



## 1. INTRODUCTION AND OVERVIEW

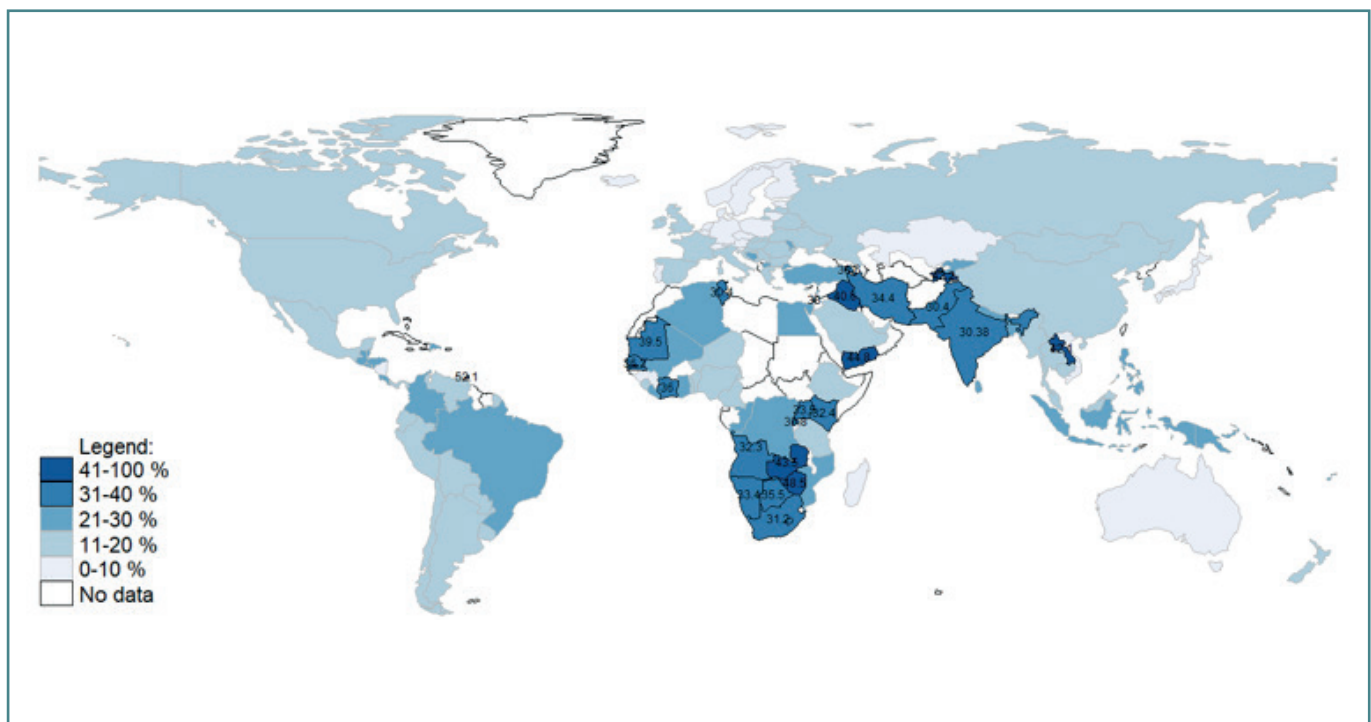
Globally in 2020, more than one in five (22.4 per cent) young people aged 15–24 are neither in employment, education or training (NEET). What is more, two out of every three of these NEETs (67.5 per cent) are young women, who thus outnumber men two to one. Whereas one in seven (14.0 per cent of) young men are NEET, for young women the figure is closer to one in three (31.2 per cent).

Global concerns about the large numbers of young people who are neither in employment, education or training have led to the adoption of the NEET rate, as

part of the 2030 Agenda for Sustainable Development, as an indicator of progress towards Sustainable Development Goal 8.6. Evidence of progress to date is not very encouraging, however. In 2015 when the target was established, the global NEET rate was estimated to be 21.7 per cent; by 2020 the global NEET rate is estimated to have increased to 22.4 per cent.<sup>1</sup> As we shall see, however, although much remains to be done, there have been a number of encouraging changes in the size and distribution of NEETs over the years.

<sup>1</sup> ILO modelled estimates, November 2019.

