



EUROPEAN COMMISSION

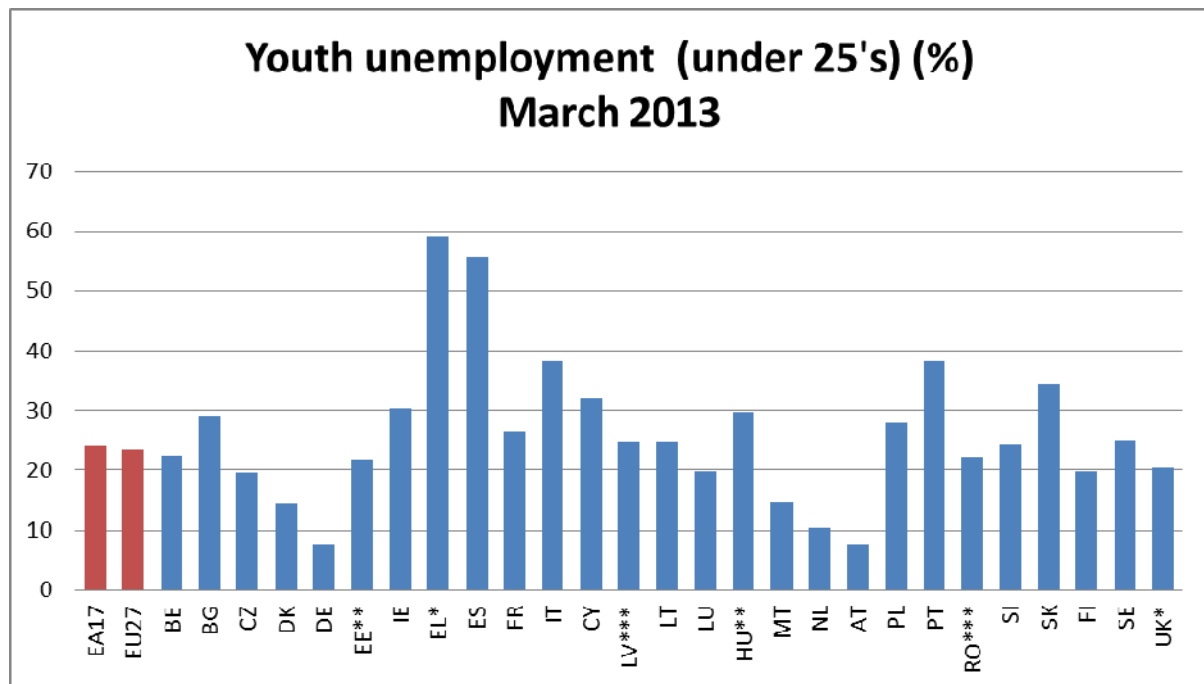
## MEMO

Brussels, 28 May 2013

# EU measures to tackle youth unemployment

### What is the current situation?

In March 2013, 5.7 million young persons were unemployed in the EU-27, of whom 3.6 million were in the euro area. The youth unemployment rate was 23.5% in the EU-27 and 24% in the euro area, relatively stable over the month, but up by respectively 0.9 percentage points and 1.5 percentage points compared to March 2012. In March 2013, the lowest rates were observed in Germany and Austria (both 7.6%), The Netherlands (10.5%), and the highest in Greece (59.1% in January 2013), Spain (55.9%), Italy (38.4%) and Portugal (38.3%).



\* January 2013 \*\* February 2013 \*\*\* 4Q 2012

(Source : Eurostat)

## **What is the EU doing to tackle youth unemployment?**

The July 2012 **country-specific recommendations** sought to ensure that youth employment remains high on the policy agenda of all Member States where youth unemployment rates are particularly dramatic.

The European Commission proposed in December 2012 a **Youth Employment Package** to help Member States specifically tackle youth unemployment and social exclusion by giving young people offers of jobs, education and training (see [IP/12/1311](#) and [MEMO/12/938](#),). This package includes:

- A proposal for a Council Recommendation to introduce a Youth Guarantee
- A Quality Framework for Traineeships
- A European Alliance for Apprenticeships

The [Youth Guarantee Recommendation](#) was adopted by the EU's Council of Ministers on 22 April 2013 (see [MEMO/13/152](#)). The European Commission urges Member States to now put in place the structures to make the Youth Guarantee a reality as soon as possible. The Commission will soon present further initiatives to support Member States in their efforts to put in place their youth guarantee scheme.

