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The implementation of EU policies for youth employment: a civil society perspective

Reports on missions to Greece, Croatia,
Italy, Austria, Slovakia and Finland



European Economic and Social Committee

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European Economic and Social Committee

**Section for Employment, Social Affairs and Citizenship (SOC)
Labour Market Observatory (LMO)**

**Implementation of EU policies for youth employment:
a civil society perspective**

MISSION TO GREECE

4 - 5 March 2014

Report

Rapporteur: Daniela Rondinelli (Workers' Group, Italy)

I. INTRODUCTION

The mission to Athens, Greece took place on 4 and 5 March 2014. It was organised in connection with the Labour Market Observatory's **study on the implementation of EU policies for youth employment in a selection of six Member States (Greece, Croatia, Italy, Austria, Slovakia and Finland)**. This study aims to illustrate the views of the social partners and organised civil society on:

- the policies that are put in place at national level to help young people find work, including their implementation and their actual impact;
- the good practices or difficulties encountered in the Member States;
- their involvement in youth employment policies and ongoing reforms.

The EESC delegation was composed of three members: **Irini Pari (Employers' group, Greece), Daniela Rondinelli (Workers' group, Italy) – rapporteur for the mission** and **Mette Kindberg (Various Interests group, Denmark)**, assisted by Ana Dumitrache, administrator from the SOC/LMO secretariat.

Before the mission, preparatory meetings took place in Brussels between the SOC/LMO secretariat and representatives of the European Commission (DG Employment, Social Affairs and Inclusion, unit responsible for Slovakia) as well as social attachés of the Permanent representation of Greece to the EU.

In Athens, the delegation met with representatives of youth, employers' and workers' organisations as well as with representatives of the Ministry of Labour, Social Security and Welfare and the Manpower employment organization (OAED – Public Employment Service).

- **Trade unions** included the two major confederations:
 - **The Greek General Confederation of Labour (GSEE)**¹, which includes all trade unions covering employees under private law labour relations in the private and broader public sector – **represented by its Labour Institute;**

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<http://www.gsee.gr/>.

- **The Confederation of Public Servants (ADEDY)²**, which includes the trade unions of public administration, where public law labour relations apply.
- **Employers' organisations** included three main employer organizations as well as a sectoral one:
 - **the Hellenic Federation of Enterprises (SEV)³**, which represents industries, services and big companies in general;
 - **the National Confederation of Greek Traders (ESEE)⁴**, which represents trading concerns (commercial societies and commercial agents' federations);
 - **the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE)⁵**, which represents the interests of handicraft professionals and small manufacturing companies. Its members are federations encompassing occupational categories such as booksellers, shopkeepers, café owners and hairdressers;
 - **the Association of Greek Tourism Enterprises (SETE)⁶**, which represents the interests of both unions of tourism enterprises and independent tourism enterprises.
- **The Hellenic National Youth Council (HNYC)⁷** is an independent, non-profit voluntary federation, which represents over 350 000 young people affiliated to fifty-nine youth organisations and their networks, both in Greece and abroad, and local youth councils. The HNYC works together with the Greek government on domestic matters and is the official representative of young Greeks in Greece and abroad. At national level, it is involved with the Interministerial Committee for Youth, the Organising Committee of the Youth Parliament, and the National Committee on Volunteering. Abroad, it participates in the European Youth Forum, the Mediterranean Youth Forum, the International French-Speaking Youth Council, the UN General Assembly and UNESCO's Youth Council.

The meetings were hosted by the Greek Economic and Social Council (OKE).

2 <http://adedy.gr/>.

3 <http://www.sev.org.gr/online/index.aspx?lang=en> .

4 <http://www.esee.gr/Profile.aspx>.

5 <http://www.gsevee.gr/en/organisation>.

6 <http://sete.gr/EN/Home/>.

7 <http://www.esyn.gr/en/>.

II. FINDINGS

1. BACKGROUND INFORMATION

1.1 Introduction

Youth unemployment (covering young people aged 15-24) in Greece is structural in nature and stood at high levels even before the economic crisis (21.9% in 2008). However, during the recession suffered by the Greek economy from 2008 to 2013 – a long and harsh winter -, GDP has fallen by 25% and youth unemployment has risen to unprecedented levels, reaching 58.3 % in 2013.

Approximately 52% of unemployed young people (aged 15-24) have completed secondary education, while at least 20% of these hold a degree from a higher technical-professional school. Only approximately 10% of unemployed persons have completed basic education or did not attend school⁸.

The NEET rate (young people not in education, employment or training) has also significantly increased during the economic recession and reached 20.6 % in 2013.

Moreover, the real situation is more worrying than indicated, since these unemployment statistics do not include many people who work for a few hours a day or even for one day a week.

In the course of 2013, the recession gradually receded; hiring became more dynamic and this trend is expected to grow alongside economy recovery in 2014 and 2015. Total employment is forecast to start rising again and increase by 0.6% in 2014 and by 2.6% in 2015.⁹ However, it will take many years to return to the pre-crisis situation and the impact of the economic crisis will continue to have an adverse effect on youth employment.

⁸ Youth Guarantee Implementation Plan (YGIP), Greece, p. 2.

⁹ European Commission staff working document - Assessment of the 2014 national reform programme for Greece, SWD(2014) 409, p. 9.

In its staff working document issued in the context of the 2014 European Semester, the Commission estimated that Greece has made delayed, but eventually substantive progress under its second economic adjustment programme¹⁰. The Commission acknowledges that important structural reforms have been implemented, notably in the products market, and in most areas of the public sector, which should start producing effects in terms of growth and jobs opportunities. Ambitious reforms were also carried out in the labour market, education and social policies. The Commission notes, however, that dealing with the very high unemployment rate, in particular for young people, women and the long-term unemployed, remains a major priority. A good roll-out of the Youth Guarantee scheme as early as possible in 2014 is of the utmost importance. New job creation depends upon GDP growth, reforms and adjustment in other areas of the economy, but also on continued improvement in labour market institutions.¹¹

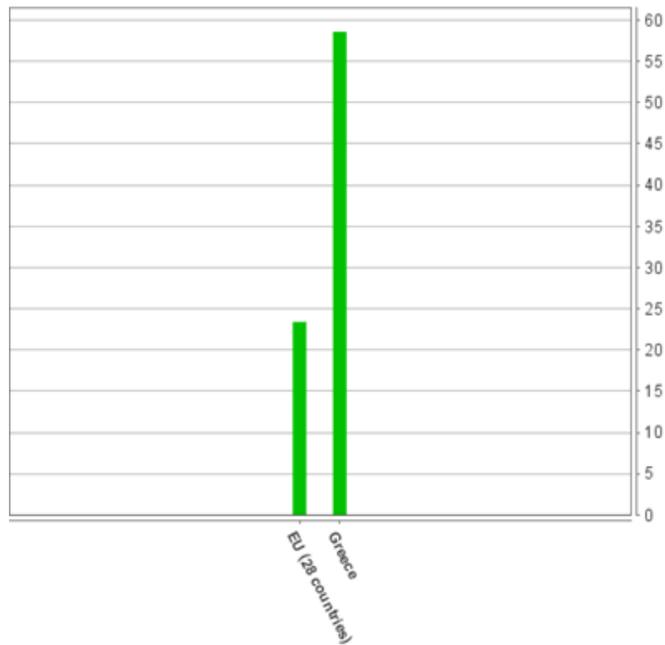
2013			
Member States	Unemployment rate 15-24 years	Unemployment rate 25-74 years	NEET rate (not in employment, education or training) 15-24 years
Greece	58.3 %	25.4 %	20.6 %
EU (28 Member States)	23.5 %	9.5 %	13 %

Source: Eurostat

¹⁰ Since 2010, Greece has been under an economic adjustment programme that is supported through financing by euro area Member States and the IMF. The implementation of the policy programme accompanying the financial assistance is monitored by the European Commission, the ECB and the IMF in line with the provisions of the Memorandum of Understanding. To avoid duplication, the Commission is not issuing additional recommendations for Greece as part of the European Semester.

¹¹ SWD (2014) 409, p. 10.

Unemployment rate 14-25-year-olds, 2013 (Source: Eurostat)



1.2 Specific challenges

Low employment levels are an important challenge in Greece (it has the lowest employment level in the EU, reaching 53.2% in 2013). Also, the Greek economy has an extremely high percentage of undeclared labour.

The gender employment gap remains considerable: Greece's female employment rate dropped to 43.3% in 2013 and has become the lowest female employment rate in the EU.¹²

The ratio of "long-term" unemployed (that is people who have been looking for a job for more than one year) to total unemployed people increased in past years and reached 68.9% in 2013.¹³

¹² SWD (2014) 409, p. 9.

¹³ Greek National Reform Programme, 2014 (NRP), p. 36.

1.3 Ongoing reforms

In Greece, many reforms are currently being implemented or planned to tackle the severe problem of youth unemployment and in particular to improve the transition from school to work. These reforms are detailed in the Greek Youth Guarantee Implementation Plan and the 2014 National Reform Programme. It is, however, too early to evaluate their effects.

1.3.1 Education

According to the European Commission, Greece must improve the efficiency and the quality of education at all levels, adapt its higher education sector to the future needs of the Greek economy, and enhance the provision, attractiveness and relevance of initial vocational education and training (iVET, including apprenticeships). Reforms to upgrade the Greek education system have already produced significant efficiency gains, but more work is needed to improve the quality of education.¹⁴

1.3.2 Apprenticeships

A recent law (4186/2013), recently adopted by the Greek parliament, transforms secondary education and restructures the field of vocational education on the model of the *dual system*. Furthermore, curricula in upper secondary education are revised to bring them into line with the European Credit System in Vocational Education and Training (ECVET).

The EP.AL (technical-professional secondary school) will provide an apprenticeship class: on-the-job training of 28 hours per week and school-based training of 7 hours per week.

Additionally, the vocational training schools (SEK) will include a one-year apprenticeship in businesses in the third year of their studies (28 hours per week). In the first two years, students will receive a 30-hour programme consisting of 4 hours per week of general education and 26 hours of workshops.

1.3.3 Traineeships

Greece does not have a clear institutional framework for traineeships. Some forms of traineeship do exist, but there are no "open-market traineeships". University and technical institute students undertake traineeships in order to gain work experience relevant to the subject of their studies. They enter into an agreement with the school or university and not with the firm.

¹⁴ SWD (2014) 409, p. 11 - 12.

In the light of the Council Recommendation on a Quality Framework for Traineeships¹⁵, the government has announced that it will consider creating an institutional framework for traineeships, after consultation with the social partners.¹⁶

1.3.4 Youth Employment Action Plan¹⁷

An operational programme was established in February 2013 to promote specific policy measures for boosting youth employment and entrepreneurship in the 15-35 age groups. Examples of measures include:

- a special voucher for entering the labour market, aiming to help 46 000 beneficiaries. The voucher can be exchanged for training. After completing their training, beneficiaries are placed in companies/businesses for a training period of up to 5 months. Employers can be subsidised to hire the former voucher beneficiaries on a full-time basis for a supplementary period of 6 months;
- a funding programme for young entrepreneurs, especially in innovative economic sectors;
- a programme to encourage employers to hire 7 200 graduates - employers receive subsidies for 24 months, and have to keep the staff employed for at least three more months after the subsidy ends.¹⁸

1.3.5 Vulnerable social groups

Special attention has been given to vulnerable social groups. Initiatives include subsidies for recruiting unemployed people with disabilities, ex-addicts, ex-convicts, young delinquents or young people at social risk and subsidies for new entrepreneurs with disabilities, ex-addicts and ex-convicts.

1.3.6 Public Employment Service

The re-engineering of the Public Employment Service (OAED) is on the way and Career Offices of Universities, Technological Educational Institute of Vocational Schools have been created to link education with the labour market, by working together with employers.

¹⁵ Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships, OJ C 88, 27.3.2014, p. 1 – 4.

¹⁶ YGIP, p. 22.

¹⁷ Exact title “Action Plan with targeted interventions for the enforcement of the employment and the entrepreneurship of the youth within the National Strategic Reference Framework”, NRP, p. 42 – 43.

¹⁸ NRP, p. 42 - 43.

1.4 The Youth Guarantee

The Greek Youth Guarantee scheme provides that all young people *up to 25 years old*, not in employment, education or training, will receive a high-quality offer of employment, vocational training, apprenticeship or traineeship within *four months* of leaving official education or becoming unemployed. Its full implementation is planned for 2016. The goal for 2014 is to provide a high-quality offer of employment, apprenticeship or traineeship within four months of leaving formal education or work for at least 40 000 NEETs (aged 15-24).¹⁹

Funding for the Youth Guarantee scheme will come mainly from the Youth Employment Initiative and the European Social Fund.

The Greek Government submitted a National Youth Guarantee Implementation Plan (YGIP) to the European Commission at the end of 2013. Updates to the YGIP were made in response to the Commission's comments.

The Plan aims to locate NEETs, in order to give them the opportunity to improve their skills/qualifications, thus enabling them to enter the labour market. Specific actions will also target groups of young people facing particular difficulties in entering the labour market such as young people with disabilities, the long term unemployed, ex-prisoners etc.²⁰

The YGIP presents a series of key reforms and initiatives. Some of these are only at the planning stage, while others are already being implemented, but it is too early for the measures to be evaluated.

Example of initiatives:

- creation of a diagnostic system for labour market needs,
- development of a coherent and complete awareness & outreach strategy targeting young people,
- improved career counselling for young people (re-engineering of the PES (OAED), guidance provided by Apprenticeship Schools and Careers Offices - to improve links with employers, visits by employment consultants and specialised staff to schools to discourage young people from dropping out),

¹⁹ YGIP, p. 10.

²⁰ YGIP, p. 9.

- creation of a legal framework for traineeships and development of training programmes in key sectors,
- expansion of apprenticeships and implementation to cover vocational education,
- creation of a National Qualifications Framework and a National System for Certification,
- subsidies to hire young people e.g. to give a "first job contract" soon after completion of education,
- action to promote youth entrepreneurship: "flat-rate social security contributions", creation of business incubators and social cooperative enterprises and help for "new farmers",
- action to promote labour force mobility, through the further development of EURES, and a subsidy programme.

2. VIEWS OF SOCIAL PARTNERS AND YOUTH ORGANISATIONS

2.1 Introduction

All the representatives of organisations we met highlighted the gravity of the economic and financial crisis, caused in part by the stringent austerity measures imposed by the Troika, which then created an equally acute social crisis. They explained the current situation: according to studies by the Labour Institute of the Greek General Confederation of Labour (GSEE), 10 000 SMEs close down every day. Businesses cannot access the capital to promote growth and employment. Multinational companies have closed down and left the country. The metallurgy sector, which also includes medium-sized and large companies, no longer exists in practice, having been smothered by high tax and energy costs.

As stated by the Hellenic National Youth Council (HNYC) representatives, young people in Greece, unlike their counterparts in other Member States, do not find it difficult to get a job; they find it impossible, as the demand for labour is virtually non-existent. They are economically dependent on their families and socially excluded. Young Greeks are overwhelmed by frustration; they do not have the willingness to participate and do not see any role for themselves or make any contribution to society. The logic of younger generations blaming older generations results in a deadlock and puts social cohesion at risk.

The more talented young people emigrate, even if they do not really want to. Those who remain in the country are at risk of poverty and social exclusion, also because they are too discouraged to continue their studies or to seek employment.

Against this background, all stakeholders highlighted the need to support young people and to invest in them.

The Confederation of Public Servants (ADEDY) welcomed the efforts to tackle youth unemployment, but considered that they represent a "drop in the ocean" in comparison with the real needs. Programmes to educate young people and to provide them with traineeships and apprenticeships will not create development and jobs. Significant investment would be needed to create employment. ADEDY representatives regretted that no funds had been allocated to a major investment programme to revitalise the economy and create growth and jobs. This is clearly a matter of priorities, because huge funds had been made available to save the banks.

According to the Greek General Confederation of Labour (GSEE), some form of income support or measure to keep young people in the labour market is of the utmost importance.

Both the HNYC and ADEDY agreed that there is lack of a general strategic planning/direction of the Greek economy. This is a wider problem that hampers the growth and recovery of the debt-ridden country. What is more, the funds absorption capacity is too low.

The Hellenic Federation of Enterprises (SEV) and the Greek General Confederation of Labour (GSEE) highlighted the need for quality design and implementation of policies, but also the need for assessment.

Regarding the involvement of the social partners in policy-making, the organisations explained that the industrial relations system has been dismantled. Collective bargaining has been abolished at the cross-industry and sectoral levels. Public authorities provide the social partners with almost no information about reforms, and do not really involve them. There is no longer any dialogue or cooperation between the social partners, which in some situations are perceived as "the enemy".

The Confederation of Public Servants (ADEDY) explained that the measures taken at EU level to support youth employment yielded such imperceptible results in terms of their effectiveness, productivity and sustainability that the social partners were discouraged from committing themselves to developing implementation programmes, which were therefore perceived as non-solutions, or as initiatives that did not create stable and full-time jobs.

2.2 Comments on the reforms

Some of the people we spoke to complained that a state of paralysis had been created because there did not seem to be the political will to push through structural reforms that could change people's everyday lives.

The Greek General Confederation of Labour (GSEE) explained that the National Youth Action Plan focuses mainly on creating the conditions for employability in a productive and economic system which is quite incapable of creating jobs.

Trade union representatives believed that the use of traineeships and apprenticeships leads to the replacement of regular workers by trainees and apprentices. The use of vouchers — a measure set out in the National Youth Action Plan - was intended to be a positive measure to create more youth employment, but had proved harmful in the end, since young people benefiting from vouchers carried out work that could have been done through regular employment contracts. Furthermore, five months later, these young people were not established in stable employment relationships. This therefore turned out to be doubly damaging: young people were not able to remain in the labour market and regular jobs were lost.

In addition, incentives or subsidies had been granted to 15 000 start-ups involving small businesses but, one year later, many of these had closed down since they were unable to remain financially self-sufficient.

