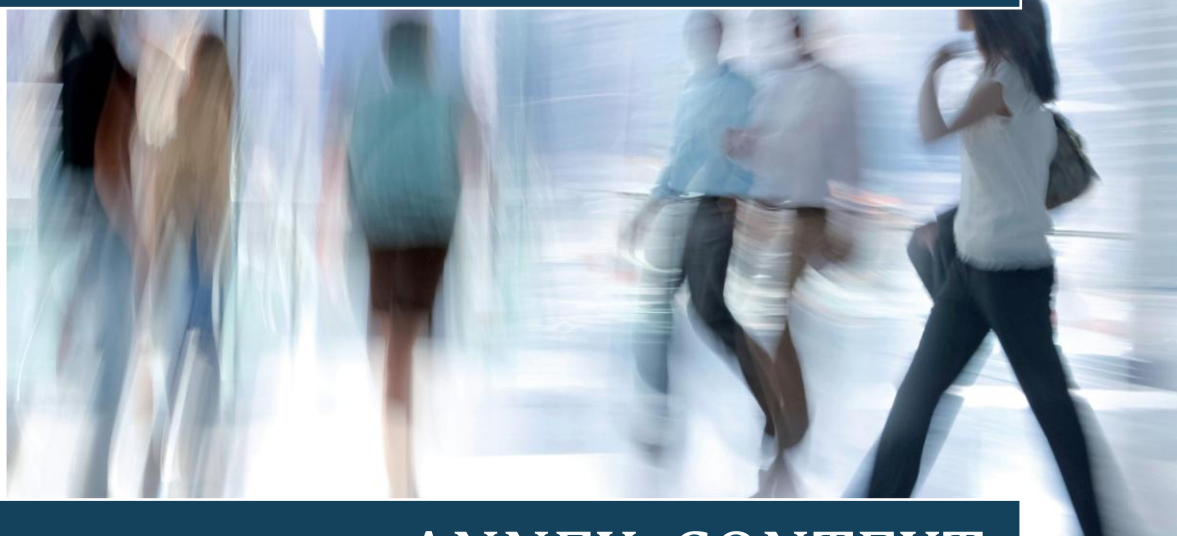


2013

SPANISH NATIONAL YOUTH GUARANTEE IMPLEMENTATION PLAN



ANNEX. CONTEXT



ESTRATEGIA DE
EMPRESARIADO Y
EMPLEO JOVEN



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I. Introduction

This Annex to the Spanish National Youth Guarantee Plan analyses the context for the young people who are not in employment, education or training in Spain.

This analysis complements and, to some extent, expands the analysis performed as the basis for the Strategy for Entrepreneurship and Youth Employment approved in February 2013, and focuses its attention on young people aged below 25 who are neither working nor studying.

This is the target group for the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2013/C 120/01) and is defined following a statistical methodology drawn up by Eurostat for the European Union as a whole. A distinction must be made between this statistical concept which is now covered by this European and national political initiative and the sociological concept that identifies the so-called “ninis” as young people without skills or work experience. The young people to which this analysis refers may have, and in many cases do have, both educational and vocational qualifications and work experience but, at a given time, they are neither studying nor working. Most of them, as shown in this analysis, are actively seeking employment, so they are not inactive according to the terms of the Labour Force Survey (LFS, EPA in Spanish).

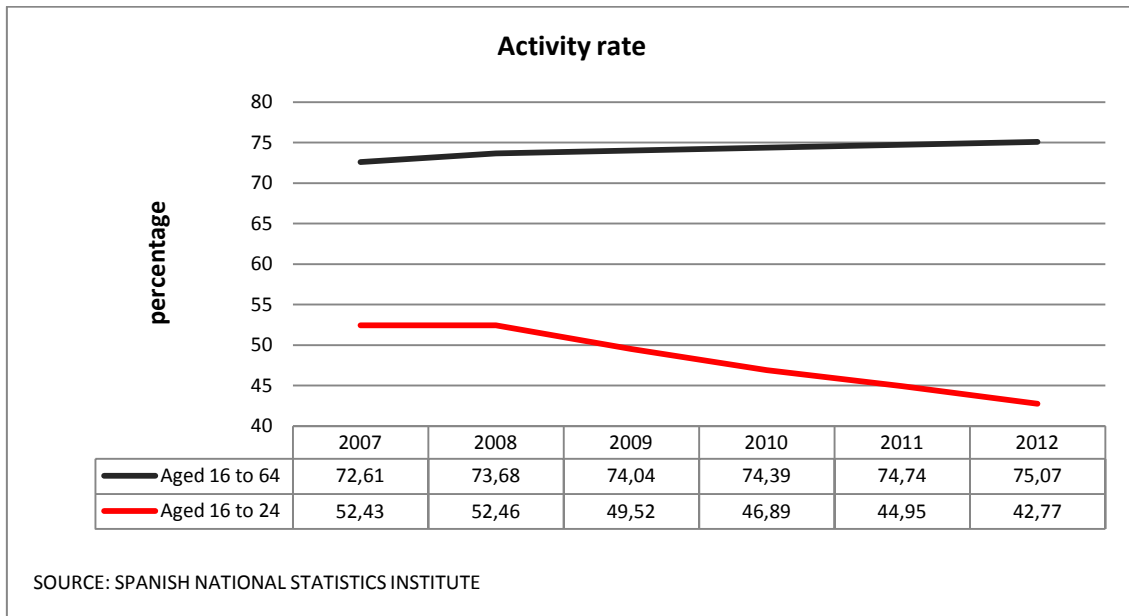
The group of young people aged under 25 who are neither working nor studying amounted to 858,200 persons in 2012. This is a very mixed population group covering both young people at the end of adolescence who have dropped out of school early or did not continue their training after finishing their compulsory education and therefore have no skills or work experience, as well as those who have high-level qualifications, extensive skills and even work experience, but have been unsuccessful in finding an employment.

The purpose of the **Youth Guarantee** is to guarantee that all young people aged under 25 receive a good quality offer of employment, on-going education, an apprenticeship or work experience **within four months** after finishing formal education or becoming unemployed.

This analysis explains the approach adopted by the National Youth Guarantee Implementation Plan and also identifies the situation for the main indicators for monitoring the Plan. There is also a brief methodological note on the data relating to this group.

II. The labour context for young people

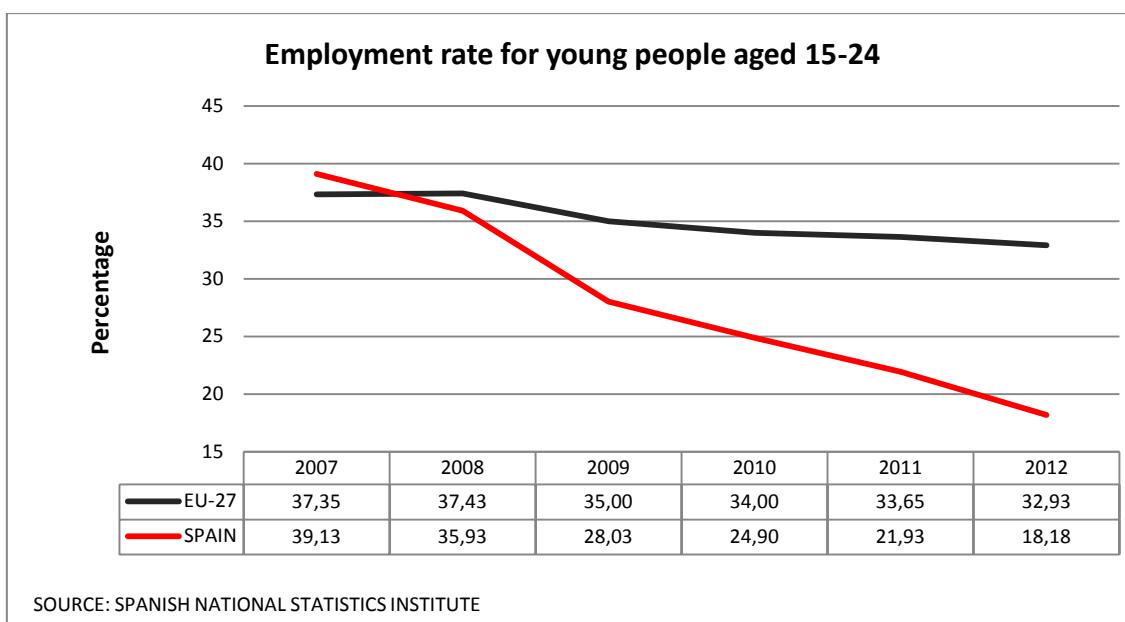
Traditionally, young people aged 16-24 have shown lower activity rates than the population as a whole. This is because, at such ages, a very large percentage of young people are studying so are inactive or not part of the labour force (according to the Spanish Labour Force Survey, in 2012 51.3% of young people aged 16-24 were undergoing training).



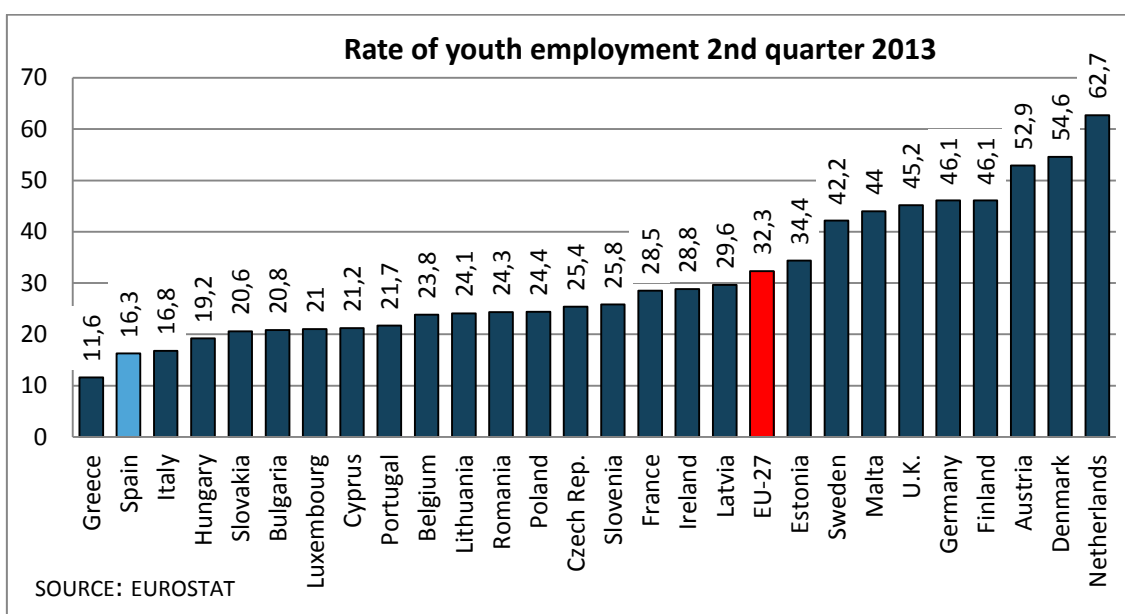
With the economic crisis, the rate of activity among young people dropped sharply, while for the population as a whole it remained stable or increased slightly.

To a large extent, this drop in activity was due to the sharp reduction in the number of young people in employment in Spain. Between 2007 and 2012, the rate of employment for young people dropped by more than 20 points (from 43% to 20%).

