EU Youth Guarantee: Questions and Answers

Brussels, 04 February 2015

What is the Youth Guarantee?

In April 2013, EU Member States made a commitment to ensure young people's successful transition into work by establishing Youth Guarantee schemes.

Under the Youth Guarantee Member States should ensure that, within four months of leaving school or losing a job, young people under 25 can either find a good-quality job suited to their education, skills and experience; or acquire the education, skills and experience required to find a job in the future through an apprenticeship, traineeship or continued education.

The Youth Guarantee is both a structural reform to drastically improve school-to-work transitions and a measure to immediately support jobs for young people.

The Youth Guarantee is based on successful experience in Austria and Finland that show that investing in school-to-work transitions for young people pays off. The Finnish Youth Guarantee helped to reduce unemployment amongst young people, with 83.5% successfully allocated a job, traineeship, apprenticeship or further education within three months of registering.

The Youth Guarantee Recommendation was formally adopted by the EU's Council of Ministers on 22 April 2013 (see MEMO/13/152) on the basis of a proposal made by the Commission in December 2012 (see IP/12/1311 and MEMO/12/938) and was endorsed by the June 2013 European Council.

The G20 considers the Youth Guarantee a new major reform for youth employment. The meeting of G20 Labour Ministers in Melbourne on 10-11 September 2014 decided that more should be done to implement G20 strategies, notably the youth guarantees, and committed to take concrete actions to place young people in education, training and jobs.

How serious a problem is youth unemployment and inactivity in the EU?

Around 5 million young people (under 25) were unemployed in the EU-28 area in December 2014, of whom over 3.2 million were in the euro area.

- This represents an unemployment rate of 21.4% in the EU (23% in the euro area). More than one in five young Europeans on the labour market cannot find a job; in Greece and Spain it is one in two. 7.5 million young Europeans between 15 and 24 are not employed, not in education and not in training (NEETs).

- In 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 jobless rates for young people is extremely high. There is a gap of 44 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 7.2% in December 2014) and the Member State with the highest rate, Spain (51.4% in December 2014). Spain is followed by Greece (50.6% in October 2014), Croatia (44.8% in the fourth quarter 2014) and Italy (42% in December 2014).

Youth unemployment and NEETs indicators are part of the new Scoreboard of key employment and social indicators which identifies the major employment and social imbalances within the EU (see IP/13/893). The first such Scoreboard was published as part of the Joint Employment Report 2014, jointly adopted by the Commission and the EU's Council of Ministers. It is composed of five key indicators and forms the basis of the Commission's annual country-specific recommendations, where it proposes reforms to support job creation, strengthen the resilience of labour markets and address poverty and social inclusion.

Have Member States already started to implement the Youth Guarantee?

Yes. Implementation of the Youth Guarantee has started in all Member States and is already bringing results. Compared to other structural reforms in Europe, the Youth Guarantee is probably one of the
All Member States have presented comprehensive Youth Guarantee Implementation Plans, complying with the deadlines set by the European Council. The Plans identify precisely, in each Member State, the measures to be taken to implement the Youth Guarantee. They outline the timeframe for youth employment reforms and measures, the respective roles of public authorities and other organisations, and how it will be financed. Details of Member State's plans are available here.

These Plans and their implementation have been assessed by the Commission within the context of the European Semester – the EU's reinforced economic surveillance framework (see here). Multilateral surveillance reviews are also taking place on the implementation of the Youth Guarantee.

To underpin Youth Guarantee schemes with credible data, and enable support monitoring and continuous improvement, the Employment Committee developed an Indicator Framework for Monitoring the Youth Guarantee, which received political support from the Ministers of Employment at EPSCO Council on 11 December 2014. Annual data collection should start in 2015.

How does the Youth Guarantee encourage reforms in the Member States?

For most Member States, implementing the Youth Guarantee requires in-depth structural reforms of training, job-search and education systems to drastically improve the transition from school to work and the employability of young people. This cannot be delivered overnight.

