

## Youth Guarantee and Youth Employment Initiative: Country Case Spain<sup>1</sup>

### Workshop Youth Guarantee and Youth Employment Initiative (23 March 2017)

#### KEY FINDINGS

- **The Youth Employment Initiative (YEI)** is embedded in the Operational Program Youth Employment (OPYE), which is **entirely devoted to implement the Youth Guarantee (YG)** in Spain, and means 80% of total YG funding. Overall, the government strategy for implementation of the Youth Guarantee contributes considerably to **strengthening coordination between the Ministry for Employment and the Autonomous Communities**. Wider partnerships of all regional PES and other public and private stakeholders have been established as well as a single YG register and an integrated (albeit yet unaccomplished) information system for stakeholders.
- The **effective implementation of the YEI/YG** started late and achievements have been limited so far, but implementation has accelerated significantly in 2016. Coverage is lower in regions facing the highest NEET shares, calling for more intensive implementation efforts. There exists the risk that Spain is not able to absorb all YEI funds until 2018. Therefore, an extension of the YEI period could be considered. Sustained additional funding after the YEI ends is indispensable to avoid a sharp drop of funding in a context of budget constraints.
- **Even if significant, the YEI** funding implemented until December 2015 meant only 2.2% of total ALMP expenditure in 2015, thus not **compensating for the large budgetary cuts** between 2012 and 2014 in ALMP expenditures (-68% in per capita terms). The capacity of national and regional PES is constrained in part because of limited resources.
- It must be ensured that **employment growth benefits more young people** through effective demand side measures. Although youth (16-29) unemployment has decreased between 2013 and 2016 by 39.4%, youth employment has increased by only 0.9% in the same period. Only 31% of offers within the Youth Guarantee scheme have been an offer for employment.

### 1. IMPLEMENTATION ARRANGEMENTS OF THE YEI/YG

In a context of worryingly high youth unemployment rate (40% in 2012 for the 15-29 age group), the Spanish government launched a **Strategy for Entrepreneurship and Youth Employment** (EEEJ, in its Spanish acronym) in April 2013 addressing the situation of young people aged under 30. It included 100 measures of which 15 for immediate implementation and 85 for medium and longer term implementation. Very much in line with this Strategy, a **Youth Guarantee Implementation Plan** for young people under 25 was presented in

December 2013, in which the Youth Employment Initiative (YEI) is entirely embedded. A **Youth Employment Operational Programme (OPYE)** was adopted one year later, in December 2014, to implement the YEI and the YG, with a financial endowment of EUR 2.7 billion. The National Youth Guarantee System (NYGS) started functioning the 7 July 2014.

**All Spanish regions are eligible for the YEI**, since the youth (15-24 age group) unemployment rate was 53% in 2012, with Extremadura and Andalusia reaching 62% in that year. The YEI started its functioning in September 2013: the YEI allocation for Spain is EUR 943.5 million, the highest in all EU countries, which, together with the ESF matched makes EUR 1.9 billion (adding co-financing makes EUR 2 billion), thus 80% of the OPYE.

The **beneficiaries of the YEI/YG**, as decided initially, were young people not in employment, education or training aged 16 to 24 years and who had registered with the so-called National System for the YG (NSYG), which has been made operative with a single register through a web page. The **requirements** for registering into the Youth Guarantee Register were initially<sup>2</sup> not having worked in the last 30 calendar days before the date of application, not having received educational actions that involve more than 40 hours per month in the last 90 calendar days before application and not having received training actions that involve more than 40 hours per month in the last 30 calendar days before application. It was not necessary to be registered with the PES; and to be registered with the PES did not imply registration with the NSYG. In July 2015<sup>3</sup>, **coverage was extended to young NEETs aged 25 to 29 years**, under the same conditions, as long as their unemployment rate exceeds 20%.

These registration requirements have proved too restrictive and not adapted to the changing nature of current labour and training experiences of young people. Following the 2014 CSR to “provide good quality offers of employment opportunities, apprenticeships and traineeships for young people and improve the outreach to nonregistered unemployed young people”, and the CSR 2015 “Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of tackling youth unemployment”, in December 2016, the **eligibility conditions have been further modified** in order to simplify the registration process and thus enlarge coverage and improve absorption: the requirement of not having worked in the previous 30 days, and not having participated in education or training activities have been eliminated; moreover, young NEETs registered with the public employment services but not registered with the NSYG can now easily register with the NSYG, even with retroactivity<sup>4</sup>.

## The Operational Program Youth Employment

The Operational Program Youth Employment (OPYE) 2014-2020 is entirely devoted to the implementation of the Youth Guarantee and its budgetary endowment equals € 2.7 billion. The YEI is entirely embedded in the OPYE and makes 80% of its EU funding. The OPYE is organised mainly in the Priority Axes 1 and 5, where ESF funding is allocated to Priority Axis 1 and the YEI to Priority Axis 5 (Table 1). Note that activities directly addressed to young people (Investment Priority 8ii) are exactly the same in both cases, with the YEI applying in the period 2013-2018 and ESF funding mostly after this period.

