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COVER NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Investing in Youth Employment: Implementation of the Youth Guarantee

Delegations will find attached the IT country fiche.

ITALY

1. Conclusions - 2017 multilateral surveillance review of the implementation of the YG

The Youth unemployment and NEET rates have been declining in Italy the last two years. However, the levels of these indicators are still high and the situation remains challenging.

Italy has an ambitious and comprehensive YG plan, based on a partnership strategy and a strong profiling methodology, providing for a personalised approach and individual pathways. The YG has been a driver for reforms in Italy, in the areas of ALMPs, PES and the Education system.

However, more efforts are required to ensure full-scale implementation. Coverage of the NEET population remains low. Further emphasis could be put on apprenticeships and continued education offers, and ensuring young people get a timely, quality offer adapted to their needs. The process of reaching out to those at higher risk of social exclusion should improve. The results of the new measure dedicated to the outreach and activation of disadvantaged young NEETs will have to be further evaluated. There is also a strong heterogeneity across regions as regards the quality of services provided; despite the efforts of the central administration to foster exchanges of good practices. An increase in human resources of PES (1600 operators) has recently been approved by the side of State and Regions.

The implementation in 2018 of the benchlearning processes already activated within the PES Network will focus, inter alia, on the measures and actions of the PES for young NEETs, identification and mutual sharing of good practices and solutions to common problems." This is an interesting development, and EMCO would like to hear more about this in the future.

2. YG monitoring 2016: key data

Highlights

- ❖ Three in five (60.6%) of those leaving the Italian YG scheme in 2016 took up an offer within 4 months of registration. At the same time, on average, more than three quarters (75.2%) of those in the scheme at any time during the year had been waiting for an offer for more than 4 months, suggesting a progressive accumulation of young people that are not being treated on time.
- ❖ Coverage of the NEET population has improved compared to 2014, but still remains low (14.1%). Registration is voluntary through an online portal. Young people registered with the PES but not in the YG may still receive an offer or benefit from national or regional measures but are not covered by the data.
- ❖ Nearly three-fifths (58.0%) of those leaving the scheme in 2016 were known to be in positive situation 6 months afterwards. The proportion is understated because certain positive situations (e.g. non-subsidised education and self-employment measures) cannot be monitored after exit.
- ❖ Longer-term follow-up data for those leaving in 2014 and 2015 show the proportion known to be in positive situation falls significantly 12 and 18 months after exit (33.9%, and 26.3% respectively for participants leaving the YG in 2015). This decline at least partly reflects the end of offers recorded in the 6-month situation and increased numbers in an unknown situation.

Introduction

Italy presented a Youth Guarantee Implementation Plan on 23 December 2013. The scheme started in May 2014.

The Italian YG scheme is from mid-2017 co-ordinated and managed by the national PES, in conjunction with the regions and the PES at provincial level. The national PES is responsible for the national YG database, which brings together data collected by the PES at local level.

A dedicated website for the YG in Italy allows young people not already registered with the PES to sign up to the YG scheme. The site also has an internal section for YG providers, and facilities for companies to post job opportunities that are published in the portal and to sign up to employment incentive schemes. Reports with YG statistics at national and regional level are published on the website in a weekly newsletter accompanied by relevant data.

Young people registered with the PES but who have not registered in the YG may still receive offers or benefit from national or regional measures, but they are not included in the YG monitoring data.

Further information can be found both in the Youth Guarantee Implementation Plan and the YG website.

1 Quality of data

1.1. Key changes compared to 2015

The data provided by Italy for reference year 2015 were already mostly complete and compliant with the specifications of the Indicator Framework so no changes were necessary for 2016. Data are therefore fully comparable over time.

1.2. Data quality 2016

Details of the data provided and any divergence from the definitions are presented in [Table 1](#).

