

The EU's youth initiatives: focus on education and employment

SUMMARY

Currently over 5 million young people (aged 15-24) in the EU-28 are unemployed. This represents more than one in five young Europeans; and more than one in two in Greece and Spain, where youth unemployment rates are particularly high.

Although the most promising way of providing opportunities for young people is through restoring growth and employment, specific measures focused on youth are essential. In this context, different EU initiatives have been put in place to improve the learning paths, mobility, and employability of young people.

The Europe 2020 Strategy (launched in 2010) has a strong focus on young adults, with a headline target of reducing early school-leaving from 15% to 10%, and increasing the share of higher education graduates from 31% to at least 40% by 2020. The Youth Employment Package (2012) put forward the creation of a Youth Guarantee to ensure that all young people under the age of 25 receive a good-quality offer of employment, education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving education. To help Member States step up national policies in combating youth unemployment, the Council established a Youth Employment Initiative (YEI) in 2013. The €6 billion available under the YEI will be used to reinforce and accelerate measures outlined in the Youth Employment Package and in particular, in the Youth Guarantee. All operational programmes funded through the YEI are expected to be adopted by the end of 2014. However, the European Parliament and stakeholders have repeatedly criticised national governments for their slow implementation, insufficient financial investment and lack of political ambition.



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Background

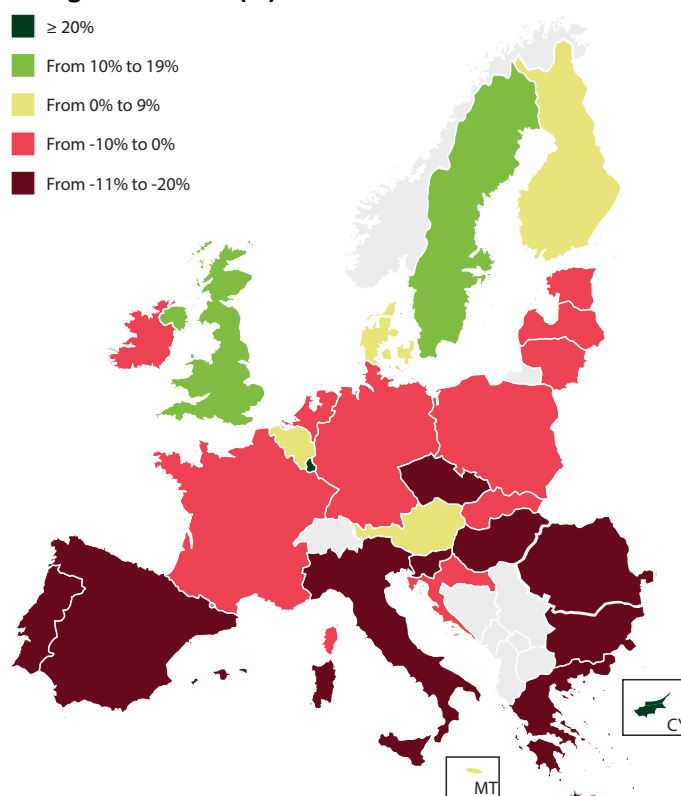
At a time when over 5 million young Europeans remain unemployed, political documents¹ proclaim the importance of young people for the future of the European Union (EU). Moreover, demographic [data and projections](#) show that while the life expectancy of Europeans is increasing, their fertility rates are dropping (see Figure 1). The [current EU population](#) of 507 million is foreseen to increase to 521 million in 2035, but thereafter gradually decline to 506 million in 2060, with the share of those aged 65 and over rising from 17.1% in 2008 to 30% in 2060. In 2013, only 16% of the European population was [below the age of 15](#), compared to 41% in Africa and 25% in Asia. In other words, with population ageing, the EU workforce is shrinking which, ultimately, raises concerns about future economic growth.

Youth unemployment rates are generally much higher than unemployment rates for the broader population. However, the on-going economic crisis has further aggravated this situation. [Eurostat](#) data indicate that between 2007 and 2013, youth unemployment in the EU (for those aged 15-24) reached record highs, jumping from 15.7% to 23.4% – more than twice the overall unemployment rate, which stood at 9.5% at the end of 2013. However, these figures deserve a cautious interpretation, since many young people are studying full-time and are therefore neither working nor looking for a job. In other words, they are not part of the labour force, which is the starting point for calculating the unemployment rate. For this reason, youth unemployment ratios are also calculated based on a different concept: they show the share of unemployed in the whole population. [Youth unemployment ratios](#) in the EU are much lower than youth unemployment rates; however they have also risen since 2008 due to the effects of the crisis on the labour market.

