The EU’s Youth Guarantee: a broadly accepted reform in need of full implementation

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ISSN 1994-2893

1. László Andor’s research for this paper has been supported by the EFOP 3.6.2 project. The authors are writing in their personal capacities only. They would like to thank Denis Bouget, Sebastiano Sabato, Bart Vanhercke and an anonymous reviewer for their very helpful comments on previous versions. The authors remain solely responsible for the content of this paper and any errors or omission that could remain.
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Introduction

The Youth Guarantee is a policy agreed by all European Union (EU) Member States in 2013 to reduce the high numbers of young people who cannot find a job or are not even trying to find one. The Youth Guarantee seeks to help, especially by reducing the duration of youth unemployment or inactivity. In economically difficult times, young people with little experience tend to be the 'last hired and first fired' (2). But the first months and years after leaving school are a very formative period, influencing their entire lives. Therefore, it is important to ensure that young people do not remain outside employment, education or training for too long (3).

The April 2013 Council Recommendation on establishing a Youth Guarantee recommends that Member States “ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education” (4). This is the central objective of the policy. The Youth Guarantee thus does not attempt to eliminate youth unemployment or give all young people a job. It mainly aims to shorten spells of unemployment and ensure that as few people as possible are ‘neither in employment, education or training’ (NEET) (5). But even so, we argue that the Youth Guarantee is one of the most ambitious employment policies adopted by the EU since the European Employment Strategy was launched in 1997 (Vandenbroucke with Vanhercke, 2014). The objective of the Youth Guarantee has recently been reaffirmed in the European Pillar of Social Rights as one of the key principles of ‘active support to employment’ (6).

Implementation of the Youth Guarantee had a relatively slow start, certainly in comparison to the acuteness of the youth unemployment problem in 2013-14 and the political urgency associated with it. The experience after four years of implementation is already more positive, as documented notably in the European Commission’s report of October 2016 (7). Many institutions and experts have contributed assessments of the implementation of the Youth Guarantee (see bibliography). They mostly concur in validating or praising the Youth Guarantee policy, while identifying some flaws, key factors of success and pointing to various improvements needed.

2. See, for example, Coenjaerts et al., (2009) ‘Youth Employment’ in Promoting Pro-Poor Growth, OECD.
3. While short spells of unemployment may not necessarily have a major impact on young people’s future prospects, longer-term unemployment or disengagement can have ‘scarring effects’ on their subsequent careers and productivity for many years or even decades (Eurofound, 2014).
5. In other words, the Youth Guarantee seeks to shorten the spells of youth unemployment, inactivity or exclusion by re-integrating people into formal processes of human capital accumulation such as jobs, traineeships, apprenticeships or further education. This can make an important difference, especially with regard to young NEETs who are either completely inactive or stuck in the informal economy.
This OSE Working Paper reviews the main lessons learned and explores what should be done in the coming years. It explains why the Youth Guarantee should be understood as a structural reform aiming to improve the (often long and complicated) process of transiting from school to work. It reflects on what it would take for the Youth Guarantee to be fully implemented despite the great diversity of labour market situations across the EU. Finally, it argues that the Youth Guarantee will only bear fruit with sustained political commitment and adequate implementation effort – including administrative capacity, financial resources and active involvement of all players concerned. Our main argument and plea towards current policy-makers is not to forget the original level of ambition and to step up efforts so that the Youth Guarantee scheme reaches many more young people than in its first years.

Box 1: What is the Youth Guarantee (not) about?

The Youth Guarantee is...

- A **policy** agreed by all EU Member States in 2013 in the form of a Council recommendation. Its objective is to "ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education";

- A **structural reform** aimed at improving the process of transition from school to work, so as to reduce the incidence and the duration of youth unemployment or young people’s inactivity (non-participation in the labour market);

- A **signal of clear political ambition** by the EU to deal with youth unemployment as a pressing social consequence of the economic crisis that the EU underwent in the first half of the 2010s, and to achieve lasting improvement for the longer term;

- A **set of many coordinated measures and interventions** – including training, job-search counselling, apprenticeship or internship grants, recruitment subsidies or entrepreneurship support – that seek to increase young people’s aptitude for work (labour supply), strengthen employers’ demand for their labour as well as improving the process of matching young people with available opportunities (8);