Table 1: Completion and comparability of direct monitoring data, 2016

Coverage of data	
Providers	All YG providers including public and private providers who work in partnership with the PES.
Participants	Persons aged between 16 and 30 registering in the YG scheme
Completion of data	
Missing data	None.
Data recording	
Exits by destination	<ul style="list-style-type: none">– Destination inactivity cannot be monitored (recorded under unknown).– Proportion of unknown destinations: 1.0%
Follow-up	<ul style="list-style-type: none">– Follow-up data for participants in self-employment and in non-subsidised education or training cannot be monitored (counted under unknown).– Situation inactivity cannot be monitored (recorded under unknown).– Proportion of unknown situations (Follow-up T, 6m after exit): 11.3%.
Comparability of data	
Definitions	<ul style="list-style-type: none">– No known divergences from the specifications of the Indicator Framework
Across time	<ul style="list-style-type: none">– Data comparable

Source: YG monitoring template (quantitative data).

2 Monitoring results

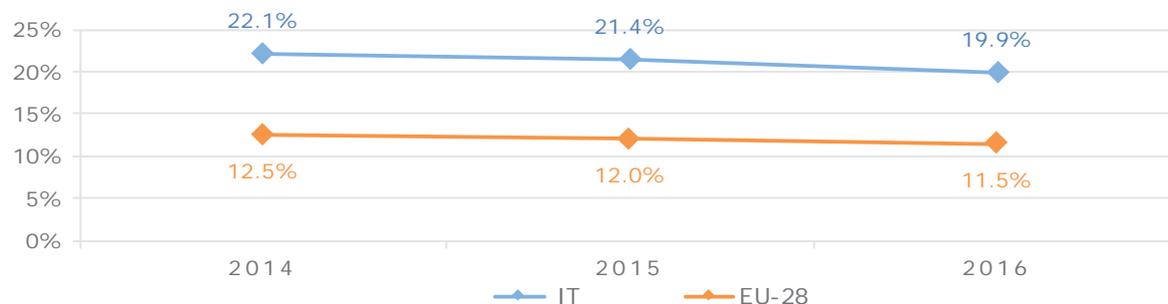
This section presents the results of YG monitoring on the basis of the [Indicator Framework for Monitoring the Youth Guarantee](#). Aggregate monitoring indicators are based on data from the EU Labour Force Survey and are considered comparable between countries. Direct and follow-up monitoring indicators are, however, based on national administrative data and, although they are in principle based on a common methodological framework, differences in definitions, institutional practices and the capacity to collect all of the necessary data, particularly in relation to follow-up, may impact on the comparability of data between countries. Readers are recommended to refer to the [Notes about the data](#) in annex to this report.

2.1 Aggregate monitoring: Macroeconomic indicators

Indicators for aggregate level monitoring of the YG are based on data from the EU Labour Force Survey (LFS) and are intended to monitor the general situation of young people in the EU. The evolution of these indicators through time represents an indirect means of monitoring the effects of implementing the YG and may also reflect the impact of preventive measures to help young people avoid falling into unemployment or inactivity. The aggregate level indicators are complemented by the direct and follow-up level indicators that monitor the efficiency and effectiveness of YG delivery and help to disentangle the impact of policy measures from general economic developments.

The main indicator for YG monitoring at the aggregate level is the NEET rate for young people aged 15-24 – i.e. the proportion of people aged 15-24 that are not in employment, education or training. In 2016, the NEET rate in Italy was 19.9%; almost 10 percentage points above the level of the EU as a whole (11.5%), although the gap has narrowed slightly following an improvement of more than 2 percentage points since 2014 (22.1%) compared to 1.0 pp at EU level (see Figure 2).

Figure 2: Main indicator: NEET rate (15-24) (%), 2014-2016



Source: Eurostat, Labour Force Survey, data extracted 19 October 2017.

2.2 Direct-monitoring: effectiveness of YG implementation

The main indicator for direct monitoring shows that, on average in 2016, three quarters of (75.2%) of young people aged 15-24 registered in the YG preparatory phase had been waiting more than 4-months for an offer, a long way above the EU average of 49.1% (see Table 3). Indeed, the numbers retained beyond 4-month target period have been increasing progressively since the launch of the scheme in May 2014. In 2014, the late start of the scheme meant that durations of more than 4 months were only possible for the small numbers registering in May-August so that the average proportion with this duration was very low (11.5%). However, in 2015, the proportion was already more than half (52.0%) and has now increased to three-quarters.

