



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2013)

Opinion

Title **DG EMPL - Impact Assessment on an EU initiative on a Quality Framework for Traineeships**
(resubmitted draft version of 23 October 2013)*

(A) Context

Traineeships have become an important entry point into the labour market for young people. Although they increasingly represent a standard feature in our labour markets, their spread has been accompanied by growing concerns about their learning content and the working conditions they provide. Traineeships offer high quality learning content, adequate working conditions and should not be a replacement for regular jobs at lower costs.

This Impact Assessment is a follow-up to the Analytical Document presented by the Commission in December 2012 in the context of consulting the social partners.

(B) Overall opinion: NEGATIVE

While the report has been revised to some extent along the lines of the Board's recommendations, it needs further substantial work in a number of important respects. Firstly, the report should substantiate the assumption that there is no scarcity of quality traineeships in the EU and should clarify the importance of information on national legislation for the demand for intra-EU traineeships. Secondly, it still needs to demonstrate the necessity and the added value of the envisaged initiative, given the proven ability of Member States to address the problems. Thirdly, the report should clarify how the identified options are expected to improve the lack of learning content and/or bad working conditions of some traineeships. For example, it should explain why a binding written agreement should include other mandatory elements (such as the limited duration of traineeships) and why the envisaged transparency requirements should include information on pay and hiring ratios instead of learning content and working conditions. Fourthly, the report should substantiate the conclusion that the initiative would not have a negative impact on the supply of quality traineeships and should better reflect the acknowledged difficulty in enforcing the envisaged binding provisions. Finally, it should present the views of traineeship providers and national (control) authorities, particularly as regards problems and impacts.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

(C) Main recommendations for improvements

(1) Further improve the problem definition. While the report clarifies that this initiative aims to eliminate open market traineeships with insufficient learning content and/or bad working conditions (excluding remuneration), it still refers to typical substandard traineeships as those that are "unpaid" and/or with low "hiring ratios". Moreover, while it declares that there is no scarcity in domestic traineeships and that young people would not apply for a substandard traineeship if they were aware of this before starting, at the same time the report indicates that demand for traineeships outstrips supply. It should therefore ensure the consistency of its problem analysis and, to the greatest extent possible, corroborate it with robust evidence or stakeholder views. Furthermore, the report should clarify to what extent the alleged lack of general information on national legislation on traineeships may limit the demand for intra-EU traineeships, while better reflecting its relative importance vis-à-vis other drivers of intra-EU mobility. Finally, it should clarify how exactly the presented econometric analysis supports the argumentation that, for example, a written traineeship contract leads to higher learning content.

(2) Clarify the baseline scenario and the EU need to act. The report should clarify the apparent inconsistency between a number of existing initiatives addressing the quality of traineeships at sectoral, national and EU level and its conclusion that there are currently no quality standards or guidelines in general or common use. It should also explain the relevance of quoting the French regulatory example, despite the fact that it addresses a different type of traineeship than this initiative (i.e. open market traineeships are banned in France). Finally, the report still fails to demonstrate that Member States are unable to address the problems on their own; on the contrary, it acknowledges that they can and have been doing so. In this context, the report should better explain how this initiative can be expected to add value to the existing similar regulatory approaches at national or international level, also given its conclusion that binding provisions on traineeships do not seem to be enforceable in practice.

(3) Better explain how the options address the problems. While the report clarifies the rationale of the options, it remains unclear how exactly the options are expected to improve the learning content and/or working conditions of traineeships. For example, the report should better explain: (i) how a written and signed traineeship agreement is expected to improve the learning content (going beyond the statement that having to fill a form focusses attention on best practices); and (ii) why it is considered a proportionate solution as compared to, for example, information/awareness raising (namely as it addresses the "unintentional" providers of substandard traineeships). Moreover, the report should better justify why the agreement should include other binding elements such as "limited duration" or "successiveness of traineeships". It should also clarify the importance of the assumption that trainees are unlikely to bring legal action against smaller firms (which therefore do not need to fear litigation despite the binding nature of the written agreement). Furthermore, the report should justify the need for the envisaged transparency requirements on pay and hiring ratios, despite the fact that they are not per se considered to be an indication of a traineeship's quality. Finally, the report should make clear if, how and by whom the measures are expected to be implemented, monitored and – particularly – enforced, for instance as regards the envisaged traineeship contracts, their contents and implementation.

(4) Substantiate the impacts. The report should substantiate the conclusion that the preferred option would not have a negative impact on the supply of quality traineeships. In doing so, it should take better into account: (i) the share of SMEs who stated that they would have to reduce the number of their traineeships' offers; (ii) the effects of the

(expected) move from unpaid to paid traineeships; and (iii) the corresponding administrative and reporting costs for traineeship providers. The report still needs to explain (and substantiate with evidence) why it is expected that the enhanced transparency measures (i.e. information on pay and hiring ratios) would encourage traineeship providers to offer paid instead of unpaid traineeships or to hire more of their trainees. It should present the impacts in a more nuanced manner, better reflecting: (i) the assumptions made (e.g. as regards the sufficient number of quality traineeships); (ii) the absence of robust evidence; (iii) uncertainties as regards the supply side reaction; and (iv) the acknowledged enforcement difficulty.

(D) Procedure and presentation

Despite having made a better use of stakeholder views throughout the report, important information gaps prevail, namely as regards the views of traineeship providers and national (control) authorities in the problems and impacts sections. A more detailed summary of consultation results should be presented in the annex. The executive summary sheet should be included in the report directly after the table of contents.

(E) IAB scrutiny process

Reference number	2013/EMPL/006
External expertise used	No
Date of IAB meeting	Written procedure. An earlier version of this report was submitted to the IAB in September 2013, for which the Board issued its opinion on 4 October 2013. Two versions of the Analytical Document accompanying the proposal on the second stage consultation of the social partners on a Quality Framework for Traineeship were submitted to the IAB. The first in September 2012 and the second in October 2012, for which the Board issued its opinions on 10 October 2012 and 26 October 2012, respectively.