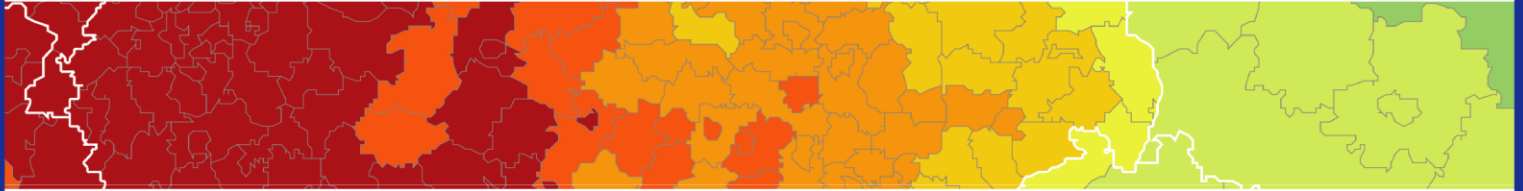


Inspire policy making by territorial evidence



YUTRENDS – Youth unemployment: Territorial trends and regional resilience

Applied Research

Final Report

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Table of contents

Executive summary	6
1. Current youth employment/unemployment situation and policy directions	11
1.1. Current youth employment situation	11
1.2. Policy directions in the EU	16
2. Reducing Youth Unemployment after the Recession	18
2.1. Identifying Youth Integration in the labour market in the pre- and post-crisis periods	18
2.2. Trends of regional resilience in terms of youth integration in the labour market	21
2.2.1. From 2008 to 2012	21
2.2.2. From 2012 to 2016	23
2.2.3. Overall patterns	25
2.2.4. Interpretation of findings	27
3. Employment characteristics of regional youth labour markets	29
3.1. Youth workforce in the regions with largest employment changes	29
Resilience scores	31
of regions with most positive trend and other regions in the same countries	31
Resilience scores of regions with largest contractions and other regions in the same countries	33
Geography and national context are not determinant for regional resilience	34
Occupational skills and educational attainment of youth workforce in considered regions	35
The entrepreneurial culture in regional youth labour market resilience	38
Labour mobility and resilience in regional youth labour markets	39
The quality of youth employment	40
4. Causes and consequences of youth unemployment	41
4.1. General factors behind the development of youth unemployment	41
4.1.1. Business cycle	41
4.1.2. Demographic structure	41
4.1.3. The institutional framework	42
4.1.4. Education systems	42
4.1.5. Characteristics and behaviour of young people	42
4.2. Region-specific factors behind youth unemployment	43
4.2.1. Economic structure	43
4.2.2. Place-based characteristics	44
4.2.3. Population	44
4.2.4. Other spatial factors	45
4.3. Consequences of youth unemployment	46
4.3.1. Future labour market prospects	46
4.3.2. Social impacts and health	47
4.3.3. Impacts on society	47
4.4. The implications of new forms of work for youth (un)employment	47
4.5. Conclusions	48
4.5.1. General causes of youth unemployment	48
4.5.2. Consequences of youth unemployment	48
4.5.3. Implications of new forms of work	48
5. Ten European Regions and their youth unemployment profiles	49
5.1. A diversity of youth unemployment situations, driven by competitiveness	49
5.2. Case study vignettes	50
5.3. The regions cope with the crisis: case study findings	61
5.3.1. Implementation of national Youth Guarantee schemes	61
5.3.2. Collaboration between key players	62
5.3.3. Encouraging employer engagement	62
5.3.4. Managing the transition from education	63
5.4. Conclusions	63
6. Policy recommendations and proposals for further analysis	64
6.1 Introduction	64
6.2 Cohesion Policy instruments most relevant to combatting youth unemployment	64
6.3 Policy proposals and recommendations	65
6.4 Proposals for future analysis and research	68
7. References	69
7.1 Literature review of existing research	69
7.2 List of publications on (regional) economic resilience:	71

List of Figures

Figure 1: Number of regions with highest and lowest resilience, by country and year.....	19
Figure 2: Number of regions changing their resilience level on the Youth Integration composite indicator, between 2008 and 2012, by starting resilience subgroup	21
Figure 3: Number of regions changing their resilience level on the Youth Integration composite indicator, between 2012 and 2016, by starting resilience subgroup	23
Figure 4: Youth employment trends in the regions with most positive trend and other regions in the same countries.....	31
Figure 5: Youth employment trends in the regions with largest contractions and other regions in the same countries.....	33
Figure 6: Youth employment trends 2012-2016 by Broad ISCO occupation groups - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located.....	35
Figure 7: Regional Youth employment 2012-2016 by level of education (ISCED 11) - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located.....	36
Figure 8: Young entrepreneurship and employee jobs in the regions: 2012 and 2016 -.....	38
Figure 9: Changes in share of young foreign workers in the young workforce between 2012 and 2016	39
Figure 10: Trends in full-time and part-time youth employment: 2012 and 2016 - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located.....	40
Figure 11: The main general causes of youth unemployment.....	41
Figure 12: Region specific causes of youth unemployment	43
Figure 13: Consequences of youth unemployment	46
Figure 14: EU employment policy domains	64

List of Tables

Table 1: Current youth employment situation and policy responses	16
Table 2: Evolution of Regional Resilience in Youth Integration in labour market, 2008-2012.....	22
Table 3: Evolution of Regional Resilience in Youth Integration in labour market, 2012-2016	24
Table 4: Evolution pattern of NUTS2 regions on the composite Youth integration indicator in the periods 2008-2012 and 2012-2016.....	25
Table 5: NUTS 2, Main trends of RRYI score during 2008-2012 and 2012-2016, compared to 2008.....	27
Table 6: Summary of case studies.....	50
Table 7: Policy proposals and recommendations	67

List of Maps

Map 1: Regional distribution of youth unemployment rate (years 15-24), 2001-2016.....	13
Map 2: Ratio of Youth Unemployment per 100 Unemployments, 2001-2016	14
Map 3: Young people Not in Employment, Education or Training (NEET) rates 2001 - 2016	15
Map 4: Regional Resilience in Youth Integration to labour market, main groups of regions (2008, 2012, 2016)	20
Map 5: Evolution of Regional Resilience in Youth Integration in the Labour Market, in 2008-2012.....	22
Map 6: Evolution of Regional Resilience in Youth Integration in the Labour Market, in the post-crisis period	24
Map 7: Evolution of Regional Resilience in Youth Integration in the Labour Market over the period 2008-2016	25
Map 8. Regions with most positive trend and regions with largest contraction (2012 - 2016)	30

Abbreviations

ALMPs	Active Labour Market Policies
CoR	European Committee of the Regions
EC	European Commission
EFTA	European Free Trade Association
ERDF	European Regional Development Fund
ESC	European Solidarity Corps
ESF	European Social Fund
ESPON	European Territorial Observatory Network
EU	European Union
EURES	The European Job Mobility Portal
EPL	Employment Protection Legislation
GDP	Gross Domestic Product
GISCO	Geographical information system of the Commission
ILO	International Labour Organisation
LEED	Local Economic and Employment Development (OECD)
LFS	Labour Force Survey
MR	Metropolitan Regions
NEETs	Young person who is "Not in Education, Employment, or Training"
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Cooperation and Development
PES	Public Employment Service(s)
S3	Smart Specialisation Strategy
TVET	Technical and Vocational Education and Training
VET	Vocational Education and Training
YE	Youth Employment
YEI	Youth Employment Initiative
YG	Youth Guarantee
YU	Youth Unemployment

Executive summary

The aim of the ESPON project “Youth unemployment: Territorial trends and regional resilience” (YUTRENDS) is to examine the spatial and temporal effects of the economic crisis on youth unemployment and inactivity in EU regions¹ and to explore more generally the situation of youth integration in regional labour markets. The project explores why some regional youth labour markets have demonstrated comparatively stronger resilience to the economic downturn and why some experienced difficulties in recovering from the crisis. To do so, it integrates literature review with an analysis of Eurostat data and with 10 case studies selected across Europe.

The experience of youth in the recession

Young people have been amongst the hardest hit by the fallout from the global financial crisis of 2008/2009 and they are severely affected by labour market mismatches caused by a lack of skills, limited geographic mobility or inadequate wage conditions, putting them at higher risk of ending up in precarious employment, or no job at all. By the end of 2019, around four million young people are unemployed in the EU and the youth unemployment rate is more than double the overall unemployment rate. Moreover, some six million young people are not in employment, education or training (so called NEETs). These experiences and challenges young people face calls for more imaginative and effective policies.

Some regions in Europe have proved to be more resilient towards youth unemployment than others, with comparatively small job losses or a labour market recovering quickly from the downturn. These differences raise the question about the factors contributing to the varied regional outcomes in combating youth unemployment. The answers will have implications for youth labour market policy in the EU. This report explores the issues surrounding the development, causes and solutions to youth unemployment at a regional level, leading to a set of policy recommendations aimed at EU, national and regional administrations.

Key factors affecting the resilience of regional youth labour markets

The depth of the recent great recession has promoted the concept of ‘economic resilience’ in the face of economic shocks, both among academic researchers and policymakers. The concept of economic resilience (and in respect of this study, of resilience to youth unemployment) is complex. While the general definitions are reasonably clear, there are multiple interpretations and methodological applications to consider.

This study defines Regional Resilience in Youth Integration in labour markets (RRYI) through a composite indicator that captures several dimensions of youth unemployment² and allows to categorise European regions on the basis of their relative resiliences.

The study recognises that several factors might be influential to a regional development path, especially when considering a very diverse population of regions with different structural features (be they geographical, socioeconomic, or policy characteristics). However, when looking at the regions with the highest or lowest rates of youth integration, it is possible to identify the following trends:

- **Regional resiliences are largely linked to national development**, with highest and lowest performing regions concentrated in a handful of countries. In particular, Austria, Germany, Denmark and the Netherlands concentrate the majority of highest resilience regions; Greece, Italy, Bulgaria and Croatia concentrate the majority of lowest resilience regions. This suggests that national contexts and policies might be more important than regional development paths;
- Wealthier regional youth labour markets were not necessarily better equipped to cope with the cope crisis – **rich and poor regions were hit hard regardless of their GDP per capita**. However, the economic dynamism of regions was one of the most significant factors for youth integration, with GDP growth rates being correlated to both highest and lowest resiliences (in 2012, GDP growth is almost the sole predictor of whether a region is a highest performer);

¹ Due to the lack of fully comparable data across all 32 countries participating in ESPON, the analysis is confined to NUTS2 regions of the 28 Member States of the European Union (EU).

