



# TYEC “Tackling Youth Employment Challenge” Measures and strategies for European Social Dialogue Actors

## *TYEC partners:*



avec le soutien de la Commission Européenne  
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## Introduction

Over the last twenty years we have witnessed an evolution of the European policy, which has gradually attributed to young people an ever more central and decisive role. Considering that young people are regarded as fundamental resources for the E.U. future, the development of policies to their benefit has become essential to foster the process of economic, social, cultural and professional growth of the new generations of European citizens. However, the employment prospects for young Europeans remain bleak. In 2012, one out of five young people under 25 years old looking for a job could not find it.

Although the European Commission and the European Social Partners consider this "unacceptable", it is evident that there is a severe specific problem, namely youth unemployment, in the framework of the wider problem of unemployment as a whole, which is shared by several E.U. countries. Hence the crisis which, in recent years, has hit hard most European countries is having particularly severe effects on young people's employment opportunities. This is a significant problem because it entails deeply negative consequences for the future of younger generations and, hence, the entire European population.

As a result of the increasingly negative developments on the labour market for young people, in recent years tackling young people unemployment and precariousness has become one of the priorities of European social partners.

Young people have thus become the main target of E.U. political strategies, with the aim of meeting their expectations, defending their rights and, at the same time, encouraging them to contribute to society by developing a new "sense of belonging" to the E.U. and "active citizenship". Young people have a first-hand experience of the imbalances caused by the quick economic, social and political changes underway in recent years. Compared to the other actors, in general terms, young people have a weaker and less protected position.

Young people are more vulnerable on the labour market, they are over-represented in temporary and part-time jobs and as a result are more likely to face unemployment during recessions. Precarious workers occupy a grey area where basic employment and social protection rights are often significantly reduced, giving rise to a situation of uncertainty in all spheres of life. Faced with this signs of uneasiness, an increasing number of surveys have been made on their conditions in the E.U. Member States Union, thus providing us important information about the disenchantment of young people and making ever more evident the urgency of a collective project in which their interests can be adequately represented.

To cope with this situation, UIL and UIL Tuscany – jointly with other European partners - have proposed the Community's initiative "TYEC" - *Tackling Youth Employment Challenge: measures and strategies for European Social Dialogue Actors*, co-funded by the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

UIL, UIL Tuscany, the ILO and group of unions', employer organisations' and associations' partners from Spain, France, Italy, Belgium and Romania have adopted this initiative by sharing the ambitious activities and targets which, for a year, will involve them in testing innovative solutions to foster youth employment in Europe and strengthen the identification and exchange of good practices at European level, as well as carry out – as main final product – this comparative study analysing the main social and political dimensions of the young Europeans' living conditions.

The TYEC Project has the main goal of concretely guiding and indicating to the institutional, social and political actors and major associations in the 27 E.U. member States involved in the fight against unemployment and precariousness, which measures and approaches can be taken to ensure better coordination between the social agents, the various stakeholders and levels (local, regional, national and European) and greater involvement of young people in the search for and implementation of sustainable solutions.

UIL and UIL Tuscany are proud of having sponsored this project because it is deeply worried about the steady rise in unemployment and, particularly, youth unemployment, not only at the regional but also at Italian and European levels.

In Italy, over the last few years characterized by a severe economic crisis, the youth unemployment rate has exceeded 35%. In Tuscany, in 2002, the youth unemployment rate reached 32%. At the same time, employment opportunities for young people are increasingly characterised by flexibility and precariousness. In an economic cycle such as the current one and in the lack of effective protection systems, these young people, and their families in particular, bear the brunt of this situation.

Young people are also much more likely to be employed under temporary contracts. In the European Union about one third of young people are working in such circumstances, compared with 11% of adults. Part-time or temporary jobs are very often the only alternatives available to young people. The increased use of short-term contracts in the economy as a whole is another indicator of deteriorating conditions in the youth labour market in European Union.

Moreover, if we have a look at data and trends of this phenomenon at macroeconomic level, we realize that youth unemployment has reached alarming proportions in the advanced economies and particularly in the Eurozone. The economic and financial crisis which is currently hitting the European Union has triggered off profound changes. In the European Union, the youth unemployment rate reached 22.7% (in the third quarter of 2012), namely twice as much as the adult unemployment rate, and there are no signs of or prospects for a reversal of the trend. The young unemployed are about 5.5 millions and more than 7.5 million young people under the age of 25 years are currently not working and do not follow any educational or training pathway (the so-called NEETs, namely not in employment, education or training). In fact, the data provided by the Eurostat, the E.U. Statistical Office, shows that in April, in fact, 5.46 million young people under the age of 25 years were unemployed in the 27 E.U. member States, of whom 3.36 millions in the Eurozone countries, which is equivalent to an average youth unemployment rate of 22.7% in the European Union and 22.2% in the euro area, though with hardly sustainable peaks recorded in recent months in Greece (52.7%) and Spain (51.5%) and very high rates, however, exceeding 30% in Slovakia (39.3%), Portugal (36.6%), Italy (35.9%), Lithuania (33.6%), Belgium (32.4%), Latvia (31.9%) and Ireland (30.3%). In general terms, except for Germany, Austria and the Netherlands, all the other E.U. member States record youth unemployment rates above 15% and, in most cases, exceeding 20%. Everywhere the rate of youth unemployment is at least double than the entire population's, while the number of young unemployed continues to increase: between April 2011 and April 2012 there was an increase of 268,000 young unemployed in the European Union and 214,000 in the euro area. Despite the great attention generally paid by national policies to the problem of youth employment, there is little consensus on the measures that should be taken to better orient young people. Faced with the sharp rise in unemployment, there is widespread belief that only a general improvement of the economic situation and the labour market can have a positive impact also on young people. In addition to the immediate effects of the crisis, we must keep in mind that, though at lower levels, youth unemployment and inactivity are a cost and damage for society. These costs are for the present - related to the support paid, as well as earnings and taxes not collected - but also social costs for the future, since they have effects that leave their mark, with negative and long-term impact on the future income levels, the risk of future unemployment, effects on the health, welfare and pension reserves. In this context, young people, who have fewer resources and positions than the others, are the people most vulnerable to change which follows a more fragile and risky pathway since it is not channelled into a collective project. Change quickly affects many facets of their life, such as economic, political and social aspects.

Europe cannot waste its talents and their future.

In the framework of the Europe 2020 strategy and its flagship initiative "Youth on the Move", the partnership established with the TYEC Project – well aware that there is no measure which can apply to all countries and by using a multilateral approach - has been actively involved in the design of policies and measures aimed at increasing youth employability and promoting greater employment participation by young people even through the promotion of the social dialogue.

With a view to making new forms of enhanced cooperation feasible and effective and offer new models of policies and strategies such as incentives and guidance for youth employment – considering, in particular, the high levels of unemployment and underemployment, the decline in the quality of jobs available to young people, the detachment from the labour market and the slow and difficult access to decent jobs - the partnership has carried out this comparative study divided into three fundamental pillars:

1. comparative analysis on the effectiveness of the policies implemented by European partner countries to combat youth unemployment during the 2008-2012 period;
2. the inclusion of younger generation in the European socio-economic context: measures and strategies to promote youth entrepreneurship;
3. the social cost of unemployment: the social and economic impact and effects on young generations.

The policies for young people must be designed on the basis of the knowledge about these issues, the content and changes which may occur, and must be tackled in an integrated way to achieve effective results. The awareness of this need has led the partnership to integrate the various levels of analysis. Hence in this case, unlike traditional studies on young people, this analysis encompasses the main dimensions of the living conditions of young people between 18 and 30 years of age, namely education, work, lifestyles, cultural models, political and social participation, values and social cohesion.

Hence the need to carry out a study outlining and delving into all the aspects of the problem, with the serious desire to put forward some practical proposals to make economic and social representatives, as well as national and European institutions, aware of the problem for them to have greater influence on the programs and policy decisions of the Commission and the European Parliament.

From the operational viewpoint, while preparing and analysing the themes of this study, the partners have focused mainly on three immediate priorities common to the three pillars: to analyze the effectiveness of youth employment policies in partner countries; to provide tools, mechanisms and strategies to promote and encourage the use of the Structural Funds of the new E.U. programming for the 2014-2020 period; to ensure the widest possible dissemination and sharing of policies and approaches implemented by the Project in favour of youth employment between local governments and social partners within the European Union.

1. Analysing the effectiveness of the policies designed to promote youth employment in partner countries

This priority widely shows the complex relationship existing between active employment policies, young Europeans and the labour market, by exploring the dynamics and structural characteristics of the various national contexts from 2008 until today. The goal is certainly ambitious, because examining the relationship between policies, youth and employment means to address many issues: the relationship with the family of origin, cultural, social and political participation, as well as the characteristics of education and training pathways.

In the study partners focus their attention particularly on some prevalent issues:

- economic and employment policies for youth employment which have proved to be successful and effective;
- relevant policies adopted in European countries to support the employability of young workers and to extend their access to social protection;
- five in-depth country case studies (Italy, Spain, Romania, Belgium and France) for a better understanding of the causes of differences and similarities in the labour market conditions (temporary contracts and principles of flexicurity) of young skilled people;
- employability- training, education, skills and school to work transition, traineeship initiatives including their transnational dimension;
- youth entrepreneurship and growth of self-employment;

## 2. Fostering the use of the structural funds falling within the new European programming for the 2014-2020 period

The study defines tools and operational strategies to be used to tackle the problem of youth unemployment by encouraging the effective use of E.U. structural funds [the European Regional Development Fund (ERDF) and the European Social Fund (ESF)], as well as the E.U. initiatives whose guidelines shall be established - for the 2014-2020 programming period – by , the European Commission according to European priorities. In so doing, the partnership wishes to develop new approaches which, over time, should become an integral part of the ordinary practices and strategies typical of each target local and national context to promote more and better jobs. In this regard, the study is an operational guidebook offered to local institutional actors to be adapted and used as an effective tool for implementing projects and actions shared at European level, which have the sole purpose of supporting youth employment by favouring innovative actions, transnational proposals, the multiplier effect of activities and the adoption of "bottom-up" rather than "top-down" working and analysis approaches by mobilizing more easily the skills and experience of a wide range of actors who are best placed to identify the local, regional and multi-sectoral problems and needs.

## 3. Ensuring the widest possible dissemination and sharing of the policies and approaches implemented by the Project in favour of youth employment between local governments and social partners within the European Union

The comparative study has been drafted with a view to reaching the largest number of institutional actors and members of the associations operating in the European context. The comparative study will draw attention to the creation of innovative and multilateral partnerships, involving governments, social partners, educational institutions, communities and young people themselves, designed to take urgent and concrete programs giving priority to youth employment. Nothing not envisaging a strong collective action and partnership at national, regional and European levels will succeed in changing for the better the hard situation of young people on the labour market. In this respect, the partnership of the TYEC Project plays a major role in this activity in order to facilitate mutual exchange at all levels and create new partnerships and synergies to face the crisis.

The UIL and all the partners of the TYEC Project, wish to promote and support any initiatives designed to achieve the objectives of the study so as to seriously tackle the issue of youth employment in Europe, the development of economic systems, the protection of the welfare systems and workers' rights, with the clear ambition to contribute to strengthening European cohesion.

# Youth Employment in the EU: A Comparative overview of policies and practices to combat youth unemployment

Young people all over the world are facing real and increasing difficulties in finding stable employment. Youth unemployment in particular has become a risk to social, political and economic stability in Europe. The situation of youth unemployment represents a large share of untapped economic resources that lowers output and economic growth potential and threatens to encroach upon the values of equality and cohesion between generations, which is a significant feature of social justice. A continuing of the youth unemployment crisis also increases the probability of social and political turbulence as more young people lose faith in the present-day economic paradigm. Therefore, the youth unemployment situation deserves urgent attention.

Most employment statistics available define youth as between 15-24 years old. In some cases statistics are available for 30-34 year olds, and rarely for 25-29 year olds, an age bracket that is crucial in terms of economic emancipation and family creation. Youth certainly face distinct disadvantages in the labour market when compared to adults. However, it is important to note that they are a diverse group themselves. There are particular sub-groups among them that are more vulnerable to underemployment and unemployment. Within the category of youth, there are important differences in age, gender, socio-economic background, literacy, education and skills, migration/national and ethnic origin, disabilities, etc. Although this report provides an overview of the youth employment situation in Europe, it is important to remember that youth are not a homogeneous group.

## *Some of the problems facing youth specifically*

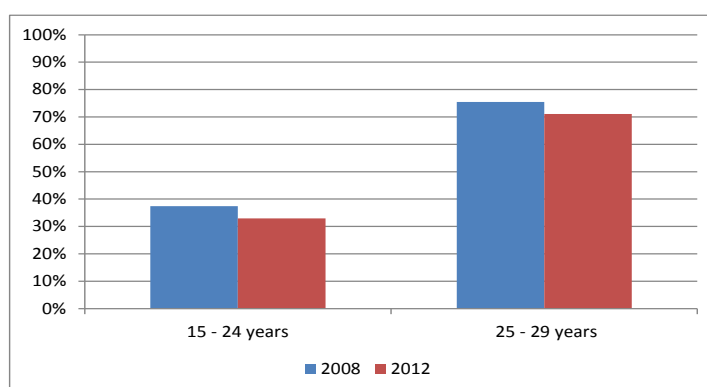
- *Difficulties in finding a strong foothold in the labour market*
- *Dropping out of education or work; precariousness and lower levels of social protection; rising long-term unemployment and inactivity (particularly for those from vulnerable and disadvantaged groups)*
- *Difficult school to work transition*
- *Skills mismatch: a large number of vacancies coexist with high unemployment rates – the skills and geographical mismatches are increasing.*

## Overview of the youth employment situation in Europe

### YOUTH EMPLOYMENT

In 2012, the EU27 **employment rate (15-24 years old)** is 32.9%, which represents a 4.5 p.p. decrease since 2008. The **employment rate (25-29 years old)** in 2012 is more than double this rate (71.1%), and shows a significant decrease of 4.4 p.p. since 2008. The youth employment rate has remained stable in Germany for 15-24 year olds, and has increased by 2.8 p.p. for 25-29 year olds since 2008. The employment rate for 25-29 year olds also increased from 2008-2012 in Luxembourg (4.3 p.p.). In all other countries the rate has decreased for both age groups since 2008. The most dramatic declines were among the 15-24 year olds in Spain (17.8 p.p.), Ireland (17.7 p.p.), and Denmark (11.4 p.p.).

Figure 1: EU27 employment rates across age groups 2008-2012



Source: Employment (main characteristics and rates) - annual averages [lfsi\_emp\_a]

Table 1: Employment Rates 2008-2012

Country	15-24 Yrs			25-29 Yrs			25-64 Yrs		
	2008	2012	diff.	2008	2012	diff.	2008	2012	diff.
<b>EU27</b>	37.4	32.9	<b>-4.5</b>	75.5	71.1	<b>-4.4</b>	72.1	70.7	<b>-1.4</b>
<b>Belgium</b>	27.4	25.3	<b>-2.1</b>	80.1	75.9	<b>-4.2</b>	70.3	70.0	<b>-0.3</b>
<b>Spain</b>	36.0	18.2	<b>-17.8</b>	74.7	58.9	<b>-15.8</b>	69.8	61.9	<b>-7.9</b>
<b>France</b>	31.3	28.8	<b>-2.5</b>	78.8	74.9	<b>-3.9</b>	72.6	71.9	<b>-0.7</b>
<b>Italy</b>	24.4	18.6	<b>-5.8</b>	64.3	57.3	<b>-7.0</b>	65.0	63.6	<b>-1.4</b>
<b>Romania</b>	24.8	23.9	<b>-0.9</b>	69.2	67.8	<b>-1.4</b>	68.1	67.4	<b>-0.7</b>

Source: Employment rates by sex, age and nationality (%) [lfsa\_ergan]



## YOUTH UNEMPLOYMENT

The economic crisis Europe has been dealing with since 2008 is having a dramatic impact on young people: youth unemployment is now one of the most serious challenges facing Europe.<sup>1</sup> Of the 26.338 million men and women who were unemployed in February 2013 (EU27), 5.694 million were under the age of 25. These figures represent an increase of 196,000 in the EU27 between February 2012 and February 2013. As shown in Table 2, the EU 27 annual **youth unemployment rate (15-24 year olds)** for 2012 is 22.8%, representing a 7.2 p.p. increase since 2008. For **24-29 year olds** the rate has increased 5.2 p.p. from 2008 to 2012. In the same time period the EU27 unemployment rate for 25-64 year olds has increased from 6.0% to 9.2%.

Table 2: Unemployment Rates 2008-2012

Country	15-24 Yrs			25-29 Yrs			25-64 Yrs		
	2008	2012	diff.	2008	2012	diff.	2008	2012	diff.
<b>EU27</b>	15.6	22.8	<b>7.2</b>	8.6	13.8	<b>5.2</b>	6.0	9.2	<b>3.2</b>
<b>Belgium</b>	18.0	19.8	<b>1.8</b>	9.0	11.1	<b>2.1</b>	5.9	6.5	<b>0.6</b>
<b>Spain</b>	24.6	53.2	<b>28.6</b>	13.6	32.2	<b>18.6</b>	9.8	22.8	<b>13</b>
<b>France</b>	18.6	23.8	<b>5.2</b>	9.2	12.9	<b>3.7</b>	6.1	8.4	<b>2.3</b>
<b>Italy</b>	21.3	35.3	<b>14.0</b>	11.0	17.9	<b>6.9</b>	5.6	9.0	<b>3.4</b>
<b>Romania</b>	18.6	22.7	<b>4.1</b>	6.7	10.7	<b>4.0</b>	4.7	5.8	<b>1.2</b>

Source: Unemployment rates by sex, age and nationality (%) [Ifsa\_urgan]

The diversity of labour market performance among EU countries is remarkable. Countries that have been most affected by the crisis show the highest youth unemployment rates. Countries with youth unemployment rates over 30% include Ireland (30.4%), Greece (55.3%), Spain (53.2%), Portugal (37.7%), and Slovakia (34.0%). The lowest youth unemployment rates were found in Germany (8.1%, a decrease of 2.5 p.p. since 2008), the Netherlands (9.5%, an increase of 4.2 p.p. since 2008), and Austria (8.7%, an increase of .7 p.p. since 2008). Recently published quarterly data reports<sup>2</sup> reveal that between February 2012 and February 2013 youth unemployment rates (under 25 years old) decreased in Czech Republic (by .1 p.p.), Germany (by .4 p.p.), Ireland (by .3p.p.), and Lithuania (by 3.6 p.p.).<sup>3</sup> However, rates increased in all other countries and rather dramatically in some. For instance, in Spain the rate has increased 2.4 p.p., in Portugal 2.7 p.p., and in Cyprus 3.8 p.p. While labour market disparities have always existed among EU countries, the economic crisis has played a significant role in exacerbating the differences.

<sup>1</sup> European Foundation for the Improvement of Living and Working Conditions, 2012 – Eurofound Report: Effectiveness of policy measures to increase the employment participation of young people

<sup>2</sup> Eurostat news release, Euroindicators 50/2013- 2 April 2013

<sup>3</sup> Eurostat seasonally adjusted unemployment rates April 2013



## YOUTH LONG TERM UNEMPLOYMENT

The EU27 **long term unemployment (12 months or more) rate** – expressed as a percentage of the total unemployment – in 2012 is 32.4% for 15-24 year olds, and 47.8% for 25-64 year olds. Though rates are highest for older working adults, there was an increase of 9.6 p.p. between 2008 and 2012 for 15-24 year olds, compared to an increase of only 6.2 p.p. for 25-64 year olds.<sup>4</sup> Unemployed youth are especially vulnerable since longer periods of unemployment in the current context have a more lasting scarring effect in their future adult life, including risks of poverty, exclusion, and marginalization.<sup>5</sup>

Table 3: Long Term Unemployment Rates 2008-2012

Country	15-24 Yrs			25-64 Yrs		
	2008	2012	Diff.	2008	2012	Diff.
<b>EU27</b>	22.8	32.4	<b>9.6</b>	41.6	47.8	<b>6.2</b>
<b>Belgium</b>	27.4	29.3	<b>1.9</b>	53.6	49.1	<b>-4.5</b>
<b>Spain</b>	10.4	35.6	<b>25.2</b>	20.1	46.2	<b>26.1</b>
<b>France</b>	24.3	28.4	<b>4.1</b>	41.9	43.9	<b>2.0</b>
<b>Italy</b>	38.2	49.7	<b>11.5</b>	47.8	53.9	<b>6.1</b>
<b>Romania</b>	43.4	43.3	<b>-0.1</b>	40.4	46.1	<b>5.7</b>

Source: Long-term unemployment (12 months or more) as a percentage of the total unemployment, by sex and age (%) [lfsa\_upgal]

## YOUTH INACTIVITY AND YOUTH NEET

Similar to general employment statistics, youth unemployment is measured as the portion of job-seeking youth in all youth who are either working or looking for work. But many young people are doing neither. Millions are in education. Many have simply given up looking for a job. These groups are not captured in general youth unemployment statistics, which pushes down the youth unemployment rate. Therefore, it is important to consider other indicators in order to get a picture of the youth employment situation. In 2012, 57.4% of 15-24 year olds were **inactive**, compared to 55.7% in 2008.

Table 4: Inactivity Rates 2008-2012;

Country	15-24 Yrs			24-29 Yrs			25-54 Yrs			55-64 Yrs		
	2008	2012	diff.	2008	2012	diff.	2008	2012	Diff.	2008	2012	diff.
<b>EU27</b>	55.7	57.4	<b>1.7</b>	17.4	17.5	<b>0.1</b>	15.4	14.7	<b>-0.7</b>	51.9	47.2	<b>-4.7</b>
<b>Belgium</b>	66.6	68.5	<b>1.9</b>	12.0	14.6	<b>2.6</b>	14.3	15.0	<b>0.7</b>	63.9	58.6	<b>-5.3</b>
<b>Spain</b>	52.3	61.2	<b>8.9</b>	13.5	13.1	<b>-0.4</b>	16.2	13.3	<b>-2.9</b>	50.8	46.5	<b>-4.3</b>
<b>France</b>	61.6	62.2	<b>0.6</b>	13.1	14.0	<b>0.9</b>	11.4	11.5	<b>0.1</b>	60.0	52.1	<b>-7.9</b>
<b>Italy</b>	69.1	71.3	<b>2.2</b>	27.7	30.1	<b>2.4</b>	21.9	22.1	<b>0.2</b>	64.5	57.4	<b>-7.1</b>
<b>Romania</b>	69.6	69.1	<b>-0.05</b>	25.8	24.1	<b>-1.7</b>	21.7	20.2	<b>-1.5</b>	55.8	57.1	<b>1.3</b>

Source: Inactive population as a percentage of the total population, by sex and age (%) [lfsa\_ipga]

A more accurate indicator of the youth employment crisis is the NEET concept. The term **NEET** is used to describe young people who are not engaged in any form of employment, education or training. As shown in Table 5, in 2012, 20.6% of 25-29 year olds were considered NEET compared to 17.0% in 2008. NEET rates for 20-24 year olds went from 15.0% in 2008 to 18.6% in 2012. Only 7% of 15-19 year olds are NEET, compared to 6.5% in 2008. The highest NEET rates are found in the East and Southern European EU Member States, with the lowest rates found in the Netherlands, Germany, and the Nordic countries. Eurofound estimates that the economic cost of not integrating NEETs is over €150 billion, or

<sup>4</sup> Long-term unemployment (12 months or more) as a percentage of the total unemployment, by sex and age (%) [lfsa\_upgal]

<sup>5</sup> European Commission (2012) Implementing the Youth Opportunities Initiative: first steps taken. Strasbourg, 18.4.2012

1.2% of GDP, in 2011 figures and this needs to be tackled adequately by adopting policy measures encouraging youth employment.<sup>6</sup> There are important social factors involved in rising youth NEET rates in the EU. For example, young people not in education, employment or training have increased risks of social and political alienation. They tend to have lower levels of political engagement and trust in their democratic institutions.

Table 5: NEET Rates 2008-2012

Country	15-19 Yrs			20-24 Yrs			25-29 Yrs		
	2008	2012	diff.	2008	2012	diff.	2008	2012	diff.
<b>EU27</b>	6.5	7.0	<b>0.5</b>	15.0	18.6	<b>3.6</b>	17.0	20.6	<b>3.6</b>
<b>Belgium</b>	5.2	7.4	<b>2.2</b>	15.1	16.8	<b>1.7</b>	15.6	18.3	<b>2.7</b>
<b>Spain</b>	11.4	10.5	<b>-0.9</b>	17.0	26.1	<b>9.1</b>	17.4	28.7	<b>11.3</b>
<b>France</b>	5.2	6.3	<b>1.1</b>	15.3	17.9	<b>2.6</b>	16.7	20.2	<b>3.5</b>
<b>Italy</b>	11.4	11.9	<b>0.5</b>	21.6	29.5	<b>7.9</b>	23.8	28.9	<b>5.1</b>
<b>Romania</b>	9.0	10.3	<b>1.3</b>	13.8	21.5	<b>7.7</b>	16.2	23.0	<b>6.8</b>

Source: Participation of young people in education and training, by employment status, age and sex (incl. NEET rates) [edat\_lfse\_18]

<sup>6</sup> <http://www.eurofound.europa.eu/emcc/labourmarket/youth.htm>

## EU LEVEL APPROACH TO YOUTH UNEMPLOYMENT

There has been a call to take all possible necessary measures in order to avoid a second phase of the financial crisis and to ensure stable work and social justice for all. As a consequence of the increasingly adverse developments on the labour market for young people, the E.U. Member States have been vigorously involved in the design and implementation of policy measures aimed at increasing youth employability and promoting greater employment participation by young people with policies and measures designed to reform important areas such as education, employment and school to work transition. In order to measure progress in meeting the **Europe 2020 goals**<sup>7</sup>, several targets which relate to youth unemployment have been agreed for the whole EU:

- **Employment:** 75% of the 20-64 year-olds to be employed
- **Education:** reducing the rates of early school leaving below 10%; at least 40% of 30-34 year olds completing third level education

The **European employment strategy**, inspired by the Europe 2020 growth strategy, aims to generate more and better jobs throughout the EU. In 2012 the European Commission has responded to the employment situation by launching the "**Employment package**." This package aims to:

1. **Increase job creation:** reducing taxes on labour, using hiring subsidies effectively, exploiting the potential of key sectors, such as green economy, ICT, or health and care sector;
2. **Improve the dynamics of labour markets:** helping workers succeed when changing jobs or getting back into work, mobilising all actors to implement the reforms required, investing in skills based on better forecasting and monitoring of needs, promoting the free movement of workers;
3. **Reinforce the governance of employment policies:** reinforcing their monitoring with the EU countries so that employment and social concerns do not lag behind economic ones.

One part of the Europe 2020 strategy for smart, sustainable and inclusive growth is **Youth on the Move**, a package of education and employment policy initiatives for young people in the EU. These policies aim to improve youth education and employability, to reduce youth unemployment-as a part of the broader EU target of achieving a 75% employment rate for 20-64 year olds. Relevant practices include improving education and training, encouraging the use of EU grants to study abroad, and encouraging Member States to speed up and simplify the school to work transition of young people.

The annual growth survey (AGS) sets out the EU's priorities for the coming year to increase growth and job creation and opens the yearly **European semester**, which encourages better coordination by national governments of their economic policies. This process involves Employment Guidelines, Joint Employment Report, National Reform Programmes, and Country specific Recommendations. All Member States have committed to the Europe 2020 strategy. However, each country has different economic circumstances and translates the overall EU objectives into national targets in its **National Reform Programme**, which presents a country's measures and policies to continue growth and job creation and to reach the Europe 2020 targets. The National Reform Programme is presented in parallel with its Stability/Convergence Programme, which sets out the country's budgetary plans for the coming three or four years. The **Country specific recommendations (CSRs)** are prepared by the European Commission for each Member State, analysing its economic situation and providing recommendations on measures they should adopt over the coming year. They are tailored to the particular issues the Member State is facing and cover a broad range of topics such as measures to create jobs and fight unemployment, education, etc. The final implementation of the CSRs arranged by the Commission is done at the highest level by national leaders in the European Council.

<sup>7</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/europe\\_2020\\_indicators/headline\\_indicators](http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators)

During the 2012 **European Semester**, 15 Member States have received **country-specific recommendations** regarding actions aimed at improving the youth employment situation. In the framework of the **Structural Funds**, the Commission has encouraged Member States to increase financing to programmes and actions having a direct impact on youth employment, largely by redirecting unused funding from other areas. At the informal European Council Meeting of 30 January 2012, the Commission requested Member States to design youth jobs plans within their National Reform Programmes. It also initiated the **“youth action teams”** to help the 8 Member States with the highest levels of youth unemployment (EL, ES, IE, IT, LT, LV, PT, SK) to re-allocate their remaining EU Structural Funds for 2007-2013 as needed to most effectively increase youth employment. The action teams examined the state of implementation of the funds according to the initial programming and look at whether a higher priority could be given to projects decreasing youth unemployment. About €10 billion of EU financing has been targeted for accelerated delivery or reallocation through this initiative so far, with around 660,000 young people and 55,000 SMEs likely to benefit.<sup>8</sup>

**Access to Employment (A2E)** is one of the key policy fields for the 2007-2013 ESF Operational Programmes (OPs). This field aims at ‘enhancing access to employment and the sustainable inclusion in the labour market of job seekers and inactive people, preventing unemployment, in particular long term and youth unemployment, encouraging active ageing and longer working lives and increasing participation in the labour market’. The 2007-2013 ESF OPs were drawn up at the end of a rather long period of rising employment levels. However, the economic crisis which began in 2008 created a more difficult space for the effective implementation of ESF A2E. Major constraints on public sector budgets in Europe, following the economic crisis, also creates difficulties for implementing ESF interventions by making it more challenging to secure necessary match funding. As a result of budget constraints, some EU Member States have re-designed both their active labour market policy interventions as well as their passive social security systems in order to address post crisis economic and social effects. ESF A2E practices are usually implemented via co-financing national government mainstream programmes, so the budget constraints are currently impacting on the effectiveness of the ESF A2E key areas of intervention.

Labour market disruptions have occurred across Europe. Some countries have experienced increase in employment levels since 2008, while others have experienced declining employment rates. This suggests that the appropriateness of ESF A2E practices and results vary according to the country context. €75.95 billion has been allocated in 117 OPs across the 27 Member States in the 2007-2013 period. The OPs are designed at national/multiregional level or regional levels reflecting the differing constitutional and institutional backgrounds. They offer information on the priorities chosen, the distribution of funds, the targets set and the target groups approached.

Table 6: ESF Funding across countries

			Number of Programmes					
Country	Total ESF Funds (millions)	Funds per MS in % EU27	Convergence		Competitiveness			Total
			nat/multi reg	regional	nat/multi reg	together with converg.	regional	
EU27	75,953	100%	29	29	12		47	117
BE	1,073	1.40%		1	1		4	6
ES	8,057	10.60%	3	8		2	11	22
FR	5,395	7.10%		4	1			5
IT	6,938	9.10%	2	5	1		16	24
RO	3,684	4.90%	2					2

\*data up to 2010 / Source: Final Synthesis Report on Access to Employment, ESF Expert Evaluation Report, METIS, 2012

<sup>8</sup> [http://ec.europa.eu/europe2020/pdf/themes/17\\_youth\\_action\\_team\\_en.pdf](http://ec.europa.eu/europe2020/pdf/themes/17_youth_action_team_en.pdf)

The **Europe 2020 integrated guidelines for economic and employment policies** (April 2010)<sup>9</sup> urged Member States and social partners to *'improve access to training, strengthen education and career guidance, provide better information on new job openings and opportunities, promote entrepreneurship and enhanced anticipation of skill needs'*.<sup>10</sup> In terms of inclusive growth and specific to youth unemployment, the guidelines advised that Member States and social partners 'set up schemes to help recent graduates find initial employment or further education and training opportunities, including apprenticeships, and intervene rapidly when young people become unemployed'.<sup>11</sup>

In 2011, the Commission adopted the **Youth Opportunities Initiative (YOI)**, which called for a stronger partnership between national governments and the Commission, particularly in regards to countries with high unemployment rates. YOI aims to improve the implementation of the existing youth policy framework, while focusing more on the needs of young people who are facing obstacles on the labour market.<sup>12</sup> One of the key elements of YOI is that the European Commission will help Member States to use the European Social Fund (ESF) more efficiently. The initiative proposes activities to improve mobility of young workers and trainees, which can only be promoted at EU level. Also, at EU level best practices can be transferred from Member States doing better to other Member States facing severe challenges. Under the YOI, €10 billion was to be targeted in the 8 EU Member States with the highest unemployment rates, in order to provide job subsidies, early school leaving prevention, and vocational training (EL, ES, IE, IT, LT, LV, PT, SK).<sup>13</sup> In 2012, the EU Council gave Member States country specific recommendations (CSRs) on how best to tackle the youth employment challenge. In February 2013 national governments are expected to have adopted the recommendation and started implementing the Youth Guarantee Scheme.

Backing provided by the Youth Employment Initiative will be used to strengthen and accelerate measures defined in the December 2012 **Youth Employment Package**. Funds will be accessible to EU countries to finance measures to implement in the appropriate regions the **Youth Guarantee Recommendation** agreed by the EU's Council of Employment and Social Affairs Ministers. Under the Youth Guarantee, Member States should ensure that all young people under the age of 25 who lose their job or do not find work soon after leaving education quickly receive a good-quality offer of employment, continued education, apprenticeship or traineeship. They should receive such an offer within four months of becoming unemployed or leaving formal education. This guarantee is supposed to address youth unemployment, improve smooth transitions from school to work, support labour market integration and ensure that no young people are left behind.

The **Youth Employment Initiative**, proposed by the 7-8 February 2013 European Council with a budget of €6 billion for the 2014-2020 period, reinforces measures laid out in the **Youth Employment Package**. This initiative would complement other national level projects, including those with European Social Fund (ESF) support, aiming to implement youth guarantee schemes. It will focus support on youth not in education, employment or training (NEET) in the EU regions with an unemployment rate above 25%, by integrating them into the labour market. Of the funding, €3 billion will come from a Youth Employment budget line, and another €3 billion from the European Social Fund. Another relevant initiative recently launched is the **European Alliance for Apprenticeships**, which brings together public authorities, business and social partners, VET providers, youth representatives and other key actors with the goal of improving the quality and supply of apprenticeships across the EU.

The **European Social Fund (ESF)** is the main instrument of large-scales youth employment measures at EU level. Some other youth-focused programmes are supported by EU funds such as European Agriculture Fund for Rural Development (EAFRD) and European Regional Development Fund (ERDF).

<sup>9</sup> <http://ec.europa.eu/eu2020/pdf/Brochure%20Integrated%20Guidelines.pdf>

<sup>10</sup> <http://ec.europa.eu/eu2020/pdf/Brochure%20Integrated%20Guidelines.pdf>, (Integrated Guidelines, 2010, p.22)

<sup>11</sup> Integrated Guidelines, 2010, p.22

<sup>12</sup> [http://europa.eu/rapid/press-release\\_MEMO-11-928\\_en.htm](http://europa.eu/rapid/press-release_MEMO-11-928_en.htm)

<sup>13</sup> [ec.europa.eu/social/BlobServlet?docId=8713&langId=en](http://ec.europa.eu/social/BlobServlet?docId=8713&langId=en)

## CHALLENGES TO YOUTH EMPLOYMENT

### EARLY SCHOOL LEAVING

One of the key objectives of the Europe 2020 strategy is improving EU's performance in education. Targets on education aim at increasing the rate of persons completing tertiary education and to reduce the number of early school leavers. Early school leaving is a serious problem, for individuals as well as society as a whole. It impedes productivity and competitiveness, and increases poverty and social exclusion. Young people who leave education and training early are more likely to lack necessary skills and to face difficulties on the labour market. Current forecasts suggest that in 2020, 16 million more jobs within the EU will require high-level qualifications, while the need for low-skilled employees will likely fall by about 12 million.<sup>14</sup> This means that the level of education attained has an important impact on the chances of finding work, and that generally people with a higher education and skill level will find work more easily. Therefore, young early school leavers (ESL) are at a significant disadvantage on the labour market.

Young people with a maximum of lower secondary education completed are at the highest risk of unemployment. A breakdown of **unemployment rates by education level** reveals that unemployment is lowest for those having completed first and second stage of tertiary education (levels 5 and 6), and highest for those having completed only pre-primary, primary and lower secondary education (levels 0-2). As Table 7 shows, the rate of unemployment for 15-24 year olds and 20-24 year olds having completed levels 5 and 6 of education was 6.2 p.p. higher in 2012 than it was in 2008. The same rate for 25-29 year olds increased 4.3 p.p. between 2008 and 2012. Highly educated 30-39 year olds saw a 2.8 p.p. increase in unemployment rates.

Table 7: Impact of education level on unemployment across different age groups (2008 and 2012)

Age group	Education level								
	Pre-primary (levels 0-2)			Upper secondary (levels 3-4)			Tertiary (levels 5-6)		
	2008	2012	diff.	2008	2012	diff.	2008	2012	diff.
15-24	21.2%	30.3%	9.1 p.p.	12.9%	20%	7.1 p.p.	11.7%	17.9%	6.2 p.p.
20-24	21.1%	32.6%	11.5 p.p.	11.7%	18.1%	6.4 p.p.	11.7%	17.9%	6.2 p.p.
25-29	16.1%	26.6%	10.5 p.p.	7.7%	12.4%	4.7 p.p.	5.9%	10.2%	4.3 p.p.

