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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 LU country fiche.

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

The Youth Guarantee is well established in Luxembourg and builds on existing measures now maturing in a context of low NEET rates and a dynamic labour market. Strong partnerships with social partners seem to be effective and therefore positive. A one-stop shop in Luxembourg City hosting all services is a positive step. Outreach efforts, particularly towards drop-outs, are promising. However, the fact that young NEETs can access the system only once may hamper outreach and may need revision. Attention could focus on the quality of traineeships, which do not seem to yield good results. More generally, monitoring of results needs to be addressed to reduce the share of 'unknown' exits, possibly with more connected data in the future.

2. YG monitoring 2016: key data

Highlights

- ❖ At the end of 2016, less than a fifth (18.3%) of those registered in the YG scheme in Luxembourg had been waiting for an offer for more than 4 months. This result may not be representative of the situation across the year as it is based on a one-off observation.
- ❖ Over two fifths (43.6%) of those leaving the YG in 2016 are known to have taken up an offer within the target period of 4 months, slightly below the EU average of 44.5%. However, this result is likely to be understated due to the high share of exits to unknown destinations (34.9%). The monitoring of outcomes could be improved.
- ❖ On average, at any point during 2016, less than a third (29.6%) of NEETs aged under 25 were registered in the YG scheme. This may in part be linked to the policy of allowing young people to access the YG only once. Those that do not find work or training after passing through the YG will continue to contribute to the NEET population without recourse to further support from the YG.
- ❖ Follow-up data show that more than half (55.4%) of those leaving the YG in 2016 were known to be in a positive situation 6 months later, above the EU average of 48.5%, despite a high proportion that could not be tracked.
- ❖ Similar results apply to longer-term follow-up 12 and 18 months after exit.

Introduction

The Youth Guarantee scheme in Luxembourg was officially launched in June 2014. The Ministry of Labour, Employment and the Social and Solidarity Economy, which is the main coordinator, formed a working group comprising all main actors – i.e. the public employment services (ADEM), Ministry of Education, Children and Youth, National Youth Service and the Department of Children and Youth – in order to coordinate the implementation, follow-up and evaluation of the implementation plan. The group meets once a month and organises regular meetings with youth organisations, trade unions and employer organisations.

Further information is available in the national YG implementation plan.

The Commission's 3-year assessment of the YG highlighted the need to pursue efforts to reach NEETs that do not register voluntarily and to improve monitoring of outcomes and their sustainability¹.

1 Quality of data

1.1. Key changes compared to 2015

There have been a number of changes in the way that data have been compiled compared to the previous year.

Firstly, due to difficulties to calculate plausible data for average stocks over 12 months, the stock data are now a one-off observation of the numbers registered in the YG scheme on 31 December and who have not taken up an offer. This means that seasonal variations in the number of young people registered in the YG are not taken into account and the values may not be a good representation of the average across the year. This remains an area for improvement.

Follow-up data have been improved to so that the situation education is now monitored. Finally, 2014 and 2015 data have been updated and improved so that the proportion of exits to unknown destinations has been cut by a third (2015: unknown exits reduced from 45.5% to 30.7%). This is a welcome improvement but, particularly when bearing in mind the comments in the Commission assessment, the proportion of unknowns remains too high for effective monitoring.

Improved completion of data:

- Follow-up data cover situation education.

Other changes:

- Improved breakdown of exits by destination, which has reduced the number of unknowns, but these still remain high.

1.2. Data quality 2016

Luxembourg has provided the majority of data requested broadly in accordance with the definitions of the YG Indicator Framework, even if the quality could be improved (proper calculation of average stocks, reduce unknowns in destinations and subsequent situations). However, as in previous years there is one important divergence in that only new entrants are covered (i.e. re-entrants are not counted). This is apparently by design, in that young people in Luxembourg are only entitled to access the YG once. Unless the scheme is 100% successful in delivering sustainable outcomes, this approach would seem to be at odds with the spirit of the Recommendation that envisages support being available to every young person as soon as they need it, irrespective of how many times this might occur.

¹ <http://ec.europa.eu/social/BlobServlet?docId=16299&langId=en>

The extent of the possible impact this might have on inflows to the YG and, therefore, on indicator results, cannot be determined but it is known that in 2015 there were 3,844 new starts on the YG compared to 4,842 starting spells of unemployment in the <25 age-group (i.e. new registrations with ADEM)². If all these starting spells were eligible to join the YG then inflows might have been 25% higher than they were in practice.

Exits to regular education and inactivity cannot be monitored (recorded as unknown). In the follow-up data those in inactivity after 6, 12 or 18 months cannot be identified and are currently reported as unknown. Apprenticeships cannot be separately identified and are recorded under employment.