² Youth unemployment does not fully capture the development of a regional youth labour market, as other factors such as inactivity, mobility, education, and economic growth come into play. To overcome this, the RRYI composite indicator summarises several variables. See Annex 1 for methodological details.

- **The most successful regions more likely benefitted from a variety of factors**, including favourable national contexts, higher GDP growth rates, and a more economically active youth population. **More specifically, they were consistently able to provide mass employment to unskilled youth.** This suggests that safeguarding measures to increase the availability of low-skilled jobs can be pivotal to absorb economic shocks, and possibly even pave the way to economic recovery.
- **The least successful regions saw a common pattern that involved longer working hours for youth, higher NEETs rates, and declining GDP.** This suggests that the type of flexible safeguarding measures deployed in highest performing regions were not implemented or impossible to implement. At the same time, it is possible that deteriorating economic conditions overall compounded with long-term youth unemployment and caused NEET rates to rise.

Key factors in the evolution of regional youth integration

In addition to analysing the absolute resilience score of regions in single points in time, the study investigated some regional workforce characteristics likely to have influenced the evolution of regional resiliences over time. Considering the period between 2012 and 2016, we were able to categorise regions according to the evolution of their youth workforce³, distinguishing among regions with the most positive trends in employment and regions that experience the largest employment contractions.

The main results of the analysis show that:

1. **Geographic characteristics of a region were not necessarily associated with positive or negative employment trends.** Regions with similar geographic features (e.g. metropolitan districts) were found in both the regions showing most positive employment trends and in the regions experiencing the largest contractions;
2. **There was a significant increase in the employment of highly skilled and highly educated young workers in the regions with most positive trends, and a significant reduction in the employment of such young workers in the regions with largest contraction.** These patterns were particular to these regions and not reflected in the national trends.
3. **Regions with most positive trends and regions experiencing largest contractions showed similar patterns for several market variables analysed.** The regions experiencing the strongest employment trends showed a significant increase in the number of self-employed young workers (without employees) and an increase of full-time employment, while regions with the largest contractions exhibited a dramatic contraction in the number of self-employed and in the share of full-time employment.
4. **There was a dramatic increase (93%) in the migration of young people into the regions with most positive trend between 2012 – 2016.** The flows originated from both other regions within the same countries and from other countries. The regions that were better able to cope with the crisis showed an internationalisation of their young workforce.

There is a very strong level of association between the growth in the skills and qualifications levels of the youth workforce and the improved resilience of the regional labour markets. The same is true of the level of entrepreneurial activity and of the share of full-time employment.

Causes and consequences of regional resilience in the literature

Some of the empirical findings of this research corroborate the existing literature on youth unemployment at regional level. The analysis conducted, in particular, allows to identify the following factors and patterns:

- **The business cycle is the single most important determinant of youth employment/unemployment**, corroborating the finding of independent external variables as a driver of regional labour markets rather than regional policies;

³ In doing so, we had to overcome a few methodological hindrances. In particular, regional sample sizes are often too small to generate reliable results, so we clustered regions geographically. After that, similarly to the construction of the RRYI indicator, we combined a number of indicators to bypass the limits of the unemployment rate statistic and rate clusters of regions. See Annex 1 for more details.

- **Demographic factors** such as a higher share of young people in the population, and the degree of urbanisation **can amplify the levels of both youth employment and unemployment**, depending on the regional context;
- **High levels of employment protection legislation tend to protect older workers** at the expense of younger ones;
- Nevertheless, **flexible labour markets and atypical forms of employment may have little impact on youth unemployment if deployed in an economic downturn or recovery**;
- **Education systems closely connected to the labour market** result in lower unemployment of young people;
- **Higher social class and higher educational attainment** create better employment prospects for young people;
- **Youth unemployment is concentrated in sectors** like manufacturing, wholesale, retail, and hospitality. Higher shares of agriculture, industry, financial and business services in a region favour lower YU;
- While the **knowledge economy** in principle offers good opportunities for young people, it **does not help young people in less developed and rural areas**, which are unable to develop and sustain knowledge dissemination and innovation;
- **Climate change could bring opportunities to young people** in outermost and coastal regions if it increases their region's service sector jobs (e.g. tourism);
- Mountainous regions, areas dependent on tourism and **rural areas in general cannot offer sufficient education and job opportunities for young people**, often leading to out-migration;
- In regions with **high levels of part-time, temporary and self-employment, youth unemployment tends to be lower**, partially confirming findings in the data;
- **Higher education levels** among regional population tends to contribute to **lower youth unemployment**;
- Youth unemployment in a given region is also affected by the situation of neighbouring regions. As a consequence, **low and high youth unemployment regions tend to be clustered**;

Cooperation tailored to the context works best

The study draws on the experience gained through the in-depth analysis of ten cases studies conducted across Europe. From them it is possible to identify several successful approaches to tackling youth unemployment at a regional level:

- **Regionally/locally adjusted and flexible implementation of the national Youth Guarantee (YG) or similar programmes** – the YG works best where there is a degree of local autonomy in how it is implemented in an area (e.g. Turin City (IT) activating specific parts of the YG, or the Navarre Autonomous Community (ES) adopting specific strategies to strengthen linkages between youth policies, education, employment, social inclusion and health services);
- **Collaboration between the key players** – the notion of encouraging greater collaboration between support services for youth is a common theme in many of the case studies and illustrates the inherent complexity in helping young people to make the transition from education into work (e.g. Leeds City Region (UK) that implemented four diversified policy instruments to bring together local employment offices, training and mentoring services, and employers; or the Hamburg Region (DE), with a focus on cooperation between stakeholders and jurisdictions of several social codes);
- **Encouraging employer engagement** - the engagement of employers at local level is generally recognised as an essential element for successfully tackling youth unemployment, though making this work in practice varies in both method and outcome. (e.g. Gdansk (PL), that integrated the YG with vouchers for employment, training, traineeships and settlements, or Leeds City Region (UK), which extensively facilitated networking among public services and employers);
- **Managing the transition from education to the labour market** - many young people encounter difficulties when making the transition from education (at all levels) to the labour market and this was only exacerbated by the financial crisis and its economic aftermath. The cases where this is particularly exemplified (e.g. Tampere (FI) or Blagoevgrad Region (BG)) adopted measures to fill the communication gap between the worlds of education and labour market.

All the case study regions that managed to lower their levels of YU are characterised by relatively high scores of the EU Regional Competitiveness Index (RCI) (above 60/100 points). All regions with weaker resilience to youth unemployment show relatively low regional competitiveness (RCI at 52/100 points or lower). This indicates that regional resilience in preventing youth unemployment is largely consistent with the overall regional socio-economic situation and corresponds to other research showing that there are strong statistical correlations between youth unemployment and other regional outcomes such as regional competitiveness, social progress and cohesion.

How policy can tackle youth unemployment and social cohesion

EU Cohesion Policy can have a significant effect on tackling youth unemployment and inactivity by adoption of the following:

- **Introduction of multi-factor determinants (GDP and unemployment) of qualifying regions to different CP support categories** - Currently the level of support by CP is determined by the level of economic development using GDP per capita compared to the EU average. It is suggested that more elements are considered, particularly those referring to unemployment levels, including structural issues like youth and long-term unemployment. The latter better predict difficulties of regional economies, their competitiveness and resilience, and are better linked to social cohesion than GDP alone. This solution would integrate funding such as the YEI directly into the CP funding and programming.
- **Stronger focus on labour for smart specialisations and youth preparation for work in Smart Specialisation Strategy (S3) domains** – S3 can benefit from and provide expanded employment opportunities, including jobs for youth, if youth preparation for work such as education, guidance, school-work transitions, apprenticeship programmes, etc., are calibrated and well-integrated into the needs of S3 domains. The Cohesion Policy should recognize the added value of initiatives that create synergies between its innovation priorities (especially Priority 1 and 2) and social priorities under the ESF (CP Priorities 8 and 9) and prioritise funding accordingly.
- **Greater regional and local flexibility in youth employment initiatives** – YU is highly complex and influenced by multiple factors which display highly contextual combinations among regions. The key to success of many youth employment initiatives and programmes is local commitment and trust and understanding of the region or location-specific conditions. The national governance level should ensure strategic alignment of such initiatives but avoid full standardisation and micro-management. The CP policy should support this endeavour by linking funded initiatives targeting youth unemployment to the existence of adequately autonomous and committed support from regional public bodies.
- **Better collaboration and preferably joint implementation of anti-YU programmes** – Benefits of such consolidation and streamlining of YU support services, especially the creation of 'one-stop-shop' systems are many and quite obvious, leading to more effective outreach, easier access to, and avoidance of, duplication of effort towards the beneficiary youth. In addition to the existing co-funding requirements, the CP should prioritise initiatives that leverage on innovative and transformative cooperation among stakeholders at local level, and especially promote collaboration among different types of partners (public services, employers, training organizations, civil society...).
- **More focus and dedicated measures on NEETs** – This is a category often escaping policy radars, yet at high risk of unemployment and/or long-term exclusion from the labour market. Concentration of effort and resources seems necessary to improve the methods of NEET identification, engagement and support. More practically, this involves the inclusion of specific targets for NEETs in proven best practices, such as activation of prevention measures, set-up of mentoring and career guidance services, improving Technical and Vocational Education and Training (TVET) and apprenticeships systems, facilitation of school-work transition, and focus on skills and professions for which there are labour shortages.
- **Real engagement of employers in youth employment promotion and YU prevention initiatives** – Employers need to have an important role to play in designing and actively participating in youth preparation for, and integration into work. Furthermore, they need to be engaged to adopt new, better attitudes and mechanisms for securing the inflow of qualified and capable young workers. Beyond fostering effective multi-stakeholder cooperation, the CP include an expansion of initiatives incentives for employers, such as wage and recruitment subsidies and reductions of non-wage labour costs.

