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SERBIA

▶ **YOUNG PEOPLE NOT
IN EDUCATION,
EMPLOYMENT OR
TRAINING (NEET)**

MAPPING AND POLICY POINTERS



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EU/ILO Technical Assistance Facility on the Youth Guarantee

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Note

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Valli Corbanese, Irma Lutovac, and Aleksandra Nojkovic (ILO Technical Team) advised on the preparation of different sections of the report, under the overall responsibility of Daniela Zampini, ILO Senior Employment Specialist, who shall be the main interlocutor for any errors and omissions found in the report.

Sajmira Kopani and Markus Pilgrim (ILO); Mircea Badescu, Lida Kita, Cristina Mereuta, and Stefan Thomas (ETF); and Kamil Valica (European Commission) provided comments and suggestions on the draft report.

▶ Contents

▶ EXECUTIVE SUMMARY	7
▶ 1. INTRODUCTION	8
▶ 2. KEY CHARACTERISTICS OF YOUNG NEETS	9
2.1 NEET rates, by age, gender, region, and educational attainment	9
2.2 Trends in the NEET structure, by age, gender, region, and educational attainment	10
2.3 NEET sub-categories	11
2.4 Young NEETs registered with the NES according to LFS data and NES administrative data	16
2.5 Source of financial support for young NEETs	17
2.6 Labour market transition of young NEETs	17
▶ 3. UNEMPLOYED NEETS: KEY CHARACTERISTICS	18
▶ 4. INACTIVE NEETS: KEY CHARACTERISTICS	21
▶ 5. PROFILING THE RISK OF BEING NEET	26
5.1 Econometric model and approach	26
5.2 Results	27
▶ 6. CONCLUSIONS AND POLICY POINTERS	29
6.1 Conclusions	29
6.2 Policy pointers for the design of a Youth Guarantee in Serbia	30
▶ REFERENCES	36
▶ APPENDIX	36

► List of tables

1. Table	Young NEETs by sub-category, 2017-2020 (%)	13
2. Table	Share of NEETs by key characteristics (percentage within sub-group)	15
3. Table	Geographical distribution of young NEET sub-groups (%)	16
4. Table	Labour market transitions of young NEETs 2020 (%)	17
5. Table	Regional distribution of unemployed NEETs by age and gender 2020 (%)	18
6. Table	Distribution of unemployed NEETs by education level and reservation wage (RSD)	20
7. Table	Regional distribution of young inactive NEETs (%)	21
8. Table	Regional and population-area distribution of young NEETs by sub-groups (%)	23
9. Table	Probability of being NEET (estimated marginal effects, regions)	27
10. Table	Probability of being NEET in Serbia (estimated marginal effects, population areas)	28
11. Table	Young NEETs by labour market status and geographical location	30
12. Table A1	Probit model (estimated coefficients, regions)	37
13. Table A2	Probit model (estimated coefficients, populated areas)	38

► List of figures

1. Figure	NEET rates by age, gender, region and educational attainment, 2020 (%)	9
2. Figure	Young NEETs by key characteristics, 2017–2020 (percentage within the NEET group)	11
3. Figure	Young NEETs in Serbia by sub-group	12
4. Figure	Young NEETs by sex and status, 2020	14
5. Figure	Young NEETs registered with the public employment service (% by sub-group)	16
6. Figure	Source of financial support for NEETs	17
7. Figure	Regional distribution of young NEETs by educational level (%)	19
8. Figure	Distribution of inactive NEETs by region (2017–2020)	21
9. Figure	Shares of young inactive NEETs in region/population area, by education	22
10. Figure	Young inactive NEETs registered with the PES, by region, 2017–2020	24
11. Figure	Key characteristics of inactive NEETs who are “inactive for other reasons” (% within category)	25

► Executive summary

At the EU-Western Balkans Ministerial Meeting on Employment and Social Affairs, in July 2021, the Republic of Serbia reaffirmed its commitment to support youth employment and to take concrete steps to gradually establish and implement a Youth Guarantee, in line with the policy principles and approaches applied in the EU Member States.

Efforts to tackle youth inactivity and unemployment through an innovative youth employment policy framework are much needed, given that, despite recent improvements, the employment outcomes of young Serbians are still poor. Out of the total youth (15–29 years of age) population in Serbia (approximately 1.1 million), over 400,000 (or 36 per cent of the total population) were employed in 2020.¹ Approximately 100,000 were unemployed (9.3 per cent) and over 600,000 (54.7 per cent) were inactive. In 2020, nearly 43 per cent of all young unemployed had been looking for work for longer than one year. The rate of young people (15–29 years of age) not in education, employment, or training (NEET) was 20.2 per cent, well above the EU average of 13.7 per cent.

This report offers a snapshot of the situation of young male and female NEETs in Serbia. While it refers mainly to the latest available full dataset (2020), it draws comparisons, whenever relevant, with previous years, in order to disentangle any specific labour market impacts related to the Covid-19 pandemic. The situation of young NEETs seems to be particularly difficult in the South, East and West of the country, where the levels of youth unemployment – and especially those who have been searching for work for over one year – are double those recorded in Belgrade and Vojvodina. As shown in this report, young men in the older cohort (25–29 years of age) prevail in the unemployed NEET category. Policy interventions that may help this group are a mix of work-based training and employment subsidies.

Equally high are the levels of young people who are inactive due to “other, unspecified reasons”², mostly men in the younger age cohort (15–24 years of age). Their number has been increasing over time and they came to represent one fifth of the NEET population in 2020. It is not clear whether the spike in this type of inactivity is temporary, in the wake of the Covid-19 crisis, or whether it signals a deeper disadvantage and growing detachment from the labour market (for example, young people living in households with low work intensity and severe material deprivation), which may persist well after the end of the pandemic. Additional research is required to better understand the determinants of inactivity for this sub-group and to shape adequate policy responses.

The relatively high number of short-term unemployed in all regions calls for early intervention approaches (to avoid the advent of unemployment and skills erosion) and a strengthening of job matching services. All regions should also invest in facilitating the labour market integration of young women with care and family responsibilities, especially those in the 25–29 age group with a low level of education. Their situation is comparatively better in Belgrade, probably due to the higher availability of public and private care services, but less so in other parts of the country. Young people living with an illness or disability require attention in all regions, but especially in Southern and Eastern Serbia, in Šumadija, and in Western Serbia, where rehabilitation services are not easily available.

This mapping offers guidance to policymakers and practitioners on how to target investments around the Youth Guarantee, support the effectiveness of this policy instrument, and make it relevant to the current situation of young women and men in Serbia.

¹ According to the Law on Young People, people between 15 and 30 years of age are considered “young persons”.

² In line with the Labour Force Survey methodology of the Statistical Office of the Republic of Serbia.

▶ 1. Introduction

Headline unemployment, although often used by policymakers as a summary metric of the overall labour market situation, has proven time and again to be an inaccurate indicator of labour market health and may, consequently, lead to inadequate policy decisions. In the wake of the 2008 youth employment crisis in the European Union (EU), the concept of young people not in employment, education or training (NEET) has been gaining traction as a tool for better gauging the labour market challenges young people face and orienting policies accordingly. The NEET rate is also one of the indicators used to measure progress towards the Sustainable Development Goals (SDGs).

Despite some criticisms, the notion of “NEET” can serve to orient employment and social policy objectives towards marginalized individuals who require specific policy responses.³ In this respect, when governments and social partners set targets to reduce the number of young NEETs through policy measures such as the Youth Guarantee, the heterogeneity of the NEET population needs to be considered.⁴

Countries in Southern and Eastern Europe face the challenge of developing policy instruments that can address the labour market barriers faced by young NEETs over time. Some are considering the introduction of a Youth Guarantee scheme modelled on the one introduced in 2013 in EU Member States to tackle labour market disengagement. At the EU-Western Balkans Ministerial Meeting on Employment and Social Affairs, in July 2021, the Republic of Serbia reaffirmed its commitment to support youth employment and to take concrete steps to gradually establish and implement a Youth Guarantee. This commitment is reflected in the *Employment Strategy (2021–2026)*, which sets as a priority the improvement of the youth labour market, activation and social inclusion strategies, as well as the introduction of the Youth Guarantee to ensure the labour market inclusion of unemployed and inactive young people.

The NEET population is not a homogenous group, however. It comprises young people with different characteristics, needs, and experiences, which require careful mapping in order to devise adequate policy responses. Against this backdrop, this report contributes to the knowledge base required for decision-making. It provides a synopsis of the main characteristics of young NEETs in Serbia and examines the likelihood of becoming a NEET based on personal circumstances and geographical location. The data are drawn from the Labour Force Survey (LFS) carried out by the Statistical Office of the Republic of Serbia for the period 2017–2020 and, partially, from the administrative records of the National Employment Service (NES).

The 2020 figures examined in this report reflect the impact of the Covid-19 pandemic on the Serbian labour market. The Covid-19 impact assessment report for Serbia shows that during the first wave of the pandemic in the spring of 2020 the country sustained a loss in working hours of over half a million full-time job equivalents.⁵ The country has managed to offset this shock through a generous – albeit untargeted – package of economic support measures, but has faced tough choices in containing the pandemic while keeping the economy going.

The report is structured in six sections. The first two sections present the overall situation of young NEETs in Serbia and their main characteristics. Sections 3 and 4 analyse the main characteristics of, respectively, unemployed and inactive young people within the NEET count, with specific reference to regional differences. Section 5 looks at the factors that most determine the risk of becoming NEET, while section 6 concludes and offers some policy pointers for the design, implementation and monitoring of a Youth Guarantee.

3 International Labour Organization (ILO): *What does NEETs mean and why is the concept so easily misinterpreted?* Technical Brief 1 (Geneva, ILO, 2015).

4 Eurofound: *Exploring the diversity of NEETs* (Luxembourg, Publications Office of the European Union, 2016).

5 ILO and EBRD: “Covid-19 and the World of Work: Rapid Assessment of the Employment Impacts and Policy Responses - Serbia” (2020).

► 2. Key characteristics of young NEETs

2.1 NEET rates, by age, gender, region, and educational attainment

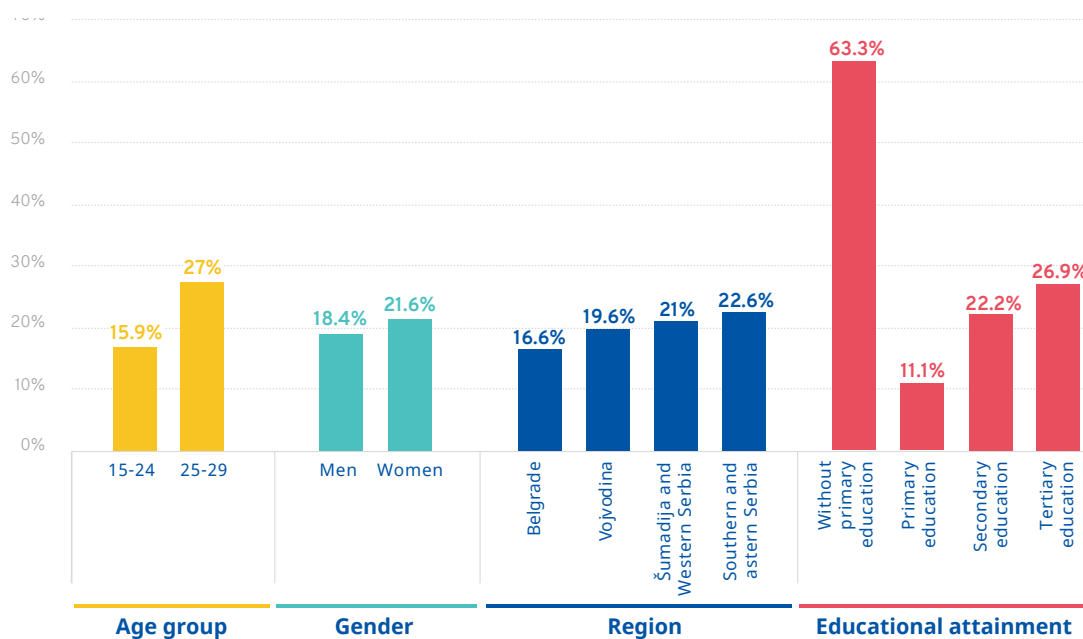
According to the Labour Force Survey (LFS), in 2020 there were approximately 222,200 young people 15–29 years of age who were not in employment, education or training (NEET) in Serbia, corresponding to approximately one-fifth (20 per cent) of the total youth population. This exhibited a declining trend compared with 2017, when young NEETs accounted for 21.7 per cent of the youth population (roughly 254,000 young people). This decline is due partly to the progressive decrease of the youth population (15–29) – by approximately 1.7 per cent annually – and partly to the decline of the share of unemployed young people in the NEET group (from 11.2 per cent in 2017 to 8.4 per cent in 2020). The share of inactive young people in the NEET population declined slightly between 2017 and 2019 (from 10.5 per cent to 9.7 per cent), before rising again in 2020 (to 11.6 per cent).