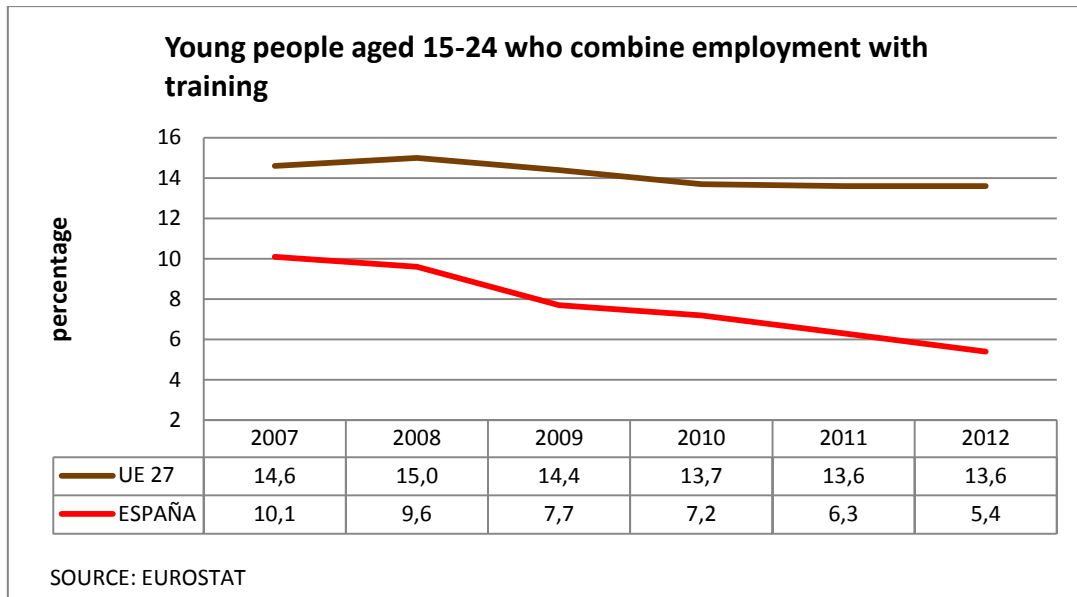
The phenomenon of job destruction seen in most of the EU countries was especially marked for Spanish young people. In Spain, after a pre-crisis scenario in 2007 in which the employment rate of almost 40% was above the EU-27 average, this figure dropped to 18.8% in 2012, almost ten points below the EU-27 average.



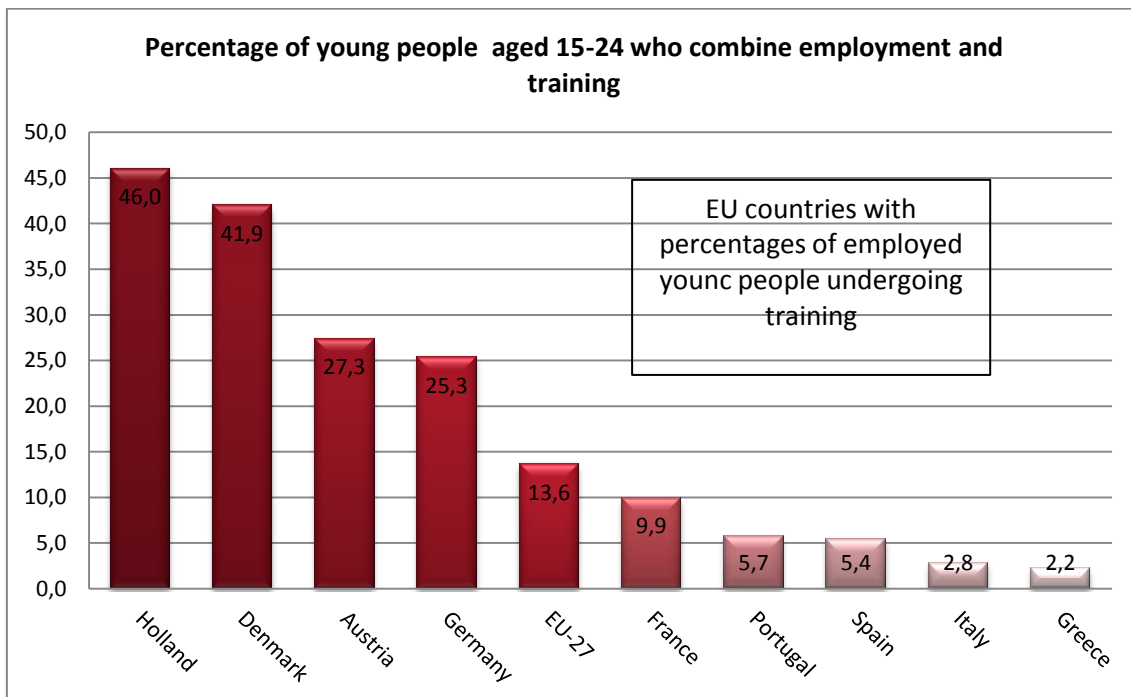
Moreover, in the second quarter of 2013, Spain had one of the lowest rates of employment for young people in the European Union, only exceeded by Greece, with 16.3%, as opposed to 62.7% in The Netherlands and an average for the EU-27 of 32.3%.



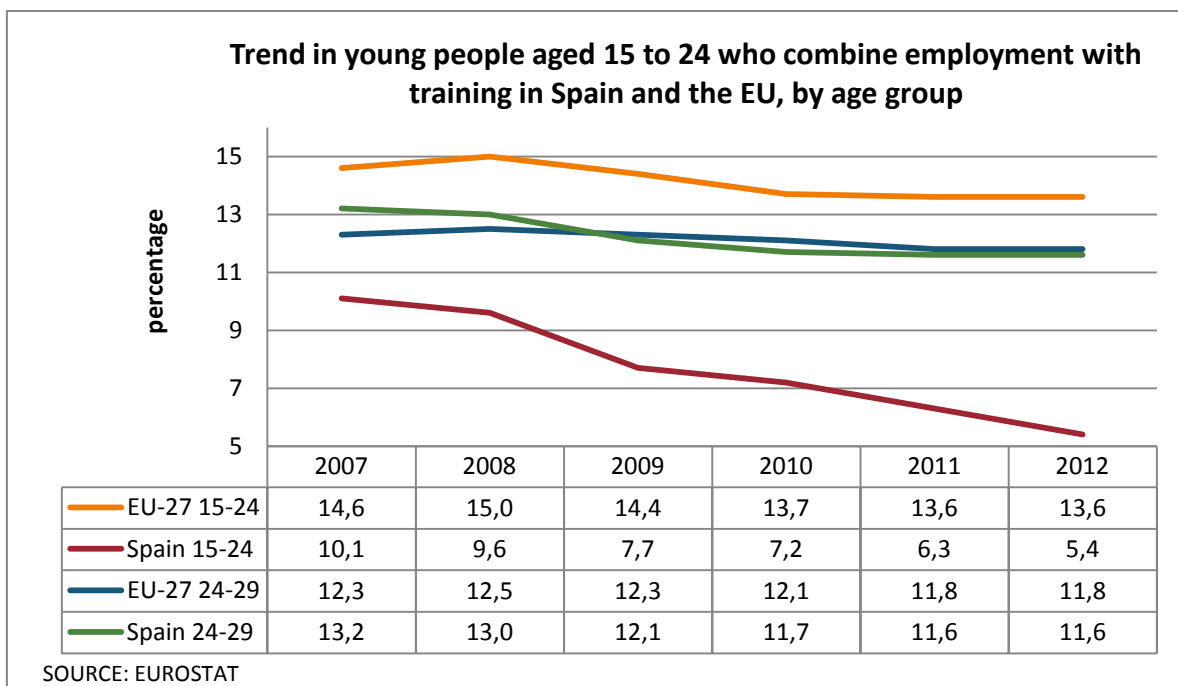
The impact of the crisis can also be seen in the smaller numbers of young people who combine employment with training (both formal and informal). This rate, which was already low in comparison with the European average, dropped by almost four percentage points from 2007 to 2012 (from 10% to below 6%).



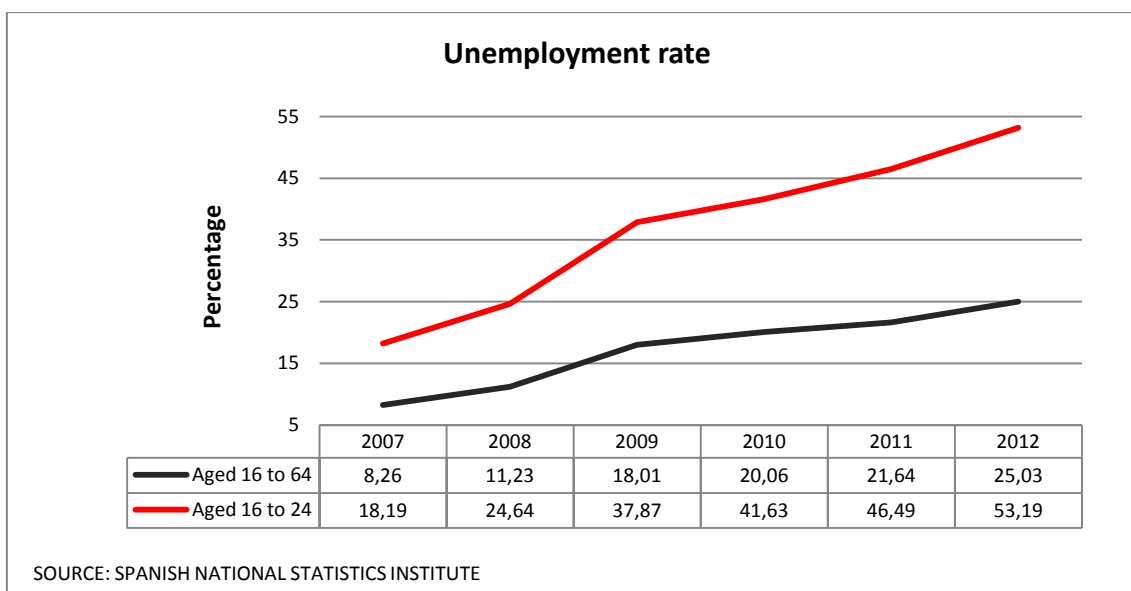
In some other European countries, such as The Netherlands or Denmark, over 40% of young people combine the two activities. However, in others such as Italy and Greece, the percentages are even lower than in Spain (less than 3%).



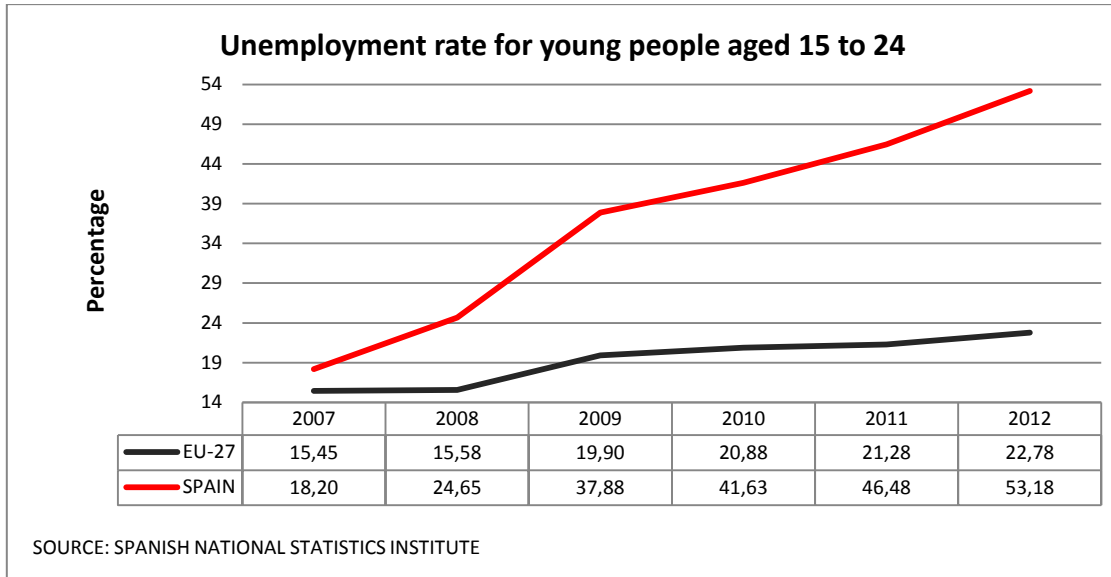
However, in the case of young people aged 25-29, more young people in Spain tend to combine the two activities, and Spain exceeded the European average during the first few years of the economic crisis.