- **School-to-work transition systems improvements** – In many regions, these systems are weak and underdeveloped. Best practices, which are abundant, need to be disseminated and transferred, leveraging on the Cohesion funding to promote peer-learning and joint trans-regional initiatives. Dual apprentice systems, strong vocational education systems and other similar solutions help the first entry of youth to work. As indicated by multiple studies, unemployment at a young age has severe and lasting negative consequences for the youth, the labour market, economy, public finances, and society at large.

These policy proposals and recommendations, based on the study findings, have practical applications with the prospect of making a real difference to the experience of young people in the labour market. A set of more detailed, specific recommendations is available in Table 7 of the report.

1. Current youth employment/unemployment situation and policy directions

1.1. Current youth employment situation

Following the financial crisis of 2008/2009, the economic situation in the EU has been steadily improving, generating employment. However, the recovery has been comparatively slow overall and with considerable variation between Member States (MS). The youth unemployment (YU) rate (2017) is still slightly above the pre-crisis level for the EU28 and the difference between Member States ranges from the lowest in Germany at less than seven percent to the highest in Greece at close to 44 percent and is indicative of persistent difficulties in tackling the problem evenly across the EU.

High YU can be linked to various factors such as labour market mismatches, resulting in difficulties filling job vacancies caused by insufficient or inadequate skills, limited mobility and unattractive terms and conditions of employment, a structural or cyclical shortage of jobs, uncertainty in the future from companies delaying new hire to name only a few. The uneven economic recovery and varied outcomes in the labour markets among the Member States and regions underlines the complexity and diversity of labour market dynamics at the regional level and calls for more effective and more territorially focused policies.

This study shows (see Map 1) that YU varies in both space and time, but it is also uneven and changing compared to 'adult' unemployment (25 years old and over). During the crisis and subsequent first phase of recovery (2012), YU was particularly high compared to adult unemployment in some countries (e.g. UK, Sweden, Norway, Iceland) but by 2016 this relative intensity of YU significantly subsided.

General evolution of youth employment from 2001 to 2016

Over a period of about 15 years, from 2001 to 2016, marked by the extension of the European Union to 25 Member States in 2004, 27 Member States in 2007 and finally 28 in 2013,⁴ a major financial and economic crisis and a major public debt crisis, labour markets in Europe have been significantly affected, with youth identified as one of the population groups that have been particularly vulnerable.

The European regions already presented a diverse picture in 2001, with regions located in the Netherlands, Germany, Austria experiencing relatively low youth unemployment rates while Southern Spain, Southern Italy, Wallonia, Greece, Poland, Lithuania and Eastern Slovakia registering youth unemployment above 25 percent. In addition, these regions also registered relatively high percentages of youth not in employment, education or training (NEET rates). The youth unemployment ratio also shows that youth were especially more severely hit by unemployment than the adult population in the Netherlands, parts of Greece and Romania, albeit for different reasons. The Netherlands registering low unemployment and NEET rates it is more an outcome of the even lower unemployment rate for the adult population. The other regions recorded both high youth unemployment and NEET rates highlighting the generally tense labour markets with few employment opportunities, especially for youth.

The situation in 2008 is an overall improvement of youth unemployment, with, notably Southern Spain, Southern Italy, Western Greece, Wallonia, Eastern Slovakia and Hungary registering youth unemployment rates higher than 25 percent. Most of these regions maintained high youth unemployment rates from 2001 to 2008 highlighting more structural labour market vulnerability. This is further highlighted by the high NEET rates registered in the same regions underlying the lack of employment opportunities for youth resulting in inactivity in addition to unemployment.⁵ Youth unemployment ratios in 2008 are largely uniform aside from the United Kingdom, Western France and Northern Europe where youth appear to be more vulnerable to unemployment than adults while still mainly in regions with low unemployment rates.

The situation in 2012 really shows the impact of the 2008 and 2009 financial and debt crisis on the labour markets. The whole Iberic peninsula, all Italy (apart from Trento Alto Adige and Veneto) recorded

⁴ The decision of the United Kingdom to withdraw from the European Union occurred in 2017 and is not considered in the report as the date used go up to 2016.

⁵ NEET rates are a complement to youth unemployment rates as it represents the inactive share of the youth population that are not engaged in education or training. Based on the ILO definition of unemployment, one has to actively look for a job and be available for work to be registered as unemployed. NEET rates thus capture the share of youth not looking for jobs while not in education or training. NEET would also include the youth engaged in informal employment and this measure would be a worthwhile complement but difficult to capture.

youth unemployment rates in excess of 25 percent. All regions in Greece and Ireland also recorded very high youth unemployment rates. Most of Eastern Europe, Central France, Wallonia, Sweden and Finland also recorded high to very high youth unemployment rates. Only the Netherlands, Denmark, Germany and Austria recorded low youth unemployment rates.

In addition to that Southern Spain, Ireland, Southern Italy, Greece, Eastern Bulgaria and Romania, Northeast Hungary, Wales Northern France and Wallonia also recorded high NEET rates further showing how hard youth have been impacted by the crises. Conversely, the regions with lower unemployment also record lower NEET rates further highlighting their resilience on the youth labour market. This said, East Germany has recorded an increase of NEET rate possibly showing that youth went from employed to inactive without transitioning by unemployment. Youth unemployment ratios also show relative uniformity in the regions with high or very high youth unemployment rates showing that not only youth were affected but rather the entire labour markets of these regions. The youth unemployment ratio is also particularly high in the UK showing that youth have been more severely affected by the economic downturn than the adult population. Scandinavia records relatively high ratios but this could both highlight a harder impact on youth or an effect of a relatively low population density amplifying the effect of the crisis on youth.

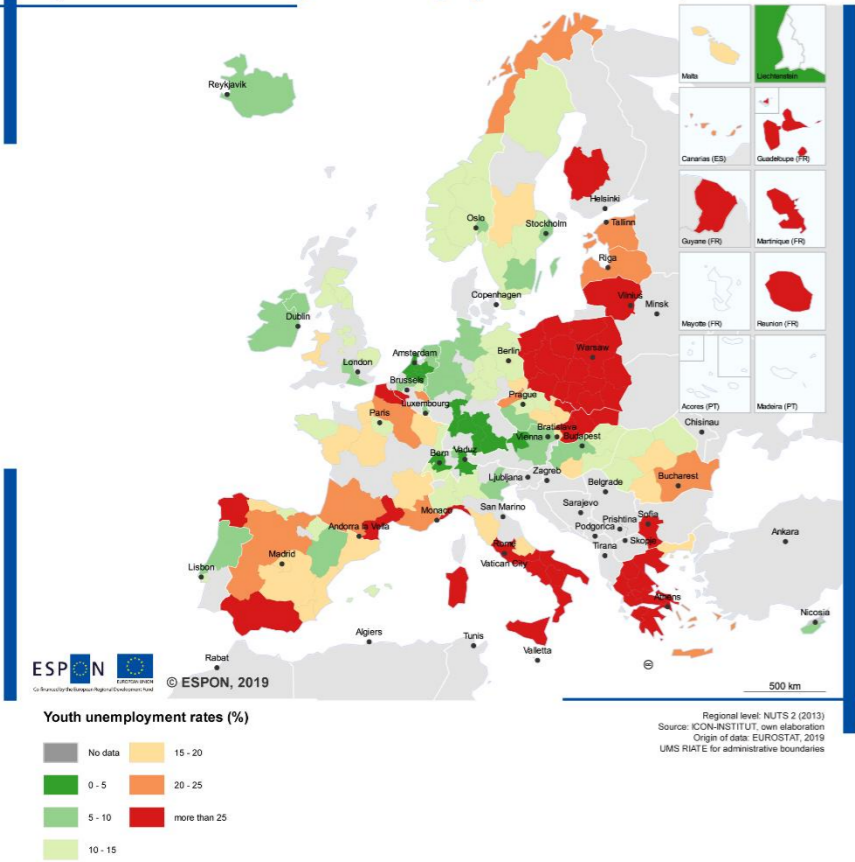
In 2016, signs of recovery start to be visible in the UK, Ireland, Sweden and Eastern Europe with the exception of Eastern Romania and regions on the boarder of Ukraine in Poland and Slovakia. Youth unemployment rates remain high in Portugal, Spain, Italy and Greece. Notably, the youth unemployment in France continued to increase in many regions apart from two regions in the Massif Central region. Resilient labour markets in 2012 maintain their good record in 2016 with the Netherland, Germany, Denmark and Austria recording low youth unemployment rates.

NEET rates remain high in most of the regions in Southern Europe with slight improvements in Portugal, Spain, Northern Italy and Northern Greece. Remarkably, NEET decreased in France while unemployment went high. This could either be attributed to more youth looking for employment and thus increasing the unemployment rates or enrolling in further education or training as a strategy to mitigate the effect of the crisis. Youth unemployment ratio also show the unemployment is uniform across age groups in Spain and Greece, as well as in Germany, despite both countries being on opposite sides of labour market resilience. In addition, youth seem to be somewhat less vulnerable in the UK and Scandinavia compared to 2012.

