

**MUTUAL LEARNING PROGRAMME:
PEER COUNTRY COMMENTS PAPER - NORWAY**

**What characterizes successful labour market
programmes? The Norwegian experience**

Peer Review on “Project Learning for Young Adults: A social integration programme
helping young people back into work and education”

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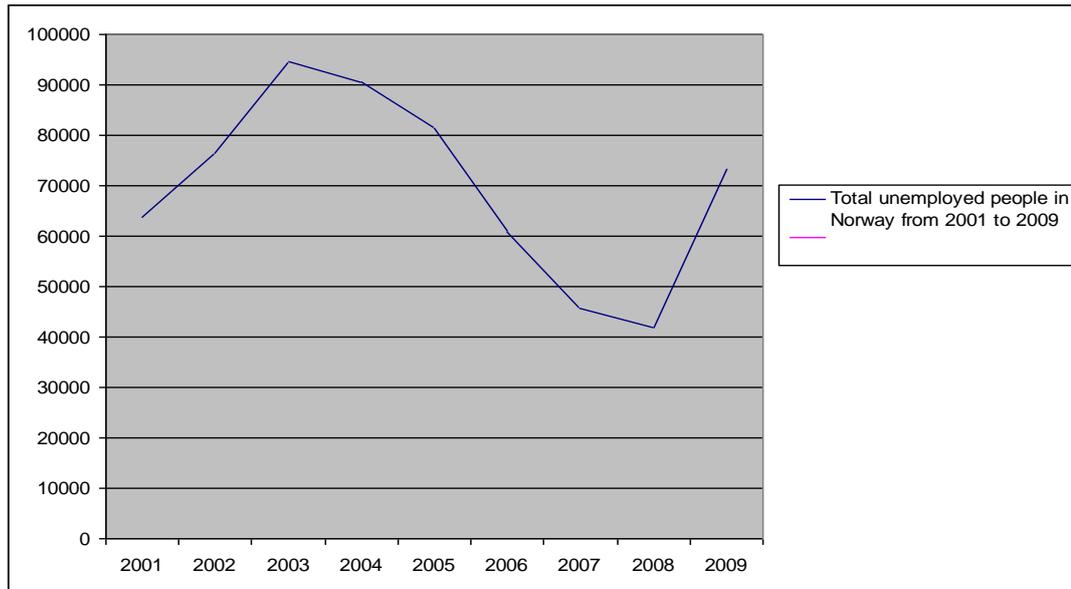
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CONTENTS

1	LABOUR MARKET SITUATION IN THE PEER COUNTRY	4
2	ASSESSMENT OF THE POLICY MEASURE.....	6
3	ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY	7
4	QUESTIONS	8
	ANNEX 1: SUMMARY TABLE.....	9

1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

Norway has one of the strongest OECD economies and has one of the highest gross domestic product per capita in the world. It is also a country with a relatively low unemployment rate; in 2008 the unemployment rate among young people was on average 3%. One might say that Norway faces the problem of a shortage, rather than an excess of labour. The country has the highest employment rate and the lowest unemployment in Europe. Even with an increase in the unemployment due to the financial crisis, it is still relatively low when compared to other European countries.



Today, there are 77,000 registered unemployed people in Norway, of whom 14,000 are under the age of 25 years (NAV statistics 2009). It is notable that the unemployment rate is more than three times higher among first-generation immigrants compared to the rest of the labour force, although unemployment rates for both groups declined between 2005-2008 (Statistics Norway (2008a; b)). Due to the financial crisis unemployment is expected to rise particularly among immigrants who are traditionally most affected by shifts in business cycles (Bratsberg et al., 2006), and among young people (Handal, 2007). On the other hand it is documented that the employment rate of young people with disabilities does not change accordingly (Blekesaune 2005).

