



Issues Paper

Youth – What has the Youth Opportunities Initiative achieved and what is next?

Jobs for Europe: The Employment Policy Conference

Stream B: Employment policy throughout the life-cycle

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Main challenges

Within the overall context of worsening unemployment, youth unemployment has increased more than unemployment of prime-age and older workers. Across the EU the youth unemployment rate has reached an average of more than 22%, but exceeds 50% in some Member States. Young people are twice as likely to be unemployed as the adult population. Furthermore, research indicates that the effects of the crisis on youth might not be limited to lower income and delayed career development for a few years but could be permanent, translating into lower lifetime earnings, reduced productivity, and greater poverty and social exclusion (the so-called 'scarring' effect).

Youth unemployment rates vary strongly across the EU, and have reacted differently to the crisis, suggesting that – besides macroeconomic environment and policy – domestic institutional factors have an important influence on youth employment. In particular, only in a small number of Member States are youth unemployment rates close to the EU average, suggesting that increasing the effectiveness of the education and training framework and of labour market institutions can improve the youth employment situation. In addition, Member States also differ in the extent to which young people are affected by the problem of **dual (segmented) labour markets** and in the percentage of so-called **NEETs** (not in education, employment or training) – a serious policy issue which already affects 8.3 million Europeans under 25 and is growing).¹ The issue then is to identify which elements of the best performing Member States are responsible for their success, how to transfer these best practices to other Member States, and the best way of structuring the EU role in this process. Another important problem is the creeping precarisation of the employment conditions of the young, which may be gaining ground even in countries with well-functioning training and education systems. Given the complex nature of labour market and education and training systems, these are not trivial challenges.

What has the Commission done in this field?

The Commission has presented in December 2011 a package of proposals in the **Youth Opportunities Initiative**², mobilising all relevant EU-level tools and encouraging Member States' authorities, businesses and social partners for urgent and focused action to tackle youth unemployment. The YOI has four pillars of delivery: closer surveillance of national policies under the European Semester, better use of EU Structural Funds, promotion of innovative approaches to supporting school-to-work transitions, and measures to improve labour mobility.

During the 2012 **European Semester**, 15 Member States have received country-specific recommendations concerning action to improve youth employment.³

In the context of the **Structural Funds**, the Commission has encouraged Member States to increase financing to programmes and actions that have a direct impact on youth, mainly by redirecting uncommitted funding from other areas. At the informal European Council meeting of 30 January 2012, the Commission called on Member States to develop youth jobs plans within their National Reform Programmes. It also launched "action teams" to help the 8 Member States with the highest levels of youth unemployment to re-allocate their remaining EU structural funds allocations for 2007-13 as needed to most effectively tackle youth unemployment.⁴ The action teams have examined the state of implementation of the funds according to the initial

¹ Within the 15-24 age group, 12.8% of people are NEETs (EU-27, 2010 data).
<http://bit.ly/Oig1xd>

² <http://bit.ly/sK1f5Z>

³ <http://bit.ly/L4YfII>

⁴ <http://bit.ly/wuyxFo>

programming and examined whether a higher priority could be given to projects fighting youth unemployment. Over 460,000 young people are estimated to be set to benefit from the modifications undertaken as of May 2012 (in addition to those young people who would benefit from Structural Funds programmes also prior to their modification).⁵

The Commission also launched several actions aimed at promoting wider action, and more innovation, to **improve school-to-work transitions**. It is developing, following a public consultation in spring 2012, a *quality framework for traineeships*, addressing concerns about abuses of trainees and aiming to ensure that traineeships fully play their human capital development role and function as stepping stones. Conclusion of a traineeship contract, definition of professional and learning objectives, proper recognition/certification of the traineeship, limited duration, adequate social protection and remuneration of the trainee are among the elements being considered. The Commission has also boosted placements in enterprises within the Erasmus and Leonardo da Vinci programmes in an effort to promote dual learning.

To improve **mobility** through the European labour market, the Commission is preparing a transformation of the EURES network to strengthen its matching, placement and recruitment functionalities. In April 2012, the first targeted mobility scheme under EURES – Your First EURES Job – has become operational as a pilot, aiming to facilitate job placements of 5,000 young people in a different Member State.⁶

Best practices

A good practice already introduced in some Member States, such as Austria, Sweden or Finland is the establishment of **Youth Guarantee** schemes. Such schemes ensure that within a few months of leaving school, young people receive a good quality offer of employment, continued education, an apprenticeship or a traineeship. The Commission is working on a proposal for a Council recommendation with a view to achieve EU-wide establishment of Youth Guarantees to prevent young people from losing contact with the labour market.

Questions

- Even in some of the best performing countries in terms of youth employment there are rising complaints about precarisation of work conditions having a disproportionate impact on young people. Are these concerns legitimate? What needs to be done?
- Which institutional elements of the most successful countries are exportable and which not? Can they be adapted and to what extent?
- What can be done to further strengthen EU action against youth unemployment, in particular regarding Member States where the situation is the worst?

⁵ <http://bit.ly/P6oq1t>

⁶ <http://bit.ly/KF9mvo>