

# Youth in Europe: Effects of COVID-19 on their economic and social situation

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## **Abstract**

The aim of this study is to provide the Members of the committee on Employment and Social Affairs (EMPL) with an analysis of the impact of the COVID-19 crisis on young people, providing updated information on their economic and social situation, with a focus on employment.

This document was provided in-house by the Policy Department for Economic, Scientific and Quality of Life Policies at the request of the committee on Employment and Social Affairs (EMPL).

This document was requested by the European Parliament's committee on Employment and Social Affairs.

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## LIST OF ABBREVIATIONS

<b>CEDEFOP</b>	European Centre for Vocational Training
<b>COVID-19</b>	Coronavirus Disease 2019
<b>CULT</b>	Culture and Education committee
<b>CV</b>	Curriculum Vitae
<b>EASE</b>	Effective active support to employment following the COVID-19 crisis
<b>ELET</b>	Early leavers from education and training
<b>EMPL</b>	Employment and Social Affairs committee
<b>EP</b>	European Parliament
<b>EFQEA</b>	European Framework for Quality and Effective Apprenticeships
<b>ETF</b>	European Training Foundation
<b>ESF+</b>	European Social Fund Plus
<b>EU</b>	European Union
<b>Eurofound</b>	European Foundation for the Improvement of Living and Working Conditions
<b>GDP</b>	Gross Domestic Product
<b>ILO</b>	International Labour Organisation
<b>YG</b>	Youth Guarantee
<b>MS</b>	Member States
<b>NEET</b>	Not in Employment, Education or Training
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PES</b>	Public Employment Services
<b>pp.</b>	percentage points
<b>RFF</b>	Resilience and Recovery Facility
<b>SMEs</b>	Small- and Medium-Sized Enterprises



<b>STEM</b>	Science, technology, engineering and mathematics
<b>TVET</b>	Technical and Vocational Education and Training
<b>UNESCO</b>	United National Educational, Scientific and Cultural Organisation
<b>VET</b>	Vocational Education and Training

## EXECUTIVE SUMMARY

### Background

Young people are particularly affected by the COVID-19 crisis in terms of employment, education, training and mental well-being. They are generally more vulnerable to the COVID-19 crisis, as they tend to work more in sectors most affected by the pandemic such as retail, hospitality and tourism, and they are more often employed on temporary contracts, which have been worst hit by the COVID-19 pandemic. Moreover, young people were heavily affected by school closures and restrictions on training opportunities and they have also been experiencing the lowest levels of mental well-being since the outbreak of the pandemic, in particular in the social dimension loneliness, depression and social isolation.

### Aim

The study analyses the effects of COVID-19 on youth unemployment, inactivity, social exclusion, work-based learning and mental health. The analysis is based on quantitative indicators and qualitative information from policy documents. It discusses the probability of longer-term "scarring effects" comparing the impact of the current crisis to impacts observed during and in the aftermath of the global financial crisis in 2008/2009.

### Key Findings

Youth is one of the groups more affected by the wide reaching labour market and social impacts of the COVID-19 crisis than other age groups, due to a pandemic-specific combination of labour market challenges. Young people were particularly hit by the reduction in working hours and the increase in inactivity. A specific feature of the current crisis across all age groups is that unemployment numbers reflect only a small proportion of the jobs lost. Employment losses in 2020 translated mainly into rising inactivity rather than unemployment.

Youth employment and unemployment rates developed in waves reflecting lockdown and containment periods. Although rates recovered since the first quarter of 2021, the EU youth employment rate was still lower and the EU unemployment rate still higher than before the onset of the crisis.

New labour market entrants in the age group 15-24 account for a large share of the rise in joblessness among young people. One worrying fact is that countries that were particularly hard hit during the financial crisis once again saw an above-average rise in youth unemployment. Pre-corona country clusters widely persist also with regard to NEET rates.

At the end of 2020, nearly 725.000 more young people aged 15-29 were not in employment, education or training (NEETs) across the EU-27. In contrast to previous crises, the share of inactive NEETs increased twice as much as that of unemployed NEETs. Nonetheless, the increase in youth unemployment and NEET rates remained substantially below levels seen during and after the global financial crisis.

So far, the progress of the last seven years has not been entirely undone. Just before the COVID-19 pandemic, there were approximately 1.7 million fewer young people neither in employment nor in education or training than seven years before. Youth unemployment had dropped to a record low of 14.9 % by February 2020. The prime objective of both national governments and EU institutions was to prevent the damage of the COVID-19 recession from becoming long-term. Most EU countries have responded with targeted youth support measures already at an early stage, which helped to cushion the negative impact on youth employment.

Although long-lasting effects on the social situation and mental well-being of young people are still subject to uncertainty, there are reasons to believe that the negative consequences of the COVID-19 crisis on youth employment might be less severe than in the aftermath of the global financial crisis. However, the longer the crisis lasts, the greater the risk is of unemployment becoming entrenched. To avoid a lost or "lockdown generation" it is therefore important to pay special attention to young people in the recovery phase.

A variety of EU initiatives and programmes are already addressing many of the challenges ahead and funding for youth employment has become a key priority in EU budgets. The effectiveness of new and adapted measures will, however, depend on their successful implementation. To enhance implementation at national level and to increase the efficiency of EU funds, a quality framework for monitoring and reporting on results should be developed.

## INTRODUCTION

The COVID-19 outbreak and the necessary containment measures to curb the spread of the virus led to a severe contraction of Gross Domestic Product (GDP) by 6.1 % in 2020. After dropping sharply in the second quarter of 2020, GDP strongly rebounded in the third quarter and broadly stabilised in the last quarter of the year ([EU Commission, 2021b, p. 24](#)). Economic growth is expected to accelerate in 2021 and 2022. The European Commission's Spring Forecast, published on 12 May 2021, projects that the EU economy will expand by 4.2 % in 2021 and by 4.4 % in 2022 ([EU Commission, 2021a](#)). After multiple waves of COVID-19, vaccine roll-out has raised hopes that the end of the crisis is in sight but the pandemic is not yet over and there is the ever-present danger of variants and of other zoonotic diseases causing pandemics in the future.

The recession caused by the COVID-19 pandemic is different from previous ones in several ways. First, the trigger for the COVID-19 crisis was a pandemic and unlike previous recessions, did not result from financial factors but rather hit in a period of intact financial and labour markets. As a result, once the pandemic passes, economic recovery is likely to take place at a faster pace than during a typical recession.

Although unemployment is not expected to make a rapid recovery, the increase in the EU unemployment rate has been lower than the one observed during the 2008 financial and economic crisis. The unprecedented levels of assistance that countries and the EU have provided through job retention schemes and income support have saved up to 21 million jobs in OECD countries and helped many households make it through the pandemic (OECD, 2021a).

Young people are among the groups who are disproportionately affected by the current pandemic in both the short and long term (ILO 2021, OECD 2021a). Job opportunities for young people remain heavily affected by the COVID-19 crisis, and new labour market entrants account for a large share of the rise in joblessness among young people. Work-based learning opportunities and apprenticeships have been hard hit. Young people are also reporting significant financial pressures. For working students, the lack of temporary job opportunities may cause challenges for financing of education and living costs. The mental health of many young people is also being severely affected and the COVID-19 crisis has shed light on the importance of ensuring safe, accessible and affordable homes for young people, especially for those no longer living with their parents (OECD, 2021b).

As the impact of the pandemic on young people's work opportunities, income, educational outcomes and mental health are interconnected and are likely to worsen over time, particularly for disadvantaged youth, the [European Youth Forum \(2021\)](#) calls for a youth-inclusive recovery, "crucial for a group that has still not fully recovered from the 2008 financial and economic crisis" (Moxon et al., 2021, p. 4) (Initiatives and activities to support young people are high on the political agenda. The European Parliament in its resolution on the impact of COVID-19 on youth and on sport ([2020/2864\(RSP\)](#)) calls for greater support for young people in national recovery plans by allocating 10 % of RFF (Resilience and Recovery Facility) funds to education and earmarking a 20 % contribution to the European Digital Strategy. Already in July 2020, the European Commission proposed the [Youth Employment Support \(YES\)](#) package to support young people. It was not limited to crisis support but also had as an objective to help young people in the long term. The YES package included a proposal for the reinforced Youth Guarantee, which came into force as a Council recommendation on 30 October 2020. Since then, a series of initiatives and activities announced in YES have been pursued at both EU and Member State level.

The long-term repercussions of the current crisis for young people require an in-depth understanding of the multifaceted and uneven socio-economic impacts across regions in the EU, as well as of the pre-crisis situation and structural weaknesses. This is all the more important against the backdrop of an accelerating transition to a green and more digitalised economy.

This study reviews the state of play of the COVID-19 impact on employment and well-being for young people (15-29) as well as the emerging challenges these impacts imply, especially in the medium and long term. We first ask why the pandemic-induced crisis has hit youth disproportionately. We then use mainly Eurostat data to analyse developments in youth employment, unemployment, inactivity and social exclusion in quantitative terms, as well as policy documents, notably recent reports from Cedefop, Eurofound, ILO and the OECD to describe the impact of the crisis on well-being and mental health of young people. We further explore the type and scope of public policies that EU countries have put in place to avoid a long-lasting negative impact on the employment prospects and aspirations of young people.

Using social scoreboard indicators to monitor the implementation of the European Pillar of Social Rights (e.g. NEET and ELET rates) we discuss the question of whether the negative consequences of the pandemic threaten to undo the last decade of progress. By comparing the policy responses in the current crisis with those during the global financial crisis, we further explore whether policy initiatives on national and European level (e.g. the reinforced Youth Guarantee) are suitable and sufficient to avoid long-term scarring effects on youth.

For our analysis, we examine the *age group 15-29* as far as data availability allows. This age group is in accordance with the extended age range in the reinforced Youth Guarantee, which takes into account increasing participation in higher education in most countries and the fact that those aged up to 29 might face problems when integrating into the labour market. Eurostat provides *quarterly* data, however only for the age group 15-24.

The study contains the following chapters:

- Chapter 1 summarises the pandemic-specific combination of labour market challenges affecting young people.
- Chapter 2 presents trends in youth employment, unemployment and inactivity.
- Chapter 3 addresses the impact of the COVID-19 on education and the social situation of young people in the pandemic.
- Chapter 4 reviews the most important policy initiatives adopted at national and EU level to support young people during and beyond the crisis focusing, inter alia, on the role of Public Employment Services (PES) in promoting the labour market integration of young people, in particular inactive NEETs.
- Chapter 5 draws conclusions and provides some policy recommendations.

## 1. WHY IS YOUTH PARTICULARLY AFFECTED BY THE PANDEMIC?

Young people have been hard hit by the wide reaching labour market and social impacts of COVID 19. Younger workers either lost jobs, dropped out of the labour force, or experienced a delayed entry into it. Already in early 2020, the [ILO \(18 March 2020\)](#) described the early impact of the crisis on young people as systematic, deep and disproportionate. Recording the employment losses in 2020 across all regions and country income groups, the [ILO \(2021\)](#) speaks of an ongoing risk of a "**lockdown generation**" stating that the global employment loss of 8.7 % among youth (15-24) was more than twice the job loss among adults (3.7 %).

While young people are generally in a more vulnerable situation compared with people who have been in the workforce for a longer period of time, the COVID-19 crisis has added new challenges for youth. Youth is one of the groups that is more affected than others by a **pandemic-specific combination of labour market challenges**:

- *First*, those just about to enter the labour market after finishing education have struggled to find employment in the context of limited vacancies during the pandemic. "Many firms have been reluctant to hire young people at a time when economies are weak and profits are down, mirroring patterns seen during most economic downturns" ([OECD, 2021c, p. 4](#)). *Second*, young people tend to be more likely to work in sectors most affected by lockdown and social distancing measures such as accommodation and food services, sectors experiencing net job destruction in both the second and third quarters of 2020 ([OECD, 2021a](#)).
- *Third*, many young people have lost their jobs because they often work on temporary contracts. Temporary workers have been among the worst hit by the COVID-19 pandemic.
- *Fourth*, young people have been experiencing the lowest levels of mental well-being, in particular in the social dimension loneliness, depression and social isolation ([Eurofound, 2021](#)).
- *Fifth*, work-based learning opportunities and apprenticeships have also been hard hit hampering the school-to-work transition ([OECD 2021c](#)).

## 2. IMPACT OF THE PANDEMIC ON YOUTH EMPLOYMENT

### KEY FINDINGS

Unlike previous crises, working-hour losses were much higher and inactivity increased much more than unemployment. Young people were particularly affected by the fact that working hours decreased more than employment. Hence, unemployment numbers reflect only a small proportion of the jobs lost in the COVID-19 crisis.

Youth employment and unemployment rates developed in waves reflecting lockdown and containment periods. In the first quarter of 2021, the EU youth employment rate was still lower and the EU unemployment rate higher than before the onset of the crisis.

The decline in temporary contracts affected youth disproportionately but youth unemployment increased less compared to the increase at the onset of the financial crisis in 2008/2009. Countries particularly hard hit during the financial crisis saw again an above-average rise in youth unemployment rates.

Compared to 2019, nearly 725.000 more young people (aged 15-29) in the EU were not in employment, education or training (NEETs) in 2020. There are still wide variations among Member States in the size of the NEET population and their composition. Pre-crisis country clusters widely persist although the increase in NEET rates was less severe in some countries with high NEET rates, such as Bulgaria or Spain.

For the time being, the increase in youth unemployment and NEET rates have remained substantially below levels seen during and after the global financial crisis.

Changes observed since the outbreak of the pandemic are:

- The share of **inactive** NEETs among the NEET population increased across all Member States in 2020 constituting now much more than half of all NEETs. This development is in line with the general trend of labour market transitions observed in the current crisis.
- An above-average increase of **non-EU-born** NEETs in countries with generally lower NEET rates such as Austria, Germany, Luxembourg and Sweden; this might be related not only to the pandemic but also to the high inflow of refugees in the past years, where young people were overrepresented.
- NEET rates increased across all educational levels throughout 2020, with the vocational upper-secondary and post-secondary non-tertiary level representing the largest increase.

There are essentially two distinctive features of the COVID-19 induced crisis compared to previous ones. First, for all age groups more transitions *from employment to inactivity* (+2.4 %) than transitions from employment to unemployment (+1.5 %) were reported by Eurostat. Second, as many workers were obliged to work fewer hours than expected, the *decline in hours worked* had a more severe impact on the "[labour market slack](#)"<sup>1</sup> than suggested by aggregate employment figures. Hence, **inactivity increased much more than unemployment**, which means that unemployment figures reflect only a small proportion of the jobs lost in the COVID-19 crisis ([ILO, 2021a](#)).

<sup>1</sup> The [Eurostat indicator labour market slack](#) covers unemployed people, part-time workers who want to work more, people who are available to work but do not look for work, and people who are looking for work but are not immediately available. Unemployment is measured in relation to the extended labour force.

Working-hour losses are composed of two factors: employment losses and reduced working hours for those who remain employed. Workers who suffer a loss of employment find themselves either "unemployed" (actively searching for new jobs) or "inactive" (withdrawing from the labour market).

Inactivity and lower numbers of hours worked are the major drivers of overall working-hour losses.

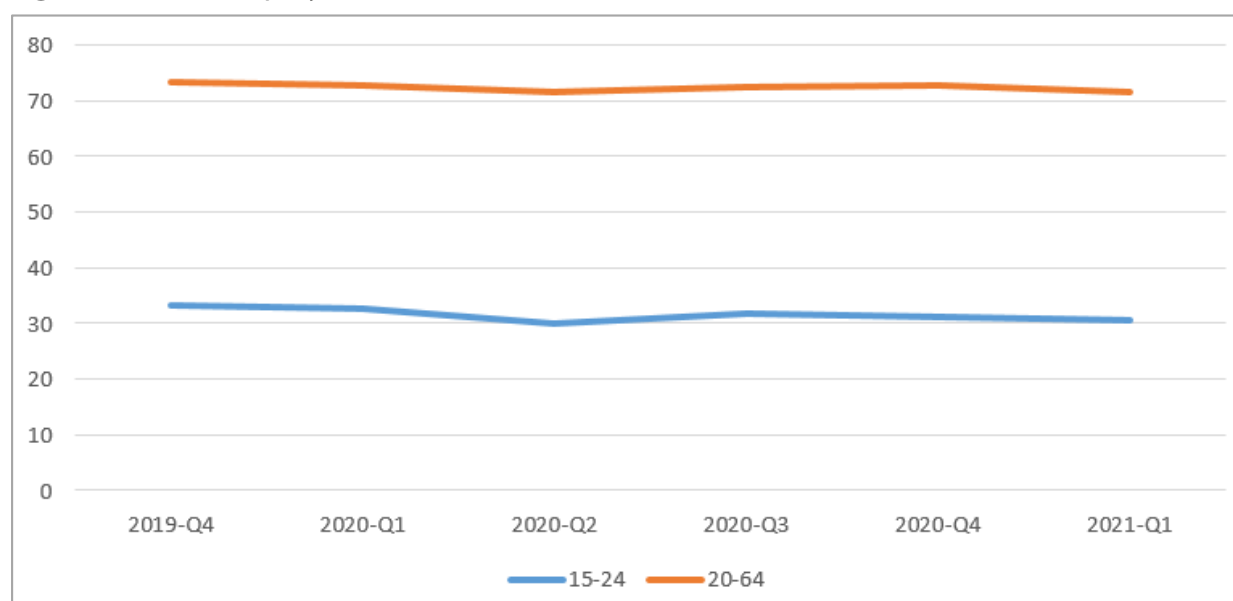
**Hours worked by young people fell by more than 26 %** in OECD countries, which is close to double the fall seen among prime-aged and older workers (15 %). Compared to the lowest point in the second quarter of 2020, hours worked have, however, yet to recover (OECD, 2021a). The loss in working hours is also reflected in Eurostat's new labour market indicator "[labour market slack](#)", which covers all people who have an unmet need for employment, including those who want to work more hours. It amounted to 33.8 % for the age group 15-24 in the first quarter 2021 compared to 14.8 % in the age group 20-64.

