

STRENGTHENING SOCIAL DIALOGUE

The introduction of the reinforced Youth Guarantee in North Macedonia: Policy design and implementation challenges

Webinar, 5 October 2021
Final Report

1. Background

The deterioration of the youth labour market situation in the European Union (EU) during the 2008-2009 global economic crisis led EU institutions to the adoption in April 2013 of the *Youth Guarantee* with the aim to ensure that all young people less than 25 received a good quality offer of employment, continued education (and training), apprenticeship or traineeship within four months of becoming unemployed or leaving school.¹

The establishment of the *Youth Guarantee* in the EU introduced a comprehensive youth employment policy framework that:

- Applies to all Member states and has universal reach as it targets all young people (15-24) neither in employment nor in education and training (NEET) within four months of becoming unemployed or leaving school
- Is based on the obligation of public institutions to intervene within a given timeframe (and therefore it raises an entitlement for the young person to be supported)
- Goes beyond unemployment and under-employment and includes young people who are inactive
- Addresses both the coverage (i.e., quantity) and quality of offers of services and programmes
- promotes the integration of different policies, measures and services with a view to fostering coherence and coordination
- combines long-term reforms with immediate action with a view to prevent the recurrence of unemployment and disengagement
- combines prevention and remedial approaches, accompanied by strategies to reach out to disengaged young people facing multiple barriers
- promotes broad-based partnership among public institutions at both central and local level, and between these and the social partners, youth and civil society organizations and the private sector

¹ Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, (2013/C 120/1).

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- matches national youth employment investments with the resources made available by the Youth Employment Initiative (YEI) and the European Social Fund (ESF), and
- continuously monitors the design, implementation and results of youth employment interventions through the multilateral surveillance system of the Employment Committee (EMCO) and emphasizes the analysis of the impact of the policies in place.

By February 2020 (just before the COVID-19 pandemic), there were approximately 1.7 million fewer NEETs across the European Union and youth unemployment had dropped to a record low of 14.9 per cent. Though an improving macroeconomic context certainly played a role, evidence suggests that the Youth Guarantee had an impact, since over 24 million young people who registered in the Youth Guarantee between 2014 and 2020 received an offer.

In October 2020, the Council of the EU adopted a new Recommendation aimed at reinforcing the Youth Guarantee and at ensuring policy coherence between the youth employment framework and other new policy instruments adopted at EU level since 2014 (*European Pillar of Social Rights*, validation of non-formal and informal learning; upskilling pathways and key competencies for lifelong learning; quality framework for traineeships and for apprenticeships). The reinforced YG, which targets young people up to 30 years old, emphasizes the need to: (i) strengthen outreach strategies targeting disengaged youth; (ii) improve the quality of offers provided to young people; (iii) address the persisting gender gaps; (iv) provide individualized support to young people facing multiple barriers and support them in the acquisition of language, career management, green and digital skills.

In 2018 the Government of North Macedonia introduced the Youth Guarantee (YG), modelled on the EU one, on a pilot basis in three local offices of the Employment Service Agency (ESA). The YG in North Macedonia targeted young people (15-29) neither in employment or in education and training (NEET), with the aim of providing them with a quality offer of employment, continued education or training or a traineeship within four months from leaving school or becoming unemployed. The YG implementation plan also envisaged the piloting of outreach activities, in partnership with the Ministry of Youth and Sports, and early intervention measures, in partnership with the Ministry of Education and Science.

In terms of delivery of offers within four months, the 2018 figures of the North Macedonian YG were mostly in line with the average found in EU countries, as approximately 41.9 per cent of the over 5,200 young persons registered in the YG received an offer within four months. Over 36 per cent received an employment offer, while 3.1 per cent received a traineeship and 2.2 per cent a training offer. Over 23 per cent of young beneficiaries were in an unknown destination at the end of the reporting period.²

Based on these promising results, the YG scheme was extended to the whole country in 2019, when over 20 thousand young persons registered to receive support. As the numbers scaled up, however, results started to decline, with just 35 per cent receiving an offer within the four-month

² See European Commission: *Data collection for monitoring of the Youth Guarantee 2017* (Brussels, 2018)

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timeframe. The same occurred in 2020, when the YG recorded over 25,000 young people registering in the YG, of whom just 34 per cent received an offer within four months.

