

A GUARANTEE THAT IS NOT THERE (YET)

The Reasons for the Poor Functioning of the Youth Guarantee in Italy

Summary Report for Jyrki Katainen
Vice-president of the European Commission

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Association for International and Comparative Studies in the field of Labour Law and industrial Relations

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The Youth Guarantee has been in place for nine months now. This is a short period of time, which nevertheless is sufficient to provide a first assessment of this scheme.

At present, the results of the programme are far from deserving the name. In fact, the widespread perception among young people, practitioners and the public at large is that the Youth Guarantee is yet another failure by Italy as regards labour policies.

Statistics confirm this point: only 3% of participants have been offered either an occupation, training, or an internship. It is safe to argue that in many Regions (especially those with the highest rates of unemployment and school-leaving), the Youth Guarantee has not even been implemented and has been mostly used as a topic in conferences or to create new websites that do not work nor do they serve as placement tools. Many young people have enrolled on the Youth Guarantee programme long time ago, but nobody thus far has contacted them or looked after their case.

The past expectations placed on the Youth Guarantee were as great as the current disappointment. Ensuring a guarantee to an army of discouraged young people – estimations report that there are 2 million NEETs in Italy – is a challenge that must be taken seriously and cannot be lost. The risk is to widen the gap between institutions, the labour market, and young people, with the latter who lose faith in the State and legality.

In the light of the foregoing considerations, the present report sets out to provide the Vice-president of the European Commission with an unbiased evaluation of the Youth Guarantee and its main issues, putting forward ways to effectively implement this programme also in Italy.

The Report offers a brief overview of the initiatives set in motion so far that the research group of the Association for International and Comparative Studies in the field of Labour Law and Industrial Relations (ADAPT) has analysed in great detail. The investigation has highlighted some mistakes made by the Italian Government regarding the implementation, the planning and the development of the Youth Guarantee.

The end results of this examination are collected in a voluminous document edited in Italian that contains research and monitoring findings, which can be accessed free of charge by the European Commission at www.bollettinoadapt.it.

Undoubtedly, the poor functioning of the Youth Guarantee in Italy is dependent upon long-standing defects and past mistakes made when laying down active employment policies in place only in a limited number of regions. The international and national economic context has also affected the implementation of the Youth Guarantee. Equally relevant are the issues and the shortcomings resulting from glaring oversights made in terms of management and decision-making, which we have promptly reported to the Italian Ministry of Labour and which are now made available to the European Commission.

The Facts

The Youth Guarantee was launched on 1 May 2014 – Italy’s May Day – to pursue a two-fold objective: “impacting on the unemployment emergency” while laying “the foundations for the creation of a permanent guarantee system” (cf. the Italian Youth Guarantee Implementation Plan, from now on PnGG, 4).

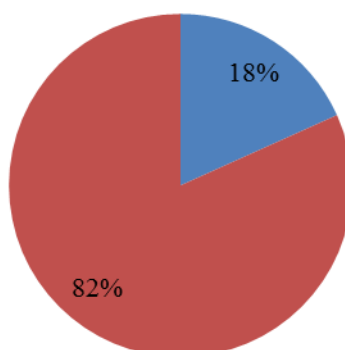
In line with the indications laid down in 2013 in the Youth Guarantee Recommendation No. 120/01, the Italian implementation plan provides that young people should be enrolled on the scheme “within a period of four months of becoming unemployed or leaving formal education” (PnGG, 7). It also establishes that the four-month period should be reckoned from the date of registration with employment services, via the national or regional portal used for job matching. The guidance and counselling services “should therefore offer young people, within four months of registration, the integration or reintegration into education and training pathways or work experiences” (PnGG, 8).

Regrettably, the four-month deadline for the provision of these services is usually not complied with, and the actual number of active participants is considerable lower than that estimated by the Ministry of Labour.

Only 412,015 out of the 2,254,000 NEETs (1,565,000 if we consider only the target chosen for the Youth Guarantee) reckoned by the government have participated in the Youth Guarantee (statistics as of 12 February 2015). But, there is more. Only 160,178 of those taking part in the program have been contacted to arrange the first interview. The remaining 251,837 people, many of whom have been enrolled on the program for more than 4 months, have not yet been summoned for an interview.

