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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Moving Youth into Employment**

{SWD(2012) 406 final}

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# **COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS**

## **Moving Youth into Employment**

### **I. INTRODUCTION**

The crisis which Europe has been undergoing since 2008 is having an exceptionally severe and ever-increasing impact on young people: the youth unemployment rate stood at 22.7 % in the third quarter of 2012, twice as high as the adult rate<sup>1</sup>, and no signs of improvement are in sight. Beyond the immediate effects of the crisis, structural problems in the education system and in the labour market have been making the transition from school to work long and difficult. Young people have been in a more difficult situation than adults for too long a time. Being unemployed at a young age can have a long-lasting negative impact, a ‘scarring effect’. In addition to higher risks of future unemployment, these young people are also at a higher risk of exclusion, of poverty and of facing health problems<sup>2</sup>. Effective remedies are urgently needed.

One year ago, the Commission adopted the Youth Opportunities Initiative<sup>3</sup> (YOI), prompting EU and Member State action to improve youth employment. EU Structural Funds were mobilised to increase support for youth and financial resources for policy measures and investment projects are now being funded. Both the European Council<sup>4</sup> and the European Parliament<sup>5</sup> have since re-emphasised the crucial importance and urgency of addressing youth unemployment, highlighting the potential for initiatives on youth guarantees and on a quality framework for traineeships. The Commission also recently adopted the 'Rethinking Education' package<sup>6</sup>.

This Communication and its accompanying Staff Working Document<sup>7</sup> present the action taken at EU and at national level to implement the YOI (including through 28 country fact sheets). The Communication then outlines further concrete initiatives proposed by the Commission and to be taken forward by the Member States and social partners, in order to address the different short-term and structural problems behind the youth employment crisis.

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<sup>1</sup> Eurostat Labour Force main indicators, seasonally adjusted quarterly data, youth is defined as less than 25 years of age, adults as over 25.

<sup>2</sup> Status of the situation of young people (accompanying the EU Youth Report) SWD(2012) 257 of 10 September 2012.

<sup>3</sup> COM(2011) 933 of 20 December 2011.

<sup>4</sup> European Council Conclusions, EU CO76/12 of 29 June 2012 and EU CO 156/12 of 19 October 2012.

<sup>5</sup> European Parliament resolution on the Youth Opportunities Initiative (2012/2617(RSP)) of 24 May 2012.

<sup>6</sup> COM(2012) 669 of 20 November 2012. The Council Conclusions on European cooperation in education and training ('ET 2020') (2009/C 119/02 of 28 May 2009) and the EU Strategy for Youth (COM (2009) 200 of 27 April 2009) also provide relevant frameworks for concerted European efforts in education, training and youth employment.

<sup>7</sup> SWD(2012) 406 of 5 December 2012.

Young people face numerous problems on their way from education to work. In many countries, ineffective labour market regulation or poorly functioning institutions make it more difficult for young people to find a stable job. Too many are left without help if they drop out of school or have difficulty finding a job. More favourable labour market outcomes can be observed in countries where a higher proportion of students undertake quality traineeships or work placements as part of initial education and training or in countries with well-established apprenticeship systems<sup>8</sup>. Geographical mobility can also help resolve local mismatches between supply and demand for young workers. Table 1 provides a simplified overview of the types of measures that can help address each of these problems. The initiatives presented by the Commission are then detailed in subsequent sections.

**Table 1: Problems affecting youth employment addressed in this package and possible EU-level actions**

<i>Problem</i>	<i>Possible Remedy</i>	<i>EU-level Tools/Actions</i>
Young people face difficulties in finding a strong foothold on the labour market	Take measures supporting young people's inclusion on the labour market, such as facilitating school-to-work transitions, reforming labour market regulation/institutions to make them more employment-friendly and addressing labour market segmentation	Adopt and implement relevant Country-Specific Recommendations in the context of the European Semester. (section III and annex II of the SWD)
Young people, particularly from vulnerable or disadvantaged groups, dropping out of education or work; rising long-term unemployment and inactivity	Set up Youth Guarantee schemes; use ESF funding effectively in their implementation	Support Youth Guarantee schemes (incl. through exchange of best practice; ESF funding) <b>→ The Commission is proposing a Council Recommendation on Establishing a Youth Guarantee (section IV)</b>
Difficult school-to-work transitions	Increase the supply of quality traineeships and apprenticeships	Take decisive steps in promoting quality traineeships and apprenticeships: <b>→ The Commission is launching a second stage social partner consultation on a Quality Framework for Traineeships (section V.1.)</b>  <b>→ The Commission will set up a European Alliance for Apprenticeships (section V.2.)</b>
Substantial number of vacancies coexists with high unemployment rates, growing skills and geographical mismatches	Reduce obstacles to mobility to allow companies to recruit workers, apprentices and trainees from other EU countries	Reinforce EU financial instruments on intra-EU mobility <b>→ The Commission will launch, in the first half of 2013, a stakeholder consultation on a future EURES jobs for young</b>

<sup>8</sup> *Study on a comprehensive overview on traineeship arrangements in Member States*, European Commission, 2012, *Apprenticeship supply in the Member States of the European Union*, European Commission, 2012.