Table 3: Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target, 2016

Still in the YG preparatory phase after 4 months:	2016	2014-2016 change (pp)	EU average Total (15-24)
Total (15-24)	75.2%	+63.7	49.1%
Breakdown by age			
15-19	73.1%	+65.2	46.2%
20-24	76.3%	+63.2	49.3%
Breakdown by gender			
Men	75.1%	+63.6	48.0%
Women	75.5%	+64.0	49.9%

Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

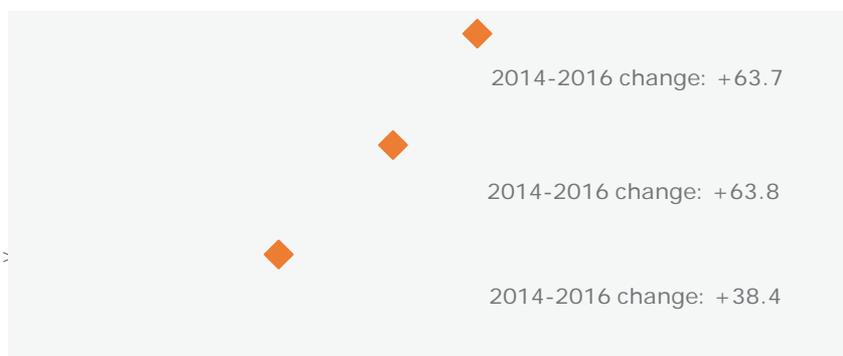
Not surprisingly, the proportions of participants remaining in the YG for longer durations (65.5% for more than 6 months and 38.4% for more than 12 months) have also increased significantly through time and, in 2016, were well above the EU averages (36.2% and 18.3% respectively) (Figure 3). The fact that almost two in five have been registered for more than a year without receiving an offer should be of some concern.

At the same time, the supplementary indicator on positive and timely exits shows that three in five (60.6%) of those leaving the YG in 2016 took up an offer within the target period of 4 months, a result that indicates significantly above average performance (EU average 44.5%), even if results have reduced each year as the volume of participants increased.

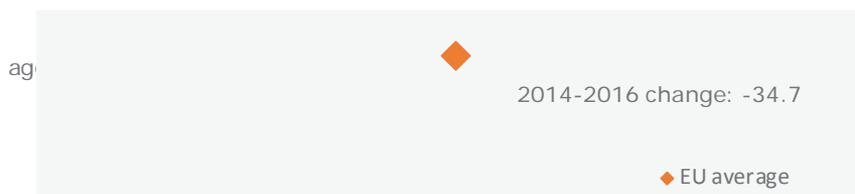
So, the supplementary indicator shows quite efficient throughput according to objectives whilst the main indicator gives rise to some concern about long-term retention. The implication is that whilst the YG implementation is effective at delivering timely offers for a large proportion of participants, there is, at the same time, a progressive accumulation of young people that are not getting offers on time. Most likely this will include the group of young people that are furthest from the labour market and hardest to place, for whom longer spells in the preparatory phase may be necessary. It is important to ensure that this group gets the support they need to make them offer-ready. Already the main indicator shows that the proportions staying long periods in the preparatory phase are increasing substantially (average of over 63,000 with duration of more than one year) and attention should be paid to developments to ensure that this situation does not worsen further. The PES is already carrying out an in-depth analysis of the subgroup of young people remaining in the preparatory phase more than 4 months in order to assess whether problems exist in the transmission of data from the regional PES offices.

Figure 3: YG implementation, direct monitoring indicators, 2016

Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target (durations 4,6 and 12 months) (% YG stock)



Supplementary indicator: Positive and timely exits from the YG preparatory phase (% exits)