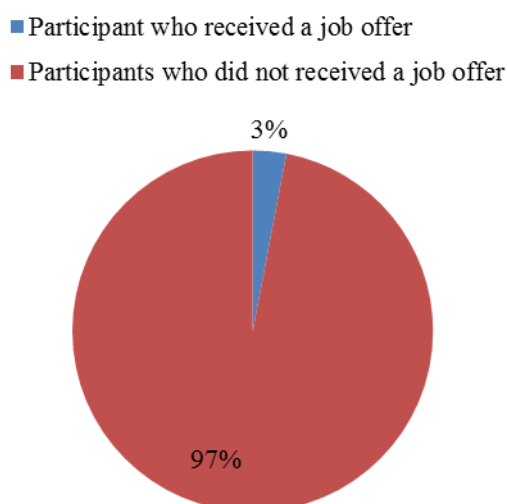
Fig 1: % of NEETs registered with the Italian Plan - ADAPT’s elaboration on the data provided by the Ministry of Labour (2015)

■ NEETs who registered with YG ■ NEETs who did non registered with YG



Equally significant is that out of the 154,305 young Italians registered with the program, only 12,273 have received an offer of employment, internship, or training, that is 3% of participants.

Fig 2: % of Concrete Proposals for those enrolled with the Youth Guarantee - ADAPT's elaboration on the data provided by the Ministry of Labour (2015)



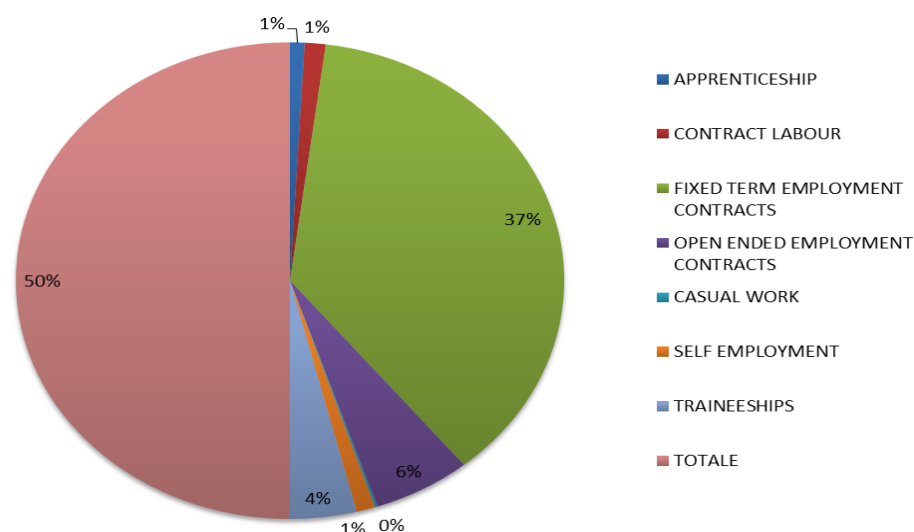
As of 5 February 2015, the offers of employment or traineeship posted on the national portal of the Youth Guarantee since the launch of the program are 46,872, involving only 10% of participants (at least in theory, since many of them are not in line with the indications of the Youth Guarantee):

Fig: Job Opportunities by type of Contract – Ministry of Labour

TYPE OF CONTRACT	NUMBER OF JOB VACANCIES	
	Absolute Value	Absolute Value
APPRENTICESHIPS	618	816
CONTRACT LABOUR	566	1.125
FIXED-TERM EMPLOYMENT CONTRACTS	23.769	34.587
OPEN-ENDED EMPLOYMENT CONTRACTS	4.386	5.368
CASUAL WORK	48	131
SELF-EMPLOYMENT	653	1.061
TRAINEESHIPS	2.637	3.784
TOTAL	32.677	46.872

Most job offers concern fixed-term employment (74%), while only a small percentage of them consists of traineeships (8%) or apprenticeships (2%).

Fig 4: Job opportunities by type of Contract – ADAPT’s Elaboration on the data provided by the Ministry of Labour, 2015



The situation just described is not likely to improve in the short run. Even the Ministry of Labour no longer provides statistics concerning the offers of employment and training actually sent to participants, notably weekly updates that were useful to monitor the progress of the Youth Guarantee. This move can be seen as a sign of weakness and little transparency, which hampers the work of independent observers at the time of evaluating the implementation of the Youth Guarantee.

