



The PES Guide on Youth Guarantees

Introducing youth guarantees on the national level

Currently, more than 5.5 Million young people (22.4%) are unemployed in Europe. Among the 27 Member States, there are significant regional disparities: While in Greece and Spain more than 50% of the young people are unemployed, Germany and Austria have a significant lower youth unemployment rate: 7.9% and 8.9%.¹ Unemployment has devastating effects for young people, but also for the European economy: youth unemployment costs Europe more than €100 Billion annually.²

The PES is committed to halving youth unemployment by 2020. This will not be easy, but it is possible. The main instrument to reduce youth unemployment and to allow young women and men to have a bright future is the introduction of youth guarantees throughout Europe. Every young person in Europe should be guaranteed a job, further education or a work-focused training at the latest four months after becoming unemployed or leaving education.

Such youth guarantees have already been implemented in Austria (since 2008) and Finland, and are already showing very good results. The Austrian apprenticeship guarantee has contributed to a reduced youth unemployment rate and better chances for young people to find a decent job. The scheme has proved popular amongst young people.³ In Finland, two regional pilot schemes were implemented, resulting in increased graduation rates and reduced dropouts.⁴ Based on these good results, Finland has started to introduce a nation-wide youth guarantee this year. Encouraged by this best practice, Luxemburg has committed itself to introduce a national youth guarantee at the end of 2012.

Introducing youth guarantees

While the European level can play an important role in supporting the introduction of youth guarantees in all Member States and identify common standards (see chapter “A European framework for youth guarantees”), most of the work will have to be done on the national level. European legislation is needed to ensure equal rights and opportunities for young people regardless of place of residence. The PES encourages its member parties in Government to implement youth guarantees as soon as possible and in opposition to include youth guarantees in their political programmes and demands.

¹ Eurostat (2012): Harmonized Youth Unemployment Rate by sex – age group 15 – 24. Available online: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=teil021&plugin=1>.

² European Foundation for the Improvement of Living and Working Conditions (2011): Young people and NEET's in Europe, p.7. Available online: <http://www.eurofound.europa.eu/pubdocs/2011/72/en/1/EF1172EN.pdf>.

³ Sziderics, Wolfgang (2012): Ausbildungsgarantie für Jugendliche. Massnahmen greifen. Available online: <http://www.burgenland.at/aktuell/3077>.

⁴ At the Vocational Institute in Turku, the graduate rates were raised from 65.2% in 2003 to 71% in 2009 and dropouts were reduced from 4.7% in 2003 to 2.8% in 2008. Source: Mäkelä, Matti (2010): Piloting the Training Guarantee: Va-Skooli-project in South-West Finland. Available online: http://www.koulutustakuu.fi/VaSkooli_project.html.



Every Member State has a different starting point and therefore each national youth guarantee will look different. The best practices from Austria and Finland will have to be adapted to the respective national circumstances and labour market. Rather than one single law, youth guarantees are packages of different legislation, financial programmes and political initiatives. In order to introduce youth guarantees, it is important to negotiate an agreement between the government (national, regional and community level), employers, employees, education institutions, social partners and civil society representatives.

All youth guarantees are likely to be based on the following pillars:

- a comprehensive package of measures to create new, decent jobs;
- a strong focus on vocational education and professional training system;
- stronger active labour market policies;
- improved education systems.

The youth guarantee should apply to young people until the age of 25 year, and for those in third level education until 30 years. Moreover, it should include a strong gender mainstreaming approach in all four pillars.

It is close to impossible to immediately introduce a youth guarantee, which comes into affect four month after a young person lost a job or left the education system especially in countries with a very high youth unemployment level. For those countries it will be necessary to define a plan in different stages: for example, for the first years, a youth guarantee is offered after one year of being unemployed or leaving the education system; the period young people have to wait will be reduced every year by one month, until it reaches four months. All along, the goal must be a creation of a full youth guarantee, even if this seems difficult at first. It is necessary to protect future generations and the return on investments will be very high.