- A **scheme involving a number of players** in the public, private and non-profit sectors, including government ministries, public employment services, schools and training providers, municipalities, businesses and their associations, trade unions, youth organisations and other NGOs;

- A **social investment** in the sense that helping more young people to find a suitable labour market opportunity more quickly has a positive effect on their future employment prospects, productivity, lifetime earnings and contribution to society. This social investment can prevent the 'scarring' or 'hysteresis' effects, i.e. damage to the young people’s individual potential and the potential of the whole economy that could arise from prolonged discouragement and inactivity (9);

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8. Prior to the establishment of national Youth Guarantee Implementation Plans, coordination of different support measures for young people was not always customary or sufficient in several Member States. See e.g. Eurofound (2015).

The Youth Guarantee is NOT...

- **A right** included in the European Pillar of Social Rights, as proclaimed by the EU institutions at the ‘social summit’ in Gothenburg in November 2018. The Pillar of Social Rights confirms the Youth Guarantee as a **core element of the (updated) European Social Model**, to be respected in the process of European integration for the years to come (10).

- A **guarantee of full employment**: it promises only a good-quality offer, and this offer does not need to involve an actual job but may consist of another opportunity suitable or useful for the young person in question, such as training, an apprenticeship or a traineeship;

- A **funding programme** in itself: its implementation relies on relevant budget lines in the EU budget, notably the European Social Fund (ESF) and the Youth Employment Initiative (YEI), funding from national budgets as well as contributions from the private and non-profit sectors;

- A **substitute** for better macroeconomic policies, industrial policies, good functioning of broader labour market institutions or improvements in national education systems.

### 1. Explaining a slow start

In October 2016, the European Commission’s progress report on three years of the Youth Guarantee found that 14 million young people had joined a Youth Guarantee scheme in their respective country in 2014-15 and “an average of nearly two million [...] were registered at any one point in time” (11). Nine million young people had taken up an offer of employment, education, traineeship or apprenticeship. Youth Guarantee schemes contributed to a decrease in the number of young people who were looking for a job but could not find any (i.e. the young unemployed) and in the NEET rate (people neither in employment, education or training). However, the Commission’s report also pointed out that “young people in the most vulnerable situations, including the low-skilled and non-registered NEETs were under-represented among beneficiaries” (12). In fact, by 2015, Youth Guarantee schemes still covered only 37.5% of all NEETs aged 15-24 in the EU, i.e. less than half of the target population (13).

Similarly, the special report of the European Court of Auditors of May 2017 found, based on a sample of seven countries, that 62% of young people entering a Youth Guarantee scheme in 2015 had experienced a ‘positive exit’, i.e. had taken up an offer of employment, continued education, apprenticeship or traineeship (14). However, the Court found that “none of the Member States visited has yet ensured that all NEETs had the opportunity to take up an offer within four months”

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12. Ibid., p. 19.
14. European Court of Auditors (2017), p. 71. The Member States examined were Ireland, Spain, France, Croatia, Italy, Portugal and Slovakia.
(emphasis added). It noted that “one important contributing factor is that it is not possible to address the whole NEET population with the resources available from the EU budget alone” (15).

Whether these results are satisfactory or disappointing largely depends on one’s perspective and expectations. What is certain is that Europe’s long economic crisis – and particularly the Eurozone’s second recession in 2011-13 – had driven the levels of unemployment and youth unemployment to levels unseen for decades (16). In 2012-13, the number of people aged under 25 and registered as unemployed was above 5.5 million in the EU (see Figure 1). The youth unemployment rate was nearly 25% on average, but reached much worse levels in a number of countries: 30% in Ireland, 34% in Slovakia, 38% in Portugal, 43% in Croatia, 53% in Spain and 55% in Greece. Moreover, when the economic crisis was at its worst, the number of 15-29-year olds neither in employment, education or training (NEET) was nearly 14 million in the EU (17). This dramatic lack of opportunities for young people who had just finished school obviously became a political challenge for Member State governments and EU institutions alike.