The government in Spain ensured that half of YEI resources were given to regional authorities taking into account the NEET rate. Accordingly, the regions with highest NEET rates among young people aged 15-24 in 2012, thus Canary Islands (23.3%), Andalusia (22.8%) and Extremadura (21.9%), have been allocated more funding. Four large Autonomous Communities -Andalusia, Cataluña, Valencia and Madrid- gather 63% of the funding.

**Table 1: Scheme of Operational Programme Youth Employment**

ESF / YE Funding	Priority Axes ESF / YEI
<b>ESF Funding 2014-2023</b>	<b>Priority Axis 1:</b> promotion of sustainable and quality employment and labour market mobility
Total: € 685.5 MM ESF: € 443.5 MM Co-fund: € 241.9 MM	<b>Investment Priority 8.ii:</b> Sustainable integration in the labour market of young people, in particular of NEETs and those at risk of social exclusion and from other disadvantaged communities, also those through the Youth Guarantee
	Specific Objectives
	1. Activation of NEETs
	2. Reinforce employability and professional competences
	3. Increase entrepreneurship and self-employment
	4. Increase open-ended hiring
	<b>Investment Priority 8.vii:</b> Modernisation of labour market institutions
<b>YEI Funding 2013-2018</b>	<b>Priority Axis 5:</b> Sustainable integration in the labour market of young people who are not in employment nor education and training
Total YEI funding: € 2 bn YEI: € 943.5 MM ESF-matched: € 943.5 MM Co-fund: € 166.5 MM	<b>Investment Priority 8.ii</b>
	Specific Objectives
	1. Activation of NEETs
	2. Reinforce employability and professional competences
	3. Increase entrepreneurship and self-employment
	4. Increase open-ended hiring

**Source:** Prepared by the author, based on the OPYE

Spain has adopted relevant reforms to implement the YG and YEI, which has helped to partially overcome fragmentation in a highly regionalised system. The main features of the NSYG follow.

- 1. A wide and progressing partnership for the YG implementation** has been set up, that should be able to deliver timely good quality offers: it comprised initially national and regional PES and the network of 84 Chambers of Commerce and of the National Youth Institute. Other Intermediate Bodies have joined this large partnership later: 5 large social NGOs, the High Centre for Scientific Research (CSIC), Red.es devoted to promotion of the Information Society, the School of Industrial Organisation (EOI), YMCA, and the Ministry for Public Administrations in charge of territorial coordination with local entities. The Ministry for Education, the Ministry for Health, Social Services and Equality and social partners have been involved in the partnership only recently in December 2016.

Further, many Autonomous Communities have established their own partnerships within their territories: Cataluña is working closely with the education and social services regional authorities as well as with a wide set of social organisations specialised in working with vulnerable young persons; Castilla y León has also set up social projects for young persons with disabilities; in Madrid, the regional department for education is part of the regional partnership.

- 2. A single register** for all stakeholders has been set up, **with a dedicated website**. The eligibility criteria, the requirements to register (digital certificate, only exceptionally was it allowed to present a paper), a complex questionnaire to be filled in and probably the fact that it was an official page resulted **initially** in **very low**

**registration**, particularly among the most disadvantaged. **Reinforced outreach** through the Chambers of Commerce, the National Youth Institute and the rest of Intermediate Bodies (IB) have improved the initial records.

3. One of the key tools of the NSYG is an **integrated and sound information system** that is being constructed to be used by all stakeholders offering services to the registered young people. The aim is to gather information about the participant status and characteristics (age, education, sex, etc.) and the offers provided by all IB, thus enabling sharing data and therefore coordination and coherence in the services offered. This tool shall allow for sound monitoring and impact evaluation of the YG. However, it is not yet finished and coordination problems exist between the regional employment services and the rest of IB, because it is not possible yet for one regional PES to know what the rest of IB is doing and with whom in the territory.

The NSYG shows also some **weak points** in its initial approach:

- **Lack of innovation** as regards the activities and services offered to the young NEETs registered<sup>5</sup>, which often come in addition or scale up already existing activities. Moreover, it is very much focused on supply-side intervention (activation and increasing employability through second chance education and training), which is not helpful for qualified NEETs. It also relies heavily on hiring incentives. This may not be sufficient in a context of limited labour demand by companies and involve potential dead-weight effects and/or the creation of non-sustainable jobs without the incentive. In absence of employment opportunities, this focus on supply side measures have been identified as a “cruel optimism”, since higher levels of education only favour increased competition for the existing workplaces and a readiness to accept job offers that require lower levels of education or that encompass precarious working conditions<sup>6</sup>.
- As mentioned, **the NSYG relies to a great extent (50%) on regional public employment services, which have limited capacity** in the delivery of services<sup>7</sup>. Regional differences seem to exist in this respect, if the also different financial implementation is taken into account as an indicator of capacity.
- **The accomplishment of the integrated information system is delayed:** being one the identified strengths of the NSYG because of its potential of coordination, the delay in its final development is a weak point that is hampering coordination and monitoring. As a matter of fact, Spain should have presented before 23 May 2016 a payment request for 50% of the frontloaded YEI funds and proof that it counts with a rigorous management and control system approved by the audit national authority. Failing to do so, it has been forced to temporally reimburse part of the funds.