For the implementation of the youth guarantee, a good flow of information between all stakeholders is crucial. For this purpose, an advisory council could be set up, consisting of all stakeholders, meeting regularly to provide each other with information on the current development. Furthermore, they also need to agree on monitoring the process of job creation and placement services.

Job creation

A precondition for making youth guarantees work, especially in regions with a very high youth unemployment rate, is the creation of new, decent jobs for women and men. It is obvious that the conservative and neoliberal conviction is wrong, that jobs will be created automatically only by improving the framework conditions for companies. Despite the good economic performance before the crisis, already then, unemployment in Europe and especially youth unemployment was still unacceptably high. Since the beginning of the crisis, the conditions for job growth has deteriorated: in times of low economic growth or even economic decline, more jobs are lost than created.

To overcome high youth unemployment rates in Europe, all Member State governments and the European institutions have to develop new policies to actively create jobs. These policies must be based on the following four elements:

- improving the overall economic performance in Europe;
- supporting companies to create new jobs for young women and men;
- creating jobs for young people in the public sector;
- giving specific support to the sectors with the highest job creation potential.

It is no surprise that those countries which experience the biggest economic difficulties and are undergoing the harshest austerity measures have the highest youth unemployment rates, especially Greece and Spain. Companies create new jobs if their business goes well and if they



receive new orders. Therefore, more must be done to support economic growth. Investments to support the real economy are needed. Structural reforms, which increase the innovativeness of European companies are essential (for a more detailed proposal see the declaration of the PES leaders from 28 June 2012).

A major challenge is to increase the employment of young people in the private sector. One of the possible measures is to oblige companies to employ more young people. In theory, the introduction of quotas is an option (for example, out of every ten newly employed, at least one person must be under the age of 30), but such a measure has not been introduced anywhere successfully. More acceptable is a system in which every company, which has reached a certain size (for example ten employees), has to provide an apprenticeship training position under the dual education system. Additionally, unless the company is in severe economy difficulty, it has to employ the trainee after the end of his or her training. Especially for companies that receive public financial support, conditions on employing young people can be formulated. For example, these companies should be obliged to pay back state funds if they force massive lay-offs while in good economic standing.

A very successful tool against youth unemployment is to give direct financial support to companies employing young people. Many countries have started to exempt from taxes those companies who give a job to a young person. They also directly pay the young employee's social security contributions. Some countries go further and also pay a part of the young people's salary, for example in Austria, Finland, Portugal and Spain. Programmes to support the employment of young women need to be introduced. Specific subsidies should also be given to companies employing young people from disadvantaged backgrounds, such as young migrants, youth whose parents depend on social benefits and young people from minorities, such as Roma. However, it is important to ensure that these measures are not abused by companies to increase their profits on the expenses of tax payers, for example by hiring young people only as long as they receive public subsidies. The subsidies companies receive should be conditional on the company employing the young person for a longer period.

In addition, financial resources for public employment must be used much better to employ young people. The Scandinavian example proves that a high level of public employment can have a very positive effect on economic growth, if the role of new employees is linked to supporting companies and to increase their competitiveness. Public sector employment is beneficial to the economy especially when it is focused in services that support labour market participation and access, like jobs in the employment services, in education and vocational training, in research, development and innovation and in the care sector. Increasing employment in bureaucracy on the other hand can be counter-productive. More efforts are needed to find new jobs for young women who were especially affected by austerity cuts in the public sector. When employing new staff, public authorities should give preference to young people, giving them a chance to gain first work experiences. Reducing the age of employees in public services, such as employment agencies, would also help to understand the special needs of young people and to integrate them in the labour market.

Specific public support is needed in those sectors, which have the highest employment potential in the near future, namely green growth, the information and communication sector and the health sector. To ensure that employment in these sectors grows as fast as possible public investments need to be increased and private investments encouraged. In the green sector alone, up to 2.8 million jobs could be created by 2020.⁵ In order to ensure that these jobs are accessible to both women and men, a specific number of green jobs should be allocated to women. For a detailed proposal on strengthening these sectors see the declaration of the PES leaders, adopted on 28 June 2012.