Importantly, youth unemployment is more sensitive to the economic cycle than overall unemployment. Young people tend to be less experienced, are more easily laid off and are more concentrated in sectors most exposed to downturns, such as construction and retail. Youth unemployment rates (see Figure 2) are particularly high in Greece (58.3%), Spain (55.5%), Croatia (50%), Italy (40%), Cyprus (38.9%), Portugal (38.1%) and Slovakia (33.7%).

Levels of youth unemployment are also influenced by structural characteristics of labour markets, such as hiring costs or [active labour market policies](#) (e.g. public employment services and training schemes), as well as by the quality of education and training systems. While a brighter economic outlook will help improve young peoples' job prospects, it will not solve all the difficulties they are facing. Ultimately, education and skills hold

Figure 1 - EU population aged 15-29, demographic change 2000-2010 (%)



Data source: European Commission, [EU Youth Report 2012](#).

the key to [future](#) wellbeing, and will be instrumental to restoring long-term growth, tackling unemployment, promoting competitiveness, and building more inclusive societies.

EU legal framework

The inclusion of 'youth' in the EU legal order is a relatively recent phenomenon, having been introduced in 1993 with the Treaty of Maastricht. Currently the Treaty on the Functioning of the European Union provides for the facilitation of vocational training ([Art. 166](#)), youth exchanges, and the participation of young people in democratic life in Europe ([Art. 165](#)).

In addition to this, children and young adults benefit from EU objectives in other fields, such as education, training and health, or in relation to the rights and protection of children and young people. Actions falling within the scope of these articles are adopted under the [ordinary legislative procedure](#).

In the field of youth policy there is no provision for harmonising different national legislations. Rather, the Council (composed of national ministers) acts mostly through the adoption of recommendations. More specifically, actions supporting job opportunities for young people are considered as social measures and are primarily the responsibility of the Member States. The EU's powers and responsibilities in the fields of youth and social policy are limited and are mainly implemented through the open method of coordination (see box). The EU responds to emerging social challenges, in general, by stimulating growth and jobs, promoting gender equality, fighting discrimination, fostering social partnerships, improving working conditions, and ensuring social cohesion.

Main challenges

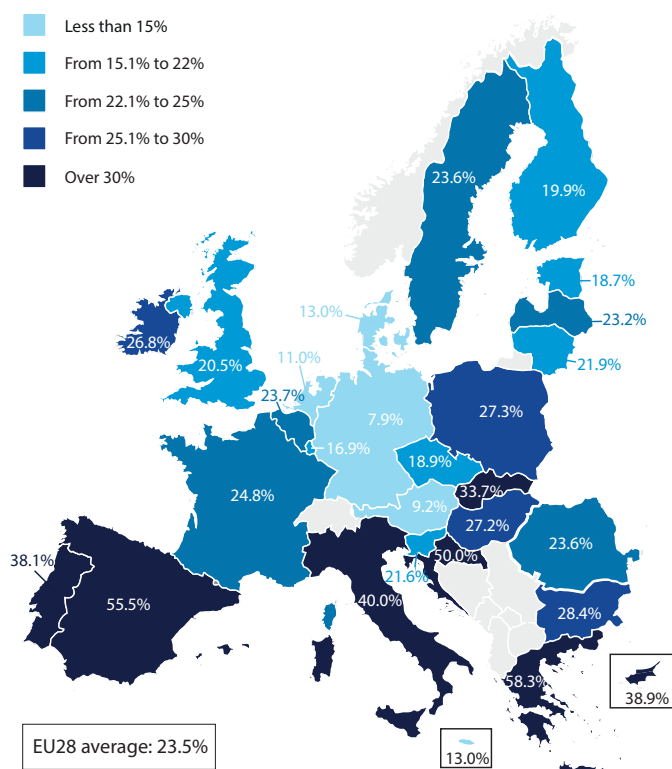
Currently, more than one in five young people in the EU is [unemployed](#) and almost one out of three is at [risk of poverty or social exclusion](#). The social cost of the economic crisis continues to weigh heavily, and the [gaps between the richest and the poorest](#) are

Open method of coordination (OMC)

[OMC](#) is a form of EU 'soft law', in other words, a process of policy-making which does not lead to binding EU legislative measures nor require Member States to change their law. OMC aims to spread best practices and achieve greater convergence towards the main EU goals.

