively constant since then (see Figure 1.10). It is now significantly above the OECD average in all three age categories.

Figure 1.10. Educational enrolment is on the rise

Share of the population enrolled in education (full and part time) by age group



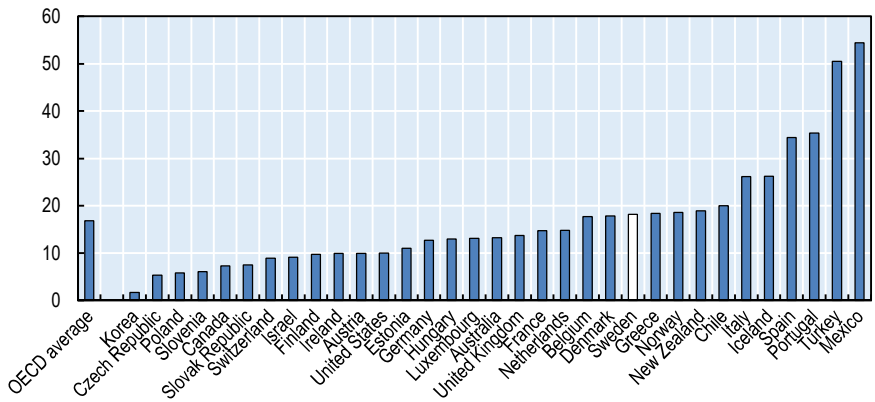
Source: OECD (2014).

While participation in education increased, the share of young people aged 25-34 who have *not* attained at least upper secondary level education is still above expectations: 18% in 2014 compared with 17% across the OECD and behind the best performers, such as Korea (2%), but also Finland (10%, Figure 1.11). At the same time, the share of young people in this age-group who hold a third level qualification is rather high: 46%, compared to 41% on the OECD average (Figure 1.A3.1 in Annex 1.A3).

This indicates that transitions from the upper secondary to the tertiary level work comparatively well, but upper secondary completion is a concern. Chapter 4 discusses early school-leaving in detail, and offers policy suggestions to increase upper secondary completion in Sweden.

Figure 1.11. Upper secondary completion is below expectations

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



Source: *Education at a Glance 2014.*

4. The NEET challenge

The share of young people aged 15-29 who are not in employment, education or training (the NEET rate) is in many ways a better indicator of the youth labour market performance than the youth unemployment rate. Young people who are inactive – that is not working and not seeking work – are not captured in unemployment rates. Students who would like to work but cannot find a position are considered to be unemployed in labour force surveys but are not considered as NEET as they are in education.

The NEET rate in Sweden is well *below* the OECD average – in 2015, 9.5% of all Swedish youth were NEET, compared to 14.6% in the OECD on average (Figure 1.12). However, more than half of all Swedish NEETs were inactive, that is they were not looking for a job.[3]

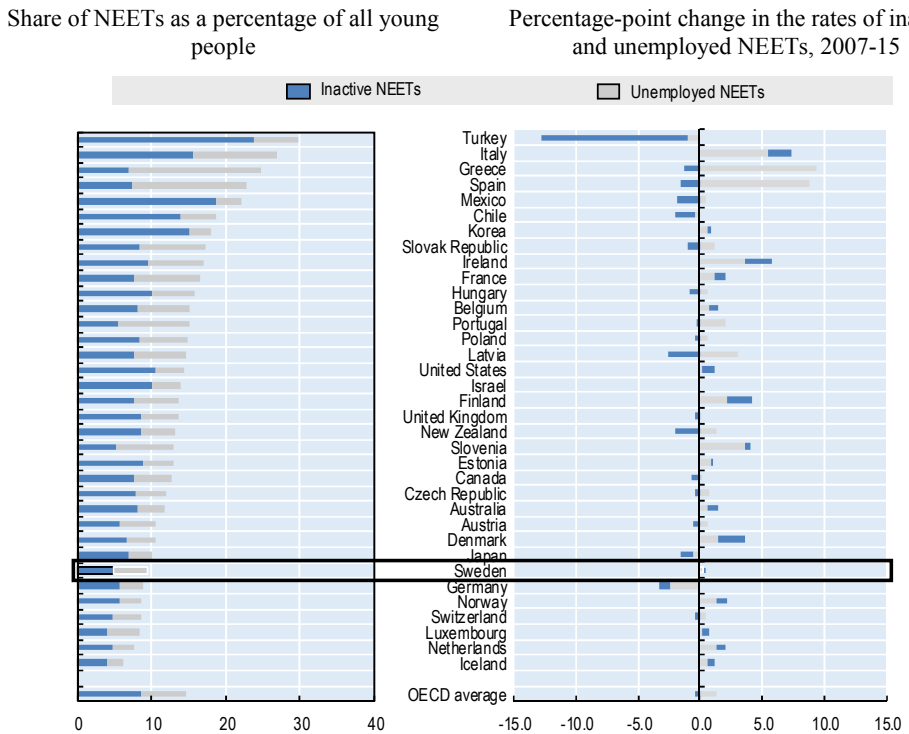
Youth who are in *informal* education only (i.e. education or training that does not lead to a formal qualification) are not counted as being in education or training according to the definition used throughout this report.[4] Counting youth who are in informal education as non-NEETs would lead to a significant drop in the NEET rate in some countries, e.g., in 2013, Spain (a drop of 5 percentage points), Denmark (a drop of 4 percentage points) and Sweden (a drop of 3 percentage points).

Across the OECD, the NEET rate increased by 1 percentage point between 2007 and 2015, fuelled by rising youth unemployment. Over the same period, Sweden experienced a very modest 0.4 percentage point

increase driven by both a rise in youth unemployment and inactivity (Figure 1.12). The NEET rate at the onset of the recession increased significantly more for young men than for young women, owing to a sharp increase in unemployment among young men (Figure 1.A2.2).

The NEET challenge, therefore, is less acute in Sweden than in other countries. However, the situation is very heterogeneous across groups, as shown in the next chapter.

Figure 1.12. NEET rates in Sweden remained stable throughout the crisis



Note:

Numbers are for individuals aged 15-29 years.

Data on Israel are not comparable before and after 2011, so the percentage point change is not presented for Israel. Data for Chile refer to 2006-13, for Korea to 2008-13, and to 2014 for Israel.

Countries are sorted by the total NEET rate in descending order.

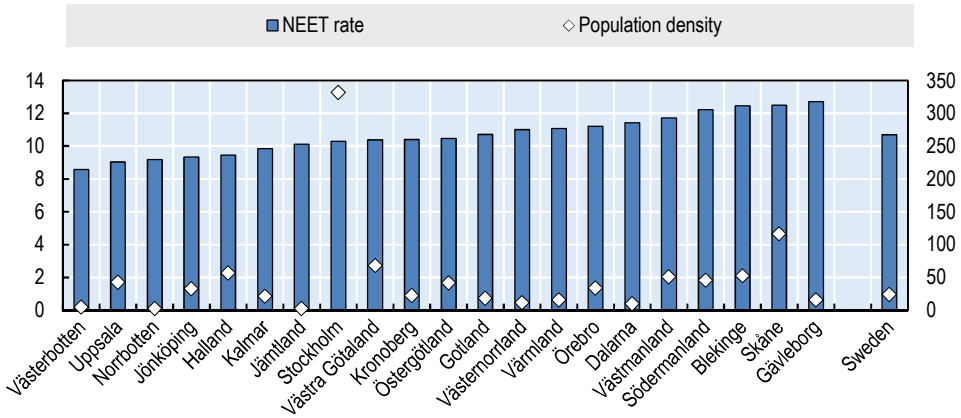
Source: OECD calculations based on national labour force surveys and OECD National Educational Attainment Classification (NEAC) Database 2015, https://stats.oecd.org/Index.aspx?datasetcode=EAG_NEAC# (Australia, Israel, Korea and New Zealand).

There is some regional variation in NEET rates[5] across counties (Figure 1.13). Västerbotten has the lowest overall NEET rate (8.6%), below the countrywide average of 10.7%. Gävleborg has the highest with a figure of 12.7%. A variety of reasons may explain these differences. Educational attainment levels differ across counties and educational attainment has a strong link with NEET status. Different counties have different levels of economic performance and therefore provide different employment opportunities for young people. There may also be selection bias in that young people may move from areas with high unemployment to areas with low unemployment.

These differences in NEET rates across counties suggest that challenges faced by policy makers vary across counties – for example, liaising with NEETs and offering them solutions may be more difficult in remote regions. The most remote counties – Västerbotten, Norrbotten and Jämtland – however do not appear to have above-average NEET rates. To the contrary, there seems to be a slight negative correlation between population density and NEET rates (Figure 1.13).

Figure 1.13. NEET rates differ across counties

NEET rates across Swedish counties (%, left axis) and population density (right axis), 2013



Note: Population density is measured by the number of persons per square kilometre.

Source: NEET rates taken from the UVAS Model, Statistics Sweden, and SCB statistical database (population density, http://www.statistikdatabasen.scb.se/).

Round up

- The Swedish youth population grew over the past decade through a combination of high fertility in the late 1980s and consistently high immigration. In recent years, the influx of young migrants contributed to a strong growth in the youth population. This might temporarily raise the NEET rate, as young immigrants take time to settle in and find employment.

- Youth employment fell markedly from 54% to 50% in 2009, but has been steadily increasing since 2011, and surpassed its pre-crisis level in 2015. At 56%, it is significantly higher than the OECD average (52%).

- Job quality is a concern for young workers in Sweden: 13% would like to work full-time hours but cannot find a full time job, and 56% of employed youth aged 15-24 are on temporary contracts.

- The Swedish youth unemployment rate is significantly above the OECD average, partly driven by the high number of students who are looking for work. It increased markedly over the recent economic crisis, but was close to its pre-crisis level in 2015 (15%). But unemployment is a transitory state for young people in Sweden: only 5% of unemployed Swedes aged 15-24 remained out of work for over a year in 2014.

- Upper secondary school attainment of young people in Sweden remains below expectations – 18% of all young people aged 25-34 do not have an upper secondary degree, compared to 17% on the OECD average, but behind the best performing countries.

- The share of 15-29 year-olds who are not engaged in employment, education or training (NEET) in Sweden is well below the OECD average – in 2015, 9.5% of all Swedish youth were NEET, compared to 14.6% on the OECD average. This rate also only grew slightly over the recent economic crisis. More than half of all Swedish NEETs were inactive, however, that is they were not looking for a job.

Notes

1. The NEET rate measures the proportion of 15-29 year-olds who are not in employment nor engaged in formal education or training.
2. Young people who are students but who are seeking work, for example a summer or part-time job, have been counted as unemployed in the EU-LFS since 2007. The European Commission estimates that in Sweden around half of all young unemployed persons are students who would like to work while studying (European Commission, 2016).
3. Note that, as opposed to the official unemployment rate which counts students seeking work as being unemployed, students are by definition not NEET– the high number of unemployed students in Sweden explains that the relatively high youth unemployment rate in Sweden coupled with a relatively low NEET rate.
4. This report only counts those stating they are in *formal* education (based on the variable EDUCSTAT in the EU-LFS) as students. That is, students must be enrolled in a programme of study leading to a recognised qualification in the education system, including apprentices and students on holidays. Informal education (identified by the COURATT variable in the EU-LFS) may include attendance at seminars, private lessons to improve skills, perhaps in conjunction with formal education, foreign language courses, music lessons, etc. Hence, informal education does not lead to a formal qualification and may simply reflect engagement in hobbies. Also information on enrolment in informal education is not available for all OECD countries. In this report, education is therefore restricted to formal education to ensure comparability across the OECD.
5. Note that these numbers are taken from administrative information, specifically the UVAS model (Box 2.2), and therefore do not match the NEET rates calculated using the LFS.

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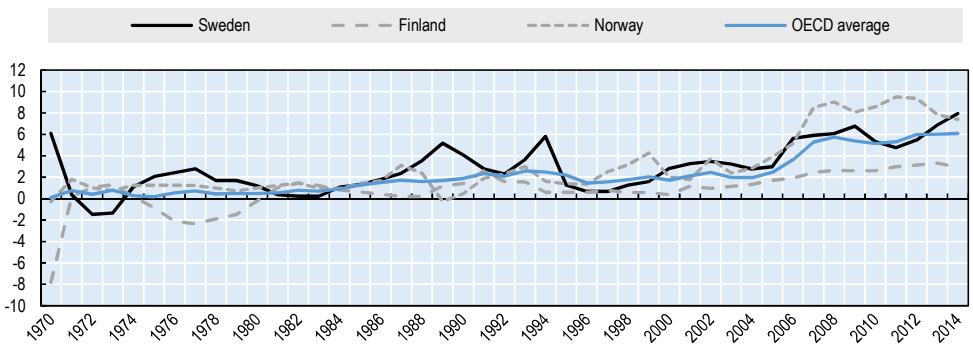
Annex 1.A1

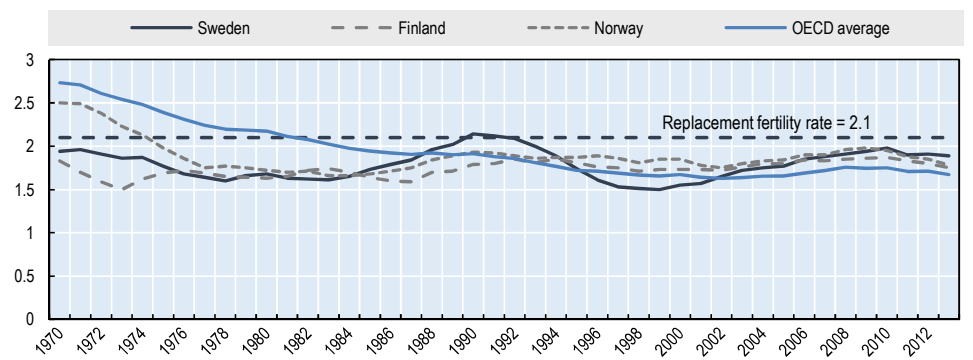
Migration and fertility rate, additional statistics

Figure 1.A1.1. Sweden's migration rate is rising

Net migration rate (%)



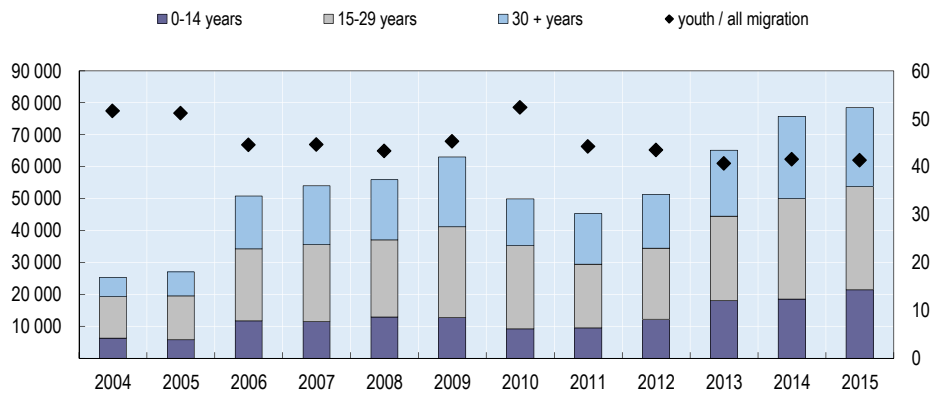
Fertility rate (%)



Note: Net migration rate: the OECD average excludes Estonia (until 1999), Turkey (from 2000), the United Kingdom (from 1995) and the United States (from 2011). Data for 2014 is not yet available for all countries. Fertility rate: the OECD average excludes Canada (2012, 2013) and Chile (2013).The OECD average is unweighted.

Source: OECD.Stat.

Figure 1.A1.2. Immigrants in Sweden are predominantly young



Note: The left axis in the top panel depicts net immigration per year and age group; the right axis youth aged 15-29 as a share of all migration.

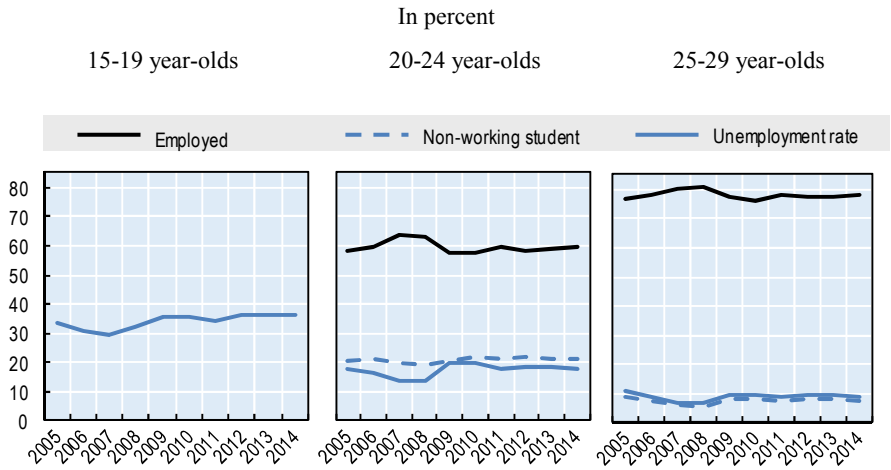
Source: Statistics Sweden.

Annex 1.A2

Additional labour market statistics

Figure 1.A2.1. Employment rates, shares of non-working students, unemployment rates

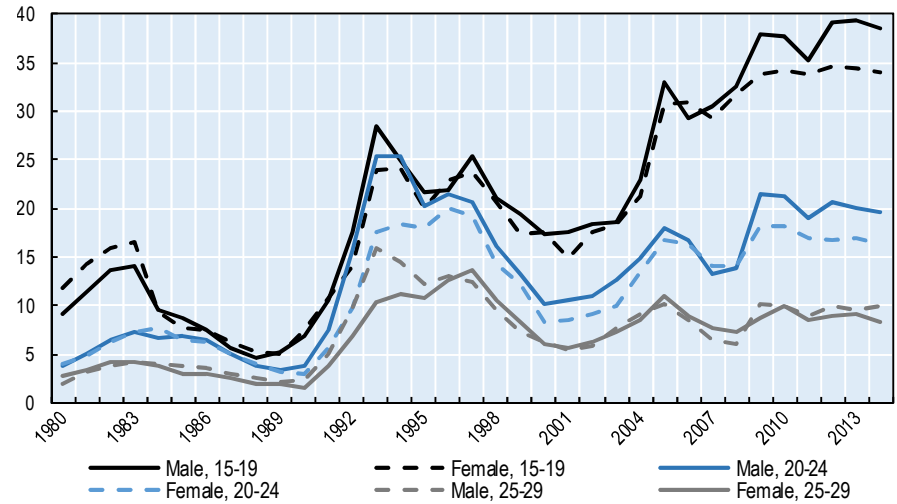
In percent



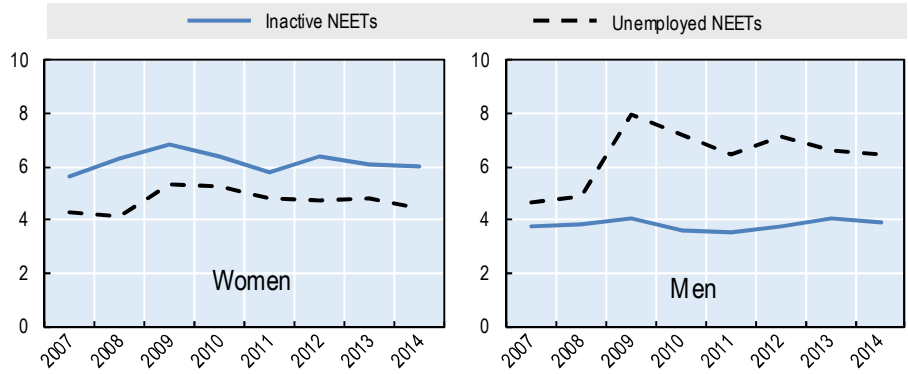
Source: OECD calculations based on national labour force surveys.

Figure 1.A2.2. Male youth unemployment rose faster than females during the recession

Panel A. Unemployment rates by age and gender



Panel B. NEET rate by activity status and gender



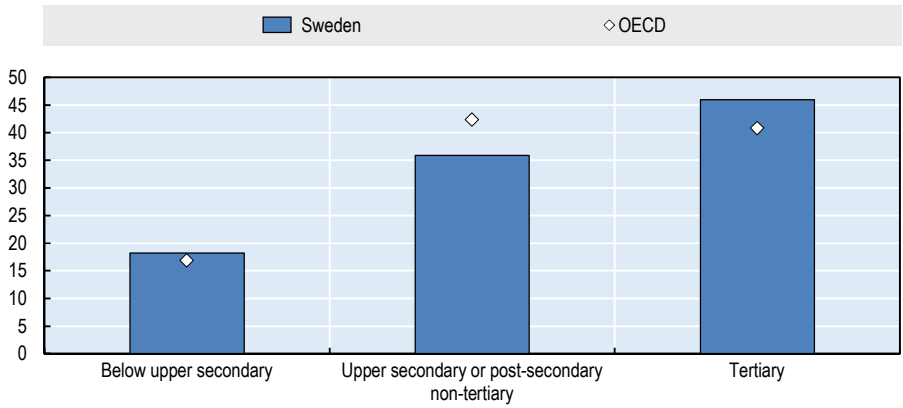
Source: Panel A: OECD.Stat. Panel B: OECD calculations based on national labour force surveys.

Annex 1.A3

Educational attainment in Sweden, additional statistics

Figure 1.A3.1. Tertiary attainment is quite high, but upper secondary lags behind

Share of 25-34 year-olds by educational attainment



Source: OECD (2014).

Chapter 2

Characteristics of youth not in employment, education or training (NEETs) in Sweden

This chapter examines the characteristics of NEETs. It explores individual characteristics such as gender, age, educational attainment, migrant and health status and how they influence the likelihood of being NEET. It looks at household and parental characteristics – how do NEET rates differ by parental education, parental labour force status and parental migrant background? It examines if NEETs are more or less likely to live with their parents than non-NEET youth and looks at how NEETs spend their time. It also looks at how happy NEETs are with their lives and their attitudes towards politics and others in society.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Understanding the situation and the background of NEETs is essential for effectively developing policies to reduce NEET rates. NEETs are not a homogenous group, and the specific hurdles they face will influence the intensity of interventions they need to find their way back into education and employment. Some young people are only NEET for a short-time period during the normal transition from education to the labour market and require little assistance. Others, such as those who suffer from poor health or are disabled, or those with caring responsibilities, need more help to overcome their barriers to education or employment.

The analysis begins by examining the NEET population according to their individual and household characteristics, including how NEETs spend their time, and how their views and values differ from other young people (Section 1). Section 2 looks at the dynamics of the NEET status – how long do Swedish youth remain NEETs, and who is most at risk of becoming a long-term NEET?

1. Who are those not in employment, education or training (NEET)?

This section paints a detailed picture of the Swedish NEET population. It begins by discussing major individual risk factors of NEET status, including low educational attainment and migration background, before describing how NEETs spend their time, and how their levels of happiness and trust compare to other young people. It goes on to describe household level characteristics of NEETs: what is their living situation, and are they more likely to come from disadvantaged backgrounds?

Individual characteristics

NEET status and educational attainment

In a labour market that increasingly demands skilled workers, low educational attainment and particularly the lack of foundation skills (such as basic reading, writing and mathematics) can be important causes of NEET status.

In all OECD countries, NEET rates for youth aged 25-29[1] are highest for those with low (at most lower secondary) education and lowest for those with high (third level) education (Panel A, Figure 2.1). On the OECD average, youth without upper secondary education are more than three times more likely to be NEET than young people with tertiary education.

This educational gradient is even steeper in Sweden – those with low education have a NEET rate of 31% compared to 10% for those with medium (upper secondary/post-secondary but below tertiary) education and just 6% for those with tertiary education – young people with at most lower secondary education are thus over five times more likely to be NEET than those with tertiary education.

A further breakdown by gender (Panel C, Figure 2.1) reveals that low educated women are particularly at risk – 40% of them are NEET, and the majority are inactive, i.e. not looking for a job. In contrast, nearly half of all NEET women with a tertiary degree are actively seeking work. For men, this contrast is less stark but still 10% of men without upper secondary education are inactive.

While low educated young people are individually most at risk of becoming NEETs, two thirds of the NEET population (aged 15-29) have at least completed upper secondary education (Panel B, Figure 2.1).

Figure 2.1. NEET status is strongly related to low education, but most NEETs in Sweden have at least completed secondary education

Panel A. NEET rates for 25-29 year-olds by educational attainment, 2014

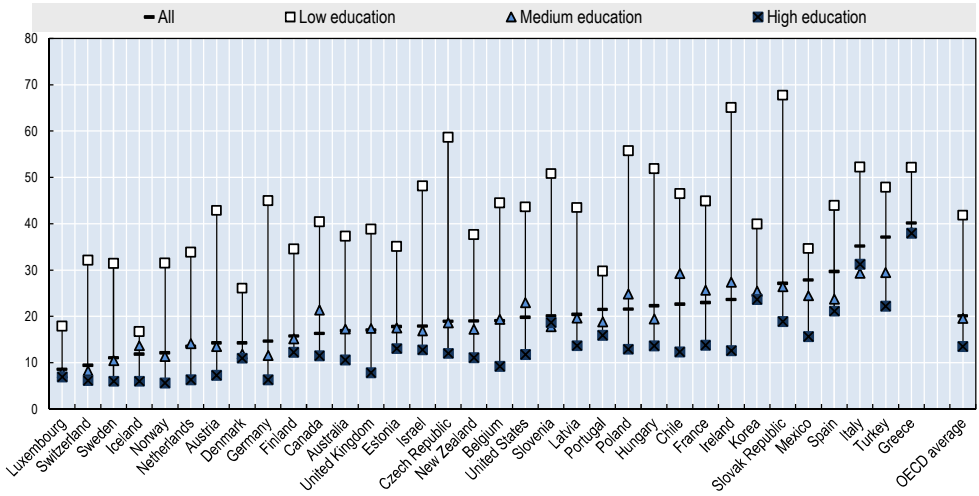
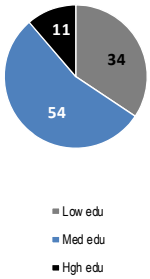
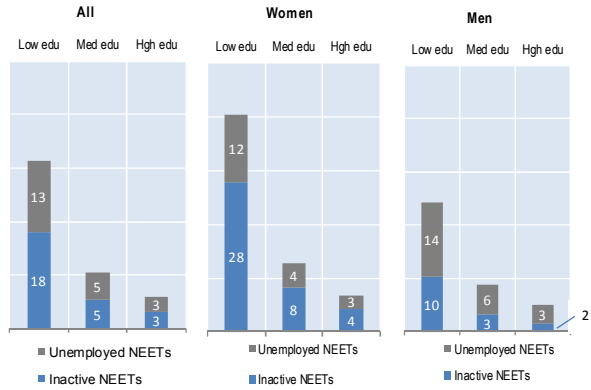


Figure 2.1. NEET status is strongly related to low education, but most NEETs in Sweden have at least completed secondary education *(cont.)*

Panel B. Breakdown of all NEETs (aged 15-29) in Sweden, percentages, 2014



Panel C. Shares among youth (25-29) in Sweden per subgroup in percentage, 2014



Note:

The term "low" education is used to describe individuals with at most lower-secondary education (ISCED levels 0-2); "medium" refers to individuals with upper- or post-secondary, non-tertiary education (3-4), and "high" is used to describe individuals with tertiary education (5-6).

No data were available for Chile, Israel, Japan, Korea, Turkey and the United States.

The OECD average is non-weighted.

Countries in the top panel are ordered in ascending order by the NEET rate for all youth.

NEET rates (top panel and bottom right panel) are for 25-29 year-olds to ensure that youth have had sufficient time to complete third level education.

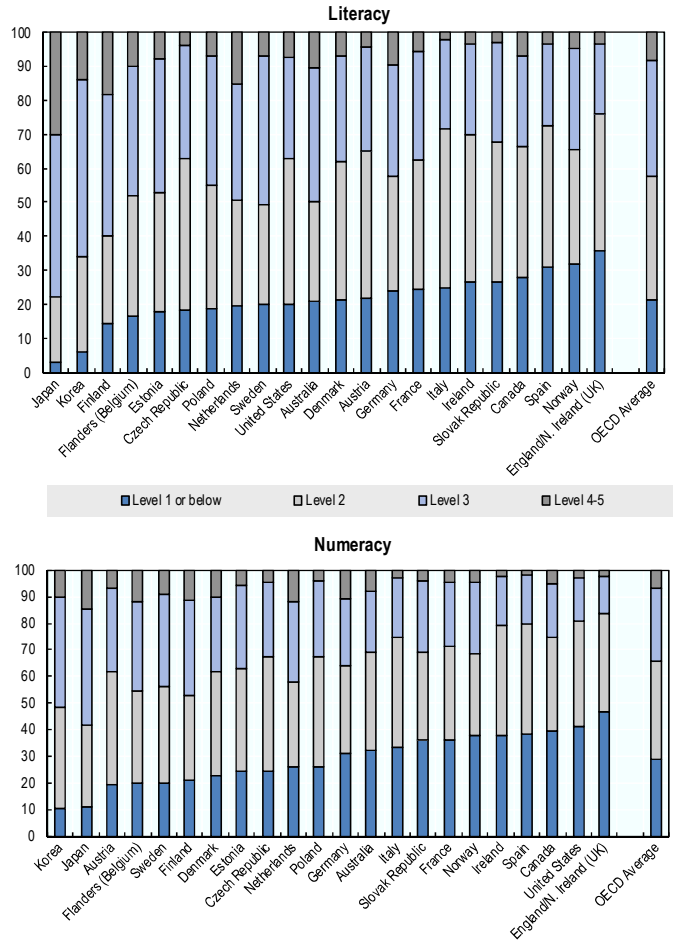
Source: OECD calculations based on the EU-LFS and national labour force surveys; for Australia, Germany, Israel, Korea, Mexico, New Zealand and Turkey, *OECD Education Database* https://stats.oecd.org/Index.aspx?datasetcode=EAG_TRANS.

Even in a developed country with high educational attainment, NEETs can struggle with basic literacy or numeracy skills. Sweden performs above the OECD average regarding the proportion of NEETs with low numeracy skills (20% of Swedish NEETs compared to 29% across the OECD) and with low literacy skills (20% of Swedish NEETs compared to 21% across the OECD as a whole).

Those working with NEETs typically know that such foundation skills are lacking. Between 2000 and 2012, Sweden's PISA performance dropped from close to the OECD average to significantly below average, the most significant decline of any OECD country (OECD, 2014). This negative trend suggests that skills, or lack thereof, might become even more of a challenge for the next generation of school-leavers (Mourshed et al., 2014).

Figure 2.2. Literacy and numeracy skills of NEETs

Breakdown of NEETs by literacy and numeracy skills (%)



Note: 16-29 year-olds. The figures are ranked by the proportion scoring at level 1 or below.

The proficiency that respondents showed in the test is measured on a scale from 0 to 500 points, which is divided into skills levels. Each level summarises what a person with a particular score can do. Six proficiency levels are defined for literacy and numeracy (Levels 1 through 5 plus below Level 1) with below Level 1 indicating poor skills up to Level 5, indicating high skills.

Source: OECD (2015) based on 2012 data from the Programme for the International Assessment of Adult Competencies (PIAAC).

Basic skills and formal education are not the only qualities valued by employers – non-cognitive skills (i.e. personality traits), such as reliability, communication skills, etc., can be as important. They have been shown to be as predictive as cognitive ability measures for a range of outcomes such as educational attainment, labour market performance and health outcomes (see Box 2.1). There is evidence that non-cognitive skills can be influenced by education and that they are, in fact, more malleable than cognitive skills.

Box 2.1. Non-cognitive skills, education and labour market outcomes

While the effect of cognitive abilities (such as attention, memory, and problem-solving as measured by IQ and other ability tests) on education and labour market outcomes has been established for many years, the role of personality traits, or non-cognitive skills, is less recognised.

A growing body of research indicates that non-cognitive skills are just as important as cognitive ability for predicting educational attainment, labour market success and other social outcomes, even after controlling for family background.

Of the "big five" traits commonly used by psychologists to describe personality – conscientiousness, openness to experience, extraversion, agreeableness and neuroticism (also referred to as emotional stability) – the first two best predict overall educational achievement (Goldberg et al., 1998 for the United States; Báron and Cobb-Clark, 2010 for Australia; and Van Eijck and De Graaf, 2004; Almlund et al., 2011; and Brunello and Schlotter, 2011 for European countries). Conscientiousness is also as closely associated with good grades as intelligence (Poropat, 2009).

Job and academic performance share a number of determinants. Both require completing work on time and involve intelligence to varying degrees. It is not surprising, therefore, that non-cognitive skills are also associated with labour market performance. The importance of intelligence increases with the complexity of an occupation, while conscientiousness is necessary for most jobs. Heckman, Stixrud and Urzua (2006) find that personality traits like conscientiousness affect earnings beyond their influence on education, particularly among individuals in lower-skilled jobs

Studies show that at least half of the variation in non-cognitive abilities stem from children's home and school environments, with the rest attributable to hereditary factors. Personality traits can, therefore, be changed by experience and specialised interventions, while cognitive abilities form early in life and are more difficult to shape. Many successful interventions for disadvantaged students seek to improve non-cognitive traits, often together with measures to enhance cognitive skills. Such approaches open new directions for social, employment and education policy (Carcillo et al., 2015). Innovative school programmes, after-school support, mentoring, apprenticeship schemes, work experience and second-chance programmes can thus all help to influence non-cognitive skills.

Source: OECD (2016), *Investing in Youth: Australia*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264257498-en.

Based on a survey of 200 Swedish employers, Mourshed et al. (2014) found that in Sweden 21% of employers cited a lack of skills as a common reason for unfilled entry-level vacancies, while 31% of employers feel a lack of skills caused significant problems. Employers felt that young people generally met employers' needs regarding maths, knowledge of their discipline, and English proficiency but that there was a lack of soft skills such as work ethic and the ability to work as part of a team. Using information on non-cognitive ability from Swedish military enlistment data, Lindqvist and Vestman (2011) found evidence that men who fared poorly in the labour market (measured by unemployment rates and low earnings) lacked non-cognitive, rather than cognitive, ability.

NEET status and gender

While NEET rates tend to be higher for women than for men in the OECD – in 2014, women were 40% more likely to be NEET than men in the OECD on average (Panel A, Figure 2.3) – this difference is negligible in Sweden. The gender gap in NEET rates fell from 1.5 percentage points in 2007 to 0.1 percentage points in 2014, mostly driven by an increase in the number of unemployed young men in the wake of the Great Recession (Panel B, Figure 1.A2.2).

Women are more likely to be inactive than men however: more than half of all NEET women are not actively seeking work, compared to just over a third for NEET men. Caring responsibilities are the main driver of female inactivity[2] (37% of female inactive NEETs, Panel B, Figure 2.3) while male NEETs are more likely to be ill or disabled (35% vs. 26% of female NEETs).

Figure 2.3. Women are more likely to be NEET than men and caring responsibilities play a strong role in female inactivity

Panel A. NEET rates for women and men as percentages of the 15-to-29 year-old population, 2014

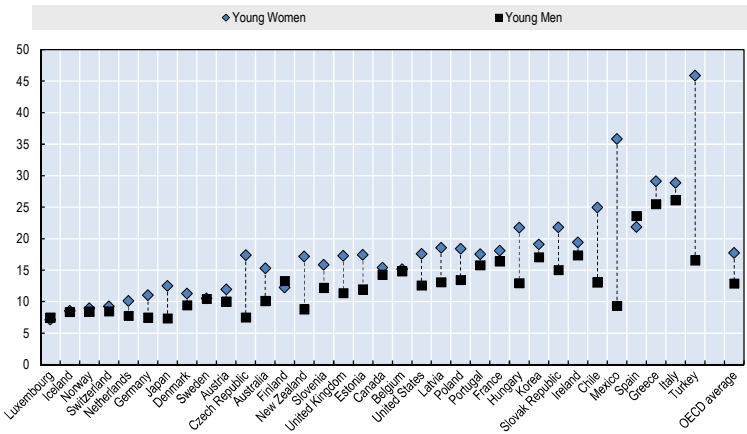
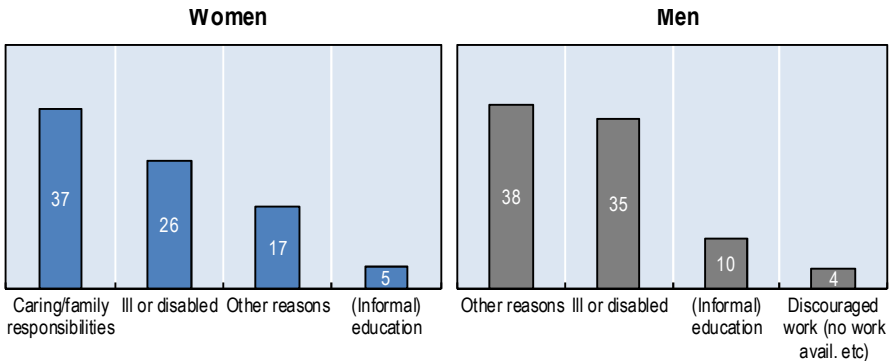


Figure 2.3. Women are more likely to be NEET than men and caring responsibilities play a strong role in female inactivity *(cont.)*

Panel B. Principal reasons for inactivity by gender, inactive NEETs aged 15-29, in percent, 2013



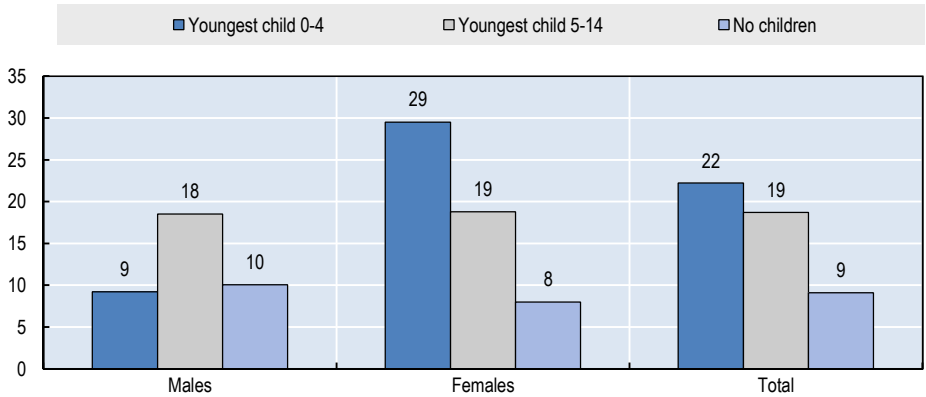
Note: The reasons for NEET inactivity in the bottom panel are self-reported.