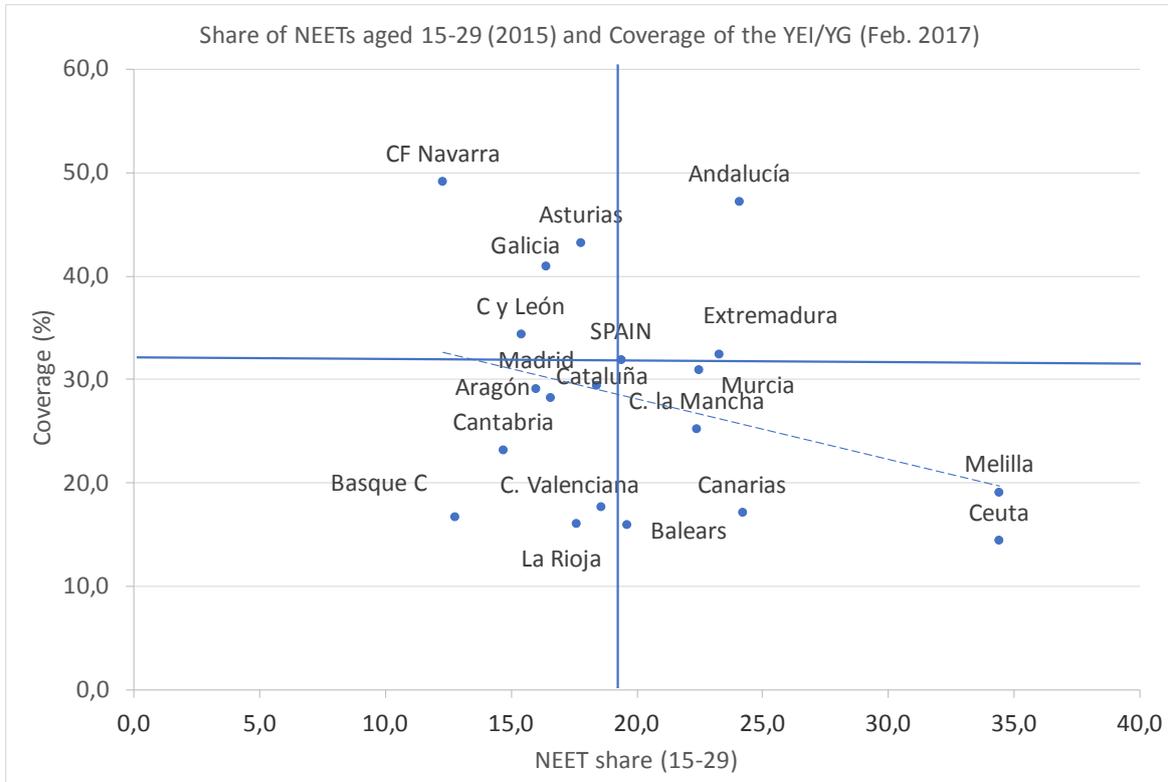
## 2. PROGRESS IN IMPLEMENTING THE YEI/YG

The implementation of the YG has gained tempo in 2016, so that the **coverage rate**, i.e. the share of NEETs aged 15-29 **registered with the national register**, has reached **31.9%** at national level in February 2017<sup>8</sup>. This means 446 064 young persons registered, almost twice as much as in February 2016, where the record was 233 553, and an increase of 15.2 percentage points in the coverage rate compared with February 2016. Although not directly comparable and referred to two years earlier, the EU28 coverage rate for NEETs aged 15-24 in 2015 was 37.5%. It is important to bear in mind that the **Spanish YG register does not deregister beneficiaries** once they access to an employment, education or training offer, unless the beneficiary demands actively to be deregistered, i.e. it is cumulative data. Unfortunately, there are **no readily available data on how many registered persons are beneficiaries of any activity** at each moment.

There are **large regional disparities**, with Navarra, Andalusia, Asturias or Galicia well above the national average in 2017 with coverage rates over 40%, and five autonomous communities and the autonomous cities Ceuta y Melilla below 20%. **On average, the regions with higher than average NEET shares have attained so far lower coverage rates** (lower right

quadrant of Graph 1), with the exceptions of Andalusia and Extremadura, that show both higher NEET rates and higher coverage.

**Graph 1 : Share of NEETs and YEI/YG coverage**



**Source:** Author’s calculation based on data of Spanish Ministry for Education, Culture and Sports (2016), for the share of NEETs aged 15-29 in 2015; and on data of the Ministry for Employment and Social Security (National System of the Youth Guarantee) for the number of young persons registered with the YG as of February 2017.

