

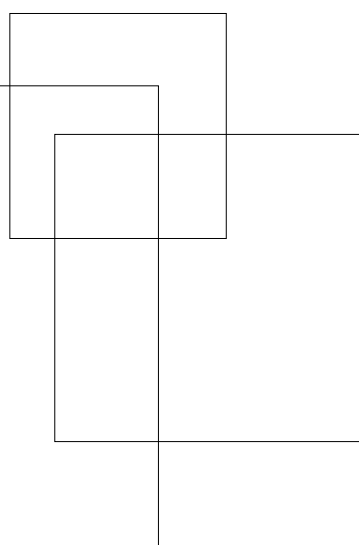


International
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RESEARCH DEPARTMENT ||||| WORKING PAPER NO. 21 |||||

The European Youth Guarantee: A systematic review of its implementation across countries

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AUGUST 2017

Research Department Working Paper No. 21

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August 2017
International Labour Office

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Abstract

The European Youth Guarantee (YG) is one of the most innovative labour market policies of recent years. It arrived at a time when an urgent and radical response was needed to address the detrimental long-lasting consequences of long-term unemployment. This article examines empirical evidence on the effectiveness of past youth guarantee experiences, as well as the few existing evaluations of the YG, to identify the factors that are key to their success. We then assess whether the key success factors are embedded into the implementation plans published by the European countries and the extent to which these objectives have been met in practice. Our analysis shows that while most of countries have established clear eligibility criteria and appropriate institutional frameworks, and are providing a comprehensive package of measures, many of them are still facing challenges when meeting the objectives of early intervention and effective enforcement mechanisms. Finally, although countries' initial spending in the national YG schemes has often outpaced planned expenditures, in many instances resource allocations have not been sufficient to match the recommendations.

Keywords: Europe, Youth Guarantee, unemployment, active labour market policies, NEET

JEL codes: J08, J21, J23, J24.

Acknowledgments

The authors would like to thank Louise Nennen for excellent research assistance; and Steven Tobin and participants at the CEET conference “La Garantie Jeunes et son évaluation” for invaluable comments. The opinions expressed in this article and the conclusions drawn are the authors’, and do not necessarily represent the ILO or its policies.

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1. Introduction

The Youth Guarantee (YG) is one of the most innovative labour market policies of the last few decades, not only in terms of its design, but also of the institutional courage needed to adopt such a forceful response and the commitment made by all stakeholders to reach agreements. Today, the European YG is a commitment by Member States to guarantee that all young people under the age of 25¹ receive, within four months of becoming unemployed or leaving formal education, a good quality work offer to match their skills and experience; or the chance to continue their studies or undertake an apprenticeship or professional traineeship (European Council, 2013a). Therefore, in its design, the YG combines the concept of guarantee, with a maximum period for countries to take action, and the notion that effective activation measures have to be comprehensive in nature. All of these factors are atypical characteristics that distinguish the YG from other similar interventions.

The YG arrived at a moment when an urgent and radical response was needed² to address the detrimental long-lasting consequences of youth unemployment, such as permanent future income losses, skills erosion and the increased risk of discouragement and inactivity. The response was in line with the magnitude of the challenge, and the YG became one of the few efforts with such a broad support from all stakeholders, including governments, social partners and the civil society. In fact, as discussed below, the participation of all social partners in the design and implementation of the measures has been fundamental to ensure their adoption.

However, the implementation of the YG at the national level has not been without bumps and limitations. Youth guarantees are not simply adjustments to active labour market policies (ALMP) already in place, but rather their proper implementation often requires the creation or reform of vocational training schemes, education systems and public employment services (PES). Moreover, the success of these programmes is based on their ability to forge cooperative agreements with employers' organizations, trade unions, schools and training centres and non-governmental organizations, which can often be laborious and time consuming. Finally, there is an important cost associated to their adequate implementation, which has been estimated at approximately 45 billion euros (PPP) for the EU-28 in 2014 (Escudero and López Mourelo, 2015).³ This price tag should be viewed as an investment, given the significant reduction that its effective allocation would produce in the costs associated with youth unemployment. Still, despite the funding support provided by the Youth Employment Initiative (YEI), attaining this recommended level requires great national efforts.

In this context, the aim of this article is to examine preliminary findings on the implementation of the European YG programme at the national level, to assess whether efforts are on track to realising their full potential. To achieve this, we have identified six factors that are key to the success of the YG, based on empirical evidence on the effectiveness of past youth-guarantee-related experiences, as well as the

¹ The starting age of the YG is country specific and depends on the age at which youth complete compulsory schooling. In Austria, for example, initiatives to ensure early intervention and activation start already when youth are in their last two years of compulsory schooling (i.e. compulsory schooling ends at 15) with activities related to youth coaching.

² At the end of 2012, the youth unemployment rate in Europe reached 23.5 per cent, and exceeded 50 per cent in some countries.

³ Previous analyses of the ILO estimated its cost at approximately 21 billion euros per year based also on the Swedish example (ILO, 2012). Those calculations corresponded only to Eurozone countries and took into account the unemployed youth rather than the number of young people not in employment, education or training.

few existing evaluations of national YG programmes. We then look at the current state of implementation of the YG national programmes with a focus on whether the six success factors are being considered in their rollout. This exercise allows us to highlight the achievements and lessons learned from the implementation of the YG to date, as well as to point out to some of the challenges that are still not resolved.

2. The Youth Guarantee: From the Nordic experience to the European initiative⁴

Youth guarantees emerged in the 1980s and 1990s in the Nordic countries, which have long been pioneers in the implementation of active labour market policies. Sweden, for example, introduced the first youth guarantee in 1984, Norway established a similar effort in 1993, and Denmark and Finland did the same in 1996 (Mascherini, 2012). Although these pioneering experiments differed in several respects from today's European YG, they had indeed some common features. First, these early youth guarantee programmes put emphasis on the preparation of customized plans based on the needs of the youth out of employment and education. Second, the PES played a central role in the provision of such a customized approach. Third, these programmes were already grounded on the principle of guaranteeing the unemployed youth an employment, academic or vocational training opportunity. While these first youth guarantees have been modified by various reforms over the last few decades, they effectively reduced youth unemployment even during the crisis of the 1990s, which put them to the test very soon after their creation (ILO, 2012).

The institutions of the European Union took the first steps to establish a European youth guarantee during the second half of the 2000s (Figure 1). In 2005, in the context of the preparation of the employment policy guidelines of Member States for the period 2005–2008, the Council agreed that policies should guarantee that “every unemployed young person is offered a new start before reaching 6 months of unemployment”.⁵ Subsequently, in 2008, during the preparation of the 2008–2010 guidelines, the Council decided to shorten the timeframe by offering this guarantee within no more than four months after young people left school⁶ (EC, 2012b).

In 2010, however, when the youth unemployment rate in the European Union (at above 20 per cent) had reached an unprecedented high, there were still no efforts at the European level – with few exceptions such as the Austrian *Ausbildungsgarantie*, established in 2008 – to address this challenge. This was about to change as throughout 2010 the number of institutional efforts was multiplied, including calls by the Parliament, the European Commission (EC) and the European Youth Forum for the establishment of a European youth guarantee. In September 2010, the EC launched the “Youth on the Move” initiative, a package of measures designed to reduce youth unemployment. In this Communication, the EC proposed for the first time the concept that today underlines the YG of ensuring that all unemployed young people would be offered an opportunity to work or to attend training within four months of finishing their studies (EC, 2010). Such appeals were repeated throughout 2011, although in practice, they did not lead to the desired result (EC, 2012c).

⁴ This section builds upon research carried out in a previous working paper on the subject (Escudero and López Mourelo, 2015).

⁵ Decision 2005/600/EC of 12 July 2005, OJ L 205, 6.8.2005, p. 21.