## 2.1. Development of youth employment

In the EU-27, 1.1 million young people aged 15-24 and another 1.02 million aged 25-29 lost their jobs between the fourth quarter of 2019 and the first quarter of 2021. Youth employment for the age group 15-24 fell from 33.4 % to 31.2 % t (-2.2 pp.) while the decline in overall employment rates (20-64) was less pronounced (-1.4 pp.).

Youth employment was particularly impacted in the second quarter of 2020 because businesses slowed down, revised, or cancelled their hiring processes, or decided not to renew fixed-term contracts or to terminate employment at the end of probationary periods. The third quarter of 2020 was characterised by a reduction in containment measures in many countries with an increase in activity as a result. The fourth quarter of 2020 confirmed the increase recorded in the previous quarter, albeit at a more moderate pace. Hence, **young people are still far from their level of employment before the onset of the crisis.**

Figure 1: Youth employment rates, EU-27, 2019-Q1 - 2021-Q4

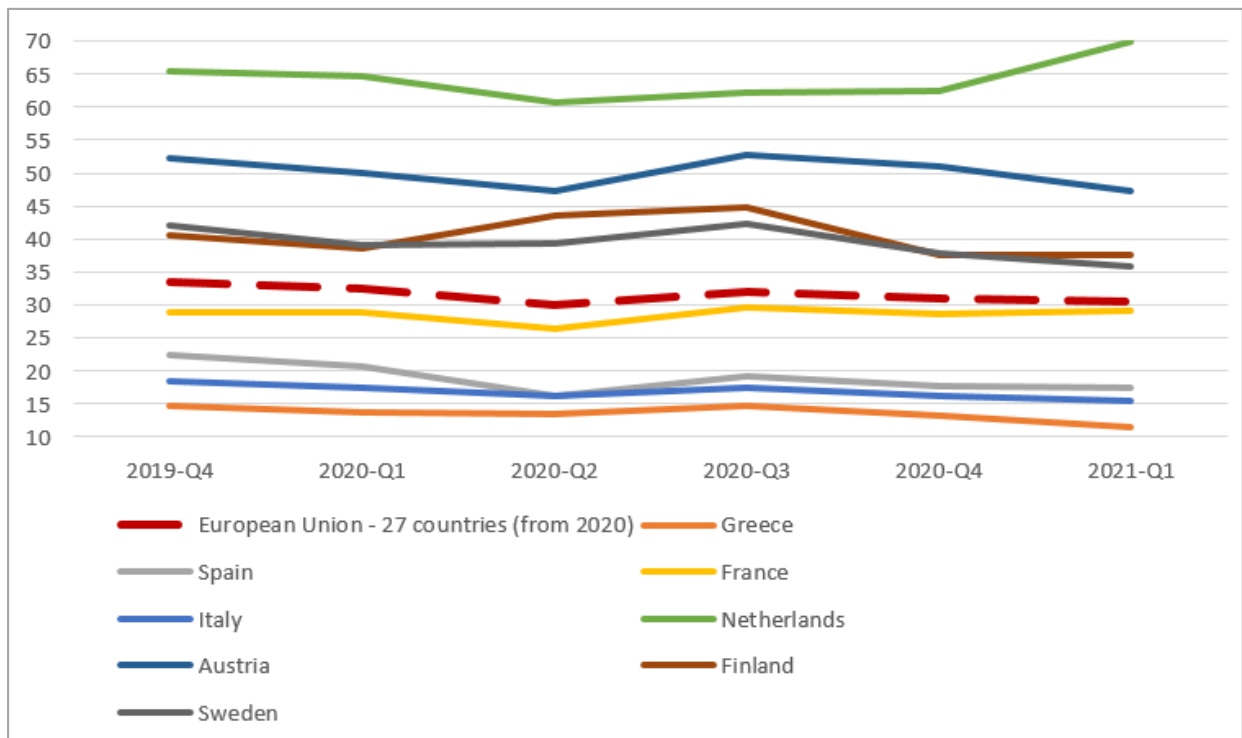


Source: [Eurostat](#).

The development of youth employment rates has been very uneven across Member States. While the Dutch youth employment rate (15-24) is even higher than before the onset of the crisis, the rate decreased in Greece, Italy and Spain was above average, intensifying the already large differences in youth employment rates between the northern and southern Member States (Figure 2).



Figure 2: Youth employment rates (15-24) in selected EU countries, 2019-Q4 - 2021-Q1



Source: [Eurostat](https://ec.europa.eu/eurostat).

While there is monthly and quarterly data available for the age group 15-24, Eurostat only provides yearly data for the age group 15-29. Figure 3 shows that the **annual employment rate of youth aged 15-29 fell by two percentage points**. It stood at 46.2% in 2020 compared to 48.2% in 2019.

Figure 3: Annual youth employment rates (15-29), EU-27, 2005-2020

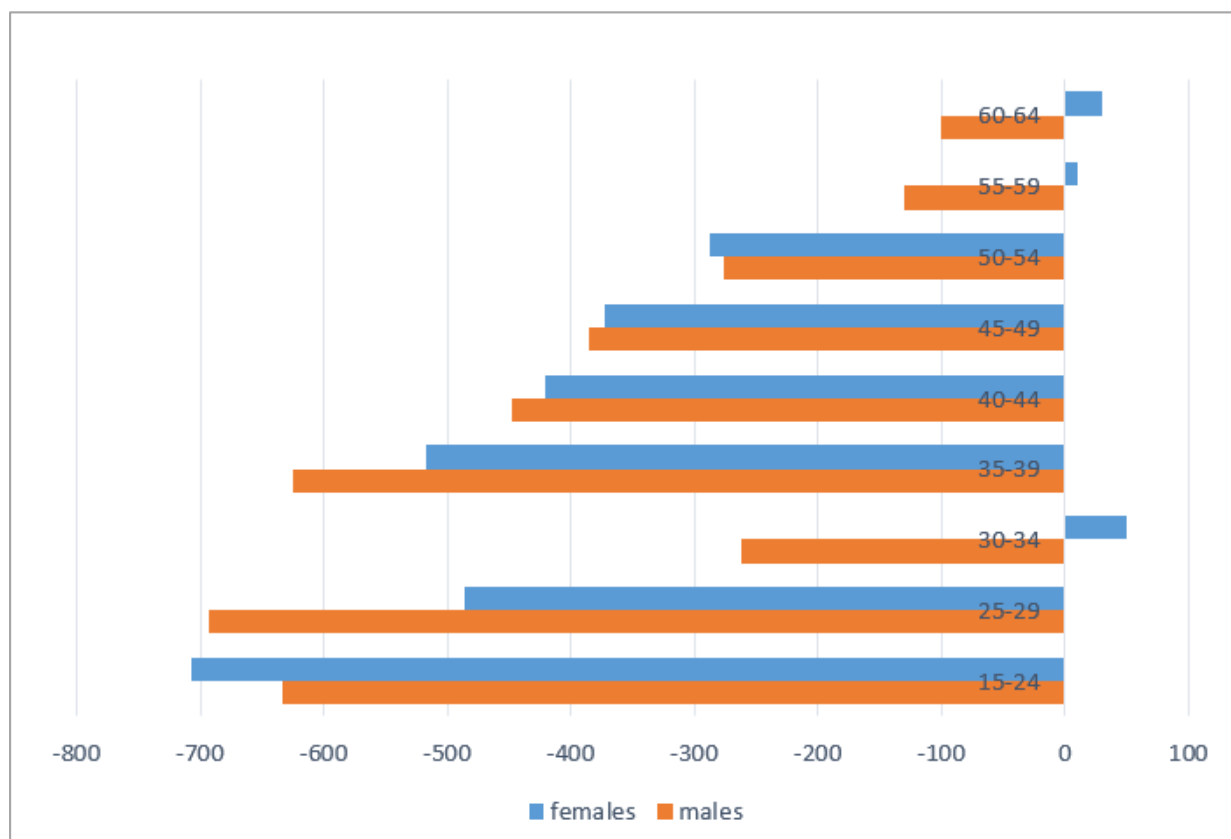


Source: [Eurostat](#).

In the aftermath of the global financial crisis, youth employment deteriorated steadily, reaching its lowest point in 2013. After 2013, rates had gradually recovered until the outbreak of the pandemic (Figure 3).

A closer look at age groups shows that **job losses were higher in the age group 15-24 than in the age group 25-29**, in particular among young women. In almost all other age groups, employment decreased more among men than among women. For women aged 30-34 as well as for older women (55-64) there were even slight employment gains (Figure 4).

Figure 4: Changes in employment (in 1000s) according to age groups and gender, 2019-Q4 compared to 2021-Q4

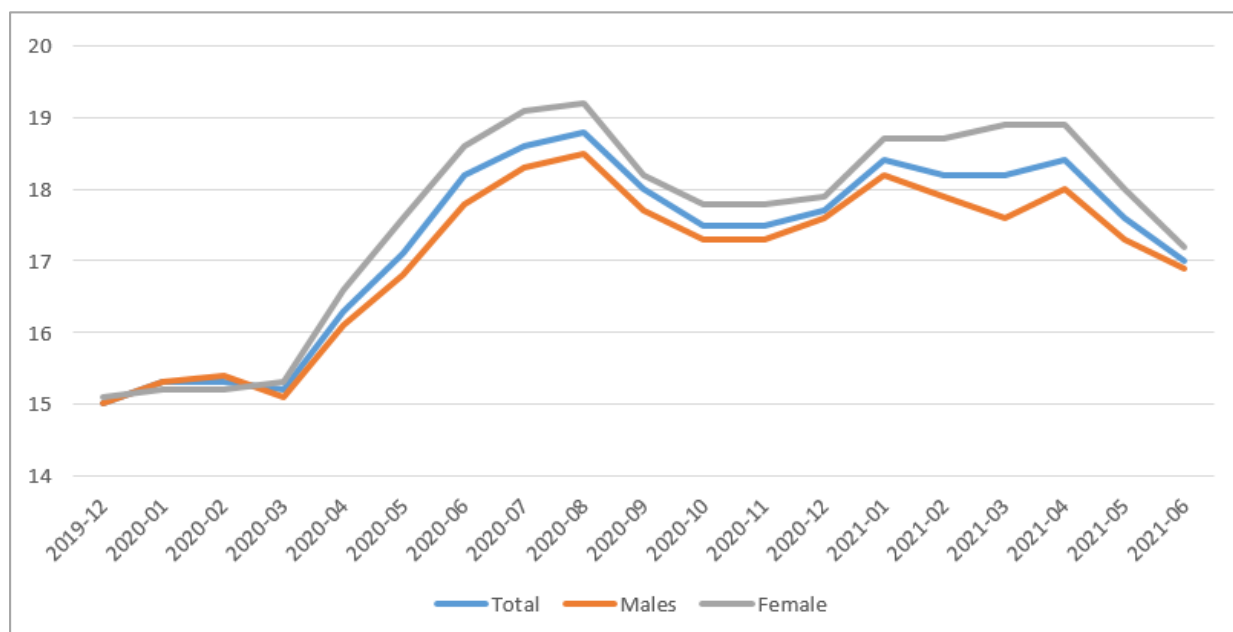


Source: [Eurostat](#).

## 2.2. Development of youth unemployment

Reflecting lockdown and containment periods, employment as well as unemployment **developed in waves** for both, youth and adults. The EU-27 youth unemployment rate for the age group 15-24 started to increase from 15 % in March 2020 and reached a peak of 18.5 % in August 2020. It then declined again to 17 % by June 2021 (Figure 5). Youth unemployment has been decreasing in the second quarter of 2021 but it is **still higher than before the onset of the crisis**.

Figure 5: Monthly unemployment rates for the less than 25 years old in the EU-27, Dec. 2019-June 2021

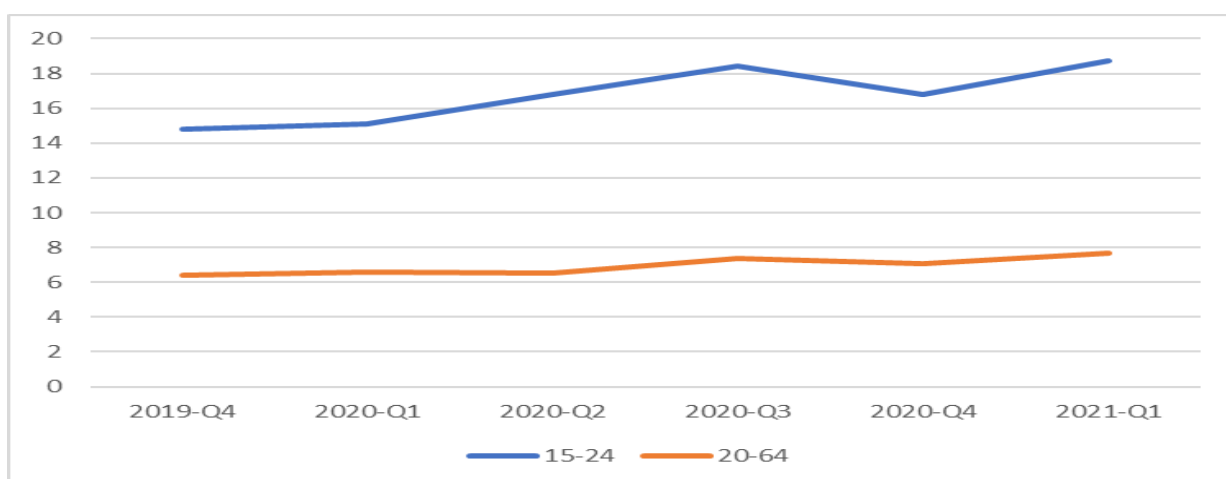


Source: [Eurostat](#).

In the first quarter of 2021, unemployment stood at 16.2 % for youth and 7.1 % for adults - measured as share of the extended labour market force (see *Footnote 1*). Youth unemployment rates are usually considerably higher than unemployment rates of adults - independent of times of crisis.

During the first and second lockdown in 2020, **the youth-to-adult unemployment ratio**, i.e. the unemployment rate of 20-64 old in relation to 15-24 years old, increased slightly but was decreasing again in the first quarter of 2021, going down to 1:2.4, a level seen already before the crisis (Figure 6).

Figure 6: Youth-to adult unemployment ratios, EU-27, Q4/2019 compared to Q1/2021



Source: [Eurostat](#).

One factor for the generally higher youth unemployment rate is the particular circumstances surrounding the transition from school/education into the labour market which has a significant influence on job-search periods after graduation. Other factors are the lack of work experience and insecure contracts such as fixed-term contracts or marginal contracts when first starting work (see Box 1). In addition, country-specific factors such as demography (birth rate, mortality and migration), varying school-to-work regimes and, the strength of the economy have a considerable influence on a

person's risk of becoming unemployed, alongside the individual's own characteristics as shown in the study by Dietrich and Möller (2016).

#### Box 1: The decline in temporary contracts affects youth disproportionately

A specific feature particularly affecting young people's unemployment rates is the development of temporary contracts. During a recession, temporary workers are the first to lose their jobs, thus raising the unemployment rate among the young. Temporary workers have been among the worst hit by the COVID-19 pandemic. As young people are disproportionately employed on temporary contracts, they have been also been disproportionately affected by the decline in temporary work. The highest drop of temporary contracts among young people aged 15-29 was recorded between the third quarter of 2019 and the second quarter of 2020 (-3 pp). Since then the rate has recovered in waves.