## II. A worsening employment outlook for young people

**The youth unemployment rate<sup>9</sup> is more than twice as high as the rate for adults** (22.7 % as against 9.2 % in the third quarter of 2012) and has dramatically increased over the last four years. A similar upward trend can be noted in terms of unemployment ratios<sup>10</sup>. Young people are typically the last to be hired and the first to be dismissed. Long-term unemployment<sup>11</sup> is much higher for young people and has been rising fast during the crisis: the rate went up by 3.7 percentage points (to 7.3 % of the young labour force) between 2008 and 2012, compared with a 1.8 point increase for adults (to 4.3 %). Overall employment rates<sup>12</sup> for young people fell by almost five percentage points over the last four years (from 37.3 % to 32.8%) — three times as much as for adults.

**The chances for a young unemployed person of finding a job are low.** Only 29.7 % of those aged 15-24 and unemployed in 2010 found a job in 2011, a fall of almost 10 % in three years<sup>13</sup>.

**When young people do find work, their jobs tend to be less stable.** They are strongly over-represented in temporary and part-time work<sup>14</sup>: in 2012, 42.0 % of young employees were working on a temporary contract (four times as much as adults) and 32.0 % part-time (nearly twice the adults' rate)<sup>15</sup>. Young women are more likely to experience fragile starts and in particular a doubly fragile position combining temporary work with part-time employment<sup>16</sup>. Temporary jobs can be a stepping stone to permanent employment, but their prevalence at such elevated levels raises economic and social concerns and signals dysfunctional labour markets. Moving from a temporary to a permanent contract can be even more difficult in countries with strict employment protection legislation and high labour market segmentation<sup>17</sup>.

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<sup>9</sup> Eurostat Labour Force main indicators, seasonally adjusted quarterly data, youth is defined as less than 25 years of age, adults as over 25.

<sup>10</sup> The unemployment ratio (defined as the share of young unemployed persons in the whole young population) includes a large inactive group mainly in education in that age group and thereby can give a more complete picture of the size of the unemployment problem. This is relevant when comparing countries with big differences in youth inactivity (for more details see the European Commission's Employment in Europe Report 2007, Chapter 1).

<sup>11</sup> Eurostat Labour Force Statistics, quarterly non-seasonally adjusted data (lfsq\_pganws) and (lfsq\_upgal) for the second quarter. Youth aged 15-24, adults 25-64.

<sup>12</sup> Eurostat Labour Force Statistics, quarterly non-seasonally adjusted data (lfsq\_eppqa) and (lfsq\_etpga) for the second quarter. Youth aged 15-24, adults 25-64.

<sup>13</sup> Data for 13 European countries. European Commission, Employment and Social Developments in Europe (ESDE), 2012, forthcoming.

<sup>14</sup> See footnote 12.

<sup>15</sup> See footnote 12.

<sup>16</sup> Calculation from the European Network of Experts on Gender Equality based on the 2009 LFS Ad hoc module on school-to-work transitions.

<sup>17</sup> In dual labour markets a large share of temporary contracts, employing for the most part young workers, coexists alongside a stock of open-ended contracts with much greater employment security. Disparities in employment protection rights for permanent and fixed-term contracts have been identified as a key source of segmentation.

**Early school-leavers are a high-risk group:** 54.2 % of early leavers from education and training in the EU are not employed and within this group about 70 % want to work. Early school-leaving is higher among those born abroad and among men. Recent trends show for both groups that the gap is widening, which will affect their labour market prospects.

**Resignation among young people is an increasing concern:** 12.4 % of inactive youth wanted to work but were not searching for employment in the second quarter of 2012<sup>18</sup>. Furthermore, the percentage of young people who are neither in employment nor in education or training (so-called NEETs) is rising. In 2011, 12.9 % of youth were NEETs, 2 percentage points more than four years earlier<sup>19</sup>.