⁵ European Wind Energy Association (2011): Employment. Available online: http://www.ewea.org/fileadmin/swf/factsheet/8_employment.pdf.



Reforming vocational and educational training

Strong vocational and educational training systems are essential for the success of youth guarantees. Whether young people manage the transition between school and work depends a lot on the quality and the structure of these systems. The so called dual education system, where a balance of school-based education and training at the work-place is achieved, has proven to be the most successful in reducing the rate of youth unemployment and it leads to higher salaries of the employees.⁶ In general, transition rates into employment are higher when training is provided by companies, which is also valid for disadvantaged young people.⁷

Reforming vocational training systems is one of the preconditions for youth guarantees to work. The successful best practice example of the dual education system should be carefully studied by all Member States. It combines vocational education in a vocational school with on-the-job training in a company. Employers and the educational institutions are jointly responsible for the vocational training of young people. At the end of the vocational education (2 – 4 years, depending on the sector), the students receive a formal degree, which enable those who cannot continue to work in the company they have been training in, to quickly find a job, which they have been qualified for. Since the student works several years in one company, it is attractive for the employer to “take over” the students at the end of their vocational training period. In Germany, 57% of the apprentices are employed in the same company after graduating.⁸

To introduce the dual education system, a negotiated agreement between educational institutions, the national government, employers and social partners is necessary. The government needs to commit itself to provide a sufficient amount of places in vocational schools, if necessary by financing new vocational schools and well-educated teachers. Employers commit themselves to provide enough vocational training places at the workplace, in all sectors. If necessary, the state can oblige companies to provide vocational training places, depending on their size (for example for every 10 employees, one vocational training place must be offered). In case the number of training places provided by the private sector is not sufficient, the government must provide additional, fully-fledged supra-company work-based vocational training places in which apprentices can receive the necessary workplace based training.⁹ In joint responsibility, social partners and vocational schools agree on the curricula of the different streams for each sector. For countries which so far relied on systems, which are predominantly school-based or work-based systems, the balance between vocational education and on-the-job training needs to be improved, by either fostering vocational education or on-the-job training.

Early guidance in schools helps young people to decide between tertiary education and vocational training and to choose the sector they want to work in. To ensure that young people complete their

⁶ Those Member States that have introduced a dual education system have a lower youth unemployment rate than the other. Member States that have introduced the dual education system are the following: Belgium (Wallonia), Denmark, Germany, Finland, France, Ireland, Luxembourg, the Netherlands, Austria, Portugal, Slovenia. Youth unemployment rate, statistics from Eurostat. Available online:

<http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=teilm021&language=en>.

A study from the Austrian Institute for Bildungsforschung der Wirtschaft (IBW) shows a strong correlation of -0.72 between the youth unemployment rate (15 – 19 years old) and the apprenticeship rate (share of 15-year-old persons starting apprenticeship training). Data from the Bundesländer, source: DG Employment, Social Affairs and Inclusion (2011): Low youth unemployment resulting from company-based vocational training and PES focus on apprenticeship training. p.7.

⁷ Duell, Vogler-Ludwig (2011): Analytical Paper on youth guarantees: The Role of Public Employment Services in youth integration. A Review on European good practices. p.23. Available online:

<http://www.economix.org/Analytical%20paper%20youth.pdf>.

⁸ Bundesinstitut für Berufsbildung (2011): Datenreport zum Berufsbildungsbericht 2011. Available online:

<http://datenreport.bibb.de/html/3691.htm>.

⁹ Federal Ministry of Labour, Social Affairs and Consumer Protection (2011): Youth and Work in Austria. p. 57. Available online:

http://www.bmask.gv.at/cms/siteEN/attachments/7/8/3/CH2394/CMS1320223144806/jugend_und_arbeit_englisch_internet_17.10.2011.pdf.



training in the dual education system, an early warning system is necessary to prevent early-drop outs. Especially for young people from disadvantaged backgrounds, specific support is needed. In Denmark, a quality patrol visits all vocational schools to guide and counsel young apprentices as well as to disseminate good practices.¹⁰ In light of an increasing flexibility on the labour market and higher skill needs in the future, it is important that students can change the profession they receive training for and they are able to continue with tertiary education after they have graduated the dual education system.

