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OECD work on youth

**Jobs for Youth** reviews (2006 - 2010): 16 countries
  - Youth-friendly employment policies and practices

**Investing in Youth** reviews (2014 - 2019): 12 countries
  - Special focus on disadvantage youth / NEETs
  - Employment, social and education policies

**Society at a Glance 2016: A Spotlight on Youth**
INVESTING IN YOUTH
FINLAND
CONTEXT AND CHALLENGES
Relatively low youth employment

Employment rates among 15-29-year olds, 2017

Source: Investing in Youth: Finland, OECD (2019)
High youth unemployment

Unemployment rates among 15-29-year olds, 2017

Source: Investing in Youth: Finland, OECD (2019)
Strong demand for high-skilled workers

Share of employment in high demand, by skill level (2016 or latest year)

Source: Investing in Youth: Finland, OECD (2019)
Low-educated youth encounter difficulties

NEETs as a share of 25-29-year olds (2017)
by highest level of educational attainment

Source: Investing in Youth: Finland, OECD (2019)
Motives for inactivity differ by gender

Self-reported main reason for being inactive (2017 or latest available)

Source: Investing in Youth: Finland, OECD (2019)
Long NEET spells are not so frequent

Distribution of youth across NEET durations, 2012-15

- **OECD**
  - 1-6 months: 29%
  - 7-12 months: 18%
  - Over 12 months: 53%

- **Finland**
  - 1-6 months: 49%
  - 7-12 months: 18%
  - Over 12 months: 33%

Source: Investing in Youth: Finland, OECD (2019)
INVESTING IN YOUTH
FINLAND
MAIN POLICY CONCLUSIONS
Two main policy areas

**EDUCATION POLICY**
- School dropout prevention
- Outreach services
- Tertiary education admission
- Vocational education

**SOCIAL POLICY**
- Fragmentation of benefit system
- Activation of benefit recipients
- Provision of integrated services
- Administrative and regional government reform
EDUCATION POLICY

CHALLENGES
Completion rates in upper secondary education

Graduation rates in upper secondary programmes within two years after expected graduation, 2015

Source: Investing in Youth: Finland, OECD (2019)
Improving completion rates

Major strengths of the system:
• Strong financial incentives for education providers
• Widely used student counselling
• Wide range of support networks outside schools

Possible improvements:
• Monitor impact reform and adjust if needed
• Cross-age peer counselling
• Expand support networks and digital services
• Raise the compulsory schooling age to 18 years
Highly selective admission system

Applicants to first-degree tertiary education by application status, 2016

- Proportion of applicants accepted and studying
- Proportion of applicants accepted, not studying
- Proportion of applicants rejected

Source: Investing in Youth: Finland, OECD (2019)
Highly selective admission system

Admission procedures are being reformed.

- Expand capacity
- Develop flexible ways to switch between programmes
- Allow for recognition of prior learning

Source: Investing in Youth: Finland, OECD (2019)
Reform of study financial aid system

Panel A: Recipients of student financial aid
- Study grant
- Government guarantee for student loans
- Share of students in total youth population

Panel B: Average monthly amount (in EUR)
- Study grant
- Government guarantee for student loans

Source: Investing in Youth: Finland, OECD (2019)
Reform of study financial aid system

Panel A: Recipients of student financial aid
Panel B: Average monthly amount

Carefully monitor the trend in education enrolment.

If needed, consider exempting people whose taxable income is too low from repaying their student loan

Source: Investing in Youth: Finland, OECD (2019)
Limited use of apprenticeships

Upper secondary students in vocational programmes and use of combined school- and work-based programmes among all upper secondary students

Source: Investing in Youth: Finland, OECD (2019)
Collaboration with employers

The main question is how to engage employers for this new workplace learning model.

Promoting collaboration with employers:
- Involvement of social partners in policy development
- Fair competition between apprenticeships and training agreements
- Benefits for employers should outweigh the costs
- Support for employers
SOCIAL POLICY

CHALLENGES
High social spending

Public social expenditure on cash income support to the working-age population as a percentage of GDP, 2015

Source: Investing in Youth: Finland, OECD (2019)
High benefit receipt among young Finns

Percentage of 16-29-year-olds receiving out-of-work benefits, 2017 or latest available year

Source: Investing in Youth: Finland, OECD (2019)
Benefit coverage among NEETs

Panel A.
Proportion of youth receiving benefits

Panel B.
Proportion of NEETs receiving benefits

Source: Investing in Youth: Finland, OECD (2019)
A more streamlined system with fewer benefits available for youth would be a first step to address benefit dependency.

A single working-age payment would be the best option for the future.

Source: Investing in Youth: Finland, OECD (2019)
Relatively high poverty

Poverty rates for different age groups, 2017 or latest available year

Source: Investing in Youth: Finland, OECD (2019)
Important benefit traps

Participation tax rates for a young person who has never worked when moving from inactivity to employment at 67% of the average wage, 2018

Source: Investing in Youth: Finland, OECD (2019)
Important benefit traps

Participation tax rates for a young person who has never worked when moving from inactivity to employment at 67% of the average wage, 2018

Removing benefit traps and making work pay for every young person is paramount.

This requires changes in benefit levels and/or in-work payments and/or phase-out ranges to reduce marginal tax rates for those starting work.

Source: Investing in Youth: Finland, OECD (2019)
Limited activation

Activation rates: ALMP participants in % of all jobseekers and ALMP participants, 2008-17

Source: Investing in Youth: Finland, OECD (2019)
Limited activation

Strengthen the activation of benefit recipients and improve the effectiveness of active labour market programmes.

Evaluate available programmes and new initiatives.

Source: Investing in Youth: Finland, OECD (2019)
Government reform

The administrative and regional government reform was not making the social policy challenges easier.

Important elements to consider:

• Incorporate a benefit reform to tackle the fragmentation and activation challenges;
• Ensure that the underlying funding mechanisms guarantee sufficient investment in prevention and early intervention services;
• Invest in monitoring and evaluating policy reforms;
• Study other countries’ experiences with outsourcing of public health, social and employment services.
Overview of policy conclusions

**Education policy**
- Raise the compulsory schooling age to 18 years
- Reform the highly selective tertiary education admission system
- Expand capacity of tertiary education
- Engage employers for the new workplace learning model

**Social policy**
- Make work pay for every young person
- Streamline the benefit system
- Strengthen the activation of benefit recipients
- Revise the administrative and regional government reform
Finland should do more to improve job prospects of youth in Finland, especially low-skilled youth.

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