**Figure 1. Share of young people not in employment, education or training, by country, latest year**

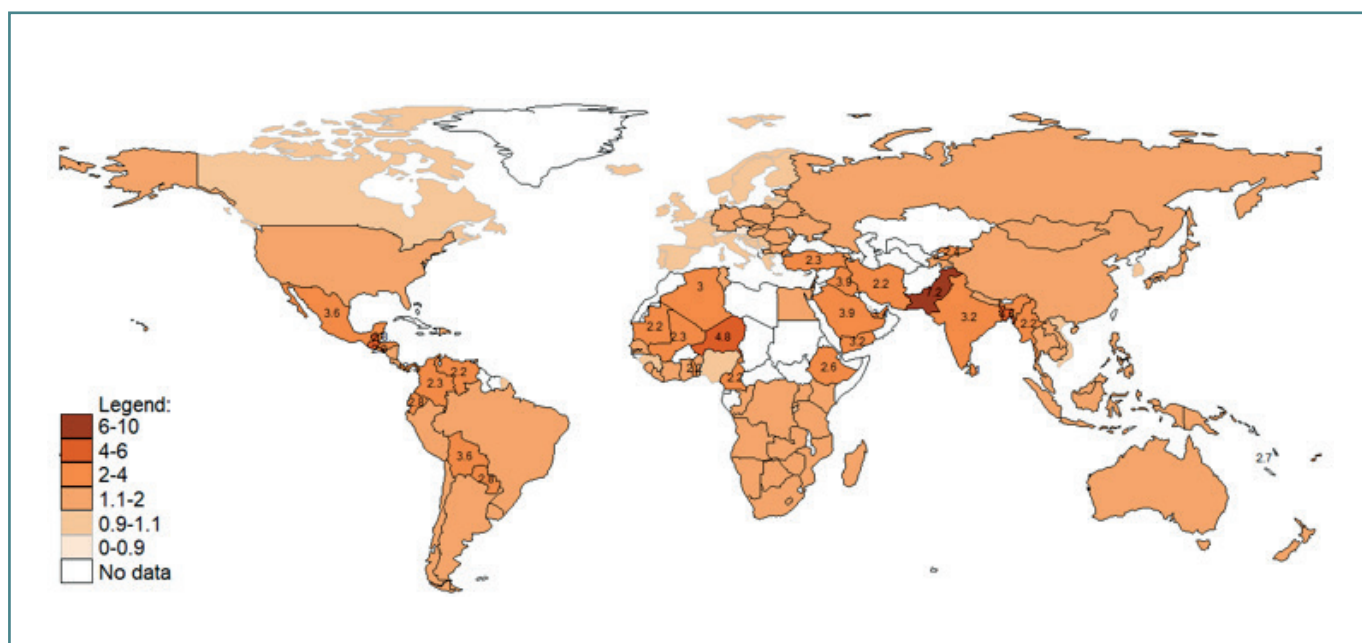


This brief has been prepared by Niall O'Higgins, based on a number of country background papers on the Sustainable Development Goals and structural transformation, as part of the ILO/Sida Partnership Programme. The research assistance of Luis Pinedo Caro is gratefully acknowledged.

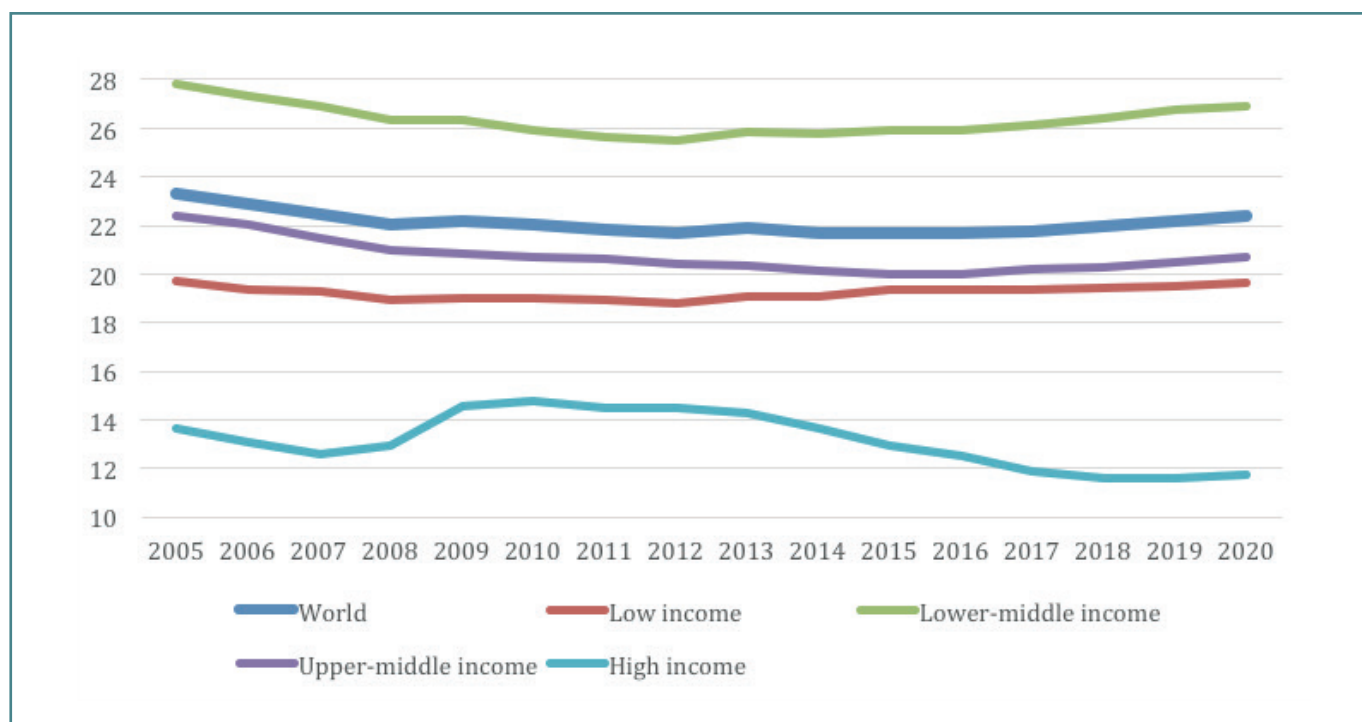
Both NEET rates themselves (Figure 1) and the extent to which young women outnumber young men in the NEET category (Figure 2) vary widely across countries. NEET rates are highest in Southern and Northern Africa and in Southern Asia. More generally, NEET rates are highest in lower middle income countries, and lowest in high income countries (Figure 3). There has been a gradual