Source: OECD calculations based on the EU-LFS.

Young men with children under the age of five are not more likely to be NEET than young men without children.[3] Having a child under the age of five is related to substantially higher NEET rates for women, however (Figure 2.4). Women with a child under the age of 5 have a NEET rate of 29%, compared to 8% for women without children.[4] Many young mothers want to take some time out of work to care for their children while they are young. But leaving the workforce for extended periods of time after having children increases the risk of becoming a long-term NEET. Niknami and Schröder (2014) examined the outcomes of young people who were NEET over the entire year in 2000. One fifth of those who were NEET in 2000 because they were caring for children were still NEET ten years later.

Figure 2.4. NEET rates are highest for women with young children

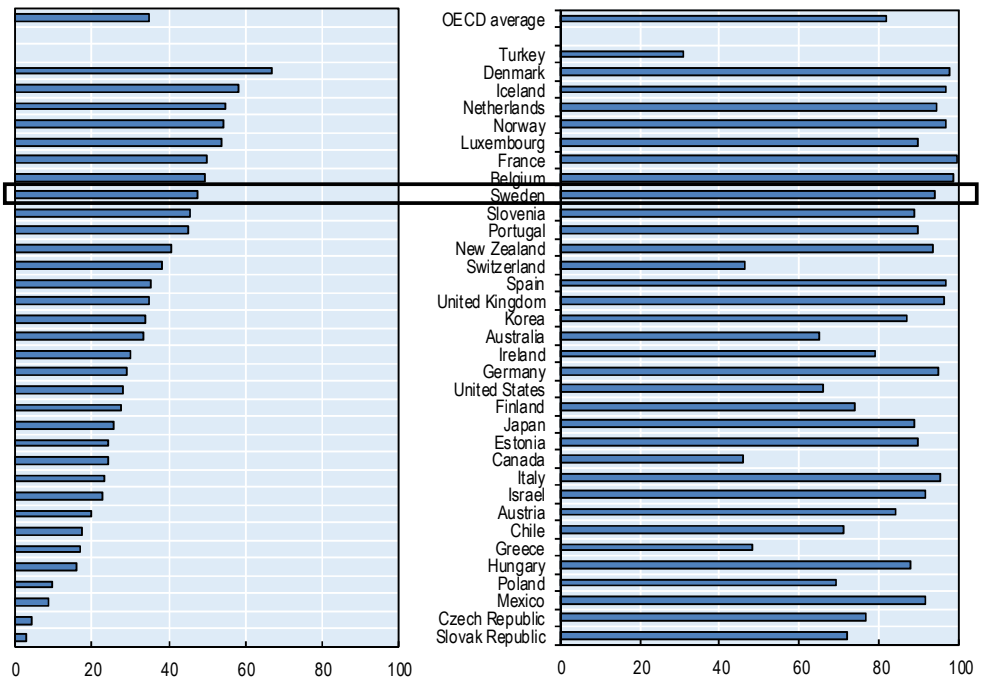
NEET rates by gender and age of child, in percentages, 2013



Source: UVAS Model, Statistics Sweden.

The enrolment rate of Swedish children ages 0-2 in formal childcare (Figure 2.5) is, at 47%, above the OECD average, but below countries like Denmark and Iceland where the maximum parental leave duration is shorter.[5] Enrolment rates in formal care (pre-primary and primary education) increase significantly with age, reaching 94% for 3-5 year-olds. The employment rate of mothers in Sweden is also particularly high (Figure 2.6) and there is a negligible employment rate gap between women with and without children – 82.7% of mothers are in employment compared to 83.1% of women without a child under 14.

Figure 2.5. Enrolment rate of children 0-2 in childcare services and children aged 3-5 in pre-primary education/primary education



Note:

Participation for 0-2 year-olds is for 2013 except for Australia (2012), Chile, Mexico, United States (2011), Japan (2010), Canada (2008) and Israel (2005). Data on Turkey is not available.

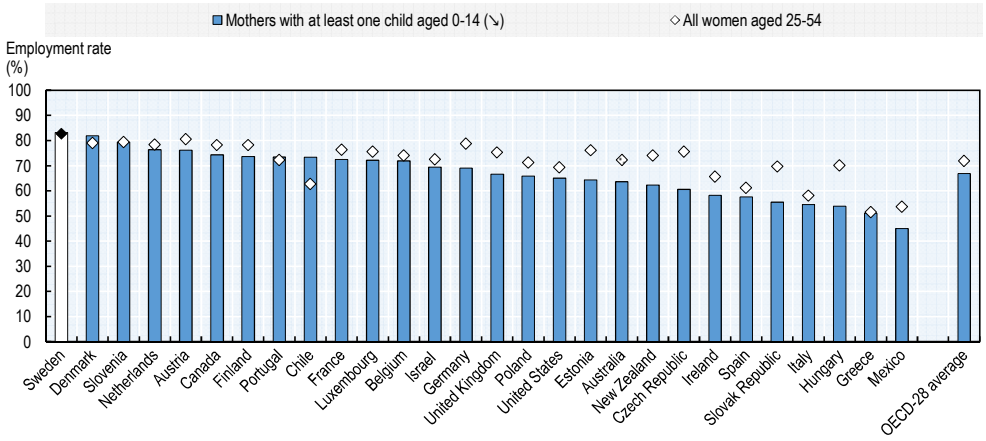
Participation for 3-5 year-olds is for 2012 except for Mexico (2011).

OECD average is unweighted and calculated for 2013 (0-2 year-olds) and 2012 (3-5 year-olds) where values are available.

Source: OECD Family Database, http://www.oecd.org/social/family/database.htm.

Figure 2.6. Swedish mothers have high employment rates

Maternal employment rates, 2013



Note:

Data for Australia refer to 2011 and for Chile, Denmark and Finland to 2012.

For Sweden, women aged 15-74.

For the United States and Sweden, children aged between 0-17.

The OECD average is unweighted across the 28 OECD countries with available data on employment rates for women with at least one child aged 0-14.

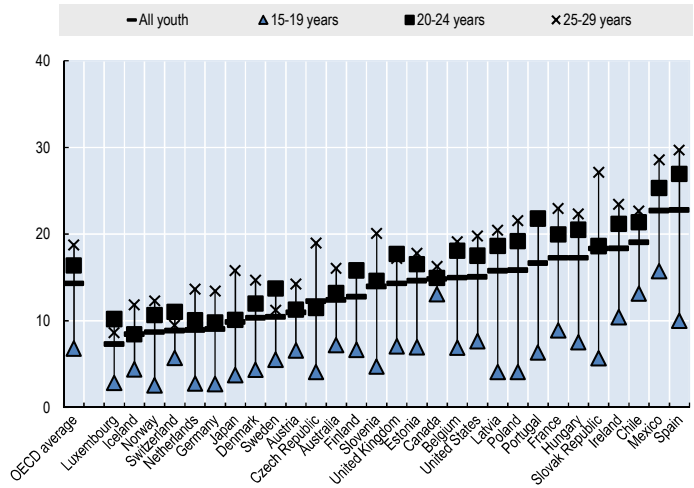
Source: For Australia, Australian Bureau of Statistics; for Canada, Canadian Labour Force Survey; for Chile, Israel, Mexico, New Zealand and the Russian Federation, OECD questionnaire; for Sweden, SCB; for other European countries, EU-LFS; for the United States, US Current Population Survey.

NEET status and age

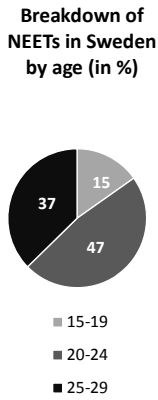
The typical NEET is not a teenage drop out, or a school-leaver navigating their way out of education and into employment. Across the OECD, NEET rates are generally highest among 25-29 year-olds (Panel A, Figure 2.7). A high proportion of 15-19 year-olds are still in school, leading to a low NEET rate for this age group. Also in Sweden, the NEET rate is lowest for 15-19 year-olds (5%). But in contrast to most OECD countries youth aged 20-24 have the highest NEET rate (14%) – they make up close to half of all NEETs (Panel B, Figure 2.7). NEETs in this age-group, especially men, are mostly unemployed and not inactive (Panel C, Figure 2.7).

Figure 2.7. Half of all NEETs in Sweden are aged 20-24

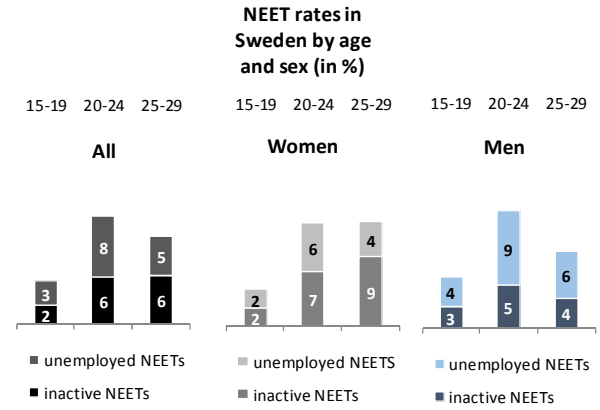
Panel A. NEET rates by age group in percentage, 2014



Panel B. Breakdown of NEETs by age group in percentages, Sweden, 2014



Panel C. NEET rates by age and sex, percentages, Sweden, 2014



Note:

No data were available for Israel and Korea.

The OECD average is non-weighted.

Countries are ordered in ascending order by the NEET rate for all youth.

Data is for 2014 except for Chile, Germany and Turkey (2013).

Source: OECD calculations based on the EU-LFS and national labour force surveys.

NEET status and health

Illness and disability, both physical and psychological, are important barriers to employment and education. Some people with disabilities may be permanently unable to work, others may be restricted in the type of job they can do or number of hours they can work while yet again others may require special equipment in the workplace.

According to a survey of youths who had commenced upper secondary education in 2000 (Statistics Sweden, 2007), one in ten men and one in six women who had dropped out of school reported doing so due to poor physical or mental health.

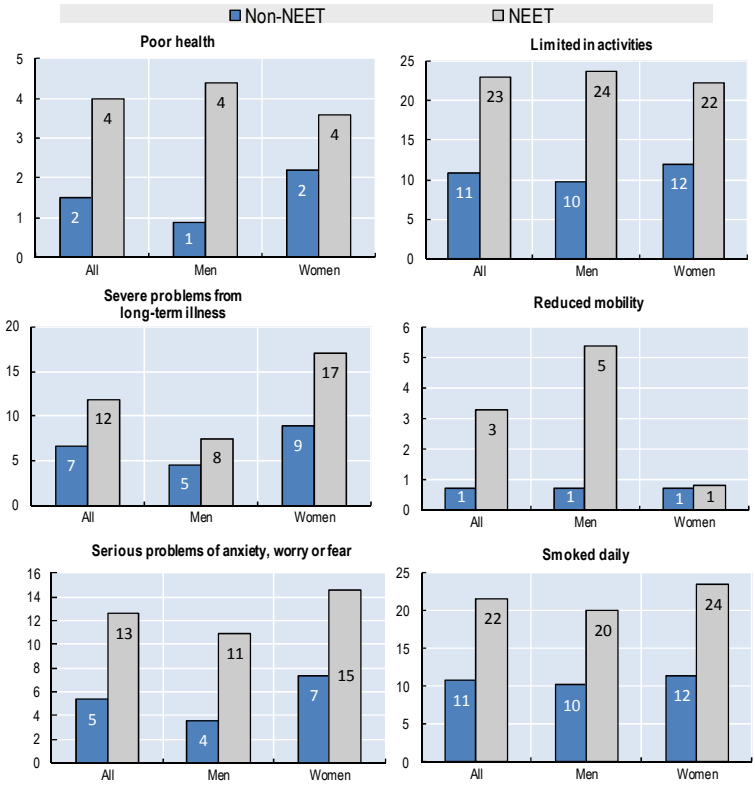
The incidence of poor health is higher amongst NEETs compared to non-NEET youth, especially among males (Figure 2.8).

- Male NEETs are nearly 5 times more likely to suffer from poor health than non-NEETs males, for female NEETs this factor is only 1.6.
- NEETs are also more than twice as likely to experience a limitation in activities or tasks that people generally engage in, and nearly twice as likely to have a long-term illness compared to non-NEET youth.
- Mobility problems are apparent for male NEETs.
- Female youth in general are more likely to suffer mental health issues than male youth, and NEETs of both genders are more likely to experience serious problems of anxiety, worry or fear than non-NEET youth.
- NEETs of both genders are twice as likely to smoke daily compared to their non-NEET counterparts.

Those with poor health make up a minority of all NEETs, however – just 4% of NEETS report poor health while 12% report having a long-term illness.

Figure 2.8. NEETs are more likely to suffer from physical or mental health problems and are more likely to smoke than non-NEET youths

Share of youth who report physical and mental health problems and share who report smoking daily in percentage, 2010-13



Note:

Results are for youth aged 16-29 years. The categories are set up based on the following questions:

- Poor Health: How do you assess your general state of health? Is it very good, good, average, poor or very poor?
- Limited in Activities: Do you now have any health problem that has lasted at least six months and as a result, you find it difficult to participate in activities or handle tasks that people generally do?
- Severe problems from long term illness: Person has some "long-term illness" or "takes medication regularly for something" and illness/problems are "serious or very serious".
- Reduced mobility: Not able to run a shorter distance and cannot board a bus without hindrance or take a shorter walk.
- Serious problems of anxiety, worry or fear: Person has answered "yes" to the question about problems of anxiety, worry or fear AND answered "severe" to the question if the ailments are severe or minor.

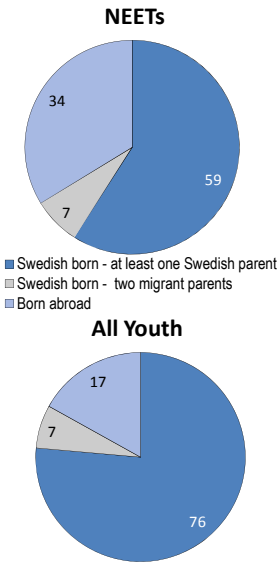
Source: Swedish Living Conditions Surveys (ULF/SILC) 2010-2013.

NEET status and ethnic background

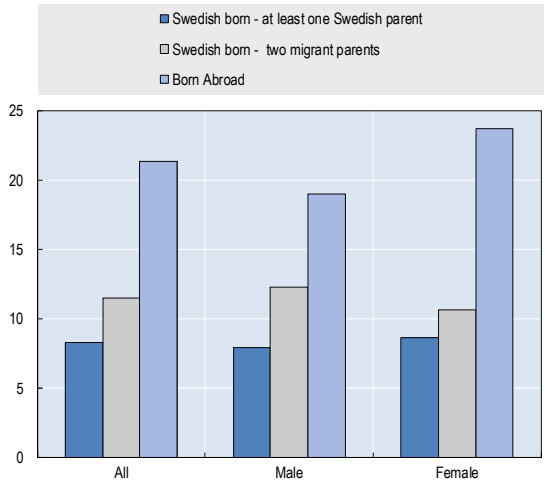
Non-Swedish born youth are overrepresented amongst the NEET population (top right panel, Figure 2.9): while 17% of all young people aged 15-29 were not born in Sweden, this group makes up *one-third* of all NEETs. With a NEET rate of 21%, foreign born youth are more than twice as likely to be NEET as young people born in Sweden with at least one Swedish parent (8%). This is all the more worrying as the increase in the youth population since 2009 has been entirely driven by immigration (see Figure 1.2, Chapter 1). Migrant youth commonly have higher NEET rates then native born youth (see OECD 2016) with migrant NEET rates being, on average, 50% higher across the OECD.

Figure 2.9. NEET rates are higher for non-Swedish born youths

Panel A. Shares among NEETs, all youth and non-Swedish born youth in percentage, 2013



Panel B. NEET rates by migrant status, 2013



Note:
Results are for youth aged 16-29 years
Source: UVAS Model, Statistics Sweden.

A variety of reasons may cause this higher NEET rate – recent arrivals need time to settle in and find employment, language barriers complicate the search for work and may make engaging in education difficult while foreign qualifications may not be readily recognised. Sweden has a high proportion of humanitarian migrants and a low proportion of labour migrants (see Chapter 1) which tends to result in higher NEET rates amongst migrants compared to other countries. Interestingly, NEET rates do not vary strongly by continent of origin.[6]

A weaker academic performance of young migrants can also drive up their NEET rate. OECD (2010) found that, compared to their Swedish-born peers, immigrant students had weaker educational outcomes on average at all levels of education. Differences in socio-economic background and speaking a different language at home accounted for a substantial part of the gap at age 15. While the report emphasises the strong support migrant students receive in Sweden already, it also stresses the need to increase efforts to close the socio-economic gap between migrant and Swedish born students.

Well-educated migrants can also face problems in the labour market. Among a sample of university graduates in 2009 (SCB, 2009), seven in ten foreign-born university graduates were in employment at the time of the survey, compared to nine in ten Swedish-born graduates.[7] Those born in Africa and Asia were most and those in other Nordic countries were least likely to be unemployed. About half of foreign-born graduates stated that it was difficult to get a job suitable to their educational attainment, while among native native-born graduates only 16% did. About two thirds of foreign-born graduates thought that a lack of contacts was the biggest obstacle they faced, followed by a non-Swedish name, foreign background and language difficulties.

Time use

Time use surveys shed light on why young people are NEET by showing whether are they taking care of young children or watching TV. Looking at how much time they spend interacting with others compared to other youth also shows how disconnected from the outside world they are – important information, as more socially isolated individuals may be harder to reach by public agencies.

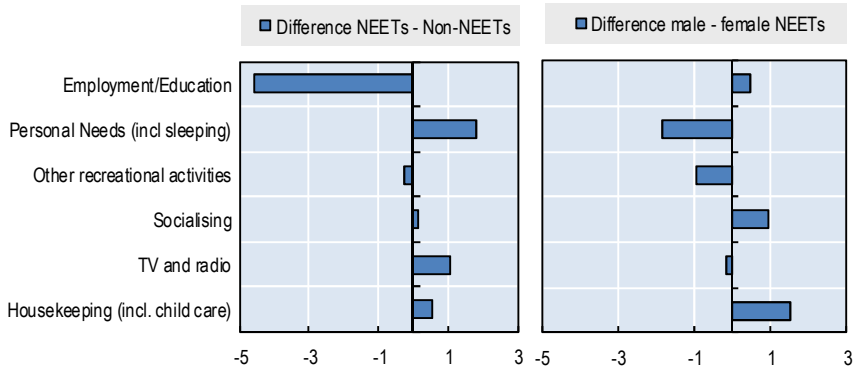
- Predictably, NEETs spend less time working or studying than young people who are in employment or studying, with both male and female NEETs spending little or none of their day engaged in these activities (Figure 2.10) while non-NEET youth spend, on average (including weekends) five hours per day in employment or education.

- NEETs spend on average two more hours on personal needs, including meals and sleeping, than non-NEETs – male NEETs in particular spend 13 hours per day on personal needs, three hours more than their non-NEET counterparts. NEET women on average only spend about half an hour more on personal care than non-NEET women.
- Female NEETs spend more time on housekeeping and childcare tasks (four hours per day) compared to male NEETs (two hours) and non-NEETs (two hours per day).
- NEETs spend three hours a day watching TV or listening to the radio, on average, compared to one hour for non-NEETs – the difference in the time spent on TV and radio between NEET men and women is only a couple of minutes.
- NEETs spend slightly more time on other recreational activities such as reading, hobbies and travel than their non-NEET counterparts, especially men.
- Female NEETs spend more time socialising with others than male NEETS (2 and one hour per day respectively) which suggests that male NEETs may be more isolated than female NEETs.

While there are differences in the way male and female NEETs spend their time, with women spending more time on unpaid work and men more time on sleeping and hobbies, these are less pronounced than in other countries. In Austria, for example, female NEETs on average spend more than seven hours a day on housework and caregiving, while male NEETs spend less than one an hour. However, male NEETs in other countries also tend to spend more time on sleep and media consumption than women and their non-NEET counterparts (Carcillo et al., 2013). This suggests that, while care responsibilities are part of the story behind women being NEET, NEETs in Sweden are not mainly kept out of work or education by caring responsibilities. Thus, reducing risk factors by raising educational attainment, promoting participation in social activities and providing measures for those suffering ill-health and disabilities is crucial.

Figure 2.10. Male NEETs spend more time on personal needs than other youth

Time-use by activity, in hours per day, 2010/11



Note: Average per day over weekdays and weekends.

Source: Swedish Time Use Survey.

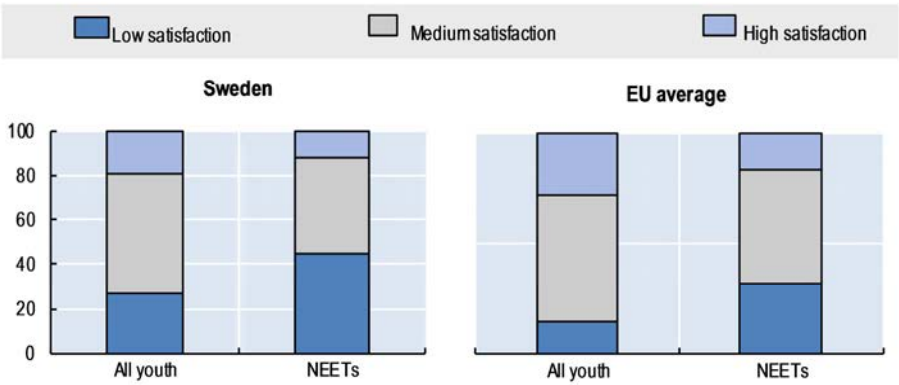
Views and values of NEETs

NEETs also differ from other young people in terms of their subjective well-being and the opinions and feelings they have about their life and the society they live in. This section uses data from the 2013 EU-SILC special module on wellbeing to assess whether NEETs are less satisfied with their life than their non-NEET peers, and to gauge the degree of trust they place in the political system and other people. The subjective wellbeing of NEETs is not only an important individual facet of the NEET problem – understanding NEETs' attitudes towards the political system and society at large also informs on the challenge government agencies face in reaching out to NEETs.

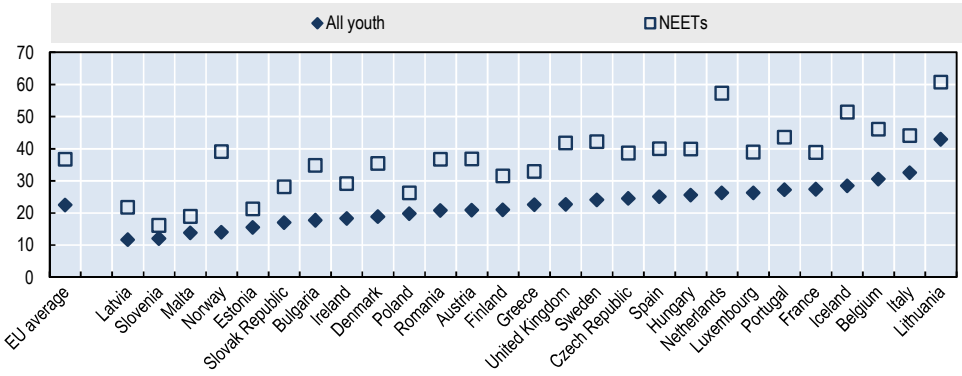
NEETs are generally less satisfied with their life than other young people: the share of NEETs who report low levels of life satisfaction is 18 percentage points higher than among all young people in Sweden (Panel A, Figure 2.11). This gap between NEETs and all youth is almost the same as the one observed on the EU average (17 percentage points). But young Swedes are less happy overall than their EU counterparts: 27% of all Swedish young people report low life satisfaction compared to only 15% in the EU on average. NEETs are also more likely to feel depressed at least some of the time (42% of Swedish NEETs vs. 24% of all Swedish youth; Panel B, Figure 2.11); these shares are close to the EU average (37% of NEETs vs. 22% of youth).

Figure 2.11. NEETs are less satisfied with their lives and more likely to feel depressed

Panel A. Share of youth and NEETs reporting low, medium and high life satisfaction, 2013 (in %)



Panel B. Share of youth and NEETs reporting feeling depressed at least some of the time, 2013 (in %)



Note:

Results for Sweden are based on 109 observations for NEETs.

Youth/NEETs are in the age-group 16-29.

The EU average excludes Germany and Croatia (no data for 2013) and Norway/Iceland who are in the data but not in the European Union. The EU average is unweighted.

The question about life satisfaction elicits a response from 0 (not at all satisfied) to 10 (completely satisfied), where "low satisfaction" here refers to an answer from 0 to 5, medium satisfaction from 6-8 and high satisfaction 9 and 10.

The question about feeling depressed asks the respondent on how often they felt downhearted or depressed in the last four weeks. Answers ranges from 1 "All of the time" to 5 "None of the time".

Source: EU-SILC 2013, ad-hoc module on wellbeing.

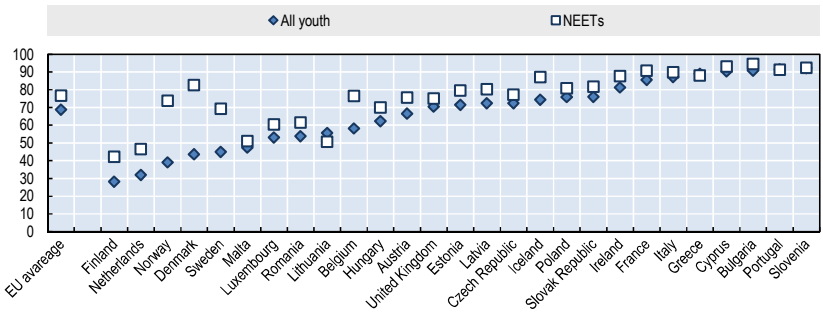
Trust in the political system among youth is low across Europe (top panel of Figure 2.12) with 69% reporting that they have little or no trust in the political system. Among NEETs, this share is even higher – 77% report having little or no trust in the political system. Young people in southern and eastern European countries such as Spain, Slovenia and Portugal report the lowest levels of trust (over 90% of all youth report having no or low trust) while in northern European countries, including Sweden, these shares are much lower: only 45% of young Swedes report having little/no trust in the political system. However, at 66%, the share of Swedish NEETs who have no or low trust in the political system is substantially higher, a similar pattern as in Denmark and Norway.

Young people in Nordic countries, including Sweden, are also more trusting in other people: only 23% of Swedish youth report trusting no one or only few other people, compared to 37% on the EU average (bottom panel of Figure 2.12). Also trust in others, however, is substantially lower among NEETs, with 45% trusting no one or only few other people, close to the EU average of 49%.

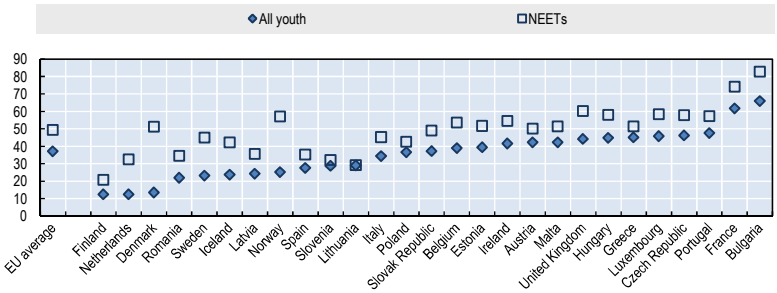
Overall, NEETs in Sweden report lower life satisfaction, a higher incidence of depression, and substantially lower levels of trust both in the political system and in other people. This illustrates both the importance of reaching out to young NEETs to reengage them in education and the labour market, and the challenge public agencies and individual caseworkers face in doing so.

Figure 2.12. NEETs have lower levels of trust in the political system and in other people

Panel A. Share of youth and NEETs with low to no trust in the political system, 2013



Panel B. Share of youth and NEETs who trust none/few other people



Note:

Results for Sweden are based on 109 observations for NEETs. Youth/NEETs are in the age-group 16-29.

The EU average excludes Germany and Croatia (no data for 2013). The EU average is unweighted.

The question regarding trust in the political system elicits a response from 0 "No trust at all" to 10 "complete trust". Answers have been grouped into "no to low trust" (0-5), "medium trust" (6-8) and high trust (9 or 10).

The question regarding trust in others elicits a response from 0 "I do not trust any other person" to 10 "most people can be trusted". Answers have been grouped in "I trust no one / few other people" (0-5), "Some people can be trusted" (6-8) and "Many / most people can be trusted" (9 or 10).

Countries have been ordered by the share of the youth population who report no to low trust in the political system or in others in ascending order.

Source: EU-SILC 2013, ad-hoc module on wellbeing.

Household and parents' characteristics

NEET status and living arrangements

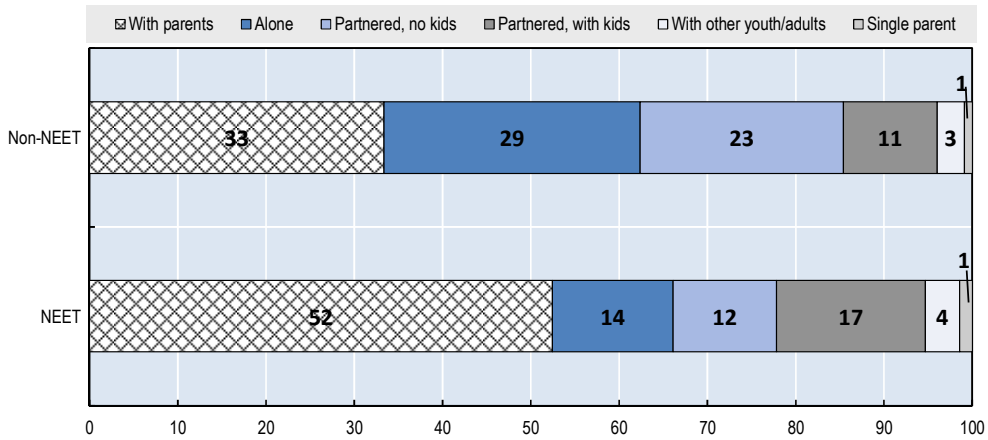
The living arrangements of young people can influence NEET status, just as being NEET may influence living arrangements. Young people living with their parents benefit from their income, and therefore face less of a financial

necessity to work. Conversely, a lack of employment options may keep young people from moving out of the parental home. Living arrangements can also illuminate drivers of inactivity, e.g. in the case of parents caring for young children at home. They also influence young people's poverty risk, as workless young people can benefit from other household members' income and because eligibility for benefits is often determined at the household level (Chapter 3 discusses both benefit receipt and poverty among youth).

Swedish NEETs are more likely than non-NEET youth to live with their parents (52% of all NEETs vs. 33% of all non-NEETs, Figure 2.13) and less likely to live alone (14% of NEETs compared to 29% of non-NEETS) – likely due to their lack of resources. NEETs are 1.5 times more likely to be partnered with children: 17% live with a partner and children, compared to 11% of non-NEET youth. This again points to the importance of caring for children as a driver of inactivity among young people, particularly women.

Figure 2.13. NEETs are more likely to live with their parents and are more likely to have children than non-NEET youths

Living arrangements of youth and NEETs in percentages, 2013



Note: Numbers are for youth aged 16-29 years.

"With parents" indicates that the young person lives in the same household as their parent(s); "alone" denotes a young person living on their own; "partnered, no kids" indicates that the young person lives with a spouse/partner but no children; "partnered, kids" indicates that the young person lives with a spouse/partner and at least one child; "with other youth/adults" denotes a young person living with at least one other young person or adult over 30 who is not their partner (and possibly with children); "single parent" means that the young person lives with at least one dependent child and no partner.

Source: European Union Statistics on Income and Living Conditions *(*EU-SILC) 2014.

NEET status and parents' characteristics

Disadvantage is often transferred from parents to children. This intergenerational transmission has been examined extensively regarding educational attainment and poverty as well as a wide range of other factors (see for example Diekman and Schmidheiny, 2008, on the intergenerational transmission of divorce, and Min et al., 2012, on the intergenerational transmission of values). This section examines the link between NEET status and the educational attainment and employment status of parents.

Panel A of Figure 2.14, shows that the parents of NEETs are more likely to have a lower educational attainment themselves using mother's educational attainment (using fathers' educational attainment yields similar results). Around half of the mothers of both NEETs and non-NEETS have attained upper secondary education. The mothers of NEETs, however, are more likely to have completed, at most, lower secondary education: 23% of the mothers of NEETs compared to 12% of the mothers of non-NEETs. They are less like to hold a tertiary level qualification – 26% of NEETs' mothers hold a university degree, compared to 39% of the mothers of non-NEETs.

Panel B of Figure 2.14 shows that NEET rates are higher for those youth whose parents have lower educational attainment – NEET rates are 6% for youth whose father/mother have a third level education. Compared to this group NEET rates are 1.4/1.5 times higher for those whose father/mother have upper/post-secondary education and 1.9/2.5 times higher for those whose father/mother have a maximum of lower secondary education.

Figure 2.14. NEETs' parents are on average less educated than the parents of non-NEET youths

Panel A. NEET/non-NEET youth by mothers' educational attainment, percentages, 2013

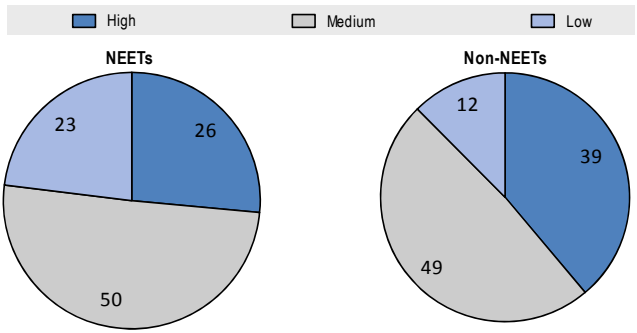
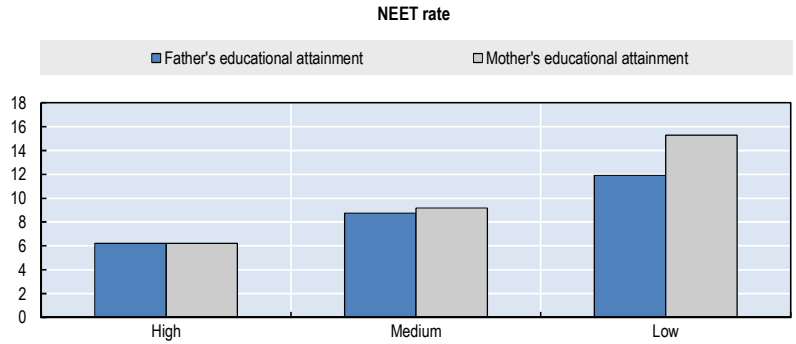


Figure 2.14. NEETs' parents are on average less educated than the parents of non-NEET youth *(cont.)*

Panel B. NEET rate by parental educational attainment, 2013



Note:

The term "low" education is used to describe individuals with at most lower-secondary education (ISCED levels 0-2); "medium" refers to individuals with upper- or post-secondary education (3-4) but below tertiary, and "high" is used to describe individuals with tertiary education (5-6).

Numbers are for youth aged 16-29 years.

Figures calculated using only the population where parental education is known.

Source: UVAS model, Statistics Sweden.

NEETs are also more likely to have parents who are not gainfully employed. Around three quarters of non-NEETs have employed parents, compared to only half of all NEETs. Parental employment is also linked to the NEET rates of their children. NEET rates for those with an employed father or mother are on average 7%. NEET rates are substantially higher for those with out-of-work parents – about 20%.

2. The dynamics of NEET status

The analysis presented in this chapter thus far provided a *cross-sectional* characterisation of young NEETs in Sweden in terms of their personal characteristics and living conditions. This gives a snapshot picture at a single point in time (or multiple of these snapshots over recent years).

Being a NEET may not always be a negative outcome in itself – a young person may take time out to care for children, travel, etc. Longer stretches out of employment or education may have negative long-term consequences, however, potentially giving rise to "scarring" effects i.e. i.e. the permanent reduction of a young person's future employment and earnings potential (see

e.g. Nordstrom Skans, 2004, for Sweden). Backman and Nilsson (2015) found negative effects on the future labour market performance of people who experienced a NEET spell in their youth. They examined these effects for three cohorts – those born in 1975, 1980 and 1985 – and found that the size of these negative effects has been increasing for more recent cohorts of young people. Andersson et al. (2016) found that Swedish 20-24 year-olds who had been NEET for one year between 2001 and 2003 had a 57% higher chance of not being in the labour market in 2011, with the outcome being worse for those who were NEET for all years between 2001 and 2003.

This section uses the UVAS model (see Box 2.2 for a description of the model) to analyse the *dynamics* of NEET status. The model combines a wealth of information from administrative sources, and enables tracking young people over time as they move in and out of education, employment, benefit receipt, etc. Unfortunately, the model is limited in that it only assigns an annual NEET status, and therefore precludes the analysis of short NEET spells.

Box 2.2. The UVAS (*Unga som varken arbetar eller studerar*)

The UVAS model was developed by the Theme Group Youth in 2009, and is created by SCB using administrative data. It captures the entire NEET population and not just a sample as it would be the case if it had to rely on survey data. It is based on the Swedish population register and links to other administrative sources to document whether young people received support from the PES, the SIA or other public stakeholders in the last year. This approach is extremely useful in identifying who and where NEETs are, particularly the ones who are hardest to reach – the group not in contact with any public services.

To be included in the NEET group in a particular year, an individual should not, for a full year:

- have been in receipt of study assistance or registered on a course for more than 60 hours, including those participating in the national language course provided by the municipal adult education system, Swedish For Immigrants (SFI, see below)
- have been commuting to Norway or Denmark for work.

An individual may have worked at some point(s) during the year but must have earned under a certain amount (SEK 42 800/EUR 4 500 in 2011).