Additional results refer to young people aged 15-24 and to 2015<sup>9</sup>.

- **Positive and timely** -within 4 months of registration- take up occurred in almost three-quarters (74.3%) of the cases, which compares with 40.3% at EU level.
- As for the **duration of participation**, almost half (47.5%) of those in the scheme at any point in 2015 (i.e. registered and currently NEET) had been registered for more than 4 months, which means 7 percentage points more than in 2014. This is reflecting in part the maturity of the system in its second year of implementation and a progressive accumulation of young people that are not being treated on time. The comparable EU28 data is 58.1%.
- As for the **sustainability of the integration**, follow-up data show that **37.7% of those taking up an offer during 2015 were in employment, education or training 6 months afterwards**, considerably less than in 2014 (63.3%) and slightly below the average of the EU countries with data available (40% in 2015).
- The **type of timely and positive offers** in Spain have a clear **focus on improving the employability** of the young people through continued education, with 53.2% of the offers (12% at EU28 level), and through apprenticeships, with 12.1% (4%). **Employment offers count for only 31% of the offers** (EU average: 70%).
- The proportion of **timely offers**, either employment, education or training offers, **that was subsidised** in Spain reached 100%, which compares to 27.2% at EU level.
- **Quality criteria of offers** have not yet been agreed upon and there is no information readily available in this respect.

There are no readily available updated data on **financial implementation**. According to the “First evaluation report of the YEI” elaborated by the MA<sup>10</sup>, as for December 2015, the execution rate of the 50% part of funding allocated to the Autonomous Communities was 12.25%, with large regional differences (0% in Andalusia, Extremadura or Valencia, 38% in Cataluña, 65% Asturias or 91% in Navarre). The execution rate of the 50% part managed centrally was still lower, 11.13%. The strong increase in the number of registered NEET in 2016 described above, provided they have received good quality and timely offers, would suggest advancement in financial implementation, but, as said, no recent data is available to confirm it.

The following factors may explain the **relative poor performance and outcomes of the Spanish NSYG**:

- Need of setting-up of an **entirely new system** with the aim of having a single YG register and a common set of measures to apply in all Autonomous Communities.
- **Late adoption of selection criteria** for operations (adopted in May 2016), **uncertainty and confusion** as regards what could be eligible for YEI/YG, in a context of overlapping programming periods (2007-2013 and 2014-2020) and severe budgetary cuts and fiscal consolidation, have delayed formal start of operations.
- **Overall economic context**, notably the **fiscal consolidation process and reduced public spending**, in particular on **active labour market policies**<sup>11</sup>: between 2007 and 2014 (last year for which data is available), total expenditure on ALMP diminished by 29.5% (the information is not detailed for young people). In a context of soaring unemployment, this has reduced the investment on ALMP per person wanting to work by 68% in cumulative terms<sup>12</sup>. As a result, in 2014, the per capita budget dedicated to ALMP in Spain was one tenth of that in Denmark, 21% of France or 36% of Germany. The **budget for ALMP** increased in 2015 and 2016 by 16.6% and 9.9% respectively, but it **has not yet reached the 2012 level**<sup>13</sup>. The YEI funding implemented until December 2015<sup>14</sup> meant only 2.2% of total ALMP expenditure, being thus unable to compensate for the large budgetary cut.
- Spain has had a **caretaker government for almost one year** between November 2015 and October 2016, which has limited the adoption of legislative or whatsoever needed measures to accelerate the implementation.

In spite of inefficiencies, one added value of the Spanish NSYG is the **strengthened coordination between the Ministry for Employment and the Autonomous Communities**, in line with the far-reaching reform of the ALMP approved in 2014 (*Estrategia de Activación para el Empleo 2014-2016*) that seeks reinforced coordination. The NSYG has contributed to **reinforced debate and dialogue** between central and regional administrations. **Three technical** working groups have been set up that work respectively on information issues, evaluation and identification and sharing of good practices. **The integrated information system**, once it is finally prepared, should further contribute to improved coordination, also with the rest of stakeholders.

### 3. EVOLUTION OF NEET RATE, YOUTH UNEMPLOYMENT AND EMPLOYMENT

After increasing 5.5 percentage points (p.p.) between 2008 and 2013, the **NEET rate** reached a pick in 2013 (22.5%) and has since then diminished by 3.1 p.p. until 2015. The reduction has been by large more intense among those with utmost lower secondary education (-2.1 p.p.), who have engaged in education or training, than among those with upper secondary (-0.5 p.p.) or tertiary (-0.4 p.p.) education. It has been more pronounced among young men (-3.6 p.p.) than young women (-2.4 p.p.). And more among those aged 20-24 (-4.1 p.p.) than the aged 15-19 (-1.3 p.p.) or 24-29 (-2.7 p.p.)<sup>15</sup>.

