

Beyond the Youth Guarantee

Lessons learned in the first year of implementation

**Background document prepared by Eurofound
as a contribution to the informal EPSCO meeting
16-17 July 2015, Luxembourg**

Young people across Europe have been hit hard by the most recent economic crisis and their labour market perspectives have deteriorated sharply in the majority of EU Member States. While there are some cautiously positive developments, almost two thirds of EU Member States continue to experience the highest youth unemployment rates in their history. More than 40% of young people remain unemployed in countries such as Greece, Spain, Croatia and Italy. In addition, NEET rates throughout the European Union remain alarmingly high. As a response to the youth unemployment crisis, in 2013 the Council of the European Union recommended the establishment of the Youth Guarantee¹ with the aim of providing young people with a good quality offer of a job, continued education, apprenticeship or a traineeship, within four months of becoming unemployed or leaving education.

The aim of this background note is to provide an up-to-date picture of youth unemployment in Europe and to discuss how the implementation of the Youth Guarantee has moved forward since 2013. For this purpose, the introductory section will highlight the status quo of young people's situation in today's labour market in Europe, including both recent trends in youth unemployment and young people not in employment, education or training (NEETs). In a next step, the first steps and concrete actions undertaken during the Youth Guarantee implementation will be described. Furthermore, barriers and challenges that have been identified during early Youth Guarantee implementation which may prevent this policy response from reaching its full potential will be outlined.

1. Introduction: Youth unemployment in Europe – Status quo, trends, issues

While youth unemployment remains at a very high level, finally some signs of improvements have been recorded. In 2014 - or the first time since 2007 - the youth employment rate at the European level slightly increased to 32.5%, a +0.3% from the value recorded in 2013, the lowest level ever recorded in the history of the European Union. The majority of Member States recorded an increase in employment rates whose improvement was mainly driven by the performance of the Baltic States, the Czech Republic, Greece, Cyprus, Hungary, Poland and the United Kingdom. In all these countries, the youth employment rate increased by more than 1.5% in comparison with 2013².

Similarly, the youth unemployment rate decreased markedly in 2014 in comparison with 2013. At the European level, the youth unemployment rate was 21.9% against 23.5% recorded in 2013, the highest level in the history of the European Union. This decrease was recorded in all Member States except for Romania, Finland, Luxembourg and Italy. This decrease was consolidated over the course of 2015 and in April 2015 the youth unemployment rate was recorded at 20.7%, the lowest level since July 2009³.

¹ Council of the European Union (2013), Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2013/C 120/1).

² Eurostat data – Youth employment rate – access 14/06/2015

³ Eurostat data – Youth unemployment rate – access 14/06/2015

Despite these important signs of improvement, youth unemployment rates remain high in many Mediterranean Member States. In Portugal and Cyprus, youth unemployment remains above 30%, while in Italy, Croatia, Spain and Greece it remains above 40%.

Moreover, of additional concern is the youth long-term unemployment. In fact, while spending a short time in unemployment can be considered normal during the transition from school to work, the protracted disengagement of young people from the labour market can have lifelong consequences in terms of poor employment outcomes, salary penalisation and an increased risk of disengagement and asocial lifestyle, all furthering social exclusion⁴⁵. In this regard, at European level, long-term unemployment accounts for approximately one third of total youth unemployment. However, this situation greatly varies among countries. In some countries, high shares of youth unemployment coincide with high shares of long-term youth unemployment. This is the case in Greece, Croatia and Italy, where around half of the young unemployed are long term. Conversely, countries with low shares of long-term unemployment among young people are Finland, Denmark and Sweden (all below 10% of total unemployment)⁶, followed by Austria. All of these countries have already implemented well-functioning Youth Guarantee schemes.

Finally, following the youth unemployment trend, the NEET rate at European level also decreased markedly throughout 2014, from 13% in 2013 to 12.4% in 2014⁷, the same level recorded in 2009. This decrease was recorded in 20 Member States and driven by the performance of Bulgaria, the Czech Republic, Greece, Spain, Latvia, Lithuania, Hungary, Portugal and the United Kingdom: in all these countries the decrease was more than 1% in comparison with the value recorded in 2013. Conversely, a marked increase in the size of the NEET population was recorded in Malta and Luxembourg, which remains, however, one of the Member States with the lowest level of NEETs in Europe.

