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YOUTH POLICY CENTER

THE DEFAULT NUDGE FOR NEET REDUCTION IN MOROCCO



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Exploring the potential use of default nudges to empower NEET (Not in Education, Employment, or Training) youth in Morocco.

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This policy brief explores the potential use of default nudges to empower NEET (Not in Education, Employment, or Training) youth in Morocco. NEET youth represent a diverse group facing various challenges, including limited opportunities, health issues, and social exclusion. Leveraging default nudges in public policy can be an effective strategy to engage and support these youth, helping them transition into education or the workforce. The recommendations put forward in this brief aim to foster inclusivity and empower NEET youth in Morocco.

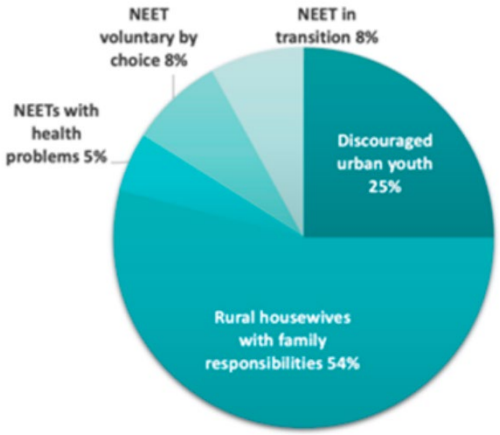
Methodology

The research approach in this policy brief involves a combination of literature review and case study analysis. The primary objective is to pinpoint default nudge strategies that have effectively involved NEET youth in education and employment. The resulting recommendations have been formulated to align with the Moroccan context and the unique obstacles confronting NEET youth.

Context and background

According to the ONDH's Household Panel survey in 2019, 28.5% of Moroccan youth aged 15 to 24 are categorized as NEET (Not in Education, Employment, or Training). This percentage corresponds to approximately 1.7 million individuals within this age group.

Figure : NEET statistical profiles



Source : ONDH, 2017

Table 1: Correspondence between ONDH's quantitative categories and the categories observed in the qualitative survey.

Rural housewives with family responsibility	Rural housewives awaiting opportunities or marriage
NEET in transition	Rural youth on the move in search of opportunities
	Urban youth actively seeking employment
	Young people voluntarily stopping work to seek better opportunities
NEET volunteers by choice	Young people who decide to devote themselves to their hobbies or passions
Young discouraged urbanites	Young discouraged urbanites who develop an irregular lifestyle
	Young people at odds with their families and society, and in very precarious situations
NEET with health problems	Young people suffering from illness or disability

To address this issue, we turn to a subtle yet highly effective tool which is the *default nudge*.

A nudge is a subtle intervention that predictably influences behavior without imposing restrictions or altering economic incentives significantly. Nudges are easy and inexpensive to avoid and should not be confused with mandates. For example, placing healthier foods at eye level is a nudge, while banning unhealthy foods is not. we focus on a particular type of nudge called the "default nudge." A default nudge involves setting a particular option as the default choice, which individuals can stick with or easily opt out of.

In this policy brief, we explore how we can use the default nudge to empower the NEET youth in Morocco. By understanding and applying the default nudges strategically, we aim to help these young individuals access education and job opportunities, improving their lives and contributing to the country's prosperity.

Research, results and conclusions

The student loans experiment



Marx and Turner (2017) conducted experiments to understand the impact of different approaches in offering loans to students in the United States.

The findings suggest that simply providing students with information about loans does not significantly impact their loan take-up. However, when they changed the loan's "default" to require students to opt out of receiving a loan offer, rather than needing to take additional steps to opt in. This default nudge resulted in students taking out substantially more credit and, after one year, having higher GPA and credits earned compared to those who did not receive the default option.

Singapore's SkillsFuture Initiative



Singapore introduced a national program called SkillsFuture to encourage lifelong learning and skill development. As part of this initiative, all eligible Singaporeans received an account with a credit balance for training courses. By default, these credits could be used for a wide range of courses, and individuals had to opt out if they chose not to participate.

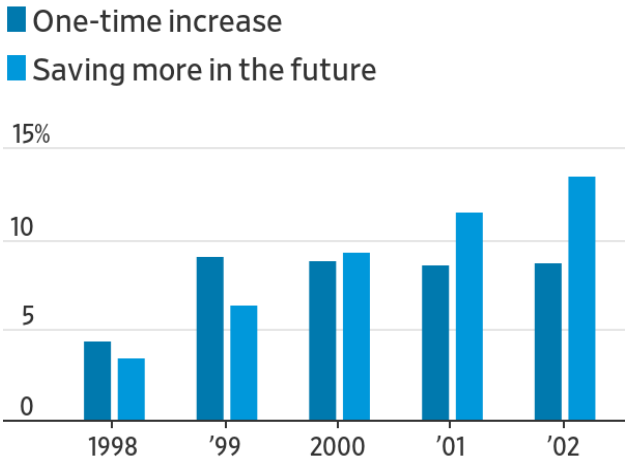
As a result, 87% of the graduates were employed in full-time jobs within six months after completing the program.