⁶ Decision 2008/618/EC of 15 July 2008, OJ L 198, 26.7.2008, p. 47.

More concrete steps were taken in 2012. In April 2012, the EC launched an employment package in its Communication entitled “Towards a job-rich recovery” including a proposal for a Council Recommendation to be issued at the end of the year to launch an EU-wide youth guarantee (EC, 2012a). One month later, the European Parliament insisted on the role of a youth guarantee programme, emphasizing that it would have to be legally enforceable if the problem of youth unemployment in the EU was to be resolved (EC, 2012c). In the same spirit, in its conclusions of 29 June 2012 the European Council affirmed that such measures could receive financial support from the European Social Fund, and that Member States could finance employment subsidies through this Fund. Finally, in December 2012, the EC launched a youth employment package that included a proposal for a Council Recommendation on the establishment of a youth guarantee (EC, 2012b). This proposal set out the principal elements of the YG⁷ and specified the mechanisms that the EC would use to support its establishment in Member States, including financial support, sharing of good practices and monitoring of measures adopted (EC, 2012b). Then, in April 2013, the Council adopted the proposal as a Recommendation to Member States (European Council, 2013a). Importantly, the establishment of the European YG has had the on-going support of the social partners, who also played an active role throughout the entire negotiation process (Bussi and Geyer, 2013).⁸

Throughout 2013, the movements to provide financing for the YG programme started. In the first half of 2013, the European Council agreed to create the Youth Employment Initiative (YEI) with an endowment of 6.4 billion euros to support the YG’s implementation during the period 2014–2016. This fund was restricted to regions where levels of unemployment had been higher than 25 per cent in 2012 and would be granted provided that countries match this grant with a contribution of at least the same amount from their European Social Fund allocation.⁹ Furthermore, the European Council urged Member States to present their plans for the implementation of the YG before the end of 2013, with a view to enacting them in 2014 (European Council, 2013b). By May 2014, all Member States had submitted their implementations plans, with details on the actions to be taken to establish the YG, the role of the main institutions involved, a timeline for the implementation and an outline on how the different initiatives would be financed. Although implementation begun in 2014, most of the measures were deployed gradually and, as detailed in Section 4, some key measures and reforms are yet to be executed. Given the magnitude of the challenge, the EC proposed to increase the YEI budget by 2 billion euros for the period 2017–2020.¹⁰

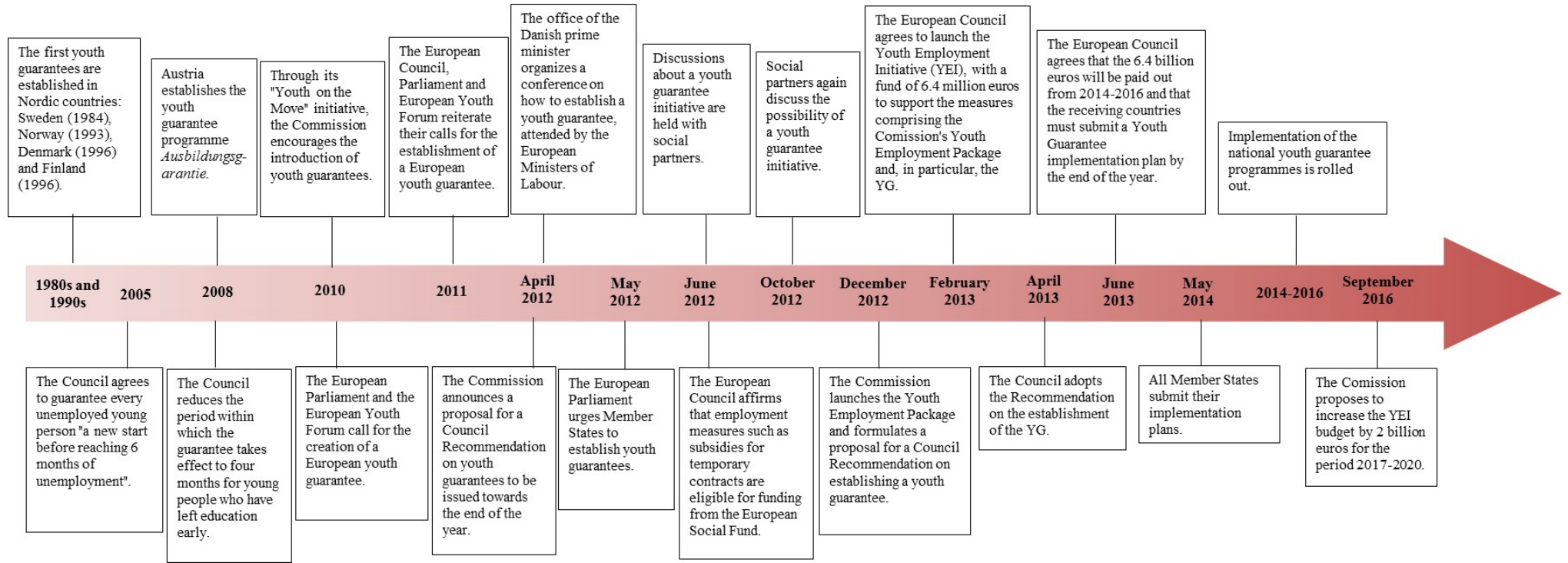
⁷ These included: i) interaction with all stakeholders; ii) early intervention and activation; iii) support for labour market integration; iv) use of European Structural Funds; and v) monitoring and evaluation.

⁸ A series of discussions between governments and social partners took place between April and October 2012, on the implementation of the YG and the factors that would be vital to its success.

⁹ Out of the EU-28 countries, 20 were considered eligible for YEI funding. Austria, Denmark, Estonia, Finland, Germany, Luxembourg, Malta and the Netherlands were not considered eligible because there were no regions within their borders where youth unemployment had been higher than the threshold (but still they implemented YG programmes).

¹⁰ By June 2017, this proposal had not yet been adopted by the European Council or the European Parliament.

Figure 1. Timeline for the implementation of the European YG



Source: Updated by authors, based on Escudero and López Mourelo (2015), EC (2012b; 2012c).

3. What we expect and what we know about the success of the national YG schemes

3.1. Theoretical considerations

As argued by the economic literature, ALMPs are indispensable mechanisms to: i) reduce imbalances between labour demand and supply; ii) boost workforce productivity; and iii) keep the long-term unemployed and other vulnerable groups connected to the labour market (Layard et al., 2009; Escudero, 2015). Thus, to the extent that national YG schemes include a comprehensive number ALMPs, the expected impact of the YG in each country will be driven by the types of ALMPs implemented, as well as the potential effectiveness of each intervention.

Importantly, there is a vast literature on the economic effects of each category of ALMP recommended as part of the YG schemes. More specifically, the training component of youth guarantee programmes is expected to have a significant impact on youth unemployment, although its impact on overall unemployment may be limited (Schmid, 1996). Indeed, these measures are usually successful in reducing the vulnerability of the most at-risk groups in the labour market, such as young people, which could lead to a reallocation of employment opportunities and a resulting substitution effect (Escudero, 2015). Moreover, training programmes may involve a displacement effect if beneficiary groups push other groups out of the labour market, a lock-in effect if participants reduce their search intensity (Bellmann and Jackman, 1996) or a deadweight effect if job placement happened in the absence of a programme (Calmfors and Skedinger, 1995).

Likewise, mixed effects could be expected from labour intermediation services. On the one hand, they are expected to raise the effectiveness of the job search (Schmid et al., 2001; Bellmann and Jackman, 1996) and, consequently, increase labour demand since opening new positions becomes cheaper (Pissarides, 1990; Calmfors and Lang, 1995). On the other hand, some economists predict that this type of assistance can mitigate the fear of unemployment and, therefore, reduce job-search efforts (Calmfors and Skedinger, 1995). Lastly, measures designed to increase demand for young workers (e.g. public employment and hiring subsidies) are expected to increase levels of employment directly, but also through a multiplier effect, especially measures aimed to promote entrepreneurship (EC, 2003). However, these measures can also have the displacement and substitution effects mentioned earlier (OECD, 1993; Calmfors and Skedinger, 1995).