The current state of play underpins the necessity for Member States to offer sustainable work and training opportunities for Europe's future generations.

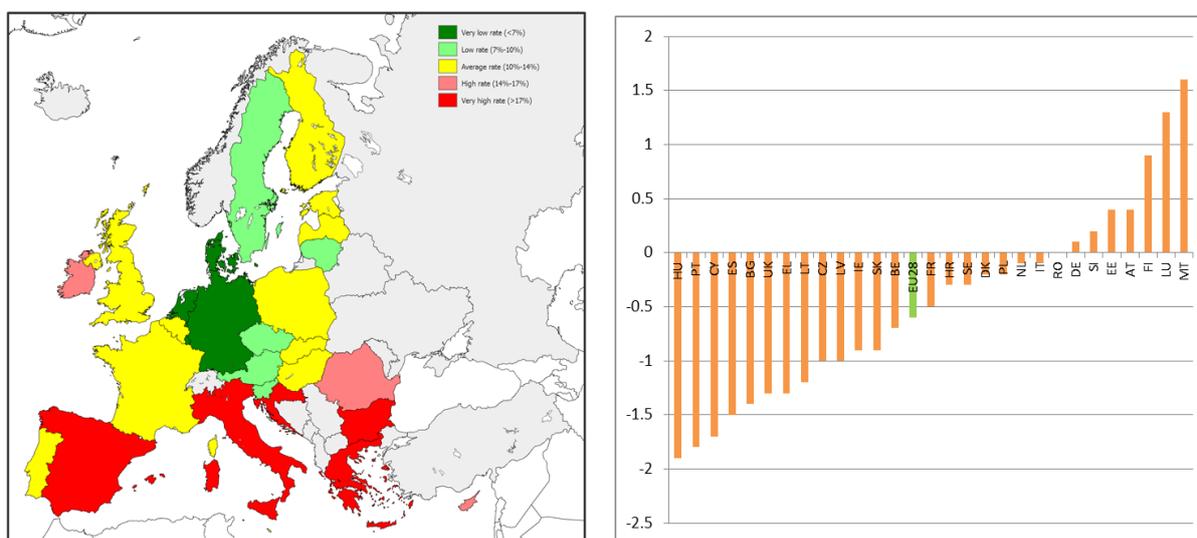


Figure 1 - 2014 NEET rate and absolute changes in comparison with 2013. (Source Eurostat – Eurofound elaboration)

⁴ Eurofound (2012), NEETs young people not in employment education and training, characteristics, costs and policy responses, Publications Office of the European Union, Luxembourg.

⁵ Eurofound (forthcoming, 2015), Social inclusion of young people.

⁶ Eurostat – Youth long term unemployment rate – access 14/06/2015

⁷ Eurostat – NEET rate – access 14/06/2015

2. The value added of the Youth Guarantee and first year of implementation

Based on the experiences of Sweden, Finland and Austria, at European level the Youth Guarantee is a renewed approach for combating youth unemployment and preventing long term disengagement of youth. In many Member States, the Youth Guarantee may imply a major reform for youth employment measures whose main added value and elements of novelty lie in the following three dimensions:

- **Early intervention**
The four-month intervention point guarantees early activation without leaving young people stranded. While young people can deal relatively well with short spells of unemployment, evidence shows that the more protracted the disengagement is, the more serious are its consequences which can become lifelong⁸. The short intervention time is therefore a key feature of the Youth Guarantee which may limit the potential scarring effect of long-term unemployment on young people.
- **Immediate measures combined with long-term reforms**
The Youth Guarantee is an umbrella policy based on an integrated approach on youth policies and strong partnership between educational providers, labour market actors, social partners and youth organisations. For this reason, the Youth Guarantee is an opportunity for Member States to put in place education, training (including VET) and PES reforms making these structures more efficient in terms of capacities and capabilities for young people in the long run while providing immediate solutions for fighting youth unemployment.
- **Personalised and integrated approach for young people**
Under the Youth Guarantee framework young people receive a personalised offer for a job, apprenticeship, traineeship or a place in further education. Integrated policies allow paying special attention to young people at risk of long-term disengagement. The Youth Guarantee is not a 'one-size-fits-all' approach but allows Member States to tailor interventions according to their national, regional and local needs.