In this regard, the Association of Greek Tourism Enterprises (SETE) explained that in 2013, about 10 000 young people (i.e. not many) were employed through vouchers. Employment growth in this sector is seasonal and occurs in summer and therefore does not amount to the creation of new jobs. This is also because accommodation structures do not have the capacity to promote stable employment. There are few medium-sized and large companies. The sector is characterised by small and very small family businesses employing up to 5 people.

The Hellenic Federation of Enterprises (SEV) representative explained that the firms it represented did not use vouchers; she was not aware of any evaluation of the vouchers system.

According to the Ministry of Labour, 55% of young people with vouchers had remained in employment, but there is a clear difference between the government's claims and the data held by the social partners.

2.3 Gap between education and the labour market

One of the features of the Greek system is the absence of a link between education and the labour market. This generates a substantial mismatch between the skills acquired by young people and the skills required by companies.

There are, for instance, too many young people with specific qualifications in science, technology and law, although there is not much demand for these qualifications in Greek businesses. On the other hand, there are occupations such as accountancy, which are required by the labour market but for which there is no adequate preparation or training. At the same time, there are very good technical and vocational schools with well-prepared and specialised teachers, especially in the electricity, hairdressing, beauty and tourism sectors. The latter is the only sector that is holding out against the ravages of the crisis but this is due to very low prices and to work that is mostly seasonal and poorly paid. It continues to provide employment opportunities but is certainly not attractive to young people with bachelor or specialist degrees.

In this regard, the GSEE has pointed out that it would help Greece's growth and development if young apprentices were able to switch from one sector to another, regardless of their studies.

Stakeholders agreed that the government should intervene more in order to match supply and demand for occupational skills. According to the SEV, this should start with making an inventory of the skills needed on the labour market. As the public authorities are not doing this, the SEV has set up its own mechanism, which it intends to share with public authorities and other organisations, including sectoral ones. The SEV has recorded the skills needs in 8 sectors, for the next 5 years. They noted that the qualifications that companies need most are of a technical nature (e.g. languages, mathematics, IT skills) or business-related and relevant to middle management (e.g. communication, team spirit, sense of initiative, etc.).

The Greek General Confederation of Labour (GSEE) claimed that that youth unemployment has nothing to do with a shortage of skills but with a shortage of resources to invest in developing new skills or retraining and the absence of economic measures to foster growth and therefore employment. In any case, the social partners' involvement is crucial.

The Hellenic National Youth Council (HNYC) representatives pointed out that one of the problems is the non-existence of private-sector involvement in the education system. For historical and cultural reasons, the political choice made by the Greek government does not promote an active partnership between the private sector and the education system because it seeks to safeguard the social and public nature of

education. There are chronic hindrances that seriously block the linkage between the market's needs and the education system.

All the stakeholders consulted would prefer a comprehensive educational reform - with their full involvement - that would establish a connection and synergy between businesses, labour market needs and the education system.

2.3.1 Traineeship and apprenticeship system

There is no clear institutional framework for traineeships and apprenticeships are relatively new to the Greek system, which only started to experiment with them a few years ago and does not use them very much.

The social partners are convinced that such schemes could be a useful labour market tool to facilitate the transition from education to work without replacing regular work. They therefore want to be involved in defining these schemes and are ready to discuss them. The SEV and GSEE have already participated in a joint conference organised by the International Labour Organisation (ILO), which discussed and developed a joint work plan setting out the common positions of the social partners on apprenticeships. The renewal of the national cross-industry collective agreement might be an opportunity for the social partners to negotiate on apprenticeships. The apprenticeship contract should be covered by the national collective agreement at the sectoral level, which establishes remuneration, working hours and working conditions.

According to the SEV, companies are willing to invest in young people and their skills. There are however many challenges explained by the stakeholders whom we met:

- Greece does not have a strategy for the development model to follow and therefore for the areas where the economy should concentrate its efforts in relation to production, i.e. to understand which sectors have more potential to stimulate and drive growth, and which do not.
- A clear strategy is needed. Traineeships and apprenticeships should be part of a consistent and comprehensive education policy strategy that can respond to labour market needs. The GSEE criticised the fact that during the last two years, substantial resources have been allocated to support apprenticeships, but the programmes are not part of a strategy and nor are they defined or monitored by the social partners.
- The skills that need to be developed through traineeships and apprenticeships have not yet been clearly identified. The social partners could work together to help create a system for

identifying the skills required at the sectoral level. In this way, young people could choose in which sector they wish to work and therefore the training pathway to follow, and obtain a certificate for the skills acquired.

- Mentalities need to change. Initial and continuing training to acquire technical skills are not attractive to students (only 25% of young people access such training, as opposed to the EU average of 50%).
- There is a problem of awareness and definition of the schemes. In the absence of clear legislation, apprenticeship contracts and assessment of the quality of training, abuses can occur and traineeships/apprenticeships can be used to replace regular employment.
- Trade unions expressed concern that the measures to be implemented would worsen the situation in terms of insecurity and instability, instead of promoting stable and regular employment. The measures should give young people a firm foothold in the labour market rather than use them to replace regular employment or reduce labour costs. They explained that in 2013, during the tourism boom, no jobs were created, even though 80 000 apprenticeship contracts were signed.
- In Greece there are not many big companies with the capacity to make large-scale use of apprenticeships. The productive fabric comprises about 729 000 companies, of which 703 000 are small or very small enterprises employing 1-9 employees. These companies often perceive apprenticeships as an "annoying" interference rather than a sound investment in the smooth running and performance of their business. They have no experience in teaching and they have no concept of the meaning of training quality. Entrepreneurs should be assisted (mentoring) to be able to transfer know-how and experience-based knowledge.
- There is also a need to develop more specific support for SMEs (mostly family businesses) to enable them to set up apprenticeships.

2.3.2 Volunteering

The Hellenic National Youth Council (HNYC) explained that in Greece there is considerable interest in volunteering, especially among young people, but the lack of a legislative framework and the non-recognition of non-formal education via volunteering discourage them and prevent them from contributing to society in this way.

2.3.3 Mobility

The HNYC discussed young Greeks' lack of information regarding opportunities for mobility. There is insufficient dissemination of information about EURES and ERASMUS, including in universities. Employers' associations seek to disseminate information through communication strategies which not only involve official channels but also more informal means (advertising on public transport, stadiums, cafés, etc.).

2.3.4 Youth Guarantee

In contrast to the situation seen in other countries, the social partners and civil society organisations are not part of the bodies created to support the implementation of the Youth Guarantee – the Steering Committee and the Working Group, despite the fact that the Committee has the right "to invite social partners, representatives of civil society and experts in youth employment".²¹

The YGIP does not give much detail about the partnership approach recommended by the European Commission in the implementation of the YG. It states that *the Ministry of Labour informed the Social Partners during the drafting of the YGIP and invited social partners for consultation*. Also, the Ministry claims that it took into account the observations from the social partners and their active participation in many actions of the YGIP.²²

Social partners whom we met spoke about a lack of genuine involvement. An information meeting on the YGIP had taken place only very late in the process, in December 2013, during which a few objectives were outlined on how to develop youth employment. The government has never held a proper dialogue or consultation with the social partners to identify priorities for the YG or to discuss the use of funds and the results achieved.

The Hellenic National Youth Council also confirmed that youth organisations and other NGOs had no involvement at all in the YGIP. It also highlighted the gaps in cooperation between the Ministry of Labour and the Ministry of Education. The organisations we consulted felt that the government had no clear strategy on how to use European funds, no clear proposals on how to implement European measures, and no plans on how to respond to labour market needs.

21 YGIP, p. 10.

22 YGIP, p. 11.

III. CONCLUSIONS

The mission illustrated some key issues:

There is a need for a reform to link the educational system and the labour market. Some stakeholders have advocated private-sector involvement in the educational system, to develop a dynamic and modern partnership designed to modernise education and also to sponsor the research of young academics.

It is hoped that the steps taken at the European level to support youth employment can be fully implemented in the Greek system, but there are serious concerns about the government's and public administration's ability to ensure the effective application and implementation of the youth guarantee.

It is feared that the resources will not be treated as investments but will be spent on activities and projects that will be ends in themselves, because they are not part of a comprehensive systemic policy choice on economic and employment growth.

Close cooperation between trade unions and employers' associations is essential and needs improvement. The genuine involvement of the social partners and youth organisations by the public authorities is essential. They should be an integral part of the decision-making process for the objectives to be achieved through implementation of the EU measures to support youth employment. They should also help to establish which programmes are priorities for the country and have a role in monitoring the measure's implementation.

*

* *

MISSION TO GREECE

4-5 MARCH 2014

AGENDA

Meetings between EESC members:

Irini PARI (Employers' Group, Greece)

Daniela RONDINELLI (Workers' Group, Italy) – **Rapporteur for the mission**

Mette KINDBERG (Various interests Group, Denmark)

and SOC/LMO secretariat

and **representatives of Greek youth, employers', workers' organisations and public authorities:**

TUESDAY 4 MARCH 2014

The Confederation of Public Servants (ADEDY)

2:30 – 4.10 p.m.

- Stavros Koutsioubelis
- members of ADEDY board

The Hellenic National Youth Council (HNYC)

4:30 – 6 p.m.

- Armodios Drikos, president
- Sarantis Michalopoulos, presidency policy officer

WEDNESDAY 5 MARCH 2014

The Greek General Confederation of Labour (GSEE)

9 – 11.15 a.m.

- Christos Goulas, director of INE/GSEE Labour institute

In parallel – meeting between SOC/LMO secretariat and representatives of the **the Ministry of Labour and Social affairs and the Manpower employment organization (OAED - PES):**

- Athina Diakoumakou, head of the Employment directorate
- Katerina Sotiriou
- Dimitris Panopoulos
- Elvira Konekoulou

- Eleni Papageorgiou, head of the International relations department, OAED
 - Marili Fotia, Governor's office
-

The Hellenic Federation of Enterprises (SEV)

11.15 a.m. – 12.30 p.m.

- Rena Bardani, director of Social affairs
 - Tessa Michou, senior adviser in Social affairs
-

12.30 – 1.30 p.m.

Lunch break

1.30 - 3 p.m.

- **The National Confederation of Greek Traders (ESEE)**
 - Dimitris PRIFTIS, director of the Vocational training centre of ESEE
 - **The Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE)**
 - Stamatis VARDAROS, head of IME GSEVEE Employment and social policy section
 - **The Association of Greek Tourism Enterprises (SETE)**
 - Elias KIKILIAS, executive director of INSETE - Institute of the SETE
-



European Economic and Social Committee

**Section for Employment, Social Affairs and Citizenship (SOC)
Labour Market Observatory (LMO)**

**Implementation of EU policies for youth employment:
a civil society perspective**

MISSION TO CROATIA

17-18 February 2014

Report

Rapporteur: Vladimíra Drbalová (Employers' Group, Czech Republic)

I. INTRODUCTION

The mission to Zagreb, Croatia took place on 17 and 18 February 2014. It was organised in connection with the Labour Market Observatory's **study on the implementation of EU policies for youth employment in a selection of six Member States (Greece, Croatia, Italy, Austria, Slovakia and Finland)**. This study aims to illustrate the views of the social partners and organised civil society on:

- the policies that are put in place at national level to help young people find work, including their implementation and their actual impact;
- the good practices or difficulties encountered in the Member States;
- their involvement in youth employment policies and ongoing reforms.

The EESC delegation was composed of three members: **Vladimíra Drbalová (Employers' Group, Czech Republic) – rapporteur for the mission, Xavier Verboven (Workers' Group, Belgium) and Meelis Joost (Various Interests Group, Estonia)**, assisted at the beginning of the mission by Ana Dumitrache, administrator from the SOC/LMO secretariat.

Before the mission, the rapporteur, Vladimíra Drbalová, and the SOC/LMO secretariat had a series of meetings in Brussels with representatives of the European Commission (DG Employment, Social Affairs and Inclusion, unit responsible for Croatia) and the Permanent Representation of Croatia to the EU.

In Zagreb, the EESC delegation met with representatives of youth, workers' and employers' organisations as well as with public authorities.

- **Trade unions** included the three main union confederations:
 - **the Union of Autonomous Trade Unions of Croatia (SSSH)¹**, which has 170,000 members belonging to 17 branches;
 - **the Independent Croatian Trade Unions (NHS)²**, which has about 114,000 members;
 - **the Association of Croatian Unions (Matica)³**, which has 64,000 members;

1 <http://www.sssh.hr/en/static/uatuc/about-us-2>.

2 <http://www.nhs.hr/>.

3 <http://www.matica-sindikata.hr/en/>.

- **Employers' organisations** included:
 - **the Croatian Employers' Association (HUP)**⁴, the most important employers' association in Croatia and the only one permitted to participate in tripartite talks at national level. It represents the employers of around 400,000 workers, from 29 branch associations;
 - **the Croatian Chamber of Trades and Crafts (HOK)**⁵, which represents tradesmen and craftsmen.

- **The Croatian Youth Network (MMH)**⁶, an alliance of 69 non-governmental youth organisations, is the acting National Youth Council in the Republic of Croatia. The MMH seeks to influence and take part in the development of youth policy at national, regional and local levels. It is also active at the international level, within for example the European Youth Forum, the United Nations' youth network and youth organisations in the Western Balkans.

- The delegation also met with representatives of **the Ministry of Labour and Pensions**, in particular the persons in charge of the Independent Service for Social Partnership, the Croatian Employment Service, the apprenticeships, EURES and the Youth Guarantee coordinator.

Most of the meetings were hosted by the representation of the European Commission in Zagreb.

II. FINDINGS

1. BACKGROUND INFORMATION

1.1 Introduction

The 2014 semester is the first official European semester for Croatia, which participated in the 2013 European semester on a voluntary and informal basis.

4 <http://www.hup.hr/en/>

5 http://www.hok.hr/eng/about_hok.

6 <http://www.mmh.hr/en>.

Croatia is experiencing its sixth consecutive year of recession in 2014. Promoting competitiveness and job-rich growth, while at the same time taking fiscal consolidation measures under the Excessive Deficit Procedure started in January 2014, are key challenges for Croatia.

The overall unemployment rate in Croatia reached 17.2 % in 2013. It is expected to increase further in 2014 and to stabilise at around 18 % in 2015. The potential of the labour market in Croatia is severely underutilised. The employment rate (53.9 % in 2013), already one of the lowest in the EU, is set to continue declining in 2014. Women, young people and the elderly are particularly under-represented in the labour market. At the same time, the employment rate in the informal economy is relatively high.

The economic crisis has particularly affected young people. In 2013 almost 50% of young Croats aged 15-24 were unemployed, which places Croatia among the countries with the highest youth unemployment rate – after Greece and Spain. This rate has been increasing steadily in recent years.

In 2013 18.6 % of young people had NEET status (not in employment, education or training), which is significantly above the European average of 13 %. The NEET population is predominantly unemployed, but there is no systematic effort to collect data and identify the most vulnerable groups within this population and their particular needs. Outreach activities toward this group are insufficient and support for NEETs which are not registered as unemployed is scarce.⁷

Roma have severe difficulties in their labour market integration, despite many measures to support them. For example, a special package allows them to be placed in subsidised employment or training schemes from the moment they are listed on the Croatian Employment Service (CES) register.⁸

In 2013, the European Commission considered that job creation was hindered by an inflexible labour market and by the disincentives embedded in the benefit system⁹. According to the EC, the long, costly and complex procedures concerning dismissals were leading to an increase in the number of fixed-term contracts. The government has adopted several measures in the past two years to improve labour market flexibility, streamline the benefits system, lower labour costs and simplify hiring. For example, incentives have been introduced for the employment of young people without work experience in the private sector amounting to 50% of the annual gross salary cost for SMEs and 30% for a large employer; the incentives

7 YGIP, p. 3.

8 YGIP, p. 3.

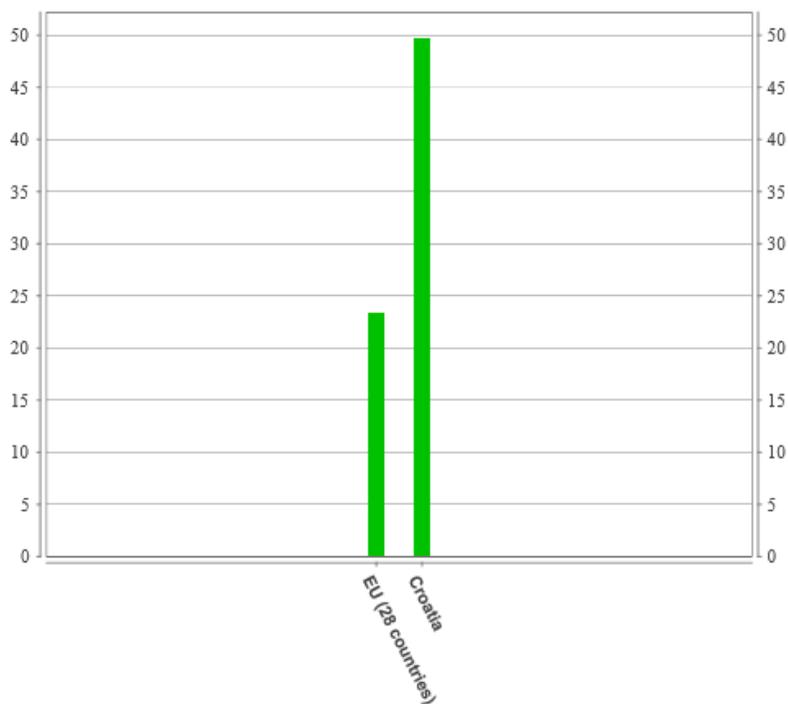
9 European Commission Assessment of the 2013 economic programme for Croatia, SWD(2013) 361 final.

amount to 75% of the annual gross salary cost for persons with disabilities and members of the Roma minority.