## **What is the Youth Guarantee?**

The **Youth Guarantee**, based on experience in Austria and Finland, seeks to ensure that all young people up to age 25 receive a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. The Youth Guarantee is one of the most crucial and urgent reforms required to address youth unemployment and to improve school work transitions.

## **How can the Youth Guarantee be financed?**

A Youth Guarantee has a fiscal cost for Member States, but this cost is much lower than the cost of inaction.

First, the cost depends on national circumstances: it will be lower in Member States where supporting measures are well developed (e.g. well-trained Public Employment Service (PES) staff to address young people's needs). Second, it depends on the way in which the scheme is set up and implemented. Third, it will be greater in countries with high rates of young people not in employment, education or training (NEETs) or of youth unemployment.

In July 2012, the ILO estimated that the total cost for establishing Youth Guarantee schemes in the eurozone would stand at 0.45% of the eurozone's GDP, or €21 billion. However, these costs should be compared with the costs of unemployment, inactivity and lost productivity. The costs of benefits paid out to unemployed young people, foregone earnings and taxes are [estimated by the European Foundation for the Improvement of Living and Working Conditions \(Eurofound\)](#) to be the equivalent of 1.21 % of GDP, i.e. an annual loss of €153 billion for the EU. In addition, for young people themselves, being unemployed at a young age can have a long-lasting negative 'scarring effect'. These young people face not only higher risks of future unemployment, but also higher risks of exclusion, of poverty and of health problems.

The EU can help Member States with financial support from the European Social Fund (ESF). With the Youth Guarantee in mind, the proposal for the ESF Regulation for the next programming period 2014-2020 includes a dedicated ESF investment priority targeting the sustainable labour market integration of young NEETs. Member States facing high youth unemployment rates are thus expected to identify young unemployed persons as well as NEETs as a specific target group for ESF funding.

**Examples of Youth Guarantee activities/interventions that can be supported by the ESF:**

<b>Measures</b>	<b>Specific examples of activities/interventions that can be supported by the ESF</b>
<p>Outreach strategies and focal points [YG rec 8-9]</p>	<ul style="list-style-type: none"> <li>• School visits by PES</li> <li>• Training sessions for teachers by PES</li> <li>• Development of specialised youth services as part of PES or contracted private providers</li> <li>• Distribution of printed material at youth centres or youth events</li> <li>• Use of internet and social media</li> <li>• Data gathering systems</li> <li>• Road-shows</li> </ul>
<p>Provide individual action planning [YG rec 10]</p>	<ul style="list-style-type: none"> <li>• PES staff training</li> <li>• Contract with specialised partners</li> </ul>
<p>Offer early school leavers and low-skilled young people routes to re-enter education and training or second-chance education programmes, address skills mismatches and improve digital skills [YG rec 11-13]</p>	<ul style="list-style-type: none"> <li>• Training and second chance programmes</li> <li>• Language training provision</li> <li>• Counselling and extra teaching support to keep or bring youth back into education or training</li> <li>• Support to at-risk youth in acquisition of relevant qualifications and the completion of upper secondary qualification</li> <li>• Work-based learning and apprenticeships</li> <li>• Provide digital skills training</li> <li>• Training vouchers</li> </ul>
<p>Encourage schools and employment services to promote and provide continued guidance on entrepreneurship and self-employment for young people.</p>	<ul style="list-style-type: none"> <li>• Training sessions of employment services' staff and teachers</li> <li>• Development and implementation of entrepreneurship courses in</li> </ul>