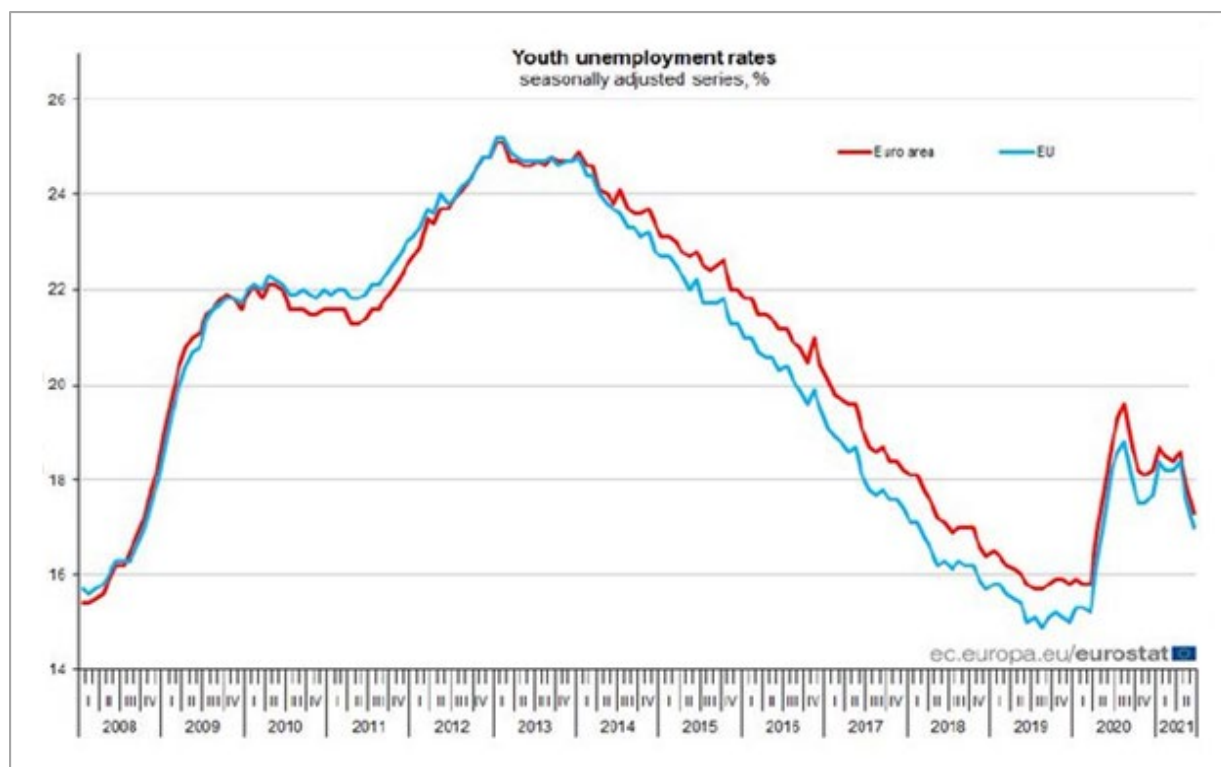
The level of temporary work is particularly high in southern Member States. In Portugal and Italy, the share of temporary contracts in the age group 15-29 was about 45% and above 50% in Spain in the first quarter of 2021 ([Eurostat](#)). Levels are even high in these countries in the age group 29-34, which is mainly composed of those who have finished their education several years previously. This fact points to ongoing structural labour market problems such as strong labour market segmentation. Temporary contracts in southern countries are usually associated with less on-the-job training, lower wage levels, and poorer long-term employment and career prospects. High numbers of temporary contracts in southern Member States but also in Sweden are seen as the result of the dual nature of employment protection legislation. However, whereas temporary contracts play a screening role (temporary contracts are often used as an extended probationary period) in Sweden, they often become dead ends in France, Italy or Spain (Dolado, 2015). By contrast, high rates of temporary contracts in the age group 15-24 in Austria, Netherlands, Germany or Denmark are often related to dual apprenticeship contracts, which are considered a particularly promising school-to-work transition path.

Source: Authors' own elaboration.

Figure 7 shows that **youth unemployment in the age group 15-24 increased far less (+1.7 pp.) compared to the increase at the onset of the global financial and economic crisis (+ 4 pp.)**. The increase in the age group 15-24, however, was greater than in the age group 25-29. For young people aged 15-29 unemployment increased in 2020 by 1.4 pp.

The increase in youth unemployment has so far remained substantially below the levels seen during and after the global financial crisis. In the European Union, it has also stayed at a lower level than in other OECD countries such as Canada or the US (OECD, 2021a).

Figure 7: Youth unemployment rates (*less than 25 years of age*), EU-27, seasonally adjusted, January 2008-June 2021

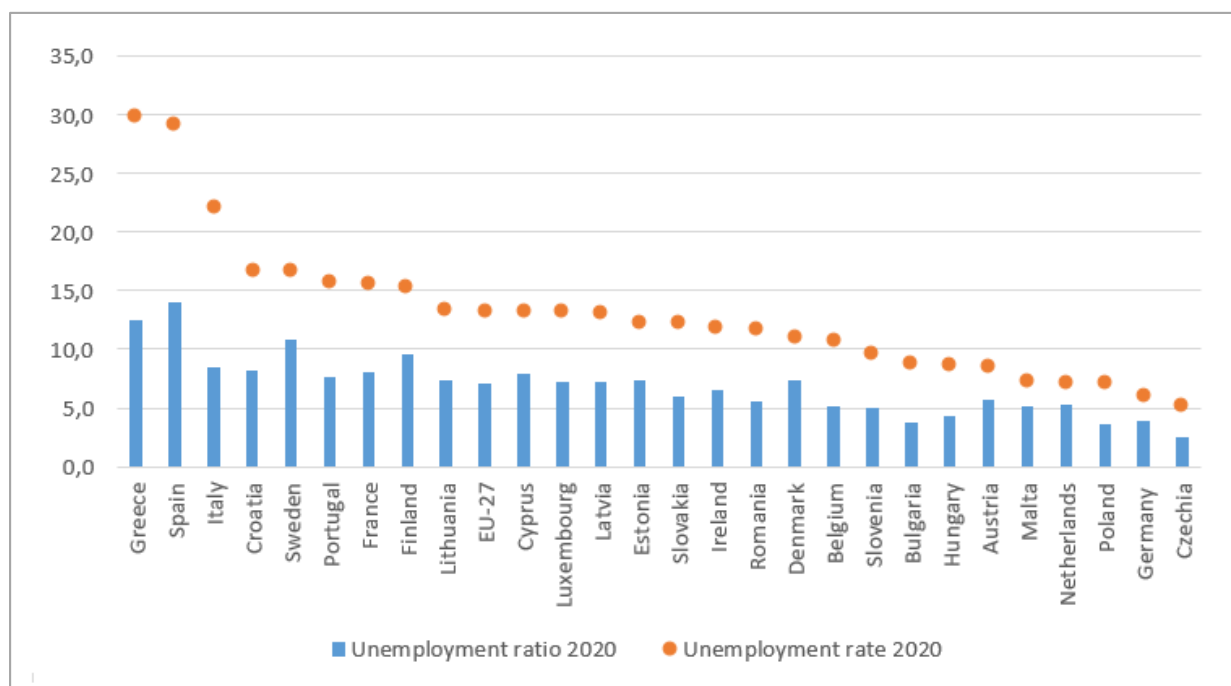


Source: [Eurostat](https://ec.europa.eu/eurostat).

What is worrying, however, is the fact that **countries particularly hard hit during the financial crisis, saw again an above-average rise in youth unemployment rates**. In *Spain*, the unemployment rate of young people *15 to 24 years old* surged at the onset of the pandemic by over 10 pp. in just four months to reach 40.4 %. This is more than three times the increase observed for those aged 25 and over. This strong increase has been driven by new entrants who, in the context of limited hiring, have not been able to get their first job, in particular in the tourism sector. By June 2021, the Spanish youth unemployment rate had recovered and stood at 39.5 % while in Italy it remained very close to its peak level in spring 2021 ([OECD, 2021a](#)). In Italy (35.1 %) and Greece (43.3 %) the peak was reached relatively late in January 2021.

In 2020, unemployment rates *for the age group 15-29* are close to 30 % in Greece and Spain, and above 20 % in Italy and Croatia while countries who have been successful in keeping youth unemployment low in the financial crisis such as Austria, Germany or Netherlands are still performing better (Figure 8).

Figure 8: Youth unemployment rates and unemployment ratios (15-29), 2020

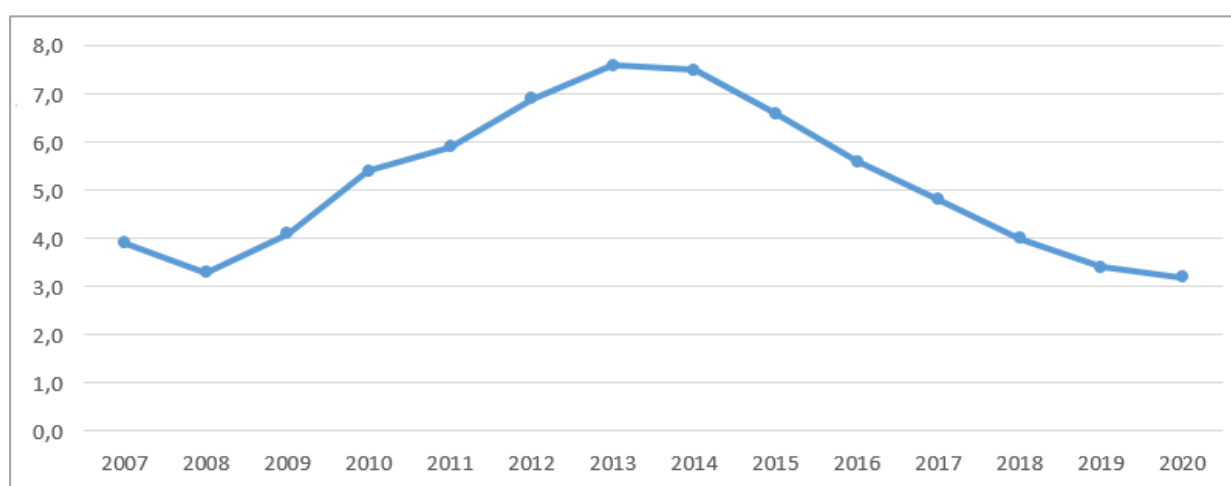


Source: [Eurostat](#).

Past recessions, particularly the global crisis in 2008 have demonstrated that youth unemployment not only increases swiftly and significantly at the beginning of economic downturns but remains above pre-crisis levels long after the recovery has begun (see Figure 9). For the time being, it is not clear whether high youth unemployment will become a protracted phenomenon. The longer the crisis lasts, the higher the risk of unemployment becoming entrenched. In the first quarter of 2021, the [European Labour Force Survey](#) still recorded a lower rate of youth long-term unemployment (15-24) across the EU-27 (22 %) than in Q4-2019 (25.8 %).

Since 2013, youth **long term unemployment (15-29)** has been experiencing a significant reduction, which has continued throughout 2020 (Figure 9).

Figure 9: Youth long-term unemployment (15-29) in the EU-27, 2007-2020



Source: [Eurostat](#).

## 2.3. Impact on youth unemployment ratios

Although the youth unemployment rate (15-24) is the main labour market indicator at EU level, it tends to overestimate the phenomenon of joblessness among youth. "Unemployment rates are not so dramatic, since a large proportion of young people in this age group is still enrolled in the education system" (Dolado et al., 2015, p. 5). Young people who are at school, studying or who are unavailable to the labour market for other reasons are not taken into account by this indicator. For example, with an EU average labour force participation rate of about 40 %, a youth unemployment rate of 23 % means that "only" about 10 % of the (15-24) youth population are unemployed (ebenda, p. 5).

Comparisons of **youth unemployment rates**<sup>2</sup> between countries suffer from these effects "as the share of inactive young people, mainly participating in education or training substantially varies across European countries" (Dietrich, 2018, p. 4). The denominator (unemployed and gainfully employed people) is systematically smaller than in other age groups, and "even the presence of relatively few unemployed young people in the denominator can make the rate seem very high" (ebenda, p. 4). Measuring the share of unemployed in the total youth population in the denominator - the so-called youth unemployment ratio (UE ratio) - is therefore a more accurate measure of the unemployment situation of young people.

By definition, **youth unemployment ratios**<sup>3</sup> are smaller than youth unemployment rates. The unemployment ratio stood on EU average at 10.8 % in 2013 and decreased to 6.5 % in 2019 before the onset of the pandemic. In 2020, the youth unemployment ratio **increased to 7.1 %** (see Figure 7 above and Table A1 in the Annex). Differences between "unemployment rate" and "unemployment ratio" are particularly large in countries with a high share of inactive youth.

## 2.4. Impact on young people not in employment, education or training (NEETs)

At EU-level, the concept of NEETs - an acronym denoting those in the *15-29 population* who are not in education, employment or training - has acquired a substantive and broader meaning than the youth unemployment ratio. The NEET concept has been used to focus public opinion and policymakers' attention on the problems of young people, and especially on the patterns of vulnerability prevalent within this group. This has helped to integrate particular subgroups such as young mothers and those with disabilities into the policy debate (Eurofound, 2016).

**NEET is a broad category encompassing a heterogeneous population** including the unemployed, school dropouts and all those discouraged college graduates who still have not found a job. The unemployed are only a subgroup of the broader category of NEET and the overlap between the unemployed and the NEET group varies overtime and country.

The NEET concept differs from the unemployment concept with respect to two dimensions. First, it includes people not meeting the job-seeking requirement to become classified as unemployed, and second, it includes young people in training. Furthermore, the NEET cohort might not only include

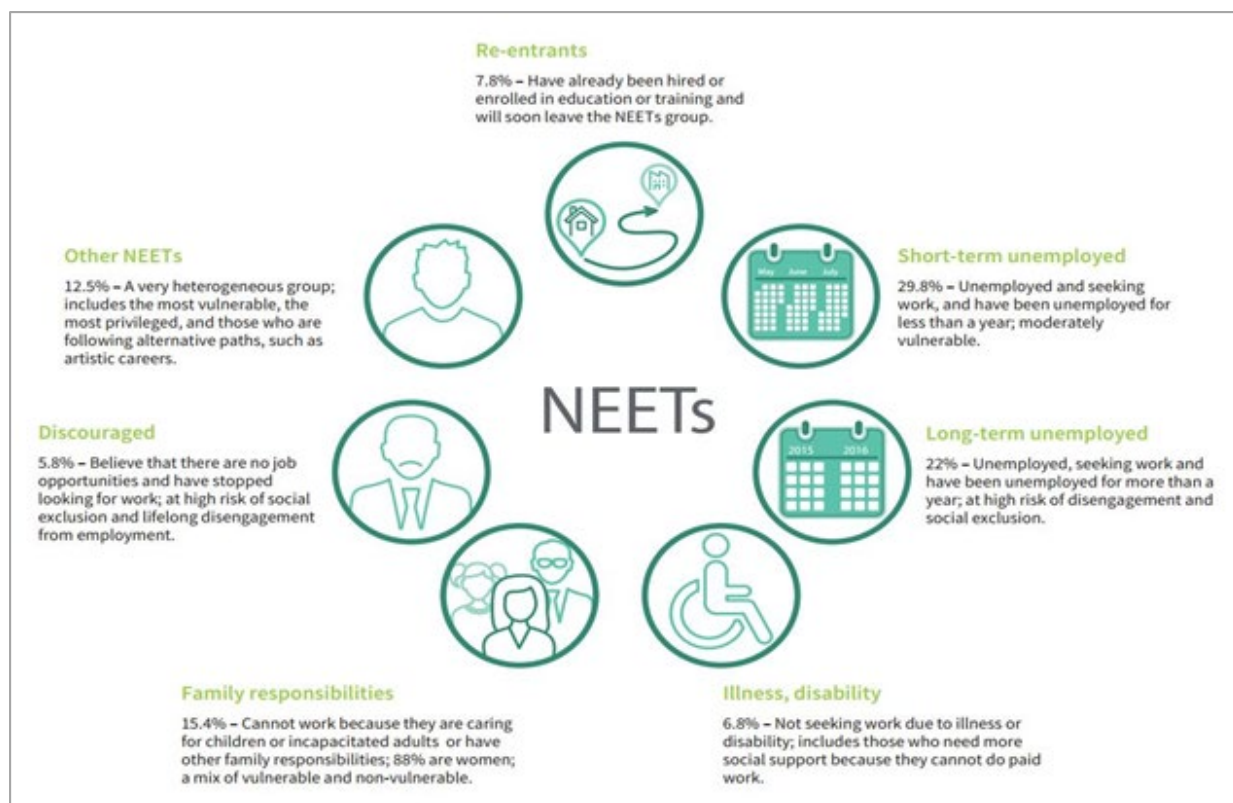
<sup>2</sup> "The main indicator of youth unemployment is the youth unemployment **rate** for the age group 15-24. [...] For a given age group, it is the number of those unemployed divided by the total number of people in the labour market (employed plus unemployed)". Available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Youth\\_unemployment#Definition\\_of\\_unemployment\\_and\\_youth\\_unemployment\\_indicators](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Youth_unemployment#Definition_of_unemployment_and_youth_unemployment_indicators) - accessed on 19.8.2021.

<sup>3</sup> "The youth unemployment **ratio** is the percentage of unemployed young people (i.e. people aged 15-24) in the total population of this age group. It gives an unemployment-to-population measure. The denominator used in this indicator consequently includes the employed, the unemployed but also the inactive young people". Available at: <https://ec.europa.eu/eurostat/databrowser/view/tespm080/default/table?lang=en> - accessed on 19.8.2021.



people who have lost their connection to the labour market (involuntarily or voluntarily) but also people who have taken over care tasks for family members or who voluntarily prefer an episode of "idleness" (Eurofound, 2017). Eurofound identified seven categories within the NEET population, some are vulnerable and some are not (see Figure 10).

Figure 10: Who are the NEETs?



Source: Eurofound (2017).