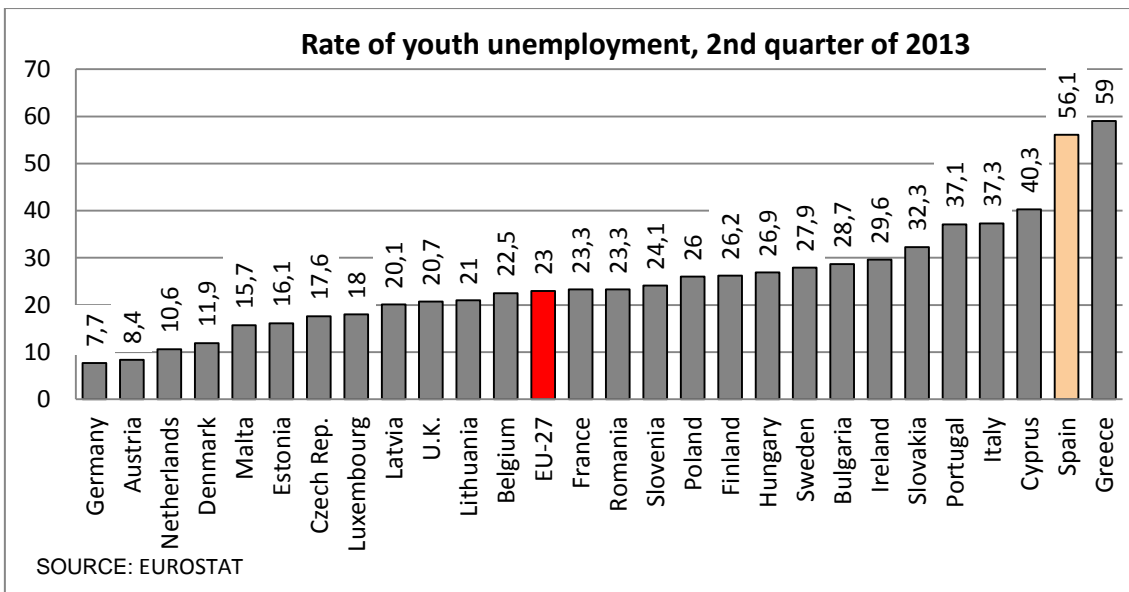
In 2012, the rate of youth unemployment doubled the average unemployment rate in Spain (53.2% in 2012 as against 25% for the population as a whole). The increase in the level of unemployment as from 2007, for all age groups, was especially fast among young people aged 16-24.



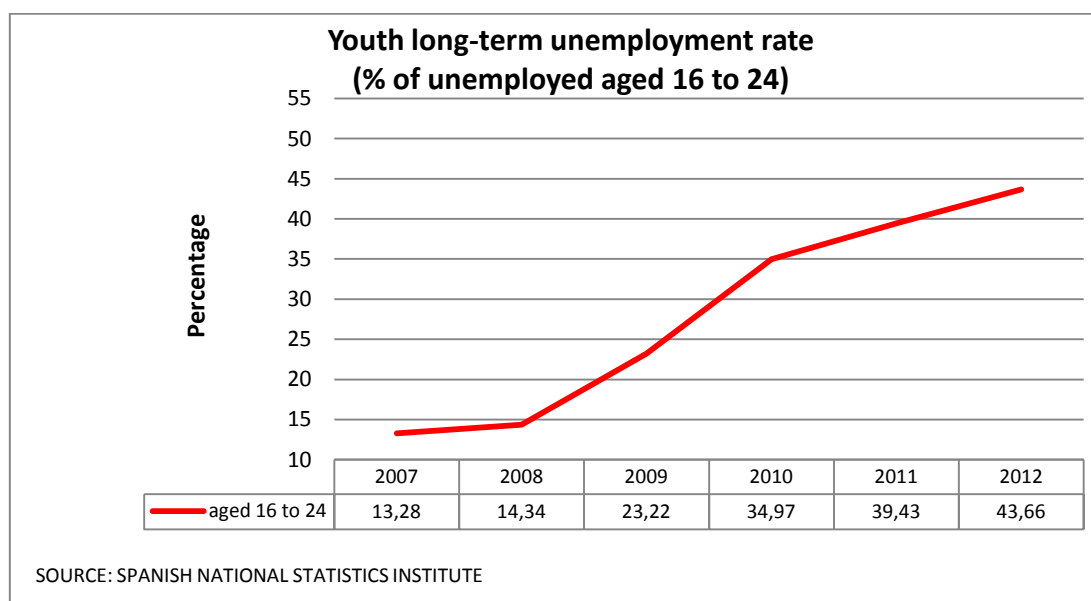
In addition, the rise in unemployment was greater in Spain than the European average. Since 2007, the situation in Spain has diverged from the European average. In 2012, the unemployment rate in Spain for young people aged 15-24 was 53.2%, thirty points higher than the EU-27 average of 23%.



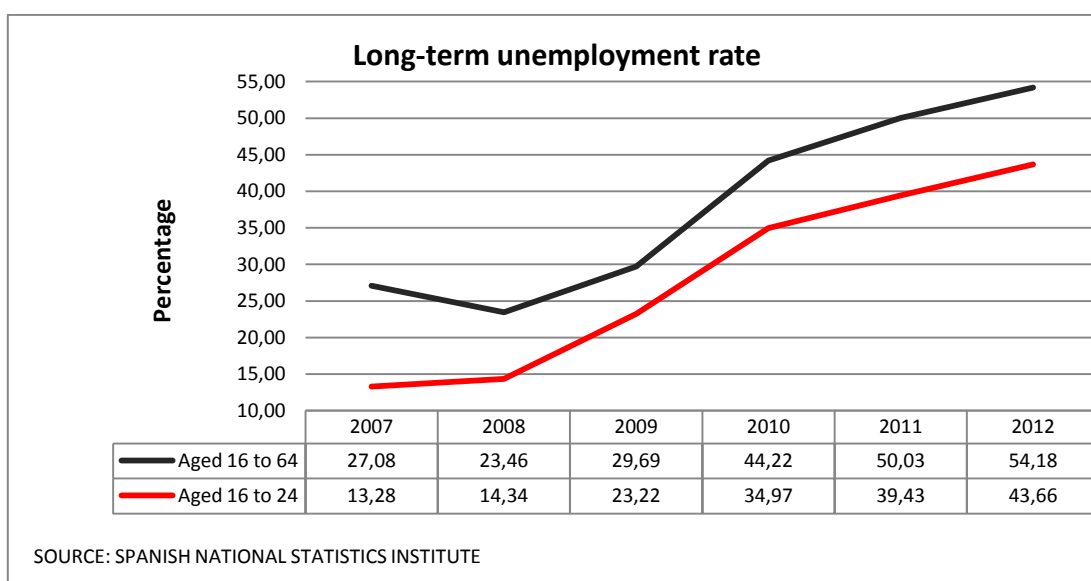
In the second quarter of 2013, Spain had the second highest youth unemployment rate in the European Union after Greece - 56%. Meanwhile, countries such as Germany or Austria recorded rates below 10%.



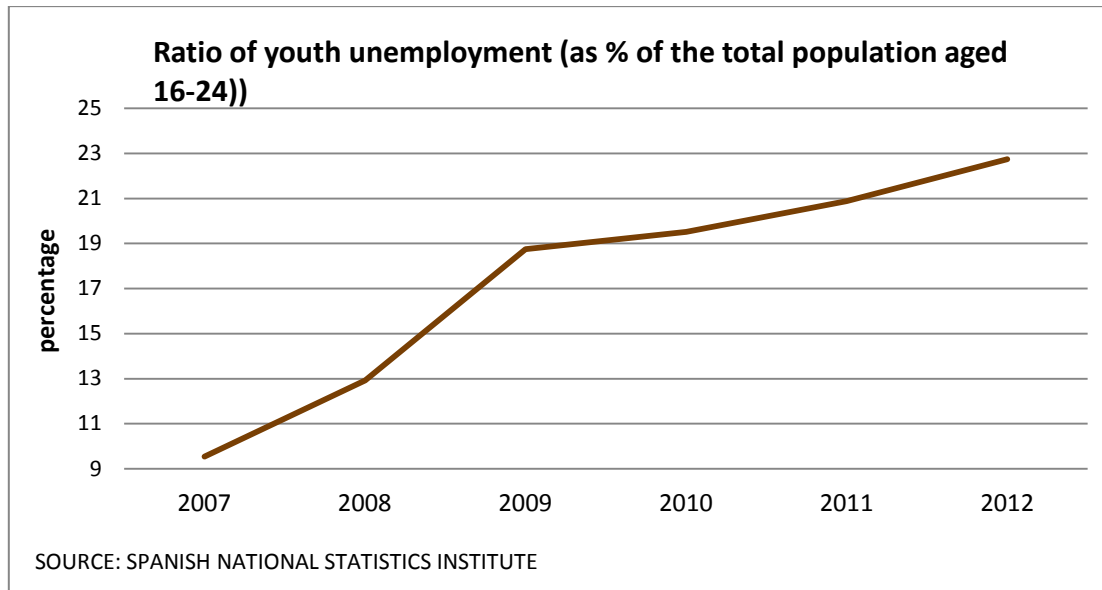
A large proportion of unemployed young people aged 16-24 are long-term unemployed. As from 2007, the number of unemployed young people started to increase and, in 2012, almost 44% of unemployed young people aged 16-24 had been unemployed for 12 months or more.



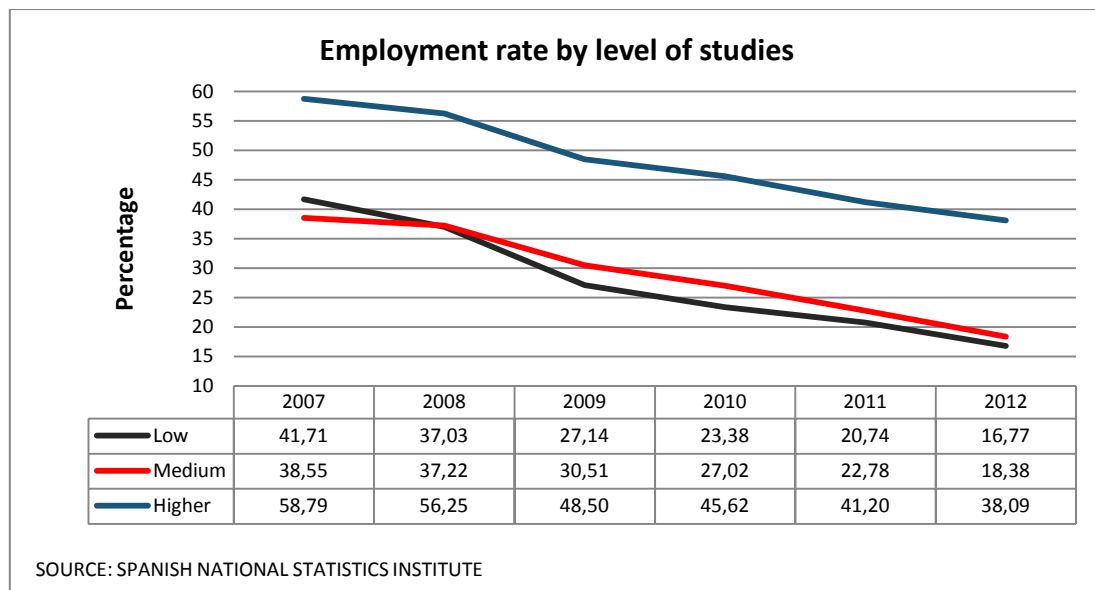
The impact of long-term unemployment is greater among the adult population, with rates reaching almost 55% in 2012, as opposed to 44% in the case of young people.