reduction in NEET rates over time, observable across all income groupings, but most notably in high income countries following the global economic and financial crisis. This is at least partly attributable to the strong policy emphasis on reducing NEETs in EU countries since 2013. Beyond this, the relative position of income groupings is remarkably stable over time.

**Figure 2. Ratio of female-to-male NEET rates by country, latest year**



**Figure 3. Youth NEET rates globally and by income grouping, 2005–20**



**Note:** The figure reports ILO-modelled estimates of aggregate global and income-grouped NEET rates, 2005–20.

**Source:** ILO modelled estimates, November 2019.

Viewed from an individual standpoint, NEET status can easily become permanent. Moreover, not only are NEET rates higher for females than for males – and much higher in some countries and regions – but also NEET status is a much more permanent situation for young women than for young men. Comparing the NEET rates of young people aged 15–24 in the mid-2000s with the rates of 25–34 year olds ten years later gives a sense of this permanence (Figure 4). The simple cross-country correlation coefficient of the NEET rates of young people and (a decade later) young adults is fairly high: 0.49 for young men and 0.81 for young women. Moreover, the slope of the regression line for young women reported in figure 4b is at 45°.

In other words, the NEET rates of young women in their late twenties and early thirties have a one-to-one correspondence to the same cohort's NEET rates when they were ten years younger.<sup>2</sup> The NEET rate of young women aged 15–24 in a country is