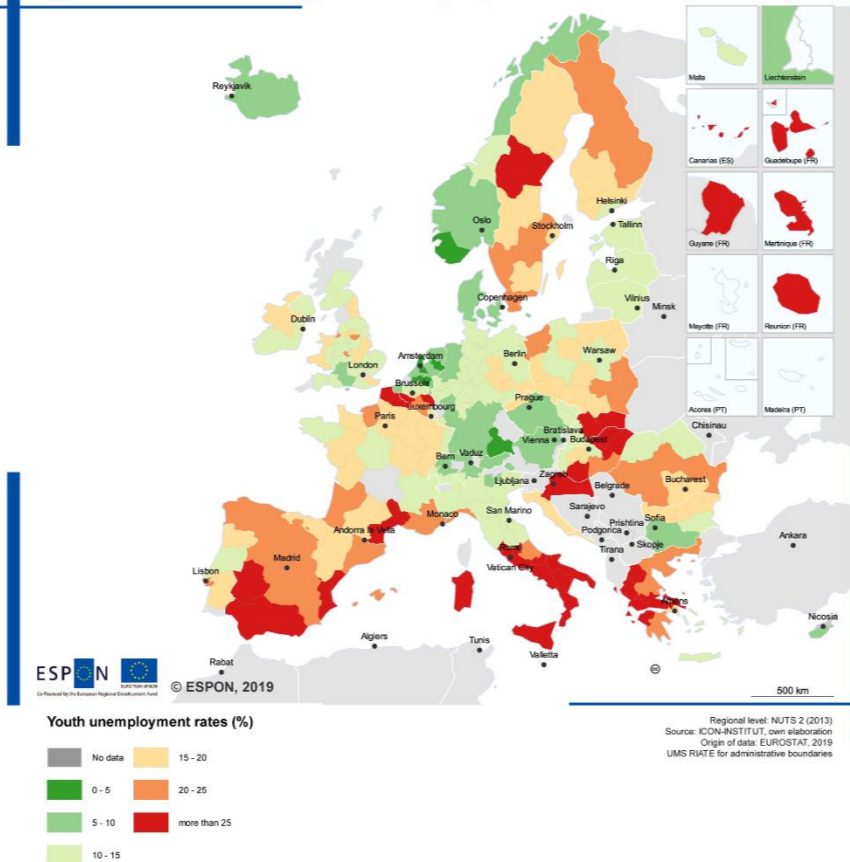
This broad picture shows that the resilience of regional labour markets in Europe is heterogeneous and that the realities are very different from a region to another. There are also clear signs of structural factors for both resilient and vulnerable labour markets. A further look into the drivers of this resilience and vulnerability will be discussed in Chapter 2, while the characteristics of the youth labour force will be discussed in Chapter 3 for the regions that have recorded the largest contraction and improvement in youth employment from 2012 to 2016 (recovery period). Further to the analysis based on quantitative factors, Chapter 4 will provide an overview of the drivers of resilience and vulnerability from the literature, and Chapter 5 will take a deeper look into the policies and strategies adopted in a selection of regions. Finally, chapter 6 will synthesize the learning of this applied research into policy recommendations for regions in the light of the EU Cohesion Policy.

Map 1: Regional distribution of youth unemployment rate (years 15-24), 2001-2016

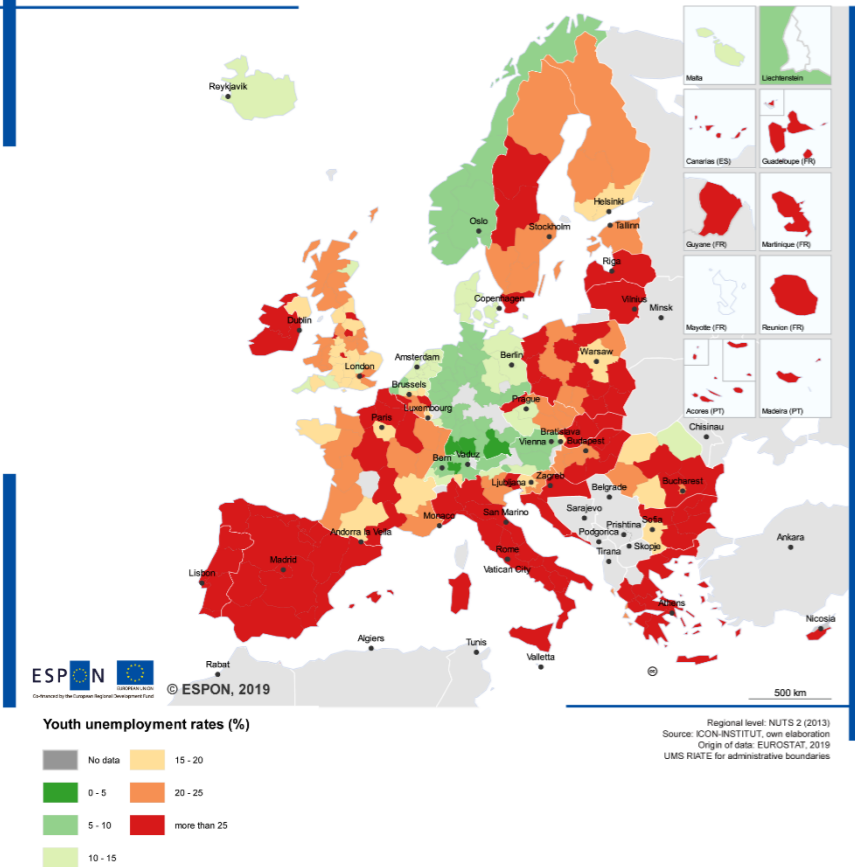
Regional distribution of youth unemployment rates 15-24, 2001



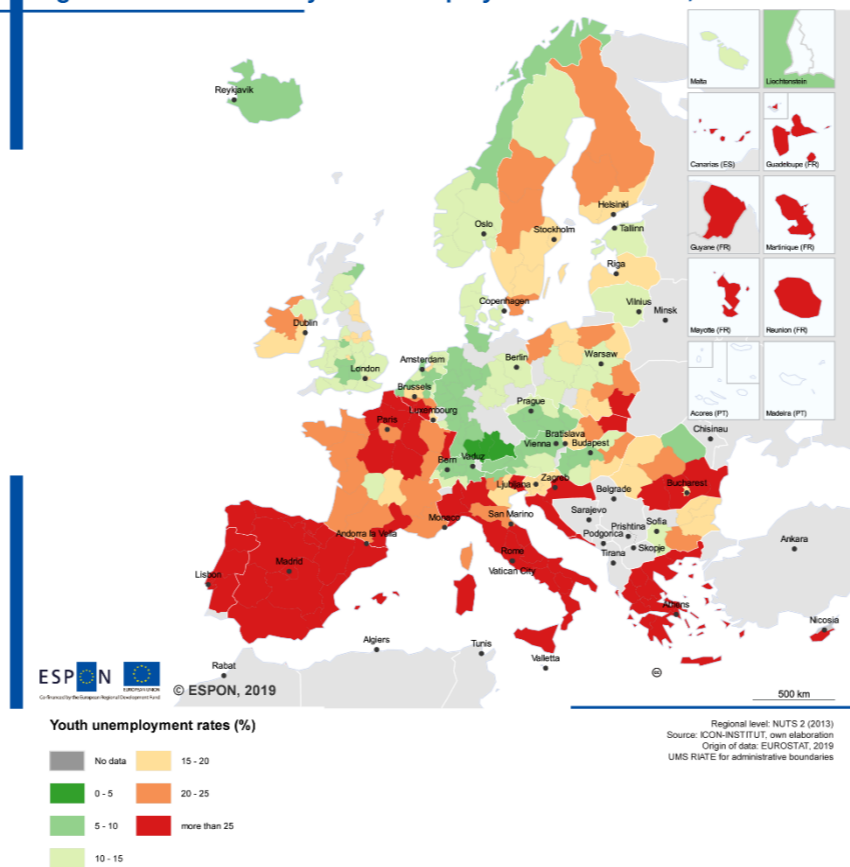
Regional distribution of youth unemployment rates 15-24, 2008



Regional distribution of youth unemployment rates 15-24, 2012



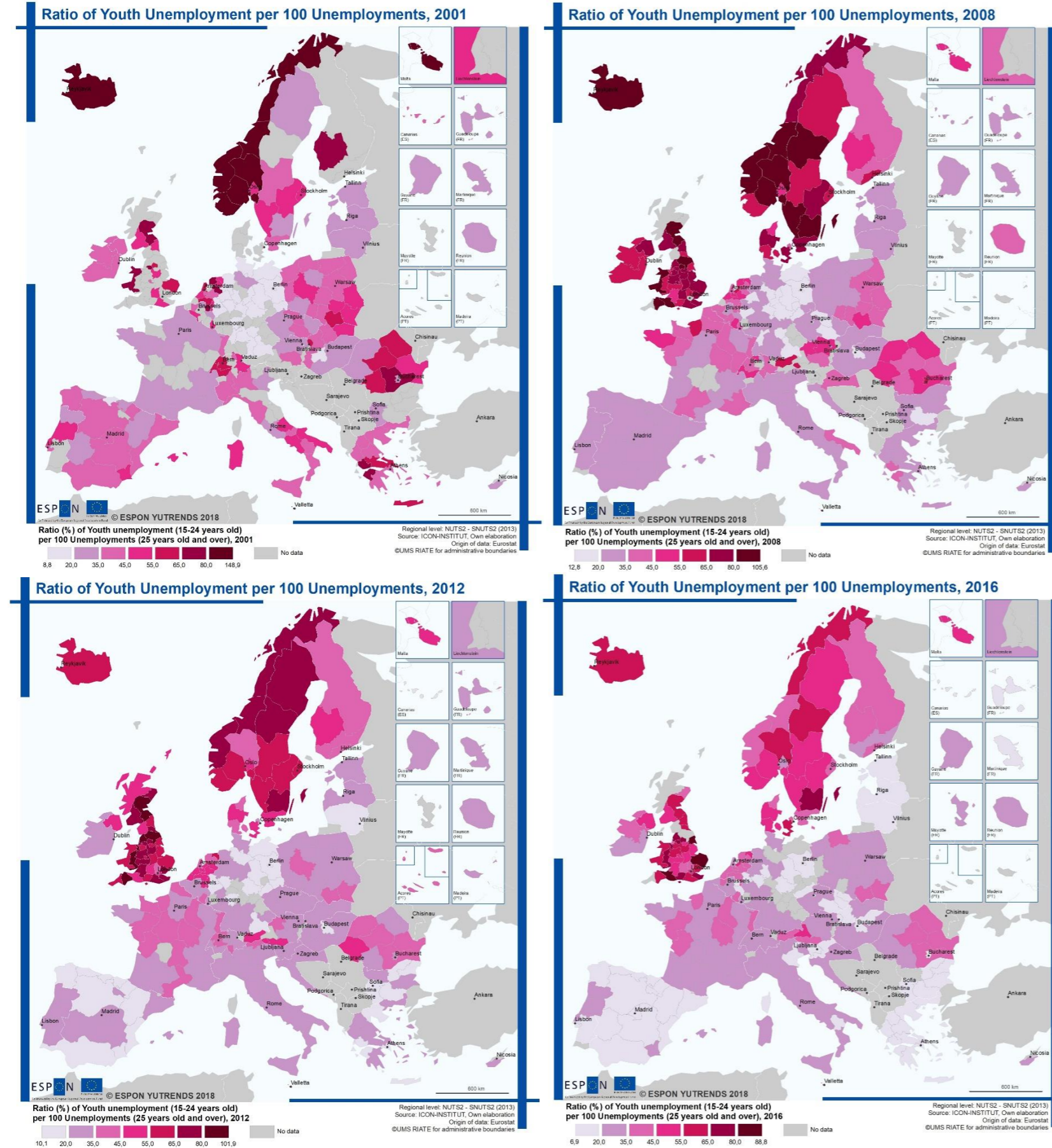
Regional distribution of youth unemployment rates 15-24, 2016



The maps show absolute values of youth unemployment across the EU in the analysed period. It's possible to observe the following patterns:

- The crisis affected countries differently, with southern and eastern countries suffering more than central and northern countries;
- Some regions (such as Greece, Bulgaria, southern Spain, southern Italy, southern Germany, the Netherlands) present consistently high or low youth unemployment across the whole period, both before and after the crisis. This points to the possibility of structural features that influence youth unemployment more than the financial crisis of 2008. It is also possible that for the highest values of youth unemployment, structural issues compounded with the effects of the crisis. The extremely high youth unemployment rates of some regions during the crisis (e.g. 72,5% Dytiki Makedonia in Greece, 61,9% Andalucía in Spain, 53,9% Calabria in Italy) are off-scale in the maps.