However, the “unemployment rate”, that is, the proportion of young jobless among the total young population (instead of the active population or work force) increased from 9.5% in 2007 to 23% in 2012.

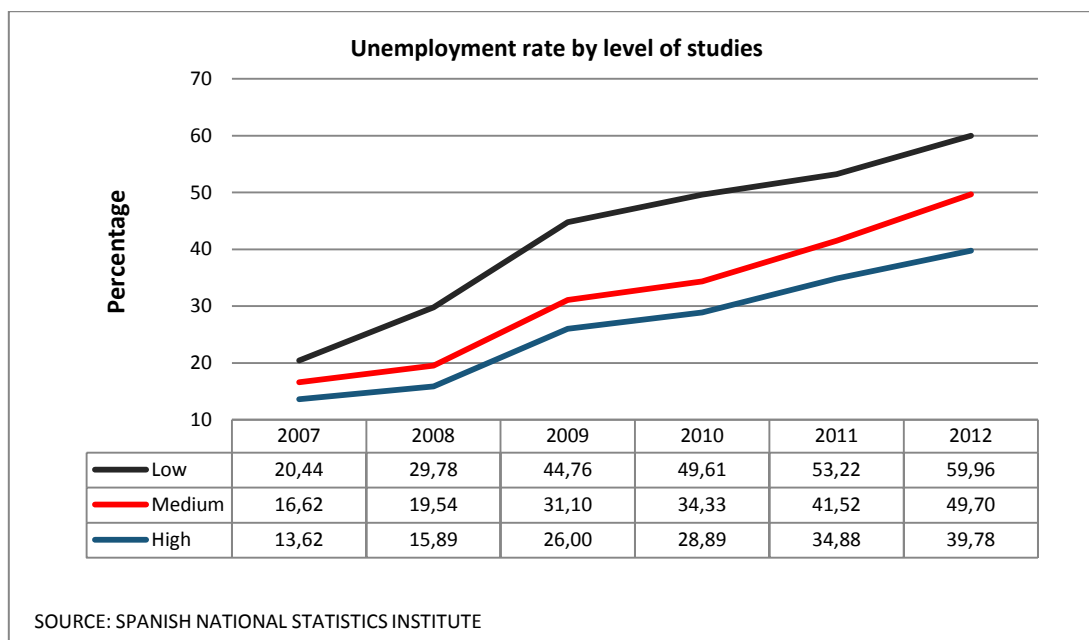


Job destruction mostly affected young people with low skills. Young people aged 16 to 24 with a low level of studies saw a much lower rate of employment than those with medium or high levels¹ (20 points below in 2012).



¹Spanish National Statistics Institute classification of studies: **low** (illiterate, primary education, training and employment not requiring the certificate of the initial stage of secondary education, first stage of secondary education, social guarantee/vocational initiation, training and employment requiring the certificate of the first stage of secondary education), **medium** (second stage of secondary education and training and employment requiring the certificate of the second stage of secondary education) and **high** (higher-level technical and vocational training, non-university qualifications and higher-level vocational training and employment, first and second cycle university education, official vocational specialisation studies and third-cycle university education (doctorate)).

Unemployment mostly affected young people with low levels of training, for whom the rate was almost 60% in 2012, as opposed to 40% for those with better training.



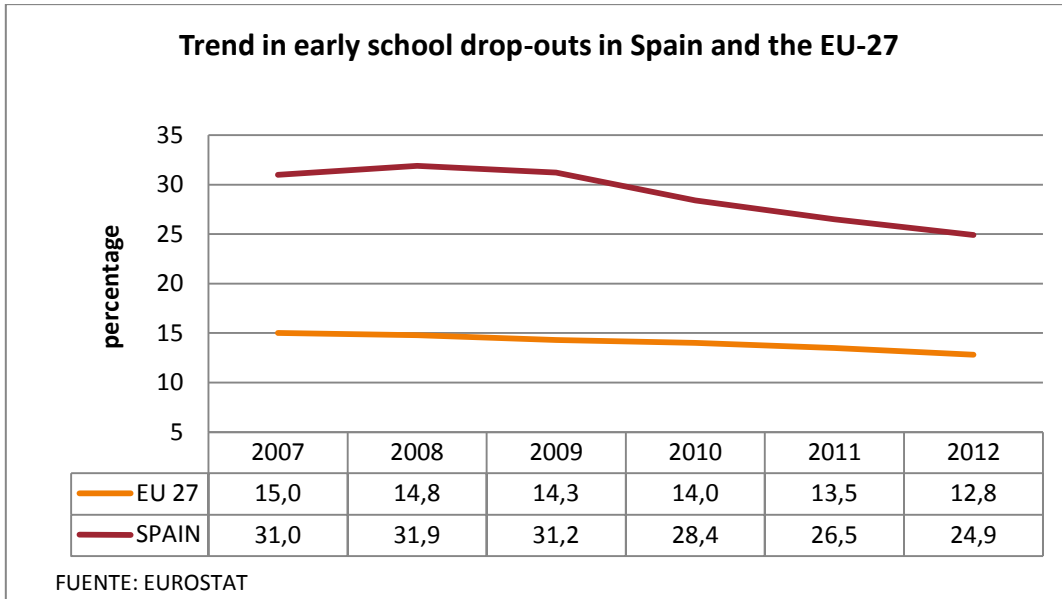
III. Main causes of the labour situation for young people

As stated in the contextual analysis for the Entrepreneurship and Youth Employment Strategy, a number of structural problems can be identified which have had a decisive effect on the labour situation for young people. The following should be stressed for the purpose of this analysis:

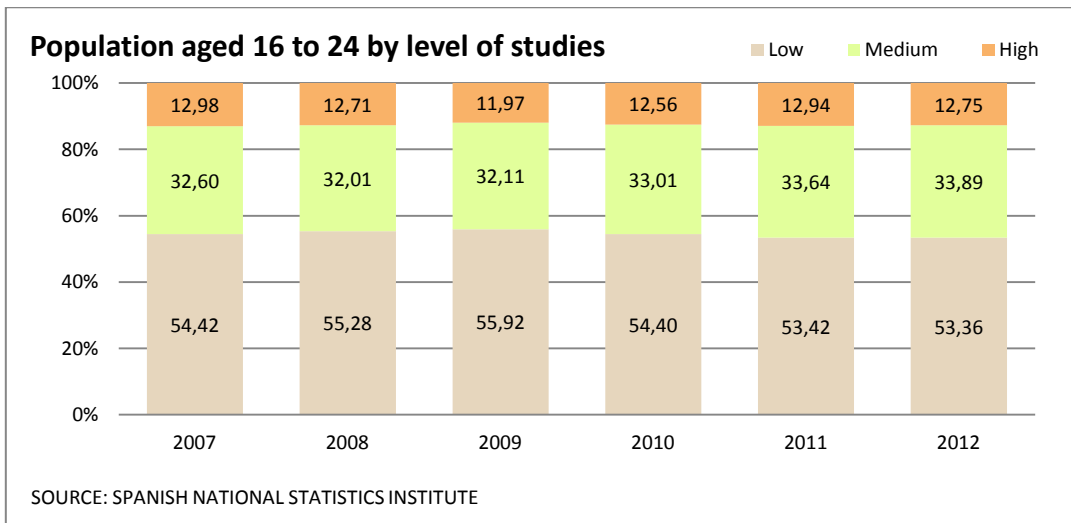
High rate of early school leaving

The high rate of early school leaving makes it difficult for such young people to remain in the labour market². Although during the period 2007-2012 the percentage dropped by six points, Spain has traditionally presented figures that doubled the European average (31% in Spain, 15% in the EU-27 in 2007).

² Rate of young people aged 18-24 who drop out of school after completing, at the most, compulsory secondary education. Both Eurostat and the Spanish State System of Education Indicators drawn up by the Spanish Ministry of Education, Science and Sport include in their “Early leavers” and “Early school drop-out rate”, respectively, young people aged 18-24.

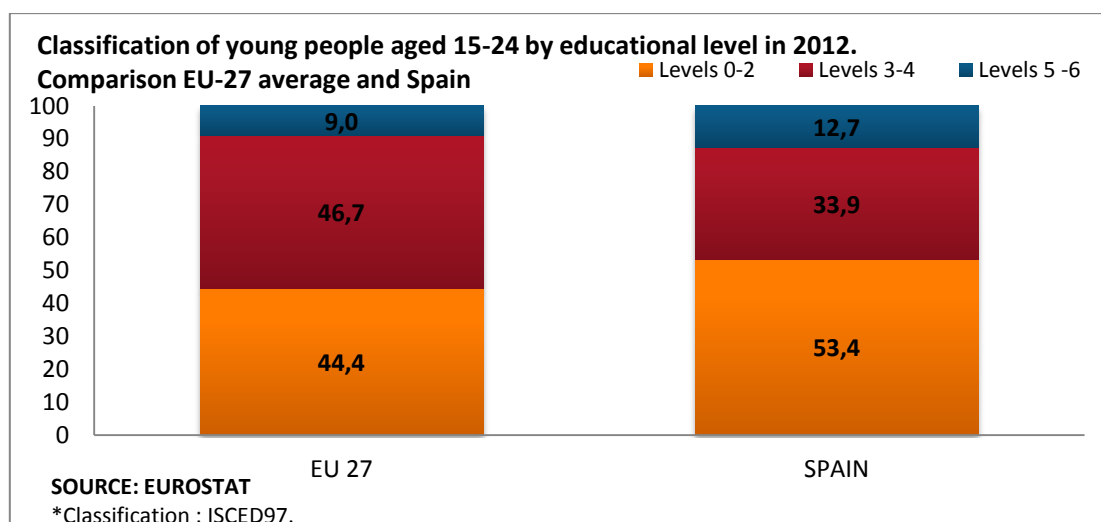


Another of the problems affecting young people is poor training. Over 50% of young people aged 16-24 in Spain have a low level of studies, which makes it difficult for them to find a job and to keep it.