Generally, the OMC works in stages. First, the Council agrees on policy goals. Member States then translate guidelines into national and regional policies. Thirdly, specific benchmarks and indicators to measure best practice are agreed upon. Finally, results are monitored and evaluated. Because it is a decentralised approach, largely implemented by the Member States and supervised by the Council, the European Commission has primarily a monitoring role and the involvement of the European Parliament and the European Court of Justice is fairly weak. OMC is for instance used for the implementation of texts resulting from social dialogue.

Figure 2 - Youth unemployment rates, 2013 (%)



Data source: [Eurostat](#), 2013.

increasing.² In this context, [policy analysts](#) warn that economic growth is not enough to foster social progress,³ especially if the gains from growth are not shared equitably.

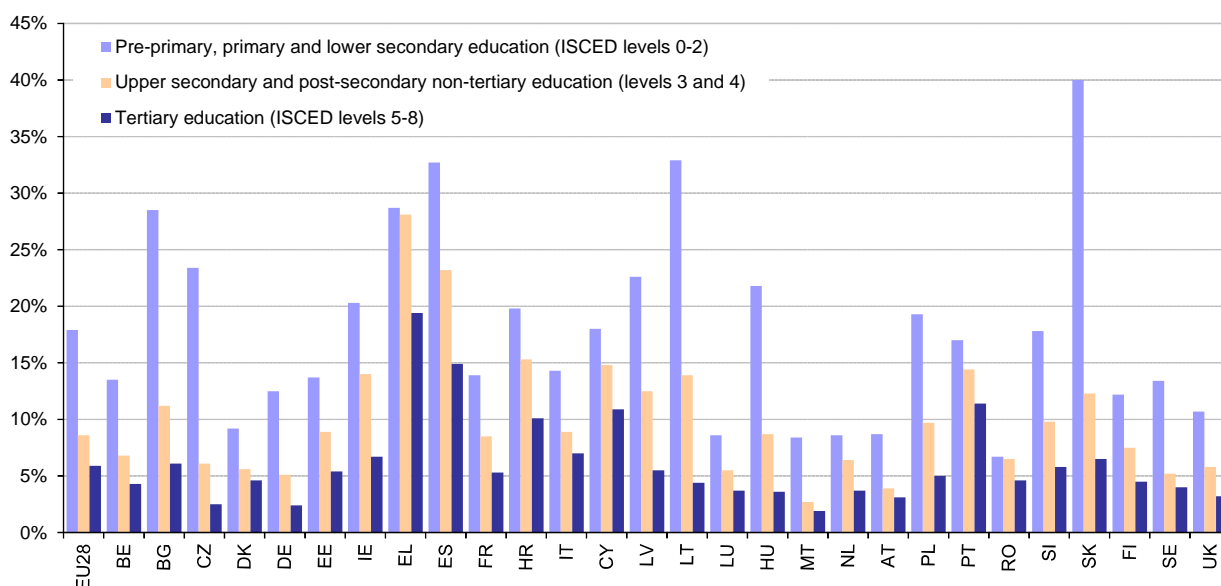
Although the most promising way to provide opportunities for young people is through restoring growth and employment, specific, focused measures are essential. In this context, facilitating young peoples' access to the labour market through efficient learning paths and support (adequate vocational training, job placement services, etc.), is crucial.

Recent skills [forecasts](#) indicate that 35% of jobs in the EU are likely to require a higher education qualification by 2020. However, according to [Eurostat](#) in 2011, fewer than 29% of the EU workforce aged 25-54 held a degree. This [compares](#) with 42% in the United States, 46% in Japan and 51% in Canada.⁴

[Statistical data](#) show that good educational qualifications are still the best job guarantee in times of crisis; unemployment rates clearly decrease as the level of education attained rises (see Figure 3). This characteristic is observed in all Member States, as the average unemployment rate in the EU-28 in 2013 was much higher for those having lower secondary education (17.9%), compared to those having obtained higher degrees (5.9%).

These findings were also confirmed by the [2014 Education at a Glance Report](#) by the Organisation for Economic Cooperation and Development (OECD). The report additionally points to a widening gap between the educational 'haves' and 'have-nots'. For instance, a higher-education graduate earns on average 45% more than an adult without upper secondary education. It should be noted though that mid-educated adults moved closer in income to those with lower levels of education, thus confirming a trend of the 'hollowing-out of the middle classes'. Importantly, the risks and disadvantages of low educational attainment and skills impact heavily not only on income and employment, but also on other social outcomes, such as healthcare. Eurostat [analysis](#) shows a clear pattern, with self-perceived health status worsening among persons with lower levels of education. This implies that when a large number of individuals do not share the benefits available to highly skilled populations, the long-term effect on society will be a deterioration in social cohesion and wellbeing.