2013			
Member States	Unemployment rate 15-24 years	Unemployment rate 25-74 years	NEET rate (not in employment, education or training) 15-24 years
Croatia	49.7 %	14.1 %	18.6 %
EU (28 Member States)	23.5 %	9.5 %	13 %

Source: Eurostat

Unemployment rate 15-24 years, 2013 (Source: Eurostat)



1.2 Education

Croatia's education system performs well in terms of the number of early school leavers and progress has been achieved in terms of the tertiary education attainment rate but low educational outcomes do not augur well for the quality of education. Thus the education system in Croatia aspires towards improvement and achieving the headline target of the Europe 2020 Strategy.

Recent reform measures in this field, drawn up in consultation with stakeholders, include a law, the Act on the Croatian Qualifications Framework¹⁰, adopted in March 2013, that aims to establish clearly defined learning outcomes at each level of education. Another key point on the agenda is to promote the adaptability of curricula to labour market needs.

Regarding vocational education and training (VET), the government points out that one of the greatest challenges is the modernisation of the VET curriculum, which is outdated and does not address labour market needs. As this is a structural problem which won't be addressed for the next ten years, it is expected that most of the 4-year and higher education graduates will continue coming out of the educational system without adequate modern skills and knowledge which, according to employers' representatives, cannot be addressed through internship, apprenticeship or on-the-job-training.¹¹

Regarding Roma, poor school performance and early school leaving are highly represented in this group. To tackle this problem, pre-school programmes are being developed to better prepare Roma children for compulsory primary education. Later, they are to be given extra classes in the Croatian language and special support, scholarships for secondary and higher education and/or free accommodation. For those who left education early, special courses are available for finishing primary education.¹²

1.3 Youth Guarantee

Following the Council's recommendation¹³, Croatia submitted its Youth Guarantee Implementation Plan (YGIP) to the Commission in December 2013.

10 Croatian Ministry of Finance (2013) Economic Programme of Croatia , p. 61.

11 YGIP, page 5.

12 YGIP, page 3.

13 Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, OJ C 120, 26.4.2013, p. 1 – 6.

The full roll-out of the Croatian Youth Guarantee is expected in 2017 and will guarantee that "every *young person under 25* and *person under 30* will be given a quality offer of a job, a traineeship, on-the-job training, apprenticeship or a continuation of education *within 4 months* of becoming unemployed."¹⁴

The implementation plan makes a detailed *diagnosis* of the situation and underlines some very significant issues regarding youth employment. It points to the *intervention needs*: apart from need for a general economic recovery which would allow for faster labour market inclusion, there is an imperative need for a different approach in education aimed at:

- modernising approaches and curricula, as well as qualifications standards based on learning outcomes, especially in vocational education, in line with labour market needs, giving more hands-on experience and strengthening entrepreneurial skills;
- bringing vocational and career guidance and employers closer to schools and intervening at the earliest possible stage of education, providing specially tailored support to those who most need to stay in education;
- creating a systematic approach to follow-up youth school drop-outs as well as the checkout from the CES register in order to prevent such young people falling into NEET status;
- building up the capacity of schools and the CES for quality work with youth and strengthening cooperation and partnerships between the educational and employment sectors;
- establishing a lifelong career guidance system in Croatia so as to provide systematic guidance which will enable young people to connect with the relevant stakeholders, including local employers, and gain career management skills. Counselling has to be expanded to encompass the schools so as to provide true guidance and support.
- also, there is a great need for all labour market stakeholders to establish true and committed cooperation and start improving/building developed apprenticeship and traineeship schemes.

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YG funding:

- 66.35 million EUR from the European Social Fund (ESF) - for building up the capacity for implementation and strengthening stakeholders working with youth;

14 YGIP, page 7.

15 YGIP page 6.

- 61.82 million EUR from the Youth Employment Initiative (YEI) – short-term funding directed at costs such as wage subsidies, transportation costs, training costs, etc. Two regions are eligible for YEI: Jadranska Hrvatska, Kontinentalna Hrvatska.

In total, 128.17 million EUR are available in addition to the State budget, which represents 144 million EUR in total for the YG.

Here is a rough outline of the reforms and initiatives under the Implementation plan:

Early interventions and activation (7 reforms and 13 initiatives)	Labour market interventions (3 reforms and 20 initiatives)
Reforms	Reforms
<ul style="list-style-type: none"> • Adoption of the Law on Youth • Adoption of the National Youth Programme 2014-2017 • Adoption and implementation of a Strategy for Education, Science and Technology • Development of a Human Resources Register • Setting-up of a NEET monitoring system • Establishment of a National Forum for Lifelong Learning • Development of Centres for Career Development 	<ul style="list-style-type: none"> • Establishing a system for monitoring and analysing the labour market • Development of centres for youth in the Croatian Employment Service • Implementation of the Law on Vocational Rehabilitation and Employment of Persons with Disabilities
Initiatives (programmes/projects)	Initiatives (programmes/projects)
<ul style="list-style-type: none"> • Conducting campaigns and informing young people and employers • "Outreach" activities (reaching out to youth who are not in employment, education or registered with the employment service) • Strengthening working with young people (further development of youth centres, NGOs, cultural facilities) • Strengthening career counselling and vocational guidance • Supporting stays in education 	<ul style="list-style-type: none"> • Providing support for employment (via job clubs, education, development of apprenticeship/internship schemes) • Strengthening vocational education, workplace training and apprenticeships • Providing support for entrepreneurship and self-employment of youth • Empowering young people to work in NGOs • "Tailor-made" active labour market measures • Empowering stakeholders and partners for the implementation of YG

2. VIEWS OF SOCIAL PARTNERS AND YOUTH ORGANISATIONS

The stakeholders whom the delegation met considered the youth unemployment situation in Croatia very alarming. They explained that young people without higher education and without work experience face the biggest obstacles when seeking their first job and pointed out the large regional differences regarding youth unemployment (the most critical being the eastern and central areas of Croatia).

The Union of Autonomous Trade Unions of Croatia (SSSH) representative drew attention to the long-term unemployed, whom they considered to be a particularly important group. Less educated people ran the risk of becoming long-term unemployed. Indeed, about 34% of long-term unemployed young people had no high school education, a further 28 % had followed a three-year course of vocational education and only 13 % of were highly educated.¹⁶

The situation of disabled young people and the pros and cons of introducing quotas were debated, comparing the experiences from the different Member States.

2.1 Education

There was general agreement among the stakeholders met by the EESC members that the key priority was to improve the match between skills and jobs.

The Croatian Employers' Association (HUP) pointed out that Croatian companies suffered from skills shortages, and the HOK explained that crafts needed specific highly developed skills. The HOK representative also mentioned that a pilot project had been launched to forecast labour market needs and develop skills accordingly.

Employers' representatives pointed out that, in contrast to dual education systems, in Croatia the school-based education system was separated from the realities of the business world. Students had organised visits to companies for one day, but this of course was not enough. There was a need to introduce more practical elements into the education system, such as apprenticeships and traineeships.

According to the Croatian Chamber of Trades and Crafts (HOK), the main challenge was to establish a real partnership between all stakeholders (educational institutions and business) based on mutual trust and to

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YGIP, page 5.

introduce new curricula with a number of practical hours. The HOK complained that the role of business in the process was limited and that the situation was getting worse. In December 2013, a new law for crafts had been adopted, which went in the opposite direction from the current EU trend.

Regarding vocational education and training, the HOK representative explained that Croatia's VET system was quite central. It covered almost 71% of the total secondary school population, which was significantly higher than the EU average (50%). The representation of women (64%) at this level was also higher than in the EU as a whole (45%). One of the major concerns was that VET was not in tune with the labour market. The duration of VET study programmes did not necessarily equate with quality. Its modernisation should be based on recent employment trends and incorporate the demands of employers to the maximum extent possible. The comments of the stakeholders which the delegation met went in the same direction as recent studies (by CEDEFOP for ex.): despite the existence of an institutional framework, trade unions, business communities and local authorities had not been fully integrated into the process of developing qualifications and learning programmes as well as defining skills.¹⁷

The Croatian Youth Network (MMH) explained that educational policies were not based on evidence. An effective system for labour market monitoring and evaluation and skills forecasting was necessary in Croatia. Regarding the skills needed, MMH representatives pointed out that there was a lack of graduates in the STEM area (science, technology, engineering and maths) and that those studies should be better promoted.

Speaking about education reforms, the MMH explained that these affected many teachers, so the situation had to be seen from different perspectives.

Regarding lifelong learning, the situation was more difficult for SMEs, while big companies had strong HR departments and could train their staff. In many collective agreements there was some mention of education.

The Matica representative said that one of Croatia's main targets was also to increase the percentage of young people in tertiary education (currently 15%).

The SSSH explained the reason for the relatively low level of early school leavers (only 4%): young people preferred studying to being unemployed, which was a rather negative trend, because youngsters had work experience before the age of 30 and the gap was growing.

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CEDEFOP (2013) Croatia: Spotlight on VET, p. 4.

2.2 Traineeships

Stakeholders explained that in Croatia there were no open-market traineeships, i.e. traineeships agreed between a trainee and a traineeship provider (business, non-profit organisation or government) without the involvement of a third party, generally conducted after the completion of studies and/or as part of a job search. As explained by the HUP representative, employers were very much in favour of such traineeships, which could benefit both young people and employers. The HUP had emphasised that on many occasions to the Croatian government.

In Croatia there was an initial type of traineeship that was seen as an employment relationship and was regulated by labour law. It was aimed at people who were working for the first time in a trade for which they were trained to work in an independent capacity. The employer and trainee both signed an employment contract (for an indefinite or fixed period), the trainee received a salary (often equal to 70 % of the usual salary for the respective job). On completion of the traineeship, a vocational examination was taken.

There were two types of traineeships without employment:

- traineeships which formed part of mandatory vocational training (e. g. medicine, etc.);
- traineeships that were active employment measures. The aim was to give inexperienced people the opportunity to gain work experience and thus improve their employment prospects. They had existed since 2012 and were regulated by the Law on the Promotion of Employment. There was no employment contract, but contracts were signed between the employer, the Croatian Employment Office, and the trainee. The beneficiary received an allowance – the equivalent of about 215 € net, which was below the minimum wage in Croatia (approximately EUR 310 net). Following the adoption of this law, the private sector had also started to use this measure.

The Union of Autonomous Trade Unions of Croatia (SSSH) considered that it would be difficult to substantially increase the number of traineeships as the Croatian Employment Office did not have the capacities needed to effectively supervise its implementation in practice. The number of traineeships also depended on the employers that were eligible for these measures. Companies that had dismissed workers in the previous six months were not eligible, and the number of such employers was greatest in those regions with the highest level of youth unemployment.

Employers had complained about the strictness of the eligibility rules that did not take into account economic realities. Employers may, for instance, decide to stop carrying out certain tasks or may close down one of their branches or units, which would make them no longer eligible for receiving trainees, because of the dismissals involved.

The MMH explained that 60% of the traineeship places were created in the public sector, which was causing a problem given that the state administration had stopped offering places to trainees.

Speaking about the possibility of giving opportunities to disabled students in companies, the HUP mentioned that there was no particular initiative to introduce any binding rule on that matter.

In general, the NHS and HUP pointed out that there was a lot of confusion about the concept and the legal framework of traineeships. There was no clear definition of a traineeship, different legislative rules were applicable, statistical data and analyses were missing. The SSSH proposed that a single system for traineeships be established.

2.3 Apprenticeships

Reforms on the apprenticeships system were on going, but the Croatian Chamber of Trades and Crafts (HOK) considered that the measures envisaged did not encourage employers to offer apprenticeship places. In fact, only one of all the measures proposed provided for a financial incentive for employers. Moreover, this measure was not automatic but was provided only for employers who apply for the financial incentive to the ministry.

In general, employers were not very interested in receiving students on early intervention apprenticeships. They were more inclined to offer apprenticeship places to young people who had already completed their education and were more mature. Educational programmes did not recognise a small number of hours of practical training, except the "Unique educational model" (UEM) programme, which provided for a greater number of hours of practical training. However, due to the high resistance of schools to these programmes, the practice was not well designed and in very rare cases was carried out continuously (one week of practical work – one week of school). The Croatian Chamber of Trades and Crafts (HOK) very much backed apprenticeships and had encouraged employers for many years to offer places, but the employers' organisations had not been very supportive, so there was ultimately a low turn-over of employers.

The Croatian Employers' Association (HUP) explained that some incentives had been introduced (tax reductions, state subsidy law, tax deductibility of some apprenticeship costs) but not in a very systematic

way (different criteria, differences in announcements). The employers would like to see better coordination, for example between different ministries. The question of quality monitoring was raised as well, on the grounds that companies' capacities seemed to be severely overstretched.

2.4 Active labour market measures and PES

Stakeholders explained that active labour market policy measures are still little used in Croatia and that not enough is invested in them. Spending on ALMPs amounted to 0.14% of GDP and only 13% of the unemployed participated in such activities in 2012 (in both cases around one-third of the EU average).

However, following the introduction of the new approach in applying ALMPs as well as the new approach toward targeted groups, it was expected that more inactive and unemployed people belonging to vulnerable groups, namely young people, special groups, people with disabilities, the elderly, long-term unemployed, unemployed members of the Roma minority, would be included in the labour market.

The SSSH, NHS, HUP and HOK also spoke about the limited capacity of the Croatian Employment Service (CES) to address the challenge of rising unemployment. They all agreed that the CES should play a much broader role than only paying out social benefits. They should assist young people with career coaching, training, re-skilling, providing skill forecasting, etc. The HUP and HOK mentioned that the PES was helpful when employers made requests and that cooperation between the PES and employers was improving. The HUP stated that the employers were in favour of the PES being reformed and having its capacity strengthened.

2.5 Entrepreneurship

Self-employment was one of the active labour market measures provided by the Croatian employment service. Incentives to start a business were also given to inexperienced persons if they provided a good business plan, and nearly one-third of beneficiaries in 2013 were young people.

The MMH considered that the incentives to face the business environment were not sufficient and that this way of activation should not be overestimated. It could not replace functioning industrial relations.

The HUP drew attention to the fact that many young people lacked the knowledge necessary to run a business and started one for the wrong reasons, namely because they were unemployed. One solution could be to have models of good examples.

2.6 Use of temporary contracts

Stakeholders posed the question of the high number of people that were employed as temporaries (90% of new contracts were temporary contracts) and of undeclared work.

The Croatian Employers' Association (HUP) and the Croatian Chamber of Trades and Crafts (HOK) explained that labour law was very rigid, employment protection high and that it was necessary to use different, more flexible forms of work (including temporary agency work) to adapt to the current crisis. They also mentioned that the situation in the country was not easy for companies, due to the combination of a heavy administrative and regulatory burden, the need to adapt to the requirements related to EU accession and the need to adapt to the economic crisis.

2.7 Mobility and EURES

The Union of Autonomous Trade Unions of Croatia (SSSH) explained that the mobility of the work force in Croatia was very low, and the NHS considered that mobility should be practical and fair.

Information about transnational mobility and EURES was to some extent available but more should be done, especially to make information available in Croatian.

The EURES network was something new for Croatia: many activities to promote the EURES network had been launched in 2014. The national EURES office did not have much experience and was still compiling a collection of best practices.

2.8 The Youth Guarantee

2.8.1 Features

At the beginning of the Youth Guarantee process, the MMH, together with the SSSH, criticised the government's decision to introduce the Youth Guarantee "as soon as possible," arguing that speed should not take precedence over quality. They highlighted, among other things, the need to conduct more consultations with young people, youth organisations and social partners; specify the scheme's objectives more clearly (e.g. whether to focus on long-term or short-term employment); and better balance demand-side measures with the work of public employment services.

The stakeholders agreed that it was vital to ensure that Croatia's Youth Guarantee covered all unemployed people aged under 30, given that there were a large number of people out of work or facing serious employment challenges in the 25-30 age group.

Regarding the time frame in which young people had to receive an offer for a job, traineeship, apprenticeship or continued education, the MMH considered that four months was too ambitious, given the lack of dynamism of the Croatian labour market. Twelve months would be more realistic.

2.8.2 Involvement of social partners and youth organisations in the Youth Guarantee

Most stakeholders considered that involvement in the Youth Guarantee process was now reasonably satisfactory, despite the delay in adopting a partnership approach. A multi-sector body for the preparation of the implementation plan – the Council for the Implementation of the Youth Guarantee (YGIP Council) had been established only after repeated calls from the social partners and youth organisations. It brought together 17 different stakeholders, including representatives of the relevant ministries, the social partners, the Croatian Youth Network and the Centre for Education, Counselling and Research with an emphasis on young women. In addition, to ensure coordination between ministries, a YG Task Force¹⁸ was put in place in 2014.

According to the Croatian Youth Network (MMH), the mere fact that a large number of key stakeholders were involved in its creation certainly had a positive impact on its quality and the degree of stakeholder involvement in subsequent stages, such as implementation and evaluation.

Darko Seperić from the SSSH, the vice-president of the YGIP Council, explained the work done since September 2013: the Council had identified and developed 44 measures to increase youth employment and facilitate the transition from education to the labour market, particularly for low-skilled young people and highly-educated young people without experience. Some measures had already been tested in the form of pilot projects. One of the basic measures was to provide a short explanation about working rights and obligation to guide young people going into their first job.

The SSSH representative pointed out that the work of the YGIP Council was improving although there was already a concern that the implementation of the national plan could be slowed down because of insufficient cooperation between the relevant ministries.

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"Inter-ministerial Government Task Force for Monitoring the Implementation of Recommendations of the Council of the European Union on Establishing a Youth Guarantee".

The HUP considered that the measures were ambitious, and pointed out that some delay in their implementation and adaptation could be expected.

The Association of Croatian Unions (Matica) expressed dissatisfaction regarding the ongoing work in the YGIP Council. As Matica represents trade unions at all levels of the education system and conducts research in this field, it had expected to be more deeply involved in the work of the Council, which had not been the case. Matica mentioned that measures were being introduced without any basis in correct statistical data, which could affect their quality and implementation.