Vocational and educational trainings have to offer equal opportunities to women and men. Trainings and apprenticeships' choices are still gender-segregated, which has an impact on the labour market: women are de facto overrepresented in jobs which require fewer qualifications, which are lower paid and which do not allow for social progress. It is crucial to offer women and men opportunities in non-traditional sectors, for example by providing specific subsidies to girls and women who take up apprenticeships in male-dominated sectors, as done in Austria.

Stronger active labour market policies

To help young people entering the labour market after they have finished their education, strong active labour market policies and professional employment services are needed. A very important role, especially for matching decent jobs with skilled workers, is played by the public employment agencies. For youth guarantees to work, four criteria must be fulfilled:

- Employment agencies need to be equipped with sufficient and well educated staff;
- Employment agencies must have a large tool-box of policy instruments at their disposal to help young people to improve their skills;
- All vacancies and the profiles of job searchers need to be brought together in a central data base;
- Employees need to be accompanied and supported throughout their life time.

Most employment services in Europe have little or no specific programmes to place young people in new jobs. Since many young people are looking for their first job, or have little work experience, they often need tailor-made support. Therefore, staff who are specifically trained to place young people should be employed and the number of cases each of these staff members is in charge of must be reduced. Instead of merely informing young people about available vacancies, the employment agents need to be able to evaluate the skills of young people, to assess whether the person is "ready" for the labour market or whether it is better to offer further education or training measures. In addition, staff should be sensitised and trained on gender equality and gender mainstreaming, improving access to decent jobs and non-traditional sectors for women.

It is essential that the agents quickly identify youth in need of extra assistance. Individual action plans, which are prepared in close cooperation with the young person, have proven to be very successful. They allow for tailor-made counselling and to take the specific interests of young people into account. One of the fundamental problems of counselling youth in need is that decisions are often made "over the heads" of the young people.¹¹ Furthermore, clear regulations about the frequency of meeting and in-depth interviews with the young unemployed are necessary. But all these should be agreed on in close cooperation with the person in need.

To be able to provide young people with the necessary skills, a large tool-box must be available for the employment agents. They must be able to choose from education and vocational training programmes, language courses and apprenticeships, which are offered by the state to all young

¹⁰ DG Education and Culture (2012): Conference Report: Reducing Early School Leaving. Efficient and Effective Policies in Europe. p.2. Available online: http://ec.europa.eu/education/school-education/doc/esl/report_en.pdf.

¹¹ Kieselbach, Treiser: Long-term unemployment and the risk of social exclusion among young people in Europe: Recommendations for Activation Policies. P. 20. Available online: ftp://ftp.cordis.europa.eu/pub/improving/docs/g_ser_social_exclusion_kieselbach.pdf.



people in need. Pilot projects in Germany have proven that building on the strengths of young people and emphasizing them towards future employers is more successful (and cheaper) than trying to overcome their weaknesses.

To ensure that employers find the most suited employees and that young people find the best job available, a central database should be set up in each Member State. On the one hand, these should include detailed information about the skills of the young people and their strengths, rather than only information about their degrees and their work experiences. On the other hand, all vacancies must be registered in this database. To this end, employers should be obliged to inform the employment agencies about vacancies and unemployed need to inform the agency that they are looking for a job. This database must be accessible to the public employment services as well as employers and the young unemployed. The Europe-wide job database EURES, which lists vacancies and job requests, needs to be enlarged and receive further funding. The cooperation between national employment agencies should be improved, allowing for a better Europe-wide match of those looking for skilled employees and those looking for jobs. To allow for more mobility, language courses should be offered and partly financed by the European Union.

