

Addressing youth unemployment in the EU

Youth employment is a priority for the European Union. The situation varies a lot across Europe. While there is no single solution to address this challenge, there is an urgent need to act.

What is the current situation?

- More than 4.5 million young people aged 15-24 are unemployed in the EU today.
- This represents an unemployment rate of 20% (22% in the euro area). This means that more than one in five young Europeans on the labour market cannot find a job. In Greece and Spain, it is even one in two.
- Overall employment rates for young people fell by more than four percentage points between 2008 and 2014, about eight times as much as for adults.
- 7.5 million young Europeans between 15 and 24 are not employed, not in education and not in training (NEETs).
- The young are at much greater risk in terms of precariousness: 43,3% of youth employees (15-24 age group) were on temporary contracts in 2014 compared to 14% of the overall working age population, and 31.9% had part-time jobs, compared to 19.6% of workers overall.
- Young people have been disproportionately hit by the crisis. Over the last four years, the overall employment rates for young people fell three times as much as for adults.
- The gap between the countries with the highest and the lowest unemployment rates for young people remains extremely high. There is a gap of more than 40 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 7%) and the Member States with the highest rates, Greece and Spain (with rates of around 50%). Spain is followed by Greece (49.8% in September 2014), Croatia (45.5% in the third quarter 2014) and Italy (43.9%).
- The unleashed potential of job mobility to help tackle youth unemployment remains to be further developed: the workforce in employment in the EU is around 217.7 million persons of which only 7.5 million (3.1%) are working

in another Member State. EU surveys show that young people are the group most likely to be mobile.

- Even before the crisis hit, labour market segmentation was identified as a major problem in many Member States. Today's situation reflects a serious and structural problem: this is why the EU has been taking direct action on youth employment.

What are we doing?

Investing in youth: the Youth Guarantee

The Youth Guarantee seeks to ensure that all EU Member States make a good-quality offer to all young people up to age 25 of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. A Youth Guarantee Recommendation was formally agreed by Member States in April 2013. It includes guidelines for setting up such schemes, covering in particular the need for stronger partnerships between all concerned public authorities (education and employment institutions), early intervention and activation, and making full use of EU funding. The Youth Guarantee is one of the most crucial and urgent structural reforms that EU Member States must introduce to address youth unemployment and inactivity, and to improve school to work transitions.

The logic of the Youth Guarantee is very simple – to ensure that no young person is left unemployed or inactive for longer than 4 months. The Youth Guarantee should enable young people to find a job suited to their education, skills and experience or to acquire the education, skills and experience that are directly relevant to increasing their chances of finding a job in the future.

Delivering a Youth Guarantee provides the basis for major structural reform measures in the mid- and longer term. It implies establishing structures, processes and measures to be able to offer all young people a concrete way forward within 4 months. It requires a balance of short-term measures combined with longer-term structural reforms to facilitate young people's sustainable integration into the labour market, bringing about a *systemic* improvement in the school-to-work transition, setting up comprehensive information systems,

combatting segmentation and enhancing access to employment for young people in all Member States.

The outcome-oriented approach of the Youth Guarantee allows Member States to tailor implementation according to national and local circumstances. The most significant challenge is now to ensure a successful and timely roll-out of the Youth Guarantee implementation plans, particularly in a context of budgetary constraints.

Significant EU financial instruments support the setting up of the Youth Guarantee in Member States – most notably from the European Social Fund and in the context of the so called Youth Employment Initiative. But to make the Youth Guarantee a reality, Member States also need to prioritise youth employment measures in their national budgets. However, not all measures are expensive in terms of public expenditure. Building up partnership-based approaches amongst education and employment authorities for example does not require large budgets, but would significantly contribute towards the success of the Youth Guarantee.

Youth employment is given a particular focus in implementing the EU Structural and Investment Funds in the years 2014–2020. The regulations that govern these investments include a dedicated investment priority targeting the sustainable labour market integration of young NEETs ('not in employment, education or training').

To increase available EU financial support to the regions and individuals struggling most with youth employment and inactivity, the EU has also agreed to create a dedicated **Youth Employment Initiative (YEI)**. The YEI exclusively targets young people not in employment, education or training (NEETs) aged below 25 years, and where the Member State considers relevant, also those aged below 30 years. The YEI provides additional funding to support the implementation of the Youth Guarantee. The YEI funding comprises EUR 3.2 billion from a specific EU budget line dedicated to youth employment and another at least EUR 3.2 billion from the EU Structural and Investment funds national allocations. This amplifies the support already provided by these funds for similar types of activities. Furthermore, Member States will have to complement this assistance with additional investments in structural reforms to modernise employment, social and education services for young persons, and by strengthening the capacity of relevant structures and improving education access, quality and links to labour market demand.