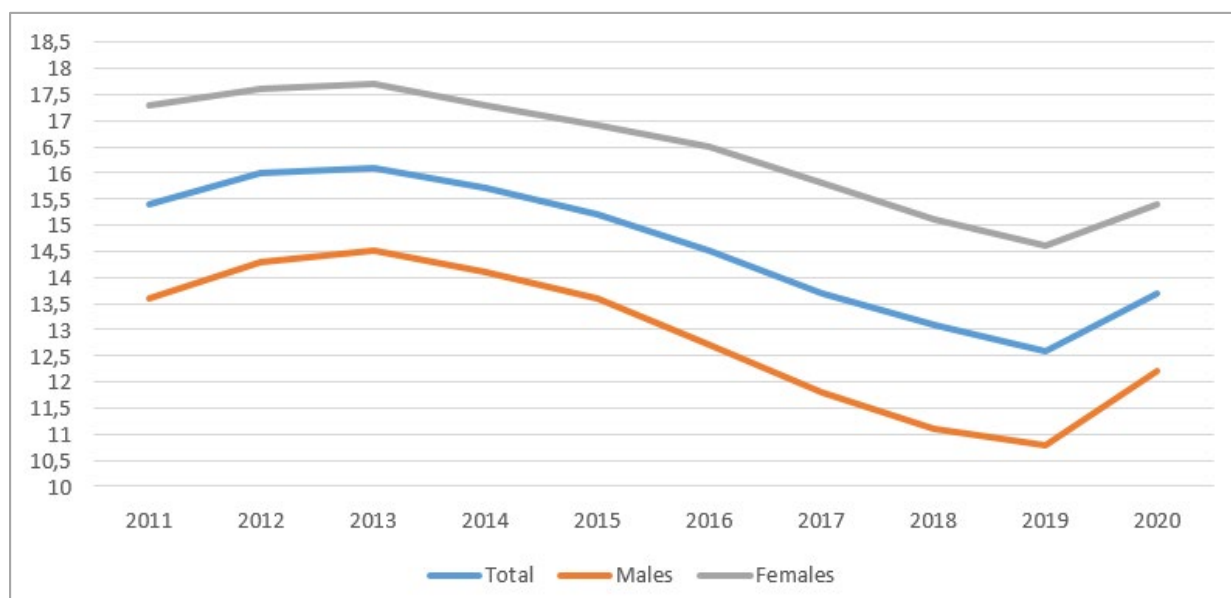
At the start of the pandemic, the overall NEET rate has increased, reversing the trend of the past decade. The average NEET rate<sup>4</sup> stood at **13.7 % by the end of 2020** - a full percentage point above that of the previous year (Figure 11). This means that nearly 725.000 more young people (aged 15-29) in the EU were in 2020 not in employment, education or training.

<sup>4</sup> "The indicator young people neither in employment nor in education and training, abbreviated as NEET, corresponds to the percentage of the population of a given age group and sex who is not employed and not involved in further education or training. The numerator of the indicator refers to persons meeting these two conditions:

- they are not employed (i.e. unemployed or inactive according to the International Labour Organisation definition);
- they have not received any formal or non-formal education or training in the four weeks preceding the survey.

The denominator is the total population of the same age group and sex, excluding the respondents who have not answered the question "participation in regular (formal) education and training". Available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Young\\_people\\_neither\\_in\\_employment\\_nor\\_in\\_education\\_and\\_training\\_\(NEET\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Young_people_neither_in_employment_nor_in_education_and_training_(NEET)) - accessed on 19.8.2021.

Figure 11: Yearly NEET rates in % of population aged 15-29, EU-27



Source: [Eurostat](#).

#### 2.4.1. The diversity of NEETs

Being **NEET has multiple and often intertwined causes**. According to Rambla and Scandurra (2021), NEET represents a composite of three underlying factors: (i) the regional exclusion from both the labour and the education systems; (ii) the labour market opportunities of the region; and (iii) the attractiveness of the region in terms of labour market outcomes. In turn, these factors are affected by various contextual elements and policies, such as education and training curriculum options, active labour market policies, education funding, student grants and health systems.

Italy might be considered as a prime example of the manifold individual, structural and institutional causes behind the NEET status, which are only partially originate in economic downturns (Box 2).

## Box 2: NEETS in Italy

For more than a decade now, Italy has one of the highest NEET rates in Europe. Particularly inactive NEETs represent an alarming social phenomenon, as they remain outside the labour force. Italy still shows the highest percentage of inactive young people (two thirds of the total NEETs) with a marked predominance of women.

Quintano et al. (2018) analysed the characteristics of inactive NEETs in Italy. The authors mainly identified inactive NEETs as being discouraged workers, young people with health problems or those who have to assist a relative. It is also reasonable to conjecture that some of those who declare to be inactive are engaged in the underground economy. The results of the study also confirm the crucial role of the education system, as well as the importance of the economic and social disparities between gender and territorial districts. Overall, the authors find that regardless of level of education and field of study, being a woman, a migrant, or living in a densely populated area in the South are the risks factors of becoming a NEET.

The early school leaver's rate (ELET) plays a significant role as predictor of NEET status. Despite improvements throughout the past decade, Italy still shows the highest percentages of ELETs across the EU. While in many other European countries only 2 or 3% of the young population aged 18-24 are drop-outs, the rate in Italy stood still at 13,1%. While NEET and unemployment rates are usually higher for those with the lowest levels of education, in Italy also graduates have trouble finding their first job, more so than their equivalents (?) in other countries. Even among the more educated, the mismatch between the skills acquired and those required by the labour market makes young people more at risk of the NEET status.

Another factor contributing to high NEET rates might be the fact that the dialogue between the schooling system and the business world has traditionally been limited. On the one hand, Italian teaching methods are still very traditional and vocational schools do not seem to provide the professional skills needed by firms. On the other hand, only recently has the university system introduced compulsory apprenticeships and training for graduates in order to ease the transition from college to work (Pastore, 2018). Furthermore, due to the specialisation in traditional, low-tech sectors and to the predominance of SMEs, labour demand in Italy is less skills intensive than in other countries and may be responsible for the high level of over-skilling among university graduates, in particular, STEM graduates (Adda et al, 2017).

Source: Authors' own elaboration.

#### 2.4.2. NEET country clusters

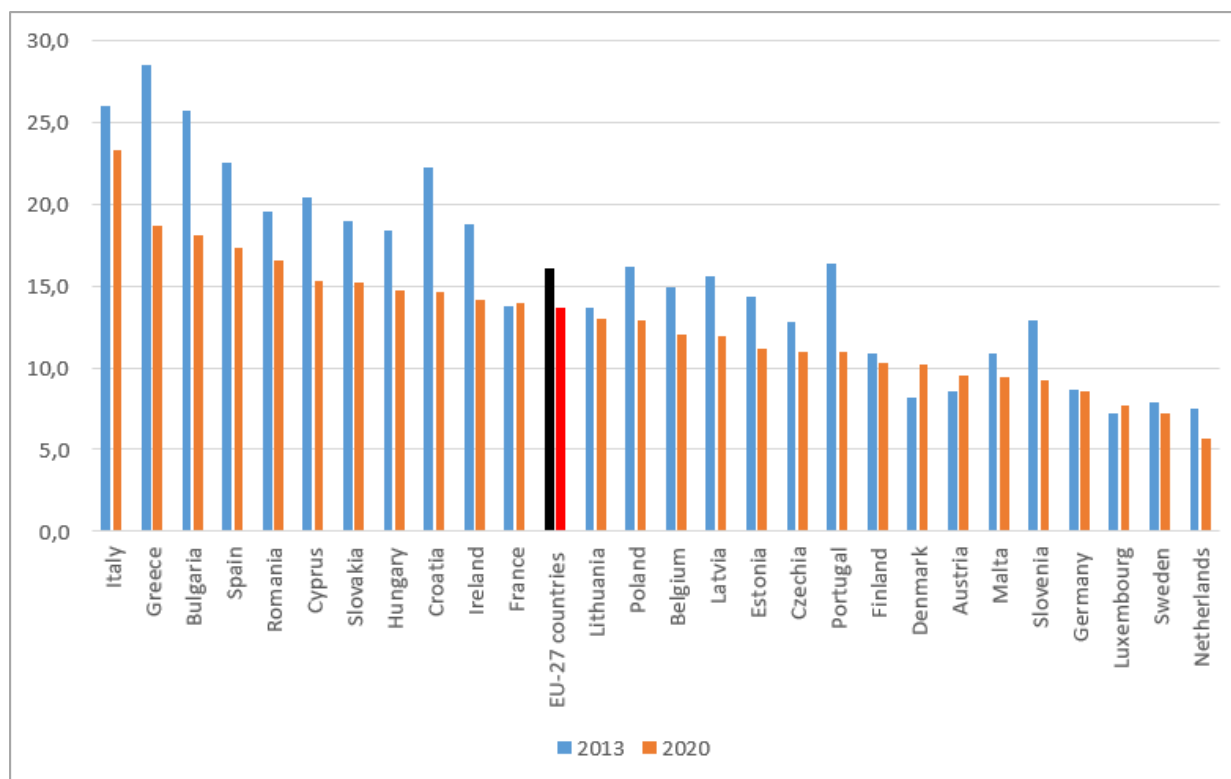
There are wide variations among Member States in the size of the NEET population and their composition. For example, the analysis of [Eurostat data](#) on youth shows that in Sweden the share of short-term unemployed young people is high but long-term unemployed and discouraged workers account for just 10 % of NEETs, while in Italy they represent 42 %. Spain and Bulgaria both have high NEET rates but in Spain, the majority of NEETs are men and unemployed, while in Bulgaria the majority are women due to family responsibilities. Italy and Sweden differ considerably both in size of population and characteristics of their NEETs. Italy has a very high NEET rate and a large share of long-term unemployed and discouraged workers, while Sweden has a low NEET rate and very low share of those who are long-term unemployed and discouraged workers.

Nonetheless, building on similar clustering, [Eurofound \(2016\)](#) identified three main clusters of countries. In Nordic, western and continental countries, the largest groups are generally the short-term

unemployed, while in some southern and Mediterranean countries the shares of long-term unemployed and discouraged workers are higher. In eastern European countries, the majority of NEETs are women, owing to family responsibilities.

These **country clusters persist**. Despite considerable improvements since 2013, Italy and Greece still recorded the highest NEET rates in 2020 (Figure 12).

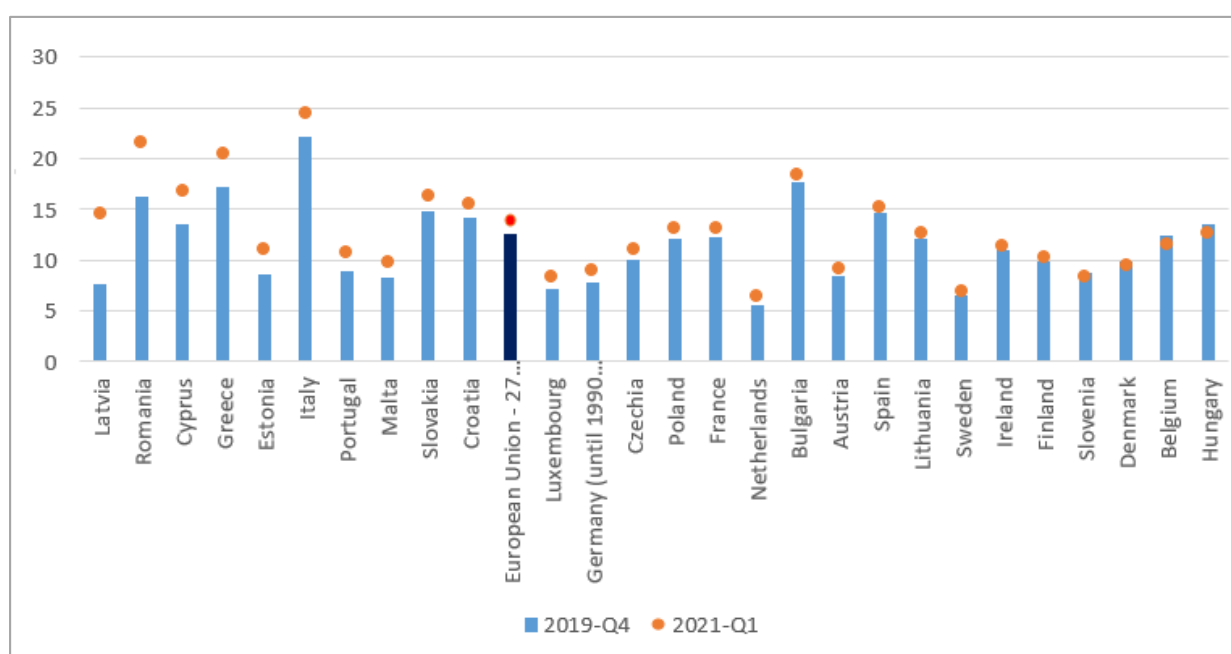
Figure 12: NEET rates (15-29), 2013 and 2020



Source: [Eurostat](#).

In the first quarter of 2021, the proportion of NEETs ranged from 24.4 % in Italy to 6.4 % in the Netherlands. Quarterly data shows that **the NEET rate increased on average by +1.3 pp.** compared to the fourth quarter of 2019. The largest increase was recorded in Latvia (+6.9 pp.), followed by Romania (+5.3 pp.), Cyprus (+3.3 pp.) and Greece (+3.2 pp.). In other countries with high NEET rates, such as Bulgaria or Spain, NEET rates remained quite constant (Figure 13).

Figure 13: Changes in country-specific NEET rates, 2021-Q1 compared to 2019-Q4



Source: [Eurostat](#).

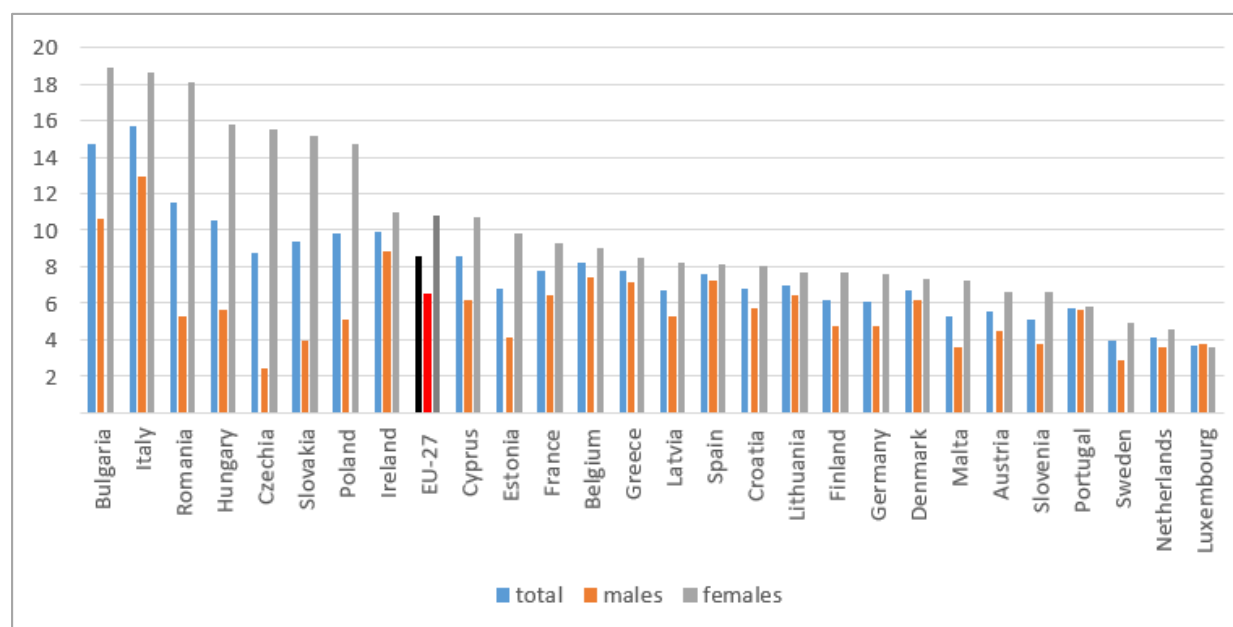
#### 2.4.3. Socio-demographic characteristics of NEETs

Beyond some common patterns by which countries can be grouped there are individual determinants of being NEET such as lower qualifications, early school leaving, being a female, having an illness or disability or having a non-EU migration status.

**NEET rates for young women are generally higher than for young men** (see Figure 10 above). In 2020, female NEET rates were on average 1.3 times higher than male NEET rates, that of **inactive female** NEETs even 1.7 times. The share is particularly high in eastern European Countries (Bulgaria, Romania, Hungary, Czech Republic, Slovakia and Poland) and in Italy (Figure 14).

The majority of NEETs in these countries are women, who are in this group due to family responsibilities. A higher proportion of young women spend time caring for children and other family members. Young women spend almost three times as much time on unpaid care and domestic work than young men. Persistent gender differences in the world of work increase young women's vulnerabilities to the economic consequences of the COVID-19 crisis, which, in turn, will amplify challenges to achieving the UN sustainable development goals on gender equality (ILO, 2020b).

Figure 14: NEETs (15-29) outside the labour force (inactive), by gender, 2020

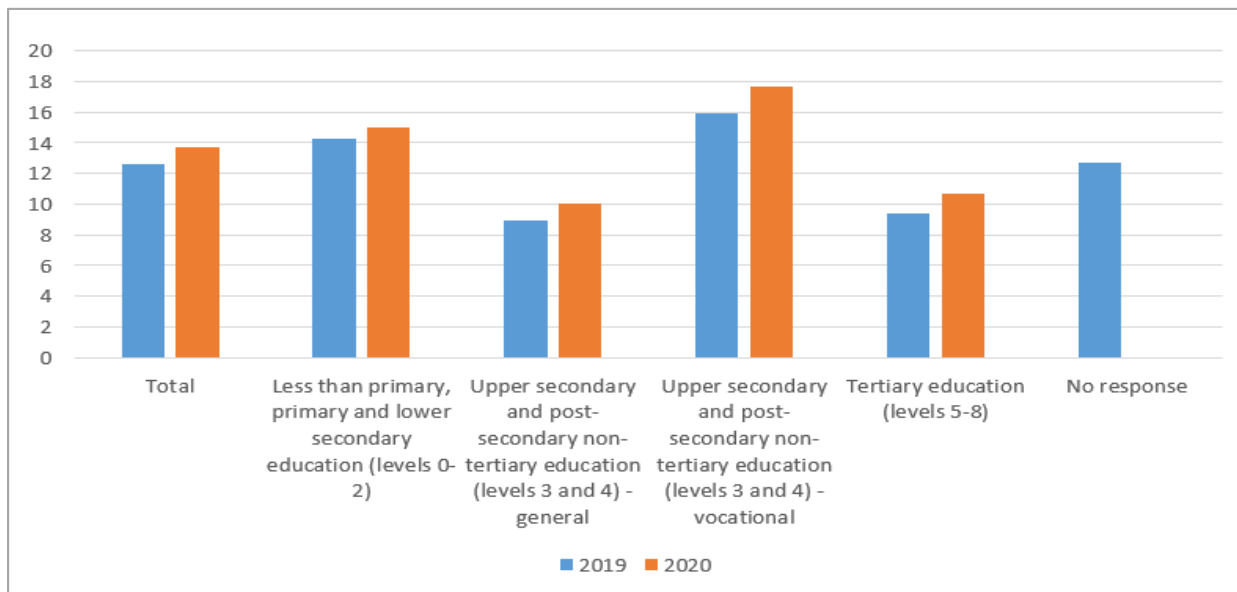


Source: [Eurostat](#).