As shown in Figure 1, the NEET rates in 2020 were higher for:

- young people in the 25–29 age group than for the younger cohort 15 to 24 (27 per cent and 15.9 per cent, respectively);
- women than for men (21.6 per cent and 18.4 per cent, respectively);
- young people living in Southern and Eastern Serbia (22.6 per cent); and,
- low-skilled young people (63.3 per cent).

The NEET rates among young university educated individuals were also relatively high (26.9 per cent in 2020).

► **Figure 1: NEET rates by age, gender, region and educational attainment, 2020 (%)⁶**



Source: Author calculation based on the Labour Force Survey (2020).

⁶ Please note that NEET rates, presented in Figure 1, are calculated on the respective population groups (e.g., among all young people aged 15-24, the proportion of NEETs is 15.9 per cent).

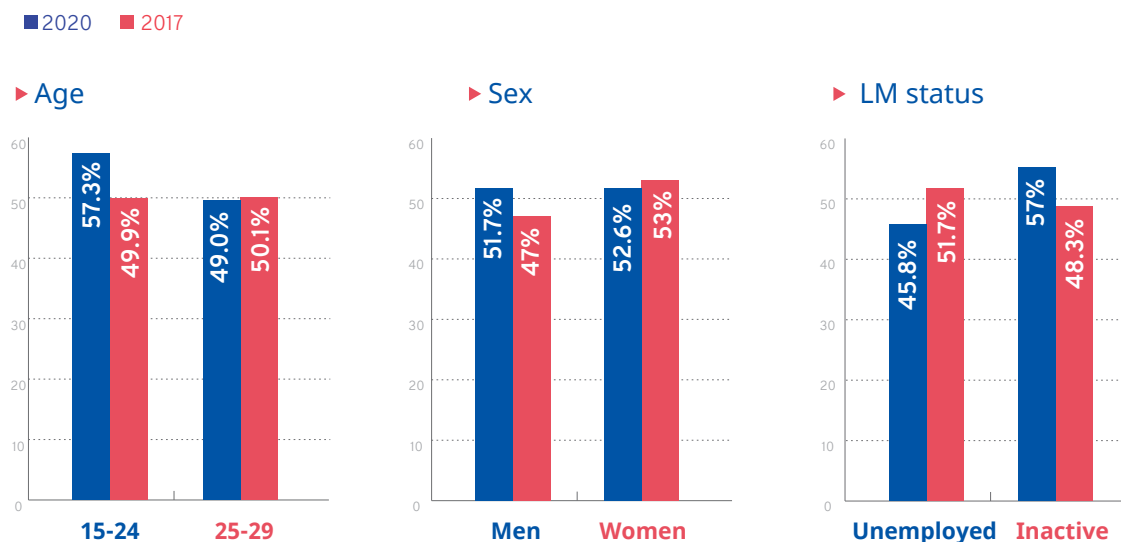
2.2 Trends in the NEET structure, by age, gender, region, and educational attainment

The composition of young NEETs over the years shows changes with respect to age group, gender and labour market status (Figure 2). In 2017, half of all young NEETs were in the cohort 25–29 years of age (50.1 per cent), while in 2020 this share had declined to 49.4 per cent. In 2017, young women accounted for 53 per cent of all NEETs, and by 2020 their share had only slightly decreased (to 52.6 per cent). In 2017 over half of young NEETs were unemployed (51.7 per cent), while in 2020 the share of inactive young people reached 57.9 per cent. These changes took place mainly between 2019 and 2020 and may be due to the labour market impact of the Covid-19 pandemic. As in the EU countries, the impact of the pandemic among young people is reflected mainly in a shift into inactivity. Whereas in the EU this shift has affected young women more than young men, in Serbia the reverse occurred, with the number of young men becoming inactive increasing by 30 per cent year on year, from 2020 to 2019 (compared with just a 9 per cent increase in the number of young women becoming inactive between 2019 and 2020).

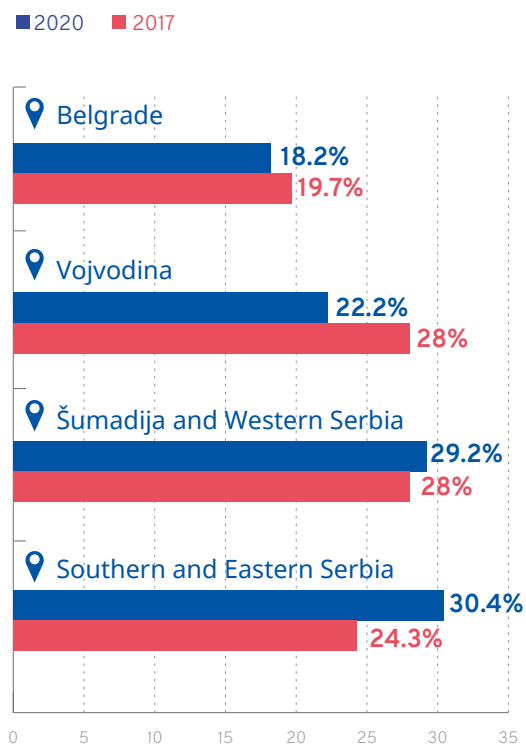
Approximately two-thirds of young NEETs live in the South, East and West of the country (29.2 per cent in Šumadija and Western Serbia, and 30.4 per cent in Southern and Eastern Serbia), while the proportion of young NEETs living in Vojvodina and Belgrade is lower (22.2 per cent and 18.2 per cent, respectively).

Since 2017, the share of young NEETs living in Vojvodina has declined markedly (from 28 per cent to 22.2 per cent), while it has increased substantially among young people living in Southern and Eastern Serbia (from 24.3 per cent to 30.4 per cent).

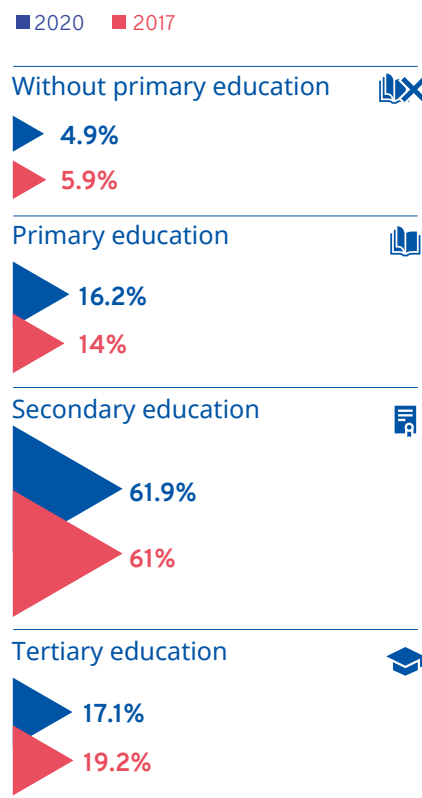
► Figure 2: Young NEETs by key characteristics, 2017–2020 (percentage within the NEET group)



► Region



► Educational attainment



Source: Author calculation based on the Labour Force Survey (2017–2020)

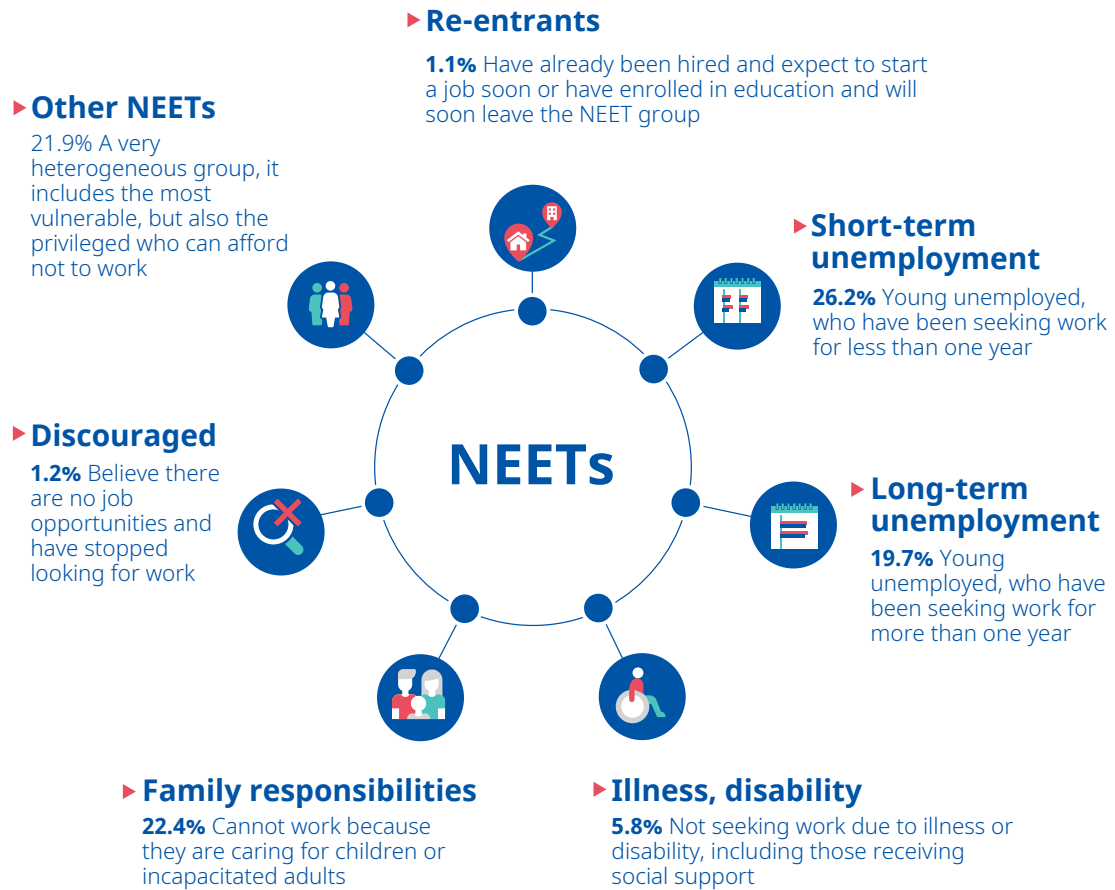
The figures on educational attainment show that the large majority of young NEETs have secondary education (61.9 per cent) – and especially a vocational education qualification (56.9 per cent)⁷ – with no major change over time. However, the share of university graduates who were NEET in 2020 is relatively high (17.1 per cent) and comparable with the share of those who had attained primary education only (16.2 per cent in the same year).

2.3 NEET sub-categories

The NEET population is usually divided into seven sub-categories (Figure 3). The unemployed are sub-divided by duration of unemployment (short- and long-term unemployed), while inactive young people are divided into different groups according to the reason for inactivity. In 2020, over 26 per cent of young NEETs were short-term unemployed (approximately 58,700), while 19.7 per cent (or 44,100) had been unemployed for longer than one year.

⁷ The focus of this report is on the NEET indicator and the profile of young NEETs in Serbia. In order to have a more detailed picture of how VET graduate fare in the Serbian labour market, please refer to the following publications: European Training Foundation (ETF): *Youth disengagement and mismatch in the Western Balkans* (ETF, 2021) https://www.etf.europa.eu/sites/default/files/2021-11/02_youth_western_balkans_final.pdf; ETF: *Key indicators on education, skills and employment* (ETF, 2021) https://www.etf.europa.eu/sites/default/files/2021-11/kiese_2021.pdf; ETF: *Youth situation in Serbia: Employment, skills and social inclusion* (ETF, 2021) <https://www.etf.europa.eu/en/publications-and-resources/publications/youth-situation-serbia-employment-skills-and-social>.

▶ Figure 3: Young NEETs in Serbia by sub-group



Source: Author calculation based on the Labour Force Survey (2020).

The total in the figure is 98.4 per cent due to non-responses (1.6 per cent).

Among inactive NEETs, young people predominate who are detached from the labour market because of care and family responsibilities (22.4 per cent of the total NEET population, over 50,300 people) and for other, unspecified reasons (21.9 per cent or 49,100 young people). Young people not engaged in the labour market because of illness or disability accounted for 5.8 per cent of the total (13,100) in 2020. Over the years, there has been a change in the relative incidence of the different NEET sub-categories, as shown in Table 1.