**Unemployment** among the youngest group of NEET (aged 15-19) started to decrease, although irregularly, as soon as in 2009, when many of them went back to education or training. Unemployment among the other two age groups (20-24 and 25-29) started to decrease at the end of 2013, a bit **earlier than adults' unemployment and with slightly more intensity** (Graph 2). This reduction has concentrated on the less qualified, reflecting again a decreasing participation in the labour market to engage in education or training<sup>16</sup>. Still, today half (49%) of the young unemployed in Spain have utmost lower secondary education. At the end of 2016, the unemployment rate of the youngest cohort (15-19) was the highest in the EU28 at 54.7%; and that of the older age groups were the second highest, only after Greece, with 39.3% among the 20-24 group and 23.9% among the 25-29.

**This youth unemployment reduction is not due to increasing employment for young people.** Indeed, whereas youth unemployment has diminished by 382 000 persons aged 16-29 in 2013-2016, youth employment has increased only by 21 000 persons. This apparent incoherence is explained, as suggested above, by many young people, mostly the less qualified, leaving the labour market. On the contrary, it is the more qualified, but in a reduced amount, who are having access to jobs (Graph 2). All in all, employment growth is not benefiting young people, which **calls for additional effective demand-side measures**.

Moreover, the **labour conditions of the young employed have deteriorated** substantially with an increasing share of hiring on a temporary basis<sup>17</sup> and decreasing wages<sup>18</sup>. As analysed by Bentolila et al. (2016)<sup>19</sup>, at the end of 2014, economic conditions for new hiring, which apply mostly to young NEET, had dropped to the early nineties level.

There are **large regional disparities** as regards the recent reduction of youth unemployment and the tiny youth employment creation since 2014. Castilla y León has experienced a youth unemployment reduction of near 40% in accumulated terms, but Valencia of only 6%. In turn, youth employment has grown by 25% in Basque Country and diminished by -6.3% in Andalusia. Interestingly, the regions where youth unemployment has decreased most do not coincide with the regions where youth employment has increased most (Graph 3)<sup>20</sup>. Different regional patterns of economic growth would not explain why youth unemployment decreases but youth employment does not increase in a similar measure. Rather, **differences in the regional composition of NEET and their education level** should be considered, since this composition would determine the amount of (low qualified) young people leaving the labour market (reducing thus youth unemployment) and the amount of higher qualified young people finding a job. The extent to which the regional approaches to the YEI respond to these differences would need a deeper analysis.

#### 4. MAIN CHALLENGES FOR YEI/YG

As explained above, the YEI is entirely integrated in the OPYE and the YG, contributing with 80% of the OPYE budget. However, since the YEI is focused on direct action with the young NEETs in the period 2013-2015 (n+3, thus December 2018), its challenges relate with the coverage and quality of interventions within the given timeframe; the part of the YG not funded with the YEI relates to the associated infrastructure that has been created: basically, the partnership, the single register and integrated information system. Since the YEI makes 80% of funding for the YG, concerns exist regarding the availability of funds for the YG after the YEI.

The limited implementation of the YEI and the also limited results achieved in terms of the youth unemployment rate and youth employment growth call for action by all stakeholders involved. In which concerns the Spanish Government:

- **The YG integrated information system** should be accomplished as soon as possible, so that the information of all public and private IB as regards the activities offered to the young participants is available to each other. All stakeholders need to know what the others are doing, to be able to offer coordinated and good quality offers. The objective of reaping synergies can only be achieved if information is integrated and

shared among all stakeholders. In this context, **ongoing monitoring, increased transparency** in the implementation and **constant evaluation** of the effectiveness of the activities carried out by the many stakeholders is indispensable. **The quality of offers** needs to be also monitored. Common criteria to all stakeholders to define what is considered a quality offer in the YG scheme should be agreed upon and then adequately monitored.