**NEET rates also differ across education levels.** [Eurofound's \(2016\)](#) analysis based on the EU Labour Force Survey reveals that the largest group of NEETs is composed of young people with an upper secondary level of education (the middle attainers) followed by those with lower levels of education. However, beyond absolute numbers, the probability of becoming NEET still decreases as educational level increases. The analysis also confirms that those with lower levels of education face the greatest probability of belonging to the NEET group. In the aftermath of the global financial crisis, southern and Mediterranean countries also tended to have a large proportion of well-educated NEETs, notably Cyprus and Greece.

Figure 15 shows **that NEET rates increased across all educational levels during 2020** recording the vocational upper-secondary and post-secondary non-tertiary level the largest increase.

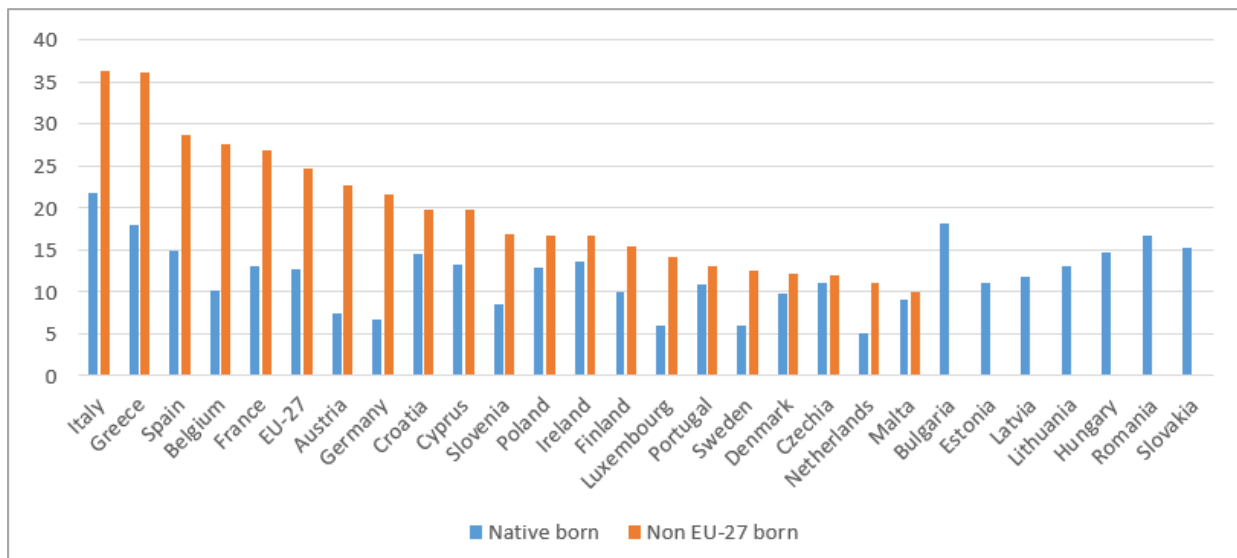
Figure 15: NEET rates (15-29) by level of education



Source: [Eurostat](#).

Across all EU countries youth unemployment as well as NEET rates are considerably higher for non-EU-born compared to native-born (Figure 16). On EU average, the **NEET rate increased by 0.9 pp. for the native born, while it increased by 2.9 pp. for the non-EU born** throughout 2020. [Eurostat](#) reports a near or above-average increase for Italy, Spain and Ireland but also for Austria, Germany, Luxembourg and Sweden, countries with generally low NEET rates but a high inflow of refugees in the past years, where young people were highly overrepresented bearing a higher risk of becoming unemployed or NEET than native young people.

Figure 16: NEET rates (15-29), by country of birth, 2020

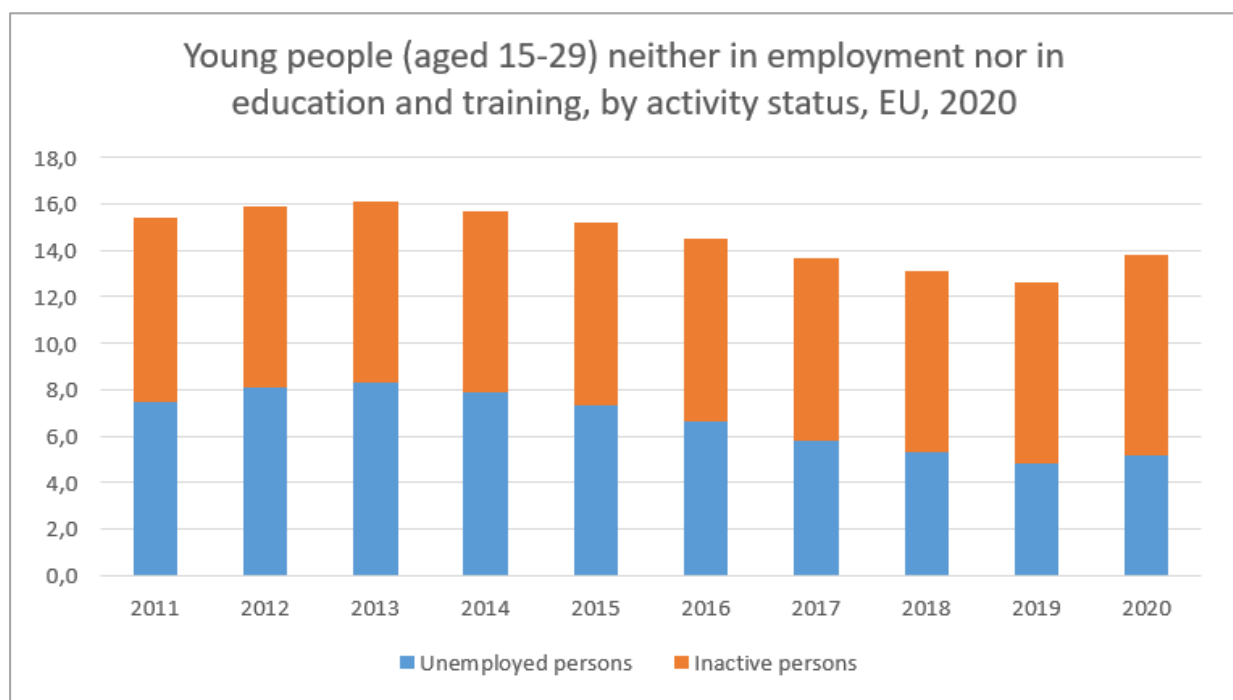


Source: [Eurostat](#).

The composition of NEETs by labour market status over time reveals that across all age categories, the inactive share of the population remained almost constant, meaning that it is less sensitive to the business cycle. Between 2013 and 2019 the share of inactive NEETs remained quite stable (~7.8 %). However, in contrast to previous crises **the share of inactive NEETs increased twice as much (+ 0.8 pp.) in 2020 as that of unemployed NEETs (+ 0.4 pp.)**. That is in line with the specific feature

of the current crisis, where transitions from employment to inactivity are higher than transitions from employment to unemployment across all age groups. Figure 17 shows that the share of inactive NEETs further increased in 2020 constituting much more than half of all NEETs now (Figure 17).

Figure 17: NEETS (15-29) by labour market status, 2020, EU-27



Source: [Eurostat](#).

#### 2.4.4. Structural determinants

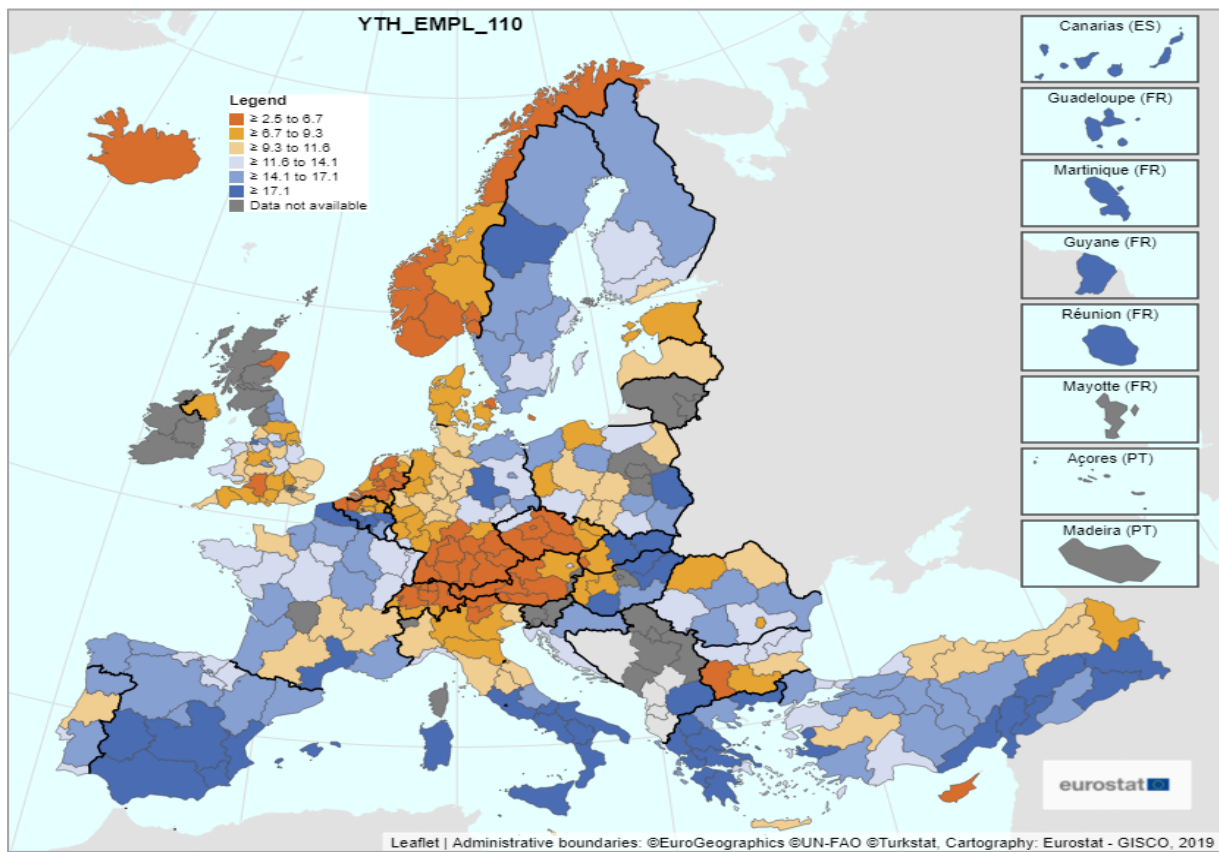
Poor youth performances are largely linked to weak structural and administrative capacities at regional level. The concentration of youth unemployment and NEET rates are associated with regional disparities (Möller, 2017). Youth unemployment and NEET rates reveal strong disparities between high performing regions and those lagging behind. Not surprisingly, youth unemployment and NEET rates are particularly high in most regions which have grown significantly less than the EU average in the past two decades (Van der Graaf et al., 2021).

A closer look at NEET rates on the regional (NUTS 2), level shows particularly **high persistence in regions with a weak industrial ecosystem**, e.g. low per capita income, high unemployment rates, low skills and low returns to education and weak structural and administrative capacities (Iammarino et al., 2018). Persistent varieties of structural and administrative capacities at the regional level have even compromised the effectiveness of the Youth Employment Initiative (Pastore, 2019).

"Regional lags – in productivity, digital skills and the promotion of green transition – tend to be associated with lower resilience to the COVID-19 crisis" (ESDE, 2021, 21). Low-growth, low-human-capital regions tend to be more vulnerable to the COVID-19 shock as well as regions with a strong dependence on tourism, in particular the Mediterranean regions (ESDE, 2021, 118). In 2020, the youth unemployment rate (15-29) increased in the majority of the NUTS 2 regions but continued to vary widely across EU regions with the highest youth unemployment rates registered in several Spanish, Greek and Italian regions (dark blue in Figure 18).



Figure 18: Youth unemployment rates (15-29) at regional (NUTS-2) level, 2020



Source: [Eurostat](https://ec.europa.eu/eurostat).

### 3. IMPACT ON YOUNG PEOPLE'S EDUCATION AND SOCIAL SITUATION

#### KEY FINDINGS

The impact of the COVID-19 on education and on the youth sector differs strongly by education level and background of learners. VET students faced a double disadvantage, namely due to the closure of VET institutions, and due to the closure of many businesses where work-based learning takes place. The extent to which work-based learning is affected during the pandemic varies greatly by industry and region.

On the positive side, the pandemic has created and accelerated innovations in teaching and learning to provide practical skills training and to conduct assessments. Also, the COVID-19 crisis did not reverse - at least in the short-term - the decline of the rate of early leavers from education and training (ELET).

Employment and working-hour losses have led to large reductions in labour income among young workers. Indicators such as "at-risk-of-poverty" do not yet provide a clear picture of whether there will be a negative impact on the social situation of young people in the longer run.

While long-lasting effects on the social situation and mental well-being of young people are subject to uncertainty, there are fears that particularly young people from marginalised backgrounds will suffer in the long-term from the negative consequences of youth unemployment, poor educational outcomes and poor mental health.

#### 3.1. Impact of school closures and restrictions on training opportunities

In the context of education, the major difference of the ongoing crisis from previous ones is the switch to online-teaching, which can have effects independent of the current recession. Bettinger et al. (2017) show that college students taking courses online instead of in person are more likely to drop out and not to enrol again. Findings from previous recessions that young people often delayed labour market entry and extended their studies, which helped to bridge the crisis at a time when jobs were less available, are therefore not completely applicable to the current one (Albrecht et al., 2021).

Although the exact effects of the COVID-19-related school closures on student skills and knowledge remain still largely unknown - due to the lack of comparable datasets, there are serious concerns about long-lasting scars caused by school closures during lockdowns. Losses in learning time and student competences will likely have a life-long impact. If an entire student cohort misses out on the skills usually acquired during one third of a school year, a country's future GDP may be reduced by 1.5 % on average for the remainder of a century (2.2 % if half a school year is lost) ([Hanushek and Woessmann, 2020, p. 9](#)). Lost learning may lead to lower student competences, increased class repetition and reduced educational attainment even in higher education, reduced income, and increased unemployment (Jaume and Willém, 2019).

The impact of the COVID-19 on education and on the youth sector **strongly varies according to education level and background of learners**. While the university level is perceived as least affected, VET learners are clearly among those most affected by the first COVID wave. VET students faced a double disadvantage, namely due to the closure of VET institutions, and due to the closure of many businesses where work-based learning takes place. Most practical training was replaced by theoretical education, which does not provide the same level of skills development as the practical part ([Van der](#)

[Graaf et al., 2021](#)). In some countries, existing legislation even excluded conducting apprenticeships remotely, and enrolments fell because of the inability of employers to continue providing work-based training ([OECD, 2021d](#)). Youth exchange and training programmes relying on international mobility have also been interrupted as well youth organisations, which faced loss of funding, termination of activities, and challenges in outreach to vulnerable youth (Van der Graaf et al., 2021).

**Work-based learning** such as apprenticeships<sup>5</sup> and internships, which are usually critical entry points for young people, have also heavily disrupted during the crisis. Work-based learning is often a component of formal VET education. It includes, however, not only apprenticeships, but also informal on-the-job learning, internships and work placements. The extent to which work-based learning has been affected during the pandemic **varies greatly by industry and region**. For example, apprentices in the hospitality or service sector were more affected than apprentices in other sectors in which virtual solutions could compensate for much of the missed face-to-face training time, such as in the public sector (Biebeler and Schreiber 2020). Challenges witnessed in VET resulted from existing structural weaknesses in the VET system, including the low extent of digitalisation. Restrictions during the *second wave* have been considerably more lenient towards the VET sector as the practical learning part aspect of VET was allowed to continue in many countries. VET institutions and policymakers have been adjusting graduation requirements to prevent significant study delays, but were also looking into methods to encourage and stimulate businesses to take apprentices ([ILO, 2021b](#)).

The ILO (2021b) also acknowledges that **innovations in teaching and learning have begun to emerge**. Alternative solutions were introduced to provide practical skills training and conduct assessments amid the crisis and the pandemic has created an opportunity to promote and mobilise human and financial resources for expanding distance learning. Some countries have also adopted new policy measures to ensure that TVET (technical and vocational education and training) systems are better prepared for future shocks. Although the pandemic accelerated distance learning in vocational education, and some training providers managed to switch to online training to at least some extent, the [ILO \(2021b\)](#) assumes that a large learning gap might emerge between countries.

### 3.2. Impact on early school leaving

In the aftermath of the global financial crisis, it took several years before youth unemployment and NEET rates came down. As education plays a significant role as a predictor of NEET status, declining rates of early leavers from education and training (ELET) can be considered as an important factor to lower the risk of becoming a NEET. ELETs are defined as young people 18-24 who have not completed upper secondary education<sup>6</sup>. Young people who leave education and training prematurely are bound to lack skills and qualifications. They face a higher risk of unemployment, social exclusion and poverty ([EU Commission, 2017a](#)). ELET are also probably more at risk of becoming inactive rather than unemployed.