The Delays in the Implementation Plan

Outlining the general framework of the Youth Guarantee, EU Council Recommendation of 22 April 2013 identifies six main pillars that constitute the starting point to implement the program at a national level:



At present, none of the indications contained in the foregoing six pillars have been implemented in a thorough and effective manner, making the Youth Guarantee practically inoperative. The critical issues discussed below and the weekly updates made available by the Ministry of Labour provide evidence to this argument.

1. Building up Partnership-based Approaches

As a first requirement to implement the Youth Guarantee, the Recommendation urged Member States to identify the relevant public authority in charge of establishing and managing the scheme and coordinating partnerships across all levels and sectors. According to the 5 December 2012 document accompanying the Recommendation, this task should be assigned to public employment services.

The indications contained in the Recommendation have not been fully complied with in Italy. Pending the reform of public employment services, the so-called *Struttura di Missione* (“mission structure”) has been entrusted with the coordination of the Youth Guarantee scheme. This is a public entity consisting of technical experts (cf. Article 5 of Decree Law No. 76/2013) in which neither the social partners, nor youth organizations, nor services sector bodies have been involved. The *Struttura di Missione* ceased to function on 31 December 2014, without a) setting in motion the announced reform of employment services b) appointing provisional bodies to temporarily oversee these tasks. Consequently, no one is currently coordinating the Youth Guarantee in Italy.

The absence of a coordination body and a unifying system governing employment services – which are presently the remit of the Regions – has greatly hampered the launch of the plan, with the result that it is fully operational only in a limited number of Regions.

Although all the Regions have formally approved a local implementation plan, as of 5 February 2015 nowhere in Italy has the application process of the Youth Guarantee been completed. In three regions (Calabria, Marche and Molise) the call for applications has not even been issued, even though the program has started some nine months ago. In Sicily, the invitation for applications has been put out with a tight closing date, raising questions about the transparency of the procedures applied in allocating funds. In seven other regions (Campania, Friuli Venezia Giulia, Lazio, Liguria, Puglia, the Province of Trento and Valle d’Aosta) so-called “multi-measure calls for application” have been approved with the aim of ensuring the full implementation of the measures funded by the Youth Guarantee and speeding up the cooperation initiatives between public and private actors.

The lack of a coordination body has also produced a stalemate situation as regards

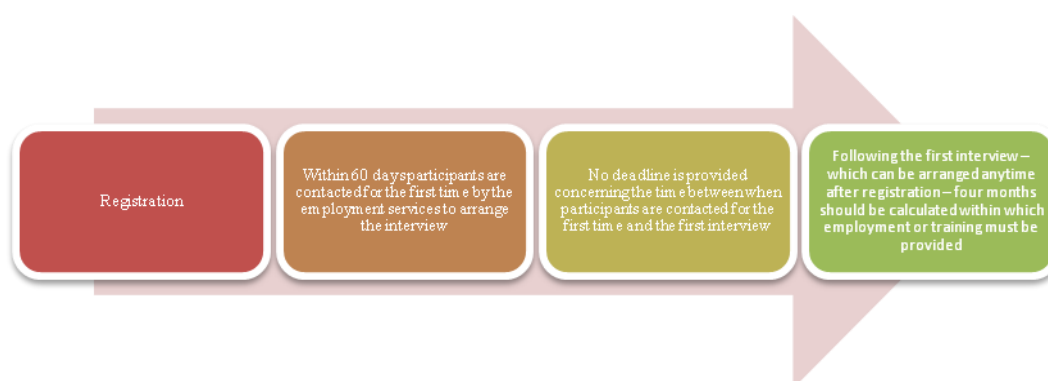
the partnerships with the social partners, the services sector, youth organizations and industry; although officially formalized through memoranda of understanding, these partnerships have never been effectively implemented.

2. Early Intervention and Activation

In keeping with the indications laid down by the Recommendation, the Italian implementation plan determines that young people “should be introduced into the Guarantee system within a period of four months of becoming unemployed or leaving formal education” (PnGG, 7), providing that the four-month period starts from the date young people have enrolled on the program.

Despite these indications, the Ministry website displays a timeframe that is different from that specified in the national implementation plan and the EU document. In the FAQ section of the Youth Guarantee national website (www.garanzigiocvani.gov.it), the Ministry provides that the 4-month deadline – referred to by the EU Recommendation as the period after which the Youth Guarantee ends and some kind of offer must be made to participants – should begin upon the conclusion of a “service pact”.