Partly due to this sense of urgency, the European Commission’s Youth Guarantee proposal of December 2012 was agreed by labour ministers already in February 2013 and formally adopted in April that year. At a time when EU leaders were struggling to agree on ways to deal with the Eurozone crisis (19) – when many countries were forced or opted to implement austerity policies...
and when the European Council decided to reduce the size of the EU’s next long-term budget (20) – the question of youth employment became an important political issue in the EU. The European Commission and national leaders indeed felt compelled to take action on this clearly visible consequence of the economic crisis, and the phrase ‘avoiding a lost generation’ was used frequently (21). Three informal summits of EU Heads of State or Government were convened on youth employment in 2013-14 (22). A new dedicated financial instrument, the Youth Employment Initiative (YEI) (23), was also established and endowed with €3.2 billion for 2014-15. High-level political attention helped to energise national administrations and put pressure on them, as well as on the European Commission, to deliver tangible results as soon as possible.

**Box 2: Main initiatives launched in conjunction with the Youth Guarantee**

<table>
<thead>
<tr>
<th>The Youth Guarantee is supported or complemented by...</th>
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<tbody>
<tr>
<td>- Funding from the EU budget, notably from the European Social Fund and the Youth Employment Initiative, as well as by relevant activities of the European Investment Bank (24);</td>
</tr>
<tr>
<td>- Guidance on the quality of the offers, such as the Council Recommendation on a quality framework for traineeships (25);</td>
</tr>
<tr>
<td>- Mutual learning and transfer of best practices, such as in the European Network of Public Employment Services (PES) (26);</td>
</tr>
<tr>
<td>- Initiatives involving the private sector, such as the European Alliance for Apprenticeships and the Alliance for YOUth (27).</td>
</tr>
</tbody>
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20. See e.g. Marzinotto, B. (2013).
23. The YEI is one of the EU’s financial instruments supporting the implementation of Youth Guarantee schemes. It was established in 2013 to provide support during 2014-15 to young people living in regions where youth unemployment was higher than 25% in 2012. In 2017 the YEI was extended for the rest of the decade and targeted at regions where youth unemployment still exceeded 25% in 2016. The total budget of the Youth Employment Initiative (for all eligible EU Member States) is €8.8 billion for the period 2014-2020, of which half is on a dedicated budget line and half has to be provided from national envelopes of the European Social Fund (ESF).
25. Council of the EU (2014)
Some policy-makers and observers seemed to think at the time that initiatives for youth employment could offset the effects of contractionary macroeconomic policies (28). Such expectations certainly ran against Okun's law on the close relationship between economic growth and unemployment. As pointed out by International Monetary Fund (IMF) researchers, the surge in youth unemployment in the EU was predominantly explained by the overall cyclical decline in economic activity in crisis-affected countries, especially by falling consumption (29).

Youth Guarantee measures can improve the quality of young people's labour supply (e.g. training), they can incentivise demand for their labour (e.g. targeted hiring subsidies) and they can improve the process of matching young jobseekers with suitable opportunities (e.g. thanks to improved cooperation between relevant labour market players or more in-depth interviews at the job centre) (30). Some interventions can have multiple functions: apprenticeships improve training and can lead to subsequent job offers from the same employer; support to aspiring young entrepreneurs can help them create job opportunities for others. The Youth Guarantee Recommendation gives Member States flexibility to choose measures that are most relevant in the given geo-economic context. In regions with buoyant labour demand, the Youth Guarantee can be mainly geared, for example, towards (re-)training youngsters who dropped out of school, while more depressed or peripheral areas may also require demand-side interventions, such as various forms of work subsidies.

The Youth Guarantee mainly works as a structural reform rather than a counter-cyclical measure. It provides a qualitative and quantitative boost to institutions and actions supporting school-to-work transitions, but it cannot be a substitute for macroeconomic stimulus. That said, prompter implementation of more generously funded Youth Guarantee schemes could have indeed made a greater difference already during the peak years of the crisis, especially by reducing the duration of young people’s unemployment or inactivity.

Unfortunately, a number of factors made implementation less swift in the first years after its adoption than would have ideally been the case.

