

## Workshop Summary Report

# Youth Guarantee and Youth Employment Initiative: Lessons from implementation

### KEY FINDINGS<sup>1</sup>

(European Parliament, 23 March 2017)

- **Youth Guarantee:** MEPs welcomed policy changes that have been triggered by the Youth Guarantee. Concerns remain in terms of coverage, the quality of offers (in particular internships and subsidised employment) and (long-term) sustainability of integration. Further advice and assistance by the Commission was deemed necessary, for example, to scale up innovative measures in order to reach all groups of NEETs. According to the Commission, clearer definitions of the quality of offers are being prepared. The network of Youth Guarantee Coordinators can be used to channel advice. As high youth unemployment persists in many countries, MEPs from several political groups stressed the need for a focus on demand-side policies and job creation.
- **Youth Employment Initiative (YEI):** The YEI was considered of added value as it makes additional funding available even if its share in expenditures for Active Labour Market Programmes (ALMP) is small. To increase the effectiveness of this funding instrument, it could be helpful to reduce burdensome administration (e.g. proof of eligibility for young persons), to review the regions eligible in light of recent employment developments and to extend the implementation period beyond 2018. MEPs asked for continued guidance by the Commission to tackle implementation gaps. Moreover, they asked for better coordination between different European youth programmes.
- **Country case Slovenia:** Only one region was eligible (based upon the situation in 2012), therefore the YEI reached a marginal share of NEET youth. Experience from implementation shows that its impact cannot be fully assessed at the moment as (longer-term) measures are ongoing. To assess whether costs per integration are adequate requires good data on the needs of young people targeted by a measure.
- **Country case Spain:** In Spain all regions are eligible for the YEI and most of the EU funding for the Youth Guarantee is provided by the YEI. Nevertheless, European funding cannot compensate for considerable budget cuts in ALMP. A point of discussion was the profile of measures: Given the prevalence of highly-educated NEET youth in Spain, work experience and effective subsidies for job entry are considered to be more relevant than further offers of education and training.

## 1. THE YOUTH GUARANTEE THREE YEARS ON - A VIEW FROM THE EUROPEAN COMMISSION

**Tamas Varnai**, Directorate General for Employment, Social Affairs and Inclusion, underlined that the Youth Guarantee has become a reality across Europe and that it played a role in fighting youth unemployment. Having been adopted by the Council in April 2013, the recommendation on establishing the Youth Guarantee has been implemented by the Member States from 2014 onwards after all Member States had prepared Youth Guarantee implementation plans. According to the Council recommendation, Member States should

*“ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education<sup>2</sup>.”*

The European Commission supported implementation by financial, technical and policy support (financial: European Social Fund and Youth Employment Initiative; technical: conferences, preparatory actions launched by the European Parliament, toolkits). Complementing policy initiatives to enhance the availability and quality of offers under the Youth Guarantee included, for example, the European Alliance for Apprenticeships, the European Quality Framework for Traineeships and the New Skills Agenda for Europe<sup>3</sup>. Implementation is being monitored through the European Semester, EMCO reviews and a dedicated Indicator Framework developed by EMCO in cooperation with the Commission.

According to the Commission, three years from the launch of the Youth Guarantee, this has become a reality across Europe: 16 million young people entered a Youth Guarantee scheme and 10 million young people took up an offer of employment, traineeship, education or training. Overall, there were 1.6 million fewer young unemployed in the EU, almost 900 000 fewer NEETs and the employment rate for young people has started to rise again, even if cyclical and other intervening factors have to be taken into account<sup>4</sup>.

The Youth Guarantee has supported policy reforms and innovation in policy design such as breaking down silos across policy areas and building partnerships, reforms of apprenticeships and traineeships. Two third of the Public Employment Services have developed specific targets for young people and nearly all have put an emphasis on early intervention and on strategies to better reach out to non-registered NEETs.

However, considerable challenges remain to ensure a full implementation. Outreach to non-registered NEETs and low-skilled youth needs to be improved to better reach all including inactive youth. Offers could be more balanced as 70 % of offers under a Youth Guarantee scheme are employment offers, followed by education (13.2 %), traineeships (12.1 %) and apprenticeships (4.1 %). Institutional capacities of employment and other services are partially insufficient. Moreover, partnerships between the areas of employment, education and youth policies, as well as between governments and other stakeholders should be developed further. Finally, the quality of offers remains a concern: For example, despite progress, a number of traineeships are too short to trigger longer lasting labour market integration. Another challenge is continued political and financial support. As for the latter, the Commission proposed EUR 2 billion more for the YEI over 2017 - 2020.

### **Key points from discussions:**

- **Results:** Did the Youth Guarantee lead to sustainable results?