NEETs are placed into nine categories:

1. Immigrated during the year;
2. Unemployed > 7 months (more than 212 days);
3. Social benefits(financial aid) > 7 months;

Box 2.2. The UVAS (*Unga som varken arbetar eller studerar*) model *(cont.)*

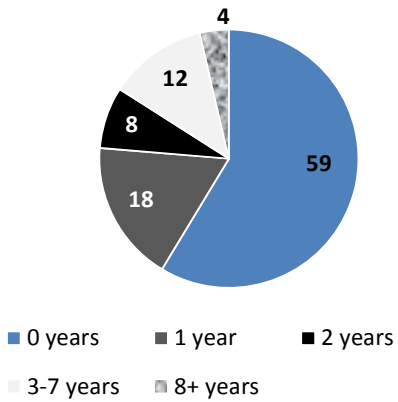
4. Parental leave > 7 months;
5. Sickness benefit or disability pension > 7 months;
6. Combination of category 1-4 > 7 months;
7. Combination of category 1-4 for 4-7 months (between 92- 212 days);
8. Combination of category 1-4 for 1-3 months (between 1- 91 days);
9. Unknown activity.

The UVAS model captures persons younger than 20 years that are under the municipalities activity responsibility (see chapter 4), but the municipalities' actions for these people are not recorded in the UVAS model. The model does not record those engaged in municipality employment programmes either. Due to the fact that the UVAS model is based on administrative records the model is usually only available with a 2/3 year time lag.

Of the cohort of 16-year-olds in 2000, the majority (59%) did not spend any year NEET before turning 29 (Figure 2.15). Around one-fifth spent one year NEET, and just below one quarter spent two or more years NEET.

Figure 2.15. Around one quarter of 16-year-olds spend two or more years NEET

Cohort of 16-year-olds in 2000 by number of NEET years before turning 29, in percent



Note: The total number of years spent NEET can be continuous or in separate spells over the 14 years.

Source: UVAS model, Statistics Sweden.

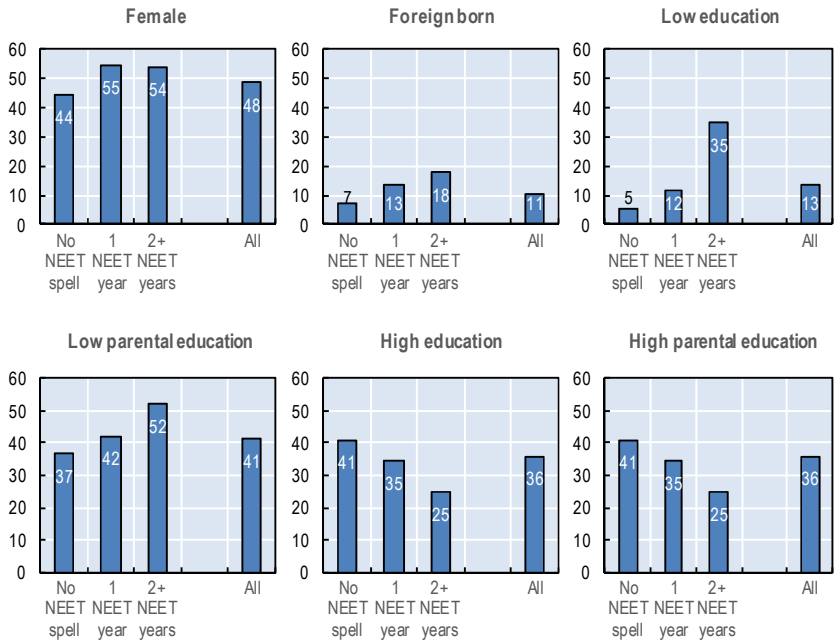
Those with low education, low parental education, foreign born and female youth are far more likely to be a long-term NEET (i.e. spend two or more years NEET, Figure 2.16). Specifically:

- Women are slightly more likely to be long-term NEETs: they make up 48% of cohort in 2001 but account for 55% of those who spend one year NEET and 54% of those who spend two or more years NEET.
- Young people born outside of Sweden are more likely to be long-term NEETs. While only 11% of the cohort were born outside of Sweden, this group accounted for 18% of long-term NEETs.
- Own and parental educational attainment is predictive of long-term NEET status: only 13% of all 16-year-olds in the 2000 cohort had low (below upper secondary) education by 2013, but they accounted for 35% of those who spent two or more years NEET. Similarly, 41% of 16-year-olds in 2000 had parents with low education while 52% of long-term NEETs did. Conversely, high (tertiary) levels of own and parental education reduce the likelihood of being a long-term NEET.
- While the model lacks a direct measure of illness/disability, it does indicate whether a person received sickness benefit or disability pension for over seven months. These young people accounted for 12% of the NEET population in 2013, but made up 21% of the long-term NEET group. These results are in line with Niknami and Schröder (2014).

The Great Recession does not appear to have increased long-term NEET rates in Sweden. Of the cohort aged 16-24 in 2004, 77% did not spend a full year NEET over a five-year period until 2008 (see Table 2.1). Of this pre-recession cohort, 12% spent one year NEET while another 12% spent two or more years NEET. The cohort who was between 16 and 24 years old in 2009, at the height of the Great Recession in Sweden, was equally likely as their pre-recession counterparts to spend two or more years NEET. The long-term NEET phenomenon therefore appears to be largely structural. This analysis, however, cannot capture NEET spells of a few months' duration (less than one year) as the UVAS model operates on an annual basis.

Figure 2.16. The low educated, migrants and women are more likely to be long-term NEETs

Proportion of 16-year-olds in 2000 according to number of NEET years before turning 29



Note: The bars give the share of youth by spell number for each characteristic. Long-term NEETs are defined as 16-year-olds who spend two or more years NEET between 2000 and 2013. The NEET years are not necessarily consecutive.

Source: UVAS model, Statistics Sweden.

Table 2.1. The Great Recession hardly affected the share of long-term NEETs

Number of NEET years	Pre-recession (2004-2008)	During/Post-recession (2009-2013)
0	77%	75%
1	12%	13%
2	5%	5%
3	3%	3%
4	2%	2%
5	2%	2%

Note: This analysis follows all those aged 16-24 in the first year of the two-time periods (i.e. 2004 and 2009). They are followed for 5 years (up to 2008 in the first time period, up to 2013 in the second-time period).

Source: UVAS model, Statistics Sweden.

Round up

- Education is the primary factor leading to unemployment or inactivity. NEET rates are five times higher for youth who have not completed upper secondary education compared to those with third level education. Across the OECD, NEET rates are three times higher for youth without upper secondary education; Sweden thus has one of the highest gaps in NEET rates by education across the OECD. One-fifth of NEETs have low literacy and numeracy skills, better than the OECD average but behind the best performers.
- Young migrants represent a high share of NEETs in Sweden. Non-Swedish born youth are over twice as likely to be NEET as those who are Swedish-born with at least one Swedish parent. For those born outside of Sweden the NEET rate is significantly higher at 21%. This is all the more worrying since the rise in the youth population since 2009 has entirely been due to immigration.
- Sick or disabled youth are a minority among NEETs but they are severely challenged. NEETs are more than three times more likely to report poor health compared to non-NEET youth with a higher likelihood of having restricted mobility and severe problems due to long-term illnesses. A substantial proportion of female (26%) and male (35%) inactive NEETs cite illness or disability as the reason for not seeking work.
- The gender gap is negligible in Sweden, in contrast to other countries. NEET rates are higher for women with children under the age of five, but many of these NEET spells are likely short, as employment rates of women with children are not lower than the overall female employment rate.
- The majority of 16-year-olds will not spend a full year NEET up to the age of 30. But about one fifth will spend one year NEET while around one quarter will spend two or more years NEET. The recession appears to have had little or no effect on the number of youth experiencing longer NEET spells.
- NEETs tend to report lower levels of life satisfaction and higher rates of feeling depressed than non-NEET youth. They also report lower levels of trust in the political system and in others, with a higher share of NEETs reporting that they trust no-one, or few, other people. This may make reaching out to NEETs more difficult as they may be less likely to put their trust in the public institutions that seek to help them.

Notes

1. The analysis here is limited to 25-29 year-olds because teenagers and those in their early twenties are unlikely to have finished tertiary education (some NEETs also may resume education after a period of inactivity of unemployment); the age distribution among NEETs would therefore skew the results.

2. Note that the EU-LFS counts those on compulsory maternity leave (i.e. those who are temporarily not working but have a job to return to) as employed, not inactive. Those who are on extended parental leave are only counted as employed if they have a job to return to, are absent for less than three months, or, in case of a longer absence, continue receive at least 50% of their wage or salary *from their employer* (Malgorzata and Valentova, 2013).

3. The NEET rate for young men aged 15-29 with children aged 5-14 is substantially higher than the NEET rate for young men without children. There are very few observations of fathers under the age of 30 with children older than five, however, so results should be taken with caution. The same is true for young mothers of children over the age of 5.

4. The administrative data records a young person as being NEET if they are on parental leave and earn under a relatively low threshold during the calendar year (see Box 2.2). It is unknown if they have a position to return to. That is, the administrative data counts some women who would be employed according to the EU-LFS definition as inactive.

5. Swedish mothers are entitled to a total of 60 weeks paid leave, above the OECD average of 54 weeks. Replacement rates are substantial with a mother who earned the average wage receiving over three quarters of her salary while on maternity leave and 60% while on parental leave.

6. According to the UVAS model, those originating from Africa and Europe had a NEET rate of 21%, compared to 22% for those originating from Australasia, 16% for those from South America and 26% for those from North America. The number of young people in these last two groups were small and are therefore likely less reliable, however.

7. Amongst the migrant sample, 82% had completed university outside of Sweden while the remaining 18% held a Swedish degree.

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Chapter 3

Benefits receipt and youth poverty in Sweden

This chapter describes the income situation of youth and NEETs in Sweden. It starts by describing the various types of income support available to young people in the case of unemployment, disability or caring responsibilities. The chapter then discusses trends in benefit receipt since the beginning of the economic crisis, looks at benefit coverage among NEETs and presents evidence on the duration of benefit receipt. The final section studies the incidence of poverty among NEETs and other youth.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Income-support programmes such as unemployment benefits, housing benefits, social assistance and family allowances have an important role to play in ensuring a minimum standard of living, particularly for those without employment income. Such transfers also have a redistributive role in reducing poverty and act as an income cushion providing a safety net for those who lose their jobs. This chapter describes the income support system in Sweden, presenting the benefits available for youth. It then goes on to look at benefit coverage among NEETs and poverty among youth and NEETs.

1. The Swedish income-support system

This section examines the benefits that different categories of youth are entitled to (for example unemployed youth with and without children, ill or disabled youth, etc.).[1]

Unemployment insurance benefits for youth with a work history

Sweden's unemployment benefit (UB, *Arbetslöshetsförsäkring*) scheme consists of two parts: a basic, flat-rate, government-provided unemployment benefit, and a system of voluntary, contribution-based Unemployment Insurance Funds[2] (UIF, *Arbetslöshetskassa*), that provide additional, income related payments to unemployed members.

An individual must have worked for at least six out of the last 12 months,[3] and must be wholly or partly unemployed and be able to work at least 17 hours per week to be eligible for basic UB.[4] Basic unemployment benefits are restricted to those over the age of 20, but are otherwise independent of the age of the claimant. UB can be received for 300 (working) days for those without dependent children and 450 (working) days for those with dependent children. Unemployed members of UIFs are eligible for payments if they have been members for at least 12 months. Payment rates are tied to previous earnings: recipients receive 80% of their previous earnings for 200 days, then 70% for the next 100 days subject to a maximum amount.[5] Applicants must be willing to accept employment offered, be actively seeking work and be registered with the PES. If they breach these conditions, they receive an initial warning; ultimately, their UB payments can be suspended.

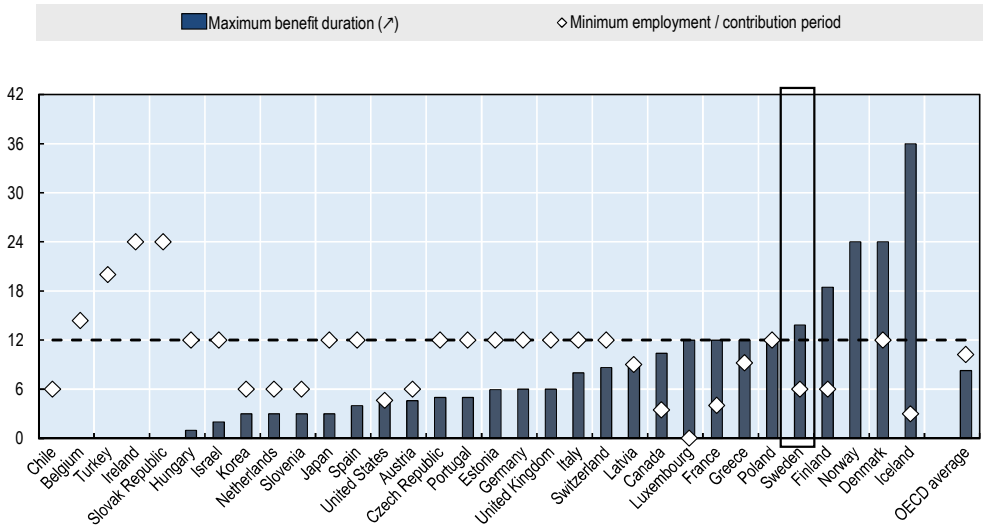
Figure 3.1 shows the minimum contribution periods necessary for a 20 year-old to qualify for unemployment insurance benefits, and the maximum duration of these benefits, across the OECD. The minimum

contribution period in Sweden is below the OECD average of 10 months, and the maximum benefit duration is higher (14 months compared to the OECD average of ten months).

Those who do not have a sufficiently long contribution record under the UIF scheme can still receive basic UB payments as long as they meet the minimum employment conditions (i.e. six months). The basic UB payment was raised in September 2015 and is, at present, SEK 94 900 per annum.

Figure 3.1. Minimum employment/contribution period and benefit duration of unemployment insurance benefits

For a 20 year old with one year of employment record, living alone and without children, in 2014



Note:

In Belgium, Ireland, the Slovak Republic and Turkey, 20-year-olds with a contribution record of one year do not qualify for unemployment insurance benefits. Norway has a no minimum contribution period but a minimum earnings requirement. No maximum benefit duration applies in Chile.

There are no unemployment insurance schemes in Australia and New Zealand.

Results for the United States are for the State of Michigan.

The OECD average for the maximum benefit duration is based on countries where this limit exists.

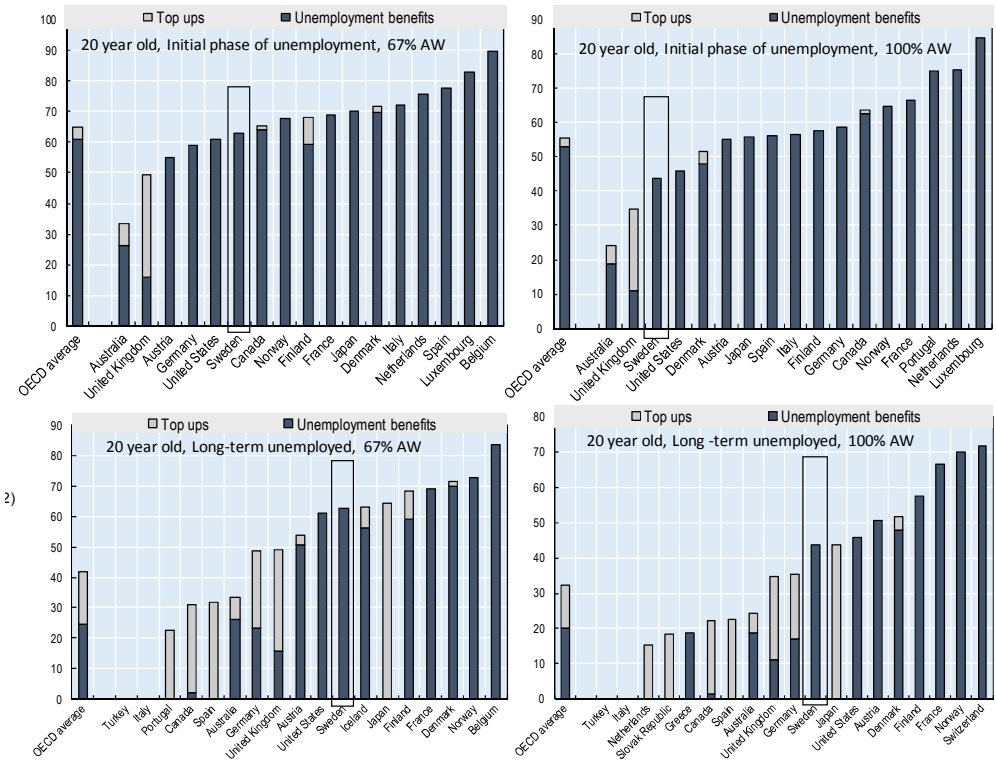
Source: OECD tax-benefit models

Figure 3.2 shows the replacement rate for a young (childless) person eligible for UB across the OECD, i.e. the proportion of a person's work income that gets "replaced" by unemployment insurance benefits if they lose their job. The replacement rates are given for a young person on two-thirds as well as the 100% of the average wage in Sweden in 2013.[6] For those who had worked at two-thirds of the average wage they have a replacement rate of 63% in both the initial phase of unemployment and when longer-term unemployed, as the benefit can be received for up to 14 months. Despite the 80%/70% payment rate, the replacement rate is below this level due to the cap. The cap is also felt by those who had worked at the average wage, resulting in a replacement rate of 44%. These replacement rates for a young person are broadly in line with the OECD averages of 65% in the short-term and more generous in the long-term compared to the OECD average of 42%. Swedish UB benefits are less generous for a young person who had been working at the average wage and is short-term unemployed and more generous than the OECD average once this individual moves into longer-term unemployment. Wages tend to increase with age and experience, however, so we would expect to find younger people at the lower end of the income distribution.

Jobseekers who are registered with the PES, eligible for UB and participate in active labour market programmes (ALMPs) receive an Activity Grant (AG*, Aktivitetsstöd*). This is a separate benefit paid instead of UB although level and duration of the benefits are co-ordinated with UB rates for those who were eligible for UB.[7] For those who were not eligible for UB the AG can be paid for a maximum of 450 days.[8] The level of AG is either 65% of previous earnings (from day 301 for those who had income-related UB or day 451 for those with dependent children), or the same as would be received under the basic UB scheme. Jobseekers aged 25 or over who do not meet the employment conditions for UB receive a daily AG amount of SEK 223.

Figure 3.2. Unemployment insurance benefit generosity

Net replacement rates for single, 20 year old without children at 67% and 100% of the average wage, 2013



Note:

The average wage is not available for Turkey, calculations are based on the Average Production Worker (APW) solely from the manufacturing sector.

Initial Phase of unemployment as measured at month 2 of unemployment, long term unemployed as measured at month 13 of unemployment.

Individual is assumed to be taking part in the Job and Development Program in the long-term scenario.

Where receipt of social assistance or other minimum-income benefits is subject to activity tests (such as active job-search or being "available" for work), these requirements are assumed to be met.

Data corresponds to a 20 who has been in constant employment for 24 months.

“Top-ups” consist of social assistance top-ups and housing benefits, housing costs are assumed equal to 20% of AW.

Countries are ranked according to the total replacement rate including top-ups.

Source: OECD tax-benefit models, www.oecd.org/els/social/workincentives.

Benefits for those without a work history

For those without a work history[9] social assistance (SA, *Ekonomiskt bistånd*) can be claimed. SA is means tested and individuals must be seeking employment. In July 2016 a new provision was introduced in the Social Services Act stating that in order to receive SA a person who is able to work should be registered with PES and be actively looking for a job.[10] Receipt of SA can be indefinite as long as the eligibility conditions continue to be met, with no minimum age. The payment is intended to provide temporary financial relief when an individual has no other means of support. In 2016 a single individual receives SEK 2 950 per month while a couple (married/cohabiting) receives SEK 5 320 per month.[11] For a child under one an amount of SEK 1 892 per month is received with the rate rising with the age of the child. Additional support is available for household expenditures;[12] equating to SEK 940 for a single person and SEK 1 050 for a two-person household, rising to SEK 2 130 for a household of seven persons. All income reduces the SA payment received by 100%. There is however an exception for those who have been on SA for a period of six months – income from work will reduce SA by 75% for a period of 24 months.

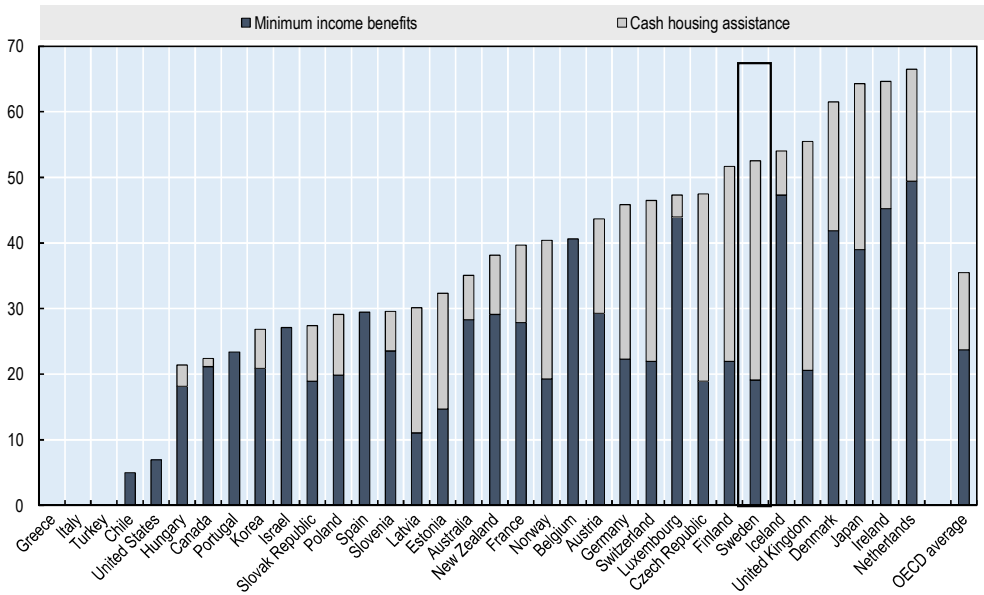
Once housing assistance is taken into account, the generosity of SA is above the OECD average (Figure 3.3.). Across the OECD on average SA rates are 35% of median income while in Sweden they stand at 53%.

Those who have recently arrived in Sweden can receive the introduction benefit (IB, *Etableringsersättning*). The benefit is received while drawing up an "introduction plan" which documents for new arrivals activities to help the person learn Swedish and find employment. For those engaged in such activities full-time the benefit rate is SEK 308 per day with top-ups of SEK 800 per month for children under 11 while older children (up to 20) receive SEK 1 500 per month, up to a maximum of three children.

Jobseekers aged between 18 and 25 years old and who do not meet the conditions for unemployment benefits can receive Development Allowance (*utvecklingsersättning*) when taking part in an ALMP at the PES.[13] The amount paid depends on the young person's age and educational attainment.[14] This, along with UB and the AG, can be combined with social assistance and housing aid on a means-tested basis.

Figure 3.3. Social assistance benefit generosity

Amount for single without children as a share of the average wage in percentage, 2013



Note: Median net household incomes are from a survey in or close to 2011, expressed in current prices and are before housing costs (or other forms of "committed" expenditure). Results are shown on an equivalised basis (equivalence scale is the square root of the household size) and account for all relevant cash benefits (social assistance, family benefits, housing-related cash support as indicated). US results also include the value of Food Stamps, a near-cash benefit. Income levels account for all cash benefit entitlements of a family with a working-age head, no other income sources and no entitlements to primary benefits such as unemployment insurance. They are net of any income taxes and social contributions. Where benefit rules are not determined on a national level but vary by region or municipality, results refer to a "typical" case (e.g. Michigan in the United States, the capital in some other countries). Calculations for families with children assume two children aged 4 and 6 and neither childcare benefits nor childcare costs are considered. The "cash housing assistance" indicates the range of benefit levels in countries where they depend on actual housing expenditure. The bottom end shows the situation where no housing costs are claimed while the top end represents cash benefits for someone in privately-rented accommodation with rent plus other charges amounting to 20% of average gross full-time wages.

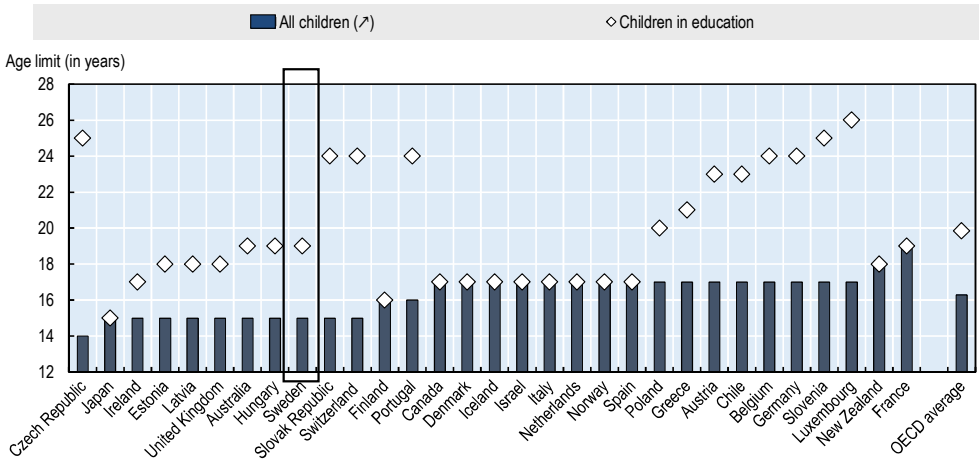
Source: OECD tax-benefit models, www.oecd.org/els/social/workincentives.

Family benefits for youth

The parents of a young person may receive benefits on behalf of their child. Those aged 15-29 who are themselves parents may also receive income support for their children. A non-means tested Child Benefit (CB,

Barnbidrag) is paid to all children in Sweden up to the age of 16. The payment rate is SEK 12 600 per annum per child with supplements for higher order children. For those attending upper secondary school a study allowance (*Studiehjälp*) can be received, depending on parental income. The age cut off for family benefits in Sweden is slightly below the OECD average (Figure 3.4).

Figure 3.4. Upper age limits for family cash benefits or non- refundable tax credits for youth and youth in education living with their parents, 2014



Note:

The figure gives the maximum age at which family cash benefits or non-refundable tax credits can still be received.

No family benefits exist in Korea, Turkey and the United States. For Canada: State of Ontario; for Switzerland: Zurich.

Source: OECD tax-benefit models, www.oecd.org/els/social/workincentives.

For those who are lone parents the absent parent is supposed to pay child maintenance for children under 16, or under 20 if still in education. Each child is entitled to a certain minimum amount of SEK 1 573 per child (monthly). If the absent parent fails to pay child maintenance the state pays the lone-parent and seeks reimbursement from the absent parent.

There are large subsidies for childcare costs in Sweden. For the first pre-school child the childcare fee is 3% of the family's gross income (including unemployment benefits), 2% for the second child and 1% for the third with monthly caps on fees at SEK 1 313, 875 and 438 for the first/second/third child. The household income on which the fees are based is also capped at

SEK 43 760 per month. For school age children fees are limited to 2% for the first child and 1% for subsequent children.[15] Childcare fees are also taken into account when deciding entitlement to SA.

Sickness and disability benefits

Sickness benefit (*Sjukpenning*) is an insurance based payment paid when an individual's work capacity is reduced. In the first year of illness 80% of the person's salary can be received. For illnesses of over one year, sickness benefit is reduced to about 75% of salary but recipients can apply to keep sickness benefit at the 80% level if the illness is serious. For those in receipt of sickness benefit that have no employer the maximum benefit is the same as the maximum unemployment insurance

The longer term disability related benefit, activity compensation[16] (AC, *Aktivitetsersättning*) is a payment payable to those over 19 and under 30 and who have an illness or disability that reduces their work capacity for at least one year.[17] The payment is granted for a maximum of three years after which time the individual must reapply. Depending on the reduction in work capacity the young person receives a 25/50/75/100% payment. The full 100% rate equals 65% of the average income of the recipient in recent years.[18] The payment can also be paid to youth who need more time to complete their education due to a disability.[19] The SIA draws up a rehabilitation plan (*Min Plan*/"My Plan"), in conjunction with the young person. The measures laid out may be medical, social or employment related. The SIA is responsible for co-ordinating rehabilitation activities and other measures between different actors for young people receiving AC. These may include medical rehabilitation, sports activities, internships, education, etc.

Young people with an illness or disability can also receive disability allowance (DA, *Handikappersättning*) from the age of 19 if they need additional assistance or face additional costs due to their illness/disability. This can be received in addition to AC. A doctor's certificate is required and assistance with daily life must be required for at least one year. DA can be received while in employment and the rate received depends on the extent of assistance needed and what extra costs are faced by the individual.[20]

Housing benefits

For those receiving SA rent is fully covered via a housing allowance (*bostadstilläggets)*. For those under a certain income from work threshold, receiving unemployment benefits or any other kind of social security transfer an income-tested housing benefit (HB, *bostadsbidrag*) exists. This benefit is intended for a family with dependent children, but is also available

for low-income households below the age of 29. It varies according to the age of the applicant, the housing cost and the number of children, if any. The first SEK 1 800 of the rent is not covered for those under 29 (with no children). A proportion of housing costs are covered above this point, for example for a rent of SEK 2 600 per month 90% of the rent, minus the SEK 1 800 limit is covered, i.e. SEK 720, assuming the individual is below the income limit. The HB is more generous for those with children, for example for the same rent of SEK 2 600 per month a family with one child would in 2013 have received SEK 1 900, assuming the family is below the income limit.[21]

2. Benefit receipt among youth

Eligibility rules say only little about the actual coverage of income-support programmes. This section looks at how many youth, and NEETs in particular, receive benefits in Sweden, how long they typically remain on these benefits, and how benefit receipt evolved during the crisis.

Rates of benefit receipt

Unemployment benefits are the first layer of the social safety-net for unemployed youth, and receipt rates typically rise in times of high unemployment. Sweden, however, experienced a striking fall in the share of youth who receive unemployment benefits over the crisis, from 13% in 2007 to 6% in 2013 (Figure 3.5).

This is due to a set of policy changes that took effect in 2007: member contributions to (voluntary) UIFs rose sharply as state subsidies and tax advantages were cut, causing many to withdraw from the voluntary unemployment insurance system (Kjellberg, 2011). In the same year, changes to the basic unemployment insurance systems made it more difficult for students and recent graduates to qualify for unemployment benefits (Lorentzen et al., 2014).

Cuts to government subsidies directly increased member contributions to UIFs as a higher proportion of expenditure for unemployment benefits had to be carried by fund members themselves. At the same time, the favourable tax treatment of contribution payments was abolished. These two measures resulted in member contributions more than tripling on average (Kjellberg, 2011). The changes in UIF member contributions particularly affected youth, because they were designed to strengthen the link between sectoral unemployment rates and member contributions. Contributions rose most severely for workers facing high unemployment risks – particularly workers in sectors with unstable employment patterns, such as hospitality.

Contribution payments remained the same or even decreased for public sector employees (Kjellberg, 2011). As a consequence, UIF membership fell substantially, in particular among youth who were more likely to work in sectors with a high unemployment risk. Between 2006 and 2008, nearly half a million people opted out of the voluntary unemployment insurance system, 40% of whom were below the age of 34 (Lorentzen et al., 2014).

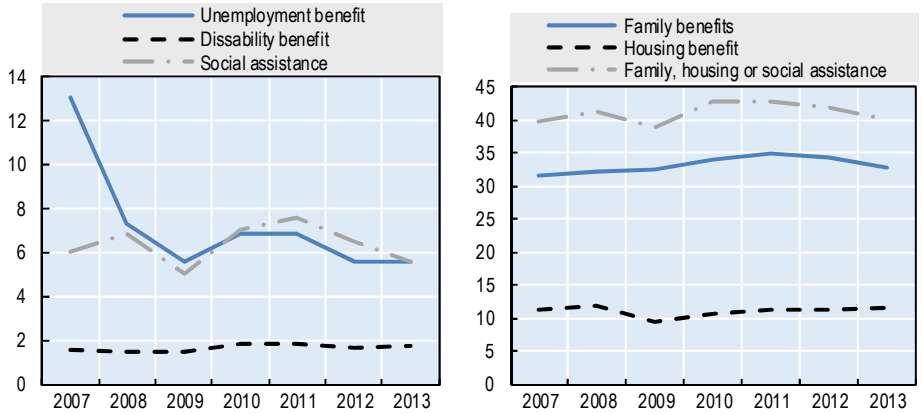
A reform to the basic unemployment subsidy in 2007 furthermore abolished the so-called *study condition*, which had enabled recent graduates of higher education to claim basic unemployment benefits. It also extended the minimum contribution period for basic unemployment benefits, making it more difficult for students to qualify for unemployment benefits through summer jobs (Lorentzen et al., 2014).

Sweden reversed crucial aspects of the 2007 reform to the voluntary unemployment insurance in 2014, and member contribution rates dropped, although they are still above their 2007 level. Membership of UIFs is therefore expected to rise (Kjellberg, 2016). This is a positive development: while there was an economic rationale to the reform,[22] it seems to have increased poverty during a global economic crisis. However, the changes to the basic unemployment insurance that limit the access of young people to basic unemployment benefits – the abolition of the *study condition* and the extended minimum contribution period – remain in effect.

The pronounced drop of unemployment benefit receipt over the crisis depicted in Figure 3.5 is in stark contrast to most OECD countries – receipt rates generally increased in response to rising youth unemployment, although this increase often fell short of the rise in unemployment due to austerity measures. Figure 3.6 shows the change in unemployment benefit receipt rates in relation to the change in youth unemployment between 2007 and 2011. Sweden is the only country that experienced a significant decrease in the unemployment benefit receipt rate of youth, coupled with a moderate increase in unemployment.

Figure 3.5. Unemployment benefit receipt among youths decreased sharply

Rates of benefit receipt, in percent of all youth 16-29, 2007-13



Note:

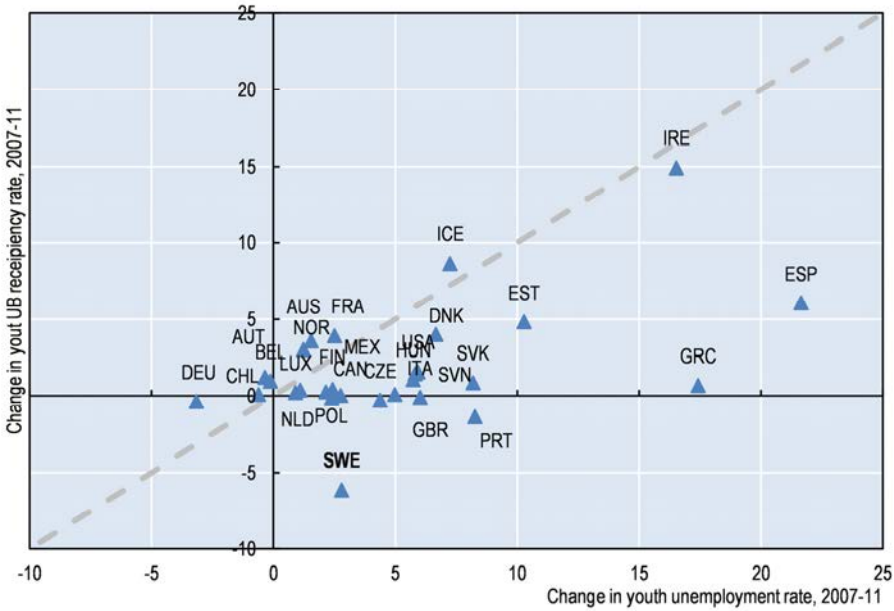
Benefit receipt rates are the number of youth who report having received a positive amount of benefits (either individually in the case of unemployment and disability benefits, or who live in a household that received family benefits, housing benefit or social assistance) during the past year as a share of the total youth population.

Unemployment benefit includes payments to individuals who participate in active labour market measures (*Arbetslöshetskassa, Arbetslöshetskassa vid arbetsmarknadsåtgärd, Aktivitetsstöd/övriga utbildningsbidrag, skattepliktigt*). Disability benefits include: pension for those injured at work (*Arbetsskadelivränta*), Activity Compensation (AC, *Aktivitetsersättnig*, income and guaranteed compensation), sickness benefit (*Sjukersättning*, also income and guaranteed compensations), child supplement (Barntillägg), and disability allowance (*Handikappersättning*). Social Assistance includes the housing allowance and the introduction benefit (*Socialbidrag, Familjepenning, Äldreförsörjningsstöd, Bostadsersättning, Etableringsersättning, Etableringstillägg*). Family benefits include paid parental leave, the general child benefit, childcare allowance and the equality bonus (*Föräldrapenning, barns födelse, Allmänt barnbidrag, förlängt barnbidrag (grundskolan), Vårdnadsbidrag, Jämställdhetsbonus*). Housing benefit includes the housing supplement for pensioners and those on sickness benefit and activity compensation (*Bostadsbidrag, Bostadtillägg för pensionärer och personer med sjuk- och aktivitetersättnings, Särskilt bostadtillägg för pensionärer och personer med sjuk- och aktivitetersättnings, Bostadsbidrag, belopp*).

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) Survey.

Figure 3.6. Sweden was one of the few countries to decrease unemployment benefit receipt during the crisis

Change in youth unemployment versus change in UB receipt rates, 2007-11



Note:

Unemployment benefit includes payments to individuals who participate in active labour market measures (*Arbetslöshetskassa, Arbetslöshetskassa vid arbetsmarknadsåtgärd, Aktivitetsstöd/övriga utbildningsbidrag, skattepliktigt*).

Data are from 2007 and 2011 except Chile (2006 and 2011). There is no unemployment benefit information for Mexico.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) Survey, Household, Income and Labour Dynamics in Australia (HILDA) Survey, Chile's National Socio-Economic Characterisation Survey (CASEN), and the US Current Population Survey (CPS) (unemployment benefit receipt data) and OECD stat (youth unemployment rates).