**Revamping existing policies takes time:** The Youth Guarantee Recommendation established a new ambitious target on what active labour market policies (31) should deliver for young people. It demanded more work from job centres, education institutions and other actors than they had previously envisaged. In practice, even clarifying the division of responsibilities in national administrations and appointing national Youth Guarantee coordinators took several months. The

28. Cf. e.g. The Guardian (2013).
30. See e.g. Eurofound (2015), p. 60 for an illustration of how job centre interviews were made more probing in Italy.
31. See e.g. Banerji et al. (2014) and Coenjaerts et al. (2009).
June 2013 European Council established helpful deadlines stating that “Member States benefitting from [dedicated financing under] the [Youth Employment Initiative] should adopt a plan to tackle youth unemployment, including through the implementation of the ‘Youth Guarantee’, before the end of the year. Other Member States are encouraged to adopt similar plans in 2014” (32). By May 2014, all Member States had their Youth Guarantee Implementation Plans (YGIPs) ready and started putting them into practice (33). The first year after the adoption of the Youth Guarantee Recommendation was therefore largely spent on preparatory work. Clarifying what constituted a ‘good-quality offer’ and developing comparable indicators for the Youth Guarantee’s implementation was an even longer process in some countries (34).

It took time to make the Youth Guarantee the ‘main game in town’: While the Youth Guarantee Recommendation was adopted by the Council relatively smoothly, the Youth Guarantee was not immediately understood by national policy-makers and civil servants as a comprehensive policy to guide adjustments and improvements in various existing actions on youth employment, in training systems etc. As the above quote from the June 2013 European Council Conclusions illustrates, many policy-makers initially tended to approach the Youth Guarantee as one of several support schemes rather than as a comprehensive structural reform of all institutions and schemes that affect school-to-work transitions. Some also tended to pay greater attention to the €3 billion Youth Employment Initiative than to the Youth Guarantee Recommendation (35).

The YEI was programmed together with other structural funds: According to legislation adopted in 2013 (36), the €3 billion of ‘fresh’ funding for the Youth Employment Initiative had to be matched with another €3 billion from the respective Member States’ allocations from the European Social Fund for 2014-20. However, it took time before national authorities managed to draw up the ‘Operational Programmes’ (OPs) specifying how YEI and ESF money for youth employment would exactly be used, and before they agreed them with the European Commission. The imperative of ‘better spending’ involves various conditions on the use of EU money (e.g. ensure good targeting and coherence with other national spending) and the Commission was obliged to verify that Member States’ plans complied with all the applicable rules. The Commission made significant efforts to screen funding plans related to youth employment as a matter of priority, but most of the Operational Programmes were only approved in late 2014 or even in 2015.

34. See e.g. European Commission and International Labour Organisation (2016).
35. As Mascherini (2015) put it, “two years after its launch ... the [Youth] Guarantee still appears [in some Member States] to be like a Copernican revolution in youth policies that will take time and costly major reforms to be fully completed”.
36. For an overview of the applicable rules, see e.g. European Commission (2014).
Some Member States focused first on absorbing EU funds for 2007-13 before tapping into the dedicated Youth Employment Initiative: In 2015 the European Commission managed to increase substantially the pre-financing rate of the Youth Employment Initiative, so that Member States would receive nearly a third of their financial allocation upfront rather than as a reimbursement. However, several Member States that had accumulated delays in absorbing EU structural funds for 2007-13 focused their efforts on using the ‘old’ money first (i.e. implementing all support schemes set out in the 2007-13 programmes), so as not to lose these allocations due to the so-called de-commitment rule. Only afterwards did they move on to use YEI funding that was closely linked to the Youth Guarantee (37).

Establishing cooperation among many players takes time: An important feature of the Youth Guarantee is that job-centres, schools and training providers, municipalities, businesses, trade unions, youth organisations and other relevant players need to communicate and cooperate much better in order to direct young people towards suitable opportunities in a quick and efficient way. Establishing such cooperation – e.g. between public employment services and youth organisations – does not happen overnight (38). On the other hand, several helpful private sector initiatives emerged in the early years of the Youth Guarantee, such as the Alliance for YOUTH (39). The Commission has actively sought to promote partnerships between public sector players, businesses, trade unions and relevant civil society organisations, for example through the European Alliance for Apprenticeships (40), which focuses specifically on promoting dual training models and increasing the availability of apprenticeships. In 2016, the European social partners adopted a joint statement on the effectiveness and quality of apprenticeships (41).