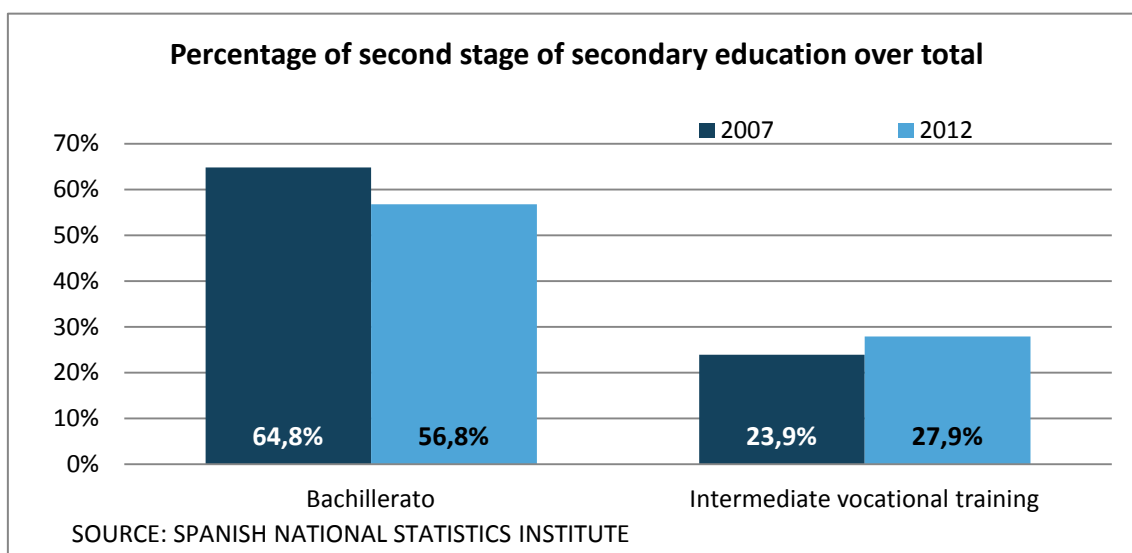


Low percentage of young people with medium levels of training

In addition, Spain has a lower percentage of young people with medium levels of training than the European average (34% in Spain as against 47% in the EU-27 in 2012). There is, therefore, a problem of “polarisation” in employment for young people in Spain.

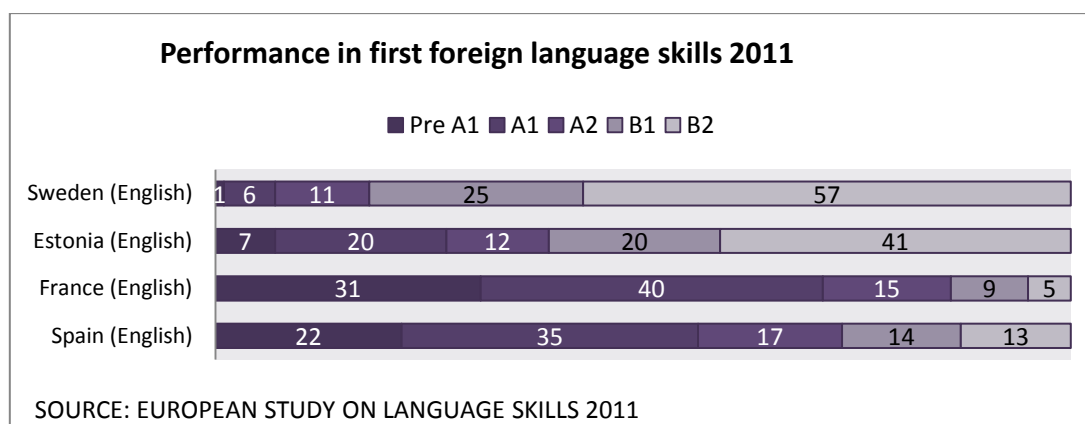


One of the factors behind this phenomenon is the low weight of vocational training in intermediate training in Spain, although this is improving.



Poor language skills

In Spain young people have poor foreign language skills. In the case of the first foreign language studied (English), the percentage of students with a very low level (A1) or below (Pre-A1) is over 50%.



Low level of entrepreneurship

In addition, figures for entrepreneurship and self-employment for young people aged under 25 in Spain are low. The data on self-employed workers³, registered with the Social Security and the Special Regime for Self-Employed Workers during the fourth quarter of 2012 show that, out of a total of 1,898,234 self-employed workers, only approximately 32,000 were aged under 25, while almost 900,000 were aged 40-54.

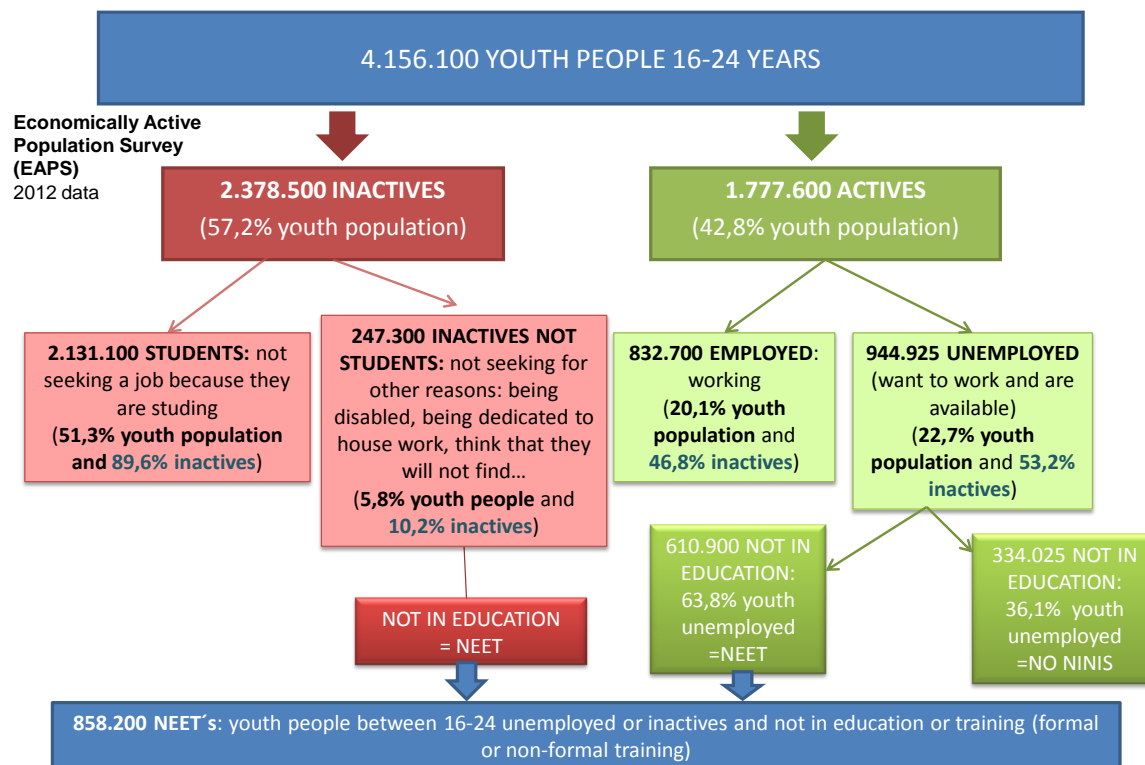
Entrepreneurship among young people in Spain as well as those aged 55-65 is lower than for the rest of the population according to the “Global Entrepreneurship Monitor”. In 2012, the global rate of entrepreneurship among young people aged 18 to 24 was 3.4%, as opposed to 8% for those aged 25 to 35, and 6.6% for the population aged 35 to 44. Moreover, since 2007, this rate for ages 18 to 24 has dropped by over one and a half points (from 5% to 3.4%).

IV. Young people not in employment or education

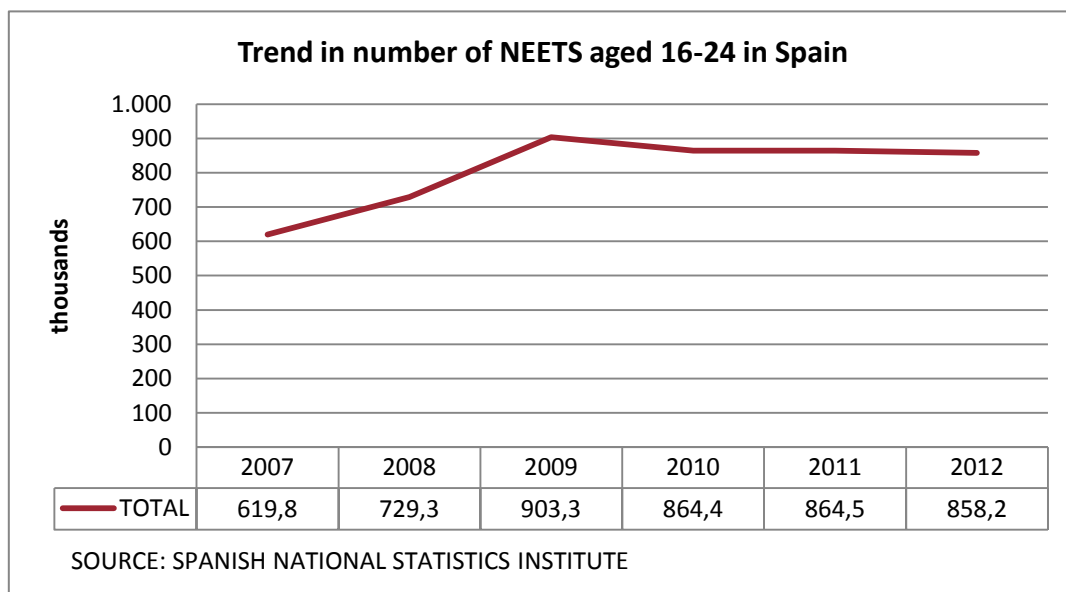
In Spain there is a large percentage of young people aged 16 to 24 who neither study nor work. The proper term for them is NEET (“*Not in Employment, Education and Training*”). In the European Union, a common definition has been adopted for young people aged between 15 and 24 who neither work (both unemployed and inactive) nor study nor are undergoing any type of training (the two requirements must be met simultaneously)⁴. To illustrate this, the following table shows how the percentage of young people in this situation is obtained from data from the Spanish Labour Force Survey (LFS, EPA in Spanish):

³That is, workers registered under one of the Social Security regimes for self-employed workers, not forming part of a company, cooperative or corporation and excluding those who figure as family collaborators and those registered as a member of a special group of workers.

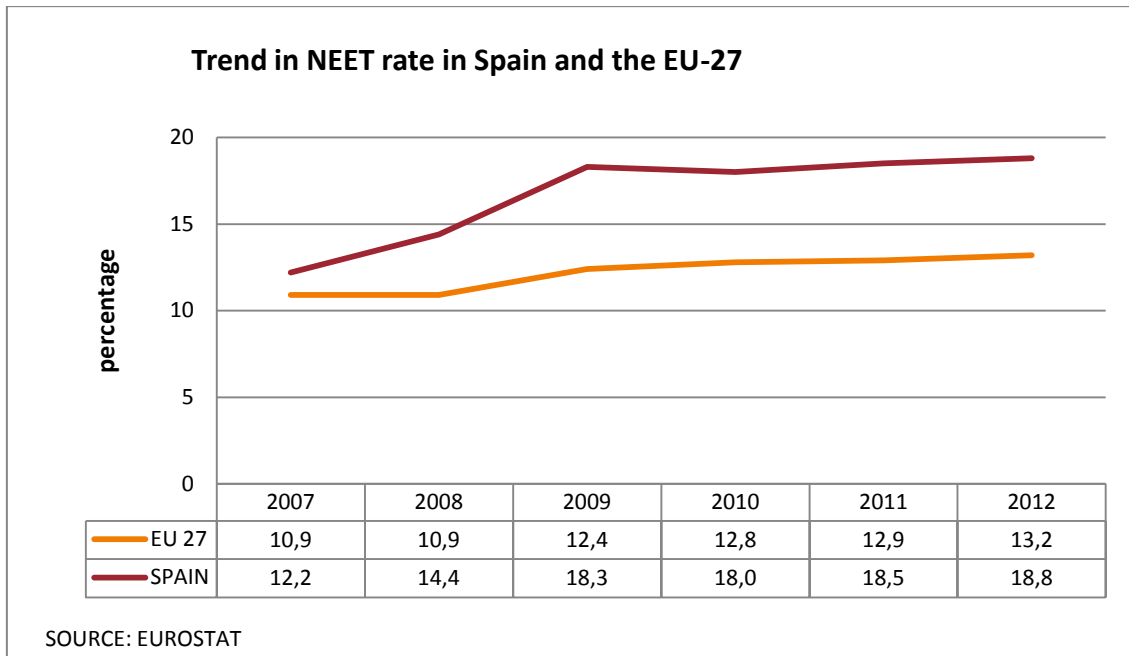
⁴See annex on method for estimating NEETs.