Map 2: Ratio of Youth Unemployment per 100 Unemployments, 2001-2016

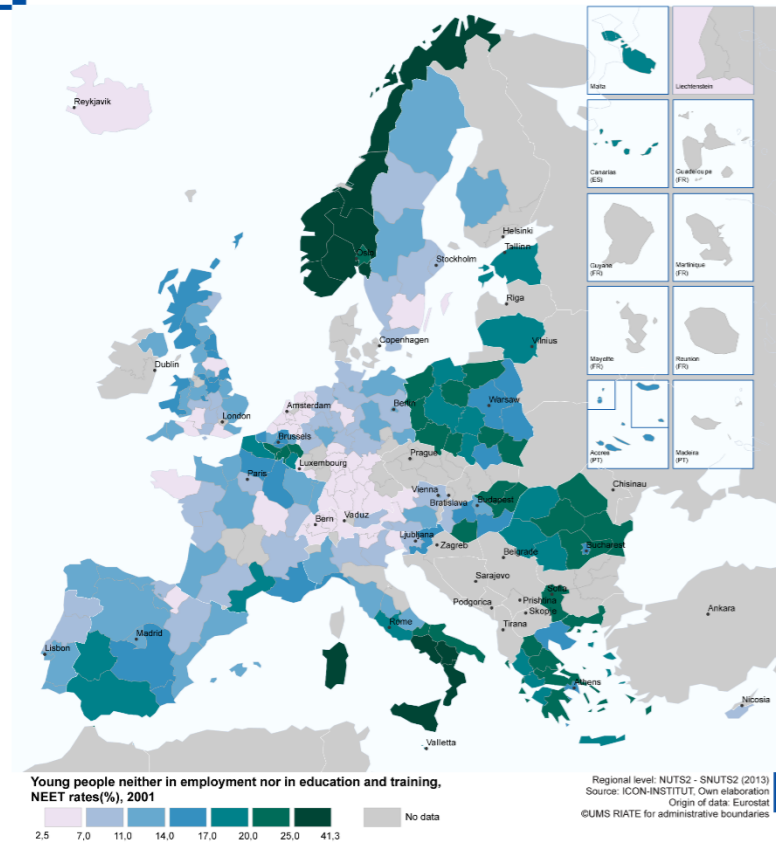


The maps contextualise the values of youth unemployment illustrated absolute, and clearly indicate how youth unemployment is only part of the effect of the financial crisis, with values overall comparable to total unemployment⁶. In fact, in those regions where youth unemployment was the highest, the ratio of youth unemployment to total unemployment is not at its highest. On the contrary, some of the northern regions (particularly in Scandinavian countries and in the UK) show higher ratios even if absolute youth unemployment rates were relatively low across the period. This paints a different scenario when compared to other regions in Europe, with youth unemployment being a peculiar issue not necessarily related to overall unemployment. The contextualisation provided by the maps also serves a crucial reminder of the diversity of regional realities in the EU, and as an indication of the complexity of youth labour markets and the factors influencing them.

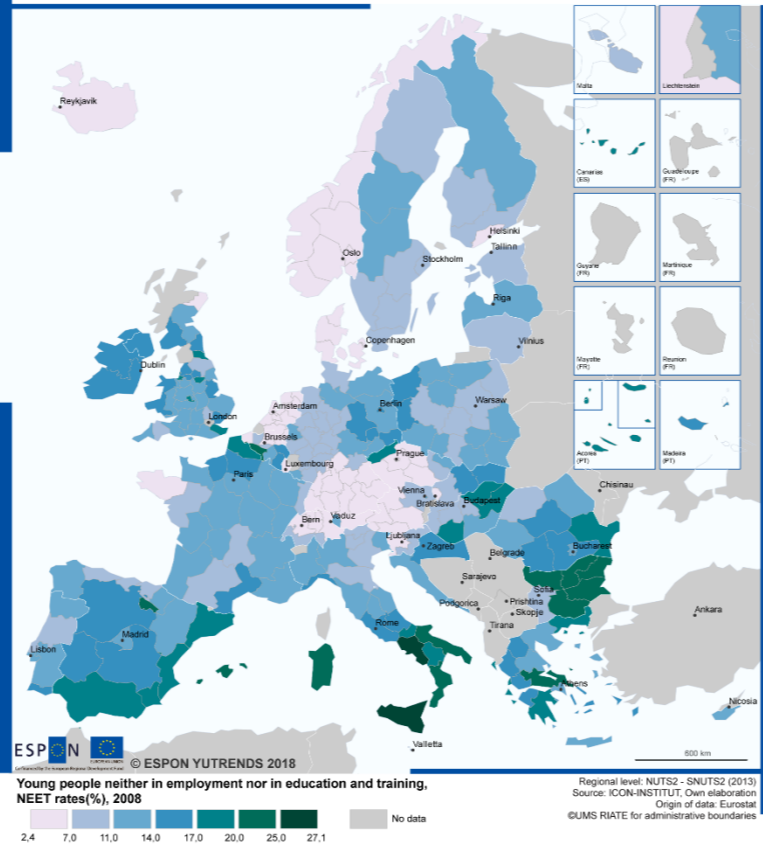
⁶ Please note that the maps adopt natural steps to differentiate the categories of low and high ratios, in order to allow for clearer comparison with the EU average. This implies that the values of the maps are not directly comparable across the years. Per contra, for each year the map colours indicate the relation of each region's value to the EU average.

Map 3: Young people Not in Employment, Education or Training (NEET) rates 2001 - 2016

Youth not in employment, education or training (NEET), 2001



Youth not in employment, education or training (NEET), 2008



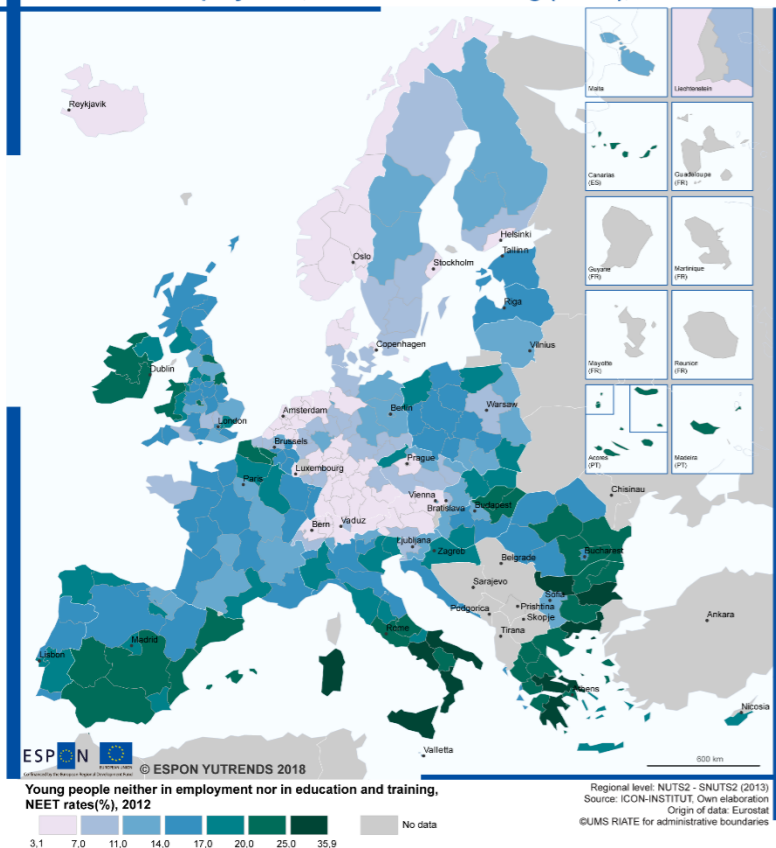
The maps provide insights to the situation of youth Not in Education, Employment nor Training (NEET) across the considered period⁷.

Comparing NEET rates to the absolute values of youth unemployment, a positive correlation pattern is evident: regions with high youth unemployment also show high NEET rates; conversely, regions with low youth unemployment also have low NEET rates, strongly suggesting that the lack of employment opportunities affects both unemployment and inactivity in youth.