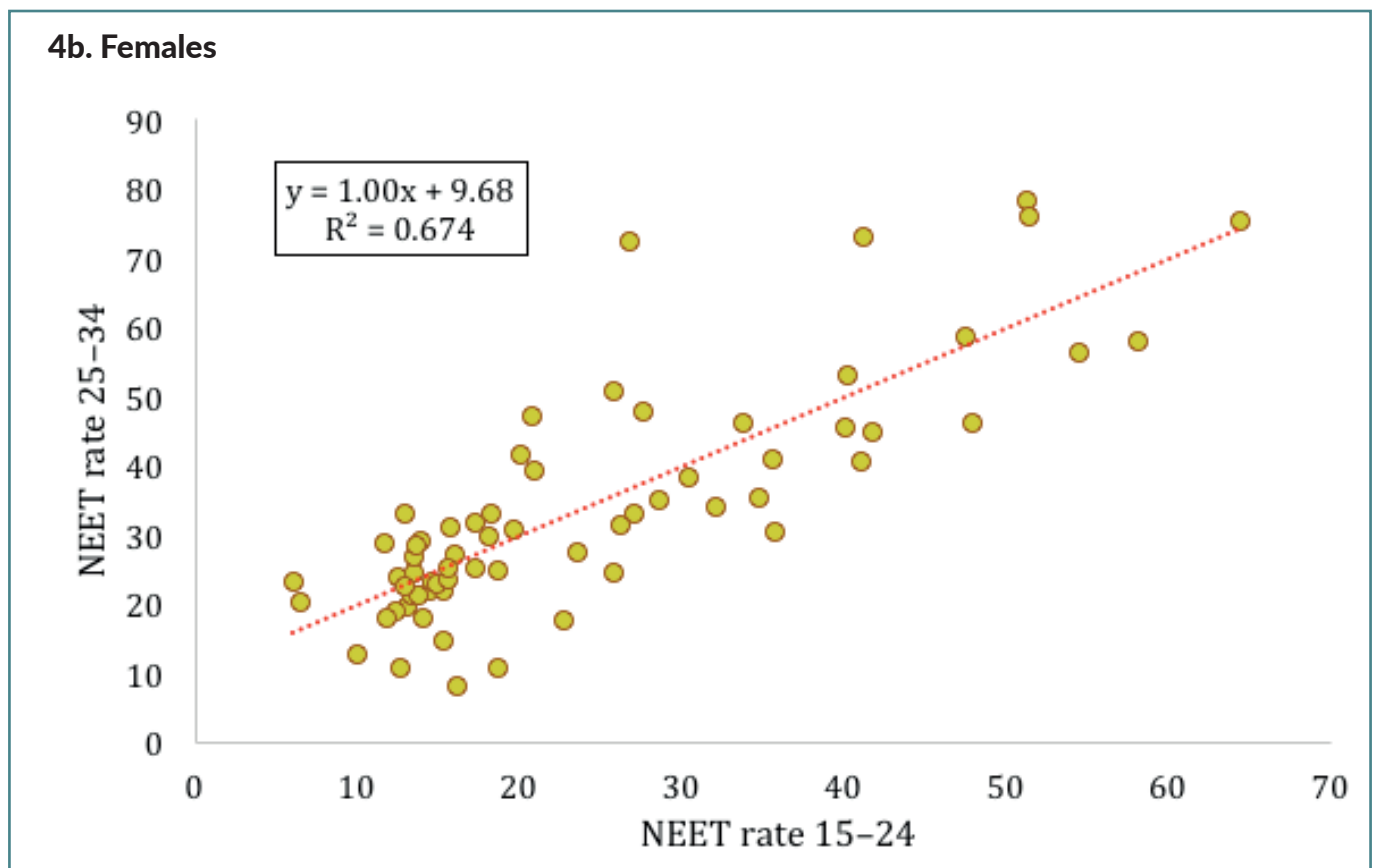
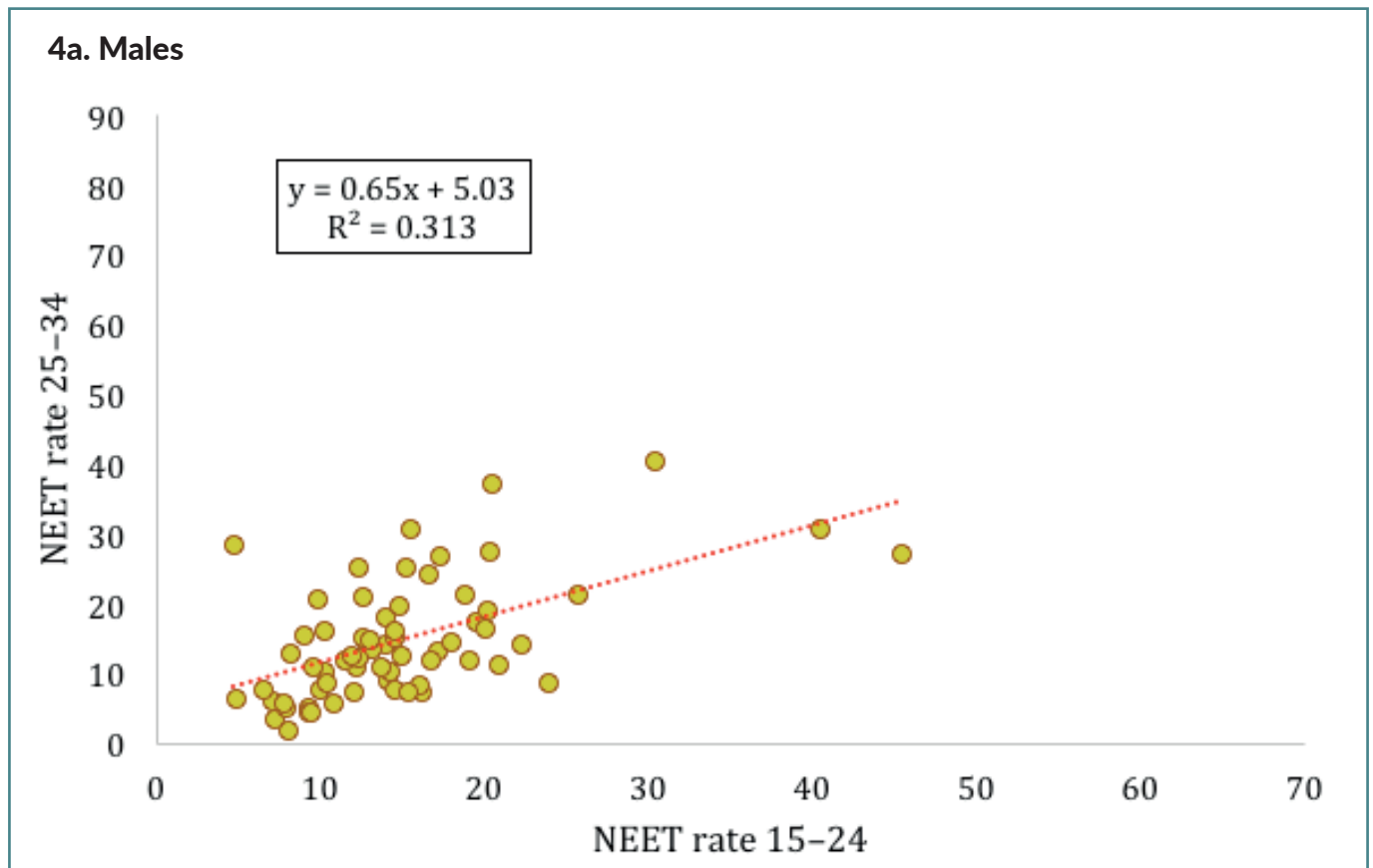
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<sup>2</sup> To be a little more precise, on average the NEET rate at young female adults is equal to the NEET rate of young women plus 10 percentage points. Of course, this is based on two cross-sections rather than longitudinal data, so we do not know (indeed, it is highly improbable) that exactly the same young people are NEET in both cases. However, the strong correlation – particularly for young women – between NEET rates among young people (15–24) and young adults (25–34) ten years later and the strong longitudinal relationship found for specific countries where data are available – reported in O'Higgins et al. (forthcoming) – does tend to add further support to the permanent nature, or duration-dependence, if one prefers, of NEET status. More evidence on this is also offered in ILO-UNICEF, *Girlforce: Skills education and training for girls now* (ILO-UNICEF, New York & Geneva, 2018).