Against this backdrop, the Economic and Social Council (ESC) of North Macedonia requested the assistance of the International Labour Organization (ILO) to brief its members on the key requirements of the reinforced Youth Guarantee and the policy areas that still need attention at the national level to comply with principles of the EU youth employment policy framework. To this end, the ILO, through the project *Strengthening Social Dialogue*, funded by the European Union, organized a webinar on 5 October 2021 to discuss the main features of the new EU youth employment policy framework.

2. Structure and content of the webinar

The webinar was structured around three main topics related to the design and implementation of the new Youth Guarantee in North Macedonia, namely:

1. Key features of the Youth Guarantee (2013) and the reinforced YG approved by the European Council in October 2020
2. Outstanding challenges: policy reforms, reaching out to young NEET most distant from the labour market and the quality of the offers provided at national level
3. Planning for the introduction of the reinforced Youth Guarantee in North Macedonia in 2022

The webinar was delivered through a keynote presentation on the three topics outlined above and an open discussion with participants about the difficulties North Macedonia may face in fulfilling all the requirements of the new EU youth employment policy framework.

2.1. Key features of the Youth Guarantee in the European Union

Youth employment has been central to the employment policy of the European Union since the early 2000s. The European Employment Strategy and the integrated guidelines for growth and jobs (2005-2008) called on EU countries to ensure that every young person be offered a new start before reaching six months of unemployment.³ In 2008 the Council reduced this period to four months.⁴ Since the proposed approach had not taken hold, the European Commission presented in 2010– within the *Youth on the Move* initiative – a framework of policy priorities to reduce youth unemployment and it called upon EU member States to ensure that all young people were in a job, education or activation measure within four months of leaving school and to provide this as a ‘Youth Guarantee’.⁵ At the end of 2012, the European Commission launched a youth employment package that included a proposal for a Council Recommendation on the establishment of a Youth Guarantee.

³ Council of the European Union: *Guidelines for the employment policies of the Member States* (Decision No 600, 2005).

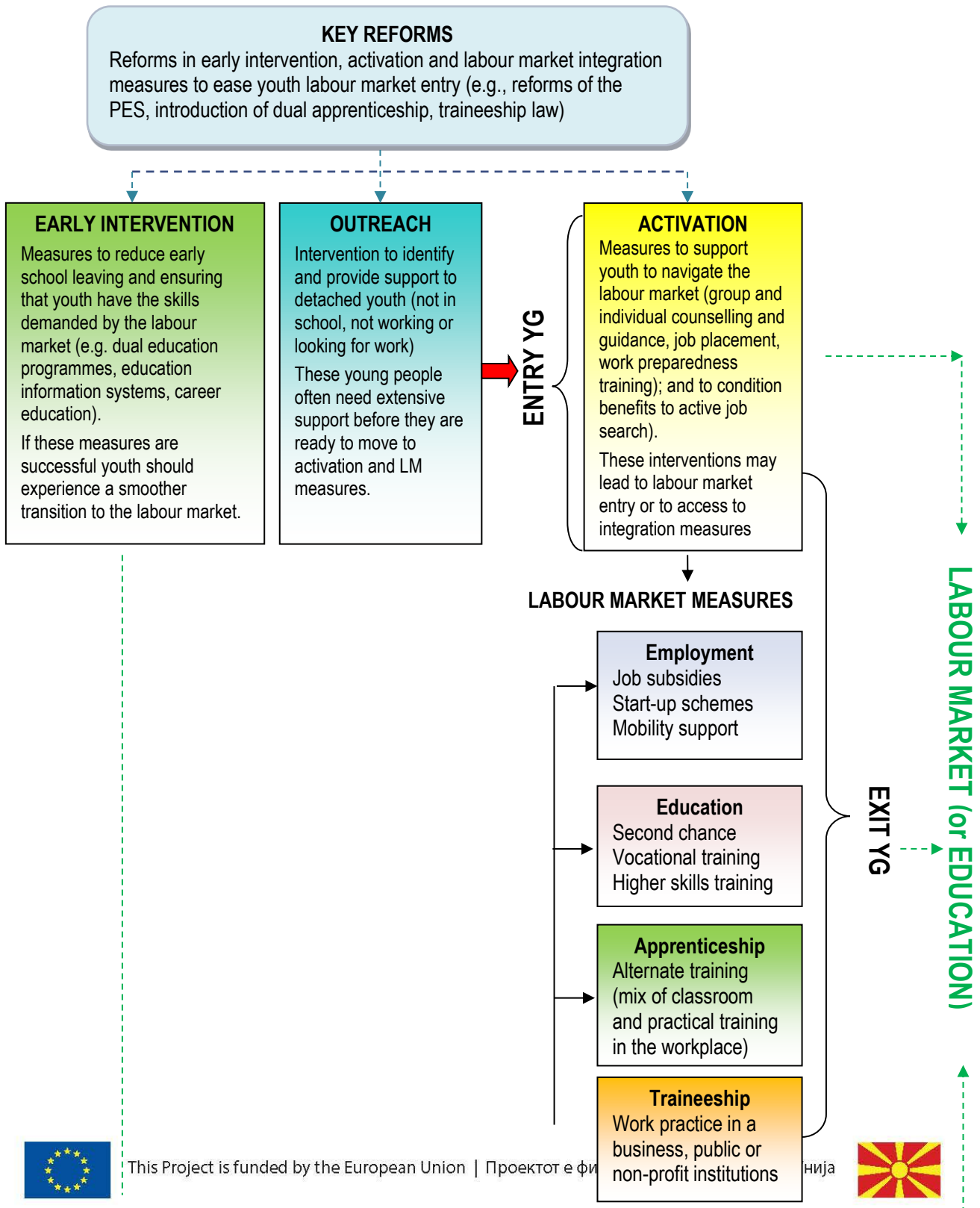
⁴ Council of the European Union, *Employment policy guidelines 2008-2010* (Decision No 618, 2008).