Importantly, the effectiveness of youth guarantee programmes, as that of other rights-based programmes (i.e. given the “guarantee” aspect), will depend directly on the capacity of labour demand to fulfil the commitments made by Governments (Ravallion, 1991). Assuming this is case and that the economy can absorb the assisted youth, rights-based programmes should have a positive impact on employment and reservation wages by increasing the bargaining power of targeted workers (Drèze and Sen, 1989; Dev, 1995). However, if the increase in labour demand is insufficient, the effect will be an increase in competition for the existing vacancies, which would in turn lead to a reduction in reservation wages (Basu et al., 2009). The dominance of one effect or the other will depend, at least partly, on whether governments prioritize distribution over effectiveness in their programme implementation. A widely implemented programme will tend to enhance competition and reduce reservation wages, while a more targeted programme will provide greater benefits, but only to a specific group (Basu et al., 2009).

With this in mind, it is worth noting that the overall impact of youth guarantees will greatly depend on the specific characteristics of programmes’ design and implementation, as well as on the context in which they are put in place. Therefore, some of the negative effects associated with different

components of youth guarantees can be mitigated by considering the factors that can contribute to the success of these interventions, as discussed in the following section.

3.2. Preliminary findings on the impact of the YG, with a focus on the factors that determine their success

Due to their recent implementation, the impact of the national YG programmes in Europe has yet to be systematically evaluated. In spite of this, some impact evaluations have been launched during the last two years on the pilot programmes implemented within the context of the European YG. One of the few studies already available, for example, looks at the effect of the implementation of the YG in some pilot areas in France (DARES, 2016). The study, carried out by the DARES (Direction de l'animation de la recherche, des études et des statistiques) at the Ministry of Labour, uses data from a survey conducted among eligible youths in pilot and control areas to assess the impact of the YG on the employment rate of both eligible youth and participants. Authors find that the initiative has the highest positive effect on the employment rate, during participation, within the first three months,¹¹ and post-participation right after completing the programme. A different approach, using a qualitative-sociological analysis¹², pinpoints to some heterogeneity behind the overall positive effects associated to the pilot programme implemented in the country (Loison-Leruste et al., 2016). In particular, authors conclude that during the first years of implementation, the effects of the YG on the labour market trajectories of French beneficiaries, were three-fold: while a first group of participants did in fact find a job; a second group of beneficiaries continued preparing for employment; and a final group consisted of disadvantaged youth whose situation of vulnerability did not allow them to make the most of the programme, but the programme was not able either to break their path of exclusion.

Moreover, the impact evaluations that were done in the countries that pioneered the enactment of youth guarantees can also shed light on the effectiveness of these measures in facilitating young people's transition into the labour market (Escudero et al., 2017; Kluve et al., forthcoming). Youth programmes such as those implemented in Norway and England¹³ are noteworthy in this regard, as they are praised for having had excellent results in terms of employment and activation, in the short and the long terms (Hardoy, 2005; Blundell et al., 2004; De Giorgi, 2005). In addition, the youth guarantee introduced in Finland in 2005, showed also positive effects, but in this case only among the skilled unemployed (Hämäläinen et al., 2017). Interestingly, the most beneficial effects appear to come from the most comprehensive programmes (i.e. those that include a broad set of different measures). Likewise, analyses of the Swedish case reveal that youth guarantee plans can be an efficient way to address youth labour market challenges, as they can produce significant effects at a relative modest cost (ILO, 2012).

In addition to the existing evaluations of youth guarantee programmes, it is important to mention that many of the main elements recommended by the European YG have been studied in detail, providing insights into their likely outcomes. Education and professional training measures are usually found to be the most effective measures, but mostly in the medium to long runs, which is when the yields of investment in human capital tend to maximize, while in the short-term effects are often negligible (Card et al., 2010). The same occurs with private sector incentives, including both hiring and start-up

¹¹ This would therefore be an effect during participation as opposed to post-participation, which is possible because the authors take into account all types of employment including internships, apprenticeships, civic service, subsidized contracts and standard contracts.

¹² This analysis was based on more than one hundred interviews carried out among the targeted youth and the PES counsellors in charge of providing support to participants.

¹³ The New Deal for Youth People programme in England is very similar to the Nordic guarantees.

incentives (Kluve et al., forthcoming). Conversely, the evidence to date suggests that job-search assistance and a personalized follow-up of career plans have positive effects on employment (Dolton and O’neill, 1996; Van Den Berg and van Der Klaauw, 2006; and Micklewright and Nagy, 2010), both in the short and long runs (Card et al., 2017). Likewise, conditioning benefits to job-search components promotes activation and increases employment rates (Graversen and van Ours, 2008; Van den Berg et al., 2009).

Importantly, both the microeconomic analyses discussed above and existing macroeconomic analyses (Escudero et al., 2017; Escudero, 2015) point to the fundamental role played by design and implementation aspects in determining the effectiveness of youth guarantees and other activation measures. Taken from this existing knowledge it is possible to highlight six prerequisites for the successful functioning of the European YG programmes^{14 15}:

- Firstly, eligibility criteria must be clear. It must allow to identify specific sub-groups within the target group, with a view to developing a package of measures in line with the specific needs of each group. In fact, empirical evidence points to a substantial variation in the effectiveness of activation measures due to profile and characteristics of programme beneficiaries (Kluve et al., forthcoming). For example, evidence from the first youth guarantees initiatives evaluated in France (Loison-Leruste et al., 2016) show that the situation of some participants barely improves. These are usually young people hard to assist, who need additional sociological and psychological support to overcome the barriers they face and, for whom measures solely aimed at increasing employability might be insufficient. However, even when employment measures are enough, they should be personalized for them to be most effective – e.g. training and education measures should be tailored to match young people’s skill levels. Indeed, as suggested by Loison-Leruste et al. (2016), the mismatch between the training provided in the framework of the YG and the social situation and skill needs of participants, risks disengaging them rather than reinforcing their linkages to the programme.
- Secondly, early intervention (i.e. within the first months of unemployment) is often mentioned as a success factor, as prolonged unemployment spells weaken the effectiveness of activation measures. For example, an analysis of the Finish 2005 youth guarantee, which finds effects only among the most educated youth (i.e. those which have completed vocational training), argues that the lack of impacts for the uneducated youth is explained by the fact that the early intervention was already in place among uneducated job seekers, so the new waves of activation (following the reform) only affected the educated job seekers (Hämäläinen et al., 2017). Importantly, the need for youth guarantees to be implemented in a timely manner has been widely recognized, as it is well-known that longer unemployment spells produce skills erosion and reduce job search efforts. In fact, the establishment of a maximum period of four months as one of the characteristics of the European YG reflects this recognition.
- Thirdly, evidence shows that activation measures are more effective when implemented as a comprehensive package of policies rather than through isolated measures (ILO, 2016). For instance,

¹⁴ Escudero and López Mourelo (2015) discussed some of the prerequisites for a successful functioning of the YG. This paper revises, updates and extends that discussion based on new available studies on the effectiveness of YG.

¹⁵ It is important to note that an Action Plan put together by the European Commission (EC) and the International Labour Office (ILO) (EC-ILO, 2017) has identified additional success factors aimed to improve the governance and implementation of YG plans and youth employment policy in general. Factors not mentioned in this paper include: (i) adequate inter-institutional coordination and partnerships; (ii) the transfer from a project to a strategy; (iii) regular meetings by the monitoring committees; and (iv) the establishment of performance monitoring.

within the context of the UK New Deal for Young People programme, it was found that the combination of different activation measures improved the probability of employment by almost 5 percentage points (De Giorgi, 2005). Likewise, evidence shows that even within training programmes, a useful combination of high quality formal education and on-the-job training is needed to enable young people to fully participate in the labour market. For example, Hardoy (2005) finds that in Norway these type of comprehensive employment programmes increases the full-time employability of women and younger beneficiaries, while training programmes alone have no positive effects.