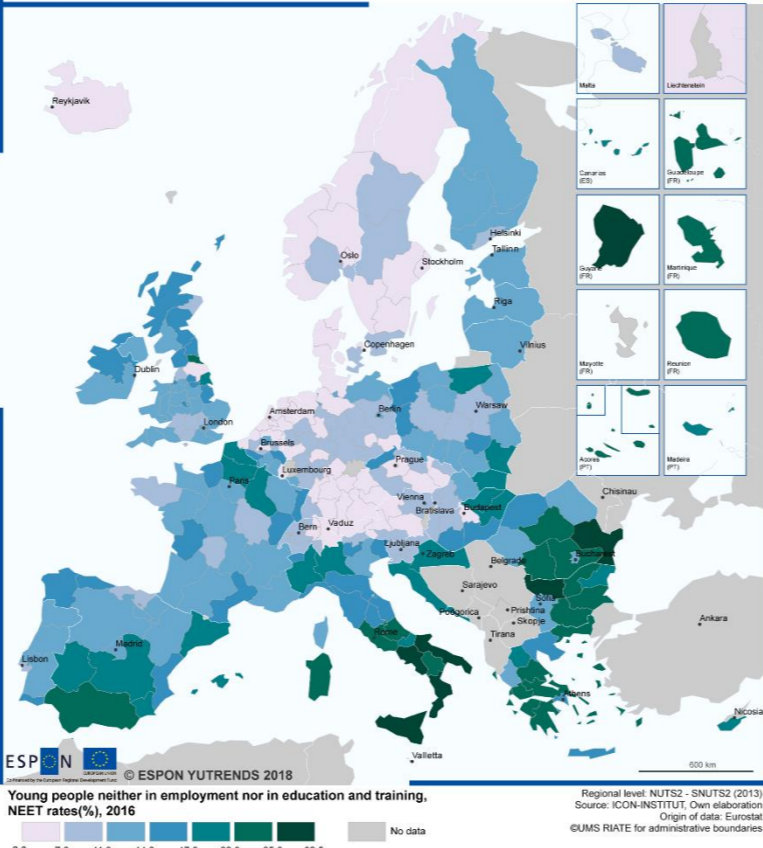
The linkage between NEET rates and youth unemployment means that the regions with structurally highest unemployment rates also showed relatively high NEET rates across the period, again pointing to underlying structural economic issues.

This being said, it is undoubtable that the crisis aggravated the NEET situation for a vast majority of EU regions, with peaks near to 30% in southern Italy (Sicilia, Campania, Calabria), Greece (Peloponnisos, Anatoliki Makedonia, Thraki), Bulgaria (Yugoiztochen)

Youth not in employment, education or training (NEET), 2012



Youth not in employment, education or training (NEET), 2016



⁷ The same consideration of map 2 holds for map 3. The maps adopt natural steps to differentiate the categories of low and high ratios, in order to allow for clearer comparison with the EU average. This implies that the values of the maps are not directly comparable across the years. Per contra, for each year the map colours indicate the relation of each region's value to the EU average.

1.2. Policy directions in the EU

The recent *Joint Employment Report*⁸ provides a comprehensive review and important insights into the current situation, trends and policy responses to YU and unemployment in general, both at the EU and Member States levels, alongside the key employment policy domains and the main points, which are summarised below.

Table 1: Current youth employment situation and policy responses

Youth employment situation	Policy responses
<p>Demand for labour – In most MS unemployment rates have recently decreased. Average employment rates in the EU have been constantly rising since 2013 and are now above pre-crisis levels, though in 17 MS, they are still below the 2008 levels. Self-employment has also been on the rise (primary sector excluded). YU and long-term unemployment also continued to decline steadily but the YU rate is still more than double the total unemployment rate and job creation for young people (15-24) is the main contributor to the decrease in YU. The youth NEET rate has also been declining in most MS.</p>	<p>Boosting demand for labour – Most policy measures deployed by the MS target specific groups facing problems of integration to the labour market (youth, older people, long-term unemployed, refugees, etc.) and some provide financial incentives to employers (mostly tax/social security contributions, rebates or subsidies). Promoting entrepreneurship and start-ups is also popular, and sometimes included under the YG. Several MS have raised incomes through reductions in personal income tax and/or increases in tax allowances such as child tax credit, child benefit, etc., especially for low income earners. Similar moves were observed in social security contributions, especially related to young and older workers. Some countries used reforms of wage setting systems, establishing automatic correction mechanisms, making collective bargaining more effective, or setting more predictable frameworks of the minimum wage.</p>
<p>Labour supply and skills – The early school leaving rate has been steadily decreasing overall, but with high variations between the MS (from 5 to 20 %) and is strongly influenced by the social and education backgrounds of parents, as well as migration. Tertiary educational attainment in the EU has been constantly and significantly rising, higher among women than men, but is still distinctly low in some MS. Access to digital skills is still limited and uneven among MS. The YU rate has been declining, almost reaching the low of 2008. However, in some MS it remains very high. Despite these positive changes, young people are often faced with non-standard and atypical forms of employment such as temporary jobs, involuntary part-time work and lower wage jobs. NEET rates remain still slightly higher than in 2008. In the EU, NEETs are</p>	<p>Enhanced labour supply and skills – Early school leaving has been addressed by comprehensive national strategies developed and implemented in coordination with the EC. Dedicated policies of reducing the impact of socioeconomic, ethnic and migration status on students' performance, and closing the educational gap of disadvantaged learners are being implemented. Transparent information on educational opportunities and outcomes, tailored guidance and financial support have been developed for tertiary education, alongside improving education relevance to student needs and increasing digital skills. The EC promoted better responsiveness of VET to labour market needs and informally gained skills will be subject to validation under the formal VET in many countries. National skills' strategies and improved career guidance services have been introduced. The YEI is to expand the outreach of counselling services to NEETs. Structural reforms are intensively supported by the YG⁹. Policies and partnerships for coordination among employment, education and youth policies to</p>

⁸ European Commission (2018): Joint Employment Report. Report, DG EMPL, Belgium.

⁹ European Commission (2018). Data collection for monitoring of Youth Guarantee schemes: 2016. Report, DG EMPL, Belgium.

Youth employment situation	Policy responses
<p>equally divided between unemployed and inactive, with substantial differences among MS. Women continue to be underrepresented in the labour market and the labour market potential of migrants and people with disabilities is underutilized.</p>	<p><i>better support young people's transition from education and unemployment to work are implemented. Wage and recruitment subsidies are used to enhance demand for young workers, especially long-term unemployed, low qualified or without any work experience. Policies related to child and dependent care are being developed, especially important to increase employment of women.</i></p>
<p>Functioning of labour markets – Labour market recovery contributed to reductions of long-term unemployment across the EU, yet it remains a challenge for several countries. Most labour markets did not record any significant improvement in terms of segmentation between permanent and atypical jobs. Unemployment benefit systems and activation strategies towards the recipients are significantly different across countries, leading to different outcomes. The strictness and ease of these systems is differentiated in terms of availability for work during participation in ALMPs, monitoring of job search, sanctions, etc. At the same time, participation in ALMPs and registration with PES is very distinct across MS.</p>	<p>Better functioning of labour markets Reforms of labour law towards more dynamic and balanced labour markets continue, although much can be done in terms of alignment and dissemination of effective solutions among the EU MS. These reforms encompass, among others: reduction of market segmentation, promotion of permanent employment contracts while increasing their flexibility, improving working conditions of self-employed, reducing incidence of temporary workers in the public sector, introducing more flexible working arrangements, etc. PES reforms have continued to improve performance by introducing specialized counselling for specific groups of jobseekers such as young people. Various types of incentives and subsidies are used to promote recruitment and activation of the long-term unemployed or unemployed youth, and mobility for work, as well as various training programmes.</p>
<p>Fairness, poverty and equal opportunities – Gross disposable household income (GDHI) per capita increased in most EU countries, although unevenly and income inequality persists. The share of people at risk of poverty or social exclusion also decreased but with considerable differences among the MS; still with particularly high risks for children and people with disabilities. Improving labour markets contributed to the reduction of incidence of households with people in quasi-jobless situations. The in-work at-risk-of-poverty rate has not reversed and remains highly polarized across countries. Access to affordable accommodation and healthcare has been improving since 2008 in a large majority of MS while the poverty-reducing impact of social transfers has slightly weakened.</p>	<p>Fairness, combating poverty and promoting equal opportunities – Improvements in coverage, design and adequacy of benefits under the social protection systems have been introduced in several countries and spheres (e.g. the guaranteed minimum income schemes) with better focus on employment activation. Access to housing and other public services such as healthcare has been the subject of numerous reform initiatives, especially in support of persons with disabilities. Some pension reforms are promoting later retirement and fiscal sustainability of the system. These initiatives are however highly differentiated and differently calibrated across countries, preserving or exacerbating some existing disparities in terms of employment and social inclusion.</p>

Source: Own elaboration based on European Commission (2018): Joint Employment Report. Report, DG EMPL, Belgium.

2. Reducing Youth Unemployment after the Recession

2.1. Identifying Youth Integration in the labour market in the pre- and post-crisis periods

Reducing Youth Unemployment (YU) is a complex process that depends on a variety of factors. To be able to measure it, this report developed a **composite indicator** that combines several educational and occupation factors¹⁰. The indicator is a **measure of youth integration in labour markets** and in fact, the indicator reflects the Regional Resilience in Youth Integration in labour markets (RRYI) used at national level to measure the relative resilience of a region compared to the national resilience. In this case, the EU average level of the RRYI is used as a reference (EU average = 100). Taking in consideration a variety of factors, the composite indicator is a proxy for regional resilience.

Considering each of the three years 2008, 2012 and 2016, the relative resilience of the 262 NUTS2 regions of the European Union (EU) is defined according to five major resilience groups. In order to better highlight the regional divergences, we divided each of the five resilience categories into two-subgroups, generating thus ten resilience categories, or subgroups. This classification allows to develop a spatial and temporal picture of European regions in terms of being affected by, and dealing with YU. The results are illustrated in Map 4.

Group	Resilience score compared to EU average resilience score	Subgroup
Very Low resilience	Lower than 75%	Very Low Resilience (- - -)
		Very Low Resilience (- -)
Low resilience	Between 75% and 90%	Low Resilience (- -)
		Low Resilience (-)
Middle resilience	Between 90% and 110%	Middle Resilience (- +)
		Middle Resilience (+ -)
High resilience	Between 110% and 125%	High Resilience (+)
		High Resilience (+ +)
Very High resilience	Above 125%	Very High Resilience (+++)
		Very High Resilience (++++)

To better integrate the analysis and interpret the factors leading to highest and lowest resilience, we carried out an analysis (see Annex 1 for methodological details) of the variables factoring into the composite indicator, which allows to identify a series of patterns among highest and lowest performing regions.

In 2008, the economic crisis affected almost all countries and regions, with severe drops in GDPs followed by job losses. Overall, the central and some northern regions fared better, with specifically good resiliences in German and Austrian regions. On the contrary, south-western and eastern regions were severely affected. The entirety of Spain and Portugal, northern Italy, and parts of Poland and Romania showed much weaker resilience. The worst conditions in YU were found in southern Italy, Greece and Bulgaria. At the peak of the crisis in 2008, there were multiple regions showing extremely low resilience (the lowest among the regions below 75% of the EU average).

