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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 RO country fiche.

ROMANIA

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

We have witnessed some improvements in key LM statistics in 2016, however unemployment rates and NEET rates for the youth are still high and Romania is found under the 'critical situations' of the JER social scoreboard. EMCO acknowledges the reform efforts made by Romania. It is positive that the "INTESPO" project has been launched, that the capacity of PES to outreach has been strengthened and that a wider modernisation process has started in PES. New activation bonuses were also launched. The characteristics of offers received through the Youth Guarantee point to their potential quality.

However, and taking into consideration the labour market outcomes, much more needs to be done to ensure a better, more effective and sustainable implementation of the YG in Romania.

More efforts are required in the area of coverage of the NEET population and in the area of follow up / monitoring. There is room for improvements as regards the outreach to young NEETs and support to the inactive. The use of YEI and ESF should speed up to increase effectiveness. And PES capacity should be reinforced. The political support for strengthening the PES capacity should be reinforced.

Overall, the implementation of the YG has been limited with the result that there is a high stock of inactive people.

2. YG monitoring 2016: key data

Highlights

- ❖ Monitoring data indicate ineffective implementation of the YG. Two-thirds (65.7%) of those registered in the YG at any point during 2016 had been waiting for an offer for more than 4 months and only a quarter of those leaving during the year (25.9%) took up an offer within a year.
- ❖ Coverage of the NEET population is also poor and declining. On average during 2016, the Romanian YG scheme covered only 14.2% of all NEETs under 25.
- ❖ Data on the destination of exits and their subsequent situation are weak due to a lack of capacity to track people that are not directly in contact with the PES. This results in high proportions in unknown situations (almost half of exits and two-thirds of follow-up data) making interpretation of results not particularly meaningful.
- ❖ Follow-up data are inconsistent with the specifications of the YG Indicator Framework and cover only those still in contact with the PES at selected observation dates. Nearly a third of those leaving the YG in the first half during 2016 were in a subsidised employment measure at the end of the year.

Introduction

The Romanian Youth Guarantee Implementation Plan was presented in December 2013 and the scheme launched in January 2014. Measures to support the labour market integration of young people aged up to 25 revolve around three main reform pillars: 1) the modification of the unemployment insurance act, 2) the amended apprenticeship act and 3) a new traineeship act (targeted at higher education graduates).

Implementation is coordinated by the Ministry of Labour, Family, Social Protection and Elderly, in partnership with stakeholders (including business, civil society and unions). Young people can register through the PES and its territorial structures. A website <http://garantiapentrutineret.ro/> provides information on the scheme and relevant contact points.

Further information is available in the Romanian Youth Guarantee Implementation Plan.

The Commission's 3-year assessment of the YG and YEI noted that key challenges in relation to implementation of the YG include improving the coverage of non-registered NEETs and increasing the take-up and impact of apprenticeships and traineeships¹.

1 Quality of data

1.1. Key changes compared to 2015

The Romanian YG data for 2016 have been provided largely on the same basis as 2015. There is one minor improvement in terms of completion in that the breakdown of exits to apprenticeships by duration (i.e. within 4 months of registration or not) was provided.

1.2. Data quality 2016

The Romanian YG monitoring data are generally complete in that most of the key observations and breakdowns have been provided. However, there are still important issues that need to be addressed regarding the high proportion of unknown destinations (49.2% of total exits) and subsequent situations (66.7% after 6 months) and the method of recording follow-up data, which remains inconsistent with the specifications of the YG Indicator Framework.

The follow-up data currently provided refer to the situation of all persons that had reached at least 6, 12 and 18 months after exit on selected observation dates (end of reference year for duration 6 months, and end of the following year for durations 12 and 18 months). Therefore, the time between exit and the observation point is actually variable and will be more than 6, 12 and 18 months for many of those covered (e.g. for someone that exited on 31 March 2016, their situation on 31 December represents 9 months after exit and not 6). Moreover, the data cover only people still in contact with the PES either because they are unemployed again or because they are in a subsidised employment measure. It seems that no effort has been made to link registers or use other methods to properly follow-up those leaving the YG. It means that no meaningful assessment of the impact of YG measures is possible.

Finally, registered unemployed taking part in PES training measures are not counted as exits. According to the national approach, these measures do not break the unemployment spell so that participants continue to be counted as registered unemployed during participation and consequently remain in the YG stock (preparatory phase). This may overstate stocks and the duration of participation and understate the number of offers provided (positive exits) compared to other countries that treat such training as an offer. At the same time, if the training is not of sufficient duration/intensity to break the unemployment spell then the Romanian approach is probably more in line with the intentions of the YG and the objective to provide "good quality" offers.