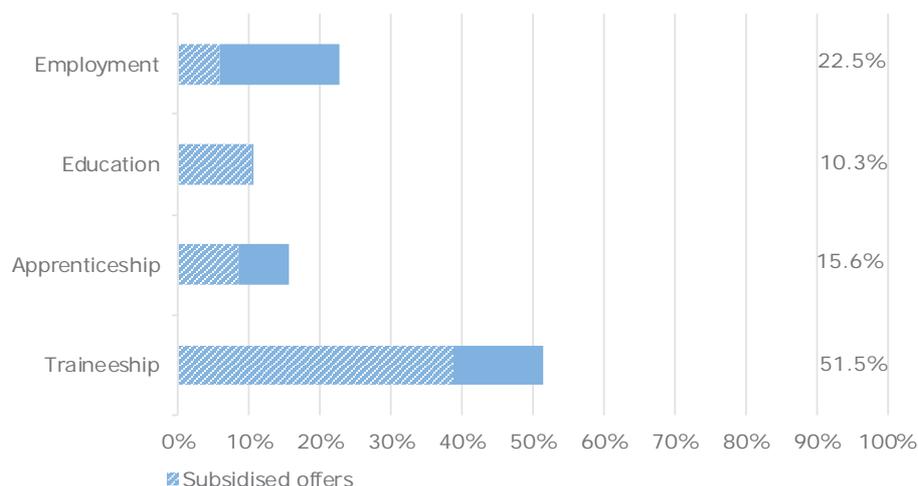


Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

Nearly all (98.6%) of those leaving the YG within 4 months of registration during 2016 went to positive destinations, compared the EU average of under three quarters (72.4%). More than half (51.5%) of these took up an offer of a traineeship, over a fifth went to employment (22.5%) while the remainder took up education (10.3%) and apprenticeship offers (15.6%) (see Figure 4).

All education offers, most traineeships (75.2%), and more than half of apprenticeships (54.1%) were subsidised. A quarter of employment offers (25.7%) were subsidised, meaning that, overall, just 12.2% of offers taken up within 4 months were open market jobs. This low result (compared to the EU average of 62.1%) reflects partly the design of the Italian YG scheme¹ and partly the difficult market situation of young people, which is a key factor in the high NEET rate in the first place.

Figure 4: Distribution of positive and timely exits by destination (% timely & positive exits), 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

2.3 Direct monitoring: coverage of the YG target population

The Council Recommendation on establishing a Youth Guarantee² aims to ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. Reaching the entire population, and in particular those that do not come forwards on their own initiative, is one of the key challenges confronting YG providers in all countries.

The second supplementary indicator for direct monitoring uses NEET rates and population data published by Eurostat together with the annual average stock of participants in the YG preparatory phase in order to estimate the proportion of the NEET population that is covered by the YG scheme (see Figure 5). Note that the criteria used to delimit the NEET population used in the denominator, which is derived from the EU Labour Force Survey (LFS), may differ from the specific conditions applied in each country to register in the YG, so that the two populations may not fully overlap. In other words, the LFS NEET population is a proxy for, rather than an exact measure of, the YG target population. Consequently, results for this indicator should be considered as the best available estimate of the coverage of YG schemes.

¹ In Italy, registration in the YG is voluntary so that young people that register have made a specific choice to apply for the types of offer made available through the scheme, probably on the basis that their chances in the job market are limited. In other countries all young people that register as unemployed as part of the process of seeking work are automatically entered to the YG, irrespective of whether they are specifically interested in YG services/offers, so that the likelihood of them moving directly to an open market job ahead of taking up a subsidised offer are much higher.

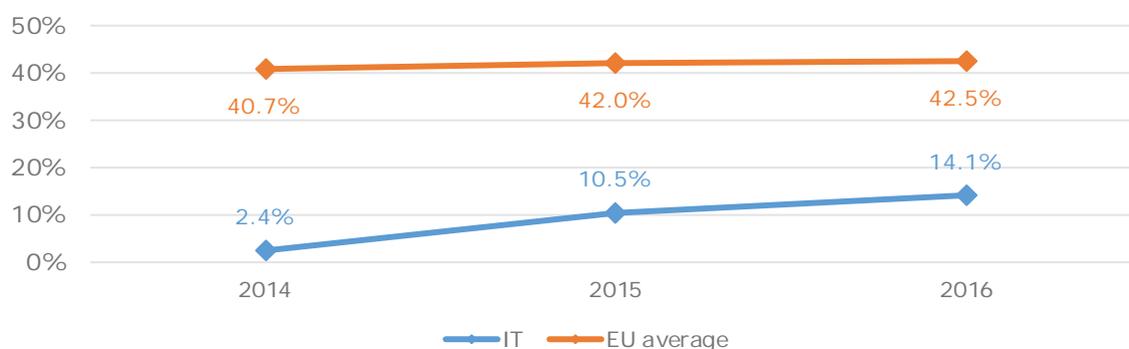
² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>

Indicator results show that, on average in 2016, just 14.1% of the NEET population in Italy was covered by the YG scheme. Although this continues the progressive improvement since launch of the scheme (2.4% in 2014, 10.5% in 2015), the result is still a long way below the EU average of 42.5%. Enrolment in the scheme is voluntary, primarily through an online portal, with applicants having expressed an interest to participate being assessed for eligibility before being formally registered.