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	Public Employment Service (PES) (ADEM)
Participants	Persons newly registered as unemployed with ADEM. Persons who re-register with ADEM are not covered.
Completion of data	
Missing data	None.
Data recording	
Entrants	<ul style="list-style-type: none"> – Entry to the YG coincides with registration as unemployed thus all entrants are registered unemployed. – Only new entrants are covered (i.e. re-entrants are not covered).
Stocks	– Stocks data correspond to a one-off observation of the numbers registered in the YG scheme on 31 December and who have not taken up an offer.
Exits by destination	<ul style="list-style-type: none"> – Exit from the YG coincides with the end of the unemployment spell thus exits to unemployment are reported as zero. – Exits to inactivity and to regular education are reported as unknown. – Proportion of unknown destinations: 34.9%
Follow-up T	<ul style="list-style-type: none"> – Those in inactivity are reported as unknown. – Those in regular apprenticeships are reported as employment. – Proportion of unknown situations (6m after exit): 40.1%
Comparability of data	
Definitions	– Re-entrants are not recorded (the YG framework expects re-entrants to be counted and treated equally with first-time entrants).
Across time	Data comparable but the following should be taken into account: <ul style="list-style-type: none"> – The YG started being implemented in June 2014. Thus, data cover June-December 2014.

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,

² Data on inflows to registered unemployment from the EU LMP database. Data for 2016 are not yet available.

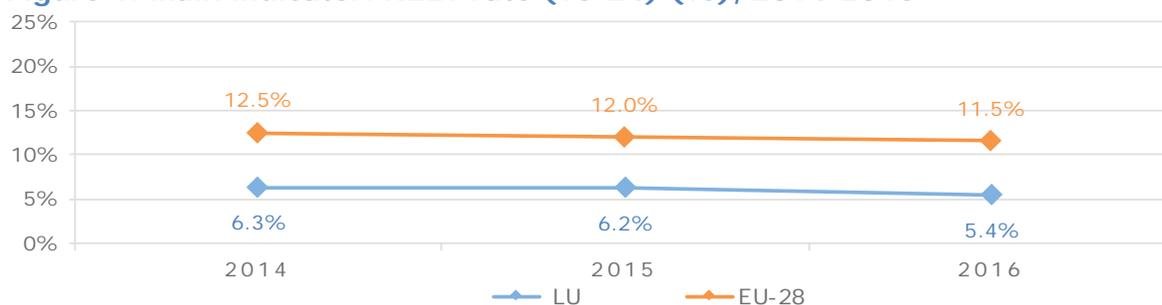
institutional practices and the capacity to collect all of the necessary data, particularly in relation to follow-up, may impact on the comparability of data between countries. Readers are recommended to refer to the [Notes about the data](#) in annex to this report.

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 Luxembourg was 5.4%, less than half of the EU average of 11.5% (see Figure 1). This figure has dropped by almost 1 pp compared to 2014, the year the YG started, in line with the improvement seen at EU level.

Figure 1: 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, at the end of 2016³, 18.3% of young people aged 15-24 registered in the YG had been in the preparatory phase beyond the 4-month target, well below the EU average of 49.1%. This represents a small improvement compared to 2015 (22.0%). The increase compared to 2014 shown in Table 3 is to be expected given that data for 2014 covered only new starts from the YG launch in June 2014 so that durations of more than 4 months could only occur in observations of stocks from October onwards.

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)	18.3%	+11.9	49.1%
Breakdown by age			
15-19	13.4%	+8.7	46.2%
20-24	19.7%	+12.8	49.3%
Breakdown by gender			
Men	17.1%	+11.1	48.0%
Women	19.7%	+12.9	49.9%

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

³ Normally an average across the year is expected but Luxembourg has provided stock figures that are simply a one-off observation at the end of the year.

The proportion of participants registered in the YG for more than 6 months (13.8%) and more than 12 months (5.0%) were also well below the EU averages (36.2% and 18.3% respectively, [Figure 2](#)). These results are not significantly different from those in 2015.

The supplementary indicator on positive and timely exits shows that over two fifths (43.6%) of those leaving the YG in 2016 took up an offer within the target period of 4 months ([Figure 2](#)). This result is slightly below the EU average of 44.5%, but is likely to be understated because the destination on exit remains unknown for more than a third of participants (34.9%), a group that is known to include young people in regular education.