⁵ European Commission: *Proposal for a Council Recommendation on Establishing a Youth Guarantee* (Commission Staff Working Document 409, 2012).

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This recommendation was adopted in April 2013 and the delivery of the Youth Guarantee at national level started at the beginning of 2014. The interaction of the various policy pillars of the 2013 Youth Guarantee schemes is schematically shown in Figure 1.

Figure 1: The pillars of Youth Guarantee schemes



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At the top, there are the structural reforms to be implemented to ease the transition from school to work, reduce youth disengagement from the labour market and ensure that young people receive the support they need to gain decent work. The second level comprises the specific interventions to be undertaken in the areas of early intervention, outreach and activation services. The third and final level encompasses the quality offers of employment, continued education and training, apprenticeship and traineeship to be provided to young people within four months of becoming unemployed or leaving school.

The YG service delivery system (left-hand side of Figure 1) is continuously monitored through the *Indicator Framework* established by the Employment Committee (EMCO) Indicator Group. This framework encompasses three categories of indicators, comparable across EU countries: (i) aggregate, macroeconomic indicators; (ii) direct monitoring of the YG delivery (inflow/outflow indicators); and (iii) follow-up monitoring of young people who have exited the YG service delivery system. These indicators serve to measure the results of YG implementation on the overall situation of young people neither in employment nor in education or training (NEETs) at national level; the efficiency of YG service delivery; and the sustainability of outcomes achieved by young people going through the YG scheme.

Available data on the performance of the YG at EU level show that more than 20 million young people have entered YG schemes in the period 2014-2019 and around 14 million young people have taken up an offer. The latest assessment of the Youth Guarantee by EMCO was carried out on data of 2018. By that year, the number of young NEETs has fallen by 1.3 million. The improvement derived almost entirely from a decline in the numbers of unemployed NEETs (from 3.6 million to 2.4 million), while the number of inactive NEETs hardly changed. Cumulatively since the launch of the YG in 2014 there have been 38.2 million new starts on YG schemes, of which 36.7 million exited the process, leaving 1.5 million still registered at the end of 2018.

The proportion of young people aged 15-24 enrolled in a national YG scheme and waiting more than four months for an offer was 61.6 per cent in 2018. Of those leaving YG schemes, 39 per cent left to take up an offer within four months of registration, down from 41.5 per cent in 2016. The proportion of timely and positive exits was over 90 per cent in Hungary and around 70 per cent in Denmark, but it was particularly low in Spain (17.9 per cent) and Cyprus (14 per cent). The coverage of the YG (15-24) was 38.2 per cent of the NEET population on a declining trend compared to 2017 (39.4 per cent). The coverage rate decreased in most countries as a result of the drop in youth unemployment and increasing importance of inactive NEETs in the overall population.