The inference is that, if compared with what provided in the Recommendation and the national plan, the implementation process of the Youth Guarantee in Italy will be more lengthy and uncertain. Upon registration, the regional office has two months to make contact with participants for the first time. Yet no deadline has been set concerning the following interview at the end of which the “service pact” should be concluded and the 4-month period should begin in order to receive an offer of employment or training.



3. Supportive Measures for Labour Market Integration

The Recommendation has the objective to give young people under the age of 25 years old an offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed.

The Italian plan seems to ignore this indication, as it does not devise any measure to ensure the quality of these offers that contribute to the employability of young participants. The establishment of structural measures to create realistic and long-lasting paths bringing together labour demand and supply in terms of school-to-work transition appears to be just a remote possibility.

Many critical issues exist that also concern some relatively minor aspects, for instance the setting up of the national portal – which is referred to as a good practice by the EU report – and the allocation of employment incentives to employers and labour market intermediaries.

An investigation carried out by the ADAPT research team on all the job announcements published on the national portal of the Youth Guarantee highlighted that:

- most job vacancies are not in line with the target group. They are job offers targeting highly-skilled workers that are already available on the Internet – they appear on the website of temporary employment agencies – therefore without any relation with the Youth Guarantee;
- many job offers come from sectors other than those regarded as relevant by the Recommendation;
- fixed-term employment contracts are the most recurrent form of employment among the job vacancies posted on the portal (74%) whereas internships and apprenticeships are among the least used working schemes (8% and 2% respectively).

Also, the economic incentives made available to support job offers do not seem in line with the objectives of the Youth Guarantee. In fact, they are random initiatives that are not useful to tackle the long-standing issues related to young people's access to the labour market.

After all, employers are wary of these economic incentives, since it is not clear whether they have been authorized by the European Commission, nor if they comply with the community regulations concerning State aid. This is all the more so following the announcement on the part of the Ministry of Labour that the incentives from the Youth Guarantee, which have not always worked properly, will be compatible with other employment benefits. Recalling what happened with training and work experience contracts, employers are now fearful of being sanctioned from the Community,

4. Use of Union Funds

The Recommendation demanded Member States to give the necessary priority and corresponding resources for the implementation of the measures related to the establishment of Youth Guarantee schemes, in particular those concerning the sustainable integration of NEETs into the labour market.

In Italy, the little attention paid to the objective of facilitating occupational transitions as specified in the Recommendation can be seen in the allocation of the resources among the different initiatives related to the Youth Guarantee. Overall, internships and training are the initiatives for which the largest amount of funds has been set aside (21.3% and 4.5% of resources), while apprenticeships received a meagre 4.5% of funds.

The investment in internships and training is not offset by the introduction of direct criteria to ensure their quality in terms of employability, an aspect that is pointed out in a number of EU recommendations on this subject. It is sufficient to look at the training opportunities posted on the national portal to realize that they are job offers without any educational content, e.g. they often are full-time and highly-skilled positions devoid of any learning component.

As for young people's training costs, only some Regions have approved invitations to tender – most of which are currently open – so that funds remain unused and no training opportunity can be accessed yet. One might also note that in many Regions the allocation of funding is “process-based” rather than results-based, so training centres might feel released of the obligation to provide genuine training that meets the needs of the labour market.

Problems emerged also in relation to the other initiatives towards which investments have been channelled. 14.7% of financial resources have been devoted to job support schemes, that is initiatives set in motion by employment services to promote young people's employability. Equally in this case the results might be lower than expected, especially in those Regions where no accreditation system is in place for labour market operators to promote genuine cooperation between the public and the private sectors.

Only a risible part of the available resources is allocated to apprenticeship, regarded by the Recommendation as a major placement tool. Further, time-consuming and bureaucratic procedures apply for the provision of funds for this contractual scheme (cf. The incentive for research-based apprenticeships from Lombardia). In four Regions (Liguria, Piemonte, Sardegna and Veneto), no resources have been allocated at all for this working scheme.

5. Monitoring and Evaluation

The Recommendation urges Member States to monitor and evaluate Youth Guarantee schemes, so that evidence-based policies and interventions can be devised.

The monitoring system of the Youth Guarantee in Italy set up by the Ministry of Labour provides only rough statistics: the number of participants classified by gender, their educational background, their geographical provenance and the number of interviews they already had, without giving details of the results of the program. Only two regions (Lombardia and Veneto) established a system that provides information about the opportunities offered.