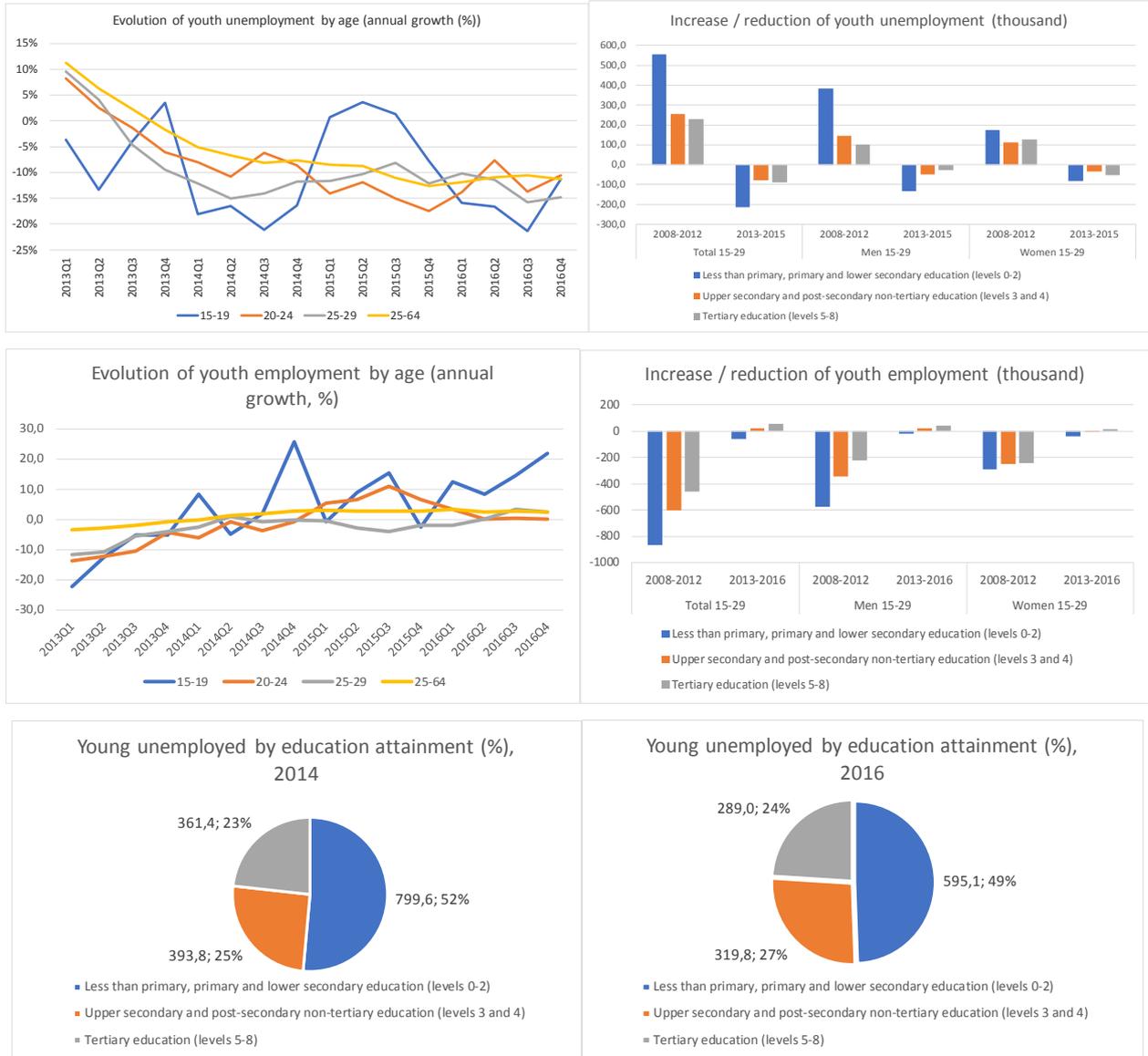
- **Coverage needs to be further enhanced**, since the current coverage rate is similar to EU average in 2015. In this context, PES capacity needs to be reinforced, with increased and better qualified staff. Effective and coordinated collaboration with all IB needs to be strengthened.
- It is important that **faster implementation** of the YEI does not concentrate on shorter than necessary operations, only to be able to commit and certify YEI expenditure. Having started activities very late, a speedy implementation of the YEI is hardly compatible with longer intervention pathways (two-three years) that are more suitable and effective for vulnerable young persons. It should also be avoided that easier or more expensive activities (e.g. hiring incentives/wage subsidies) are fostered as a way of quick implementation, regardless their effectiveness. To avoid this risk, it could be considered that the YEI **implementation period is prolonged**.
- **Regional differences** in the share of NEETs and the implementation of the YEI are very large and not always the regions with higher NEET rates are those with higher coverage rates. There are also important differences in the evolution of youth unemployment and employment. It is important that **a more homogeneous implementation is achieved** and that the reduction of youth unemployment and youth employment creation concentrates also in the regions lagging behind.
- **Economic recovery and employment creation** experienced since 2014 is not benefiting young people intensely, which calls for a more youth intense employment recovery through additional specific demand-side measures. Moreover, employment creation will most probably continue to benefit the better qualified, with those more disadvantaged lagging behind. Longer, better adapted, more intensive ALMP are needed with these persons. The **quality of employment** created for all young NEETs is a major challenge for Spain, given the recent evolution in this respect.

The **European Union**, on its side, could consider the **extension of the YEI period**, which ends in December 2018, in order to ease an orderly absorption of the YEI funds.

Moreover, **sustained funds for the YG** after 2018 (or later, if the implementation period is prolonged) will be needed. Taking into account that the YEI makes 80% of the YG budget, the remaining 20% of funds will clearly be insufficient after 2018.