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

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 Services (PES)
Participants	The Youth Guarantee targets youth aged 16-24. YG monitoring data covers young people registered unemployed with the PES aged 16-29 years.
Completion of data	
Missing data	<ul style="list-style-type: none"> - Breakdown of entrants by previous YG experience. - Breakdowns by age for exits to traineeships. - Exits to subsidised education (mainly because PES training measures do not break the unemployment spell and are therefore not recorded as exits). - Breakdowns by sex and age for exits to subsidised employment. - Follow-up data cover only situations employment and unemployment (T, T-1 and T-2). For reference year T only duration 6 months is covered.
Data recording	
Exits by destination	<ul style="list-style-type: none"> - Participation in the YG preparatory phase in Romania is coincident with a spell of registered unemployment. Hence unemployment cannot be a destination for exits (exit from the YG = end of an unemployment spell). - Exits to inactivity record individuals having work incapacity or persons who have acquired a disability status. - Proportion of unknown destinations: 49.2%
Follow-up T	<ul style="list-style-type: none"> - Data cover only those that are still registered unemployed or supported by measures of subsidised employment. - Proportion of unknown situations (6m after exit): 66.7%
Comparability of data	
Definitions	<ul style="list-style-type: none"> - Minimum age of participants is 16 and not 15. - Follow-up data refer to the situation of all persons that reached at least 6, 12 and 18 months after exit on the date of observation (end of reference year for duration 6 months, end of following year for durations 12 and 18 months). This means that the time between exit and the observation point is variable and will be more than 6, 12 and 18 months for many of those covered.
Across time	<ul style="list-style-type: none"> - Data are comparable. - Follow-up data for situations 12 and 18 months were provided only for 2014 participants.

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.

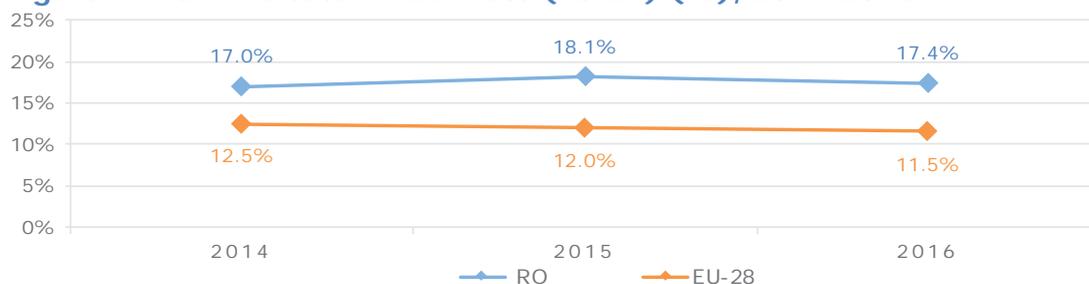
2.1 Aggregate monitoring: Macroeconomic indicators

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 Romania was 17.4%, significantly above the EU average of 11.5% (see Figure 1). At the EU level, there is no significant difference in the NEET rates of men and women (11.2% vs 11.9% respectively), but in Romania the NEET rate for young women is substantially above that of young men (20.8% vs. 14.1%). Compared to 2014 – the year that the YG was launched – the NEET rate in Romania has increased marginally (from 17.0% to 17.4%) whilst there has been a decrease at EU level (from 12.5% to 11.5%).

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, on average in 2016, two thirds 65.7% of young people aged 15-24 were still in the YG preparatory phase beyond the 4-month target in Romania, well above the EU average of 49.1% (see Table 3). This represents a significant worsening of the situation compared to 2015 (+31.2 percentage points). An increase compared to 2014 (as shown in the table) is to be expected as, in the first year of implementation, durations of more than 4 months were only possible for part of the year. The increase compared to 2015 is, however, unexpected and of some concern². It implies ineffective implementation in that the majority of those entering the YG are not being provided with an offer within the 4-month target period. Of course, it should be remembered that young people placed on PES training measures remain part of the stock (see section 1.2) and this will impact on comparison with countries that count similar measures as offers. However, it remains the case that if the training is not sufficiently intensive to break the unemployment spell then probably it is correct to treat as part of the preparatory phase.