Building up administrative capacity requires time and money: Especially in countries experiencing the highest surges in unemployment levels and undertaking the harshest cuts in public budgets, the number of well-qualified job-centre counsellors was (and continues to be) significantly below what would be needed to ensure individualised guidance and support to each young jobseeker (42). In several countries, the Youth Guarantee was initially launched in the form

37. In the 2014-20 Multiannual Financial Framework, money from the European Structural and Investment Funds is de-committed if the Member State fails to spend it within three years from the year for which the funding is programmed. This also means, for example, that Member States have until the end of 2017 to declare expenditure from their 2014 allocation. See Regulation (EU) No 1303/2013, Article 136.
38. See e.g. Tiraboschi, M. (2014).
40. The EAfA was launched in July 2013, see http://ec.europa.eu/social/main.jsp?catId=1147
41. ETUC, BUSINESSEUROPE, CEEP, UEAPME (2016).
42. A key issue is the ratio between the target population (young NEETs) and job centre advisors available to help them in the context of the Youth Guarantee. Comparable quantitative information on job centres’ capacity across the EU is not readily available but several country-specific analyses paint a worrying picture. In Greece, the ratio of advisors at Employment Promotion Centres (KPAs) to those registered as unemployed was around 1 to 1000 in 2015 (see Petmesidou M. and Polyzoïdis P., 2015, p. 24) and there were only about 600 educational advisors in Greece in 2014 who would have needed
of pilot schemes at city or regional level, but it was obvious that well-resourced public employment services would need to play a key role in scaling up the Youth Guarantee and in moving closer to the target of helping all unemployed young people (43).

To be sure, the EU would have undergone a severe youth unemployment crisis even if each of the abovementioned complicating factors had been overcome. The snail-paced manner of dealing with the Eurozone’s macroeconomic crisis was almost inevitably bound to result in a prolonged period of high youth unemployment (and high overall unemployment). But identifying the reasons behind the Youth Guarantee’s slow start is important to help us understand its character as a structural policy rather than as a magic wand to produce immediate countercyclical effects. The Youth Guarantee is most needed in times of crisis, but it is predominantly a structural reform that can make school-to-work and unemployment-to-work transitions faster and more successful regardless of the stage of the economic cycle. The next section reviews the key requirements that need to be met if the Youth Guarantee is to be implemented properly.

2. **Key success factors and main improvements needed**

The fact that Youth Guarantee schemes have so far succeeded in reaching less than 40% of the young NEET population is a clear reason to reflect on what needs to be done better (and/or more) in order to move much closer to the agreed objective: that all young people under 25 should receive a good-quality offer within four months of becoming unemployed or leaving formal education.

The European Commission’s progress report of October 2016 identifies several success factors (44):

- **“Strong institutional backing and internal coordination”:** This is indeed the most fundamental pre-condition for success. As the Commission highlights, “continued political commitment to the Youth Guarantee as a long-term, structural reform will be required in order to effectively reap the benefits of the work carried out so far” (45). Without political commitment, the ministries and agencies concerned (such as public employment services) will neither face the pressure nor receive the financial and administrative resources necessary for further progress towards the Youth Guarantee’s objective. The need for “properly staffed” public employment services and to “take care of more than 2,200 jobseekers” in order to meet fully the Youth Guarantee Implementation Plan (Coquet 2014 cited ibid., p. 31). In the case of Italy, the ratio between the NEET population and the staff of the Public Employment Service was also found to be overwhelming (see e.g. Fano, D., *et al.*, 2015). For EU-wide overviews based on self-reported assessments, see e.g. the ‘HoPES Assessment Report on PES capacities to implement the Youth Guarantee’ (2013) or Anghel (2016).  

43. Cf. e.g. Escudero and López Mourelo (2015).
45. Ibid., p. 2.
sufficient financial resources, reflecting changes in the number of young unemployed and NEETs, is also highlighted by the ILO (46). Commitment to the Youth Guarantee must also imply commitment to the four-month deadline for providing a good-quality offer to each participant. Early intervention is a key feature of this policy, based on the realisation that for a young person, even a few months of unemployment or inactivity can have the same damaging effects that are usually associated with ‘long-term unemployment’ in older generations (47).