The crisis affected this group and pushed their numbers up steeply as from 2007 to a peak in 2009, when the figure rose from 729,000 NEETs in 2008 to over 900,000 (an increase of 19%). Since then, the growth has levelled off although the figure is still high, with a total of 858,200 in 2012.

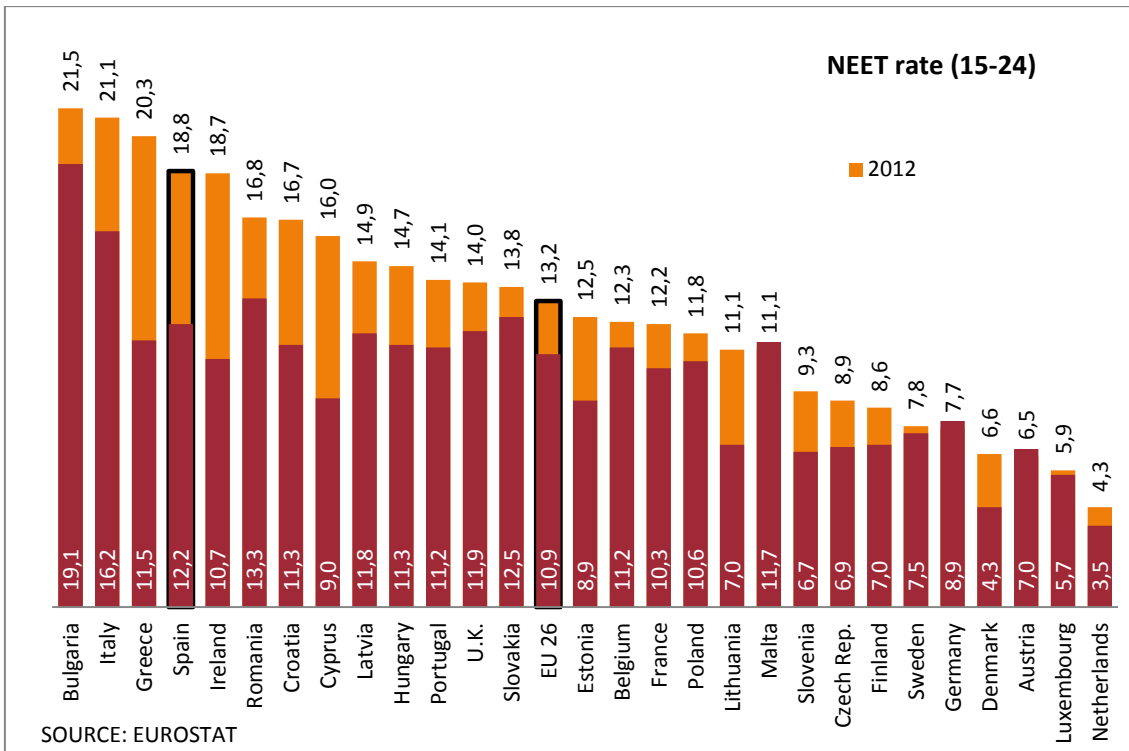


The situation is also worrying in Europe. The rate of NEETs is high⁵ and rose after the start of the crisis by over two percentage points, reaching 13.2% in 2012 (EU-27 average).



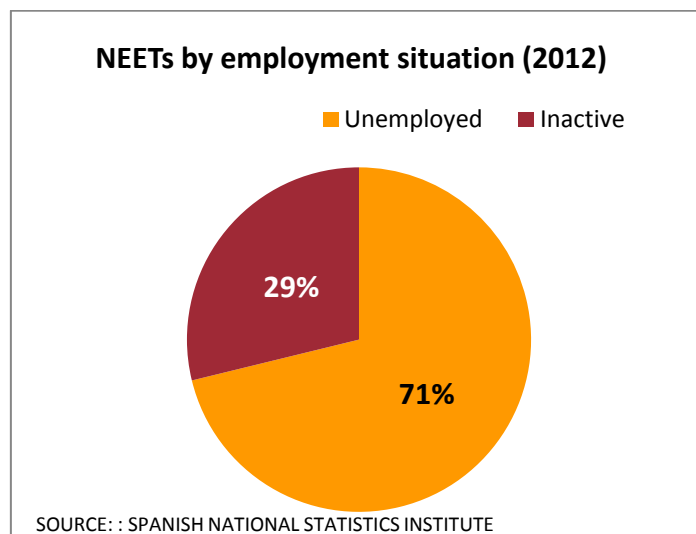
In 2012, the NEET rate in Spain was one of the highest in the European Union, five points above the European average. Only Bulgaria, Italy and Greece had rates above 20% of young people aged 15 to 24. At the other extreme were the Netherlands with the lowest rate, just 4.3%.

⁵The NEET rate, according to Eurostat, covers young people aged 15 to 24. The data on NEETS provided by the Spanish National Statistics Institute (in absolute terms) refer to young people aged 16 to 24 because in Spain education is compulsory up to the age of 16.

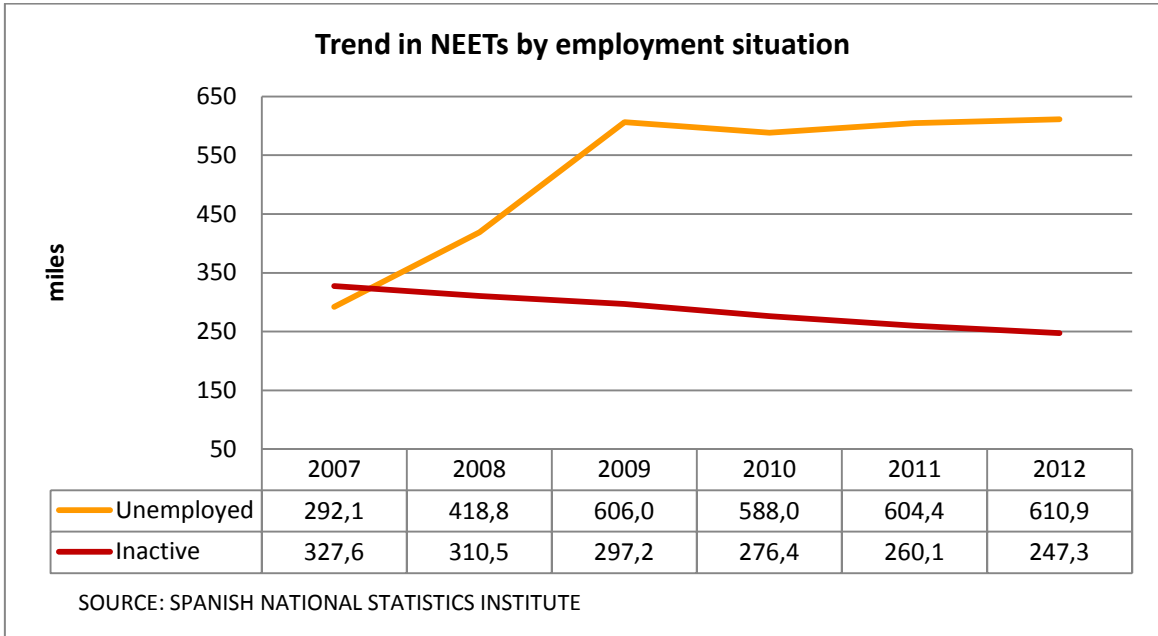


In Spain, as in the rest of the EU, this group is a mixed one, covering various situations in which young people might find themselves at a particular time and for various reasons. It covers unskilled young people who gave up school in order to work and who are now unemployed and facing serious difficulties for finding a job, as well as young people with high-level studies and good training but with no work experience. The group also includes young people who are willingly inactive, either because they are performing other activities such as caring for family members or children or because they are disconnected and unmotivated.

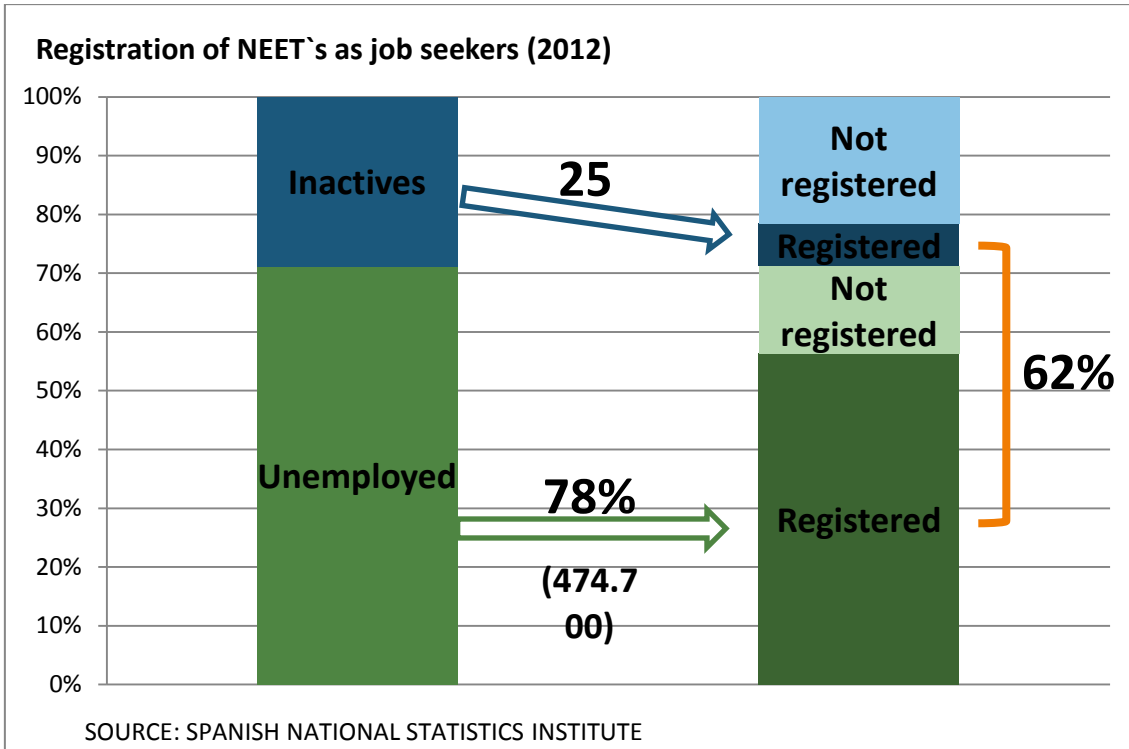
However, in Spain most of the people within this group are actively seeking a job. In 2012, 71% of these young people were unemployed (both registered and not registered with the Employment Services), as opposed to 29% who remained inactive.



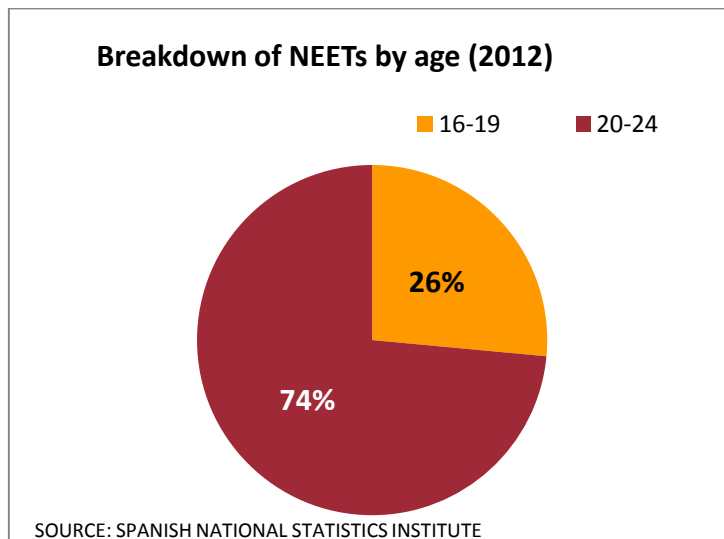
While in 2007 there were more NEETs that were inactive than unemployed, as the crises progressed and the rate of unemployment among young people increased, so did the number of unemployed workers seeking employment, while the number of inactive young people fell back. Therefore, the main problem for young people not in education or employment in Spain is the high level of unemployment they face, as opposed to other problems such as lack of motivation, disconnection and passivity.