² Note that the original dataset for 2015 submitted in June 2016 showed over 70% retained in the YG beyond 4-months and this figure was used in the country fiche circulated to Member States in October. Subsequently, however, revised data were sent in November 2016 that reduced the main indicator to 34.5%, hence the large jump now seen in 2016.

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)	65.7%	+36.3	49.1%
Breakdown by age			
15-19	61.7%	+36.0	46.2%
20-24	73.2%	+39.6	49.3%
Breakdown by gender			
Men	70.1%	+37.6	48.0%
Women	59.4%	+34.5	49.9%

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

The proportion of participants registered in the YG for more than 6 months (41.7%) and more than 12 months (25.1%) were also above the EU averages (36.2% and 18.3% respectively, [Figure 2](#)), though the difference is less significant.

Supporting the poor result for the main indicator, the supplementary indicator on positive and timely exits shows that only a quarter (25.9%) of those leaving the YG in 2016 took up an offer within the target period of 4 months ([Figure 2](#)). Again, this result is significantly worse than in 2015 (decline of 21.9 pp). It is not clear what has caused this decline.

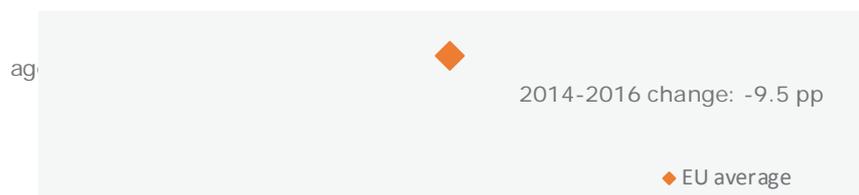
Four in five (80.8%) of those recorded as leaving the YG (i.e. ending a spell of unemployment) within the 4-month target period went to positive destinations. All exits to apprenticeships and traineeships are to subsidised offers but these represent only 0.2% of all positive and timely exits, the vast majority (89.1%) being to open labour market positions. Exits to education refer to exits to the regular education and training system (because PES training is not counted as an offer) and constitute 10.7% of the total positive and timely exits (see [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)

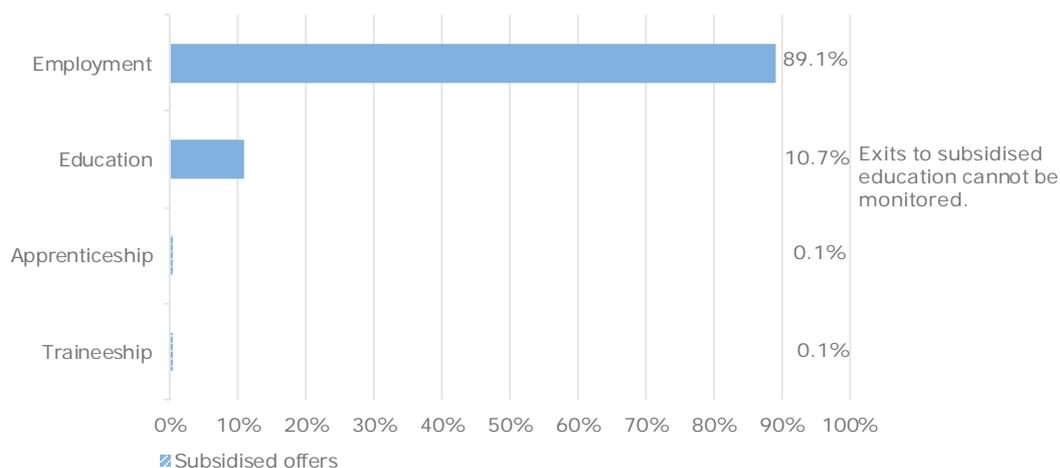


Supplementary indicator: Positive and timely exits from the YG preparatory phase (% exits)



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.

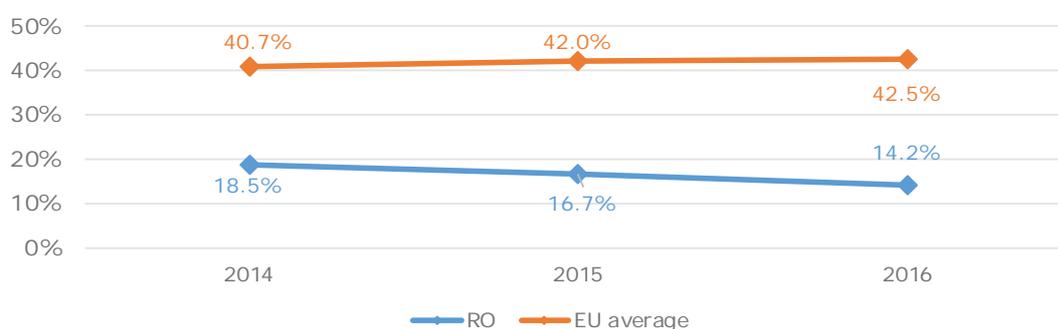
2.3 Direct monitoring: coverage of the YG target population