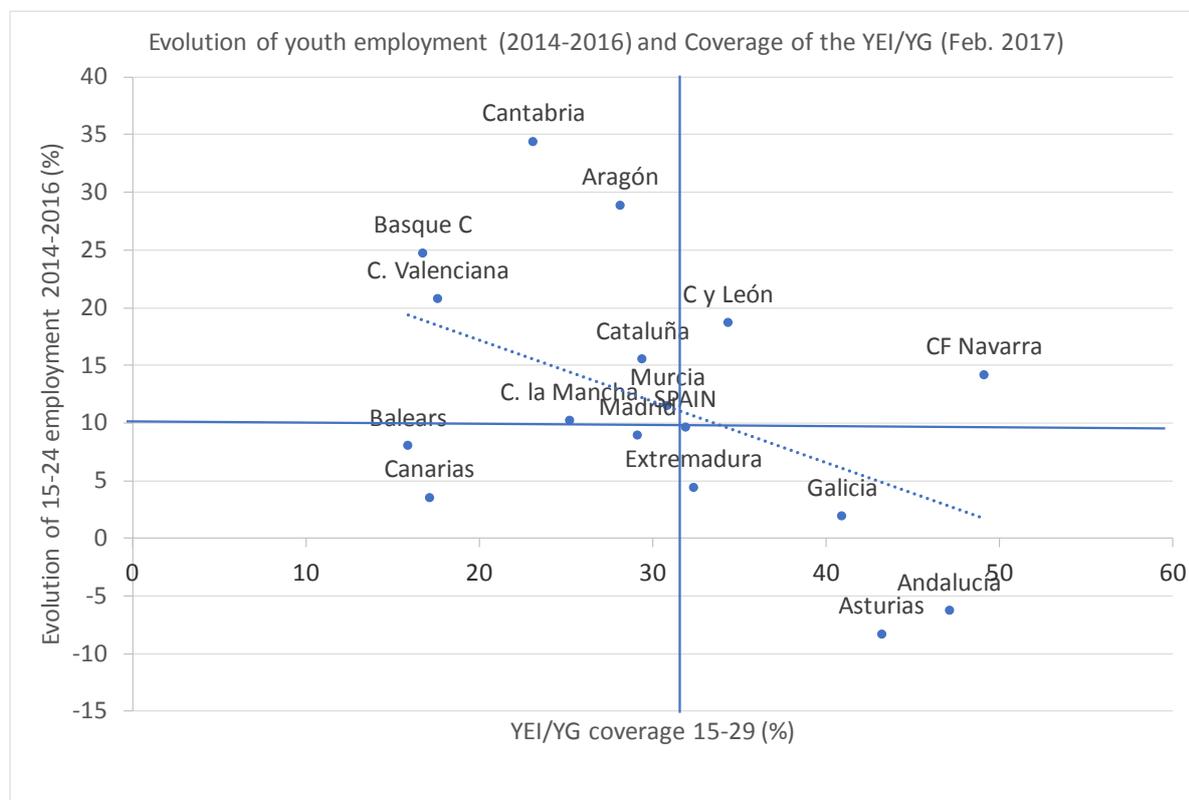
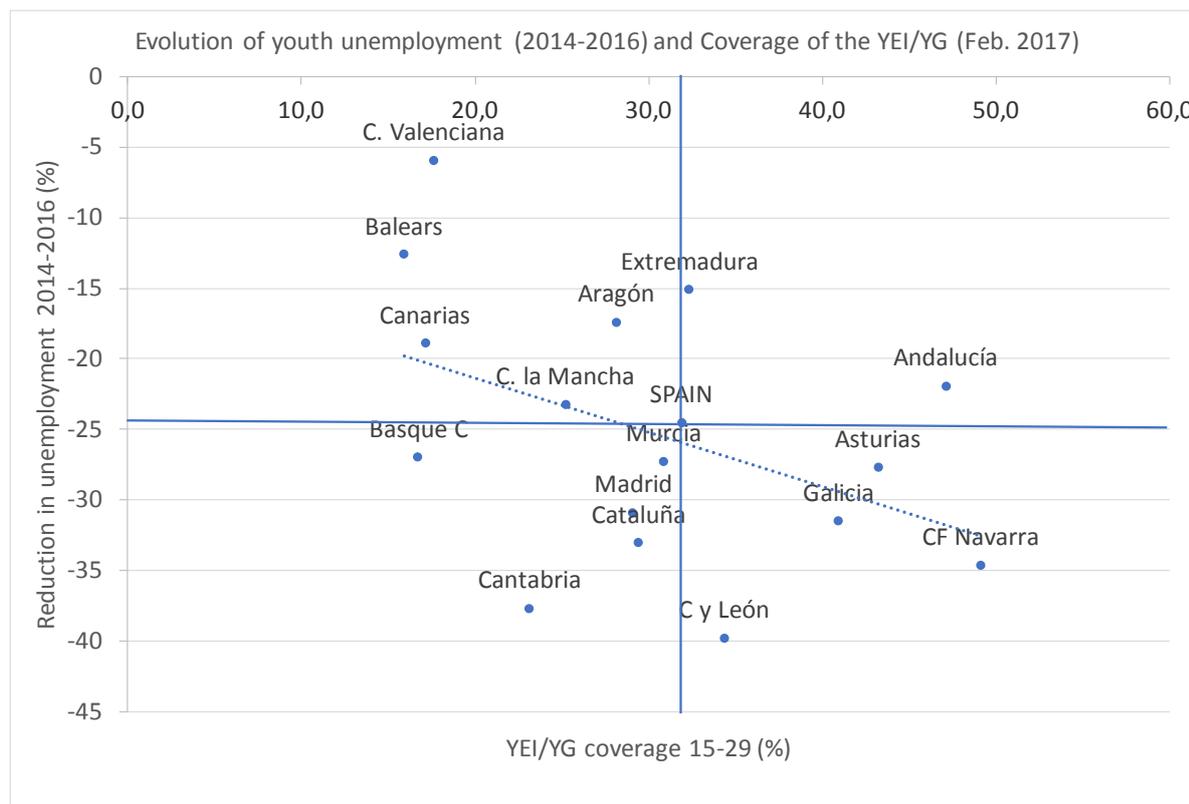
**ANNEX**