**There are significant skills mismatches on Europe's labour market.** Many young workers hold formal qualifications above those required by the job they are able to get (under-employment), but at the same time their skills are less likely to be the right ones (matching rate) compared to older workers<sup>20</sup>. Although the low-skilled overall still face the highest risk of unemployment<sup>21</sup>, the young highly skilled have suffered the biggest drop in employment (9.5 percentage points, almost twice as much as the low skilled). Even high-skilled young people are now increasingly affected by long-term unemployment. These skills mismatches are a growing concern for European industry's competitiveness and for the EU's ability to meet societal challenges<sup>22</sup>.

**Despite the crisis, there are over two million unfilled vacancies in the EU**, often because there are no workers with the required skills in the local job market. Furthermore, sectors with important job creation potential, such as the green economy, health care and ICT, would require an increased number of qualified workers in the next years. Preliminary flow analysis for 2011 confirms the increase in mobility from Southern European countries to the North, although flows still remain limited. A lack of affordable housing or of experience in working abroad, weak knowledge of foreign languages, low awareness of local legislation and of workers' rights, and difficulties in the recognition of qualifications are all factors hindering mobility.

Although young people's job prospects are, overall, unsatisfactory in the EU there are **important differences in the gravity of the problem among EU countries**. Unemployment

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<sup>18</sup> Eurostat Labour Force, quarterly non-seasonally adjusted data [lfsq\_igaww] for the second quarter. Youth aged 15-24, excluding "no answer" responses.

<sup>19</sup> Eurostat, Labour Force Statistics, [edat\_lfse\_20].

<sup>20</sup> ESDE, 2012, forthcoming.

<sup>21</sup> The low-skilled still face the highest risk of unemployment, and their prospects are likely to worsen. According to the latest skills forecast by Cedefop (<http://www.cedefop.europa.eu/EN/about-cedefop/projects/forecasting-skill-demand-and-supply/skills-forecasts.aspx>), the number of jobs available across the EU for individuals with lower secondary education at most — which has already decreased by 20.4 % between 2000 and 2010 — will decrease by a further 18.9 % between 2010 and 2020.

<sup>22</sup> Industrial Policy Communication Update — COM (2012) 582 of 10 October 2012. For example, there will be up to 700 000 unfilled ICT practitioners' vacancies in the EU by the year 2015 (see Report for the European Commission *Anticipating the Evolution of the Supply and Demand of e-Skills in Europe (2010-2015)*, Empirica and IDC Europe, 2009. Updated forecast presented at the European e-Skills Conference, Brussels, 13 December 2011). Addressing skills mismatches is also highly relevant in health and social care, as well as for the green economy.

rates<sup>23</sup> in the worst-performing countries are more than five times higher than the rates in the best-performing. Over the last year, the youth unemployment rate has swollen to over 30 % in many countries and to over 50 % in Greece and Spain. Youth unemployment rates were below 15 % in only four countries.