As unemployment benefit receipt among youth fell against the backdrop of increasing youth unemployment, it is surprising that social assistance receipt, the Swedish benefit of "last resort", only rose modestly, from 6% in 2007 to its highest value of nearly 8% in 2011. One explanation for this is that a person can receive unemployment benefits and social assistance at the same time, e.g. to cover housing costs. In this case, social assistance payment amounts would increase if the person is no longer eligible for unemployment benefits, but receipt rates would not rise (Moisio et al., 2014). The share of youth receiving social assistance has since dropped again to its pre-crisis level of 6% in 2013.

Youth do not seem to have switched from unemployment to disability benefits either. Disability benefit receipt remained stable throughout the crisis, and is at the OECD average (1.8% of all youth in 2013). While in Denmark, only 0.2% of all youth receive disability benefits, receipt rates are generally higher in Sweden's peer countries such as Iceland (2.4%) and Norway (6.0%).

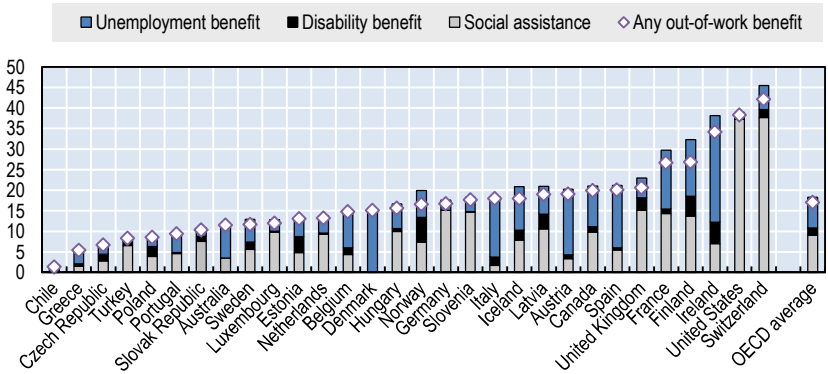
Overall, the share of youth receiving any of the out-of-work benefits – unemployment, social assistance or disability benefit – fell from 19% in 2007, when youth started withdrawing from voluntary unemployment insurance, to 12% in 2013, and is now below the OECD average of 17%, see Figure 3.7.

There are two other benefits administered at the household level, family benefits and housing benefit. Housing benefit receipt remained stable throughout the crisis, standing at 12% in 2013 (Figure 3.8), above the OECD average of 10%.[23] The share of youth receiving family benefits, however, grew from 32% in 2007 to 35% in 2011, coinciding with a small increase in the birth rate around 2010, see Chapter 1. It has since tapered off.

Hence, as can be seen from Figure 3.5, the very limited fluctuation in the receipt rate of household-level benefits among youth between 2007 and 2013 was mainly caused by an increase in family benefit receipt among older youth. The overall receipt rate has already returned to the pre-crisis level by 2013.

Figure 3.7. Overall out-of-work benefit receipt is now below the OECD average

Rates of benefit receipt, in percent of all youth 16-29, 2013



Note:

Benefit receipt rates give the number of youth who report having received a positive amount of benefits (either individually in the case of unemployment and disability benefits, or who live in a household that received family benefits, housing benefit or social assistance) during the past year as a share of the total youth population. Because on average across the OECD, 1% of youth receive multiple benefits, the benefits do not add up to the rate of youth who receive any out-of-work benefit for all countries.

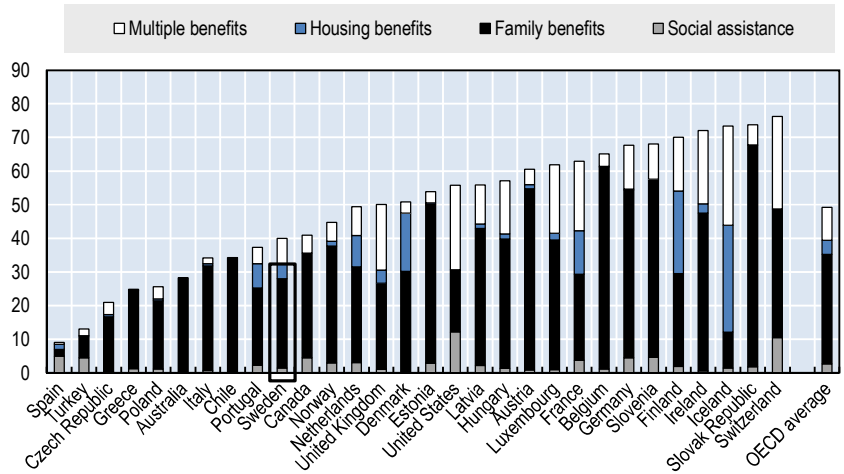
Unemployment benefit includes payments to individuals who participate in active labour market measures (*Arbetslöshetskassa, Arbetslöshetskassa vid arbetsmarknadsåtgärd, Aktivitetsstöd/övriga utbildningsbidrag, skattepliktigt*). Disability benefits include: pension for those injured at work (*Arbetsskadelivränta*), Activity Compensation (AC, *Aktivitetsersättnig*, income and guaranteed compensation), sickness benefit (*Sjukersättning*, also income and guaranteed compensations), child supplement (*Barntillägg*), and disability allowance (*Handikappersättning*). Social Assistance includes the housing allowance and the introduction benefit (*Socialbidrag*, *Familjepenning, Äldreförsörjningsstöd, Bostadsersättning, Etablerings-ersättning, Etableringstillägg*).

There is no benefit information for Mexico. Data on Canada refer to 2011, for Denmark and Turkey to 2012. Countries are ordered according to the share of young people who receive any out-of-work benefit. Because youth can receive several benefits at once, the individual benefit receipt rates do not automatically sum up to the share of youth receiving any benefit. The OECD average is unweighted.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) Survey, Household, Income and Labour Dynamics in Australia (HILDA) Survey, Chile's National Socio-Economic Characterisation Survey (CASEN), and the US Current Population Survey (CPS).

Figure 3.8. Household benefit receipt is also lower than the OECD average

Rates of benefit receipt, in percentage of all youth 16-29, 2013



Note:

Benefit receipt rates give the number of youth who report having received a positive amount of benefits (either individually in the case of unemployment and disability benefits, or who live in a household that received family benefits, housing benefit or social assistance) during the past year as a share of the total youth population. Recipients of "multiple benefits" receive at least two household level benefits; the other categories represent those who receive only the housing benefits, family benefits or social assistance, respectively.

Housing benefit includes the housing supplement for pensioners and those on sickness benefit and activity compensation (*Bostadsbidrag, Bostadtillägg för pensionärer och personer med sjuk- och aktivitetersättnings, Särskilt bostadtillägg för pensionärer och personer med sjuk- och aktivitetersättnings, Bostadsbidrag, belopp)*. Family benefits include paid parental leave, the general child benefit, childcare allowance and the equality bonus (*Föräldrapenning, barns födelse, Allmänt barnbidrag, förlängt barnbidrag (grundskolan), Vårdnadsbidrag, Jämställdhetsbonus*). Social Assistance includes the housing allowance and the introduction benefit (*Socialbidrag, Familjepenning, Äldreförsörjningsstöd, Bostadsersättning, Etableringsersättning, Etableringstillägg*).

3. There is no benefit information for Mexico. Data on Canada refer to 2011, for Denmark and Turkey to 2012. Countries are ordered according to the share of young people who receive any household level benefit. The OECD average is unweighted.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) Survey, Household, Income and Labour Dynamics in Australia (HILDA) Survey, Chile's National Socio-Economic Characterisation Survey (CASEN), and the US Current Population Survey (CPS).

Benefit coverage among NEETs

NEETs are less likely to be covered by benefits in Sweden than across the OECD on average (see Figure 3.9).[24] This is in line with comparatively low benefit coverage rates for youth in general, and connected to the fall of unemployment benefit entitlement of youth in 2007, discussed above. Specifically:

- In 2013, only 6% of all youth aged 16-29, and 16% of all NEETs received unemployment benefits, compared to 8% of all youth and 20% of all NEETs on the OECD average. Before the 2007 reform, the rate of unemployment benefit receipt among all youth was more than twice as high in Sweden (13%) as the OECD average (6%). As a consequence, the rate of NEETs who receive any type of benefits is now lower in Sweden (63%) than across the OECD on average (69%).

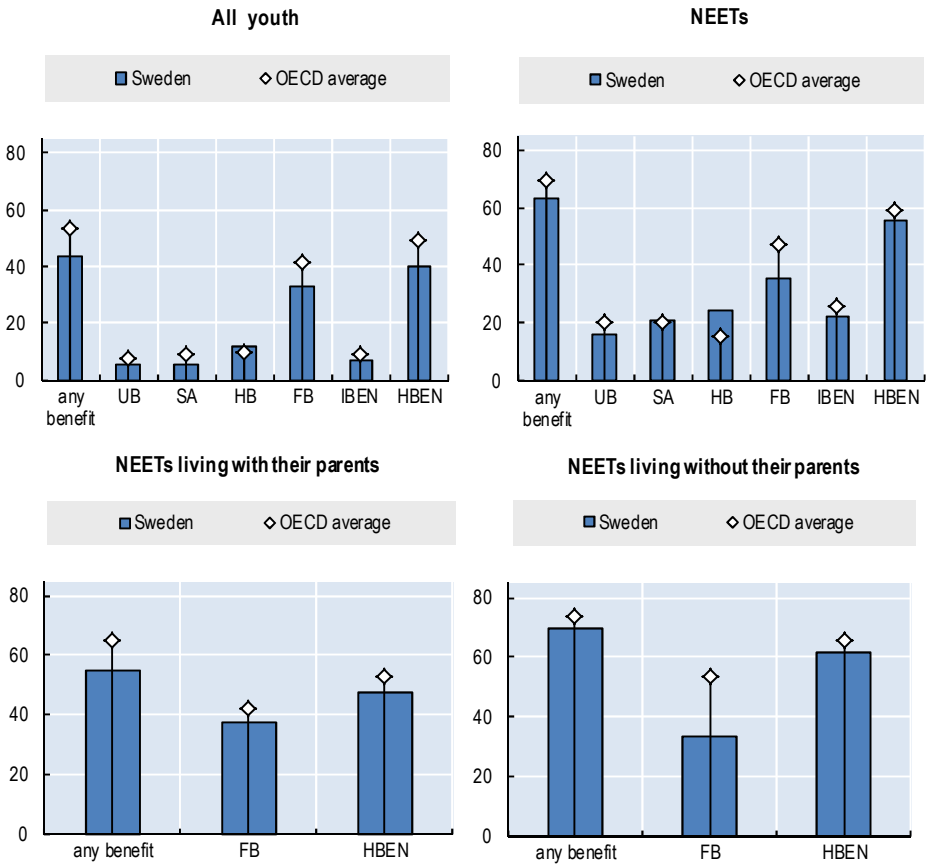
- Social assistance and housing benefits seem to be well targeted in Sweden: NEETs are almost four times as likely as all youth to receive social assistance (compared to twice as likely for the OECD average). Swedish NEETs are also twice as likely to receive housing benefits as other youth, whereas in the OECD on average, they are only 60% more likely.

- The receipt rate for family benefits is lower in Sweden (33% for all youth) than across the OECD on average (42%).

Of course, this analysis of receipt rates only describes benefit coverage, not adequacy, and we will discuss youth poverty in Sweden in the last section of this chapter. The next section, however, will look at the dynamics of benefit receipt.

Figure 3.9. NEETs not as well covered by benefits than the OECD average

Benefit receipt rate by subgroup in percent, 2013



Note:

FB: Family benefit; HB: Housing benefit; HBEN: household level benefits FB, HB, SA; IBEN: individual benefits UB and disability benefit DB; SA: Social assistance; UB: Unemployment benefit.

Benefit receipt rates give the number of youth who report having received a positive amount of benefits during the past year as a share of the total youth population. For the household level benefits SA, HB, FB and HBEN, the receipt rate gives the share of youth who live in a benefit-receiving household.

Figure 3.9. NEETs not as well covered by benefits than the OECD average *(cont.)*

Note:

Unemployment benefit includes payments to individuals who participate in active labour market measures (*Arbetslöshetskassa, Arbetslöshetskassa vid arbetsmarknadsåtgärd, Aktivitetsstöd/övriga utbildningsbidrag, skattepliktigt*). Disability benefits include: pension for those injured at work (*Arbetsskadelivränta*), Activity Compensation (AC, *Aktivitetsersättnig*, income and guaranteed compensation), sickness benefit (*Sjukersättning*, also income and guaranteed compensations), child supplement (*Barntillägg*), and disability allowance (*Handikappersättning*). Social Assistance includes the housing allowance and the introduction benefit (*Socialbidrag, Familjepenning, Äldreförsörjningsstöd, Bostadsersättning, Etableringsersättning, Etableringstillägg*). Family benefits include paid parental leave, the general child benefit, childcare allowance and the equality bonus (*Föräldrapenning, barns födelse, Allmänt barnbidrag, förlängt barnbidrag (grundskolan), Vårdnadsbidrag, Jämställdhetsbonus*). Housing benefit includes the housing supplement for pensioners and those on sickness benefit and activity compensation (*Bostadsbidrag, Bostadtillägg för pensionärer och personer med sjuk- och aktivitetersättnings, Särskilt bostadtillägg för pensionärer och personer med sjuk- och aktivitetersättnings, Bostadsbidrag, belopp).*

Individual benefits (IBEN) include unemployment benefits and disability benefits, benefits at the household level (HBEN) include social assistance, housing benefit and family allowance.

Observation counts for Sweden are too small to produce reliable estimates for some benefits and subgroups, e.g. disability benefit receipt for NEETs, or benefit receipt rates for inactive NEETs, a comparatively small group in Sweden (see Chapter 1).

The OECD average is unweighted.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) Survey, Household, Income and Labour Dynamics in Australia (HILDA) Survey, Chile's National Socio-Economic Characterisation Survey (CASEN), and the US Current Population Survey (CPS).

The length of unemployment and benefit receipt spells

The previous two sections gave an overview of the broad trends in income-support benefit receipt in Sweden since 2007, and how benefit receipt rates in Sweden compare to those in other OECD countries. This subsection looks at the dynamics of benefit receipt: how long do young people remain on benefits? And what was the impact of the crisis on the duration of benefit receipt?

The analysis uses administrative data from *Flödesdatabasen* (database of flows), which contains monthly data on individuals' participation in the social security system, including benefit receipt, from various sources. This information makes it possible to follow individuals over time as they move through the social security system, e.g. by moving in and out of unemployment. The focus of the analysis is the number of instances in which young people aged 16-29 received an unemployment,

disability/illness, or social assistance benefit. Any period of time in which a young person receives such a benefit is called a *benefit spell.*

Table 3.1 describes the distribution of benefit spell durations that began before and during the crisis. Since the crisis began to affect youth unemployment in 2009, we look at pre-crisis spells where benefit receipt began in the years 2006-08, and post-crisis spells for benefit receipt beginning in the years 2009-11. We follow each spell for up to three years, so spells starting in late 2011 can be tracked up to late 2014.

Young people are not usually unemployed for extended periods of time: over the entire observation period, 50% of all spells were three months or less, and the average spell length was six months, with only 11% of all spells exceeding 12 months. Spell lengths increased during the crisis: from a median duration of three months for spells starting between 2006 and 2008 to four months for spells starting between 2009 and 2011. The share of long spells (longer than six months) increased significantly, from 21% for episodes starting between 2006 and 2008, to 33% for spells starting 2009-11.

Social Assistance spells are longer than unemployment spells on average (about 10 months), mainly because the share of long spells is higher than in the case of unemployment benefits, with about one quarter of spells lasting longer than one year. Spell lengths also increased during the crisis for Social Assistance, albeit to a smaller degree.

As expected, spells of disability benefit are longer, but the number of cases is small. Spell durations increased significantly during the economic crisis: the share of very long spells (three years or longer) increased dramatically from 4% of all spells starting between 2006 and 2008 to 35% of all spells starting between 2009 and 2011. While in the pre-crisis period about a fifth of all spells were shorter than six months, spells starting in the crisis years 2009-11 were almost universally longer than six months, and nearly three quarters lasted longer than a year. The number of spells also increased by 70%, but from a very low level. This change is barely noticeable when expressed in relation to the number of youth as in Figure 3.5.

Table 3.1. Benefit spell durations among youth, before and during the recession

	Unemployment benefits					
	Duration in months		Share of spells in per cent			
	Median	Mean	>6 months	>12 months	Censored	No. of cases
2006-2008	3	4.9	21.2	7.4	0.5	341 742
2009-2011	4	6.51	32.5	14.1	0.8	352 778
2006-2011	3	5.7	26.9	10.8	0.7	694 521
	Social assistance					
	Duration in months		Share of spells in per cent			
	Median	Mean	>6 months	>12 months	Censored	No. of cases
2006-2008	4	9.8	38.4	22.4	5.1	219 796
2009-2011	5	10.4	42.3	26.6	5.8	213 184
2006-2011	4	10.1	40.3	24.5	5.5	432 980
	Disability benefit					
	Duration in months		Share of spells in per cent			
	Median	Mean	>6 months	>12 months	Censored	No. of cases
2006-2008	17	19.2	81.8	58.9	4.4	6 179
2009-2011	24	31.7	97.6	71.9	34.9	10 478
2006-2011	24	27	91.7	67.1	23.6	16 657

Note:

"Disability Benefit" is Activity Compensation (AC, *Aktivitetsersättning*).

Numbers are for youths aged 16-29 at the start of their benefit receipt spell.

The years refer to the calendar year in which the spell started (that is, durations are calculated for all relevant spells starting between January 2006 and December 2011).

The observation window for all spells is 36 months (starting from the first month of the spell). A spell is censored if it is on-going at the end of the observation period (if the spell is longer than 36 months).

Benefit spells are defined as consecutive months during which a young receives UB, DB or SA, ignoring any interruptions of up to two months. In the case of such an interruption, the spell is treated as on-going, but the interruption itself is not counted towards the duration of the spell. A spell is considered as having ended if the young person does not receive any benefits for a period of three months.

A "short spell" is receipt of a benefit for six months or less, while a "long" spell is defined as receipt of more than six months.

Note that the number of cases is not the same as the number of person receiving a benefit, as one person can have more than one benefit-receipt episode over the observation period.

Source: SCB calculations based on administrative data from Flödesdatabasen.

Table 3.2 shows the number of spells that young recipients experience over each of the two three-year observation windows. 50% of all benefit recipients only experience one spell of unemployment benefit or social assistance receipt, and the average number of spells for these two benefits is below 1.5 months for each three-year period. Given the long duration of disability benefit spells, individuals usually have only one spell.

The average number of UB or SA benefit spells per individual fell during the crisis; this is a consequence of increasing spell lengths. For example, only 28% of young unemployment benefit recipients received the benefit for over six months in the pre-crisis period, while 40% in the post-crisis period did.

The number of youth receiving unemployment benefits increased by 9% from the pre-crisis to the post-crisis period, but at the same time, the youth population grew (see Chapter 1), so this increase does not directly translate into a higher unemployment benefit receipt rate. The number of young SA recipients however, remained about the same, while the share of young SA recipients who received the benefit for more than six months only increased moderately. We can therefore conclude that Social Assistance was not a major safety net for uninsured unemployed youth during the crisis.

In a nutshell, spells of benefit receipt became longer during the crisis, but the increase in duration was significantly greater for UB than for SA. Together with the fact that the number of SA spells did not increase, this indicates that unemployed youth moving from UB to SA was not a significant phenomenon.

The number of disability benefit recipients, however, as well as the average spell length for this benefit, increased substantially. While the number of recipients as a share of the youth population remains very low, this development should be watched to ensure that young people are not parked on a disability benefit in times of weak labour demand.

Table 3.2. Number of benefit spells among youth

	Unemployment benefits					
	Number of spells		Types of spells			
	Median	Mean	One short spell	Multiple short spells	Long spell(s)	No. of cases
2006-2008	1	1.4	51.8	20.2	28.1	341 742
2009-2011	1	1.32	46	13.8	40.2	352 778
2006-2011	1	1.56	44.1	18.9	37	694 521
	Social assistance					
	Number of spells		Types of spells			
	Median	Mean	One short spell	Multiple short spells	Long spell(s)	No. of cases
2006-2008	1	1.36	38.5	12.9	48.6	219 796
2009-2011	1	1.33	36.1	11.6	52.3	213 184
2006-2011	1	1.61	32.2	13.4	54.5	432 980
	Disability benefit					
	Number of spells		Types of spells			
	Median	Mean	One short spell	Multiple short spells	Long spell(s)	No. of cases
2006-2008	1	1	17.2	0.2	82.6	6 179
2009-2011	1	1	2.2	0	97.8	10 478
2006-2011	1	1	7.1	0.1	92.8	16 657

Note:

"Disability Benefit" is Activity Compensation (AC, *Aktivitetsersättning*).

Numbers are for youths aged 16-29 at the start of their benefit receipt spell.

The years refer to the calendar year in which the spell started (that is, durations are calculated for all relevant spells starting between January 2006 and December 2011).

The observation window for all spells is 36 months (starting from the first month of the spell). A spell is censored if it is on-going at the end of the observation period (if the spell is longer than 36 months).

Benefit spells are defined as consecutive months during which a young receives UB, DB or SA, ignoring any interruptions of up to two months. In the case of such an interruption, the spell is treated as on-going, but the interruption itself is not counted towards the duration of the spell. A spell is considered as having ended if the young person does not receive any benefits for a period of three months.

A "short spell" is receipt of a benefit for six months or less, while a "long" spell is defined as receipt of more than six months.

Note that the number of cases is not the same as the number of person receiving a benefit, as one person can have more than one benefit-receipt episode over the observation period.

Source: SCB calculations based on administrative data from Flödesdatabasen.

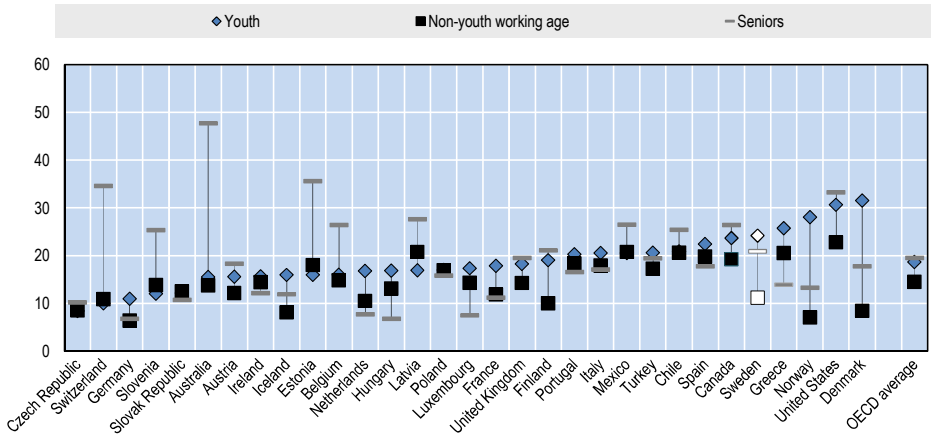
3. Youth poverty

After the above discussion of benefit receipt among youth and benefit coverage of NEETs, this section looks at poverty among Swedish youth, and NEETs specifically.

Over all age groups, the Swedish poverty rate is slightly lower than the OECD average – 16% vs. 17% on average across the OECD in 2013. But the poverty rate for young people is significantly higher than in other OECD countries: 24% in 2013, compared to 19% on the OECD average. The poverty rate of Swedish non-youth working age adults, in contrast, is lower than on the OECD average.

Figure 3.10. Youth poverty in Sweden is above average

Poverty rates by age group, percentage, 2013



Note:

Individuals are defined as poor if they live in a household with an equivalised household income (household income adjusted by the number of household members) below 60% of the median income. Youth are aged 16-29, non-youth working age individuals 30-64 and seniors over 64.

The poverty rate of seniors in Australia is high because many retirees draw their pensions as a lump sum instead of receiving monthly payments, therefore, they "appear poor" in statistics because they receive no monthly income.

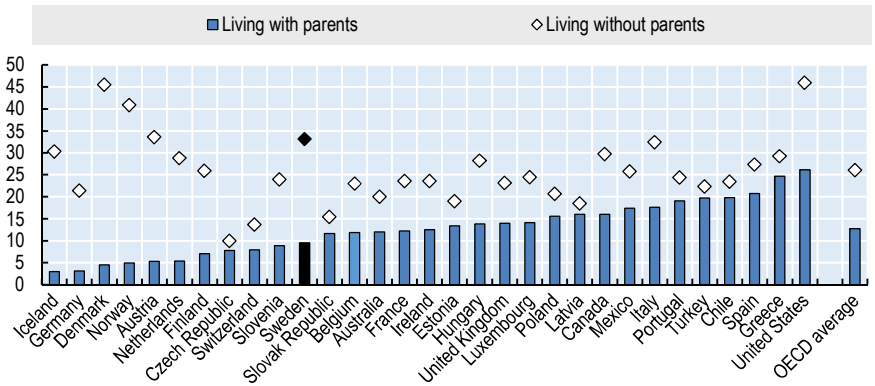
United States youth data relate to 16-24 year-olds. Data on Canada refer to 2011, for Denmark and Turkey to 2012. Countries are ordered according to the youth poverty rate in ascending order. The OECD average is unweighted.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions *(*EU-SILC) Survey, Household, Income and Labour Dynamics in Australia *(*HILDA*)* Survey, Chile's National Socio-Economic Characterisation *Survey* (CASEN), and the US Current Population Survey (CPS).

There are two contributing factors to the higher youth poverty rate in Sweden: Swedish youth leave their parents' home earlier than in other countries (see Chapter 2), and those living independently are more likely to be poor than in the OECD on average. Across the OECD, youth living with their parents are only half as likely to be poor than other youth because they can benefit from their parents' income– this is also the case in Sweden (see Figure 3.11). Therefore, countries such as Sweden where young people leave the parental home comparatively early might have high youth poverty solely because of a composition effect. However, youth living without their parents are significantly more likely to be poor in Sweden than in the OECD on average: 33% vs. 26% (see Figure 3.11). That is, youth poverty in Sweden is not only driven by many young people living without their parents, but also by these people being comparatively poorer than in the OECD on average.

Figure 3.11. Young people living independently are poorer than the OECD average

Poverty rate for youth (16-29) living with, and without their parents, 2013



Note:

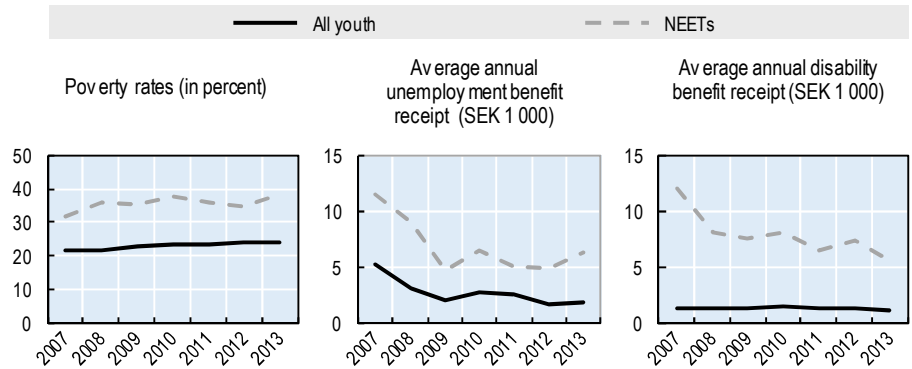
Individuals are defined as poor if they live in a household with an equivalised household income (household income adjusted by the number of household members) below 60% of the median income.

United States youth data relate to 16-24 year-olds. Data on Canada refer to 2011, for Denmark and Turkey to 2012. Countries are ordered according to the youth poverty rate in ascending order. The OECD average is unweighted.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions *(*EU-SILC) Survey, Household, Income and Labour Dynamics in Australia *(*HILDA*)* Survey, Chile's National Socio-Economic Characterisation Survey *(*CASEN), and the US Current Population Survey (CPS).

In the wake of the Great Recession, youth poverty rose in most OECD countries. In Sweden, it increased from 21% in 2007 to 24% in 2014, more than across the OECD on average (from 17% to 19%). The poverty rate among NEETs rose sharply from 32% in 2007 to 38% in 2013 (Figure 3.12). The middle and right panels of Figure 3.12 show the mean unemployment- and disability benefit amount received by person, for all youth and NEETs (including non-recipients). While these data cannot show causality, there is a clear correspondence between the increase in the poverty rate of NEETs between 2007 and 2010, and the clear fall in the average unemployment benefit amount that NEETs received.

Figure 3.12. Increase in poverty rates is connected to unemployment benefit receipt



Note:

Individuals are defined as poor if they live in a household with an equivalised household income below 60% of the median income.

Unemployment benefit includes payments to individuals who participate in active labour market measures (*Arbetslöshetskassa, Arbetslöshetskassa vid arbetsmarknadsåtgärd, Aktivitetsstöd/övriga utbildningsbidrag, skattepliktigt*). Disability benefits include: pension for those injured at work (*Arbetsskadelivränta*), Activity Compensation (AC, *Aktivitetsersättnig*, income and guaranteed compensation), sickness benefit (*Sjukersättning*, also income and guaranteed compensations), child supplement (*Barntillägg*), and disability allowance (*Handikappersättning*).

Average benefit amounts are in constant 2010 Swedish Krona and pertains to all youth / NEETs, whether or not they receive *any* benefit. Benefit receipt amounts refer to the SILC income reference period, which will normally be a year prior to the survey period.

Source: OECD calculations based on the EU-SILC.

Round-up

In 2007, member contribution rates to (voluntary) UIFs rose sharply as state subsidies and tax advantages were cut, especially in industries with a high risk of unemployment. This led to an exodus from the voluntary unemployment insurance system; and youth were more likely to withdraw. In the same year, changes to the basic unemployment insurance systems made it more difficult for students and recent graduates to qualify for unemployment benefits.

This had an important effect on the rate of youth and NEETs receiving unemployment benefits, and on the youth poverty rate.

- Unemployment benefit receipt among youth more than halved between 2007 and 2013, a time of rising unemployment.

- Rates of social assistance and disability benefit receipt only rose slightly, so that the share of youth receiving any kind of out-of-work benefit is now below the OECD average. While in 2007, youth and NEETs were more likely to receive benefits than in other countries, the share of both youth and NEETs receiving any kind of benefit (including out-of-work benefits, housing benefits or family benefits) is now lower than on the OECD average.

- The duration for which young people receive disability benefits, however, increased substantially over the crisis: the mean duration of disability benefit spells increased from 19 months for spells starting between 2006 and 2008 to 32 months for spells starting between 2009 and 2011. The number of recipients remains low, however.

- The youth poverty rate rose from 21% in 2007 to 24% in 2013, and is now significantly above the OECD average of 19%.

- Considering these adverse effects on youth, the reversal of the reform of the UIFs is welcome; although the effects on youth are likely to be limited as the changes to the basic unemployment insurance – the abolition of the *study condition* and the increased minimum contribution periods – remain in place.

Notes

1. This summary draws heavily on the summary of the Swedish tax-benefit system for the OECD TAXBEN model, see http://www.oecd.org/els/soc/benefits-and-wages-country-specific-information.htm for a summary of the entire tax-benefit system. It also uses information from the EUROMOD 2013 Sweden Country report available at https://www.iser.essex.ac.uk/files/euromod/country-reports/Year5/CR_Sweden_Year5_final_18062014.pdf.

2. These are typically occupation or sector based and often tied to trade unions; members can be employees or self-employed.

3. This 12-month period can be extended due to parental leave, illness, time spent in full-time study or compulsory military service.

4. There is a seven-day waiting period before UB can be claimed upon becoming unemployed. A jobseeker is entitled to unemployment benefits when he or she is fit for work for at least three hours each working-day and for at least 17 hours each week. The individual must be prepared to accept an offer of suitable work (unless they have a valid impediment recognised by the Unemployment Insurance Fund) and must be registered as a jobseeker at the Public Employment Service. An unemployed person is entitled to benefits according to the income-related scheme if, following that person's last payment into the Unemployment Insurance Fund, the person has been a member of such a fund for at least 12 months and during that time has also worked to the extent necessary to fulfil a work-condition. This work-condition is attained if the unemployed person, within the 12 months prior to unemployment, has performed gainful work for a minimum of 80 hours per calendar month for at least six months or, alternatively, has performed gainful work for at least 480 hours during a consecutive period of 6 calendar months and worked a minimum of 50 hours each of those six months.

5. The maximum basic annual benefit in 2013 was SEK 83 200 (SEK 320 per day) with a maximum income-related yearly benefit of SEK 176 800 (SEK 680 per day or around EUR 19 000 per year), so that only those on relatively low salaries actually receive 80% of their previous earnings given that the average wage in Sweden in 2013 was SEK 398 220. The benefit was raised in September 2015 and the maximum daily rate

amounts to SEK 910 for the first 100 days and thereafter to SEK 760. The maximum basic UB payment was also raised and is, at present, SEK 365 per day.

6. The average wage in Sweden in 2013 was SEK 398 220 per annum

7. It is not paid for by the UIF, but by Försäkringskassan (the Social Insurance Agency).

8. The Activity Grant is received indefinitely if the individual was in receipt of UB prior to entering the JDP, if the individual was not in receipt of UB prior to entry into the JDP they can receive the Activity Grant for 450 days.

9. As well as 18-19 year-olds with a work history.

10. Social assistance can be withdrawn or denied if the person does not meet the requirements but as it is the ultimate safety net in the social welfare system Social Services are obliged to make an individual assessment which may determine if the payment is withdrawn e.g. in the case of recipients with children or recipients with disabilities or who have an ill family member that may prevent them from seeking employment.

11. The National Board of Health and Welfare (NBHW) calculates annually a "norm" amount of SWA to be paid. The payment differs depending on the marital status of the individual and whether or not they have children, and the ages of those children.

12. SA can also be granted for reasonable expenditures such as housing, electricity, household insurance, journeys to work as well as fees for unemployment insurance and trade unions.

13. Like the activity grant it is paid by the SIA but administered by the PES.

14. Participants who have completed upper secondary school and participate full-time in an ALMP are entitled to SEK 141 per day. Jobseekers who have not completed upper secondary education and participate in an ALMP on a full-time basis will receive SEK 48 per day. The daily allowance is increased to SEK 141 for this group when they turn 20.

15. The caps are indexed annually using the income index, a measure for the rate of growth in average income.

16. A Sickness Allowance (SAl, *Sjukersättning*) exists for those with a permanent illness, but only for those aged 30-64.

17. AC is a universal, tax-funded system providing all inhabitants (within the age-limit) with a basic income protection. There is also an income-related compensation for the gainfully employed part of the population, which is funded by social insurance contributions.

18. If a person has received little or no income they are granted guaranteed compensation, the size of which is determined by age and duration of residence in Sweden. In 2016, full compensation amounted to between SEK 7 753 (around EUR 830) and SEK 8 675 (around EUR 930) per month.

19. If AC is granted to those engaged in education it is paid at the maximum (100%) rate. ‚Individuals who have not completed their school education due to a disability have the right to disability benefits for such time it takes to finish their education. In such cases, the Swedish Social Insurance Agency does not assess the individuals' working capability

20. Two smaller illness related schemes also exist – Assistance allowance (*Assistansersättning*) is payable to those who need personal assistance for more than 20 hours per week due to a long-term disability. AA is paid at a rate of between SEK 288-323 per hour. Especially high risk protection (*Särskilt högriskskydd*). This is compensation paid to your employer if you are at risk of long or frequent periods of illness (more than ten times a year of for more than 28 consecutive days).

21. The gross, monthly income limits were SEK 3 417 for a single, childless person under 29, SEK 4 833 for childless couples under 29, SEK 9 750 for a lone parent and SEK 4 875 per partner for couples with at least one child. At incomes above these levels HB is withdrawn with withdrawal rates of between 20% and 33% depending on the marital and child status of the recipient.

22. The goal was to link contribution to sectoral unemployment in order to dampen the demands of unions in collective wage bargaining by introducing a direct feedback to sectoral unemployment rates.

23. Many recipients of housing assistance also receive other household benefits – on average across OECD countries more than half, they are contained in the “multiple benefit” category in Figure 3.8.

24. Low observation counts do not allow the analysis of disability coverage among Swedish NEETs using the EU-SILC. Disability benefits are, however, contained in the individual benefits and any benefit categories.

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Annex 3.A1

Income-support programmes for youth without employment record

Table 3.A1.1. Unemployment Insurance Benefits are generally not available to youths without an employment

	Unemployment benefits (UB)		Minimum-income benefits		Additional child-contingent benefits	
	UI	UA	SA	HB	FB	LP
Australia		•	•	•	•	•
Austria			•	•	•	•
Belgium			•		•	
Canada			•		•	•
Chile					•	
Czech Republic			•	•	•	
Denmark			•	•	•	•
Estonia			•		•	•
Finland		•	•	•	•	•
France				•	•	•
Germany			•	•	•	•
Greece		•			•	•
Hungary			•	•	•	•
Iceland			•	•	•	•
Ireland		•	•	•	•	•
Israel			•	•	•	•
Italy				•		•
Japan			•		•	•
Korea			•	•		•
Latvia			•	•	•	•
Luxembourg	•				•	•
Netherlands				•	•	•
New Zealand		•		•	•	•
Norway			•	•	•	•
Poland			•	•	•	•
Portugal			•	•	•	•
Slovak Republic			•		•	•
Slovenia			•	•	•	•
Spain					•	
Sweden		•	•	•	•	
Switzerland			•	•	•	
Turkey						
United Kingdom		•	•	•	•	•
United States			•		•	

FB: Family benefit; HB: Housing benefit; LP: Lone parent benefit; SA: Social assistance; UA: Unemployment assistance; UI: Unemployment insurance.

Information is for 2014.

Source: OECD tax-benefit models, www.oecd.org/els/social/workincentives.

Chapter 4

Raising school completion rates and providing high-quality professional training in Sweden

This chapter discusses Sweden's upper secondary education system, especially its performance for disadvantaged and at-risk youth. It looks at early school leaving in Sweden, policies aimed at combating school drop-out, and at ways of designing education programmes for students who are not successful in the mainstream school system. It then examines vocational education and training in Sweden, with a focus on workplace based training programmes, and career guidance at school. Finally, it gives an overview of social services offered in school, and the co-ordination of these services.