Source: Eurostat, Unemployment rates by sex, age and highest level of education attained (%) [Ifsa\_ergaed]

Persons having completed pre-primary, primary and lower secondary education (levels 0-2) and belonging to the **age bracket 25-29** have an EU27 average **employment rate** of 53% in 2012, compared to 61.9% in 2008, which represents a drop of 8.9 p.p. Persons in the same age group having completed upper secondary and post-secondary non-tertiary education (levels 3 and 4) have a 72.1% average employment rate, and persons having completed first or second stage of tertiary education (levels 5 and 6) have a 79.1% average employment rate.<sup>15</sup>

Under the Council Recommendation of 28 June 2011, Member States agreed to put in place **comprehensive strategies to stop early school leaving**, through prevention, intervention, and compensation measures by the end of 2012. Reports indicate that a 'balanced and coherent strategy is often still missing'.<sup>16</sup> Preventative measures, such as those targeting early school leavers, can be more

<sup>14</sup> European Commission (2010), Europe 2020, *A European Strategy for smart, sustainable and inclusive growth*. Available at: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

<sup>15</sup> Employment rates by sex, age and highest level of education attained (%) [Ifsa\_ergaed]

<sup>16</sup> European Commission (2012) Implementing the Youth Opportunities Initiative: first steps taken. Strasbourg, 18.4.2012



cost effective than measures implemented at later stages in the employment cycle.<sup>17</sup> One example of such a measure is the School Work Alternation Scheme in **Italy**, a program which combines regular classroom-based learning with workplace-based learning to increase and improve students' employability. This program<sup>18</sup> was initiated in order to strengthen the ties between work and school, by better matching the training provided with companies' needs. Students (15-18 years of age) are coached on professional skills such as writing a CV and then given the chance to split their time equally between work and school, enabling them to develop transferable professional skills while putting into practice at work the theoretical knowledge they have gained at school. There are a variety of approaches and measures put in place to prevent ESL. Several other countries are also increasing opportunities for early school leavers to re-enter education. In **France**, students can complete secondary education in "*micro-lycées*" and specialized programs will support low skilled youth in critical urban areas.

In **Romania**, the 'Quality in education-a step to equality' project, which is funded by the ESF, applies an intercultural curriculum in kindergartens. Pre-school attendance of Roma children is very low and drop-out rates from primary and secondary schools are very high. For the younger Roma children from more traditional communities who speak only Romani, the project has offered assistance to ease the transition into kindergarten and avoid them dropping out later.

## SCHOOL TO WORK TRANSITION

Young people face particular difficulties in their transition from school to work. For instance, they are more likely to fall into the 'experience trap', where they find themselves in need of work experience in order to gain work experience. School to work (STW) transition signifies a critical period in the lives of young people since it can have an impact on the long term integration into the labour market. Research has shown that chances of unemployment later in life are increased for those who were unemployed immediately following their education.<sup>19</sup> Therefore, STW transition measures, such as providing career guidance or personalized development plans, aim at simplifying the move to a job after education.

When it comes to STW transitions, PES involvement has been on the rise over the last decade. PES offers training, information, career guidance and training needs assessment as well as other well targeted services. This kind of early action is usually packaged in the form of '**youth guarantee**' in some EU Member States. In Sweden for example, the job guarantee for youth (2007) sets a deadline for PES to support young unemployed people. The goal is to decrease the amount of time spent without employment, education or training opportunity. Young people who are registered with the PES and unemployed for more than three months gain access to special labour market integration measures and activities. The program also offers personalized support to help raise beneficiaries' understanding and motivation during their job search. Programs of a similar nature and structure are also underway in countries such as Germany, Austria, Denmark, Norway, the Netherlands and Poland.<sup>20</sup>

In **Belgium**, the Flemish government organisation for employment and vocational training (VDAB), with the aid of ESF contributions, initiated the 'From Drop-out to Drop-in' (DODI) project which involves the active cooperation between several participating schools, and regional employment

<sup>17</sup> European Foundation for the Improvement of Living and Working Conditions, 2012 – Eurofound Report: Effectiveness of policy measures to increase the employment participation of young people

<sup>18</sup> European Foundation for the Improvement of Living and Working Conditions, 2012 – Eurofound Report: Effectiveness of policy measures to increase the employment participation of young people

<sup>19</sup> Hellmark, A., Eurofund (2005), Sweden: Study examines long-term effects of youth unemployment (online news update), 14 January 2005, cited in Eurofound (2011), Foundation Findings: Youth and Work, 2011, Eurofound, Dublin. Available at: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1140.htm>

<sup>20</sup> Scharle, A. and Weber, T., (2011) Youth guarantees: PES approaches to measures for low skilled young people. Thematic Synthesis Paper. PES to PES dialogue. European Commission, Brussels.

organisations. The first step is the identification of at-risk young people, during their final years at school. They are then brought into a programme to make them aware of labour market demands, of their realistic chances, and of the steps they need to take to make a smooth transition into stable employment. The project uses web-based tools that direct young people in career planning. One of these is the 'My Digital Me' website where qualifications can be matched to desired jobs and participants can build their own portfolio of skills and training requirements.

Another example of an STW transition program providing personalized support to unemployed young people is the 'integration into society contract' (*Contrat d'insertion dans la vie sociale*, CIVIS) in **France**. This program provides guidance to low-qualified unemployed youth (16-25 years old) who are experiencing difficulties accessing the labour market and finding stable jobs. Measures include personalized monitoring with a qualified advisor, training activities and internships. Participants first sign a 'CIVIS contract', which defines tasks and objectives, before meeting regularly with their advisors and engaging in job search activities. Participants with extremely low skill levels are given additional guidance and support.

## ACCESS TO QUALITY EMPLOYMENT

### Measures to improve internships

The youth unemployment problem is as much about quality as it is about quantity. The corrosion in the quality of jobs accessible to young people is evident in the extension of temporary employment and the shorter length of fixed-term contracts. This calls into question whether these types of jobs serve as stepping stones to permanent employment or traps that expose young people to a spiral of temporary jobs.

Traineeships, limited periods of hands-on work practice either during or after studies are becoming a staple in the professional development of young people. Traineeships can improve young people's employability while also providing some benefits to the hosting company. The Commission provides financial support through the ESF to Member States working to improve the youth employment situation through traineeships.<sup>21</sup> However, traineeships are sometimes abused as a source of cheap labour, eventually discouraging young people from taking part in them. Many internships available to young people lack a 'high quality learning content or adequate social protection and compensation'.<sup>22</sup> Additionally, women tend to be over-represented in these types of unpaid or low-paid positions.

Member States have been working to examine the quality of traineeships in order to improve their overall functioning. This has led to initiatives focusing on limiting trainee exploitation and other concerns. For example, in **France** attempts have been made to address the use of successive internships by making companies wait a period corresponding to 1/3 of the length of the internship before taking on a new intern in the same role. The 2011 Law (*Loi Cherpion*) supports the legal framework of internships and reinforces interns' rights and compensation.<sup>23</sup> In **Greece**, under the Work Experience Programme for New Labour Market Entrants (2010), employers are prevented from replacing their regular staff with interns or trainees since companies which have laid off staff in the previous six months are ineligible for taking on new trainees.

<sup>21</sup> European Commission (2012) Moving Youth into Employment, 2012

<sup>22</sup> European Commission (2012) Study on a comprehensive overview of traineeship arrangements in the EU Member States

<sup>23</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SWD:2012:0407:FIN:EN:PDF>



## Measures to improve the quality of jobs

When young people are able to find employment, their jobs tend to be less stable. In 2012, 42% of young employees held temporary contracts (four times the adult rate) and 32% part-time (two times the adult rate).<sup>24</sup> Temporary contracts and part-time work can serve as a stepping stone to stable employment, but the prevalence revealed in these statistics raises social and economic concerns and indicates dysfunctional labour markets.<sup>25</sup>

Young people are more likely to work part time. **The EU27 2012 part time employment rate for youth (15-24 years old)**<sup>26</sup> is 31.1%, 17.1% for 25-49 year olds, and 20.4% for 50-64 year olds. As shown in Table 8, this represents an increase of 4.8 p.p. for part time employment for 15-24 year olds since 2008, compared to a 1.5 p.p. increase for 25-49 year olds, and a 1.1 p.p. increase for 50-64 year olds for the same timeframe. 52.9% of part time work (15-24 years old) is due to workers being involved in simultaneous training or education, compared to 4.5% of part time work for 25-49 year olds.<sup>27</sup>

Table 8: Part-time Employment Rates 2008-2012

Country	15-24 Yrs			25-64 Yrs		
	2008	2012	Diff.	2008	2012	Diff.
<b>EU27</b>	26.3	31.1	<b>4.8</b>	16.6	18.1	<b>2.1</b>
<b>Belgium</b>	20.7	25.6	<b>4.9</b>	22.6	24.7	<b>2.1</b>
<b>Spain</b>	22.9	35.6	<b>12.7</b>	10.7	13.6	<b>2.9</b>
<b>France</b>	22.6	23.1	<b>.5</b>	16.3	17.2	<b>.9</b>
<b>Italy</b>	20.7	27.5	<b>6.8</b>	13.6	16.2	<b>2.6</b>
<b>Romania</b>	14.7	17.8	<b>3.1</b>	8.0	8.4	<b>.4</b>

Source: Part-time employment as percentage of the total employment, by sex and age (%) [lfsa\_eppga]

As shown in Table 9, in 2012 the EU27 **Involuntary part-time employment rate** for 15-24 year olds is 29.1%, a 3.4 p.p. increase since 2008. For 25-64 year olds the rate in 2012 is 27.5%, a 2.3 p.p. increase since 2008. Some of the countries with the highest involuntary part-time employment rates for workers 25-64 years of age are Romania (52.5%), Italy (57.4%), Spain (61.7%), Greece (65%), and Bulgaria (70%). Countries with the highest involuntary part-time employment rate for workers 15-24 years of age are Greece (65.4%), Spain (56.2%), and Italy (74%).

Table 9: Involuntary Part-time Employment Rates 2008-2012

Country	15-24 Yrs			25-64 Yrs		
	2008	2012	diff.	2008	2012	Diff.
<b>EU27</b>	25.7	29.1	<b>3.4</b>	25.2	27.5	<b>2.3</b>
<b>Belgium</b>	38.2	22.4	<b>-15.8</b>	12.5	9.6	<b>-2.9</b>
<b>Spain</b>	32.9	56.2	<b>23.3</b>	36.0	61.7	<b>25.7</b>
<b>France</b>	43.0	46.6	<b>3.6</b>	30.5	29.6	<b>-.9</b>
<b>Italy</b>	52.6	74.0	<b>21.4</b>	40.3	57.4	<b>17.1</b>
<b>Romania</b>	70.6	70.8	<b>.2</b>	48.5	52.5	<b>4.0</b>

Source: Eurostat, Involuntary part-time employment as percentage of the total part-time employment, by sex and age (%) [lfsa\_eppgai]

In the 2012 young people (15-24 years old) in the EU27 represent 42% of the temporary workforce, compared to 10.6% in the 25-64 year old age bracket. As shown in Table 10, on average, **temporary work** (as a percentage of the total number of employees) has decreased between 2008 and 2012 for EU27 workers age 25-64 (by .2 p.p.). However, the same rate has *increased* by 1.9 p.p. for workers age

<sup>24</sup> Eurostat Labour Force Statistics, quarterly non-seasonally adjusted data (lfsq\_eppqa) and (lfsq\_etpga) for the second quarter. Youth aged 15-24, adults 25-64.

<sup>25</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions-Moving Youth into Employment, 2012

<sup>26</sup> Part-time employment as percentage of the total employment, by sex and age (%) [lfsa\_eppga]

<sup>27</sup> Main reason for part-time employment - Distributions by sex and age (%) [lfsa\_eppga]

15-24. Young people (15-24) indicate that they are in temporary positions because they could not find a permanent job (36.7%, a 4 p.p. increase since 2008), are in training/other education (40.7%), or are in a stage/probationary period (8.2%).<sup>28</sup>

Table 10: Temporary Employment Rates 2008-2012

Country	15-24 Yrs			25-64 Yrs		
	2008	2012	diff.	2008	2012	Diff.
<b>EU27</b>	40.2	42.1	<b>1.9</b>	10.8	10.6	<b>-0.2</b>
<b>Belgium</b>	29.5	31.4	<b>1.9</b>	6.2	6.0	<b>-0.2</b>
<b>Spain</b>	59.4	62.4	<b>3.0</b>	25.9	21.5	<b>-4.4</b>
<b>France</b>	52.5	55.5	<b>3.0</b>	10.7	11.0	<b>0.3</b>
<b>Italy</b>	43.3	52.9	<b>9.6</b>	10.9	11.5	<b>0.6</b>
<b>Romania</b>	4.3	5.8	<b>1.5</b>	1.0	1.4	<b>0.4</b>

Source: Temporary employees as percentage of the total number of employees, by sex, age and nationality (%) [Ifsa\_etpgan]

## Measures to foster employability

Despite high rates of unemployment among young people, some companies are reporting that they are having difficulties filling vacancies due to a shortage of skilled labour<sup>29</sup>. This skill mismatch is due in part to an increasing demand for high-level skills in the European economy. A large share of young workers have formal qualifications above those required by the job they are capable of getting, though at the same time their skills are less likely to be well suited to the job, as compared to older workers. Emphasis is increasingly placed on transferable skills, which directly relates to the fact that workers are less likely to have lifelong careers with the same company.

Various measures have tried to improve young people's vocational skill acquisition by introducing and increasing opportunities for alternate classroom-based education and workplace training. The basis of this approach is to enable young people to gain valuable work experience and to provide 'hands on' teaching which is more relatable and relevant than theoretical education. In **Italy**, for example, new Higher-level apprenticeships were piloted (from 2004-2008, and again in 2010 onwards) in order to give opportunity for students in higher education to acquire a diploma through training and paid employment. This pilot enabled 1,000 young people (18-29 years old) to gain higher level education qualifications while working (previous apprenticeships were regarded as labour contracts).<sup>30</sup> Some innovative aspects of this pilot include more project work, practical case-study assignments, and training provided by skilled professionals in the field of study. More recently in **Italy**, the October Interministerial Decree 243/2012 earmarked 233 million euro to provide incentives (which increase with the duration of the contract) for the employers who hire people under 29 years of age and women (of any age). The aim is to foster the job opportunities of young people and women and is therefore in line with the 2012 NRP priorities and directly complying with the third and fourth 2012 CSRs on tackling young unemployment, addressing labour market segmentation and fostering the labour market participation of women.

In **Belgium**, "Border Competences" is a Leonardo da Vinci pilot project managed by the IAWM (*Institut für Aus- und Weiterbildung im Mittelstand*). This project covers the main aspects of vocational education enabling school-leavers to acquire the skills they need for a cross-border economy and labour market. Since 2007 trainee vehicle electro-mechanical technicians have only needed to complete a single course and final exam in order to obtain both German and Belgian journeyman's certificates. This gives them ideal conditions for finding work on both sides of the border. Since 2010 retailers trained in the

<sup>28</sup> Main reason for the temporary employment - Distributions by sex and age (%) [Ifsa\_etgar]

<sup>29</sup> Eurofound (2011), Foundation Focus – Job Creation, Where does employment come from?, Eurofound, Dublin. Available at: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1174.htm>

<sup>30</sup> European Foundation for the Improvement of Living and Working Conditions, 2012 – Eurofound Report: Effectiveness of policy measures to increase the employment participation of young people

German-speaking Community or Aachen can obtain qualifications from the neighbouring region; from 2013 such binary qualifications will also be offered to hairdressing trainees. The plan is to roll this out to other professions. A different 'cooperation programme' is underway between **Italy** and Germany to enhance mobility and employment opportunities of young people. The program of a duration of three years mainly focuses on the promotion of transnational mobility projects for students, apprentices, young high school graduates and first degree holders through the exploitation and the strengthening of the EURES network.

The "Convergence between academic training and active life" project in **Romania** allowed students to complement their academic knowledge with work skills developed through traineeships within prominent institutions and enterprises. The project comprised three components: work place training for students; information campaigns related to the opportunities of traineeships; and training programmes and the development of guides for counsellors and instructors who assisted the students. Internships were specially organized so that students could gain experience in roles correlated to their interests. Their integration in the workplace was closely monitored so that any difficulties they faced could be identified and resolved. To date, 15,000 students have benefitted from work place training, free meals and transport and a scholarship after graduating the internship.

In **Spain**, the 'integrated pathways to employment' project uses ESF funding for the benefit of the more disadvantaged groups of job-seekers in the city. It aims to provide the quality of skills that can improve their employability via training and job coaching given to job-seekers to work in the caring professions and with people with special needs. Another is the training in retail and hospitality sector skills tailored to groups facing particular obstacles to work such young people. The training courses cover a range of skills that are important for the socio-economic development of Barcelona – such as in new technologies, environmental skills and diversity training. Despite the challenging economic circumstances, on completion, more than 70% of the participants had found work. Another approach to improving employability among youth involves focusing on short term vocationally oriented training courses and developing professional 'soft skills' such as good organization and self-discipline. In **Ireland**, where youth unemployment rate is 30.8%, the FÁS (*Foras Áiseanna Saothair*, the Irish National Training and Employment Authority) National Traineeships Programme provides traineeships lasting from 15 to 59 weeks, wherein participants alternate between periods of work and training. Participants develop important occupation skills through employer coaching and formal training from the FÁS.

Some programs reduce the cost of employment by limiting the tax liabilities, making hiring more affordable for companies while also helping young people gain work experience and improve their professional skills. In **Hungary**, for instance, the tax authority administers The START Programme, a wage subsidy scheme targeting young jobseekers; those under the age of 25, without a higher education degree, who have not yet held a full-time job. The measure gives employers a reduction in terms of the contributions they pay for two years. Participants are given a 'start card', which is valid for two years. Once they are hired, their employers are eligible to pay the reduced contribution immediately and wait to verify their tax claims with the authority until the end of the year.<sup>31</sup>

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<sup>31</sup> European Foundation for the Improvement of Living and Working Conditions, 2012 – Eurofound Report: Effectiveness of policy measures to increase the employment participation of young people

## FOCUS ON PARTNER COUNTRIES

### ITALY

Italy is one of the Member States hit hardest by the economic crisis and this has had a severe impact on youth unemployment. It has also deepened the existing economic gap between the northern and southern parts of the country. In 2012 unemployment among 15-24 year olds in Italy is 35.3%, an increase of 14 p.p. since 2008. For 25-29 year olds, the rate has increase 6.9 p.p. since 2008. Long term unemployment among youth (15-24 years old) has increased 11.5 p.p. from 2008 to 2012. The inactivity rate among youth in Italy (15-24 years old) has increased 2.2 p.p. since 2008. For 24-29 year olds during the same time period, the rate of inactivity increased 2.4 p.p. NEET rates in Italy are all well above the EU27 average, with the highest ones found among 20-24 year olds. This age group in the NEET category has increased 7.9 p.p. since 2008. Part-time employment rates have increased 6.8 p.p. since 2008 for 15-24 year olds, and 2.6 p.p. for 25-64 year olds. In 2012, 74% of part-time work among 15-24 year olds is involuntary (an increase of 21.4 p.p. since 2008), compared to the EU average of 29.1% (an increase of 3.4 p.p. since 2008). Temporary employment among 15-24 year olds has increased 9.6 p.p. since 2008, compared to a 1.9 p.p. for the EU27. In 2012, 57% of temporary employment is involuntary among 15-24 year olds (an increase of 17.1 p.p. since 2008), compared to the EU27 average of 27.5% (an increase of 2.3 p.p. since 2008).

Current employment measures in Italy are co-financed by the ESF. Italy is one of the Member States benefiting from extra support through the **European Commission Youth SME action teams**, aimed at better directing structural funds in favour of employment and job creation. Around €6.4 billion of EU financing were re-allocated through the work of the action team; 128,300 young people and around 28,000 SMEs are thus likely to benefit from the re-allocation of funds.<sup>32</sup> A **Cohesion Action Plan** was adopted to speed up the implementation of Structural Funds in the southern regions of Italy. In 2011, €3.7 billion were directed to regional operational programmes for education, employment and railways. Half of the funds were used in favour of education and employment.

#### Overview of Country-specific recommendations:

- Take further action to address youth unemployment, including by improving the labour-market relevance of education and facilitating transition to work, also through incentives for business start-ups and for hiring employees. Enforce nation-wide recognition of skills and qualifications to promote labour mobility. Take measures to reduce tertiary-education dropout rates and fight early school leaving.
- Adopt the labour market reform as a priority to tackle the segmentation of the labour market and establish an integrated unemployment benefit scheme. Take further action to incentivise labour market participation of women, in particular through the provision of child and elderly care. To boost cost competitiveness, strengthen the link between wages set at sectoral level and productivity through further improvements to the wage setting framework, in consultation with social partners and in line with national practices.

### BELGIUM

Compared to the EU27 2012 average (22.8%), Belgium's youth unemployment rate (15-24 years old) is rather low at 19.8%, up only 1.8 p.p. since 2008. For 25-29 year olds, the rate is 11.1%, up 2.1 p.p. from 2008. At 25.6% the part-time employment rate in 2012 among 15-24 year olds is also below the EU27

<sup>32</sup> <http://pes.cor.europa.eu/Meetings/Events/Pages/youth-employment-italy.aspx>

average (31.1%). In 2012, 22.4% of part-time work is involuntary, which represents a sharp decrease of 15.8 p.p. since 2008 (compared to the EU27 which experienced a 3.4 p.p. increase over the same time period). The temporary employment rate at 31.4% among 15-24 year olds in 2012 is also well below the EU27 average of 42.1%, both of which experienced a 1.9 p.p. increase since 2008. Between 2008 and 2012, the EU27 average of involuntary temporary employment increased 2.3 p.p., and in Belgium the rate decreased (from 12.5% to 9.6%). Long term unemployment among 15-24 year olds in 2012 is below the EU27 average (32.4%) at 29.3%, but this represents only a 1.9 p.p. increase since 2008, as compared to 9.6 p.p. increase on the EU average for the same time period. In 2012 the inactivity rate is 68.5% among 15-24 year olds, and 14.6% among 24-29 year olds. This represents a increase since 2008 of 1.9 p.p. for 15-24 year olds, and a 2.6 p.p. increase for 24-29 year olds. The NEET rate in 2012 among 15-19 year olds is 7.4% (increase of 2.2 p.p. since 2008), 26.1% for 20-24 year olds (increase of 1.7 p.p. since 2008), and 18.3 p.p. for 14-29 year olds (increase of 2.7 p.p. since 2008).

Labour market participation varies from one region to another. Youth unemployment is more of a problem in Wallonia and Brussels than it is in Flanders. Youth unemployment is attributed to structural issues in Flanders, compared to Brussels and Wallonia where low skill levels and increasing school leaving rates are important factors. The regional variations are related to the effectiveness of employment policy, with responsibility split between the regional and national government. In 2012, the federal government has taken measures to provide 10,000 subsidised internships for youth leaving the educational system without a secondary education degree. Resources are also used to increase the existing reductions in social security contributions of low-skilled young job seekers. To increase youth employment, Belgium focuses on four main priorities: strengthening incentives for young job seekers to take up work by tightening eligibility conditions for the tide-over allowance; encouraging self-entrepreneurship; investing in vocational training and in-company internships; and providing better follow-up and guidance to young job seekers by the regional employment services. The “Career Agreement” (2012-2014) in Flanders partially subsidises wages and social contributions for individual vocational traineeships. In Wallonia, the “Plan Airbag” offers financial support for self-employment initiatives for people below 30 years of age. At the regional level, ESF funding is used to support a variety of measures focusing on the young in the German speaking community. About €1 million of its ESF programme has been dedicated to 15 different initiatives focused on young job seekers.<sup>33</sup>

#### Overview of Country-specific recommendations:

- Significantly shift taxes from labour to less growth-distortive taxes including for example environmental taxes. Pursue the initiated reform of the unemployment benefit system to reduce disincentives to work and strengthen the focus of employment support and activation policies on vulnerable groups, in particular people with a migrant background. Take advantage of the planned further regionalisation of labour market competencies to boost interregional labour mobility and to strengthen the coherence between education, life-long learning, vocational training and employment policies. Extend existing activation efforts to all age groups.

## FRANCE

The youth unemployment rate (15-24 years old) in France for 2012 is 23.8% (a 5.2% increase since 2008), 1.0 p.p. above the EU27 average. For 25-29 year olds the rate for 2012 is 12.9% (a 3.7 p.p. increase since 2008), .9% lower than the EU27 average. Long term unemployment for youth (19-24 yrs old) is below the EU27 average (32.4%), but has increased 4.1 p.p. since 2008 (from 24.3% to 28.4%). Since 2008, inactivity rates among 15-24 year olds have increased 0.6 p.p., and increased 0.9 p.p. for 24-29 year olds. Over the same time period, NEET rates are below the EU27 average, but have

<sup>33</sup> <http://pes.cor.europa.eu/Meetings/Events/Pages/youth-employment-belgium.aspx>



increased 1.1 p.p. since 2008 for 15-19 year olds, and 2.6 p.p. for 20-24 year olds. Part-time employment rates are well below the EU27 average and have increased .5 p.p. since 2008 for 15-24 year olds. France's rate of involuntary part-time employment for 15-24 year olds is 17.5 p.p. higher than the EU27 average for 2012. At 55.5% temporary employment for 15-24 year olds is also above the EU27 average of 42.1% for 2012, a 3.0 p.p. increase since 2008. Involuntary employment among 15-24 year olds has decreased .9 p.p. since 2008, compared to the EU27 average which has increased 2.3 p.p. in the same time period.

High youth unemployment in France has been attributed to a culture that urges young people to focus exclusively on studying, as opposed to splitting time between work and studies. Past employment policies in France have focused on subsidized recruitment, which is sometimes combined with training financed by employers. These policies have contributed to making temporary and precarious jobs more common among young workers. More recently the government has launched an action plan comprising 47 measures, which includes the establishment of a 'youth guarantee' (set to launch in September 2013 and reach 100,000 young people), wherein young people having difficulties finding work will receive support from local service that will advise on training for example. They will also receive a minimum wage of €483.24, the same as the earned income supplement allowance (*RSA-Revenu de solidarité active*). Another measure within the action plan is "intergeneration contracts" under which young people will be employed on permanent contracts and trained by senior employees, who will retain his or her post. Youth employment measures account for €473 million out of the total ESF amount already spent (€1.5 billion) in the current programming period. Once all youth actions are implemented (€1.1 billion est.) there will be about 3.4 million beneficiaries.<sup>34</sup>

#### Overview of Country-specific recommendations:

- Introduce further reforms to combat labour market segmentation by reviewing selected aspects of employment protection legislation, in consultation with the social partners in accordance with national practices, in particular related to the administrative procedure for individual dismissals; continue to ensure that any development in the minimum wage is supportive of job creation and competitiveness; take actions to increase adult participation in lifelong learning
- Adopt labour market measures to ensure that older workers stay in employment longer; improve youth employability especially for those most at risk of unemployment, by providing in particular more and better apprenticeship schemes which effectively address their needs; step up active labour market policies and ensure that public employment services are more effective in delivering individualised support.

## ROMANIA

The youth unemployment rate (15-24 years old) in Romania is slightly below the EU27 average at 22.7% in 2012, up 4.1 p.p. since 2008. For 25-29 year olds the rate is 10.7%, up 4.0 p.p. since 2008, but still 3.1 p.p. below the EU27 average for 2012. Long term unemployment among 15-24 year olds is down 0.1 p.p. since 2008 (43.4% to 43.3%), which is above the EU27 averages of 41.6% in 2008 and 47.8% in 2012. Inactivity rates among 15-24 year olds is higher in Romania (69.1%) than in the EU27 (57.4%). The same rate for 24-29 year olds is 24.1% in 2012, compared to the EU27 average of 17.5%. NEET rates in Romania in 2012 are 10.3% for 15-19 year olds (up 1.3 p.p. since 2008), 21.5% for 20-24 year olds (up 7.7 p.p. since 2008), and 23.0% for 24-29 year olds (up 6.8 p.p. since 2008). Part-time employment among 15-24 year olds is 17.8% in 2012, well below the EU27 average of 31.1% for the

<sup>34</sup> <http://pes.cor.europa.eu/Meetings/Events/Pages/youth-employment.aspx#.UXQ7hcqXuZQ>

same year. However, involuntary part-time employment among 15-24 year olds (70.8%) is more than double the EU27 average (29.1%) in 2012. Temporary employment for 15-24 year olds is 5.8% in 2012, well below the EU27 average of 42.1%, though involuntary temporary employment for the same age group and time period (52.5%) is almost twice the EU27 average (27.5%).

Issues of unemployment and social inclusion play a major role in ensuring sustainable growth. Romania aims to reduce the number of people at risk of poverty and social exclusion by 580,000 by 2020. Thus, creating more opportunities for youth is of the utmost importance. From 2007-2013 Romania is receiving €3.68 billion in ESF funding. With national co-funding, this brings the total ESF spending on jobs and social inclusion to more than €4.3 billion. The major spending priorities are on activities to boost employment, and improve access to employment, education and training. Romania uses ESF funds to offer employment services and vocational training to more than 900,000 people a year-many of which are young people. Some projects are encouraging Roma children to complete school education by, for example, including Roma-specific courses on language and history.

#### Overview of Country-specific recommendations:

- Concerning the national targets under the Europe 2020 strategy, Romania has made limited progress in 2011. Some of the targets remain difficult to reach. This is the case in particular for investments in R&D, the employment rate, the early school leaving rate and the number of people at risk of poverty or exclusion. Romania should step up efforts to accelerate the delivery of the Europe 2020 strategy as the basis for any new growth initiative

## SPAIN

Youth unemployment among 15-24 year olds in 2012 is 53.2% (up 28.6 p.p. since 2008). This rate is well above the EU27 average of 22.8% in 2012. For 25-29 year olds the rate is 32.2% in 2012 (up 18.6 p.p. since 2008), which is more than double the EU27 average of 13.8%. Long term unemployment among 19-24 year olds is 35.6% in 2012 (up 25.2 p.p. since 2008), and is 3.2 p.p. higher than the EU27 average (32.4%). The inactivity rate for 15-24 year olds in 2012 is 61.2%, compared to the EU27 average of 57.4%. This rate has increased 8.9 p.p. since 2008. For 24-29 year olds the inactivity rate in 2012 is 13.1%, 4.4 p.p. lower than the EU27 average. NEET rates among 15-19 year olds decreased .9 p.p. (from 11.4% in 2008 to 10.5% in 2012). The same rate increased sharply from 17.0% to 26.1% for 20-24 year olds and soared by 11.3 p.p. for 24-29 year olds (from 17.4% to 28.7%). Part-time employment among 15-24 year olds has increased 12.7 p.p. since 2008 (from 22.9% to 35.6%), while involuntary part-time work has increased 23.3 p.p. for the same age group and time period. In 2012 temporary employment among 15-24 year olds is up 3.0 p.p. since 2008 at 62.4%, compared to the EU27 average of 42.1% (up 1.9 p.p. since 2008). More than half (61.7%) of the temporary employment is involuntary (up 25.7 p.p. since 2008) compared to the EU27 average of 27.5% (up 2.3 p.p. since 2008).

Spain continues to face important policy challenges following the bursting of the housing and credit bubble. Extra fiscal consolidation and fiscal discipline at regional level are obligatory to reinstate market confidence and to stop the increases in government debt while at the same time reducing the tax burden on labour and increasing it on capital income and higher salaries. The tax structure lacks efficiency and there is room for making the tax system more growth friendly. Unemployment has reached a record high, and employability and labour market segmentation constitute significant bottlenecks. Problems in the education system include low levels of achievement at secondary level, too many students leaving school early and a vocational training system insufficiently tailored to market needs. Spain has recently adopted drastic reforms, including in key areas such as the financial sector, the labour market and collective bargaining. Spain is taking active measures to counter the rising level of youth unemployment. Many initiatives involve individual advice and guidance for job-seekers, including offering training opportunities.

### Overview of Country-specific recommendations:

- Take specific measures to counter poverty, by making child support more effective and improving the employability of vulnerable groups.
- Review spending priorities and reallocate funds to support access to finance for SMEs, research, innovation and young people. Implement the Youth Action Plan, in particular as regards the quality and labour market relevance of vocational training and education, and reinforce efforts to reduce early school-leaving and increase participation in vocational education and training through prevention, intervention and compensation measures.
- Implement the labour market reforms and take additional measures to increase the effectiveness of active labour market policies by improving their targeting, by increasing the use of training, advisory and job matching services, by strengthening their links with passive policies, and by strengthening coordination between the national and regional public employment services, including sharing information about job vacancies.



## In depth case studies

### ITALY

GiovaniSi is a project promoted by the Presidency of the Tuscany Regional Government. Its aims are to invest in the future independence, entrepreneurship and leadership of the young people living in that Region.

Since 2011 the Tuscany Region has adopted an integrated action strategy capable of operating both on the emergency front and in terms of measures for fostering processes of transition for young people to adult social and working life. The lack of job opportunities, scarcity of quality training programmes and internships, the difficulty of living independently from their family of origin, are all priority issues for most of the young people living in Tuscany today.

The main goal of GiovaniSi is to provide opportunities and implement effective measures to support young people in their transition to adulthood. The Project GiovaniSi was conceived to offer a tangible response to the issue of youth autonomy. The issue of promoting autonomy calls for an integrated intervention strategy that is not sector specific. This particular strategy is characterized by:

- Preventive actions, which concern guidance and training.
- Actions to support access and emancipation (this direction involves, for instance, subsidies for renting or purchasing a first home).
- Actions for promoting, developing and exploiting youth initiatives (for example, actions tied to business incentives).

The regional project GiovaniSi became operational in June 2011, making around 365 million Euros of resources available to young people (from regional, national and European funds) through competitive funding applications and opportunities offered at “one-stop shops” in 6 specific areas:

- “Accommodation”
- “Work experience”
- “Civilian service”
- “Starting a business”
- “Employment”
- “Education and training”

It currently provides funding for start-ups, individual training, work placements, civilian service and finding rented accommodation for over 13,000 young people, as well as an additional 22,000 young people who attend vocational training courses and take advantage of opportunities connected with the Right to study; finally, around 20,000 young people are involved in cultural and participatory actions of various kinds also connected with the project (such as GiovaniSi live, GiovaniSi Network, GiovaniSi Lab and GiovaniSiCantieri).

The project has thus involved over 50,000 young people to date; GiovaniSi is in fact a policy “programme” for developing youth autonomy, tools and resources that can help further young people’s careers.

Young women and men, aged between 18 and 40, are the direct target group of GiovaniSi. The indirect target group are Tuscan Companies, Local Authorities, Secondary Schools and Universities, Vocational Training centres and agencies, Trade Unions, NGOs and Cultural associations.

## **Actions to support youth employment**

The measures to support youth employment being promoted by Tuscany Region can be clustered into four macro-areas:

### **➤ Apprenticeships and Internships**

In Tuscany, the apprenticeship instrument is regulated by Regional law no. 3 of 2012, the goal of which is to discourage distorted forms of its use. With Law 3/2012, the Tuscany Region made it obligatory for businesses to pay at least 500 Euros gross per month in compensation for extra-curricular apprenticeships. For apprentices between the ages of 18 and (under) 30, Tuscany Region co-finances 300 of the apprenticeship's required 500 Euros. Subsidies for recruitment: if the business decides to hire the young person with an open-ended employment contract at the end of the apprenticeship, then the Region provides an incentive of 8000 Euros (10,000 for the needier categories). The law also provides for regional contributions on Internships, i.e., the compulsory internships required to gain access to certain professions. These regulatory interventions have brought about a reduction in the total number of apprenticeships being implemented - confirmation of an effective blow against opportunistic behaviours involving the distorted use of apprenticeships. To date, roughly 5000 - 7000 apprenticeships have been implemented on an annual basis in Tuscany.

### **➤ Traineeship**

Encouraging the correct use of apprenticeships was not the only goal of the regulatory intervention of Law 3, which encourages the use of traineeships (the prevalent form of access to the labour market). The Regions play a very important role in first level traineeships, because it is the Regions who are responsible for many regulatory aspects of traineeships. The Region plays a minor role in professionalizing forms of traineeships (which are the most common form, representing 97% of all active traineeships). In Italy, the third-level traineeship is experiencing much greater difficulty in establishing itself than in other European countries.

### **➤ Incentives to support employment**

Tuscany offers incentives for businesses that hire employees (in particular for the hiring of young graduates, research doctorates, women under the age of 30) and promote steady work (open-ended contracts) for workers on the mobility lists, in particular. The Region has dedicated approximately 13 million Euros to these incentives for 2012 (with a commitment to allocate up to 15 million for 2013).

### **➤ Incentives for youth entrepreneurship**

This is the most significant intervention in terms of the size of contributions allocated and the continuity and coherence with Tuscany's diffuse culture of entrepreneurialism and SMEs. The measure targets young people under the age of 40 and addresses the constitution of new businesses as well the expansion of existing ones. The Region intervenes with guaranteed financing of up to 150,000 Euros. In 13 months approximately 1350 incentive requests have been submitted, 815 of which have already been approved.

## **Actions to support education and training**

Aims of the measure: The Tuscany Regional Government supports the right to education, training, learning and specialization, through specific actions enhancing the skills and involvement of young people.

### **➤ Right to Education**

Direct beneficiaries: University students enrolled in one of the Universities of Tuscany.

Indirect beneficiaries: Universities.

Actions: The Tuscany Regional Government supports University students with grants, accommodation facilities and by other means.

➤ Vocational Training courses

Direct beneficiaries: Young people under age 16.

Indirect beneficiaries: Schools, Vocational Training centres, families.

Actions: The Tuscany Regional Government provides 21 Vocational Training courses that allow students to obtain vocational qualifications, thus facilitating their access to the labour market.

➤ Higher Technical Education and Vocational Training courses

Direct beneficiaries: Young people with a secondary school diploma.

Indirect beneficiaries: Companies, schools.

Actions: The Tuscany Regional Government provides technical and professional training courses free of charge to young people with secondary school diplomas.

➤ Top Grade specialization or Post-Graduate training courses

Direct beneficiaries: Young University graduates aged between 22 and 35, residing officially in Tuscany for at least the past 2 years.

Indirect beneficiaries: Universities and companies.