- Fourthly, the creation of appropriate institutional frameworks is crucial for programmes' effectiveness. In this regard, it is important to highlight the fundamental role played by PES. Indeed, the evaluation of the pilot period of the New Deal programme finds that at least one fifth of the positive effect of the programme on employment outcomes is due to the job search assistance and individualized support provided by the PES office (Blundell et al., 2004). Moreover, plenty of evidence points to the role of properly staffed (in terms of both numbers and competencies) PES capable of offering customized support to different groups and effectively managing the range of services offered under YG programmes. In the case of the recent YG programmes implemented in France, for example, DARES (2016) argues that the highest positive effect found within the first three months of participation in the programme, can be attributed to the high intensity of the counsellor's support during that first phase. In this same line, Loison-Leruste et al. (2016) find that the success of the YG will rely on the counsellors' provision of an intensive support, which is adapted to the target population. This is fundamental as this population is often characterized by its lack of employment and skills, as well as by a number of social, academic, economic, physical and psychosomatic handicaps. Looking into the specific case of Italy, Pastore (2015) takes this recommendation one step further suggesting that a successful implementation in this country would require not only the transformation of the PES, but also of educational and training systems.
- Fifthly, ensuring sufficient resources is an indispensable condition for the effective operation of YG programmes. This is true for the PES (i.e. administrative costs), which need to be well resourced to be ready to fulfil their mission; but also for the operational costs of programmes. For example, ensuring that the budget allocated to these policies counts with sufficient flexibility has been found to be central to enable programmes to effectively respond to economic cycles (Escudero et al., 2017). An example of the importance of this flexibility was observed in the case of the Finnish PES, when the fast increase in the unemployed youth during the recent economic crisis challenged its ability to respond effectively (ILO, 2012). Finally, projecting accurately the administrative and operational costs of the implementation of the YG is an important step, but also a complex one as it needs to involve material, human and organisational investments. In the case of France, for example, an analysis of the execution of the YG in a number of local delegations showed that the budget allocated was around 80 per cent of the real cost, often due to difficulties to anticipate the real costs of an effective operation (Farvaque et al., 2016).
- Finally, while the provision of a comprehensive package of activation measures, the existence of an appropriate institutional framework and sufficient resources are fundamental to ensure the effectiveness of the YG, ensuring that beneficiaries comply with their obligations is also essential. For example, the empirical evidence has found that the increase in participants' employment rates is due partly to the "threat effect" associated to these activation measures (Graversen and van Ours, 2008). This effect varies depending on the characteristics of the YG and can refer to: an actual reduction of benefits if young people spend longer periods in unemployment; the increasing cost of being out of employment as youth need to allocate time to participate in these activation measures; or, for the youth that decide not to participate, to the stigma associated to not taking part in a

programme that is widely available and beneficial. This threat effect is reinforced because the rights-based approach followed in the design of the YG implies in practice that participation in these programmes is “semi-mandatory”. Therefore, the bigger the efforts to ensure that the universal nature of the YG is guaranteed, the larger the positive impact related to this threat effect.

4. Assessment of the YG implementation: Successes and challenges

As described above, Member States eligible to benefit from YEI were urged by the European Council to present their YG implementation plans by the end of 2013, with the objective of starting implementing them in 2014 (European Council, 2013b). Although there were some small delays, all countries that would benefit from YEI presented their implementation plans between December 2013 and March 2014. The rest of Member States (i.e. those not benefitting from YEI) were encouraged to adopt similar plans in 2014. As such, Austria, Denmark, Estonia, Finland, Germany, Luxembourg, Malta and the Netherlands launched their projects during the first half of 2014.¹⁶ Over the course of 2014 and 2015, close to half of the countries (13 of the EU-28) even submitted updated versions of the plans they had presented.

Three years later, European countries have already made encouraging progress in the implementation of their national YG schemes. Given new information available on the enactment of these plans to date (EC, 2016b), we are able to assess preliminary outcomes of this implementation by October 2016 (latest information available). We also compare this new information with that on measures countries had intended in their implementation plans,¹⁷ putting emphasis on whether countries have considered the success factors outlined above during the execution of the plans, with a view to identifying successes and remaining challenges to date.

Escudero et al. (2017) provided a first assessment of the progress made in the implementation of YG plans at the country level, particularly on questions related to the types of policies implemented. This section aims at updating and complementing previous analyses and offering new perspectives in terms of the accomplishment of the success factors. In particular, we start by discussing whether EU countries have opted for clear eligibility criteria in their YG implementation plans (section 4.1). We then examine if countries have fixed a maximum period to respond to youth needs and, most importantly, whether in practice countries met the objective of a timely intervention (section 4.2). Furthermore, we look in detail at the set of initiatives planned and implemented in the countries with available information to see if countries have been able to provide a comprehensive package of activation measures (section 4.3). Finally, the section delves into the three remaining prerequisites for the successful functioning of the YG programmes, namely appropriate institutional frameworks, sufficient resources, and the availability of mechanisms to ensure that beneficiaries comply with their obligations.

¹⁶ Some of these countries, including Austria and Denmark, already had youth guarantees, which they remodelled and adapted to comply with the EC’s Recommendation. Thus, the implementation plans they presented contained already the main features of a youth guarantee according to the European guidelines.

¹⁷ Information on the YG implementation plans included in this analysis is limited to the plans that are available online. See notes in Figure 2 for more information.

4.1. Main features of the national YG schemes

As discussed above, through the YG, countries commit to assisting young people under the age of 25, within four months of becoming unemployed or leaving education. Relative to this commitment, 11 countries followed the EC's recommendation (Table 1) and targeted the under-25s, 15 countries extended the eligible group and implemented YG aimed at people under 30 years of age, and France and the Netherlands established age groups somewhere in between (26 and 27 years, respectively).

Table 1. Main features of the national Youth Guarantee schemes by country

Countries	Maximum period	Age group	Main target group NEETs	LTU targeted specifically	Specific focus
Austria, Belgium, Cyprus, Germany, Ireland, Luxembourg, Malta, Sweden	<ul style="list-style-type: none"> • 4 months • Austria, Germany, Sweden: 3 months 	Under 25	✓	×	
Hungary	4 months	Under 25	✓	✓	
Finland	3 months	Under 25	✓	×	Particular educational levels (recent graduates under 30)
Romania	4 months	Under 25	✓	×	<ul style="list-style-type: none"> • Roma populations • Women
France	4 months	Under 26	✓	×	
Netherlands	4 months	Under 27	✓	×	
Croatia, Czech Republic, Denmark, Estonia, Greece, Lithuania, Portugal	<ul style="list-style-type: none"> • 4 months • Denmark: 3 months 	Under 30	✓	×	
Latvia, Slovakia	4 months	Under 30	✓	✓	
Slovenia	4 months	Under 30	Unemployed	✓	
Bulgaria	4 months	Under 30	✓	✓	<ul style="list-style-type: none"> • Roma populations • Particular educational levels
Italy	4 months	Under 30	✓	✓	Roma populations
Poland	4 months	Under 30	✓	✓	Individuals with disabilities
Spain	4 months	Under 30	✓	×	<ul style="list-style-type: none"> • Women • Individuals with disabilities • Particular educational levels
UK	4 months	Under 30	✓	✓	<ul style="list-style-type: none"> • Individuals with disabilities • Particular educational levels

Source: Compiled by authors, based on the YG implementation plans and country fiches available online at <http://ec.europa.eu/social/main.jsp?catId=1161&langId=en>; EC (2016b and 2016c) and Escudero and López Mourelo (2015).