The YGIP Council would continue to work as a monitoring and advisory body and would prepare annual implementation reports. According to the MMH, it should be transformed into a type of steering committee, responsible for cross-sector follow-up and evaluation. One person should be nominated for both bodies - the YGIP Council and the YG Task force to ensure interaction.

2.8.3 Added value

Stakeholders agreed that the introduction of the Youth Guarantee represented a great opportunity to strengthen synergies between the various stakeholders, and this could serve as an example in other areas. However, there was still plenty of room for improvement during subsequent stages, i.e. the implementation, monitoring and evaluation of the Youth Guarantee.

The Croatian Chamber of Trades and Crafts (HOK) mentioned a side effect of the Youth Guarantee: the fact that a whole generation of people in the 30-40 age group, the most active on the labour market, had disappeared from the focus although they lacked the relevant skills.

2.9 Involvement in youth employment policies in general

In contrast to their involvement in the YGIP, the social partners complained about their lack of genuine involvement in policy-making and implementation in general. Occasionally, the social partners were formally involved, or were simply not involved at all.

The SSSH representative said that Croatia's employment policies continued to suffer from a lack of coordination and were implemented in a fragmented manner. Active employment measures were not connected to any economic, social or education policies.

The HUP explained that legislative initiatives that were not based on proper analyses would lead to low-quality legislation and legal uncertainty for companies.

The NHS expressed its scepticism about the quality of social dialogue and involvement of the social partners in the legislative process (temporary agency work, labour reform). The NHS representative complained that their proposals were not taken into account. The office for social dialogue had been relocated to the labour ministry, thus losing its independence completely. The national assurance fund was no longer a tripartite body.

The SSSH also mentioned that the social partners were not involved at all (no consultations, no information) in the development of the 2014 National Reform Programme.

The HUP also had doubts about the attention paid to their contributions in the policy-making process.

In this context, the social partners had cooperated and taken initiatives, such as the project "Supporting Youth Employment in Central and Eastern Europe" (CEE YOUTH)¹⁹ that had run from November 2012 to October 2013 and aimed to support youth employment in central and eastern Europe. The NHS and the HUP, together with their counterparts from Austria, Slovenia, Montenegro, Bulgaria, Slovakia and Hungary, had taken part through such measures as:

- raising awareness, knowledge and understanding among employers, employees and their representatives of the advantages of employing young people;
- encouraging employers to offer more and better work experience, traineeships, apprenticeship opportunities to young people;
- sharing good practices.

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<http://www.hup.hr/en/current-projects.aspx>.

MISSION TO CROATIA

17-18 FEBRUARY 2014

AGENDA

Meetings between EESC members:

Vladimíra Drbalová (Employers' Group, Czech Republic) – **rapporteur for the mission**

Xavier Verboven (Workers' Group, Belgium)

Meelis Joost (Various Interests Group, Estonia)

and **representatives of youth, employers', workers' organisations and public authorities:**

MONDAY 17 FEBRUARY 2014

Ministry of Labour and Pensions, Croatian Employment Service, EURES and other authorities

- 3 – 4:15 p.m.
- Aleksandra Gavrilović, Youth Guarantee coordinator
 - Jelena Matković, Apprenticeships
 - Ivana Graf, Apprenticeships
 - Dubravka Balja, EURES
 - Kristina Fleischer, Youth Employment Measures / Youth Guarantee, Croatian Employment Service
 - Irena Bačelić, Apprenticeships, Croatian Employment Service
 - Ivana Zlatec, EURES, Croatian Employment Service
 - Katarina Ivanković Knežević, Directorate for Coordination of Programmes and Projects of the EU in the field of Labour and Social Security
 - Draženka Linarić, Independent Service for Social Partnership

Croatian Youth Network (MMH)

- 4:30 – 6 p.m.
- Nikola Buković
 - Sven Janovski, chair
-

TUESDAY 18 FEBRUARY 2014

9:30 – 11 a.m.

Independent Croatian Trade Unions (NHS)

- Marija Hanzevacki, general secretary and EESC member

11 a.m. – 1 p.m.

Croatian Employers' Association (HUP)

- Milica Jovanović, legal adviser

Croatian Chamber of Trades and Crafts (HOK)

- Mirela Franović

1 – 2 p.m.

Lunch break

2 – 3:30 p.m.

Union of Autonomous Trade Unions of Croatia (SSSH)

- Darko Seperic, adviser for social policy, European affairs and projects, SSSH/UATUC and vice-president of the Council for the Implementation of the Youth Guarantee established by the Croatian government

3:30 – 5:30 p.m.

Association of Croatian Unions (Matica)

- Mirna Matković



European Economic and Social Committee

**Section for Employment, Social Affairs and Citizenship (SOC)
Labour Market Observatory (LMO)**

**Implementation of EU policies for youth employment:
a civil society perspective**

MISSION TO ITALY

17 March 2014

Report

Rapporteur: Christian Ardhe (Employers' Group, Sweden)

I. INTRODUCTION

The mission to Rome, Italy took place on 17 March 2014. It was organised in connection with the Labour Market Observatory's **study on the implementation of EU policies for youth employment in a selection of six Member States (Greece, Croatia, Italy, Austria, Slovakia and Finland)**. This study aims to illustrate the views of the social partners and organised civil society on:

- the policies that are put in place at national level to help young people find work, including their implementation and their actual impact;
- the good practices or difficulties encountered in the Member States;
- their involvement in youth employment policies and ongoing reforms.

The EESC delegation was composed of three members: **Christian Ardhe (Employers' group, Sweden), rapporteur of the mission, Oliver Röpke (Workers' group, Austria)** and **Kinga Joó (Various Interests group, Hungary)**, assisted by Ana Dumitrache, administrator from the SOC/LMO secretariat.

Before the mission, a preparatory meeting took place in Brussels between the SOC/LMO secretariat and social attachés of the Permanent representation of Italy to the EU.

In Rome, the delegation met with representatives of youth, employers' and workers' organisations.

Trade unions included the three major union confederations as well as several others:

- **the General Confederation of Italian Workers (Cgil)**¹ – approx. 5.7 million members,
- **the Italian Confederation of Workers' Trade Unions (Cisl)**² – approx. 4.5 million members,
- **the Union of Italian Workers (Uil)**³ – approx. 2.2 million members,
- **the General Union of Workers (Ugl)**⁴ – approx. 1.9 million members,
- **the General Confederation of Autonomous Workers' Trade Unions (Confsal)**⁵ – approx. 1.8 million members,
- **the Confederation for Managerial and Professional Staff (Cida)**⁶,

1 <http://www.cgil.it/default2013a.aspx>.

2 <http://www.cisl.it/english/>.

3 <http://www.uil.it/>.

4 <http://www.ugl.it/>.

5 <http://www.confsal.it/>.

- **the Christian associations of Italian workers (ACLI)**⁷,

Employers' organisations included the most important ones:

- **the General Confederation of Italian Industry (Confindustria)**⁸ – more than 147,000 member companies of all sizes employing about 5.4 million workers,
- **the Italian Confederation of Small and Medium-sized Industry (Confapi)**⁹ – 120,000 manufacturing firms, with some 2.3 million employees,
- **the Labour organisation of the craft sector (Confartigianato)**¹⁰ – more than 700,000 artisan firms,
- **the National Confederation of Crafts and Small and Medium Enterprises (CNA)**¹¹ – approx. 670,000 firms,
- **the General Confederation of Enterprises, Professional Occupations and Self-employment (Confcommercio)**¹² – more than 700,000 firms, with some 2.7 million employees,
- **the Italian Banking Association (ABI)**¹³ – approx. 952 members.

Members also met with a delegation from **the Italian National Youth Council (FNG)**¹⁴. This Council is the only platform for national Italian youth organisations. It represents about 4 million young people, grouped in more than 75 organisations: student clubs, youth parties and associations of professional groups and trade unions, associations of different religious faiths, regional forums, etc.

The meetings were hosted by the Italian National Economic and Labour Council (CNEL - Consiglio nazionale dell'economia e del lavoro).

6 <http://www.cida.it/content/cida-english>.

7 <http://www.acli.it/>.

8 <http://www.confindustria.it/>.

9 <http://web.confapi.org/index.php>.

10 <http://www.confartigianato.it/>.

11 <http://www.cna.it/>.

12 <http://www.confcommercio.it/home>.

13 <http://www.abi.it/Pagine/default.aspx>.

14 <http://www.forumnazionalegiovani.it/>.

II. FINDINGS

1. BACKGROUND INFORMATION

As a result of the economic crisis that began in 2008, the Italian labour market has gone through a period of profound crisis in recent years.

Employment rates of people with a low level of education remain significantly lower than the average: since the beginning of the economic crisis, the employment rate has fallen by 3 percentage points for those with only a primary school qualification and by 5.4 percentage points for people with only a lower secondary school qualification.

Young people are without doubt the age group most heavily affected by the present employment crisis: in 2013 the youth unemployment rate (15-24 years) stood at 40%. The situation is even worse in the south of Italy, where the youth unemployment rate is higher than the national average (45% in 2012) and where the employment rate is lower than the national rate (13.2% in 2012, compared with 18.6% nationally and 32.8 % for the European Union as a whole).

Most worrying is the phenomenon of young people aged 15-24 who are not engaged in any work activity or completing a course of education or training (NEETs), estimated at 22.2 % of this age group. This percentage exceeds 30% in some of the worst-affected regions in the south of Italy (Campania, Calabria and Sicily).¹⁵

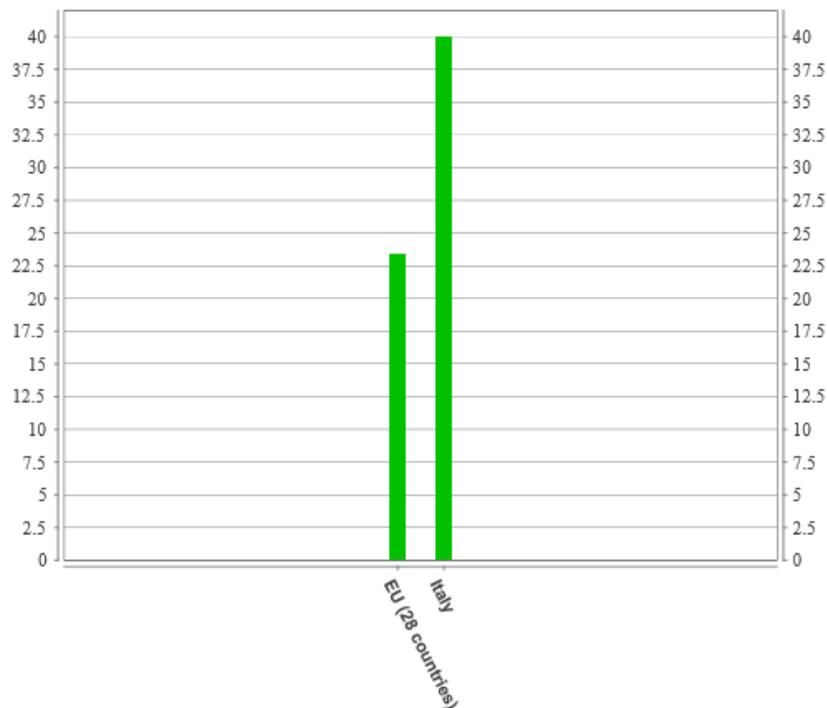
2013			
Member States	Unemployment rate 15-24 years	Unemployment rate 25-74 years	NEET rate (not in employment, education or training) 15-24 years
Italy	40.0 %	10.3 %	22.2 %
EU (28 Member States)	23.5 %	9.5 %	13 %

Source: Eurostat

¹⁵

Youth Guarantee Implementation Plan, Italy, 2013 (YGIP).

Unemployment rate 14-25-year-olds, 2013 (Source: Eurostat)



1.1 Youth Guarantee

Regarding the Youth Guarantee, Italian legislation¹⁶ already provides the guarantee of an offer of "the proposal to join an initiative for work inclusion/training/professional re-skilling/any other measure favouring professional integration", with regard to young people (*up to 25 years old*, or, if in possession of a university degree, *up to 29 years old*) within *four months* of the beginning of unemployment.

The Youth Guarantee, at least with respect to those who register with the employment services, has thus already been part of national legislation since 2002. What is not regulated, however, is the component of the youth guarantee that concerns young people who are outside of the formal education system but who are not registered with the employment services.

¹⁶ Legislative decree of 21 April 2000, N. 181.

The introduction of a Youth Guarantee in line with the EU recommendation¹⁷ will require a comprehensive strategy strongly supported by the state, the regions and other public and private entities.

There is multilevel governance between the state and the regions. The National Operational Programme is managed by the Ministry of Labour, but regions will be intermediary bodies (i.e. "delegated managers"). For example, it will be the regions' responsibility to implement active labour market policies. Each region will have to set out its own implementation plan (which may provide for follow-up measures) to be discussed with the ministry.¹⁸

2. VIEWS OF SOCIAL PARTNERS AND YOUTH ORGANISATIONS

2.1 Introduction

All the stakeholders met shared the view that youth unemployment was a major problem in Italy.

The General Confederation of Italian Industry (Confindustria) attributed the high youth unemployment and NEET rates both to the impact of the crisis and to what they described as "huge structural gaps" on the labour market. Expenditure and labour market policies have focused too much on employment protection and passive policies. Regulations are chiefly aimed at protecting employees rather than providing the right incentives for employment.

A shift is necessary to support a sure transition from education to work, lifelong learning, re-skilling and active labour market policies. A more flexible framework is needed, that can help young people get a foothold in the labour market.

The Confederation for Managerial and Professional Staff (CIDA) considered that part of the problem also came from the unfavourable environment for enterprises. The Italian Confederation of Small and Medium-sized Industry (Confapi) and the Italian Banking Association (ABI) mentioned the issue of the cost of labour, both for companies and workers and high taxation of labour. In recent years, thanks to closer cooperation between trade unions and employers' organisations, agreements aimed at cutting costs have been reached. The General Confederation of Enterprises, Professional Occupations and Self-employment (Confcommercio) mentioned that the lack of tools to help companies create jobs is a big problem in Italy. Incentives should be given to companies to create jobs, whilst being tied to obligations.

¹⁷ Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, OJ C 120, 26.4.2013, p. 1 – 6.

¹⁸ YGIP, p. 10.

The National Confederation of Crafts and Small and Medium Enterprises (CNA) agreed that the general situation in Italy makes it difficult to act swiftly against youth unemployment. There is a great deal of red tape. By way of example, the CNA representative mentioned that in some regions, companies have to take 12 measures to engage a trainee, which discourages them from using this tool.

According to the CNA, four key steps were needed to promote employment:

1. reduce costs and taxes on companies,
2. cut labour costs; the reforms introduced by the current government are moves in the right direction, but taxes on workers should be cut and consumption boosted,
3. reconnect education and the labour market,
4. improve employment centres.

Trade unions acknowledged that labour market regulations and employment protection legislation were an issue, but instead of looking at more deregulation and increased precariousness, they thought that policies should focus on promoting economic growth.

The Union of Italian Workers (UIL) representative expressed his strong belief that the EU made a big mistake in its response to the economic downturn. It was an illusion to believe that the problem would be solved with additional traineeships and apprenticeships. The EU should have a plan for economic growth, investment and employment. Without growth, there could be no jobs. The Youth Guarantee was a joke, the funds allocated were no more than a sop, and this approach was counterproductive.

UIL also pointed out that all the issues linked to the labour market – including traineeships and apprenticeships – should be considered from the point of view of the EU and the euro area as a whole. We could not have a single currency and at the same time 18 or more different labour market policies. A piece of EU legislation should be envisaged in this sense.

The UIL's representative considered that the new flexible forms of contracts introduced in recent years, such the extension of temporary contracts for up to 36 months, have contributed to market distortions. He also cited the increase in the "false" self-employed and involuntary part-time work. This has hampered the young people's career development and their entry into the labour market and contributed to increased precariousness.

Regarding their general involvement in youth employment policy making, both trade unions and employers' organisations mentioned a lack of dialogue between the government and the social partners. They also talked about their proactive approach to legislators. The social partners took initiatives at national level and were also involved at EU level in initiatives such as the European Alliance for Apprenticeships and the Quality Framework for Traineeships. The ABI mentioned their annual report on the labour market situation.

2.2 Education - general agreement among stakeholders: there is a wall between education and the labour market

All stakeholders agreed about the serious impediments blocking the transition from education to work and about the problem of skills mismatches, something that affected young people in particular.

Traditionally, education has always been seen as separate from work: first studies, then work. Many stakeholders described the labour market and schools, as "two separate worlds", although employers' representatives said that positive steps have been taken by the new government. According to a study by McKinsey, cited by Confindustria, 40 percent of the unemployment rate could be attributed to a lack of dialogue between schools and business.

Several stakeholders agreed that contacts between schools and business needed to increase. A change in mindset is needed, to allow employers to have a say in curricula. On-the-job training should be offered as early as possible, during the school years. Both employers and trade unions referred here to an agreement between the ENEL and workers on company-based learning as a good example. 150 students from secondary technical schools will start a programme of 50% workplace-based training and 50 % classroom-based instruction.

Regarding the lack of relevance of the skills acquired by young people, Confapi mentioned the problems faced by highly skilled people who do not find jobs.

Companies have to fill in the role of training young people to remedy the shortcomings of the education system. This is not easy, given the structure of the Italian economy: 93% of firms employ fewer than 10 people, providing 63% of jobs.

The Labour organisation of the craft sector (Confartigianato) also mentioned the issue of early school leaving, which is more common in Italy than the EU average. Their organisation takes action to guide young people aged 13 to 15 while they are still in school, and also at a later stage.

The General Union of Workers (UGL) mentioned one of their initiatives, aimed at improving the lists of qualifications needed to access professions. These should give a clear idea to young people of the education that is needed to have access to a specific job. For the moment, huge regional disparities exist. For the same profession, 500 hours of schooling might be necessary in one part of Italy, and only 100 in another part.