Actions: The Tuscany Regional Government provides loan guarantees for "Top Grade specialization" or "Post-Graduate" training courses.

➤ Quality and International PhD programmes

Direct beneficiaries: Young University graduates, attending quality and international PhD programmes, promoted by the University of Tuscany.

Indirect beneficiaries: Universities and companies.

Actions: The Tuscany Regional Government provides grants (vouchers) for top quality and international PhD programmes organized by the Universities of Tuscany.

➤ International work experiences

Direct beneficiaries: Secondary school and University students; unemployed young people.

Indirect beneficiaries: Secondary Schools, Universities, Companies.

Actions: The Tuscany Regional Government provides grants (vouchers) for work experiences abroad.

**Other actions to support youth social autonomy**

➤ Housing

Aims of the measure: To give young people the opportunity to be independent from their family of origin, allowing them to afford to live on their own.

Direct beneficiaries: Young people. The first Call for applications ("Measures to support the independent housing of young people: rent subsidies") was addressed to young people, aged between 25 and 34, residing officially in Tuscany at least over the past 5 years.

Indirect beneficiaries: Families and community.

Actions: The Tuscany Regional Government has modified the 2011 national Budget Law through Regional Law no. 25/2011, in order to support young people in finding independent housing. The first Call provided funds to young people, aged between 25 and 34, who wanted to live

independently from their family of origin. More specifically, the Tuscany Regional Government allocated funds to provide grants for young people to cover the monthly rent of an apartment. The size of the grant ranged between 1,800 and 4,200 Euros per year, depending on a number of variables, such as income bracket and number of children. The grants were allocated for a maximum of 3 years.

➤ Volunteer civilian service

Aims of the measure: To increase the number of young people involved in the Volunteer Civilian Service and also to improve the quality of the activities in which the volunteers are engaged.

Direct beneficiaries: Young people, aged from 18 to 30, resident or domiciled in Tuscany. Young disabled people, aged from 18 to 35, resident or domiciled in Tuscany.

Indirect beneficiaries: Volunteer hosting organisations such as Cooperatives, public Institutions, Non-profit organisations and the entire community in which the service is performed.

Actions: Law no. 35/2006 establishes the Regional Volunteer Civilian Service. The Tuscany Regional Government provides 433 Euros per month for 12 months to young people volunteering for civilian service in one of the organisations listed in the Regional Civilian Service Register.

The areas in which it is possible to volunteer for a civilian service experience are: health, culture, migration, equal opportunities, fair trade, and international development and so on.

The Tuscany Regional Government plans to promote 3,000 Volunteer Civilian Service experiences per year.

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[www.twitter.com/giovanisi](https://www.twitter.com/giovanisi)

## BELGIUM

The comparison between Member States shows that there are quite some differences concerning the desirability to become self-employed. Belgium, along with other EU founding members such as the Netherlands and Germany, is ranking at the end.

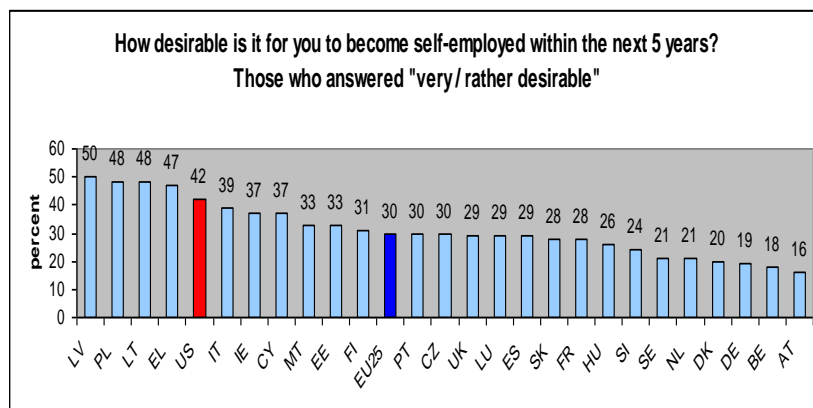


Figure 1 Differences between Member States concerning the desirability for self-employment<sup>35</sup>

The entrepreneurial climate index in Belgium displays neither an especially favourable nor unfavourable climate for entrepreneurship. Belgium also has an average score on the entrepreneurial activity index.

*Indicators on Entrepreneurship*<sup>36</sup>

### Entrepreneurial activity

- Average scores on all entrepreneurial activity indicators
- "Push" entrepreneurs dominate in Belgium
- Respondents living in rural areas and those having at least one self-employed parent are more likely to be entrepreneurs

### Entrepreneurial climate

- An average score on the entrepreneurial climate index
- The strongest preference for the employee status in the EU25
- Positive influence of school education on the entrepreneurial mind-set<sup>37</sup>

### Policies & Measures

*Entrepreneurship in Higher Education, especially in non-Business Studies*

Generally speaking, it seems there is a lack of entrepreneurship courses and teaching for non-business students in higher education. Entrepreneurship is still mostly taught within economic studies, and to some extent engineering studies. A notable initiative is an introductory course on entrepreneurship, which is organised by all universities and aims to raise awareness of entrepreneurship and self-employment. It is addressed to graduate students from all sections

<sup>35</sup> Flash Eurobarometer "Entrepreneurship" No 192, European Commission, 2007

<sup>36</sup> Flash Eurobarometer "Entrepreneurship" No 192, European Commission, 2007

<sup>37</sup> Although there is not a large body of evidence that demonstrates that entrepreneurship education leads to business start-ups, a number of studies in Belgium (but also in Denmark, Germany and the US) show that students' interest in entrepreneurship increased after they were introduced to entrepreneurship in school. See in particular the European Commission-OECD Policy Brief on Youth Entrepreneurship in Europe, available at: [http://ec.europa.eu/youth/news/20120504-youth-entrepreneurship-employment\\_en.htm](http://ec.europa.eu/youth/news/20120504-youth-entrepreneurship-employment_en.htm) (p. 12).

(business and non-business) and to researchers. The initiative was met with mild interest. Many deans of “hard-science faculties” have not included it in their programmes<sup>38</sup>.

### *Entrepreneurship in Vocational Education and Training*<sup>39</sup>

The current situation is relatively similar in Flanders and in Wallonia, with quite a large range of activities available. Both public and private actors offer various entrepreneurship activities or projects to complement the traditional education and training system. Entrepreneurship is not integrated into the curriculum, so student participation is only compulsory in some fields of study. For the majority of students, participation is optional. In practice, it is often the teacher or school director who decides whether students participate or not. Most activities or projects are open to all types of schools. Only a few focus on vocational schools.

To improve the take-up of ‘optional activities’ in schools, the Walloon government has been promoting a coordinated program of about 15 certified actions (from primary education to university) recommended to teachers. The program, called “We all have an ace within us” is led by the “Economic Stimulation Agency”<sup>40</sup>.

### **Successful Youth Enterprise Promotion Programmes<sup>41</sup>**

*Runner-up: Engaging the entrepreneurs of tomorrow, Agence de Stimulation Economique (Belgium)<sup>42</sup>*

**Main Sector:** Business and Entrepreneurship: promoting entrepreneurship

The Agence de Stimulation Economique (ASE)<sup>43</sup> was established to raise awareness of entrepreneurship among young Walloon people. Its entrepreneurship ‘sales force’ is composed of teachers on secondment who visit secondary schools and higher education institutions in the region as ambassadors for entrepreneurship. As a result of these visits, schools enter into a relationship with the ASE, which then helps them promote entrepreneurship in education using a variety of tools.

In the two years of the project’s existence, half of the schools visited have integrated entrepreneurship in their curriculum. To support the project, a widespread information campaign – ‘tous des as’ (‘everyone is an ace’) – was carried out at the start of the 2008 school year with posters in staffrooms, leaflets, educational handouts, inserts in the specialist press and a radio advert. ASE chairs the « Comité d’Accompagnement de l’Esprit d’Entreprendre dans l’Enseignement et la Formation ».

<sup>38</sup> See in particular the European Network on Youth Employment, 2010, ‘Baseline Study — Learning Area: Youth Entrepreneurship’ available at: <http://youthemploymentnet.eu/HelperModules/UploadsHandler.ashx?UploadId=f2580fed-bf62-420f-bd3c-0f7da94d7894> (p.53).

<sup>39</sup> From: EUROPEAN COMMISSION ENTERPRISE AND INDUSTRY DIRECTORATE-GENERAL Promotion of SME competitiveness Entrepreneurship BEST PROCEDURE PROJECT: ‘ENTREPRENEURSHIP IN VOCATIONAL EDUCATION AND TRAINING’ FINAL REPORT OF THE EXPERT GROUP Final version November 2009

<sup>40</sup> [www.tousdesas.be](http://www.tousdesas.be)

<sup>41</sup> See in particular the European Network on Youth Employment, 2010, ‘Baseline Study — Learning Area: Youth Entrepreneurship’ available at: <http://youthemploymentnet.eu/HelperModules/UploadsHandler.ashx?UploadId=f2580fed-bf62-420f-bd3c-0f7da94d7894> (p. 147).

<sup>42</sup> The European Enterprise Awards 2008-2009

<sup>43</sup> [www.as-e.be](http://www.as-e.be)

## FRANCE

### Brief description:

The “*service civique*” (civil service) is a French policy set up on 10 March 2010 and entered into force on 1 July 2010. The system aims at enabling all young people to embark on projects and missions of general interest with associations or public organisations. Besides developing social cohesion, it provides young people with a relevant means to building up a personal and professional path to the labour market. Therefore, the policy enhances school to work transition and tackles school drop out by enabling early leavers to acquire skills and competences in hosting organisations. At the end of their mission, volunteers are awarded an official certificate attesting the activities implemented.

The implementing body is the “*Agence of Service Civique*” (Civil Service Agency). The Agency gathers several stakeholders such as the State, the National Agency for Social Cohesion and equal Opportunities, the National Institute for Youth and Community Education (INJEP) and the association France Volontaire.

Among the Civil Service Agency’s tasks:

- to define strategies and priorities of the Civil Service
- to manage funds provided by the State for hosting the volunteers
- to strengthen the link between seekers and hosting organisations
- to monitor and evaluate the implementation of the civil service
- to promote and ensure the social diversity of applicants

The Civil Service policy provides the legal framework for volunteering measures based on two pillars:

- Civil service for young people aged 16-25.
  - Duration of the mission: between 6 and 12 months.
  - Working hours: a minimum of 24 hours/week and a maximum of 35 hours/week (if minor) or 48 hours/week (if over 18).
  - Allowances: volunteers are granted an allowance of 440 € net/month, entirely funded by the State and directly allocated to the volunteer via the Agency of Services and Payments (ASP). Further allowances to the volunteer:
    - i. 100 € from the hosting organisation for covering costs such as meals, transport, etc.
    - ii. additional monthly grant up to 100 € provided by the State for supporting marginalised youngsters
    - iii. hosting organisations receive a monthly grant up to 100 € per volunteer from the State for delivering the activity
    - iv. the total cost for the State is 898 €/month per volunteer
  - Social protection: volunteers are registered to the general system of social security.
  - Contributions: welfare contributions for illness, maternity, disablement, death or accidents at work are allocated by the Agency for Services and Payments on behalf of the State.
- Civil service volunteering for young people over 26.
  - Duration of the mission: between 6 and 24 months.
  - Working hours: a minimum of 24 hours/week and a maximum of 48 hours/week.
  - Allowances: volunteers are granted a gross monthly allowance varying from 109 € to 730 € (depending on the effective working hours on the project) from the hosting organisation. Up to 50% of the aforementioned allowances could be allocated as payments in kind (transport, meals, etc.).
  - Social protection: a complete social security treatment is funded by the hosting organisation. The State complements this measure, should the access to social rights not be fulfilled.



- Contributions: welfare contributions for illness, maternity, disablement, death or accidents at work are allocated by the hosting organisation.

### **Evaluation: strengths and weaknesses**

On the Civil Service Agency's request, a quantitative and qualitative evaluation has been led by TNS Sofres:<sup>44</sup>

- 61% of volunteers think that the civil service experience has helped or will help them find a job.
  - Three main factors are provided as causes to this answer: the development of professional competencies during the mission (72%); the civil service as first measurable professional experience (62%); enhancement of self-confidence (53%).
  - The civil service mission has widely been presented as a relevant work experience in CVs (80%) and during interviews (64%).
    - i. 62% assess that the civil service experience has been evaluated importantly by employers
    - ii. only 36% managed to get the support of hosting organisations
    - iii. only 32% managed to mobilise the professional links set up during the experience
  - Those claiming that the civil service did not help or will not help them find a job base their answer on two main factors: the weak employers' knowledge of the measure (47%) and the discrepancies between the mission's domain and the working field of interest.
- Only 37% of those highlighting the civil service in their CVs and interviews report that Pôle Emploi (the French governmental Agency registering unemployed people) assesses it as an important experience.
- 49% of volunteers interviewed evaluate the civil service as a useful experience in defining their professional path, far more important than other instruments such as internships.
- 75% of volunteers study or work within 6 months of the ending of their experience.
- Regrouping volunteers in specific categories such as studying/training, intern, worker, unemployed and other situations, and comparing them to similar categories made up of people not experiencing the civil service mission, some interesting data could be highlighted:
  - the number of volunteers before and after the civil service having a job increases of 190% whereas for those not experiencing it the raise is only of 63%;
  - for the categories not experiencing the civil service, the first and main reason of the difficulty in finding a job is due to the lack of a relevant first work experience (51%) whereas volunteers assess this as a secondary factor. The gap between the two groups gets wider if the unemployment category is taken into account.
- As for other indicators such as satisfaction of the current job or relevance between expectancies and current job do not differ significantly between the two categories.

<sup>44</sup> <http://www.service-civique.gouv.fr/sites/default/files/enquete-tns.pdf>



## ROMANIA

### Romanian context:

- Active population in Romania is 9,76 million persons.
- Around half of the Romanian population is living in rural areas and those persons which are working in subsistence agriculture are not considered unemployed because they are consuming what they are producing.
- In Romania there is not a Youth Guarantee scheme installed in the labor market.
- There some proposals for laws which are dedicated to youth and school to work transition but there is no harmonization among them – there is a law which regulates internships and one dedicated to apprenticeships. The status is public consultation.
- ESF is used in the youth interest by allocating some funds to improving the 'school to work transition'. The ESF system in Romania was designed around the pre-crisis needs established in 2007. At that time the youth unemployment problem was not that big.

There is also a national program, financed by public money, which is dedicated to **youth entrepreneurship**.

### Description of youth entrepreneurship program

The target of the program is youth between 15 and 35 years old, which will start their first business. The conditions of the program are the followings:

- The program is financing 50% from the business plan up to 10.000 euro. The value of the business plan could be more than 20.000 euro but the maximum value which the program is financing is not more 10.000 euro.
- Access to credit with state guarantee for 80% of the value of the credit but not more than 80.000 euro.
- Fiscal facilities for maximum 4 employees.
- No taxes for registration of the company.
- Counselling and guidance for young entrepreneurs.

The scheme was adopted in 2011 and was extended until 2020 due to the success of the program. The program is in the phase of implementation in this moment.

### Results

- 1,870 companies have been created between February 2011 until February 2012.
- 5,278 new jobs created (Approx. 3 new jobs for each company).
- Most of the companies are in urban areas.
- Total income of those 1870 companies is around 124,35 million euro – 0.1% from GDP.
- 56.98% are men and 43.02% are women.
- The average young entrepreneur is 27 years old, holding a university degree in economics or engineering, and unmarried.
- Most of the young entrepreneurs have no experience in entrepreneurship and they did not use any guidance or external consultancy for the business plan.
- 64.53% did not use any credits in the implementation of the business plan.
- 55.93% are considering that is extremely difficult to have access to credits.

### Strengths

- Promoting and stimulating entrepreneurship for youth.
- Creating jobs with low budget.
- Creating SME s which are creating jobs and added value.

- A more comprehensive understanding of youth employment problems since the project includes SME managers up to 35 years of age.

**Weaknesses:**

- Strong concentration on the urban areas.
- Low budget for promotion of the program and low budget in general.
- Small program and low weight in the total needs of jobs for youth because even with this program the youth employment has increased.
- The program needs a better reporting and monitoring system.
- There is no transfer of best practice between regions.
- The need for mentoring in first 6 months of a new SME to reduce the risk that the business will not be sustainable.

## SPAIN

### **Social dialogue – improving social protection for interns**

History of the “Royal Decree 1493/2011, October 24<sup>th</sup>,” which regulates the terms and the conditions to include people taking part in internship schemes within the General Regime of the Social Security.

May 2010: The former Socialist Government began a shift from a social based policy to another one which mainly focuses public expenditure cuts and labour rights de – regulation. A 5% wages decrease for public officials together with cuts in public expenditure worth EUR 7 billion was announced. One month later a labour reform that made lay-offs cheaper and cutting back workers’ rights.

September 2010: Ten million workers (70% of Spain’s wage-earners) supported the general strike convened by CCOO and UGT on 29 September against the labour reforms against the budget adjustment plan that reduced public employees’ wages, public investment and social expenditure.

Fall 2010: A pension reform was in the pipeline. The Government and the European Commission insisted on the urge to change from a public and supportive pension system towards a private pension provision. However, Trade Unions were strengthened after the successful general strike of September the 29<sup>th</sup>, which forced the Government to discuss this reform with social partners.

February 2011: The Government, the Employers’ organizations and the Trade Unions signed the “Social and Economic Agreement”. This strategic plan guaranteed the viability of the public pensions systems and was confirmed by other lines of action: it restored the financial aid for unemployed persons who are no longer receiving any kind of benefit and reforms the structure of collective bargaining. It was based on a joint statement which, in addition to the above topics, also includes proposals on industrial, energy and R&D+I policy, as well as it reopened the social dialogue for civil servants. Some improvements to help the most vulnerable sectors of the society –such as women and young workers – were also included in the pact. With regard to young people, now internships – regardless they are taking part on an illegal or legal internship program – have access to the Social Security System.

August 2011: The Spanish Parliament (Congreso de los Diputados) passed the “Law 27/2011 of Social security reform”. This reform fulfils the content of the “Social and Economic Agreement” making the Social Security system more contributive and supportive with a binding regulation. With regard to young people, the Second Additional Provision of the Act, named: “Social Security for young people taking part in training programs” says that the Government, within a period of three months will establish the mechanisms for the inclusion of participants in training programs funded by companies or Public Administrations. Hence, the Government was mandated to regulate the inclusion of interns in the Social Security System with a more developed and specific law.

October 2011: The Government passed the “Decree – Law 1493/2011, on October the 24<sup>th</sup>, which regulates the terms and conditions to include people taking part in training schemes within the General Regime of the Social Security.

The low fee paid both by the employer and the intern will give access to the retirement payment and the National Public Health Assistance Service. It is also possible for former interns to retake previous internships for their future pension careers. Now that it is compulsory for companies to pay for any internship, it will be possible to access statistical data by tracking their social security accounts. This will allow Trade Unions and Labour Inspection offices to monitor the fair use of internships.

# THE INCLUSION OF YOUNGER GENERATION IN THE EUROPEAN SOCIO-ECONOMIC CONTEXT: MEASURES AND STRATEGIES TO PROMOTE YOUNG ENTREPRENEURSHIP

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## Preliminary Remarks: The Youth Employment Challenge and the Role of Entrepreneurship

For decades to come, **Youth (un)Employment** is one of the major social and economic challenges facing not only most governments, but social partners as well, in Europe, and worldwide.

Indeed, youth unemployment and inactivity don't simply represent a large economic waste of human resources, but, especially if prolonged, they have potentially disastrous consequences on the daily life of young people and on society as a whole:

- An increased youth financial dependency upon the State and the family;
- A higher perception of social injustice, detrimental for the cohesion between generations and might lead to political turbulences;
- An evident negative impact on demography, in terms of decreasing birth rates, due to difficulties in starting a family.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) puts the overall EU cost of not integrating young people into the labour market at €150 billions per year<sup>45</sup>.

The youth unemployment is of particular concern<sup>46</sup>: young people have typically faced unemployment rates of double the adult level for more than a decade and the **youth unemployment rate** in the European Union stood at **more than 22% in 2012** and reached the new record level of **23.5% in March 2013**.

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<sup>45</sup> European Foundation for the Improvement of Living and Working Conditions, 2012 – Eurofound Report: Effectiveness of policy measures to increase the employment participation of young people

<sup>46</sup> For further details we refer to TYEC Paper n°1 on " *Youth Employment in the EU: a comparative overview of policies and practices to combat youth unemployment*".

Table 1 - Unemployment rates and number of persons unemployed, overall and young people (under 25) – March 2013\*

	Unemployment rates in %	Number of persons unemployed (rounded)	Youth unemployment rates in %	Number of young unemployed (rounded)		Unemployment rates in %	Number of persons unemployed (rounded)	Youth unemployment rates in %	Number of young unemployed (rounded)
<b>EU</b>	10.9	28 521 000	23.5	5 690 000	<b>LT</b>	13.1	193 000	24.8	32 000
<b>BE</b>	8.2	403 000	22.4	93 000	<b>LU</b>	5.7	14 000	19.7	3 000
<b>BG</b>	12.6	421 000	29.2	71 000	<b>HU</b>	11.2	486 000	29.7	92 000
<b>CZ</b>	7.3	384 000	19.5	71 000	<b>MT</b>	6.5	12 000	14.7	4 000
<b>DK</b>	7.2	210 000	14.5	65 000	<b>NL</b>	6.4	573 000	10.5	150 000
<b>DE</b>	5.4	2 291 000	7.6	344 000	<b>AT</b>	4.7	207 000	7.6	46 000
<b>EE</b>	9.4	66 000	21.9	15 000	<b>PL</b>	10.7	1 871 000	28.0	446 000
<b>IE</b>	14.1	301 000	30.3	65 000	<b>PT</b>	17.5	939 000	38.3	154 000
<b>EL</b>	27.0	1 320 000	62.5	186 000	<b>RO</b>	6.7	666 000	22.2	181 000
<b>ES</b>	26.7	6 080 000	55.9	960 000	<b>SI</b>	9.9	102 000	24.4	17 000
<b>FR</b>	11.0	3 254 000	26.5	773 000	<b>SK</b>	14.5	389 000	34.5	74 000
<b>IT</b>	11.5	2 950 000	38.4	631 000	<b>FI</b>	8.2	219 000	19.8	66 000
<b>CY</b>	14.2	63 000	32.3	14 000	<b>SE</b>	8.4	428 000	25.1	168 000
<b>LV</b>	14.3	150 000	24.8	25 000	<b>UK</b>	7.7	2 452 000	20.2	914 000

\* March 2013 or latest available data

Source: European Commission

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation in young people<sup>47</sup>. As traditional job-for-life career paths become rarer, youth entrepreneurship is regarded as an additional way of integrating youth into the labour market and overcoming poverty, and entrepreneurship support schemes have been put in place to encourage business creation as a possible route out of unemployment<sup>48</sup>. Supporting this shift in policy is the fact that in the last decade, most new formal employment has been created in small enterprises or as self-employment. Given global demographic trends, it is important that the social and economic contributions of young entrepreneurs are recognized. Entrepreneurship can unleash the economic potential of young people.

Although youth may not seem like a likely group for entrepreneurship because of their inexperience and lack of finances, young people actually seem to have an interest in entrepreneurship and many of them believe that self-employment is feasible. In 2012, the European Commission's *Eurobarometer* conducted a new survey across Europe and other industrialised countries to learn about individual's attitudes towards self-employment and business start-up<sup>49</sup>. Overall, in the EU, self-employment is a less popular option than it was in 2009, with a clear majority in the EU now favouring work as an employee (58 %, with a majority of respondents in 18 out of 27 countries). Nonetheless, the proportion of respondents who regard self-employment as a feasible (either 'very feasible' or 'quite feasible') alternative within the next 5 years has risen in 20 EU Member States and, for the EU as a whole, the percentage has slightly increased up to 30 %. According to the socio-demographic data, at EU level, male and younger respondents are also more likely to view self-employment as desirable.

<sup>47</sup> Ryan, C. (2003): Programme Priorities 2003-2006 Youth Enterprise Development, Strategic Paper by the Commonwealth Secretariat, London, Commonwealth Secretariat.




<sup>48</sup> "Moving Youth into employment", COM (2012) 727.

<sup>49</sup> Flash Eurobarometer "Entrepreneurship" No 354, European Commission, 2012, available at: <http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/eurobarometer/>

Not only younger respondents are actually those more inclined to express a preference for self-employment (45% of 15-24 year-olds say they would prefer to be self-employed, as opposed to 35-37% of people in the three older age groups), but also the most likely to think that self-employment is feasible. Indeed, it is notable that attitudes to the feasibility of self-employment in the EU drop-off with age. The two youngest age cohorts (15-24 and 25-39) appear to have the highest level of interest for self-employment with 41 % and 44 %, respectively, responding that self-employment in the next five years was either 'very feasible' or 'quite feasible', much higher than the figures for the 40-54 and morethan-55 cohorts (33% and 16%, respectively). This might suggest that younger cohorts in the population may offer the most potential for entrepreneurship: this is consistent with another question asked in the Eurobarometer survey about whether entrepreneurs are job creators — the youngest cohort (aged 15-24) agreed most strongly, whereas older respondents are somewhat more inclined to say that entrepreneurs take advantage of other people's work: 60% of people aged over 55 say this, compared with 51% of 15-24 year-olds.

*Table 2 – Q7 on self-employment feasibility within the next 5 years, by sex, age, education and kind of job*

**Q7 Regardless of whether or not you would like to become self-employed, would it be feasible for you to be self-employed within the next 5 years?**

	Total 'Feasible'	Total 'Not feasible'	Don't know (DO NOT READ OUT)
EU27	30%	67%	3%
 <b>Sex</b>			
Male	35%	62%	3%
Female	26%	71%	3%
 <b>Age</b>			
15-24	41%	58%	1%
25-39	44%	54%	2%
40-54	33%	65%	2%
55 +	16%	80%	4%
 <b>Education (End of)</b>			
15-	16%	80%	4%
16-19	28%	69%	3%
20+	36%	62%	2%
Still studying	41%	58%	1%
<b>Kind of job</b>			
Employee	27%	71%	2%
Self-employed	37%	60%	3%

Source: Eurobarometer

However, intention is one thing, action is another. Although nearly 15 % of adults are self-employed in the EU, only 4 % of those aged 15-24 are self-employed<sup>50</sup>. It could be that while it is feasible to start a business, young people are participating in education and training, or that they face barriers that they are unaware of or do not take into account. The proportion of youth involved in self-employment varies across countries, which may indicate variations in barriers and opportunities and labour market conditions: labour markets with high levels of self-employment overall are also more likely to have high levels of youth self-employment, while labour markets with opportunities for paid employment may have less of a 'push' into self-employment and therefore lower levels of youth self-employment.

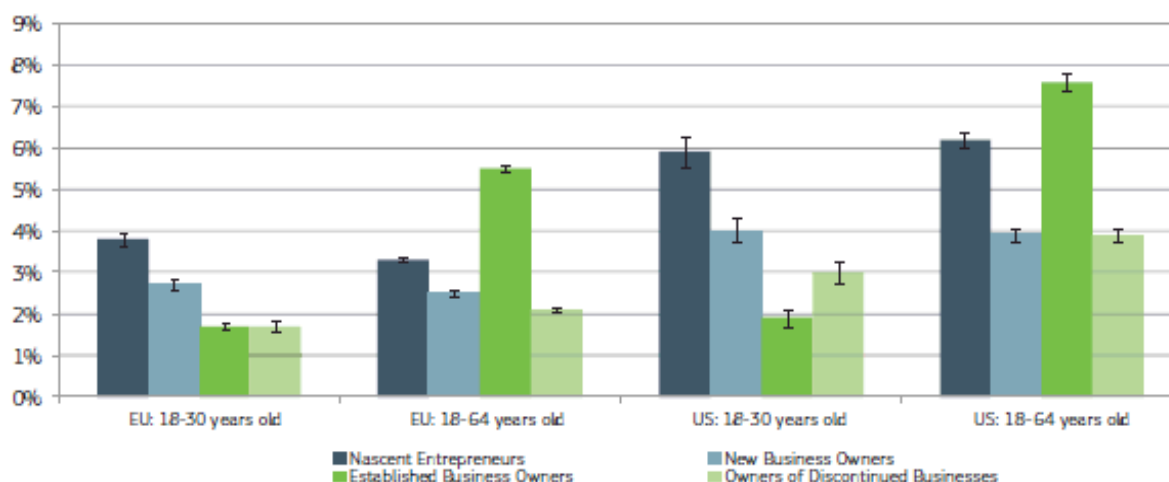
<sup>50</sup> See Figure 2 of the European Commission-OECD Policy Brief on Youth Entrepreneurship in Europe, available at [http://ec.europa.eu/youth/news/20120504-youth-entrepreneurship-employment\\_en.htm](http://ec.europa.eu/youth/news/20120504-youth-entrepreneurship-employment_en.htm).

The **Global Entrepreneurship Monitor (GEM)**<sup>51</sup> provides data on the stages that young people in entrepreneurship go through including figures on survives rates from nascent entrepreneurship to successful start-up and then established businesses. This snapshot can be useful when trying to understand the barriers that entrepreneurs face because we can see how many people drop out at each stage of entrepreneurial activity and business ownership<sup>52</sup>.

The GEM data from Figure 1 confirm that young people have an interest in entrepreneurship: in the EU, there are similar proportions of young people and adults involved in nascent entrepreneurship and new business ownership.

However, the GEM data show that there are nearly three times fewer young people that own established businesses, suggesting that something hinders businesses run by young people from becoming established businesses.

Figure 1 - Proportion of youth and adults by stage of entrepreneurial activity and business ownership, EU and US



Note: Error bars show standard error.

Source: Global Entrepreneurship Monitor 2007–11, Adult Population Survey

However, if youth entrepreneurship can be a part of the response to the youth employment challenge, on the other hand, caution should be exercised so that youth entrepreneurship is not seen as the wide-ranging solution against youth unemployment. As White and Kenyon put it *“In certain situations and conditions (e.g., lack of appropriate economic conditions, the lack of market opportunities and very little consumer spending power) youth enterprise should not be promoted, especially when it is only concerned with keeping young people busy”*<sup>53</sup>.

The GEM Global Report 2012<sup>54</sup> highlights that – at global level - in economies with low GDP per capita, TEA<sup>55</sup> rates tend to be high, with a correspondingly higher proportion of necessity-

<sup>51</sup> <http://www.gemconsortium.org/>

<sup>52</sup> The GEM defines entrepreneurship activities according to four stages for adults 18 to 64 years old. The Nascent Entrepreneurship Rate is the proportion that are currently actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The New Business Ownership Rate is the proportion that are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. The Established Business Ownership Rate measures the proportion that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. The Business Discontinuation Rate measures the proportion that have, in the past 12 months, discontinued a business, either by selling, shutting down or otherwise discontinuing an owner-management relationship with the business (note that this is not a measure of business failure rates). More information is available online (<http://www.gemconsortium.org>).

<sup>53</sup> White, Kenyon, 2001, p. 5.

<sup>54</sup> GEM Global Report 2012, available at: <http://www.gemconsortium.org/docs/2645/gem-2012-global-report>



motivated entrepreneurship. Conversely, high GDP economies show lower levels of entrepreneurship, but a higher proportion of those with opportunity-motivations. Differences across regions can also be seen in the reasons for business discontinuance. In the European Union area, in the GEM Survey individuals cited other jobs or business opportunities more often than those in other regions as a reason for business discontinuance—these are generally considered more positive causes<sup>56</sup>.

Generally speaking, estimates about the real potential and effectiveness of youth entrepreneurship differ, depending on how one measures the extent of entrepreneurship, which is inextricably linked to how it is defined and on how one assesses the particular socio-economic conditions for **Youth Entrepreneurship (YE)** in different areas.

Evidence points to the need to differentiate between youth and general (or adult) entrepreneurship. Given their limited resources, life and work experience, young people face unique constraints and face greater barriers than older age cohorts. Moreover, the range of barriers as well as the variety of potential methods and measures to counter them is more extensive than of older entrepreneurs.

There is a wide range of key constraints and barriers young people face, when starting and running a business, while, at the same time, incentives, measures and tools have been developed to improve this situation. The World Bank paper on youth entrepreneurship development emphasises 5 main areas of policy measures<sup>57</sup>:

1. Promotion of an entrepreneurial culture among young people
2. Improvement of an entrepreneurial education
3. Improvement of the regulatory environment for start-up finance
4. Improvement of access to financing
5. Improvement of business assistance and development services

Though the five key-influencing factors are common to all countries, there are national or regional variations when it comes to assess the most significant barriers and subsequent interventions within these five fields. What might be a major hindrance at first sight can – after subsequent research – turn out to be less important than expected: in this regard, for example, the real significance of the most frequently cited obstacle to entrepreneurial engagement, a lack of access to adequate finance, has to be re-evaluated<sup>58</sup>. In addition, care needs to be taken also in assessing the particular barriers affecting different groups of young people: again, while there are some barriers and policy measures that are broadly the same for all groups, there can also be a need to vary the scales and natures of support for different youth target groups<sup>59</sup>.

This challenge therefore requires targeted responses. To maximise effectiveness and efficiency, policy should target resources on young people with the best chance of success, provide sufficient support to allow them to start businesses outside of low entry barrier but high competition sectors and provide integrated packages of complementary support rather than one-shot instruments<sup>60</sup>. Therefore, the promotion of YE should still be seen as an important element/complement within a broader youth employment policy.

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<sup>55</sup> Total Entrepreneurial Activity (TEA) is a key indicator of GEM. It measures the percentage of adults (aged 18–64) in an economy who are nascent and new entrepreneurs.

<sup>56</sup> GEM Global Report 2012 (p. 8)

<sup>57</sup> Youth Entrepreneurship (2008), Youth Development Notes, ———

<http://siteresources.worldbank.org/INTCY/Resources/Vol2No6YouthEntrepreneurship.pdf>

<sup>58</sup> *Stimulating youth entrepreneurship : barriers and incentives to enterprise start-ups by young people* (SEED Working Paper No. 76)

<sup>59</sup> In particular, a distinction can be made between disadvantaged youth – those who may be unemployed or inactive, live in a difficult environment or have major gaps in financial, human and network capital – and other young people who face less substantial obstacles but at the same time also represent an opportunity to increase entrepreneurship participation with appropriate policy intervention.

<sup>60</sup> EC-OECD Policy Brief on Youth Entrepreneurship in Europe (p. 5).

## EU General Framework on Youth Entrepreneurship

### YOUTH ENTREPRENEURSHIP AND SELF-EMPLOYMENT UNDER EUROPE 2020

In Europe, promoting “**Entrepreneurship**” has been a core objective of the European Union ever since the Lisbon European Council decided in March 2000<sup>61</sup> to improve the EU’s performance in the areas of employment, economic reform and social cohesion. The European Commission began the debate by publishing, at the start of 2003, a Green Paper on “*Entrepreneurship in Europe*”<sup>62</sup>, which focused on two questions in particular:

- Why do so few Europeans set up their own business?
- Why are so few European businesses growing?

Since then, in the broader framework of this policy field, many EU initiatives have been actually launched to encourage young people's initiative, enterprise and creativity, most of them stemming from education and training policy and employment policy<sup>63</sup>.

More recently, with the **EU 2020 strategy**<sup>64</sup>, many efforts have been made to ensure a youth dimension in EU policy-making overall as regards employment issues<sup>65</sup>, and the promotion of entrepreneurship has been recognised as one of the enablers of smart, sustainable and inclusive growth: the **Europe 2020 integrated guidelines for economic and employment policies**<sup>66</sup> urged Member States and social partners – among other things – to ‘[...] **promote entrepreneurship and enhanced anticipation of skill needs**’. However, it should be said that no specific targets or indicators have been set up in order to measure progress in meeting the **Europe 2020 goals**<sup>67</sup> for what concerns “entrepreneurship” in general. Broadly speaking, the European Commission considers entrepreneurship and self-employment as a key for creating jobs, developing skills, giving unemployed and disadvantaged people an opportunity to fully participate in society and the economy, and relevant flagship initiatives<sup>68</sup> address them:

- European platform against poverty and social exclusion : aims to bolster work at all levels to reach the agreed EU headline target of lifting at least 20 million people out of poverty and exclusion by 2020;
- Agenda for new skills and jobs: aims to give fresh momentum to labour market reforms to help people gain the right skills for future jobs, to create new jobs and overhaul EU employment legislation;
- Youth on the Move – initiatives on education and employment: : aims to improve young people's chances of finding a job by helping students and trainees gain experience in other

<sup>61</sup> [http://europa.eu/legislation\\_summaries/education\\_training\\_youth/general\\_framework/c10241\\_en.htm](http://europa.eu/legislation_summaries/education_training_youth/general_framework/c10241_en.htm)

<sup>62</sup> [http://eur-lex.europa.eu/LexUriServ/site/en/com/2003/com2003\\_0027en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2003/com2003_0027en01.pdf)

<sup>63</sup> For example: the Youth and Youth for Europe programs, the resolution on the social inclusion of young people, the resolution on youth participation, the memorandum on lifelong learning, the multi-annual programme for enterprise and entrepreneurship, and the guidelines for employment. the European Network on Youth Employment, 2010, ‘Baseline Study — Learning Area: Youth Entrepreneurship’ (Baseline 2010) available at: <http://youthemploymentnet.eu/HelperModules/UploadsHandler.ashx?UploadId=f2580fed-bf62-420f-bd3c-0f7da94d7894>

<sup>64</sup> [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

<sup>65</sup> Several targets which relate to youth unemployment have been agreed for the whole EU (e.g. 75% of the 20-64 year-olds to be employed). See, [http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index_en.htm)

<sup>66</sup> <http://ec.europa.eu/eu2020/pdf/Brochure%20Integrated%20Guidelines.pdf>

<sup>67</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/europe\\_2020\\_indicators/headline\\_indicators](http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators)

<sup>68</sup> [http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/flagship-initiatives/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/flagship-initiatives/index_en.htm)

countries, and improving the quality and attractiveness of education and training in Europe.