In some Member States, public employment services (PES) must be reformed to ensure individual young people receive appropriate personalised advice on the job, education and training opportunities most relevant to their own situation, resulting in a tailor-made, concrete offer within four months. The Decision to help public employment services to maximise their effectiveness through closer cooperation, proposed by the Commission in June 2013 and adopted in May 2014, can play a useful role here (see IP/13/544 and IP/14/545).

Another area requiring structural reforms concerns improving the quality and quantity of apprenticeships, vocational education and training opportunities. Member States must ensure that they give young people the skills that employers are looking for.

Most of the Member States should also identify and activate those furthest away from the labour market (NEETs). In order to reach inactive young people who are not registered with the Public Employment Service, Member States should establish new tools and strategies with all those who have access to these unregistered young people (e.g. social services, education providers, youth associations.).

Precisely because the Youth Guarantee aims at structural reform, the Commission proposed specific recommendations on implementing the Youth Guarantee to several countries (Spain, Italy, Slovakia, Croatia, Portugal, Poland, Bulgaria and Ireland) in 2014. Full details of the Commission’s review of all Member States’ implementation of the Youth Guarantee as part of the European Semester are available here.

These steps include active labour market policies, reinforcing public employment services, supporting training and apprenticeship schemes, combating early school leaving, and setting up outreach strategies, all of which can contribute to delivering the Youth Guarantee. The Recommendations also urged Member States to tackle the segmentation of labour markets where young people are much more vulnerable.

The draft Joint Employment Report 2015 highlights that the Youth Guarantee drove long-term reforms in many of these areas.

Are there any good examples of concrete and positive results from implementing the Youth Guarantee?

In Belgium, the public employment service in the Brussels region, Actiris, set up a dedicated Youth Guarantee service, to provide specific support in finding jobs and internships to young people officially registered as jobseekers. According to Actiris, (in August 2014), the number of young people (under 25 years of age) looking for work in Brussels dropped as a result of the Youth Guarantee strategy.

In Romania, 27 youth guarantee centres (currently supported by the European Social Fund) were created. These centres aim at identifying young NEETs and offering them integrated packages of personalised services.

Spain has taken further steps to implement the National Youth Guarantee System based on Royal Decree-Law 8/2014 of 4 July. This Law regulates the registration procedure for the Youth Guarantee and fixes eligibility criteria for the beneficiaries. Furthermore, additional non-wage recruitment subsidies for indefinitely and training contracts specifically addressed to those registered in the Youth
Guarantee were adopted. And as of 5 August 2014, young people registered in the national Youth Guarantee system can use four online training courses free of charge. The Spanish Public Employment Service also launched a call for proposals with a total budget of almost €42 million for professional training activities and training in ICT and language courses to be developed at central level for young people registered in the Youth Guarantee system.

In Italy, the set-up of integrated e-Portals allows people to register directly on-line and be connected to a national register to facilitate automatic verification of fulfilment of requirements, and transmission of offers.

Slovakia proposed a number of legislative reforms to implement the YG (VET, non-formal education, ALMPs). There are 4 ongoing national projects supporting employment of young unemployed under 29. Until 31 August 2014, in total 12,532 new jobs were created for young jobseekers under 29. A new contribution to job placement in a first paid employment (open-ended contract) in case of recruitment of jobseekers under 24 and jobseekers (25-29) looking for job longer than 6 months (Act on Employment Services is being amended), will start in January 2015.

Targeted hiring incentives and start-up subsidies have been also means to promote the activation of young jobseekers in some Member States: The Netherlands adopted a tax rebate for employers hiring young people who receive unemployment benefits or social assistance for a period up to two years, whereas Poland introduced exemptions from social insurance contributions for under-30-year-olds.

Most Member States took measures to improve their vocational education and training systems (VET) to better reflect the needs of the labour market in general linked to their Youth Guarantee scheme and commitments taken under the European Alliance for Apprenticeships. Several countries introduced legislative revisions of their VET systems.