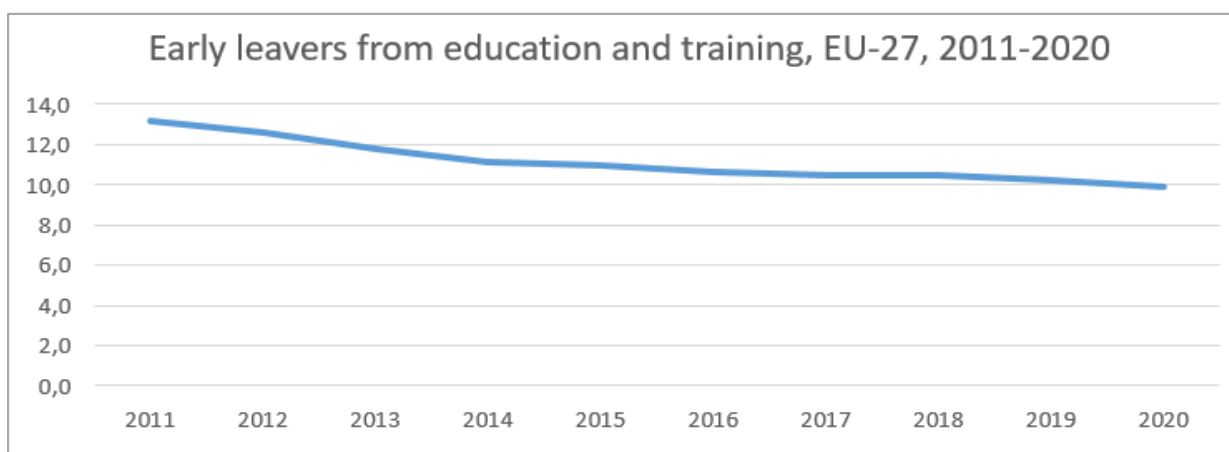
The Europe 2020 strategy has set the goal of reducing the proportion of 18- to 24-year-olds leaving education and training early to below 10 %. Figure 19 shows that the share of ELETs has fallen

<sup>5</sup> An apprenticeship is a form of Initial Vocational Education and Training (IVET) that formally combines and alternates company-based training with school-based education and leads to a nationally recognised qualification. Apprenticeships are characterised by a high share of learning in a company, and are therefore often considered suitable for young people who prefer a more practical approach to learning ([European Commission, 2020c](#), footnote 8).

<sup>6</sup> "Early leaver from education and training, previously named early school leaver, refers to a person aged 18 to 24 who has completed at most lower secondary education and is not involved in further education or training; the indicator 'early leavers from education and training' is expressed as a percentage of the people aged 18 to 24 with such criteria out of the total population aged 18 to 24". Available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Early\\_leaver\\_from\\_education\\_and\\_training](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Early_leaver_from_education_and_training) - accessed on 19.8.2021.

continuously since 2011 and reached in 2020 the target of less than 10 %. **So far, the coronavirus crisis has not reversed the positive ELET trend.**

Figure 19: Early leavers from education and training, 18-24, EU-27, 2011-2020



Source: [Eurostat](#).

### 3.3. Impact on young people's social situation

The poor quality of many jobs held by young people and a lack of social protection expose the young to greater vulnerabilities. Minimum contribution requirements for unemployment insurance, for example, exclude often young workers who recently started a job. Young people often work on non-standard contracts and are therefore less well covered by existing social protection measures ([Social Protection Committee, 2015](#)). According to the "Decent Jobs for Youth: Global Survey 2020" ([ILO, 18 March 2020](#)), 22.7 % of young people who were not in education, employment or education reported receiving income support such as unemployment payments or cash transfers.

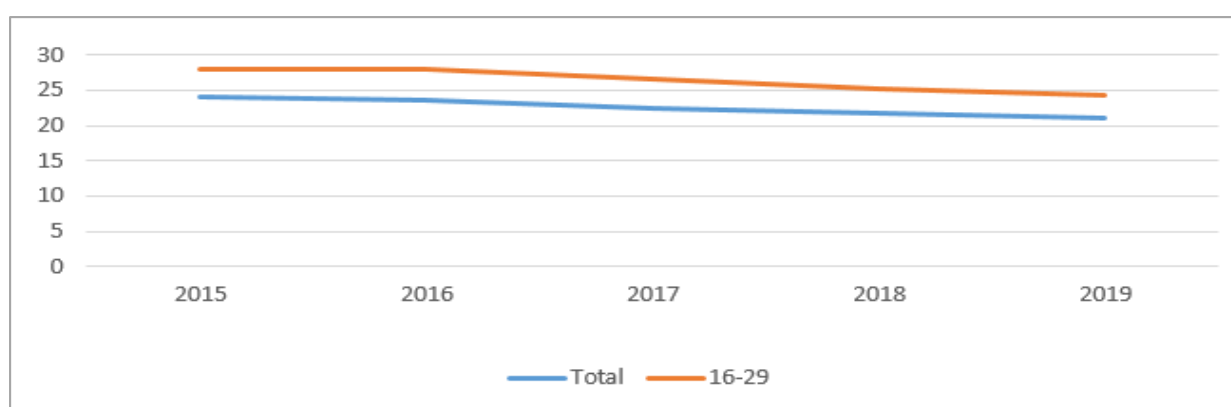
Youth poverty rates across countries are also strongly associated with their **housing situation**, i.e. whether they live alone or with their parents. For those no longer living with their parents, the COVID-19 crisis has shed light on the importance of ensuring safe, accessible and affordable homes. 24 % of young people reported that they had lost their home because they could no longer afford mortgage or rent since the onset of the pandemic ([OECD, 2021c](#)). Young people from disadvantaged backgrounds or marginalised communities and young people with disabilities **face additional challenges**. The [European Youth Forum \(2021\)](#) believes that young people in marginalised situations were more than twice as likely as other young people to have stopped working.

Working-hours losses have led to **large reductions in labour income** - which have been cushioned in most EU countries by broad emergency income support such as short-time work allowances. Such measures have been implemented often to the benefit of young people alongside income measures targeted at young people (see section 4.1.). Nonetheless, the ILO estimates that young workers (aged 15–24 years) experienced larger decreases in post-support labour income throughout 2020 than the overall population, which might indicate that job retention schemes have been less effective in protecting young workers than the general population ([ILO 2021b](#)). The OECD ([2021c](#)), however, finds that although job retention schemes had not been targeted specifically at young workers, such schemes were used much more by young people than other age groups.

Sizeable labour income losses might push young people into poverty. Whether there will be a **long-term deterioration in the social situation of young people is not yet clear** as data on pandemic-induced changes for indicators such as "at-risk-of poverty and social exclusion" or "in-work-risk-of poverty" are - at the end of August 2021 - not yet available for the whole EU-27. For the countries, where [Eurostat data](#) (based on EU-SILC data) is already available shows an uneven development in 2020. While "at-risk-of poverty rate" for the 15-24 years old decreased in Austria, Belgium, Czechia, Denmark, Greece, Hungary and the Netherlands, it increased in Bulgaria, Finland, Romania and Spain.

Figure 20 shows that the development of poverty and social exclusion indicators has been favourable before the onset of the crisis. In 2019 (latest yearly data available), there were fewer young people aged 16-29 at-risk of poverty and social exclusion (24.2 %) than in 2015 (27.9 %). This positive development might be related to the decline in NEET rates. NEETs are usually exposed to a high risk of poverty and social exclusion. The latest up-date for 2020 (by 1 July 2021) is not yet available for the whole EU-27.

Figure 20: Share of young people (aged 16-29) at risk of poverty or social exclusion, EU-27



Source: [Eurostat](#).

### 3.4. Impact on young people's mental well-being

Research has shown that not only youth employment but also **young people's (15-24) mental health has been disproportionately affected by the crisis**. In general, evidence from several countries suggests that the share of adolescents with mental health conditions more than doubled compared to the pre-crisis level ([OECD \(2021b\)](#)). Prevalence of symptoms of anxiety and depression has risen dramatically among young people and remains higher than pre-crisis levels and compared to other age groups even with the partial re-opening of the economy.

According to the OECD, the worsening of mental health can be attributed to disruptions in access to mental health services, the wide-ranging impacts of school closures, and a labour market crisis that is disproportionately affecting young people. In providing adequate support and timely intervention, young people experiencing mental distress may be able to bounce back as countries recover from the COVID-19 crisis. For the OECD (2021b) this will require a scaling up of existing mental health support in education systems, workplaces and health systems, and comprehensive policies to support young people to remain in education, or to find and keep a job.

Eurofound's living, working and COVID-19 survey (2021) confirms that young people are experiencing the lowest levels of mental well-being since the outbreak of the pandemic, in particular in the social dimension (loneliness, depression, social isolation). Almost two-thirds of people (64 %) in the age group 18-34 years were at risk of depression in spring 2021. The survey findings also highlight that young people perceive more insecurity about their professional and financial future, compared to workers over 30. Young people's poor mental health and wellbeing during the pandemic might also worsen

their employment and educational prospects in the longer run.

Certain factors affecting mental health like feeling isolated might vanish with the end of lockdowns. For many young people **the effects of the pandemic on mental health might therefore be temporary**. The [European Youth Forum \(2021\)](#), however, fears that effects may **magnify** pre-existing inequalities, affecting those from marginalised backgrounds the most.

## 4. ACTIONS TAKEN TO TACKLE THE EFFECTS OF COVID-19 ON YOUTH

### KEY FINDINGS

In early 2020, there were approximately 1.7 million fewer young people neither in employment nor in education or training (NEETs) than seven years ago. The Youth Guarantee (YG) of 2013 has reached and helped more than 24 million young people in the European Union.

The COVID-19 pandemic, however, has struck the employment prospects of young people particularly hard, and preventing the damage of this recession from becoming long-term is the prime objective of national governments and EU institutions. Most EU countries have responded with targeted youth support measures already at an early stage, which helped to cushion the negative impact on youth employment.

Although long-lasting effects on the social situation and mental well-being of young people are still subject to uncertainty, there are reasons to believe that the negative consequences of the COVID-19 crisis on youth employment might be less severe than those of the global financial crisis.

To address the challenges of youth employment beyond COVID-19, and against the background of a changing world of work, there are features that a new generation of youth employment policies should emphasise.

A variety of EU initiatives and programmes are already addressing many of the challenges ahead and funding for youth employment has become a key priority in EU budgets. Nonetheless, developing quality frameworks, monitoring of implementation plans and reporting on results should be enhanced at EU level.

"In about seven years' time, just before the COVID-19 pandemic, there were approximately 1.7 million fewer young people neither in employment nor in education or training (NEETs) across the EU. Youth unemployment had dropped to a record low of 14.9 % by February 2020, a few weeks before pandemic-related lockdowns were put in place" ([European Commission](#)). According to the EU Commission (2020b, p. 3) "the Youth Guarantee (YG) of 2013 has reached and helped more than 30 million young people in the European Union". "Though the Youth Guarantee cannot fully attributed the decline in youth unemployment since then, it had a major transformative effect" (European Commission, 2020c, p. 8). Coupled with European funding, the YG has created opportunities for young people and has triggered structural reforms in Public Employment Services (PES) and in education and training systems in Member States (Fondazione G. Brodolini et al., 2020).

The COVID-19 pandemic, however, has struck the employment prospects of young people particularly hard, and preventing the damage of this recession from becoming long-term is the prime objective of national governments and EU authorities.

### 4.1. Targeted youth policy measures at national level

Already in March 2020, the International Labour Organisation ([ILO 2020a](#)) stated that the impact of the pandemic on the employment of young people has been systematic, deep and disproportionate. The ILO suggested that the COVID-19 might **again cause long-lasting scarring effects on young people**, especially those who are vulnerable and/or of deprived background. In the aftermath of the 2008 global financial crisis, many governments addressed young people's difficulties too late and



insufficiently, often resulting in long-lasting scars on young people's careers and overall well-being (OECD 2021c, [Carcillo et al., 2015](#)). Hence, in order not to undo the progress achieved in the past decade and to avoid long-term scarring effects on youth, it is important that governments address the various challenges at an early stage.

For those who are unable to find employment upon labour market entry, spells in unemployment and, particularly, in inactivity can weigh upon their future (Dorsett and Lucchino, 2018). Research has found that a large recession at time of graduation not only reduces earnings upon graduation but that the effect persists in subsequent years. Schmillen and Umkehrer (2013) who tracked almost 700,000 individuals over 24 years in Germany find that in the mean, each additional day of unemployment during the first eight years on the labour market increases unemployment in the following 16 years by half a day. Lower-skilled youth, as well as those graduating from fields characterised by relatively low pay, tend to be particularly vulnerable to scarring effects. They experience persistent earnings declines as a result of adverse economic starting conditions.

In contrast to the global financial crisis, governments introduced a variety of targeted support measures **at an early stage** to avoid a pandemic scar on young people. The scope and scale of these measures vary across countries. A comprehensive overview of policy measures that countries have put in place to avoid a long-lasting negative impact of the COVID-19 crisis on the employment prospects and aspirations of young people is provided by [Cedefop \(2020b\)](#) and the [OECD \(2021c\)](#).

While the Cedefop survey focuses only on apprenticeships, the OECD goes beyond VET measures and spans many policy areas, ranging from support to finding and keeping jobs, to income support and prevention of social exclusion up to mental health initiatives. Therefore we rely in this section mainly on the [OECD \(2021c\)](#) report on "what have countries done to support young people in the COVID-19 crisis", which is based on a questionnaire distributed in February 2021 among representatives of the OECD EMPL Committee in 37 OECD countries including most EU countries with the exception of Bulgaria, Cyprus, Malta, Croatia and Romania.

The [OECD \(2021c\)](#) survey shows that policy responses have differed significantly from country to country in scale and areas of focus. While labour market support such as hiring subsidies or work-based learning activities has been frequently deployed, responses beyond labour market support are more varied and less comprehensive. Broad emergency income support such as short-time work allowances has been implemented often to the benefit of young people but only ten EU countries have introduced targeted income support for young people. More than half of the EU countries surveyed have put in place initiatives or new funding to support young people's mental health (Table 1).



Table 1: Policy responses to support young people through the COVID-19 crisis

	Youth strategies to guide cross-sectoral and employment policies	Providing emergency and additional income support measures for young people	Hiring subsidies to promote employment of young people	Supporting work-based learning opportunities and apprenticeships	Strengthening employment services for young people	Expanding mental health services, funding and supports for young people
Austria	✓	✓	✓	✓	✓	✓
Belgium	✓		✓	✓		✓
Czech Republic	✓	✓	✓		✓	
Denmark		✓		✓	✓	✓
Estonia	▪		✓			
Finland	✓	✓		✓	✓	✓
France		✓	✓	✓	✓	✓
Germany	✓	✓		✓	✓	✓
Greece	✓	✓	✓	✓	✓	
Hungary	✓		✓	✓	✓	
Ireland		✓	✓	✓	✓	✓
Italy	✓		✓	✓		
Latvia	▪	✓	✓	✓	✓	✓
Lithuania	✓		✓	✓		✓
Luxembourg	▪	✓	✓	✓		
Netherlands	✓	✓		✓	✓	✓
Poland		✓	✓		✓	✓
Portugal	✓		✓	✓	✓	
Slovak Republic	•		✓			
Slovenia	✓		✓			
Spain	✓			✓		
Sweden	✓	✓	✓	✓	✓	✓

Source: [OECD 2021c](#).

Note: The check symbol (✓) is used when countries have put in place new measures since the onset of the COVID-19 pandemic. The only exceptions are for youth strategies and hiring subsidies, for which measures in place before the crisis are also marked with a check symbol. The dot symbol (•) is used to refer to national youth plans that are currently in development. The OECD Questionnaire on Youth Policies was distributed in February 2021 among representatives of the OECD EMPL Committee in 37 countries but does not provide information for Bulgaria, Cyprus, Malta, Croatia and Romania.

A closer look at the different policy measures put in place shows the following:

- **Emergency and temporary income support** designed to alleviate financial insecurity during the pandemic include interventions to increase accessibility to benefits such as unemployment insurance for young people, financial aid targeted at young people who lost their jobs due to the COVID-19 crisis, and measures to reduce debt repayments or the financial burden of tuition fees. A detailed description of such measures can be found in [OECD 2021c](#) (Table 2 in the Annex).
- **Job retention schemes** have been crucial to protect jobs and livelihood during the pandemic. Although they have not been targeted specifically at young workers, they have been used much more by young people than other age groups. This outcome likely reflects the large share of young people in hard-hit industries, which have made good use of these schemes. It also reflects government efforts to expand eligibility of job retention schemes to temporary or non-standard workers. In Austria and Germany, for example, apprentices could also be placed on job retention schemes ([OECD, 2021c, 9](#)).
- Many EU countries had also **hiring subsidies** in place at some point during the pandemic for employers recruiting young people on a full-time or long-term basis ([OECD 2021c](#), Table 3 in the Annex). Of these countries, eight countries introduced new youth hiring subsidies or extended existing schemes amidst the COVID-19 crisis (Belgium, France, Greece, Hungary, Ireland, Italy, Portugal and Sweden).
- Most of the EU countries surveyed have **strengthened work-based learning opportunities** and in many countries, this has been the result of new subsidies or the expansion of existing initiatives to promote retention and hiring of apprentices during the COVID-19 crisis. A first assessment of subsidising work-based learning opportunities such as **training and apprenticeship bonus schemes** to increase the number of apprenticeships positions shows, however, varying success (see Box 3).