By the end of 2016, more than 1.2 million young people (aged 15-29) had declared an interest in the scheme and more than 830 thousand been registered.³ Nevertheless, the coverage indicator suggests that the scheme has not yet gained widespread interest amongst the target group. Hence coverage remains much lower than in countries where all people registered as unemployed in the PES are automatically engaged in the YG scheme.

Finally, it should be noted that young unemployed registered with the PES but who have not registered with YG may still receive offers or benefit from national or regional measures, but they are not included in the YG monitoring data.

Figure 5: YG participants as a proportion of the NEET population (%), 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

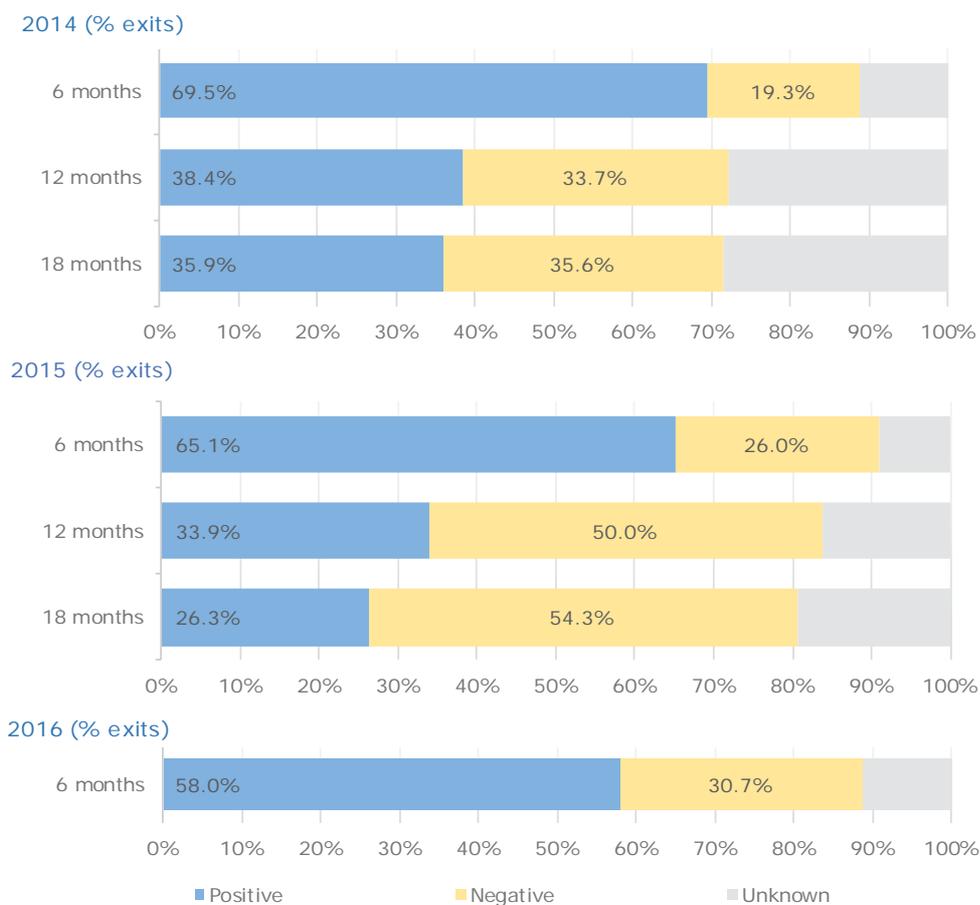
2.4 Follow-up: sustainability of YG outcomes

The main follow-up indicator on the situation of young people after exiting the YG preparatory phase shows that, in Italy, more than half (58.0%) of those leaving during 2016 were known to be in a positive situation (i.e. in employment, education, an apprenticeship, or a traineeship) 6 months after exit, but the proportion of participants known to be in a negative situation (30.7%, which includes only unemployment), was almost double the EU average (15.2%) (see Figure 6).