Figure 3 - Unemployment rate by level of educational attainment (ISCED levels), 2013 (%)



Data source: [Eurostat](#), 2013.

More worryingly, the OECD report indicates that young adults from low-educated families become increasingly excluded from the potential benefits of education in general, thus perpetuating a negative intergenerational spiral. The interaction between their disadvantaged backgrounds and the less-than-satisfactory education they receive, results in the kinds of educational outcomes that do not favour their upward social mobility.

Last but not least, young people who are neither in employment, nor in education or training – the so called NEETs – require particular attention. It has been [observed](#) that individuals belonging to this group frequently go back and forth between temporary jobs, unemployment and/or inactivity, even during periods of strong economic growth. In 2013, 13% of all young people aged 15-24 across the EU, and nearly 21% of those aged 25-29, fell into this [category](#). However, these average figures hide substantial differences.⁵

These youths usually cumulate several social risk factors (such as low education, ethnic minority background, living in a deprived neighbourhood). [Eurofound](#) – the EU Foundation for the improvement of living and working conditions – estimates that in 2011, the cost of young people's unemployment or inactivity (i.e. those considered as NEETs) was the equivalent of 1.21% of GDP annually for the EU. The authors of the study consider that the re-integration into employment of just 10% of these young people would create a yearly gain of more than €15 billion.

Overview of EU initiatives

In 2009, the European Commission [put forward](#) an **EU Youth Strategy for 2010-2018** with two overall objectives: to provide more and equal opportunities for young people in education and in the labour market, as well as to promote active citizenship and social inclusion for all young people. These objectives were further reinforced with the [launch](#) in 2010 of the **Europe 2020 Strategy**. It focuses strongly on young people, with a headline target of reducing early school-leaving from 15% to 10% and increasing the share of young graduates from 31% to at least 40% by 2020. Two other headline targets have a clear youth dimension – reducing the risk of poverty for at least 20 million Europeans and increasing the share of the population in employment to reach 75%.

Established in 2010, under Europe 2020, **Youth on the Move** is a comprehensive [package](#) of policy initiatives on education and employment for young people. It focuses notably on the development of '**Your first EURES job**' as a pilot project (see box below), and the [creation](#) of a dedicated **Youth Opportunities Initiative**, targeting in particular unemployed young people who left education before finishing upper-secondary level.

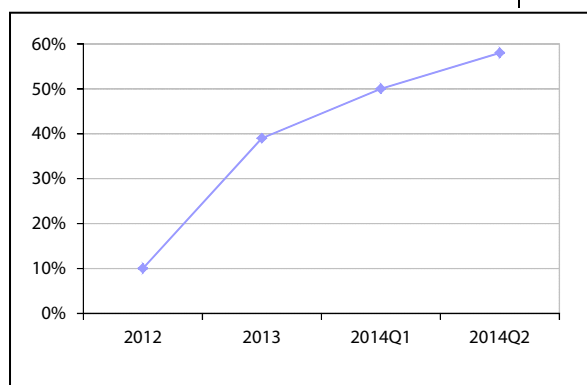
'Your first EURES job' in figures

'Your first [EURES](#) job' is an EU job mobility scheme whose aim is to support young people in finding employment (jobs, traineeships or apprenticeships) in another Member State. It started in 2012.

Projects have been financed through three calls for proposals. The ultimate target of the scheme is to facilitate 5 000 job placements.

By the [second quarter of 2014](#), the first and second calls for proposals achieved 57% of the overall target, representing expenditure of some €4.3 million. Up until

July 2014, the scheme financed 2 856 placements in another Member State (see graph); it supported 1 151 jobs financially, 1 083 participants in preparatory trainings, and 281 SMEs for integration training.



In 2012, the Commission [put forward](#) a **Youth Employment Package** as a follow-up to the actions on youth laid out in the wider [Employment Package](#). It included in particular a proposal to Member States to establish a **Youth Guarantee**, which was eventually [adopted](#) by the Council in 2013. Member States therefore committed to ensuring that all young people under the age of 25 receive a good-quality offer of employment, education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving education. Although a Youth Guarantee comes at a cost for Member States, the price of inaction would be much higher. The International Labour Organisation has [estimated](#) the cost of setting up Youth Guarantees in the euro area at €21 billion per year. However, the economic loss of having 7.5 million⁶ young people out of work or education or training has been [estimated](#) at over €150 billion in terms of paid benefits and lost output, in addition to the long-term costs of unemployment to the economy, to society and to the individuals concerned.