very closely related to the NEET rate of young adult women aged 25–34 ten years later. Also for young men there is a strong suggestion of permanence in NEET status, although many young men do escape it in their late twenties and early thirties, which is reflected in the lower NEET rates (and smaller regression coefficient) of this age group compared with the same cohort's NEET rates a decade earlier (Figure 4a).

Opening the NEET “black box”, it is immediately apparent that young people not in employment, education or training are a highly diverse group and the reasons for being NEET vary widely across countries and regions. In the first place, a distinction may be drawn between young unemployed NEETs (not in employment or education, hereafter “NEET-unemployed”) and young NEETs who are outside the labour market (hereafter “NEET-inactive”), young people who are neither employed nor in education, but are also not actively seeking work. In high income countries, young NEETs are roughly evenly split between the NEET-unemployed and the NEET-inactive with, often, the majority of NEETs being classed as unemployed. Similarly, NEETs are roughly evenly split between young men and young women. In low and middle income countries, however, there are typically far more young NEETs who are inactive rather than unemployed and, not coincidentally, the disproportion between female and male NEETs is more pronounced.

Figure 4. NEET rates of 15–24 year olds vs NEET rates of 25–34 year olds ten years later, males and females separately



## 2. NEET IN SELECTED COUNTRIES

The countries included in the SIDA study reflect more general global trends (Table 1). The highest NEET rates are found in Rwanda and India, while the biggest gaps between young men and young women are to be seen in Saudi Arabia, India and Ethiopia.<sup>3</sup>

The one EU country included, Portugal, has both the lowest NEET rate and the smallest – actually non-existent – gender gap with a one-to-one ratio between young women and young men.

<sup>3</sup> Note that, in contrast to the other countries reported on here, NEET rates for Rwanda also reflect the change in definition of employment recommended by the 19th ICLS of 2013. Because this excludes from employment all those engaged in subsistence farming and other work activity not for pay or profit, this makes a huge difference to both employment and NEET rates in the country.

**TABLE 1. NEET RATES BY GENDER, LATEST YEAR**

	Total	Male	Female	Female/male NEET ratio	Year
Azerbaijan	23.0	na	na	na	2017
Chile	15.9	13.3	18.9	1.4	2018
Costa Rica	19.0	14.7	23.9	1.6	2018
Egypt	26.9	19.6	35.0	1.8	2016
Ethiopia	10.5	5.7	15.1	2.7	2013
India	30.4	14.3	48.3	3.2	2018
Peru	17.7	14.7	20.8	1.4	2017
Philippines	19.9	14.4	25.7	1.8	2018
Portugal	8.4	8.4	8.4	1.0	2018
Rwanda	30.8	25.0	36.2	1.5	2017
Saudi Arabia	16.1	6.6	25.9	3.9	2015

**Note:** In principle, the underlying definitions applied are comparable across countries except for Rwanda where the application of the ICLS resolution on employment (2013) in that country means that subsistence farmers and other people working in activities not for profit – including many contributing family workers – has greatly reduced the numbers of young people recorded as being in employment and, by the same token, greatly expanded the ranks of those recorded as NEET.