Introduction

The Swedish school system emphasises democratic values, the personal development of students, and equality of opportunity. Up until the age of 16, all students learn together in one comprehensive school without tracking or grade repetition. This approach achieves relatively equitable outcomes: The Programme for International Student Assessment (PISA) shows that the mathematics performance of Swedish students is less closely associated with their socio-economic background than in the OECD on average. Overall performance is weak, however. In the 2012 PISA assessment, Sweden's 15-year-olds ranked 29th among 35 OECD countries in mathematics and 28th in reading and science (Figure 4.A1.1). This is connected to disciplinary issues in Swedish schools, such as students arriving late for school, as well as the declining attractiveness of the teaching profession in Sweden (OECD, 2015a, f).

This chapter assesses the Swedish education system regarding its performance for disadvantaged and low-performing youth. Therefore, the emphasis is primarily on upper secondary education – the chapter looks at early school leaving and vocational education and training in Sweden, and gives an overview of social services offered in school, and the co-ordination of these services. It is structured as follows: Section 1 presents the overall architecture and governance of the education system. Section 2 examines early school leaving in Sweden and policies aimed at monitoring and improving school attendance, as well as alternative pathways in VET. Section 3 discusses the Swedish system of VET and investigates strategies to promote quality vocational training and career guidance. Section 4 focuses on the support available to at-risk students and their families.

1. General architecture and governance

The Swedish education system underwent substantial changes in recent decades: in the early 1990s, the central government devolved most responsibilities for primary and secondary schools to the municipalities to better adapt the provision of education to local requirements and student needs, and to reduce costs. At the same time, free school choice was introduced in the form of a student voucher system, with public funds following the student, and private schools were allowed to enter the market (OECD, 2015f).

The education system in Sweden is now highly decentralised. The central government holds the overall responsibility for education, develops the architecture of the programmes as well as national curricula, and sets performance guidelines. Municipalities are responsible for running public

schools and meeting the national goals. This includes the allocation of resources across the education system and between schools, the implementation of teaching, and all operative decisions, including hiring of teachers and other staff. Municipalities can further delegate the managing of individual school budgets to the schools, and the organisation of education and hiring to school districts and individual school leaders (OECD, 2011). In response to concerns over the performance of the school system –e.g. a rise in the share of youth who do not complete upper secondary school, and concerns over grade-inflation – the central government increased its influence over both public and independent schools in recent years, e.g. through tightened school inspections (IFAU, 2014; OECD, 2015).

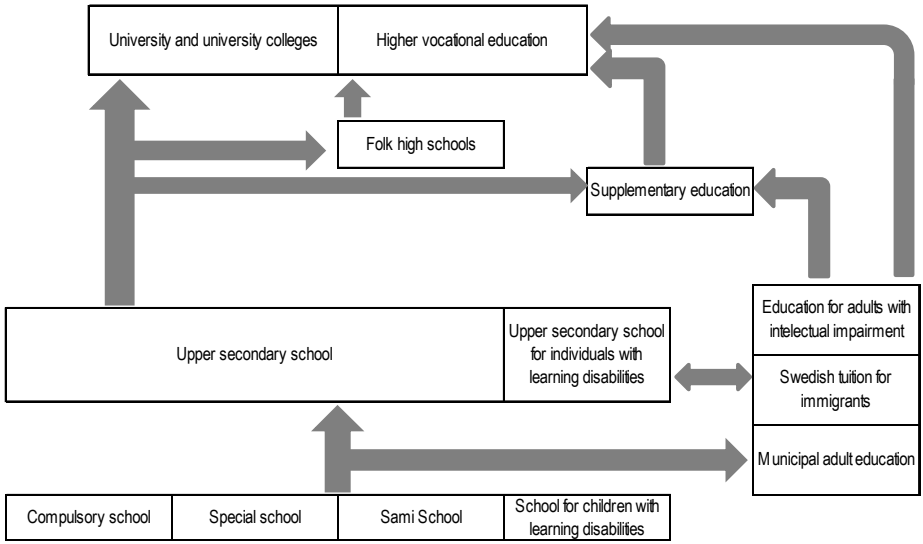
Since the early 1990s, parents can choose to send their child to a compulsory school other than the one assigned to them based on catchment areas, provided that there is a free place at that school (students who are assigned by catchment area are always admitted with priority). These places are assigned on a first-come-first-serve basis; schools cannot select their students based on ability. Privately run "independent" schools have to follow the national curriculum and are fully publicly funded in a similar way as public schools; they are, however, allowed to make a profit (Nilholm et al., 2013). 86% of all students attend public schools, and 14% independent schools (OECD, 2015a). Admission to upper secondary programmes is based on school grades, see below.

Expenditure on education per student is among the highest across the OECD, and the majority of it is public, even for independent schools (OECD, 2015a).

The architecture of the school system is divided into three levels:

- Pre-school (typical ages 1-6) is incorporated into the school system since 2011. Children aged 1-5 are guaranteed a place if their parents work or study, and municipalities are encouraged to offer places to children with special needs, and care for at least 15 hours a week to all other children. Municipalities must offer a pre-school class for all 6-year-olds, and 96% of Swedish children attend (MoER, 2015).
- Compulsory school (typical ages 7-16) lasts for nine years and comprises primary and lower secondary education in one structure.
- Upper secondary school (typical ages 16-19) is not compulsory, but the national policy goal is for all students to complete upper secondary school. Students may choose between 18 general and vocational programmes. Students who do not qualify for their programme of choice may take classes to attain admission within an *introductory programme*.

Figure 4.1. The Swedish education system



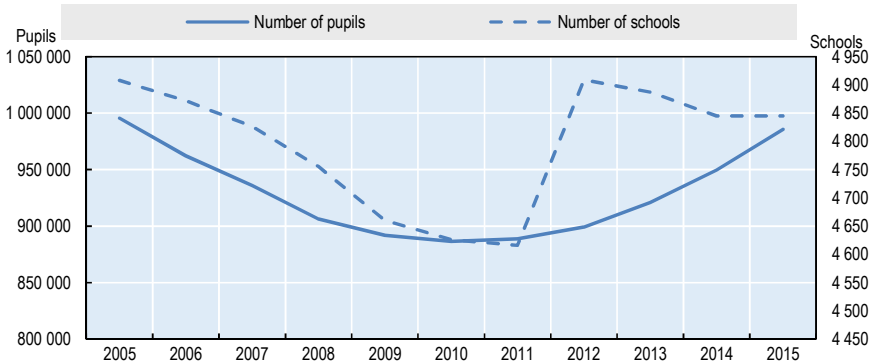
Source: Swedish National Agency for Education (Skolverket) 2015.

Compulsory schooling

Compulsory school education encompasses primary and lower secondary school in one structure, typically starting at age 7 and lasting for nine years. There is no tracking according to ability and no grade repetition unless specifically desired by parents (OECD, 2015). In 2015, 990 000 students attended Swedish compulsory schools, over 100 000 more than in 2010. The average number of students per school has remained roughly constant at around 200 (see Figure 4.2). Around 15% of compulsory school students attend an independent school, up from 7% in 2005 (Skolverket, 2016a).

Figure 4.2. The number of compulsory school students is rising

Number of school units and pupils, 2005-06



Source: Skolverket (2016a).

Upper secondary education including VET/Apprenticeships

Having all youth complete upper secondary school is a national policy goal in Sweden. Youth under the age of 20 are legally entitled to three years of upper secondary education free of charge; older youth may complete their upper secondary education in the adult education system. In the early 1990s, an upper secondary school reform made VET programmes equivalent to general upper secondary programmes by increasing the programme duration and raising academic requirements (Olofsson and Thomquvist, 2014). Upper secondary education in Sweden is now very homogenous: general and VET programmes are offered at the same schools, have the same duration, and both consist mainly of classroom-based learning (OECD, 2015a). In 2011, upper secondary education was reformed again to increase the practical content of VET programmes and to introduce an apprenticeship track (see Section 3).

Participation in upper secondary education is nearly universal: in 2015, 98% of all youth who left compulsory school enrolled in upper secondary school (Skolverket, 2016a).

Upper secondary school is divided into 18 programmes offered nationwide – six programmes prepare students for tertiary education and twelve are VET programmes. All higher education preparatory programmes lead to a general university admissions certificate. VET programmes lead to a vocational diploma that does not automatically qualify for tertiary education, but VET students can attain a university admissions certificate by choosing higher level courses within their programme, or by completing a bridging programme in the adult education system following graduation[1] (Skolverket, 2012).

Students are admitted to programmes based on their compulsory school grades, and admission requirements are stricter for higher education preparatory programmes than for vocational education programmes (Skolverket, 2012).[2] In 2015, 92% of all applicants were admitted to their programme of first choice; acceptance rates to university preparatory programmes were somewhat higher than to VET programmes (Skolverket, 2016b).

Students who are not admitted into their programme of first choice – or any national programme, because they did not achieve the necessary grades in compulsory school – may enrol in an *introductory programme* to catch up on any necessary coursework, see Section 4 for a detailed presentation and discussion. There are five introductory programmes: two of them are geared towards preparing students for a national (standard) programme and last one year, one is designed for recently arrived immigrant youth who need to learn Swedish before pursuing a national programme, and two prepare young people directly for the labour market, although they may still transfer to a national programme.

In the autumn of 2015, 52% of all first year upper secondary students were enrolled in a university preparatory programme, 26% in a VET programme, and 22% in an introductory programme (Skolverket, 2016b).

Education for students with additional needs

Students with learning difficulties generally benefit from attending mainstream schooling along with other youth up until upper secondary education (OECD, 2012b). To the greatest extent possible, policies should therefore generate a learning environment that is flexible and supportive to include special needs students in standard schools and to minimise the share of youth taught in separate special education programmes.

The Swedish school system tries to keep students with disabilities in mainstream schools whenever possible, especially within the compulsory school system. Schools can receive additional funding for students with disabilities or special needs. This, however, has the disadvantage of creating an incentive for schools to have students diagnosed, which can lead to negative consequences for labelled students later in life.[3] While the policy goal is to give special support to these students within their regular classroom environment, the law allows teaching special needs students in separate groups and alone (Göransson et al., 2010). A survey of Swedish municipalities (Göransson et al., 2010) found that the most common ways to support students were additional individualised instruction time with a special education teacher, either individually or in the classroom

environment, and teaching students in special, smaller groups outside of their usual classroom environments some of the time.

Parents may also enrol students in special-needs schools, including schools for children with audio or vision impairments, complex impairments and serious language problems (OECD, 2015a).

Students with mild learning disabilities may attend an introductory programme in a mainstream upper secondary school (the vocational and individual programme are particularly geared towards special needs students, see Section 2) but most of them, and individuals with more severe learning disabilities, attend "upper secondary school for individuals with learning disabilities" (USSILD). In order to be admitted, students have to be found to be unable to meet the learning goals in mainstream schools because of their intellectual disability (Arvidsson et al., 2015). USSILD offers national programmes with common curricula and individual programmes tailored to the needs of individual students. The focus of these programmes is primarily vocational, and they can be undertaken as an upper secondary school apprenticeship (MoER, 2015).

During the academic year 2012/13, 8 800 students attended upper secondary schools for individuals with learning disabilities (the programmes are of four-years duration) – this amounts to approximately 2.4% of all upper secondary students in the age cohort 16-20 (Arvidsson et al., 2015). Graduates are not entitled to continue on to university, but they may continue their education at Folk High Schools or municipal adult education programmes (*Komvux*), see Section 5.[4]

2. Pathways to improving school attendance

The low skilled and low qualified face worse labour market prospects in Sweden than in other OECD countries (see Chapter 2) – the gap in literacy proficiency between employed and unemployed individuals is the highest in the OECD. Individuals without upper secondary qualification are 51% less likely to be employed than those with upper secondary education (Bussi and Pareliussen, 2015). Ensuring that as many youth as possible complete upper secondary school is therefore key to boosting youth employment, and a national policy goal in Sweden.

Early school-leaving

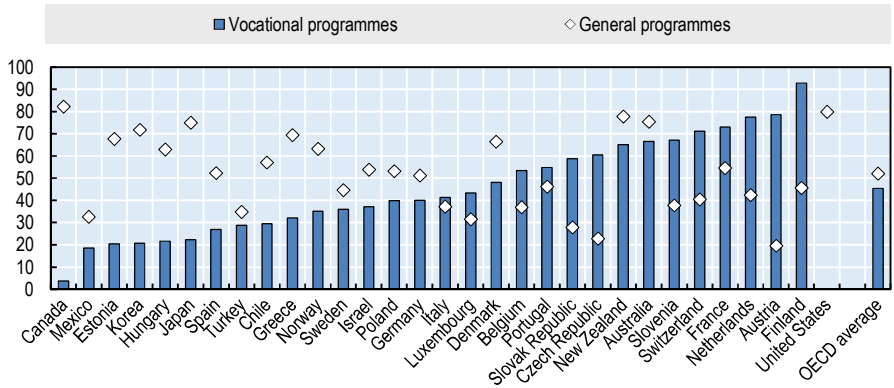
Upper secondary attainment in Sweden is below expectations: 18% of all 25-34 year-olds do not have upper secondary education, compared to an OECD average of 17%, and behind the best performing countries. This is

especially disappointing given that almost all young people enrol in upper secondary education.

In 2013, only 44% of all 18-year-olds graduated from a general upper secondary programme, and 36% from a VET programme, compared to an OECD average of 51% for general and 45% for VET programmes (OECD, 2015d, Table 4.3).

Figure 4.3. Sweden takes a mid-table position with respect to upper secondary completion

Upper secondary graduation rates, 2013



Note:

Graduation rates are calculated by dividing the number of graduates by the number of youth at the age in which graduation typically occurs, but graduates can be of any age. As students may graduate from more than one upper secondary programme, graduation rates cannot be added.

Upper secondary completion is defined as having successfully completed at least an ISCED level 3c programme with a duration of three years or more.

The figures exclude students who continued their studies in the adult education system (graduation rates are measured at the "typical age of graduation" only).

The OECD average is non-weighted. No data on Iceland, Ireland and the United Kingdom. Data for Canada refers to 2012. Countries are ordered according to the graduation rates from general programmes.

Source: OECD (2015), *Education at a Glance* (Table A2.1)

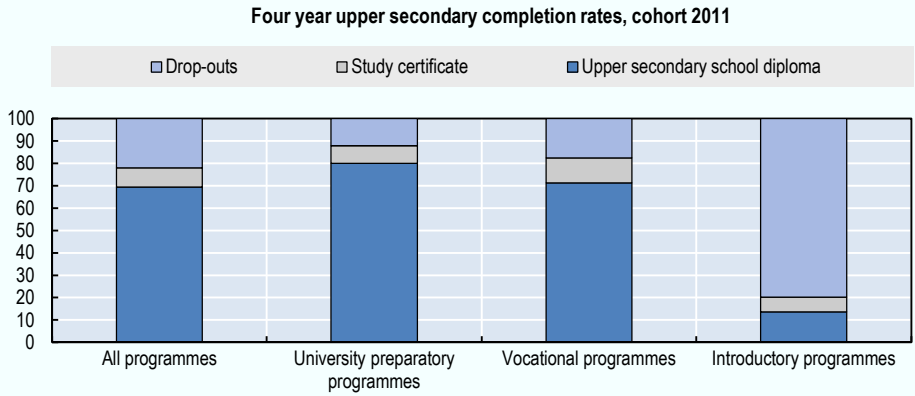
Box 4.1. Definition of upper secondary completion in Sweden

Swedish administrative statistics distinguish between two levels of upper secondary school completion. Before the upper secondary school reform of 2011, students who were *graded* in all courses of their programme received a *slutbetyg* (school leaving certificate), regardless of the grades they achieved; there were grade requirements for obtaining a university admissions certificate, however. The upper secondary school reform of 2011 introduced diploma requirements for all programmes.[1] Students who *took* all courses required for an upper secondary school diploma, but did not reach the required passing grades, can still receive a certificate detailing the courses they successfully completed (a *study certificate*). Skolverket lists these students as upper secondary school graduates (e.g. Skolverket, 2016c), to maintain comparability with the pre-2011 system of school leaving certificates.[2]

Of the cohort of students starting upper secondary school in the autumn of 2011, 9% received such a *study certificate* within four years (one year after the regular end of the programme duration), significantly raising the overall completion rate from 69% (of diploma recipients) to 77%. For vocational programmes, the graduation rate increases by 11.2%, see Figure 4.4.

Figure 4.4. "Study certificates" increase completion rates

Four year upper secondary completion rates, cohort 2011



Note: Excluding students who continued their studies in the adult education system.

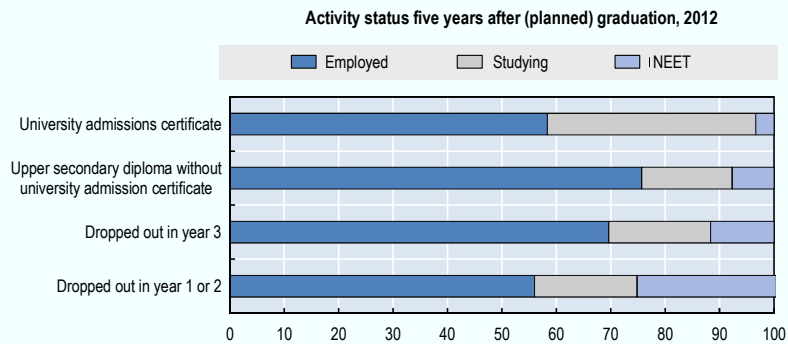
Source: Skolverket (2016c).

One argument for counting those who received a study certificate, but not a diploma, as upper secondary school graduates is that they experience better transitions into the labour market than youth who leave after only one or two years: a follow-up on the upper secondary school cohort of 2003 (Skolverket, 2014) showed that five years after their planned graduation, drop-outs who attend the third year of upper secondary[3] had a NEET rate of 12%, compared to 26% for youth who dropped out in year 1 or 2. However, those who did successfully graduate

had a NEET rate of only 4%. This is not because many graduates were still at university five years after graduation: youth who obtained an upper secondary diploma, but no university admissions certificate (mainly vocational students) had a higher employment and a lower NEET rate than third year drop-outs (see Figure 4.5). We therefore limit the definition of upper secondary completion to those who receive an upper secondary diploma, with or without a general university admissions certificate.

Figure 4.5. Early drop-out is linked to poorer labour market performance

Activity status five years after (planned) graduation, 2012



Source: adapted from Skolverket (2014), Figure 3.a. Cohort enrolled in upper secondary school in 2003, expected graduation in 2006.

Additionally, in international comparisons of educational attainment based on the LFS, individuals who attended introductory programmes for three years are counted as having attained upper secondary education.[4] These are individually designed programmes, lacking a set curriculum and standard grade requirements, and should therefore not be considered equivalent to standard upper secondary programmes,[5] and they are not in Swedish national statistics (e.g. Skolverket, 2016c). The number of individuals with three years introductory programme as their highest level of education is low however, less than 1% of all 25-34 year-olds according to SCB.[6]

1. The requirement for receiving a vocational diploma is having taken courses covering 2 500 credits, and having passed at least 2 250 credits (that is, courses for 250 credits may have been marked "fail"). Passed credits must include Swedish or Swedish as a second language 1, English 5, mathematics 1a, foundation courses for 400 credits and a pass in the diploma project. Higher education preparatory diplomas require the same number of marked and successfully completed courses, as well as a pass in the diploma project, but passed courses must include Swedish or Swedish as a second language 1-3, English 5-6 and Mathematics 1b or 1c. A study certificate requires that students read courses for 2 500 credits, but they may have failed one or more of the other pass requirements; the study certificate details the courses they have passed.

2. For the labour force survey (LFS), however, SCB requires respondents to have passed a programme with a passing grade (SCB, 2000).

Box 4.1. Definition of upper secondary completion in Sweden *(cont.)*

3. This includes students who attended year three, but did not attain a diploma.

4. Before the 2014, individuals who had attended introductory programmes for three years were reported as standard upper secondary graduates in the LFS, and can therefore not be identified. After 2014, they will be reported in a separate category, together with short vocational courses in the adult education system, but still as upper secondary graduates.

5. Introductory programmes are individually designed programmes for students who were not admitted to a standard programme, see Section 4. While there is no set duration for these programmes, students may follow programmes geared towards the labour market for up to three years. The OECD considers such programmes upper secondary programmes if they are of at least two years in duration (OECD, 2015c), however the lack of standard grade requirements means they cannot be considered equivalent to standard programmes.

6. Figure provided by SCB.

Of the 110 000 new entrants into upper secondary school in 2011, only 69% obtained an upper secondary diploma within four years, one year after the end of the regular programme duration (see Figure 4.4).

Completion rates are higher for university preparatory programmes (80%) than for vocational programmes (71%). Students who start upper secondary school in introductory programmes are least likely to successfully graduate within four years – only 14% of the 2011 starting cohort. At 7%, language introduction students have the lowest completion rates (Skolverket 2016c; Figure 4.4). However, given that these students have to master Swedish and general coursework before embarking on a three year programme, four years is likely too short an observation period.

These figures do not account for those who transferred from upper secondary schools to the municipal adult education system, which might be a significant share. In the adult education system, those without an upper secondary school diploma are given priority, and may qualify for loans and grants. The fact that about half of all general or VET programme drop-outs leave in their final year without receiving a diploma could indicate that they transfer before obtaining their degree (OECD, 2015f). Introductory programme students furthermore have to transfer if they do not qualify for a national programme by the age of 20 (see Chapter 5).

Students' socio-economic characteristics influence their completion rates (see Figure 4.6):

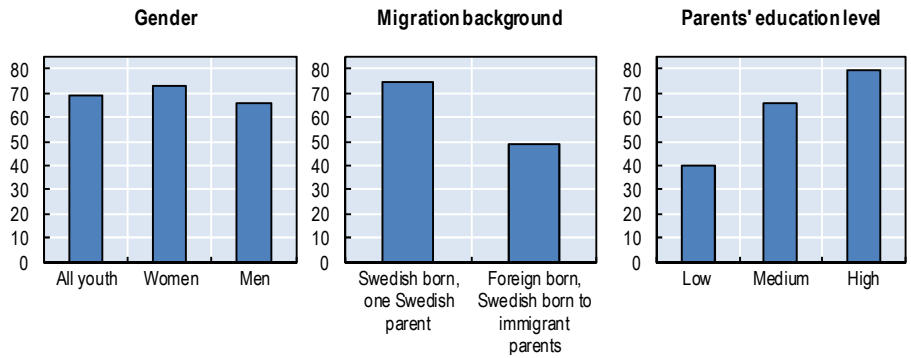
- Those with less educated parents are less likely to complete: 79% of all youth whose parents have at least some post-secondary education

graduate within four years, compared to only 40% of those whose parents only have compulsory education.

- The completion rate for students born abroad or to two immigrant parents (20% of all first year enrolment) is only 49%, compared to Swedish born students with at least one Swedish born parent: 75%.
- Women are more likely to complete within four years than men (73% vs. 66%), and the gap is greater in university preparatory programmes (84% vs. 76%) than VET (72% vs. 71%) and introductory programmes (14% vs. 13%, Skolverket, 2016c).

Figure 4.6. Completion rates vary by gender, migration status and parents' education level

Four year graduation rates, cohort 2011



Note:

Four year completion rates for students enrolling in upper secondary school for the first time in 2011 (one year after the end of the standard duration of upper secondary programmes).

Students who continued their studies in the adult education system are excluded.

Parents' education level refers to the higher educated parent. Low education: compulsory school or less, medium education: upper secondary education, high education: post upper secondary education, including post upper secondary non-tertiary education.

Source: Skolverket (2016c).

Low upper secondary completion rates in Sweden are connected to poor learning outcomes at the compulsory school level. Educational performance in lower secondary and especially primary school is highly predictive of upper secondary school completion (Lyche, 2010). Swedish students achieve comparatively low scores in literacy and numeracy at the end of

compulsory school (see Figure 4.A1.1), which makes for a difficult start into upper secondary school.

Another contributing factor is the relatively academic nature of upper secondary VET. Indeed, upper secondary completion rates fell after vocational schools were upgraded to three-year programmes with added academic content in the early 1990s (Olofsson and Thunqvist, 2014). While increasing the academic content of VET may facilitate transitions to tertiary education and improve the status of VET programmes, it can also discourage low performing students from completing upper secondary school. Hall (2012) looks at the effect of the VET reform using time and geographical variation in the rolling out of a pilot scheme preceding the general introduction of three-year VET programmes in the early 1990s. She shows that the introduction of the additional year of VET increased the overall probability of drop-out by almost 4 percentage points. This effect was limited to students in the lower half of the grade distribution and students from low-educated backgrounds – for these students, the drop-out probability increased by about 5-8 percentage points.

The low completion rate was one of the reasons why the upper secondary school system was reformed in 2011, see Section 4. In 2015, a government inquiry was tasked with a review of upper secondary school, and asked for recommendations on how to increase upper secondary completion rates. Results are expected in late 2016.

Project Plug In funds a variety of local projects to promote upper secondary completion, see Box 4.2. Sweden should consider funding local initiatives on the condition that they rigorously evaluate programme impacts, and identify and fund best practices based on the outcomes of these evaluations. This would ensure that valuable public funds are used where they are most effective. This issue is further discussed in Chapter 5. On the design and implementation of programme evaluations, also see OECD (2017b).

Box 4.2. Project Plug in

Project Plug In funds local projects aimed at increasing upper secondary completion across Sweden. Funded projects vary substantially, but the majority include measures such as additional guidance and coaching, using new teaching methods, or extra teaching support. The goal of Plug In is to evaluate different approaches in order to identify best practices and then disseminate these across the country.

During its original run between 2012 and 2015, Project *Plug In* supported 80 local projects in 48 municipalities with more than 7 700 participants. It has now been renewed until 2018 under the name "Plug-In 2.0". The main target group are youth aged 16-20 who have already dropped out, are in an introductory programme, or have high rates of absenteeism. Plug In 2.0 extends the target group to recently immigrated students and those transitioning from compulsory upper secondary school.

The organisation is split into three administrative layers: on the national level, it is managed by the Swedish Association of Local Authorities and Regions (SKL), comprising representatives from local governments, employer- and professional associations. SKL runs Plug In's knowledge sharing platform, Pluginnovation.se, which collects information on funded projects and assesses their success, disseminates information, and provides recommendations for best practices for schools and local authorities. SKLs regional councils promote collaboration at the regional level and support schools and municipalities in carrying out the projects. Municipalities or schools themselves manage and run the individual projects. The project is partly funded by the European Social Fund, whose contributions are matched by the municipalities. The original budget was SEK 130 million (about EUR 14 million, SKL, 2015), the extended run Plug In 2.0 has a budget of SEK 150 million (about EUR 16 million).

Projects are developed and carried out at the municipality or school level and are very heterogeneous. Some individual projects aim to make municipalities more effective at fulfilling their legal responsibility to track drop-outs under the age of 20 and offer them activities (activity responsibility, see below). Measures include developing better procedures for tracking youth, or establishing regional re-engagement centres, where youth can partake in individual and group activities to improve their social skills and motivation. These centres can also guide youth with more serious problems to the relevant social services, and provide youth with a structured daily routine. Other programmes focus on the implementation of teaching by introducing new learning methods or more practical content, while others step up career guidance and mentoring.

There is no evaluation of Plug In that uses a proper, randomised control group. Ramböll (2015) compare the development of dropout rates in municipalities that participated in the programme with similar municipalities that did not – because municipalities choose to participate, however, and have to contribute part of the funding, participating and non-participating municipalities might experience different trends in upper secondary school dropout. They find no clear effect of Plug In on dropout rates, but they caution that many projects targeted youth in the early years of upper secondary school, so the effects might take some time to become apparent. Stakeholders seem to be pleased with the project, however, as about three quarters of all projects are reported to have been permanently implemented by municipalities (SKL, 2016a).

Source: OECD (2015e), Ramböll (2015), SKL (2015), Stromback (2014), Tägtström (2015).

Monitoring and reporting of school attendance

Absenteeism from compulsory school is reported to parents and, in serious cases, to child protective services. Upper secondary schools report unexcused absenteeism to the National Board of Student Aid (CSN, *Centrala studiestödsnämnden*), as the study allowance can be withdrawn in response to repeated, unexcused absenteeism.[5] In the school year 2012/13, 6.4% of all compulsory and upper secondary students had their grants withdrawn – the rate was higher among students in the final year of upper secondary school and students of introduction programmes (Skolverket, 2016e).

Municipalities have the legal obligation to track youth aged 16-20, who have completed compulsory school, but have not completed, and are not attending upper secondary school, as well as those in introductory programmes, under the *activity responsibility* scheme. The activity responsibility stipulates that municipalities must keep in regular contact with these young people, find out their present activity (e.g. schooling outside the standard upper secondary education system, maternity leave, illness, etc.) and offer them measures or activities, tailored to their individual needs, with the primary goal to get them back into upper secondary school. Twice a year, municipalities have to inform Skolverket about the status of youth in the target group, and how the municipality intervened, for statistical purposes. Formerly called *information responsibility*, the activity responsibility was amended in 2015 to concretise the municipalities' responsibility to offer youth activities.

Activities offered to drop-outs may include upper secondary level courses within the adult education system or at a Folk High-School (see Chapter 5), motivational courses and counselling, as well as CV- and interview-training with the PES. While the primary aim is to get young people back to school, in cases where this is not possible, young people may also be referred to the PES to help them into work (Skolverket, 2016d).

Since the activity responsibility is a municipal obligation, its implementation varies across municipalities. Most municipalities have tasked schools with following up on youth, while in some, the municipal administration is in charge (Skolinspektionen, 2014). In Sandviken, for instance, the municipal upper secondary school has a dedicated activity responsibility co-ordinator (on a part-time basis), whose office is located in the municipality's youth labour market centre to facilitate co-operation with municipal youth services. The school notifies the co-ordinator immediately of students with high absenteeism and drop outs; in September of youth who did not enrol; and in the summer of youth who did not successfully complete

their upper secondary education. The co-ordinator then tries establish contact with these young people, and offers them measures.

Regional variation in the implementation of the activity responsibility scheme – which agency is in charge of tracking drop-outs, how intensely youth are followed up on, and which kinds of activities they are offered – leads to a mixed quality of services offered to youth. Some municipalities invest significant resources in locating and supporting NEETs, while others do less. An audit of 16 municipalities by the Swedish Schools Inspectorate (Skolinspektionen, 2016) found that the audited municipalities failed to establish contact with more than half of all dropouts under 20 they were supposed to track. One third of these youth were not contacted to begin with, and in the remainder of cases, efforts to make contact were unsuccessful. Only 27% of dropouts took part in a measure, while 22% were contacted but did not participate in any activity, either because they refused or because the municipality failed to offer any. The share of dropouts who were not in contact with the responsible municipality varied between over 80% and under 15% across municipalities.

The audit also criticises ineffective collaboration between schools, the municipal administration and social- and health services. Schools struggle to effectively record and transmit unexcused absences and dropout to the relevant municipalities, especially were youth attend schools outside their municipality of residence. This leads to delays in identifying young NEETs, and to inadequate profiling of the needs of those who have been identified. Because there are no clear guidelines as to how often, and through which means municipalities should contact youth, youth are contacted sporadically in many places (Skolinspektionen, 2016).

The responsibilities of municipalities need to be spelt out more clearly to reduce regional variation in the provision of services, and improve services offered to youth. Skolverket has already issued guidelines, asking municipalities and schools to track absentee students throughout the year and to make repeated efforts to contact them via several communication channels if necessary. The guidelines also encourage municipalities to make youth repeated offers to join a course or training, as young people often only accept the second offer of assistance (Skolverket, 2016d). Further specifying the steps municipalities have to take to contact youth, and the activities they have to offer them, would help improve services.

Also, while some municipalities already involve municipal youth labour market services in the activity responsibility, closer collaboration with the PES could improve the services offered to youth. In Norway, for instance, the county-run *follow-up services*, responsible for tracking drop-outs under the age of 21, are integrated with the PES in some counties. In Oslo,

follow-up service co-ordinators work both at schools and PES offices. 110 counsellors are directly located in Oslo's schools (both at the lower and upper secondary level), while additional follow-up offices exist in each of the 15 district PES offices (which combine employment and social services). The PES co-operates with the follow-up service to provide tailored combinations of work-practice and schooling to drop-outs (OECD, 2017a).

To improve co-ordination between the various actors, the Swedish government established the Youth Employment Delegation (Dua, *Delegationen för unga till arbete*), which funds projects supporting the collaboration between municipalities and the PES (see Chapter 5 for a detailed description). Municipalities can also use these funds to improve collaboration on the activity responsibility, particularly if they struggle to offer NEETs tailored activities and programmes (Dua, 2016). Dua only started distributing funds in 2015, but the aim of the initiative is promising. The national co-ordinator for NEETs (see Chapter 5) is also tasked with reviewing the implementation of the activity responsibility, as well as facilitating communication and knowledge transfer across municipalities, and between municipalities and the central government.

Project Plug In (Box 4.2) also supports local projects to improve the effectiveness of the activity responsibility scheme, notably by supporting co-ordination between municipalities to enhance procedures of tracking youth.

Tailored schooling options

Students who do not qualify for their preferred or for any of the standard national upper secondary programmes can enrol in an *introductory programme* offered by regular upper secondary schools. This is a rather large group of students: about 22% of first year enrolment in the autumn of 2015 (Skolverket, 2016b).

There are five such programmes tailored to different types of students. Two aim to quickly transfer students into a national programme: the *preparatory programme* is aimed at students who want to attend a university preparatory programme (they may qualify for a vocational programme), and should last no longer than one year. The *programme-specific individual choice* is for students who do not qualify for any national programme, but have passing grades in some core subjects and want to attend a vocational programme. It should contain work-based training, and students should transfer to a national programme as quickly as possible.

The *language introduction* programme is targeted at recently arrived immigrant youth who want to learn Swedish quickly in order to proceed to a national upper secondary programme – this is the introductory programme

with the highest number of students. Young migrants may transfer from the language introductory programme to the adult education system (Swedish tuition for immigrants, SFI) for further language instruction and to pursue their upper secondary degree when they are 20, see Chapter 5.

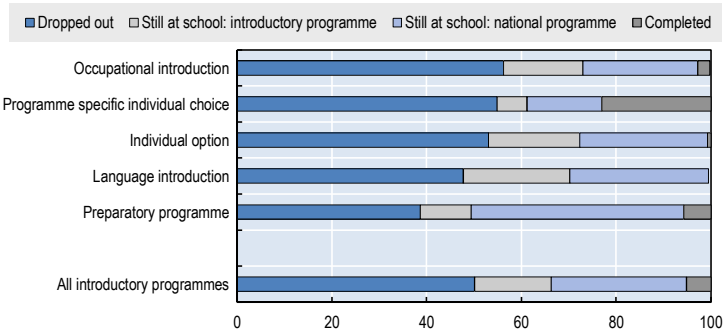
The remaining two programmes – the *occupational introduction* and *the individual option* – are not necessarily designed to be a pathway to a national programme. Their aim is to prepare students for employment or other forms of education, although students may choose to switch to a national programme if they fulfil the requirements. In exceptional cases, students in national programmes may switch to these programmes if they find their curricula too challenging and are deemed at risk of dropping out (Skolverket, 2012b); they are also an option for students with learning disabilities (MoER, 2015).

Introductory programmes should be tailored to individual students. Each student has an individual study plan; the programme can combine courses from compulsory and upper secondary school as well as work-based training. Students only have to take the courses they require to progress to the upper secondary programme of their choice, so they do not have to repeat course content from compulsory school they already know. Also, integration within the regular upper secondary school system should be encouraging to students.

While there is no proper evaluation of these programmes, they appear to have limited success as gateways towards upper secondary completion. Of the 13 300 students who started an introductory programme in 2011, only about a third had transferred to national programmes within four years; 5% had already graduated by 2014.[6] Half dropped out of school or left school without attaining a diploma, and 16% were still in the same or another introductory programme, see Figure 4.7. The two programmes aimed at providing a gateway to national programmes, the programme specific individual choice and the preparatory programme, only succeeded in transferring about 60-70% of all students to a national programme, and many dropped out after transferring. The language introduction programme only transferred about a third of its students to national programmes within four years (see Figure 4.7). However, older adolescents might pursue their upper secondary education in the adult education system instead (see Chapter 5 and Skolverket, 2015c).

Figure 4.7. Introductory programmes only transfer a third of students to national programmes

Status of youth four years after entering an introductory programme, cohort 2011



Note: Students receiving a "study certificate" without passing marks are counted as dropouts.
Source: adapted from Skolverket (2015c), Tables A and B.

The two programmes that are not necessarily meant to lead to an upper secondary degree – the occupational introduction and the individual option – have drop-out rates of over 50%. Many students remain in these programmes for several years, but do not receive an upper secondary diploma. As the programme content is adapted to the student's needs, the skills of individual students are difficult to gauge for employers.

Given the mixed success of introductory programmes in helping low performing students to graduate from upper secondary school, Sweden should consider introducing shorter, lower level VET programmes, that feature a high share of workplace based learning. Programmes of up to two years duration and a workplace training component of 50% or more would enable practically minded youth or those who are tired of classroom based learning to obtain a lower level upper secondary degree. Norway is currently piloting an alternative VET track, the *certificate of practice*, with promising results. This two year programme has students spend up to four days a week in workplace training, and only one day at school. They receive a lower level, but nationally standardised degree that counts toward a full upper secondary degree if they wish to pursue further education (OECD, 2017a). Sweden's standard upper secondary programmes currently do not deliver for the weakest students, so offering them a lower level option is preferable to leaving them without a qualification. Shorter programmes with more practical content would appeal to school-tired youth who would otherwise be at risk of dropping out. Too high standards might prevent some young people from getting the qualifications they need to make a smooth transition to work.