A recent OECD report (OECD, 2008) has evaluated school to work transitions in Norway. The report states that youth unemployment in Norway is low compared to the OECD average; however, the OECD evaluation team is particularly concerned about the high share of youth receiving sickness- or disability-related benefits and/or being “inactive” (not in school and not registered in the labour force). It is pointed out that although school-leavers have no right to unemployment benefits, other parts of the social protection system can operate as welfare traps. The report presents a lot of recommendations with the overall aim that unemployment policy and welfare policies should foster youth employability, not benefit dependency. One recommendation of special interest is to “better identify at-risk individuals aged less than 30 years as the group that should be targeted and activated among NAV clients” (p 21.) The report also describes the most disadvantaged youth as those who are affected by multiple social risk factors (low education, ethnic minority background, drug use, etc.). In spite of overall low unemployment in Norway, in 2008, 80,000 young people below the age of 30 were outside of school and the labour market and

were receiving disability benefits, rehabilitation money, sickness benefits, social assistance or unemployment benefits. Moreover, there were 10,000 young people below age 30 who received disability benefits; there has been a sharp increase since 1990, especially among young people with psychiatric illnesses (Brage and Thune, 2008). The highest increase was seen among young people who have been diagnosed with anxiety and depression.

Young people at risk may have special problems in adapting labour markets that are changing due to increased demand for flexible, mobile and well educated labour. Low skilled jobs, which may facilitate the entry of vulnerable young people or those with low competence into the labour market, may become increasingly less available. (Høgelund & Greve Pedersen 2001). According to the OECD less than 5% of jobs in the Norwegian labour market are unskilled jobs (OECD 2008).

The significance of an individual's educational background and competence level will be of major concern when analysing the situation for vulnerable young people or ethnic minority youth; although these are also important considerations that need to be taken into account for all young people. Moreover, it is also interesting to look at the question of gender differences and the cause of such differences. In Norway, young men are overrepresented among those who drop out of upper secondary education and among the registered unemployed. Moreover, young male immigrants are overrepresented among school drop-outs, especially among students on vocational programmes (Støren et al 2007). Young men in Norway are also form a significant proportion of the number of young people who receive disability benefits.

Wolbers et al. (2001) have found that the relationship between education and work has become stronger over the course of time, and that those with the lowest educational levels are hardest hit by the competition. Education is most important for newcomers in the labour market; as a result, young people with low levels of education are especially exposed to labour market marginalization. In addition, occupational upgrading contributes to labour market problems among the lowest qualified school leavers, as they tend to be least likely to be involved in further training measures thus exacerbating disadvantage.

2 ASSESSMENT OF THE POLICY MEASURE

The Scandinavian countries have the highest expenditures on active labour market policies among OECD countries. There are many different labour market measures for ordinary job seekers, as well as vocational rehabilitation programmes for people with disabilities. In the last twenty years, vocational rehabilitation has required an individual action plan with a maximum duration of three years. However, it seems that reality is far from the ideal in this respect. Some clients receive good counselling and follow-up, while others receive very little support. Those who receive social assistance, usually long-term unemployed youth with social problems, also receive an offer of an individual qualification programme. Those who accept the offer to participate in labour market measures, supported employment or education receive higher levels of benefits. However, social assistance is administrated by the municipalities and the practice and level of benefits vary across the country. A long-term longitudinal study that followed young social assistance clients for 18 years, from 1985 to 2003, found that this group had lower employment rates, more health problems and lower work satisfaction in adulthood compared with ordinary unemployed youth (Hammer 2007). Moreover, a comparative study of unemployed youth and social exclusion, which used interviews with 17 000 young unemployed individuals from 12 countries, showed that unemployed young people who were not entitled to unemployment benefits and who received social assistance faced more financial problems and were more marginalized than other unemployed young people (Hammer 2003)

Aakvik (2003) and Reiersen (2004) have found small but positive effects of labour market programmes for young people with disabilities. Moreover, Westlie (2007; 2008) found that vocational rehabilitation increases the probability of getting a job, especially in programmes based on wage subsidies. The results are in accordance with an evaluation of labour market programmes for ethnic minorities (Kvinge and Djuve, 2006). Furthermore, Westlie (2008) found that educational programmes were especially efficient for young people.