Aggregate data show that most offers are for jobs (67.2 per cent), followed by traineeship and continued education (13.9 per cent and 12 per cent, respectively). Only 6.9 per cent of all young people registered in the YG took up an offer of apprenticeship. Approximately 52.6 per cent of young beneficiaries were known to be in a positive situation six months after exiting the YG, down from 55.9 per cent in 2017. Longer-term outcomes (after 12 and 18 months) show similar results at 12 months (54.8 per cent) but decline after 18 months (47.4 per cent).

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Whereas the above-mentioned results are certainly impressive, there are at least other three factors that contributed to the improvement of the youth situation in the EU labour market. First, the youth population targeted by the YG (15-24) declined by over two million individuals (3.6 per cent in just six years) and this affected labour market indicators and especially the youth unemployment rate. Second, the participation of young people to education in the EU has been on the increase for several years. Again, this influenced the NEET rate and the youth labour force. Third, and most importantly, most EU countries recorded positive economic growth and increasing labour demand in the period under consideration, which in turn influenced youth labour force participation and employment.

The figures regularly collected by the European Commission and EMCO highlighted other issues in the implementation of the 2013 YG. First, the YG schemes at national level targeted foremost young unemployed (registered and unregistered with the Public Employment Service), but it was ineffective in tackling inactivity among young people. The share of inactive youth within the NEET count remained substantially unchanged in the period 2014-2019, at six per cent of the youth population. This is to say that the outreach strategies deployed at national level to attract detached youth towards available support services were too limited in scope to make a difference. Second, in several countries trade unions and youth organizations pointed out that the offers provided within the YG could not be considered “quality offers” since they were not sustained over time (with many young people “carouselling” in and out of the YG scheme). Third, in many countries there were substantial delays in aligning offers to the new policy frameworks adopted at EU level on skills, social policy, digitalization and green transition.

In October 2020, the Council of the EU adopted a new Recommendation aimed at reinforcing the Youth Guarantee and at ensuring policy coherence between the youth employment framework and other new policy instruments adopted at EU level since 2014. There are several differences that characterize the reinforced Youth Guarantee:⁶

- The Council Recommendation refers to a series policy instruments adopted since 2014, which are relevant for the design, implementation and monitoring of YG plans at national level. These comprise the twenty principles of the European Pillar of Social Rights; as well as the Recommendations on the validation of non-formal and informal learning; on upskilling pathways and key competencies for lifelong learning; on the quality framework for traineeships and for apprenticeships; and on the Integrated European Social Statistics (IESS) framework.
- The reinforced YG underlines the need to: (i) strengthen outreach strategies targeting disengaged youth; (ii) improve the quality of offers provided to young people; (iii) address the persisting gender gaps; (iv) provide individualized support to young people facing multiple barriers in the labour market (low-skilled, early leavers from education, young persons with disabilities, national minorities); and support young people in the acquisition of language, career management, green and digital skills.

⁶ See Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2020/C 372/01).

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- The new YG stresses the importance of coherence and coordination across employment, education, youth, gender equality and social protection policies as well as the adoption of integrated service delivery models.
- The reinforced YG expand its scope to all young people up to 30 who are neither in employment nor in education or training (NEET) through schemes structured around four phases (mapping, outreach, preparation and offer). Instrumental to the effective implementation of national YG schemes are cross-cutting enablers, namely the mobilization of partnerships; the improvement of data collection, monitoring and evaluation; the optimal and efficient use of funds; and the building of strong delivery mechanisms.

This policy initiative will be financed for the period 2021-2027 by the European Social Fund Plus (ESF+) with a budget of €99 billion. An additional €47.5 billion is available under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) initiative for 2021-2023.

The four phases of the reinforced YG comprise mapping and early intervention; outreach; preparation; and offers. The first phase requires that countries build/strengthen their understanding of young NEETs characteristics, their geographical distribution; their distance from the labour market as well as map the services that are already available (type, duration and service providers) as well as introduce system-level education reforms combined with specific measures to reduce school failure and drop-out (early intervention).⁷ The second phase of the reinforced YG envisages an expansion of outreach strategies aimed at identifying and engaging young people who are “hard to reach” (early school leavers detached from the labour market, youth facing substance abuse issues, homeless youth) and are not registered to receive support with any public service providers. The emphasis on detached young people has the objective to correct the targeting of the YG, which had benefitted most young people who are unemployed (and therefore have an attachment to the labour market).