In parallel, the European Commission is developing a number of EU-level tools to help Member States, such as the European Alliance for Apprenticeships, the Quality Framework for Traineeships, EURES and 'your first EURES job' initiative, and helping firms to recruit young people. All these measures need to be taken forward in close partnership with the social partners and the relevant stakeholders.

Further developing quality apprenticeships and traineeships

Quality apprenticeships and traineeships are two core components of Youth Guarantee schemes. Effective vocational education and training systems, in particular those that include a strong work-based learning component, appear to facilitate the transition of young people from education to work. This is why on 2 July 2013 the European Commission launched the **European Alliance for Apprenticeships**, a multi-stakeholder initiative to improve the quality and supply of apprenticeships across the EU and change mind-sets towards apprenticeship-type learning. Many Member States include apprenticeship reform in the context of delivering Youth Guarantees. EU funding and technical expertise are available to help Member States improve their systems.

So that young people can acquire high quality work experience under safe and fair conditions and to increase their employability, upon a proposal from the European Commission, in March 2014 Member States agreed on a **Quality Framework for Traineeships (QFT)**. The QFT will be an important reference for the determination of a good quality traineeship under the Youth Guarantee. It puts forward guidelines to ensure that all traineeships are based on a written agreement covering learning content and working conditions (i.e. learning objectives, mentorship, limited duration, working time, clear indication whether remuneration/compensation and social protection apply). In addition, traineeship providers are recommended to enhance transparency by disclosing already in the vacancy notice the financial conditions (compensation and social security coverage) and the share of ex-trainees recruited in the past after their traineeship. These two latter requirements are designed to tackle the lack of transparency on compensation (46% of vacancy notices do not indicate it), often exploited by unscrupulous traineeship providers, and the problem of traineeships being renewed and renewed under the guise of (non-existent) hiring prospects.



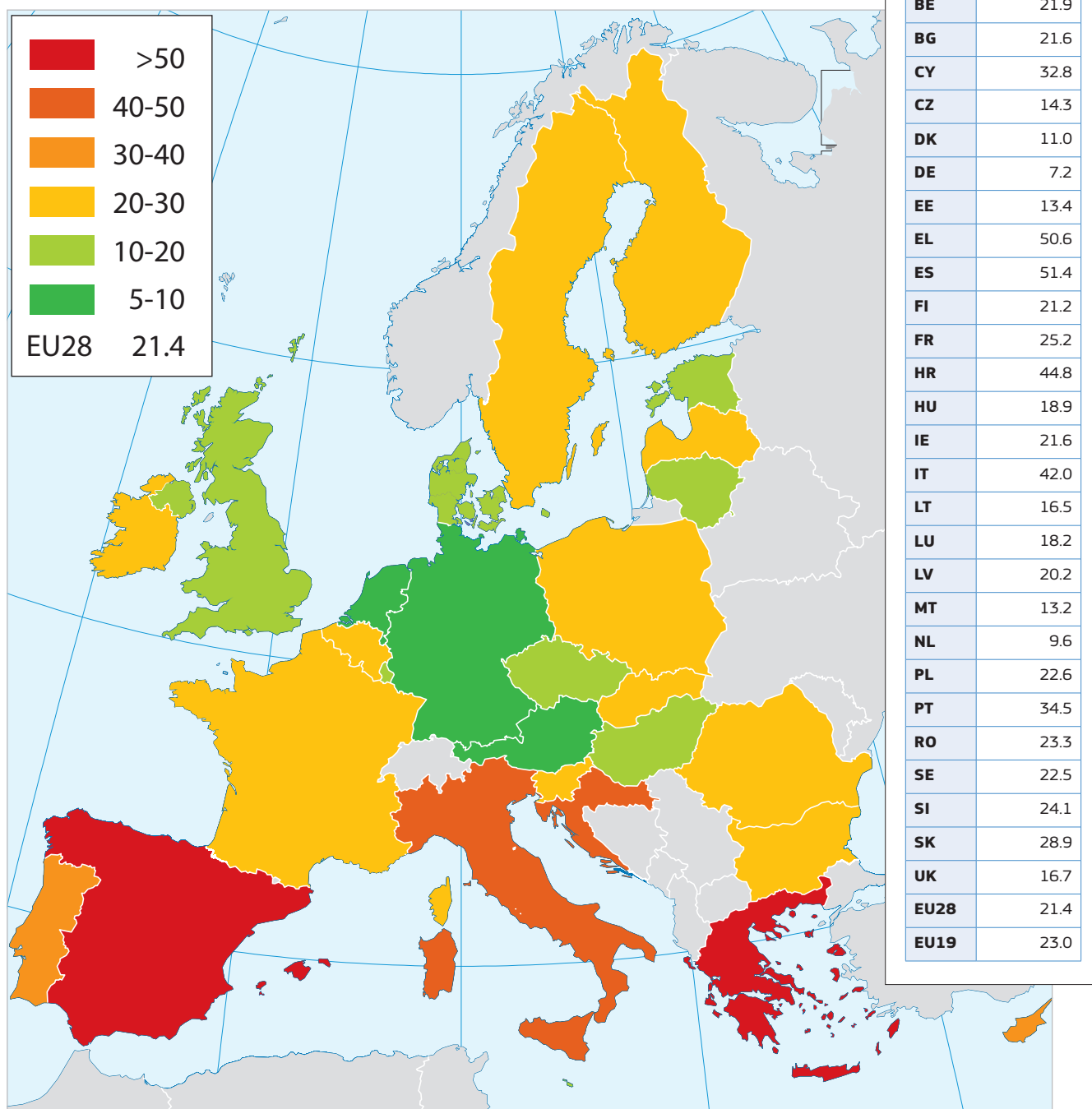
A Youth Guarantee has a fiscal cost for Member State Governments. However, the costs of NOT acting are far higher.