Moreover, as regards YG's eligibility criteria, most countries target young NEETs (youth not in employment, education or training) and require young people to be registered with the PES. The only exception is Slovenia that requires young people to be unemployed. The characteristics of the target groups often do not go beyond this general criteria. There are, however, seven countries that have set a

specific focus on long-term unemployed and other seven countries that have defined specific sub-groups within the broad target population – e.g. women, people with particular educational levels or disabilities, and Roma populations (EC, 2016c).

To sum up, all European Union countries have established clear eligibility criteria and, most importantly, in many cases, they have launched measures designed to support the most vulnerable young people's integration into the labour market.

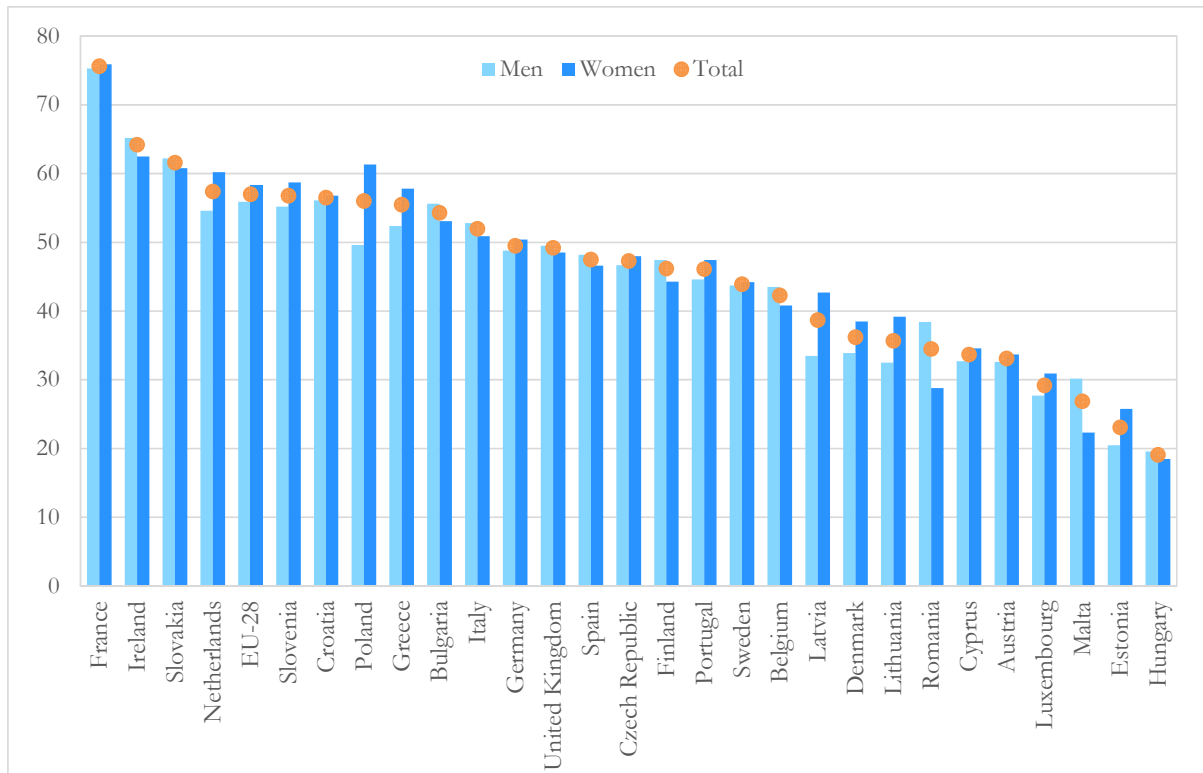
4.2. Meeting the objective of early intervention

Importantly, countries also committed to provide a timely delivery of those interventions embedded in their YG implementation plans. In fact, all countries followed the European recommendation with regards to the maximum period within which young people must be offered an employment or training opportunity (fixed at four months). Some Nordic countries (Denmark, Finland and Sweden), as well as Austria and Germany, have even opted for a shorter period of three months.

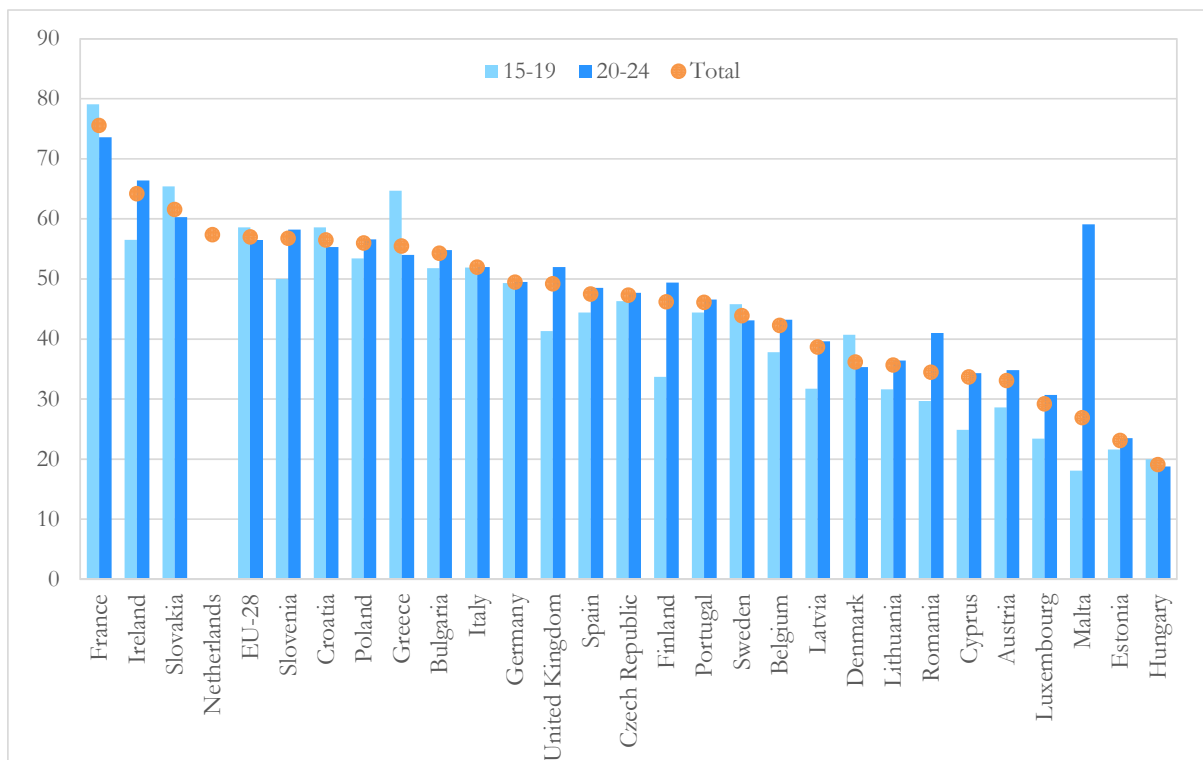
However, available data on the monitoring of the European YG suggest that most countries are facing challenges when meeting the objective of early intervention. In particular, Figure 2 shows that 57 per cent of the European youth enrolled in a national YG scheme in 2015 had been registered for more than four months. Although this situation does not differ significantly between women and men (58.3 per cent and 55.9 per cent, respectively) or across age groups (58.6 per cent for 15-19s versus 56.4 per cent for 20-24s), there are great differences from some Member States to others. For instance, with less than 30 per cent of its YG participants registered beyond the maximum period, Estonia, Malta and Luxembourg are the top providers of an early intervention. On the other side of the spectrum, countries such as Ireland and Slovakia have more than 60 per cent of their YG participants registered for more than four months. This situation is even more striking in the case of France, with more than 75 per cent of its YG participants registered beyond the maximum period. This general difficulty to deliver interventions within four months might indicate the presence of a higher share of youth that are especially hard to place, together with the lack of an adequate institutional framework to assist them effectively.