### **III. THE YOUTH OPPORTUNITIES INITIATIVE ONE YEAR ON**

*While the EU-level is implementing its actions ...*

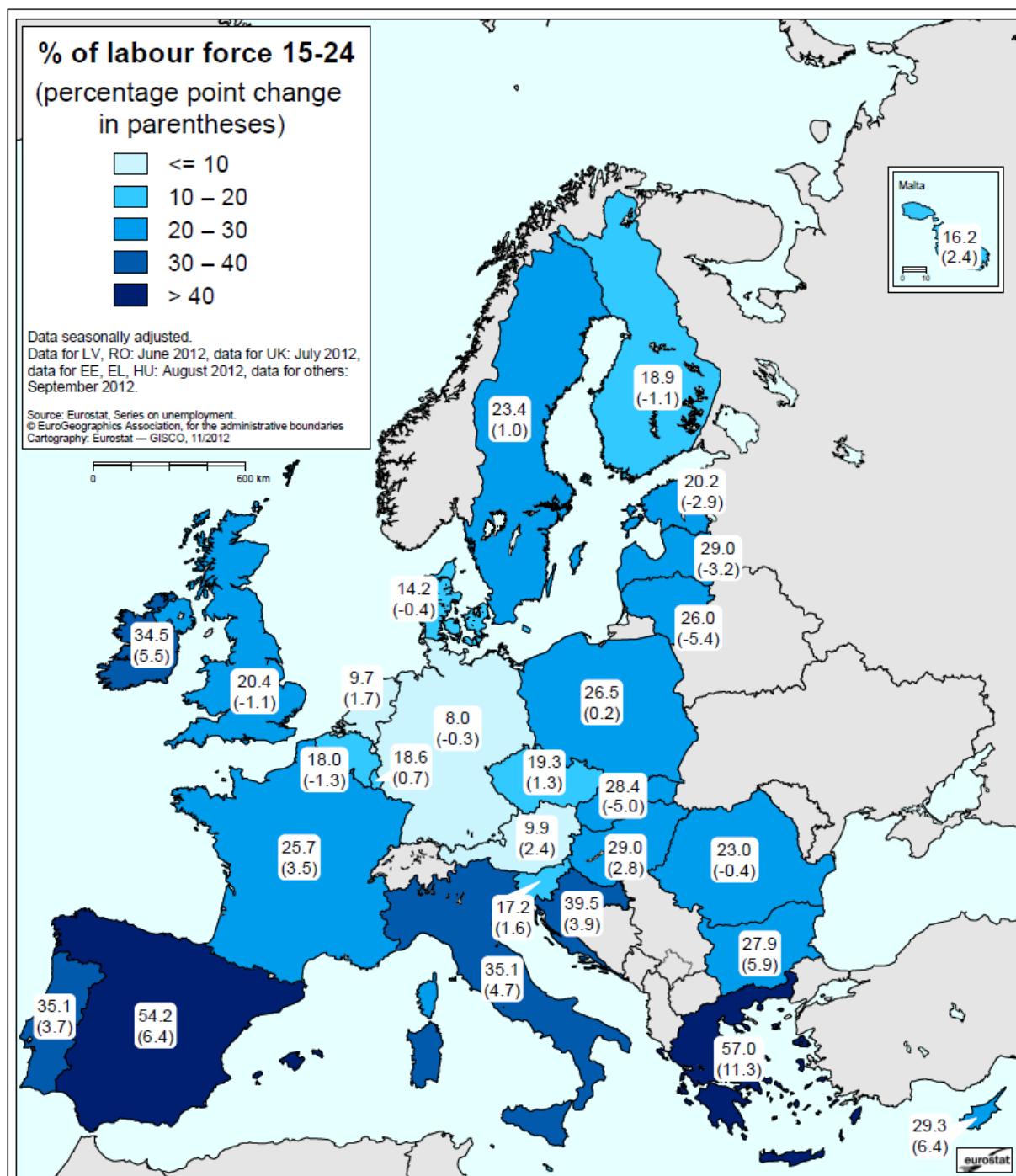
Implementation of the 18 EU-level actions planned under the Youth Opportunities Initiative (YOI) is well advanced<sup>24</sup>. The Commission is making European Social Fund technical assistance available to help set up of apprenticeship-type schemes, cross-border learning mobility and social innovation projects targeting youth. It is also increasing volunteering opportunities and financing cross-border traineeships and entrepreneur exchanges. It is supporting labour market mobility, notably through initiatives such as ‘Your first EURES Job’ and is analysing measures taken across Europe to fight youth unemployment and to improve education and training.

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<sup>23</sup> Eurostat Labour Force main indicators, seasonally adjusted data, second quarter, youth is defined as less than 25 years of age.

<sup>24</sup> Details of action already taken and the next steps can be found in the accompanying Commission Staff Working Document, SWD(2012) 406 of 5 December 2012.

**Figure 1: Youth (15-24 years) unemployment rates and year-on-year changes, September 2012**



*...Member States are also taking measures ...*

Many Member States have taken action to boost youth employment, developed youth employment plans, and stepped up education and training programmes, also in response to Action Team<sup>25</sup> visits and bilateral meetings organised after the launch of the YOI. Unemployed young people are usually one of the main target groups covered by large-scale employment measures. The accompanying Staff Working Document<sup>26</sup> contains country fact sheets outlining the measures taken by all 27 Member States and Croatia. The support measures typically include wage subsidies, job search assistance, traineeships and further learning, sometimes accompanied by reforms to reduce labour market segmentation. Trends in apprenticeships are less uniform: while some Member States have well-functioning dual apprenticeship systems, others are only starting their progressive introduction. Measures for promoting youth entrepreneurship and business start-ups are gaining momentum in most Member States<sup>27</sup>.

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<sup>25</sup> At the informal European Council meeting of 30 January 2012, President Barroso proposed a pilot action to help the eight Member States with the highest levels of youth unemployment to re-allocate some of their EU structural funds allocations to tackling youth unemployment.

<sup>26</sup> SWD(2012) 406 of 5 December 2012.

<sup>27</sup> Self-employment is increasingly recognised as a possible career option for young people, see also *Entrepreneurship Education at School in Europe*, European Commission, 2012.