- "Outreach strategies bringing more young people into the Youth Guarantee scheme": This is important especially for reaching inactive NEETs, some of whom may simply be unaware of the possibilities of support or may have given up on participation in the formal economy. The Youth Guarantee Recommendation highlights the need for effective outreach strategies to help those who are the hardest-to-help and at the same time in greatest need of help, notably people facing multiple barriers such as poverty or discrimination. Devoting sufficient resources to this sub-group may not immediately result in the most impressive headline statistics, but this is where the Youth Guarantee can make the biggest difference, including in economically better times (48). Effective cooperation with the non-profit sector is very important here. Authorities implementing the Youth Guarantee also need to take care not to establish overly stringent eligibility conditions or administrative requirements for participation in Youth Guarantee schemes. In some countries, cumbersome paperwork was observed in early implementation stages, e.g. to prove that the beneficiary really had not worked recently, and only people from certain regions were allowed to access the Youth Guarantee. Such administrative requirements may be well intentioned and aimed at efficient targeting of available resources, but they can also turn away people for whom the scheme can actually make the greatest positive difference, such as those with a troubled history or precarious social status.

- "A single point of contact helping to provide tailor-made services specific to the person’s needs": The EU can only encourage, not force, Member States to streamline their administrative processes and simplify interaction with the target group. As explained, a good Youth Guarantee scheme involves a great number of players from the public, private and non-profit sectors. However, one body needs to play the coordinating role – most often the public employment service.

- "Breaking down barriers between education and the labour market in a partnership approach" and "modern vocational education and training systems providing the skills needed on the labour market": Improving the relevance of education and training for the needs of the labour market has been a longstanding aim of EU employment and education policies. Most recent EU-level initiatives include the European Alliance for Apprenticeships and the New Skills Agenda for Europe, but the real key to success lies in smooth cooperation at national level between

47. Eurostat (s. d.) Glossary : Long-term unemployment
authorities in charge of education and employment on the one hand, and the social partners (business and trade unions) on the other hand (49). In this context, it is important to achieve a balanced mix between sector-specific training and general education giving young people a good basis for lifelong learning and adaptability. As ILO experts point out, “specific skills are as important as general skills” (50).

- "Strong employer involvement“ and willingness to offer entry-level opportunities are obviously vital as regards the demand for young people’s work. Many companies demonstrated social responsibility even in the early stages of the Youth Guarantee by making relevant pledges (e.g. the Alliance for YOUNG), and it is important to step up such good practices also in the years ahead, even if the youth unemployment crisis no longer makes headlines. In this context, renewed attention should be given to whether the Youth Guarantee offers are of “good quality”, both in terms of suitability to the young jobseeker’s profile and in terms of working conditions (51).

This list of key success factors could be simplified as follows: political commitment, outreach to those hardest-to-help, early intervention to respect the four-month deadline, commitment to quality, good cooperation among the relevant players, institutional capacity, and adequate financial resources. To put it even more simply: the Youth Guarantee’s agreed objective will be achieved to a fuller extent if the Youth Guarantee Recommendation from 2013 is taken (more) seriously.

3. How realistic is a Youth Guarantee for all, given the diversity of Europe’s labour markets?

The level of public sector intervention required to achieve the Youth Guarantee’s objective varies greatly across the EU – and sometimes even within a single Member State – depending on the number of vacancies for jobs, internships or apprenticeships that are spontaneously available in the given region. This is also why funding under the Youth Employment Initiative has been targeted from the outset (€3.2 billion for 2014-15) primarily at regions with high rates of youth unemployment (52). During the mid-term review of the EU’s 7-year budget, concluded in summer

49. The European Trade Union Confederation (ETUC) has been critical of the insufficient role so far played by trade unions in the implementation of the Youth Guarantee, including in countries where governments and/or local authorities have created dedicated bodies in charge of monitoring the Youth Guarantee scheme. Cf. Marra (2016) and annexed country reports.
51. Cf. the ETUC follow-up report, Marra (2016).
2017, the YEI received an additional financial allocation of €1.2 billion (53). Further EU financing for the Youth Guarantee comes from the European Social Fund (ESF), whose total volume for 2014-20 is over €80 billion, of which approximately €10 billion has been earmarked by national authorities for youth employment actions (54). The ESF forms part of the EU’s cohesion policy, and a significant part of its funding is allocated to the EU’s ‘less developed regions’ (with a GDP of below 75% of the EU average), as these are least able to finance investments in skills, employment and social inclusion on their own. However, richer regions also receive non-negligible contributions from EU cohesion policy, which they often tend to use precisely for investments in ‘human capital’ (55).