Especially the last flagship initiative has attempted to cope with youth entrepreneurship. **Youth on the Move**<sup>69</sup> is a comprehensive package of policy initiatives on education and employment for young people in Europe. The general aim is to improve young people's education and employability, to reduce high youth unemployment and to increase the youth-employment rate – in line with the wider EU target of achieving a 75% employment rate for the working-age population (20-64 years) – by: making education and training more relevant to young people's needs; encouraging more of them to take advantage of EU grants to study or train in another country; encouraging EU countries to take measures simplifying the transition from education to work. This initiative also promotes specific actions for young people – such as the preparatory action **'Your first EURES job'**<sup>70</sup> for labour market mobility within the EU, and increased support for young entrepreneurs via the **"European progress microfinance facility"** (see below in the text). As part of the [Youth on the Move](#), in 2011 the Commission adopted the **Youth Opportunities Initiative (YOI)**<sup>71</sup>. The Initiative is a set of measures, planned for 2012 and 2013, to drive down youth unemployment, calling for a stronger partnership between national governments and the Commission, particularly in regards to countries with high unemployment rates. One of the key elements of YOI is that the European Commission will help Member States to use the **European Social Fund (ESF)** more efficiently: **increased use of ESF** by national governments to tap into the €30 billion not yet allocated to projects for 2007-13, with **€3 million** in ESF technical assistance for [young business starters](#) and social entrepreneurs

#### **More recently:**

On 8 February 2013, in its Conclusions on the **Multiannual Financial Framework (MFF)**<sup>72</sup>, the European Council decided to create a **Youth Employment Initiative** amounting to €6 billion<sup>73</sup> for the period 2014-2020 to support the measures set out in the **Youth Employment Package** proposed by the Commission on 5 December 2012<sup>74</sup> and, in particular, to support the **Youth Guarantee Scheme**<sup>75</sup>. In the **Youth Guarantee Recommendation** agreed by the EU's Council of Employment and Social Affairs Ministers on 3 April 2013<sup>76</sup>, on the use of Union Funds, it has been also recommended that the Commission and Member States collaborate to make full and optimal use of the Cohesion Policy funding instruments, still available from the 2007-2013 programming period (and to be programmed for the next one 2014-2020), in order not only to implement Youth Guarantee schemes, but also to *"support young entrepreneurs (and social enterprises)"*.

At the European Council of 27-28 June, on the EU Economic Policy agenda, a strong emphasis will be put again on the **Youth Employment challenge**, as proved by the **"Letter by President Van Rompuy to the members of the European Council on Youth Employment"**<sup>77</sup>.

#### **European Semester**

In order to better achieve Europe 2020 targets and to translate them into national targets and growth-enhancing policies, the European Commission has set up a yearly cycle of economic policy

<sup>69</sup> <http://ec.europa.eu/social/main.jsp?catId=950&langId=en>

<sup>70</sup> <http://www.eures.europa.eu/>

<sup>71</sup> <http://ec.europa.eu/social/main.jsp?catId=1006&langId=en>

<sup>72</sup> European Council Conclusions 07/08/ February 2013

<sup>73</sup> Of the funding, €3 billion will come from a Youth Employment budget line, and another €3 billion from the European Social Fund.

<sup>74</sup> <http://ec.europa.eu/social/main.jsp?catId=1036>

<sup>75</sup> European Council Recommendation 03 April 2013 - Youth Guarantee

<sup>76</sup> European Council Recommendation 03 April 2013 - Youth Guarantee

<sup>77</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/137290.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/137290.pdf)

coordination called “**European Semester**”<sup>78</sup>. The European semester starts when the Commission adopts its **Annual Growth Survey**, document setting out EU priorities for the coming year to boost growth and job creation.

The **2013 Annual Growth Survey (AGS)**<sup>79</sup> has also stressed the role of entrepreneurship and self-employment as an instrument to improve employability levels, especially targeting young people, and it has emphasised the need to improve the business environment to increase the competitiveness of EU economies. Member States have been asked to boost public employment services and step up active labour market measures also in support for entrepreneurship and self-employment.

The 29<sup>th</sup> May, the European Commission has adopted the **Country-Specific Recommendations (CSRs)** to provide guidance to national governments on how to boost their growth potential, increase competitiveness and create jobs in 2013-2014. The CSRs are based on detailed analyses of each country's situation and of the Stability or Convergence Programmes (SCPs) and the National Reform Programmes (NRPs) submitted by the Member States in April<sup>80</sup>. From this round of CSRs, what emerges again as a major challenge is to tackle rising unemployment, especially youth unemployment, by increasing the use of active labour market policies.

#### [Entrepreneurship 2020 Action Plan](#)

As a follow up to the **Small Business Act review** of April 2011<sup>81</sup> and of the **Industrial policy communication** adopted last October, in January 2013, the European Commission has published the “**Entrepreneurship 2020 Action Plan**”<sup>82</sup>, as part of its Europe2020 Strategy. The Action Plan specifically points towards reaching out to all groups of society – also **young people** - in order to unleash Europe's full entrepreneurial potential, and it highlights the need for: suitable entrepreneurship education; tailored quality support; and the provision of adequate access to finance.

The Action Plan sets out a renewed vision and a number of actions to be taken at both EU and Member States' level to support entrepreneurship in Europe and it is based on the following three areas of immediate interventions:

#### 1<sup>st</sup> Action Pillar - Entrepreneurial education and training to support growth and business creation

The Commission will:

- Develop a pan-European entrepreneurial learning initiative
- Establish, jointly with the OECD, a guidance framework to encourage the development of entrepreneurial schools and VET institutions.
- Promote the recognition and validation of entrepreneurial learning in an informal or non-formal environment.
- Disseminate the entrepreneurial university guidance framework in early 2013
- Endorse successful mechanisms of university-driven business creation (spin-offs etc.) around key societal challenges

The Member States are invited to:

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<sup>78</sup> For further details on the European Semester process, see [http://ec.europa.eu/europe2020/making-it-happen/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/index_en.htm)

<sup>79</sup> Annual Growth Survey COM(2012) 750 [http://ec.europa.eu/europe2020/pdf/ags2013\\_en.pdf](http://ec.europa.eu/europe2020/pdf/ags2013_en.pdf).

<sup>80</sup> [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

<sup>81</sup> COM(2011)78 final (adopted 23/02/2011), Review of the “Small Business Act” for Europe.

<sup>82</sup> [http://ec.europa.eu/enterprise/policies/sme/entrepreneurship-2020/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/entrepreneurship-2020/index_en.htm)

- Ensure that the key competence "entrepreneurship" is embedded into curricula (across primary, secondary, vocational, higher and adult education) before the end of 2015.
- Offer the opportunity to young people to have at least one practical entrepreneurial experience before leaving compulsory education
- Boost entrepreneurial training for young people (and adults) in education by means of Structural Funds resources in line with National Job Plans, particularly targeting the so-called NEETs. Taking also full advantage of the training possibilities available under the rural development fund
- Promote entrepreneurial learning modules for young people participating in national Youth Guarantee schemes

## 2<sup>nd</sup> Action Pillar – Create an Environment where Entrepreneurs can Flourish and Grow

The Commission will:

- Finance programmes aimed at developing a market for microfinance in Europe, through initiatives as *Progress Microfinance* and the *Joint Action to Support Microfinance Institutions* (JASMINE) initiative and make resources for micro-financing available to MSs and regions via the ESF or the ERDF; facilitating the direct access of SMEs to the capital market, in general
- Identify and promote MSs best practices with a view to create a more entrepreneur-friendly fiscal environment, supporting the cooperation between clusters, business networks, and SMEs agencies
- Continue to develop of the *Erasmus for Young Entrepreneurs* (EYE) programme encouraging also exchanges of young entrepreneurs between the EU and third countries
- Help MSs develop integrated support schemes through capacity building seminars financed by ESF technical assistance, to develop integrated strategies and setting up of specific actions, notably for young entrepreneurs
- Continue to develop the *Your Europe Business* portal

The Member States are invited to:

- Facilitate new, alternative forms of financing for start-ups and SMEs in general
- Make use of structural funds' resources to set up microfinance support schemes under the respective investment priorities of the ESF and the ERDF
- Utilise the full potential under the EAFRD to ensure access to financing of entrepreneurship, in particular at an early stage of the business in agriculture (such as setting up of young farmers) and in rural areas in general
- Make national tax administrations environment more favourable to early stage business and promote tax coordination

## 3<sup>rd</sup> Action Pillar - Role models and reaching out to specific groups.

The Commission will:

- Establish, in the framework of the "SME Week", a Europe-wide "EU Entrepreneurship Day" for students
- Launch in 2014 the future micro-finance facility under the *Programme for Social Change and Innovation* (PSCI)<sup>83</sup> which will target vulnerable groups, like young people.
- Provide, through the ESF, Technical Assistance to focus, among others, on setting up support schemes for young business starters and social entrepreneurs
- Analyse in its 2013 Annual Report on Entrepreneurship the situation of entrepreneurship for the unemployed and of the study on "Self-employment and entrepreneurship: the contribution of Public Employment Services to job creation"

The Member States are invited to:

<sup>83</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1093>

- Step up entrepreneurship promotion activities and appoint known entrepreneurs as national “Entrepreneurship Ambassadors”
- Connect Public Employment Services (PES) with business support services and (micro)finance providers to help the unemployed find their way into entrepreneurship
- Design business training programmes for out-of-work youngsters that include clearly defined stages, in partnership with youth and other organisations, mainstream business advisers and financial institutions.
- Launch active labour market programmes to provide financial support for starting a business and to establish entrepreneurship education schemes, specifically tailored on unemployed people.

## AN OVERVIEW ON EU POLICIES & SUPPORT MEASURES

Even if **Youth Entrepreneurship** has already been quite high on the agenda for a long time, in order to make a success of the Europe 2020 Strategy, EU still needs “to stimulate the entrepreneurial mindsets of young people, encourage innovative business start-ups, and foster a culture that is friendlier to entrepreneurship and to the growth of SMEs”<sup>84</sup>. On the one hand, a wide variety of programmes and activities exist across Europe promoting entrepreneurship, on the other, there is a need of promoting these initiatives more systematically, starting from education, and, despite of that, few business development support schemes target unemployed youth specifically<sup>85</sup>. So, the main task for EU youth entrepreneurship policy is to support young people’s entrepreneurship e.g. via targeted education, access to funds, mentoring and support networks and structures in favour of youth entrepreneurship.

First of all, the European Commission is committed to promote education for entrepreneurship at all levels, from primary school to university and beyond: “*entrepreneurship*” is a Key Competence **2006 European Framework for Key Competences**<sup>86</sup>, and an action in both the recent **Rethinking Education Commission Communication**<sup>87</sup>.

Many initiatives have emanated over the past decade<sup>88</sup>, and the issue is getting higher and higher on the agenda in most EU Member States as well.

### **Lifelong Learning Programme (LLP)**

The European Commission’s “Lifelong Learning Programme” (LLP) enables people at all stages of their lives to take part in learning experiences, as well as helping to develop the education and training sector across Europe, and “entrepreneurship” is a key competence for lifelong learning.

With the objective of preparing the successful implementation of the future programme “Erasmus for all”, the Commission launched last year a call for proposals for “*Sector Skills Alliances*”<sup>89</sup>. The Alliances should work to design and deliver joint curricula and methods to help ensure that vocational and educational training (VET) better provide learners with the skills required by the labour market, by promoting cooperation between three categories of partners: the world of education and training (VET providers); sector-specific expertise (including social partners, sectoral federations, Chambers etc.); bodies involved in education and training systems (public or private bodies or authorities).

<sup>84</sup> [http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/education-training-entrepreneurship/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/education-training-entrepreneurship/index_en.htm)

<sup>85</sup> EC-OECD Policy Brief on Youth Entrepreneurship in Europe (2012).

<sup>86</sup> The Recommendation of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning.

<sup>87</sup> The Commission adopted on 20 November 2012 a “rethinking education” communication (COM (2012) 669)

[http://ec.europa.eu/education/news/rethinking\\_en.htm](http://ec.europa.eu/education/news/rethinking_en.htm)

<sup>88</sup> For more information on projects, collections of good practice, policy documents, reports and studies, organised around thematic areas or major initiatives launched by the Commission, see the following page:

[http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/education-training-entrepreneurship/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/education-training-entrepreneurship/index_en.htm)

<sup>89</sup> [http://ec.europa.eu/education/news/20120425\\_en.htm](http://ec.europa.eu/education/news/20120425_en.htm).



Another similar initiative, leading to partnerships with businesses to ensure that education and training curricula are relevant to the real world, is the *VET-Business forum*<sup>90</sup>.

There is evidence of the effectiveness of entrepreneurship skills development programmes also outside of the education system: practical entrepreneurial experiences can also be gained by encouraging young people to develop entrepreneurial skills through informal and non-formal education like volunteering<sup>91</sup>.

### **Youth in Action (YIA)**

For example, the Programme called “Youth in Action” (YIA) contributes to stimulating sense of initiative and entrepreneurship through various schemes, particularly through *Youth Initiatives*<sup>92</sup>, i.e. projects entirely devised, planned and implemented by young people at local, regional or national level.

*Youth Initiatives* are aimed primarily at 18-30 year olds, but 15-18 year olds can take part if accompanied by a coach or youth worker. The themes that groups choose to work on must be relevant to the young people themselves and to the local community<sup>93</sup>. The overall goal of these non-formal learning experiences is to stimulate young people’s creativity, enterprise and initiative, by giving them the opportunity to develop their experience with responsibility, autonomy and involvement in society and contributes to young people's integration into the labour market.

### **Entrepreneurship and Innovation Programme (EIP)**

The Entrepreneurship and Innovation Programme (EIP)<sup>94</sup> is one of the specific programmes under the Competitiveness and Innovation Framework Programme (CIP)<sup>95</sup> seeking to support innovation and small and medium enterprises (SMEs) in the EU, with a focus also on the promotion of entrepreneurship.

The EIP supports activities aiming at fostering [entrepreneurship](#) culture and creating better framework conditions for [SMEs](#) operating in EU, through programmes such as **Erasmus for Young Entrepreneurs (EYE)**<sup>96</sup>.

*Erasmus for Young Entrepreneurs* is the Commission's exchange scheme which gives entrepreneurs who intend to start a business - or have recently started one - the chance to learn from experienced owners of small businesses in other European Union countries. The exchange of experience is partially funded by the European Union and takes place during a stay with the host entrepreneur, which helps the new entrepreneur acquire the necessary skills to run a small firm<sup>97</sup>. The host benefits from fresh perspectives on his/her business and gets the opportunities to cooperate with foreign partners or learn about new markets<sup>98</sup>.

<sup>90</sup> The first *European Business Forum on Vocational Training* took place on 7 and 8 June 2012 in Brussels, focused on “challenges and trends in skills and career development of the European workforce”. Some 330 stakeholders (such as Air Liquide, Danfoss, Deutsche Bank, Goodyear, Louis Vuitton Moët Hennessy, Philips, Siemens, Unilever) participated in the discussions during 1 and ½ day, including representatives of businesses, business associations, sectoral organisations, chambers, research, VET providers and policy makers at European, national and regional level.

<sup>91</sup> Such experiences should also be validated and recognized, in accordance with the proposed Commission recommendation in this area, i.e. COM(2012) 485.

<sup>92</sup> *Youth Initiatives* is one of the three main types of activities supported by “Youth for Europe”, Action 1 of the Youth in Action Programme.

<sup>93</sup> Possible topics include art and culture, social exclusion, homelessness and unemployment, youth sports and leisure, media and communications, etc. The European dimension is crucial. This could be highlighted by ensuring that a chosen theme is examined in a European context. Project teams could also choose a specific European theme, such as enlargement and its cultural impact on young people. These strategies offer the chance to promote common European values like equal opportunities, human rights and democracy. For more details, see

[http://eacea.ec.europa.eu/youth/programme/action1\\_en.php#2](http://eacea.ec.europa.eu/youth/programme/action1_en.php#2)

<sup>94</sup> [http://ec.europa.eu/cip/eip/index\\_en.htm](http://ec.europa.eu/cip/eip/index_en.htm)

<sup>95</sup> [http://ec.europa.eu/cip/index\\_en.htm](http://ec.europa.eu/cip/index_en.htm)

<sup>96</sup> <http://www.erasmus-entrepreneurs.eu/index.php#UbsLhRc3BI4>

<sup>97</sup> In addition, such mentoring programmes have both developed entrepreneurship skills in young people and increased the chances of success of their start-ups (CSES, 2011).

<sup>98</sup> In 2013 demand from New Entrepreneurs will exceed available budget: as of end-December 2012 there were about 950 New Entrepreneurs eligible for an exchange while the available budget could allow for about 930 exchanges. Already in 2012, a number of Intermediary Organisations had used up their allocated budget and could not anymore establish exchanges. Given that the pool of New Entrepreneurs eligible for an exchange is growing on average by 25 entrepreneurs every week it is obvious that demand will exceed supply in 2013).



As emphasised in the AGS 2013, there is a great need to improve the business environment: new entrepreneurs – young even more – and SMEs need specific, customised expertise that can help them to develop competitive advantages and benefit from global value chains and shared management of human resources. Clusters, business networks and other types of association of enterprises can provide such supportive environments as they bring together the relevant actors from business, education, research and the public sector. For all these reasons, in 2008 the Commission created the **Enterprise Europe Network (EEN)**<sup>99</sup>, a partnership with over 600 hosting organisations, one of whose tasks is to provide businesses and would-be entrepreneurs with the necessary information on access to EU funding and EU finance. To date, better information on EU support is still a major business request, and so, in order to provide make entrepreneurs with information on the Single Market from both the Commission and the Member States to greatly benefit from its potential, the Commission is working, together with stakeholders, to strengthen the Network to make it more active and effective, and will continue to develop the **Your Europe Business portal**<sup>100</sup>, conceived as a practical guide for those who want to do business in Europe, and a single point of access to all mobility-related information and services available at national or European level, and to all EU financial instruments<sup>101</sup>.

**Similarly, a new European Youth Portal<sup>102</sup> has been recently released with the aim of providing information and opportunities for young people across Europe. Under the first new release there is a specific page of the portal entitled “Young Entrepreneurs –start your business”<sup>103</sup>, under the section dedicated to “Employment & Entrepreneurship”. The page currently provides related links for:**

- [Practical Information & advice \(e.g. EEN, and “Entrepreneur Envoy”<sup>104</sup>\)](#)
- [Training and mentoring \(e.g. the “i-genius academy”<sup>105</sup>\)](#)
- [YE Networks & Confederations \(e.g. “YES – European Confederation of Young Entrepreneurs”<sup>106</sup>\)](#)

[Besides the above-mentioned portals and networks, it is worth mentioning also one of the ESF learning networks](#), providing targeted support [for](#) promoting YE: i.e., the **European network on youth employment**<sup>107</sup> exchanging best practices of youth entrepreneurship. These networks are funded by the **European Social Fund (ESF)**<sup>108</sup>, that is actually the main instrument of large-scales youth employment measures at EU level and self-employment as well.

### **European Social Fund (ESF)**

Supporting self employment and new businesses is one of the priorities of the European Social Fund 2007-2013 programming period, in particular giving help and guidance to potential entrepreneurs from disadvantaged social groups<sup>109</sup> who often face more obstacles to setting up

<sup>99</sup> <http://een.ec.europa.eu/>

<sup>100</sup> <http://europa.eu/youreurope/business/>

<sup>101</sup> This is the result of the Commission Action Plan to improve access to finance for SMEs, (COM(2011) 870 final.

<sup>102</sup> <http://europa.eu/youth>

<sup>103</sup> [http://europa.eu/youth/eu/article/young-entrepreneurs-%E2%80%93start-your-own-business\\_en](http://europa.eu/youth/eu/article/young-entrepreneurs-%E2%80%93start-your-own-business_en)

<sup>104</sup> Entrepreneur Envoy is the online portal for “Young European Entrepreneur Ambassadors”, addressed to help young entrepreneurs to start and grow their own business. Operational since February 2012, this website is a joint initiative by the Employers’ Group of the European Economic and Social Committee and the European Commission, launched in 2011 during the 3<sup>rd</sup> Edition of [Young European Entrepreneurs Seminar \(YEESEminar\)](#), hosted by the Employers’ Group of the European Economic and Social Committee (EESC). For further details, see <http://www.entrepreneurenvoy.org/>

<sup>105</sup> <http://www.i-geniusacademy.com/>

<sup>106</sup> <http://yes.be/>

<sup>107</sup> <http://youthemploymentnet.eu/>

<sup>108</sup> <http://ec.europa.eu/esf/home.jsp?langId=en>

<sup>109</sup> Targeted support is provided to [women entrepreneurs](#) and [disadvantaged and disabled people](#).

their own businesses. This priority has been included by seventeen Member States in their Operational Programmes which set out the employment and social priorities they have selected for ESF funding. Overall, this priority has been receiving some €2.75 billion of ESF funding although the total spend will be higher as matching national funding is added.

The ESF promotes entrepreneurship mainly through financial and business support services. Much of this funding is devoted to supporting would-be entrepreneurs according to their needs, in terms of training, advice and mentoring through ESF programmes which will help them set up their companies.

As well as providing new entrepreneurs with the skills and advice they need, the ESF also helps them surmount the other main obstacle many face: access to finance. Several Member States deploy ESF funding to support microcredit lending aimed at raising employment and promoting entrepreneurship. This ESF support received a significant boost in 2010 when the EU agreed to set up a new financial facility to provide loans to the unemployed and small entrepreneurs who want to set up their own business.

### ***European Progress Microfinance Facility (Progress Microfinance)***

Acting on a proposal from the European Commission, in 2010 the EU ministers for employment and social affairs and the European Parliament agreed to set up the **European Progress Microfinance Facility (Progress Microfinance)**. This facility provides loans to people who have lost their jobs and want to start or further develop their own micro business. It has a starting budget of €100 million which could leverage more than €500 million in co-operation with international financial institutions, such as the European Investment Bank (EIB) Group. The objective is to support starting entrepreneurs with loans of up to €25 000 each over a period of eight years<sup>110</sup>, to be provided through local financial organisations, such as banks and other providers of microfinance.

### ***Other EU funding instruments***

In this area an important role is also played by other EU funding instruments: Structural Funds like the **European Agriculture Fund for Rural Development (EAFRD)**, and the **European Regional Development Fund (ERDF)**<sup>111</sup>, and special support instruments, such as the **Joint European Resources for Micro to medium Enterprises (JEREMIE)**<sup>112</sup> and the **Joint Action to Support Micro-finance Institutions in Europe (JASMINE)**<sup>113</sup>, two EU joint initiatives respectively operating in the area of credit and micro-credit for SMEs<sup>114</sup>.

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<sup>110</sup> And as loans are repaid more can be made – this recycling of funds means that more financing could be made available for investment in microenterprises employing less than ten people.

<sup>111</sup> [http://ec.europa.eu/regional\\_policy/thefunds/regional/index\\_en.cfm](http://ec.europa.eu/regional_policy/thefunds/regional/index_en.cfm)

<sup>112</sup> [http://ec.europa.eu/regional\\_policy/thefunds/instruments/jeremie\\_en.cfm](http://ec.europa.eu/regional_policy/thefunds/instruments/jeremie_en.cfm)

<sup>113</sup> [http://ec.europa.eu/regional\\_policy/thefunds/instruments/jasmine\\_en.cfm](http://ec.europa.eu/regional_policy/thefunds/instruments/jasmine_en.cfm)

<sup>114</sup> four joint initiatives were developed by the European Commission (Directorate General for Regional Policy) in co-operation with the European Investment Bank group and other financial institutions in the framework of the 2007-2013 programming period in order to make cohesion policy more efficient and sustainable. Two of them refer to the promotion of financial engineering instruments (Jeremie and Jessica) and the other two (Jaspers and Jasmine) operate as technical assistance facilities. For more details see:

[http://ec.europa.eu/regional\\_policy/thefunds/instruments/index\\_en.cfm](http://ec.europa.eu/regional_policy/thefunds/instruments/index_en.cfm)

## PARTNER COUNTRIES PERSPECTIVE: FIGURES & MEASURES

### BELGIUM

**Belgium suffers from below-average and stagnating labour-market participation and high employment and unemployment disparities across regions and population subgroups. The population groups with the lowest participation in the labour market include those with a migrant background, the elderly and low-skilled youth in all regions. These groups are also exposed to higher risks of poverty and social exclusion.**

**In March 2013, the youth unemployment rate in Belgium was 22.4%, which means a number of young unemployed around 93.000 units. Youth unemployment is a more acute problem in Wallonia and Brussels than in Flanders. Although the current economic crisis had a more severe impact on youth unemployment in Flanders, the imbalance remains nevertheless largely unfavourable to Walloon and Brussels regions. Youth unemployment is attributed to structural issues in Flanders, compared to Brussels and Wallonia where low skill levels and increasing school leaving rates are important factors.**

**The comparison between Member States shows that there are quite some differences also concerning the desirability to become self-employed: in Belgium one third of respondents say they would rather be self-employed which is lower than the EU average, and fewer people (24%) consider self-employment to be feasible than across the EU as a whole.**

In contrast, almost three-quarters (74%) of people in Belgium say that self-employment is unfeasible, with 19% considering self-employment not very feasible and 55% regarding it as not feasible at all. At EU level only 67% of respondents think it would not be feasible (22% say it is not very feasible, while 45% consider it to be not feasible at all). Though relatively few people in Belgium view self-employment as a feasible option compared with people in the EU as a whole, more respondents there consider it to be feasible now than did so in 2009.

#### ***Policies & Measures***

The particular regional situation – both at political, economic and social level – also affects the effectiveness of the employment policies, with responsibility split between the regional and federal government, which has difficulties in reaching a consensus because of the regional differences.

To combat and prevent youth unemployment, Belgium has identified four key priorities, and one of them is supporting self-entrepreneurship. The federal government as well as the regional ones have taken some measures to stimulate entrepreneurship and self-employment. For example, in Wallonia, the “Plan Airbag” offers financial support for self-employment initiatives for people below 30 years of age.<sup>115</sup> In Flanders, the Flemish Agency for Entrepreneurial Training (SYNTRA)<sup>116</sup> offers young people training to support their development as entrepreneurs. In 2012, the Flemish Region undertook new actions such as the “Economy-Education” projects, programmes for boosting teacher training, calls for start-ups and young entrepreneurs, etc. The Flemish Government, as a dynamic authority, is also actively pursuing its multiannual programme that aims to develop a favourable entrepreneurship climate among other things. In the Walloon Region, several new measures were taken in 2013 in favour of entrepreneurship, such as a new portal for companies, support measures for the self-employed and VSEs, export coaching, and the like. The priorities in 2013 concern a positive entrepreneurial image, entrepreneurship in higher education, business transfers, non-technological innovation support and in the case of major export activities, the use

<sup>115</sup> <http://gouvernement.wallonie.be/le-plan-airbag-pour-favoriser-l-emploi-ind-pendant-en-wallonie>

<sup>116</sup> <http://www.syntravlaanderen.be>

of living labs. The Brussels-Capital Region is stimulating entrepreneurship through a whole range of measures, also supporting specific target groups such as women, young people, migrants, as well as second-chance entrepreneurship.

The implementation level for programmes co-financed by the Structural Funds in Belgium is very high, the global commitment rate approaches 100%. Almost 80% of the expenses concern priority categories in terms of the European aims (*earmarking*). Numerous innovation-driven projects are being implemented in the field of SME and entrepreneurship support, notably through financial instruments, lifelong learning and skills development, social inclusion, and much more.

## **Overview of 2013 European Semester in Belgium**

### National Reform Programme (NRP):

In its NRP, Belgium has stressed that the development of entrepreneurship can play a central role in the strategy for revitalizing the European economy. Stimulating entrepreneurship and the setting-up of companies, supporting companies by making life easier for them, and encouraging and improving the protection of the self-employed remain priorities, both at the federal and at the regional level. A “*new federal plan for SMEs and the self-employed*” based on 6 pillars has been proposed<sup>117</sup>.

### Country-Specific Recommendations (CSRs):

The framework conditions for speeding up the transition towards a more knowledge intensive economy should be reinforced, focusing - among other things – on entrepreneurship. In this area, the Commission recommends to: further reduce disincentives to work through effective enforcement of job-search requirements and personalised job search assistance for all unemployed; to increase interregional labour mobility; simplify and reinforce coherence between employment incentives, activation policies, labour matching, education, lifelong learning and vocational training policies for older people and youth.

## **SPECIFIC CASE-STUDY: JOBYOURSELF**

The Brussels Capital Region (BCR) is rich and attractive from an economic point of view (production, investment, domestic employment). It accounts for more than 20% of Belgian GDP compared to 10.3% of the Belgian population (1.15 million from a total of just over 11 million). However, a significant part of the population is dependent on social benefits<sup>118</sup>. There is therefore a significant discrepancy between the economic and social development.

People who are confronted with unemployment are typically youngsters, single parent families, single people, low-skilled and non-EU nationals and employment in Brussels remains a priority issue, particularly for **young people**. To remedy unemployment, business creation through self-employment was conceived in the late 90s as a possible answer for integrating people called “outside the labour market”, especially as the SMEs were largely sources of employment in Europe. In the BCR, it is the Brussels Regional Office of Employment (ACTIRIS), which has a partnership with the European Social Fund to support actions promoting employment in Brussels. Thanks to this

<sup>117</sup> Financing of SMEs, administrative simplification, a better social status for the self-employed, stimulating employment in SMEs, measures for recognising sectors, measures in favour of the internationalisation of SMEs.

<sup>118</sup> The 2010 statistical report published by the PES for the Brussels region (ACTIRIS) indicated that the unemployment rate (ILO definition) stood at 17.4% compared to the national average of 8.4%.

partnership<sup>119</sup>, JobYourself has received a subsidy from ACTIRIS for the period 2011-2013, and has become one of its partners in the framework of a program of support actions to self-employment creation (**ACE : Actions d'accompagnement à la création de son emploi**). The first AECs were created to encourage entrepreneurship and propose another way to create jobs, in a cooperative and collective way, within the framework of the social economy. The first AEC was born in France in 1995, in Lyon (*Cap Services*). In Belgium, the first AEC was founded in 1999 in Wallonia, Charleroi (*Azimut*). The movement grew rapidly in Flanders and Brussels.

Today, 11 AECs are operational in Belgium. They are grouped within the COOPAC<sup>120</sup>, which is a member of the European network "Cooperate to undertake". This network acts mainly as a link between the European, federal and regional institutions.

AECs have been defined as companies with a social purpose (SFS) decreed by the law of 1 March 2007. The Royal Decree of 15 June 2009, approved by the Council of Ministers, clarifies the conditions of access to AECs, making a distinction between those who are more or less than 50 years old.

In Brussels, there are two AECs : *Bruxelles-Emergences* and *DEBUuT*. They form a group with the non-profit association "**JobYourself**" (**JYB**), with an innovative approach as it allows people who have a project to test it by making their legal structure and business number (ex. VAT) available to the creators. They somehow become their billing centre and support the administrative management of each activity. Moreover, the system is secure for recipients of unemployment benefits and social income, whose rights are thereby maintained.

Based on a set of common principles that differentiate them from any other businesses, they are both:

- *Enterprises in the social economy*: they operate on the principles of solidarity, their results are both economic and of social utility, giving real societal added value.
- *Social enterprises*: they help people traditionally excluded from the labour market and give them coaching with regard to their project. Candidates to entrepreneurship (CE) are not chosen according to criteria of profitability, but are mainly unemployed people who want to retrieve a prominent place in the labour market. This does not mean that their project should not become profitable: it has to be made economically viable in the long term. It should also be mentioned that, while any type of project is accepted, projects cannot have a social character.
- *Cooperative enterprises*: cooperation between the future entrepreneurs, sharing of the administrative, accounting and legal management, sharing of knowledge, training, skills.
- *Innovative enterprises*: their aim is to offer space for creativity, innovation and experimentation, and they encourage activities with a sustainable development perspective.
- *A tool for local development*: they promote the creation of local businesses and jobs and collaborate with the local stakeholders and socio-economic partners.

### Achievements and effectiveness of the program<sup>121</sup>

In 2011, 706 job seekers and recipients of CPAS have shown interest in whose services and participated in an Info session given by JobYourself. Among them, 97 have come into the structure and 64 have tried a test period.

For the year 2011, JobYourself has recorded 52 positive outputs.

Age: People between 30 and 40 represent 64% of the CEs accompanied by JobYourself.

<sup>119</sup> With more than 150 partners in the 19 municipalities of the BCR, ACTIRIS has developed a range of services for job seekers and provides support to employers.

<sup>120</sup> [www.coopac.be](http://www.coopac.be)

<sup>121</sup> These results refer to Job Yourself and the 2 AECs, Bruxelles-Emergences and DEBUuT, which act in the BRC only.

*Gender:* The gender distribution is fairly balanced: 56% of women and 44% of men want to become self-employed.

*Education:* Applicants with a university degree and long or short type graduates represent 60% of the CEs.

*Public:* 90% of those admitted in JobYourself were registered as job seekers in ACTIRIS. Only

*Main activities:* social (48%) and businesses (18%) services represent 66% of the projects supported.

*Results for 2011: Consolidated figures of two cooperatives*

- Number of participants in the Info sessions given by JobYourself : 706
- Number of CEs in preparation for their future activity : 97
- Number of CEs testing their project : 64
- Number of positive results after accompaniment in JobYourself and the EACs : 85
- Hours of individual Coaching-Mentoring sessions : 3,524 hours
- Hours of group training sessions : 3,360 hours
- Revenues generated by the CEs during the test period within the AECs : 1,000,862

*Subsidies granted in 2012 by the government JobYourself*

AECs operate on a mix of public and private resources (10% taken from the gross margin of the CEs in test, patronage). Subsidies in 2012:

Federal Subsidy "Social Economy": 32,000 €

Regional subsidy from the BRC - Minister Benoît Cerexhe : 340,000 €

Communal subsidies and others: 31,500 €

ACTIRIS subsidies - partnership ACE – SEF : 66,300 €

Subsidies for the "Contrats de Quartier" (regional and communal subsidies) : 191,485 €

*Impact of JobYourself on employment*

A 2004 study by Alter Agency indicated that job creation in Belgium applied annually to 9,000 to 12,000 social beneficiaries and generated 15,000 to 20,000 new jobs per year. It is clear that measures to support job creation ensure sustainability well above average to these created activities, especially with entrepreneurs who are infra-qualified.



## FRANCE

The entrepreneurial dynamism in France is real, as evidenced by the growing number of start-ups over the last ten years: 210,000 firms set up in 2000, 330,000 in 2008 and 550,000 in 2011 (due to the implementation of the sole-proprietorship status). The image of entrepreneurs is quite positive: 65% of Frenchs consider that the entrepreneur profession is a good career choice, the same as in the United States and much higher than in Germany and in the United Kingdom (50%). France has a real entrepreneurial potential but this is still underexploited. There is a real gap between the intention of setting up an entrepreneurial activity and the actual undertaking of it. Only 30% of Frenchs as well as 30% of Britons and Germans envisage that they could become economically autonomous in 5 years time (compared to 35% of Americans).

More specific figures can be outlined as regards the youth. In 2010, 24% of entrepreneurs were under 30 years of age, of which 8% under 25. Three years after their setting up, 59% of start-ups created by young people are still in business. According to the French youth, learning how to control and direct a team, being organised and not being overwhelmed are essential qualities for entrepreneurs. Yet, this vision changes when they start their own businesses. To be autonomous, to assume decisions (39%), to work hard (31%) and to manage the whole administrative work (29%) appear as essential skills to manage a company. In 2012, 37% of young people planned to establish or acquire a business one day, and among them, 44% said they wanted to take action in the next five years. However, studies tend to reassess these figures by taking into account the several differences and variations among youth projects. According to APCE (Agency for the creation of enterprises), the entrepreneurial attitude is strongly affected by the characteristics related to the knowledge and the experience in business creation and entrepreneurship. 43% of young business leaders report an annual turnover before tax of € 80,000 or more, a figure increasing for 3 young managers out of 5. If those over 30 years of age record a turnover relatively close to the juniors' one, the percentage of youngsters reporting an increase of it is higher compared to those aged 30 and over (58% against 52%). 84% of young business managers declare to be happy for setting up their own business and 30% among them state to be strongly satisfied of the choice. Among the main issues obstructing their businesses, youngsters frequently mention cash flow problems and belated payments as well as the difficulties of accessing the credit (26%) and a significant drop in sales (24%).

### **SPECIFIC MEASURES**

The low rate of education on entrepreneurship in the primary and secondary educational sectors is one of the main obstacles in the creation of start-ups. This along with the dissemination of entrepreneurial skills is considered in France as the most significant obstacle to entrepreneurial activities.

#### ***The Jeun'ESS programme***

The programme has been launched in June 2011 by the Ministry of Solidarity and Social Cohesion, the Ministry of National Education, Youth and Associations, the Caisse des Dépôts and six companies and foundations of the social economy (the Credit Cooperative Foundation, the World Foundation, the MACIF Foundation, the Group Foundation Cheque Dejeuner, MAIF and MGEN). Three objectives, constituting the pillars of its intervention, have been identified: to promote the social economy among young people and boost their propensity to take up a business career, promote youth initiatives and give them a proper place, promote the integration of young people in the social economy enterprises and particularly in their governance.

#### ***The Students – Entrepreneurs plan***

The plan for the development of entrepreneurship in higher education institutions was initiated in late 2009 by the ministries in charge of industry, higher education and research. The goal is to



educate students to the business culture and to encourage innovation and enhance employability. The three components contributing to the promotion of the entrepreneurship attitude - awareness, training and support - will be fed into the path of future graduates whatever their education sectors.