[YG rec 14]	<p>secondary education</p> <ul style="list-style-type: none"> <li>• Training sessions for unemployed young people</li> </ul>
<p>Use targeted and well-designed wage and recruitment subsidies to encourage employers to provide young people with an apprenticeship or a job placement, and particularly for those furthest from the labour market.[YG rec 17]</p>	<ul style="list-style-type: none"> <li>• Hiring credits targeted at net new hiring of young people via jobs as well as apprenticeships (ESF support for the subsidies credits should be accompanied by activation measures – such as practical training, etc.)</li> </ul>
<p>Promote employment/labour mobility by making young people aware of job offers, traineeships and apprenticeships and available support in different areas and provide adequate support for those who have moved</p> <p>[YG rec 18]</p>	<ul style="list-style-type: none"> <li>• Operation of EURES points (ESF support to EURES focuses on recruitment and related information, advice and guidance services at national and cross border level)</li> <li>• Awareness-raising campaigns</li> <li>• Support to voluntary organisations providing mentors</li> <li>• Support to youth organisations reaching out to migrant young workers</li> </ul>
<p>Ensure greater availability of start-up support services</p> <p>[YG rec 19]</p>	<ul style="list-style-type: none"> <li>• Cooperation between employment services, business support and finance providers (e.g. regional employment fairs and networking events)</li> <li>• SME start-up support</li> <li>• Self-employment support</li> <li>• Training in business skills for e.g. for unemployed persons, accompanied by entrepreneurship grants</li> </ul>
<p>Enhance mechanisms for supporting young people who drop out from activation schemes and no longer access benefits</p> <p>[YG rec 20]</p>	<ul style="list-style-type: none"> <li>• Support to youth organisations and youth services</li> <li>• Cooperate with other organisations that are in contact with the young persons</li> <li>• Establish tracking systems</li> <li>• Support to employment and school career support services</li> </ul>
<p>Monitor and evaluate all actions and programmes contributing towards a Youth Guarantee, so that more evidence-based policies and interventions can be developed on the basis of what works, where and</p>	<ul style="list-style-type: none"> <li>• Identify cost-effective initiatives</li> <li>• Use controlled trials</li> <li>• Set up centres for analysis</li> </ul>

why[YG rec 23]	<ul style="list-style-type: none"> <li>• Developing policy models, pilot actions, testing and mainstreaming of policies (social innovation and experimentation)</li> </ul>
<p>Promote mutual learning activities at national, regional and local level between all parties fighting youth unemployment in order to improve design and delivery of future Youth Guarantee schemes.</p> <p>[YG rec 24]</p>	<ul style="list-style-type: none"> <li>• Use of the European Network on Youth Employment (ESF supports transnational cooperation activities on exchange of good practice among organisations at EU level through ESF Technical Assistance funding at Commission level)</li> </ul>
<p>Strengthen the capacities of all stakeholders, including the relevant employment services, involved in designing, implementing and evaluating Youth Guarantee schemes, in order to eliminate any internal and external obstacles related to policy and to the way these schemes are developed.</p> <p>[YG rec 25]</p>	<ul style="list-style-type: none"> <li>• Provide training and workshops</li> <li>• Establish exchange programmes and secondments between organisations through transnational cooperation activities.</li> </ul>

In addition, the February 2013 European Council proposed a €6 billion Youth Employment Initiative "in particular to support the Youth Guarantee following its adoption". The Youth Employment Initiative is due to earmark at least €3 billion from the ESF (with Member States encouraged to more than match ESF funding) and a further €3 billion from a new dedicated budget line to fund measures to support young people, including the Youth Guarantee. Youth Employment Initiative funding is due to be open to all regions where youth unemployment is over 25%. The Commission proposed operational rules in March 2013 (see [IP/13/217](#)) to allow Member States to start using the Youth Employment Initiative's financial resources immediately once the new 2014-20 budget framework comes into force.

### **What is the Quality Framework for Traineeships?**

In addition to helping young people to find work, the Youth Employment Package also launched a consultation of European social partners on a **Quality Framework for Traineeships**, so as to enable young people to acquire high-quality work experience under safe conditions and to guard against traineeships being exploited by companies as simply a source of cheap labour.

A recent study on a 'Comprehensive overview of traineeship arrangements in Member States (see [IP/12/731](#)) confirmed that young trainees face different problems during their traineeship(s) in most EU Member States. These problems mostly relate to the lack of a high quality learning content, low or no remuneration, poor working conditions other than remuneration/compensation (e.g. lack of proper social protection coverage, long working hours, no equal treatment etc.) and – as a consequence of the previous problems combined with the differences in national traineeship legislations – a relatively low level of intra-EU mobility of trainees.

Following the social partners' decision not to enter into negotiations on this subject, the Commission is planning to present its own proposal on a Quality Framework for Traineeships before the end of 2013.