The Council Recommendation on establishing a Youth Guarantee³ 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 Romania, less than a fifth (14.2%) of the NEET population was covered by the YG scheme, a long way below the EU average of 42.5% and a decline compared to 2014 (18.5%). The scheme covers only young NEETs that have registered as unemployed and is liable to miss important numbers of inactive and marginalised young Roma who tend not to contact the PES for assistance. As noted earlier, the Commission's 3-year assessment of the YG and YEI highlighted the need to reach out to NEETs that do not voluntarily register with the PES. The YG monitoring data, unfortunately, do not show any evidence improvement in this respect, indeed, if anything the coverage is getting worse.

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

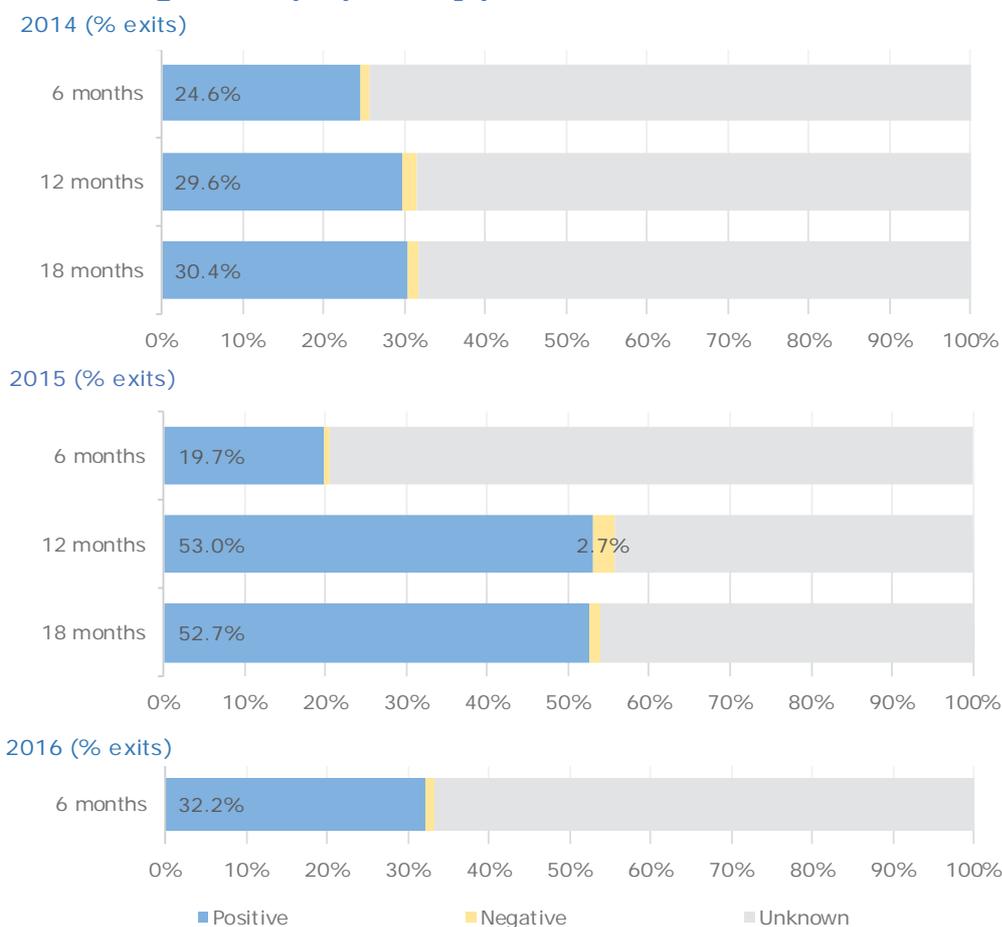
As mentioned above, follow-up data for Romania do not comply with the specifications of the Indicator Framework, which require observations of the situation of each young person 6, 12 and 18 months after their specific date of exit. Rather, the Romanian data refer to the situation of all persons that reached at least 6, 12 and 18 months after exit on fixed dates of observation (end of reference year for duration 6 months, end of the following year for durations 12 and 18 months). Thus, the observation point is variable and will be more than 6, 12 and 18 months for many participants. It also implies that the 18-month observations will simply be a subset (those that have reached 18 months after exit) of the 12 month observations, referring to the same situation in each case (situation on 31 December of reference year T+1).