► **Table 1: Young NEETs by sub-category, 2017-2020 (%)**

Sub-groups	2017	2019	2020
Short-term unemployed	25.7%	27.1%	26.2%
Long-term unemployed	27.3%	24.5%	19.7%
Re-entrants	0.6%	0.9%	1.1%
Illness or disability	6.7%	6.3%	5.8%
Care/family responsibilities	26.9%	24.6%	22.4%
Discouraged workers	3.0%	1.5%	1.2%
Other NEETS	9.6%	13.1%	21.9%

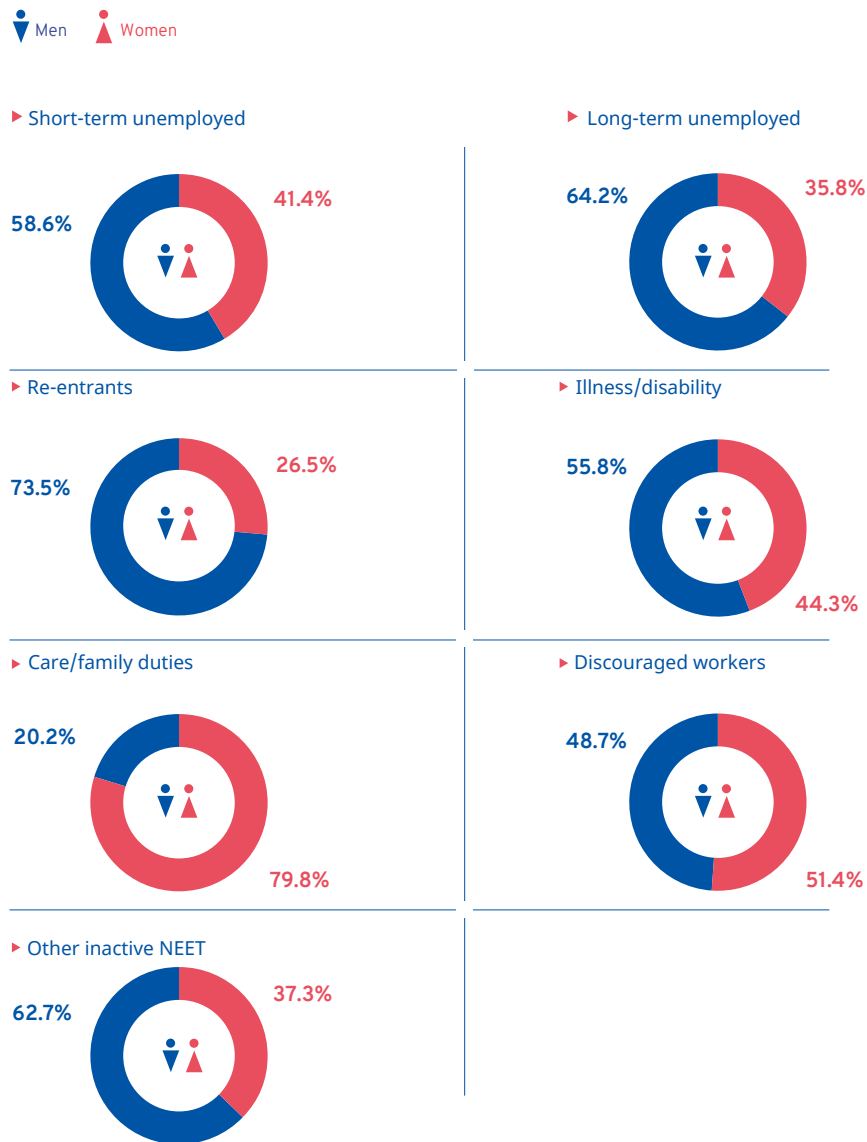
Source: Author calculation based on the Labour Force Survey (various years).

The total by year is not 100 per cent, due to non-responses in the LFS questionnaire.

In 2017, the long-term unemployed and young people with care or family responsibilities had nearly equal shares in the NEET population (27.3 per cent and 26.9 per cent, respectively). By 2020 the short-term unemployed (26.2 per cent) accounted for the largest share of young NEETs, followed by young people with care or family responsibilities (22.4 per cent). The share of long-term unemployed in the NEET count decreased considerably within a span of three years, but the proportion of young people inactive for other unspecified reasons more than doubled.

The gender gap in NEET rates (2.2 percentage points) is explained mainly by the marked predominance of women among those who are inactive due to family and care responsibilities (79.8 per cent). These young women are mainly low-skilled and live in rural areas or in underdeveloped regions of the country (Table 2). Young men, conversely, are more represented among the long-term unemployed and among those inactive due to other, unspecified reasons.

▶ Figure 4: Young NEETs by sex and status, 2020



Source: Author calculation based on the Labour Force Survey (2020)

The short-term unemployed are mostly young men in the age cohort 15–24, with at most a secondary education and living in the South-East of the country. Among the long-term unemployed, men predominate, in the 25–29 age group, with secondary educational attainment and living outside Belgrade and Vojvodina. Young people with disabilities are mostly men in the older cohort, living in urban areas of South-East Serbia. Discouraged workers are mostly women in the cohort 25–29 and living in rural areas (Table 2).

► Table 2. Share of NEETs by key characteristics (percentage within sub-group)

		UNEMPLOYED NEETs		INACTIVE NEETs				
		Short-term unemployed	Long-term unemployed	Re-entrants	Illness disability	Care/family duties	Discouraged	Other inactive
Age	15-24	63.9%	49.5%	41.2%	49.4%	51.1%	43.2%	67.5%
	25-29	36.2%	50.5%	58.8%	50.6%	48.9%	56.8%	32.5%
Gender	Men	58.6%	64.2%	73.5%	55.8%	20.2%	48.7%	62.7%
	Women	41.4%	35.8%	26.5%	44.3%	79.8%	51.4%	37.3%
Region	Belgrade	23.7%	12.5%	17.7%	24.7%	15.6%	13.5%	17.8%
	Vojvodina	21.0%	15.7%	26.5%	19.0%	28.7%	24.3%	22.7%
	Šumadija and Western Serbia	26.0%	37.5%	20.6%	26.4%	27.2%	16.2%	30.4%
	Southern and Eastern Serbia	29.2%	34.3%	35.3%	29.9%	28.6%	46.0%	29.1%
Educational attainment	No education	1.3%	2.4%	2.9%	23.6%	6.9%	16.2%	4.0%
	Primary	8.6%	12.1%	11.8%	31.6%	26.0%	21.6%	15.0%
	Secondary	68.3%	62.5%	76.5%	41.4%	55.0%	46.0%	66.1%
	Tertiary	21.8%	23.0%	8.8%	3.5%	12.1%	16.2%	14.9%
Urban/ rural	Urban area	54.4%	50.7%	47.1%	51.2%	40.4%	46.0%	58.3%
	Other area	45.6%	49.3%	52.9%	48.9%	59.6%	54.1%	41.7%

Source: Author calculation based on the Labour Force Survey (2020).

The geographical distribution of the different NEET sub-groups shows a prevalence of short-term unemployed in Belgrade, while in Vojvodina nearly one-third of all young NEETs are inactive because of family responsibilities. Belgrade also shows a lower share of inactive NEETs due to family responsibilities and a proportionally higher share of young people who are inactive due to illness or disability. In Šumadija and Western Serbia one in every two young NEETs is unemployed, followed by young NEETs who are inactive for other reasons (23 per cent).

► Table 3. Geographical distribution of young NEET sub-groups (%)

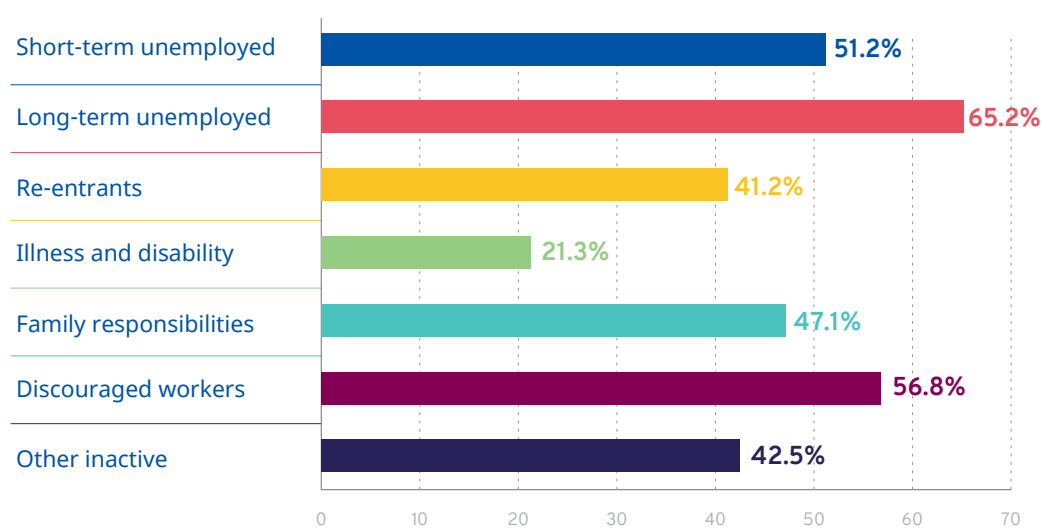
	Belgrade	Vojvodina	Šumadija and Western Serbia	Southern and Eastern Serbia
Short-term unemployed	34.8%	25.3%	23.5%	25.6%
Long-term unemployed	13.7%	14.2%	25.5%	22.6%
Re-entrants	1.1%	1.4%	0.8%	1.3%
Illness and disability	8.1%	5.1%	5.3%	5.8%
Family responsibilities	19.5%	29.7%	21.1%	21.4%
Discouraged workers	0.9%	1.4%	0.7%	1.9%
Other inactive	21.8%	22.9%	23.0%	21.3%

Source: Author calculation based on the Labour Force Survey (2020).

2.4 Young NEETs registered with the NES according to LFS data and NES administrative data

Approximately 49.6 per cent of all young NEETs declare to be registered with the National Employment Service (NES), on a declining trend compared with the 53 per cent recorded in 2019. The administrative records of the National Employment Service, show that at the end of 2020 there were around 106,000 young people 15-29 years of age (55 per cent women) registered.⁸ As expected, young people who are short-term or long-term unemployed are more likely to register with the NES (51.2 per cent and 65.2 per cent, respectively). There are, however, considerable shares of young people who are inactive according to the Labour Force Survey, but who are registered with the NES⁹ – especially young people with family responsibilities (47.1 per cent of all young NEETs with care duties, or around 23,600 people) and discouraged workers (56.8 per cent). One of the main reasons for their registration with the NES may relate to accessing maternity and child benefits stemming from the Law on Financial Support to Families with Children and other relevant government regulations.

► Figure 5. Young NEETs registered with the public employment service (% by sub-group)



Source: Author calculation based on the Labour Force Survey (2020).

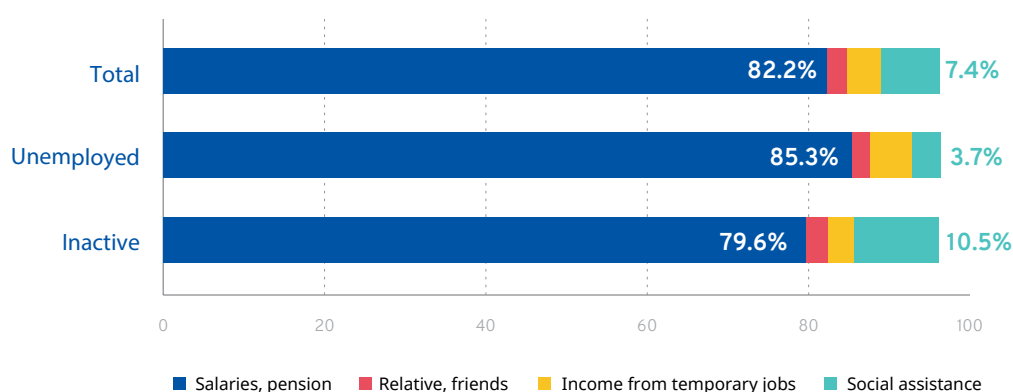
⁸ National Employment Service administrative data, status on 31.12.2020

⁹ The NES keeps records of unemployed persons temporarily prevented from working, which includes persons who are not currently available for active job search due to health reasons or other justified reasons.

2.5 Source of financial support for young NEETs

The main source of financial support for young NEETs derives from the salary or pension of other family members (82.2 per cent), with unemployed young people relying more on family support (85.3 per cent) than inactive young people (79.6 per cent). The second largest source of income for inactive young people is social assistance (10.5 per cent), with lower peaks recorded in South-East Serbia (6.4 per cent) and higher ones in Vojvodina (10.7 per cent).