Providing suitable opportunities to young people at a critical moment in their lives through the Youth Guarantee is a social investment with positive influence on their contribution to the economy and society in the far longer term (56). It is clear, however, that even a well-targeted investment of approximately €14-15 billion (57) from the EU budget over the period 2014-20 is far from sufficient to finance the Youth Guarantee’s full implementation (58). The number of NEETs aged 15-24 in the EU was approximately 7.5 million in 2012 and remained at 6.3 million in 2016 (59). These are ‘stock’ figures, and the total number of young people who experienced not being in employment, education or training at some point during the past years is obviously much larger. As we know, Youth Guarantee schemes reached - with the EU and national financing allocated – only 37.5% of young European NEETs in 2015.

Significant national funding therefore needs to top up YEI and ESF money if the Youth Guarantee is to be rolled out more widely over the coming years and if more NEETs are to be reached. Some national co-financing of EU funds is compulsory so that Member States’ authorities have a direct

53. Council of the European Union (2017). The additional YEI allocation will again have to be matched with at least the same amount from within the respective Member States’ allocations from the European Social Fund for 2014-20.
54. As the Commission states in its October 2016 report, “jointly, the YEI and the ESF are directly investing at least EUR 12.7 billion in labour market integration measures for young people for the programming period 2014-2020” (European Commission, 2016a, p. 12).
55. Pursuant to Article 92(4) of the Common Provisions Regulation (EU) No 1303/2013, Member States’ allocation from the European Social Fund in 2014-20 as a percentage of their overall Structural Funds allocation (i.e. including the European Regional Development Fund) cannot be lower than in the 2007-2013 period. This allocation is further modulated depending on the employment rate in the given region (cf. Annex IX to the same regulation). This way the ‘minimum share’ of the ESF within the structural funds envelope is determined, as a safeguard against neglecting human capital investments. These rules also imply a continuation of previous practice, whereby more developed regions use a relatively larger part of their structural funds envelopes for investments in people (employment, education, social inclusion etc.) than is the case for less developed regions.
56. See e.g. Vandenbroucke, Hemerijck and Paller (2011) and the European Commission’s Social Investment Package of February 2013 (European Commission, 2013).
57. The figure of €14-15 billion is calculated as the €4.4 billion allocated to the dedicated YEI budget line + the approximately €10 billion which Member States have allocated to measures for youth employment from their European Social Fund envelopes.
stake in running EU-funded programmes efficiently and effectively. However, if Member States were determined to implement the Youth Guarantee fully, they would need to devote to this policy significant additional resources from national budgets (or agree on an additional boost to the EU budget). The resource implications would of course be even greater if the Youth Guarantee were to be extended to every person under 30, as has been repeatedly requested by the European Parliament (\(^60\)).

The challenge would become even more daunting if policy-makers wished not only to ensure a *good-quality offer* for every young jobseeker, but to achieve sustainable integration into the labour market of all Youth Guarantee beneficiaries. As mentioned, the Youth Guarantee can involve a broad range of active labour market measures that can be adapted to the regional context and the economic cycle. However, in more depressed or ‘peripheral’ areas, some young people who have been helped by the Youth Guarantee can subsequently still face a lack of job vacancies for which they could compete. As the European Court of Auditors also points out in its recent report, the situation of Youth Guarantee beneficiaries tends to be positive 6 or 12 months after exiting the scheme, but worsens slightly at 18 months (\(^61\)).

In many EU regions, sustainable integration of young NEETs into the labour market thus requires more than ‘just’ putting in place a full-fledged Youth Guarantee that helps every young person within four months. As Figure 2 illustrates, NEET rates differ considerably across the Union. Labour market opportunities abound in some regions, notably in and around Germany. By contrast, areas closer to the EU’s geographical periphery have NEET rates of over 15, 20 or even 25 per cent. In Andalucía, Sardinia, the Peloponnese and many parts of Romania and Bulgaria, more than one out of four people under 25 are neither in employment, education or training. The Youth Guarantee can certainly help them to get some work experience or training, but achieving sustainable employment requires help from other policies, notably fiscal and structural measures. A stronger industrial policy for the EU periphery, backed by cohesion policy funding, is necessary to improve socio-economic prospects in these peripheral areas and reduce the pressure on young people to emigrate in despair (\(^62\)). Growth-friendly macroeconomic policies and institutional frameworks, taking into account the lessons of the Eurozone’s long crisis, would doubtless also help (\(^63\)).

\(^{60}\). See e.g. European Parliament (2017), paragraph 24.