³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>

The data show that almost a third (32.2%) of those that exited the YG in 2016 were known to be in a positive situation at the end of December 2016, higher than the same observation in 2014 and 2015 (24.6% and 19.7% respectively). However, the results are not particularly meaningful because of the high proportion of people in an unknown situation (66.7%). Effectively the “follow-up” data cover only those still in contact with the PES at the end of the year because they are either back on the unemployment register or still benefitting from a subsidised employment opportunity.

Longer-term follow-up data for 2014 and 2015 show that the proportion known to be in positive situation (i.e. subsidised employment) increased through time (Figure 5). This presumably means people that have returned to unemployment and been placed again in a subsidised employment measure and is not, therefore, an indication that outcomes are sustainable.

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

Although the Romanian YG scheme covers only young people aged 16-24, data for the group aged 25-29 were provided and key results are shown in Figure 6.

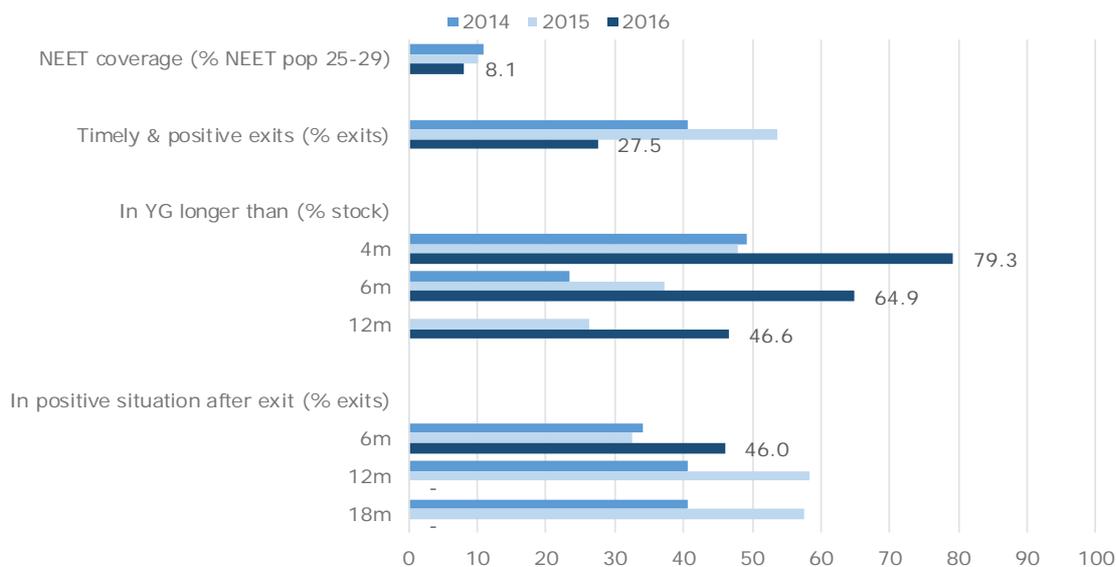
On average during 2016, four fifths of young people aged 25-29 (79.3%) in the YG at any point in the year had been registered for more than 4 months, even worse than for the main target group aged 15-24 (65.7%). Indeed, not far short of half of the 25-29 age-group (46.6%) had been registered for more than a year (Figure 6).

The proportion of timely and positive exits was also low (27.5%, more or less in line with the 15-24 age-group, 25.9%) and has deteriorated compared to previous years (40.6% in 2014, 53.6% in 2015).

Moreover, coverage of NEETs aged 25-29 is extremely poor. Less than one in ten (8.1%) of NEETs aged 25-29 were registered with the PES.

As with the main target group, follow-up data cover only those still in contact with the PES. In 2016, approaching half (46.0%) of those aged 25-29 that left the unemployment register during the year were reported to be in subsidised employment 6 months after exit. Longer-term follow-up for those leaving in 2014 show that around 40% were still in subsidised employment 12 and 18 months after exit, whereas for those leaving in 2015 this proportion rises to around 58%.

Figure 6: 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))