



High-Level Forum on Jobs for Youth
Addressing Policy Challenges in OECD Countries
Oslo, Norway 20-21 September 2010



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Welcome Address

by

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Ministers, Ladies and Gentlemen:

I would like to welcome you all to this Policy Forum on jobs for Youth, jointly organised with the ministry of Labour of Norway. Let me start by expressing our gratitude to Ms. **Hanne Bjurstrøm**, the Minister of Labour of Norway and her staff for hosting this event in Oslo. This is an open Forum and I am very happy to see that so many have accepted our invitation, policy makers, decision makers, social workers, researchers, and representatives from the social partners, from NGOs and from youth associations.

The topic of this Forum is of foremost importance in all countries – how to promote a smooth transition from school to work to our youth and how to ensure that they are given the opportunities to move on in their careers and indeed in their lives. These were issues of

fundamental importance for our economies and societies even before the global economic crisis. But they have become even more pressing issues at present.

Over the past two years, young people have borne much of the brunt of the jobs crisis; the youth unemployment rate is approaching 20% in the OECD area, with nearly 4 million more youth in the ranks of the unemployed. And we know, that the unemployment rate does not present a comprehensive picture of the hardship young people are facing at present. Many more of them are not even looking for a job and are idle outside the labour market.

The initial experience in the labour market has profound influence on later working life. Getting out to a good start facilitates integration and lays the foundation for a good career while a failure can be difficult to make up. In particular, the jobs crisis is likely to leave “scarring” effects on the current generation of school-leavers, and particularly if they were already disadvantaged before the crisis.

The short-term outlook for youth employment is unfortunately not rosy. As you know, the OECD has revised downward our short-term projections and in this fragile recovery it is unlikely that youth unemployment could be brought down significantly in the months to come. Tackling the youth jobs crisis requires a strong commitment from all, the youth themselves, the government through well-targeted and effective measures, the social partners through their dialogue and all actors on the field who can really make the difference in dealing with the human dimension of this crisis.

To guide our discussion, we have shared with you a draft of our **Report on Jobs for Youth**. The report summarises the work we have done at the OECD over the past four years to assess the challenges facing youth in their transition from school to work and in their career progression and the policy measures countries have adopted to support them. The report contains a wealth of information on good practices

that we hope can be a valuable tool to policy makers as well as all stakeholders. The report also identifies short-term promising measures to assist youth to weather the jobs crisis and remain in contact with the labour market. These measures are promising because they are consistent with the longer term reform efforts in education, social protection and the labour market that are necessary to ensure youth get a firm foothold in the labour market.

Let me share with you some of the key messages of the report.

Actions are needed to prevent most school-leavers from being trapped in long spells of joblessness and precarious employment.

Most OECD and non-OECD countries have to intervene in the youth labour market at the time when they are also tackling the often very large fiscal deficits. Thus, it is important to focus on cost-effective measures and the most needy groups. In particular, intensive assistance should be devoted to the hard-core group of youth cumulating disadvantages and at high risk of long-term unemployment and inactivity. It is therefore crucial that governments tackle as early

as possible the handicaps this hard-core group faces in education and then in the labour market. For example, a greater emphasis should be put on early-age (*i.e.* before age 6) education of children from disadvantaged groups. Monitoring the progress of these children in compulsory education is also crucial to ensure that the benefits are sustained and that these students will perform well during their school-to-work transition.

The youth activation stance to secure smooth transition pathways includes outreach programmes, early intervention, profiling, targeting and “mutual obligations”. For example, active job-search assistance programmes are often found to be the most cost-effective for young people who are assessed as ready to work, providing positive returns to both earnings and employment. But standard active labour market policies are unlikely to work for the hard-core group likely to be NEET (neither in employment, nor in education or training) and to have little or no contact with the education system and the public employment service. For this group, more in-depth strategies are

required to reconnect them with learning and working, help them to acquire useful qualifications and prepare them to enter the labour market. There is also a need to prevent them from poverty and provide them with income support but social assistance should be included into a comprehensive “mutual obligations” approach, *i.e.* an effective mix of income support and effective active labour market programmes with the requirement to search actively for work and/or take steps to improve employability.

In the short-run job opportunities for youth, especially those with low skills, will be limited and actions are needed to stimulate the youth labour demand. Our report suggests that apprenticeship training programmes and dual vocational programmes provide an effective way to facilitate the transition from school to work, particularly for students in secondary education. They can yield multiple dividends: securing the transition towards employment for the apprentice (stepping-stone effect) and lowering labour costs for the employer (cost effect), tied together by a training commitment

from the employer which yields a valued qualification on the labour market (skill effect), without forgetting an income effect for the apprentice who receives in the first place a low wage but that will increase for those progressing in their apprenticeship.

But governments cannot do everything and supports and incentives have to come from employers and unions. A close co-ordination between the different stakeholders and an effective delivery of programmes are also key. A lack of co-ordination and a poor delivery of programmes, even for well-designed programmes, can be demobilising and hamper the activation strategy. Some youth face serious barriers to access employment (in terms of cost, productivity, employment protection). The role of the social partners in promoting more youth-friendly hiring, training and mobility practices is crucial. In fact, one of the main challenges is to strengthen the stepping-stone effect of initial temporary jobs, *i.e.* making any work experience pay in the school-to-work transition.

What is also at stake is to improve the contacts between school and work and better co-ordinate all the actors involved in the transition process at the local level. One open question is to know whether having specific agencies for youth is helpful such as it is the case in a few OECD countries.

I am very interested in hearing your views on the OECD recommendations on how to promote more and better jobs for youth. I wish all the participants to the Policy forum a very open discussion on all these challenging issues.