An early activation strategy is crucial to reach young people. This requires a close cooperation between schools, social workers, public employment services and community groups. In France, NGOs were contracted with public employment services to organise outreach activities in disadvantaged neighbourhoods, in youth clubs and to migrant groups.¹² Such innovative ideas are needed, especially to reach early school leavers and to register them in the public employment services, allowing them to receive the necessary support. Sweden for example has established a Facebook account for their public employment services.¹³

Improving education

To ensure that young people have the skills required for the jobs of the future, the quality of pre-, primary, secondary and tertiary education needs to be improved. In the future, the number of high-skilled jobs will increase considerably, while more and more unskilled jobs will disappear.¹⁴ Looking at those countries with the best results in terms of education outcomes (the so called PISA test), in particular Finland, the solution to higher skill levels is twofold: ensuring sufficient investments in the education system and reforming the structures to provide young people independent of their background high-quality education.

Finland increased its public expenditure on education from 6.01% of GDP in 2000 to 6.81% in 2009.¹⁵ The average public expenditure of the EU Member States for education is only 5.44% (2009), while some countries spend even less than 5% of the GDP (Slovakia 4.09%, Romania 4.24%, Czech Republic 4.38%, Bulgaria 4.58% and Italy 4.7%).¹⁶ As a precondition for better education systems in Europe, the PES demands that expenditure for education in all Member States is raised to at least 6% of GDP. Like in Finland, this money should be used to employ more and better educated teachers and social workers, to improve the equipment and infrastructure in

¹² DG Employment, Social Affairs and Inclusion (2011): Youth guarantees, public employment services approaches and measures for low skilled young people. P. 10. Available online: <http://ec.europa.eu/social/BlobServlet?docId=6825&langId=en>.

¹³ DG Employment, Social Affairs and Inclusion (2011): Youth guarantees, public employment services approaches and measures for low skilled young people. P. 11. Available online: <http://ec.europa.eu/social/BlobServlet?docId=6825&langId=en>.

¹⁴ Prof. Zagame, Paul (2012): Gleaning Insights from Economic Modelling into the future of Employment in Europe; presentation at CEPS in Brussels on 23 February 2012.

¹⁵ Eurostat (2012): Public expenditure on education. Available online: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc510&plugin=1>.

¹⁶ Eurostat (2012): Public expenditure on education. Available online: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc510&plugin=1>.



schools, to properly monitor schools whether qualitative education targets are achieved and to regularly update school curricula.¹⁷

In many countries, young people from disadvantaged backgrounds have big difficulties to achieve good education outcomes. They have disproportional school dropout rates and are more likely to be effected by unemployment. To increase the chance for every citizen to receive a decent job, the education systems need to be reformed and made more penetrable. Several studies suggest that school systems in which young people stay in school the entire day rather than only in the morning are better in integrating youth from disadvantaged backgrounds. The same applies for systems which differentiate between the achievement levels of young people only late in the educational career (comprehensive schools). In addition, early warning systems need to be introduced to ensure that young people in danger of dropping out of school receive specific support. More social workers need to be employed and they must work closely together with teachers and the school's management. In particular, for pupils with migratory background, additional language courses need to be provided from the earliest age as possible. In Switzerland, language courses are provided in nursery schools as an early intervention.

To bring early school leavers back to school and to allow them to receive a formal school certificate, second-chances opportunities need to be set up. In France, public employment services together with schools have agreed on a second-chance initiative for young people who are between the ages of 18 to 25 and have no formal education degree. They receive tailor-made support, consisting of adult mentoring, specific work experiences and remedial education.¹⁸

To successfully manage the transition from education to work, guidance and tailor-made counselling by public employment services should already start during compulsory education. Young people should not only be equipped with the necessary skills and competences when leaving schools, but they need to have a clear idea of how to make the big step into the labour market and they need to know where they can find help. In Denmark, youth guidance centres provide guidance services in close cooperation with public employment services, starting from the 8th grade of compulsory education.¹⁹