Following the initial years of the post crisis recovery, youth integration and employment overall improved and the regional disparities were partially altered. By 2012, as indicated clearly by the maps below, the northern EU regions in Finland and Sweden, and many in the UK, improved their

¹⁰ The RRYI composite indicator captures several variables reflecting the different components of the phenomenon. It includes 9 factors or variables: i) Youth Unemployment Rate (15-24 years old); ii) Youth ratio of young unemployed (15-24) to working age 25-64; iii) NEETs rate; iv) Youth economic activity; v) Youth employment per education attainment (Level 0-2); vi) Youth employment per education attainment (Level 5-8); vii) Youth average weekly hours of work in main Job; viii) GDP per capita in PPP; ix) GDP Growth rate (2 years lag). See Annex 1 for more detailed on the methodology and calculation of this composite indicator.

resilience and became very high resilience regions, while some regions in France also improved resilience and changed category.

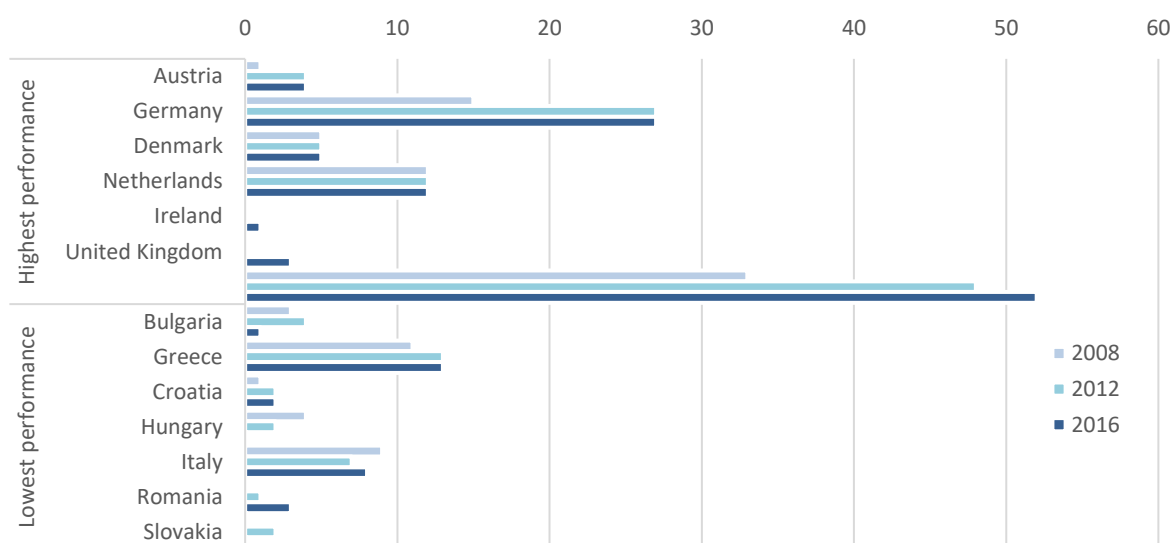
Low and Very Low performing regions remained largely unchanged, as evidenced by the continuing high levels of YU in many southern regions of Europe where the effects of the crisis have been prolonged.

At the opposite of the spectrum, the Piemonte region became one of the lowest performing regions, passing from a youth unemployment of 15% in 2008 to 36% in 2016, despite the resilience of the regional capital Turin.

By 2016, the composite indicator weakened in the north, with almost all Finnish regions moving down from the very high resilience category to the high resilience level. At the same time, many French regions noted progress from medium to high resilience levels. Noticeably, most French regions that improved their resilience by 2012, slipped back to middle positions partly due to the reluctance of employers to hire in view of the continuing uncertainties about economic growth and lack of labour market flexibility. Some minor reconfigurations occurred among other EU regions, although without significant overall spatial changes in YU resilience. Definitively, resilience in Youth Integration and Employment over the long-term noticeably improved in the north and north-west Europe.

Overall, national contexts were largely influential for regional resilience: for all the considered years, highest and lowest performing regions were concentrated in a few countries, pointing to the relevance of both national socioeconomic situation and national policies. More in detail, during the considered period 97% of highest performing regions are concentrated in Austria, Denmark, Germany, and The Netherlands; 93% of the lowest performing regions are all concentrated in 5 countries in south-east Europe - Bulgaria, Croatia, Greece, Hungary and Italy.

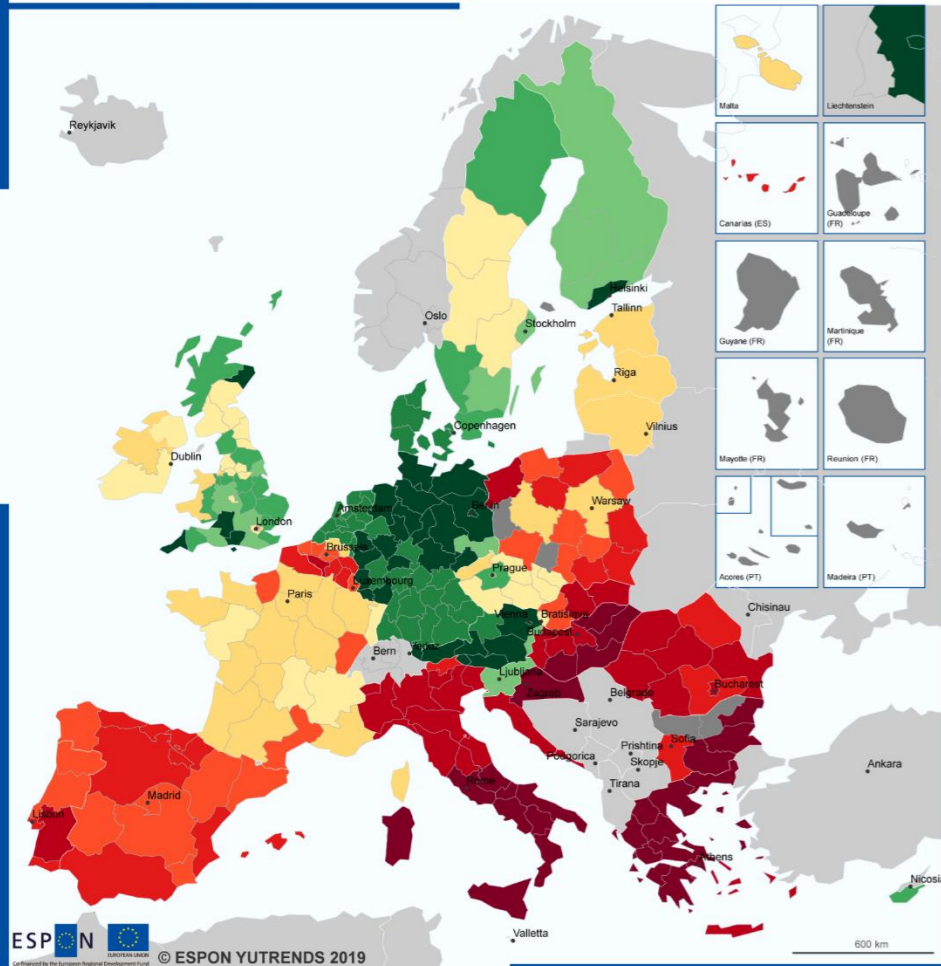
Figure 1: Number of regions with highest and lowest resilience, by country and year



When looking at **GDP per capita**, we found that it was generally not a good predictor of resilience. **However, GDP growth rate was:** the regions with the most dynamic economies were consistently able to integrate youth in their labour market (for 2012, GDP growth rate is almost the sole predictor of whether a region is a highest performer). On the contrary, lowest performing regions experienced economic depression. These findings point to both the flexibility and vulnerability of regional youth labour markets in response to economic shocks, but also suggest that youth integration in any region is more the product of economic circumstances than of specific regional characteristics.

Map 4: Regional Resilience in Youth Integration to labour market, main groups of regions (2008, 2012, 2016)

Regional employment performance and resilience relative to EU average (composite indicator), 2008

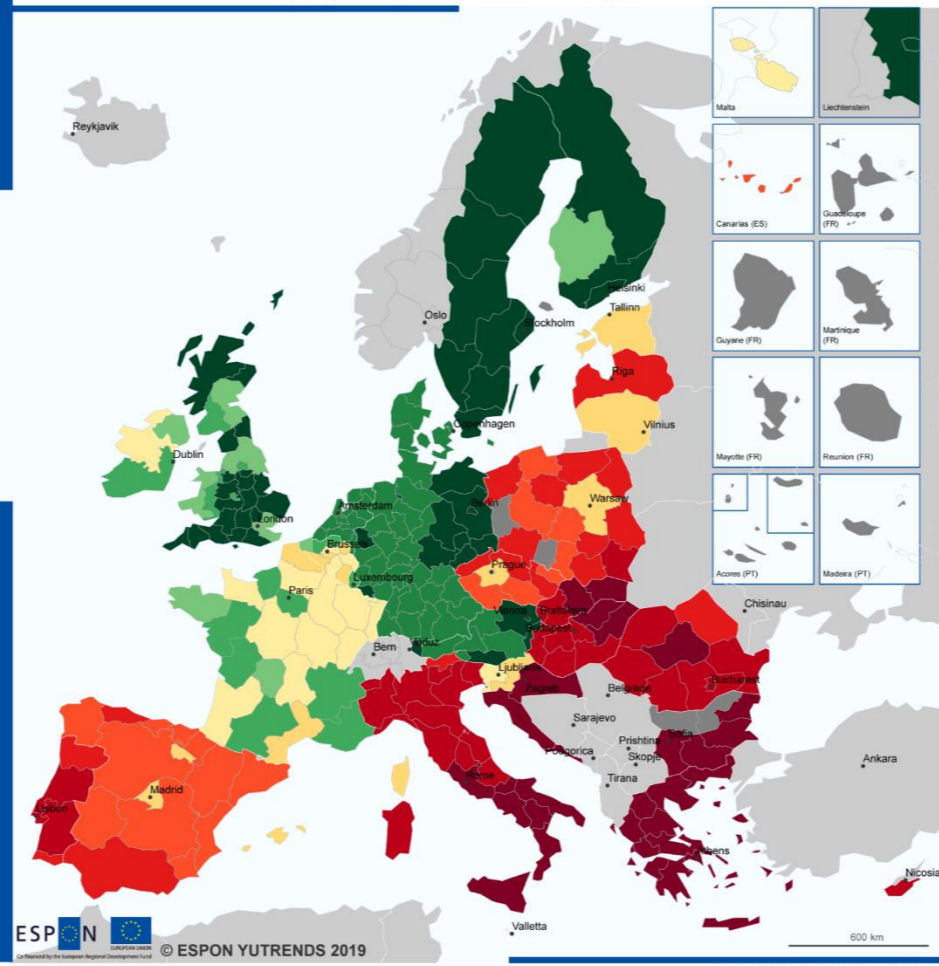


Regional level: NUTS2 - SNUTS2 (2013)
Source: ICON-INSTITUT, Own elaboration
Origin of data: Eurostat
©UMS RIATE for administrative boundaries