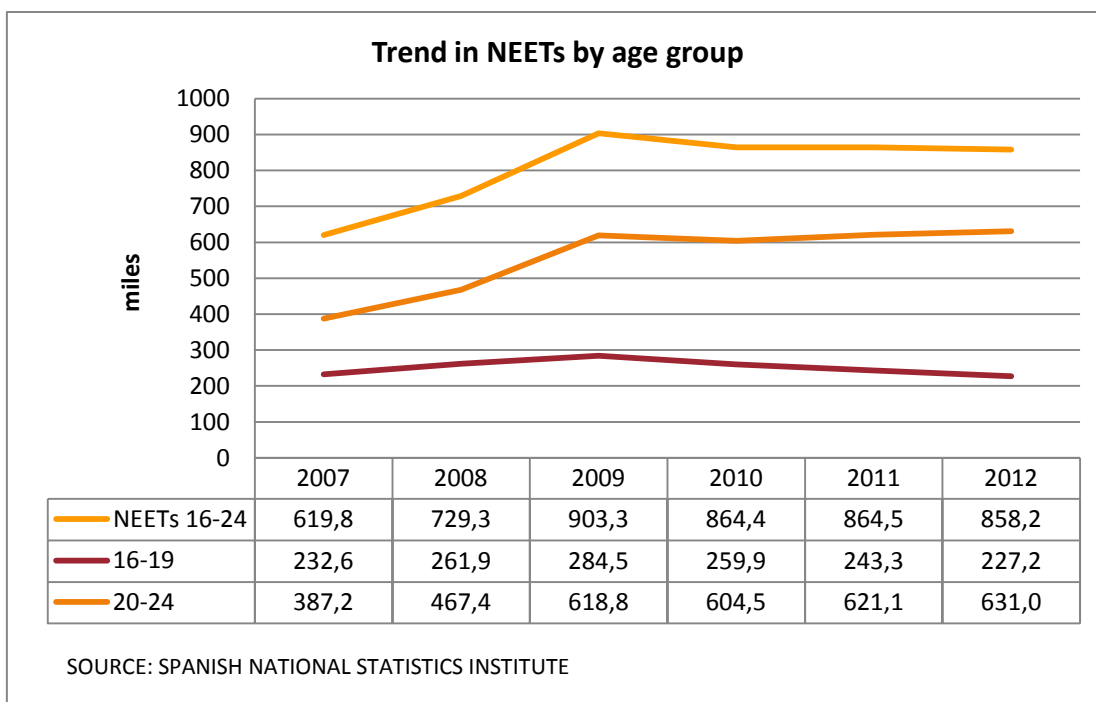
This group often resorts to the public employment services in their active job-seeking. In 2012, almost 80% of unemployed NEETs were registered as job-seekers with the Public Employment Services, while the figure for inactive NEETs was only 25%. So, in general terms, 62% of the group (both unemployed and inactive) can be identified in the employment services (535,500 young people, out of a total of 860,000 in 2012).



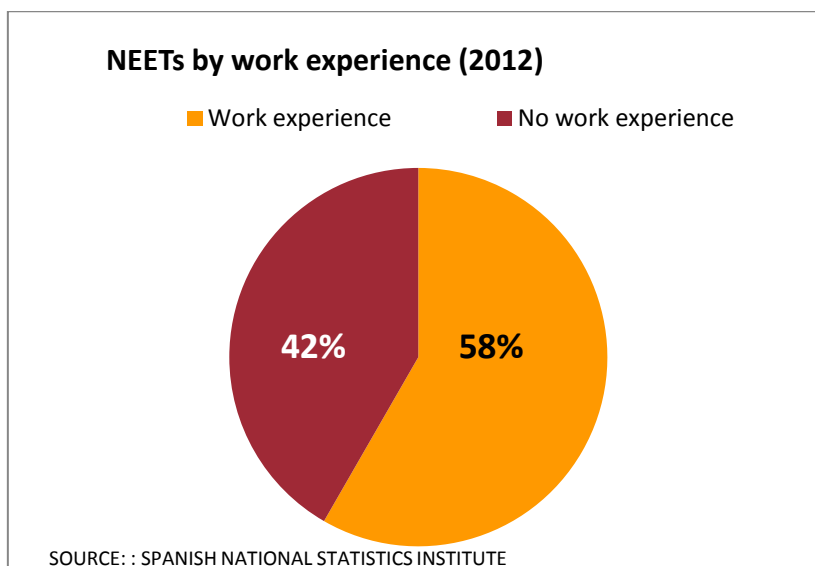
Within this group, the situation is especially worrying for those who are older. 74% of them were aged over 20 in 2012, and just over one quarter were younger.



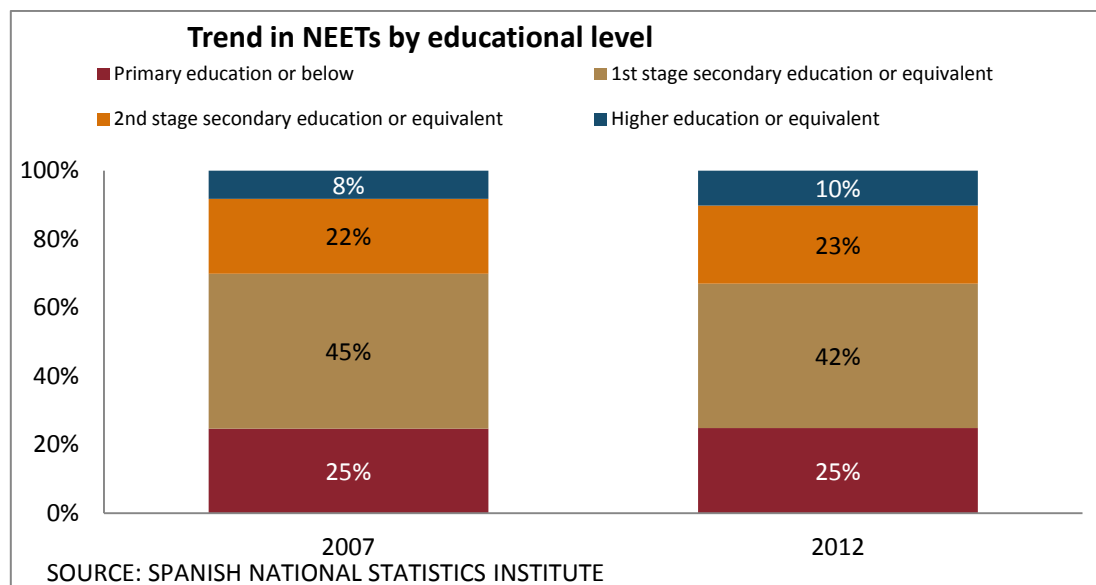
The crisis had a marked impact on the two age brackets up to 2009 but, after then, the proportion of those aged under 20 decreased, reaching in 2012 the same level as in 2007, possibly because young people of that age had started to continue studying because of the poor prospects of finding a job. The group aged 20 to 24 continued to grow, however, although more moderately as from 2010. It includes both the young people who have remained in this situation and have still not undertaken any training or found a job, as well as those who have completed their studies but have not found a job and so have joined the group.



Within the group (both unemployed and inactive young people), in 2012 58% had previous work experience, as opposed to 42% with none. And 16% of those who were unemployed had been searching for a job for more than 12 months in 2012.

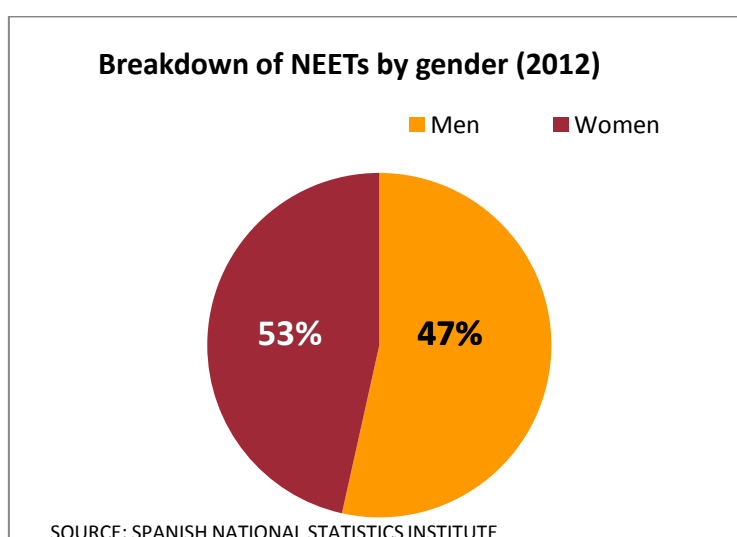


The low level of skills is another of the characteristics of this group in Spain. In 2012, 42% of them had only completed Compulsory Secondary Education and 25% had only completed Primary Education or less, whereas only 33% had completed the second stage of Secondary Education (*Bachillerato* or Intermediate-Level Vocational Training) or Higher Education.

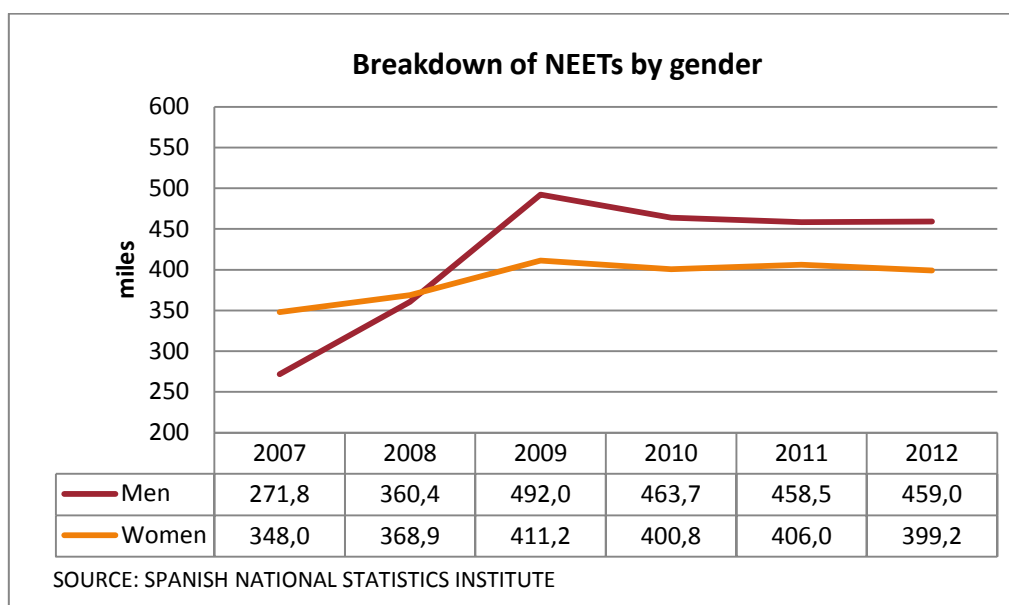


	2007	2008	2009	2010	2011	2012
NEETs 16-24	619.8	729.3	903.3	864.4	864.5	858.2
Primary education or more	152.7	214.8	238.9	229.8	216.6	213.5
Secondary education, 1 st stage or equivalent	280.7	311.0	410.7	382.2	368.3	362.0
Secondary education, 2 nd stage or equivalent	135.2	149.7	181.8	177.4	193.4	195.7
Higher education or equivalent	51.2	53.9	71.8	75.0	86.2	87.1

When this group is broken down by gender, unlike the European average, in Spain there are now more men than women in the group (53%, as opposed to 47% women).