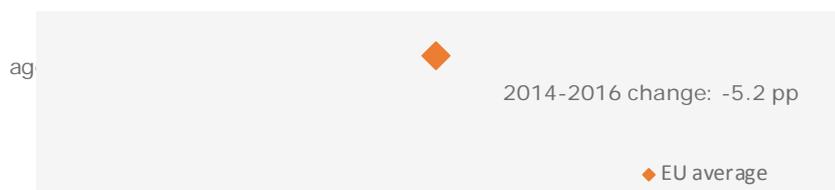
Slightly less than two thirds of participants (62.7%) that left the YG within the 4-month target period during 2016 are known to have gone to positive destinations. Almost eight in ten of these (79.3%) took up an offer of employment (this includes regular apprenticeships), while 14.2% took up a traineeship, 6.0% an offer to education, and just 0.5% an apprenticeship (provided through an ALMP). As exits to regular education are not covered (under unknown exits) and exits to regular apprenticeships are covered under employment, all exits to education and apprenticeships refer to subsidised offers. Additionally, 35% of traineeship offers and 14.6% of employment offers were subsidised ([Figure 3](#)).

Figure 2: 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)

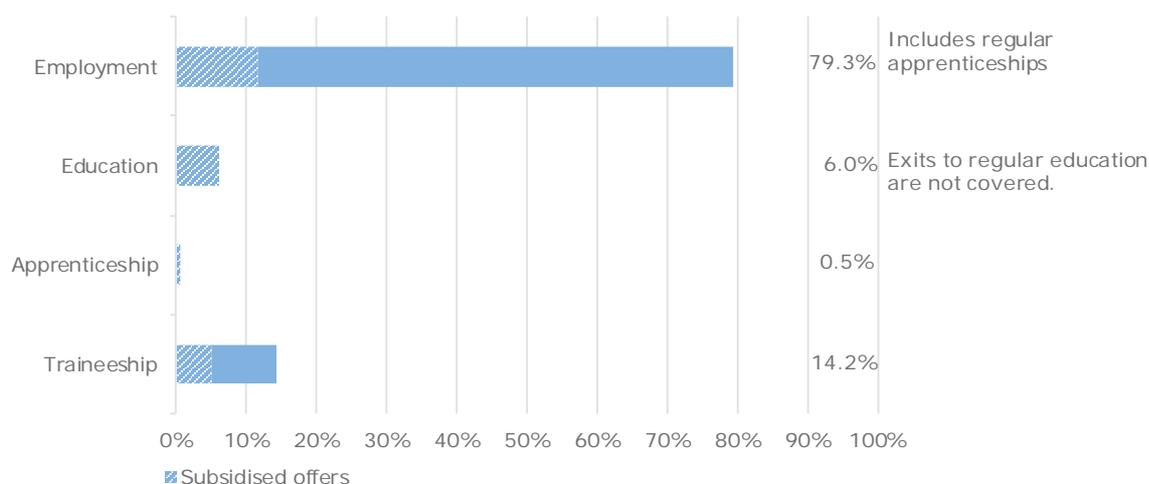


Supplementary indicator: Positive and timely exits from the YG preparatory phase (% exits)



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

Figure 3: 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 Guarantee⁴ 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.

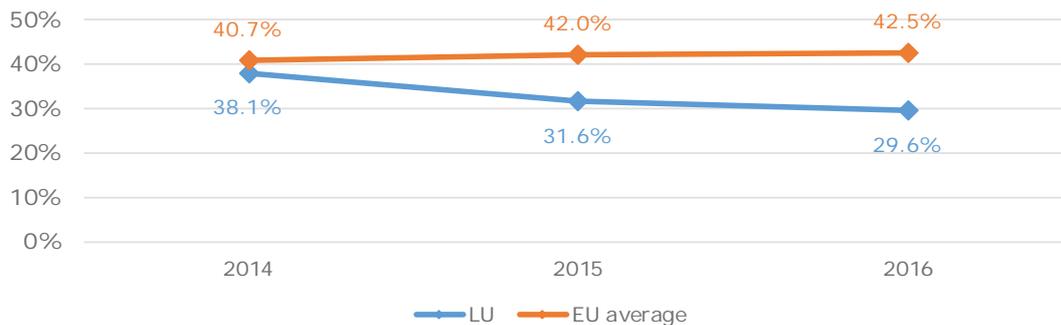
The second supplementary indicator for direct monitoring uses NEET rates and population data published by Eurostat together with the annual average stock of participants in the YG preparatory phase in order to estimate the proportion of the NEET population that is covered by the YG scheme (see Figure 4). 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.