Vocational rehabilitation and different labour market programmes constitute a sort of institutionalised in-between-phase before participants are able to enter working life. Moreover, many of them will proceed from one programme to another without opportunities to enter the open labour market (Anvik, 2006). Such lock-in effects has also been documented in other countries (OECD 2006). An important question therefore is how they can break out of such cycles before resorting to access to disability pensions. It is important to effectively evaluate the impact of vocational rehabilitation and other labour market programs for individuals with disabilities, as well as for unemployed young people from ethnic minorities. It seems that all groups can benefit from labour market programmes that will increase their educational qualifications. However, young people with disabilities will need more tailor-made programmes with greater levels of individual support and supervision. Previous research has shown that people with disabilities have a lower level of education than people without disabilities, even when age is taken into account. Furthermore, a higher educational level among people with disabilities seems to provide a better job return in the labour market. This has been documented in both Norwegian and Danish studies, as well as in comparative European studies. The impact of education levels among people with disabilities on the probability of participation in the labour market is estimated two to three times as high for people with disabilities compared with people without disabilities (Bliksvær & Hansen 2005); in other words people with disabilities who have a low level of education are two or three times less likely to participate in the labour market than people without disabilities with the same level of education.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

In the Norwegian context, evaluations of labour market programmes for vulnerable youth have shown that wage subsidies are the most efficient programme and the government now plans to increase places on such programmes. The reason for their success has been explained in different ways. One important point is that the young person is employed by a firm in a normal work place, which in turn gives realistic work training and also provides contacts and establishes networks with potential employers. In addition, educational courses have been successful for young people given that the education is certified and recognised at a national level. In Norway all young people have the right to three years of upper secondary education. However, the dropout rate is high; one third of young people drop out, this is especially common among young men on vocational courses. Non formal work and education as described by the host country could be tested in a Norwegian context. However, no steps for progression are described in the paper from the host country. Moreover, it is not clear whether the educational courses offered give any certification. What is important in the programme described in Slovenia is the tight follow-up and supervision of the young people. Research has shown that this is an important success factor. The only programme that involves close supervision in Norway is supported employment. Here, each supervisor has very few clients, usually people with disabilities who have physical incapacity problems. However, supported employment only constitutes 5% of the programmes used in vocational rehabilitation programmes in Norway (OECD 2006).

Another programme in Norway is the follow-up service given to young people who drop out of upper secondary education. These programmes have been running for many years and have been funded by the counties and municipalities in cooperation with the employment service, which are today part of the Norwegian Labour and welfare service (NAV).

The follow-up service was evaluated in 1999 and found that the service was not very successful in bringing young people back into education (Grøgaard, Midtsundstad and Egge, 1999). The follow-up service mainly used ordinary programmes available through the local employment office and no special models directed towards this target group of drop outs were employed. Today the government is in the process of developing a model that is specifically aimed at reintegrating young school drop outs back into education or work. The Norwegian labour and welfare service support a lot of different programmes funded by the municipalities often in cooperation with the local labour market. However, no recent research has tried to systematically evaluate the effects of these different programmes. As a result, the Slovenian programme could in this way serve as a model in a Norwegian context. However, in order to do that, there is a need for a scientific evaluation of the Slovenian model by independent researchers. It is also necessary to explore the basic differences between the two countries in relation to both the educational systems and the labour markets. As previously mentioned, drop outs from upper secondary in Norway are mostly young men, often those with an ethnic minority background.

4 QUESTIONS

- How long can young unemployed people take part in the programme? Is the limit one year?
- Is the education provided given any recognised certification on a national level?
- How many clients is each supervisor/teacher allocated?

ANNEX 1: SUMMARY TABLE

Labour market situation in the Peer Country
<ul style="list-style-type: none">• Low unemployment rate• High rates of different public support and benefits among young people• High drop out rate from upper secondary schools
Assessment of the policy measure
<ul style="list-style-type: none">• The highest expenditures on active labour market policies• Wage subsidies are the most efficient labour market programmes• Education is efficient as it is recognised nationally and is awarded nationally-recognised certificates
Assessment of success factors and transferability
<ul style="list-style-type: none">• Individual supervision is efficient given that mentors are only allocated a few clients each• The Slovenian model could be used and actually very similar programmes are used in Norway
Questions
<ul style="list-style-type: none">• How long can the client participate in the programme?• Is there any progressing in the programme?• National certification of the education?• How many clients does each mentor/supervisor have?

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