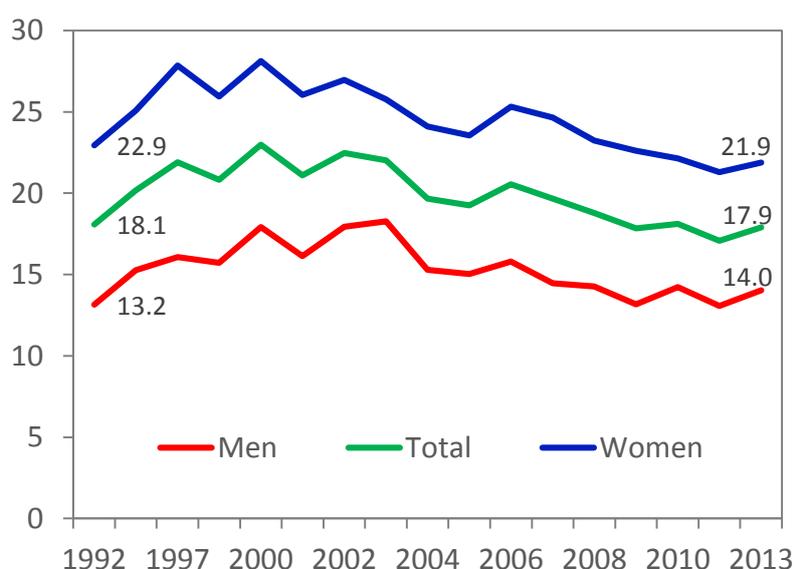


Ninis in Uruguay¹

In Latin America, one in five youth—totaling more than 18 million individuals aged 15 to 24—is neither working nor in school (*ninis*). Despite the strong economic performance of the region in recent years – with vibrant economic growth and a significant reduction in poverty and inequality – the proportion of Latin American youth who are *ninis* fell only marginally, and the absolute number of young people in this condition actually increased. The *ninis* phenomenon has a strong equity and gender dimension. Nearly 60 percent of *ninis* in the region are from a poor or vulnerable household in the bottom 40 percent of the income distribution, and two out of every three *ninis* are women. The higher incidence of *ninis* among women and disadvantaged households, coupled with the long-lasting negative labor-market effects of being a *nini*, means that the phenomenon can cause intergenerational persistence of gender disparities and low incomes, which obstructs social mobility and poverty reduction in the region.

As it is shown by Figure 1, in 2013, the share of the population between 15 and 24 years of age classified as *nini* in Uruguay was 17.9 percent representing 94 thousand young people. Although this share is below the regional average of 20 percent, it is still significantly higher than the average of 11 percent reported in other high income countries. The national average share of *ninis* varies across several dimensions within Uruguay. For instance, 22 percent of youth are *ninis* in *interior norte* versus 14 percent in *interior sur*. The incidence of *ninis* varies greatly across the income distribution reaching 40 percent in the bottom decile versus only 1 percent in the top decile. Overall, 75 percent of the total *ninis* in Uruguay are from a household in the bottom 40 percent of the income distribution, making the phenomenon far more biased towards vulnerable households vis-à-vis other Latin American countries. Following the regional trend, the share of *ninis* in Uruguay had decreased constantly between 2000 and 2013 while the number of male *ninis* remained unchanged due to an increase in the total youth population during that same period. The reduction in the share of *ninis* in Uruguay is the outcome of a reduction in both the share of female and male *ninis*. This is a feature that is Uruguay-specific since in the region as a whole the reduction in the share of *ninis* over the last 20 years is totally accounted for by a reduction in the share of female *ninis*. A closer look at the data shows that women account for 60 percent of the total *nini* population in Uruguay. In Latin America, the single most important factor associated with the probability of being a female *nini* is marriage before age 18, compounded with teenage pregnancy. For instance, in 2013, 23 percent of female *ninis* between 15 and 18 years of age were already married in Uruguay.

Figure 1: Proportion of *ninis* (15-24 years of age) by gender in Uruguay, 1992 – 2013