Taking into consideration a gender perspective when introducing youth guarantees

In some of the EU countries hit hard by the crisis, young women are more likely to be unemployed than men, such as in Greece or Italy. In addition, in all EU Member States young women are much more affected by low paid and precarious work. If equal access to the labour is not addressed properly and immediately from a young age on, Europe risks creating an even bigger gap between women and men on the labour market at a later stage. Therefore, when implementing youth guarantees, the specific causes of youth unemployment among women must be addressed. Gender segregation in education needs to be overcome, by training teachers better on supporting young women, by mainstreaming gender issues in curricula, by providing specific guidance for young women to access decent jobs after their education and to finance specific programmes for young women in danger of dropping out of the education system. European and national legislation needs to be enacted to overcome the discrimination of women on the labour market, especially with regards to wages and time-management (leaves). In addition, a better balance between professional and private life needs to be ensured, by strengthening parental leave systems and by providing accessible, affordable and good quality care facilities and services for children. Not only

¹⁷ Darling-Hammond, Linda (2009): Steady Work: How Finland is Building a Strong Teaching and Learning System. Available online: http://annenberginstitute.org/VUE/pdf/VUE24_Darling.pdf.

¹⁸ Duell, Vogler-Ludwig (2011): Analytical Paper on youth guarantees: The Role of Public Employment Services in in youth integration. A Review on European good practices. p.23. Available online: <http://www.economix.org/Analytical%20paper%20youth.pdf>.

¹⁹ DG Education and Culture (2012): Conference Report: Reducing Early School Leaving. Efficient and Effective Policies in Europe. p.3. Available online: http://ec.europa.eu/education/school-education/doc/esl/report_en.pdf.



is a strategy for better work-life balance essential as part of employment strategies for women, but it also fosters a better balance of responsibilities between women.

Supporting national youth guarantees with a European framework

The high youth unemployment in most European Member States is a test for the functioning of the European Union. If the Member States and the European institutions are not able to solve this problem together and in mutual solidarity, the success of the European project is threatened. Countries which have a very high youth unemployment rate need support from the EU and other Member States. Providing this help is in the interest of the countries that currently have lower youth unemployment, not least to support their own economy and to prevent social instability in Europe.

While the creation of jobs, the strengthening of the education and vocational training systems and the provision of more active labour market policies is mainly a national competence, the EU can support Member States in this exercise. The European Parliament and the European Commission were already very helpful in identifying the most successful systems to reduce youth unemployment, namely the introduction of comprehensive youth guarantees closely linked with job creation measures.

In a next step, a package of European measures needs to be implemented, making youth guarantees become a reality throughout Europe. This must consist of four elements:

- Adopting a European framework for youth guarantees, making it obligatory for each Member State to introduce a youth guarantee, guaranteeing that every young person in Europe is offered a job, further education or work-focused training at the latest four months after leaving education or after becoming unemployed;
- Adopting minimum criteria for youth guarantees, in order to avoid an abuse of the idea of youth guarantees and to ensure that young people are not pushed into precariousness;
- A programme to financially support the introduction of youth guarantees, especially in the countries where they are disproportionately high;
- Mainstreaming the aim of reducing youth unemployment in all EU policies and programmes.

To ensure that every Member State implements a youth guarantee, they should be obliged to do so under the Europe 2020 Strategy and the European Semester. The 2013 Annual Growth Survey should call on Member States to swiftly introduce youth guarantees and the accompanying policy measures. In the country specific recommendations the Commission needs to remind Member States to make progress on the introduction and for countries refusing to improve the situation of young people, sanctions should be envisaged.

To achieve some coherence of the youth guarantees, to ensure equal rights and standards for all European citizens and to prevent an abuse of the system, common minimum standards must be defined for youth guarantees across the EU. The European Commission is already working on specific Council recommendations, which is a first step to introduce such minimum criteria. Member States and European institutions need to agree that a top priority is the creation of new jobs for young women and men. In this regard, the austerity-only policies conservative governments have forced on Europe need to be replaced by growth and jobs-enhancing reforms and European investment strategy. To strengthening vocational training, the introduction of a dual education system should be underlined and Member States should receive support to do so. While the creation of new apprenticeships and internships can be an important step to provide young people with more work experiences, it is essential that these tools are not used to employ young people without payment and without formal recognition. Therefore, minimum criteria for internships need to be defined in European legislation, ensuring amongst other that internships are paid, that the term of the internship is limited to maximum of six months, that working hours are defined and



in line with European legislation, that the internship have a learning element included, that a work contract must be signed and that interns receive a report at the end of the internship.