In Luxembourg, less than a third (29.6%) of NEETs aged 15-24 were enrolled in the YG scheme at any point during 2016, slightly less than in 2015 (31.6%) and considerably less than in 2014 (38.1%)⁵. The fact that coverage appears to be falling in Luxembourg should be of some concern, particularly bearing in mind the Commission's assessment that more needs to be done to reach unregistered NEETs. It is also possible that the declining coverage is linked to the policy of not allowing repeat access to the YG. If people are not finding work or training after their first experience then they will continue to contribute to the NEET population but without recourse to support from the YG.

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>

⁵ Note that prior to the revision of data made this year, the stock figure reported (which was in theory an annual average rather than the one-off year-end observation used now) resulted in coverage of only 26.6%.

Figure 4: YG participants as a proportion of the NEET population (%), 2016



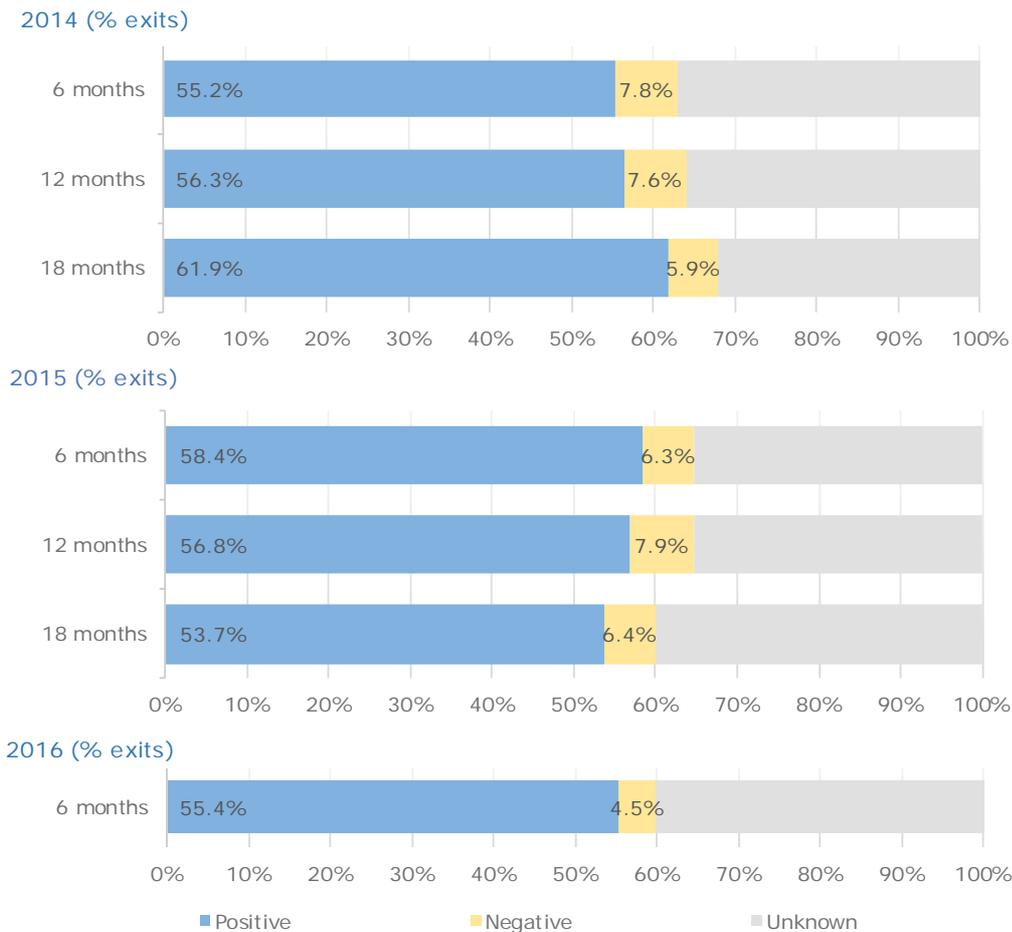
Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

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 Luxembourg, more than half (55.4%) 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. This figure is above the EU average of 48.5%, and similar to the figures recorded in 2014 and 2015 (55.2% and 58.4% respectively, see [Figure 5](#)). The true figure is probably higher, however, because of the high proportion (40.2%) in an unknown situation. As the Commission assessment noted, more needs to be done to improve the monitoring of YG outcomes and their sustainability.

Longer-term follow-up data for 2014 and 2015 suggest that these positive outcomes are sustainable, as the proportion of participants known to be in a positive situation 12 and 18 months after exit remains around the same. The same issue remains, however, in terms of those in unknown situations.

Figure 5: 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.

2.5 Additional results for the 25-29 age-group

The YG in Luxembourg covers only young people aged under 25. Accordingly, Luxembourg did not provide optional data for the 25-29 age-group.

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).⁶ 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 countries⁷ 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.

⁶ 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).

⁷ 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))