The proportion known to be in a positive situation 6 months after exit in 2016 was above the EU average (48.5%) and is also understated to some extent because those in self-employment and non-subsidised education/training cannot be tracked. At the same time, the EU average is sure to be understated because of the difficulty that many countries have to follow-up large parts of the relevant population of YG leavers, which means that higher proportions were in unknown situations (average of 37.0%) than in Italy (11.3%).

³ <http://www.garanziaigiovani.gov.it/Report%20Monitoraggio/Documento-monitoraggio-Garanzia-Giovani-23dicembre2016.pdf>

Figure 6: Follow-up main indicator: Situation of young people 6, 12 and 18 months after exiting the YG preparatory phase, 2014-2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

Longer-term follow-up data suggest that a significant percentage of outcomes seems not sustainable, with the proportion of those known to be in a positive situation closer to a quarter 18 months after exit (26.3% of leavers in 2015 and 28.5% of leavers in 2014). Although these may be underestimated as the proportion of unknown situations increases with time, the increase in the proportion of participants in negative situations confirms that a significant part of participants taking up offers are back to unemployment/inactivity after a year..

At least part of the decline in positive situations reflects the duration of the offers provided (most ranging from 6 and 12 months), in that many of those recorded as being in a positive situation after 6 months are likely to have been still participating in the offer taken up on exit from the preparatory phase but had completed their work or training placement by the time of the 12-month and 18-month follow-up. The implication from the data is thus that the experience did not lead to a sustainable job afterwards. Taking note of this shortcoming, the Italian government introduced in 2016 a bonus of up to €12,000 for employers that convert traineeships into permanent contracts, but it will not be possible to assess the effects of this incentive until the next data collection.

2.5 Additional results for the 25-29 age-group

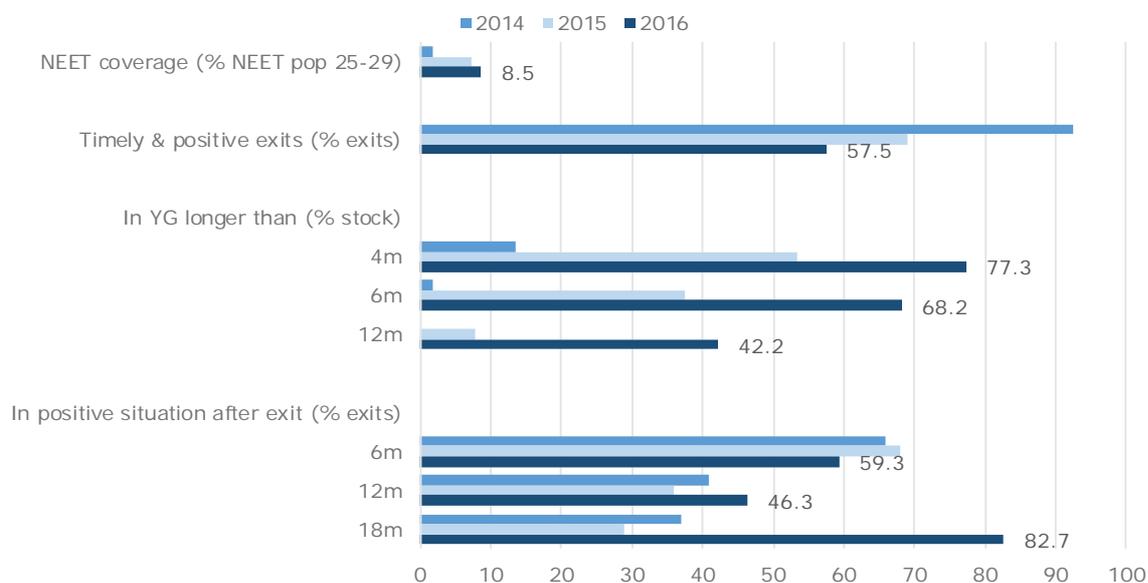
The Italian YG scheme also covers young people aged 25-29. Accordingly, optional data for the 25-29 age-group were provided and key results are shown in [Figure 7](#).