## Box 3: First assessment of training bonus schemes

While training bonuses have contributed to maintaining or increasing the number of apprenticeships in France, they were less successful in countries with well-developed apprenticeship schemes such as Germany. In France, strengthening uptake of apprenticeships has been a priority for the government from before the COVID-19 crisis. The considerable increase in apprenticeships in 2020 has been attributed to a combination of the "[un jeune, une solution](#)" initiative launched in July 2020 (and a law passed in 2018 that simplified conditions for employers to recruit apprentices. The "un jeune, une solution" plan provides, inter alia, a bonus of EUR 5,000 for the recruitment of a minor and EUR 8,000 for an adult to encourage companies to recruit apprentices. As of 5 February 2021 (more than 400,000 applications for the bonus had been submitted ([Vie-publique.fr](#)). A similar development could be observed in Italy. Apprenticeships were up by 10% in 2020 compared to the corresponding period in 2019 - even without bonus ([ENFAP Italia](#)).

However, the French experience also shows that the expansion of apprenticeships has very limited effects on youth unemployment if this is not accompanied by an increase in the retention of apprentices in their training firm (Cahuc/Heverlein, 2020).

While France saw a 40% increase in apprenticeship commencements, Germany saw a sharp decline despite having in place a similar training bonus. The "secure apprenticeships" scheme was set up in July 2020 to incentivise SMEs to maintain or expand training for apprentices. Companies that do not reduce the number of training places can receive a one-time training premium of EUR 2,000 (EUR 4,000 in 2021) for each new training contract and those expanding apprenticeships get a "training bonus plus" EUR 3,000 (EUR 6,000 in 2021). So far, the demand for the bonuses has been rather low with 34,800 bonuses paid out between August 2020 and July 2021 (Haufe, 2021).

Hence, the bonus could not stop declining demand for places in the long-standing dual apprenticeship system. While there has been hardly a decline in the number of apprenticeship places offered, the number of applications has plummeted. In 2020, 9.4% fewer young people concluded apprenticeship contracts than in the previous year. An above-average decline in apprenticeships has been recorded already during the 2008/2009 crisis. The decline was not yet reversed (Bellmann and Fitzenberger, 2021).

Source: Authors' own elaboration.

- **Strengthening employment services to support young people in finding and keeping jobs.** The majority of EU countries have strengthened employment services provided to young people since the start of the COVID-19 crisis. Public Employment Services (PES) have played a vital role as an entry point to the Youth Guarantee and a co-ordinating role by designing and providing tailored or novel active measures and youth services. A lesson learnt, however, is that PES should make more efforts to proactively reach out to unemployed and inactive youth as youth are often less likely to contact the public employment service ([European PES Network, 2021](#)). On EU average, just 57 % of NEETs (15-29) were registered with PES in 2013 and only 34 % of the unemployed aged 15 to 24 years contacted the PES to find work in 2020 on average in the EU. Another lesson is that the diversity of NEETs must be taken into account when designing policies to effectively re-integrate NEETs into the labour market and education. Eurofound (2017) states, that interventions need to be based on information about disaggregated subgroups of the NEET category so that their needs can be addressed.

Box 4 provides examples of how PES tried to increase outreach and visibility of services to young people and to enhance training and job search programmes for young people in the current crisis.

#### Box 4: PES initiatives to increase outreach and service provision to young people

In **Austria**, the Corona Job Offensive includes measures to provide unemployed 20-25 year-olds with the opportunity to train and reskill through public employment services. EUR 700 million were allocated to the PES to equip people with skills by the end of 2021, with one focus group being early school leavers. Low-threshold offers in employment services for young people such as youth coaching and Training Fit ([AubsildungsFit](#)) have also been strengthened in 2021.

In the **Czech Republic**, in 2021 13 regional projects related to youth employment are being implemented by regional branches of the Labour Office in 2021. These projects seek to provide comprehensive support for young people, including employment support.

In **Denmark**, an existing trainee scheme targeted at unemployed graduates with higher education has been extended until 2022 through additional funding. The trainee scheme combines practical work training at public or private employers with targeted CV-guidance and qualification courses, while also ensuring access to unemployment benefits.

In **Finland**, one-stop youth centres known as [Ohjaamo](#) centres are also being expanded to increase multidisciplinary support available to young people under the age of 30, and to lower barriers to enter the labour market for young people. Employment services also received additional funding to maintain free training available to new entrepreneurs.

In **France**, the number of places for intensive job search support for 16-29 years old has been doubled. New employment-training pathways for NEETs under 25 years old have been created and a four-month programme for 16-18 year-old early school leavers was launched in 2020 in the public employment service to support young people into work. 100.000 additional qualifying training places are planned to be made available in the public employment service for 18-29 years old. Courses are geared towards priority sectors in the [COVID-19 recovery plan](#) including the digital sector, the ecological transition sector and the health care sector.

In **Germany**, the Federal Employment Agency in response to the COVID-19 crisis began providing virtual career orientation services in schools, and to ensure accessibility, the agency is also organising open-air career orientation events and counselling discussion in parks. When it comes to youth policies, the main priority of the employment service is to improve the visibility of services for unemployed individuals. For several years, youth employment agencies ([Jugendberufsagenturen](#)) have been operating as one-stop shop agencies offering several services all in one place and, importantly, ensuring the active participation of all relevant actors and partners in the field of youth employment. They also work with schools to reach out to young people who have left the education system prematurely.

In **Greece**, the government has sought to support NEETs and vulnerable groups through the provision of e-training to address ICT training needs. It is also strengthening digital skilling opportunities and the public employment service has partnered with Google and Coursera [to provide online certified training on digital skills](#) to 3.000 unemployed young people.

In **Ireland**, a [Youthreach](#) programme that was in place from before the crisis which provides young people who have left school without formal qualifications increased access to basic education, personal development, vocational training and work experience over a period of one to two years.

In the **Netherlands**, [Regional Mobility Teams](#) were established in November 2020 in response to the COVID-19 crisis. The role of these multidisciplinary teams is to reach out people who are at risk of losing their job, or have recently lost their job due to the COVID-19 crisis, and to connect them to employment services. Although the teams reach out to people of all ages, youth is one of the priority target groups.

In **Portugal**, the Young + Digital Programme launched in 2020 provides training for unemployed young people over 18 and under 35 with secondary or higher education with the opportunity to develop digital skills. The [Ativar.PT](#) programme has worked with private sector stakeholders to quickly identify skills gaps and create accredited training programmes for unemployed young adults and vulnerable groups in a range of training paths. It has simultaneously introduced the Digital guarantee to ensure that by 2023 all unemployed people have training opportunities in digital skills suitable for their level of qualification and skills profile.

In **Sweden**, employment services [received SEK 25 million in funding in 2021](#) to support the employment prospects of young people and newly arrived migrants.

Source: Table 5 in Annex [OECD 2021c](#) and [European Commission 2017b](#).

- While the disproportionate impact of the crisis on young people's mental health has been recognised by many countries, new funding for **mental health services** allocated specifically to support young people's mental health has been moderate or represented only small increases in the budget of many EU countries ([see Table 6 in the Annex in OECD 2021c](#)). For the OECD, "mental health policies need to be integrated in educational settings, workplaces and welfare systems through cross-sectoral measures" (OECD, 2021c, p.13). However, only a few countries have taken initiatives in this direction during the crisis.

The COVID-19 crisis has brought to light many of the **housing challenges** facing EU countries, including for young people. Young people themselves also report housing to be a major concern ([OECD 2021b](#)). Only in a few countries (France, Netherlands, Portugal) emergency housing policies have specifically targeted young people ([see Table 7 Annex in OECD 2021c](#)). In Italy, people under 35 have been given the possibility to get a mortgage without having to pay an advance. Even before the COVID-19 crisis, many young adults across OECD countries struggled to afford a home of their own, and in the context of rising rents and house prices, most young adults, on average, were living with their parents (OECD, 2021b).

## 4.2. National Youth Strategies to implement the reinforced Youth Guarantee

Youth strategies to guide cross-sectoral and employment policies (see column 1 in Table 1 above) have been in place in most EU countries already since the implementation of the 2013 Youth Guarantee. In October 2020, amidst concerns over the impact of the crisis on employment prospects of young people, all EU countries adopted the Recommendation of the European Council on a [reinforced Youth Guarantee](#). The reinforced Youth Guarantee is part of the [European Youth Employment Support package](#) and builds on the Youth Guarantee (YG) from 2013, by extending the age limit of young people *from 25 to 29 years* and by requiring targeted and more individualised approaches for vulnerable groups (see Box 5).

Despite the success of the YG, there are large groups who have been unable to benefit from it. The majority of countries have focused their interventions on more job-ready young people rather than the young people most in need of assistance. It is therefore particularly important to identify the most vulnerable groups of young people, and assist them in designing and implementing a spectrum of policy measures ([Eurofound, 2017](#)).

The European Parliament (2021a) in its [resolution of 8 October 2020 on the Youth Guarantee](#) and other stakeholders such as the European Trade Union Confederation (ETUC) have been voicing **concerns about the quality of traineeships**. Some traineeships do not contain any learning elements, have poor working conditions, and trainees may be excluded from social security coverage. In addition, there is a large proportion of unpaid or low-paid traineeships ([European Commission 2020a](#)). The EP therefore requests claims that the reinforced Youth Guarantee should ensure real job opportunities rather than poor quality traineeships or never-ending training.

At a particularly critical time for youth, the updated Recommendation is therefore **a chance to address some important gaps the Youth Guarantee of 2013 has shown** over the years in terms of quality and outreach. The [Recommendation](#) is reaffirming the commitment to ensure that all young people under the age of 30 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. The [reinforced Youth Guarantee](#) emphasises a more targeted approach to vulnerable NEETs but is also forward-looking and tries to facilitate development of young people's skills for a changing world of work, including the skills needed for the green and digital transitions (see Box 5).

## Box 5: The reinforced Youth Guarantee

The new Recommendation puts forward a number of key modifications in the priorities of youth interventions.

**First**, it highlights that those not in education, employment or training (NEETs) in the 25-29 age group need to be included, and acknowledges that one of the major groups are inactive women who are out of the labour force due to caring duties for young children.

**Second**, the Recommendation emphasises that more effort needs to be put into identifying and reaching young people from a vulnerable background in the YG.

**Third**, the Recommendation indicates the need to more precisely identify the requirements of different groups and tailor services and measures accordingly. This includes the possibility that young people from a vulnerable background could receive individualised skills training, psychosocial support etc. during an intensive four-month preparatory phase, before entering a longer-term active measure. A particularly important skill to be acquired in this phase is digital literacy, as well as skills needed for the green transition.

**Fourth**, the Recommendation acknowledges the need for post-placement support for young people from a vulnerable background.

**Finally**, the Recommendation calls attention to the fact that this more inclusive approach cannot succeed without effective cooperation between PES, educational institutions, social service providers and the providers of other support services including psychological and healthcare. It underlines the need to build formalised partnerships that include timely data exchange to identify vulnerable NEETs, and signposting of young people so they receive adequate services and are not lost between service providers. It also points out the crucial role of cooperation with educational institutions to prevent young people from becoming longer-term NEETs.

For an in-depth-analysis of the four main phases (mapping, outreach, preparatory, offer) suggested by the "A Bridge to Jobs" recommendation see [EU Commission \(2021b\)](#).

Source: "[A Bridge to Jobs – Reinforcing the Youth Guarantee](#)".

So far, not all EU Member States have started to update their national youth strategies to take account of the reinforced Youth Guarantee (see Box 6). Member States have to step up their efforts, integrate lessons learnt and mobilise EU funding. This is important as the crisis is not over yet and many young people continue to suffer from its impact. A reinforced Youth Guarantee should therefore deal with the increase in unemployed young people in the short term, without losing track of helping the hardest-to-reach inactive or long-term unemployed young people in the medium term ([EU Commission 2020a](#)). The state of implementation of the reinforced Youth Guarantee will be monitored in the Employment Committee Review in October 2021.



## Box 6: Preparing and implementing Youth Guarantee Activities

While some MS such as **Austria** are constantly updating their national youth strategies, other countries such as the **Slovak Republic and Latvia** are currently preparing an updated plan to implement the reinforced Youth Guarantee.

In **Estonia**, the Youth Guarantee Support System implemented in 2018 is a tool for the municipalities to reach out to NEET, integrate them into the labour market and contact PES or other institutions. The tool links data from nine registers to detect the young people in need of support.

**Finland** rolled out one-stop-shops for young people involving a wide range of professionals in 2018. The key staff are youth and employment counsellors from PES and social workers from municipalities, but also psychologists, nurses, outreach workers and education counsellors. In 2021, the Finnish Government is investing further in these youth centres, particularly aiming at boosting mental health services for the young and starting to provide short-term psychotherapy.

In **France**, the "un jeune, une solution" (one young person, one solution) plan was launched in July 2020 as a comprehensive emergency plan with an initial budget of EUR 6.7 billion, later increased to EUR 9 billion. It offers tailored solutions through a package of measures, including hiring subsidies for youth under 26 years old and for apprenticeship contracts, strengthened employment support, and training targeted at disadvantaged young people.

In **Ireland**, the Pathways to Work 2021-25 strategy, currently being finalised, presents the next strategy for employment services, and will be used to implement the reinforced Youth Guarantee by strengthening services available to young jobseekers.

In **Luxembourg**, the revised national implementation plan for the reinforced Youth Guarantee will include mapping of target groups and policies to increase outreach to vulnerable groups.

**Spain** has already developed and negotiated with regions, trade unions, business organisations and youth stakeholders the 2021-27 strategy for the reinforced Youth Guarantee. It was released in June 2021.

Source: see Table 1 in Annex in [OECD 2021c](#).

**Public Employment Services** have to play an important role in implementing the reinforced Youth Guarantee. Despite persistent budgetary constraints and the new rise in unemployment and short-time work schemes, PES have risen to the occasion with an exchange of first responses, pitfalls and success stories in the immediate aftermath of the COVID-19 pandemic ([European Commission 2020b](#)). A prerequisite for a more agile and inclusive approach of PES is effective cooperation with educational institutions and social service providers. Some Member States have already stepped up their efforts to reach out to young people, especially those at risk of social exclusion. Many countries have put in place programmes and policies to address the ongoing challenge of youth exclusion and high rates of NEETs (see Box 2 above). The **outreach to more vulnerable NEETs** will require cooperation between PES and a variety of local actors, from associations and educational establishments to specialist counsellors trained in mental health issues. This requires effective and appropriate information and data sharing, and means that PES counsellors will need to spend more time managing these partnerships. The synthesis paper of a PES Network stakeholder conference in April 2021 provides examples of promising partnership practices ([EU Commission, 2021c](#)).

Another important issue is providing a **personalised approach**. Profiling and segmentation allow employment services to better understand the needs of young people and provide the services they



require the most for success in the labour market. Young people also need to be well informed about labour market trends and employers' expectations as particularly NEETs have often high or unrealistic expectations regarding the type of work they want, which makes their activation within the four months target difficult and affects their employment sustainability (Pinedo Caro et al., 2021). This calls for **improved career guidance**. PES have a major role to play in career guidance but not all European PES have specialised career guidance services. In these cases PES need to work alongside career guidance providers. The growing importance of career guidance for young people is discussed more in detail in section 4.3.3.

### 4.3. The EU agenda to build back better

To address the challenges of youth employment beyond COVID-19, there are features that a new generation of youth employment policies should contain such as the provision of digital skills and quality traineeships, career guidance and better protection of young platform workers. A variety of EU initiatives and programmes are already addressing many of the challenges ahead. The Commission's Communication on [Youth Employment Support: A Bridge to Jobs for the Next Generation](#) builds the framework for the update of a variety of EU initiatives and funding instruments dedicated to youth employment.

#### 4.3.1. Improving digital skills for disadvantaged youth

Although digital technology enabled distance education during the COVID-19 pandemic, the situation also revealed disparities when it comes to access to digital devices and connectivity, digital literacy of learners, educators, and carers which must be dealt with. The EU's 2020 Education and Training Monitor reveals that in 2019 a fifth of young people (aged 16- 24) in the EU still lacked basic digital skills. The objective set out in the [European Skills Agenda](#) is that the share of persons aged 16-74 having at least basic digital skills should be 70 % in 2025. Although there are no specific objectives for youth, the aim is that no young person should enter the labour market without at least basic digital skills. The proposal for the reinforced Youth Guarantee foresees therefore short and hands-on preparatory trainings, related to specific digital skill needs of a young person. Some but not all Member States have recently implemented programmes deemed to improve the digital competencies of disadvantaged groups (see Box 4 above).

#### 4.3.2. Quality traineeships and effective apprenticeships

At EU level, VET is considered to play a key role in supporting youth employment, in particular through apprenticeships. Apprenticeships as a specific form of VET pathway usually lead to a nationally recognised qualification with the specific aim to facilitate transition to the labour market (see footnote 5). The global financial crisis in 2008 triggered renewed interest in apprenticeships among policy-makers both at EU level and in Member States because of the capacity of countries where apprenticeships are strong such as in Austria or Germany to withstand surging youth unemployment. As a consequence of the financial crisis, governments across Europe have invested considerable resources in improving apprenticeship provision, introducing and reforming apprenticeships to reach ever more learners ([Cedefop, 2021](#)). Quite diverse new apprenticeship programmes were (re-)established with varying results<sup>7</sup>.