2.3 Traineeships and apprenticeships

Stakeholders pointed out that there is a lot of confusion about the concepts of traineeship and apprenticeship. Stakeholders, both among employers and trade unions, called for clearer definitions at EU level and for general principles and standards. This would also facilitate placements abroad, according to the ABI.

All stakeholders mentioned a lack of clarity and inconsistencies in the legislation of the various Italian regions, making the application of rules difficult. Some common guidelines did exist, but they were perceived as insufficient and were not adapted to SMEs.

2.3.1 Traineeships

Despite their proven benefits, traineeships do not seem to be used as much as they should be.

Speakers attached a lot of importance to traineeships. For example, Confcommercio, as the largest organisation of tourism enterprises, pointed out that these help young people to develop personal skills, become familiar with corporate culture and gain a footing in the labour market, which is essential to securing access to that market. It also allowed fresh blood to enter the labour force. The UIL stated that traineeships should be made obligatory, as part of education curricula.

Confartigianato lamented that a reform introduced two years ago made it more difficult for young people to gain their first experience on the labour market, resulting in a 16 % fall in traineeships.

The Union of Italian Workers (UIL) also mentioned a past attempt to introduce traineeships, in which the UIL played a significant role and in agreement between trade unions and employers, but which did not prove successful. One of the reasons was the excess of red tape, imposing a burden on both companies and young people. The current government has launched reform that it was hoped would be successful.

Confindustria and Confartigianato mentioned the high cost of engaging trainees and the excessive red tape that applies, which is less flexible than the EU-level standard.

All stakeholders agreed that the rules on traineeships should be simplified. As one employers' representative put it: we must break down the "bureaucratic walls" between schools and working life. For instance, companies needed to sign overarching agreements with both the regional education ministry and the relevant school, a practice which was often tedious and time consuming and excluded most SMEs.

Recognition of traineeships is also subject to rigid rules. Stakeholders insisted on the importance of recognising the value of experience acquired through traineeships. For example, artisans devoted hundreds of hours to training young people inside their firms.

Stakeholders also drew attention to the importance of the quality of traineeships, and the UIL pointed out that monitoring and controls were necessary to ensure an effective system.

The Italian National Youth Council (FNG) felt there was a problem with traineeships being used to hide real jobs and with employers not respecting obligations and providing adequate working conditions. They therefore welcomed the new EU framework on traineeships as well as the Youth Guarantee and new national legislation on labour and youth.

2.3.2 Apprenticeships

There are several types of apprenticeship in Italy. A "first level apprenticeship" for a qualification and a professional diploma is aimed at younger people (aged 15-18 years) and entails a mix of school and work. Although regulated in almost all regions, it is little used, and the Youth Guarantee implementation plan includes measures to encourage greater use of it.

The form of apprenticeship that is the most common is the so-called "third level of apprenticeship" (professional apprenticeship). This is considered a standard work contract in Italy, which starts like an open ended contract and has to be confirmed at its close.

Employers believed that these provisions did not provide the right incentives for employment and asked for a more flexible framework. The CNA pointed out that the survival of the entire crafts sector was at stake, given the lack of qualified young people in this field. According to the CNA, overregulation is very detrimental to this sector.

One problem highlighted was that wages under the new apprenticeship contracts were the same as under standard contracts. Since compulsory training hours are included for apprenticeships, achieving full productivity was difficult, and this reduced the incentives for taking on apprentices.

Only in the province of Bolsano have subsidies been introduced for companies for the training component. Another problem highlighted was that agreements (even collective agreements) that deviate from the legislation were not permitted.

Trade unions, on the other hand, were unhappy that once the 36-month training period had come to an end, the employer had to employ only one in two trainees. They argued instead for more far-reaching obligations for employers. As for content, one trade union representative also felt that the learning elements in the Italian apprenticeship schemes were too weak compared to those in Austria and Germany, for instance.

Several stakeholders felt that it was important that the apprenticeships be entered into at as early a stage as possible, during the school years. This was of particular importance for crafts companies, said the CNA. Italy's long-standing tradition of craftsmanship should be safeguarded and the skills redeveloped, according to the UIL and Confsal.

Some initiatives in this area have recently been taken, providing for apprenticeships in the final year of university or during the last two years of upper secondary school. Other initiatives were being taken in the industrialised parts of Italy, but other regions were behind.

2.4 Role of the Public Employment Service (PES)

Several stakeholders (the Youth National Forum, the CISL, Confsal) explained that PES do not function well and that they were clearly not perceived as places where labour demand and supply meet. They were not even visited anymore by young people.

According to statistics provided by the General Union of Workers (UGL), in 2012 only 1.4% of Italian jobseekers under 30 found a job through the public employment centres, while 4.4% succeeded by using a private agency. Last year, the establishments responsible for matching work supply and demand between workers and young Italians only succeeded in helping 6 out of 100 young people find a job.

Several stakeholders thought that public and private employment services should play a more important role in order to provide guidance and identify necessary skills, and also, as an accompanying service, to provide young people with training.

The General Confederation of Autonomous Workers' Trade Unions (Confsal) said that the State should put in place a genuine system to help young people meet employers. A national portal to match labour demand and offer could be useful, in addition to regional portals. Coordination with EURES should be ensured. Perhaps there could be more synergies between PES and private manpower agencies. The Youth National Forum mentioned that 180 youth corners would soon be set up, to help young people prepare their CVs.

2.5 Youth guarantee

2.5.1 Features

In line with Council Recommendation of 22 April 2013¹⁹, Italy has decided to focus the Youth Guarantee on *young people aged 15-24*, within *four months* of becoming unemployed or leaving the formal education system.

Many of the stakeholders met (such as the CGIL, the ABI, Confapi) would have preferred that the YG includes young people aged 25-29, since the number of unemployed in this age group was very high, particularly in the south.

2.5.2 Cooperation between central and regional governments

In Italy, the Youth Employment national operational programme implements the EU recommendation of 22 April 2013 on the Youth Guarantee, but the regions will implement the various individual measures included in the national programme: cooperation between central and regional governments is therefore another crucial factor for a smooth start to the Youth Guarantee.

2.5.3 Added value

Most stakeholders considered the Youth Guarantee important, as it was seen as one of very few policy measures directly targeting young people.

As one representative of the trade union expressed it: "One of the worst mistakes of the past has been the focus on passive labour market policies. Thanks to the youth guarantee scheme young people will now be activated".

¹⁹

Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, OJ C 120, 26.4.2013, p. 1 – 6.

The National Youth Council also welcomed the YG, which could give some hope to young people. It considered that real opportunities should be offered to young people, and not just precarious contracts. It also warned against the danger of inconsistent enforcement across the various regions and hoped that the regions would be given clear guidelines.

The Italian Confederation of Workers' Trade Unions (CISL) saw the Youth Guarantee as an opportunity to reform the system.

However, some trade unions, such as the UGL, warned that it could mean "free traineeships", which would lead to market distortions. Implementation needed to be closely monitored. The UIL felt that there was a lack of consistency and that individual initiatives, such as the Youth Guarantee, were not integrated into a wider structural framework. The Youth Guarantee risked becoming no more than a plan, without creating any new jobs. This might just create confusion. It may be better to focus on growth and development instead.

2.5.4 Funding

Regarding funding, the Youth Guarantee will be funded by a mix of EU and national funds. The National Youth Council criticised the lack of adequate funding and drew attention to the fact that the government's main focus was on reforming PES, which should not necessarily be the first priority, given its inefficiency. The funds should instead be used to address the critical issue of skills mismatches. Funding should depend on results. Confindustria called for private employment services to be involved in order to handle the financing effectively.

2.5.5 Involvement of the social partners regarding the Youth Guarantee Implementation Plan

The Italian Government has set up a task force composed of representatives of national and local administrations, with the aim of coordinating the measures planned under the Youth Guarantee. The social partners were unhappy about not being part of this task force. They had so far only been *informed* of the action plan drawn up by the government, and, during meetings, had been asked to disseminate the programme. They had met with the ministry and also had meetings with the European Commission, but most felt the meetings had been too informal and the talks very general, with no formal contributions submitted.

One trade union, the UGL, were working to raise awareness of the youth guarantee on their web TV "Juniores", a channel aimed at young people. Among other topics being broadcasted or in preparation were taxation, education, mobility and disabilities.

The Stakeholders met called for the genuine involvement of all relevant stakeholders in implementing the Youth Guarantee at national and local level and expressed their willingness to support action taken to support youth employment.

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MISSION TO ITALY

17 MARCH 2014

AGENDA

Meetings between EESC members:

Christian ARDHE (Employers' group, Sweden) – **rapporteur for the mission**

Oliver RÖPKE (Workers' group, Austria)

Kinga JOÓ (Various Interests group, Hungary)

and SOC/LMO secretariat

and **Representatives of Italian youth, employers' and workers' organisations**

- **the General Confederation of Italian Industry (Confindustria)**
 - Stefania Rossi, manager of the department for EU and international social affairs, employment and welfare
 - Alfonso Balsamo
- **the Italian Confederation of Small and Medium-sized Industry (Confapi)**
 - Daniele Bianchi
- **the Labour Organisation of the Craft Sector (Confartigianato)**
 - Claudio Miotto, national vice-president in charge of industrial relations
 - Pietro Francesco De Lotto, general director of Confartigianato Vicenza and EESC member
 - Riccardo Giovani, director of industrial relations
- **the National Confederation of Crafts and Small and Medium-sized Enterprises (CNA)**
 - Stefano Di Niola, head of industrial relations
- **the General Confederation of Enterprises, Professional Occupations and Self-employment (Confcommercio)**
 - Guido Lazarelli
 - Serena Facello
- **the Italian Banking Association (ABI)**
 - Giancarlo Durante, central director, and vice-chairman of Prosolidar (National fund foundation for solidarity projects of the Italian banking sector)
 - Tiziana Tafani, Unit in charge of industrial relations

9.30 a.m. –
12.30 p.m.

12.30 – 1.30 p.m.

Lunch break

- **Italian National Youth Council (FNG)**
 - Salvo Nicosia - member of the Bureau, in charge of employment
 - Giovanni Corbo - secretary general
 - Luigi Iorio - president of the Assembly
 - 1.30 – 2.45 p.m.
 - Stefano Vitale - member of the Bureau, in charge of education and training
 - Andrea Brunetti - trade union member organisation
 - Federica Triolo - international officer
 - Concetta Senatore - officer
-

- **the General Confederation of Italian Workers (Cgil)**
 - **the Italian Confederation of Workers' Trade Unions (Cisl)**
 - Paolo Carraro
 - **the Union of Italian Workers (Uil)**
 - Carmelo Cedrone, member of the UIL's governing bodies, UIL European Department collaborator, formerly head of the European and International Department of the UIL and EESC member
 - Marco Massera
 - 2.45 – 6 p.m.
 - **the General Union of Workers (Ugl)**
 - Fiovo Bitti, confederal director, Institute for Economic and Social Research IPER-UGL
 - Carla Ciocci, researcher
 - **the General Confederation of Autonomous Workers' Trade Unions (Confsal)**
 - Francesco Cagnasso
 - **the Confederation for Managerial and Professional Staff (Cida)**
 - Alberto Sartoni, general manager
 - **the Christian associations of Italian workers (ACLI)**
 - Battista Castagna
-



European Economic and Social Committee

Section for Employment, Social Affairs and Citizenship (SOC)
Labour Market Observatory (LMO)

**Impact study on the implementation of EU policies for
youth employment: a civil society perspective**

MISSION TO AUSTRIA

14 March 2014

Report

Rapporteur: Kinga Joó (Various Interests Group, Hungary)

I. INTRODUCTION

The mission to Vienna, Austria, took place on 14 March 2014. It was organised in connection with the Labour Market Observatory's **study on the implementation of EU policies for youth employment in a selection of six Member States (Greece, Croatia, Italy, Austria, Slovakia and Finland)**. This study aims to illustrate the views of the social partners and organised civil society on:

- the policies that are put in place at national level to help young people find work, including their implementation and their actual impact;
- the good practices or difficulties encountered in the Member States;
- their involvement in youth employment policies and ongoing reforms.

The EESC delegation was composed of three members: **Christa Schweng (Employers' Group, Austria) – the rapporteur for the study, Xavier Verboven (Workers' Group, Belgium) and Kinga Joó (Various Interests Group, Hungary) – the rapporteur for the mission** – and was assisted by Ana Dumitrache, administrator from the SOC/LMO secretariat.

The delegation met with representatives of workers', employers' and youth organisations and with a representative of **the Federal Ministry of Labour, Social affairs and Consumer protection**:

- **trade union: the Austrian Federal Chamber of Labour (BAK)¹**, which represents the interests of 3,4 million employees and consumers in Austria;
- **employers' organisations:**
 - **the Austrian Federal Economic Chamber (WKÖ)²**, which represents more than 450,000 member companies,
 - **the Federation of Austrian Industries (IV)³** which represents the interests of the Austrian industry and currently comprises about 4,200 members,
- **youth organisation: the Austrian National Youth Council (ÖJV)⁴**. ÖJV represents the political, social, economic and cultural interests of children and young people in Austria. It voices their concerns and

1 http://www.arbeiterkammer.at/The_Chamber_of_Labour.html.

2 https://www.wko.at/Content.Node/wir/Austrian_Economic_Chambers_Home.html.

3 <http://www.iv-net.at/>.

4 <http://www.jugendvertretung.at>.

demands to policy- and decision-makers at all levels, as well as to the media and the general public in Austria. The Austrian National Youth Council is a social partner and its role is recognised by law. It also works at European and international levels, notably by being an active member of the European Youth Forum.

The meetings were hosted by the Austrian Federal Economic Chamber (WKÖ) and the Austrian Federal Chamber of Labour (BAK).

II. FINDINGS

1. BACKGROUND INFORMATION

Austria has coped well with the crisis. Economic growth has continued; it was only 0.3 % in 2013 but is expected to rise in 2014. The Austrian labour market performs very well. Overall, its unemployment rate is the lowest in the EU (4.9 % in 2013) and its youth unemployment rate is 9.2 %, just behind Germany (7.9%). Austria's NEET rate is 7.1 %, coming behind Luxembourg, the Netherlands, Denmark and Germany.

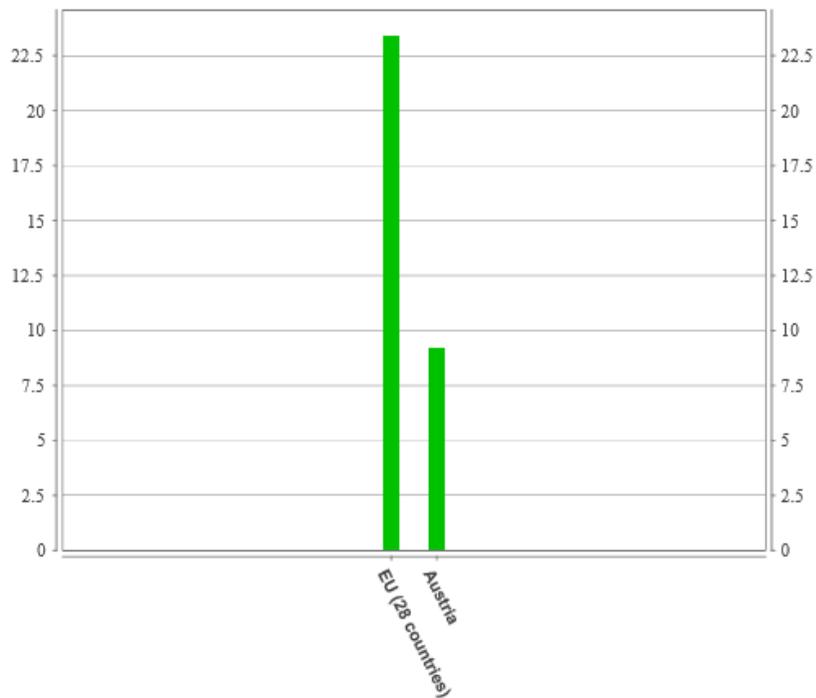
However, the participation of particular groups in the labour market is significantly lower than the overall participation rate (older workers, women, people with a migrant background). The future challenges for the Austrian labour market derive from structural changes in the economy and demographic changes, notably the ageing society and the shrinking work force.

The vast majority of the young unemployed (81%) were between 20 and 24 years old. 45% have at most compulsory education, 42% had finished an apprenticeship or a medium-level education and 12% at least upper secondary education. 70% of the young people stayed unemployed for less than 90 days and 98% for less than 180 days.⁵

⁵ Austrian Youth Guarantee Implementation Plan (YGIP), p. 1.

2013			
Member States	Unemployment rate 15-24 years	Unemployment rate 25-74 years	NEET rate (not in employment, education or training) 15-24 years
Austria	9.2 %	4.3 %	7.1 %
EU (28 Member States)	23.5 %	9.5 %	13 %

Unemployment rate 14-25-year-olds, 2013 (Source: Eurostat)



There are several factors behind Austria's "success story". One of these factors is the efficient dual education and apprenticeship system. The other important factor is the provision of career guidance at an early age, supported by the Public Employment Service (PES) working together with lower secondary schools, which enables many young people to receive the necessary employment-focused support.

Before the establishment of the European Youth Guarantee, young people and their employment and education prospects were already the focus of Austrian labour market and education policy. There are many programmes in place to facilitate youth employment.

1.1 The Austrian dual system (apprenticeship system) - strengths: availability, incentives, content

The Austrian vocational education system has an important role in easing the transition to the labour market. The dual system is one of its important elements. It allows young people to choose from more than 200 regulated occupations and trades in craft, industry and services sectors and combine practical, company-based training with school-based learning. The duration of the formation varies according to the chosen trade and may last two to four years (usually three years). By spending four days a week at the workplace and one day a week at the vocational school, young apprentices gain skills (and obtain qualifications) that are directly linked to the interests of employers and that are highly relevant to their future careers. Every year, approximately 40% of young people enter the apprenticeship system after completion of compulsory schooling (age 15).⁶

1.1.1 Training guarantee (Ausbildungsgarantie): the supra-company placement

92.4% of all apprentices complete their apprenticeship training in a company.⁷ However, to balance growing demand with a decline in the number of placements offered by companies, supra-company training slots have been offered to young people since 1998. This guarantee ensures that everyone up to 18 years old, along with the socially-disadvantaged, people with learning disabilities and, increasingly, also education drop-outs and young adults up to 24 years old, receives an apprenticeship position and nationally recognised certification at the end. In spring 2014, there were approximately 9 000 students enrolled in the supra-company apprenticeship training, which corresponds to 7.6 % of all apprentices.