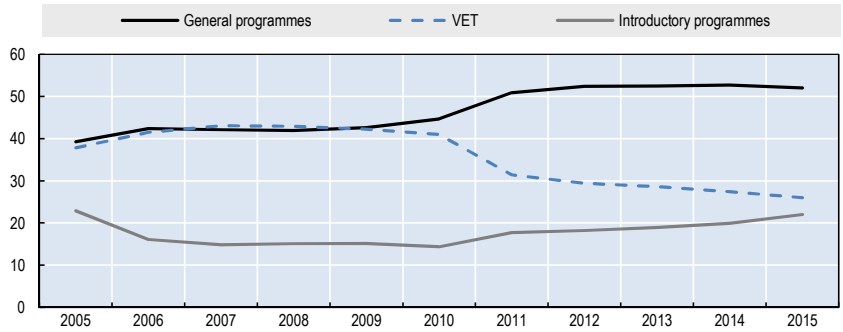
3. Promotion of quality vocational training and apprenticeships

The Swedish education system aims to not only impart knowledge but to also cultivate students' personal development and their engagement with society – this also manifests itself in upper secondary VET. In a far reaching reform in 1991, the duration of VET programmes was extended from two to three years to reach parity with general programmes. The teaching content was substantially revised in favour of more academic subjects, and obtaining a university admissions certificate became the objective of all upper secondary programmes, including VET (Hall, 2012). But these more ambitious programmes had low completion rates, which led to renewed reform efforts in 2011 (Gy11 reform). The academic requirements of VET programmes were lowered, and they ceased to automatically lead to a university admissions certification. VET students can however still obtain a university admissions certificate by choosing higher level courses, and about half of all successful graduates who entered upper secondary school in 2011 did so (Skolverket, 2016c). The Gy11 reform also tried to strengthen the link between VET and the labour market by introducing apprenticeships as a second pathway in VET (see below), and requiring schools to set up local programme councils that represent the interests of local businesses and trade unions (Olofsson and Thunqvist, 2014).

Before the 2011 reform, enrolment in VET was on par with enrolment in general programmes, but it dropped by a quarter in 2011, and has been declining since. In 2015, VET programmes only accounted for about a quarter of all first year enrolment, see Figure 4.8. The Gy11 reform also raised the grade threshold for admittance to national programmes (Cederberg and Hartsmar, 2013), which explains the increase in enrolment in introductory programmes in 2011.

Figure 4.8. Participation in VET has been decreasing in recent years

First year upper secondary students by programme type (in percent)

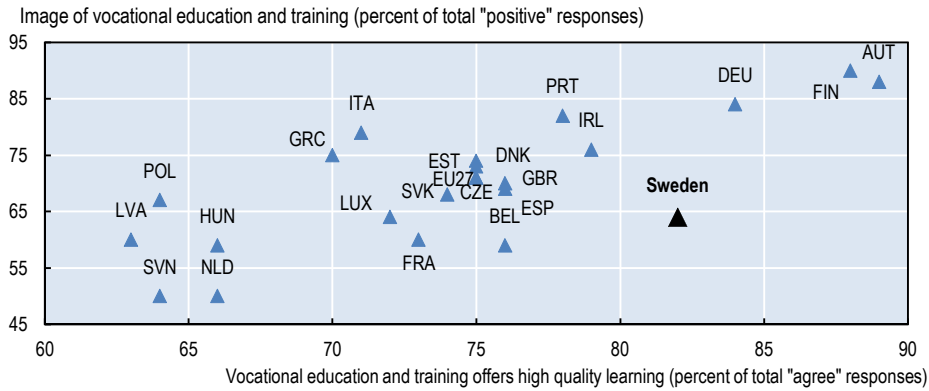


Source: Skolverket (2016b).

With a NEET rate of 15%, youth who graduated from VET programmes are significantly more likely to become NEET than youth who graduated from general programmes (8%, OECD, 2015a). The difficult labour market transitions experienced by VET students, together with the perceived low status of VET in Sweden (see below) contribute to the waning student interest in VET.

In a special Eurobarometer on attitudes towards VET (European Commission, 2011), only 64% of Swedes reported to have a "positive" image of VET, compared to 75% in the European Union on average (see Figure 4.9). At the same time, Sweden is one of the European Union countries where the quality of VET education is perceived to be highest – 82% of surveyed Swedes agreed with the statement that VET offers high quality learning, placing Sweden fourth after Germany, Finland and Austria in the perceived quality of VET. Also, only 17% stated that they would recommend a young person to pursue VET (32% on the EU average), while, at the same time, 78% of Swedes think that VET graduates are more likely than general programme graduates to find a job upon graduation, compared to only 56% on the EU average.

Figure 4.9. While VET in Sweden is perceived to offer high quality learning, it only has an average image



Source: OECD (2015), *OECD Economic Surveys: Latvia 2015*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264228467-en based on data from EC (2011), "Attitudes Towards Vocational Education and Training", *Special Eurobarometer No. 369*, http://ec.europa.eu/public_opinion/archives/ebs/ebs_369_en.pdf.

VET is also perceived as an educational dead-end: only 53% think that VET enables graduates to proceed to higher education, compared to 68% in the EU on average. A recent skills assessment and anticipation review of Sweden (OECD, 2016a) found that the links between higher VET and upper secondary VET are particularly weak in Sweden. Higher VET funding is exclusively based on current skills needs, with relatively short funding periods, while upper secondary VET is provided mainly on the basis of student choice. Short national funding periods for higher VET create insecurity for upper secondary VET students, who cannot be certain that they will be able to continue their education at the higher VET level, which might ultimately discourage them from choosing a VET programme in the first place.

Providing youth with the relevant practical skills

Work-based training is not an important component of upper secondary education in Sweden, including VET. In school-based VET, students have to complete at least 15 weeks of work placements during the course of the programme. The apprenticeship pathway, introduced in 2011, does feature 50% workplace based learning, but apprenticeship programmes have the same curricula and diploma goals as school-based VET courses. They are also not well established – only 5.6% of all upper secondary VET students were apprentices in 2013 (ReferNet Sweden, 2014).[7]

Schools take the lead in the design of apprenticeship programmes – they decide whether they want to offer an apprenticeship track for a given VET programme, when work-based training starts (it may start at any point during the programme) and they are responsible for procuring workplaces and organising the apprenticeship education. The apprenticeship involves a training contract between the school, the employer and the apprentice; apprentices do not receive a salary.[8] Employers receive an education allowance, which can be topped up if they attend approved training courses.[9]

Because schools are responsible for the design and organisation of apprenticeship programmes, they can vary substantially across locations in terms of both the duration of the apprenticeship component, and the organisation of school-based training (Cedefop, 2014). This lack of standardisation can make employers insecure about the skills that have to be mastered by apprentices, dampening the labour market prospects of graduates. It also makes it difficult for parents and students to assess the relative merits and career prospects of different programmes, making apprenticeships less attractive for youth (OECD, 2016a).

Links to employers are relatively weak. While schools are now mandated to have programme councils representing employer interest, there

are no clear regulations or guidelines as to how they should organised, so the actual implementation can vary from school to school (Cedefop, 2014). Apprenticeships are also often perceived as too "education heavy" by employers, and not sufficiently specialised to a specific occupation.

Schools often struggle to find businesses for work placements, not only for apprenticeships, but also for the 15 weeks required for all VET programmes (Olofsson and Thunqvist, 2014). This is likely connected to the mentioned lack of relevance and specialisation, but also to the fact that the provision of upper secondary programmes is based primarily on student interest, not the needs of the local economy.

In countries with strong apprenticeship traditions, apprenticeships train for a specific occupation, and apprentices are required to have secured an employer before starting their training, see Box 4.3 on the apprenticeship system in Austria. This ensures the relevance of the practical training, and eases the transition to the labour market.

But it is also possible to achieve high rates of participation in apprenticeships without benefitting from structural continuity over centuries. In Australia, the percentage of the working age population enrolled in apprenticeships doubled since the mid-1990s; in 2012, 17% of all youth aged 15-29 were apprentices (OECD, 2016b). A set of reforms coincided with these developments:

- Australia standardised the apprenticeship system across States, making the qualification more recognisable.
- School-based apprenticeships and shorter traineeships were introduced, allowing youth to start an apprenticeship aged 15 or 16 while still in secondary school. Also, existing employees were allowed to participate, and apprentices were allowed to study part-time (e.g. in addition to a standard upper secondary programme).
- The Australian government offers incentive payments that employers can receive for commencing or completing an Australian Apprenticeship, including extra support for school-based apprenticeship.

Box 4.3. The apprenticeship system in Austria

Austria is one of the countries with the highest overall participation in VET – 80% of all male and 70% of all female upper secondary students participated in VET in 2012. Around 40% of each cohort chooses the traditional apprenticeship route, while the other 40% enrol in school-based VET or VET colleges (IBW, 2015).

As of 2015, apprentices can pursue 197 defined occupations (BMWFW, 2015). Occupations are introduced or amended at the initiative of the social partners or individual businesses; the Ministry of Labour in collaboration with the social partners then fleshes out a detailed profile for the occupation, and develops the national curricula. Apprenticeships start after compulsory school (around age 15) and typically last three years. Youth must secure an apprenticeship slot to start training, although in some cases they may start an apprenticeship at a publicly run workshop as part of the youth guarantee. The availability of apprenticeship places therefore acts as a link between the labour market and the training system, as youth cannot choose occupations that employers are not willing to train. Apprentices spend around 25% of their time in school, and 75% in work-based training. They receive a salary determined by collective bargaining agreements that differs across sectors and occupations; it reaches an average of 80% of a skilled worker's starting wage in the last year of the apprenticeship.

Social security contributions are partly waived, and businesses receive a public subsidy covering 25% of the apprentice's salary in the first, and 8% in the last year of apprenticeship training. There are additional subsidies for the further qualification of VET trainers in businesses, taking on special needs apprentices, or youth who were previously unsuccessful in finding a place. In 2013, 75% of all apprentices who ended their apprenticeship contract did so after successfully completing their final exams.[1] The median time graduates took to start their first job is shortest for apprentices (1.5 months) as compared to graduates of classroom based VET schools and colleges (around three months) and general upper secondary programmes (four months, Statistik Austria, 2015).[2] Fersterer and Winter-Ebmer (2003) find wage returns of 15% to a training period of three to four years. Fersterer, Pischke and Winter-Ebmer (2008) find similar returns for apprentices in small firms.

1. This is not strictly equivalent to a drop-out rate, as it measures youth who successfully completed as a share of *all apprentices who dissolved a contract and did not sign a new one within a year*, i.e. this measure is not cohort based. Apprenticeship contracts are most likely to be dissolved in the first couple of months; hence this measure of apprenticeship dropout is upwardly biased if the number of apprentices increases, and downwardly biased if it decreases. Furthermore, apprentices who completed their work-based training, but failed or did not take their exam, may sit for it later, but are counted as drop-outs by this measure.

2. Austrian training enterprises are obliged by law to keep on successfully graduated apprentices for at least three, but up to six months after their exam (depending on the collective bargaining agreement for the company's sector). To correct for this, only periods of employment starting after the first six months, or exceeding six months, are counted as first jobs. The numbers furthermore correct for young men serving their compulsory military service after completing their schooling / training.

Source: BMWFW (2014, 2015), IBW (2015), OECD (2010), Statistik Austria (2015).

The Australian VET system offers a range of qualifications at different levels, starting with short programmes with of six months duration to longer courses that prepare for highly skilled occupations such as accounting and engineering. Individuals can build on lower level qualifications as they upskill or retrain at later stages of their careers (OECD, 2016b).

Sweden should consider further uncoupling apprenticeships from school-based VET programmes, and stepping up the work-based training component, which might imply cutting down on general subjects in favour of practical training.

Such a marked differentiation between apprenticeships and school-based upper secondary education does come at the risk of increased socio-economic segregation: in countries that have strongly diversified educational options, such as Austria and Germany, students with low socio-economic status backgrounds tend to sort into the less academically challenging pathways, with detrimental effects on their future school careers. However, in Austria and Germany, children are already tracked at age 10 – providing lower level options at age 16 should put pupils in a better position to choose the right educational path (OECD, 2012).

Youth who might otherwise successfully complete a full upper secondary school programme might also end up with a lesser qualification. More practically oriented programmes are, however, also more inclusive, especially to low performing students and those from disadvantaged backgrounds. Holm et al. (2013) estimate that the introduction of vocational upper secondary options in Denmark increased participation in upper secondary education by around six percentage points, and that especially students from socio-economically disadvantaged families benefited from this increase. They do find, however, that some of these students are less likely to go on to university (as opposed to higher VET). Similarly, Ichou and Vallet (2011) show that while the differentiation of the French upper secondary system did increase sorting into tracks according to socio-economic background, it also lead to increased participation. Indeed, in countries with lower level upper secondary tracks, such as Austria, Germany and Switzerland, around 90% of all young people aged 25-34 have completed an upper secondary degree, compared to only 82% in Sweden.

Organising the teaching content in training modules students can build on should they want to obtain a higher qualification later should help mitigate the adverse effects of tracking at the upper secondary level, as should the already very inclusive compulsory- and well developed adult education system in Sweden (see Chapter 5).

Offering career guidance

Career guidance can improve the match between youth and their chosen education or training path. It increases the likelihood of programme completion, links the labour market to the education system by encouraging youth to choose paths that are likely to lead to stable employment, and fosters social mobility by informing youth of career options that might not be suggested by their family and social networks. Career guidance is of particular importance for youth considering a VET programme or apprenticeship, because these programmes affect students' career prospects more directly than general secondary tracks.

As the Swedish education system is based on student choice, with a limited input of employer's skills requirements in the funding of study places, steering youth towards programmes with attractive employment and earnings prospects is crucial. The implementation of upper secondary programmes can furthermore vary considerably across municipalities and schools because of the decentralised structure of the Swedish education system, making it difficult for students and parents to assess the relative merits of courses. Career guidance is therefore essential to help youth pick the right course.

However, career guidance has traditionally been a low priority in Sweden. A recent survey of 500 Swedes aged 15-29 found that only 14% felt well informed about job opportunities (McKinsey & Company, 2013). While all students have the right to counselling, in 2015, there was one guidance counsellor for every 484 upper secondary school students (Skolverket, 2016f). While there are efforts to increase the availability of career counsellors at schools, these are very high caseloads, especially considering that career counsellors often work in multiple schools, especially in more sparsely populated areas. This limits their capacity to provide in-depth career advice and special support for students within school.

Another concern is the quality of career guidance. Of the 500 young Swedes surveyed by McKinsey and Co. (2013), 78% reported having attended a meeting with a guidance counsellor, but only 16% of them found the meeting helpful (OECD, 2016a). While it is desirable that career counsellors have a relevant education, there is no specific qualification requirement.

There is evidence that career guidance within school tends to emphasise general education programmes at the expense of VET programmes (pro-academic bias, OECD, 2014), and favours programmes offered at the school over external programmes, especially when funding is linked to enrolment (Watts 2009), as is the case in Sweden. Provision of career guidance by

actors outside school such as external specialists and employers can be more impartial, and better linked to the realities of the labour market (Sweet, 2009). The increasing effort of the PES to work directly with schools is therefore a positive development. The PES developed a multi-media information package for use directly in schools, containing statistical information on the labour market situation of drop outs to motivate students to complete upper secondary school. In a pilot project, the PES also directly trains career counsellors at schools.[10]

4. Support for at-risk students and their families

School absenteeism and low educational performance are often caused or reinforced by non-educational factors, such as family or health problems and substance abuse. Youth suffering from these problems need comprehensive support – in addition to any help the school can offer, students may require support from specialised social and health service agencies, that can help them navigate family problems, solve a difficult housing situation, or provide treatment for mental health or substance abuse problems. This section discusses the support available to troubled youth within and outside schools, and looks at the co-ordination of these services.

Services offered within schools

Students have access to health and welfare services at school, provided by school nurses, social workers and psychologists. The health and welfare services have the mandate to mitigate students' exposure to factors that can adversely affect their physical and mental health, such as substance abuse or bullying at school. School psychologists are available to directly deal with students with mental or behavioural problems, and keep in contact with parents, while social workers engage in preventive work (for example working at schools against bullying), and refer students to specialist services. However, staff-to-student ratios are prohibitively high to provide individualised services to youth: across compulsory and upper secondary schools, in 2014, there were about 2 000 students for every psychologist (SKL, 2016b).

The increasing number of students in independent schools has made it more difficult to identify and support troubled youth. For example, while students may have to wait two months to see a school psychologist in municipal schools, the waiting time in private schools can be up to 22 weeks (OECD, 2013).

Services provided outside schools

Most social services for youth are run by municipalities and regions; services can therefore vary across regions.

Youth clinics, run jointly by municipalities and regions, provide accessible health care services to youth up to the age of 20 free of charge. Usually staffed by a midwife, a general practitioner, a social worker, and a psychologist, they offer treatment and advice regarding mental and reproductive health. Youth can drop in and receive ad hoc help and advice or longer treatments (OECD, 2013).

Many municipalities and county councils offer summer internships for young people aged 16-18 to give young people a first taste of the world of work, and to promote the municipality or county as a potential employer. The number of young people participating is substantial: in the summer of 2015, 84 000 young people completed an internship, over a quarter of the eligible age cohort. Over half of all youth who applied could secure an internship place. Slots are often offered in priority to disadvantaged youth, such as recently arrived immigrants, disabled youth or youth in special education programmes. Municipalities also use summer jobs to promote occupations where they perceive labour shortages, such as child- and elderly care (SKL, 2015b).

Alam et al. (2013) evaluate the summer job programme in the Swedish council of Falun, which randomly assigns summer jobs to upper secondary school students using a lottery. They find that girls who were offered a summer job accumulate more work experience during upper secondary school than their peers who lost the lottery. Nine years after graduation, they enjoy a 9% earnings advantage over the control group. The positive effect is largest among girls in the bottom 25% of the distribution of compulsory school grades, which indicates that the practice of some municipalities (but not Falun county) to reserve part of the internship slots for disadvantaged youth increases the effectiveness of the programme. Boys barely benefit from the programme – the authors speculate that this might be because the jobs offered are in female-dominated fields (mainly care), so girls might be able to use the work experience gained through summer jobs more directly than boys.

Only looking at earnings might however understate the effectiveness of this intervention. Gelber et al. (2016) evaluate a similar programme in New York City, were internship slots are also randomly assigned using a lottery. They show that the programme significantly lowered the probability of incarceration and mortality, particularly among young men: over four years, participants were 10% less likely to be incarcerated, and had a nearly 18% lower mortality rate relative to the control group. In line with

Alam (2013), these positive effects were concentrated among disadvantaged youth. Participation in the New York City programme, however, did not increase the likelihood of college enrolment, and even had a small negative impact on the overall earnings of participants. But this small negative earnings effect was concentrated among older youth who already had some work experience. Given that the age range in the New York City programme is 14 to 21, while in Sweden they are limited to under-18-year-olds, this earnings effect is not a big concern in Sweden. Overall, this programme seems to be well designed and should especially benefit disadvantaged youth.

The programme *SkolFam* (school-family care) targets children of compulsory school age (6-15) who do not suffer from learning disabilities and have a secure placement in a foster family.[11] Foster children have been shown to perform below expectations at school and as a consequence have a higher risk of school-drop out and other risky behaviours. Currently SkolFam exists in 26 municipalities in collaboration with the Children's Welfare Foundation Sweden.[12] The intervention not only aims to improve children's knowledge and skills, it also targets children's, foster parents' and teachers' expectations: teachers and foster parents may perceive foster children's cognitive abilities to be lower than they are, which can worsen children's school performance through low expectations. Within *SkolFam*, children take a battery of standardised tests at the beginning of the programme, and the results are shared with children, teachers and foster parents (Tideman et al., 2011). Based on this evaluation, each child receives an individualised study plan. Support measures include additional instruction, physical exercise classes, counselling for children and foster parents, etc. Project staff follow up with schools at least twice per semester. During these visits, staff psychologists coach and motivate teachers and counsel and advise foster parents on how they can support students' learning progress. An evaluation establishing the causal effects of the programme (using a randomised control group design) is not yet available. A before/after evaluation of 24 children who participated in the project in Helsingborg (Tideman et al., 2011) however showed that the participants significantly improved their cognitive as well as reading and spelling skills within two years. While this study does not claim to establish causality, it points to the importance of sharing standardised test results with teachers and foster families to raise expectations of children's school performance. This is very cost effective and easily scalable.

Sweden has a long tradition of after-school activities and youth clubs. The NGO Fryshuset for example operates comprehensive one-stop youth centres across Sweden. Activities include sports clubs, educational programmes including secondary schools, labour market programmes,

mentoring programmes, programmes for special risk groups (exit programmes for extremist and criminal gangs, youth programmes combatting anti-social behaviour, etc.). Fryshuset is mainly funded by direct payments for services rendered (schools, project *Quiet Street*), but also accepts donations and receives public funding.

Co-ordination of services

The highly decentralised structure of the Swedish school system makes it difficult to roll out best practices across the country. The Ministry of Education and Research does not have the jurisdiction to set detailed guidelines spelling out how regulations should be implemented. As a consequence, the co-ordination between agencies – e.g. between schools and municipal employment services within the framework of the activity responsibility – depends on local initiatives, and there is a lack of minimum service standards. The effectiveness of the activity responsibility scheme in particular is hindered by the lack of co-ordination across municipalities, and tracking youth moving or commuting across municipality lines is a challenge. The national strategy for NEETs introduced in 2015 is seeking to address this by providing additional funding for one-stop-shops and outreach activities for youth. Also the Swedish government has recently introduced an initiative to increase cross-agency collaboration, especially between the municipalities and the PES (Dua, see Chapter 5).

Confidentiality legislation (*Sekretesslag*) hampers schools' ability to identify at risk students, e.g. those who have already been in contact with social services. Youth may waive their right to confidentiality, but only regarding information held by the PES and social services, while health services are not allowed to share information, even when youth agree.

Round-up and recommendations

Nearly all compulsory school leavers enrol in upper secondary school, a great strength of the Swedish school system. However, completion rates remain below expectations, with 18% of all 25-34 year-olds having below upper secondary education. Four year completion rates from upper secondary school are at about 70%.

- Introductory programmes, designed to enable youth who do not qualify for a national programme to gain admission, do not succeed in transferring the majority of their students to national programmes. About half of all students who start an introductory programme leave school without obtaining a degree. As they are designed at the school level, they do not lead to standardised and recognisable qualifications.

- Sweden has increased the practical component of VET programmes in recent years, most notably with the introduction of an apprenticeship track in VET. However, further steps are needed. At present, apprenticeship programmes are largely designed by schools, who most importantly decide at which point in the programme the work-place training component starts. They have the same curricula and learning goals as school-based VET programmes, leading to insufficient focus on adding value to a workplace. As a consequence, employer interest and involvement is lacking, and few students choose this path.

- Sweden should separate apprenticeships more clearly from upper secondary VET, tailor the training content to more specialised occupations, and standardise the programme structure to make the qualification more recognisable, and thus more valuable for students. Employers should play a crucial role in designing the curriculum.

- Sweden should consider introducing shorter VET programmes to replace the vocational introductory programme and the individual alternative, which now prepare youth unlikely to succeed in mainstream programmes for the labour market. A lower level qualification is preferable to no qualification; and a shorter duration could motivate school-tired youth to complete the programme.

- Monitoring of school attendance is strict, and the follow up of drop-outs under the age of 20 has been further strengthened by the recent introduction of the activity responsibility. However, municipalities' responsibility for tracking youth and offering them activities is laid out quite generally, and the intensity of follow up and support for young NEETs varies across municipalities. Sweden should consider further specifying the intensity of follow up, and the services municipalities are expected to offer.

Notes

1. All graduates from vocational programmes are entitled to read a bridging programme in the adult education system that provides a general university admissions certification.

2. Passing grades in Swedish (or Swedish as a second language), English and Mathematics are required for general and VET programmes. VET programmes furthermore require passing grades in five additional subjects, while general programmes require at least nine, which are further specified depending on the programme orientation (e.g. the natural science and technology programmes require passing grades in biology, physics and chemistry, Skolverket, 2012).

3. This seems to vary across municipalities. According to the survey conducted by Göransson et al. (2010), 60% of municipalities indicated that they did not require a diagnosis for receiving additional funding for special support.

4. Arvidsson et al. (2015) look at the post school activities of graduates of special upper secondary schools, linking data of all graduates of special upper secondary schools to an administrative labour market database, and the database on recipients of services for Persons with Certain Functional impairments (LSS). They find that of the roughly 12 000 individuals who graduated between 2001 and 2011, 47% were in a "daily activity" in 2011. Daily activities are offered to individuals with functional impairments who are not employed or in education. 22% were employed and 7% were in education, whereas 22% were in none of these statuses.

5. In practice, the study allowance (SEK 1 050 per month, around EUR 110) will be withdrawn in response to unexcused absences over four hours per month.

6. Skolverket (2015c) states that 8% successfully completed their studies; this however is because students who are awarded a "study certificate", but not a diploma, are counted as graduates; see Box 4.1.

7. Various industries and occupations have collectively agreed training periods, which typically start after upper secondary school, and are required for obtaining a journeyman or trade certificate. Such training agreements are sometimes referred to as apprenticeships; but they do not combine school and work-based training, and typically require an upper

secondary diploma. This section therefore focusses on work-based learning in upper secondary school.

8. There are additional study grants to cover the cost of transport to their workplace and lunch.

9. Schools receive an additional allowance for organising apprenticeships.

10. In 2014, 550 counsellors participated in PES training, with a target of 2 000 for 2015.

11. https://www.vpthub.com/learning-hub/policy-and-research/Children-in-Out-of-Home-Care.

12. http://www.skolfam.se/.

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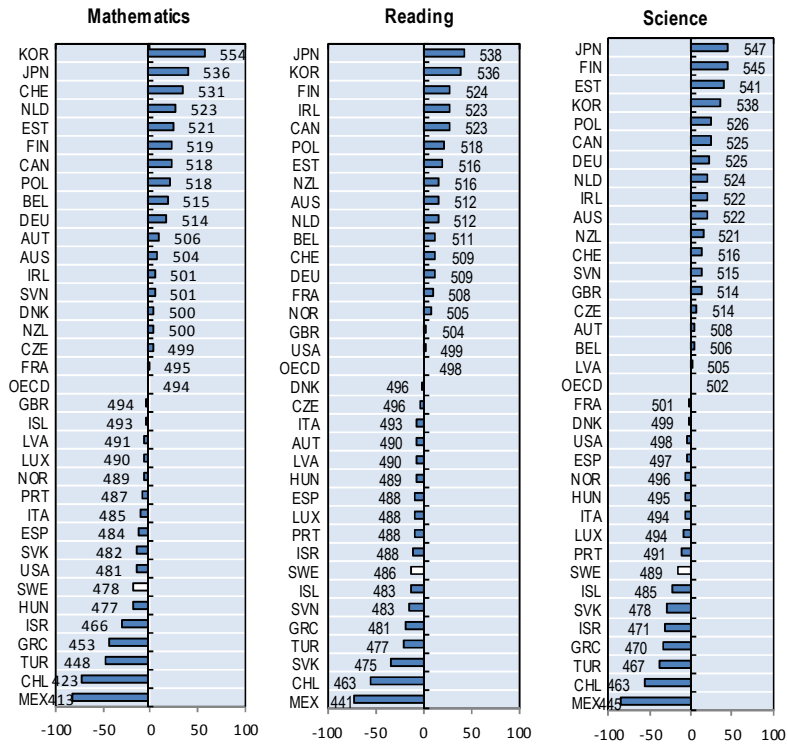
Annex 4.A1

Additional figures

Figure 4.A1.1. Swedish students perform below the OECD average

Student performance on the PISA test at age 15 in 2012



Note: Students' performance is represented in deviation from the subject-specific OECD average. Value labels give the average score attained in each country.

Source: OECD (2014), *PISA 2012 Results: What Students Know and Can Do (Volume I, Revised edition, February 2014): Student Performance in Mathematics, Reading and Science*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264208780-en.

Chapter 5

Guaranteeing employment or training options for NEETs in Sweden

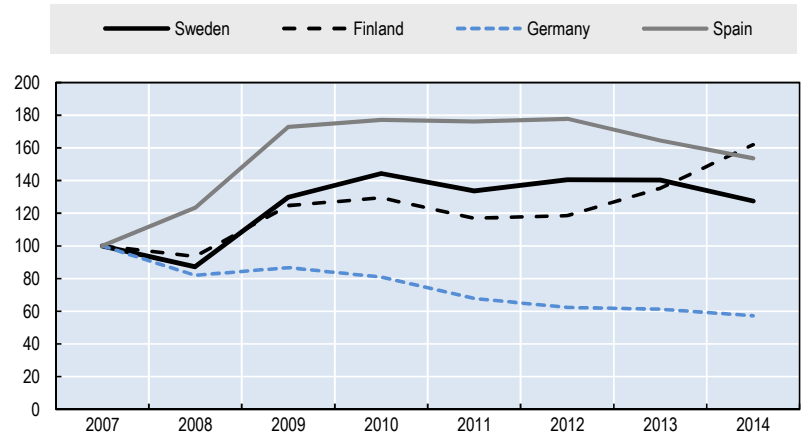
This chapter looks at Sweden's policies and programmes to bring NEETs into education or employment. The chapter begins by describing the current architecture of employment and social services delivery, including the challenge of co-ordinating services for at-risk youth. It presents strategies for reaching out to disengaged youth. It then discusses the programmes aimed at re-engaging young jobseekers in employment, education or training, and to provide them with comprehensive social support. The chapter ends with a discussion of the political framework for ensuring that the impact of programmes targeted at NEETs in Sweden is rigorously evaluated.

Introduction

The increase in the number of NEETs Sweden experienced over the global economic crisis (see Chapter 1) is a challenge for the Public Employment Service (PES). Between 2008 and 2010, the number of jobseekers below the age of 25 registered with the PES rose by 65% before beginning to drop in 2014 – it still remains 46% higher than in 2008, however. This is an increase of just over 38 000 young people (Figure 5.1).[1] While this increase is not as sizeable as in the countries hit hardest by the crisis, such as Spain, it was notably higher than in other European countries such as Finland and Germany. Developing and implementing programmes to help so many more young people find their way back to education or employment represents a strain on PES resources that can be difficult to manage.

Figure 5.1. The increase in young jobseekers represents a challenge for the PES

Change in registered jobseekers under 25, in percent, 2007=100



Source: Eurostat (2014), "Persons registered with Public Employment Services – PES [lmp_rjru]", available online: http://ec.europa.eu/eurostat/web/products-datasets/-/lmp_rjru.

This chapter discusses the system of social and employment interventions for NEETs, their recent changes and how they deliver for disadvantaged youth. Section 1 examines the current architecture of the employment and social service provision for NEETs, and discusses co-ordination, governance and capacity issues. Section 2 presents the main options to reach out to disconnected youth and focuses on strategies to re-engage youth in education, employment or training, including second-chance programmes. The chapter concludes with some recommendations on possible improvements to employment and social service provision.

1. The architecture of the employment and social service provision for NEETs

The structure of employment and social service provision in Sweden is decentralised: national and municipality level bodies are involved in the design, funding and provision of programmes and policies involving NEETs.

At a national level these responsibilities are spread over:

- The Ministry of Employment, which is responsible for ensuring a well-functioning labour market including unemployment insurance, labour market programmes and getting young people into employment.

- The Ministry of Education and Research, which is responsible for education and youth policy, including funding of education and school performance.

- The Ministry of Health and Social Affairs, which is responsible for the provision of health services as well as for ensuring financial security for those who are sick or have young children.

- The Ministry of Enterprise and Innovation, which holds responsibility for housing policy.

The Unemployment Insurance Funds (UIFs) are responsible for the handling of applications and payment of unemployment benefits and are supervised by the Swedish Unemployment Insurance Board (IAF, *Inspektionen för arbetslöshetsförsäkringen*). The Public Employment Service (PES, *Arbetsförmedlingen*) is in charge of providing information to the UIF regarding who is registered as unemployed. The Social Insurance Agency (SIA, *Försäkringskassan*) is responsible for illness/disability and child-related benefits.

Service provision

The Public Employment Service

Employment services are provided by the PES, the main government agency implementing labour market measures. The PES is funded entirely by the national government and consists of 320 local employment offices, which help facilitate matching between jobseekers and employers. Caseloads of PES workers tend to vary between programmes and location,

but in general average around 100-150 for the long-term unemployed and 200-250 for those dealing with the short-term unemployed.

Those who are not entitled to unemployment benefits can also register with the PES. Its other tasks include vocational rehabilitation (in collaboration with the SIA) which aims to help individuals with limited work capacity due to disability or illness to regain their ability to work.

The PES can place and train unemployed youth from the age of 16 years if necessary. The main umbrella scheme for young people is the Job Guarantee for Youth (JGY, *Jobbgarantin för ungdomar*, see below).

Since 2006, it the PES has been using private providers to offer services to its clients while continuing to provide such services directly. These services include job-search assistance, work placement services, coaching and training. Services are procured via a public tendering process, and private providers are rated based on their success in helping participants find work. The unemployed receive a voucher and can choose which provider they want to work with. Contractors are paid based on the successful placement of an unemployed person. The PES liaises with employers through bilateral agreements in an attempt to ensure that training provision meets skill needs.

Municipal services

The 21 county councils (*län*) and 290 municipalities (*kommuner*) are responsible for a range of services including health services; social welfare issues and compulsory and upper secondary education. The majority of municipalities also offer their own employment programmes. Municipalities' operating expenses are financed by municipal taxes and county council taxes levied on taxable income (65 to 70% of total expenditure); the remainder consists of central government grants.

The Council for Local Government Analysis (RKA, *Rådet för främjande av kommunala analyser*), a non-profit organisation that aims to support the work of monitoring, comparison and analysis of local governments, operates the Kolada database which contains information on municipalities and county councils activities. In 2014 226 of the 290 municipalities entered information into the database. RKA (2014) found that 98% of responding municipalities operate labour market programmes. 44% of participants were referred from the PES and 36% by social services. A third of participants were under 24.

Income support

The PES administers unemployment insurance, payable to those who have been members of an unemployment insurance fund (*arbetslöshetskassa*) for at least a year (see Chapter 3). The PES has to ensure that claimants of unemployment benefits fulfil their job search requirements. Jobseekers are required to fill in an "activity report" once a month detailing their job seeking efforts such as jobs applied for, interviews attended or training/education applied for. If the activity report is not filed the PES informs the UIF which can potentially affect benefits received. Young people taking part in a labour market programme can receive the Activity Grant or Development Allowance depending on their age (see Chapter 3). As the Activity Grant is paid to those who qualified for unemployment insurance (and rates paid are the same) there is no additional financial payment for youth taking part in an ALMP, rather participation is necessary in order for them to continue to receive benefits. For youth receiving social assistance payments the Development Allowance does offer a financial incentive to participate in an ALMP as it is paid in addition to social assistance.

The SIA administers social insurance payments such as financial protection for families and children, for persons with a disability or work injury and illness insurance payments. The SIA also administers housing benefits and Introduction Benefits (*Etableringsersättning*) for newly arrived immigrants who are registered at the PES and pays the Activity Grant and Development Allowance for youth taking part in an ALMP. Municipal Social Service offices (*Socialtjänsten*) administer means tested social assistance benefits, including housing benefit.

Co-ordination and governance

Both the PES and the municipalities offer active programmes for NEETs. As the PES tends to service NEETs who have some labour market attachment (because youth who qualify for unemployment benefits necessarily have recently worked), they tend to offer programmes for over-18-year-olds (who are more likely to have work experience) and more job-ready youth. Conversely, because municipalities administer social assistance payments, and are in charge of the activity responsibility scheme for NEETs under 20 (see Chapter 4), they tend to offer programmes for younger NEETs and more disadvantaged youth.

This separation of tasks is not clear-cut, however. The PES also offers programmes for youth distant from the labour market as well as programmes for very young NEETs. The PES and municipalities may refer young

jobseekers to each other's programmes; the extent to which this happens varies across municipalities.

The decentralised provision of employment and social services in Sweden allows the system to adapt to local conditions and requirements. The fact that different bodies sometimes play similar roles can, however, impede effective service provision: the diversity of schemes designed to help NEETs into employment or education, though robust, may be confusing for youth.

Municipalities and the PES may also have conflicting incentives: municipalities can have an incentive to get youth off social assistance by activating them in the short term via temporary public employment programmes so they become entitled to unemployment benefits, which pushes them back to the PES after the end of their contract. On the other hand, the PES might have an incentive not to invest too heavily into those youth who are further from the labour market, since the municipality will have to take over responsibility for them once they run out of unemployment benefit entitlement, and transfer to social assistance.

The PES enters into agreements with municipalities to ensure that young jobseekers can avail themselves of additional services such as social or health services if needed. The content and extent of PES/municipality co-operation varies by region. The PES also liaises with other government services such as the SIA, the Migration Board and the Swedish Prison and Probation Service through joint meetings to attempt to help jobseekers with wider issues such as language barriers, health or social issues. The PES also collaborates with the education system – in some areas the PES trains career counsellors at school regarding local labour market conditions, or visits schools directly, see Chapter 4.

Confidentiality rules under the Official Secrets Act (*Sekretesslagen*, 2009) can stand in the way of the sharing of information on NEETs between various bodies such as municipality social services, the PES and health services. While youth can waive confidentiality to enable the municipalities and the PES to share information, and generally agree to do so when asked, this information still needs to be obtained on a case by case basis, which can be challenging for PES counsellors who may be responsible for up to 250 cases at a time. Health services operate under stronger confidentiality regulations and many of the most disadvantaged youth have physical and/or mental health issues the PES and municipalities are unaware of. The same is true for interactions with the judicial system and criminal record information. Not having this information in a timely manner can prevent the early and appropriate intervention by the PES and/or social services, which

need to start from scratch in determining what a specific youth's actual barriers to employment are.

Several initiatives aim to improve co-ordination between different services.

- The Act on Financial Coordination of Rehabilitation Measures (FINSAM-lagen) came into force in 2004. FINSAM involves one or more municipalities, a county council, the SIA and the PES forming a co-ordination association and pooling funding for interventions. Each co-ordination association has a board/commission with representatives from the various members. FINSAM targets individuals who are in need of co-ordinated rehabilitation interventions from several collaborating agencies to improve their ability to find and retain employment. It recognises that this group may have a combination of medical, psychological, social and labour-related issues and aims to foster collaboration between various local bodies, including the health insurance office, the employment agency, the county council and one or several municipalities. Projects and initiatives across Sweden can be funded, as long as they aim to solve a local problem – FINSAM is not confined to youth projects. Current projects funded by co-ordination associations include initiatives targeting young people with alcohol or drug abuse issues, or improving labour market entry for immigrant women. A local level commission selects the project(s), with 50% of the funding coming from the state budget (via the SIA), 25% from the municipality and 25% from the county council (*landstinget*). These funds are seen as less bureaucratic and easier to source than ESF funding, which has stringent reporting requirements.