► Figure 6. Source of financial support for NEETs



Source: Author calculation based on the Labour Force Survey (2020).

2.6 Labour market transition of young NEETs

In 2020, the dynamics of different labour market statuses among young NEETs were dominated by transitions from unemployment to inactivity (28.5 per cent), especially among young women (31.3 per cent). This is in line with global trends. Starting in the second quarter of 2020, countries registered a sharp rise in inactivity and this trend persisted into 2021 for the majority of middle-income economies. Compared to 2019, the transition from unemployment to inactivity increased faster for men (four percentage points, from 21.8 per cent in 2019) than for women (29 per cent in 2019). The transition from employment to inactivity concerned approximately 7 per cent of all young NEETs (5.1 per cent in 2019), similar to the transition from employment to unemployment (Table 4).¹⁰

► Table 4. Labour market transitions of young NEETs 2020 (%)

	Men	Women	Total
From employment to unemployment	8.9%	5.3%	7.1%
From employment to inactivity	6.7%	7.6%	7.1%
From inactivity to unemployment	0.2%	1.1%	0.6%
From unemployment to inactivity	25.8%	31.3%	28.5%

Source: Author calculation based on the Labour Force Survey (2020).

¹⁰ For additional information on transitions in previous years, please see ETF: *Youth situation in Serbia: Employment, skills and social inclusion* (ETF, 2021) <https://www.etf.europa.eu/en/publications-and-resources/publications/youth-situation-serbia-employment-skills-and-social>.

► 3. Unemployed NEETs: key characteristics

In 2020, young unemployed people represented approximately 45.9 per cent of all young NEETs (15–29), making approximately 103,000 individuals (50,036 women). The highest share of young unemployed was recorded in Southern and Eastern Serbia, Šumadija and Western Serbia (about 31 per cent); the lowest incidence was in Belgrade (18.9 per cent). Among the unemployed, young men aged 15–24 are more likely to be without work than young women, across all regions (Table 5).

► Table 5. Regional distribution of unemployed NEETs by age and gender 2020 (%)

	Total	15-24		25-29	
		Men	Women	Men	Women
Belgrade	18.9%	37.6%	20.9%	25.6%	15.9%
Vojvodina	18.7%	47.3%	18.4%	18.8%	15.6%
Šumadija and Western Serbia	31.0%	33.6%	20.3%	24.3%	21.7%
Southern and Eastern Serbia	31.4%	34.3%	21.9%	25.4%	18.4%

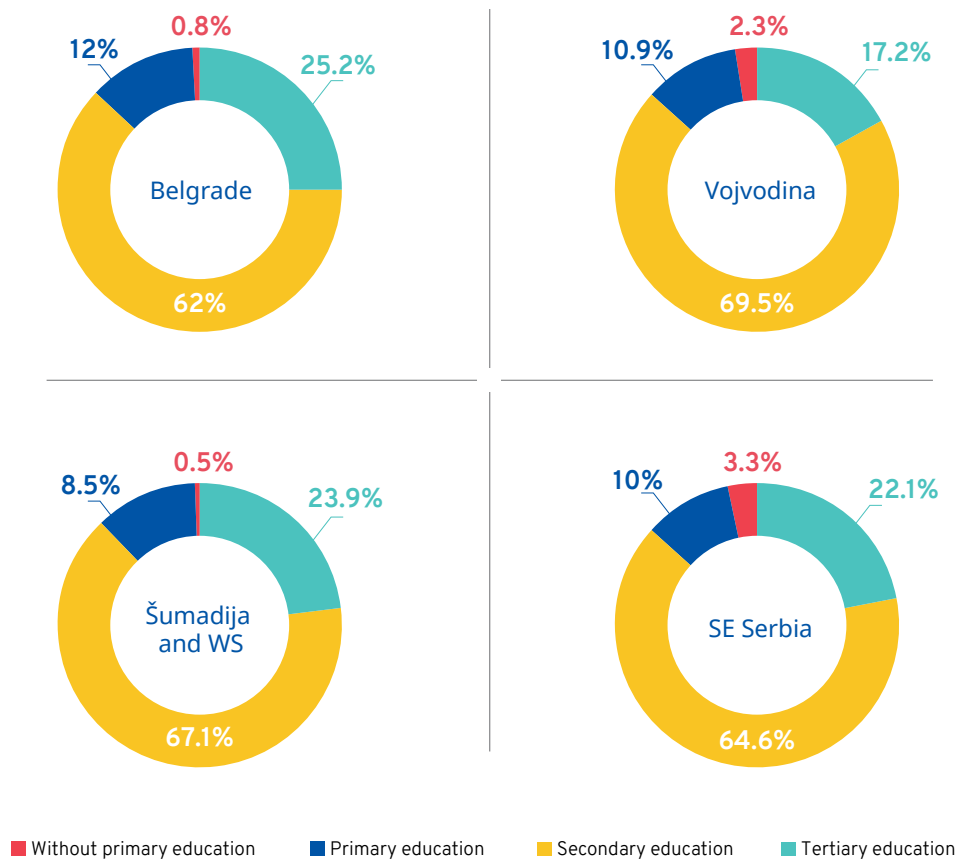
Source: Author calculation based on the Labour Force Survey (2020).

According to the NES administrative records, the highest number of young unemployed is registered in Šumadija and Western Serbia (38,068) and Southern and Eastern Serbia Region (29,429). When data are disaggregated by NES branch offices¹¹, Belgrade, which covers both the City of Belgrade and city municipalities, has the highest absolute number of young unemployed - 11,502. The branch offices in Novi Pazar (Šumadija and Western Serbia) and Niš (Southern and Eastern Serbia) have 9,641 and 7,932 young people, respectively. Follow the branch offices in Novi Sad (Vojvodina) with 5,650 young people; in Kragujevac (4,819); and Leskovac (4,569). Other Branch offices have around 2,000 or less young people registered.¹²

¹¹ There are 32 branch offices overall.

¹² National Employment Service administrative data, status on 31.12.2020

► Figure 7. Regional distribution of young NEETs by educational level (%)



Source: Author calculation based on the Labour Force Survey (2020).

Belgrade and Vojvodina have the smallest percentage of unemployed NEETs without work experience (about 42 per cent and 46 per cent, respectively), while the highest share of unemployed young people without work experience is found in Southern and Eastern Serbia (about 62 per cent).

Table 6 presents the distribution of young unemployed NEETs in terms of reservation wage, that is, the minimum wage below which they would not accept a job. For low skilled short-term unemployed the reservation wage is between 20,000 and 40,000 Serbian Dinars (RSD), generally in line with the net average wage recorded for workers with the same educational attainment (RSD 35,682 in September 2020). Long-term unemployed with the same skills level would accept a lower wage (RSD 20,000). The wage expectations of unemployed NEETs at higher levels of educational attainment also appear to be in line with the average wage recorded among workers with the same skills levels (RSD 75,800).¹³ Wage reservation mechanisms, therefore, do not appear to play a role in determining unemployment (or inactivity).

► Table 6. Distribution of unemployed NEETs by education level and reservation wage (RSD)

	Level of education ^a	< 20,000	20,000 - 29,999	30,000 - 39,999	40,000 - 49,999	> 50,000
Short-term unemployed	Without primary education	0.0%	0.0%	100.0%	0.0%	0.0%
	Primary education	14.3%	10.7%	39.3%	35.7%	0.0%
	Secondary education	0.5%	16.0%	41.3%	27.2%	15.0%
	Tertiary education	0.0%	1.2%	19.1%	28.6%	51.2%
Long-term unemployed	Without primary education	83.3%	0.0%	16.7%	0.0%	0.0%
	Primary education	26.9%	19.2%	50.0%	3.9%	0.0%
	Secondary education	2.3%	23.1%	37.7%	21.5%	15.4%
	Tertiary education	0.0%	8.3%	31.3%	22.9%	37.5%

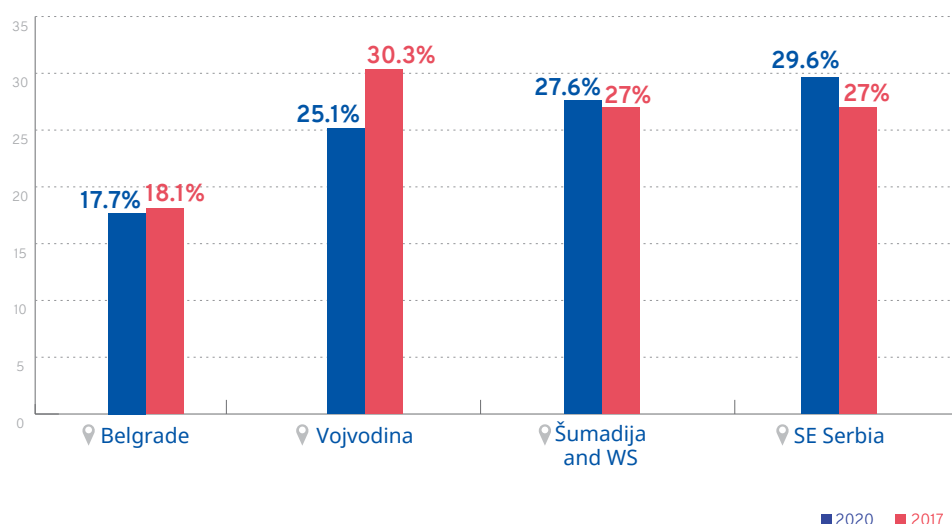
Source: Author calculation based on the Labour Force Survey (2020).

► 4. Inactive NEETs: key characteristics

In 2020, inactive young people represented approximately 54.1 per cent of the total NEET population and about 12.2 per cent of all young people aged 15–29 (approximately 121,400 people, 53 per cent of them women). In 2017, the number was only marginally higher (123,000 people), but representing a lower share of the youth population (10 per cent).

The geographical distribution of inactive NEETs has changed in the past three years. Currently, roughly one-third (29.6 per cent) live in Southern and Eastern Serbia, another 27.6 per cent live in Šumadija and Western Serbia, and a quarter in Vojvodina (25.1 per cent, down from the highest share of inactive NEETs in 2017, at around 30.3 per cent). Belgrade has the lowest share of inactive NEETs (17.7 per cent). Other regions did not witness the same positive trend as Vojvodina (Figure 8); in Šumadija and Western Serbia the share of young NEETs did not change, while in Southern and Eastern Serbia there was an increase (from 24.6 per cent in 2017 to 29.6 per cent in 2020).

► Figure 8. Distribution of inactive NEETs by region (2017–2020)



Source: Author calculation based on the Labour Force Survey (multiple years).

With regard to age distribution, young people aged 15–24 represent 57 per cent of the total. In this younger cohort (15–24), men predominate slightly in all regions, except for Southern and Eastern Serbia. In the older age group, women represent a larger share in all regions (Table 7).

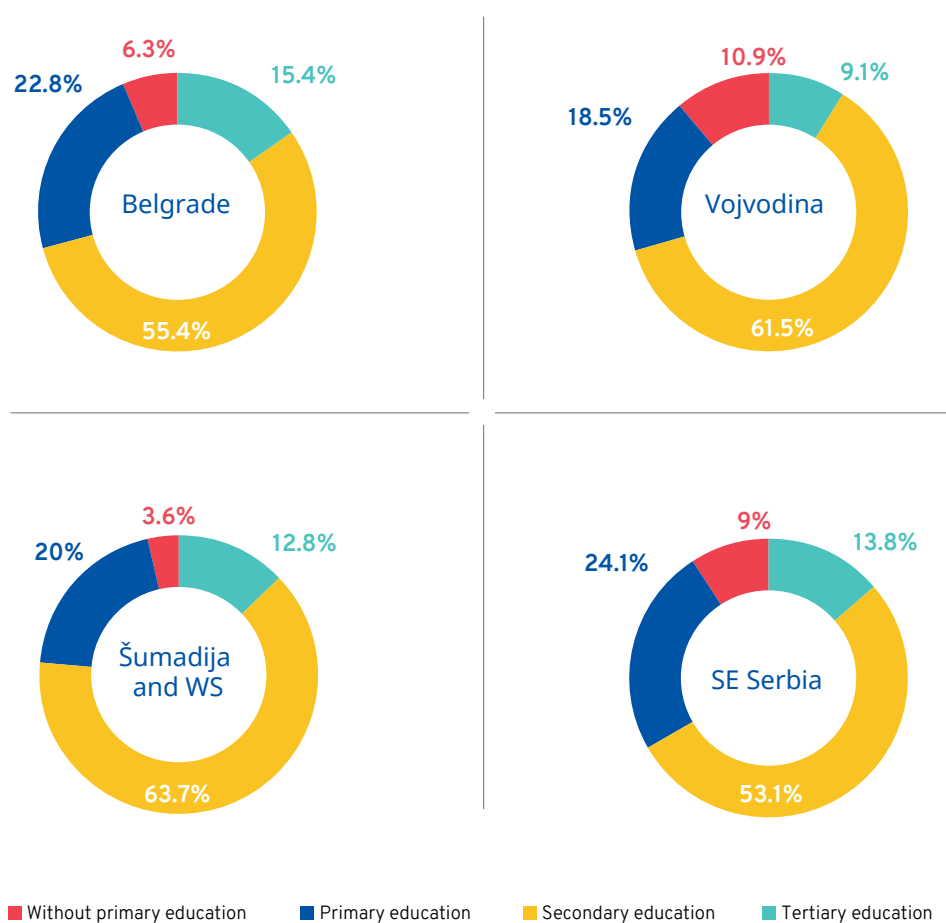
► Table 7. Regional distribution of young inactive NEETs (%)

	15-24		25-29	
	Men	Women	Men	Women
Belgrade	28.8%	25.6%	15.4%	30.2%
Vojvodina	31.6%	29.9%	12.6%	25.9%
Šumadija and Western Serbia	30.0%	26.7%	15.7%	27.6%
Southern and Eastern Serbia	26.2%	28.7%	15.5%	29.7%

Source: Author calculation based on the Labour Force Survey (2020).