### **Examples of the use of reallocated ESF funds in the Action Team Member States<sup>28</sup>:**

- ES: € 294.2 m redirected towards actions to support the employability of young people, support public employment services (PES) with developing active labour market policies for young people too and reinforce measures to combat early school leaving and promote vocational training.
- IT: € 1 bn redirected towards boosting education and employment in Southern regions, including tackling early school leaving.
- IE: €25 m redirected to maintain 3 700 training places for early school leavers until the end of 2013.
- LT: €18.3 m redirected for doubling the number of young unemployed benefiting from direct EU support over the next two years to 21 000.
- PT: Decision taken to reallocate € 143.3 m to support 89 510 young people for measures contained in the programme "Impulso Jovem", such as traineeships.
- SK: € 70 m reallocated to create 13 000 jobs in Slovak regions most affected by unemployment, the majority of which are reserved for young people, using partial reimbursement of labour costs.
- EL: € 250 m reallocated; an action plan is under preparation to provide training, work experience, employment and entrepreneurship opportunities for 333 000 young people.
- LV: € 26.3 m from state budget allocated to implement ESF activities on youth competitiveness and employment.

*... making use of mobilised funds...*

The European Social Fund (ESF) is the main instrument supporting large-scale youth employment measures at EU level, while a number of youth-targeted programmes are supported by other EU funds, such as the European Regional Development Fund (ERDF) and the European Agricultural Fund for Rural Development (EAFRD). Overall, at least € 10 billion has been targeted for re-allocation or accelerated delivery in the eight Action Team countries in the past 12 months under the YOI, covering for example job subsidies, vocational training, and early school leaving prevention. At least 56 000 SMEs and 658 000 additional young people are likely to benefit from these recent adjustments to funding programmes.

21 Member States have already redirected significant resources, within and among their ESF, ERDF and/or EAFRD operational programmes, towards measures to boost workers' employability, and to combat and prevent youth unemployment. The priority is now to fully implement the modified funding programmes at Member State level.

<sup>28</sup>

The figures in this table are provisional and reflect information as of November 2012.

*...and seeing their structural challenges addressed through the European Semester*

European Semesters, and the country-specific recommendations (CSRs), are a policy coordination tool to strengthen governance and reinforce coordination of economic policies at EU level. They provide a framework for multilateral surveillance of employment policy and structural reforms and assess the EU's progress towards the targets it set itself in the Europe 2020 Strategy.

In 2012, CSRs specifically aimed at improving the situation of the youth in the labour market were made for nearly all Member States. The accompanying Staff Working Document<sup>29</sup> contains a detailed overview of youth-specific recommendations<sup>30</sup>.

The 2013 Annual Growth Survey (AGS)<sup>31</sup>, launching the European Semester for 2013, stresses that Member States should do more to fight unemployment, improve employability and support access to jobs or a return to the world of work for young people

#### **IV. SECURING TRANSITIONS FOR ALL YOUTH: THE YOUTH GUARANTEE**

*A Youth Guarantee ...*

It is necessary to invest in the human capital of young Europeans in order to address the profound youth employment crisis of today and benefit from sustainable and inclusive growth over the medium-to-long term. Given the difficult school-to-work transitions experienced by young people, the Commission is calling on all Member States to swiftly implement a Youth Guarantee and is presenting a proposal for a Council Recommendation supported by several calls from the European Council<sup>32</sup>.

The Youth Guarantee is to be implemented by a comprehensive and holistic scheme that ensures that young people receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months after having left school or become unemployed. Details on what constitutes a Youth Guarantee, its costs and benefits and how to make the Youth Guarantee a success can be found in the Staff Working Document accompanying the Proposal for a Council Recommendation<sup>33</sup>. The annexes to this Staff Working Document outline measures supporting youth employment already underway in Member States as well as examples of actions and interventions that can be supported by the ESF.

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<sup>29</sup> SWD(2012) 406 of 5 December 2012.

<sup>30</sup> Furthermore, the Joint Employment Report (Annex to COM(2012) 750 of 28 November 2012) is part of the Commission package to launch the 2013 European Semester, underpinning and expanding on the Annual Growth Survey. It is based on the employment and social situation in Europe, on the implementation of the Employment Guidelines, as well as on the results of country examination of the National Reform Programmes that led to the 2012 CSRs and on the assessment of their implementation so far.

<sup>31</sup> COM(2012) 750 of 28 November 2012.

<sup>32</sup> Proposal for a Council Recommendation on Establishing a Youth Guarantee, COM(2012) 729 of 5 December 2012.

<sup>33</sup> SWD(2012) 409 of 5 December 2012.

The Youth Guarantee scheme must be based on supporting measures, according to six axes: building up partnership-based approach, early intervention and activation measures, measures enabling labour market integration, use of EU Structural Funds, assessment and continuous improvement of the scheme and swift implementation. The Commission leaves it up to Member States to define the institutional framework within which such a Guarantee should be provided.