Spain developed its dual training system with immediate results already visible: Number of VET centres involved in dual VET projects increased from 172 in 2013 to 375 in 2014. Number of companies involved in dual VET projects from 513 in 2013 to 1570 in 2014 and students from 4,292 in 2013 to 9,555 in 2014.

In France, the new law on lifelong learning and VET increases support for apprenticeships for those with fewer qualifications. Romania launched new legislation to provide subsidized professional stages for higher education graduates. Sweden has adopted measures to facilitate the transition from school to work via apprenticeships, and help young people get work experience. In Portugal, the curricular pattern of vocational education and training was adapted and Portugal created a vocational centres network and new vocational courses at basic (age 14) and secondary (ages 15 to 17) education. In Denmark the reform of vocational education and training was adopted in June 2014 and is to take effect from the school year 2015/16. The reform is to contribute to ensuring that more young people complete a VET programme, and contribute to ensuring education guarantee in Denmark for all young people who want basic vocational education and training.

In addition, 18 small scale pilot projects for the Youth Guarantee were launched between August and December 2013 with the support of the European Commission. They were each running for around 12 months (see IP/14/981 and MEMO/14/521) in seven countries (Ireland, Italy, Lithuania, Poland, Romania, Spain and the United Kingdom). One of the pilot projects - the project in Ballymun, Ireland - supports approx. 1000 young people and is testing the effectiveness of a new local partnership approach, which will feed into the review of the Irish national Youth Guarantee scheme.

The Youth Guarantee costs money – does it pay off?

The International Labour Organisation has estimated the cost of setting up Youth Guarantees in the Eurozone at €21 billion per year. However, the costs of NOT acting are far higher. The European Foundation for Living and Working Conditions (Eurofound) has estimated the economic loss in the EU of having millions of young people out of work, education or training at over €150 billion in 2011 (1.2% of EU 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 and poverty. The cost of doing nothing is therefore very high: the Youth Guarantee scheme is an investment. For the Commission, this is crucial expenditure for the EU to preserve its future growth potential. Significant EU financial support can help - most notably from the European Social Fund and in the context of the Youth Employment Initiative (see below). But to make the Youth Guarantee a reality, Member States also need to prioritise youth employment measures in their national budgets.

Is the Youth Guarantee also helping job creation in the short term?
In addition to "supply-side" measures such as activation through job search guidance or training courses, the Youth Guarantee encourages the use of a wide range of proactive measures helping to boost "demand" for young people's labour. These measures, such as temporary and well-targeted wage or recruitment subsidies or apprenticeship and traineeship grants, may often be necessary in order to successfully integrate young people into the labour market. They should be therefore viewed as social investment which enables young people to put their skills to productive use and to further develop them, as opposed to the skills deterioration and de-motivation which results from protracted unemployment and inactivity.

Making good use of "demand-side" measures is very important if we want to make a real impact in terms of reducing today's high levels of youth unemployment and economic inactivity.

**Would it not be better to directly support enterprises to create jobs for young people?**

Jobs and growth are top priorities for the European Commission. The Juncker Commission has presented an ambitious Investment Plan for Europe mobilising more than EUR 315 billion of additional financing in strategic areas. A significant amount should be channelled towards projects that can help get the younger generation back to work in decent jobs, further complementing the efforts of the Youth Guarantee Scheme. The Commission is also supporting structural reforms at national level that can unlock job creation.

One of the reasons companies cannot employ more youngsters is that young people lack the skills and experience relevant to companies' requirements. Another reason is that even if young people do have the relevant skills and experience sought by employers, public employment services in many Member States are not effective at matching them with companies looking for people with such skills and experience. Supporting companies to create jobs for young people is of course very important and many initiatives have been put in place by the Commission (such as the COSME programme and business development support from the European Structural and Investment Funds) and the European Investment Bank Group.

**Can the Youth Guarantee deliver more jobs for young people if economic growth is slow?**

The Youth Guarantee is no substitute for the use of macroeconomic instruments, nor for the pursuit of structural reforms, but it can help to make the economic recovery job-rich and it makes a systemic difference in improving school-to-work transitions. This is why the EUR 315 billion Investment Plan to promote jobs and growth in Europe is one of the main priorities of this Commission.