The distribution by educational attainment shows a prevalence of young inactive NEETs with secondary educational attainment (58.6 per cent), followed by young people with primary education (21.3 per cent). Approximately 12.6 per cent of all inactive NEETs have a university degree. However, compared with unemployed NEETs, inactive NEETs tend to have lower educational attainment (Table 2), except for those who are inactive for other (unspecified) reasons.

► Figure 9. Shares of young inactive NEETs in region/population area, by education



Source: Author calculation based on the Labour Force Survey (2020).

As in the case of the young unemployed, Belgrade is an outlier because it represents the second lowest share of inactive NEETs with a secondary education (55.4 per cent) and the highest share of inactive NEETs with tertiary educational attainment (15.4 per cent). In Southern and Eastern Serbia, conversely, over a third of all inactive NEETs (33.1 per cent) are low-skilled.

In terms of reasons for inactivity, in all regions there is a prevalence of young people who remain out of the labour market because of care responsibilities, followed by young people who are inactive for other (unspecified) reasons (Table 8).

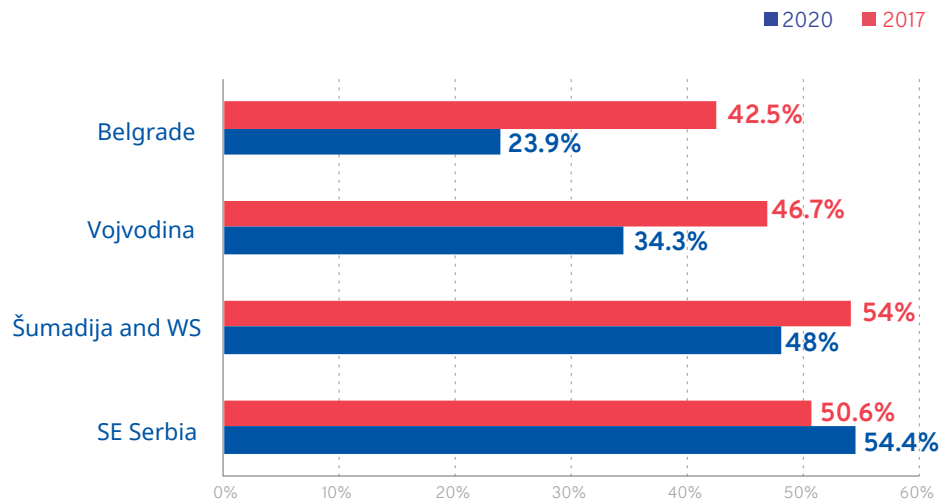
► **Table 8. Regional and population-area distribution of young NEETs by sub-groups (%)**

	Belgrade	Vojvodina	Šumadija and Western Serbia	Southern and Eastern Serbia	Urban area	Other areas
Short-term unemployed	34.7%	25.3%	23.5%	25.6%	28.4%	24.7%
Long-term unemployed	13.7%	14.2%	25.5%	22.6%	19.9%	20.1%
Re-entrants	1.1%	1.4%	0.8%	1.3%	1.1%	1.3%
Illness and disability	8.1%	5.1%	5.3%	5.8%	6.0%	5.9%
Family responsibilities	19.5%	29.7%	21.1%	21.4%	18.1%	27.7%
Discouraged workers	0.9%	1.4%	0.7%	1.9%	1.1%	1.4%
Other inactive	22.0%	22.9%	23.0%	21.3%	25.5%	18.9%

Source: Author calculation based on the Labour Force Survey (2020).

As already mentioned, approximately 50 per cent of all inactive young NEETs are registered with the NES, with higher peaks recorded in Southern and Eastern Serbia (54.4 per cent) and the lowest in Belgrade (23.9 per cent). In all regions, except for Southern and Eastern Serbia, there has been a considerable drop of the share of inactive NEETs registered with the NES since 2017 (despite a stable level of inactive young people). This points to the limited capacity of the Public Employment Service to attract young people who have become detached from the labour market with an adequate offer of services and programmes.

▶ Figure 10. Young inactive NEETs registered with the PES, by region, 2017–2020

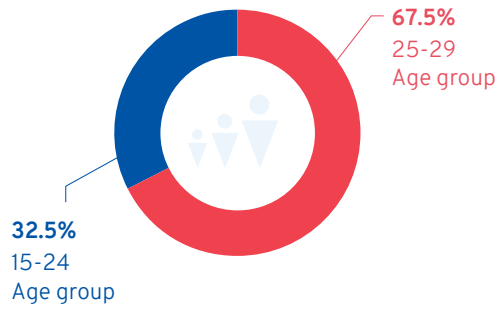


Source: Author calculation based on the Labour Force Survey (2020).

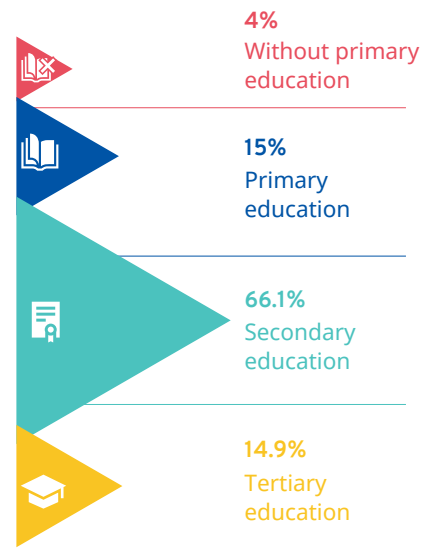
There are approximately 50,000 young people in Serbia who indicate that they are inactive for other (unspecified) reasons. These are mainly young men with secondary educational attainment, living in the South, West and East of the country, mostly in urban areas.

► Figure 11. Key characteristics of inactive NEETs who are “inactive for other reasons” (% within category)

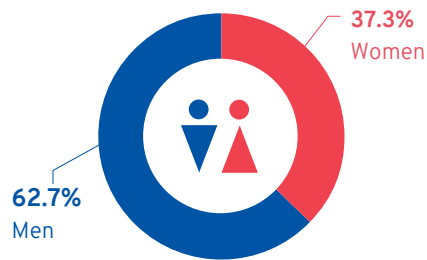
► NEETs by age group



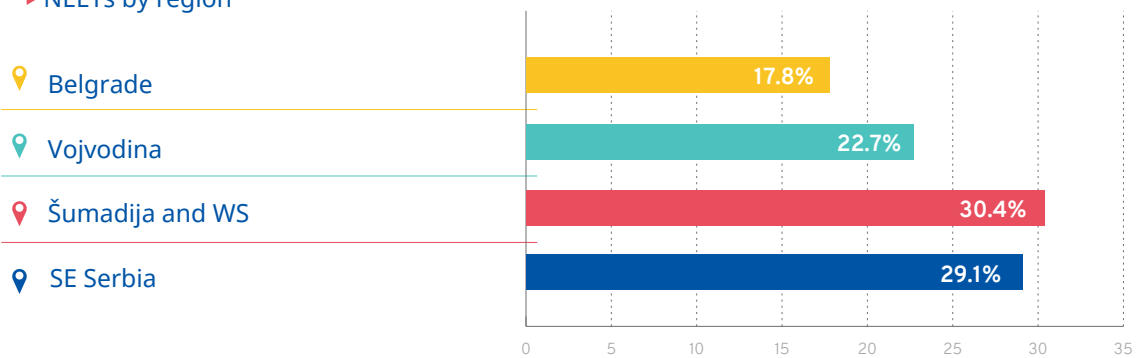
► NEETs by educational attainment



► NEETs by gender



► NEETs by region



Source: Author calculation based on the Labour Force Survey (2020).

► 5. Profiling the risk of being NEET

5.1 Econometric model and approach

A *probit* regression – based on micro data from the Labour Force Survey (LFS) – makes it possible to estimate the probability of a young person being NEET, based on their individual characteristics and geographical location. The following model is applied:

$$P(\text{neeti}_i) = \alpha + \beta_1 \text{age}_i + \beta_2 \text{gender}_i + \beta_3 \text{education}_i + \beta_4 \text{geo}_i + \varepsilon_i \quad (1)$$

The dependent variable indicates the probability of being NEET and takes a value of 1 if the young person i is NEET (0 otherwise); age_i is the age of person i , represented by a dummy taking a value of 1 if the person belongs to the 25–29 age group, and 0 if the person is in the 15–24 age group; gender_i is a dummy taking a value of 1 for men, and 0 for women; education_i is captured by three dummy variables in the model for primary, secondary and tertiary educated young people, with the base category being young people with no schooling or uncompleted elementary education. The variable geo_i is represented in two ways: first, to capture population densities, a dummy variable takes a value of 1 for urban areas ($\text{urban}=1$), and 0 for the others; second – to identify regional differences: a dummy variable takes a value of 1 for a specific region, with the others being 0; reg1 is Belgrade; reg2 is for persons living in Vojvodina; reg3 for Sumadija and Western Serbia; and reg4 for persons from South and Eastern Serbia, which becomes the base category against which other regions are compared.

The first equation is estimated for all NEETs, then for NEETs who are unemployed and inactive, respectively, and then for each of the seven NEET sub-categories. Unemployed young NEETs (eq. 2) are divided into short-term unemployed (young people looking for work for up to one year, results presented in eq. 3) and long-term unemployed (young people looking for a job for over one year, results presented in eq. 4).

Then, all inactive NEETs (eq. 5) are sub-divided by reason of inactivity: re-entrants (young people awaiting recall to work or education or training, results presented in eq. 6); inactive young people due to illness or disability (eq. 7); those inactive due to care or family responsibilities (eq. 8); discouraged young workers (young people who have stopped searching for a job because they think none is available, or think their skills are inadequate, eq. 9); and other inactive young people (eq. 10). This is done to appraise whether the factors determining the risk of being NEET differs by “type” of NEET category. The comparator category for all NEETs is all young people who are not NEET; for unemployed NEETs the comparator is all employed young people; while for inactive NEETs it is all unemployed and employed young persons.

To calculate (1) the model uses the cumulative distribution function of the standard normal distribution $\Phi(z)$, where $z = \beta_0 + \beta x$. The probability is estimated as:

$$P(Y_i=1 | X=x_i) = \Phi(\beta_0 + \beta_1 \text{age}_i + \beta_2 \text{gender}_i + \beta_3 \text{education}_i + \beta_4 \text{geo}_i) \quad (2)$$

where x is a vector of explanatory variables (*age*, *gender*, *education* and *geographical location*), β is the set of parameters measuring the impact of changes in x on the probability, and Y_i is the dependent variable indicating the i -th individual as being NEET (unemployed or inactive). We refer to $\beta_0 + \beta x$ as the z -value or z -index of the probit model. The higher the value of z , the more the event is likely to happen.¹⁴

14 Corresponding z -values/ probabilities obtained from two alternative specifications are noted as *probit1* and *probit2* in Stata file. Further elaboration of binary-outcome models can be found in Greene (2018).

5.2 Results

The estimation results (marginal effects) are reported in Tables 9 and 10, while estimation coefficients of corresponding probit models are reported in the Appendix (Tables A1 and A2).