Some sectors and companies attract more apprentices than others, and so tax incentives are provided for companies (especially needed by SMEs).

Further programmes and strategies have been developed recently that aim at reducing drop-outs, increasing permeability of the education system and allowing people to acquire an educational qualification.

⁶ YGIP, p. 6.

⁷ YGIP, p. 3.

1.2 Existing programmes

The most-important nation-wide programmes⁸ are:

Action Future for young people (*Aktion Zukunft Jugend*): This offers young people from 19 to 24 opportunities such as intensified job placements and career guidance from the public employment service (AMS), (re-)training, (up-)skilling or special employment subsidies. The young unemployed should receive a job, (re-)training/(up-)skilling or subsidised employment within three months;

Youth coaching (*Jugendcoaching*): Youth coaching's aim is to provide guidance and support to young people who are facing difficulties in continuing or choosing their education pathways or that have already dropped out of the education system/labour market;

NEET Projects: for successful (re-)integration, several innovative projects were established to enable NEETs to re-enter the education system or the labour market. For most of these young people, offers such as supra-company apprenticeships are too ambitious. The solution is then to provide low threshold hourly work;

Apprenticeship coaching (*Coaching für Lehrlinge und Lehrbetriebe*): apprentices, as well as their employers, may request supportive coaching, which provides assistance and advice during on-the-job training. The aim of this support programme is to avoid apprentices dropping out of their training and to ensure successful completion of the apprenticeship;

Ready for education and training (*AusbildungsFit*): The experiences from previous programmes, in particular from Youth Coaching, show that many young people are lacking basic qualifications and social skills or are confronted with problems such as health problems, financial distress or family problems, which prevent them from starting regular education or work. Thus, a comprehensive low-threshold offer is being developed targeting disadvantaged young people.

Production schools (*Produktionsschulen*): these mainly target young people between 15 and 19, but are also open to young people up to the age of 25 who are having difficulties finding a job. The training courses combine working in workshops, teaching through creativity and support from social workers;

Information about relevant education pathways and career opportunities: since 2009, a visit to a **Careers Information Centre** has been part of the compulsory subject of career orientation for pupils in years 7 and

⁸ YGIP, p. 3 – 5.

8. In 2012, the 66 Career Information Centres of the AMS were used by around 470 200 people (including 103 000 young people under 21).⁹

In the new government programme it is planned to introduce **mandatory education and training (*Ausbildungspflicht*)**. The aim is for every young person to be supported in their decision on their (vocational) education pathway to attend and complete formal education or training up to the age of 18. Those who are in danger of dropping out should be supported individually to reach the highest possible educational level of achievement.

1.3 Youth guarantee

Austria presented its Youth Guarantee Implementation Plan (YGIP) in March 2014, as it is not eligible for extra funding for YG implementation. It decided to keep existing schemes with some fine-tuning of the system. The government considers that the guarantee provides the possibility of enhancing cooperation between institutions and putting the focus on fast action and outreach to those who are less supported by existing measures and initiatives.¹⁰

The Austrian Youth Guarantee consists of two key measures: the Training guarantee and Future for young people¹¹. Every young person up to the age of 18 is guaranteed an apprenticeship position after registering with the public employment service (AMS). Young people *up to 25* receive an offer in line with the Council recommendation (an apprenticeship position, employment, education or training or subsidised employment) from the AMS within a period of *three* months.

The focus of the programme is on offers rather than obligations. Special attention will be paid to target groups such as young people with a migrant background, drop-outs and long term NEETs, who should receive tailored assistance such as personal support and guidance.

9 YGIP, p. 9.

10 YGIP, p. 6.

11 YGIP, p. 6 and 7.

2. VIEWS OF SOCIAL PARTNERS AND YOUTH ORGANISATIONS

2.1 Education

Austria spends 6% of GDP on education, which is slightly higher than the EU average of 5.4%. Yet according to comparative international studies and tests, more than a quarter of 15 year-olds have poor reading and writing skills; mathematics results are only slightly better. Achievement gaps between young people with a migration background and their native Austrian peers are among the largest in the EU. In addition, high drop-out rates combined with the general need to increase tertiary graduation rates remain a feature of Austrian higher education. 35 % of students pursuing a university degree fail to complete their studies in Austria, compared to an EU-average of 31 %.¹²

According to the Federation of Austrian Industries (IV), there is currently a shortage of skilled young people, which poses a serious challenge to Austria as a centre of innovation. The gap between demand for and supply of skilled labour is increasing in the technical trades in particular.

All stakeholders agreed on the need to improve the quality of education. The IV representative explained that one of their main concerns is related to the skills of the next generation of workers. Proposals with this in mind are contained in the Industry Association's strategic programme *Skilled Workers 2020*.

Regarding entrepreneurship education and encouragement, the Austrian Federal Chamber of Labour (BAK) considered that the EU's focus on entrepreneurship is not appropriate. Many young people end up bankrupt.

12

European Commission staff working document: Assessment of the 2014 national reform programme and stability programme for Austria - SWD (2014) 421, p. 17.

2.2 Traineeships

Traineeships for graduates – or open-market traineeships – are not regulated in Austria. Both the employers' and employees' organisations would prefer traineeships to be part of higher education, but the "traineeship generation phenomenon" – very characteristic of some EU countries – has to some extent also reached Austria, especially for graduates in social sciences.

The Austrian Federal Chamber of Labour (BAK) and the Austrian National Youth Council (ÖJV) were against voluntary traineeships during or after completion of studies, because of the insufficient remuneration and the poor learning content. Moreover, the Youth Council would welcome the adoption of the Quality Framework for Traineeships in Austria.

According to the BAK, traineeships have to be recognised and there needs to be certification. The Austrian Federal Economic Chamber (WKÖ) agrees with the aim to increase the quality, but, on the other hand, it is concerned about an increase in burden on companies if certificates have to be issued. It recalls that traineeships should also be attractive for the company providing the training.

The WKÖ referred to a recent study on traineeships, commissioned by the AMS to investigate the value of work placements in training and further training measures. The study reached several conclusions: work placements can be beneficial to both young people and adults of any age in a variety of different ways. The key added value of placements is the experience of real working life. They provide a good transition to work; the level of abuse of the system is minimal; further information on training should be made available to companies; clear rules on the length of traineeships need to be put in place, as well as certification for trainings. The trainers send out a clear message: such placements should be able to be designed more flexibly and should not be an additional burden on companies. Above all, there need to be enough companies interested in offering places, so incentives are needed.

2.3 Apprenticeships

The learning content of apprenticeships is usually sufficient, although some concerns were raised by the trade unions and the youth council on the quality of certain apprenticeships. The success factor of the dual system is regarded overall by all stakeholders as being high, as it enables young people to receive practical training and to become (financially and mentally) independent. The engagement of employers is also high, as they are regularly consulted and thus have the impression of co-owning the system.

2.3.1 Image of apprenticeships

Although about 40% of 15-year olds chose apprenticeship as their preferred path after finishing compulsory education, the image of apprenticeship is not very attractive. This has been confirmed by all the stakeholders involved in the impact study. Stakeholders also agreed that forming a positive image of apprenticeship is key to the future success of the dual system.

2.3.2 Availability of apprenticeships

There has been a decrease in the number of apprenticeship placements: 120 000 in 2013, against 184 000 in 1980. The Austrian National Youth Council considered the existence of incentives and subsidies for companies to be very important, to ensure a sufficient number of apprenticeship positions. The Youth Council representative also felt that companies withdraw from young people's education and do not take enough responsibility. On the other hand, the IV and the WKÖ said that companies do offer apprenticeships, but that they increasingly encounter young people who lack basic skills, which should be taught at secondary school and not by employers.

2.3.3 Quality of apprenticeships

The Austrian Federal Economic Chamber (WKÖ) explained its initiatives and the support offered to companies to ensure learning content. The WKÖ issues training guidelines to firms, makes legislation more accessible and gives advice on dealing with more difficult young people. According to the Austrian National Youth Council, the quality level of apprenticeships should be monitored better during the apprenticeship, and not only at the end.

2.3.4 Learning content of the supra-company placements

Stakeholders explained that many supra-company apprentices tend to fail the exams and do not finish the apprenticeship training. As these placements are usually for the less motivated young people, many with a migrant background, special solutions are needed to tackle the problem. One of the focus areas of the new YG implementation plan is the supra-company placement to enhance the learning content and provide mentoring for young people in difficult situations.

2.3.5 Gender related division of apprenticeships

Both the Chamber of Labour (BAK) and the Economic Chamber (WKÖ) are concerned about the gender disparity in certain fields of apprenticeship (beauty and care regarded as female occupations, mechanics and the technical industry regarded as a male occupation). Some companies are not ready to take on female apprentices (lack of separate changing rooms, etc.). As a solution, employers' associations are seeking to influence young women's choices and encourage companies in traditionally male-dominated professions through awareness-raising and public relations campaigns.

2.4 Youth Guarantee

Both the employers' and employees' organisations supported the Austrian Youth Guarantee, which should ensure a solution for all the young people in need. They also welcomed the focus on outreach activities, to reach those young people not registered within the public employment service (AMS) and help them to find education or be registered with the AMS.

2.5 Mobility

Intra-country mobility in Austria is quite low, some regions (especially in West-Austria) lack a qualified labour force (e.g. in tourism) while in the east there is a shortage of available apprenticeships.

All social partners support fair and voluntary mobility of young people. However, neither the employers' nor the workers' organisations saw intra-EU mobility as an overall solution for employment problems. The BAK sees the reform of EURES as going too far and is concerned by the fact that it sees no quality insurance in this network.

2.6 Involvement of social partners and civil society

All stakeholders agreed that the integration of social partners and civil society is a decisive factor in the Austrian system. They are regularly consulted on employment issues and are involved in coordination bodies at regional level. As a good example, the PESs (AMS) are independent of the Ministry and are governed together with the social partners. Feedback from young people is collected through discussion events run together with youth organisations.

Thanks to their considerable involvement, all partners have a sense of co-ownership of the system, and rather than acting as fire brigades they commit more easily to long-term, sustainable measures. All social partners agreed that the welfare state is very costly, but they also highlighted that this investment brings return.

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MISSION TO AUSTRIA

14 March 2014

AGENDA

Meetings between EESC members:

Christa Schweng (Employers' Group, Austria) – **rapporteur for the study**

Xavier Verboven (Workers' Group, Belgium)

Kinga Joó (Various Interests Group, Hungary) – **rapporteur for the mission**
and SOC/LMO secretariat

and **representatives of Austrian youth, employers' and workers' organisations and public authorities:**

8.30 – 9.45 a.m. **Federal Ministry of Labour, Social Affairs and Consumer Protection**
– Sonja Schmöckel

10 a.m. – 12 p.m. **Austrian Federal Chamber of Labour (BAK)**
– Silvia Hofbauer
– Edith Kugi-Mazza

12 – 1 p.m. *Lunch break*

1 – 2.15 p.m. **Austrian National Youth Council (ÖJV)**
– Michael Trinko
– Barbara Kasper

2.15 – 4.15 p.m. **Austrian Federal Economic Chamber (WKÖ)**
– Gabriele Strassegger
– Thomas Mayr
Federation of Austrian Industries
– Katharina Lindner



European Economic and Social Committee

*Section for Employment, Social Affairs and Citizenship (SOC)
Labour Market Observatory (LMO)*

**Implementation of EU policies for youth employment:
a civil society perspective**

MISSION TO SLOVAKIA

10-11 February 2014

Report

Rapporteur: Xavier Verboven (Workers' group, Belgium)

I. INTRODUCTION

The mission to Bratislava, Slovakia took place on 10 and 11 February 2014. It was organised in connection with the Labour Market Observatory's **study on the implementation of EU policies for youth employment in a selection of six Member States (Greece, Croatia, Italy, Austria, Slovakia and Finland)**. This study aims to illustrate the views of the social partners and organised civil society on:

- the policies that are put in place at national level to help young people find work, including their implementation and their actual impact;
- the good practices or difficulties encountered in the Member States;
- their involvement in youth employment policies and ongoing reforms.

The EESC delegation was composed of three members: **Christa Schweng (Employers' group, Austria) – rapporteur for the study, Xavier Verboven (Workers' group, Belgium) – rapporteur for the mission, Mette Kindberg (Various interests group, Denmark)**, assisted by Ana Dumitrache, administrator from the SOC/LMO secretariat.

Before the mission, preparatory meetings took place in Brussels between the rapporteur Xavier Verboven and the SOC/LMO secretariat and representatives of the European Commission (DG Employment, Social Affairs and Inclusion, unit responsible for Slovakia) as well as social attachés of the Permanent representation of Slovakia to the EU.

In Bratislava, the EESC delegation met with representatives of workers' and employers' organizations:

Trade unions included the two major national-level union confederations as well as a sectoral one:

- **the Confederation of Trade Unions of the Slovak Republic (KOZ SR)¹** – approx. 300,000 members in 2010;
- **the Independent Christian Trade Unions of Slovakia (NKOS)²** – approx. 12,000 members in 2010;
- **the Metal Trade Union KOVO (OZ KOVO)³**.

1 <http://www.kozsr.sk/index.php?langz=en>.

2 <http://www.nkos.sk/>.

3 <http://www.ozkovo.sk/>.

Employers' organisations included the two national-level employer organisations:

- **the National Union of Employers of the Slovak Republic (RUZ SR)⁴** - 1,300 companies covering about 240 000 employees; the biggest employers organization in Slovakia, which associates two thirds of employers producing 70 % of GDP and 80 % of the Slovak export;
- **the Federation of Employers' Associations (AZZZ SR)⁵** - 28 employer associations representing about 220,000 employees (in 2008).

Furthermore, the delegation also met with:

- the president and the managing director of **the Employment Institute (IZ Bratislava)⁶**, which is an independent think-tank focused on studying employment and unemployment problems. It collects information, organizes events and carries out research into active labour market policies, life-long learning, middle and long-term strategies and forecasts;
- representatives of **the Central office of Labour (PES)** and of **the Ministry of Labour, Social Affairs and Family**;
- a representative of the **Youth platform** of the Independent Christian Trade Unions of Slovakia (NKOS).

Most of the meetings were hosted by the Representation of the European Commission in Bratislava.

4 <http://www.ruzsr.sk/en/nue>.

5 http://www.azzz.sk/index_us.htm.

6 <http://www.iz.sk/en/about-us>.

II. FINDINGS

1. BACKGROUND INFORMATION

The current economic situation in Slovakia is characterised by slow economic growth and accompanying stagnation in employment. On the one hand, the Slovak Republic is aiming to consolidate public finances, and on the other hand, it seeks to adopt structural reforms and to boost economic growth.

Generally, the situation regarding the unemployment of young people is affected by the mismatch of skills and labour market needs, and currently by an insufficient demand for labour⁷. The unemployment rate among young people aged 15 to 24 in Slovakia is one of the highest in the EU but is slowly decreasing; it was over 34 % in 2012 and 33.7 % in 2013.

The NEET rate stood at 13.8 % in Slovakia in 2012 (representing approximately 101,000 persons) and at 13.7 % in 2013.

Unemployment particularly affects *less-skilled* young people: in contrast to other countries, in Slovakia unemployment is more serious among young people with a secondary vocational education (which should ensure direct access to the labour market) than young people with a tertiary education in the 24 to 29 age group. The greatest proportion of unemployed young people was among persons with an upper secondary vocational education, followed by persons with lower apprenticeship education (without a secondary school leaving certificate) and with primary education, comprising, in 2010 to 2012, around 78 – 81 % of the total number of unemployed young people.⁸

The vast majority of *long-term* unemployed are people with lower skills. The biggest share of long-term unemployed comprises young people without education or only primary education (39.25 %). A further 32.62 % of them were vocationally trained with lower secondary education or with completed secondary vocational education. Only 9.79 % of the long-term unemployed were young people with higher vocational education or tertiary education and scientific degrees.⁹

Many young people have to go through a number of transitional stages before they find a secure job in the

7 Slovak Youth Guarantee Implementation Plan (YGIP), page 2.

8 YGIP, page 2.

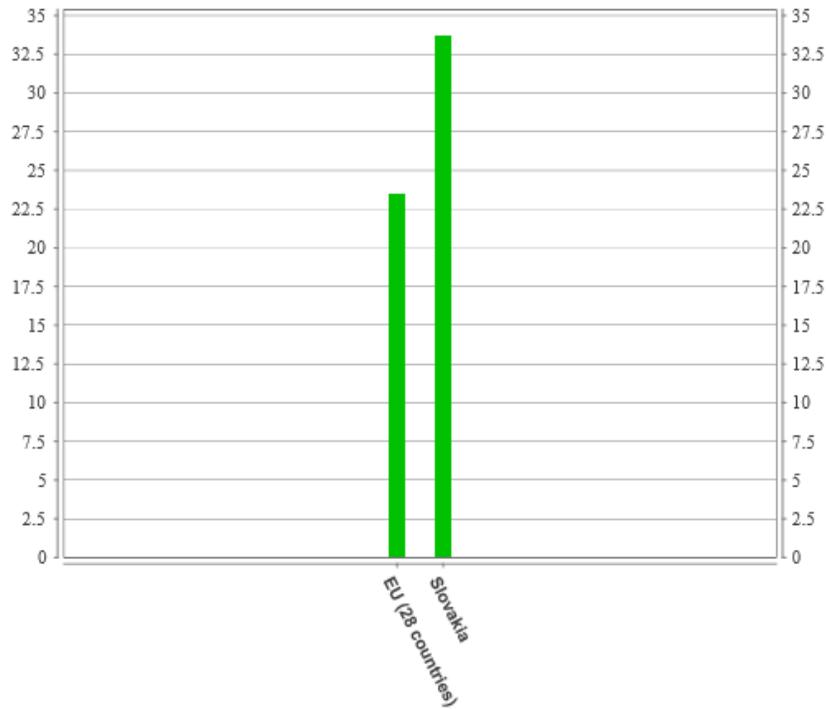
9 YGIP, page 2.

labour market and their place in society.¹⁰

2013			
Member States	Unemployment rate 15-24 years	Unemployment rate 25-74 years	NEET rate (not in employment, education or training) 15-24 years
Slovakia	33.7 %	12.5 %	13.7 %
EU (28 Member States)	23.5 %	9.5 %	13 %

Source: Eurostat

Unemployment rate 14-25-year-olds, 2013 (Source: Eurostat)



1.1 Youth Guarantee

According to the national implementation plan submitted by Slovakia to the European Commission, the

¹⁰ YGIP, page 2.

guarantee will consist of reforms (legislative reforms in particular) and actual initiatives (programmes and projects) designated exclusively for *NEETs under the age of 25*.

