



EUROPEAN COMMISSION

## MEMO

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# The EU Youth Guarantee

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

- Just under 5 million young people (under 25) were unemployed in the EU-28 area in August 2014, of whom over 3.3 million in the euro area.
- This represents an unemployment rate of 21.6% in the EU (23.3% 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. This means that around 10% of the under 25 age group in Europe are unemployed.
- 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 nearly 50 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 7.6% in August 2014) and with the Member State with the highest rate, Spain (53.7% in August 2014). Spain is followed by Greece (51.5% in June 2014), Italy (44.2%), Croatia (43.9% in June 2014), Portugal (35.6%) and Cyprus (37.1% in June 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 proposals for reforms needed to support job creation, strengthen the resilience of labour markets and address poverty and social inclusion (Country-Specific Recommendations).

## What is the Youth Guarantee?

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, a 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 resulted in a reduction in 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 Youth Guarantee is considered by the **G20** as being a new major reform for youth employment. The meeting of G20 Labour Ministers in Melbourne on 10-11 September decided that more should be done in implementing the G20 strategies notably the youth guarantees and committed to take concrete actions to place young people in education, training and jobs.

### **Why do you consider the Youth Guarantee as a structural reform?**

For most Member States implementation of the Youth Guarantee requires in-depth structural reforms of training, job-search and education systems to drastically improve school-to-work transitions and the employability of young people that cannot be delivered from one day to the next.

In some Member States, the functioning of **public employment services** (PES) must be reformed to ensure individual young people receive appropriate personalised advice on 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 **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 develop mechanisms to **identify and activate those furthest away from the labour market** (the 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 actors that have access to these unregistered young people (e.g. social services, education providers, youth associations.).

Precisely because the Youth Guarantee is a structural reform, the Commission proposed specific recommendations on implementation of the Youth Guarantee to 8 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, reinforcement of public employment services, support for training and apprenticeship schemes, combating early school leaving and setting up outreach strategies, all of which can contribute to the delivery of the Youth Guarantee. The Recommendations also urged Member States to look at ways to tackle the segmentation of labour markets where young people are much more vulnerable.

## **Why should the Youth Guarantee be considered as an investment?**

The Youth Guarantee does have a fiscal cost for Member States (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 or 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 directly supporting 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 it be better to directly support enterprises to create jobs for young people?**

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), the European Investment Bank Group as well as the European Central Bank. However, investment support for companies is unlikely to be sufficient to improve youth employment, unless a stronger economic recovery takes hold and unless we also put in place recruitment subsidies for young people and structural reforms to improve training, education and job-search systems, as foreseen by the Youth Guarantee.

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

The Youth Guarantee can help to make an economic recovery job-rich and it makes a systemic difference in improving school-to-work transitions. However, in the absence of overall economic growth, it would be impossible for any employment reform to solve the unemployment crisis. In other words, the Youth Guarantee is no substitute for macroeconomic instruments.

Youth unemployment is more sensitive to the economic cycle than overall unemployment as young people are less experienced, 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.<sup>1</sup>

However, the levels of youth unemployment are also influenced by structural characteristics of labour markets, such as hiring costs or investment in 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.

## **Have Member States already started to implement the Youth Guarantee?**

Yes. Implementation of the Youth Guarantee is well on track and is already bringing results. Compared to other structural reforms in Europe, the Youth Guarantee is probably the most rapidly implemented.

All Member States have submitted comprehensive Youth Guarantee Implementation Plans, in compliance with the deadlines offset by the European Council. The plans submitted identify precisely, in each Member States, 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 and co-financed by the European Social Fund and the Youth Employment Initiative. Details of each Member State's plans are available [here](#).

These Implementation Plans have been assessed by the Commission within the context of the European Semester – the EU's reinforced economic surveillance framework (see [here](#)).

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<sup>1</sup> International Monetary Fund, 'Youth Unemployment in Europe: Okun's Law and Beyond' in IMF Country Report No. 14/199, 'Euro Area Policies 2014 Article IV Consultation, Selected Issues', July 2014.

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

In **Belgium**, the Region of Brussels is implementing a comprehensive Youth Guarantee strategy under the leading role of the Minister President of the Brussels Region and the Public Employment Service (**ACTIRIS**). According to ACTIRIS, the number of young people (under 25 years of age) looking for work in Brussels in August dropped as a result of the Youth Guarantee strategy.

**Spain** has taken further steps for the implementation of the National Youth Guarantee System based on Royal Decree-Law 8/2014 of 4 July. This Decree-Law regulates the registration procedure for the Youth Guarantee and fixes the eligibility criteria for the beneficiaries. Furthermore, additional non-wage recruitment subsidies for indefinite 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.

18 small scale pilot projects for the Youth Guarantee were launched between August and December 2013 with the support of the European Commission and are each running for around 12 months (see [IP/14/981](#) and [MEMO/14/521](#)). They are currently being implemented 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.

## **How does the European Social Fund support 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) which provides more than €10 billion every year in the 2014-2020 period.

Implementation of the Youth Guarantee is identified as a high priority in the [Partnership Agreements](#) adopted so far with 17 Member States on using European Structural and Investment Funds in the 2014-20 period (Denmark, Germany, Poland, Greece, Slovakia, Cyprus, Latvia, Estonia, Lithuania, Portugal, Romania, Bulgaria, France, The Netherlands, Czech Republic, Hungary and Finland). The other Member States' Partnership Agreements are under consideration by the Commission.