*... has long-term gains...*

A Youth Guarantee has a fiscal cost. The cost depends on national circumstances and on the way in which the scheme is set up and implemented. It will be greater in countries with high rates of NEETs or of youth unemployment. The duration of young people's unemployment will also have an impact, as well as different starting points in terms of existing supporting measures (e.g. well-trained PES staff to address young people's needs).

These costs however will be outweighed through avoiding the long-term costs of unemployment, inactivity and lost productivity<sup>34</sup>. This means that there will be positive returns on the investment into a Youth Guarantee<sup>35</sup>. Being unemployed at a young age has a long-lasting negative impact ('scarring effect') on both future income levels and future risk of unemployment. A Youth Guarantee scheme providing young people with real, tangible opportunities will enable them to avoid a long and harmful absence from the labour market, preserve and enhance their human capital, maintain their employment and career prospects further down the line and increase their wage potential, which is relevant for aggregate demand and overall economic performance in the years to come.

In the 2013 AGS the Commission considers that investments in education should be prioritized and strengthened where possible, while ensuring the efficiency of such expenditure. Particular attention should also be paid to maintaining or reinforcing the coverage and effectiveness of employment services and active labour market policies, such as training for the unemployed and Youth Guarantee schemes.

Investing now in the right skill-set will enable young people to be employable to fill job vacancies and create economic value. In light of the risk of marginalisation and resignation, giving young people a perspective is also necessary so that their confidence in public institutions, government structures and society can be maintained.

*... which the EU will financially support*

Member States suffering from the highest levels of unemployment are also typically those facing the greatest challenges concerning the sustainability of their public finances. The EU can already financially support Member States in implementing the Youth Guarantee through the Cohesion Policy funding instruments, in particular the ESF. The Commission will encourage Member States to make best use of them and of any future instruments.

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<sup>34</sup> The annual cost in Europe of having young people neither in employment, education or training are currently put at 1.2 % of GDP, or €153 billion, see: Eurofound (2012), *NEETs – Young people not in employment, education, or training: Characteristics, costs and policy responses in Europe*, Publications Office of the European Union, Luxembourg.

<sup>35</sup> The investment into a Youth Guarantee does not fall within the category of gross fixed capital formation in national accounts.

The Commission's proposals for the 2014-2020 Multiannual Financial Framework highlight the role of the ESF as the EU's key instrument for investing in human capital. It has proposed that at least 25% of future cohesion funding is allocated to the ESF and that at least 20% of it is earmarked for social inclusion policies. Youth employment can be addressed under a number of ESF investment priorities, and specific attention has been proposed to the sustainable integration of NEETs in the labour market.

## V. TARGETED EU INITIATIVES

Further to the initiative on a Youth Guarantee, this chapter presents three targeted Commission initiatives on quality traineeships, on promoting apprenticeships across the EU, and on facilitating the mobility of young people.

### 1. Quality Framework for Traineeships

*Traineeships can help to improve young people's employability ...*

Traineeships, intended as a limited period of hands-on practice spent at a workplace either during or after studies, are becoming more and more part of a career path for young people. They often allow them to increase their employability while offering various benefits to the host organisations too, in terms of addressing skill mismatches, tapping into up-to-date knowledge and facilitating future recruitment.

The Commission will continue to provide financial support through the ESF to Member States wishing to improve the employment situation for young people through traineeship schemes.

*... provided they are of good quality ...*

It is crucial to ensure that transitory periods such as those spent in traineeships serve young people's development and allow them to gain a strong foothold on the labour market as quickly as possible. Nevertheless, traineeships need to be of sufficient quality, in terms both of learning content and of adequate working conditions. There is a risk of traineeships being abused as a source of cheap or free labour and that — given their increasingly important role in a depressed labour market — they may lead to a vicious circle of precarious employment or discourage young people from taking up traineeships in the first place. A large proportion of traineeships lacks high quality learning content and/or adequate social protection coverage and compensation/remuneration, especially among open market traineeships<sup>36</sup>. A gender pay gap is also apparent in traineeships: a larger proportion of women are in unpaid or in low-paid positions.

Concerns about the quality of traineeships have been echoed several times at political level: in 2010 the European Parliament called upon the Commission to propose a European quality

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<sup>36</sup> Study on a comprehensive overview of traineeship arrangements in the EU Member States, European Commission (2012).

charter for internships<sup>37</sup>, while the Council invited the Commission to provide guidance on conditions for high quality traineeships<sup>38</sup>.