Endorsed by the Council of the European Union Recommendation of April 2013⁹, the implementation of the Youth Guarantee started in 2014 with the presentation of the national Youth Guarantee Implementation Plans (YGIPs). Moreover, following a request from the European Parliament, a total of 18 Youth Guarantee¹⁰ pilot projects have been put in place across the EU starting in August and December 2013 and set out for around 12 months. Member States received initial Youth Employment Initiative (YEI) funding for these projects which offered the opportunity to gather early experience in Youth Guarantee implementation. The Youth Guarantee takes on board the elements described above and is currently being implemented in all EU Member States and is already producing results. Compared to other structural reforms in Europe, the Youth Guarantee is probably one of the most rapidly implemented. Evidence collected during the first year of implementation has revealed the following main features and concrete actions:

- **Member States adopted different strategies for the implementation**
Due to different institutional set-ups, labour market and structural framework conditions each Member State has adopted its own strategy for the implementation of the Youth Guarantee. Some Member State have chosen a more holistic approach using the Youth Guarantee to improve links between labour market, education and vocational education training (VET) measures, youth policies and social policies more generally, while others have chosen a narrower approach predominantly focused on employment policies.
- **Stakeholder cooperation**

⁸ Eurofound (2014), Mapping youth transitions in Europe, Publications Office of the European Union, Luxembourg.

⁹ Council of the European Union (2013), Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2013/C 120/1).

¹⁰ EC (2014), Preparatory Action on the Youth Guarantee First Findings Report.

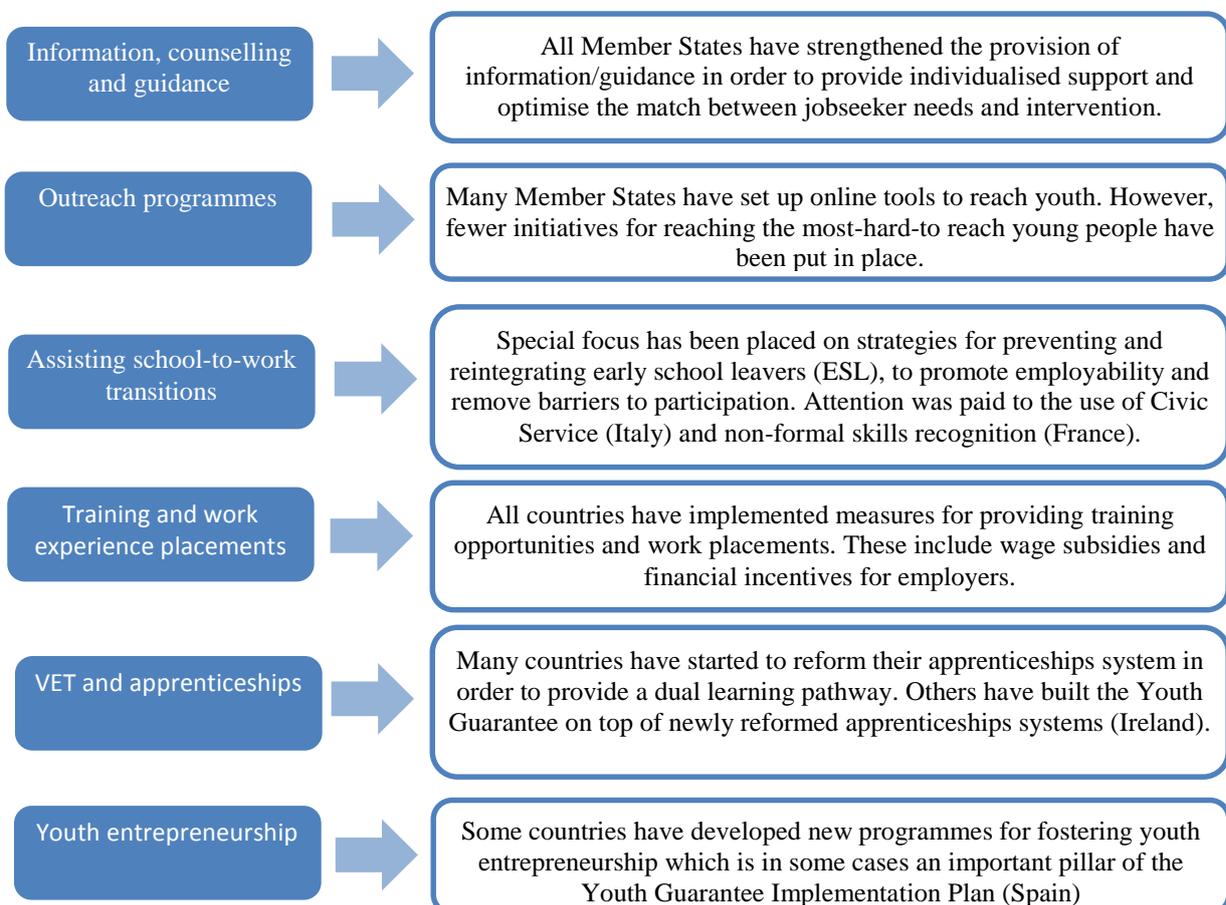
With the Youth Guarantee being a public-private-people partnership¹¹, all Member States have put in place new governance structures, in order to overcome the fragmentation of responsibilities on youth policies and to enhance a partnership approach. This is for example the case of Italy where a new national coordination body, the *Struttura di Missione*, was put in place in order to gather all stakeholders together at the national and regional level.