### ***The national coordination Mission on entrepreneurship***

The setting up of a national coordinator for promoting entrepreneurship among students follows the implementation of all measures introduced in 2010 for the development of entrepreneurship within higher education institutions. He/she is responsible for leading the national coordination Mission whose aim is to ensure the proper coordination between the various existing measures promoting entrepreneurship among students and to advise the educational institutions on all potential means to improve the efficiency.

### ***The entrepreneurship referents in higher education institutions***

Since 2010, each higher education institution must name an "entrepreneurship referent". Its mission is to promote entrepreneurial careers and inform students about the existing aids potentially supporting their projects. The referents work in cooperation with the "bureaux d'aide à l'insertion professionnelle", (B.A.I.P.) set up in all universities. With 300 entrepreneurship referents already appointed in 2011, this national network can cross the various experiences and exchange best practices on entrepreneurship in higher education.

### ***The Student Entrepreneurship Centres (SEC)***


20 Student Entrepreneurship Centres (SEC) have been selected in 2010, following the call for proposals launched by the ministries in charge of industry, higher education and research, joined by the Caisse des Dépôts et Consignations. With a budget of 3 million euro for the period 2010-2013, the SECs aim to provide students and graduates interested in entrepreneurship with an innovative support. Created within the research and higher education centres, they gather together higher education institutions (universities, engineering schools, business schools), economic actors and associative networks (support networks, public and private incubators, SME networks, etc.). Since September 2010, they propose joint initiatives in raising awareness, training and support (organisation of events, educational support, advice and guidance for students' projects, creation of students' incubators, etc.). Since then, three new centres were approved, one in Languedoc-Roussillon in December 2011, and two in Eastern Paris and Bourgogne Franche-Comté in March 2012, a sign of the strong mobilisation of academic and community networks to promote and develop entrepreneurship among young students.

### ***The skills guide***

The skills guide on entrepreneurship aims to raise awareness among students on the fact that they are agents of their own future and that many opportunities are available for them such as establishing their own businesses, developing professionally and creating economic, social wealth and jobs. Thus, the skills guide provides directives and objectives in the students' training process in order to raise awareness on the challenges of entrepreneurship and to awaken their entrepreneurial spirit. It is a guide that all higher education institutions (universities, engineering schools, business schools) are required to deploy within their structures, with the support of the SECs.

### ***The creation of Junior Enterprises in universities***

Since 2010, all universities, with the support of the National Confederation of Junior Enterprises (NCJE) shall create a Junior Enterprise. Highly developed in the "grandes écoles", junior companies have showcased their efficiency by allowing students to supplement their academic training in cooperation with enterprises. As a student association performing tasks on behalf of enterprises, in



connection with the disciplinary skills of its students, the Junior Enterprise promotes their employability and increase awareness on their business with companies. Since the implementation of the Entrepreneurship Student plan, the number of Junior Enterprises created in universities has quadrupled. All in all, the National Confederation of Junior Enterprises (NCJE) now includes 45 academic Junior Enterprises academics.

***The national prize on innovating student entrepreneurship***

Launched in 2009, the “innovons ensemble” prize is an element of the general framework aimed at supporting the creation of innovative enterprises and strengthening the link with innovation. Organised by the Association Retis - with the support of the Ministry of Economy, Finance and Industry, and the Ministry of Higher Education and Research, and addressed to students, the prize awards multidisciplinary projects whose goal is to create innovative enterprises.

## ITALY

The support of youth entrepreneurship can be implemented through different type of policies and programmes, ranging from entrepreneurship education to economic and technical support to new entrepreneurs.

Entrepreneurship education is being increasingly promoted in most European countries. To date, eight countries have launched specific strategies, while 13 others include it as a part of their national lifelong learning, youth or growth strategies<sup>122</sup>. On the contrary, in Italy there is no specific national strategy for entrepreneurship education except for technical and vocational pathways. Entrepreneurship education is however integrated in some optional subjects in ISCED 2 and 3, and is included in one of the compulsory subjects in a specific branch of ISCED 3<sup>123</sup>.

Concerning the provision of practical support and incentives for entrepreneurship, the Ministry of Economic Development and the Ministry of the Economy and Finance periodically provide incentives, above all financial support instruments and subsidised loans, for new businesses, particularly those set up by young people.

Some of the main interventions in the field of young entrepreneurship at the National level date back to the 1990s.

In 1995, the Italian Parliament passed a bill (L. 95/95), “Extraordinary measures to promote and develop youth entrepreneurship”, providing subsidies to young entrepreneurs. The target of the law were companies composed of young people aged between 18 and 35, or made up by at least 2/3 of young people aged between 18 and 29 (the shares being established on the basis of the capital share of each member of the company); and residing in the least developed regions of Italy, in rural areas or in zones in industrial decline (the European Commission’s Objectives 1 and 2). This bill provided both monetary and non-monetary incentives, i.e. subsidies or tax breaks (covering up to 90% of the investments), free services for technical assistance and entrepreneurial training, and tutoring. It covered activities regarding the production of goods in the fields of agriculture, handicrafts, industry, and the provision of services to businesses.

Another relevant legislative provision was Legislative Decree 185/2000 (“Incentives to self-entrepreneurship and self-employment”), which under Title I established incentives to self-entrepreneurship. The objectives of the law were to favour the creation of new enterprises; to promote training and professional skills update of new entrepreneurs; to facilitate access to credit for enterprises mainly conducted by young people; to promote young entrepreneurs dealing with innovative sectors; to support training and professional skills update of women entrepreneurs; to favour the creation and the development of social enterprises and their access to credit; to support disadvantaged entrepreneurs; to favour the creation of new enterprises in agricultural sectors; to support farmers entrepreneurship and facilitate their access to credit. Young people were therefore among the main recipients of the incentives. The target of the measure were companies composed exclusively by people between 29 and 35 years old, or companies mainly composed by people between 18 and 29 years old, and resident in Objectives 1 and 2 territories (as established by EU Regulation). Besides a grant aid, technical assistance, training and professional qualification were envisaged. The targeted sectors were goods (agriculture, craft, and industry) and services (all sectors) for enterprises; and services (culture, tourism, maintaining of civil and industrial works, technological innovation, environmental protection, agriculture, transforming and commerce of agro industrial products). Title II of the same law provided for similar incentives and support for youth self-employment.

Some new opportunities have been introduced in the last years as well. In 2011, Article 27 of Decree Law 98/2011 introduced a more favourable tax regime for young entrepreneurs, starting from 1 January 2012. In 2012, Decree Law 1/2012 (introducing the new Article 2463-bis of the

<sup>122</sup> EU Youth Report 2012, European Commission, 2012.

<sup>123</sup> Entrepreneurship Education at School in Europe, European Commission, 2012.

Italian Civil Code, and later converted into Law 27/2012) introduced a new and simplified version of the “Limited Liability Company” (the Italian so-called “SRL”), requiring only 1 euro capital, to favour business activities of young entrepreneurs and start-ups. This opportunity is provided only to shareholders under 35 years of age, and includes other procedural simplifications; in particular, the incorporation deed and the registration of the company on the business registry are exempt from stamp and secretarial duties, as well as from notary fees.

European Structural Funds play a fundamental role in favouring youth entrepreneurship. In the framework of the first and second reprogramming of the Cohesion Action Plan – the strategic instrument for the reprogramming of programmes co-financed by EU Structural Funds 2007-2013, aiming at accelerating and improving funds use – 50 million Euros were reprogrammed as new financing to self-employment and youth entrepreneurship under the activity of Legislative Decree 185/2000, with funds coming from both ERDF and ESF. With such resources, the goal was to finance around 1,500 projects by 2015. Another 60 million Euros were allocated for the continuation of this activity from the national Development and Cohesion Fund (*Fondo per lo Sviluppo e la Coesione*, FSC, former *Fondo per le aree sottosviluppate*, FAS). These 110 million Euros helped ensuring the continuity of the action to cover successful applications that were awaiting funding, as well as further applications made by March 2013. In 2012, around 186 million Euros were paid out to beneficiaries<sup>124</sup>. A notice published on the Official Gazette n. 96 of 24 April 2013 announced that the financial resources available to finance interventions under Legislative Decree 185/2000 had been exhausted. As a consequence, as of 26 April 2013 applications for receiving the incentives were closed.

In the third reprogramming of the Cohesion Action Plan (December 2012), one of the nine points of the list of anti-cyclical policies is the promotion of new entrepreneurship, with the objective of strengthening the innovation potential of the entrepreneurial system, supporting access to entrepreneurship of the youth, and favouring the start-up of innovative enterprises. Around 205 million Euros are allocated for this line of intervention. National and regional instruments will be used to support new entrepreneurship, especially in innovative sectors and with a particular involvement of the youngest population. At the national level, this intervention will include the use of the measures introduced by Decree Law 179/2012 favouring the creation of innovative start-ups with lower set-up costs and a simplification of administrative burdens.

## **SPECIFIC MEASURES**

The ESF and ERDF also fund numerous projects at the regional level.

### **“Progetto Ide-e”**

For example, in Umbria, the “Ideas” project (*Progetto Ide-e*), launched by the Umbrian Research Agency and co-funded by the ESF, gave promising young entrepreneurs a flying start. *Ide-e* aimed to boost small start-ups and keep them in the region by offering aspiring entrepreneurs, aged under 35, first-hand experience of good practice in innovation and entrepreneurship in other EU countries, so that they could then bring this knowledge back to Umbria. Potential businessmen and women with bright ideas for innovative products and services were able to spend six months in successful companies in France, Spain, Denmark and Sweden, among other countries. The expertise gained covered a wide range of sectors, such as pharmaceuticals and tourism.

### **“Support to young entrepreneurship” Programme**

In Calabria, the ROP ERDF 2007-2013 co-finances the programme “Support to young entrepreneurship”. This measure is a follow up of some actions of dissemination of corporate culture and self-employment attitude involving two universities and 76 high schools. The goal is to support young entrepreneurs in the region in the creation of new business through integrated aid

<sup>124</sup><http://www.coesioneterritoriale.gov.it/wp-content/uploads/2012/12/PAC-III-Riprogrammazione-Ministro-Dicembre-2012.pdf>;  
<http://www.coesioneterritoriale.gov.it/wp-content/uploads/2013/04/Le-politiche-di-coesione-territoriale.-Rapporto-di-fine-mandato-Fabrizio-Barca.pdf>.

schemes ("Pacchetti Integrati di Agevolazione" – PIA, which include grants and loans). The initiative provides financial incentives and support services (e.g. assistance in the design of a business-plan, tutoring in the start-up phase). The beneficiaries are young SMEs or start-ups whose founders (or the majority of partners) are aged between 18 and 40. The 2012 funding for the measure was 10 million Euros from Structural funds and 10 million Euros from regional public funds.

### **SPECIFIC CASE-STUDY: LATUAIDEADIMPRESA**

LATUAIDEADIMPRESA ® is the project for the promotion of the entrepreneurial culture among youth, coordinated by Confindustria Training Systems and Confindustria Young Entrepreneurs, under the patronage of the Ministry of Education, University and Research.

At the heart of the project there is a national business idea contest for high school students, based entirely on [www.latuaideadimpresa.it](http://www.latuaideadimpresa.it), a web platform leveraging the web 2.0 tools and the main social networks (Facebook, Twitter, Youtube) to provide young people with an opportunity to express their self-employment and to involve them, along with teachers and entrepreneurs, in a dynamic exchange on topics such as culture of entrepreneurship, education, and the necessary skills to enter the labour market.

The student teams develop business ideas by filling in the business plan available online and expose them on video published on the web platform, in order to be evaluated and rated by the entrepreneurs from the participating Industrial Associations. Each Association member awards the top three business projects of its own area: each winner then participates in the national competition, under which the entrepreneurs vote online the best three online business ideas at national level.

The entrepreneurs involved by the Associations play a key interactive role because they examine and vote for the best business plan, recount their own stories as entrepreneurs on video and contribute to increase the students' knowledge on the business environment.

Now at its third edition, in collaboration with the most important Italian companies, LATUAIDEADIMPRESA ® has involved 26 organizations, more than 3,000 students from almost 100 schools and over 500 entrepreneurs and teachers.

## **ROMANIA**

In Romania there are two programs which are dealing with young entrepreneurship:

1. SRL D - is a scheme to support youth to open a business. Every person which is willing to open a business must do a business plan and the program will finance 50% from the total value of the business plan but not more than 10.000 euro. The scheme is offering public guarantee for a credit in relation with a bank. The value of the credit should not be more than 80.000 euro. Every business must create at least 3 jobs and the program offer some fiscal facilities for the new companies, meaning facilities for social contributions. The program was established in 2011 and is considered best practices because with a low budget has created around 5278 new jobs.
2. Start program – this program has as objective to develop youth entrepreneurship and to facilitate access to finance for youth. In this program every youth who has already a business can access a grant – maximum 22.000 euro – with a co financing of 30% for developing their own business. This program is financed by public funds.

Both programs are dedicated to youth. Of course youth entrepreneurship can be integrated also in others programs financed by public funds but those are not dedicated exclusively to youth.

## Using structural funds for promoting youth entrepreneurship

There are 2 funds which are linked to youth entrepreneurship: one is financed by ESF and one is financed by FEADR. We are referring here only at those programs which have as an objective youth entrepreneurship.

*European Social Fund, key intervention domain 3.1.*

European Social Fund in Romania is financing an operational program which is called Sectorial Operational Programme Human Resource Development. In this program there is a key intervention domain which is called

**Promoting entrepreneurial culture.** Target groups for this measure are:

- Graduating students
- Employees
- Management staff from enterprises, especially SMEs
- Entrepreneurs
- People who want to start a business, including those at risk of becoming unemployed
- Women
- Roma
- People with disabilities
- Other disadvantaged people
- People from rural areas

This Key area has the aim of promoting an entrepreneurial culture which refers to an individual's ability to turn business ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives. In this respect the objective will be to make entrepreneurship a career option for everybody providing training in managerial and entrepreneurial skills. This will be important solution to counterbalance the negative effects of the structural adjustment and industry restructuring process, by generating economic and social alternatives and improving the economic status of a significant number of people.

The changing economic environment as well as various global challenges will inevitably result in new developments in the market: the promotion of entrepreneurial culture will work for an increase of people's capabilities of breaking into new markets, by means of turning their business ideas into concrete action. This can either be done by the establishment of new enterprises, or by changing the course of existing businesses. The operations shall also ensure that the managers, especially in small and medium enterprises, get the necessary knowledge on how to make best use of the opportunities existing on the market, on the success factors that increase business' competitiveness, management and marketing strategies etc. The operations will finally address the needs of individuals interested in starting up a business as self-employed or as an employer, in providing the necessary information on the business environment, opportunities, business planning, legislation etc. The key area's main operational objective is to develop entrepreneurial and managerial abilities at company level in order to improve current performance and vocational training for individuals to foster the entrepreneurial spirit and generate an increased number of businesses.

There is no indicator which is focusing on youth to evaluate the efficiency of this program but the number of youth which were included in activities financed by SOPHRD, key intervention domain 3.1. was 29.297 in 2012, around 30% from the total number of young people.

## European Social Fund, priority axis 5

The Priority Axis „Promoting active employment measures” will support the increase of the employment rate, by attracting and maintaining as many persons as possible on the labour market. Measures for the motivation of inactive persons, for the promotion of geographical and occupational mobility and for the harmonization of the supply with the demand for labour can be



promoted through the proposed operations. Integrated programs for education, vocational training, employment, personalized services, including individual action plans, counseling and specific programs for training of inactive persons will also be promoted. A distinctive emphasis shall be placed on innovative schemes for stimulating the employment of young people and the long-term unemployed, as well as on assistance measures for the integration and longest possible retention on the labour market.

Operations specifically for persons from rural areas, employed in subsistence agriculture will also be promoted. The proposed measures will aim to remove them from subsistence agriculture and to integrate them in the sector of non-agricultural services or activities. For these persons, who will acquire new occupations in new fields of activity, the objective will be the provision of personalized services, counseling and specific training programs, adapted to their specific needs.

Key areas of intervention

1. Developing and implementing active employment measures;
2. Promoting long-term sustainability of rural areas in terms of human resources development and employment.

This is not focused on youth only and is financing a large number of active measures for unemployed persons but activities such as assistance for develop a business or to train young unemployed persons which wants to become entrepreneurs can be financed by priority axis 5.

In May 2013 a Youth Guarantee Scheme is established by Romanian Government. This is financed by ESF and supporting young person to have a business is an activity which can be financed by Youth Guarantee Scheme. The target of Youth Guarantee Scheme is young unemployed persons.

### **European Social Fund, key intervention domain**

The Key area focuses on the development of social economy. Social economy is the generic term used to refer to groups of people (not capital) who come together to take an active economic role in the social inclusion process, i.e. Cooperatives, social enterprises, foundations, associations, etc., NGOs and other non-profit making organizations that have an important role in managing and consolidating activities.

The development of the social economy in Romania will bring benefits to the entire economy from several perspectives. The creation of flexible and innovative employment will be enhanced, strong local development policies will be set up, and services to people will be promoted as well as active citizenship, social cooperation and social solidarity. At the same time, new functional groups and partnerships in the economy such as cooperatives, aid associations, foundations and other voluntary associations will become established offering new services and new opportunities. It is expected that new groups, partnerships and organizations will provide local solutions to local problems by providing new services in social services, healthcare, education etc. New social enterprises will be set up to provide an outlet for local production, local crafts etc. The result will be increased job opportunities for people belonging to Roma population, for people with disabilities or for other vulnerable groups at risk of social exclusion.

This key intervention domain is not focusing only on youth but they are considered vulnerable group and can be included in activities which are financed by key intervention domain 6.1. Until now around 30% from the number of beneficiaries were young persons.

### **European Agricultural Fund for Rural Development - National Rural development Programme, key intervention domain**

The objective of this key intervention domain is to increase the number of young farmers who are starting an agricultural exploitation and to promote investments in the agricultural sector. The young person must be manager of the farm and must make profit. The maximum amount which can receive for each hectare worked is 40.000 euro. This program is worth to be mentioned



because the farm could be seen as a business and this key intervention could be considered as a measure to promote youth entrepreneurship.

### **SPECIFIC MEASURES**

#### *Beauty Academy financed by SRLD program*

The applicant has invested 10.00 euro from his own money and 10.000 have been received from the program. The Beauty Academy will organize trainings in hairdressing school where those interested will be able to specialize in the field.

A course is lasting for three to four months and the price is between 150 and 400 euro. The most expensive is the beauty training. Upon completion of the course, students will obtain a diploma recognized by the Ministry of Education". The company has four employees, and by the end of the year will reach new employees.

## SPAIN

### **National policies or programme to promote and foster youth entrepreneurship**

We would like to highlight the Strategy for Entrepreneurships and Youth Employment 2013 – 2016, which was presented in March of this year.

While the strategy is not the outcome of a process of Social Dialogue, since the Government in the final stages of the negotiation broke this dialogue in order to legislate on their own, we should highlight that social partners participated for several months in its elaboration. On the other hand, the Strategy takes up the recommendations made by the European Commission with regard to jobs for young people and forms part of the National Plan of Reform adopted by the Government. The Strategy is based on one essential motivation: to reduce the rate of youth unemployment and deal with the structural causes that make it higher than that for the rest of the population. This motivation falls within the strategic objective of reducing unemployment in general.

The objectives are as follows:

Objective 1. To help improve the employability of young people

Objective 2. To increase the quality and stability of youth employment

Objective 3. To promote equal opportunities

Objective 4. To promote entrepreneurship

Given that the issue that we are dealing with here is that of the promotion of self-employment, we will detail further the different elements that make up the objective 4: to promote entrepreneurship.

#### Flat rate for young self-employed workers. Fixed contribution to the Social Security.

Young self-employed workers registering for the first time with the Special Regime for Self-Employed Workers (RETA) will have an 80% reduction during the first six months in the minimum contribution for common contingencies. This amounts to a contribution of about 50 euros a month.

Subsequently and for the next six months, they will receive a reduction on the minimum base amount of 50% and, after the first year, men up to age 30 and women up to 35 will continue to enjoy a reduction and discount of about 30% in their contributions for the next 18 months.

#### Compatibility of unemployment benefits with the start of self-employed activity.

This allows receipt of unemployment benefit for a maximum of nine months while carrying out self-employed activity.

#### Greater possibilities of capitalisation of unemployment benefit.

It will now be possible for those receiving unemployment benefits to capitalise it up to a lump sum of 100% in order to make a contribution to the share capital of any type of mercantile company, providing that an open-ended relationship is established with the company and that it is a newly-founded company.

Moreover, the capitalisation of the unemployment benefit can be used by the new entrepreneur to acquire advisory services, training and information, and to cover the costs of setting up a new company.

#### Improved financing for self-employed workers and entrepreneurs.

This aims to promote funding, through different ministerial departments having competencies in this area, in the form of seed capital, microcredits, 'angel funding' and participating loans to facilitate the setting up of companies and to finance key activities in the processes of start-up and implementation.

#### Improved safety net for self-employed workers to allow for a second opportunity.

This allows workers to once again receive unemployment benefit after carrying out self-employed activity if, after a maximum of five years from the start of the self-employed activity, they drop out of the self-employed regime.

#### Creation of offices in the Public Employment Services specialising in advice and support for new entrepreneurs.

Initiatives will be set up – in collaboration with the Autonomous Communities - to follow up and support entrepreneurs who opt for capitalisation of unemployment benefit using formulae for technical assistance and training to contribute as far as possible to the success of the project.

#### “GENERATIONS” Contract. Incentives for hiring experienced people to work in new, young entrepreneurial projects.

This is an incentive for open-ended employment which aims to encourage young self-employed workers to hire long-duration unemployed workers aged over 45 who can offer the experience they need to achieve business success.

The reduction in the employer's Social Security contribution for common contingencies will be 100% during the first year of the contract.

#### Promotion of the Social Economy and of collective entrepreneurship.

The aim is to promote collective entrepreneurship and encourage the inclusion of young unemployed persons aged under 30 in Social Economy enterprises. The inclusion of under-30s will be encouraged in cooperatives and worker-owned companies as working partners and of unemployed young people at risk of social exclusion in social insertion enterprises by means of a discount in the employer's Social Security of 800 euros per year for a total of three years.

#### **Use of Structural Funds at National or Regional Level to stimulate youth entrepreneurship**

Again, at this point we want to highlight the Strategy for Entrepreneurships and Youth Employment 2013 – 2016, since an important proportion of its budget will be financed by European funds. A budget of 4,485 billion euros has been earmarked by the Government for this Strategy. Of this amount, almost 2.4 billion euros are from the General State Administration and just over 1.1 billion from the European Social Fund.


The new emergency measures will have an economic impact over the 4 years of implementation of the Strategy of over 1.75 billion, of which 40% aim to encourage hiring, 38% will be for measures to promote self-employment and entrepreneurship, and 22% will be for training and improved mediation.

Regarding the other measures to be adopted over the four years of implementation of the Strategy, there is also a budgetary provision of 1.7 billion additional euros, of which at least 50% will be for actions in the field of Training and Education.

#### **Case-Studies: one or two success stories (consequence of the National policies or programmes)**

In line with the above mentioned Strategy, we will present an example of good practice in the field of collective self-employment: The workers' owned companies, which are a unique type of business organizations of Spain. Basically, this kind of companies is defined by the workers being involved in the future of their companies through the buying of stocks shares in them.

These companies were born with the dawn of the current Spanish democracy, in the late 70's, to allow workers to take ownership of their companies. This was facilitated by a legislation which allowed workers who had lost their jobs to receive all the unemployment benefit in a single payment.



From 1996 to 2006, 14.957 workers' owned companies and 77.383 jobs positions within them were created (which meant a net increase of 282% and 146% respectively). This data show the potential of creation of wealth and jobs of this type of companies.

The workers' owned companies face the same challenge as the rest of Spanish companies in the crisis. However, workers' owned companies continue to be a model for the future: they show a great balance between capital factor and work, and they allow the participation of workers in the company. Also they promote collective entrepreneurship, competitiveness, protection of local employment and innovation. Workers' owned companies all over Spain are organized by the Confederation CONFESAL. CONFESAL is a non-profit organization, independent, pluralistic and participatory, whose objective is the representation and defence of the interests of territorial organizations and the companies integrated within it. It provides a space of dialogue for the workers' owned companies. CONFESAL aims to strengthen an organizational net with which to provide workers' owned

## COUNTING THE COSTS: THE SOCIAL IMPACTS OF YOUTH UNEMPLOYMENT IN THE NATIONAL AND LOCAL CONTESTS INTO THE PARTNER COUNTRIES.

Youth unemployment is one of the most urgent problems that many European countries, and the EU as a whole, have been facing since 2009. The seriousness of the problem, as well as the measures that have been adopted at European level to tackle it, have been discussed previously. Nonetheless, it is worth remembering that the situation is still alarming. The unemployed young people actively seeking work<sup>125</sup> in Europe are roughly 6 million (23~24%), with peaks of 59.2% and 56.5% in Greece and Spain, respectively, while the projections for the trimesters to follow are not letting us foresee any improvement.<sup>126</sup> The effects of this phenomenon are of course diverse, and differ depending on the country that is taken into consideration, but nonetheless some general patterns can be outlined. The social costs that youth unemployment entails for the EU and its member states are dealt with in the following paragraphs.

### SOCIAL COSTS OF YOUTH UNEMPLOYMENT

Some of the several and diversified effects that youth unemployment has on society affect directly the social system of reference – the state in this case, while some others impact on individuals and families, therefore entailing more mediated influence on bigger social structures. The different nature of the effects that can be ascribed to youth unemployment is used here as a criteria to analyse separately the different costs that young people and society as a whole bear as a consequence of it. Needless to say, all of the following effects are strictly interrelated, then their separation responds only to reasons of clarity in the exposition, the reality being much more complicated: while some of the trends and phenomena that are described herein are simple intensifications of the effects of general unemployment, some others are peculiar of unemployment as combined with the social, economic and psychological particularity of the concept of youth.

#### 1. Macroeconomic impacts.

It is well known that unemployment has negative effects on a country's economy;<sup>127</sup> decrease in revenues coming from the VAT and income tax have negative effects on public deficits and lead to a contraction of investment and GDP growth [FIGURE 1] – if not yet a negative

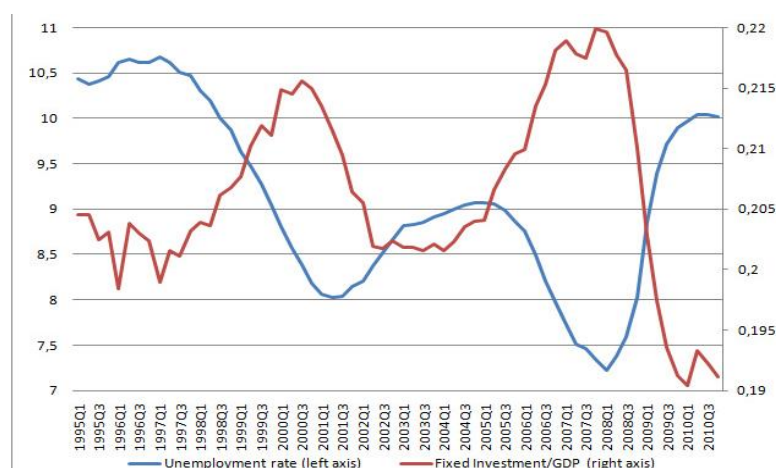


FIGURE 1: Unemployment rate & investment/GDP in the EU – European Central Bank

<sup>125</sup> This is the definition of unemployed given by the International Labour Organization (ILO).

<sup>126</sup> Source: Eurostat. [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Unemployment\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics).

[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Youth\\_unemployment](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Youth_unemployment). See supra, TYEC paper n. 2.

<sup>127</sup> O. Blanchard & D. H. Johnson "Macroeconomics" (6<sup>th</sup> ed.), Prentice Hall, 2012. P. Krugman & R. Wells "Macroeconomics" Worth Publishers, 2012.

one.<sup>128</sup> This, of course, is not big news in times of general economic recession but, given the austerity policies that are being implemented in the EU, and the fiscal rigour that is demanded to states, one might argue that youth unemployment is particularly problematic in times of economic stagnation due to the high rates it reaches, since it requires social expenditure and expansive policies in order to be sustained.<sup>129</sup> As a matter of fact, the first defence against this trends is to support the young jobless in their search, bestowing on the youth the moral duty to actively stay in contact with the labour market in order to correspond the support received by the social security system. In time of recessions and austerity policies, nonetheless, the former support is hardly sustainable, and the latter search is often pointless or deluding.

The most substantial peculiarity of youth unemployment is that, at least in developed economies, it is structurally higher than general unemployment and historically much more sensible to business cycles and economic disruptions.<sup>130</sup> Therefore, the effects of a financial crisis like the one that kicked-off in 2008, and of the following 'Great Recession', are likely to be – and are indeed being – much more dramatic, profound and quicker to appear on youth unemployment.<sup>131</sup> The foregoing data shall serve as evidence, being perhaps the most crude: the 'European Foundation for the Improvement of Living and Working Conditions (Eurofound) estimated the cost of youth unemployment for the EU area in € 153bn,<sup>132</sup> and the reintegration of some of this workforce in the labour market – even a 10 % – would allegedly save to member states tens of billions; these figures are indeed interesting if looked at in light of the calibrated financial efforts that the EU has made to tackle the financial and the employment crisis.<sup>133</sup>

Furthermore, the aforementioned amounts are just relative to the saved waste of human capital, and do not even take into account the prospective savings that the state would gain from reducing social expenditure –social security benefits, healthcare expenses, etc. – since the further expenses in which the public sector may incur due to youth unemployment raise are indeed difficult to calculate, especially considering that poverty and inequality are proven to worsen average health conditions of the population, therefore expanding the need for public healthcare.<sup>134</sup> Youth unemployment's effects are particularly pernicious at this regard because, as it will be analysed in the following paragraphs, the changes it originates in the labour market also have negative effects on the quality of the work developed and on the contribution that the social security system can derive from it. The situation, of course, differs depending on the country that is taken into account, since every one of them preserves competences on how the social security system is structured and financed, but nonetheless there are some general conclusions that can be drawn.<sup>135</sup>

In the first place the general increase of youth unemployment reduces the amount of aggregate contribution to social security since the young jobless, in general, do not contribute, and the ones that work are more likely to work temporarily or informally, therefore remaining out of the system as well, and eventually falling back on other kinds of subsidies and social aids. Secondly, the likelihood of young unemployed remaining such due to their period of inactivity, skill loss and discouragement, creates a spiral or self-perpetrating effect of this situation: the more a young person remains detached from the job market or in low quality jobs, the more is likely to get stuck

<sup>128</sup> GDP growth rate in the EU for 2012 decreased to a - 0,4 and is still estimated at - 0,1 for 2013; See Eurostat :

<http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tec00115&language=en>

<sup>129</sup> P. Krugman, "A manifesto for Economic Sense" <http://www.manifestoforeconomicsense.org/>

<sup>130</sup> Scarpetta, S., A. Sonnet & T. Manfredi, "Rising Youth Unemployment During The Crisis: How to Prevent Negative Long-term Consequences on a Generation?" *OECD Social, Employment and Migration Working Papers*, n. 106, OECD Publishing, 2010.

<sup>131</sup> ILO, *Global Employment Trends for Youth 2013: A generation at risk*, 2013.

<sup>132</sup> 'The cost of failing to integrate some 14 million young people aged between 15 and 25 into the labour market is estimated to be equivalent to around 1.21% of the EU's GDP'; <http://www.european-council.europa.eu/home-page/highlights/eu-leaders-agree-measures-to-fight-youth-unemployment?lang=en>

<sup>133</sup> Different amounts have been dedicated to financial institutions so-called bailouts and employment support, namely €700bn for the former against 8 for the latter: see P. Spiegel "Eurozone boosts rescue fund to €700bn", *Financial Times* 30/3/2012; P. Krugman "Europe's Austerity Madness", *The New York Times*, 27/09/2012; 10.7.2013 press release of the Employment and Social Affairs Committee of the European Parliament, <http://www.europarl.europa.eu/committees/en/empl/home>; and ILO's remarks on austerity and the need of employment based policies, [http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_209716/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_209716/lang-en/index.htm).

<sup>134</sup> *Infra*, paragraphs 3 and 4.

<sup>135</sup> N. Wagner, "Financing social security in Europe: Business as usual?" 151 *International Labour Review*, n. 4, 2012.



in that situation or in a low income sector of the population, hence being generally unable to benefit from the social security safety net and to contribute to the system, entailing chronic expenditure and economic inefficiency both for the state.<sup>136</sup> Another feature of these processes is a generalised difficulty for states in fulfilling their obligations, of employers to invest on youth, and for youth to find an employment, a trend that, as said, is hardly reversible without public expenditures and monetary policies – both out of reach of member states being these either competences of the EU or at odds with its current policies.<sup>137</sup>

Overall consequences of youth unemployment in Europe can also be considered from a broader – regional – economic point of view, being the principal negative effect of the aforementioned trends that of creating pressure on wages and employment due to the disequilibrium between demand and offer in the labour market. This trend damages private investment and hampers intra-EU trade, thereby favouring financial fragmentation within the EU,<sup>138</sup> but more importantly, as we will see in the next sections, it augments economic dysfunctions and sharpens inequalities between member states, hence putting at stake the very objectives of the Union by fostering economic differences between countries and fuelling political nationalism and mining sentiments of European cohesion<sup>139</sup>

## SOCIAL CONCERNS FROM LABOUR MARKET DISTORTIONS

Some very visible and generalised evidence of the effects of youth unemployment can be scouted in the distortions it causes in the labour market: the structural and long-term consequences of increases and high rates of youth unemployment like those registered in the EU in these years are severe, and have negative impacts on fundamental aspects of the labour market. Short-term effects as the skill mismatch of workers, combined with a lower quality of average jobs available, provokes inefficiencies in the transit of the youth from education to work, and consequent distortions in the reallocation of resources between economic areas and sectors: the unemployment being at historically high rates in the EU area, it is indeed remarkable that the labour market still lacks 2 million workers to fill vacancies.<sup>140</sup>

### *The skill mismatch challenge*

One of the main concerns, as recognised by EU institutions,<sup>141</sup> is the so-called skill mismatch challenge: nowadays young people in Europe are increasingly employed in occupations for which they are overqualified, hence underutilizing their skills, or in occupations requiring skills they do not have. They are either over educated for their job, or still – due to reduced experience – lack the skills for the ones available.<sup>142</sup> Proof of this is that over education is much more common among young workers than among workers over 30,<sup>143</sup> hence causing low skilled youth to suffer more from unemployment in comparison with the high skilled ones, their position in the job market being even worse. In fact, youth with higher levels of education are increasingly taking up jobs that they are overqualified to do, wasting their human capital gained in education, and causing the so

<sup>136</sup> Ibid.

<sup>137</sup> Supra, note 5; see also [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2-16072013-AP/EN/2-16072013-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-16072013-AP/EN/2-16072013-AP-EN.PDF) on the trends of inflation growing, and [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Structure\\_of\\_government\\_debt](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Structure_of_government_debt) on states' public debt.

<sup>138</sup> e.g. <http://www.imf.org/external/np/ms/2013/070813.htm>

<sup>139</sup> In light of Title I of the Treaty of the European Union is not to be underestimated the fact that the countries that were hit the hardest by the economic crisis, and that are experiencing the highest youth unemployment have been defined as 'periphery' by the IMF in its last report on the Euro area.

<sup>140</sup> European Commission, DG Employment, Social Affairs and Inclusion, <http://ec.europa.eu/social/main.jsp?catId=1036>.

<sup>141</sup> European Council 27/28 June 2013, Conclusions, EUCO 104/2/13 REV 2; European Commission, *Working Together For Europe's Young People: A Call To Action On Youth Unemployment*, COM (2013) 447 final.

<sup>142</sup> Supra, note 7.

<sup>143</sup> Ibid. Over education of youth in advanced economies increased by 1.5 percentage points in the period 2002 to 2010.



called crowding-out of less educated that remain disadvantaged even for those jobs they are best qualified to obtain.<sup>144</sup>

Therefore, a mismatch originates between the skills young people possess and acquire, and those requested by prospective employers. This type of phenomena and their negative consequences are likely to increase in times of economic and labour market crisis such as those that the Eurozone is now experiencing; they are detrimental to those looking for employment since they distort the labour market, but also harmful for those that do work. Research shows that overqualified youth experience several disadvantages compared to better matched workers. For them, wages may be higher than for the well matched at the same job, but returns to the education periods beyond the required level are lower; they also earn less than the matched workers with the same level of education. Unlike the trend across all age groups, youth under education also increased (by 0.5 %, compared with a decrease by 3.4 % during 2002 to 2010),<sup>145</sup> the perceived utility of education being reduced among this group of potential workers as a consequence of the uncommonly high rates of unemployment they experienced. Besides, the number of young people in education increased in Europe due to the increase of the number of people unable to find an employment that went back to studying; this is another factor that delays the transit between education and employment, and sharpens over education and skill mismatches.<sup>146</sup>

The skill mismatch distorts the reallocation of labour and puts increasing pressure on unemployment rates, on one hand, and it affects negatively the productivity of the firms and of the workers themselves, including satisfaction derived from their job and wage, on the other.<sup>147</sup> These trends impede the countries' realisation of its labour force's potential, hampering productivity and constraining growth, hence rendering even more difficult the economic recovery, the new jobs being created, and the skills required, not always matching those that were lost. Destroyed jobs are in fact seldom times replaced by jobs of lower quality, that in the long term are less valuable.