The Slovak Republic's priority will be to ensure that once young people aged *up to 25 years* become unemployed and are registered as jobseekers or complete continuous preparation for a profession and are registered as jobseekers, they will be offered one of the following *within 4 months*:

- suitable employment,
- education and training for the labour market,
- careers advice, information and counselling services,
- participation in school leavers' work experience in their field, or participation in projects and programmes pursuant to the Employment Services Act,
- participation in other active labour market measures (ALMM),
- information on the possibility of employment through services and systems, such as EURES.¹¹

The national plan mentions that it is vital to address not only the problem of unemployment but also the quality of jobs being offered to young people.¹²

Implementation of the Youth Guarantee assumes that there will be closer cooperation between employment services, careers advisors, education and training institutions, and youth support services.

The national plan announces that partnerships involving employers and the relevant labour market actors (employment services, various government levels, trade unions and youth services) will be strengthened with a view to supporting jobs as well as apprenticeship and traineeship possibilities for young people. The aim is to involve the social partners at all levels in drafting and implementing policies that target young people and generate synergies through initiatives to develop apprenticeship and traineeship programmes. Partnerships should also be developed between public and private employment services, education and training institutions, careers advisory services and other specialised youth services (non-governmental organisations, youth centres and associations), helping to facilitate the transition from unemployment and inactivity, or from education to work.¹³

It is planned that a *Cross-cutting working group on government youth policy* will act as a consultative body

11 YGIP, page 4.

12 YGIP, page 2.

13 YGIP, page 4.

at national level, giving young people a voice on the matter. The Ministry of Education, Science, Research and Sport coordinates the activities of this group, comprising representatives of relevant ministries, regional self-government structures and youth NGOs. They are to meet several times a year, inform each other of planned activities and propose joint projects and approaches.

At regional level, it is planned that non-governmental youth organisations will cooperate on the implementation of initiatives.¹⁴

The national plan describes a series of measures to facilitate youth employment:

- measures to enhance the quality of education and improve the match between education and labour market needs:
 - the Action Plan of the 2012 Updated National Reform Programme of the Slovak Republic passed by Government Resolution No. 300 of 27 June 2012. The following are priority activities: vocational education and training in enterprises, identification of sectoral needs for labour market skills, and translating skills specifications into the content of vocational education and training;
 - a smooth transition from school to employment will be ensured by incorporating elements of dual education in the vocational education and training system in order to carry out more practical training directly with employers;¹⁵
 - vocational education and training (VET) cooperation project with employers that have parent companies in countries with dual education systems.

- Reforms and initiatives to ensure early intervention and activation:
 - amendment to the Act on Support of Youth Employment, planned for the end of 2014 – this would allow the creation of modern youth centres throughout the country;
 - national grant scheme for the provision of subsidies from the state budget for youth organisations for the period 2014 – 2020.

14 YGIP, page 6.

15 YGIP, page 7.

- Reforms and initiatives to enable labour market integration:
 - Act on the recognition of non-formal education and informal learning – legislative proposal in December 2015;
 - national project on "placement of disadvantaged jobseekers in the labour market" - provision of tailored-made services (counselling, diagnostics, education) for long-term unemployed;
 - creation at regional level of Community Centres for young unemployed not registered with the labour offices and at risk of social exclusion;
 - assistance and support for young NEET in their active social inclusion (training, mentoring, job search).

2. VIEWS OF SOCIAL PARTNERS AND YOUTH ORGANISATIONS

All the stakeholders whom we met considered the youth unemployment situation in Slovakia very alarming. In particular, long-term unemployment in this age group is one of the major challenges (according to the Metal Trade Union KOVO figures, 54.5% of unemployed young people are long-term unemployed).

The Employment Institute (IZ Bratislava) pointed out the very large regional disparities regarding long-term unemployment - Bratislava region is doing much better than e.g. Banská Bystrica or Prešov region, where long-term unemployment amounts to 16.1%. In such regions, nearly 100% of Roma are unemployed.

According to the Employment Institute, the measures taken are only effective in regions with lower unemployment, while they seem to be just a waste of money in the most problematic regions. People living in such areas feel totally neglected by the institutions, and in the past this has already caused political extremism and radicalisation tendencies.

2.1 General agreement: the current education system does not equip young people with skills that are relevant to the labour market

All the stakeholders met raised the issue of the ineffective and costly education and lifelong learning, and of the huge gap between education and the world of work.

The government also recognizes that educational systems and the labour market are not closely enough linked. There is a long-standing mismatch between supply and demand of skills on the Slovakian labour

market. Despite the implementation of active labour market policy measures, none of them can resolve this acute problem either in the short or the long term unless this mismatch is eliminated.¹⁶

Education is too closely geared to the social sciences and soft skills and does not prepare students enough for the technical, scientific and IT skills needed by companies. The Metal Trade Union KOVO representative mentioned that some large companies have had to set up their own education systems in order to make sure that they have the skilled work force they need.

School leavers often end up enrolling for courses in subjects which give them no chance of finding employment. Improved information campaigns for young people are needed, to help them choose studies and career paths. The NKOS Youth platform mentioned that some awareness-raising campaigns have been carried out, but that they were not very attractive for youngsters. Public authorities have difficulty in speaking young people's language.

The Employment Institute confirmed that it is difficult to activate young people in Slovakia. They are not necessarily interested in politics, or in joining trade unions. In this context, it was mentioned that volunteering can be an interesting means for young people to acquire new skills. The NKOS Youth Platform is trying to motivate young people but their efforts are only just beginning. They have already produced brochures and organised information campaigns explaining to young people how to find a job.

Also, according to KOVO, more efforts should be made to anticipate future skills needs.

The Employment institute explained that universities have tripled their capacity over recent years. This goes hand-in-hand with a decrease in the quality of education and over-qualification among young people. The Metal Trade Union KOVO and the National Union of Employers of the Slovak Republic (RUZ) agreed that the university financing system has to be changed. Instead of receiving funds per student enrolled, educational institutions should receive funds according to the relevance of the skills they provide young people with.

2.1.1 Lack of practical experience

Young people do not have enough good quality practical experience. In Slovakia, there is no apprenticeship during education and traineeships are not common.

¹⁶

YGIP, p. 3.

KOVO explained that previously 70% young people attended vocational schools in Slovakia and were proud of their craftsman skills. At present, we are seeing the opposite situation. All stakeholders which we met agreed that vocational schools are not attractive for young people and that a change of mindset is needed. The Federation of Employers' Associations (AZZZ) representative illustrated the discussions with the example of large multinational companies (e.g. Volkswagen) that intended to establish technical schools and invited young people to apply. Although young people were offered the prospect of employment in the relevant company straight after graduation, very few of them applied.

In addition, there are other obstacles: for example, running a technical school is more expensive, given the equipment needed (laboratories, machines, etc.).

2.1.2 Support for a dual system on the Austrian model

AZZZ gave examples of companies that closely cooperate with schools (e.g. glass manufacturers), without receiving any financial or fiscal incentive.

KOVO mentioned the negotiations that are ongoing with employers in order to support employers – through economic and fiscal incentives - to set up vocational schools and offer jobs to young people.

Within trade unions and in tripartite negotiations the introduction of a dual system is also under discussion. The aim would be to give incentives to companies and make the system attractive for students.

RUZ supports the idea of a dual system and already cooperates with counterparts in Austria and Germany.

According to representatives from the Central Office of Labour and the Ministry of Labour, Social Affairs and Family, the government strongly supports the idea of vocational training. A specific project is under preparation under the Ministry of Education, in cooperation with Austrian partners and specific employers.

Regarding *re-skilling of workers*, which is necessary on average each 7 years, KOVO presented a scheme they support and that will shortly be launched in the metallurgy sector. The idea is that training costs would be mainly covered by the state, a minimal portion by the company with a small contribution from the worker himself/herself, as an incentive to seriously follow the courses. The ultimate aim would be to introduce clauses on such lifelong learning in collective agreements. If a company participates in such an arrangement, it would be eligible for increased funding. Employees who participate in such re-skilling could be offered open-ended rather than fixed-term contracts.

2.1.3 Young people without / with less education

Stakeholders also mentioned the challenge of non-/less educated young people, especially in small communities, in disadvantaged families, including Roma families. According to KOVO and the Employment Institute, these young persons represent a real challenge and have been neglected for too long. It will take a long process to include them in the labour market. They have to be more involved in the community, to give people the feeling that they are needed by society.

Regarding the *Roma*, NKOS explained that the situation is very challenging. Families are often dysfunctional, youngsters are not even equipped at home with the basic skills, such as how to manage money or run a household. Drop-out rates are very high and a comprehensive set of measures is needed for them. It is important to make them attend compulsory schooling. Education with a stronger emphasis on practical experience (apprentice schools) could be very useful for them.

Regarding young people's *mobility*, NKOS raised the issue of the brain drain and of the fact that the country invests in higher studies and once graduated, young people look for work abroad. According to the NKOS representative, some solutions should be found, e.g. an obligation to work in Slovakia for a time after graduation.

2.2 Role of the Public Employment Service (Central Office of Labour)

Job centres offer official counselling, career guidance and active measures. However, stakeholders explained that young people are reluctant to go to job centres, as they associate them with bureaucracy. In primary and secondary school there is some professional advice, but it is not very proactive and is rather limited to replying questions, if a young person takes the initiative on his/her own to meet the adviser. Job fairs are not very effective for youngsters who really need help and are not proactive.

The Employment Institute mentioned that over the past years, there have been "employment activation" measures for the long-term unemployed, some of which were organised at the level of local authorities. However, these measures did not prove very effective. They did not provide proper work experience (weekly contracts, very few tasks, the programme was not followed) but served more as a kind of social benefit. This did not really help people return to the labour market.

Recent changes to legislation on the Central Office of Labour (PES) introduced new elements such as regional employment plans, 46 local employment centres and regional committees for employment-related matters. These committees involve trade unions, major employers, employment services and local

authority departments. However, these changes date from May 2013 and it is too early to evaluate them. According to the Central Office of Labour and the Ministry of Labour, Social Affairs and Family, these committees seem to function well.

2.3 Various approaches for increasing youth employment

2.3.1 Trade unions

Both KOZ and KOVO proposed increases in the minimum wage for young people and, in general, meaningful *wage increases* to boost purchasing power and consumption and solve the issue of the working poor. KOVO mentioned this as one of their targets for 2014, in the services sector.

Trade unions also mentioned the need for fair working conditions and occupational health and safety for workers.

Another proposed solution was to *redistribute available work*. The KOVO representative explained that according to labour market economic indicators, there was scope for reducing work time. If workers worked one hour less a week, this could create 50 - 60 000 new jobs. This could also allow the creation of many part-time jobs, which could be attractive for young mothers. The same approach could be taken in big factories, to go from the current 5 shifts to 4 shifts. KOVO gave the example of Peugeot: introduction of a 35-hour week saved 900 jobs in the factory, as well additional jobs with suppliers.

To be realistic, companies should be compensated, given that a one-hour decrease in working time represents a 6% increase in labour costs for an employer.

NKOS mentioned the issue of the large number of retired persons (approx. 100 000, 5% of the working population), who receive a pension but still continue to work. Given that pensions are modest, it is not a popular idea to make them stop working, but the problem is that jobs are not freed up for young people. 40 % of teachers are pensioners, while young graduates have big difficulties in finding teaching jobs. *Preventing retired people from working* would reduce the unemployment rate by 3%, according to the figures given by NKOS.

2.3.2 Employers

RUZ pointed out that *employment support* (job subsidies) can be useful in the short term, but should go hand-in-hand with *reforms* of the whole system, e.g. the education system. Education funding has to

change, and technical studies have to be made more attractive.

RUZ also mentioned that several laws and measures have been adopted over the past two years (taxation, Labour Code reform, new law on collective bargaining). These changes are not encouraging employers to offer jobs, and they are hindering job creation and foreign investments in Slovakia. According to employers, it is too costly to hire and fire, and more *flexibility* is needed on the labour market (e.g. atypical work contracts, part-time, etc.).

2.3.3 Employment Institute

IZ Bratislava has come up with the idea of *inclusive services*, which would be subcontracted by public authorities (social public procurement) to inclusive enterprises. Companies hiring three-quarters of their employees from people unemployed for at least one or two consecutive years due to their lack of working experience would be registered as inclusive enterprises. The total target population in Slovakia amounts to 300 000 people. The inclusive labour market should be organised in such a way as to enable the creation of 50 000 job opportunities for the target population. People from the target population would apply for jobs in inclusive enterprises. They would be employed on standard fixed-term work contracts. Inclusive employees could work on this labour market for at most two years, after which time it is assumed they would have the requisite work experience to transit to the open labour market.

The resources would come mainly from transfers between public institutions (due to savings on social benefits and rising tax yields) and EU funds. Over the next decade such a project could increase the employment rate by 3.7 percentage points as well as offering other benefits such as faster GDP growth, improved territorial cohesion, higher incomes for the target group and generally improved economic and environmental conditions.

Regarding the involvement of relevant stakeholders in the Youth Guarantee, several stakeholders mentioned that they were aware of the activities of an advisory body created in the context of the Youth Guarantee, i.e. the Solidarity and Development Board, comprising representatives of the relevant ministries, social partners and civil society. KOZ pointed out that the Youth Guarantee can only be implemented successfully in the long term if measures are supported by the social partners.

Content-wise, the Employment Institute felt that the national plan was broad ranging in formal terms. However, it explained that some measures mentioned in the implementation programme had already been tried in the past and had not achieved good results.

KOVO pointed out that a comprehensive set of tools was needed to fight youth unemployment, and not just one instrument. Giving young people stable jobs and open-ended contracts was crucial.

2.4 Stakeholder involvement in youth employment policies

Issues related to youth unemployment are discussed in tripartite negotiations (trade unions, employers, government), in which the social partners are involved. Agreement between the social partners is crucial, and there is the feeling that once the social partners reach an agreement, the government is willing to validate their decision.

Generally speaking, the social partners we met (KOZ, KOVO, RUZ) explained that they usually expressed their views at bilateral meetings with the ministries, via public consultations and through statements. The trade unions had the impression that some of their ideas were taken on board by the government.

Regarding vocational education, the social partners, business chambers and Iuventa (a youth organisation, part of the Ministry of Education) are involved, together with relevant ministries, in the Governmental Vocational Education Council.

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MISSION TO SLOVAKIA

10 – 11 FEBRUARY 2014

AGENDA

Meetings between EESC members:

Christa Schweng (Employers' group, Austria) – **rapporteur for the study**

Xavier Verboven (Workers' group, Belgium) – **rapporteur for the mission**

Mette Kindberg (Various interests group, Denmark)

and SOC/LMO secretariat

and **representatives of youth, employers' and workers' organisations and public authorities:**

Monday 10 February 2014

- 9 – 10:15 a.m. **Employment Institute (IZ Bratislava)**
– Viliam Páleník, president and EESC member
- 10:15 – 11:30 a.m. **Independent Christian Trade Unions of Slovakia (NKOS)**
– Kristina Huttova, member of the Board
- 11:30 a.m. – 12:45 p.m. **Confederation of Trade Unions of the Slovak Republic (KOZ SR)**
– Erik Macák, advisor
- 12:45 - 2 p.m. *Lunch break*
- 2 – 3:15 p.m. **KOVO trade union (OZ KOVO)**
– Emil Machyna, secretary-general
- 3:15 – 4:30 p.m. **National Union of Employers of the Slovak Republic (RUZ SR)**
– Martin Hošťák, secretary
- 4:30 – 5:30 p.m. **Independent Christian Trade Unions of Slovakia (NKOS) Youth platform**
– Filip Černý, member
-

Tuesday 11 February 2014

8.30 – 9.45 a.m.

Federation of Employers Association (AZZZ SR)

- Martina Širhalová, project manager

10 – 11.40 a.m.

Ministry of Labour, Social Affairs and Family

- Katarína Lanáková, director of labour market policy department and National coordinator for the Youth Guarantee

Central office of Labour (PES)

- Boris Katuscak



European Economic and Social Committee

**Section for Employment, Social Affairs and Citizenship (SOC)
Labour Market Observatory (LMO)**

**Implementation of EU policies for
youth employment: a civil society perspective**

MISSION TO FINLAND

17 January 2014

Report

Rapporteur: Meelis Joost (Various Interests Group, Estonia)

I. INTRODUCTION

The mission to Helsinki, Finland took place on 17 January 2014. It was organised in connection with the Labour Market Observatory's **study on the implementation of EU policies for youth employment in a selection of six Member States (Greece, Croatia, Italy, Austria, Slovakia and Finland)**. This study aims to illustrate the views of the social partners and organised civil society on:

- the policies that are put in place at national level to help young people find work, including their implementation and their actual impact;
- the good practices or difficulties encountered in the Member States;
- their involvement in youth employment policies and ongoing reforms.