The crisis has changed the trend because it has affected men more than women. Starting out from a situation in 2007 in which 56% of the group were women and 43% men, after 2008 this trend changed and the percentage of men continued to grow up to 2009, when the situation became more stable. The increase in women was more moderate and there was even a light drop over the last year (1.7%).



V. Indicators to monitor the Plan

The following table presents the starting situation for the indicators defined in the National Youth Guarantee Implementation Plan for periodically evaluating its overall effects. These general, global indicators will be complemented by those of the European Social Fund and the Public Employment Services.

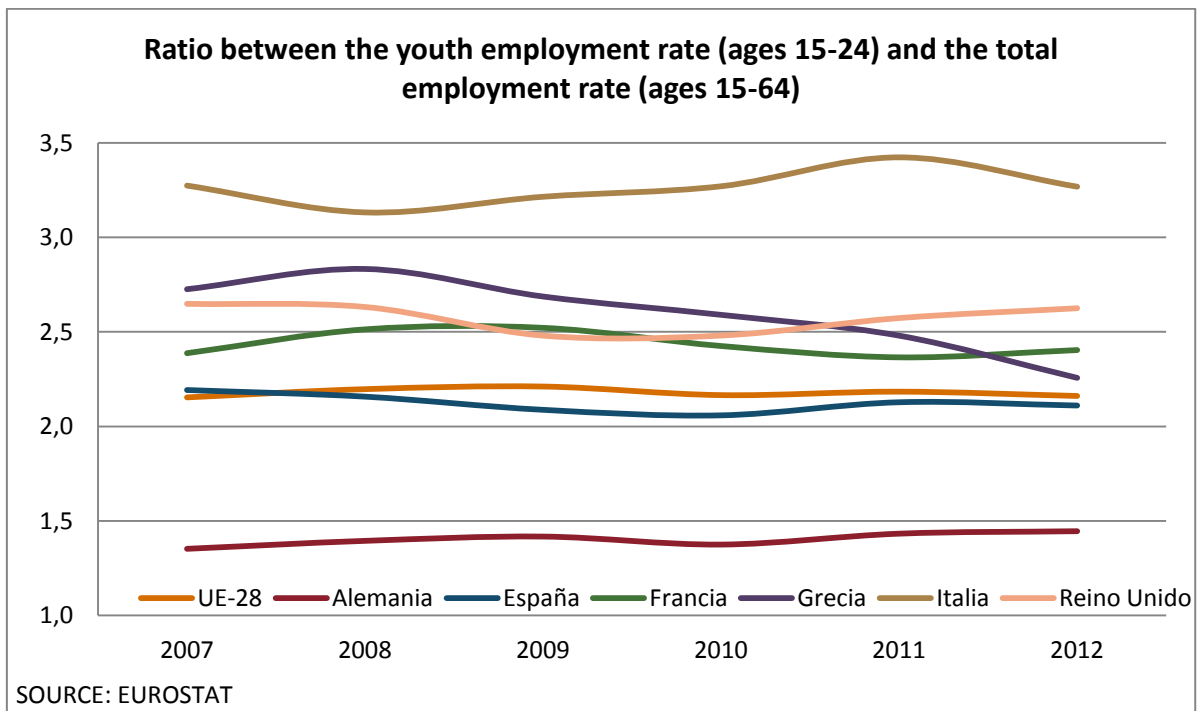
Indicator	2007	2008	2009	2010	2011	2012
Ratio of youth unemployment over total unemployment	2.193	2.158	2.088	2.059	2.128	2.111
Rate of young NEETs	13.4%	15.9%	20.1%	19.8%	20.3%	20.7%
Proportion of unemployed in the group	47.1%	57.4%	67.1%	68.0%	69.9%	71.2%
Percentage of long-term unemployed NEETs	5.2%	4.7%	6.4%	9.3%	12.6%	16.8%
Youth unemployment rate	18.2%	24.6%	37.9%	41.6%	46.5%	53.2%
Ratio of youth unemployment (16-24)	9.5%	12.9%	18.8%	19.5%	20.9%	22.7%

- **Global indicator**

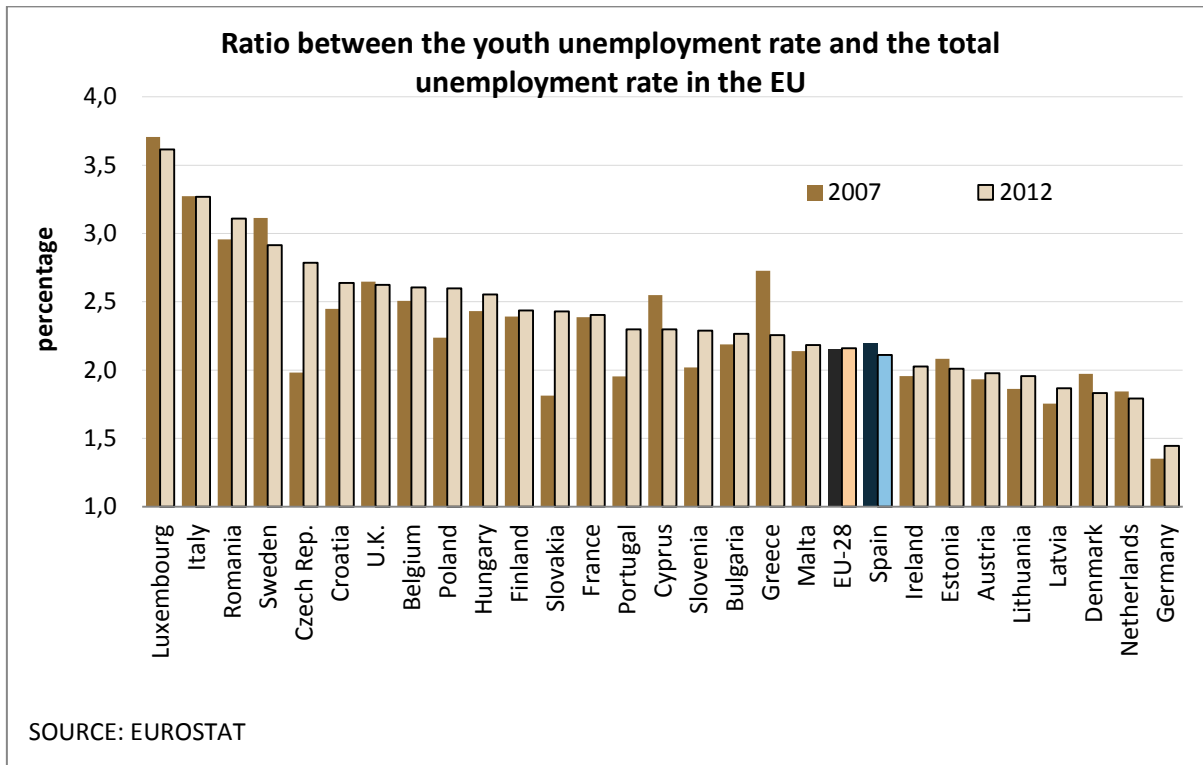
Comparison of the youth unemployment rate with the general unemployment rate makes it possible to determine if youth unemployment is

tending to converge with general unemployment. Traditionally in Spain this ratio is about twice that of general unemployment. Although there is no country in the EU where the rates are the same, in some cases the rate is below 1.5, so this can be considered a reference point.

The ratio has remained stable since the start of the crisis at about 2. That is, the rate of youth unemployment is still double the general unemployment rate, as it was before the crisis. This is a very similar situation to that of the EU average and is unlike that of many other countries such as Italy where youth unemployment is much higher than general unemployment.



In countries such as Luxembourg, Italy or Sweden, the youth unemployment rate triples the average unemployment rate, whereas in Germany, The Netherlands and Denmark the youth unemployment rate is close to the global unemployment rate.



- Regarding the general indicators, the following comments should be taken into account:
 - **NEET rate.** This reflects the rate of young people aged under 25 who are not in employment, education or training over the total population aged between 16 and 24. This rate has risen since 2007 to above 20% according to the data from the Labour Force Survey (LFS, EPA in Spanish).
 - **Proportion of the group who are unemployed.** Since the growth in this group stems from increased unemployment, this indicator was at 71% in 2012 but in 2007 was at under 50% (47%). The indicator therefore reflects the general trend in unemployment as well as the composition of the group which includes both those who are actively searching for a job and those who have lost all contact with the labour market.
 - **Percentage of unemployed NEETs who are long-term unemployed.** This indicator marks the weight of long-term unemployed among unemployed NEETs. This, too, increased during the crisis, from 5.2% to 16.8%.
 - To complement the above indicators, information is given on the youth unemployment rate and the youth unemployment ratio.

VI. Methodological note on data on young people not in education, employment or training

For the purpose of the analyses used in this report, the 'NEET' concept is defined according to the Eurostat methodology.

In April 2010, the European Union Employment Committee established, in line with Eurostat, a common definition for young NEETs ("*neither in employment, nor in any education and training*") in order to be able to analyse the situation of this group in the different Member States, to make comparisons and follow trends as well as to use it in the context of the Europe 2020 Strategy.

This concept of young NEET (known in Spain, as '*ninis*') covers:

- Young unemployed persons, in line with the ILO definition of unemployed, who neither study nor are undergoing any type of training.
- Young inactive persons, in line with the ILO definition, who neither study nor are undergoing any type of training.

Based on this definition, Eurostat has drawn up the NEET rate which gives the percentage of young people aged 15 to 24 who do not work (being either unemployed or inactive) and who are not undergoing any type of training out of the total population of that age. It must be remembered that the NEET rate takes into account all young people aged 15 to 24 and not only those who are currently active, which is the case for calculating the rate of youth unemployment.

These parameters were followed for determining, on the basis of the information provided by the Spanish National Statistics Institute from its Labour Force Survey (EPA in Spanish), the number of people within this group who are neither in employment nor in any type of education or training.

So, the number of young people aged 16-24 who are not in employment (that is, they are unemployed or inactive) nor in any type of education or training, either official or unofficial, was calculated on the basis of data from the Labour Force Survey.

That is, the group was delimited according to the following criteria:

Employment criterion

The following were considered to be not in employment:

- a) The unemployed, that is, young people meeting both of the following conditions:
 - Not working in the week referred to (the calendar week immediately before that of the interview, from Monday to Sunday), that is, neither employed nor self-employed.

- Seeking a job during the four weeks prior to the date of the interview, either through specific measures to seek employment or arrangements to set up self-employment.
 - Available to work within a period of two weeks as from the Sunday of the week referred to.
- b) Inactive young persons, that is those not classified as unemployed or employed during the week referred to.

Training criterion

Apart from not being in employment, the young person must not be undergoing any type of training during the four weeks prior to the interview, whether official (any type of study or training forming part of official studies) or unofficial (studies or training not forming part of official plans, including courses given by private academies, courses given in the workplace, courses for the unemployed, seminars, lectures, private tuition, etc.).

The age of the interviewee is that on the last day (Sunday) of the week referred to. In addition, they are not required to be registered as job-seekers and their level of studies is not taken into account.