Figure 2. Proportion of YG participants registered for more than 4 months by country, 2015 (percentage)

Panel A. By sex



Panel B. By age group



Note: Data by age group for the Netherlands are not available.

Source: YG Indicator Framework Database.

4.3. Measures and initiatives implemented in the framework of the YG

A wide variety of measures and initiatives have been included within the framework of the YG, which can be divided into the following four categories: i) education and training for employment programmes; ii) remedial education school dropout measures; iii) labour market intermediation services; and iv) ALMPs aimed to affect labour demand, such as direct employment creation, hiring subsidies, and start-up incentives (Escudero and López Mourelo, 2015).

With the aim of upgrading youth skills, all member states include education and training programmes into their implementation plans (Figure 3). Within this first category, the most common tools are quality vocational education and training (VET) courses, traineeships and apprenticeships. As seen from the emphasis put into the execution of these policies, skills upgrading measures have a high priority for countries. In fact, all countries but Hungary and Italy have taken steps to put in practice these planned initiatives. More specifically, priority has been given to the provision of traineeships and apprenticeships, as approximately 85 per cent of the countries are currently implementing such measures.

Similarly, measures aimed at reducing school dropout and improving completion rates are prevalent among national implementation plans. This is in line with the fact that an important percentage of youth out of employment belong to vulnerable groups, who lack not only technical, but more basic skills. Closing this gap in basic skills is therefore expected to reduce their degree of vulnerability and, most importantly, to allow them to make the most of other activation programmes aimed at increasing their employability. Within this type of intervention, the most common measures include initiatives to stop early school leaving, while measures aimed at providing remedial education to those who have left school are less prevalent. Despite the relevance of these interventions, only nine out of the 21 countries¹⁸ analysed have to date made efforts to implement them. Some social and economic factors might explain this lagging implementation, including the fact that usually these measures are tailored to youth who are especially hard to reach and assist, and that many times the implementation of these policies requires a reform of the education system. These two factors would require the allocation of an important amount of logistics and resources, which would complicate the implementation of these programmes.

Likewise, all member states planned to implement labour market intermediation services in an effort to increase the effectiveness of young people's job-searches, and to facilitate the matching between the supply and demand of labour. The crucial role of labour intermediation to ensure a successful implementation of the national YG programmes is evidenced by the fact that all countries have already taken important steps to turn these planned measures into action – with the Czech Republic, Denmark, Netherlands and Sweden being the only exceptions. A close look at the actual implementation of the YG suggests that countries have focused mainly on reinforcing their PES, rather than providing additional employment intermediation services. Indeed, 12 out of the 17 countries that have already implemented employment intermediation services have indeed undertaken reforms of their PES. Croatia, France and Luxembourg are some good examples of notable reforms in this regard. More specifically, these three countries have reviewed the activities of their PES, launched new procedures and increased the number of PES staff, including the allocation of resources exclusively to the implementation of the YG.

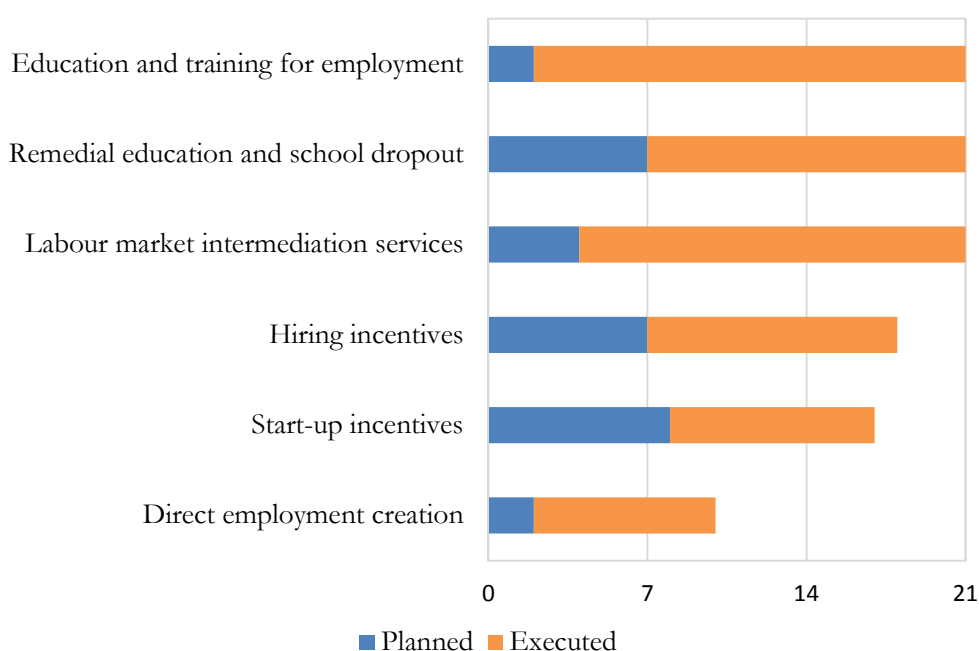
As opposed to the first three categories, the importance given by European countries to the implementation of ALMPs aimed at increasing labour demand, is more mixed. Hiring incentives is one

¹⁸ These are the 21 countries for which the YG implementation plans are available online.

of the most common type of ALMP included in the YG plans. Practically all the countries include these measures in their implementation plans, with the exception of Austria, the Czech Republic and France. These hiring incentives generally take the form of employment subsidies or reductions in hiring costs through social security bonuses. The popularity of this intervention could be explained by its relative easier implementation in comparison with other measures that aim to foster the demand for labour (e.g. support programmes for young entrepreneurs). For this reason, it is not surprising that 60 per cent of the countries have already started to put these hiring incentives in place. Among the first experiences in the execution of these programmes, reductions in non-wage labour costs to increase the employment prospects of low-skilled youth (such as those implemented in Belgium, Estonia and Luxembourg) have deserved special attention.

On the other side of the spectrum, start-up incentives and direct employment creation programmes are much less common in the YG implementation plans. In this framework, youth entrepreneurship programmes usually offer financial support for the establishment of new businesses, often complemented with the training and mentoring necessary to increase their survival rate. Meanwhile, direct job creation programmes implemented under the YG commonly consist of short-term public works intended to give young people an opportunity to carry out projects that benefit local communities. There are important differences in the predominance of both types of interventions across implementation plans: while the vast majority of European countries have planned to include programmes to encourage youth entrepreneurship, only ten countries have considered implementing temporary public works programmes. Despite the higher prevalence of start-up incentives in the

Figure 3. Share of countries that planned and executed each type of measure



Note: This table only includes information of countries, for which the YG implementation plans are available online. For this reason, there is no information on Bulgaria, Cyprus, Greece, Malta, Slovakia, Slovenia or the United Kingdom. The information on Belgium combines all the initiatives included in its four regional plans. Information on measures executed was gathered from EC (2016b) that reviews steps taken by the European countries between April 2013 and July 2016 to implement the YG.

Source: Compiled by authors based on EC (2016b), Escudero et al. (2017), and additional implementation plans available online.

implementation plans, a higher proportion of countries (80 per cent) have made steps towards the implementation of their direct job creation programmes, while only half of the countries have already put in place start-up incentives to support young entrepreneurs.

4.4. Appropriate institutional framework and sufficient resources

Having looked into the first three success factors, we now aim to determine whether Member States have complied with the remaining key success factors, namely: the development of suitable institutional frameworks, the sufficient allocation of resources and the availability of mechanisms to ensure that beneficiaries comply with their obligations.