It is essential for countries with the highest youth unemployment rates to receive European funding to introduce youth guarantees. In the European Social Funds, 23 billion Euros remain unspent. The PES demands that at least 10 billion Euros of these funds are reallocated to youth unemployment measures. For this plan to succeed, all the 27 implementation plans for the European Social Fund between the Member States and the European Commission need to be reopened. Even though this is a bureaucratic and difficult exercise, it can make large amounts of funds available for the creation of new jobs for young people. However, in order to ensure that the newly available funds can be used properly, the procedure of spending the funds needs to be simplified, the local administration in charge of the projects need to be made more effective and the amount of national co-funding required needs to be reduced.

To ensure sufficient funding for the mid-term, a new budget line for a European Youth Employment Programme should be included in the Multi-annual Financial Framework (MFF), either as a separate budget line or as part of a more comprehensive European Social Fund. These funds should finance European, national, regional and local programmes for job creation for young people in the private and public sector. In addition the funds should be available for strengthening the vocational training and education systems as well as for upgrading employment agencies. Naturally, those countries with the highest youth unemployment rate must receive the biggest financial support through this programme.

The aim of reducing youth unemployment needs to be mainstreamed in all EU policies and programmes. First and foremost, the austerity-only policies being enforced by conservative governments on the entire EU need to be relaxed. Member States need to be allowed to invest in their young people and to provide them with decent jobs. Not only the European Social Fund, also other Structural Funds, but even funds for agricultural policy and the European foreign policy should be used to create new jobs for young people. In addition, public procurement rules could be adapted to ensure that companies employ more young people.

Financing the introduction of youth guarantees

Introducing youth guarantees is much cheaper than not introducing them. The European agency Eurofound estimated that in 2008, youth unemployment in 21 Member States cost the EU more than €100 Billion.²⁰ This estimation only includes the economic costs, but not further consequences of youth unemployment on health, the level of crime and unpaid taxes on foregone earnings.²¹ Therefore the real costs of youth unemployment are much higher than 100 billion Euros annually, especially since youth unemployment peaked in recent years. Introducing youth guarantees, financially supporting job creation, stronger education and vocational training systems and strengthening employment agencies will be much cheaper for the state than to continuously bear the costs of youth unemployment. Eurofound estimates that the reintegration of 10% of Europe's young people (NEETs)²² would achieve a yearly saving of €10 Billion. The reintegration of 20% of Europe's NEET's would amount to yearly savings of €21 Billion.²³

²⁰ European Foundation for the Improvement of Living and Working Conditions (2011): Young people and NEET's in Europe, p.7. Available online: <http://www.eurofound.europa.eu/pubdocs/2011/72/en/1/EF1172EN.pdf>.

²¹ European Foundation for the Improvement of Living and Working Conditions (2011): Young People and NEET's in Europe. Available online: <http://www.eurofound.europa.eu/pubdocs/2011/72/en/1/EF1172EN.pdf> p.5.

²² People between 15 and 24 neither in education, employment nor in training. European Foundation for the Improvement of Living and Working Conditions (2011): Young People and NEET's in Europe. p.2. Available online: <http://www.eurofound.europa.eu/pubdocs/2011/72/en/1/EF1172EN.pdf>.

²³ European Foundation for the Improvement of Living and Working Conditions (2011): Young People and NEET's in Europe. p.5. Available online: <http://www.eurofound.europa.eu/pubdocs/2011/72/en/1/EF1172EN.pdf>.