Youth unemployment is more sensitive to the economic cycle than overall unemployment as young people are less experienced, often employed through short-term contracts and thus more easily laid off and they are also more concentrated in economic sectors more exposed to economic downturns, such as manufacturing, construction, retail or the hospitality sector. Evidence from the past 15-20 years shows that the overall unemployment rate in the EU can only be expected to fall if annual GDP grows by more than 1.5 per cent on average. Reduction in the youth unemployment rate normally requires even slightly higher GDP growth rates.

On the contrary, if economic growth remains below 1.5% per year, youth unemployment rates tend to rise faster than overall the unemployment rate. According to the International Monetary Fund (IMF), cyclical factors explain about 50 per cent of the changes in youth unemployment rates across Europe and 70 per cent in stressed euro area countries.[1]

However, the levels of youth unemployment are also influenced by structural characteristics of labour markets, such as hiring costs or the existence of active labour market policies, as well as by the quality of education and training systems. This is where a comprehensive Youth Guarantee can make a big difference, ultimately leading to a decrease in the wide gap between youth unemployment and overall unemployment rates.

How do the European Social Fund and the Youth Employment Initiative support the implementation of the Youth Guarantee?

By far the most important source of EU money to support implementation of the Youth Guarantee and other measures to tackle youth unemployment is the European Social Fund (ESF) worth around EUR 86 billion for the 2014-2020 period.

Implementation of the Youth Guarantee is identified as a high priority in the Partnership Agreements. The Commission has adopted such agreements for all Member States. These agreements set the strategic framework for the implementation of the European Structural and Investment Funds in the 2014-20 period in each Member State.

The Youth Employment Initiative is an additional source of funding to boost the implementation of the Youth Guarantee in the coming months and years (see below).
### Examples of Youth Guarantee activities/interventions that can be supported by the ESF:

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<th>Measures</th>
<th>Specific examples of activities/interventions that can be supported by the ESF</th>
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| Outreach strategies and focal points [Youth Guarantee Recommendation 8-9] | - School visits by Public Employment Services (PES)  
- Training sessions for teachers by PES  
- Development of specialised youth services as part of PES or contracted private providers  
- Distribution of printed material at youth centres or youth events  
- Use of internet and social media  
- Data gathering systems  
- Road-shows |
| Provide individual action planning [YG rec 10]                           | - PES staff training  
- Contract with specialised partners |
| 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] | - Training and second chance programmes  
- Language training provision  
- Counselling and extra teaching support to keep or bring youth back into education or training  
- Support to at-risk youth in acquisition of relevant qualifications and the completion of upper secondary qualification  
- Work-based learning and apprenticeships  
- Provide digital skills training  
- Training vouchers |
| Encourage schools and employment services to promote and provide continued guidance on entrepreneurship and self-employment for young people. [YG rec 14] | - Training of employment services’ staff and teachers  
- Development & implementation of entrepreneurship courses in secondary education  
- Training for unemployed young people |
| 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] | - 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.)  
- Operation of EURES points (ESF support to EURES focuses on recruitment and related information, advice and guidance services at national and cross border level)  
- Awareness-raising campaigns  
- Support to voluntary organisations providing mentors  
- Support to youth organisations reaching out to migrant young workers |
| 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 [YG rec 18] | - Cooperation between employment services, business support and finance providers (e.g. regional employment fairs and networking events)  
- SME start-up support  
- Self-employment support  
- Training in business skills for e.g. for unemployed |
| Ensure greater availability of start-up support services [YG rec 19]       | - |
| Enhancement of support systems for young people | Support to youth organisations and youth services
- Support to employment and school career support services

| Enhance mechanisms for supporting young people who drop out from activation schemes and no longer access benefits [YG rec 20] | - Support to youth organisations and youth services
- Cooperate with other organisations that are in contact with the young persons
- Establish tracking systems

| 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 why [YG rec 24] | - Identify cost-effective initiatives
- Use controlled trials
- Set up centres for analysis
- Developing policy models, pilot actions, testing and mainstreaming of policies (social innovation and experimentation)

| Support to youth organisations and youth services | - Use of the European Network on Youth Employment (ESF supports transnational cooperation activities) exchange of good practice among organisations at Commission level
- Use of controlled trials
- Use of the European Network on Youth Employment

| Identify cost-effective initiatives | - Provide training and workshops
- Establish exchange programmes and secondments between organisations through transnational cooperation activities.