The national and regional monitoring systems do not provide specific indications on the results of the Youth Guarantee. It is not possible to know the sectors and the time needed to employ participants, nor their contractual schemes or main characteristics.

Individual paths are not monitored, either. This means that even when young participants are given a job opportunity, no monitoring system is made available by the relevant authorities, as though young people were just numbers and not persons.

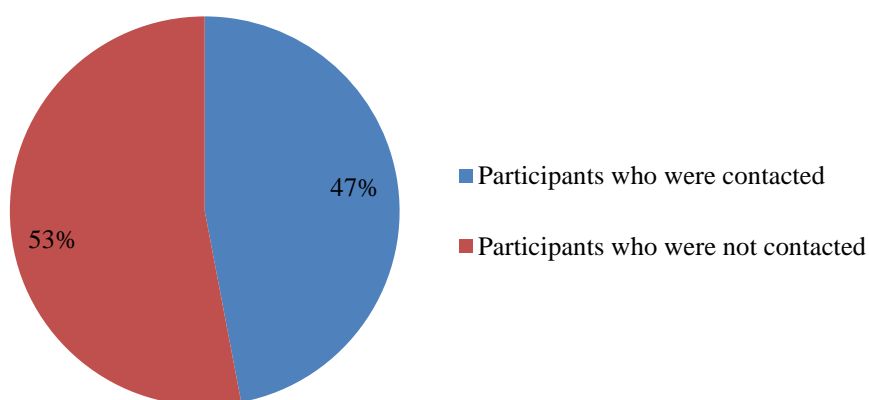
6. Swift Implementation

The critical issues discussed earlier have prevented the Youth Guarantee from becoming sufficiently reliable. The problems emerged since the very first contact with participants have adversely affected the popularity of the program among young people, their family and employers, who seem wary of the initiative.

What young people think of the Youth Guarantee

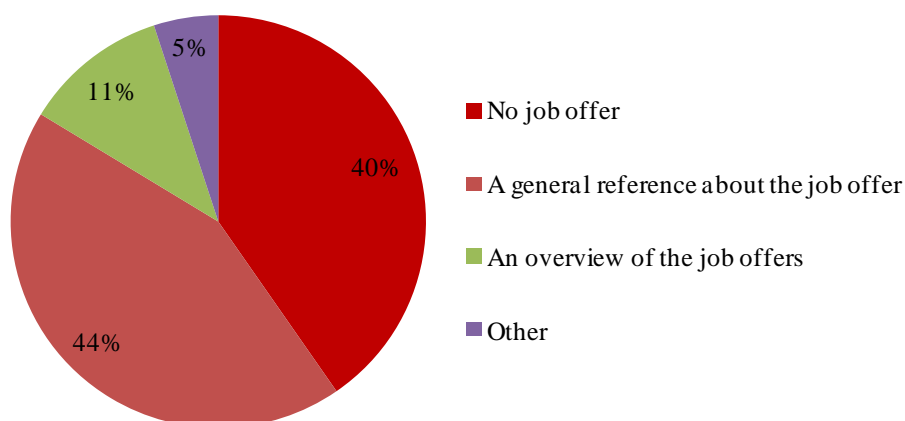
Starting from October 2014, the ADAPT research group and the newspaper *Repubblica degli stagisti* carried out a survey over 1,500 young people who enrolled on the Youth Guarantee. The preliminary findings of the survey – which is still underway – confirmed the issues referred to above: only 47% of participants had an interview and more than 50% of interviewees were contacted after more than two months since enrolment.

Fig 5: % of NEETs contacted after registration – ADAPT's Elaboration, 2015



40% of the young people surveyed admitted not having received any offer at the end of the interview, while 43% of interviewees reported that in the course of the interview operators only made some general references to future offers, without giving further details.

Fig 6: % of Jobs offered after the interview – ADAPT's Elaboration, 2015



Those young people who have been interviewed were asked to provide an evaluation of the Youth Guarantee and to score it on a scale from 1 to 10. The program scored an average of 4 among respondents, thus failing to pass muster.

A Preliminary Assessment of the Youth Guarantee

A first assessment of the Youth Guarantee in Italy can be made considering the findings provided above and a number of in-depth investigations and monitoring activities carried out by the ADAPT research team (freely available in Italian on www.bollettinoadapt.it). The evaluation is far from positive. The Youth Guarantee did not tangibly contribute to tackling youth unemployment and school-leaving (this was the first objective of the national plan). In addition, the implementation of the Youth Guarantee does not move towards the creation of a school-to-work transition centred on young people's employability and a strong network of public and private services to bring together labour demand and supply (this was objective 2 of the plan).

