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## **Briefing note**

# **Youth Guarantee**

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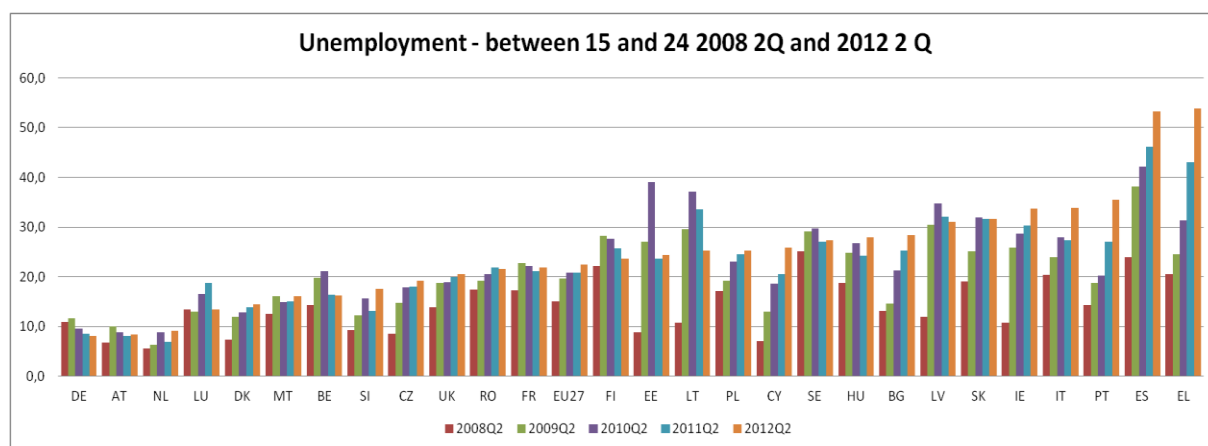
## The Youth Challenge

*Young people are more vulnerable to unemployment than older age groups. Since the crisis, youth unemployment has risen enormously in almost every European country. The youth unemployment rate was more than twice as high as for all other age groups in the European Union (EU) in the third quarter of 2012 – the ‘danger’ of a ‘lost generation’ is becoming a terrifying reality with dramatic consequences for societies and the young people themselves. Investing in young people is therefore indispensable for facilitating and supporting their pathways through education to quality sustainable jobs. A youth guarantee is precisely the measure which can enable young people to match their individual capabilities and aspirations with societal and economic demands, via a wide range of possible short and long-term supporting measures in the field of education or training and job opportunities. Such a guarantee is particularly aimed at youth with a higher likelihood of becoming long-term unemployed or inactive on the labour market.*

### **A horrible youth unemployment mess in Europe...**

In November 2012 5.799 million young people aged between 15 and 24 were unemployed in the EU; an increase of 329.000 people compared to the year before. In the third trimester of 2012 overall youth unemployment in the EU stood at 22.7%. Youth unemployment is especially high in Spain (56.5%) and Greece (57.6%) (September 2012). Austria, Germany and the Netherlands are the only three countries with a youth unemployment rate lower than 10%. At particular risk are young people, with at most a lower secondary education certificate.

**Figure 1 – Unemployment rate – quarterly data – 2008 2Q and 2012 2Q - Youths aged 15-24**



Source: Eurostat – Labour Force Survey

Equally worrying is that young people tend to stay unemployed for longer. Long-term unemployment does not only negatively influence the likelihood of subsequent employment but has also ‘scarring effects’ in the long run, in terms of jeopardising long-term earnings and future career development and mental health and well-being. Triggered by (long-term) unemployment growth, the number of young people currently neither in a job nor in education or training is on the rise. Their figure has increased to 7.5 million young people between 15 and 24 years old, and an additional 6.5 million young people aged between 25 and 29 are also excluded from the labour market and education in Europe; many of them are early leavers from education and training. In 2011 the annual economic loss due to high rates of NEET up to 29 years old was estimated at €153 billion for the EU (according to Eurofound). This figure is extremely high when compared to the estimated 10 billion euros needed for supporting the Youth Guarantee and thus the creation of 2 million additional jobs for young people by 2013 (PES).