MEPs welcomed policy changes that have been triggered by the Youth Guarantee. At the same time, MEPs across political groups expressed concerns regarding results in terms of coverage and sustainability raising also the question of long-term sustainability of integration. Coverage, i.e. registration with a Youth Guarantee scheme strongly varies across Europe ranging from less than 10 % to more than 80 %. The same holds true for the success rate, i.e. the share of young people being in a positive situation (employment, education, traineeship or apprenticeship) six months after having taken up an offer. The rate is close to zero in a few countries contrasting with around 70 % in others. This was seen as a reason to worry even if data tend to understate the real situation.

The Commission clarified that partially different country approaches help to explain uneven coverage. Some countries introduced the Youth Guarantee taking a gradual approach starting with selected target groups. Results were sometimes better as policies and measures were targeted to the specific needs of these groups, though at the expense of the overall coverage. Longer-term monitoring will show whether coverage improves in this group of countries. As regards sustainability, the Commission underlined that the long-term impact of the Youth Guarantee can only be assessed at a later stage when data on the situation of young people 12 and 18 months after exiting the Youth Guarantee will be available.

- **Youth Guarantee, Youth Employment Initiative and unemployment:** Is the Youth Guarantee together with European funding an appropriate strategy to fight youth unemployment?

A number of MEPs from the left and the right questioned the impact and even the potential of the Youth Guarantee and European funding to fight youth unemployment. There were doubts that the Youth Guarantee is successful given persisting high youth unemployment in many Member States. In 2015, the youth unemployment rate exceeded 20 % in 15 countries and in 7 countries more than one in four of young persons (in the labour force) were unemployed. In Germany alone, youth unemployment was below 10 % in the 15-24 age group. Even if the Youth Guarantee is a good initiative, its potential may be limited as it does neither address underlying structural causes of unemployment nor are resources from European funding sufficient to compensate for the impact of austerity policies including ALMP (Active Labour Market Programmes). In the end, quality jobs are needed, a focus on demand-side policies and investments. Overall, implementation of the Youth Guarantee should be less hasty. To prepare young people for changing labour markets requires longer-term investments in education and training.

- **Quality of offers:** How to deal with a lack of quality of offers young people receive under the Youth Guarantee scheme?

Given, recurring quality issues, replacements effects and a lack of sustainability, it was suggested to remove internships from the list of offers under a Youth Guarantee scheme. The Commission stated that it does not intend to remove traineeships as an option for young people. It promotes instead a better implementation of the European Quality Framework for Traineeships. Further, the Commission pointed to a need for clearer definitions and data as some Member States do not draw a clear line between traineeships, work experience and jobs.

Being aware of existing quality issues, the Commission is preparing a clearer definition of quality elements for all types of offers under the Youth Guarantee scheme in cooperation with the International Labour Organisation (ILO). In addition, standards for monitoring quality are being developed in cooperation with EMCO<sup>5</sup>.

- **Guidance by the Commission:** Should the Commission give more advice to the Member States?

As implementation of the Youth Guarantee and the Youth Employment Initiative in the Member States are uneven the point was raised that the Commission could give more advice and assistance to the Member States. This also relates to the stated lack of innovative measures. Many Member States used EU funding through the Youth Employment Initiative rather to upscale existing measures instead of developing innovative ones to better target specific groups among the NEETs.

The Commission considers the network of Youth Guarantee Coordinators a good structure to discuss this type of questions and to channel advice. In order to comply with the Council Recommendation, all Member States have nominated Youth Guarantee Coordinators and these serve as contact points for the Commission.

- **Age limit:** Could an extension of the age limit help to reach more young people?

In accordance with resolutions by the European Parliament, it was suggested to extend the age limit up to 29 years (instead of 15 - 24 years) as in a number of countries many young unemployed, in particular graduates from university, are in this cohort.

The European Commission clarified that Member States are free to decide to extend the age limit up to 29 years, and half of them indeed apply higher age limits taking into account the specific national labour market situation.

## 2. THE YOUTH EMPLOYMENT INITIATIVE (YEI)

### LESSONS FROM IMPLEMENTATION IN THE EU AND COUNTRY CASE SLOVENIA<sup>6</sup>

**Anja Meierkord** (expert) stressed some specific features in the design of the Youth Employment Initiative (YEI). It was created to support young people into employment (including self-employment), education or training in regions most affected by youth unemployment. Eligibility of regions was determined based on 2012 youth unemployment rates. Those having displayed a youth unemployment rate above 25% in 2012 or where the youth unemployment rate was more than 20% but increased more than 30% in 2012 were eligible for YEI funding<sup>7</sup>. Regions in 20 Member States were eligible, with the non-eligible countries being AT, DE, DK, EE, FI, LU, MT, NL. Only activities supporting the individual directly are eligible for funding. The target group are young people not in employment, education or training (NEET) upon entry to the measure. It is worth to note that the Youth Employment Initiative does not fund preventative 'pre-NEET' activities, nor institutional capacity building.