\(^{61}\). European Court of Auditors (2017), paragraphs 53-59. The availability of the underlying data on the beneficiaries’ situation after 12 and 18 months is unfortunately far from complete.

\(^{62}\). For a reflection on the future of EU cohesion policy, see e.g. Andor, L. (2017).

\(^{63}\). The European Commission’s reflection paper on the deepening of the EMU (COM(2017) 291 final) of May 2017 and the “EMU package” (COM(2017) 822 final) of December 2017 outline some proposals in that vein, notably for a euro area fiscal stabilisation function that would mainly focus on protecting public investment in the event of an economic downturn.
Figure 2: Share of young people aged 18–24 neither in employment nor in education or training (NEETs), by NUTS 2 regions, 2015. Source: Eurostat, Statistics Explained (edat lfse 22) (64)

Share of young people aged 18–24 neither in employment nor in education or training (NEETs), by NUTS 2 regions, 2015 (*)


Conclusion: will EU leaders renew and step up their commitment to the Youth Guarantee?

The Youth Guarantee is by now a well-established policy that is being implemented, more or less forcefully, across the European Union. The policy is on track to become an integral feature of the European Social Model for the 21st century, as also confirmed by the solemn inter-institutional proclamation of the European Pillar of Social Rights, which includes a right for young people to continued education, apprenticeship, traineeship or a job offer of good standing within 4 months of becoming unemployed or leaving education (65).

The key ingredients for the Youth Guarantee to succeed are no secret: effective outreach to those hardest-to-help, without complicated administrative requirements; early intervention with each participant in order to keep to the four-month deadline for a good-quality offer; good cooperation among the relevant players in the public, private and non-profit sectors; and sound institutional capacity, notably in public employment services. But these determinants of success all hinge on two overarching factors: political commitment and adequate financial resources.

In this context, it may be useful to reflect critically on the first of several recommendations the European Court of Auditors has recently issued regarding the Youth Guarantee. In view of the less-than-full implementation observed in 2014-16, the Court advises that: “for future initiatives in the area of employment, the Member States and the Commission should manage expectations by setting realistic and achievable objectives and targets”.

The Court refers in this context to gap assessments, but its recommendation could easily be (miss) understood as implying that the Youth Guarantee policy was too ambitious in the first place and its full implementation should not therefore be realistically expected. While the Court points out that the EU budget resources were insufficient to enable full implementation of the Youth Guarantee, it might also seem to say that the initiative should be toned down based on the resources available.

Such an interpretation would fundamentally question a policy to which the Council has repeatedly committed itself and which has been endorsed on numerous occasions by the European Parliament. More worryingly, it could tempt EU policy-makers to abandon – after a few years of less-than-wholehearted implementation – a structural policy whose positive impact can only accrue over the medium-to-long term. Such a loss of ambition would be highly regrettable given that the EU is today, after all, much closer to achieving the Youth Guarantee than it was in 2013.

65. The wording of this right in the Interinstitutional Proclamation of the European Pillar of Social Rights of November 2017 (COM(2017) 251 final) is the same as in the Commission Recommendation from 26 April 2017 (C(2017) 2600 final).
If all young people found or received a good labour market opportunity within a few months instead of being stuck in a NEET status, Europe would benefit economically as well as in terms of reduced frustration in society. However, such an outcome is only possible if the Youth Guarantee is genuinely pursued by the EU and its governments. The objective of giving all young people a good chance must not be seen as a lofty aim, but as a serious basis for the allocation of corresponding financial and administrative resources. The objectives and targets of a policy should determine the volume of resources allocated to the policy, not vice versa.

The next test of the EU institutions’ and Member State leaders’ commitment to the Youth Guarantee (and the whole European Pillar of Social Rights) will obviously consist of the discussions on the EU’s post-2020 Multi-annual Financial Framework (MFF). Will sufficient resources be allocated to the European Social Fund and/or the Youth Employment Initiative to enable proper implementation of the Youth Guarantee and other principles agreed in the context of the European Pillar of Social Rights? To reassure citizens that Europe cares about their socio-economic prospects and living standards, meaningful financial instruments for the EU’s cohesion and upward convergence will be decisive. Political promises need to be backed by adequate financial resources. If EU leaders want to have the young generation on board for the future of Europe, determined and large-scale implementation of the Youth Guarantee is the most effective action they can take.
References


