

## II EVALUATION OF THE YOUTH EMPLOYMENT INITIATIVE

### Executive Summary

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## Executive Summary

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### THE EVALUATION

This report contains the **second Evaluation of the Youth Employment Initiative** (the “YEI”). It analyses the execution, effectiveness, outcome, efficiency and impact of the eligible measures under Axis 5 of the Youth Employment Operational Programme 2014-2020 (the “YEOP”) taken up to 2017. The measures are structured around four objectives: activation, strengthened employability, greater entrepreneurship and higher rates of permanent contracts.

The mission of the Youth Guarantee is to ensure that all young people who are unemployed or have just completed their formal education have available to them good job prospects, further education, an apprenticeship or a traineeship within four months. The **YEI is targeted at** young people aged 16 to 29 who are NEET (not in education, employment, or training). Following the initial allocation of the YEI<sup>1</sup> for Spain (programmed in 2014 and 2015), axis 5 of the YEOP initially had total funding of €1.939 billion, of which 91.89%, i.e. €1,886,992,630, comes from European financing, offered in equal parts by the Youth Employment Initiative and the European Social Fund. The YEOP is implemented by 29 intermediary organisations, 19 of which are regional and 10 are national, in addition to the Management Authority. There are also four direct beneficiaries selected by the Management Authority, on a competitive basis.

The Evaluation has used qualitative **techniques** (document analysis, focus groups with intermediary bodies, direct beneficiaries and other key stakeholders, and personal interviews with intermediary bodies and direct beneficiaries) and quantitative techniques (conducting a survey with intermediary bodies and direct beneficiaries, a survey with young people participating in the YEI, counterfactual impact analysis and statistical analysis and indicators). The quantitative analysis was mainly performed using a hybrid database built using data supplied by the Spanish Public Employment Service (SEPE), the Public Employment Services Information System (SISPE), and the Social Security and the Social Security General Treasury (TGSS).

The YEI scheme had a **slow start** for multiple reasons: how new the programme was, how large it was, the limited resources of the Management Authority to launch it and certain factors relating to the concept of the initiative. Those factors all caused delays in the completion of the pathway and the launch of the programme. Management improved markedly as of 2016 in all areas. By 31 December 2017, Spain had achieved compliance with its acquired financial commitments and submitted a payment request to the European Commission for €665.7 million in ESF aid, representing 105.4% of the minimum established in the certification. The total amount of operations selected for aid grew from €852.3 million in 2016 to €1.9391 billion in 2017, with 1,063 operations selected, indicating that the programme is now progressing at a steady pace.

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<sup>1</sup> At the end of 2017, the target population of Youth Employment was altered, to allocate an additional €418 million to axis 5, from the YEI. That means that axis 5 of the YEOP now has an allocation of €2.723 billion, available until 2023.

## RESULTS

By the end of 2017, more than a million people (1,056,783) **had joined** the National Youth Guarantee Scheme, which gives an idea of the scale and scope of the initiative. The rate of membership grew progressively in 2016 and 2017. Of the young people who joined the scheme, nearly 70% (734,840) had taken part in an action envisaged in the YEI. The coverage rate is 68%—understood as the relationship between the number of participants in an action compared with the amount of young people who received no education, training or employment the previous day. More than 90% of young people who participated in an action completed it, indicating that the retention rate is high. The delay between joining and beginning an action is just over three months (101 days); accordingly, it falls below the four-month period established in the European objectives of the National Youth Guarantee Scheme.

The YEI has **bolstered** the relevance of youth employment policies in Spain, through an injection of funds of nearly two billion euros (€1,939,000,000). It has given a major boost to youth employment policies, currently reaching nearly one million young people when considering productivity indicators (978,752). The programme has performed nearly two million actions, of which 81% were coaching and lasted on average 15 days, 12% were for employability with an average length of 438 days, 6% were to promote permanent employment contracts and lasted on average 155 days, and 1.1% were for entrepreneurship. The average participant undertakes 3.3 actions, although the majority of actions are short in length. As such, the community added value of this programme is unquestionable.