The preparation of young NEETs to take up an offer of employment, continued education and training, an apprenticeship or a traineeship (called “activation” in the 2013 Youth Guarantee) includes the whole range of employment services normally delivered by the PES (counselling, career guidance, job mediation, motivational training etc.), including the tools used to improve client segmentation, individualized service delivery and sustainability of outcomes (profiling, individual employment planning, case management, post-placement services). The preparation phase should also include recognition of prior learning, training on digital skills, case management, mentoring and post-placement services (to increase the sustainability of offers). The final phase of the reinforced YG is the provision of a quality offer of employment, continued education and training an apprenticeship or a traineeship to young NEETs.

⁷ European Commission: *Reducing early school leaving: Key messages and policy support*. Final Report of the Thematic Working Group on Early School Leaving (2013). For a complete synopsis of recent country practices on early school leaving see European Commission/EACEA/Eurydice/Cedefop: *Tackling early leaving from education and training in Europe: Strategies, policies and measures*, Eurydice and Cedefop Report (Luxembourg, 2014).

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2.2. Outstanding challenges: Policy reforms, outreach and quality offers

In many countries, the policy reforms set in motion by the 2013 Youth Guarantee related to the policy areas under the purview of ministries of labour and employment, the authority most often in charge of overall coordination at national level. These reforms revolved around the design of active labour market policies and Public Employment Service structure and organization, and to a lesser extent work-based learning and apprenticeship schemes. The EU countries that experienced an accelerated pace of reforms are those mostly affected by the youth employment crisis and that received significant EU financial support (e.g., Belgium, Italy, Latvia, Poland, Portugal and Slovenia).

A more generalized acceleration of policy reforms – not originally envisaged by Youth Guarantee plans – can be detected starting from 2015. In Italy, for instance the Youth Guarantee has become part of a more comprehensive package of reforms aimed at easing the transition from school to work (new rules for apprenticeship and compulsory traineeship and work-based learning in general and vocational secondary schools); improving the design and implementation of active labour market policies; and enhancing the effectiveness of PES (centralised governance system, new model of individualized support for job seekers, activation strategies). In Ireland, the Youth Guarantee allowed the country to extend the geographical scope of the new, one-stop-shop employment and social service delivery model (*Intreo*) and introduce a targeted national traineeship scheme (*First Steps*) in 2017. The 2016 reform of the education system in Austria (*Education and Training till 18*) shifted labour market integration measures targeting young people from a “work first” to a “training first” approach, including the introduction of a training guarantee for young people until 25 years of age (*Aus-bildungsgarantie bis 25*).⁸

Many EU countries, however, experienced significant challenges in coordinating the timing of policy reforms with YG service delivery. This latter started in all EU countries in Spring-Summer 2014, while policy reforms – and especially those related to the capacity of the PES (staff, profiling, new service delivery models)– started only in the following year. One of the lessons learnt during the implementation of the 2013 YG scheme, therefore, is that all the policy pillars of the YG (early intervention/mapping; outreach; preparation and offers) need to proceed at more or less the same pace in order to achieve sustainable and measurable results.

In all EU countries, outreach activities are limited in scope (i.e., with relatively small number of young people targeted) and complex to organize and monitor. The first challenge is the identification of detached youth. Some countries opted for the pooling of information stemming from various public administrations (education, employment, social protection, social service, local government), which often required changes to the legal framework to allow the sharing of data subject to privacy protection. Other countries opted for a face-to-face approach through the direct contact of youth workers in places where young NEETs gathered (activities that came to a halt during the Covid-19 epidemic). The second key challenge to be addressed related to the readiness of these young NEET to attend intensive employment services and programmes. In several EU countries detached young people are first exposed to progressively increasing support (mostly managed by social service staff or specialized youth workers) to overcome life barriers (living independently, addiction,

⁸ See ILO: *Innovation in youth employment policy in Europe. Country briefs* (Geneva, 2018).