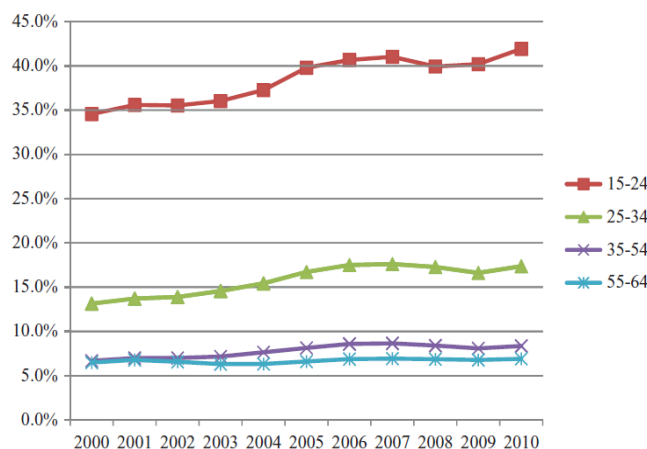


FIGURE 2: Temporary employment in the EU-27 grouped by age – Eurostat, graphics by Transfer:European Review of Labour and Research

### Decrease in quality of jobs and formation

<sup>144</sup> Supra, note 6.

<sup>145</sup> Supra, note 7, at 30-31.

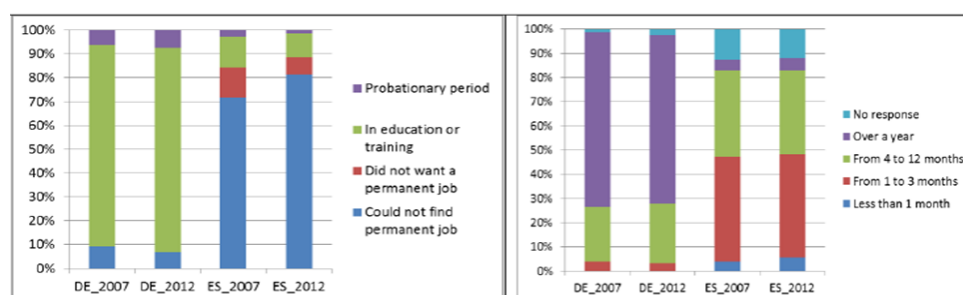
<sup>146</sup> European Commission, EU Youth Report, Commission Staff Working Document, *Status of the situation of young people in the European Union*, SWD (2012) 257 final.

<sup>147</sup> Supra, note 6.

The increasing difficulty in finding an employment,<sup>148</sup> and in remaining connected to the job market, as we have seen, forces young workers to accept positions that do not optimise their skills; furthermore, youth unemployment and the derived excess of offer of workforce, also force those searching for an occupation to accept so-called low-quality jobs, such as temporary jobs, unpaid, part-time or informal ones due to the prolongation of unemployment and job search.<sup>149</sup>

The growth of temporary and part-time work suggests that such work is often the only option available to young workers, while on the other hand, these non-standard contracts are especially attractive for many employers, given that they represent a reduction of the risks derived from financial and economic instability that many have faced in recent years,<sup>150</sup> and also a tool to regulate the size of the workforce according to the business cycle. In the European Member States of the OECD, youth part-time employment as a share of total youth employment slowly grew from 18 per cent in 2000 to 22.3 per cent in 2008, and then it jumped to 25 per cent in 2011.<sup>151</sup> Overall, statistics show that youth is over-represented among temporary and low-quality workers [FIGURE 2].<sup>152</sup> The informal sector do not grow statistically in time of crisis, due to the fact that shadow work is more common in those activities that are harder hit by recessions – construction and restoration. Nonetheless, the reduced capacities of employers to pay for regular work brings them to recur to this kind of workforce, this being the reason for which the general decennial trend of decrease in the dimension of the informal sector was interrupted during this recession.<sup>153</sup>

These type of so-called “non-standard work”<sup>154</sup> may result useful for those young workers that need to combine work with other activities – i.e. study or care work, and can also serve as a stepping stone to a full-time and permanent position. The latter being true for many, statistics also indicate that for many others these kind of jobs – part-time, temporary, casual or seasonal employment – are nothing more than dead ends. The latter also depends on the country of reference and its labour market’s structure, but a comparison between countries experiencing diametrically opposite trends in youth unemployment [FIGURE 3] reveal that this has decisive influence.<sup>155</sup>



**FIGURE 3:**  
Reasons and duration of temporary work for young people in Germany and Spain for 2007 and 2012 – Eurostat, graphics by the European Commission

Decent work deficits and low-quality jobs translate, for youth trying to escape unemployment, into low employment status, informal contracts, working poverty and low wages. Moreover, in informal employment, young people frequently work under poor conditions and increasingly exposed to occupational hazards and injury.<sup>156</sup> The reduction of youth unemployment, in light of this, cannot

<sup>148</sup> Supra, note 16: ‘chances for a young unemployed person of finding a job are low – only 29.7 % of those aged 15-24 and unemployed in 2010 found a job in 2011. Resignation is an increasing concern – 12.6 % of inactive youth wanted to work but were not searching for employment in the third quarter of 2012’.

<sup>149</sup> Supra, notes 6 and 7.

<sup>150</sup> Supra, note 6.

<sup>151</sup> Ibid.

<sup>152</sup> Eurofound, *Trends in job quality in Europe*, <http://www.eurofound.europa.eu/publications/htmlfiles/ef1228.htm>.

<sup>153</sup> Eurofound, *Undeclared work in 27 European Union Member States and Norway*, <http://www.eurofound.europa.eu/pubdocs/2013/243/en/1/EF13243EN.pdf>

<sup>154</sup> Ibid.

<sup>155</sup> European Commission, *EU Employment and Social Situation Quarterly reviewed*, June 2013

<sup>156</sup> Council of Europe, Steering Committee on Social Policy (CDSP) “The social and family consequences and costs of the unemployment of young people”, CDSP (97) 9, Strasbourg, 2001

be considered separately from the increase in the quality of their work, but unfortunately it seems that most of the jobs created to cope with the employment crisis are of low quality: when youngsters are employed their jobs are tendentially more unstable than adults' ones – from the 32% representing twice the rate of adults in part-time jobs, to the 42% of temporary workers, four times the adults rate [FIGURE 2].<sup>157</sup>

But this is not even all: as they face scarce opportunity of wage employment, even if temporary or part-time, young people also take unpaid work. Internships are an easy way to gain experience and are obviously easier to find than permanent and paid positions. Nonetheless the quality of learning opportunities and training periods is as crucial as that of jobs: the costless feature of this contracts is making employers exploit this possibility of obtaining low-cost workforce. For many young people these learning opportunities have no potential of resulting in paid employment and represent little more than menial work, leaving them even less prepared for competing in the labour market and financially weaker, reducing the possibilities and time they have to seek an adequate job for their profile.<sup>158</sup> These experiences, along with part-time or mini-jobs are increasingly more common in Europe, but they are often part of pattern of intermitted unemployment and consequently of an irregular career.<sup>159</sup> The latter is often observed as a pattern that frequently occurs in connection with youth accumulating multiple disadvantages, having difficulties in building familiar and social networks, and becoming at risk of social marginalisation and poverty.<sup>160</sup>

### Structural stagnation in lowest wage sector

The average low quality of jobs available to young workers, as well as do the periods of unemployment that workers experience in youth, have serious repercussions on their future life. It is in fact statistically proved that those youngsters who have been intermittingly unemployed in the past are more at risk of continuing to be unemployed or in a precarious employment position. The longer the period of unemployment, the sharper the trend is going to be, since the duration of joblessness influences negatively the skills of the worker, and the inactivity also represent a dissuasive factor for those employers who may consider the lack of experience as evidence of the worker not being productive.<sup>161</sup> Studies have shown that the jobs that were destroyed during the crisis were in their majority middle-wage jobs; the lower quality of the jobs that are being created and the fact that these are the jobs that are mostly available to youth is provoking a 'polarization' in the wages' structure: While high-pay jobs were resistant during the recession, the rest shifted to low wages jobs. Nowadays then, it is more likely for young people to find a job – luckily, one may say – of a low quality and with a low wage, his/her career perspectives being consequently affected, social mobility limited and economic possibilities reduced.<sup>162</sup>

Moreover, after a period of widespread youth unemployment during a recession, young people will find it increasingly difficult to work once the economy recovers because of the large gap in their work history: employers will prefer to hire young people with 'fresh' education and equivalent skills.<sup>163</sup> The long-term consequences on young people's career and wages have been referred to as 'scarring': the mere fact of experiencing youth unemployment causes a decrease in the earnings of young workers, not only, obviously, during the period of joblessness, but during their entire

<sup>157</sup> Supra, note 16.

<sup>158</sup> ILO and the OECD *Short-term labour market outlook and key challenges in G20 countries*, Statistical update for the Meeting of G20 Labour and Employment Ministers, Moscow, 18–19 July 2013

<sup>159</sup> K.Schultze Bushcoff, P.Protsch '(A-)Typical and (In-)Secure? Social Protection and Non-Standard Forms of Employment in Europe', 61 *International Social Security Review*, issue 4, p. 51, 2008.

<sup>160</sup> Supra, note 32.

<sup>161</sup> Supra, note 6; see also H. Morsy, "Scarred Generation", 49 *Finance & Development*, n. 1, 2012.

<sup>162</sup> Eurofound, *Employment polarisation and job quality in the crisis*, 2013, <http://www.eurofound.europa.eu/publications/htmlfiles/ef1304.htm>.

<sup>163</sup> Supra, note 32, referring to studies on the evolution of labour market in times of recession, and the Japanese so called 'lost generation' of the 1990s.

lifetime, the difference being up to 20% less in the salary respect to whom was steadily employed in youth, and the duration of this effect up to three decades.<sup>164</sup>

One last remark is due here: as studies from Eurofound have demonstrated, these situations, already relative to a weak sector of the labour market – i.e. the youth, are particularly tragic for some inner categories. In fact, young people carrying disabilities, health problems, young immigrants, and ethnic minorities' youth are more subject to the patterns that have been outlined herein. The fact that there is not much statistical attention to the specificity of their situation is even more alarming since it also entails a lack of normative attention, and the risk of these categories being the disfavoured among the disadvantaged, could originate extremely elevated social costs.<sup>165</sup> Just to point out an example, statistics show that the carriers of a disability of some kind are likely to be inactive 40% more than other nationals, percentage that raises up to 70% taking youth with a background of immigration into account.<sup>166</sup>

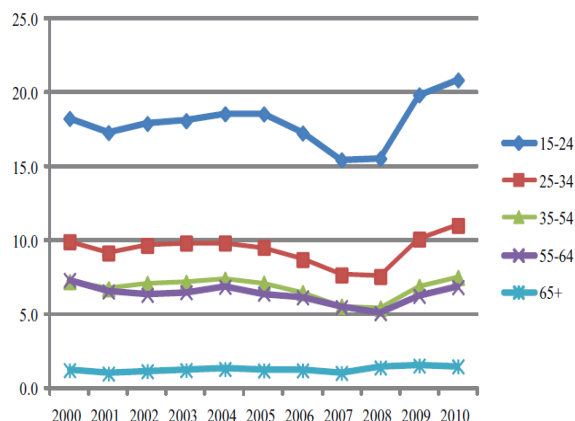


FIGURE 4: Unemployment rates' evolution in the EU grouped by age – graphics by Transfer: European Review of Labour and Research

The possibility of a 'scarred' generation, or even of a 'lost' generation, is referred to in the literature because the aggregate effect of the aforementioned phenomena is a pattern of average poverty and increasing inequality for the generation that experience unemployment in youth; the social issues arising from this consideration are addressed in the next paragraph.

## A 'SCARRED' GENERATION: SOCIAL INEQUALITY, MARGINALISATION AND THE LOSS OF CONFIDENCE IN POLITICAL INSTITUTIONS.

Statistics show that young workers are structurally and historically two to three times more likely to be unemployed respect to adults [FIGURE 4]; and in time of crisis this gap increases dramatically, since as a rule the last hired are the first to be laid off, and furthermore the incidence and length of unemployment increases dramatically.<sup>167</sup> Coping with a job loss, or with prolonged difficulties in finding one, is especially tough for disadvantaged youth that lack education or skills, and can cause discouragement, leading many young people to abandon the search altogether and disconnect from the labour market.<sup>168</sup> The unemployment rate, as adjusted including discouraged workers, have been estimated to be 3.1 % higher than the actual rate.<sup>169</sup>

<sup>164</sup> The term was first introduced by American professor T. Elwood in 1982 while studying the effects of youth unemployment on his expertise, poverty and welfare; many other studies confirmed that youth unemployment affects negatively future income; T.D. Elwood "Teenage Unemployment: Permanent Scars Temporary Blemishes", in: R. B Freeman & D. A. Wise (eds.), *The Youth Labour Market problem: Its Nature, Causes and Consequences*, University of Chicago Press, pp. 349-390, 1982; P. Gregg & E. Tominey, "The Wage Scar From Male Youth Unemployment", 12 *Labour Economics*, n. 4, p. 487, 2005; T. A. Mroz, & T. H. Savage, "The Long-Term Effects of Youth Unemployment", 41 *Journal of Human Resources*, n.2, p. 259, 2006..

<sup>165</sup> Supra, note 7; see also Eurofound, *Active inclusion of young people with health problems or disabilities*, EF/12/26/EN 1

<sup>166</sup> Eurofound, *Young People and NEETs in Europe: First Findings*, EF/11/72/EN.

<sup>167</sup> Supra, note 37, Morsy: furthermore "they are likely to earn less over their working life than are their peers who find jobs more easily", referencing L. B. Kahn, "The Long-Term Labour Market Consequences of Graduating from College in a Bad Economy" 17 *Labour Economics*, n. 2, p. 303, 2010.

<sup>168</sup> D. N. F. Bell & D. G. Blanchflower, "Young People and the Great Recession" IZA Discussion Paper 5674, 2011.

<sup>169</sup> Supra, notes 6 and 7.

There shall not be excessive alarmism about youth unemployment, but there should also be more awareness on the fact that its effects are not only affecting the present, but, perhaps more importantly, what youth represent for the society as a whole: its future. As a matter of fact, most youth do eventually settle, with some controversies, into a career path despite recessions. However, the employment crisis is pushing more and more youth towards the edge of a 'lost generation' cliff.<sup>170</sup> The costs of youth unemployment are associated, as remarked above, with waste of human capital, skill deterioration, lack of experience, signals of low productivity to employers; the longer the unemployment the longer and deeper are these 'scarring' effects likely to last.<sup>171</sup> Studies have also shown that unemployment during youth causes harmful effects on several other aspects of life such as self-satisfaction, family life, health and happiness.<sup>172</sup> Youth unemployment is also often regarded as causing social problems of crucial relevance, such as social exclusion, marginalisation, criminal derive and poverty – e.g. the very definition of marginalisation takes the period of unemployment of the individual into account. Besides income insufficiency and inequality, the problem of social exclusion refers to the process whereby people may be marginalized and prevented from fully participating in society as a consequence of their poverty, lack of competencies or lifelong educational possibilities. This process brings about a spiral of unemployment - or low quality employment, limited access to education, training, health care and social networks and activities, with the result of impoverishing living conditions.<sup>173</sup> Despite all this, a preliminary remark is precise: youth unemployment can often be a transitory period between education and work that is used for career exploration;<sup>174</sup> therefore it is not perhaps the rates that should scare, but the duration and diffusion of youth unemployment and inactivity.

### Social exclusion, marginalisation and the NEET group

Despite exceptions and cautions, the figures on unemployed youth, even taking into account the difference between unemployment *rate* and unemployment *ratio* – the latter encompasses the whole young population, not only the labour force [FIGURE 5] – are alarming.<sup>175</sup>

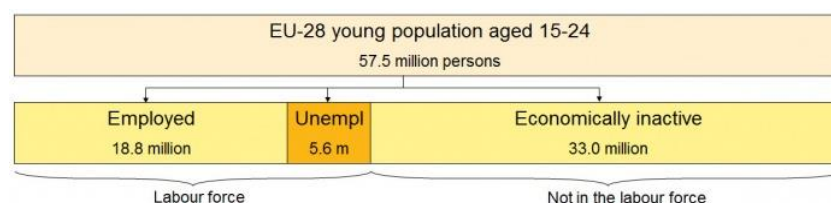


FIGURE 5:  
Composition of young population – graphic and data Eurostat

Even more so if we think of the duration of this peak in unemployment and the consequent length of youth joblessness: two out of ten young jobless have been looking for a job for one year or

<sup>170</sup> ILO *Jobs for youth: What works*, Press release 10/04/2013, [http://www.ilo.org/global/about-the-ilo/media-centre/press-releases/WCMS\\_210295/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/media-centre/press-releases/WCMS_210295/lang-en/index.htm).

<sup>171</sup> Supra, note 22.

<sup>172</sup> Supra, note 19. D. N. F. Bell & D. G. Blanchflower, "What Should Be Done about Rising Unemployment in the UK", IZA Discussion Paper 4040, 2009.

<sup>173</sup> Supra, note 22.

<sup>174</sup> T. Kieselbach, Van Heeringen, M., La Rosa, L., Lemkow, K., Sokou, B., Starrin, (eds.), *Living on the Edge An Empirical Analysis on Long-Term Youth Unemployment and Social Exclusion in Europe*, Leske/Budrich, 2001; D. R. Cameron, "Unemployment in the new Europe: The contours of a problem" EUI working papers, Robert Schuman Centre for Advanced Studies, RSC 99/35.

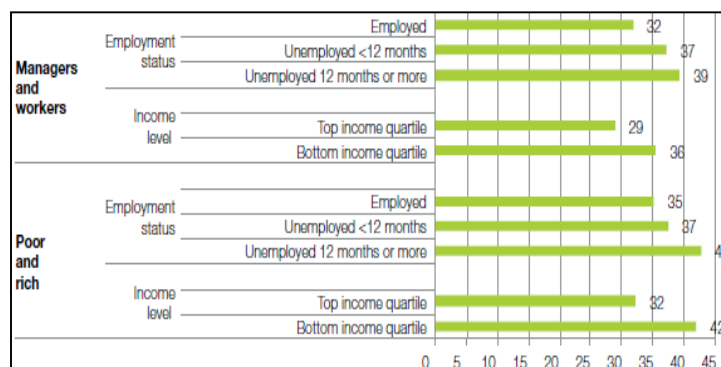
<sup>175</sup> Supra, note 2; "High youth unemployment rates do reflect the difficulties faced by young people in finding jobs. However ... many young people are studying full-time and are therefore neither working nor looking for a job (so they are not part of the labour force which is used as the denominator for calculating the unemployment rate) ... the unemployment ratio calculates the share of unemployed for the whole population ... [and] in the EU [ratios] are much lower than youth unemployment rates; they have however also risen since 2008 due to the effects of the crisis on the labour market." [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Participation\\_of\\_young\\_people\\_in\\_education\\_and\\_the\\_labour\\_market](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Participation_of_young_people_in_education_and_the_labour_market)



more, and since the European economies are recovering slowly, much slower than it was hoped, these figures are likely to remain high for a long period,<sup>176</sup> as the length and dimension of this recession have had more severe effects on youth unemployment than previous ones.<sup>177</sup>

For many young individuals joblessness and inactivity are cause of deficiencies in terms of standard of living, bringing with it discouragement, accumulation of diverse disadvantages, weakening of social ties and relationships, unequal and reduced access to several networks, goods and services, and increased incidence of psychological, physical and social problems. From a collective point of view youth unemployment is a waste of human capital, an unbearable pressure on public finances and budgets – no social security contributions, reduced direct and indirect tax, lower income and less consume, etc., supra, para 1 – and consequences on welfare and health services.<sup>178</sup>

Furthermore, and perhaps most importantly, social effects of youth unemployment at high rates, and indeed of unemployment in general, threaten inter-generational and general social cohesion, widening gaps between the working sector of society and the unemployed, causing substantial alienation of the latter, and putting pressure on the solidarity between those that have a work and those that do not. A further negative effect of this trend is that the social dialogue between the government and the labour force is undermined, since the cohesion amongst the latter category is diminished and therefore the legitimacy and weight of its claim is lessened as well. The importance of social dialogue, is addressed in the following paragraph along with the importance of social and political participation of wide sectors of the population – i.e. the labour force as a whole, as well as the young unemployed.



**FIGURE 6:**  
Perceived high tension (%) between different work/income categories in the EU – graphics and data from the Third European Quality of Life Survey of Eurofound (EQLS), 2012

Unemployment at current rates contributes to widening income inequality, which is a growing problem for social cohesion in many advanced economies, and is fuelled by unemployment and inhibition in jobs' creation. The Gini coefficient, that measures inequality, is estimated to have raised due to youth unemployment by an average 4% in the OECD area, and by 8% in EU countries

<sup>176</sup> Supra, note 34; see also ILO News, *Ten million more unemployed in Europe than in 2008*, 8/04/2013,

[http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_209716/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_209716/lang-en/index.htm)

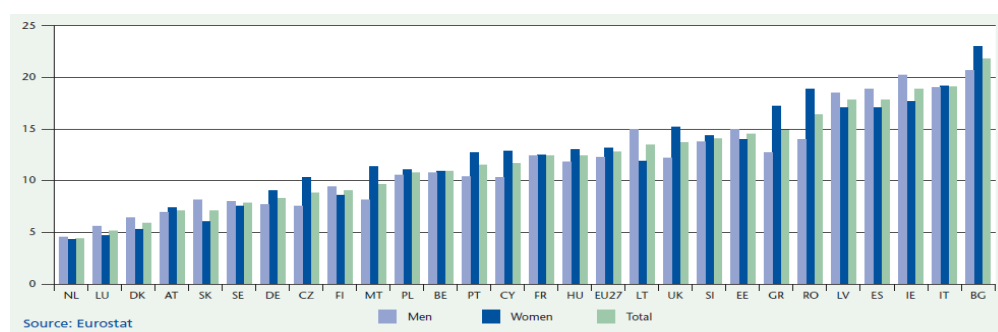
<sup>177</sup> Supra, note 42.

<sup>178</sup> Infra, para. 4.



that were affected the most by this phenomenon – Greece, Ireland, Italy, Portugal, Spain. Inequality is also influenced negatively by the quality of jobs, the countries with higher incidence of low-quality jobs (supra, paragraph 2) and strong protection of permanent workers being those in which the gap between rich and poor has widened the most – Spain is the extreme case with the 18%.<sup>179</sup> Inequality and social exclusion are strictly interrelated, as the identification of one with his/her social group is among other things, based on similarity and shared values and concerns. Since the economic and working status are among the most important social features of individuals, it is clear that a lack of one of the two, as well as deep differences between different social groups, can make the weaker ones feel excluded and detach from social participation.

The amount of inactive people have attracted attention because it is strictly linked to youth unemployment: it raises similar concerns since it shares similar problems, being therefore susceptible of originating akin social consequences. The truly alarming sign that institutions have been focusing on is that there is an increasing discouragement among people: evidence of it is the growing number of NEET (Not in Education, Employment or Training), who do not improve employability and are hence considered particularly at risk of marginalisation and social exclusion.<sup>180</sup>



**FIGURE 7:**  
Percentage  
of NEETs in  
EU  
countries in  
2010 –  
Eurofound  
graphics

The percentage of NEETS in Europe has recently risen and stands now above 1.5%; this early leavers from education and training are a high-risk group, and of young people 12.9% were NEET as of 2011.<sup>181</sup> The risk of being a NEET is higher in those countries that experience more severe economic consequences of the crisis and higher youth unemployment rates [FIGURE 7].

According to Eurofound this situation may lead to several “negative social conditions such as isolation, insecure and underpaid employment, crime, and mental and physical health problems.”<sup>182</sup> The situation of young NEETs is not only a problem for the individuals, which is obvious considering their inactivity, but for societies as a whole [TABLE 1]: this group impact on public finances in terms of increasing costs for covering welfare benefits, additional expenditure to cover increased expenses in health and criminal justice, and on the other hand losses arising from the inefficient functioning of the national economy.

<sup>179</sup> Supra, note 37, Morsy.

<sup>180</sup> The European Commission, due to concerns of EU member states, preferred to use this term in its studies instead of ‘poverty’; literature also uses ‘disconnection’, H. Dietrich, “Youth Unemployment in Europe: Theoretical Considerations and Empirical Findings”, Friederich Ebert Stiftung Study, 2012.

<sup>181</sup> Supra, note 6.

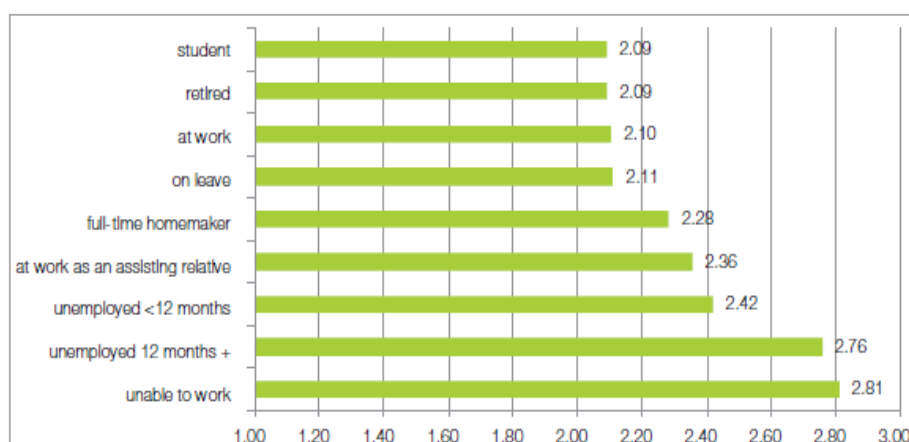
<sup>182</sup> Supra, note 42.

Country	Resource costs (billion €)	Public finance costs (billion €)	Cost of NEET (billion €)	Cost of NEET as share of GDP (%)
<b>BELGIUM</b>	3.437	0.734	4.171	1.2
<b>EU</b>	93.889	7.431	101.320	1.1
<b>FRANCE</b>	NA	NA	NA	NA
<b>ITALY</b>	26.327	0.304	26.631	1.7
<b>ROMANIA</b>	1.170	0.031	1.201	0.9
<b>SPAIN</b>	10.472	0.935	11.406	1.1

TABLE 1: Cost of NEETS in some EU countries – Eurofound.

Research also show that people with low income in their household are more likely to become NEET, once again providing evidence that unemployment negative patterns entailing financial difficulties and leading to inequality are self-reinforcing with their own effects of social exclusion.<sup>183</sup>

The concerns about the consequences of being a NEET in terms of participation in political and social activities are relative to the risk of this group of youth disengaging from civil society, concerns that were raised by youth demonstrations in Italy, Spain on one hand, and by the raise of far-right political movements in northern and Eastern Europe.<sup>184</sup> As a matter of fact, economic difficulties derived from inactivity or unemployment are recognised by many to provoke marginalisation and social unrest; it is not by chance that the term ‘social exclusion’ have been used as a substitute for poverty by the European Commission, since the latter, that stands among the risks that youth unemployment entails, is one of the factors that discourages the most the social participation of who suffers it, by mining his/her confidence in society and its institutions.



<sup>183</sup> Ibid; see also infra, para 1.

<sup>184</sup> Ibid.

**FIGURE 8:**  
Perceived social exclusion index in the EU-27, by category – EQLS 2012

### *Participation and trust in social and political institutions*

A significant literature have been produced on the relation between unemployment, inequality, poverty and marginalization. As already said, it is important to assess the consequences that social exclusion of a wide portion of the population could entail for society, since this could have extremely high economic and social costs. The underutilisation of young people can in fact have direct effect on social exclusion [FIGURE 8]: this pattern, as was explained, has features of self-perpetration, and could originate violence and juvenile delinquency.<sup>185</sup> More than the latter, which is a wider social phenomenon, not exclusively dependent on unemployment, is interesting to assess how unemployment affects participation in society and trust in political institutions. The political participation and perceived trust in key public institution has shrunk in the past years, the countries more affected by youth unemployment being those that experienced the higher disillusion, a feeling that affects the development of political and social participation in youth.<sup>186</sup>

Participation is strictly linked to affection for society, it is based on the sensation of each group or individual that its voice is heard therein and its problems taken into account by policymakers; it is expressed by trust in public institutions, and by the degree of social and political participation. Inquiries have revealed, for instance, that there is a link between being young and unemployed, especially in regard of the NEET group, and accumulating distrust in institutions and disaffection for civil society and political participation: young NEET have less trust in institutions such as their national parliament or the EU than students and employed do; they participate less in political activities and are 35% less likely to vote at national elections, and their participation in social activities is half of that of employed people.<sup>187</sup> The risk of NEETs, and especially the unemployed subgroup, of withdrawing from society is evidenced here, since a large share of young unemployed people experiencing disillusion about politics can seriously undermine the legitimacy of democratic systems and pose in question the efficacy and existence of international institutions – e.g. the EU.

Increasing abstention from political participation is already a reality, as well as it is declining trust in public institutions [TABLE 2]. This may result in expressions of alienation in form of participation in politically extreme movements, as well as in social conflict – Europhobic and extreme right wing parties are growing in importance in several EU countries.<sup>188</sup>

	Parliament	Legal system	Police	Government	Local authorities	Average trust
<b>BELGIUM</b>	4.5	4.8	5.8	4.5	6.1	5.1
<b>EU</b>	4.1	4.8	6.0	4.0	5.2	4.8
<b>FRANCE</b>	4.5	4.9	5.8	4.0	6.0	5.0
<b>ITALY</b>	3.1	3.9	5.7	3.0	4.1	4.0
<b>ROMANIA</b>	2.4	3.2	4.6	2.5	4.9	3.5

**TABLE 2:**  
Trust in public institutions (from 1 to 10) – EQLS 2012

<sup>185</sup> Ibid; see also *The Cost of Exclusion: Counting the cost of youth disadvantage in the UK*, The Princes Trust with the Centre for Economic Performance, London School of Economics, 2007.

<sup>186</sup> Third European Quality of Life Survey of Eurofound, 2012, <http://www.eurofound.europa.eu/publications/htmlfiles/ef1264.htm>

<sup>187</sup> Supra, note 42.

<sup>188</sup> D. C. UNGER, "EUROPE'S SOCIAL CONTRACT, LYING IN PIECES", *THE NEW YORK TIMES*, 8/6/2013; A. LIFLAND, "RIGHT WING RISING", *HARVARD INTERNATIONAL REVIEW*, 29/12/2012; A. GUNNAR & J. LAGENDIJK, "FROM NETHERLAND TO NORWAY: EUROPHOBIA TO MARK THE UPCOMING ELECTIONS", *THE NORDIC PAGE*, 7/9/2012; "CULTURE MATTERS MORE" *THE ECONOMIST*, 11/8/2012; "CONTINENT OF FEAR: THE RISE OF EUROPE'S RIGHT-WING POPULISTS", *SPIEGEL ONLINE*, 10/9/2010.

SPAIN	4.2	4.5	6.1	3.7	4.9	4.6
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The most remarkable example of youth unemployment influence is the contribution of its high rates to the social unrest and public protests that have been taking place in some countries ranking extremely high youth unemployment – for instance Greece, Romania, or Spain, but also others in Northern Africa and in the Middle East.<sup>189</sup> The realisation of youth potential is critical both for countries in which youth is the majority of the population, and for those in which the population is ageing since the next generation will carry even a larger burden. The lack of opportunities has aroused resentment and undermined trust in existing institutions, including and especially the international ones with a distant and undemocratic appearance – i.e. the EU, fostering the questioning – somewhat legitimate, one may argue – of existing social structures.<sup>190</sup>

A concluding remark to this section is due here, in order to drive away the impression that youth unemployment is somehow misleading all European young people to uncontrolled violence and unmotivated criticism against national and international institutions. As a matter of fact, the latter is just a risk, a great one, that had its well-known effects during the Great Depression, between the two World Wars,<sup>191</sup> but the trend in many EU countries is in fact the opposite. The social movements that have been so active in Europe – e.g. the protests in Romania in January 2012, or the *Indignados* movement in Spain – asking for an inclusion in decision-making processes, and for an amelioration of democratic processes, have not been expression of unconscious social unrest, but more a legitimate public expression of concerns: a petition to be listened to as a claim of a right, an exercise of collective identity.<sup>192</sup> The majority of the protesters are not outcast or subversives: the majority is young, educated, unemployed, or experiencing some kind of social and/or economic difficulty.<sup>193</sup> Unemployed people in Europe are today more than many of the populations of EU member states – they being 26 million, they would be the 7<sup>th</sup> bigger state of the EU – and nonetheless they have no voice in regard of many decisions that affect them,<sup>194</sup> and have been questioned.<sup>195</sup> Furthermore, it is not by chance that the ILO considered in its last World of Work report that the confidence in government institutions and the situation of the labour market contribute for more than half to the raise in shaping the social unrest index. The same report warns for the growing social unrest in Europe, due to the increase of youth unemployment and income inequality.<sup>196</sup> The policymakers of the EU – as pointed out, paragraph 1 – shall not forget that this is the real importance of youth unemployment in regard to political participation: young people have not (yet) renounced to participate, but, as the raise of several Europhobic parties admonishes, the risks outlined above are great.

## DEMOGRAPHIC AND HEALTH ISSUES

<sup>189</sup> World Economic Forum, *Global Agenda Council on Youth Unemployment 2013*, <http://www.weforum.org/content/global-agenda-council-youth-unemployment-2013>

<sup>190</sup> International Foundation of Social Workers News, *Youth unemployment in Europe threatens a social crisis*, 31/05/2013 <http://ifsw.org/news/youth-unemployment-in-europe-threatens-a-social-crisis/>

<sup>191</sup> Similarities between the two periods are easily drawn, as much as the differences in global politics are so huge that the comparison, though suggestive and effective, is hardly conceivable.

<sup>192</sup> S. ŽIŽEK, "TROUBLE IN PARADISE", 35 *LONDON REVIEW OF BOOKS*, N.14, 2013; F. FUKUYAMA "THE MIDDLE CLASS REVOLUTION", *THE WALL STREET JOURNAL*, 28/6/2013.

<sup>193</sup> "The March of Protests", *The Economist*, 27/6/2013.

<sup>194</sup> J. I. Torreblanca "L'Unione Europea dei disoccupati", *Internazionale*, n. 1000, p. 43, 2013.

<sup>195</sup> Supra, note 5; V. Bajaj, "The Greek bailout isn't working", *The new York Times*, 31/7/2013; "P. Spiegel & R. Harding, "The IMF admits to errors in international bailout of Greece", *The Financial Times*, 5/6/2013.

<sup>196</sup> ILO, "2013 World of Work Report: repairing the economic and social fabric" at, [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_214476.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_214476.pdf); see also [http://www.ilo.org/newyork/voices-at-work/WCMS\\_217280/lang--en/index.htm](http://www.ilo.org/newyork/voices-at-work/WCMS_217280/lang--en/index.htm)

When considering statistical data based on demographic factors, like *youth* unemployment, it cannot be left aside the fact that both the causes and the consequences of the phenomenon have a demographic dimension. On one side, the opportunities that young people have on the labour market are influenced by the proportion of youth in the population<sup>197</sup> and by the influence of those demographic trends that the labour market is subject to;<sup>198</sup> previsions show that demographic changes will be relevant in every EU country, with a marked decrease in the growth of economically active population – the latter being estimated below the 0.5%.<sup>199</sup> On the other hand, the social effects that youth unemployment have will possibly result in demographic changes and imbalances. Therefore, youth unemployment being rooted also in demographic reasons, it is well-known to have social costs of demographic nature.

### Ageing of the population and consequent social security concerns.

A long-term impact of youth unemployment may take place on the birth rates and on the increase/decrease of number of families. It is in fact demonstrated that a situation of unemployment or precarious employment, then entailing financial insecurity, and more in general personal instability, leads people to postpone important decisions that affect permanently their situations and have economic implications, such as getting married and forming a family – having babies.<sup>200</sup> Especially in the case of women, available data show that becoming a mother is considered an extra difficulty in pursuing a career, and will generally influence negatively the wages the worker can obtain; the same trend – though slightly attenuated – is encountered in men envisaging parenthood or marriage. In fact, care responsibilities to dependant familiars are one of the main reasons for young people to be unable to take up a paid job.<sup>201</sup>

Moreover, parents that are looking for a job will have increased difficulty in remaining connected with the labour market due to the higher flexibility of individuals with no children.<sup>202</sup>

The 2012 Third European Quality of Life Survey of Eurofound<sup>203</sup> reveals that young workers with childcare responsibilities feel more insecure about keeping their job than those who do not have such responsibilities. Conflict within and between family-life and working-life is more acute in presence of a childcare responsibility [TABLE 3].

	<b>No or little conflict</b>	<b>Conflict either at work or at home</b>	<b>Conflict both at work and at home</b>
<b>Men with childcare responsibilities</b>	44.2	35.5	20.3
<b>Women with childcare responsibilities</b>	39.1	40.6	20.4
<b>Men without childcare responsibilities</b>	50.5	41.4	8.1
<b>Women without childcare responsibilities</b>	41.0	48.1	10.9

<sup>197</sup> e.g. The so-called baby-boom generation entered the labour market when the economy was growing, while the next one faced the effects of the 1970s and 1980s economic recessions added to competing with the baby-boom generation; supra; note 32.

<sup>198</sup> Demography influences economy, employment rates and growth; for instance, considering variables as the ageing of the population and the proportion that remains/become economically active. It is not by chance that the retirement age have been raised all over the EU.

<sup>199</sup> Supra, note 34.

<sup>200</sup> Supra, note 32.

<sup>201</sup> D. Ahrendt, R. Anderson, J-M. Jungblut, D. Molinuevo, E. Sándor, A. Buxbaum, and S. Pirklbauer, *Caring for children and dependants: effect on careers of young workers*, Eurofound background paper, EF/13/44/EN.

<sup>202</sup> European Labour Force Survey, 2013 <http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/lfs>.

<sup>203</sup> Supra, note 62.