The **target set** by the YEI in Spain was to work with 1,017,140 unemployed young people (498,399 men and 518,741 women). By the end of 2017, 81% of the target had been reached, with near-gender parity, and the pace of activities on the rise. On successful job hunting, the results are relatively good in the context of the job market in Spain: 55% of participants in the programme are registered with Social Security 12 months after the end of their activities, and 53.1% after six months. Those results are somewhat inferior to those of the European Union as a whole, at 61.7%. The overall gender impact is positive, with a gender gap of 0.7%; however, with the exception of employment actions, the remaining insertion rates at 12 months for women is less. The average number of days of Social Security inscription after six and 12 months for young people who have secured a contract is 94-86 and 195-183 days respectively; it is important to note that those figures decline across time. In addition, 280,411 (28.6%) of young people obtained a qualification that made them more employable.

On the kind of **actions**, 549,920 people participated in coaching actions, 96,017 in education, 83,016 in apprenticeships, 11,489 in traineeships, 18,248 in entrepreneurship and 113,657 in employment. Of all the actions rolled out, those with the best results for successful inclusion in the labour market are employment, apprenticeship and entrepreneurship (74.7%, 62.5% and 62.7% at 12 months, respectively). Within those, training and apprenticeship contracts stand out for their success in length of employment and days of inscription in Social Security. The longer the duration of the actions, the higher the rate of Social Security registrations and days of membership. The 2017 rates of successful insertions did show a downward trend.

**The YEI subsidised** 169,078 contracts between 2013 and 2017. On certified cost as a whole, subsidies represent 43.1% of all pay-out requests (€312.01 million). Although subsidies increase the rate of labour insertion (at 70.5% at 12 months compared with the average of 55.5%), particularly among women, they appear to be sub-optimal at securing job stability, as only 3.3% of subsidised contracts are permanent, while the average for young people in the job market is 4.4%. There is also a gender gap whereby women more commonly are engaged in part-time contracts.

The **profile** of young people participating in the YEI is similar to that of young people in Spain in general. Some 58% of participants have a low level of education, having not completed mandatory secondary education, while 24% have advanced qualifications. Women on the whole have a higher level of education (13% more are university graduates). In spite of the efforts made, the programme has struggled to reach young people with the greatest difficulties, such as foreign nationals, those living in households in which nobody works, single-parent families, young people in rural areas, unaccompanied minors, victims of gender violence, etc. There are groups of inactive people who have not yet registered, such as despondent young people and those looking after the home (5.1% and 13.3% of young people respectively). The results with long-term unemployed young people are rather limited in terms of insertions. The representation of women in YEI actions is slightly above parity; however, inactive women and those with a low level of training are under-represented.

Between 2014 and 2017, the percentage of **NEET** young people (aged 15 to 29 years) dropped four per cent (from 20.7% to 16.4%) to go from 1.48 million to 1.17 million. In this same period, the job market in Spain performed well (according to the Spanish National Institute of Statistics and Eurostat), both in general terms and for young people: the number of occupied young people rose by 6.5% to 2.55 million, and youth unemployment dropped from 39.7% in 2014 to 29.4% in 2017, reducing the number of unemployed young people to 1,631,000. That 10.2% drop is higher than that seen in the general unemployment rate (7.2%). The gender gap rose to 3.3% in 2017. The early school leaving rate for students aged 18 to 24 years dropped markedly from 25.6% to 18.3% (14.5% for women and 21.8% for men in 2017); however, the percentages are still quite high.

The drop in **unemployment** is the result not only of the rise in occupied young people but demographic changes, as there were 208,500 fewer young people than in 2015. Activity rates also dropped from 58.4% to 55.5% (with a 3.5% gender gap). Education level is still a decisive factor in the rate of unemployment and inactivity among Spanish young people; the percentage of young people neither studying nor working was 24.8% for those who have not completed the second stage of secondary education (26.6% for women)—exceeding the average by nearly nine points. Unemployment rates are inversely proportional to training levels—i.e. more qualified leads to less unemployment. In spite of unemployment among less qualified young people (level 0-2) having dropped 10%, it still sits at 39.9%, which is 20% higher than the most trained group (levels 5-9) at 19.0%

## RECOMMENDATIONS

The YEI must continue to improve its **coverage** levels in order to reach the young people who have still not joined and to whom the NEET criterion has applied in the last four weeks. The 30% of people who have joined but are not yet participating in activities require a response.

It would be recommendable to continue to reduce the average time between joining and receiving attention, in order to improve response levels and to offer young people opportunities as soon as possible.