The Austrian employment ministry estimates that its investments to implement the youth guarantee pay off after five years. In 2011, Austria spent 0.2% of the GDP on labour market activities for young people and apprenticeship subsidies: €382 Million on public employment services and €200 Million on subsidies for company-based apprenticeships. After graduating the dual education system, a young employee earns on average €28'272, this equates to an annual salary raise of €4556 for his or her entire work life, compared to somebody only having finished compulsory education.²⁴ Investing in the future of a young person increases tax revenues, reduces the amount of social benefits that need to be paid and strengthens the national economy.

However, the up-front costs of introducing youth guarantees are substantial. It is impossible to estimate the exact amount for each Member State, since it depends on the choice of policy instruments and the specific circumstances in this Member State. But it is clear that in times of crisis, it is difficult for some Member States to introduce youth guarantees without support. Therefore the introduction of a European programme to support these countries is essential. In addition, austerity measures enforced by European institutions must be revised, ensuring that investments in job creation for young people, in active labour market policies and in vocational training and education are not reduced, but increased.

To ensure that introducing youth guarantees will also help to improve the integration of young women, the European and national budgets for job creation, vocational training, active labour market policies and education should apply gender budgeting to provide for specific support to them.

In order to finance the introduction of a Europe-wide youth guarantee on national and European level, new revenues must be created, for example by introducing a Financial Transaction Tax and green taxes, reducing tax avoidance and making tax systems more progressive (for more details see the PES leaders declaration from 28 June 2012).

Further reading

The Austrian example of the youth guarantee is explained in a report called youth and work in Austria.

Federal Ministry for Labour, Social Affairs and Consumer Protection (2011): Youth and work in Austria. Available online:

http://www.bmask.gv.at/cms/siteEN/attachments/7/8/3/CH2394/CMS1320223144806/jugend_und_arbeit_englisch_internet_17.10.2011.pdf

In the context of the European Commission's Mutual Learning Programme, a dialogue between the national public employment services was set up. The respective representatives meet regularly to share best practices and exchange views on the current developments. Among others, there are three studies concerning youth integration, youth guarantees as well as the role of public employment services in youth integration. Together with the specific country reports, they provide a good overview which active labour market policies have been implemented for young people in the different Member States.

DG Employment, Social Affairs and Inclusion (2011): Comparative Paper on youth integration. Available online: <http://ec.europa.eu/social/BlobServlet?docId=6789&langId=en>

²⁴ Presentation Katharina Luger, Federal Ministry for Labour, Social Affairs and Consumer Protection, youth unemployment working group.



DG Employment, Social Affairs and Inclusion (2011): Youth guarantees, public employment services approaches and measures for low skilled young people. Thematic Synthesis paper. Available online: <http://ec.europa.eu/social/BlobServlet?docId=6825&langId=en>

Duell, Vogler-Ludwig (2011): Analytical Paper on youth guarantees: The Role of Public Employment Services in youth integration. A Review on European good practices. Available online: <http://www.economix.org/Analytical%20paper%20youth.pdf>

Furthermore, the European Employment Observatory published a review about youth employment measures taken in the EU Member States.

European Employment Observatory (2011): European Employment Observatory Review. Available online: <http://www.eu-employment-observatory.net/resources/reviews/EEORreview-YEM2010.pdf>

The European Foundation for the Improvement of Living and Working Conditions has widened the concept of young unemployed to young people neither in education nor in employment and training. In the study published in 2011 Young People and NEET's in Europe, the economic and social consequences of young inactive people were analyzed. In the second paper, the foundation explored recent policy developments related to young unemployed and inactive people in the Member States.

European Foundation for the Improvement of Living and Working Conditions (2011): Young People and NEET's in Europe. Available online:

<http://www.eurofound.europa.eu/pubdocs/2011/72/en/1/EF1172EN.pdf>

European Foundation for the Improvement of Living and Working Conditions (2012): Recent policy developments related to those not in employment, education and training. Available online:

<http://www.eurofound.europa.eu/docs/erm/tn1109042s/tn1109042s.pdf>