First, it appears from the analysis that most countries have focussed on creating appropriate institutional frameworks with a wide range of different actors responsible for the operation of the YG. In the vast majority of cases, the responsible body for public administration is the Ministry of Labour, although Ministries of Education, Social Affairs and Science and Research are also involved (Escudero and López Mourelo, 2015). Moreover, in order to ensure that the necessary requirements for the establishment of an effective YG could be met, most countries planned the modernization of their PES. In particular, the vast majority of countries improved the targeting and breadth of services provided by their PES; two thirds of countries established as well specific targets in order to customize certain services better; and half of them enhanced their PES' staff capacity. Finally, social dialogue has been an important aspect in the establishment of the national YG programmes, especially during the negotiation process that led to the Council Recommendation (see Section 2).. According to EC (2016a), social partners appear to have been involved in all countries at some point or another in the design (in over 91 per cent of the countries), implementation (in over 78 per cent of the countries) and evaluation (in over 65 per cent of the cases) of the YG schemes. However, recent evidence appears to be more critical regarding the involvement of social partners (trade unions and employers' representatives) during the setup of the European YG at the country level. More specifically, ETUC (2016) concludes that the involvement of trade unions has been «very often partial and sporadic» all over the three stages, i.e. design, implementation and evaluation.

Regarding the allocation of resources, information exists that allows for an initial assessment of the efforts carried out by countries to supply the national YG schemes with adequate financial resources. To assess this, we estimate the amounts spent by countries on the YG initiatives per beneficiary¹⁹ during the first three years of implementation, and compare these values with both, the proposed spending reported by countries in their implementation plans and the recommended spending based on the Swedish model.²⁰ While we estimate in this paper the amounts actually spent, the latter two spending calculations are borrowed from Escudero and López Mourelo (2015) and Escudero et al. (2017). Figure 4 presents the results of this analysis, which highlights three main findings. First, there is a significant variation in the spending planned per eligible participant across the different countries, ranging from more than 13,300 euros (PPP) per participant in Hungary to only 115 euros (PPP) per

¹⁹ This estimations stem from a comparison between the planned YEI allocations that member countries reported in their implementation plans and the approved financial allocations to YEI operations (EC, 2016b). The ratio between these two values was then applied to the overall planned YG spending to estimate the actual expenditures. All the expenditures are then divided by the number of eligible beneficiaries to ensure differences reflect only changes in expenditure.

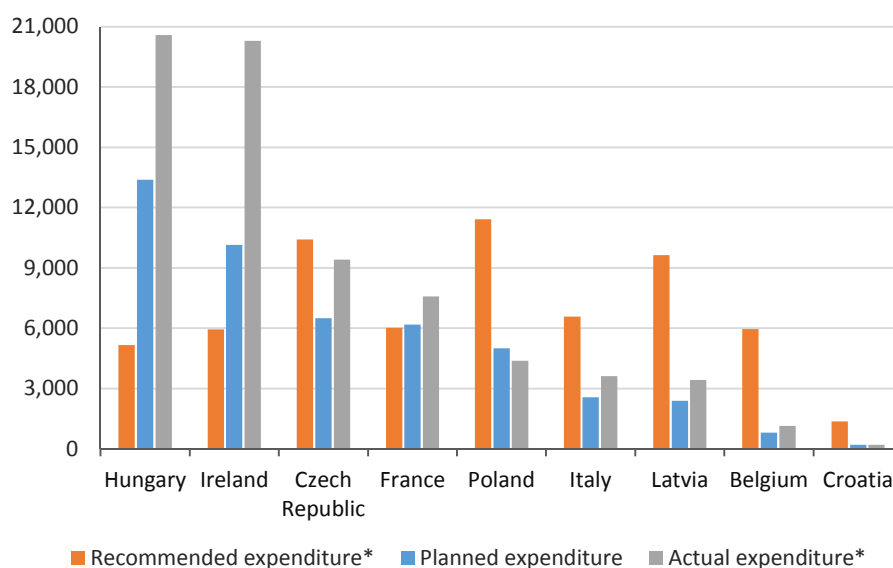
²⁰ Escudero and López Mourelo (2015) calculate the recommended spending based on the costs of the Swedish programme, which in 2010 amounted to 6,000 euros per participant, plus administrative costs (approximately 600 euros per participant); an investment that had a 46 per cent success rate. Based on this, they estimated a total cost of the YG plan for the EU-28 of around 45.4 billion euros (PPP) in 2014.

participant in the case of Croatia. Second, more than 60 per cent of countries have planned expenditures that are below the recommended threshold. This divergence is greatest in the case of Croatia and Belgium, which point, respectively, to a spending 12 and 7 times lower than the one recommended. Conversely, some countries, including Hungary and Ireland, have submitted budgets in their implementation plans significantly higher than the recommended amounts. Third, all countries with available information have actually allocated more funds to YG interventions than initially planned, with the exception of Poland. Unfortunately, in spite of these improvements, countries that had planned expenditures that were below the recommended levels, have not managed to make substantial progress in closing this gap. The exception is the Czech Republic where the amount spent per beneficiary during the first three years of implementation was only 9.5 per cent lower than the recommended amount.

Related to the YG price tag, it is important to consider that inaction has a cost as well, which is in fact higher than the recommended spending. Recent research estimates that the benefits, foregone earnings and taxes of youth NEET would amount to 162 billion euros or 1.2 per cent of GDP per year (Mascherini et al., 2014).

Finally, in terms of the provisions to ensure that YG beneficiaries comply with their commitments, most countries apply this mutual obligation for services provided to registered unemployed, although not specifically as part of their national YG schemes (EC, 2016b). Information for all European countries shows that the loss of benefits among YG participants in 2015 were mainly due to two reasons: they did not take up any offer that matched their characteristics, or they did not fulfil with their obligations (e.g. attending interviews) (EC, 2016b). However, there are countries where the obligation has been adapted to the particular YG scheme, such as the case of France, where entitlements to YG services expire after a period of 18 months and the youth who did not take up an offer within this timeframe are automatically out of the system. Interestingly, as evidenced by Loison-Leruste et al. (2016) beneficiaries tend to accept well these participation-related obligations, as they recognised the benefits associated with these commitments.

Figure 4. Planned, recommended and actual expenditures (euros PPP per NEET)



Note: *Estimates. Actual expenditures have been estimated based on the financial allocations to YEI operations. See footnote 18 for more details.

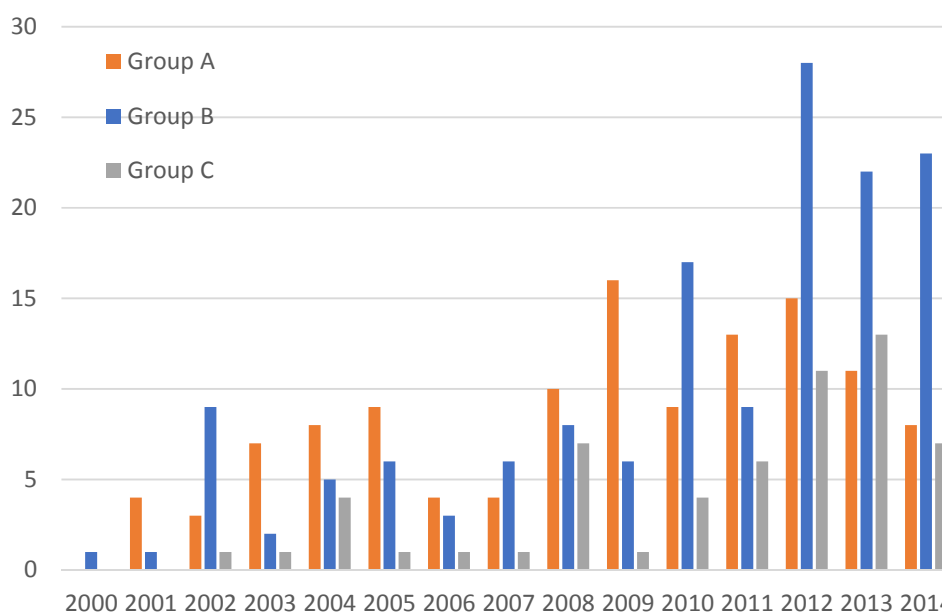
Source: Authors calculations, based on Eurostat and the Youth Guarantee implementation plans available online <http://ec.europa.eu/social/main.jsp?catId=1161&langId=en&intPageId=3347>.