The International Labour Organisation has estimated the cost of setting up Youth Guarantees in the Eurozone at EUR 21 billion per year, or 0.22% of GDP. But the European Foundation for Living and Working Conditions has estimated the current economic loss in the EU of having 7.5 million young people out of work or education or training at over EUR 150 billion (1.21% of GDP) in terms of benefits paid out and lost output.

This is in addition to the long-term costs of unemployment to the economy, to society and to the individuals concerned, such as increased risk of future unemployment, health problems and poverty.

The cost of doing nothing is therefore very high: the Youth Guarantee is an investment.

Youth (under 25s) unemployment rate (%), December 2014



Source: Eurostat 2015



All 28 Member States submitted **Youth Guarantee Implementation Plans (YGIPs)** in spring 2014. The YGIPs set out how the Youth Guarantee will be implemented, the respective roles of public authorities and other organisations, how it will be financed and monitored, as well as a timetable

Alongside the YGIPs, Member States are currently drawing up and submitting the youth-related (parts of) Operational Programmes which will be the basis for EU (ESF and YEI) financial support to the Youth Guarantee implementation.

The Employment Committee (EMCO), representing Member States, is also involved in working on the Youth Guarantee: a multilateral surveillance review took place in December 2013, May and December 2014 on the implementation of youth Country-Specific Recommendations (CSRs). In addition, the EMCO identified the data requirements for monitoring the implementation and impact of the Youth Guarantee. EMCO will closely cooperate with the European Network of Public Employment Services, which have an important role to play in setting up Youth Guarantee schemes.

Labour mobility

The EU facilitates labour mobility, in particular by making young people aware of job opportunities in other EU countries. **EURES** provides information, advice and recruitment/ placement (job matching) services for the benefit of workers and employers as well as any citizen wishing to benefit from the principle of free movement of workers. EURES is a co-operation network between the European Commission, Public Employment Services (PES) of 28 Member States, and their partners. It consists of about 1000 EURES advisers working on transnational and cross border mobility issues. The human network is complemented by the EURES Job Mobility portal which gives access to about 1.4 million job vacancies and over one million CV's across Europe. There are on average more than a million visitors on the EURES portal per month. The overall ongoing reform of EURES aims at making EURES a more demand-driven and result-oriented recruitment tool.

As part of this development, the European Commission has been testing a scheme called **Your first EURES Job (YFEJ)** to help young people aged 18-30 to find a job in any of the 28 Member States (remunerated, minimum 6 months contract). The scheme combines information, recruitment, matching and job placement support with financial incentives. It finances language courses, other training needs and travel expenses for young job applicants (for job interviews and job settlement in other EU countries). It also provides a contribution to an integration programme in the case of recruitment by an SME.

The objective of YFEJ for the three calls launched in the period 2011-2013 is to find a job, apprenticeship or traineeship for 5,000 young people on the basis of a total budget of around EUR 12 million. As from 2013, support measures have been extended to trainees and apprentices with an enhanced mobility package (e.g. further language training support, costs with recognition of qualifications, supplementary allowance for young people with special needs, mentoring for trainees/apprentices). At the end of the first quarter 2015, nearly 4000 participants had obtained a work placement in another Member State.

The new EU Programme for Employment and Social Innovation (EaSI) (2014-2020) provides additional funding to support such targeted mobility schemes, so as to fill bottleneck vacancies or deal with vacancies in certain occupations, sectors or Member States, facilitating intra-EU job matching.

How does the European Social Fund already support young people?