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health/disability constraints). One these core barriers are under control, the next step is life skills (communication, learning to learn, personal finance management). Only when these basic life challenges are managed independently by the young beneficiary, consideration can be made towards employment. In Latvia, for instance, outreach activities were detached from the YG service delivery system early on in the implementation process, and assigned to a specialized Department of the Ministry of Education.

In any case, outreach activities need to be carefully planned and costed in the Implementation Plan, with due consideration being given to the (necessarily) limited number of detached young people that can be effectively targeted and a prudent management of contracting procedures.

The reinforced YG emphasises that the offers provided to young beneficiaries needs to lead to a sustainable integration in the labour market. Whereas there are quality frameworks for traineeship and apprenticeship adopted at the EU level, and the education and training offers are guided by the policy documents related to the European qualification framework (EQF) and its quality assurance mechanisms, there is no guidance from the European Commission on what constitute a quality offer of employment, leaving member States free to decide whether to use an *ex-ante* framework (whereby job offers are screened against a set of measurable quality indicators) or an *ex-post* approach (i.e., if the job is sustained over time this constitute a quality offer). However, if the employment offers provided to YG beneficiaries are predominantly for fixed-term jobs, with short duration and paying wages at the minimum level, then it is necessary to investigate the root causes of this situation (poor capacity of PES to deal with employers or low capacity of enterprises to generate quality jobs or an economy based on labour-intensive sectors).

2.3. *Introducing the reinforced Youth Guarantee in North Macedonia*

The planning for the introduction of the reinforced Youth Guarantee framework in North Macedonia will have to take into consideration the novelties introduced as well as the challenges that clearly emerged during the implementation at national level.

The reinforced YG calls for the alignment of policies to: (i) the EU *Pillar of Social Rights* (access to quality and inclusive education, training and lifelong learning; gender equality; equal opportunities; tailor-made employment assistance and support; secure and adaptable employment; fair wages; healthy and safe work environment; work-life balance; strong social dialogue; social protection; minimum income; access to essential services); (ii) the quality frameworks adopted at the EU level on apprenticeship and traineeship; and (iii) the policy action prioritized in the education and training areas (validation of learning, upskilling, key competences; digital and green skills).

For North Macedonia, the most relevant policy areas in this field relate to the quality of education and training as well as the validation of learning (already included in the Employment Strategy); the expansion of training for digital skills (see for example the EU *ICTSkills4All* initiative;⁹

⁹ See <https://digital-skills-jobs.europa.eu/en/actions/european-initiatives/ictskills4all>

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the introduction of skilling and reskilling initiatives to support workers during the greening of the economy;¹⁰ and the upgrading of training for key competencies (literacy, numeracy and basic digital skills; learning to learn; sciences, technology, engineering and mathematics -STEM; digital competencies; entrepreneurship and language skills; and citizenship competences).¹¹ Attention also need to be paid to the minimum guarantee assistance (GMA) and the role this mechanism can play in ensuring that children of beneficiary households remain at school to gain a recognized qualification and young people are supported in making the transition to work.

As far as outreach strategies are concerned, the country gained valuable experience during the 2018 pilot. The lessons learnt (selection of partner providers with national coverage and trained youth workers; the establishment of a common framework for assisting young NEETs; and clear monitoring indicators to measure performance) should be embedded in the new YG Implementation Plan and additional resources invested to ensure the integration of detached youth (even though the numbers of beneficiaries will never be large).

In terms of preparation services and quality offers, the North Macedonia Employment Strategy already identifies the broad policy priorities that need to be pursued by the Ministry of Labour and Social Policy and the Employment Service Agency, namely: (i) provide the Agency with the human, financial and technological means to expand service and programme delivery; and (ii) implement dedicated employment service and programme lines targeting groups at risk in the labour market.

Finally, the successful implementation of the reinforced YG depends on the amount of national funds that will be matched to EU resources to pursue the required policy reforms. At the EU level, for example, the expected overall investment equals 1.4 per cent of the EU GDP (or nearly 300 billion euro).

*The content of the report is the sole responsibility of the author and it does not reflect the position of the European Union.

¹⁰ See https://europa.eu/climate-pact/about/priority-topics/green-skills_en

¹¹ See Council Recommendation on key competences for lifelong learning of 22 May 2018.