The €6 billion **Youth Employment Initiative**, [proposed](#) by the Council in 2013, aims to help Member States improve national policies in combating youth unemployment in [regions](#) where it exceeds 25%, and in particular focus on NEETs. Concretely, €3 billion (in current prices) comes from a dedicated Youth Employment budget line, complemented by at least €3 billion more from the European Social Fund (ESF). Given Member States' current budgetary difficulties, only the ESF contribution requires a national top-up from the Member States. The money under the Youth Employment Initiative would be used to reinforce and accelerate measures outlined in the Youth Employment Package and in particular, the Youth Guarantee.

In 2013, the Commission made specific [recommendations](#) to 12 Member States to implement the Youth Guarantee. So far, 18 Member States have [presented](#) national [Youth Guarantee Implementation Plans](#) (YGIPs) and their implementation is now starting.

The YGIPs set out the respective roles of public authorities and other organisations, the financing and monitoring arrangements, as well as a timeframe. Alongside the YGIPs, Member States are currently drawing up and submitting the youth-related parts of operational programmes, which will be the basis for EU financial support for Youth Guarantee implementation.

Unsurprisingly, the Youth Guarantee has come under criticism. The European Youth Forum [regretted](#) its lack of sufficient financial resources and ambition. Some experts [pointed](#) to the fact that the Guarantee cannot create jobs since the youth unemployment problem in the EU is more related to scarce demand than to inadequate supply. Similarly, others [asserted](#) that as long as economic growth remains low, the scheme will not be sustainable and will merely provide 'a short-term band-aid solution'.

In contrast, the International Labour Organisation's [review](#) of existing youth guarantee schemes

Achievements of Erasmus for Young Entrepreneurs

The European exchange [programme](#) **Erasmus for Young Entrepreneurs** gives aspiring entrepreneurs the chance to learn from experienced counterparts running small businesses in other participating countries. Since its beginning in 2009 until 2013, 2 500 exchanges have taken place, involving 5 000 new or experienced entrepreneurs. Statistical data show that companies who took part in the programme are more resilient, grow more, and create more jobs.

Some 87% of the start-ups founded by the entrepreneurs who have participated in the programme are still running, while the average survival rate of start-ups in the EU after three years is only 57%. In addition, 65% of the participants have extended their operations inside or outside the EU, and 53% have developed new products or services since their participation. Further funding will be secured under the new [COSME programme](#) to aim for a total of at least 10 000 exchanges by 2020.

in Europe shows their potential to bridge the gap until economic growth strengthens and the labour market recovers. Experts from the International Labour Organisation claim that they help in particular to keep young people connected to the labour market or in education, thus preventing the scarring effects arising from long-term unemployment.

Taking stock of the Youth Guarantee

[Addressing](#) the European Parliament in September 2014, outgoing Employment and Social Affairs Commissioner László Andor said that the Youth Guarantee was probably the most rapidly implemented structural reform in Europe. This conclusion was prompted by the fact that 26 out of all 34 operational programmes funded through the Youth Employment Initiative will be adopted in 2014, taking up 85% of the total budget. In other words, the entire funding available – over €6 billion – will be committed in 2014-15. Andor stated that on the basis of the draft operational programmes, over €4 billion of additional ESF resources will be committed to support youth employment. That would take the budget for youth to over €10 billion.

The European Parliament, which [criticised](#) national governments' slowness to put the YEI into effect in a [resolution](#) voted in July 2014, called again for stronger measures. During the [discussion](#), some Members blamed the current crisis on austerity-imposed policy measures. Others directed their critical remarks towards some Member States for not taking advantage of the initiative.

Speaking on behalf of the Italian EU presidency, Italy's Under-Secretary for Foreign Affairs, Benedetto Della Vedova, noted that the 'margin for manoeuvre at the European level is fairly restricted' and pointed out that the Youth Guarantee is only start-up capital for Member States and not meant to solve the overall problem.