TABLE 3:

Furthermore, young parents that fall out of the labour force for care-taking reasons are not in this situation by choice: according to the aforementioned survey, 85% of young fathers and 80% of young mothers who were unemployed would work if they could access childcare services or have the possibilities to have flexible working hours.<sup>204</sup>

The increasing difficulty of both finding a job – for the reasons mentioned above, and consequently of attaining independence and stability necessary to settle a family are clue factors that allow to conclude that a generation experiencing widespread unemployment can be foreseen to experience intense effects. Besides, the reduction in public spending and tax subsidies in support of childcare and services for children as a consequence of austerity policies have made it more difficult to cope with parenthood and work, exacerbating conflict between family-life and working-life. Unemployment of course worsen this picture since it reduces income and access to substitutive forms of childcare – i.e. private, and reduces the spare time of family members with childcare or eldercare functions (infra, following paragraph), therefore reinforcing the patterns at issue.<sup>205</sup> The long-term effect may be a sharper ageing of the population compared with existing trends, that will also exacerbate the issues concerning public social expenditure (supra, paragraph 1); the data of course is not here yet, but a decrease in the birth rates and formation of families are likely to have these effects.

### Impact on families

The other social structure upon which youth unemployment have a negative impact, besides the nation state, is the family. As it is explained above, youth unemployment has negative effects on the settling of families, but it is also a concern for existing families and their equilibrium.

Statistics show that as a consequence of high and prolonged youth unemployment rates youngsters are more resilient to leave home, or increasingly going back to live with their parents – if they already lived outside the familiar household. In many countries youth are not independent and keep living with the parents until they are almost thirty. Besides representing an increased burden for the economy of the family, therefore originating difficulties for adults that may still need to implement their full acquisition power, the ‘forced’ presence in the family of the youth supposes a challenge in terms of personal relationships. The family will be in the difficult situation of having to support morally and economically the youngsters’ permanence in the household – even by having another member of the household to find an extra job, while also encouraging to find one themselves, activities that can result in tensions among family members and consequent distress. The economic distress for the entire household could also entail other problems, such as the insufficient accumulation of assets to finance debts, mortgages and saving plans before exiting the labour market.<sup>206</sup> If on one hand households with one or more unemployed are polled as the social group that meets the more difficulties in making end meets, unemployment is also linked to the incapacity of returning loans amongst relatives, facts that contribute to the creation of tensions and financial difficulties. Finally, low working intensity in the household augments the risk of social exclusion for the household’s components.<sup>207</sup>

Moreover, the negative effects that unemployment entails have repercussions on other family members, thus creating a dangerous trans-generational chronicity of the patterns at issue. Studies have revealed that lower level of education and dropping out of school is more likely for young

<sup>204</sup> Ibid.

<sup>205</sup> Supra, note 77; see also, OECD (2011), *Doing better for families*, OECD Publishing, Paris.

<sup>206</sup> Supra, note 32; see also: A. Mc Clelland & F. Macdonald, “The social consequences of unemployment”, for the Business Council of Australia, 1998.

<sup>207</sup> Supra, note 22



people with parents who were unemployed, therefore just as likely to have found themselves in the same situation – low education and scarce quality of occupational background. Furthermore, to have parents with a low level of education, and/or unemployed for long periods, is deemed to increase the probability of becoming inactive – i.e. NEET – up to the double. Research show, in fact, that one of the factors that exert influence on career development in young people is the educational and job status of their parents, especially during situations of recession in which low employment and cultural status is often connected with economic difficulties, limited resources and discouraged aspirations.<sup>208</sup> Studies also showed that, compared to those families in which one parent at least was employed, families in which both parents were unemployed reported more problems regarding children's health, their behavioural and growing patterns, conflicts among partners, and household economic difficulties.<sup>209</sup>

The pattern described here is, again, a chronic one: it tends to self-reinforcement and deterioration. In Europe the polarization between those families in which no one has a job and those in which everybody is employed is augmenting, meaning that both the figures are increasing and the middle situation – one member employed – declining. Considering that the economic crisis leads to severe cuts in social and welfare public expenditure, increasing privatization in the health and social security sectors, and the return of financial responsibility for the young unemployed to many parents, it is clear that certain families – the former – bear an excessive burden. These burdens, as outlined before, have repercussions on the young members of the family, somehow transferring it to the following generation. The family acts as a support for the young unemployed, and as a safety net to fall back on. But, on the other hand, the trend that is described herein proves itself, again, self-perpetrating, a spiral of unemployment and social difficulties in which the youth risk to be trapped, and in which it risks to entrap other family members.

#### *Increase in health risks and psychological disturbs*

Youth unemployment, as anticipated above, has also influences in the physical and psychological wellbeing of who suffers it. It has been connected by several authors to a decrease in happiness, satisfaction and other low-intensity mental issues.<sup>210</sup> For young people, the sensation of failure and detachment from the community can represent a problem that may result in severe depression. As a matter, the risk of unemployment affecting negatively the health of the jobless is higher in young people because they are already going through the delicate transition between childhood and adulthood, therefore they are more sensible and unstable.<sup>211</sup> Unemployed people have been polled to be the less happy social group among Europeans, while unemployment, according to the same survey, is perceived as the second most influencing factor in mining self-satisfaction and well-being behind health.<sup>212</sup> If work can be considered to define, at least partially, the social status of an individual, then it represents his/her way, or one of the main ones, to integrate in society and achieve a desired position. A lack or loss of this status, or even of the tools of achieving it, can lead to isolation, increasing stress and decrease of psychological and physical well-being.

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<sup>208</sup> Ibid.

<sup>209</sup> D. Shaw, J. Vondar, K. Dowdell-Hommerding, K. Keenan, & M. Dunn, "Chronic family adversity and early childhood behaviour problems: a longitudinal study of low income families", 35 *Journal of child psychology and psychiatry*, n. 6, p. 1109.

R. Smith, *"Unemployment and health: a disaster and a challenge"*, Oxford University Press, 1987.

White, M., *"Against unemployment"*, Policy Studies Institute, London. 1991

<sup>210</sup> Supra, note 44; see also White, M., *Against unemployment*, Policy Studies Institute, London. 1991

<sup>211</sup> Supra, note 22.

<sup>212</sup> Supra, note 62.

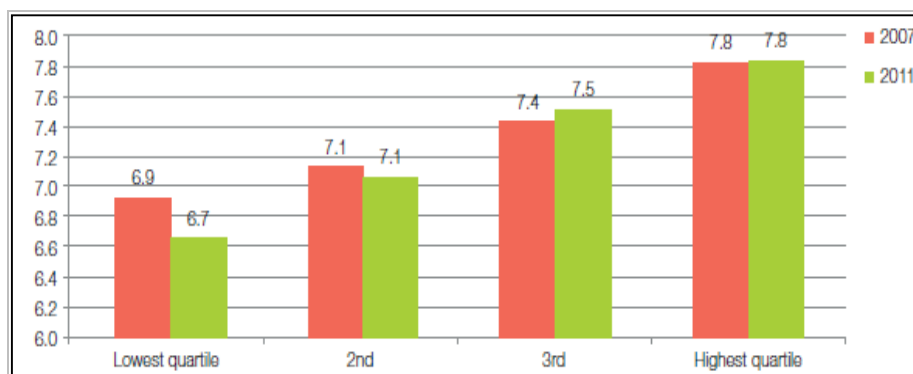


FIGURE 9:  
Satisfaction with health by income before and after the crisis – EQLS 2012

This holds even truer if considered that economic difficulties are proved to be indirectly linked to an inadequate, or even poor health [FIGURE 9].<sup>213</sup> For young people, unemployment or even employment insecurity for those that are in low-quality jobs, have effects on subjective insecurity and on motivations and capacity of facing challenges, therefore representing a tremendous source of stress.<sup>214</sup> Optimism about the future was surveyed around 30% in those countries experiencing high and widespread youth unemployment, and at 80% in those ones with the better records in the EU on this issue.<sup>215</sup>

As a matter of fact, unemployment has been repeatedly identified as a risk factor in favouring certain mental illnesses – e.g. depression, and has even been linked to negative effects on the rates on mortality: if not on the short term, in regard to which the data is confused, unemployment has been proven to diminish life expectancy on the long term.<sup>216</sup>

In some countries, dealing with severe youth unemployment and drastic reduction in families' income, the recession and its effects have also been linked to an increase in suicide rates and violence due to stress and depression.<sup>217</sup> These are all effects in which unemployment at a young age has a role; it is not by casualty that the WHO has added economic crisis to the challenges that Europe is facing in matter of health, along with widening inequality, ageing of the population and diffusion of chronic diseases.<sup>218</sup>

## CASE STUDIES FROM MEMBER STATES

### FRANCE

The situation of youth in France is in line with average European trends, the country having registered, during the current economic crisis, consequences of youth unemployment similar to those described above, even though with – obviously – some country-specific nuances. The situation of youth looking for employment in France seems to be especially difficult, since the

<sup>213</sup> Supra, note 22; J. E. Stiglitz, *The Price of Inequality*, W. W. Norton & Co., 2013.

<sup>214</sup> H. Chung, S. Bekker & H. Houwing, "Young people and the post-recession labour market in the context of Europe 2020" 18 *Transfer: European Review of Labour and Research*, n. 3, p. 301, 2012.

<sup>215</sup> Supra, note 62.

<sup>216</sup> K. A. Bender, A. Economou, I. Theodossiou 152 *International Labour Review*, n. 2, 2013.

<sup>217</sup> Long-term implications are skilled people that leave, training opportunities ceasing, and general well-being of communities decline, <http://ifsw.org/news/social-workers-from-austerity-affected-countries-deliver-message-to-the-eu-on-world-social-work-day/>; See also, supra, note 81, Smith, and R. L. Jin, C. P. Shah & T. J. Svoboda, "The health impact of unemployment: a review of the evidence", 56 *Social Science & Medicine*, p. 973, 1995.

<sup>218</sup> A. H. Leyland, "Youth unemployment at times of recession: what does the future hold?" 23 *European Journal of Public Health*, n. 4, 2013.

French labour market has historically granted strong protection to existing and permanent jobs, and weak incentive to the creation or conservation of others, therefore reducing flexibility of access, especially for young people without experience. According to Eurostat,<sup>219</sup> long term unemployment among young people raised more than among the rest of the population, as well as did the number of unemployed, and that of young people in temporary or other low-quality jobs among those employed. In France these figures were in line with European average for the last few years, while the increase of NEETs and inactive people was closer to those registered in EU countries that experienced the worse developments – the French average of NEET people for the last ten years is fourth behind the ones of Greece, Spain and Italy.<sup>220</sup> Other increases that at a national level were worryingly sharper among the youth than the rest of the population are those regarding people living in households with very low work intensity, and the risk of poverty or social exclusion, showing that the rise of youth unemployment is causing young people to fall back on families, and also originating socially dangerous effects.<sup>221</sup>

The mismatch and over qualification of many young people that access the job market seems a problem that rests unaddressed, one of its roots being the (lack of) connection between educational institutions and employers: the coordination between the private sector and public education is not sufficient to grant a smooth transition from education to work, and while the educational life of the French is lengthening, its worthiness is not growing along, while the number of people that left school without a diploma has raised, exposing the early leavers to the risks that were already outlined above. Furthermore, according to the OECD, the incidence of social provenience of the children on educational performance in France is amongst the highest, revealing the weakness of an educational system that does not foster social mobility and cohesion.

### Social exclusion and participation

The increase in households with one or more unemployed was proven to cause difficulties for the 80% of families in making end meets, this one being the social group reporting the more difficulties according to the 2012 European Quality of Life Survey,<sup>222</sup> and as it was anticipated earlier on, these figures are raising in France, especially with regard to young people. Even if France stands on average regarding all the standard of living and deprivation figures, the risk of poverty raised among youngsters, and the French are not optimistic about the future: they perceive themselves as being part of those countries that are experiencing the most severe effects of the economic crisis and the highest rates of youth unemployment.<sup>223</sup>

The situation of young people in the *banlieu* – the peripheries – deserves a mention, since the ones living in these (usually) more depressed areas are twice more likely of being unemployed than the youngsters in general – one out of two young people living in peripheries is unemployed against the one out of four general rate. This is worth noticing since the statistics of people dropping out from school have also raised, and present the same acute manifestation among the youth living in depressed areas, making this group the one that is more at risk of social exclusion, discouragement and disillusion about society. Studies have revealed that the latter contributed to an increase in juvenile delinquency in the *banlieues*, it arouses concerns about the possible social unrest that it may provoke in the future, an example of which was already given during the riots that raged in the periphery of Paris, in 2005. The composition of the population in the peripheries is another factor that intermingles with youth unemployment in disfavours the youth living in these areas: oftentimes, the young unemployed have already poor educational or migration backgrounds,

<sup>219</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/employment\\_social\\_policy\\_equality/youth/indicators](http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_social_policy_equality/youth/indicators); see also Dares Analyses, "Emploi et Chômage des 15-19 Ans en 2011", n.90, Décembre 2012, "L'Intèrim en 2012 : fort repli du travail temporaire", n. 49, Juillet 2013.

<sup>220</sup> OECD, <http://www.oecd.org/statistics/>

<sup>221</sup> Supra, note 62.

<sup>222</sup> Ibid.

<sup>223</sup> Ibid

many times both, thereby creating a dangerous pattern of segregation, and reducing possibilities of integrating in society. It should not go unnoticed that despite the fact that trust in public institutions and political participation have remained at a European average level, the perceived tension between different social groups, namely manager/workers, poor/rich, and different religious, racial and ethnic groups, is dramatically higher in France than the EU average – at least ten percentage points for each category.

The increasing polarization of French society, and the entailed risks for social cohesion derived from widespread social exclusion, have been diminished by someone, with the argument that trans-generational solidarity is a solid safety net,<sup>224</sup> especially in a country like France that has a solid welfare state. This seems to be a slightly weak argument if considered the long-term effects of youth unemployment on families – reduced aggregate income, conflict – that were outlined above.<sup>225</sup> Furthermore, it seems that some families could bear an excessive burden in sharing their social benefits and aids with the unemployed youth, if considered that in France there is no specific social policy to aid the youth with minimum income, the social subsidy being open to young people just from the age of 25.<sup>226</sup> Moreover, as it was seen earlier on, research work have linked unemployment peaks with the raise of populist movements and reactionary parties. In France, considering the good results of extreme-right party Front National, it is indeed remarkable that the historic record of this political formation was obtained by candidate Marine Le Pen at the first round of the 2012 presidential elections.<sup>227</sup> This event, considered in light of the indicators of social tensions and malcontent that were mentioned above, could be meaningful to understand the danger that high rates of youth unemployment represents for social cohesion.

### *Measures implemented by the government*

The French government has launched some initiatives and adopted some measures to tackle the issues outlined above, but mainly aimed to foster youth employment with short term effect, rather than palliating its consequences or addressing its origins. As well as the raise in temporary contracts, the French youth experienced a sharp rise in subsidized jobs – among which are particularly numerous the so-called jobs of future,<sup>228</sup> and an alternation between formation and work. Nonetheless, the objective of the *emplois d'avenir* being one of integration and social support of disfavoured young – i.e. drop-outs from school, it was far from being achieved: barely a 10% of the number of jobs expected was created, and it must also be taken into account that the job offered is temporary, therefore entailing the risks of being just a parenthesis in an irregular career pattern.

Another measure that has been recently undertaken is the promotion of the so-called 'generation contracts',<sup>229</sup> encouraging with benefits the hiring of a young personal to be formed and trained by a senior worker - over 57. The initiative seems to be as suggestive as practically complicated and difficult for enterprises to implement: its value is debated and its effects still to evaluate, but many sceptic opinions have been expressed already.<sup>230</sup> Finally, on 1 August 2013, the government launched the so-called 'frank jobs' programme,<sup>231</sup> a system of subventions to employment specifically targeting young unemployed coming from the periphery. It grants a 5000 euros aid to enterprises that hire a young person coming from the so-called 'Sensible Urban Areas' (in French

<sup>224</sup> Olivier Galland, interview for Atlantico, "Génération perdue? Ce que le chômage record des jeunes aura comme conséquences à long terme", 29/04/2013, <http://www.atlantico.fr/decryptage/generation-perdue-que-chomage-record-jeunes-aura-comme-consequences-long-terme-olivier-galland-709957.html>

<sup>225</sup> Supra; para 4

<sup>226</sup> OECD, <http://www.oecd.org/fr/emploi/emp/desdebutsquicomptentdesemploispourlesjeunes.htm>

<sup>227</sup> [http://www.interieur.gouv.fr/Elections/Les-resultats/Presidentielles/electresult\\_PR2012/\(path\)/PR2012/FE.html](http://www.interieur.gouv.fr/Elections/Les-resultats/Presidentielles/electresult_PR2012/(path)/PR2012/FE.html)

<sup>228</sup> <http://travail-emploi.gouv.fr/contrat-de-generation.2232/>

<sup>229</sup> <http://travail-emploi.gouv.fr/contrat-de-generation.2232/>

<sup>230</sup> G. Von Randow for *Die Zeit*, "Disparità di trattamento", *Internazionale* n. 1000, 2013.

<sup>231</sup> <http://www.emploi.gouv.fr/actualites/lancement-des-emplois-francs>

ZUS, Zone Urbaine Sensible). The foreseeable effects of these measures on the social consequences of youth unemployment could be reduced due to the amount of jobs that is still being destroyed every month,<sup>232</sup> but is nevertheless an express recognition and consequent prioritization<sup>233</sup> of the specificity of the issue at stake in this paper.

## ITALY

As already pointed out in the first paper, Italy presents quite a gloomy picture of social and economic conditions of youth people. According to Eurostat, the country performs among the worst in Europe for youth unemployment rate (38.9% among under 25 in the second quarter of 2013) and NEET incidence (21.1% among 15-24 and 25% among 15-34 in 2012), while part-time employment and fixed-term contracts, quite widespread among those young people in employment, appear to reflect more a precarious employment condition than a free choice of workers<sup>234</sup>. Furthermore, fixed-term contracts seem to work weakly as stepping stone toward permanent positions, rather meeting the need of firms to reduce labour costs. As suggested by the higher incidence of these contracts in less developed Region (mainly in Southern Italy), and confirmed by research<sup>235</sup>, the flexible forms of employment work more as a trap. Only about 20% of people with a fixed-term or atypical contract shift to an open-ended contractual arrangement over the year, while about 20% of workers with a fixed-term or atypical contract have had this arrangement for at least 5 years (Istat 2013a).

According to Istat (2013a), about one third of workers aged 15 up to 34 holds a qualification level higher than the one usually required for the position covered. This implies a mismatch between profession required and competencies of young people and a general scarce ability of the economic system to fully deploy its potential. Youth conditions in Italy hide costs related to low revenue from investment in education, both for the individual, the society as a whole and the State; this hinders innovation processes and creates the basis for a substantial emigration of young Italian talents (i.e. brain drain<sup>236</sup>). On the other side, the lack of a comprehensive State support for this group – due to the lack of a minimum income scheme and of unemployment benefits' entitlement for those working with precarious contracts – implies the absence of visible costs such as social transfers, producing a small burden on the national budget; this is however counterbalanced by the burden carried by families, that need to take responsibility for the support of the youth (Di Nunzio, 2013; Donati, 2012a).

A recent work of European Trade Union Institute (Di Nunzio, 2013), presents a review of data and surveys arguing that the problem of precarious employment has several social and individual implications. Namely, the author reports greater exposure to risks, work overloads, little autonomy and scarce adherence to Trade Unions, traits that are the combined result of the increased power of the employers and of a self-limiting strategy of the worker in order to achieve a more steady position.

As further limits, precarious conditions allow limited room for financial planning and limit access to credit.

<sup>232</sup> Estimated in 27.000, <http://www.lefigaro.fr/emploi/2013/04/25/09005-20130425ARTFIG00803-record-historique-pour-le-chomage-en-france.php>

<sup>233</sup> <http://www.gouvernement.fr/premier-ministre/missions-locales-carte-de-france-mappee>

<sup>234</sup> According to Eurostat Data, the impossibility to find a permanent job or a full time one are the main reasons of the actual contractual form for 71.2% of workers employed in fixed term contracts and 58.8% of part-time workers. The rate of the first one has been constantly increasing from the 63.8% of 2006, while the second resulted 37.9% in the same year. Both the indicators are higher for the 15-39 cohort (respectively 63.5% and 65.1%).

<sup>235</sup> See, for instance, Di Nunzio (2013), Isfol (2012), IRS (2012).

<sup>236</sup> The issue is quite relevant in the public debate. In the absence of official comprehensive data, a good analysis of the phenomenon is provided in the yearly reports about Italians abroad of Fondazione Migrantes (e.g. 2012).



When considering income and living conditions of the youth, it is also relevant to take into account one of the main Europe 2020 targets, i.e. the risk of poverty or social exclusion<sup>237</sup>. As showed in Table 1, young people aged 18-24 generally suffer from a consistently higher risk than the whole population aged 18 and above. The percentage of young people aged 18-24 living in households at risk of poverty or social exclusion was 34.3% in 2011 (up 3.4 percentage points from 2007, before the crisis started), while the share in the population 18+ was 27.3% (+2 p.p. when compared to 2007); the gap between the two age groups therefore increased from 5.6 to 7 percentage points. A higher risk is found for young people even when disaggregating by educational level, the gap with the population 18+ being especially high and increasing for individuals with pre-primary, primary and lower secondary education; for this category, the share of individuals at risk of poverty and social exclusion in 2011 was 53.3% for the youth (around 10 p.p. higher than before the crisis) and 34.7% for the population 18+. It is also evident from the table that the risk for low-educated youngsters in Italy is considerably higher than for their EU-27 counterparts, for which the share was 40.9% in 2011.

The consistent risk of poverty and social exclusion is even more relevant when considering unemployed persons; a stunning 60.8% of the unemployed youth are at risk in 2011, lower than the figure for the entire 18+ population, but over 6 p.p. more than at the EU-27 level.

**Table 1: People at risk of poverty or social exclusion by age group, education level and most frequent activity status, 2007 and 2011**

	Italy				EU-27			
	Aged 18-24		Aged 18+		Aged 18-24		Aged 18+	
	2007	2011	2007	2011	2007	2011	2007	2011
Total	30.9	34.3	25.3	27.3	28.6	29.9	24.0	23.5
By education level								
Pre-primary, primary and lower secondary education	43.6	53.3	31.9	34.7	36.9	40.9	33.8	34.4
Upper secondary and post-secondary non-tertiary education level	26.5	29	18.5	21.6	26.7	27.1	22.4	22.3
Tertiary education level	24.6	25.1	10.4	13	20.3*	24.3*	11.4	11.7
By most frequent activity status								
Employed person	17.5	21.6	12.5	16	16.5	17.1	12.7	12.9
Unemployed persons	52.1	60.8	59.9	68.1	57.5	54.5	63.8	65.3

\* = estimate

Source: Eurostat (Indicators: ilc\_peps01, ilc\_peps02, ilc\_peps04)

In-work at-risk-of-poverty rates<sup>238</sup> are again higher among the youth than for the rest of the population. As shown in Table 2, the rate for those aged 18-24 in 2011 was 14.7%, 0.6 percentage points higher than in 2007 before the crisis started, and 3.6 p.p. higher than for prime-age workers.

<sup>237</sup> This indicator includes persons who are at risk of poverty, severely materially deprived or living in households with very low work intensity. Persons at risk of poverty have an equivalised disposable income below 60 % of the national median equivalised disposable income after social transfers. Material deprivation covers indicators relating to economic strain and durables. Persons are considered living in households with very low work intensity if they are aged 0-59 and the working age members in the household worked less than 20% of their potential during the past year.

<sup>238</sup> The in-work at-risk-of-poverty rate is defined as the share of the population in work (according to the definition of the most frequent activity status) aged 18 or over with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers.



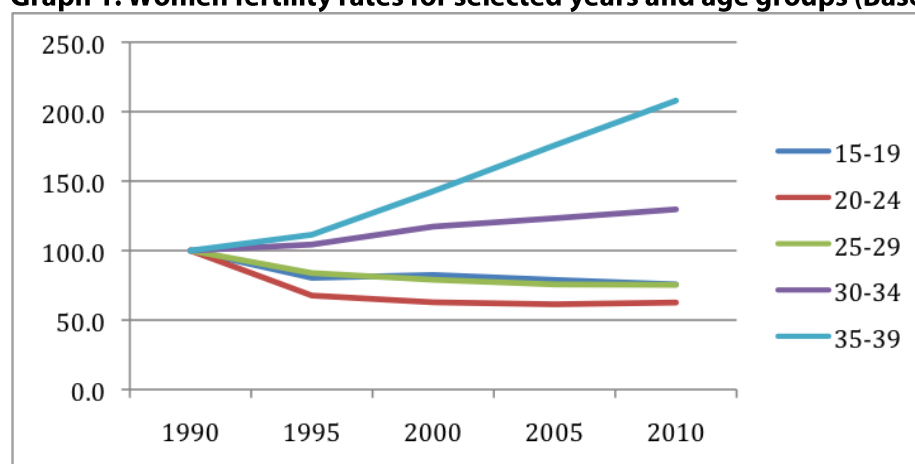
**Table 2: In-work at-risk-of-poverty rate by age group, 2007 and 2011**

Age group	Italy		EU-27	
	2007	2011	2007	2011
Total	9.8	10.7	8.5	8.9
From 18 to 24 years	14.1	14.7	10.1	11.2
From 25 to 54 years	9.8	11.1	8.3	8.8
From 55 to 64 years	7.7	7.1	7.8	8.3

Source: Eurostat (Indicator: ilc\_iw01)

### ***Evolution in the formation of families***

As for young people personal choices, instability, together with the increasing number of years spent in education, seems to be at the basis of the gradual postponement of the marrying age and the decreasing fertility rates. As highlighted in the graph below, fertility rates shifted towards the older ages over the last twenty years.

**Graph 1: Women fertility rates for selected years and age groups (Base Year=1990)**

Source: Our elaboration from Eurostat Data

Precarious work conditions seem to induce a postponement of the age of giving birth to the first child; according to figures from ISFOL Plus (Mandrone and Marocco 2012), atypical female workers tend to wait several years longer to have children when compared to workers with stable contracts. Furthermore, although the percentage of active women steadily increased over the last 30 years, still they are in charge of domestic care, thus the ones that choose to have a child face the risk to be "overburdened" by work and family duties (Donati, 2012a). Therefore the concomitance of other major problems such as difficulties in finding a house, job instability and lack of childcare facilities deepens the problems of Italian new families, often affecting the likelihood of women remaining attached to the labour market. The most obvious reaction came from the family itself. According to Donati (2012a) the not-married couples, more widespread in Northern Italy, show a more cooperative pattern in sharing housework, while women, generally high-skilled, can access form of tele-working that allow them to be closer to their children.

The process of shifting the age of starting a family is reflected in the growing percentage of youngsters living with their parents. According to Istat, in 2011 the share of individuals still living with at least one parent was 84.8% in the 20-24 age bracket, 57.5% in the 25-29 age group, and 29.1% in the 30-34 one; in 40% of cases, this situation was a voluntary choice of the individual. These figures seem to explain the apparently good performance of Italy in the housing cost overburden rate, i.e. the percentage of the population living in households where the total housing costs represent more than 40% of disposable income. According to Eurostat (Indicator: ilc\_lvho07a), the rate in 2011 was 13.4% in the 25-29 age group, in line with the EU-27 average, while it presented lower values than the EU level for the 18-24 group (9.1% compared to 13.5%).

Notwithstanding the absolute increase observed in national and local budgets of the expenses related to childcare facilities (+46.3% between 2003 and 2011), when compared to the population in 0-2 age, per capita expenses showed a reduction due to growing budget constraints (397 € in 2011 against 498 € in 2003). According to Istat (2013b), the share of children from 0 to 2 years enrolled in public or subsidized kindergartens is still 11.8% in 2011, up from 9% in 2003, but lower than the national target of 14-15% established in the extraordinary Plan for childcare services (Istat 2013b). Particularly low values are observed in Southern Italy (3.5%) and in the Islands (6.1%). A recent innovation in the field of childcare was the introduction of the so called “nidi famiglia”, i.e. childcare services provided at home by a person with public contribution. Anyway this service, more developed in Northern Countries, still accounts for a low quota of children aged 0-2, around 1.6% (Istat 2013b).

### ***National policies to address the situation of young people***

The “Youth Issue” gained growing space in the public debate due to the dramatic worsening of many of the indicators illustrated above<sup>239</sup>. The political agenda faced the problem mainly through restructuration of labour market and incentive schemes, while a limited amount of resources was dedicated to higher education and Active Labour Market Policies (ILO 2013). The main labour market reforms of the last years were presented in the previous papers.

Recently, a few initiatives have been registered to tackle the increased need for subsidies and services supporting families and parenthood of young people.

The previous Monti Government reserved specific measures addressing youth in the National Residential Housing Plan. The plan envisages concessions for construction developers who reserve a share of dwellings to be leased or sold to young couples (aged from 35 up to 40 years who have been married for at least 2/3 years); another programme was aimed at ensuring affordable rents for young couples.

Recently, the Letta Government approved a “Housing Plan” (Decree Law 102/13) to help weak categories of people buy a house. Students, young couples, unemployed and atypical workers are among the categories addressed. Among the approved measures, the decree devotes 60 million Euros to the Guarantee Fund for mortgages for young people, basically refunding an already existent fund, established by Decree Law n. 112/2008. The target of this measure includes young couples, single-parent households with underage children, and atypical workers.

Concerning the provision of childcare services, some attempts have been made recently to improve the situation, thereby favouring labour market participation of women. The National Plan for the Family approved in 2012 provided for the expansion of the network of social and educational services for early childhood and the development of company crèches, but since no new financial resources were provided for its implementation, it is not expected to produce relevant effects.

The Decree of 22 December 2012, officially enacted in February 2013, introduced vouchers to pay for a service of baby-sitting or a childcare service; the voucher consists in the assignment of 300 Euros per month for a 6 months period to be used at the end of compulsory maternity as an alternative to (non compulsory) parental leave.

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<sup>239</sup> Growing relevance was given in the public debate to the youth unemployment rate and to the rate of NEET.

## TUSCANY REGIONAL GOVERNMENT EXPERIENCE

### Objectives and measures in accordance with the entire life-cycle of the young people during the economic crisis: the Tuscany Regional Government approach

During the years of economic crisis a wide range of measures connected with both the entire life-cycle and the periods of transition for young people have been adopted. The experience of Tuscany Regional Government demonstrates how important it is to provide measures that aim to:

- **Complete the training period and encourage the acquisition of the right skills.** The study period must lead to the acquisition of real skills that can be used in the labour market. To this end it is necessary to reinforce the connection between school and the workplace.
- **Encourage insertion and development in the labour force,** through the provision of incentives that aim to promote and diffuse the use of tools such as apprenticeships and internships, improve guidance and counseling services, the development of entrepreneurship, competence and mobility between different jobs and different countries.
- **Limit disadvantageous situations** through the monitoring of the individual's life stages and consequently the implementation of relevant measures for each transition.
- **Develop an adequate social and cultural life,** through the promotion of the evolution of quality social networks, conferring new tasks and functions to the existing cultural infrastructure so that they are able to respond constantly to the various and changing needs of the young.
- **Foster independence and parenthood,** guaranteeing basic dignified conditions to allow the individual to conduct an independent and autonomous life.
- **Offer income support and taxation incentives,** via salary allowances, forms of taxation assistance and bureaucratic simplification that favours the increase of employment and the creation of businesses by the young.

At the same time, the experience of Tuscany Regional Government shows how important it is to offer measures that operate simultaneously and systemically on the various levels of the youth population so as to support progression towards adult age. The goal is to provide all young people with the full range of opportunities for growth and development in all sectors. No young person should be segregated within social or health or cultural or sports policies. Through public policies, everyone should be given the opportunity to have access to the various pathways that lead to excellence. Everyone must be considered a potential talent. This is the way to overcome the limits of social reproduction and to reward merit, freeing the ambitions of those who would otherwise be excluded or segregated in inadequate positions and roles with respect to their potential. Public policies must not stigmatise young people because of their momentary condition. Everyone must be offered the possibility to become talents. The policy measures – from orientation to entrepreneurship- must offer everyone the best opportunities for growth and employment.

Today the objective of the Tuscany Regional Government is not so much the provision of short-term measures connected with the various transition phases of the young persons' life, but rather personal and professional growth courses that accompany them throughout their life-cycle. Alongside concrete and specific measures related to autonomy, work and the family it is important to offer access to a variable-duration course that offers opportunities of various types and levels, guarantees the development of talent and increases social inclusion to those in need. This involves offering assurance to young people, in their various life-cycle phases and for the time required, periods of accompaniment that include personalised and individualised programmes and made-

to-measure packages that lead them towards the realisation of objectives. These objectives range from the completion of scholastic cycles to the acquisition of qualifications or specific professional skills, access to the first or second job and the creation of a business and its management, to insertion in quality social networks and participation in social life, etc.

In addition, to significantly improve the condition of young people in their journey towards independence and adulthood, it is necessary to promote a system, involving both the public and the private sector, in which potential and talent is recognised as an engine of development.

Among the policies that are related to fighting the crisis are those more in support of the family and its members in greater difficulty, in particular young people and women and, more specifically, those who work. The effectiveness of public policies implemented, e.g. by the Tuscany Region in the **“GiovaniSi” Project**, depends on maintaining the conditions of the social system of reference.

Youth policies are part of numerous sectoral policies: from the revenue office, to economic development, to health, school, and work. There are general programmes to bring interventions into synergy with the various sectors. Through **“GiovaniSi” Project** the Tuscany Regional Government has led to the unification of different policies within a single decision-making location, precisely because of the extension of policies to coordinate. This option led rather to the cross-interpretation of the various policies, to monitor them and the possibility to highlight steps or transitions unattended by public policies, to activate new interventions. Monitoring and evaluating policies can assume the function of verifying the existence of general policies that do not respect the principle of non-discrimination of people because of their age (valid principle in cases where the rules of positive discrimination cannot be applied). They can perform the function of address, but not the management responsibilities distributed among various decision-making bodies. **“GiovaniSi” Project** has been implemented as an innovative and integrated policies system approach which implies that the coordination of policies plays a crucial role. The horizontal and cross-sectoral nature of youth policies makes them dependent on the strategies and the results of systems of general interest, non-specialised with regard to specific age groups (from health care, to the labour market, to prisons). This prompts the Local Government to operate through various types of intervention calibrated to the expected results. Thus, for example, with respect to the objectives to be achieved in the short term and which do not involve immediate transformation of systems, there is generally the option for interventions typically assigned to measures with objectives and time limitations. For these reasons, attention is directed mainly to the analysis of the measures taken by the Regional Government in relation to the different stages of young people's life cycle, differentiating them according to their conditions.

Young people in Tuscany who are at risk of or are experiencing homelessness, are leaving care or come from migrant families carry a double burden of pressures — low personal resources (money, educational level, work) and a lack of family support. Low personal resources, lack of opportunities and constrained access to education limit their chances of having stable and well-paid jobs and becoming socially integrated. They face more difficulties in making successful transitions to independent living compared to the general youth population and thus are in need of additional societal resources to compensate for their disadvantages. The regional policy challenge in the case of young people with accumulated disadvantages, after leaving home, care or education, is to compensate for their low resources (individual, social, political) in order to ensure more normative transitions to independent living. Above all, they need more educational opportunities, employment schemes, housing and welfare services and the presence of supportive adults.

In recent studies (Irpel, 2010) the problem of the difficult transition of young people to adult status is confirmed by the fact that they stay in the family of origin after age 24: 57% of young people aged between 25-29 years remain in their family of origin; 31% of young people 30-34 years also remain. So, in Tuscany and in Italy as well, the family, as the basis of the social system, is still relevant and fundamental: the crisis has triggered the network of family protection. The

relationship between the long times for leaving the family of origin and the poor opportunities for a stable job and the progressive consolidation of a professional profile is obvious. The fact that young people stay in their family even after finding a job is highly connected to the quality - in terms of income, security and protection – that such job can offer. The wait-and-see attitude and uncertainty about the chance to improve one's condition, even within a context of quite penalising rental markets (which the Tuscan Region tries to face today with specific measures regarding housing for young people), in the long term determines weakening of human resources present and the reduction of the innovative contribution to the economic system, typical of the work of young generations.

The regional research revealed that in Tuscany, NGOs and third sector (youth agencies) play an important role in filling the vacuum of giving support that the youth with disadvantaged backgrounds need in contexts where they are politically under-recognised and insufficiently supported by public policy. In the most positive cases, it is the network of service and policy-oriented organisations (NGOs, Agencies and Public Institutions) that, through cooperation and partnerships, can guide young socially excluded people on more positive pathways of transition.

Local policies are often structured in ways that have excluding effects on youth. Introducing multi-agency coordinated approaches can lead to more targeted efforts and a more efficient use of resources. Policies relating to young people are often constructed on age boundaries (most often at, or around, the legal age of 18) and not according to the special transitional needs of young people.

In general, the local policy challenge lies in developing measures addressed to the empowerment of youth agencies/organisations to enable young people with disadvantaged backgrounds to break the chain of disadvantages and broaden the field of choices about their future. The promotion of access to social rights can contribute to the promotion of equal opportunities and social inclusion. With the internalisation of these rights comes a sense of empowerment that can help young people to realise their potential.

Based on numerous recommendations drawn from the local research results, the social divide can be narrowed by political acknowledgement of the special social and educational needs of these groups of children and young people who have to carry a range of disadvantages (dysfunctional or non-supportive family, ethnic minority or migrant backgrounds, institutional and structural barriers), the early prevention of social exclusion (e.g. risk-buffering educational systems reducing inequalities) and elaboration of reinsertion measures supporting youth transitions to independent living. This conclusion refers to the need for a complex mosaic of inclusive educational and labour market policies combined with supportive welfare policies, an activated civil society and, last but not least, the empowerment of young people's agency from an early age, by encouraging participation and citizenship in a supportive and secure social atmosphere.