### **What is the European Alliance for Apprenticeships?**

Effective vocational education and training systems, in particular those that include a strong work-based learning component, facilitate the transition of young people from education to work. This is why the Youth Employment Package also announced a **European Alliance for Apprenticeships**, to improve the quality and supply of apprenticeships across the EU. This alliance will bring together stakeholders from authorities, business and social partners, vocational education and training researchers and practitioners and youth representatives. It will coordinate existing actions under a common umbrella and promote the benefits and ways of successful apprenticeship schemes and ways to build them up. It is due to be launched in July this year.

In 2012, the Council addressed [Country-Specific Recommendations](#) to seven Member States on apprenticeships and to three on vocational training. Even in the other Member States, much could be done to improve the functioning of the apprenticeship system, and to make better use of ESF funding to this end.

### **How can mobility benefit young people?**

The gap between the countries with the highest and lowest youth unemployment rate is very high. In March 2013, the lowest rates were observed in Germany and Austria (both 7.6%), the Netherlands (10.5%), and the highest in Greece (59.1% in January 2013), Spain (55.9%), Italy (38.4%) and Portugal (38.3%).

At the same time, the latest [European Vacancy Monitor](#) indicates that there are still around 2 million unfilled vacancies in Europe, partly as a result of jobseekers not having the skills that employers are seeking. In the current situation of high unemployment and strong divergence across Member States, labour mobility can play an important role to alleviate unemployment in countries affected by the recession while helping to meet skills gaps and fill vacancies in other Member States.

That said, whether or not to seek work in another Member State remains a personal decision for the individual concerned.

### **What is the Commission proposing to facilitate mobility for young people?**

The European Commission decided, in November 2012, to improve and modernise **EURES**, the European jobseeker mobility network (see [IP/12/1262](#), [MEMO/12/896](#), [MEMO/12/897](#)). The objective is to make it easier for jobseekers to contact employers in looking for particular skills, to focus on sectors and occupations with skills shortages and to support targeted mobility schemes for young people.

Four million mostly young people are due to receive grants under the new **Erasmus for All** programme to study, train or volunteer abroad in 2014-2020, compared with 2.5 million beneficiaries under existing EU mobility programmes. This international experience boosts skills and employability. Erasmus for All is expected to have a total budget of around €14.5 billion – 40% higher than the current equivalent programmes.

The existing **Lifelong Learning Programme** provides support for learning mobility through Erasmus (higher education), Leonardo da Vinci (vocational education), Comenius (schools) and Grundtvig (adult education). Erasmus and Leonardo da Vinci together support around 140,000 job placements a year with companies and other organisations (see [IP/12/379](#)).

### **Is there not a risk of "brain drain"?**

Whilst it is true that the home country loses out in the short-term when a worker moves abroad, the situation is nevertheless better than if the worker stayed in the home country unemployed. As long as the migrant worker remains employed abroad, he or she can contribute to the economy of their home state through remittances. In practice, when there is an economic upturn, workers overwhelmingly go back to their home country to make use of the skills they have acquired in the meantime. This was demonstrated for example by the number of Polish workers who moved to the UK to work after 2004 but have now returned to Poland.

### **What kind of additional support can EU Structural Funds provide?**

On the Commission's initiative, **Action Teams** composed of national and Commission officials, were set up in February 2012 with the eight Member States with the highest levels of youth unemployment (Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain) to mobilise EU structural funding (including from the European Social Fund) still available in the 2007-2013 programming period to support job opportunities for young people and to facilitate SME access to finance.

As a result of the Action Teams exercise, by the beginning of 2013, around €16 billion of EU funding had been targeted for accelerated delivery or reallocation. This funding will help around 780 000 young people and 55 000 SMEs as well as supporting other growth-enhancing measures. Specific examples of funding reallocation by Action Teams so far:

#### **Ireland**

€25 million were redirected to the integrated *Youthreach* programme which provides education, training and work experience to young people who have left school early without qualifications or vocational training. This will allow 3,700 training places to be maintained until the end of 2013.

A Labour Market Education & Training Fund, known as *Momentum* and part of Ireland's Action Plan for Jobs, was launched in December 2012 to provide skills training for up to 6,500 long-term unemployed. €20 million are dedicated to this Fund that will be co-funded by the ESF. One of the four strands of this Fund is specifically designed for young people under 25 and will provide more than 1,000 people with training at 87 locations around the country and in 62 separate courses.