- **Reaching young people**

As the participation to the Youth Guarantee starts with the registration at the Public Employment Services an increasing number of countries have invested in online tools and websites specifically targeting young people in order to provide a point of entry and useful tool for attracting young people and compiling information on available measures, vacancies and jobseekers. In Spain, for example the entry point into the Youth Guarantee is an online portal operational since July 2014¹². The new portal is a meeting point for NEETs, the public administration, companies and the entities that participate in the management of the Youth Guarantee.

- **First concrete actions.**

In order to implement the Youth Guarantee several concrete measures have been put in place by Member States. These initiatives can be grouped along the following six main categories:



3. Barriers for effective Youth Guarantee implementation

While the implementation of the Youth Guarantee is well on the way, a range of barriers for an effective Youth Guarantee have been identified during the first year of implementation.

¹¹ Ministry of Education and Culture (2012), The Youth Guarantee in Finland, http://www.oph.fi/download/148967_The_Youth_Guarantee_in_Finland.pdf

¹² <http://www.empleo.gob.es/es/garantiajuvenil/home.html>

Effective partnership approach: Challenging but essential for a successful Youth Guarantee

In the countries with long established Youth Guarantee Schemes major efforts have been made to include as broad a partnership as possible. In the Finnish case for example the driving force behind the Youth Guarantee is the cooperation model which reduced the barriers between administrations to operate together to combat youth unemployment. Stakeholder cooperation in both design and delivery is considered essential for implementing effective policies to combat youth unemployment. The Irish Ballymun pilot project¹³ for instance, frequently referred to as a good practice example of early Youth Guarantee implementation, owes part of its success to bringing together, in an effective way, a broad range of different stakeholders (i.e. public employment services, employers and trade union representatives, education and training providers, local government, local development and youth organisations) in delivering the Youth Guarantee. Many Member States cooperate with a range of stakeholders to ensure effective delivery of the Youth Guarantee. However, building effective partnerships may take time to be established and during early implementation it was noted that in most countries social partners and youth organisations have only been involved to a very limited degree in Youth Guarantee design and delivery. Building effective partnership among all stakeholders, labour market actors, educational providers and youth organisations is key to a successful implementation of the Youth Guarantee.

Funding of the Youth Guarantee

Funding of the Youth Guarantee is regulated through the Youth Employment Initiative (YEI) and in total €6.4 billion is dedicated to the Youth Guarantee Scheme between 2014-2020. While it is difficult to estimate how much setting up a Youth Guarantee Scheme actually costs in each Member State, the European Commission believes that the benefits are much higher than the costs associated with this policy provision. The European Commission also emphasises that not all measures under the Youth Guarantee framework are expensive. However a forthcoming Eurofound report estimates that an additional €50 billion would be necessary to ensure that all European NEETs receive an intervention¹⁴. In this light, Member States may need to top up YEI funding with national resources in addition to what they have already committed under the Youth Guarantee framework. This will be mostly important in order to finance necessary structural reforms in their Public Employment Services and education provisions.