It is also important to know that the YEI is channelled through the ESF structures. Several specific rules have been adopted to ensure swift allocation: i) Member States were able to invest YEI funding before the Operational Programmes (OP) were formally adopted, i.e. from 1<sup>st</sup> of September 2013 onwards, ii.) increased pre-financing was available, ii.) funding was to be committed within the first two years of implementation, iii.) the implementation of the YEI was to end by the end of 2018.

The overall budget accounts for EUR 6.4 billion (EUR 3.2 billion YEI + EUR 3.2 billion ESF allocations). The ESF-funded part is co-financed by Member States with a total of EUR 1.1 billion. Largest recipients are Spain (EUR 943 million), Italy, France and Poland while smallest funds have been allocated to Cyprus, the Czech Republic and Slovenia (EUR 9.2 million).

Most Member States offer a 'menu of support', i.e. three or more measures funded by the YEI with the most frequent being work experience (indicated by 83 % of Managing Authorities), followed by traineeships and apprenticeships (72 %), VET courses (65 %), job-and-training mobility (59 %), start-up support (53 %) and wage and recruitment subsidies (47 %). A rather high share (39 %) are other activities, such as job search or counselling.

Initial take-up has been slow, but has since then picked up: 501 000 young people had taken part in the YEI by end of 2015, 203 000 had completed an intervention and 80 250 of these received an offer of employment, education or training following the intervention. Independently from receiving an offer, 109 000 were in education, employment or training following an intervention. Some will have found their own placement.

For 2016, there are no reliable data and the figure provided by the European Commission mid last year (1.4 million) is likely to be an overestimate, as this includes many young people registered with the YEI but not (yet) supported by concrete measures, in particular in Spain and Italy. In Italy for example 640,000 young people were profiled and waitlisted in March 2016, but only 227,775 interventions had been supported by the YEI.

Overall, Anja Meierkord concluded that this programme is of added value as it makes considerable amounts of additional funding available for youth employment measures. Further, it gave more weight to youth employment as common policy priority and it supports the introduction of the Youth Guarantee in a number of countries with a view to individualised assistance. In addition, funding can be used with relative flexibility to address youth education, training and labour market needs at local level.

To conclude from the **country example of Slovenia**, where only one region was eligible, the number of young people reached through the YEI was marginal compared to the overall number of NEETs in the country. A programme of subsidised employment under the YEI showed that while 1,897 had participated in the intervention by June 2016, only 28 young

people had completed the intervention and 4 had found access to employment, education or training after the measure so far. These low completion numbers are likely to be influenced by the relatively long, 15-month, duration of the measure. The programme aims to target 2,859 young people in total.

Having identified a number of weaker points and obstacles for effective implementation, Ms Meierkord recommended to extend the implementation period of the YEI beyond 2018, to review the need for funding in the Member States as the situation may have changed since 2012. In case similar funds will be set up in the future, these should be aligned with the ESF in terms of time-table and activities.

## **THE YOUTH EMPLOYMENT INITIATIVE - LESSONS FROM IMPLEMENTATION IN SPAIN<sup>8</sup>**

Compared to Slovenia, the country case of Spain depicts a different situation in terms of scope, features of implementation and challenges.

Elvira Gago (expert), turned the attention to the fact that in Spain, all regions are eligible for the YEI support (youth unemployment rate >25 % in 2012). Moreover, the YEI has a strong link to the Youth Guarantee. It is embedded in the Operational Programme Youth Employment which is entirely dedicated to the implementation of the Youth Guarantee. Most of EU funding for the Youth Guarantee is provided by the YEI (80 %). With Spain being a strongly regionalised country, the government and the national management authority decided to give half of the YEI resources to the regions.

Implementation lags behind EU average, however it is progressing. The coverage rate of all 15-29 years old by the Youth Guarantee scheme was 31.9 % in February 2017, up by 15 % compared to February 2016. Ms Gago pointed at a striking discrepancy: Coverage was lower in those regions most in need, i.e. where NEET shares were higher. She also pointed to the fact that only 31 % of young people received an offer of employment compared to 70 % at EU level.

Spain demonstrates a combination of detrimental factors with the YEI being too small in scale to compensate for financial constraints: In a context of fiscal consolidation, expenditures for ALMP had been reduced by 68 %. The system of regional Public Employment Services is fragmented, of limited capacity and under pressure due to budget cuts.