Save More Tomorrow Program



This program, developed by behavioral economists (Thaler and Benartzi), used a default nudge to help employees save more for retirement. Instead of asking employees to increase their retirement contributions, the default option was set to automatically increase their contributions with future pay raises. This simple change significantly increased retirement savings rates.

Figure: Savings rates over four years among workers who agreed to a one-time 5%-point savings increase vs workers who committed to saving more at a future time.



Source: Richard Thaler and Shlomo Benartzi; Save more tomorrow

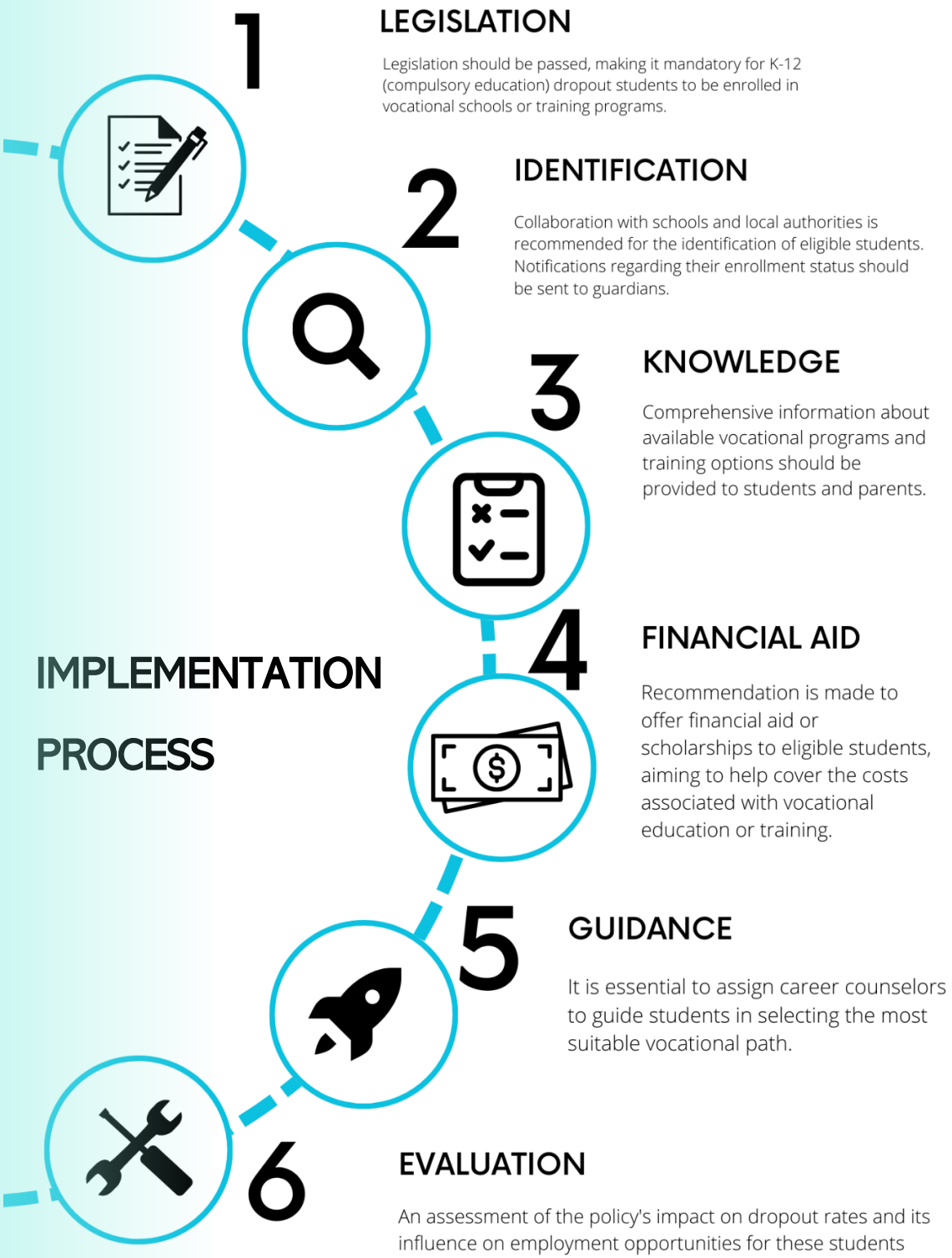
Policy recommendations

After conducting this brief empirical review, we put forward the following recommendations.

- Set up automatic enrollment for female high school graduates from rural areas in government student dormitories.
- Establish apprenticeship programs in collaboration with universities and businesses, targeting senior students or graduates.
- Ensure default registration in vocational schools or training for k-12 (compulsory education) dropout students.

The wall street journal

- Example of the implementation process for the default registration in vocational schools recommendation.



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