The EESC delegation was composed of three members: **Vladimíra Drbalová (Employers' group, Czech Republic)**, **Oliver Röpke (Workers' Group, Austria)** and **Meelis Joost (Various Interests Group, Estonia) – the rapporteur for the mission** – and was assisted by Ana Dumitrache, administrator from the SOC/LMO secretariat.

Before the mission, preparatory meetings took place between the SOC/LMO secretariat and representatives of the European Commission (DG Employment, Social Affairs and Inclusion, unit responsible for Finland), the Permanent representation of Finland to the EU and the Finnish Ministry of Employment and the Economy (Employment and Entrepreneurship Department).

The delegation met with representatives of workers', employers' and youth organisations:

- **Trade unions** included the three main union confederations:
 - **the Central Organisation of Finnish Trade Unions (SAK)**¹ - founded in 1907, SAK is the biggest trade union confederation. Its 21 affiliated member unions have more than one million members in the private and the public sectors;

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<http://www.sak.fi/english>.

- **the Finnish Confederation of Salaried Employees (STTK)²** - founded in 1946, STTK has about 600,000 members in 17 affiliated trade unions. It is the confederation for unions of professional employees in a wide range of public and private sectors (e.g. manufacturing industry, private services, local and regional government);
 - **the Confederation of Professional and Managerial Staff in Finland (Akava)³** - founded in 1950, Akava has more than 30 affiliates with half a million members who work as employees, entrepreneurs and self-employed professionals in either the public or private sector. Additionally, Akava has about 100,000 student members.
- **Employers' organisations** include
 - **the Confederation of Finnish Industries (EK)⁴**, that is the main business organization. EK was founded in 1907 and represents companies of all sizes. It has about 16,000 member companies (96% of which are SMEs), that employ about 950,000 workers companies and produce over 70% of Finland's GDP and over 95% of its exports;
 - **the Federation of Finnish Enterprises (SY)⁵**, that was founded in 1996 and is the largest business federation in Finland. Its membership consists of more than 116,000 enterprises of all sizes.
 - **the Finnish Youth Cooperation - Allianssi⁶**, which represents more than a hundred national youth and educational organisations. Its purpose is to encourage young people to become responsible members of society and to participate in decision making processes and international activities.

The meetings were hosted by the by the Representation of the European Commission in Helsinki.

2 <http://www.sttk.fi/>.

3 <http://www.akava.fi/en>.

4 <http://ek.fi/ek/in-english/>.

5 <http://www.yrittajat.fi/en-GB/>.

6 <http://www.alli.fi/english/>.

II. FINDINGS

1. BACKGROUND INFORMATION

Finland is currently emerging from a two-year long recession. A mild recovery is forecast for 2014-15 but unemployment is expected to keep rising.

The youth unemployment rate is significantly higher than the overall unemployment rate: while the overall unemployment rate was 8.2% in 2013, youth unemployment came to 19.9%. Youth unemployment continued to rise during 2013 but generally affected people for only a short period of time; the average period of unemployment among people under 25 was 12 weeks, and less than 3 months in 76% of cases. The NEET rate (young people not in education, employment or training) was 9.3 % in 2013.

Lack of secondary education is the most significant factor in exclusion from the labour market and society⁷.

Due to demographic reasons, long-term labour supply is the key labour market challenge, as more people are leaving the labour market than are entering. As a result, it is increasingly important to include as many available workers as possible in the labour market, particularly young and older people, women and people with a migrant background⁸.

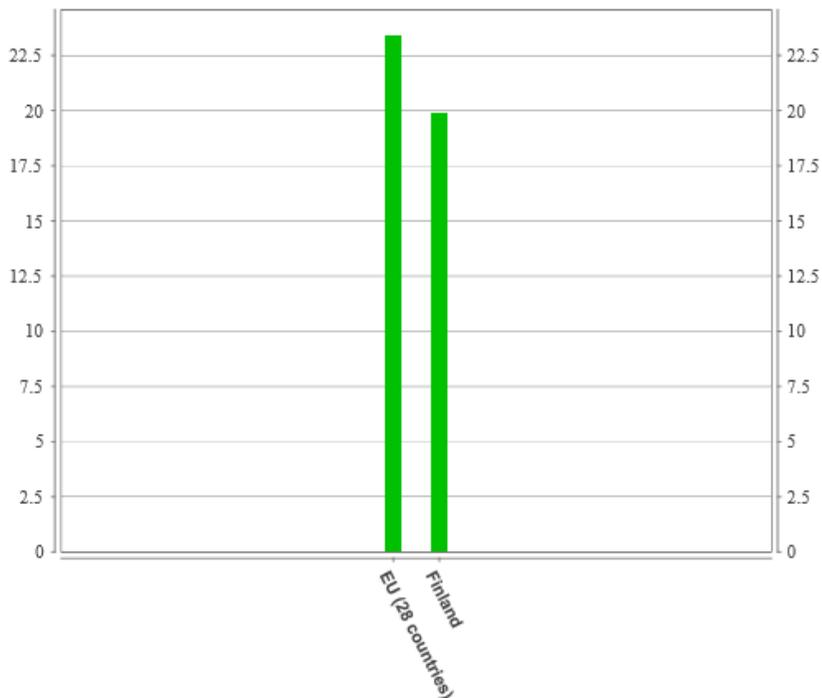
2013			
Member States	Unemployment rate 15-24 years	Unemployment rate 25-74 years	NEET rate (not in employment, education or training) 15-24 years
Finland	19.9 %	6.5 %	9.3 %
EU (28 Member States)	23.5 %	9.5 %	13 %

Source: Eurostat

⁷ Finnish Youth Guarantee Implementation Plan (YGIP), p. 2.

⁸ European Commission staff working document – Assessment of the 2014 national reform programme and stability programme for Finland, SWD (2014) 427, p.3.

Unemployment rate 14-25-year-olds, 2013 (Source: Eurostat)



1.1 Current reforms

As part of the 2013 European Semester, Finland received a recommendation to improve the labour-market position of young people and the long-term unemployed, with particular focus on the development of job-relevant skills.

Finland has adopted an ambitious reform agenda and is now in the process of putting this into practice through policy measures. The reform agenda was proposed in August 2013 and encompasses measures to balance public finances, reform the pension system, improve the labour market and boost growth. It also includes initiatives to improve the employment of young people.

In the context of the 2014 European Semester, the European Commission considered that Finland has made substantial progress on addressing youth unemployment. However, the Commission pointed out that

permanent improvement in job-relevant skills and the labour-market position of young people will take time and can be achieved only if the measures are implemented fully⁹.

1.2 Education

Finland performs better than the EU average in terms of the rates for early school leaving and tertiary attainment. The OECD adult skills survey shows that the literacy and numeracy proficiency of 16 - 65 year olds is one of the best in the EU¹⁰. However, there are some challenging categories regarding education, particularly young people with a migrant background.

The compulsory education age will rise to 17 in 2015 and the government plans to make pre-school education compulsory in Finland for 6 year olds.

1.3 Traineeships and apprenticeships

Post-graduation traineeships are not very common in Finland. Most Finns start working during higher degree studies, so work experience is often done before graduation.

Most apprenticeships in Finland are carried out by adults and based on a work contract. Less than 20% of apprenticeships are carried out by under 25 year olds, and in those cases the school is involved.

The Ministry of Education and Culture is now developing modes of study that combine classroom learning with apprenticeship training¹¹. These will not be based on work contracts and the aim is to facilitate apprenticeships for both employers and students.

1.4 Youth guarantee (YG)¹²

Finland introduced its first Youth Guarantee in 1996 to facilitate young people's transition to working life. Thanks to continued support from the state, the YG has evolved considerably since then, in terms of both content and coverage.

Under the enhanced Youth Guarantee of January 2013, every person *under the age of 30* is guaranteed a study place, on-the-job training or an offer of employment *within three months* of registering as

9 SWD (2014) 427, p. 16.

10 OECD country PIAAC profile for Finland at <http://www.oecd.org/site/piaac/country-specific-material.htm>.

11 YGIP, p. 4.

12 <http://www.youthguarantee.fi>.

unemployed. The new Youth Guarantee scheme is an ambitious *public-private-people* partnership measure with responsibility shared between stakeholders. It is both targeted and realistic but requires efficient coordination, providing additional apprenticeship places and stable long-term funding, to be successful¹³.

1.4.1 Elements of the Youth Guarantee

The *Education Guarantee* is part of the Youth Guarantee. The programme started on 1 January 2013 and ensures that everyone who has completed basic education has a place in further education, whether in a general upper secondary school, vocational education and training, apprenticeship training, a youth workshop, rehabilitation or via some other means¹⁴.

A temporary *Skills programme for young adults* (2013-2016) has also been implemented as part of the Youth Guarantee. It aims to give 20 to 29 year olds with or without a basic education qualification who were left without a place of study before the Youth Guarantee was adopted, the opportunity to acquire an upper secondary vocational qualification¹⁵.

The Youth Guarantee also includes rehabilitation services, including municipal social and healthcare services, youth outreach work and youth workshop activities.

1.4.2 Incentives

The Youth Guarantee has increased the subsidy for employers who take on apprentice students who have recently finished compulsory education. The subsidy will amount to EUR 800 per month for the first year, EUR 500 per month for the second year and EUR 300 per month for the third year¹⁶.

1.4.3 Public employment services

The Youth Guarantee model requires the Employment and economic development administration and services (PES) to enhance the services provided for young people. Everyone under the age of 25 and recent graduates between the ages of 25 and 29 must be offered an active choice suited to the person's situation after three months of continuous unemployment.

13 SWD (2014) 427, p. 16.

14 YGIP, p. 3.

15 YGIP, p. 5.

16 YGIP, p. 4.

2. VIEWS OF SOCIAL PARTNERS AND YOUTH ORGANISATIONS

2.1 Introduction

All stakeholders whom the delegation met were very concerned about the youth unemployment situation and the 40 000 current NEETs. This target group is the most difficult to address: reaching them is hard and activating them takes considerable resources.

As regards young people who face particular difficulties in the labour market, stakeholders spoke about the *Työpankki* (Work bank) government initiative, which aims to find employment for people with disabilities and the long-term unemployed¹⁷.

Stakeholders also spoke about another challenge related to Finland's geography, characterised by sparsely populated areas and relatively small municipalities. The municipalities struggle to provide help despite their inadequate funding, and participants at the meeting underscored the need to keep basic municipal services at a high level.

As background information, stakeholders explained that - after difficult discussions - a Pact for employment and growth was agreed by trade unions and employer organisations in August 2013. Part of this pact focuses on young people. It also temporarily suspends the salary indexation mechanism to help the economy recover. The pact facilitates "brief employment opportunities" and provides for "adjusted unemployment benefits" for people working part-time or for a short time. The pact also simplifies the payment of subsidies to employers who hire young people, through increased use of the Sanssi card (see below).

The role of labour law was not extensively discussed during the meetings. However, it was mentioned that many young people are employed on fixed term contracts. At the same time, labour relations in Finland are regulated by collective agreements.

2.2 Education

All the stakeholders agreed on the central role of education in the Finnish system. They were all very concerned about the recent cuts in education funding, and especially in vocational education. This will

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www.tyopankki.fi, <http://www.stm.fi/en/job-bank-trial>.

particularly affect local authorities who are responsible for education. Out of a total budget of EUR 2 billion, 300 millions have been cut, with no involvement by the social partners.

The Confederation of Finnish Industries (EK) representative explained that skills acquired by young people are too academic for companies' needs. Despite ranking high in PISA tests, a recent Finnvera study¹⁸ showed that many young people do not have the necessary qualifications to fill the empty positions. Both trade unions and employer organisations agreed that education should take better account of labour market needs.

The trend is to have more students in the work place, which has an impact on workers, said the trade unions. More mentoring is needed.

2.3 Transition from education to the labour market

About 60% of higher education students work while studying, and this is seen as a path to full-time employment.

Furthermore, both the Confederation of Finnish Industries (EK) and the Federation of Finnish Enterprises (SY) encourage their member companies to offer summer jobs for young people. The Summer job project run by the Federation of Finnish Industries in 2013 offered 97 000 summer jobs, and the goal is to bring this number up to 110 000. School children can take 2 weeks' employment during the summer.

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<http://finnvera.fi/eng>.

2.4 Apprenticeships

Employers' representatives explained that Finland's apprenticeship system is costly for companies, as apprenticeships are carried out under a fixed-term work contract which comes under collective agreement wage provisions.

Employers are in favour of learning in companies and would like apprenticeships to be promoted. Discussions are underway with trade unions to find another system of youth apprenticeships. The Confederation of Professional and Managerial Staff in Finland (Akava) drew attention to the side effects and to the fact that funds were taken away from adult apprenticeships.

Alliansi explained that there have been some improvements recently regarding apprenticeships, but employers are not yet very familiar with them. The incentives for employers are quite good. The problems involved in using the apprenticeship programmes tend to be practical: not all jobs are organised in such a way that an employee can help the apprentice. Mentoring is therefore needed. According to the Confederation of Finnish Industries (EK), the schools should monitor and evaluate the learning content and help small companies.

The Federation of Finnish Enterprises (SY) mentioned some pilot projects that they have initiated, involving a tripartite agreement between the young person, the company and the school. The apprenticeship is considered to be part of education and does not fall under labour law. The young person receives around EUR 300.

2.5 Traineeships

Allianssi was concerned that collective agreements do not cover traineeships and that there is a risk of misuse.

Based on information from the Confederation of Professional and Managerial Staff in Finland (Akava), 70 000 students perform work-related activities without payment, either traineeships or other activities considered to be beneficial for employment and education. Some receive payment, but there is no hard and fast rule – each employer and organisation addresses this situation as best they can. The option of traineeships without pay exists because of a solid social protection system.

2.6 Incentives for employers

SAK and STTK representatives explained the SANSSI card¹⁹, a subsidy system (EUR 700 per month) for employers who hire young people. The card is given by the Public Employment Service for a period of 6-10-12 months for work in municipalities. In 2013, 25 000 cards were given to young people, contributing to the creation of 3500 new jobs. Employers do not have to give a permanent job, but they do have to pay a salary according to collective agreement. Trade unions would have preferred to facilitate the creation of permanent jobs, but they also considered that it was important for young people to get a foothold in the labour market thanks to that initiative.

The card has existed for a while, but young people and employers were not necessarily aware of it and employers found it difficult to obtain the subsidy.

The system has recently been improved. For example, the paperwork for the card has been reduced and it is now available to everyone under 30.

However, the card cannot be much used in certain sectors, such as construction, where companies often lay off workers, making the companies ineligible for the incentive.

2.7 Public employment service (PES)

Stakeholders were concerned about the cuts in PES staff. Currently, only 60 PES employees work on the Youth Guarantee, which is not enough. There is less personalised counselling, and many services are provided via internet.

Furthermore, EK mentioned the importance of career guidance and said that it should be done much earlier during education.

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www.te-services.fi/te/en/jobseekers/finding_job/young_people/sanssi_find_job/index.html.

2.8 Youth Guarantee (YG)

All stakeholders agreed on the importance of cooperation and communication between the various services involved in implementing the YG. They also pointed out that municipalities should receive increased resources, as they play an increased role in YG implementation. The Finnish Youth Cooperation - Allianssi said that the private and third sectors should have a clearer role in the YG.

Allianssi considers that it is important that the measures receive continuous support, even if the government changes. More funding needs to be channelled towards preventive work, where civil society organisations play an important role. Guidance in young people's everyday surroundings can be improved. Allianssi explained that they contribute to awareness campaigns together with the relevant ministries. More support needs to be given to vulnerable groups (young people with disabilities, learning difficulties, addictions or from immigrant backgrounds). Therefore, the public employment service should be able to better identify people with special needs and adopt a more tailored approach. Measures should take into account a person's overall situation and wellbeing (housing, etc.). One idea would be to offer several services for young people under one roof.

2.9 Stakeholder involvement in the Youth Guarantee (YG)

Stakeholders explained that stakeholder involvement in policies is a standard practice in Finland and were pleased with cooperation on the Youth Guarantee.

The Finnish Youth Cooperation - Allianssi explained their role regarding the YG. It has been involved in developing the Finnish Youth Guarantee from the beginning. They have contributed to its creation and set up their own Youth Guarantee group with representatives from their 118 member organisations. These organisations work with young people in the field, cooperate with municipalities and are very useful in monitoring the situation. Allianssi is also represented in the YG working group set up by the government. It contributes to the promotion, evaluation and implementation of the Youth Guarantee programme.

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* *

MISSION TO FINLAND

17 JANUARY 2014

AGENDA

Meetings between EESC members:

Vladimíra Drbalová (Employers' group, Czech republic)

Oliver Röpke (Workers' group, Austria)

Meelis Joost (Various interests group, Estonia) – **rapporteur for the mission**

and SOC/LMO secretariat

and **representatives of Finnish youth, employers' and workers' organizations**

9 – 10:15 a.m.

- **Finnish Youth Cooperation – Allianssi**
 - Hanna Sauli, coordinator

10:15 – 11:45 a.m.

- **Finnish Confederation of Salaried Employees (STTK)**
 - Leila Kurki, senior advisor
- **Central Organisation of Finnish Trade Unions (SAK)**
 - Pirjo Väänänen, head of unit, Labour policy

11:45 a.m. – 1 p.m.

- **Confederation of Finnish Industries (EK)**
 - Mikko Räsänen, senior adviser, Labour market and Immigration policies
 - Filip Hamro-Drotz, senior adviser and EESC member

1 – 2 p.m.

Lunch break

2 – 4:15 p.m.

- **Confederation of Professional and Managerial Staff in Finland (Akava)**
 - Miika Sahamies, senior adviser, Young adults and working-life
- **Central Organisation of Finnish Trade Unions (SAK)**
 - Erkki Laukkanen, economist

4:15 – 5:30 p.m.

- **Federation of Finnish Enterprises (SY)**

- Rauno Vanhanen
 - Thomas Palmgren, head of International Affairs and EESC member
-



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