Even if young people benefitted from unemployment going down (from 55.5 % in 2013 to 48.3 % in 2015), the impact on youth employment is not straightforward. Youth employment did not grow correspondingly and the quality of jobs deteriorated. Wages have been decreasing and young people have been increasingly hired on the basis of temporary contracts (70 % of young employees in 2015).

In order to maximise the positive impact of the YEI, Ms Gago confirmed the conclusions by Ms Meierkord: YEI should be extended beyond 2018 in terms of implementation and funding. Further, implementation in regions lagging behind should be reinforced. She also recommended the following measures: To overcome fragmentation, the integrated national information system for providers should be accomplished. Further, PES should be strengthened with more and better qualified staff and the needs of young people at risk of poverty and social exclusion should be addressed. Finally, more and more effective demand-side measures (e.g. subsidies) could increase the readiness of employers to hire young (long-term) unemployed.



### Key points from discussion:

- **YEI is too bureaucratic** and more burdensome than the ESF for providers - what could be changed?

It was suggested to clarify and to ease the proof of eligibility for NEETs as institutional arrangements are very different across Europe and data may be difficult to access for providers. MEPs asked for continued assistance by the Commission to tackle implementation gaps. Bureaucracy of the YEI could be further mitigated by aligning its activities and monitoring requirements closer to the ESF.

- **Management of funding** - how to improve administrative capacities?

There is evidence from a fact-finding mission that more investments are needed in administrative capacities and IT systems to manage funded projects, to share information and to facilitate administration working with many providers. ESF should be used to build up these capacities.

- **Profile of measures and good practices** - should there be more subsidies or more education and training to prepare young people for the labour market in a context of structural change?

Measures should correspond to the specific composition of NEETs in a given country. In Spain, for example, many NEETS are highly educated so that other measures are more relevant than education and training.

As regards the use of subsidies, it would be necessary to explore and draw lessons from good practices in order to avoid that subsidies for unemployed directly subsidise companies having a strong deadweight effect. Analysis of what works may become available from the final evaluation in 2018, but it would be desirable to receive such information already earlier.

- **Cost-effectiveness** - the measure in Slovenia appears to be very expensive breaking down the overall budget per young person?

The cost-effectiveness of a measure can only be assessed if precise information on the profile of young people targeted and on the profile of a measure is available. In case more complex interventions are necessary for integration, costs are high, but correspond to the needs.

- **Monitoring the YEI** - what are the outcomes?

Monitoring should provide evidence that the money has been spent for the purpose. A system of immediate and longer-term result indicators is used to monitor the YEI. This is not aligned with the ESF and constitutes an alternative monitoring requirement. The latest reliable data currently available relate to the implementation of the YEI by the end of 2015, which is based on the Managing Authorities Annual Implementation Reports. Given the delay in implementation of the YEI, this data includes only limited information on outcomes. More recent data will be submitted by the Managing Authorities in May/June 2017. This data will be available to the Commission and should give more comprehensive indications on results achieved. Full information will be available in the final evaluations to be submitted by the Managing Authorities by the end of 2018.

- **Fragmentation of EU programmes** - how to make the variety of EU programmes more effective?

There is a variety of EU programmes for young people in place in parallel (e.g. YEI, European Voluntary Service, European Solidarity Corps). A need was felt to increase transparency, coherence, coordination and synergies starting at EU level.

- <sup>1</sup> Workshop [presentations](#): Youth Guarantee - European Commission; Youth Employment Initiative - Anja Meierkord; Country case Spain - Elvira Gago.
- <sup>2</sup> Council Recommendation on Establishing a Youth Guarantee: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>.
- <sup>3</sup> see Summary report to the Workshop: Skills development and employability: A New Skills Agenda for Europe held at the European Parliament in September 2016: [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/587312/IPOL\\_STU\(2016\)587312\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/587312/IPOL_STU(2016)587312_EN.pdf).  
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- <sup>4</sup> Press release, Communication and Staff Working Documents: The Youth Guarantee and Youth Employment Initiative three years on: [http://europa.eu/rapid/press-release\\_IP-16-3216\\_en.htm](http://europa.eu/rapid/press-release_IP-16-3216_en.htm).
- <sup>5</sup> See Briefing note prepared for the Workshop: [Youth Guarantee](#).
- <sup>6</sup> See Briefing note prepared for the Workshop: [Youth Employment Initiative](#).
- <sup>7</sup> Article 16 of the ESF regulation, Regulation (EU) No 1304/2013.
- <sup>8</sup> See Briefing note prepared for the Workshop: [Country Case: Spain](#).

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