**Source:** Calculations based on LFS/HS survey data apart from Azerbaijan (official estimate).

### The heterogeneity of NEETs

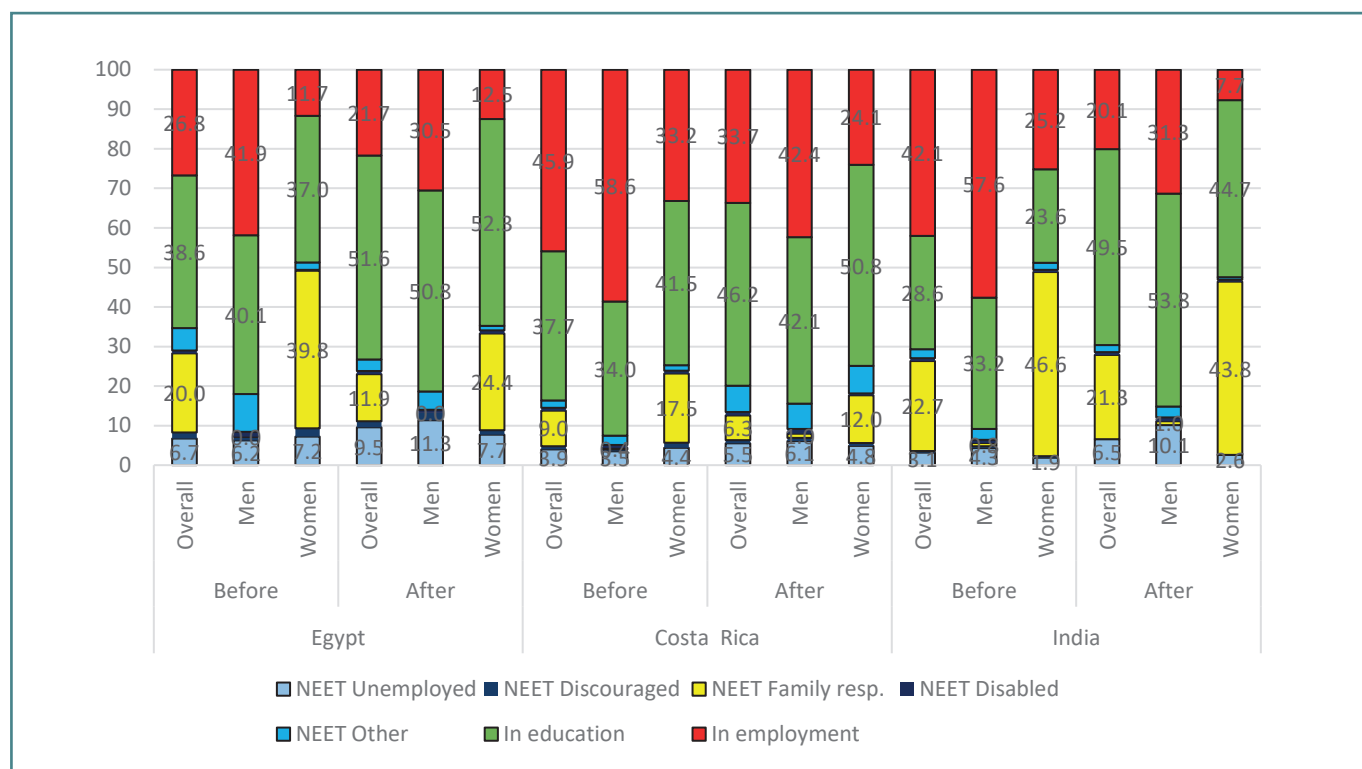
It is useful to go beyond the inactive/unemployed NEET dichotomy. Inactive NEETs in particular are very heterogeneous; there are many reasons why a young person who is not working or studying or training may also not actively be seeking a job.<sup>4</sup> They may not want one, for a variety of reasons; alternatively, they may face particular obstacles to obtaining one, such as having other demands on their time or being disabled, and/or there may simply be (or be perceived to be) no suitable jobs available. Breaking the NEET inactive group into four categories comprising discouraged NEETs, young NEETs with family responsibilities, disabled NEETs and a highly heterogeneous “other” group,

comprising all those young NEETs not elsewhere classified, leads to a fivefold classification (including also unemployed NEETs) which can usefully be employed to better understand the nature of the NEET phenomenon in selected low and middle income countries for which appropriate data are available (Figure 5).<sup>5</sup> The alternatives to being NEET – that is, being in employment or in education – are also added to Figure 5 to give a complete schematic view of youth status, adding useful further information to the figure.