*Thanks to the activities, research and output of **OSA Project - A Guarantee System for Youth. "One Step Ahead" Through Regional Policies**, funded from the European Commission and promoted by Regione Toscana in cooperation with the following Regional Governments: Baden-Württemberg, Gobierno Vasco, Jämtland Region, Welsh Government, we can adopt the following scheme (extracted from the final publication of "OSA" Project) to resume the main policies, measures and objectives implemented by the Tuscany Regional Government against youth unemployment and for youth social inclusion during the last few years:*



# 1) Policy area: Education and Training

REGIONAL YOUTH MEASURE	YOUTH MEASURE MAIN OBJECTIVE(S)
Rising levels of education	<i>To encourage school attendance and finalized to the acquisition of a secondary school diploma</i>
Right to study's intervention Scholarships for the support of school attendance Payments for redemption of all or part of school textbooks Scholarships to students living in the islands of Giglio and Capraia on free loan of textbooks in secondary schools (second degree)	<i>To confirm the delivery system of financial incentives for students of primary and secondary schools (first and second degree) with disadvantages</i>
Action for prevention and contrast to early school leaving (drop out)	<i>To integrate the work of Region, Province, zonal conferences on education, municipalities and educational institutions, complemented by non-institutional subjects</i>
Work - related learning pathways	<i>To strengthen the link between classroom training and practical experience; To enrich the curricula with skills easily spendable in the world of work; To foster the vocational guidance, to strengthen network between educational, training institutions, world of work and society; To correlate training offer to the cultural, social and economic development of the territory</i>
Measures of continuity of education for leisure Reflection meetings and study on educational issues for parents Workshops with schools Projects of cultural integration Recreational Activities for leisure time Vertical continuity educational pathways	<i>To support non formal education activities and for the socialization</i>
Apprenticeship for the accomplishment of the right-duty to education and training	<i>To obtain a vocational qualification</i>
Vocational training and educational pathways Higher technical education pathways	<i>To deliver new and more effective articulation of training offer in order to meet the needs of long-term courses of vocational training</i>
Regional programme for paid internship	<i>To introduce a new measure in order to guarantee the activation of work internship co-funded by subjects</i>



Maintenance of the centrality of the scholarship Catering service Loans for university students and members of the Master's degree at level I and II of Tuscany Universities	<i>To support the regional system of the right to the university study</i>
University guidance	<i>To build a regional system of coordinated and shared guidance that goes beyond the multiplicity and fragmentation of interventions and identifying a political orientation that promotes all the Tuscany university system</i>
Continue training	<i>To support the adaptability and the raising of the skills workers through the strengthening and diversification of operations, with priority to people most exposed to risk from the labour market, as the workers with temporary contracts</i>

## 2) Policy area: Employment

<b>REGIONAL YOUTH MEASURE</b>	<b>YOUTH MEASURE MAIN OBJECTIVE(S)</b>
Strengthening and streamlining of business services	<i>To strength the governance system of the labour market, to be pursued by strengthening the network of services for the work to a new level of integration and cooperation between public and private</i>
<b>"Progetto GiovaniSi"</b>	<i>To facilitate the matching between demand and supply of labour, with a strong orientation to support the integration, qualification and skills of young people, women and workers with temporary contracts (the 'atypical')</i>
Support for workers affected by economic crisis	<i>To support workers affected by the crisis or involved in corporate restructuring involving absence from work and high risk of permanent loss of jobs</i>
Integration of interventions in the labour market Regional network of employment services Recruitment incentives Guidance and training opportunities for retraining Apprenticeships and internships with high quality and rate stabilization	<i>To enhance a context of strong interaction between the services offered</i>
Scholarship for international PhD, loans for advanced specialization, higher education vouchers	<i>To train and promote the job placement of graduates and PhDs, including the use of credit facilities for higher education and training vouchers</i>
Apprenticeship and apprenticeship for	<i>To recover the capacity of apprenticeship to build a</i>

undergraduates and graduated students	<i>"bridge" between work and training</i>
Female and young entrepreneurs support	<i>To support female and young entrepreneurs</i>
Incentive for mobility of students in secondary schools and university students for research projects, training, development of language skills International internships for students of courses IFTS Vouchers for work experience abroad	<i>To promote the international mobility of young people</i>
International mobility of researchers in the frame of Marie Curie Action COFUND	<i>To support financial programme on thematic area proposed by the European Commission</i>
Pre-professional experiences of young people, through the access at voluntary civil service	<i>To activate annual calls in order to increase the young people participation to the voluntary civil service</i>

### 3) Policy area: Family and Social Policies

REGIONAL YOUTH MEASURE	YOUTH MEASURE MAIN OBJECTIVE(S)
<p><b>Integration of health care levels and consolidation of the characteristics of a prevention-oriented health care system</b></p> <p><b>Protection and promotion of childhood and adolescence and support for families</b>, contrast to gender violence, help to young people with measures of emancipation</p> <p><b>Affirmation of the rights of children in divorced or separated couples</b></p> <p><b>Migration policies</b> which find support in the integration between sectors such as education, health, vocational training</p> <p><b>Enhance the educational function</b>, especially to the younger, of a motor sport and attentive to the processes of socialization of the individual, with reference values of healthy competition, reject violence, respect for the environment</p>	<p><i>To enhance the integration between health care system, social services and other sectors of promotion of public protection</i></p>

### 4) Policy area: Income support mechanism

REGIONAL YOUTH MEASURE	YOUTH MEASURE MAIN OBJECTIVE(S)
Scholarships Additional contribution to the scholarship	<i>To support the costs of international mobility</i>
Loans trustees	<i>To allow access to credit by students who don't meet the requirements for a</i>

	<i>scholarship</i>
Guarantee Fund	<i>To offer free guarantee full coverage of bank loans to young people aged 22-35 years engaged in highly specialized courses (master's degrees, doctorates and specialization)</i>
Co-financing of regional wage	<i>To hold youth internships and apprenticeships</i>
Provision of funding aimed at young entrepreneurs with financing of investment in tangible and intangible	<i>To support young entrepreneurs</i>
Regional interventions income support through layoffs and earnings mobility allowance notwithstanding the existing national regulations concerning, among others, apprentices, young workers suspended or fired from work	<i>To support the income of young people</i>
Funds for the stabilization of temporary workers	<i>To provide incentive to contribute to the stabilization by enterprises engaged in processing of jobs completed in employees on permanent contracts</i>
Funds for the incentive to the assumption of young graduate students, PhD and trainees	<i>To provide incentive to businesses for the indeterminate assumption of young graduates, with full time or part time contracts, or 12 months contract</i>

#### 5) Policy area: Housing

<b>REGIONAL YOUTH MEASURE</b>	<b>YOUTH MEASURE MAIN OBJECTIVE(S)</b>
Support to the payment of the rent fee and support to the purchase of the first house through lease purchase option agreement	<i>To help young people for them independent living</i>

#### 6) Policy area: Fiscal Policies

<b>REGIONAL YOUTH MEASURE</b>	<b>YOUTH MEASURE MAIN OBJECTIVE(S)</b>
Regional Stability Pact	<i>To set the programmatic objectives of each local institution, coherently with the EU objectives regarding the containment of public debt</i>

#### Policy Recommendations

In more specific terms, from Tuscany Regional Government experience five key success factors of inclusion and active labour market policies have been identified: funding, coordination of policies, institutional reflexivity, access and empowerment – on the basis of which policy recommendations

can be derived. It is obvious that in some of these areas recommendations can be specific while others are more general in nature and need to be contextualised in terms of single policy cases.

### *I. Funding*

Funding is a key factor that on the one hand allows for coverage and quality of policies (which includes qualified personnel as well as comprehensive evaluation) and on the other hand reflects the value that a society invests into the inclusion of young people. Sustainable inclusion measures require sufficient funding to cover all those who need support in their transitions from school to work as well as to provide quality services in terms of sufficient trained staff, accessible premises and allowances as positive incentives. This includes safety net policies and guaranteed access to benefits as a means to provide young people with citizenship status even when still in the transition to employment and full adulthood.

- **National and local policies**, especially through ESF initiatives need to consider policy measures for young people at least in relation to their proportion of all-age unemployment. The **EU 2014-20** programming period represents a key opportunity to further help more young people have easier access to jobs, education & training and therefore a better quality of life.
- **Education expenditure**: Sufficient funding is needed to mainstream inclusive education policies and education allowances whilst expanding relevant training routes.

### *II. Access*

Inclusion and active labour market policies are only effective if they actually reach their target groups. In particular, immigrant and ethnic minority youth as well as young women are often under-represented in measures – or they profit less in terms of meaningful outcomes. Access relates to the quantitative and qualitative aspects of inclusion and active labour market policies such as policy coverage (and therefore funding), de-centralisation and low thresholds of entrance, information through reliable communication networks, unconditional access and flexible conditions of attendance. The persistent phenomenon of those who are simply not reached by institutions and policy measures and those who actively disengage from the formal transition system, suggests that limitations are not only structural and administrative but also relate to a lack of user value of measures.

- **Increase coverage and decentralisation of policies**: inclusion and active labour market policies need to be implemented through a reliable infrastructure so that every individual young person has guaranteed access to personal support:
  - a) In particular Italy and Local Governments have to increase the coverage of Public Employment Services (yet without neglecting quality);
  - b) General measures need to be decentralised to provide access to youth in both rural and deprived urban neighbourhoods.

### *III. Coordination of policies*

An Integrated Policies System implies that the coordination of policies plays a crucial role. On the one hand, the complexity of constellations of disadvantage – not only in the case of multiple disadvantage – requires multi-disciplinary and integrated services. On the other hand social integration needs to be understood and addressed in a holistic way embracing issues of both of systemic and subjective relevance. Given the constant under-funding of youth and social inclusion policies aspects of rationalising resources need to be clearly subordinate in this respect. All the regional and national governments have entered young people's policies in their agenda. The trend is towards their progressive expansion, and includes sectors that range from labour to health, from taxes to school, from economic development to commerce, from culture to social matters,

etc. Greater coordination by them could increase quality and impact, constructing proper integrated intervention systems. Transversal policies are the key to success, the inevitable route for obtaining real, long lasting improvement of young people's condition.

- **Flexibility and connectivity:** *Coordination of policies requires an increased degree of flexibility on the side of policies as well as of institutions, companies and organisations.*
- **Public policies obtain significant results only if they operate in societies where all the actors take responsibility for the growth of future generations.** *Activating the transversal actors – public and private – is the first success factor of public policies and explains the diversity of results in the various regions and in the various welfare cultures.*

#### IV. Institutional Reflexivity

It is referred to the the complex processes and mechanisms related to designing and conceptualising, monitoring, evaluating and assessing, reflecting and communicating policies. The factors of access and coordination have shown that flexible policy approaches are needed in order to provide meaningful support, as standardised approaches to counselling, education, training and employment assistance do not necessarily fit all constellations of disadvantage. Therefore mechanisms of institutional reflexivity should be inbuilt within policies that allow for the assessment of policy effects in the individual case as quickly as possible – including 'soft' as well as unintended side effects.

- **Symmetric communication between institutions/professionals and young people:** *Symmetric situations in counselling and guidance processes need to be created and secured by young people acquiring negotiation rights, whereby young people feel comfortable in expressing feedback in terms of their subjective perspective on jobs, education and training offers rather than adopting strategic behaviour (and dropping out afterwards).*

#### V. Empowerment

Policies need to start from an assessment that relates the constellations of disadvantage that result from socioeconomic, institutional and individual factors and combine individual development by providing resources and structural opportunities. Policies blaming the individual for being in a disadvantaged situation risk undermining motivation, a central resource that the labour market integration of all young people depends upon. Although motivation is clearly an individual characteristic, it is strongly dependent on the structural resources and opportunities available. Empowerment, in the sense we use the concept, is best understood as an approach that centres around the motivation of individuals, in this case the motivation of young people, to actively engage in their transitions. Motivation requires an initial identification with a goal and then a feeling of control over reaching this goal; therefore it is related to both subjective and structural factors. Active participation within inclusion and active labour market policies in this respect is a paraphrase of empowerment. Empowerment therefore cannot be restricted to including young people in simply any kind of measure, but implies providing them with the rights and resources that enable them to take personal responsibility for their transitions.

- **Motivation through participation: Within specific policy measures participation can enhance intrinsic motivation if connected with the following aspects:**
  - a) *trust towards institutions and professionals through confidentiality, advocacy and continuity;*
  - b) *spaces for self-experimentation and responsibility;*
  - c) *rights and power in decision-making;*
  - d) *possibilities of choice whether to participate and how to participate;*
  - e) *open outcomes of counselling;*

f) *access to resources.*

- **Starting from strengths instead of deficits:** *An empowerment perspective is interested in enhancing agency rather than adapting young people to existing jobs or schemes. Policy design and service delivery must start from young people's strengths instead of focusing on deficits and problems.*

## BELGIUM

### Youth Employment in Belgium: some key facts

In Belgium youth unemployment is structurally higher than the European (EU27) average, in particular for the low educated <sup>240</sup>. The crisis is responsible for the loss of jobs of many young people between 15-24 year old, and some experts are advancing that the unemployment rate for this group increased from 21.8% to 25.3% in 2013. Though, Joost Bollens, a researcher at Leuvense Hoger Instituut van de Arbeid, tempers these figures stating that many young people of this age are still in school and are therefore included in the statistics as inactive<sup>241</sup>.

In fact, according to Eurostat data, in 2012 the youth unemployment rate in Belgium was 18%. The misemployed people under than 25 year old were about 16 % in 2001 and 18% in 2012. However, this rate varies considerably from one region to the other in Belgium. In particular, although the current economic crisis had a more severe impact on youth unemployment in Flanders, the imbalance remains nevertheless largely unfavourable to the Walloon and Brussels regions.

As Brussels and Wallonia suffer from lower skill levels and a higher early school leaving rate, the problem of youth unemployment is more structural in nature in these regions than in Flanders.

This particular regional situation also affects the effectiveness of the employment policy: the responsibility lies partially with the regions, and partially with the federal government. However, the federal government has difficulties in reaching a consensus because of the **regional differences**.

The youth unemployment rate in Brussels and Wallonia is indeed extremely high reaching a level of respectively 35% and 30%, against 13% only in Flanders.

**Table 1: Youth (under 25 years) and Prime Aged Adult (25-54 years) Unemployment Rate in Selected EU Member States: 10 Years Average (2003-2012)**

Country	Youth (< 25 years) Unemployment Rate (1)	Prime Aged Adult (25-54 years) Unemployment Rate (2)	Ratio: (1)/(2)	Absolute Difference: (1)-(2)
Greece	30.7%	11.1%	2.8	19.6%
Spain	30.4%	13.2%	2.3	17.2%
France	20.9%	7.7%	2.7	13.2%
<b>Belgium</b>	<b>19.8%</b>	<b>6.8%</b>	<b>2.9</b>	<b>13.0%</b>
Brussels	35.0%	15.8%	2.2	19.1%
Wallonia	29.6%	9.6%	3.1	20.1%
Flanders	13.5%	4.0%	3.3	9.4%
<b>EU27</b>	<b>18.9%</b>	<b>7.9%</b>	<b>2.4</b>	<b>11.0%</b>
Germany	11.4%	7.9%	1.4	6.5%
Denmark	10.4%	4.8%	2.2	5.6%
Austria	9.0%	4.0%	2.2	5.0%
The Netherlands	7.3%	3.4%	2.1	3.9%

Source: Eurostat.

<sup>240</sup> [http://www.ceps.eu/sites/default/files/civircm/persist/contribute/files/ENEPRI\\_CEPS\\_DG\\_employ\\_conference\\_paper\\_Cockx\(session\\_1\).pdf](http://www.ceps.eu/sites/default/files/civircm/persist/contribute/files/ENEPRI_CEPS_DG_employ_conference_paper_Cockx(session_1).pdf)

<sup>241</sup> <http://www.references.be/carriere/chomage-chez-les-jeunes-pas-de-generation-perdue-en-belgique>



Belgium suffers from below average and stagnating labour-market participation and high employment and unemployment disparities across regions and population subgroups. The population groups with the lowest participation in the labour market include those with a migrant background, the elderly and low-skilled youth in all regions. These groups are also exposed to higher risks of poverty and social exclusion.

In March 2013, the youth unemployment rate in Belgium was 22.4%, which means a number of young unemployed around 93.000 units. Youth unemployment is a more acute problem in Wallonia and Brussels than in Flanders. Although the current economic crisis had a more severe impact on youth unemployment in Flanders, the imbalance remains nevertheless largely unfavourable to Walloon and Brussels regions. Youth unemployment is attributed to structural issues in Flanders, compared to Brussels and Wallonia where low skill levels and increasing school leaving rates are important factors.

The comparison between Member States shows that there are quite some differences also concerning the desirability to become self-employed: in Belgium one third of respondents say they would rather be self-employed which is lower than the EU average, and fewer people (24%) consider self-employment to be feasible than across the EU as a whole.

In contrast, almost three-quarters (74%) of people in Belgium say that self-employment is unfeasible, with 19% considering self-employment not very feasible and 55% regarding it as not feasible at all. At EU level only 67% of respondents think it would not be feasible (22% say it is not very feasible, while 45% consider it to be not feasible at all). Though relatively few people in Belgium view self-employment as a feasible option compared with people in the EU as a whole, more respondents there consider it to be feasible now than did so in 2009.

### Geographical differences

Belgium is a federal country composed of three Regions: Flanders, Wallonia and the Region of Brussels. It is governed by a national government but each Region is governed by its own regional government with devolved power relating to industrial policy, investment and infrastructure among many others. It has 3 official languages (German, French, Dutch) and a fourth, English, that is the common language of the international community in Brussels.

In Belgium, the 99.8% of the business is represented of SMEs. In particular, in 2009 there were 855,897 SMEs providing 2.6 million jobs corresponding to the 41.1 % of total employment at national level.

Approximately in Belgium there are 38 SMEs per 1,000 inhabitants, which is not far from the EU-27 average of about 40. The proportion of SMEs and the share of total employment compared to all enterprises are also similar to their EU averages.

According to Small Business Act for Europe (SBA) annual fact-sheet 2012<sup>242</sup>, the Belgian SME sector is positioned in the EU-27 average, except for a slight prevalence of micro enterprises in the total number of SMEs.

SMEs in Belgium proved to be more resilient to the crisis compared to the other EU Countries. This is particularly true in terms of value added. Policy efforts seem well targeted since many are

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<sup>242</sup> The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). The aim of the annually updated Fact Sheets is to improve understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

focused on the SBA area with the lowest score (Entrepreneurship) or a negative trend (Internationalisation and Access to finance).

As Brussels is gathering a lot of European institutions, the context is regional (with different governments), national and European.

**The federal government** as well as the regional ones have already taken some measures to fight against unemployment. In 2012, the federal government undertook steps to provide 10,000 subsidised traineeships for youth leaving the educational system without a secondary education degree. These plans are implemented in close cooperation with the different regions. Resources are also used to increase the existing reductions of social security contributions for low-skilled young job seekers. In general, the intensity and the type of support vary according to job seekers' risk profile. There is an intense and rapid follow-up of **low-skilled job seekers**, to avoid long-term unemployment and resolve skill mismatches.

**In Flanders**, such a follow-up is implemented through the "Career Agreement" 2012-2014. In all regions, steps are taken to partially subsidise wages and social contributions for individual vocational traineeships. Efforts are made to stimulate entrepreneurship and self-employment, for example through the "Plan Airbag" in Wallonia, which offers financial support for self-employment initiatives launched by people below 30 or above 50. In Flanders, the Flemish Agency for Entrepreneurial Training (SYNTRA) offers young people training to support their development as entrepreneurs.

**At federal level**, only own funds are used (some EUR 1.3 billion disbursed until the end of 2011 across all the measures currently underway). At the level of the regions, ESF funding is used to support a variety of measures focusing on the young. In the German-speaking Community alone, around EUR 1 million of its ESF programme has been dedicated to 15 different initiatives focused on young job seekers.

For example, youth unemployment in the German-speaking Community, between 2003 and 2012 has consistently enjoyed the lowest youth unemployment rate in Belgium. The German-speaking Community is the smallest Belgian region, with around 76.000 inhabitants in the east of the country. Due to its location at a cultural crossroads between the Netherlands, Germany, Luxembourg and Belgian Wallonia, the German-speaking Community is a border region with a very open economy, with a strong emphasis on mobility. As a result the region's inhabitants are multilingual and culturally adaptable. The same characteristics apply to the regional economy and labour market, and are reflected in the expectations that have to be met by employees and entrepreneurs. For example, 94% of those completing such dual vocational education were able to find employment immediately; on average, these young people were able to find jobs within 45 days. There are over 800 apprentices in over 600 active work experience providers in the German-speaking Community - in per capita terms, 10 times higher than in Wallonia or Flanders.

With this example, we see that differences are very high between regions of Belgium.

Learning and qualifications across borders is one of the characteristics of the youth of Belgium. As mentioned, Belgium has many borders and different cultures, languages. The organizations involved in the region's dual vocational education system use cross-border partnerships and European projects to exchange experience and knowledge with their partners in the field of vocational education, such as chambers of crafts, industry and commerce, vocational colleges and sectorial organizations. Together with these partners, border regions organize European apprentice exchanges, as well as joint training activities and cross-border ("binary") qualifications.

This collaboration helps a lot the European mobility and increases the chances of the Belgium youth to find a job.

### Social exclusion and marginalization of young unemployed

The feeling of discrimination is one of the main factors of social exclusion.

In Belgium there are striking differences between the **sexes**. Young women are considerably more disadvantaged in the labour market – their employment rates are lower, and the economic crisis has had a more severe negative impact on their situation. Effectively, the rates are still two to three times higher than the overall rates with female unemployment rates being especially high. An extreme situation can be found in the region Wallonia where over 40% of all females under 25 are unemployed.

In Belgium **migrant youth** is also much more affected than in other European countries. Baert and Cockx (2013) and Baert et al. (2013) analyse this problem in detail and show that discrimination is an important explanatory factor. However, for lack of space, we leave do not discuss the specific problems of migrant youth in this contribution <sup>243</sup>.

**The lack of residency, legal status, or permanent address** is also provoking social exclusion. Belgium registers levels of non-EU citizens reporting material poverty about five times higher than nationals.

As for the education, Belgium has the lowest rates concerning **the low levels of education and exclusion** and below the European average <sup>244</sup>. The high relative youth unemployment rate in Belgium reflects predominantly a problem of the low-skilled (youth). Below 25 the low educated are over represented in the active population, since the high educated are still studying at young ages while the low educated already entered the labour market. Between 2003 and 2012, in Belgium the average unemployment rate of high-educated youth (ISCED97 5-6) was 12.7%, lower than the EU27 average of 14.2%. By contrast, the corresponding average of youth without a secondary school diploma (ISCED97 0-2) was 30.4% in Belgium against 23.8% in the EU27

**Poverty and unemployment:** Relative poverty affects 10% of the Belgium population.

In addition, Eurostat data confirm an association between low levels of household income and having poor quality housing. Young people living in low-income households in Belgium reports the highest ratio of overcrowding in relation to peers living in better off families.

Regarding trust in political institutions and social and political participation, in **Belgium**, 46% of people say they **trust** their **political institutions**, less than the OECD average of 56%. **Voter turnout**, a measure of public trust in government and of citizens' participation in the political process, was 89% during recent elections; considerably higher than the OECD average of 72% and one of the highest in the OECD.

Concerning the **health issues specific of young unemployed**, in Belgium, in case that young people do not fulfil the requirements, they have to apply for social security benefits which are not earnings-related. In addition, the chance to report unmet medical needs is more than three times higher for the unemployed than for the employed.

Concerning the **mental health issues in the workplace**, disability claims based on mental ill-health are rising. Young people account for the largest increase, with nearly half of new disability claims by people aged 20-39 in 2010 being for mental health problems, compared to 20% among people aged 50-64.<sup>245</sup>

<sup>243</sup> [http://ftp.cordis.europa.eu/pub/improving/docs/g\\_ser\\_social\\_exclusion\\_kieselbach.pdf](http://ftp.cordis.europa.eu/pub/improving/docs/g_ser_social_exclusion_kieselbach.pdf)

The research project "Youth Unemployment and Social Exclusion: Objective, Dimensions, Subjective, Experiences, and Innovative Institutional Responses in Six European Countries" (YUSEDER) within the Targeted Socio-Economic Research Programme (TSER) of the 4th Framework Programme tries to answer some crucial questions with regard to the risk of social exclusion associated with long-term youth unemployment.

<sup>244</sup> <http://ec.europa.eu/youth/documents/eurydice-study-social-exclusion-2013.pdf> "Youth Social Exclusion and Lessons from Youth Work" Evidence from literature and survey Report produced by the Education, Audiovisual and Culture Executive Agency (EACEA)

<sup>245</sup> <http://www.oecd.org/newsroom/belgiumshouldbemoreproactiveintacklingmentalhealthissuesintheworkplacesaysoecd.htm>

### Key priorities to avoid youth unemployment

The particular regional situation – both at political, economical and social level – also affects the effectiveness of the employment policies, with responsibility split between the regional and federal government, which has difficulties in reaching a consensus because of the regional differences<sup>246</sup>.

To combat and prevent youth unemployment, Belgium has identified four key priorities, and one of them is supporting self-entrepreneurship. The federal government as well as the regional ones have taken some measures to stimulate entrepreneurship and self-employment. For example, in Wallonia, the “Plan Airbag” offers financial support for self-employment initiatives for people below 30 years of age<sup>247</sup>. In Flanders, the Flemish Agency for Entrepreneurial Training (SYNTRA)<sup>248</sup> offers young people training to support their development as entrepreneurs. In 2012, the Flemish Region undertook new actions such as the “Economy-Education” projects, programmes for boosting teacher training, calls for start-ups and young entrepreneurs, etc. The Flemish Government, as a dynamic authority, is also actively pursuing its multiannual programme that aims to develop a favourable entrepreneurship climate among other things. In the Walloon Region, several new measures were taken in 2013 in favour of entrepreneurship, such as a new portal for companies, support measures for the self-employed and VSEs, export coaching, and the like. The priorities in 2013 concern a positive entrepreneurial image, entrepreneurship in higher education, business transfers, non-technological innovation support and in the case of major export activities, the use of living labs. The Brussels-Capital Region is stimulating entrepreneurship through a whole range of measures, also supporting specific target groups such as women, young people, migrants, as well as second-chance entrepreneurship.

The implementation level for programmes co-financed by the Structural Funds in Belgium is very high, the global commitment rate approaches 100%. Almost 80% of the expenses concern priority categories in terms of the European aims (*earmarking*). Numerous innovation-driven projects are being implemented in the field of SME and entrepreneurship support, notably through financial instruments, lifelong learning and skills development, social inclusion, and much more.

## ROMANIA

In terms of wages, young people have been paid in 2012 about 33% - 53% of the 2011 average monthly gross salary. Considering the fact that in the past five years, Romanian higher education graduates registered a **net monthly income of just 1,087 lei**<sup>(249)</sup>, in 2010 we can estimate that youth wages are falling between the minimum wage and the average wage for higher education graduates, which is close to the monthly gross minimum wage. Minimum wage is a reference to labour market entry wages for first-job young people (without work experience). “Most generous salaries for entry level are offered in the IT field, where students can earn between 500-900 euro/month. In the telecommunications industry, an employee with low experience can get a net salary of 400-700 euro/month.

<sup>246</sup> The topic was also treated in the context of the second Pillar of the Study “THE INCLUSION OF YOUNGER GENERATION IN THE EUROPEAN SOCIO-ECONOMIC CONTEXT: MEASURES AND STRATEGIES TO PROMOTE YOUNG ENTREPRENEURSHIP”.

<sup>247</sup> <http://gouvernement.wallonie.be/le-plan-airbag-pour-favoriser-l-emploi-ind-pendant-en-wallonie>

<sup>248</sup> <http://www.syntravlaanderen.be>

<sup>249</sup> \*\*\* , **Piața muncii pentru absolvenții de studii superioare**, <http://legislatiamuncii.manager.ro/a/4734/analistul-liviu-voinea-noul-cod-al-muncii-va-reduce-numarul-de-contracte-permanente-si-veniturile-la-buget.html>, 17 October 2011

People belonging to vulnerable groups are facing serious difficulties in the labor market insertion. The situation is even more difficult in the case of people belonging to vulnerable groups in the transition process from school to work. Women and Roma people are facing serious problems in this regard.

Another issue related to social inclusion is linked to early school drop-out. Romania is far from the European average regarding this index. Europe 2020 aims directly to reduce early school drop-out rates, by trying to reduce to 10% the European level indicator. In Romania this figure was 15.9, and in 2010 it increased to 16.3.

Factors influencing early school drop-out:

- social and economic (level of regional development, the poverty rate, residence),
- related to the family environment (level of education, type of family - single parent etc, migration of parents abroad, etc.),
- social, psychological, individual (sex, ethnicity, health status, marital status, etc.),
- school (absenteeism, school grades, etc).

In the worst case scenario, taking into account planning by public authorities aims at early school leaving rate of 13.4%.

In the context of the transition from school to working life, we should take into account the situation of access to resources and of young people in rural areas. The latter are in a difficult situation because most of them are engaged in subsistence agriculture and the poverty risk is very high among them. Studies indicate that although the share of youth in the total rural population is low compared to the urban population, the level of poverty risk is alarming: 42.8% of households including young people aged between 16 and 35 years were at risk of poverty. The main factor of poverty is the lack of income from a job.

Romanian population counted 21,316,420 inhabitants on July 1, 2012 (but these are not the final results of the Population and Housing Census of 2011) of which 10,4 million are men (48.7%) and 10,9 million are women (51.3%). The negative values of natural growth rate, combined with those of external migration, caused the population to diminish by approximately 153.000 people from July 2009 to July 2012. The age structure of the population shows a clear trend of aging, marked firstly by declining birth rates which led to a decrease of the young population (0-14 years) and increased the elderly population (over 60 years). In 2012, we have a reduction of the young population (0-14 years) by 15.0% in contrast with 15.2% in 2009, and an increase in the elderly (over 60 years) up to 20.8% - compared to 19.7% in 2009. The adult population (15 - 59 years) stands for 64.2%. Within this statistical group there was an increased share of the age group 35-39 years, 40-44 years, 55 -59 years, and a decreased share in the age groups 15 -19 years, 30-34 years and 50 -54 years.

Population by sex, age groups and environment, July 1st 2012				inhabitants
	2009	2010	2011	2012 <sup>250</sup>
<b>Total</b>	21.469.959	21.431.298	21.354.396	21.316.420
<b>By sex</b>				
<b>Masculine</b>	10.457.219	10.434.143	10.392.537	10.375.200
<b>Feminine</b>	11.012.740	10.997.155	10.961.859	10.941.220

<sup>250</sup> January 1st

**By age groups**

<b>0 – 14 ani</b>	3.245.775	3.241.295	3.213.339	3.211.437
<b>15 – 59 ani</b>	13.949.544	13.837.516	13.724.839	13.695.564
<b>60 ani și peste</b>	4.274.640	4.352.487	4.416.218	4.448.848

**By environment**

<b>Urban</b>	11.823.516	11.798.735	11.727.153	11.678.600
<b>Rural</b>	9.646.443	9.632.563	9.627.243	9.637.820

According to data published by Eurostat (02.08.2013),<sup>251</sup> Romania had, on 1 January 2012, a population of 21.36 million. 15% of the total population were citizens under 15 years of age and 15% of citizens were 65 years old and over. Regarding the type of education, the gap between men and women was 7 percentage points (79.5% men and 72.4% women) – in order to determine these percentages, the reference values were citizens aged between 25 and 64 years who have completed at least secondary education. The difference between Romania and EU27 is very high in this area - in the EU27, 74.7% of men and 73.7% of women were in some education form. Also, in terms of dropout rate - population aged between 18 and 24 with secondary education - the difference between men and women was almost in favour of women by two percentage points - 18.0% of men aged 18 to 24 have abandoned any kind of school or training and only 16.7% of women did the same. In this case, there was also a difference compared to the EU, in the case of men who left school, 14.5% (EU27) and women 11.0% (EU27).

**Average age****years**

	2009	2010	2011	2012
<b>Average age of the population</b>	39,5	39,7	39,9	40,0

Average age of the population increased from 39.5 years (2009) to 40.0 years (2012), which can characterise Romania as a state with an "adult" population. The female population is older than the male one by 3.0 years - 41.5 years (1 January 2012).

**Evolution of birth, death and natural growth of population**

	2009	2010	2011	2012
Natural development of the population				
Live births	222.388	212.199	196.242	201.104
Deaths	257.213	259.723	251.439	255.539

<sup>251</sup> [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-GL-13-003/EN/KS-GL-13-003-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-GL-13-003/EN/KS-GL-13-003-EN.PDF)



Deaths aged under 1 year	2.250	2.078	1.850	1.812
Natural growth	-34.825	-47.524	-55.197	-54.435
Marriages	134.275	115.778	105.599	107.760
Divorces	32.341	32.632	35.780	31.324
<b>Rate (la 1000 locuitori)</b>				
Live births	10,4	9,9	9,2	9,4
Deaths	12,0	12,1	11,8	12,0
Deaths aged under 1 year	10,1	9,8	9,4	9,0
Natural growth	-1,6	-2,2	-2,6	-2,6
Marriages	6,3	5,4	4,9	5,1
Divorces	1,5	1,5	1,7	1,5

Natality is the most important component of the population development, since the other component, the deaths, can be significantly affected, so that recovery of birth rate is likely to have significant long-term results. As shown in the above tables, natality declined steadily in the last 24 years, especially after the year 2000. Therefore, we need viable and sustainable measures to stimulate its growth.

### Internal migration

	2009	2010	2011	2012
Structure of domestic urban and rural migration flows, determined by the change of residence				
Total	<b>330.672</b>	<b>458.995</b>	<b>324.626</b>	<b>372.197</b>
From rural to urban	70.246	96.201	66.784	74.470
From urban to urban	96.607	140.301	97.235	106.724
From rural to rural	67.306	89.441	63.594	72.620
From urban to rural	96.513	133.052	97.013	118.383
Rates (to 1.000 inhabitants)				
Total	<b>15,4</b>	<b>21,4</b>	<b>15,2</b>	<b>17,5</b>
From rural to urban	6,0	8,2	5,7	6,4
From urban to urban	8,2	11,9	8,3	6,4

From rural to rural	7,0	9,3	6,6	7,5
From urban to rural	10,0	13,8	10,1	12,3

#### Romanian citizens who have established their residence abroad

Number of persons			
	2009	2010	2011
<b>Total</b>	<b>10.211</b>	<b>7.906</b>	<b>18.307</b>
<b>By sex</b>			
<b>Masculine</b>	3.768	2.917	8.527
<b>Feminine</b>	6.443	4.989	9.780
<b>By age groups</b>			
<b>Under 18 years</b>	1.316	1.062	4.746
<b>18 – 40 years</b>	6.621	5.029	9.572
<b>41 – 60 years</b>	1.915	1.562	3.191
<b>61 years and more</b>	359	253	798

### The incidence of long-term unemployment (%) - as a proportion of total number


	2009	2010	2011	2012
<b>Total (12 months and over)</b>	<b>30,9</b>	<b>34,9</b>	<b>41,9</b>	<b>45,3</b>
masculine	31,6	36,9	42,6	45,1
feminine	29,8	32,0	40,9	45,7
urban	32,2	35,2	44,3	48,2
rural	28,7	34,2	37,1	39,2
<b>Young persons (6 months and over)</b>	<b>49,5</b>	<b>58,8</b>	<b>63,4</b>	<b>61,1</b>
masculine	51,6	62,0	64,8	63,2
feminine	46,3	54,1	61,5	58,3
urban	49,8	58,4	64,2	61,0
rural	49,0	59,6	62,0	61,3

In 2009-2012, the incidence of long-term unemployment (the share of long term unemployed in total unemployment) was on the rise. The value recorded in 2012 was 45.3%, up by 3.4% percentage points compared to the previous year and by 10.4% percentage points compared to 2010. In urban areas, the indicator value was 48.2%, with 9.0 percentage points higher than that of the rural areas. The incidence of long-term unemployed young people was still on the rise, reaching 61.1 percent in 2012, increasing by 11.6% compared to 2010. This can be attributed to a decrease in the number of high school graduates with a baccalaureate degree able to find a job within the first year after graduation.

Research conducted by the Ministry of Youth and Sports shows that only 5% of young people were involved in civic activities organized by NGOs and the participation intent is around 29%. Lately, due to the economic situation, in particular, there is an active participation of young people, who are organizing various forms of protest. This was found both in Spain, Greece and Romania.

Although the claims of youth concern a specific topic, many voices say that actually the protests show the mistrust in a decision making system that does not work properly. Regarding the relationship between the active participation and transition from school to work, this connection exists and is primarily related to non-formal education. There is otherwise a very clear link between volunteering and active participation. To benefit from a smooth transition process from school to working life the first imperative operation is to understand young people and the problems they face. Production flows are very different from those of 20 years ago and variables involved in the life of a young person increased enormously with the Internet. This is becoming increasingly obvious in the generational conflict between the young and the elderly.

Approaching the topic of education in a document concerning the transition from school to work is motivated by the realities of the labour market. Thus, a person who has completed his/her primary or secondary education remains in the transition process longer than a person with tertiary education. People belonging to vulnerable groups are another problem of the education system.



The issues affecting these groups are the difficult access to resources, including educational ones, and the segregation from certain areas of the country. People with disabilities and the schools for people with special needs are also experiencing difficulties in benefiting from public education's services. However, the integration of people into the system of secondary education increased significantly from 66.4 % in 2007 to 94.9% in 2011. This trend was found in most underdeveloped regions. However there are quite large differences between rural and urban areas. To fight these trends, we need to improve the educational standards and the recognition of the importance of education and training for the entire population (including those that affect the development of children, as parents and grandparents). It is also necessary to establish and improve learning /education paths which are flexible and provide educational opportunities tailored to individual needs and to the labour market, effective and accessible advice and guidance, to develop technical and vocational education, and provide financial support for vulnerable groups and ethnic minorities, especially Roma people.

Many rural and mountainous areas are facing problems of access to education in general, due to poor study conditions, educational infrastructure and transport infrastructure, the latter being in a deplorable state. The relatively small share of qualified teachers in rural areas compared to urban areas is worsening an already bad situation, in terms of gaining access to quality education in these areas.