Three EU initiatives complement the Youth Guarantee. The **European Alliance for Apprenticeships** aims to increase the quality and supply of apprenticeships across Europe. As of April 2014, 19 Member States, some 30 organisations, and 15 companies have [submitted](#) concrete commitments on the next steps. The **Quality Framework for Traineeships**, [adopted](#) by the Council in 2014, aims to ensure that traineeships outside formal education provide high-quality learning and fair working conditions. However, various youth organisations have [criticised](#) the Framework's weakness and non-binding nature in a joint letter. Indeed, the Framework does not provide for mandatory social security protection and (appropriate) remuneration. According to the [European Trade Union Confederation](#) (ETUC), currently 59% of trainees are not paid, and 38% have neither a traineeship contract nor an agreement. ETUC also [claims](#) that many internships look like apprenticeships without being properly regulated, which leads to abuse.

Most recently, in September 2014, the **Public Employment Services Network** was [launched](#) following a Council and European Parliament [Decision](#). One of its most pressing tasks consists of exchanging knowledge and successful practices on the implementation of the Youth Guarantee, as most public employment services are the designated national contact points for this important reform. However, due to [diverging legal interpretations](#), Parliament and Council

Erasmus+ 2014-2020

The newly launched [Erasmus+](#) brings together seven existing EU programmes in the fields of education, training, and youth, and will for the first time provide support for sport. It aims to improve skills and employability, as well as modernising education and training. The seven year programme will have a budget of €14.7 billion (in current prices), a 40% increase compared to current spending levels, reflecting the EU's commitment to investing in youth policies.

The programme's ambition is to allow over 4 million Europeans to study, train, and gain work experience abroad. A new financial instrument – the Student Loan Guarantee Facility – will provide support for around 200 000 students undertaking a full Master's degree in another participating country. However, in 2013 the deficit in payments of the EU budget stood at €26 billion and the budget for 2014 is [reported](#) to have been practically used up already. This puts at risk the future Erasmus+, for which the Commission expects disruption in the payment of grants to beneficiaries, mainly

have not agreed on whether participation in the Network will be compulsory (the view of Parliament and Commission) or voluntary (Council's approach).

The key role of education and training to nurture new generations of entrepreneurs accounts for specific measures to help develop untapped human resources, especially amongst young people. One such initiative is **Erasmus for Young Entrepreneurs** (see box above). Efforts to improve the learning mobility and employability of young people are also supported through the **Lifelong Learning** and **Youth in Action** programmes, which – from 2014 onwards – are superseded by **Erasmus +** (see box).

The impact of Erasmus on employability

According to a 2014 [study](#), young graduates who have obtained skills and experience abroad through the Erasmus programme have much better opportunities, and improved skills, than students who have not gone abroad. The probability of them becoming long-term unemployed is reduced by half as compared to non-mobile students, and their unemployment rate five years after obtaining their degrees is 23% less than for their fellow students who chose to study only in their home countries. The study indicates that the period spent abroad provides them with job-finding skills that are 70% higher than those of all the other students, and improves their employability compared to the latter by 42%.

It appears that, amongst employers, 92% seek transversal skills in jobseekers (such as curiosity, problem-solving abilities, tolerance, open-mindedness, and self-confidence) which are improved through the Erasmus programme; 64% of them see international experience as an important advantage for recruitment purposes; and 64% believe that international experience paves the way to taking on more responsibility at work. Most importantly, Erasmus develops a spirit of enterprise. As illustrated by the study, 40% of former Erasmus students, as opposed to just 23% of non-Erasmus students, set up businesses abroad; 93% of them intend to do so (as opposed to 73%); and 33% (compared to 13%) live with a person of different nationality, with 27% of these cases having begun during a period spent abroad.

Endnotes

¹ See for instance European Commission, Renewed social agenda: Opportunities, access and solidarity in 21st century Europe, [COM/2008/0412 final](#), p. 7.

² On average [in the EU](#), the top 20% earned 5.1 times as much income as the bottom 20% in 2012.

³ The [Social Progress Index](#) 2014 ranks 132 countries based on their social and environmental performance across nearly 60 indicators. Despite having the world's 2nd largest per capita GDP, the US for example ranks 16th behind other countries with lower per capita GDP. On measures of health and wellness, the US ranks lower than Peru, Ecuador and Albania.

⁴ Note that in this case the age bracket is wider: 25-64.

⁵ The percentage of NEETs varies between 5% in Luxembourg and 22.2% in Italy for those aged 15-24 and respectively 8.7% in Sweden and 42.3% in Greece for those aged 25-29.

⁶ The calculation is based on data from 2011, respectively 12.9% for those aged 15-24 and 19.8% for those aged 25-29.

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