**Graph 2. Evolution of unemployment and employment by age, sex and education level**



Source: Eurostat and National Statistics Institute, LFS

**Graph 3. Regional evolution of youth unemployment and employment and coverage of YEI/YEI**



**Source:** National Statistics Institute, LFS. Author's calculation of the YEI/YG coverage based on data of Spanish Ministry for Education, Culture and Sports (2016), for the share of NEETs aged 15-29 in 2015; and on data of the Ministry for Employment and Social Security (National System of the Youth Guarantee) for the number of young persons aged 16-29 registered with the YG as of February 2017. Note that the Autonomous Cities Ceuta, Melilla, and La Rioja region have not been included in the analysis, because of high sample errors in the youth (un)employment population provided by the Spanish LFS.

<sup>1</sup> See also the following notes prepared for the workshop: [Youth Guarantee; Youth Employment Initiative, Summary Report, Presentations](#) - forthcoming end of April.

<sup>2</sup> Law 18/2014, 15 October, of urgent measures for growth, competitiveness and efficiency.

<sup>3</sup> Law 25/2015, of 28 July, of second chance mechanism, reduction of debts and other social measures.

<sup>4</sup> Royal Decree Law 6/2016, of 23 December, with urgent measures to promote the National Youth Guarantee System

<sup>5</sup> ECORYS (2016), First results of YEI, and Cabasés, Pardell and Strecker (2016) "The EU youth guarantee – a critical analysis of its implementation in Spain", *Journal of Youth Studies*, 19:5, 684-704, DOI: 10.1080/13676261.2015.1098777

<sup>6</sup> Bessant and Watts (2014): "Cruel Optimism": A Southern Theory Perspective on the European Union's Youth Strategy, 2008–2012." *International Journal of Adolescence and Youth*. doi:10.1080/02673843.2013.833957.

<sup>7</sup> European Commission (2017), Country Report for Spain; Ecorys (2016)

<sup>8</sup> Own calculation based on data of Spanish Ministry for Education, Culture and Sports (2016), for the share of NEETs aged 15-29 in 2015; and on data of the Ministry for Employment and Social Security (National System of the Youth Guarantee) for the number of young persons registered with the YG as of February 2017.

<sup>9</sup> As reported in European Commission (2016), SWD(2016) 323 final, PART 2/2, "The Youth Guarantee and Youth Employment Initiative three years on"

<sup>10</sup> Ministry for Employment and Social Security (2016): "First evaluation of the YEI"

<sup>11</sup> Jansen, M. (2016), "The challenge of labour insertion of long-term unemployed" (*El reto de la inserción de los desempleados de larga duración*), Fedea Policy Paper 2016-26

<sup>12</sup> Data Source: Eurostat, LMP expenditure. Data in euro and in PPS terms.

<sup>13</sup> Data from the Annual Employment Policy Plans.

<sup>14</sup> Financial implementation as reported in the "First YEI evaluation report" of the Ministry for Employment and Social Services.

<sup>15</sup> Data Source: Eurostat, LFS

<sup>16</sup> According to the INE (LFS), 85% of inactive young people aged 16-29 is dedicated to Education or training.

<sup>17</sup> Net job creation in 2014-2016 has concentrated exclusively on fixed-term contracts (+24.3% between the first quarter 2014 and the fourth quarter 2016) so that the number of young employees on permanent basis has decreased in these two years by -7.9%. Source: INE, LFS

<sup>18</sup> According to the Families' Finances Survey carried out by the Bank of Spain (2017), the purchasing power capacity of young people under 35 years of age has diminished by 25.7% in 2008-2014, the largest drop by age brackets.

<sup>19</sup> Bentolilla, S. and Jansen, M. "The impact of the 2012 labour market on the collective bargaining" (*El impacto de la reforma laboral de 2012 sobre la negociación colectiva*), in <http://nadaesgratis.es/bentolilla/el-impacto-de-la-reforma-laboral-de-2012-sobre-la-negociacion-colectiva>

<sup>20</sup> The correlation between youth unemployment reduction and youth employment creation in 2013-2016 in the Autonomous Communities is a very low ( $R^2=0.02$ ), pointing thus at factors other than economic and employment growth patterns in the regions.

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