*... which will also support transnational traineeships*

Transnational traineeships offer many advantages, but are still not widespread. The lack of a structured quality framework and guidance is likely to hold back the development of transnational traineeships. Barriers to transnational traineeships include the lack of transparency and of easily accessible information on the legal and administrative conditions and the difficulty of finding and selecting host organisations. Furthermore, given the investment of moving abroad, the cost of an unsuccessful traineeship is higher for foreign trainees and it is harder for them to switch hosts.

The Commission's proposal on modernising the Professional Qualifications Directive<sup>39</sup> extends the scope of the Directive to cover traineeships undertaken in other Member States. However, the Directive applies only to traineeships that are a condition for access to a regulated profession and not to open-market traineeships where problems are most frequent.

*Social partners are key in ensuring quality traineeships*

In April 2012 the Commission launched a public consultation<sup>40</sup> on a Quality Framework for Traineeships. This consultation was followed in September 2012 by a first-stage consultation of social partners. Both consultations revealed a consensus on the useful role of traineeships but pointed to a lack of quality and widespread misuse in relation to trainees across Europe, making it clear that action needs to be taken against these issues. However, there were diverging views about the scope and possible form of the action. The Commission is now seeking the views of social partners under Article 154 TFEU on the content of the envisaged action at EU level to adopt a Quality Framework<sup>41</sup>. The Commission will present its proposal in 2013, if the social partners do not wish to enter into negotiations.

## **2. European Alliance for Apprenticeships**

*Well-designed apprenticeship schemes smooth the transition from school to work ...*

Company-based apprenticeship schemes (also known as 'dual' or 'twin-track' apprenticeships) enable a young person to both gain work experience and practical skills through a work-contract in a company as well as acquire theoretical knowledge, often through an educational institution. There are good examples in some Member States of how to use apprenticeship schemes optimally to smooth the transition from education to work.

The need to improve the supply and quality of apprenticeships is widespread: in 2012, the Council addressed CSRs to seven Member States on apprenticeships and to three on

<sup>37</sup> 'Promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status', EP 2009/2221(INI), 14.6.2010

<sup>38</sup> Council Conclusions 17.6.2011

<sup>39</sup> Proposal for a Directive amending Directive 2005/36/EC on the recognition of professional qualifications and Regulation on administrative cooperation through the Internal Market Information System, COM (2011)883 final from 19 December 2011.

<sup>40</sup> SWD(2012) 99, 18.4.2012.

vocational training. Even in the other Member States, much could be done to improve the functioning of the apprenticeship system, and to make better use of ESF funding to this end.

The success factors for apprenticeship schemes can be categorised into three main groups. Firstly, effective partnerships between vocational education and training (VET) schools / institutions and companies are a determinant of successful apprenticeships. VET schools need to operate in networks with local businesses. More broadly, closely involving social partners is necessary to ensure that apprenticeships remain attuned to the times so that the skills learnt keep pace with needs. Training/occupational standards need to be reviewed and updated regularly, and social partners are well positioned to provide input. Secondly, both the qualification gained and the learning process should be of high quality to exploit the full potential of apprenticeships and ensure that this model is recognised as a valuable learning pathway, transferable across borders, and opening up the route to high-skilled jobs. Thirdly, apprenticeships should be well integrated within the national or regional education and training system and based on a clear regulatory framework. The latter should clarify the responsibilities, rights and obligations of each party involved and promote collaboration and commitment by a wide range of stakeholders. Finally, it should also be underlined that young people who have dropped out of education, or are at risk of doing so, particularly need support to undertake apprenticeships.

*... require the engagement of employers...*

Good governance of work-based learning implies having a cost-benefit ratio that encourages employers to get involved. Work-based learning can only exist in a country if companies buy into this concept and offer apprenticeship places, student placements or cooperate with schools.

The regulatory framework should ensure appropriate incentives for employers to provide sufficient apprenticeship places. It should address the specific needs of SMEs, which face particular challenges and have limited resources. Incentives can be financial, such as tax benefits, subsidies or other, but also non-financial, such as access to certain support services, for example to help companies to host apprentices. In this context, ERDF support for SMEs can have a positive effect.

Support for apprenticeships, besides being a privileged way of screening potential candidates for new hires, generates wider economic benefits over the longer term and at the same time is an expression of social responsibility.

*... and can be supported by EU leverage*

Given the need to improve the quality and supply of apprenticeships quickly and to support Member States' cooperation in the field of VET, the Commission will set up a European Alliance for Apprenticeships. The Commission has already recognised that good cooperation between all stakeholders is essential for the success of such initiatives<sup>42</sup>. This alliance would

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<sup>41</sup> COM(2012) 728 of 5.12.2012.