5. Challenges in implementing the European YG at the national level: New versus reformed measures

The European YG acted as a driver of change in the policy and institutional arena. In fact, between 2013 and 2015 Member States adopted a total of 132 labour market reforms targeting young people (EC, 2016b). Experiences vary dramatically among countries. Several countries had to create the pillars for the implementation of the YG from the ground up. Meanwhile, other countries had already in place policies and institutions that focused particularly on addressing youth labour market challenges, which had to be adapted to meet the specific commitments of the YG (e.g. early intervention, focus on NEETs, etc.). In this regard, the fact that very often national YG schemes were built on existing youth policies might explain the existence of a wide range of approaches and outcomes in the implementation of the European YG across countries (ETUC, 2016).

According to an analysis of the EC (EC, 2016a), countries can be categorized into three groups in terms of the number of reforms they have carried out particularly for youth vis-à-vis the institutional context and macroeconomic conditions they had when the YG Recommendation was adopted. The first group (Group A) comprises countries that had already in place well-established policies, which were broadly in line with the YG recommendations. These countries had been implementing reforms during the last 15 years and therefore the pace of these reforms slightly decreased since the implementation of the national YGs (Figure 5). The second group (Group B) includes countries that had already comprehensive policies to assist youth, but where young people were facing major challenges when the decision to implement the YG was adopted (these countries are also those receiving substantial financial support). More specifically, these countries had implemented substantial reforms to attend youth following the great recession, and the YG provided new impetus to accelerate policy developments. The third group (Group C) is made of countries where reforms have been more limited in spite of the significant challenges faced by the young population.

Figure 5. Number of youth related reforms by country group*



Note: *Countries have been grouped according to their ability to implement reforms that bring them closer to the YG recommendations. Group A includes Austria, Denmark, Estonia, Finland, Germany, Ireland, Malta, Netherlands, Sweden and the United Kingdom; Group B includes Belgium, Bulgaria, Croatia, France, Italy, Latvia, Lithuania, Poland, Portugal and Slovenia; and Group C includes Cyprus, Czech Republic, Greece, Romania, Slovakia and Spain.

Source: Authors calculations, based on EC's Labour Market Reforms Database and EC, 2016a.

Given specific institutional settings and circumstances, the effort made by countries to meet the requirements established by the YG also differed. For instance, in France, labour intermediation services and, in particular, career counselling programmes have played a growing role since 2000. Some of these innovative measures served as inspiration to the notion and design of the current European YG, although they also gave rise to challenges in terms of adapting existing measures. Indeed, recent studies on the implementation of the YG in France affirm that previous experiences – such as the TRACE programme, which offered an individual coaching for 18 months to unemployed youth in risk of social exclusion (DARES, 2016) – were an important source of knowledge and expertise to implement efficiently the initiatives embedded in the YG. However, they also conclude that adapting the measures and institutions already in place to the requirements of the YG presented important challenges (see, for instance, Farvaque et al., 2016). In particular, the implementation of the French national YG programme was based on a new framework of support promoted by the Ministry of Labour, in which contact with enterprises and other potential employers became, to the extent possible, permanent and upstream. Working side by side with both young people and enterprises has also changed significantly the meaning, approach and organization of the work done by the career counsellors; and implied the need of additional financial resources, both to increase the number of counsellors and provide them with the right skills to succeed in this new framework.

6. Concluding remarks

The launch of the European YG in April 2013 raised great attention among stakeholders in Europe, not only due to its timing – launched in a moment where an urgent and coordinated response to the high levels of youth unemployment was very much needed – but also because of its innovative features. Through the YG, all EU Member States committed to ensuring that all youth out of employment received a good continued education, apprenticeship, training or employment opportunity within a maximum period of four months. Putting such commitment into action involved important policy efforts in terms of rolling out the policies, adapting the existing institutional frameworks and allocating sufficient resources. This paper uses recent evidence on the implementation of the national YG schemes to shed light on the successes and challenges faced by countries when meeting this ambitious objective.

Empirical evidence from countries with a long experience on the implementation of youth guarantees (e.g. the Nordic countries) suggests that these interventions are an effective way of responding to youth unemployment, provided they are designed and implemented properly, as they can produce significant effects at a modest cost. In particular, this article has identified six elements that are fundamental to the effective functioning of these programmes, namely: early intervention, clear eligibility criteria, the provision of activation measures in a comprehensive package, appropriate institutional frameworks, sufficient resources and the availability of enforcement mechanisms. In this paper, we examine published European countries' implementation plans, as well as the most recent documents on the actual implementation of the national YG schemes, with views to assessing whether countries have taken these key success factors into account during the implementation of the national programmes.

Three years after the launch of the YG, we find that there are several achievements that can be highlighted. In particular, our analysis shows that all European countries have established clear eligibility criteria and developed specific measures targeting the most vulnerable young people. Likewise, relative to the wide variety of measures countries planned within the framework of the YG, they have undertaken important steps towards the execution of most of the planned measures (with the exception of some delays in the implementation of private sector incentives). Moreover, efforts to create and adapt existing institutional frameworks to comply with the YG recommendations, also deserve a

positive assessment. This is particularly the case with regards to all the initiatives aimed at modernizing the national PES and improving their efficiency.

Unfortunately, the look at the first years of implementation of the YG also sheds light on a number of challenges that countries are still facing. In this regard, issues that deserve particular attention include, the lack of sufficient resources and the inability to provide systematically an early intervention. Regarding the allocation of resources, it is worrisome that 60 per cent of the countries analysed have planned expenditures below the recommended levels; and, although some of them have allocated in practice more funds to YG interventions than initially planned, the majority has not managed to make substantial progress in closing this gap. We argue that this lack of resources has had detrimental consequences on the ability of countries to provide all NEETs with an opportunity to work or to attend training within four months. Indeed, available data on the monitoring of the European YG show that 57 per cent of the European youth enrolled in a national YG scheme in 2015 had been registered for more than four months. Our conclusion is in line with other recent evidence on the implementation of the European YG, which suggests that it is not possible to assist the entire European NEET population with the current resources allocated to the YG initiative (European Court of Auditors, 2017). This means European countries will have to make greater financial commitments now if the desired objective of reducing youth unemployment is to be achieved.

The achievement of the early intervention objective is also worrying. Indeed, although all countries fixed the maximum period of four months in their implementation plans to assist young people out of employment, in practice, 57 per cent of the European youth enrolled in a national YG scheme in 2015 had been registered for more than four months. In line with this, it is important to stress that the YG scheme was not launched as early as it should have (i.e. while the peak in the EU-28 unemployment rate was reached in 2010, the YG implementation only happened four to five years after). This poses another threat to the YG's effectiveness, as extended periods out of employment have been proven to weaken the effectiveness of all activation policies.

Finally, we found that efforts made by countries to comply with the requirements of the YG have varied across countries. Indeed, countries are facing different challenges according to the type of adjustment to the YG, whether it is creating policies and institutions or adapting existing schemes. And although the ability to adjust to the YG requirements is also determining the success of the approach, very little information exists in terms of the particular challenges. This in our view constitutes a future research avenue aiming at addressing two questions: first, what are the specific challenges faced by countries implementing YG measures from the ground up (e.g. having enough funds available) and how they compare with the challenges coped by countries that are adapting existing structures. Second, how the level of reform countries have to put in place to meet YG requirements affects the estimated costs presented above.

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