Table 9 presents the results of the regional disaggregation. It shows that persons aged 25–29 have a higher probability of being NEET (by 7.3 per cent) compared with the subgroup aged 15–24 (Table 9, eq.1). While in 2019 there was no difference between the two age groups, in 2018 the risk was 9.8 per cent higher for the older cohort. This remains true for the older cohort of both unemployed and inactive youth (eq.2 and eq.5), with their probability of being NEET increasing by about 0.9 per cent and 6.2 per cent, respectively.

As expected, a higher level of educational attainment lowers the risk of being NEET. Compared with the baseline group of young people with no education, the probability of being NEET decreases by 31.1 per cent, 31.9 per cent and 19.7 per cent for young people with primary, secondary, and tertiary education, respectively (closely mirroring the 2019 estimates: 29.1 per cent, 28.2 per cent and 17.5 per cent, respectively). Similarly, the probability of inactivity is lower for young people with higher educational attainment in all regressions. Surprisingly, a level of education above primary school increases the probability of being unemployed (and this stands for both short- and long-term unemployed).

The results (Table 8, eq. 1) suggest that men have a lower probability of being NEET by 2.4 per cent (a slightly lower marginal effect than the 3.9 per cent estimated in 2018 and the 3.6 per cent estimated in 2019). However, men are more at risk of unemployment (by 2.5 per cent, eq. 2) and the findings stands for both short- and long-term unemployed (being a man increases the probability of being short-term unemployed by 0.9 per cent, and by 1.5 per cent for long-term unemployment).

► Table 9. Probability of being NEET (estimated marginal effects, regions)

Variables	UNEMPLOYED NEETS				INACTIVE NEETS					
	All NEETS	All	Short_term	Long_term	All	Re-entrants	Illness/Disability	Family care	Discouraged	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Age (group 25-29=1)	0.0731*** (0.0085)	0.00931* (0.0055)	-0.00985" (0.0038)	0.0194*** (0.0039)	0.0618*** (0.0069)	0.00255** (0.0011)	0.0145*** (0.0025)	0.0396*** (0.0044)	0.00307*** (0.0012)	-0.00688* (0.0038)
Gender (male=1)	-0.0236*** (0.0066)	0.0254** (0.0044)	0.00915*** (0.0033)	0.0147" (0.0028)	-0.0479*** (0.0051)	0.00130** (0.0006)	-0.000393 (0.0013)	-0.0592*** (0.0034)	-0.000443 (0.0006)	0.0136*** (0.0032)
Prim. Education	-0.311*** (0.0134)	-0.0761*** (0.0128)	-0.0379*** (0.0110)	-0.0340*** (0.0071)	-0.187** (0.0094)	-0.00168 (0.0015)	-0.0197" (0.0024)	-0.0486*** (0.0050)	-0.00350*** (0.0010)	-0.0557*** (0.0068)
Sec. Education	-0.319*** (0.0247)	0.000736 (0.0169)	0.0184 (0.0136)	-0.0144 (0.0102)	-0.260*** (0.0193)	-0.000682 (0.0020)	-0.0608*** (0.0076)	-0.0764*** (0.0102)	-0.00798*** (0.0027)	-0.0388*** (0.0112)
Tert. Education	-0.197*** (0.0100)	0.0454** (0.0229)	0.0543** (0.0242)	7.01 E-06 (0.0102)	-0.134*** (0.0046)	-0.00151* (0.0008)	-0.0157 (0.0014)	-0.0427*** (0.0025)	-0.00247*** (0.0005)	-0.0246*** (0.0067)
Belgrade	-0.0595*** (0.0084)	-0.0283*** (0.0055)	-0.00181 (0.0046)	-0.0241*** (0.0029)	-0.0282*** (0.0065)	-0.000771 (0.0007)	0.00113 (0.0019)	-0.0116*** (0.0035)	-0.00142** (0.0006)	-0.0112*** (0.0042)
Vojvodina	-0.0300*** (0.0087)	-0.0260*** (0.0055)	-0.00636 (0.0045)	-0.0175*** (0.0031)	-0.00155 (0.0069)	-0.000216 (0.0007)	-0.00378" (0.0015)	0.00653 (0.0041)	-0.000794 (0.0006)	-0.00301 (0.0044)
Sumadija and Western Serbia	-0.00964 (0.0085)	-0.00373 (0.0056)	-0.00681 (0.0042)	0.00243 (0.0035)	-0.00505 (0.0065)	-0.000866 (0.0006)	-0.00000583 (0.0018)	-0.000213 (0.0037)	-0.00145** (0.0006)	0.00111 (0.0043)
Observations	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799

Note: Robust standard errors in parentheses. ***, ** and * refer to statistical significance at 1%, 5% and 10% level, respectively.

The findings are different as regards the probability of being inactive. The results suggest that women have a higher probability of being inactive than men (by 4.8 per cent, eq. 5; similar to the estimated effect of about 5.5 per cent found in 2017 and 2019), except for the category of re-entrants. Women are more likely to be inactive due to family responsibilities by 5.9 per cent (eq. 8). Generally, living in Belgrade or Vojvodina significantly decreases the probability of becoming NEET (by 5.9 per cent and 3 per cent, respectively) and of becoming unemployed (by 2.8 per cent and 2.6 per cent, respectively).

Table 10 presents the results by population density areas (urban vs others) rather than by region. The findings related to age, gender and education remain the same (that is, results are robust in respect of alternative specifications of the model). Population area density matters for the NEET population as a whole, as well as for the unemployed and the inactive. Young people living in urban areas have a lower probability of becoming NEET (by 3.8 per cent) and of becoming unemployed (by 1.4 per cent). The probability of becoming inactive follows the same pattern, overall and for each sub-group, with statistically significant decreases, also for those with family responsibilities.

► **Table 10. Probability of being NEET in Serbia (estimated marginal effects, population areas)**

Variables	UNEMPLOYED NEETs				INACTIVE NEETs					
	All NEETs	All	Short_term	Long_term	All	Re-entrants	Illness/ Disability	Family care	Discouraged	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Age (group 25-29=1)	0.0704***	0.00879	-0.01000***	0.0197***	0.0599***	0.00248**	0.0148***	0.0369***	0.00311**	-0.00683*
	(0.0085)	(0.0055)	(0.0038)	(0.0040)	(0.0069)	(0.0010)	(0.0026)	(0.0043)	(0.0012)	(0.0038)
Gender (male=1)	-0.0232***	0.0255***	0.00922***	0.0154***	-0.0477***	0.00131**	-0.000535	-0.0584***	-0.000508	0.0137***
	(0.0066)	(0.0045)	(0.0034)	(0.0029)	(0.0051)	(0.0006)	(0.0014)	(0.0033)	(0.0007)	(0.0032)
Prim. Education	-0.312***	-0.0754***	-0.0381***	-0.0338***	-0.188***	-0.00183	-0.0195***	-0.0494***	-0.00394***	-0.0562***
	(0.0134)	(0.0129)	(0.0110)	(0.0075)	(0.0093)	(0.0015)	(0.0024)	(0.0050)	(0.0010)	(0.0067)
Sec. Education	-0.319***	0.00267	0.0183	-0.0127	-0.262***	-0.000798	-0.0588***	-0.0777***	-0.00908***	-0.0395***
	(0.0246)	(0.0169)	(0.0136)	(0.0105)	(0.0192)	(0.0020)	(0.0073)	(0.0103)	(0.0030)	(0.0111)
Tert. Education	-0.196***	0.0489**	0.0558**	0.00177	-0.134***	-0.00156*	-0.0159***	-0.0417***	-0.00269***	-0.0259***
	(0.0100)	(0.0234)	(0.0244)	(0.0109)	(0.0046)	(0.0008)	(0.0014)	(0.0025)	(0.0005)	(0.0065)
Pop. density (urban=1)	-0.0376***	-0.0145***	-0.00497	-0.00905***	-0.0209***	-0.000538	0.000341	-0.0203***	-0.000664	0.00448
	(0.0067)	(0.0046)	(0.0034)	(0.0030)	(0.0051)	(0.0006)	(0.0014)	(0.0029)	(0.0007)	(0.0033)
Observations	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799

Note: Robust standard errors in parentheses. ***, ** and * refer to statistical significance at 1%, 5% and 10% level, respectively.

► 6. Conclusions and policy pointers

6.1 Conclusions

When developing evidence-based policy measures to address the NEET challenge in Serbia the heterogeneity of the NEET population and its sub-groups must be taken into consideration. The analysis presented in this report clearly highlights how gender, level of educational attainment, and geographical location affect the probability of young people becoming unemployed or inactive.

Population area density matters for all NEET sub-groups. Results suggest that living in urban areas, especially in Belgrade or Vojvodina, decreases the probability of being NEET and these findings stand over time. Living in Belgrade decreases the probability of being unemployed and being inactive. This finding points to the need to prioritize other regions in Serbia, and especially rural and underdeveloped areas. Because young people, at the beginning of their careers, value job opportunities that offer additional training more than higher-paying jobs, policy measures to reduce the Serbian regional divide should include opportunities for professional development.¹⁵

The probability of being NEET also has a gender dimension, with young men less likely to be NEET than young women (by 2.4 per cent in 2020). Albeit on a decreasing trend over time, gender differences persist, especially for the probability of being inactive due to care or family responsibilities. This probability decreased in 2020 compared with prior years, but it remains significant (4.8 per cent and 6 per cent, respectively), and especially for young women with a low level of educational attainment and living in underdeveloped regions. Policy options to address inactivity among women with care and family responsibilities need to consider skills acquisition, care services, and other support measures.

Education pays a premium in the Serbian labour market and lowers the risk of becoming unemployed or inactive. However, an education level above primary school increases the risk of becoming unemployed, while nearly two in ten young NEETs (17.2 per cent) have a university degree. The difficulties of matching young people's formal education with the knowledge, practical skills and experience required by employers are well documented. In addition, the data indicates that there has been little progress over time, as the percentage of young NEETs with a tertiary education has remained stable in the past three years (at above 16 per cent). When looking at NES registry, unemployed youth with tertiary education represent around 23.5 per cent, while youth with secondary education are 56.1 per cent of the total.

On the positive side, a relatively high share of young people are inactive according to the Labour Force Survey, but are registered with the National Employment Service and are thus entitled to employment support. These shares, however, are declining over time – and especially in Belgrade and Vojvodina – which indicates an increasing detachment of these young people from the labour market and society.

Table 11 offers a snapshot of the situation in 2020 of young NEETs in Serbia for targeting purposes. As already mentioned, the situation is particularly difficult in the South, East and West of the country, where the levels of young unemployed – and especially those who have been searching for work for over one year – are twice the levels recorded in Belgrade and Vojvodina. As shown in this report, young men in the older cohort prevail in this category. Policy interventions that may help for this group are a mix of work-based training and employment subsidies.

Equally high are the levels of young people who are inactive for other, unspecified reasons, mainly young men in the younger age cohort. This type of inactivity has been growing over the last few years and peaked during the pandemic. It is unclear whether this is a temporary phenomenon, or whether it signals a deep disadvantage and detachment from the labour market (for example, young people living in households with low work intensity and severe material deprivation). An ETF report, for instance, used focus groups and interviews with young people to obtain additional insights concerning labour market access, transitions, and causes of poverty to complement 2015-2018 LFS data.¹⁶

¹⁵ D. Pavlović et al. (2016).

¹⁶ ETF: *Youth situation in Serbia: Employment, skills and social inclusion* (ETF, 2021).

Further research is required, however, to better understand the determinants of inactivity for this group and shape adequate policy responses.

The relatively high number of short-term unemployed in all regions calls for early intervention (to avoid the onset of unemployment and skills erosion) and the strengthening of job matching services.¹⁷

All regions should make an effort to target young women with care and family responsibilities, especially those in the 25–29 age-group with a low level of educational attainment. The situation of these young women is slightly better in Belgrade, probably due to the higher availability of public and private care services. Young people living with an illness or disability require attention in all regions, but especially in Southern and Eastern Serbia and in Šumadija and Western Serbia, where rehabilitation services may not be easily available. Young re-entrants are not a policy concern, as their situation is temporary.

► Table 11. Young NEETs by labour market status and geographical location

Labour market status	Belgrade	Vojvodina	Šumadija and Western Serbia	Southern and Eastern Serbia	Total
Short-term unemployed	14.200	12.600	15.400	17.450	59.650
Long-term unemployed	5.595	7.100	16.700	15.400	44.795
Re-entrants	450	700	525	900	2.575
Illness and disability	3.300	2.540	3.470	3.950	13.260
Family responsibilities	7.965	14.795	13.825	14.600	51.185
Discouraged workers	365	700	460	1.300	2.825
Other inactive	8.900	11.400	15.050	14.500	49.850
TOTAL	40.775	49.835	65.430	68.100	224.140

Note: (*) Numbers have been rounded.