<sup>5</sup> This is derived from a Eurofound sevenfold classification which was proposed for EU countries (Eurofound, 2016, *Exploring the diversity of NEETs*, Publications Office of the European Union, Luxembourg). The Eurofound version includes three categories of “unemployed” NEETs which are lumped together here. In low and middle income countries with a high prevalence of irregular and informal employment, the duration of unemployment is at best of limited usefulness as an indicator and hence is dispensed with here. See O’Higgins (forthcoming) for a discussion. The three countries included in the figure are selected purely on the basis of the availability of data: the fivefold breakdown used here cannot always be derived from labour force survey data.

<sup>4</sup> And hence not be defined as unemployed according to the standard ILO classification.

**Figure 5. Fivefold NEET classification and alternative states for young people aged 15–24, selected countries before and after the global economic and financial crisis**



Even putting all the unemployed together in one category, the single largest sub-category of NEETs as a whole is, by far, that of young people with family responsibilities. Unsurprisingly, this is a category that is overwhelmingly dominated by young women, which explains the aforementioned substantial gap between young women and young men in NEET rates.

The prevalence of young women with family responsibilities has, on the other hand, fallen everywhere since the global crisis. The reduction has been more significant in Egypt where the prevalence of young women who were inactive due to family responsibilities fell from 39.8 per cent to 24.4 per cent, and in Costa Rica (from 17.5 per cent to 12.0 per cent), than in India, where this group is largest and where the prevalence fell by less than 3 percentage points between 2005 and 2018 (from 46.6 per cent to 43.8 per cent).

In Egypt, the reduction in female NEETs arising from the reduction in the proportion of young women with family responsibilities is entirely attributable to a welcome expansion in young women's participation in education. In Costa Rica the expansion of educational participation has led to reductions in both the NEET and the employment rates of young women. By contrast, in India, the almost doubling of educational participation among

young women – albeit welcome in its own right – has not translated into a significant fall in the proportion of young women who are NEET due to family responsibilities.<sup>6</sup> Most of the expansion is attributable to the substantial reduction of young women in paid work, from 31.3 to 7.7 per cent. This serves, among other things, to emphasize that the characteristics, causes and consequences of specific sub-groups of NEET young people – let alone young NEETs as a whole – vary greatly across different countries and temporal contexts.

The distinction between NEET-unemployed and NEET-inactive is an important one, particularly when one starts discussing strategies to reduce NEET rates. Moreover, although it is true that in almost all countries NEET-unemployment tends to be more male-dominated (or less female-dominated) than NEET-inactivity, in India these two sub-divisions are more highly polarized than in the other countries considered here.<sup>7</sup> Young men comprise over 90 per cent of the NEET-unemployed and young women over 90 per cent of the NEET-inactive.

<sup>6</sup> Nor, one might add, has the gender gap in the educational participation of young people been reduced to any significant degree in India. It was 9.6 percentage points in 2005, while in 2018 it was 9.1 percentage points, a reduction of only half a percentage point.

<sup>7</sup> One should hasten to add that a similarly polarised gender sub-division of NEETs is observable in other South Asian countries.

Although the share of young women in India who are out of the labour market due to family responsibilities has fallen moderately – and in line with the overall fall in the NEET rate of young women – over the past decade or so, the share of young female NEETs engaged with family responsibilities has remained constant at 95 per cent over the same period. Indeed, between 2000 and 2005, the proportion actually increased, from 93 to 95 per cent.

Moreover, recent ILO research<sup>8</sup> has shown that, in India, NEET-unemployment is more concentrated among better educated young men with higher family incomes; NEET-inactivity, by contrast, is relatively more concentrated among poorer and less educated young women.

In other lower middle income countries, such as Rwanda, or indeed in Costa Rica, as shown above, gender differences in NEET rates and the gender-based distribution across sub-groups of NEETs are less marked. But they are still present. In Rwanda, NEET rates are 50 per cent higher for young women than for young men and in Costa Rica the difference is 60 per cent. In Costa Rica, the difference translates into just under 11 percentage points, which is precisely the difference between the shares of young women and young men who cite family responsibilities as the motive for not participating in the labour force. In other words, the difference in NEET rates between young men and young women in Costa Rica is entirely accounted for by gender differences in the adoption of family responsibilities. Whether or not one is in agreement with such a gender-based distribution of family responsibilities, the point here is that this has important implications for developing an effective policy response, the subject of the next section.