Higher quality, more adaptable coaching **actions** must continue to reach young people. Education actions, particularly apprenticeships, traineeships and entrepreneurship, should become much more prolific, given the results they reach. It is recommended that general training becomes more intense—especially when they include guaranteed hire at the end—as well as dual professional training and training to obtain professionalism certificates, mixed training and employment projects and training that is tied to certain job roles. Special attention should be paid to the quality of training actions, aiming to obtain skills certificates. Non-work placement traineeships require a more suitable regulatory framework. It would be recommendable to review the subsidies policy to make it more selective, except in the case of self-employment, and to release a large part of that resource for other activities.

Given the aim of the YEI is to offer training or employment opportunities to young people, especially the most **vulnerable**, there must be greater efforts to reach young people with a limited education profile, as they are the least motivated and informed. For those in rural locations the situation is worse, as it is for women due to gender imbalances. Actions with these persons must continue to focus on being more comprehensive, better adapted, flexible and prompt. All that requires greater institutional co-ordination. There must be a renewed focus on inactive young people, enabling access to this group and adapting opportunities to their needs.

It is essential not to forget to continue to work with a **gender mainstreaming strategy** in order not to reproduce the inequalities existing in the labour market, but to contradict traditional roles and improve labour insertion, particularly in entrepreneurship or job quality, which is where the greater difference is detected.

Recently, the Spanish labour market has shown signs of **slowing** in dynamism and the capacity to create jobs. Such symptoms have been picked up in the Evaluation of the YEI, which shows that the success rates of insertions and average contract lengths in 2017 also dropped. All the above indicates that we are entering a new stage in which a change in people's profiles (trend towards less qualified) will mean that more adapted measures and more intensive support must be on offer, requiring more innovative, versatile, bespoke and high-quality actions. To make those actions more effective they must be comprehensive (itineraries) and including follow-up and accompaniment. They should also be targeted at occupied young people or those undertaking study to improve their qualifications and employability.

Actions must be better aligned with the needs of the labour market: the training offer should be more diversified (in terms of length, content and specialities) to adapt to the needs of businesses and job offers in the various activity sectors, avoiding a certain trend to accumulate extended training actions that have little impact on employability. Steps should be undertaken to foster more active engagement from businesses to employ young people, and for closer co-ordination with social services in some cases.

**Preventive** actions are recommended to reduce early school leaving. The need for a stronger connection between the YEI and education institutions is clear not just in this Evaluation but in others that have been performed on a European level. There should be special emphasis on preventive actions and early warning systems to prevent early school leaving, on rapid response, on galvanising the transition between education and activation/employment and on programmes that take a work-first approach. More flexible second-chance measures should be offered, to re-engage young people in education, combining online education with in-person sessions.

**Organisational** and management improvements must continue in the same way as since 2016, preferably focusing on three priorities: 1) Reducing the administrative burden and improving areas such as simplified costs, justification procedures or the entry of young people in the National Youth Guarantee Scheme, to greater simplify the entry process; 2) Stronger co-ordination and complementarity between stakeholders, particularly at regional level, to merge criteria and avoid duplicities and improve co-ordination between regional public employment services and the National Youth Guarantee Scheme; 3) Efforts must be made to improve information content and quality, to ensure it is up-to-date and reliable, and that certain shortfalls are remedied such as the absence of up-to-date annual information on eligible costs and participants, up-to-date data upload by all intermediary bodies, the unification of classification criteria for actions in the Scheme, and a more precise definition of the categories to ensure they correspond to the type of actions. In short, major changes must be made to the National Youth Guarantee Scheme.

The added value of the YEI lies not only in securing employment for young people, but in the knowledge it has generated from both the policy point of view and from the methods, tools and intervention. This knowledge must be capitalised on and transferred with the help of Technical Support, promoting **learning and innovation**. That can be achieved by pursuing the exchange of experiences, thematic study trips, peer meetings for mutual learning and knowledge boosting, drafting and publication of guides based on specific experience, the circulation of useful best practice, working groups to deep-dive on specific issues, thematic studies, etc.

An ongoing challenge is **to consolidate the programme and make it sustainable**, by driving forward national policies that improve labour market conditions and education policies to improve qualification levels and co-ordination between education and employment; the Youth Employment Plan 2019-2021 for training and labour insertion of under 30s, approved by the Council of Ministers on 7 December 2018, may be a step in the right direction.