The Youth Guarantee in Italy: What needs to be done now in order not to Lose an Opportunity

The following are a number of concrete proposals defined along the lines of the points made in the Recommendation and put forward with the aim of taking immediate action and ensuring the swift implementation of the Youth Guarantee.

1. Implementing Partnership-based Strategies rather than Top-down and Time-consuming Initiatives

One of the main critical issues to overcome concerns the governance of the Youth Guarantee. Red tape and a top-down approach have characterized the measures implemented so far, which result in a raft of provisions that are destined to remain on paper or to become the topic of conferences and seminars where young people and employers are hardly involved.

For this reason, we put forward a more agile structure, consisting of institutional actors as well as the social partners, labour market operators, youth organizations, representatives from the services sector and independent research centres.

Rather than a politician or a public authority, the Youth Guarantee should be managed by an independent and leading figure who can point out the most critical issues and assess the effectiveness of the program nationwide.

2. Early Implementation and Activation

It is decisive to act on the Youth Guarantee development process to ensure compliance with the timeframe laid down in the Recommendation. To this end, a

deadline for each stage must be set in order to have tangible results within 4 months from young people's registration.

Our proposal is to reduce and clearly define the time needed to implement each stage of the Youth Guarantee. The first interview and the conclusion of the service pact should necessarily take place within one month from registration. The remaining 3 months should be used to provide an offer of employment or training in line with the participant's profile.

In a similar vein, operators' remuneration should be based on certain indicators that consider the quality and the time needed to provide employment to participants. To make sure that deadlines are not missed, the introduction of time and results-based criteria when calculating remuneration might be a useful tool.

3. Measures Facilitating Labour Market Integration

The measures devised should focus more on those job opportunities that strengthen young people's skills, above all occupations that are, or are expected to be, most in demand. This means investing in contractual arrangements that ensure job mobility and skills certification (especially apprenticeships).

To this end, it might be important to apply more stringent criteria in the allocation of incentives, making the provision of funds dependent not so much on the working schemes used, as on the provision of work-based training. Concurrently, the profile of participants should be organised through more objective parameters (as is the case in The Netherlands), moving away from the current system where operators decide how to organise information.

Some changes to the national portal of the Youth Guarantee – which no one monitors – are also needed. This should help make the portal an adequate tool for job matching as required by the EU objectives and not only a space where job offers are displayed. In this sense, some proposals are provided in the following:

- job announcements should be organized in the portal so that participants can access them according to their profile and expectations in terms of personal and professional growth;
- the posting of job offers on the portal should be monitored in order to avoid private operators using them in ways other than those stated in the program;
- job vacancies must be targeted on the program participants;
- an information filtering system should be used to find those job offers that are suitable to young people with little to no experience (the majority of the job announcements available now are intended to semi-skilled people

to exclusively perform certain tasks in certain industries);

- the posting of job announcements should be accompanied by individualised support services;
- the portal should also contain a section where participants can have access to internships along with a description of the relevant employment opportunities and needs;
- Young people's registration via the portal and participation in the programme should comply with the requirements laid down in the EU plan. It is also necessary that the filtering system should be also based on participants' employment status and not only on age, as is currently the case.

4. Use of Union funds

The financial resources made available by the EU should be used considering the objectives discussed earlier, investing in job placement schemes and in those tools facilitating occupational transitions (guidance, job-support measures, apprenticeships).

Providing certainties to employers about the actual availability of incentives is likewise important. Nine months have passed since the launch of the program, but a law still applies making the allocation of funds dependent upon the authorization of EU institutions. Such a decree is of no use, nor is the scope for combining the bonuses for the Youth Guarantee with other public incentives. Do these measures comply with EU legislation on State aid? Without clarifying this aspect, no employer in Italy will take part in this program, especially after the use of training and work experience contracts has recently become the subject of extensive litigation between the Italian Government and the European Commission.

5. Monitoring and Evaluation

Finally, a monitoring and evaluation system should be created to ensure that the Youth Guarantee fulfils the stated objectives in an adequate and effective manner. This system should be based on indicators that can assess the results produced and contribute to improving employment policies in line with the indications laid down by the European Commission on 5 February 2015.