### **...and increasing precarious employment...**

Young people are frequently employed via so-called ‘atypical employment contracts’ which are very often associated with a precarious or vulnerable situation. Not only part-time employment but also the use of fixed-term and temporary agency contracts, as well as internships, has increased in most European countries. In particular, the increase in temporary employment could mean that such contracts have become the only way to stay in employment. At the EU level the average share of youth in temporary employment stood at 40%, whereas the share for workers aged between 25 and 54 years old was almost four times lower (11.5%) in 2011.

### ***...with a disconnected and discouraged youth as a result***

Since the crisis there are fewer young people available for the labour market, as shown by the declining employment rate. The overall rate in the EU went down from 37.3% in the second trimester of 2008 to 32.8% in the second trimester of 2012. This falling rate might mean that young people have decided to postpone their entry into the labour market and stay longer in education or, for instance, move to another country. Especially youths with a lower education generally show lower employment rates and higher chances of being at risk of poverty. Indeed, reinforced by cuts in social expenditures, young people have a higher risk of poverty today; staying longer with their parents is not always an adequate strategy for avoiding poverty, since other family members may have experienced unemployment and therefore the household income has decreased.

## **The proposal of the European Commission**

In December 2012 the European Commission unveiled a new Youth Employment Package ‘Towards a job-rich recovery’ consisting of measures to help Member States tackle youth unemployment and social exclusion. The Package predominantly consists of an intensification of the orientation of previous European initiatives; initiatives to better regulate the socio-economic conditions of youth and the labour market as a whole are not taken. The Commission proposal does not include recovery measures, which are the only key answer to job creation. The Youth Employment Package includes a proposed recommendation to the EU Member States on introducing a Youth Guarantee. The Guarantee is broadly designed to provide young people up to the age of 25 with a good-quality offer of continued education, an apprenticeship, a traineeship, or a job opportunity. A central element of the Youth Guarantee is its limited timing that aims at intervening rapidly, within a maximum of four months, after leaving formal education or becoming unemployed.

The proposed recommendation urges Member States to establish strong partnerships with employers, ensure early intervention by (regional) employment services and other partners supporting young people (like trade unions and specialised youth services) and to take supportive measures to enable labour integration, making full use of the European Social Fund and other structural funds to that end. It will also assess and continuously improve the Youth Guarantee schemes. The Commission will support Member States through EU funding, by promoting exchanges of good practice, monitoring its implementation and by awareness-raising. Member States should implement a Youth Guarantee scheme as soon as possible.

## **Existing National Practices**

The Commission’s recommendation can be rapidly implemented without much difficulty. Actually, in the past or more recently, many Member States have already introduced several employment-oriented measures that could be smoothly converted into a youth guarantee scheme, and some Member States have already adopted and implemented a youth guarantee to ease young people’s pathway to employment.

Those measures form fertile ground for undertaking a more ambitious, comprehensive and strategic approach towards a youth guarantee. As an upgrade of earlier youth guarantee schemes the Finnish Youth Guarantee, called ‘Social Guarantee for Youth’, is considered the closest example to the Commission’s recommendation – a new version will be introduced in early 2013. Under the old scheme 83.5% of Finnish young job seekers received a successful intervention within three months of registering as unemployed in 2011. The scheme is either providing opportunities to complete a vocational qualification, particularly for early school leavers, or guaranteeing each young person under 25 years, and recent graduates (under 30 years), further education or training, or a job within 3 months of becoming unemployed. Essential to the Finnish youth guarantee scheme is the cooperation and partnership with the trade unions.