Sufficient absorption capacity in the education system and the labour market essential

A necessary condition for successful Youth Guarantee implementation is that the education and training systems, as well as the labour market, are able to absorb young NEETs. For the time being, in many Member States education and training systems are not adapted to offer an opportunity for every young person due to the size of the cohort of young unemployed and NEETs as well as the gap between the labour demand expressed by companies and the ability of the VET system to respond satisfactorily. Moreover, the absorption capacity of employers to provide jobs and training places (such as apprenticeships) for young people may be equally limited. In many European countries, a culture of apprenticeships and dual trajectories and even internships still needs to be fully developed. Under the Youth Guarantee framework, the majority of Member States focus on making dual VET pathways a reality, but implementing a well-functioning apprenticeship system also requires a mentality change for education providers and employers as well as strong partnerships among them.

4. Challenges and opportunities ahead

The implementation of a major reform such as the Youth Guarantee discloses a series of challenges and opportunities to Member States in order to revise and better address their approach to youth

¹³ EC (2015), Piloting the Youth Guarantee on the Ground – Experiences from the European Parliament Preparatory Action (EPPA) Conference paper, 8 May 2015.

¹⁴ Eurofound (forthcoming, 2015) Social inclusion of young people.

policy. These mainly concern target groups, sustainability of opportunities created and more generally the improvement of national structures to better respond to young people's needs.

Reaching young people with the Youth Guarantee: Job ready youth versus hard to reach

Many Member States find it traditionally hard to reach out to those young people who are the farthest from the labour market and more at risk of social exclusion. Long-term unemployment can have a profound effect on young people's future and young people at risk of long-term disengagement may be most in need of policy support to help them back on track. Given the size of youth unemployment, during the first year of implementation of the Youth Guarantee a number of Member States opted for a pragmatic approach by focusing their offer on young people who are more 'job-ready' and likely to be more easily re-integrated in the labour market. However, further efforts and initiatives aimed at reaching out to the hard-to-reach youth should be designed and implemented. In this regard, in countries where the Youth Guarantee is traditionally implemented, such as Sweden and Finland, there are several initiatives for reaching and providing ad-hoc opportunities to young people who are likely to cumulate several disadvantages and therefore are more difficult to re-integrate and re-activate. This has been key in order to reduce long-term youth unemployment in these two countries. For this reason, a broader, more holistic approach to addressing all young people needs to be ensured in the framework of the Youth Guarantee. Countries need to proactively engage with groups of young people at risk and avoid 'cream-scheming' effects.

Quality and sustainability of opportunities offered under the Youth Guarantee

The issue of providing young people with good quality, sustainable opportunities under the Youth Guarantee framework is central to the success of this new policy approach. Stakeholders such as youth organisations have repeatedly expressed their concerns over the quality dimension of Youth Guarantee offers and whether or not young people are at risk of receiving low quality, one-off support rather than genuine support helping them into sustainable employment. For now, in the majority of Member States, the Youth Guarantee resembles a 'guarantee of opportunity' (ensuring that all young people will receive a Youth Guarantee offer) rather than a 'guarantee of outcome' which may be a valuable extension of the current Youth Guarantee in the long run¹⁵. A commitment to secure good-quality offers and systematic follow-up with individuals who have received a Youth Guarantee offer may ensure that the Youth Guarantee provides sustainable training and/or employment opportunities for young people and more effectively re-integrate them in the labour market.

Structural reform needs in Member States' PES and education systems (including VET) to smooth young people's school-to-work transitions

Besides putting in place immediate measures bringing young people back into education or employment, the Youth Guarantee entails long-term reforms to improve capacity and capabilities of Public Employment Services targeted at young people, as in Sweden where in 2013 there was one youth specialist to every 49 young jobseekers. The aim of these reforms is to remove structural barriers in labour market access of youth and to better support young people's transition between education and the labour market. Reforming such structures and adapting them to young people and to labour market needs is a long-term reform which despite recent labour market improvements needs to move ahead with the effective involvement of all stakeholders and labour market actors in order to ensure an effective Youth Guarantee implementation.

Strong evaluation framework required

While the European Commission assesses the implementation of the Youth Guarantee in the context of the European Semester and the Employment Committee (EMCO) has developed an Indicator framework for Monitoring the Youth Guarantee, Member States' systems need to provide reliable national level indicators. This will ensure effective monitoring of the status of the national implementation of the youth guarantee, which in turn will allow for sharing of experience on good practice and lessons learned.

¹⁵ OECD (2014), 'LOCAL IMPLEMENTATION OF YOUTH GUARANTEES: Emerging Lessons from European Experiences OECD LEED Programme', OECD, Paris.