Source: Author calculation based on the Labour Force Survey (2020).

6.2 Policy pointers for the design of a Youth Guarantee in Serbia

At the EU–Western Balkans Ministerial Meeting on Employment and Social Affairs (July 2021) the government of the Republic of Serbia reaffirmed its commitment to support youth employment and take concrete steps to gradually establish and implement a Youth Guarantee. Against this backdrop the paragraphs that follow provide some initial insights into the policy items that decision-makers may discuss and take into consideration during the development of the Youth Guarantee Implementation Plan (YGIP). The policy pointers are organized in accordance with the phases and cross-cutting enablers of the reinforced Youth Guarantee.¹⁸ Given the focus of this report on developing a statistical profile of young NEETs with the view to supporting their labour market transition, the majority of the policy considerations refer to the role of the NES and of the Ministry of Labour, Employment, Veterans, and Social Affairs (MoLEVSA). The roles and responsibilities of other stakeholders, such as education providers, youth organizations, social partners, local government authorities and other actors shall be defined during the policy discussion around the YGIP and may be subject to further analysis.

¹⁷ Matching could start much earlier, when students make their selection about education programmes.

¹⁸ The Council Recommendation on *A Bridge to Jobs – Reinforcing the Youth Guarantee of October 2020* envisages four phases, namely: (i) mapping and early intervention; (ii) outreach; (iii) preparation services; and (iv) quality offers within four months of becoming unemployed or leaving school; as well as partnerships, data collection and monitoring, optimal use of funds and strong delivery mechanism. See EU-ILO: *Guidelines for the preparation of Youth Guarantee implementation plans*, September 2021.

A. Mapping and early intervention

The statistical mapping of young NEETs in Serbia was carried out mainly on Labour Force Survey data for the years 2017, 2019 and 2020. Data from the Survey of Income and Living Condition (SILC) and from the NES registry were used to complement the analysis. The findings related to the probability of being NEET are consistent over time and point to gender, educational attainment, and geographical location as key factors. The descriptive statistics for 2019 and 2020, however, indicate a shift in the composition of young NEETs (between men and women, and between cohorts). This may be a temporary effect due to the impact of the Covid-19 pandemic on the Serbian labour market, or reflect a structural change that may persist over time. In order to better understand the nature of these shifts, the Serbian authorities may consider **running NEET mapping on the data stemming from the Labour Force Survey on an annual basis**. This exercise would contribute to obtaining a clearer picture of NEET characteristics and their changes over time, as well as build a time series to verify whether policy interventions are making a difference. The **ILO methodology** and list of recommended tabulations can be a good starting point for this exercise. Additional disaggregation into age sub-groups, when statistically feasible, may facilitate the detection of specific patterns for both education and labour status. Complementary data sources should be explored, including administrative data from the tax/benefit system and information from the graduate tracking system to garner insights into the exposure of young women and men to joblessness, poverty, and underusage of skills.

In addition, the findings of this report highlight three additional areas that would warrant further research. First, a relatively high number of young Serbians are inactive for other, unspecified reasons (approximately 50,000 people, see Figure 11). They are mostly young men, aged 15–24, with secondary educational attainment and living in urban areas. Little is known about their willingness to work, however, for example, whether they live on social assistance or whether their inactivity is temporary (for example, because they are taking time off to decide on their future career) or long-term. An **ad hoc module attached to the Labour Force Survey run by the Statistical Office of Serbia would help to develop a better understanding of the characteristics of young NEETs who are inactive for other, unspecified reasons and thus make it easier to shape relevant policy measures**.

The second area of research could investigate in detail the situation of young women who are inactive because of care or family responsibilities. Available data (Table 2) shows a prevalence of low-skilled women in the younger cohort, living in rural areas outside Belgrade. Little is known, however, about their availability for work (some young women may prefer not to work while raising their family), or whether they would be willing to continue in education and training, or about the geographical distribution and affordability of care services. **The gathering of additional information on the characteristics and needs of these young women could become part of any outreach activities organized under the Youth Guarantee**.

The final area of research relates to those young people who are inactive according to the statistical definition used by the Statistical Office, but are registered with the National Employment Service of Serbia. Because people who are detached from the labour market have different needs from people who are actively seeking work, **it would be useful for the NES to differentiate support pathways for the “unemployed” and the “inactive” in its register**. This could be done during the periodic re-registration process (required by law every three months) through one-to-one interviews aimed at detecting the person’s real labour market status. This process would promote: (i) a better understanding of the person’s distance from the labour market (for example, a young person on social benefits and working in the informal economy has a stronger labour market attachment than a young person with a disability who has never had a job); and (ii) the integration of young NEETs into the Youth Guarantee service delivery system (see also the paragraph dedicated to registration in the Youth Guarantee, below).

As far as early intervention is concerned, the Youth Guarantee should focus on accelerating ongoing policy reforms, including the expansion of childhood education, development of qualification standards, occupational standards, dual education system, and the alignment of education offers to labour market requirements. It should also consider: (i) the introduction of **a tracking system** as part of the Education Management of Information System, and (ii) the **expansion of adult learning** opportunities and the introduction of flexible learning pathways.¹⁹ The development of a tracking system for pupils and students would make it possible to identify in good time young people at risk of early school

19 The main education policy reforms are highlighted in the Government of Serbia’s *Economic Reform Programme (2021–2023)*, pp. 155 et seq.

leaving and identify the learning pathways that yield higher returns in the labour market (for example, it would be interesting to know whether young people attending dual education have better labour market outcomes than those attending regular vocational education courses). This would, in addition, contribute to the establishment of a robust monitoring system to detect the returns on policy choices.

Additionally, it would be important to introduce consolidated career guidance and orientation services in school (upper secondary and tertiary levels) and overall career guidance systems. Further recommendations will emerge from the forthcoming ETF/ILO joint review of the career guidance and counselling system in Serbia.

Whereas reform of the education and training system will benefit children and young people who are currently at school, more needs to be done for young adults who are unable to enter the labour market because of their inadequate level of skills. Expanding the adult training offer would also allow the NES – as main implementing partner of the Youth Guarantee – to provide a wider range of quality offers of continued education and training.

B. Outreach

As mentioned in this report, there are several categories of young NEETs in Serbia who would benefit from a comprehensive outreach strategy, including long-term unemployed young people not registered with the NES; young, discouraged workers; and young women with family responsibilities. A double-pronged approach may be warranted in the case of Serbia, where a good proportion of young inactive NEETs are in fact registered with the Public Employment Service. First, the **NES should – through the periodic re-registration process – identify young people who have become detached from the labour market** (that is, those not actively seeking work or not immediately available for work); determine the difficulties these young people face; and design a labour market re-integration pathway adapted to individual needs. Second, it should revamp the practice of **Employment Caravans**, namely the deployment of mobile NES teams around the country tasked with registering and interviewing the unemployed. It should also build further on the already developed system for the decentralised implementation of employment policy and strengthen the role of local government authorities in supporting labour market integration.

The **second pillar of the outreach strategy should target young NEETs not registered with the NES or any other social protection authority**. This pillar – organized in partnership with civil society organizations – should: (i) be aimed at identifying those most detached from the labour market; (ii) be targeted at regions where there is a higher prevalence of young inactive NEETs; and (iii) offer individualized support – through partnerships with public and private service providers – to address the various barriers to labour market entry (discouragement, illness or disability, care and family responsibilities). The implementation of this second pillar of the outreach strategy should be grounded in the abovementioned additional research (on young people inactive for other reasons or with care or family responsibilities) and a mapping of the support services that could be made available at the regional/local level (and especially those available at the Centres for Social Work).

C. Registration in the Youth Guarantee and preparation services

At the end of 2020, the International Labour Organization (ILO) conducted – at the request of the Ministry of Labour, Employment, Veterans and Social Affairs (MoLEVSA) – a feasibility study on the formulation and implementation of a Youth Guarantee scheme in Serbia. This study identified several issues that need to be addressed by the MoLEVSA and the National Employment Service – which is expected to be the main implementation partner of the Youth Guarantee service delivery system (that is, registration, preparation services and quality offer of employment, continued education and training, apprenticeship or traineeship).

The first challenge is the stock of young people who are registered as unemployed and therefore eligible to receive an offer within the four-month threshold. In September 2021, the total number of young unemployed was nearly

99,500.²⁰ Because in 2019 the NES managed to cover approximately 11 per cent of the young unemployed with active labour market programmes, a Youth Guarantee launched to cover all young people registered as unemployed would be unfeasible. It would start with negative delivery indicators and overwhelm the NES's delivery capacity. If the Serbian Youth Guarantee were to cover only newly registered young unemployed (that is, only monthly inflows), the challenge would be to guarantee their exit into employment, education or training, or traineeship within the four month timeframe, and especially towards the end of the year (when unemployed people registering in June, July and September have to receive a quality offer), especially in branch offices experiencing higher than average monthly inflows (namely Belgrade, Niš, Novi Sad and Leskovac). Based on 2019 data, this would mean that roughly 8,000 young people should receive a good quality offer by September, if the country wishes to comply with the average share of young people receiving an offer within four months achieved by EU Member States (40 per cent). Whereas this may be feasible in quantitative terms (in 2019 the NES supported approximately 11,600 young unemployed), the sustainability of offers may be problematic because the average return rates of active measures were around 46 per cent in the same year (compared with an EU average of 53 per cent).

The second challenge is related to the current organizational structure of the NES, skewed towards management and back-office positions. The introduction of a Youth Guarantee would require that additional front staff be made available to manage preparation services and referrals to employment, education and training, and traineeship offers. This would require a shifting of staff to front-office duties, where possible, or the recruitment of additional resources to cover front-office tasks. Moreover, additional staff resources would need to be deployed for outreach activities, namely for the identification of those most detached from the labour market and for the *Employment Caravans*.

The third challenge is related to the amount of funds required to finance programme delivery. The current allocation to ALMPs amounts to RSD 6.5 billion (0.1 per cent of GDP) while the average cost per person provided with active labour market programmes in Serbia is RSD 103,000.²¹ If the Youth Guarantee – as proposed – initially targeted only newly registering unemployed (and provided that registered unemployed levels remain stable at around 25,200 young unemployed per year), the additional amount required for the current investment in active labour market measures could range from RSD 1.6 billion (supposing that 60 per cent of inflows need an active measure) to RSD 2.6 billion (on the assumption that 100 per cent of all youth inflows will need a measure to exit the Youth Guarantee). These financial resources are in addition to what is allocated annually for active labour market programmes (0.1 per cent of GDP), because the other unemployed would still need support. Thus, the ALMP allocation would need to increase to at least 0.13 percent of the projected GDP.²² If the Youth Guarantee were extended also to detached young people, this would entail additional costs for outreach activities and for treatment.

Finally, management of the Youth Guarantee has proven easier in countries that have: (i) a data-based profiling system (instrumental in the identification of young people likely to remain on the register beyond the four-month timeframe); (ii) activation approaches that combine social protection with effective job search assistance and labour market integration measures; (iii) an effective performance management system that allows streamlining procedures, as well as increases the pace of service delivery to young people, while guaranteeing support to all other unemployed;²³ (iv) well-established employers' services instrumental in increasing outflow into jobs; and (v) robust monitoring and evaluation systems that can easily be adapted to additional monitoring requirements. Considering the above, the Serbian authorities may consider **piloting the Youth Guarantee service delivery system in a small number of local employment offices** (a maximum of three), with registration in the Youth Guarantee allowed initially **only for newly registering unemployed** (for example, monthly inflows) and then **progressively extending the Youth Guarantee registration process to the young unemployed already in the register** (during the re-registration process), with priority given to the long-term unemployed. Crucial to the pilot would be the **introduction of a data-based profiling system** and the **adaptation of the performance monitoring framework** to measure direct service delivery (inflows and outflows)

²⁰ It has to be recalled that the overall number of young NEETs in Serbia in 2020 was approximately 224,000 (103,000 unemployed and 121,000 inactive young people).

²¹ See ILO: *Introducing a Youth Guarantee in Serbia: A feasibility assessment* (ILO, mimeo, 2020).

²² The estimation is based on the projected GDP for 2023 and 2024, as provided in the Revised Fiscal Strategy for 2022 with projections for 2023 and 2024, and the ALMPs allocation for 2022.