- Another initiative to improve co-ordination between government agencies is the Youth Employment Delegation (Dua, *Delegationen för unga till arbete*). Dua provides government grants to projects aimed at boosting youth employment and compliance with the 90-day intervention target of the Youth Guarantee by facilitating closer collaboration between the PES and municipalities. The scheme is targeted at unemployed persons aged 16 to 24 years, as well as youth who would like to work more than they currently do. As of March 2016, 287 of the 290 municipalities have declared their intent to take part in the project. Municipalities draw up an agreement detailing how they plan to reduce youth unemployment in the long-term – which target groups can be identified at the local level, what resources are already available, etc. The project aims to involve the business community and civic society, along with young people themselves. A recent report concludes that the project has been successful in establishing local

co-operation agreements as evidenced by the high number of municipalities that have signed up to the project. Due to the fact that results have been monitored in a non-systematic manner it is difficult to assess the project at this point in time (Dua, 2016).

- The Theme Group Youth (*Temagruppen Unga*) is another collaboration project between the PES, the Swedish Agency for Youth and Civil Society, the NGO Communicare, the SIA, the National Agency for Education, the National Board of Health and Welfare and the Swedish Association of Local Authorities and Regions. The project commenced in 2009 and aims to gather and disseminate knowledge and experiences from ESF-funded labour market projects that were carried out between 2007 and 2013. The aim is to share such knowledge with those involved with youth. Sweden received SEK 6.2 billion in funds from the ESF between 2007 and 2013 and over 55 000 youth under the 25 years have taken part in an ESF funded programme. The Theme Youth Group has developed the UVAS model which captures the entire NEET population. The model is based on the Swedish population register and links to other administrative sources to document whether young people received support from the PES, the SIA or other public stakeholders in the last year. It is described in more detail in Chapter 2.

- In November 2015 the Swedish government drafted a national strategy for NEETs with the aim of increasing co-operation and collaboration between various actors in society. A national co-ordinator has been put in place for NEETs who will promote improved co-operation between government agencies, municipalities and organisations at the national, regional and local level. The strategy is to be implemented between January 2016 and December 2018.

The co-ordination of services could be improved through the creation of "one stop shops". To prevent youth from getting lost between different agencies, it would be advisable to combine all relevant agencies (social services, PES, Social Insurance Agency/ health services) in one location so that NEETs can get comprehensive support and information. The national strategy for NEETs acknowledges the need for one-stop-shops and outreach activities, and the strategy contains government support for their creation. Municipalities and co-ordination associations (FineCo) will be able to apply for government support to start or develop one-stop-shops. Box 5.1 discusses the integration of the employment and welfare agencies in Norway in recent years. It illustrates the challenges and the potential of the establishment of closer working relationships between central government and municipality level organisations.

Box 5.1. The integration of employment and social services through the "NAV reform"

Norway introduced a joint administration of employment and social services through the Norwegian Labour and Welfare Administration (NAV) through the so-called "NAV reform" implemented between 2006 and 2011. It merged the national public employment service and the national insurance administration with the municipal social welfare services and formalised the collaboration between state and municipal authorities.

Since the reform, clients can receive employment services, income support, social and housing support and, in many cases, also other municipal services through a countrywide network of 457 one-stop offices. Formally, the responsibility for delivering and funding services remains separated between the state (employment services) and the municipalities (social services), and the two NAV arms continue to use separate ICT systems for administration. NAV clients will in most cases however not be aware of whether they are dealing with a municipal or state employee, and most NAV offices are headed by a single manager.[1] Principal aims of the reforms were to increase the accessibility of services especially for clients with complex problems, to promote employment and reduce benefit dependence through a more holistic approach to employability and more active benefit receipt, and to increase the efficiency of employment and welfare services.

The implementation of the reform has been challenging: As Christensen et al. (2014) lay out, the different agencies each came with their own history and organisational and professional culture, which needed to be aligned during the merger. Establishing a partnership between state and municipal services was difficult as local governments perceived the relationship as being too one-sided with the central government having the stronger role. Finally, the specialised NAV professionals needed to adapt to their role of having to provide a more comprehensive range of services that they had previously not been responsible for. All 20 000 employees of the merged institutions were initially guaranteed that they could keep their jobs. The total cost of the reform was substantial at around EUR 700 million (Christensen et al., 2014).

The verdict on the success of the NAV reform until today is mixed: The reform succeeded in creating a fully-integrated and co-ordinated network of front-line services, which simplified service access especially for the most disadvantaged clients. Indeed, evidence suggests that among long-term NAV users, clients with more complex problems, who require a multi-service approach, are relatively satisfied with the local one-stop shops (COCOPS, 2013). Achieving a smooth co-operation between central and local authorities remains challenging. Christensen et al. (2014), however, report that a joint "NAV culture" has started to develop. Aakvik, Monstad & Holmås (2014) however find that at least until 2011, the reform did raise the employment probability or decrease the probability of benefit receipt among NAV clients, including early school leavers. A survey executed towards the end of the reform period in 2009 listed NAV as one of Norway's least trusted public services, and user satisfaction ratings were low (Christensen et al., 2014).

1. Oslo and some other municipalities have separate administrative heads for each of the two parts.

Source: COCOPS (2013), Christensen et al. (2014), OECD (2017), *Investing in Youth – Norway*, OECD Publishing, Paris, forthcoming.

The UVAS model (see Chapter 2) could be supplemented with information on individual participation in municipality-run programmes and, if possible given confidentiality rules, contact with other public agencies such as health services, the criminal justice system, etc. Such an extended model could provide a more holistic view of the young person's situation, and make the most of administrative data records.

2. Reaching out to NEETs

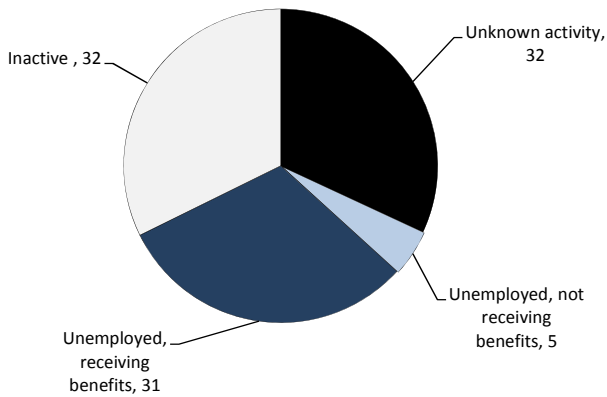
Reaching out to NEETs as early as possible is crucial for preventing long-term inactivity. Youth who leave education may not immediately contact the PES or other social services to register as unemployed, and this group of young people should be monitored and encouraged to make contact with government services to help facilitate their continuation of education, entry into employment or a combination of employment and education or training. Figure 5.2 shows the status of those who were NEET in 2013. NEETs are split into four groups – the status of around one-third of NEETS is unknown, in that they were not in contact with any government agencies during the year, i.e. do not receive any benefits and are not registered at the PES. Unfortunately information is not known regarding participation in municipality-run employment programmes. Of this "unknown" group some are missing educational attainment from the register. According to SCB, this group may include persons who studied abroad as well as possible backlogs in the recording of educational attainment of those with intellectual disabilities. Some of this group may also be working or studying abroad, although those studying or working in Norway and Denmark are known and excluded from the NEET group. Theme Group Youth (2011) reports that in 2003 15% of the girls and 18% of males in this "unknown" group were working abroad. A further 25% of females and 14% of males were staying abroad for other reasons. It is difficult to establish the exact extent of the problem without further analysis of this group but if the proportion of those abroad in 2003 still holds around one-third of this group are labelled incorrectly as NEETs. Readjusting the figures based on that scenario there still appears to be a significant number of NEETS, one-fifth, who do not have any contact with public bodies.

One-third of NEETs are unemployed, in that they were not working or in education in 2013 but were registered with the PES during the year. The majority of this group is in receipt of benefits. The final third are inactive, i.e. not working or in education and not registered at the PES. They were, however, in contact with at least one government agency through the receipt of benefits. Within this inactive group one-third were in receipt of sickness/disability benefits for seven months or more, around one-fifth

immigrated during the year while a further one-fifth was on parental leave and it is unknown if they have a position to return to. 10% were in receipt of social assistance payments.

Figure 5.2. Breakdown of those NEET for one year or more by registration status

NEETs aged 16-25 years by status, in percentages, 2013



Note:

To be included in the NEET group in a particular year, an individual should not, for a full year: have been in receipt of study assistance or registered on a course for more than 60 hours, including those participating in the national language course provided by the municipal adult education system, Swedish For Immigrants; have been commuting to Norway or Denmark for work. An individual may have worked at some point during the year but must have earned under a certain threshold amount (SEK 42 800 in 2011).

Unknown activity indicates that the person had no contact with any government agencies during the year, i.e. no receipt of unemployment or sickness/disability benefits, no receipt of social assistance and was not registered at the PES during the year.

Unemployed are those that were out of work but were registered at the PES during the year. This includes those receiving benefits (unemployment, social assistance or sickness/disability) or not. It is assumed that those who migrated in the last year and are registered at the PES are in receipt of benefits while those on parental leave and PES registered are assumed to not receive benefits.

Inactive are those youth who were **not** registered at the PES during the year but have some contact with government agencies (i.e. receive benefits such as social assistance or sickness/disability benefits). Despite not being registered at the PES this group could be independently searching for employment but this information is unknown.

No information is known regarding engagement in municipality run labour market programmes.

Source: UVAS Model, Statistics Sweden.

Contacting/attracting/motivating disengaged youth

Under the activity responsibility (see Chapter 4, Section 2), municipalities are required to track those who have completed compulsory schooling but who are not attending upper secondary education until the age of 20 years, and offer them activities with the goal to get them back into education. The PES has no formal mandate to reach out to NEETs who are not registered with them. In order to reach young people the PES arranges information campaigns at schools and other venues and works with schools to facilitate the transition from school to work for young people. The PES also collaborates with the National Board of Institutional Care, the Swedish Prison and Probation Service and the Swedish Police to try and identify youth who are at risk of recruitment by criminal networks. The main focus is on youth aged 15 to 25 years who are serving a sentence or are criminally active (Ministry of Employment, 2014). Outreach is especially difficult in isolated, remote areas, where NEETs might also find it difficult to get in touch with the PES.

Less than half of all NEETs in receipt of social assistance benefits are registered at the PES, and only 11% of those receiving illness or disability benefits are registered, although the PES runs programmes targeted at those with health issues or disabilities.

As such, there appears to currently be no systematic outreach to NEETs under the age of 20 years who have completed upper secondary education, or to NEETs above the age of 20 years (when the municipalities' activity responsibility ends). As mentioned, the national strategy for NEETs introduced in 2015 is seeking to address this lack of outreach by providing government support to municipalities and co-ordination associations to develop one-stop-shops and outreach activities.

Several promising projects indicate how outreach could be improved in the future. One such project was the PES-run *Youth In* (*Unga In*) project, which ran in five Swedish towns/cities, including Stockholm, Gothenburg and Malmö from 2012-14. The project's goal was to find ways to reach and motivate inactive young people. *Youth In* was based on a holistic approach taking the participant's entire life situation into account. Participants' formal and informal knowledge was assessed through a personal interview, after which youth were offered a series of activities to try to bring them closer to the labour market such as short-term jobs, mentoring, internships and workplace visits. The project acknowledged the fact that the PES can suffer from a bad reputation among youth and aimed to motivate youth to register with the PES. The target group was youth very remote from the labour market – those with a history of crime, substance abuse problems, learning disabilities, mental health problems, etc. The initial programme had

1 500 participants over three years. The PES began the project by actively reaching out to youth in public places and also hired "youth marketers" from the target group to motivate unregistered youth to seek help from the PES. Meetings were held offsite in a "lounge-inspired" location rather than an office-like environment to be more appealing and approachable for youth. In Stockholm the NGO Fryshuset was involved as were social services. Caseload numbers were also lower (around 50 per counsellor), allowing for closer collaboration with other services and more tailored treatment. The outreach work of *Youth In* reached its original objective of 850 participants. The project aimed to get at least 45% of the participants into work or education. An evaluation of the outcomes of *Youth In* found that the final result surpassed the target with 50% of the participants leaving the project for work or studies. The evaluation carried out was not an impact evaluation using a control group, however. The importance of robust evaluation is discussed at the end of this chapter.

The project continues in a similar form via the *UngKOMP* project and has been rolled out over 15 cities within two years. The active outreach component has been terminated, however. Instead, the PES refers those already registered to the project.

A more systematic outreach programme to NEETs that are not in contact with public services may help reduce the time they spend NEET, and facilitate a quicker return to education or employment. A rapid transmission of the information held by administrative sources would help facilitate this outreach. The provision of such outreach services is, of course, likely to be resource-intensive.

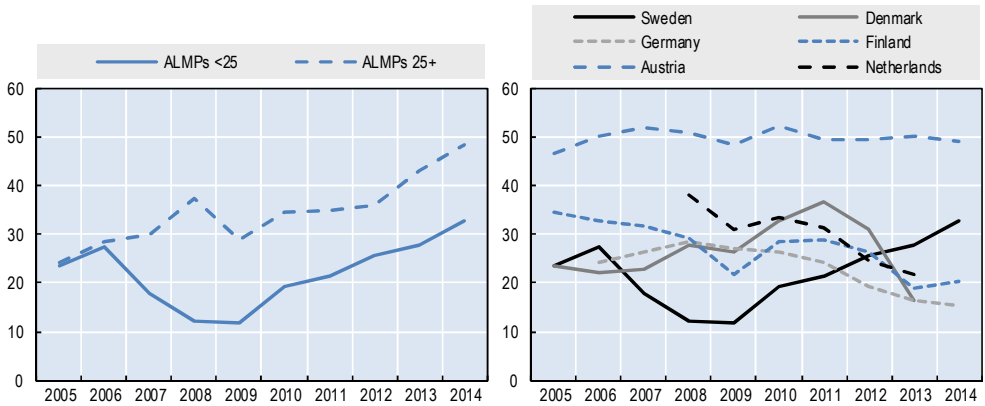
Bringing NEETs into employment

Youth guarantees, such as the one in place in Sweden, offer education, training or work experience, and can help improve young people's employment prospects and reduce the "scarring" effects of unemployment. Low educational attainment and a lack of relevant work experience often play an important role in youth unemployment. Successful schemes meet the requirements of young people, and provide them with the skills demanded by employers. This section examines programmes for NEETs in Sweden. Not all activities have positive effects and the design of schemes is important for their success. The evaluation of programme-effectiveness will be examined later in this chapter.

Figure 5.3. ALMP participation is lower for youth than for prime-age adults

Panel A. ALMP participation in percent of registered jobseekers in Sweden, by age

Panel B. ALMP participation in percent of registered jobseekers under the age of 25, in selected European countries



Note: Participant figures refer to LMP measures of category 2 to 7. Category 2 refers to training; 4 refers to employment incentives; 5 refers to supported employment and rehabilitation; 6 refers to direct job creation and 7 refers to start-up incentives.

Source: Eurostat (2015), "Activation-Support - LMP participants per 100 persons wanting to work".

The share of registered young jobseekers in Sweden who participate in Active Labour Market Policies (ALMPs) is relatively low compared to prime-age jobseekers. 33% of registered jobseekers below the age of 25 years participated in an active programme in 2014, while 48% of jobseekers over the age of 25 years did (Eurostat, 2015 – see Panel A of Figure 5.3). This gap is the consequence of a drop in participation rates among youth between 2006 and 2009. Programme participation rates of youth have increased since, but have not yet caught up with these of prime age individuals. The fall in participation rates for youth is connected to introduction of minimum unemployment duration of 90 days for young people to be considered for active programmes in 2007, see the section on the Youth Guarantee below.

Rates of programme participation among young jobseekers are, however, broadly in line with those in comparable OECD countries. They were slightly higher than those Denmark, Finland, Germany and the Netherlands (all between 15% and 22% in 2013/14), but substantially below those for Austria (49%; see Annex 5.A1).

The Youth Guarantee (YG)

Sweden has a long history[2] of Youth Guarantees (YG), and the current version, the Job Guarantee for Youth (JGY), which has been in place since 2007 covers young people aged 16-24 who have been registered as unemployed at the PES for at least 90 days. When the JGY was introduced in 2007, the 90-day waiting period was meant to avoid the risk of programme participants reducing job search intensity during programme participation (the so-called "lock-in" effect, see Bellman and Jackman, 1996). This is a particular concern for Sweden, because of the low long-term youth unemployment rate. Instead, in the first weeks of unemployment, youth should generally only receive job search support.

This decision to wait 90 days for the majority of youth before enrolling them in a programme is supported by the findings of Hall et al. (2016). They find that the JGY had a "screening" effect for young people eligible whereby those with a higher probability of finding a job responded to the threat of activation and were more likely to find employment before reaching the 90-day mark compared to those in a weaker labour market position.

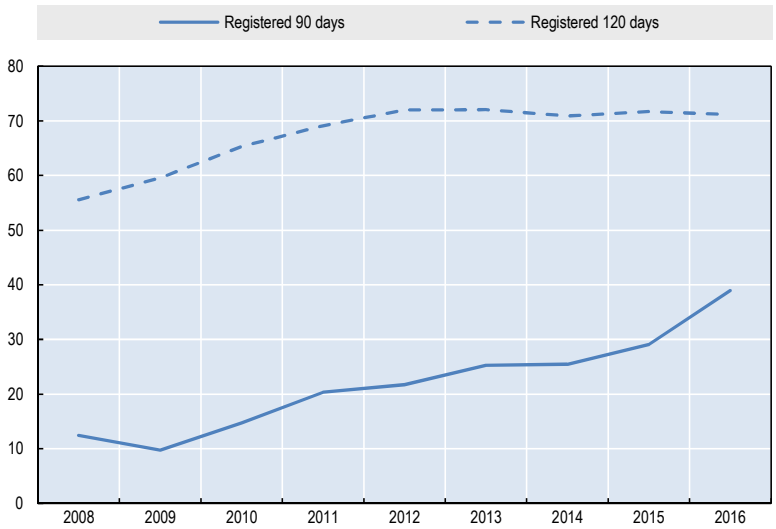
After the 90-day period kicks in, youth are entitled to an offer of an activity, and participation (when offered) is compulsory. Non-compliance may lead to a suspension of benefit payments.[3] Since 2012, youth deemed at risk of long-term unemployment can be offered an active programme from day one. Since 2014, the PES may also offer educational activities to low educated youth before the end of the 90-days period, such as an Education Contract (described below).

Offering activities to youth who are entitled to them under the YG has been a challenge, however. Rising numbers of unemployed youth registered at the PES (see Figure 5.3) represents a challenge for the implementation of the YG. Specifically, the provision of work experience places for young people has been difficult, as similar options are needed for other vulnerable groups (including newly arrived immigrants or long-term unemployed adults, Swedish Government, 2013).

Figure 5.4 shows the coverage rate of the YG, i.e. the proportion of 16-24 year-olds eligible for the YG (those still registered as unemployed by day 90) who are taking part in a programme. The coverage rate is shown at day 90 and day 120 of registered unemployment. At the official day 90 mark around one-third of youth eligible for the YG are in a programme. This has risen from a low of around 10% in 2008 and 2009. Coverage rates for the YG are higher once the situation of the young person is measured at 120 days of PES registration as it may take time to get youth into a programme. Since 2012 around 70% of youth eligible for the YG are enrolled in a PES

programme. This does mean, however, that a substantial proportion of youth appear to refuse the offer of an activity from the PES, and this rate has remained constant since 2012. Hall et al. (2016) found that take-up of the JGY is lower for those with low employment probabilities. This may, in part, be due to the incentives involved – youth who have a previous employment history are likely to be in receipt of unemployment benefits which may be withdrawn if they refuse to take part in the programme. Those youth who do not have an employment history may be reliant on social assistance, which tends to be of a lower amount, or may receive no benefits at all. This group, therefore, face smaller or no financial sanctions should they refuse to take part in the programme.

Figure 5.4. Youth Guarantee coverage rate, day 90 and 120 of PES registration



Note:

The Youth Guarantee coverage rate has been estimated by comparing the total numbers of 16-24 year-olds who are in a PES programme at day 90 of registered unemployment to the total numbers of 16-24 year-olds eligible for the youth guarantee (i.e. the numbers in a programme at day 90 and the numbers still registered as unemployed at day 90 but not in a programme).

Figures for 2016 are for January-September.

Youth who are eligible for the youth guarantee but who are enrolled in the Introduction programme (for migrants) or who have a disability are excluded.

Source: Public Employment Service.

Two new programmes were introduced in 2015 to increase coverage rates of the YG and the educational attainment of the unemployed youth. The first, Education Contract (*Utbildningskontrakt*) allows 20-24 year-olds without an upper secondary diploma to either study full-time or to combine an upper secondary education with a part-time labour market programme or employment. The programme was extended in 2016 to include new arrivals and long-term unemployed. The second programme, Trainee Jobs (*Traineejobb*), allows 20-24 year-olds who have an upper secondary diploma to combine part-time, subsidised employment with further education.

Profiling

As soon as possible after a person's registration at the PES, an assessment is made of the client's risk of long-term unemployment using a web-based profiling tool, introduced in 2012. Jobseekers are asked a series of questions on their age, potential disabilities, their place of birth, their educational attainment, their history of unemployment and their previous profession if applicable.

Based on this assessment a person is placed into one of four categories:

1. The person is judged as having *very good* chances of finding employment.

2. The person is judged as having *good* chances of finding employment.

3. The person is considered in *need of support* to be able to find employment.

4. The person is in *need of support and requires an early intervention* to find employment.

The caseworker then uses this categorisation in determining the type of support a jobseeker receives (the final decision remains with the caseworker, however[4]).

Additional barriers may also be identified by the PES during face-to-face meetings, e.g. literacy issues, Swedish language barriers, health issues, family issues, housing issues. The PES may refer young people based on these needs (e.g. to psychologists, learning support workers, etc.)

All jobseekers are required to have an individual action plan drawn up within 30 days of registration. The action plan is an agreement between the unemployed person and the PES adviser detailing what the individual is required to do to find a job, as well as what assistance the PES can offer.

This plan may involve an agreement to contact a certain number of employers, assistance in updating a young person's CV, etc.

For jobseekers placed in category 4, interventions should occur immediately. Measures put in place depend on the individual's needs, but may include enhanced support and placement assistance, study motivation courses, education or work experience. Those who are deemed not to have a high risk of long-term unemployment may still take part in activities such as educational and vocational counselling and other jobseeker-related activities from day one of unemployment if they desire. A study motivation course at a Folk High School is also available to those who did not successfully complete primary or secondary education. For young people who have not completed secondary education, the focus is generally on completing education via a variety of second-chance programmes (discussed below).

Programmes and policies

The PES offers a range of employment programmes for youth falling into categories 1 to 3. Some programmes are targeted specifically at youth, while for other programmes, youth are one just of various eligible target groups.

Most municipalities moreover offer employment support, especially for the most disadvantaged youth. There does, however, appear to be a lack of information regarding the content and effectiveness of municipality-run programmes, probably because of the decentralised governance structure.

Programmes used by the PES and municipalities to bring NEETs back into employment can broadly be broken down into training programmes, employment experience and hiring subsidies/incentivised employment. Two main umbrella schemes also exist that combine a variety of these measures.

Table 5.1. Active programme participation among young people

	Age group	Cost per head 2014 (SEK)	2004	2006	2008	2010	2012	2014
General progammes								
Job Guarantee for Youth	16-24	25 156	n.a.	n.a.	31 820	107 780	99 113	85 444
Job and Development Programme	16-64	74 181	n.a.	n.a.	7 381	30 194	46 347	52 272
New Start Jobs	20-64	80 981	n.a.	n.a.	6 520	16 950	17 942	22 704
Preparatory Training	16-64	30 192	18 694	21 229	2 795	4 986	12 334	15 722
Employment Training	16-64	69 191	8 324	13 626	4 547	4 682	5 502	5 371
Work Experience	16-64	10 779	19 824	17 557	2 155	13 222	6 620	4 611
Entry Recruitment Incentive	20-64	63 806	n.a.	n.a.	1 585	3 321	3 118	4 299
Special Rcruitment Incentive	16-64	239 939	n.a.	n.a.	n.a.	n.a.	462	1 872
Vocational Introduction Employment	15-24	13 323	n.a.	n.a.	n.a.	n.a.	n.a.	893
Programmes for those with disabilities								
Employability Rehabilitation Programme	16-64	18 247	5 993	7 346	5 079	6 631	8 486	9 357
Wage Subsidies	16-64	96 976	6 976	8 370	7 453	7 311	8 917	7 907
Development Employment	16-64	99 075	n.a.	333	1 275	1 451	2 680	6 651
Security Employment	16-64	125 961	n.a.	140	1 497	2 476	3 644	5 643

Note:

Programmes are sorted by the number of participants in 2014.

Numbers in the table are for 15 to 29 year-olds only.

Source: Public Employment Service.

Umbrella Programmes

Job Guarantee for Youth (JGY):

The JGY is the largest programme covering youth and was introduced on foot of the 2007 YG. It accounts for 38% of young ALMP participants in 2014 (Table 5.1). The programme can consist of a range of different activities, including adult education courses, training, work experience, and hiring subsidies. Part-time participation is also possible for those who are engaged in other activities (e.g. part-time employment, education, parental leave).[5] The JGY starts with an assessment of the young person's individual needs and based on this assessment it is decided which activities he or she should participate in. The first 90 days in the programme tend to consist mainly of job search assistance, while the second phase of activation after these 90 days tends to combine job search activities with training or work experience.

The PES tries to get youth without upper secondary education into second chance programmes, such as Folk High Schools (see below) or the adult education system as a priority. Such youth can also access a study motivation course from day one. Those aged 20-24 can furthermore receive a higher study grant if they study to obtain an upper secondary certificate.

Of the young people registered at the PES in 2016[6] who do not have upper secondary education and who either found employment, engaged in a programme or went on to education 16% fall into the latter category, with similar proportions in 2014 and 2015.

The proportion of youth who took part in the JGY during the year who found employment during 2015 stood at 37.4% in 2015, up from 34.4% in 2013 and 35.8% in 2014, driven in part by improved employment prospects in Sweden as the labour market recovers from recession (Arbetsförmedlingen, 2015). The PES also examines the proportion of JGY participants who are in employment 90 days after completion of the programme. This rate also improved in 2015 with 52.4% of participants in work at this point (up from 49.4% in 2013). The vast majority, 83%, of these jobs were without any form of subsidisation.

Some stakeholders have criticised the JGY in Sweden for focusing on "quick fixes" and not providing long-term solutions (Mascherini, 2011). The short programmes offered may not be adequate for low qualified young people, and only few enter into proper training courses: in 2015, only 8.5% of JGY participants started a training course, a decrease from previous years. In particular, low training participation among youth who are furthest from the labour market is worrying, given the rising demand for skills (Arbetsförmedlingen, 2015). Kluve (2014) shows that training programmes tend to have positive long-term effects on employment if they are of a sufficient duration to lead to vocational qualifications.

Martinson and Sibbark (2010) found that activities could also be more intensivee – 65% of participants were engaged in an activity less than 10 hours per week or not at all. The proportion of participants engaged in an activity for ten or more hours per week does appear to have increased since then, however – in 2012 nearly half of programme participants spent ten hours or more a week engaged. This does mean that half are engaged for less than ten hours per week with nearly one fifth reporting no activity at all despite being enrolled in the JGY programme (Table 5.2). An additional worry regarding the JGY is a lack of monitoring of the type of activities youth are engaged in with no statistics available, for example, on the proportion of programme participants engaged in work experience.

Table 5.2. Job Guarantee for Youth participants, time engaged in an activity

	Spring 2011	Spring 2012	Autumn 2012
0 hours (%)	17	28	19
1-4 hours (%)	31	17	16
> 10 hours (%)	37	41	49
Hours on average	13	14	17

Note: The results are from a survey of JGY participants who were asked how many hours per week during the last week they were engaged in activities at the PES (including at private providers) or engaged in job search activities.

Source: Public Employment Service.

Moreover, Hall et al. (2016) examined the impact of the JGY programme on the employment prospects of youth and do not find any long-term effects of the programme – there are some effects in the short-term but after a year in unemployment the job finding rates of youth eligible for the programme[7] are no higher than those not eligible for the programme.

The Job and Development Programme (JDP, *Jobb-och utvecklingsgarantin*):

The JDP accounted for 23% of young active programme participants in 2014 (Table 5.1). The JDP provides job search assistance and coaching, work experience, job training, but also participation in other active labour market programmes. It is not targeted specifically at youth, but aimed more broadly at jobseekers who are very much detached from the labour market. This includes the long-term unemployed, youth with a criminal history, and recent immigrants who have been unemployed for two years or more. If a recipient of unemployment benefits does not have a job after their benefit entitlement has been exhausted they should be offered a place in the JDP. Youth who have been into the YG for 15 months are generally moved to the JDP.

Job search assistance and counselling

Youth with upper secondary education or early school leavers who are considered to be not too far from the labour market can receive weekly counselling through the *Youth Future* (*Ung Framtid*) project. The counselling is usually for a period of three months but may be extended. Youth as young as 16 may participate in *Youth Future*, and counselling may start soon after registration. The goal is to engage young people in education or employment through close co-operation with local employers and municipal Adult Education (*Komvux*, discussed below). The project is funded by the national government with support through the European Commission Youth Employment Initiative (YEI).[8]

Basic job search assistance was also provided through the *Youth In* programme, mentioned earlier. The programme consisted of CV preparation assistance, interview training, or a more comprehensive programme at a Folk High School. It started with a group activity for 1-2 weeks so see if the young people are capable of coming in every day – if not they were coaxed to return. Ramboll (2014) conducted an evaluation of the *Youth In* project. They found that around 60% of young people who conclude their participation move on to work or studies. The majority are still engaged in education or employment three months later. The authors acknowledge the fact, however, that the evaluation simply measures the outcome of the project and not the impact, i.e. to what extent changes are due to engagement in the programme.

A counselling programme for heavily disadvantaged youth is offered through the BOOST project, which is organised by *FC Rosengård* – a professional football club in Malmö. The programme targets 16-24 year-old long-term unemployed youth, following a holistic approach: BOOST centres combine a work area, a study area and a health area with professionals available in-house. A coach assesses the personal situation of the youth – their living situation, health status, etc. – and makes a plan for further training with in-house teachers or, if necessary, the second chance education Folk High School. The programme includes behavioural and motivational courses that take place in a small and stable group as much as possible. Personal relationships with staff and joint sports activities are emphasised. At any given time, 26 staff members work with around 300 participating youth. There is a close co-operation with the PES, the municipalities and the public healthcare service and youth are referred from the PES or the municipality. A challenge faced by the programme is the lack of a residential option for youth who may lack housing. With a budget of SEK 57 million for three years starting January 2015 – provided through the ESF with co-funding from the PES and the municipalities – the programme is one of the largest programmes of its type in Sweden. The programme has unfortunately not yet been evaluated for its impact.

An example of a municipality-run counselling programme is the Activity Centre for Youth (*Aktivitetscentrum För Unga*) in Sandviken, which provides career counselling, job search support and individual coaching with low youth-to-counsellor ratios (30 youth per counsellor) and frequent (sometimes daily) meetings with young people.[9] The programme aims to reduce the time from first contact with a young person to enrolment in a labour market programme from 90-100 to 10-20 days, which could be achieved because social services referred youth directly to the programme (without going through the PES). Programme duration is typically a few months, but can be prolonged if deemed necessary.

Training programmes

Training programmes are available for youth who are far from the labour market.

The Preparatory Training *(Förberedande utbildning)* programme provides training to jobseekers who need to prepare for another labour market programme or employment. Participants' skills are assessed to identify individual barriers to employment, including language difficulties, health issues, etc. Enrolment in preparatory training accounted for 7% of total enrolment in active programmes among young jobseekers (Table 5.1).

For jobseekers lacking concrete skills, the PES offers Employment Training *(Arbetsmarknadsutbildning)*, consisting of short-term (usually shorter than six months) vocational courses (truck licence, IT courses, etc.) delivered by private providers. The target group is individuals who are far from the labour market, but who are likely to both benefit from the courses and be able to complete them. Participants are generally over 25 years old, but youth participating in the YG or the JDP and youth with a disability can also take part. Employment Training accounted for 2% of all active programme participation among youth in 2014. At a cost of nearly SEK 70 000 per participant, it is relatively expensive (Table 5.1).

Empirical evidence suggests that the programme has a significant, positive effect on exit to employment after course completion, but that the individual effect lessens after some weeks (Richardson and Van der Berg, 2008). The effect of programme participation on unemployment duration is small once the time spent in the programme is accounted for.

The PES runs the Introduction Programme (IP)[10] to facilitate the employment of recent refugees. Each participant is initially assessed to determine their readiness to enter the labour market. If judged not to be job-ready, caseworkers develop an action plan in co-operation with the immigrant that can include guidance on life in Sweden, language training, and specific vocational training if necessary. This programme is not obligatory for refugees.

It is unclear to what extent the IP had a positive impact on participant outcomes. Svantesson (2006) found that IP participation does not increase the probability of being employed – indeed, she finds a *negative* impact on participants' employment probability, which however may be a consequence of the unobserved characteristics of programme participants. She also suggests that IPs may result in "lock in" effects as a considerable proportion of immigrants were still in an IP 30 months after receiving their residence permits.

Work experience programmes

The Work Experience (*Arbetspraktik*) programme subsidises internships with both private and public employers for up to six months with the aim of strengthening work skills and increasing employability. Employers do not pay any salaries or wages, and participants receive the standard activity support/development allowance payment. Participants should generally be over 25 years old, except if they are newly-arrived immigrants or youth participating in the YG.[11] The Work Experience programme accounts for 2% of all young active programme participants (Table 5.1).

The Work Experience programme appears to be successful in shortening the unemployment duration of participants – Forslund et al. (2013) found that it reduced the time it took to find work by 7% over the two years from the programme start date. Participation in the programme was found to result in increased future labour income and reduced social assistance take-up.

Vocational Introduction Employment (*Yrkesintroduktionsanställning*) was set up in 2010 with the agreement of social partners in some sectors. The scheme targets young people aged 15-24 years who lack professional experience or who have been registered as unemployed for 90 days or more, as well as new arrivals to Sweden and the long-term unemployed since June 2016. Since 2014, employers can receive financial help to employ young people. Youth enter into a contract with an employer and receive 75% of the minimum wage according to the sectors collective agreement, but are entitled to training and coaching during work hours. The training component consists of on-the-job training supervised by an experienced worker and some contracts also include the possibility of classroom training. Employers receive a subsidy amounting to the employer contribution to social security plus a small subsidy (SEK 115 per day) for training the young person. Interest in this programme has been weak, however, with just 893 participants in 2014 (see Table 5.1).

Some municipalities offer work experience directly through employment in the public sector – 25 000 people participated in 2015, 20-30% of whom were under 30.[12] One such programme is the *Extra Project* (Extra-projektet) in municipality of Sandviken, which is run by the municipal services in conjunction with the PES. Participants are employed by the municipality for a year in tasks such as elderly care. The programme worked with 43 youths, those furthest from the labour market. No impact evaluation of the programme exists, but 25% of programme participants entered education or employment upon programme completion.

While such public-sector work-experience programmes may work as social measures by reducing inactivity, there is a wealth of empirical evidence that they do not typically provide jobseekers with work experience

relevant for private sector employment. Research finds that employment programmes in the public sector are generally less successful for youth than other types of active labour market policies, and that they can even have a *negative* effect on youth employment after the programme ends (see Card et al., 2015, for a meta-analysis on this issue). By providing participants with unemployment insurance benefit entitlements, they can also be a way for municipalities to remove jobseekers from their own records (at the expense of the PES) while feeding the "carousel of unemployment".

Hiring subsidies

The New Start Jobs *(Nystartsjobb)* programme provides a wage subsidy for those who have been unemployed for at least six months (youth aged 20-25), or one year (25 and older). The subsidy covers employers' social security contributions (31%); this amount is doubled if the hired youth has been unemployed for a year or more. The subsidy may be paid for the duration of the individual's unemployment spell. In 2014, 10% of all young programme participants received a New Start subsidy, at an average cost of SEK 81 000 (see Table 5.1). Sjögren and Vikström (2015) examine the effect of the New Start Jobs subsidy on the job-finding rates for those eligible. They find that the subsidy does have a substantial effect on the probability of finding a job, with larger effects for larger subsidies. Employment rates do fall after the subsidy expires but participants in the programme retain a higher employment probability after the expiry of the subsidy. In 2015, 12% of those who were in employment 90 days after completion of the YG had participated in New Start Job (Arbetsförmedlingen, 2015). The 2017 Budget Bill will make changes to the New Start Jobs programme with a reduced subsidy for those unemployed for less than two years and will shorten the time the subsidy can be paid for. The subsidy is to be increased for those unemployed for three years or more as well as new arrivals to Sweden in an effort to more effectively target the measure at those furthest away from the labour market.

The Special Recruitment Initiative (*Särskilt anställningsstöd*) is aimed at the long-term unemployed who are far from the labour market. The PES pays employers a subsidy covering 85% of the salary according to the collective agreement. Public and private employers are eligible. This programme has the highest average cost per participant of all active programmes, but only accounts for 1% of all programme participation, see Table 5.1.

The Entry Recruitment Incentive *(Instegsjobb)* programme provides subsidies for employers hiring newly arrived immigrants. The compensation can be paid for employees who have had a residence permit for less than 3 years or those who have a residence card as a family member of an

EU/EEA citizen. Participants in the programme must also be over 20 years of age and registered at the PES as well as studying Swedish for Immigrants (SFI) while working. 2% of all active programme participants in 2014 benefitted from this subsidy, this is the cheapest of the wage subsidies (see Table 5.1).

Programmes targeted at the ill or disabled

The PES offers four main programmes targeted at those with illnesses or disabilities. The first is of a preparatory nature. The Employability Rehabilitation Programme *(Arbetslivsinriktad rehabilitering)* collaborates with the SIA and targets individuals with a reduced work capacity due to a disability and/or a history of illness in need of vocational rehabilitation. The PES and the SIA jointly assess the person's needs and work on job preparation for the individual; they may consult with employers if necessary. This programme is the cheapest one among the interventions for disabled youth, accounting for 4% of all active programme participation in 2014 (see Table 5.1).