### 3. TOWARDS AN EFFECTIVE POLICY RESPONSE

In order to effectively come to terms with the problem of reducing NEET status, there is clearly a need to establish broader parameters for youth employment policy than those traditionally used. Here are some suggested courses of action along those lines:

a. *Identify which types of NEET status are most associated with vulnerability.* As stressed at the outset, young people not in employment,

education or training are an extremely varied group with differing support needs. Some of the policy implications of this diversity are explored further below. However, in developing a strategy to reduce NEET rates, it is important to establish priority groups within the NEETs in each national context. This may depend in part on the size of a specific sub-group in a particular territory. However, it is also the case that the meaning and nature of specific sub-groups of NEETs also vary across national contexts. Being NEET-unemployed in Portugal is not the same in terms of either causes or consequences as being NEET-unemployed in the Philippines. An important implication of this is that, if we wish to focus on the most vulnerable groups of young people, then there is a need to establish which sub-groups or types of young NEETs more generally, are most vulnerable. The dangers of permanent exclusion from the labour market will vary greatly across sub-groups but also across the same sub-group in different country contexts. The degree of vulnerability attaching to different sub-groups of NEETs will vary substantially across countries and also over time. One universally vulnerable subgroup is the disabled, who throughout the world typically have much higher NEET rates and NEET durations than other sub-groups, although even here there is much variation across countries. One simple approach to identifying at-risk young people involves using the average (uncompleted) duration of NEET status for the different subgroups as an indicator of vulnerability. Certainly taking the average across sub-groups can help in identifying which types of young people have the greatest difficulty in (re-)entering the labour market.

b. *Encourage continued participation in education.* Particularly among teenagers, a sound strategy for reducing NEETs would include incentives and encouragement for young people to remain in, or return to, education. This is not just a short-term strategy – obviously, as evident from the tables, one can numerically reduce NEETs by increasing educational participation. Much more importantly, however, a substantial body of research by the ILO and others<sup>9</sup> has demonstrated unequivocally that early entry into the labour market, low educational attainment and poor first job quality – which themselves are co-related – are all associated with poorer long-

8 Majid, N., mimeo, Background paper on NEETs in India.

9 See, for example, O'Higgins, *Rising to the youth employment challenge: New evidence on key policy issues* (Geneva, ILO, 2017).

term outcomes both in and out of employment. But there is a caveat. Recent work by the ILO reported in the forthcoming *Global Employment Trend for Youth 2020* suggests the presence of major imbalances in tertiary education systems in a number of countries. This suggests that, over the past decade, not enough jobs have been created for more highly educated young people. Hence, some care is needed in promoting participation in tertiary education, which needs to take place in a context of strong job creation for this category.

- c. *Remove obstacles to young women's participation in decent work.* With the exception of a few high income countries, the lion's share of young people aged 15–24 who are not in employment, education or training are young women. It would be logical therefore to address – and hopefully remove – some of the barriers that prevent young women from participating in the labour market. Where the issue is family responsibilities involving the care of young children, an approach that has been applied in some countries involves including provision for child care as part of active labour market interventions. Certainly this can help overcome some of the obstacles to female participation, but ongoing ILO research (O'Higgins, forthcoming) suggests that it is not child care – and early parenthood – per se that is the main cause of young women becoming NEET. Rather, in many countries, the moment of separation comes with marriage. That is, in several countries, young women leave education, get married and become NEET. Again, encouragement to remain in education, particularly for teenagers, and to return to (or enter) the labour market for those who have already left education are likely to be important elements of a strategy to reduce NEET rates. More generally, any policy, programme or intervention needs to be sensitive to this gender dimension and to address the varying barriers and challenges different individuals face in education, housing, employment and health in different country contexts.
- d. *Focus on outreach strategies.* One of the clear lessons emerging from the Youth Guarantee programme implemented throughout EU countries since 2014 concerns the need to develop outreach strategies in order to reach beyond the traditional “unemployed youth” target group. Thus far, this has been partially successful in EU countries: since its introduction NEET rates have fallen significantly across the EU. However, this reduction has been achieved mainly as a result of reductions in NEET-unemployment rather than in NEET-inactivity. In low and middle income countries, there is much scope to develop the role of the public employment services to engage with the social partners and with other civil society organizations in order to develop approaches to reach young NEETs who do not, for whatever reason, seek out such services.
- e. *Adopt a comprehensive approach.* A key principle of ILO policy advocacy regarding youth employment policy concerns the need to adopt comprehensive, multi-pronged strategies. Nowhere is this more evident than in developing approaches to combat and reduce NEET rates among young people. This goes well beyond the need to exploit complementarities and avoid contradictions across the elements of youth employment policy. In relation to achieving SDG 8.6, the diversity of NEET status, and the consequent variety of obstacles and difficulties faced by different types of young people who are not in employment, education or training, mean that a comprehensive approach comprising different strategies and intervention types is essential. One might add that the one of the consistent, overriding findings of the evaluation literature is that comprehensive approaches are more effective in terms of their impact on young people's employment prospects.



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