Turning to another Nordic country, Sweden shows that a youth guarantee is not entirely new, since such a scheme had already been introduced in 1984. Under the current Swedish ‘Job Guarantee for Young People’, young unemployed people, aged between 18 and 24 years old, are offered educational

and vocational guidance, job search activities, with coaching combined with a work experience placement; education and training. Subsidised employment is also provided to young people who are unsuccessful within the first 15 months of the youth guarantee. Furthermore Austria, Denmark, Germany, Poland, Norway and the Netherlands all have programmes offering early school-leavers or young unemployed people apprenticeships, training, active labour market measures or job offers in a given period of time. These programmes differ in terms of entitlements, the degree of involvement of the social partners and other relevant actors, the mixture of specific measures they provide and the time period within which the measures should be offered. Luxembourg implemented an action plan for youth employment which includes a youth guarantee in 2012. The same applies to France which plans to create 100,000 jobs for young people in 2013, and launched a youth guarantee in December last year. Likewise, other countries like Italy (on apprenticeships) and Portugal (on vocational traineeship for the young unemployed) have responded to the high level and increase in youth unemployment by adopting measures similar to certain measures of youth guarantee schemes.

## **The ETUC Youth Employment Policy Proposal – principles**

The youth guarantee should be implemented across Europe promptly. The guarantee is a social investment in the future of European economies and societies; even its costs estimated at €10 billion (source PES) are relatively low compared to the costs estimated at €100 billion (source Eurostat) of young people who are not in education, training or employment. The youth guarantee can only be effective if it is based on certain principles:

- (1) It should be adequately funded, particularly via the European Social Fund or other structural funds;
- (2) It should be targeted at young people who are at the margins of the labour market.
- (3) It should provide a suitable mixture of various quality measures and services with quality training, (vocational) education and work experiences as central axes<sup>1</sup>;
- (4) It should provide early intervention within a limited time frame. Early intervention is designed to reduce the negative consequences that a long period of unemployment or inactivity can have not only on a young person's skills and knowledge, chances to find a job, and earning potential in the long run, but also on their well-being;
- (5) It should apply a broad definition of being young, i.e. up to 29 years old;
- (6) It should apply easy access for all young people without discrimination;
- (7) It should apply an individualised approach since young people do not form a homogenous group;
- (8) All competencies acquired under the youth guarantee should be formally recognised;
- (9) It should provide a central role for public employment services to take up a youth-friendly role and in particular reach out to disadvantaged and marginalised youth;
- (10) Participation should be unconditional to retaining or being eligible for unemployment benefits;
- (11) Relevant stakeholders (including business associations, social partners, especially trade unions and youth organisations) at the local, regional and national level should be involved in its design, implementation and actual functioning.

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<sup>1</sup> Any education and training opportunities within the youth guarantee scheme should be accompanied by a scholarship to cover minimum expenses or reimbursement of incurred costs. Subsidised student housing should also be provided if necessary. Any on the job training provided under the youth guarantee, whether it is a placement or internship, should be remunerated at least by the minimum wage of the country in which it takes place.

## Main documents used

Eurofound (2012) *NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe*, Luxembourg, Publications Office of the European Union; Eurofound (2012) *Youth Guarantee: experiences from Finland and Sweden*, Luxembourg, Publications Office of the European Union; European Commission (2012) *Proposal for a COUNCIL RECOMMENDATION On Establishing a Youth Guarantee, Brussels, 5.12.2012 COM(2012) 729 final*; European Youth Forum (2012) *A youth guarantee for Europe. Towards a right-based approach to youth employment policy*, Brussels, European Youth Forum.

PES (2012) Combating youth unemployment Report adopted by the PES presidency on 9<sup>th</sup> February 2012 [https://d3n8a8pro7vhm.cloudfront.net/pes/pages/26/attachments/original/1338994263/Report\\_CYU2012\\_EN.pdf?1338994263](https://d3n8a8pro7vhm.cloudfront.net/pes/pages/26/attachments/original/1338994263/Report_CYU2012_EN.pdf?1338994263)

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