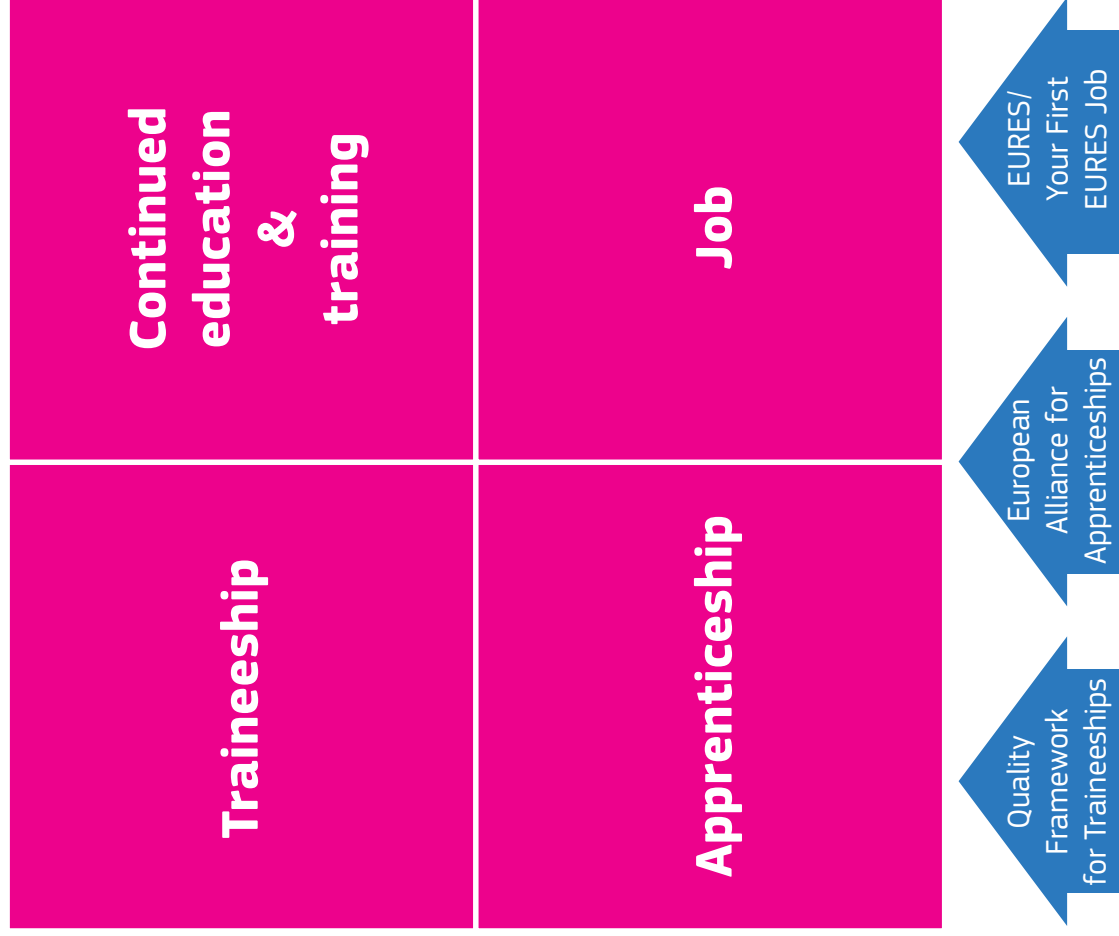
The European Social Fund is part of the EU Structural and Investment Funds and is worth more than **EUR 10 billion per year**. From this envelope, the ESF has provided targeted support for youth employment since long before the crisis, and has been vital in tackling the current rise in youth unemployment.

- 68% of the ESF budget goes towards projects in which young people could potentially be one of the target groups.
- From 2007 until the end of 2013, over 25 million young people under 25 years benefited from the ESF through training or mentoring. In some countries, young people account for 40% or more of all participants.
- ESF projects aim to keep young people in education by combating early school leaving and by providing opportunities for re-entry into formal training or education. Transition from school to work is facilitated through mentoring and personal advice, additional training and work placements, including traineeships and apprenticeships.
- Many Member States use ESF investment to modernise education and strengthen vocational training. Social inclusion- oriented projects address the integration of young people from disadvantaged groups into the labour market or the education system. Trans-nationality is one of the operational principles of the ESF and mobility for students and researchers is a very well-developed aspect of the provision.

Beyond the Youth Guarantee

The priority now is effective and rapid implementation. The European Semester is the first phase of the EU's annual cycle of economic policy guidance and surveillance. Each 'European Semester', the European Commission analyses the fiscal and structural reform policies of every Member State, provides recommendations, and monitors their implementation. In the context of the 2015 Semester, the Commission has urged 15 countries to improve the transition of young people to the labour market. Five countries were explicitly recommended to take action on youth unemployment and support young people not in employment, education or training. Recommendations to other countries relate to participation of specific groups, skills, vocational education and training, school to work transitions, early-school-leaving and second chance education, as well as labour market segmentation.

Youth Guarantee



Youth Guarantee Implementation Plans