<sup>42</sup> COM(2012) 669 of 20 November 2012.

bring together stakeholders from authorities, business and social partners, VET researchers and practitioners, and youth representatives. It would pool the various streams of existing actions under a common umbrella and would promote the benefits and ways of successful apprenticeship schemes and ways to build them up. The alliance would also help develop common dual training curricula for various professions, facilitate recognition of apprenticeships undertaken abroad and promote an appropriate regularly framework.

In the context of this alliance, the Commission will also promote national partnerships for developing dual learning. These should bring together business representatives, authorities responsible for education and employment, ESF managing authorities and social partners in order to work out how the role of apprenticeships in the Member State's labour market and education system can be strengthened and how national ESF allocations can be drawn upon in the design and implementation of dual learning systems.

Activities similar to the alliance for apprenticeships are already ongoing at sectoral level. An EU-level alliance is being formed in the ICT sector<sup>43</sup>.

### **3. Mobility for young people**

*Increased mobility would offer more employment opportunities ...*

The substantial differences existing between youth unemployment levels, coupled with a rise in vacancy rates in some Member States, highlight that intra-EU mobility can give young people access to more employment opportunities. Transnational traineeships and apprenticeships offer many advantages in this regard, together with the possibility of trying out working in another country without immediately committing to long-term employment. However, they are not yet widespread. This is in direct contrast to the openness towards mobility generally shown by young people and to the success enjoyed by programmes aimed at studying abroad, such as Erasmus and Leonardo.

*... which EU instruments are supporting...*

The recent EURES decision<sup>44</sup> transforming the European jobs network into a result-oriented matching and placement instrument has direct relevance for young people, since it will notably be expanded to also cover work-related apprenticeships and traineeships. Moreover, the Commission intends to develop further its 'Your first EURES Job' initiative to help EU nationals aged 18 to 30 to find work in another Member State. The scheme combines customised job-matching and job placement services with EU financial incentives (contributions to travel expenses for job interviews, pre-job training and work integration activities). The Commission will build on these steps by launching an initiative on public employment services in 2013 to improve the functioning of the European labour market. Such services will be called upon to play a greater role in exploiting all the job opportunities which can be created by intra-EU labour mobility and securing the employment prospects of EU

<sup>43</sup> A 'Grand Coalition for ICT Jobs' aims to federate stakeholders to address the shortage and the skills mismatches which characterise the labour market for ICT professionals.

<sup>44</sup> C(2012) 8548 of 26 November 2012.

citizens, especially the youth. This will make the European labour market more efficient, by reducing the risk of greater mismatches, and will help address future labour and skills shortages.

*... but requires further efforts*

However, given the urgent challenge of youth unemployment, further efforts are essential. The Commission calls upon the EU Budgetary Authority to ensure that adequate resources are available in 2013 and beyond to continue support for targeted mobility schemes such as ‘Your first EURES Job’ and upon Member States’ PES to further develop EURES-based programmes and mainstream them in their normal business.

Developing more targeted and individualised actions for all jobseekers, including youth, must be a priority for the foreseeable future. In 2013 the Commission will consider, as part of the future EURES axis of the Programme for Social Change and Innovation, the viability of a broader EURES jobs for young people programme to this end, building on the lessons learnt with the ‘Your first EURES Job’ initiative and in education (Erasmus, Leonardo da Vinci). This could support young people in finding and taking up jobs, work experience, apprenticeships and traineeships in another Member State<sup>45</sup>.

## VI. THE WAY FORWARD

Despite a number of efforts at EU and national level, job prospects for European youth have further worsened in the past year. A stronger response is urgently needed. This communication outlines the Commission’s analysis of the situation and gives an overview of what can be done through employment policy instruments, both at EU and Member State level, to remedy the situation. Action has to be taken together, building strong partnerships of trust with all stakeholders, be they employment services, education providers, social partners, employers or youth organisations. The issue at stake is Europe’s economic and social future.

The Commission:

- urges Member States to quickly adopt the proposal for a Council Recommendation on establishing a Youth Guarantee, which is part of this package, and to introduce their Youth Guarantee scheme in the course of 2013;
- calls on social partners to work towards a Quality Framework for Traineeships to ensure that traineeships provide young people with high-quality work experience under safe conditions;
- will set up a European Alliance for Apprenticeships to improve the quality and supply of apprenticeships and to promote national partnerships for dual vocational training systems; and

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<sup>45</sup> The Commission also intends to present a Youth on the Move Card initiative to support the mobility of young people.

- will launch, in the first half of 2013, a stakeholder consultation on developing a EURES jobs for young people programme, and will present an initiative to put EU mobility instruments, funding and governance on a more structural footing, commensurate to their importance.