| How does the Youth Employment Initiative support delivery of the Youth Guarantee? | To top-up available EU financial support to the regions where individuals struggle most with youth unemployment and inactivity, the Council and the European Parliament agreed to create a dedicated €6.4 billion Youth Employment Initiative (YEI). YEI funding comprises €3.2 billion from a specific new EU budget line dedicated to youth employment matched by at least €3.2 billion from the European Social Fund national allocations.

YEI support concentrates on regions experiencing youth unemployment rates above 25% in 2012 and targets young people not in employment, education or training (NEETs). This ensures that in parts of Europe where the challenges are most acute the level of support per young person is sufficient to make a real difference.

The YEI amplifies the support provided by the European Social Fund for implementation of the Youth Guarantee by funding activities to directly help young people not in employment, education or training (NEETs) aged below 25 years, or where the Member States considers relevant, below 30.

YEI money can be used for measures such as hiring subsidies and support for young people starting a business. It can also be used to give young people their first job experience and to provide traineeships, apprenticeships, further education and training. The YEI is programmed as part of the ESF 2014-20.

Member States will have to complement the YEI assistance with substantial additional ESF and national investments in structural reforms to modernise employment, social and education services for young persons, and by improving education access, quality and links to labour market demand.

20 Member States are eligible for YEI funding, as they have regions where youth unemployment was over 25% in 2012. These funds are programmed as part of the European Social Fund 2014-20 framework and expenditure is eligible as from 1 September 2013.

National authorities need to submit Operational Programmes outlining measures to use YEI money for approval by the Commission.

**How to improve apprenticeships and traineeships**

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.

To complement the Youth Guarantee, the Commission has launched two specific initiatives to help
young people in this transition:

- On the basis of a Commission proposal, the Council of Ministers adopted in March 2014 a Quality Framework for Traineeships to enable trainees to acquire high-quality work experience under safe and fair conditions, and to increase their chances of finding a good quality job (see IP/14/236).

- Launched in July 2013, the European Alliance for Apprenticeships brings together public authorities, businesses, social partners, vocational education and training providers, youth representatives, and other key actors in order to improve the quality and supply of apprenticeships across the EU and change mind-sets towards apprenticeship-type learning (see IP/13/634).

Further information

- Press release: European Commission proposes to increase pre-financing to promote youth employment
- Memo: Accelerated pre-financing for the Youth Employment Initiative
- Youth Employment Initiative funding map
- Info graphic: Youth Employment Initiative
- Fact sheet: Youth Guarantee – making it happen
- Fact sheet: Addressing youth unemployment in the EU
- DG Employment: Youth Guarantee website
- DG Employment: Youth employment website
- European Alliance for Apprenticeships
- 2013 Communication: A call to action on youth unemployment
- 2013 Communication on Youth Employment Initiative
- 2012 Communication on Moving Youth into Employment
- EUROFOUND: European Foundation for Living and Working Conditions: Youth
- Europe 2020 strategy
- EURES jobs portal
- European Social Fund
- ILO report Eurozone Job crisis: Trends and policy responses
- Eurofound NEETs - characteristics, costs and policy responses in Europe
- Geographical map of unemployment rates
- Education and Training website

See also:

- Video: ESF: my story
- Video: The ESF at work – opportunities for young people
- Video: Youth Guarantee
- Video: EURES, Your job in Europe
- Video: Getting off to a good start
- Advice on apprenticeship and traineeship schemes booklet
- Finding a job in Europe - a guide for jobseekers