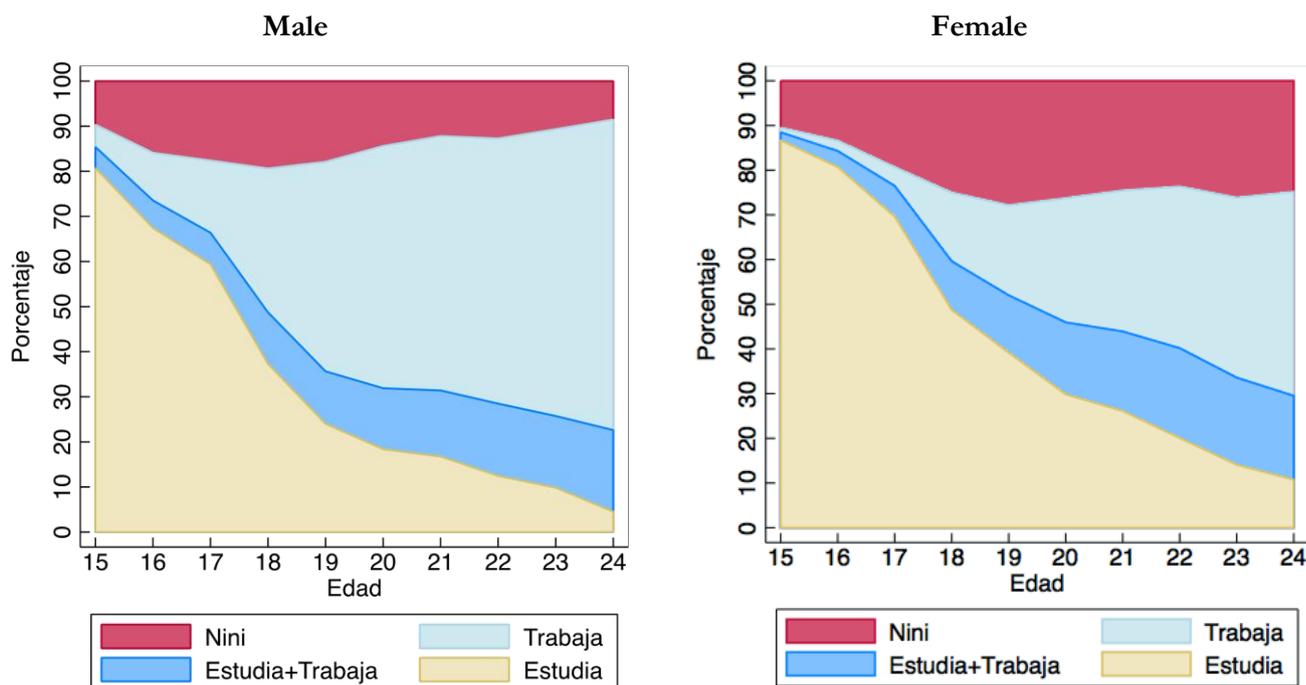


Source: World Bank with data from SEDLAC, various years

¹ Note based on the regional study by de Hoyos, Rogers and Székely (2015) “*Out of school and out of work: challenges and solutions around the ninis in Latin America*”, the World Bank, Washington DC.

Figure 2 shows that between ages 15 and 18 the proportion of youth *ninis* increases substantially, both for men and women. In Latin American countries, the most common path to become a *nini*, particularly for men, is through early school dropout into the informal labor market, followed by unemployment. Since youth who dropout before finishing upper secondary do not have the necessary skills to secure a formal-sector job, in most cases they settle for a temporary and unstable job in the informal sector. Once they lose this job, they never go back to school. As it is shown in Figure 2, in Uruguay, the share of teenagers that are enrolled in the education system falls dramatically between the ages of 15 and 18 a time when youth are expected be in upper secondary. For instance the share of boys enrolled in school falls from 80 percent at age 15 to 37 percent at age 18.

Figure 2: Education and Labor Market Status by age and gender - 2013



Source: World Bank with data from SEDLAC, 2013

Although the existing evidence to reduce dropouts among men in upper secondary is scarce, Uruguay can learn from the most recent successful socio-emotional interventions in the United States. Evidence in this area suggests that combining early warning systems to identify youth at risk of dropping out, followed by socio-emotional interventions such as tutoring and counseling would serve to more effectively reduce dropouts among this critically demographic group.

It is important to bear in mind that recent evidence suggests that there is a relatively high labor market turnover, which would make the *nini* condition a relatively transitory one (see Baron et al (2015)). For instance in Brazil around one third of *ninis* leave this state within one year with this turnover rate being higher among young men and among workers with higher education levels. A large range of policy actions and programs can help youth leave the *nini* condition. A range of training programs with varying emphases (e.g., general academic, specific technical, or socio-emotional skills), settings (in training institutes or on the job), and duration can help build the human capital of *ninis*. Public employment services can increase the speed and quality of job matches, and they can identify the needs of individual youth and steer them to training, apprenticeships, subsidized or market work. Governments can give youth a boost into the formal private job market via wage subsidies or help them into independent employment via entrepreneurship programs; in each case, the limited subsidy provided by the government is based on the premise that once there, the youths will be or soon become productive enough to sustain the employment without subsidy.