The direct monitoring indicators for those aged 25-29 show, similar or slightly worse results to the main 15-24 target group: 77.3 % registered for more than 4 months (compared to 75.2%) and 57.5% timely and positive exits (compared to 60.6%).

On the other hand, indicator results on the sustainability of outcomes are very better for the 25-29 age-group compared to the main target group; of those leaving the YG in 2016, 59.3% were known to be in a positive situation 6 months after exit compared to 58.0% of those aged 15-24. The proportion of participants known to be in a positive situation 12 and 18 months for those who left the YG in 2015 is also slightly higher for the older age group compared to the main YG target group (35.9% vs 33.9% for 12 months after exit, and 28.8% vs 26.3% 18 months after exit).

Despite improvements following full roll-out of the new YG scheme in Italy, the coverage of NEETs aged 25-29 remains low at only 8.5%.

Figure 7: Key indicators for the 25-29 age-group, 2014 – 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

Annex

Notes about the data

Comparability. Data are compiled on the basis of a common methodology - the [Indicator Framework for Monitoring the Youth Guarantee](#), endorsed by the Employment Committee (EMCO) in May 2015, and the accompanying methodological manual – and are therefore considered broadly comparable between countries. Nevertheless, it is important to bear in mind that the data for direct and follow-up monitoring are derived from national administrative registers that are designed to support and monitor specific national systems, which vary in terms of the processes followed and definitions applied and may, therefore, result in some inherent differences between countries. These differences are, however, expected to be relatively minor and more important differences are those that derive from the way in which YG schemes have been implemented and the capacity of countries to provide complete data.

In relation to implementation, the size and composition of the population registered in the YG will initially be different for countries that implemented the YG as a completely new approach and monitored inflows starting from zero, compared to countries that implemented the YG as a reinforcement of existing processes and monitored inflows accumulating with the existing stock. Countries in the former group will tend to have a smaller stock with lower average duration. Differences that result from this artefact of the data are guaranteed to reduce through time, evidence of convergence was apparent already in the 2015 data, and continued in the 2016 data.

The capacity of countries to monitor what happens to young people on leaving the YG impacts on the quality of data on both exits and follow-up but particularly for the latter. Almost half of Member States (15) either provide no follow-up data (8) or do not know the subsequent situation of the majority (at least 2/3) of young people passing through the YG (7 countries).⁴ The problem derives from a lack of capacity to routinely link administrative registers or legal restrictions to do so. The investment needed to link PES registers and other administrative registers (e.g. social security) would have benefits not only for YG monitoring but also for other EU level data collections (e.g. LTU and LMP) as well as providing a base for policy evaluation at national level.

Coverage indicator. The second supplementary indicator for direct monitoring measures the proportion of the NEET population (average across the year) that is registered in the YG preparatory phase (annual average stock). Whilst data for the numerator are derived from administrative data in each country, the only available comparable data on the size of the NEET population that can be used as a denominator derive from the EU Labour Force Survey. This uses a definition of NEETs that is common across countries⁵ but which may vary from the definitions applied in the context of national YG schemes and in the administrative data used to monitor these. Results should thus be interpreted as an estimation, rather than a definitive measurement, of the extent to which YG schemes achieve the objective of reaching all young people that become, or are already, NEET.

EU level data. Figures labelled “**EU-28**” used in aggregate level monitoring are based on aggregates of all NEETs in all Member States and therefore represent weighted averages, which can be significantly influenced by the situation in a small number of large countries. Figures labelled “**EU average**” are unweighted averages of all available country figures. In relation to the destination of exits and follow-up data, the EU averages are liable to be understated due to significant numbers of unknown destinations or subsequent situations in some countries.

⁴ Based on 2016 data for Follow-up T-1 (i.e. data on the situation of participants who left the YG preparatory phase in 2015).

⁵ See [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young_people_neither_in_employment_nor_in_education_and_training_\(NEET\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young_people_neither_in_employment_nor_in_education_and_training_(NEET))