²³ This includes: the capacity of the employment service to shift employees to front office positions to work directly with clients when required by the workload, the possibility of transferring funds from one budget line to another (from services to programs, etc.), the possibility of mixed services provision (online and live) to ensure that all receive support, and the possibility for the employment service to modify internal procedures in order to adjust to demands.

and the situation of participants at six, 12 and 18 months afterwards (follow-up). This piloting would also allow a more precise estimate of the costs to be incurred for the introduction of a fully-fledged Youth Guarantee.²⁴

The **package of preparation services** targeting young NEETs registering in the Youth Guarantee service delivery system could be based on the service portfolio already available at the NES, which comprises: (i) **employability assessment and individual employment plans**; (ii) **career guidance** (information, counselling and guidance, as well as pre-selection of job vacancy candidates); (iii) **active job search** (training for active job search, self-efficacy, motivation, overcoming stress and others); and (iv) **job fairs**, combined with the **introduction of a database profiling system, the expansion of job matching services and a solid strategy to attract employers towards the NES**.

D. Quality offers

The portfolio of programmes made available by the NES to the registered unemployed comprises job matching and employment support, professional guidance and career counselling, active job search measures, further education and training, subsidised employment and self-employment programmes and public works. In 2019, the average employment rate at follow-up for youth 15 to 29 years of age was 47.5 per cent. The **programmes yielding the highest return rates**, according to the figures provided by the NES, are the **programme for acquiring practical knowledge** (70 per cent return rate after six months), the **self-employment subsidy** (76 per cent), and the training at employer's request. Those yielding the lowest returns were the functional education of adults, due to its design and objectives (4 per cent); the internship programme (16 per cent); and the labour market training (29 per cent). The low returns of the retraining programme may be due to several factors, including design features (and especially the duration of training), the choice of occupations (not responding to labour market requirements), training modalities (institution-based vs work-based) and poor matching between the characteristics of the unemployed and the specific features of the training programme.

The current traineeship programme would need to be adjusted to comply with the six principles set forth by the *Recommendation on the Quality Framework for Traineeships* (written agreement, learning content, duration, conditions of work, validation, and traineeship announcement), while apprenticeship offers could be provided if: (i) the dual education programmes currently being piloted comply with the principles set forth by the 2018 *Recommendation on a European Framework for Quality and Effective Apprenticeships*; and (ii) subsidized apprenticeship slots are made available by the Ministry of Education.

The **subsidized offers** that may therefore be included in the Youth Guarantee service delivery system include the **programme of further education and training**, the **self-employment subsidy**, the **incentive for employment**, as well as a **newly designed traineeship** scheme, and (if feasible) apprenticeship posts in the dual education system. The **second chance programme** could also become part of the package, albeit with a new design that takes into consideration the possibility of combining functional education with vocational training.

E. Cross-cutting enablers

The reinforced Youth Guarantee emphasizes partnerships, data collection and monitoring, optimal use of funds and strong delivery mechanisms as essential elements for the delivery of the Youth Guarantee at national level.

In Serbia, several types of **partnerships are already ongoing that could be harnessed** to support young NEETs. First, there is the partnership between the Employment Department of the MoLEVSA and the National Employment Service, which is of critical importance for the delivery of the Youth Guarantee. Second, there is the partnership approach established between central and local authorities for the implementation of employment policy. This mechanism could be further promoted to adapt and manage the Youth Guarantee service delivery system at the local level. Third, the

²⁴ See also ILO: *A rapid assessment of the administrative capacity of the National Employment Service of Serbia* (mimeo, January 2021).

newly enhanced collaboration between the National Employment Service and the Centre for Social Work around the targeting of people at risk of social exclusion can support young NEETs. The fourth partnership is the collaboration between the NES and employers, which could be further expanded by advancing a dedicated NES service line for employers.

Additional partnerships that will need to be explored within the Youth Guarantee implementation plan include: (i) the **involvement of civil society organizations in outreach** activities (and especially for the identification and engagement of young NEETs not registered with any support organizations), but also in the delivery of specialized services (for example, for people with disabilities, women with care responsibilities, homeless young people); and (ii) a strong **partnership between the MoLEVSA and the Ministry of Education**. The latter, in particular, will be of the essence for the implementation of the early intervention phase of the Youth Guarantee (reforms of education and training policy), as well as for the delivery of apprenticeship and continued education and training offers.

The main policy pointers related to data collection have already been highlighted (see the section on mapping). In addition, Youth Guarantee implementing partners (civil society organizations, Centres for Social Work, other public and private service providers) should strive to gather and analyse information about the young people they serve, using the same parameters used by the NES. In this regard, the NES ought to develop practical guidelines to be used systematically by all partners.

The NES's performance monitoring system is based on the pooling of administrative data. Employment at follow-up is regularly measured for all the employment services and active labour market programmes delivered annually. **Some adjustments to the data collection, aggregation and reporting system** will have to be enacted to comply with the EMCO indicator framework for monitoring the Youth Guarantee²⁵, but the exact type of changes needed can be formulated during the Youth Guarantee piloting phase.

The development of a **strong delivery mechanism is one of the most problematic aspects** of the design and implementation monitoring of the Youth Guarantee. As highlighted in the capacity assessments of the Employment Department of the MoLEVSA and of the National Employment Service, several challenges still need to be addressed.

The **Employment Department of the MoLEVSA has limited human resources**, insufficient to manage the increasingly complex tasks related to promoting employment, expanding adult learning and improving social inclusion. In addition, management approaches would benefit from the introduction of a performance management system, based on clear targets and a strong human resource development strategy.

The delivery of the Youth Guarantee would require that the National Employment Service:

- ▶ **streamline its organizational structure** at the central level; ensure **more front-office personnel** (such as caseworkers responsible for service and programme delivery) at the local level; and improve its human resource development strategy to improve the quality of services delivered to clients;
- ▶ accelerate the **introduction of a data-based profiling system** to segment clients for priority assistance to address the unfavourable ratio between front-office staff and unemployed clients;
- ▶ **strengthen the services provided to employers** (job task analysis to better formulate vacancy announcements, personalized screening and pre-selection of candidates, advice to comply with legal requirements, and e-account for medium and large size enterprises) to foster long-term relations with employers and promote the acquisition of vacancies;
- ▶ **expand job placement services**, which have proven to be the most effective service among those offered to the unemployed (with a return rate of 46 per cent of the annual stock in 2019);

²⁵ The Employment Committee (EMCO) is the advisory committee for Employment and Social Affairs Ministers in the Employment and Social Affairs Council (EPSCO) to promote the coordination of employment and labour market policies both at European and national level. In 2000, EMCO set up an Indicator Group (IG), tasked with monitoring countries' progress in implementing the European Employment Strategy and Council Recommendations on labour market issues. In 2015, the EMCO Indicators Group established three categories of indicators, to be collected annually to monitor the performance of youth guarantee at national level.

- ▶ ***increase the effectiveness of active labour market programmes.*** The return rates of active labour market programmes are often below the employment gains recorded in other countries. Impact evaluation evidence shows that this may be due either to design features (duration, compensation levels, alignment with labour market demands, targeting approaches) or to implementation processes (poor matching between the characteristics of the beneficiary and the core feature of the programme). The Youth Guarantee offers an opportunity ***to revise design, targeting approaches, and delivery mode to identify what works better and for whom.***

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► APPENDIX

► Econometric approach for profiling the risk of being NEET among young people

► Table A1. Probit model (estimated coefficients, regions)

Variables	Unemployed NEETs				Inactive NEETs					
	All NEETs	All	Short_term	Long_term	All	Re-entrants	Illness/ Disability	Family care	Discouraged	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Age (group 25-29=1)	0.258***	0.0612*	-0.107**	0.246***	0.324***	0.377***	0.520***	0.464***	0.417***	-0.0806*
	(0.0290)	(0.0355)	(0.0435)	(0.0447)	(0.0341)	(0.1230)	(0.0784)	(0.0470)	(0.1270)	(0.0453)
Gender (male=1)	-0.0865***	0.171***	0.0969***	0.207***	-0.267***	0.249**	-0.0186	-0.739***	-0.0782	0.157***
	(0.0241)	(0.0301)	(0.0355)	(0.0399)	(0.0283)	(0.1180)	(0.0628)	(0.0439)	(0.1130)	(0.0374)
Prim. Education	-1.533***	-0.597***	-0.461***	-0.567***	-1.447***	-0.384	-1.272***	-0.875***	-0.834***	-0.804***
	(0.0882)	(0.1180)	(0.1540)	(0.1410)	(0.0877)	(0.3820)	(0.1130)	(0.1020)	(0.2140)	(0.1180)
Sec. Education	-1.127***	0.00492	0.197	-0.195	-1.297***	-0.126	-1.574***	-0.896***	-0.943***	-0.418***
	(0.0859)	(0.1130)	(0.1480)	(0.1340)	(0.0852)	(0.3520)	(0.1140)	(0.0985)	(0.1960)	(0.1120)
Tert. Education	-1.085***	0.265**	0.435***	0.0000972	-1.497***	-0.438	-2.147***	-1.195***	-0.950***	-0.351***
	(0.0915)	(0.1180)	(0.1530)	(0.1410)	(0.0944)	(0.3780)	(0.1790)	(0.1140)	(0.2340)	(0.1220)
Belgrade	-0.232***	-0.204***	-0.0192	-0.406***	-0.170***	-0.166	0.0519	-0.177***	-0.320*	-0.137**
	(0.0350)	(0.0431)	(0.0493)	(0.0612)	(0.0414)	(0.1620)	(0.0861)	(0.0586)	(0.1640)	(0.0546)
Vojvodina	-0.113***	-0.186***	-0.069	-0.277***	-0.00879	-0.0424	-0.204**	0.0871*	-0.16	-0.0349
	(0.0339)	(0.0426)	(0.0499)	(0.0574)	(0.0391)	(0.1450)	(0.0943)	(0.0517)	(0.1410)	(0.0516)
Sumadija and Western Serbia	-0.0356	-0.0251	-0.0735	0.0332	-0.0288	-0.183	-0.000277	-0.00297	-0.307**	0.0126
	(0.0315)	(0.0382)	(0.0471)	(0.0474)	(0.0373)	(0.1540)	(0.0842)	(0.0510)	(0.1520)	(0.0482)
Observations	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799

Note: Robust standard errors in parentheses. ***, ** and * refer to statistical significance at 1%, 5% and 10% level, respectively.




► Table A2. Probit model (estimated coefficients, populated areas)

Variables	Unemployed NEETs				Inactive NEETs					
	All NEETs	All	Short_term	Long_term	All	Re-entrants	Illness/ Disability	Family care	Discouraged	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Age (group 25-29=1)	0.249***	0.0575	-0.109**	0.240***	0.314***	0.366***	0.522***	0.442***	0.403***	-0.0796*
	(0.0291)	(0.0355)	(0.0435)	(0.0445)	(0.0341)	(0.1230)	(0.0786)	(0.0467)	(0.1290)	(0.0455)
Gender (male=1)	-0.0848***	0.171***	0.0975***	0.206***	-0.265***	0.249**	-0.0247	-0.741***	-0.0841	0.157***
	(0.0241)	(0.0300)	(0.0355)	(0.0395)	(0.0283)	(0.1170)	(0.0630)	(0.0442)	(0.1130)	(0.0373)
Prim. Education	-1.536***	-0.586***	-0.463***	-0.533***	-1.461***	-0.417	-1.230***	-0.910***	-0.884***	-0.808***
	(0.0879)	(0.1180)	(0.1540)	(0.1400)	(0.0872)	(0.3860)	(0.1120)	(0.1030)	(0.2140)	(0.1180)
Sec. Education	-1.126***	0.0177	0.195	-0.165	-1.308***	-0.145	-1.529***	-0.920***	-0.986***	-0.423***
	(0.0855)	(0.1130)	(0.1480)	(0.1330)	(0.0846)	(0.3520)	(0.1100)	(0.0994)	(0.1930)	(0.1110)
Tert. Education	-1.075***	0.282**	0.445***	0.0231	-1.499***	-0.454	-2.095***	-1.182***	-0.986***	-0.374***
	(0.0913)	(0.1180)	(0.1530)	(0.1400)	(0.0939)	(0.3860)	(0.1780)	(0.1150)	(0.2370)	(0.1210)
Pop. density (urban=1)	-0.137***	-0.0955***	-0.052	-0.118***	-0.117***	-0.0989	0.0159	-0.278***	-0.109	0.0512
	(0.0242)	(0.0298)	(0.0354)	(0.0387)	(0.0283)	(0.1130)	(0.0636)	(0.0387)	(0.1110)	(0.0374)
Observations	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799	14.799

Note: Robust standard errors in parentheses. ***, ** and * refer to statistical significance at 1%, 5% and 10% level, respectively.

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