#### **Slovakia**

After the ESF re-allocation, two national projects (€70 million) were launched in November 2012 supporting job creation for young people under 29 in private and self-governing sector in the regions with the highest levels of unemployment (target 13,000 new jobs). The implementation of the projects has been so far successful, with microenterprises and SMEs showing the highest interest in offering work opportunity for young people. Until the end of March 2013, more than 4,200 new jobs were created (€22.8 million contracted).

## **Lithuania**

All planned ESF actions are being implemented: a new measure (worth €3 million) was approved to increase the attractiveness of loan schemes for start-ups and self-employment, and a project providing first-job skills for around 6,000 young people will be finished soon. The youth unemployment rate decreased from 35.1% in 2010 to 26.4% in 2012.

A project was refocused to offer vocational training programmes to about 6.000 young people. The budget is about €6 million. The project started in August 2012 and will end in August 2013. The implementation rate of this measure (vocational training) is 48.58%. The number of participants is 4,851 and the employability rate is 59.4 %.

A project providing first-job skills for young people was extended with an additional budget of €6 million, which will support around 6,000 young people. The total budget is now about €36 million. The project started on July 2011 and will end on November 2013. The implementation rate is 64.72%. The number of participants to date is 4,382.

A new measure (worth €3 million) was approved to increase the attractiveness of loan schemes for start-ups and self-employment.

Another new ESF measure (€9.3 million) "*Support for the first job*" has been recently approved, replacing the existing social security reduction scheme for the first job by wage subsidies. The budget is about €9 million. The project started in August 2012 and will end in September 2015. The planned number of participants is 20,000. The number of applications received by 18 April 2013 is 4,858. Compensations will be paid starting from 1 June 2013 and most probably the whole planned amount will be disbursed.

Additional new measure has been approved for "promotion of youth employment and motivation". Two projects will start (about €580,000), both related to volunteering.

## **Greece**

Following extensive re-programming at the end of 2012, a national youth action plan was endorsed in January 2013 with EU funding of €517 million. The plan is intended to promote youth employment, training and entrepreneurship and targets nearly 350,000 young people. According to the Greek authorities, the new initiatives that have already started (EU funding approx. €47 million) include the temporary hiring of young unemployed (up to 35 years old) in community-based work programmes in the cultural sector as well as the provision of support to social structures aiming at combating poverty and social exclusion for the recruitment of young unemployed. In addition, preparations are at a final stage as regards the effective implementation of the following schemes of the action plan (EU funding approx. €146 million):

- "voucher for entrance in the labour market" which combines training with a five month job placement in enterprises and targets 45,000 young unemployed up to 29 years old
- blended theoretical and on-the-job training for 1000 young unemployed seamen up to the same age limit. Implementation of the above schemes is expected to start in the course of June 2013.



## **Latvia**

€11 million were allocated to support young people without vocational qualifications and seeking new, labour market oriented qualifications. Overall, the proportion of young unemployed receiving EU support would jump from 24% to 40% with the numbers in vocational training doubled. The programmes are in the implementation phase.

## **Portugal**

A national initiative called '*Impulso Jovem*' entailed comprehensive re-programming of structural funds. €143 million of EU funding was reallocated to finance measures that will create opportunities for 90,000 young people until the end of 2015. Such measures include employment passports relating to internships in key economic sectors as well support to contracting of people aged 18-30 years old via reimbursement of employers' social security contributions. A transfer of €10 million from the Madeira European Regional Development Fund Operational Programme to the corresponding ESF Operational Programme was made in order to support youth traineeships. In February 2013, the scope of the programme was broadened, enlarging the eligibility criteria as well as expanding it to additional regions. By the end of April 2013, 7,500 young people had been covered by the programme.

## **Spain**

During 2012 over €286 million from the ESF were reallocated to actions related to young people. Of this, €135 million were directed to the public employment service to help young people find work.

## **Italy**

A major prioritisation exercise was launched in December 2011, and is already in its third phase with the support of the action team. It includes the financing of an employability plan in Sicily, which should benefit around 50 000 young people; new education activities for 65 300 students from the South and 13 000 new mobility opportunities (Erasmus/Leonardo); a "Tax credit" scheme to encourage the employment of disadvantaged people including young people, and EUR 600 million for activities to support young entrepreneurs, researchers, apprenticeships or NEETs.