**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 [Youth Guarantee Recommendation 8-9]</p>	<ul style="list-style-type: none"> <li>• School visits by Public Employment Services (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. [YG rec 14]</p>	<ul style="list-style-type: none"> <li>• Training of employment services' staff and teachers</li> <li>• Development &amp; implementation of entrepreneurship courses in secondary education</li> <li>• Training 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 [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 [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 [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 why [YG rec 24]</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> <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 25]</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 26]</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>

## 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 billion [Youth Employment Initiative](#) (YEI). The YEI funding comprises €3 billion from a specific new EU budget line dedicated to youth employment matched by at least €3 billion from the European Social Fund national allocations.

YEI support concentrates on regions experiencing youth unemployment rates above 25% and on 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 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 up to 25 years, or where the Member States considers relevant, up to 29 years (in which case Member States should allocate additional ESF resources to these measures in order to ensure equal levels of support per person).

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 is over 25%. These funds are programmed as part of the [European Social Fund](#) in 2014-20 and expenditure is eligible from 1 September 2013, so that funding can be backdated to 2013.

National authorities need to submit Operational Programmes outlining measures to use YEI money for approval by the Commission. Two YEI-related Operational Programmes have been adopted by the Commission - France ([IP/14/622](#)) and Italy ([IP/14/826](#)). Preparations in other Member States are well under way.

<b>Member State</b>	<b>Regions eligible for extra funding under the Youth Employment Initiative</b>	<b>Youth Employment Initiative specific allocation (€ million)*</b>
Austria	No	-
Belgium	Yes	39.64
Bulgaria	Yes	51.56
Croatia	Yes	61.82
Cyprus	Yes	10.81
Czech Republic	Yes	12.71
Denmark	No	-
Estonia	No	-
Finland	No	-
France	Yes	289.76
Germany	No	-
Greece	Yes	160.24
Hungary	Yes	46.49
Ireland	Yes	63.66
Italy	Yes	530.18
Latvia	Yes	27.1
Lithuania	Yes	29.69
Luxemburg	No	-
Malta	No	-
Poland	Yes	235.83
Portugal	Yes	150.2
Romania	Yes	99.02
Slovakia	Yes	67.43
Slovenia	Yes	8.61
Spain	Yes	881.44
Sweden	Yes	41.26
Netherlands	No	-
UK	Yes	192.54

\*Member States have to match these amounts by at least the same amounts from their European Social Fund allocation.

## Is EU money already flowing?

Yes.

First of all, it is important to note that the €6 billion under the [Youth Employment Initiative](#) is frontloaded so that all this money is **committed in 2014 and 2015** rather than over the seven year period of the Multiannual Financial Framework. Moreover, expenditure on Youth Employment Initiative projects is eligible from 1 September 2013. This means that Member States are able to invest in the implementation of Youth Guarantee measures already since 2013, with the knowledge that the Commission will be able to reimburse them for such expenditure once the relevant operational programmes have been formally adopted.

**France** and **Italy** decided to dedicate an Operational Programme to using YEI money for youth employment, which allowed for fast-track adoption by the Commission. The French programme was already adopted on 3 June (see [IP/14/622](#)) and the Italian one on 11<sup>th</sup> July (see [IP/14/826](#)). With these two programmes, more than **25% of YEI money** has already been committed. A **Lithuanian** Operational Programme adopted on 8<sup>th</sup> September that *inter alia* aims at countering the significant unemployment rate among young people foresees the use of €1.12 billion from the ESF and €31 million from the Youth Employment Initiative.

Implementation of the Youth Guarantee is also identified as a top priority in the [Partnership Agreements already adopted with 17 Member States](#) on using European Structural and Investment Funds in the 2014-20 period (Denmark, Germany, Poland, Greece, Slovakia, Cyprus, Latvia, Estonia, Lithuania, Portugal, Romania, Bulgaria, France, The Netherlands, Czech Republic, Hungary and Finland). The other Member States' Partnership Agreements are under active consideration by the Commission. So far, the draft operational programmes submitted by the Member States to the Commission foresee **spending the entire amount from the Youth Employment Initiative of 6 billion euros and more than 40 billion euros from the European Social Fund** on measures related to the Youth Guarantee (including access to employment, improving public employment services and education). **This means that half of the European Social Fund in 2014-20 is currently foreseen to be used for investment in young people.** Direct support specifically targeting young NEETs (those not in employment, education or training) includes the €6bn from the YEI, to be committed in 2014-15, plus an additional €4 billion from the ESF.

Member States should also be using their own money. In its [Annual Growth Survey](#) 2013 and 2014, the Commission stressed that, in the context of growth-friendly fiscal consolidation, Member States should pay particular attention to maintaining or reinforcing expenditures dedicated to the coverage and effectiveness of employment services, active labour market policies and Youth Guarantee schemes.

All Member States are already putting in place reforms and measures to implement the Youth Guarantee on the basis of the [implementation plans](#) submitted to the Commission. They may consider making use of bridge financing as proposed by the **European Investment Bank** in its recent youth initiative.

The Commission is continuously working with Member States to speed the process up and has provided extensive support to implement the Youth Guarantee. The **seminar organised by the Commission in Brussels on 11<sup>th</sup> July** (see [IP/14/784](#)) was another opportunity to help Member States to accelerate and improve implementation of the measures supported by the Youth Employment Initiative, as was the 9<sup>th</sup> September meeting in Brussels to review **18 Youth Guarantee pilot projects** (see [IP/14/981](#)).

## 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

- [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:

- [ESF: my story](#)
- [Youth Guarantee video](#)
- [EURES, Your job in Europe video](#)
- [Getting off to a good start video](#)
- [Advice on apprenticeship and traineeship schemes booklet](#)
- [Finding a job in Europe - a guide for jobseekers](#)