<sup>7</sup> In a review of apprenticeship systems in Europe, Cedefop (2020a) finds that the number of apprentices has mainly increased in programmes following the school logic, as in France and Portugal. In contrast, apprenticeships have lost ground in dual-system countries, such as Denmark and Germany, and countries with equally strong school-based and work-based tracks, such as the Netherlands and Austria. The absolute numbers of apprentices, as well as apprentices relative to students in school-based VET and/or academic programmes, have declined in these countries.

For the European Commission, the transformative recovery ahead is an opportunity to accelerate reforms in vocational education and training (VET). Hence, apprenticeships are high on the agenda. The emphasis on apprenticeships is clearly visible in the [reinforced Youth Guarantee](#), the European Framework for Quality and Effective Apprenticeships and in the renewed [Alliance for Apprenticeships](#) embedded in the Pact for Skills as part of the up-dated [European Skills Agenda](#). Based on the [Council Recommendation](#) on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience, Member States, the European social partners and the European Commission agreed in November 2020 ([Osnabrück declaration](#)) on a new set of policy actions in VET for the period of 2021-2025.

[Cedefop \(2021b\)](#) notes, that European and national crisis management strategies have advocated apprenticeships both as a short-term solution to youth unemployment and as a useful response to companies' skill needs in the longer term. Different purposes have been associated with this policy tool: to provide full vocational training, to address short-term skills development, to promote social inclusion, and to create a safety net for VET dropouts. A [Cedefop \(2021a\)](#) "**reality check**", however, points out that apprenticeships are not "a pill for every ill". There are substantial differences in existing VET apprenticeship programmes and quite a few countries meet – and have met in the past – the criteria set out in the European framework for quality and effective apprenticeships (EFQEA). 'Different understanding of the function and value of apprenticeship in a country may lead to different standards for quality and effectiveness among key stakeholders' (Cedefop, 2021a, p. 18). Hence, Cedefop concludes that 'not all schemes called "apprenticeships" were merited their name and not all ensured high-quality training (or any training), and not all "apprentices" were entitled to employment or social protection rights. Some were simply used as low-cost workers' (Cedefop, 2021b, p. 1). The **ambiguity surrounding the term "apprenticeship"** in specific countries has implications for apprenticeship quality and effectiveness. Most of the schemes analysed by Cedefop (2021a) were primarily associated with the short-term employment goal of helping people find a job. 'While this may be important, especially in times of crisis, it should not jeopardise the distinct function of apprenticeship as a strong education and training tool, laying the groundwork for young people's further learning and employability in life' (Cedefop, 2021b, p. 3).

By gathering ideas for the next steps for apprenticeships in a joint symposium, [Cedefop and the OECD \(2021\)](#) postulate that there is also the need for VET systems to become more responsive to changing patterns of employer demand. 'Responsiveness should drive changes in VET in terms of who is taught, what they are taught and how they are taught' (Cedefop/OECD, 2021, p. 20). Cedefop also notes that the road ahead is long. 'To endorse a common European vision, stakeholders across the EU need to reflect on the distinction between employment and employability goals, directly linked to the long-term benefits of apprentices. This is all the more important at a time when European labour markets are being re-shaped by green and digital transitions and a need for a job-rich recovery' (Cedefop, 2021b, p. 4).

In this context, the committee on Employment and Social Affairs (EMPL) in cooperation with the committee on Culture and Education (CULT) is currently preparing a **legislative own-initiative report on [Quality traineeships in the EU](#)** to make the fight against youth unemployment a priority. The legislative initiative is expected to request the Commission to submit a legislative proposal for a Directive on Quality Traineeships. The directive should ensure that a traineeship is governed by a written contract containing transparent information on the rights and obligations to the parties, including on coverage of in social security systems and remuneration; that traineeships should have a specific duration and that they should prepare trainees for a job and lead to increased skills and employability. In its [opinion](#) on the initiative, the CULT committee stressed that the scope of the current

Quality Framework should be broadened to cover all types of traineeships and take into consideration the strict link between the quality of the traineeship and the employability outcome.

#### 4.3.3. Addressing the growing importance of career guidance

The pandemic has driven millions of young people to stay in education longer than they had first planned. For some young adults facing the transition from college to the workforce, the COVID-19 pandemic has underscored fears of being unprepared in their chosen career paths. Career guidance has been made more difficult during the pandemic despite new forms of online guidance ([Cedefop et al., 2020](#)). The Inter-Agency Working Group on Career Guidance (European Commission, the OECD, the ILO, the UNESCO, the European Training Foundation (ETF) and Cedefop) agree that career guidance has never been more important, especially for young people who are likely to look for work as soon as they leave secondary school. They therefore call for [Investing in career guidance](#) as evidence points to the valuable role that career guidance has to play in preparing students psychologically to deal with a jobs market that might not live up to their expectations.

National longitudinal surveys have shown that career aspirations of teenagers are very commonly narrow, confused and distorted by social background (WGCG, 2021). The Inter-Agency Group of Career Guidance (WGCG, 2021) recalls that good career guidance not only provides access to information about the job market, but also addresses the (often unspoken) assumptions and expectations of young people about what work is appropriate for different people to do and what certain jobs, like those entered through vocational education and training, are really like. That's why career guidance should be given a more prominent role in national implementation plans. Making attractive vocational pathways visible in career services and counselling should be a priority of counselling services that provide clear career expectations, including educational requirements and salary, as well as informal know-how of possible career paths.

#### 4.3.4. Better protection for young platform workers

Platform work as a new form of non-standard employment has become increasingly prevalent among young people. The phenomenon of platform work is increasing slowly but steadily in Europe. The COLLEEM II survey in 2018 shows that platform workers tend to be younger, more educated and foreign born. 29.5 % of marginal platform workers, 26.7 % of secondary platform workers, and 23.6 % of main platform workers are aged 16-25 with a rising share of younger women among those who do platform work as a secondary or main activity. The vast majority of platform workers must undertake a substantial share of unpaid work (searching online, waiting time for assignment, etc.) in order to get paid work. Payment per hour ranges between approximately EUR 7 for micro-tasking and EUR 23 for software development. Platform work often involves longer schedules, and it is more likely to be done at night and during weekends ([Urzi Brancati et al., 2020](#)).

While for young workers such as students, platform or crowd work is an opportunity to gain work experience and additional income, platform work has a potential downside to young workers' career. On many crowd-working platforms, such as the micro-task platforms, the worker is not identifiable by name. This means that if and when a young person decides to look for work in the offline labour market, they have no way of proving to potential employers that they have been working ([Pinedo Caro et al., 2021](#)). Moving to the next job and the risk of becoming jobless with no social benefits, sick pay, pension credits or rights at work is greater for young workers. Since the COVID-19 outbreak, concerns such as limited access to social protection have magnified for platform workers, especially those engaged in location-based platforms (Rani et al., 2020).

From a policy standpoint, platform workers' employment status is one of the most pressing issues, in particular resolving the issue of their labour market status. Recent EU initiatives aim to address some of the policy challenges associated with platform work. In July 2021, a [Report](#) on fair working conditions, rights and social protection for platform workers was adopted by the EMPL committee. The [European Commission](#) announced in early 2021 its intention to present a legislative initiative in 2022 to improve the working conditions of workers. In this context, regulations to guarantee transparency regarding how remuneration is calculated as well as rules for suspension and termination imposed by the platform are important. Moreover, ensuring that platform workers enjoy protection similar to non-platform workers with respect to health and unemployment insurance and social benefits would be another field of further regulation. In this context, proposals to extend social security systems to the international, flexible and short-term character of platform work might be instructive (Weber, 2019).

#### 4.4. EU Funding for youth employment, education and training

Beyond providing policy guidance and mutual learning activities, the EU supports targeted actions and structural reforms in youth employment, education and training through substantial funding. Funding for youth employment has become a key priority in the EU budget in recent years. [The Action Plan for implementing the pillars of social rights](#) emphasizes that special attention needs to be devoted to young people and the low skilled, who are more vulnerable to the fluctuations in the labour market.

NextGenerationEU and the long-term budget MFF (1.100 billion for 2021-2027) provides significant resources to support youth employment, as part of a major budgetary initiative to tackle the economic and social impact of the pandemic. The European Social Fund Plus (ESF+), with a budget of EUR 99 billion, is another key EU financial resource to support the reinforced Youth Guarantee.

ESF+ measures targeted particularly to youth are set out in Article 7 (6) of the [ESF+ Regulation \(Article 7\(6\)\)](#) which states that "Member States that had an average rate above the Union average of young people of 15 to 29 years of age who are not in employment, education or training for the period between 2017 and 2019 shall allocate an appropriate amount of their resources (at least 12.5 %) of the ESF+ strand under shared management to targeted actions and structural reforms to support youth employment, vocational education and training, in particular apprenticeships, and the transition from school to work, pathways to reintegrate into education or training and second chance education, in particular in the context of implementing schemes under the Youth Guarantee. When implementing targeted actions and structural reforms referred, Member States shall give priority to inactive and long-term unemployed young people and put in place targeted outreach measures".

The reinforced YG will also be supported through the Recovery and Resilience Facility (RFF-EUR 723.8 billion). RFF will support the full range of employment, education and training measures put forward by the proposal for "[a Bridge to Jobs - reinforcing the Youth Guarantee](#)" as well as vocational education and training system and apprenticeship reforms. Among the measures, which could be supported are:

- Direct hiring subsidies including wage subsidies, recruitment bonuses for new hires and temporary contributions to social protection coverage to facilitate the acquisition of work experience and/or entry into first, quality jobs for young people.
- Direct subsidies for apprentices in SMEs including remuneration, recruitment bonuses and temporary social contributions coverage, as well as trainers' wages and/or their social contributions to stabilise and increase the supply of quality and effective apprenticeships.

Pathways for reintegration into education and training, including second chance education programmes, supporting policies for the next generation, children and the youth, such as

education and skills is one of the six pillars of the Resilience and Recovery Facility (RRF). EU countries have to submit national recovery and resilience plans that describe the reforms and public investments projects they plan to implement with the support of the RFF. In this context, it is advisable that national RRF plans should be consistent with national Youth Guarantee Implementation Plans. As of 14 July 2021, 20 EU Member States have submitted RRF plans. Across all 20 countries, 7.11 % of the requested funds are planned for pillar six on "policies for the next generation" ([Bruegel dataset](#)), an amount, which is still below the 10 % requested by the [European Parliament](#).

## 5. CONCLUSIONS

Most recent forecasts presume that almost all European economies will reach their pre-crisis economic level by 2022. Nevertheless, this prediction is still fraught with uncertainty and a full labour market recovery is still far off in many countries. So far, European governments have made rapid and substantial responses to this crisis to cope with the significant challenges to their labour markets. At an early stage, EU countries have put in place targeted youth policy measures to avoid long-lasting scars of the COVID-19 crisis on the employment prospects and aspirations of young people.

Despite the unprecedented public support measures, young people who have recently entered or are about to enter the labour market have been affected disproportionately by the pandemic. Young workers have experienced considerable loss of work and income as a result of unemployment and reduction in working hours. Social distancing and home working brought about by COVID-19 might have a negative impact upon the career prospects of even those young people who have managed to secure a job.

For the time being, indicators do not provide yet a clear picture whether there will be a long-term deterioration of employment and social situation of young people. The increase in youth unemployment and NEET rates has so far remained substantially below levels seen during and after the global financial crisis. However, the longer the crisis lasts, the higher the risk that unemployment becomes entrenched. To avoid a 'lost' or lockdown generation it is important to pay special attention to young people in the recovery phase. The challenge will be to monitor whether the policies currently implemented are sufficient, and to take the appropriate measures where this is not the case. Responses from national policy-makers to address young people's mental health have been limited. Out of 22 EU countries surveyed by the OECD in February 2021, only 12 have taken initiatives in this direction. Hence, cross-sectoral measures to integrate mental health policies in educational settings, workplaces and welfare systems should also be included in Recovery and Resilience Plans.

A variety of EU initiatives and programmes are already addressing many of the challenges ahead and EU funding for youth employment initiatives has further increased. The Council's Recommendation on a reinforced Youth Guarantee addresses some important gaps the Youth Guarantee of 2013 flagged up. Better outreach towards inactive NEETS as well as developing a better quality framework for traineeships to improve working conditions of trainees has already been identified as important policy actions in EU policy documents. There are only few gaps not being addressed in-depth in EU recommendations such as the importance of career guidance to provide young people with clear expectations of possible career paths.

The effectiveness of new and adapted measures will, however, depend on their successful implementation. To ensure that all young people under the age of 30 do indeed receive a good quality offer of employment, continued education, an apprenticeship or a traineeship, the monitoring of the implementation and reporting on the results have to be improved compared to the YG implementation in the past.

To this end we recommend:

- to develop mechanisms to ensure more effective monitoring of national YG implementation plans;
- to enhance the efficiency of supporting EU funds by ensuring that national YG implementation and national RFF plans are consistent;
- to ensure that national RFF plans are consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester;



- to make EU funding programmes more flexible in order to make them more responsive to future crisis.

Providing policy guidance and organising mutual learning activities at EU-level are - beyond providing financial support- considered crucial to support targeted actions and structural reforms in youth employment, education and training at national level. Guidance in youth policies has been focused in the past decade on apprenticeships. Apprenticeships have been high on the political EU agenda for years now. However, reviews of European apprenticeship schemes have shown, that they are not "a pill for every ill". One-size fits all recommendations might be not very useful - not only because apprenticeships in different countries pursue different goals (e.g. integrate vulnerable groups of young people vs. lifelong career development in an occupational area) - but also because the role and scope of VET institutions are changing.

The COVID-19 crisis has reinforced the trend of declining demand even for well-developed dual apprenticeships considered as successful like the German one. Presenting opportunities and best practices to improve the permeability between vocational and academic pathways e.g. through higher degrees or a "master craftsmen tenure track" system is essential to make such vocational training paths more attractive in countries with well-established VET systems. At the same time it is important to improve the inclusiveness of apprenticeships to support school/training-to-work transitions of vulnerable groups, particularly in countries with weaker VET systems. Overall, to make VET systems not only more resilient but also more adapted to national circumstances, EU authorities should pursue more collaborative decision-making and crisis management in synergy with national measures. In this context, permanent structures to discuss and consult on VET systems such as the Advisory Committee for VET should be strengthened further.

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## ANNEX

Table A1: Country-specific unemployment rates (*UE rate*) and unemployment ratios (*UE ratio*) of young people (15-29)

	UE rate	UE ratio	UE rate	UE ratio	UE rate	UE ratio
	2013		2019		2020	
EU-27	<b>19.0</b>	<b>10.8</b>	<b>11.4</b>	<b>6.5</b>	<b>12.5</b>	<b>7.1</b>
Austria	7.7	5.9	5.9	4.6	7.1	5.7
Belgium	15.1	8.2	9.1	4.9	9.3	5.1
Bulgaria	<b>21.7</b>	10.2	6.9	3.1	8.8	3.7
Czech Republic	12.5	6.2	3.6	1.9	5.3	2.5
Croatia	<b>33.5</b>	16.3	<b>13.4</b>	6.6	<b>16.7</b>	<b>8.2</b>
Cyprus	29.8	16.4	<b>11.8</b>	6.6	<b>13.6</b>	<b>8.2</b>
Denmark	12.5	8.5	9.5	6.6	10.7	7.4
Estonia	13.5	7.8	7.1	4.5	12.3	7.3
Finland	14.9	9.4	<b>12.1</b>	7.9	<b>14.9</b>	<b>9.6</b>
France	17.8	10.0	<b>14.8</b>	8.0	<b>15.2</b>	8.0
Germany	7.0	4.5	4.3	3.1	5.2	3.9
Greece	<b>48.6</b>	24.2	<b>28.2</b>	12.8	<b>29.3</b>	<b>12.5</b>
Hungary	17.8	8.0	7.4	3.7	8.7	4.3
Ireland	<b>22.2</b>	13.1	9.7	5.7	11.8	6.6
Italy	<b>29.9</b>	12.3	<b>22.4</b>	9.2	<b>22.0</b>	<b>8.5</b>
Latvia	16.5	9.4	9.3	5.3	<b>13.2</b>	7.2
Lithuania	17.2	8.5	8.6	4.8	<b>13.4</b>	7.4
Luxembourg	<b>10.4</b>	5.2	10.2	6.1	<b>13.0</b>	7.2
Malta	9.3	6.1	5.9	4.5	6.7	5.2
Netherlands	10.1	8.2	5.0	4.1	6.6	5.3
Poland	18.9	10.6	6.6	3.6	7.1	3.6
Portugal	<b>28.5</b>	15.3	<b>12.8</b>	6.6	<b>15.8</b>	7.7
Romania	15.8	7.6	10.2	4.8	11.6	5.5
Slovenia	18.3	10.2	7.2	4.1	9.5	5.0
Slovakia	<b>24.4</b>	12.2	9.7	4.8	12.4	6.0
Spain	<b>41.4</b>	24.0	<b>24.7</b>	12.5	<b>28.3</b>	<b>14.0</b>
Sweden	15.8	11.2	11.3	9.2	<b>13.0</b>	<b>10.8</b>

Source: Eurostat: [https://ec.europa.eu/eurostat/databrowser/view/yth\\_empl\\_140/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/yth_empl_140/default/table?lang=en); and [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=yth\\_empl\\_100&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=yth_empl_100&lang=en).

Note: The unemployment ratio is measured as the share of the unemployed aged 15-29 of all young people aged 15-29.

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The aim of this study is to provide the Members of the committee on Employment and Social Affairs (EMPL) with an analysis of the impact of the COVID-19 crisis on young people, providing updated information on their economic and social situation, with a focus on employment.

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