Two programmes are paid work-experience programmes for disabled youth. The Development Employment Programme *(Utvecklingsanställning)* targets youth with disabilities affecting their work capacity, who are considered far from the labour market. Participants work for the government run Samhall AB which contracts out services to other companies and organisations. The financial support is limited to one year. In 2014, 3% of all young active programme participants were enrolled in this programme (see Table 5.1). Security employment *(Trygghetsanställning)* also directly creates jobs for youths with disabilities, but in the private sector. It also accounts for 3% of active labour market participation, but is more expensive than the Development Employment Programme. Finally, the Wage Subsidies *(Lönebidrag) programme* pays subsidies to (private or public) employers who hire a person with a reduced work capacity for up to a maximum of four years. This programme accounts for 4% of active labour market participation, at roughly the same cost as development employment.

Angelov and Eliaso (2014) estimate the effect of three LMPs targeted at those with disabilities: wage subsidies (*Lönebidrag*), sheltered public employment and sheltered employment at the government-owned company Samhall (*Utvecklingsanställning*). Their results indicate that all three LMPs have large, positive effects on labour income, disposable income and employment – employment at Samhall had the largest positive effect, while sheltered public employment had the smallest. While these programmes mechanically provide participants with employment, income, etc. throughout the programme duration, the effects appear to be relatively persistent over time: participants have higher income and employment rates

five years after programme participation. The authors also find that there are incentives to participate, as labour income gains are not cancelled out by declines in social assistance. However, there are lock-in effects, with a reduced likelihood to be in unsubsidised employment five years after the programme with the strongest effect found for wage subsidies and the weakest for sheltered programmes.

Municipality programmes

Municipalities also offer programmes for young NEETs – mainly for those NEETs for whom they are responsible through the activity responsibility scheme, or SA recipients. Since municipalities are not subject to the YG regulations, they can offer programmes to unemployed youth from day one. After the 90-day waiting period under the YG, these youth are then transferred to PES programmes.

Municipality-run programmes are designed and offered at the local level, with little national accountability. Consequently, little centrally collected information on these programmes is available.

Fifty-four per cent of participants in municipality-run programmes were engaged in a programme for less than six months, 34% for 6-24 months while 12% spent more than 24 months in a municipality programme. Many participants were long-term unemployed prior to taking part in the programme (39% were unemployed for two years or more). The most common type of programme was training (19% of participants), followed by internships, both private and public (17% of participants). Thirteen per cent of participants were engaged in job-search activities and coaching while 12% were engaged in municipal labour contracts (RKA, 2014). Little information is available regarding the exact content of municipality programmes however. There is evidence, however, that municipality-run programmes tend to be less effective than PES-run programmes (Forslund and Skans, 2006). The few impact evaluations carried out (such as Milton and Bergström, 1998; Hallsten et al., 2002; Salonen and Ulmestig, 2004) tend to find limited effects regarding the employment likelihood of project participants.

Providing NEETs with the skills they need

For NEETs who have not completed upper or even lower-secondary education it may be difficult to find a way back to education, particularly the older they get. Often, the factors that caused a young person to drop out of education such as health issues, family problems or other personal issues may continue and make a return to education difficult. They may lack basic literacy and numeracy skills required for continuing on in education or

following professional training. Intensive and comprehensive programmes are then needed. Sweden provides a number of second-chance options for young people, some more comprehensive than others.

Municipal adult education

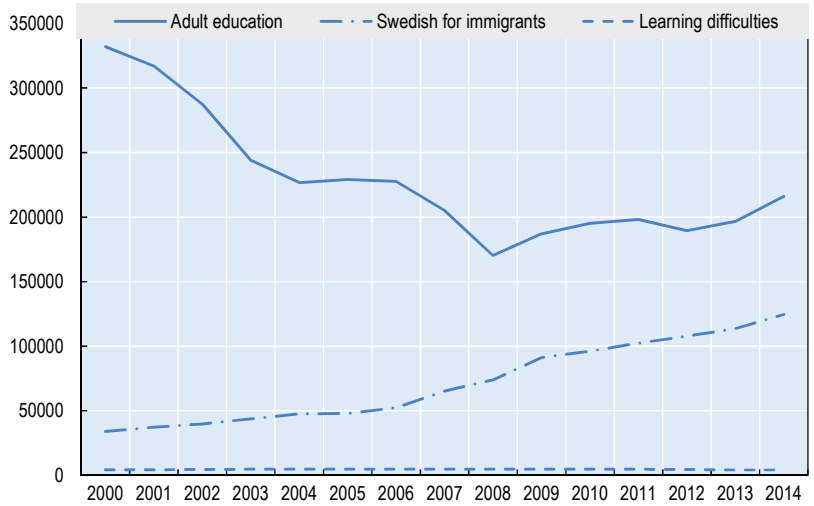
The well-established adult education system (*komvux*) has a long tradition in Sweden. State funds are allocated to the municipalities to fund adult education. The adult education system provides a second chance for those who need to retrain and also for dropouts who do not want to return to the regular school system. The municipal Adult Education system provides compulsory and upper secondary school level programmes free of charge for those who lack these qualifications. Every municipal resident is entitled to complete their compulsory or upper secondary education within the adult education system from the second half of the year in which the person turns 20. Class size is typically around 25, although it can run up to 40 in some instances.

In total, there were just over 216 000 students in municipal adult education in 2014. The vast majority (82%) studied at the upper secondary level, while 38 000 students took courses at the basic level. The average age of the participants was 30, and 56% were in the 20-29 age group, most of whom studied at the upper secondary level. 62% of those who studied at the basic level and 70% of those on the upper secondary level completed their courses; 87% of them received a pass grade. As can be seen from Figure 5.5, enrolment numbers in adult education have declined from over 300 000 in the year 2000. Adult education had increased significantly during the 1990s economic downturn, when the public *Adult Education Initiative Programme* promoted participation for the unemployed and for those who lacked an upper secondary education. Participation declined following funding cuts to the programme and an upturn in the economy (Statistics Sweden, 2009). Student numbers have risen again in recent years as the economic downturn took hold.

Adults with learning difficulties can attend the special programme (*särskild utbildning för vuxna* or *särvux)*. Courses are offered for students from the age of 20 and municipalities are obliged to provide it to those with a developmental disability or an acquired brain injury. In 2014, there were 4 245 students in the programme. The aim is to strengthen their position in their working and social life and to promote their personal development. Education is provided on two levels; a basic level and upper secondary level.[13] When a course is completed the student receives a grade and a leaving certificate which can be useful when seeking employment.

Municipalities also have the obligation to provide Swedish tuition – Swedish for Immigrants *(*SFI, *Kommunal vuxenutbildning i svenska för invandrare)* to any immigrant over the age of 16 who lacks basic knowledge of Swedish (except immigrants from Norway or Denmark). This can include basic literacy training. Enrolment in SFI has steadily increased in recent years (Figure 5.5), from just over 34 000 students in the year 2000 to close to 125 000 in 2014.

Figure 5.5. Students enrolled in adult education, courses for adults with learning difficulties and Swedish for Immigrants



Source: Skolverket.

Adults may also complete their education in Folk High Schools (*folkhögskola*), see below.

Folk High Schools

The municipal adult education system has high enrolment numbers and appears to deliver very well for young people who can follow a curriculum without much added support. Folk High Schools (described in more detail in Box 5.2) provide more intensive support, including intense counselling, social and life skill coaching, and often, they include a residential option. Due to this more holistic approach, they seem more suited to young NEETs who have not completed upper secondary school but also face wider barriers that may impede them taking part in adult education courses.

The range of courses offered depends on the school; all Folk High Schools offer a general course which allows students to complete their compulsory or upper secondary education. There are also interest courses such as drama, music, etc. which do not allow the student to qualify for further education. Folk High Schools also offer specialist vocational courses that vary in length between one and three years. It appears to be an excellent practice providing a true second chance programme as it helps tackle more complex issues the young person may face, along the lines of the Jobs Corp in the United States. Although the experience and outcomes of those participating in the Folk High School programme have been examined (see a variety of reports by Folkbildningsrådet) the impact of the programme has not been extensively evaluated. The Job Corps programme in the United States, which resembles Folk High Schools in that it targets disadvantaged youth, is residential, provides formal education along with counselling social skills training, etc.), has been found to increase educational attainment, reduce criminal activity and increases earnings of participants for several years after programme completion (see Schochet et al 2008).

In conjunction with the Folk High Schools, the PES developed a three month[14] pre-educational programme for those who have not completed upper secondary school, the study motivation programme (SMF, *Studiemotiverande folkhögskolekurs*). The programme operates nationally involving 130 Folk High Schools and 21 761 participants between 2010 and 2015. The course features practical subjects, such as health and nutrition, but also core school subjects, as the eventual goal is to enrol students in a folk high school to complete their upper secondary education. The courses emphasise non-cognitive skills and a low teacher to student ratio which helps foster personal relationships through extracurricular activities. The programme is usually targeted at youth with severe or multiple barriers to education, e.g. those with a migrant background or those with disabilities. An impact evaluation of this programme (PES, 2015) found a positive effect of SMF courses on the likelihood to go on to further studies: SMF participation increases the probability of leaving unemployment for full-time studies by 20% compared to a control group.

Box 5.2. Folk High Schools

Folk high schools offer a programme equal to education provided by the upper secondary schools from the age of 18. There are over 150 schools in Sweden, and the concept dates back to the 19th century. Around two-thirds of folk high schools are run by popular movements in civic society, such as organisations within the workers', temperance or Free Church movements, while the rest are run by the county councils or regions. Folk High Schools are not bound by national curricula. They provide a mixture of intense counselling, coaching in social and life skills as well as formal education. This seems to be very successful for those most remote from the school system. Tuition at folk high schools is characterised by process-oriented pedagogy, in which active participation by the students is emphasised, such as in the form of theme and project work in small groups.

As mainly adults apply to folk high schools, considerable weight is placed on their previous experience, and tuition is tailored to the individual. Swedish Folk high schools are largely financed through funding grants from the state, county councils and municipalities. Anyone aged over 18 has the right to study at a Folk High School, those under 18 may be admitted as long as their municipality funds their tuition. There is a broad political consensus that the state should provide economic support to Folk High Schools.

Characteristics of Folk High School include:

- *Very low teacher to student* ratios which allows the development of closer relationships;[1]
- A significant share of Folk High Schools also offer *boarding* for students;
- Folk High Schools have their *own grading system* that takes account not just of academic performance but also emphasises social skills.

A major advantage of the folk high school system is that its alternative grading system does not block off the option to proceed to third level education. Instead, there is a *quota in public universities* reserved for graduates from Folk High Schools. This is likely to motivate students to graduate from the programme, as they have a realistic chance to continue onto university or higher level VET courses.[2]

1. The average pupil to teacher ratio for the (long) folk high school courses was 11.4:1 in 2014 (*Folkbildningsrådet*, National Council of Adult Education). This figure includes extra pedagogical services to enable participants with special needs (e.g. physical or mental disabilities) to take part in the courses. The corresponding pupil:teacher ratio for upper secondary school is 12.1:1 and 17.3:1 for municipal adult education.

2. Sixty-three per cent of students who qualified from a folk high school progressed on to university. Just over half entered via the folk high school quota, one quarter entered via the national university test "Högskoleprovet", the rest entered through other measures. (*Folkbildningsrådet*, National Council of Adult Education).

Validation of non-formal and informal learning

An alternative and individualised system of education, the validation of non-formal and informal learning (*Validering med mervärde*), benefits those with practical skills who lack formal accreditation. This validation model exists for 25 sectors and covers 140 or so occupations. The model is most commonly used for occupations in the health care sector, manufacturing, construction and transportation and more recently expanded to hospitality sector occupations. The length of the validation processes differ across sectors, for example validation of industrial work and construction is normally 2 days, one for theoretical testing and one for practical assessment while validation in the health care sector is normally performed in the workplace over a period of 3-5 weeks. Candidates can obtain an apprenticeship diploma upon passing a two week long practical exam evaluated by a professional from the industry. Employers and employees often agree on the necessary skills, but the industry can decide unilaterally if required. This programme is relatively recent and driven by an EU initiative to concentrate more on competences than qualifications. The target group are students from upper secondary and adult education, with a fast track system for immigrants.

A recent report from the European Commission (2014) however, points to funding issues as the programme was originally funded by the Ministry of Education and Research as well as the Ministry of Employment while funding has been reduced and now comes under the remit of the PES. The report goes on to discuss the fact that "the National Agency for Higher Vocational Education states that due to lack of data collection from the different actors, including education and training and labour market sectors, it is not possible to assess the overall scope of inputs, outputs and outcomes of validation in Sweden". The report also states that systematic data collection is lacking resulting in a lack of general registers of individuals who have gone through the process. As such, it is difficult to assess the benefits of validation to individuals who take part. The Ministry of Education (2016) points to the fact that access to the validation process differs greatly by region and occupations. They suggest that a collection of temporary measures, as in place at the moment, are not desirable if a sustainable system is to be put in place and that responsibility for validation needs to be established within the regular education and labour systems .The validation model used in France is discussed in Box 5.3.

Box 5.3. Validation of prior experience in France

The *Validation des Acquis de l'Expérience* (VAE, validation of prior experience) was introduced in 2002 as a way to certify skills acquired through paid, unpaid or voluntary work experience. A wide range of qualifications and certificates, including VET and higher education qualifications and professional certificates awarded by vocational associations and social partners can be validated through VAE. The same entity that awards qualifications in the formal education system (the Ministry of Education, individual universities, chambers of trade or commerce, etc.) is responsible for the accreditation through VAE. As a result, validation procedures can vary, but usually involve the production of a *portfolio* by the candidate detailing and documenting the learning outcomes to be validated, and an interview. The validation may also include performing tasks in a simulated work environment. A jury of professionals, teachers and trainers in the relevant occupation/profession decides on the award. Partial awards/certificates, to be topped up by additional training, may be granted. Applicants must have at least three years of experience in the relevant occupation.

A majority of the obtained qualifications is at or just below upper secondary level, and participants can build on acquired qualifications to attend further education. Employed candidates often have their skills validated within further training at their workplace, and employers can organise VAE certificates for groups of employees. The most common qualifications are in the health and personal care sectors. To date, there is limited scientific evidence on wage and employment effects of the VAE, but the fact that health and personal care are the most common fields for VAE certificates suggests that many candidates require a specific qualification to work in their chosen occupation (cedefop, 2014). Around 30,000 people attained certificates through this scheme in 2013.

Source: Cedefop (2014), "European Inventory on Validation of Non-formal and Informal Learning 2014"; OECD (2009), *Jobs for Youth – France*; OECD (2015), *OECD Economic Surveys: France*.

Offering NEETs comprehensive support

Being NEET may in fact be a "symptom" of wider issues. As illustrated in Chapter 2, non-engagement in education or the labour force by young people may not be due to a lack of educational or employment opportunities – rather, it may be indicative of wider issues such as literacy or numeracy problems, health issues, coming from a lower socio-economic background and so on. In order to re-engage NEETs who face a multitude of issues and barriers to education or employment, employment support or training needs to be comprehensive and include social support that addresses issues such as housing needs, a lack of basic literacy/numeracy skills, family issues or health problems. In the case of severe health or social barriers (for example, homelessness) it is highly likely that these issues will have to be satisfactorily addressed before the young person is able to seek employment or participate in education or training.

The PES offers programmes targeted at those with illness or disabilities to account for any limitations they may face. Migrants, who may face specific problems, are offered assistance through the introduction programmes and Swedish language classes.

One substantial issue that young people may face is a lack of suitable accommodation, either at all, or in areas with educational or employment opportunities, so that moving to engage in education or employment may be difficult. The residential option is one of the trademarks of successful second chance programmes in the United States, like the Jobs Corps (Schochet et al., 2006). In Australia and the United Kingdom, those programmes are offered on a small scale in "youth foyers", which provide accommodation and social and psychological support close to the schooling facilities (Box 5.4). With the exception of the Folk High Schools, there are no programmes in Sweden that offer on-site housing for participants.

Box 5.4. The Youth Foyer model

Some of the most successful training programmes for youth often include a residential component (e.g. the Job Corps in the United States, Schochet et al., 2006). The availability of accommodation close to the place of training is often viewed as key to improving programme completion, notably for youth who are homeless or who have serious family issues. Youth Foyers were first developed in France after World War II, following the lack of housing and the intensification of rural emigration. Initially, they offered rooms and shared facilities to young workers, but were progressively extended to students and disadvantaged youth from the 1960s.

The model has spread to many other countries in Europe and is being used in the United Kingdom since the early 1990s, as well as in the United States and Canada. More recently, Australia started to implement this model with the support of NGOs.

There are two main types of foyers for youth: i) student rooming house accommodation where the housing resembles a college for young people attending an educational institution or working – many of the UK and French foyers follow this example; ii) school-linked student supportive housing where the house or a small cluster of housing units are located on a school site or close to the school or the training centre. Accommodation is provided to students who agree to start an educational programme in the nearby school and who are homeless or whose parents do not live close-by, and who would not have the means to independently live near the school.

The second type of foyer is more likely to be suited for disadvantaged youth. This is the one which exists in Australia. Such foyers aim at addressing both homelessness and unemployment. They provide an opportunity for young people to gain safe accommodation as well as develop non-cognitive and cognitive skills. Indeed, some of these foyers do not only provide accommodation, they condition the availability of accommodation to active and continuous attendance in the educational programme, and they also provide additional services:

Box 5.4. The Youth Foyer model *(cont.)*

- employment and career counselling in liaison with local employment offices and employers
- health and psychological consultations
- mentoring
- participation in civic activities.

There is some limited evidence that foyers can improve educational attainment and employment outcomes, but models vary a lot across countries. In Australia, the Victorian Government has funded the development of three such Education First Youth Foyers near VET ("TAFE") Centres in collaboration with the NGOs Hanover Welfare Services (HWS) and the Brotherhood of St Laurence (BSL). An evaluation is underway. Since these foyers are expensive to build, service and maintain, this solution needs to remain targeted tightly at those who need to leave their parental home and have no other options.

Source: Hanover (2012), "Youth Foyers", http://www.hanover.org.au/youth-foyer/; and Steen, A. and D. Mackenzie (2013), "Financial Analysis of Foyer and Foyer-like Youth Housing Models", Homelessness Research Collaboration, National Homelessness Research Agenda 2009-2013, Commonwealth of Australia.

Following up after programme completion

In order to ensure that programmes for NEETs are effective, it is important to not just examine programme outcomes upon completion but to assess the long-term impacts of interventions. For example, youth participating in job placements or incentivised employment, two important types of interventions in Sweden (see below), may fail to sustain employment a year after completing the programme. Those who return to education may not continue for long and never attain a qualification. This may particularly be the case for young people who faced barriers that caused them to disengage from education or employment in the first place – health issues, family issues, a lack of foundation skills, etc.

Active follow-up by caseworkers can help to mitigate such issues, and ensure that interventions are successful and prevent young people from falling back into unemployment or inactivity. Information regarding the situation of young people after programme completion is likely to be valuable also to policy makers as it provides insights into the effectiveness of programmes.

The Swedish PES is quite stringent in following-up on programme participants: it routinely determines a young person's status at programme termination, and again after 90 and 180 days. This is a very good practice

that requires administrative effort. Sweden might consider using this valuable information for outreach programmes, inviting those who have fallen back into inactivity back into active measures. This requires information sharing between the PES and the municipalities, as outreach is understood to be a municipal obligation.

Municipalities do not systematically follow-up on youth after they exit programmes. Most record participants' employment status at programme completion or exit, and some follow-up after six months, but there is no coherent follow-up strategy as with the PES, and no collection of results at the national level.

Systematically evaluating programme impacts

Not all employment or education programmes have positive effects on outcomes of youth. Policies and programmes to support NEET youth should be designed based on empirical evidence on what works and for whom to ensure their effectiveness and an efficient use of resources. Education, employment and social policies for youth tend to provide ample opportunity for evaluation, because policies are often developed and implemented in a relatively decentralised way to allow for an adaptation of programmes to the local community needs. These conditions are favourable for innovation and the development of good practices. For this to happen, programmes however need to be systematically monitored and evaluated such that successes can be identified, shared and developed further; and failures be studied, understood and hopefully avoided in the future. This decentralised learning process can be fostered through funding arrangements that encourage diversity and local innovation while requiring systematic data collection and evaluation of programme impacts.

Throughout this chapter evaluations of various programmes have been discussed. Many of these evaluations are based on second-tier approaches (see Box 5.5) whereby the outcomes of programme participants are evaluated compared to a control group of individuals that are excluded from a programme for some reason outside their control. These sort of assessments are useful in identifying the causal impact of programmes. If assessments simply look at outcomes of programme participants without a valid control group we do not know how the person would have fared if they simply had not taken part in the programme, e.g. if they would they have found employment themselves.

A valid control group is necessary for comparison as there may be selection bias in a group of programme participants – for example there may be an unobserved characteristic such as motivation, ambition or a hard-working nature that causes an individual to apply for a programme in the

first place, but these unobserved characteristics may also have a positive influence on that person's employment prospects, even if they had not taken part in a programme.

Although there are some evaluation studies on youth programmes in Sweden, there appears to be a lack of formal, robust and systematic impact assessments, especially with respect to programmes funded by the ESF. Tranquist Utvärdering, on behalf of the Theme Group Youth, carried out a meta-analysis of 61 evaluation reports of ESF funded youth projects. They found that the funding increased the time staff spent with programme participants and that young people often moved on to employment or training. However, it was often not clear what facilitated such favourable outcomes, as working arrangements and methods were not discussed or evaluated in detail. The evaluations also varied significantly in quality, and the scientific basis of some was so weak that their main benefit lay at the project level only and would not allow for project expansion. Bygren et al. (2014) examine the effects of ESF funded projects in framework 2 (which focuses on very disadvantaged groups) on participants' future labour market opportunities. They found that those participating in ESF-funded projects experienced a better recovery in terms of employment outcomes and incomes when compared to a similar control group but that the effects were short-lived, tending to dissipate within 3 years after project participation. They stress, however, that the design of these projects makes scientific evaluation difficult.

A lack of formal assessment of interventions is not unique to Sweden. The Youth Employment Inventory is an online databank[15] that provides an inventory of more than 750 projects in over 90 countries that aim to support young workers. Eichhorst and Rinne (2015) examined the evaluations available for these programmes and conclude that, despite some form of evaluation existing for most of these interventions, just under half involved only a basic descriptive evaluation. As a consequence, close to three quarters of interventions in the inventory lacked enough evidence to make a proper assessment.

One country that is very effective in carrying out systematic impact valuations is the United States, see Box 5.5.

Box 5.5. Evaluating programme impact in the United States: The Example of the WIOA

In the United States, the Department of Labor (DOL), along with the Department of Education (DoED) and the Department of Health and Human Services (HHS), has been instrumental over the past 30 years in promoting impact evaluations based on scientific methods to promote reliable evidence-based policy marking. Evaluations are usually ranked by these administrations according to their methods.

Top-tier approaches include well-designed randomised controlled trials that evaluate the impact of an intervention on participants compared to a control group. Since membership to treatment of control is at random, this method avoids selection problems which are typical of social interventions.

Second-tier are quasi-experimental settings whereby the control group is made of individuals excluded from the programme not because of their own decisions but because of programme rules that exclude them for some reason (e.g., age, income, address, etc.).

Third tier is made of statistical descriptive studies on programme outcomes, since programme outcomes can stem for the characteristics of participants who are selected or self-select into the programme, and/or from local conditions that are not directly related to the intervention (e.g. other local services, local labour market conditions).

The requirements for programme performance tracking and impact evaluations are usually embedded in the laws which provide funding for these programmes. For instance, the new Workforce Innovation and Opportunity Act (WIOA) passed on July 2014 provides additional funding employment and training services notably for youth. The new law puts greater emphasis on serving out-of-school youth through training and services that are employer driven and linked to labour market demand. WIOA also authorises programmes for specific vulnerable populations, including the famous Job Corps, and Youth Build programmes, as well as evaluations and multistate projects administered by DOL and the HHS and the DoED. For all the programmes WIOA ensures that Federal investments are evidence-based, data-driven and set standards:

Programmes are required to report on common performance indicators that provide key information on outcomes, such as how many workers entered and retained employment, their median wages, whether they attained a qualification, and their measurable skill gains. Negotiated levels of performance for the common indicators are adjusted based on a statistical model that takes into account economic conditions and participant characteristics.

States are required to have the impact of their core programmes evaluated every four years by independent third parties. For instance, section 169 of the Act states that "the evaluations conducted under this subsection […] shall include analysis of customer feedback and outcome and process measures in the state-wide workforce development system. The evaluations shall use designs that employ the most rigorous analytical and statistical methods that are reasonably feasible, such as the use of control groups".

Source: https://www.congress.gov/113/plaws/publ128/PLAW-113publ128.pdf, https://www.doleta.gov/wioa/.

When evaluating programmes, attention needs to be paid to the outcomes that the evaluation focusses on. Focusing exclusively on earnings and employment might be too restrictive, notably when the programme focuses on very disadvantaged / challenged populations, or when the horizon of the study is very short term and does not follow-up on youth for several years. Considering impacts on crime, health, and out-of-wedlock childbirth, or even mere motivation to study further might also be useful (notably for the most disadvantaged youth). For example, the "Becoming a Man" programme in the United States tries to teach disadvantaged youth social-cognitive skills that allow them to analyse their thought processes and understand the consequences of their actions. The objective is to re-engage youth in education but also to reduce violent behaviours. A randomised controlled trial by the University of Chicago Crime Lab found that while the programme improved educational outcomes (grades, attendance); its most significant effect was reducing violent crime arrests by 44%. The return on investment from one years' savings in criminal justice costs alone was found to be up to 31 times the participant cost, and additional societal benefits of nearly USD 50 000 to USD 120 000 per participant from increased lifetime earnings, tax payments and lower public benefit use.

A system of programme evaluations can be put in place using a step-by-step approach. This can begin with simple, cheaper and more descriptive evaluations, i.e. looking at mere outcomes among participants. Then funding can then be increased to study the impacts of programmes (looking at the difference in outcomes between participants and comparable non-participants) for programmes that give the most promising results. The fact that education, employment and social programmes are often tailored to the local environment in Sweden provides opportunities for an effective assessment of programmes as outcomes of youth engaged in the programme can be compared to outcomes of youth in similar regions where the programme is not available. Many of the programme evaluations discussed in this chapter have been conducted by independent researchers. The involvement of independent researchers in programme evaluations should moreover be facilitated and encouraged notably by providing access to individual-level administrative data.

Finally, the cost of impact evaluations can be drastically lowered if such administrative data can be used for the evaluation of outcomes, instead of individual surveys. Ad hoc surveys can be very expensive, and typically feature attrition notably during the follow-up period, several years after the end of the programme. Sweden already has a strong tradition in the use of administrative data for research purposes as the UVAS model demonstrates.

The need for rigorous evaluations based on scientific methods seems to be increasingly recognised, however. For the ESF programming period 2014

to 2020 the PES are planning to conduct an evaluation of their youth projects financed by the ESF Youth Employment Initiative partly using experimental design. More specifically, this will be done through randomisation of a limited number of participants entering the initiative in a sample of local offices (and a sample of methods) located in the regions implementing the YEI. The Institute for Evaluation of Labour Market and Education Policy (IFAU), under the Swedish Ministry of Employment, also has a mandate to promote and carry out scientific evaluations, particularly the follow-up and evaluation of labour market activities. [16]

Round-up and recommendations

Sweden has a long tradition of youth guarantees and has introduced or expanded programmes specifically targeting youth in recent years. The PES has a wide range of programmes ranging from offers for NEETs who need little assistance to find employment to more targeted programmes for those lacking skills or those with long-standing illnesses or disabilities. Sweden has an excellent system of second chance programmes with high participation in adult education and multiple opportunities for older youth to re-enter education. Groups with particular needs (such as migrants, those with disabilities) have programmes specifically tailored to them.

Some challenges remain, however:

- The fact that both the PES and the municipalities offer employment programmes leads to parallel structures that can harm efficiency and effectiveness of service provision. The practice of having both PES and the municipalities run youth employment programmes simultaneously should be reassessed.
- The PES and the municipalities also both administer benefits for NEETs – the PES unemployment benefits and the municipalities Social Assistance – which can further complicate co-ordination. Municipalities can have an incentive to activate youth in the short term so they become entitled to unemployment benefits, making them the PES's responsibility. The PES, on the other hand, might not invest enough in those who are furthest away from the labour market, since the municipalities have to take over once their unemployment benefits run out.
- The decentralised structure of the system may also cause confusion among young people and discourage them from getting in touch with government agencies. The 2016 national strategy for NEETs aims to improve co-ordination and establish one-stop-shops for NEETs and is a step in the right direction.

- A relatively small proportion of youth receiving social assistance are registered at the PES (48% in 2013), this issue should be examined in further detail. This should improve due to the 2016 provision in the Social Services Act stating that in order to receive SA a person who is able to work should be registered with PES and be actively looking for a job. Some may be registered on municipality programmes but this information is not recorded in the UVAS model.
- Under the youth guarantee, unemployed young people under the age of 25 are entitled to a place in an active programme after 90 days of unemployment; however, actual coverage is not complete, and many do not receive the assistance they need. More needs to be done to profile those youth who are eligible but do not take part and to increase programme participation.
- There is a lack of information regarding the exact activities participants in the Job Guarantee for Youth are engaged in and the proportion of time spent engaged in activities tends to be low in many cases. More needs to be done to monitor activities and the amount of time youth are engaged per week in the programme.
- Engagement in education and training is low for youth registered at the PES and training courses tend to be short in duration. Training courses should be aligned with employer needs and should lead to recognised qualifications. Engagement in education and training should be increased.
- Little is known about the content, scope and impact of municipality run programmes.
- While the PES routinely follows up on programme participants, systematic impact assessments of programmes are lacking in Sweden and sufficient funding should be set aside to effectively evaluate programmes.
- There appears to be very little outreach to the most disconnected NEETS, i.e. those not registered at the PES or other public bodies. One of the aims of the national strategy for NEETs implemented in 2016 is to improve out-reach to NEETs. There also appears to be confusion over whose responsibility outreach is once the municipalities' obligations effectively terminate at age 20.
- The UVAS model is an excellent tool for tracking NEETs. The model could be used for outreach and the "unknown" category could be investigated further. Participation in municipality-run employment programmes as well as interaction with other public bodies such as

health services, social services, criminal system, etc. is not however recorded. Therefore, pertinent information is being lost. Expanding the model to include this information (if possible due to confidentiality issues) would further increase its potential, but the model would need to be updated more promptly to be of use with outreach.

Notes

1. This increase is not explained solely by an increase in the numbers of youth aged 15-25 – there was only a small (4%) increase in this age group.
2. A first form of the Swedish YG was implemented as early as in 1984.
3. This threat may, however, may not be equally serious for all youth, since benefit levels tend to be low for youth not entitled to unemployment insurance benefits and still living with their parents.
4. Assadi and Lundin (2014) found that use of the profiling tool differed depending on the tenure of the PES staff members with more junior members tending to put a larger emphasis on the results of the tool while more senior staff tended to put less of an emphasis on the tool and more on their own personal assessment of the individual when deciding appropriate actions to take.
5. Young people who have already participated in the scheme, those who have exhausted their sickness benefit (Work Life Introduction) as well as new migrants whose Introduction Plan has run out are also eligible.
6. Between January and September 2016.
7. It was not possible to measure the impact on participants in the programme, as not all youth eligible actually participated in the programme.
8. Through the Youth Employment Initiative (YEI), additional services to engage NEETs in education or employment are available in high youth unemployment areas (youth unemployment rate of at least 25%). The scheme is split into two priorities: Priority 1 provides funding to provide better conditions for employees so that they can deal with their future working life in a better way, while Priority 2 funding is targeted at projects for those without the relevant qualifications for employment. The YEI allocation in Sweden is EUR 44 million for 2014-15, to be matched by the ESF. Projects can be put forward by municipalities, county councils, NGOs, the private sector and the state itself. The funding can be used to support traineeships and apprenticeships, the provision of work experience (placements of a minimum of six months), provide mentoring and start-up finance for young entrepreneurs or provide vocational

education and training. The funding also allows for the reduction in caseloads for PES workers – typically resulting in 40-45 cases per caseworker, as compared to 100-150 for the long-term unemployed, or 200-250 for those dealing with the short-term unemployed. Between 2008 and 2012, 2 110 projects were granted funding. Within Priority 2 youth aged 15-24 are an important target groups with 23% of the projects started between 2008 and 2012 dominated by youth (see Swedish ESF Council, 2012).

9. The programme started as an ESF-funded project but is now implemented as part of the standard municipal employment programme.

10. The PES run IP was preceded by a municipality-run IP.

11. Newly-arrived immigrants are covered by the Swedish Introduction Act, which states that immigrants should be offered individually-designed programmes to help develop the skills needed to enter the Swedish labour market or education system – for example the Swedish language instruction programme, Swedish for Immigrants.

12. Information received from the Swedish Association of Local Authorities and Regions.

13. At the basic level students can study English, physics, geography, history, home economics, chemistry, mathematics, religious education, social studies, Swedish/Swedish as a second language or technology. At the upper secondary level the students select from vocational subjects and more academic subjects. Vocational subjects are the same as in upper secondary school for students with learning disabilities. Vocational subjects are in the areas of Administration, Commerce and handling; Aesthetics; Property, plant and construction; Vehicle Care and handling; Handicraft and production; Hotel, restaurant and bakery; Health and healthcare; Society, nature and language; Forest, land and animals. Some courses or parts of courses can be given as workplace-based learning

14. Five months in the case of participants with disabilities.

15. See http://www.youth-employment-inventory.org/.

16. A budget of EUR 40 million is set aside for IFAU to fund evaluations.

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Annex 5.A1

ALMP participation

Active programme participation among working-age jobseekers has seen dramatic changes over the past 15 years, away from training programmes towards incentives for employers. At the end of the 1990s, spending on training accounted for over half of total ALMP expenditure (Panel A, Figure 5.A1.1). Employment incentives accounted for less than one-fifth of the total budget. By 2013, ALMP expenditure in Sweden was primarily concentrated on employment incentives, accounting for just under half of total 2013 ALMP expenditure. *Supported Employment and Rehabilitation* programmes accounted for around one-fifth of spending, with *Labour Market Services* such as career guidance and placement accounting for an additional one-fifth. Expenditures on *training* accounted for about 10%, which is low compared to other countries and the EU average (Panel B, Figure 5.A1.1).

Figure 5.A1.1. ALMP spending for working-age individuals has dramatically changed over the past decade in favour of funding for employment incentive programmes

Panel A. Total labour market spending by measure in Sweden, in percent of GDP, 1998-2013

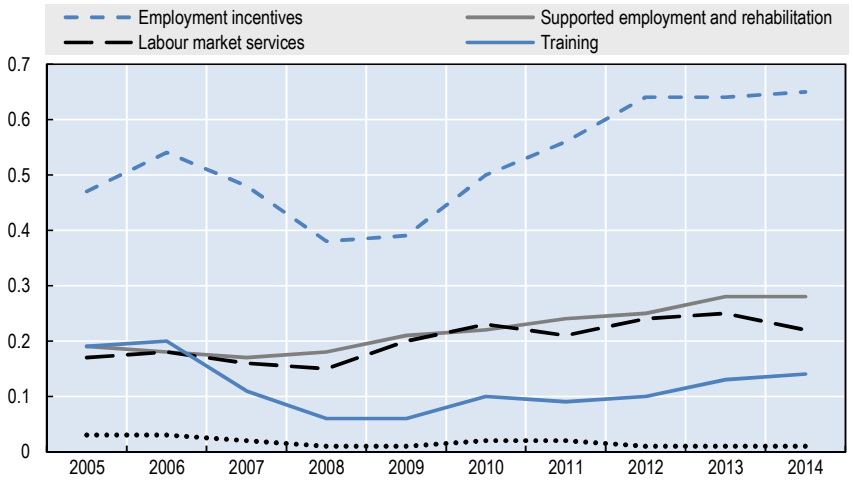
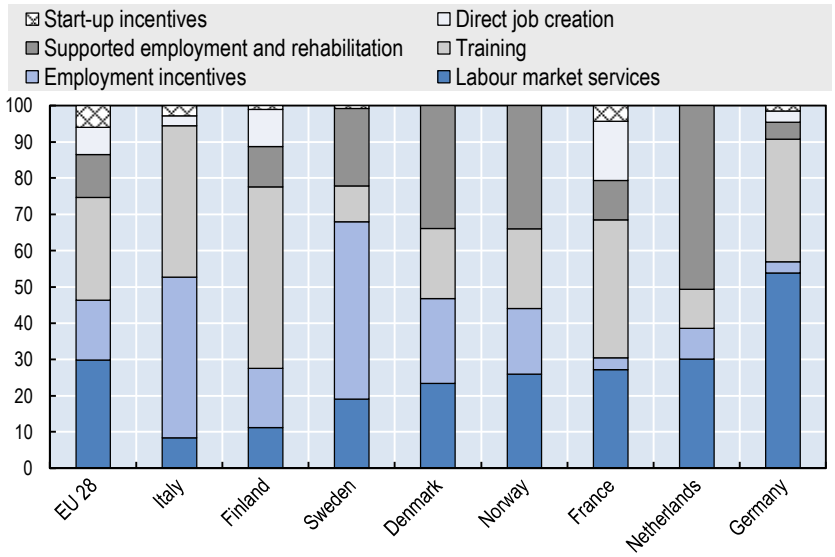


Figure 5.A1.1. ALMP spending for working-age individual has dramatically changed over the past decade in favour of funding for employment incentive programmes *(cont.)*

Panel B. Proportion of total labour market spending in percent by measure, 2014



Note:

Expenditures on all ALMPs for jobseekers of all ages (not only youth).

Countries are in ascending order of the proportion of the budget spent on labour market services.

EU 28 average is from 2010 (latest available)

Source: Eurostat (2014), "LMP Expenditure by Type of Action – Summary Tables [lmp_expsumm]", http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lmp_ind_actsup&lang=en.

It is worth noting that reported figures are for all registered *working-age* jobseekers, not alone for youth. Separate youth-specific figures are not available. They are moreover restricted to activation programmes through the PES. Municipal-level interventions, for which there exist no centralised records, are not represented.

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