Performance Levels

Very Low Below 75% of the EU average of the year	Middle Between 90% and 110%	High Between 110% and 125%	No Data
Lowest resilience	90 to 100% of EU performance	110 to 117.5% of EU performance	
Very low resilience	100 to 110% of EU performance	117.5 to 125% of EU performance	
Low Between 75% and 90%		Very High Higher than 125% of the EU average of the year	
75 to 82.5% of EU performance		Very high resilience	
82.5 to 90% of EU performance		Highest resilience	

Regional youth employment performance and resilience relative to EU average (composite indicator), 2012

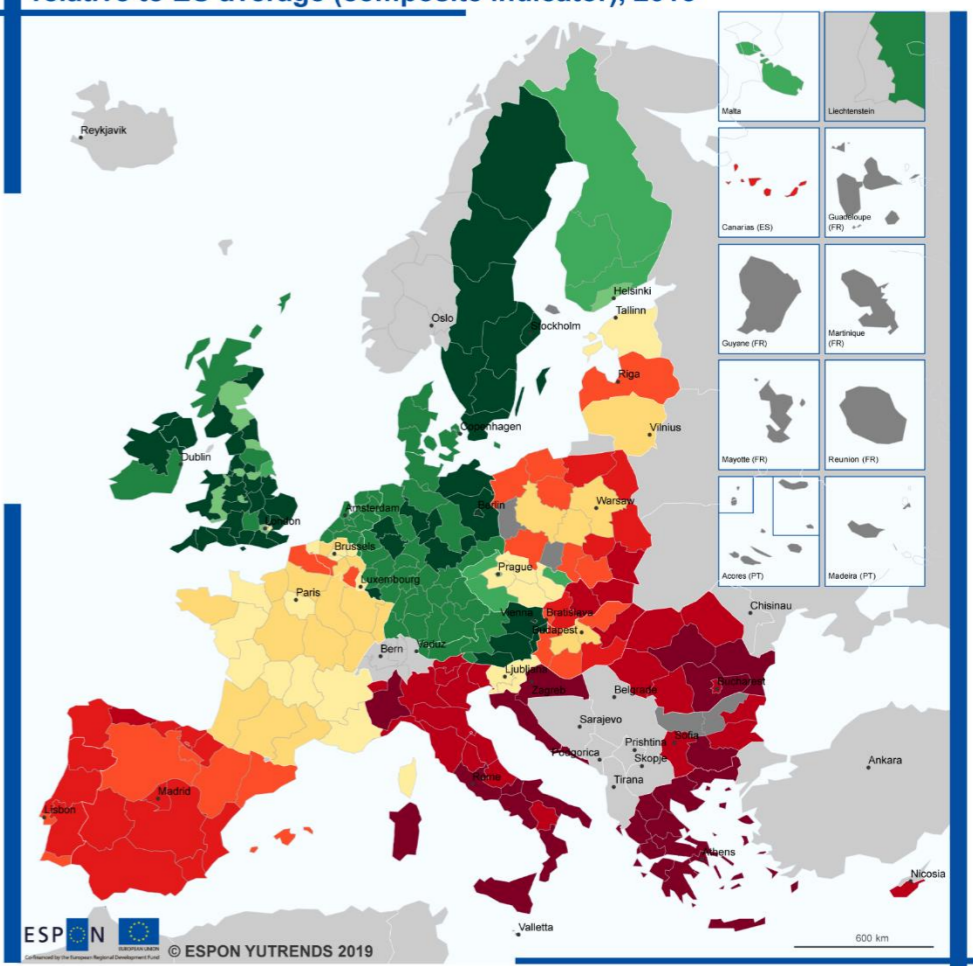


Regional level: NUTS2 - SNUTS2 (2013)
Source: ICON-INSTITUT, Own elaboration
Origin of data: Eurostat
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Performance Levels

Very Low Below 75% of the EU average of the year	Middle Between 90% and 110%	High Between 110% and 125%	No Data
Lowest resilience	90 to 100% of EU performance	110 to 117.5% of EU performance	
Very low resilience	100 to 110% of EU performance	117.5 to 125% of EU performance	
Low Between 75% and 90%		Very High Higher than 125% of the EU average of the year	
75 to 82.5% of EU performance		Very high resilience	
82.5 to 90% of EU performance		Highest resilience	

Regional youth employment performance and resilience relative to EU average (composite indicator), 2016



Regional level: NUTS2 - SNUTS2 (2013)
Source: ICON-INSTITUT, Own elaboration
Origin of data: Eurostat
©UMS RIATE for administrative boundaries

Performance Levels

Very Low Below 75% of the EU average of the year	Middle Between 90% and 110%	High Between 110% and 125%	No Data
Lowest resilience	90 to 100% of EU performance	110 to 117.5% of EU performance	
Very low resilience	100 to 110% of EU performance	117.5 to 125% of EU performance	
Low Between 75% and 90%		Very High Higher than 125% of the EU average of the year	
75 to 82.5% of EU performance		Very high resilience	
82.5 to 90% of EU performance		Highest resilience	

2.2. Trends of regional resilience in terms of youth integration in the labour market

At the beginning of the crisis, only a quarter of the regions scored a Very High Resilience in the youth integration composite indicator. In 2016, this number rose to 40%. While almost all the regions with Very High Resilience in 2008 maintained their high score, other regions with Middle or High Resilience in 2008 joined the Very High Resilience group, the large majority of them being located in the United Kingdom and Sweden.

2.2.1. From 2008 to 2012

During the period 2008-2012 (Figure 2, Table 2, Map 5), it is possible to identify **three separate trends**.

For Very Low Resilience and Very High Resilience regions, the situation did not change: regions in the Very Low Resilience group maintained a very low resilience, and regions in the Very High Resilience group maintained a very high resilience. Only 2 of the 56 regions in the Very Low Resilience group (4% of the group) improved their resilience level. Notably, more than 50% of the High Resilience regions are in Germany while the others are in Austria, Denmark and the Netherlands.

Some regions in the low-to-mid categories showed mixed resilience. The subgroups 20, 21 and 30 (respectively the two Low Resilience subgroups and the lower Middle Resilience subgroup) experienced similar trends, with a minority of regions (between 8% and 16%) scoring on worse resilience levels, about half of regions (50%-60%) maintaining their resilience level, and a not insignificant number of regions (between 24% and 42%) scoring a higher resilience level.

Higher resilience regions experienced a much more positive trend. The subgroups 31, 40 and 41 (the higher Middle Resilience group and the two High Resilience subgroups) saw a minority of regions (between 12% and 22%) scoring a worse resilience level; another minority (7%-24%) maintaining the same resilience level, and a majority of regions (between 65% and 72% of each subgroup) improving their resilience level.

This is the case for example of the Leeds City Region in the UK, that managed to halve youth unemployment (from 23.5% in 2012 to 11.6% in 2017) and the Twente region in the Netherlands, that was able to curb an initial rise in youth unemployment to pre-crisis levels (from 8.6% in 2008 to a peak of 13.2% in 2013, back to 8.9% in 2017). Both regions are investigated extensively as case studies (see Case study vignettes in chapter 5.2, or Annex 3 for more details).

Figure 2: Number of regions changing their resilience level on the Youth Integration composite indicator, between 2008 and 2012, by starting resilience subgroup

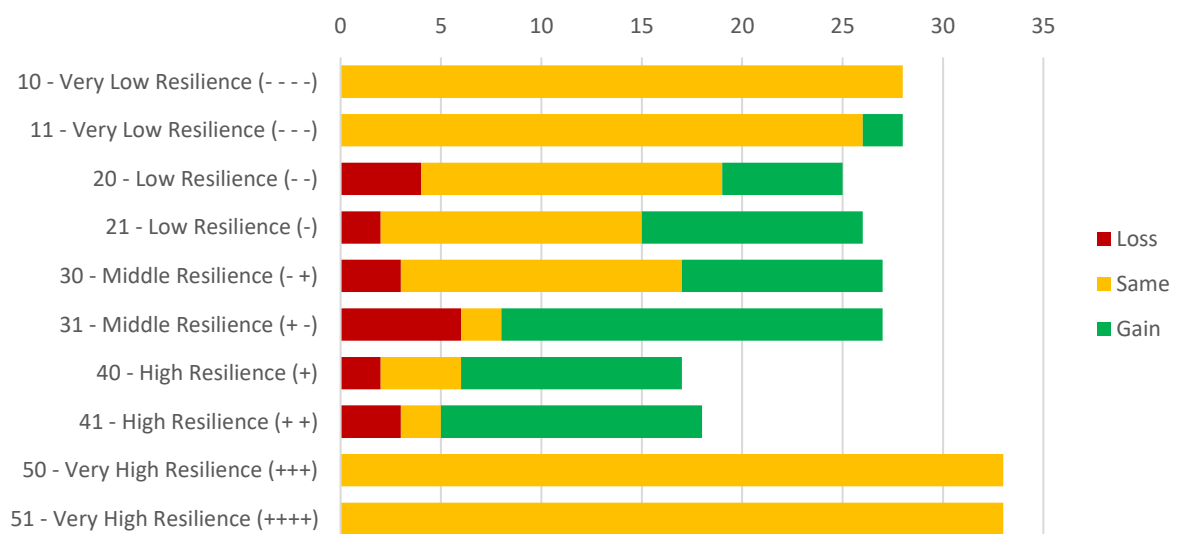
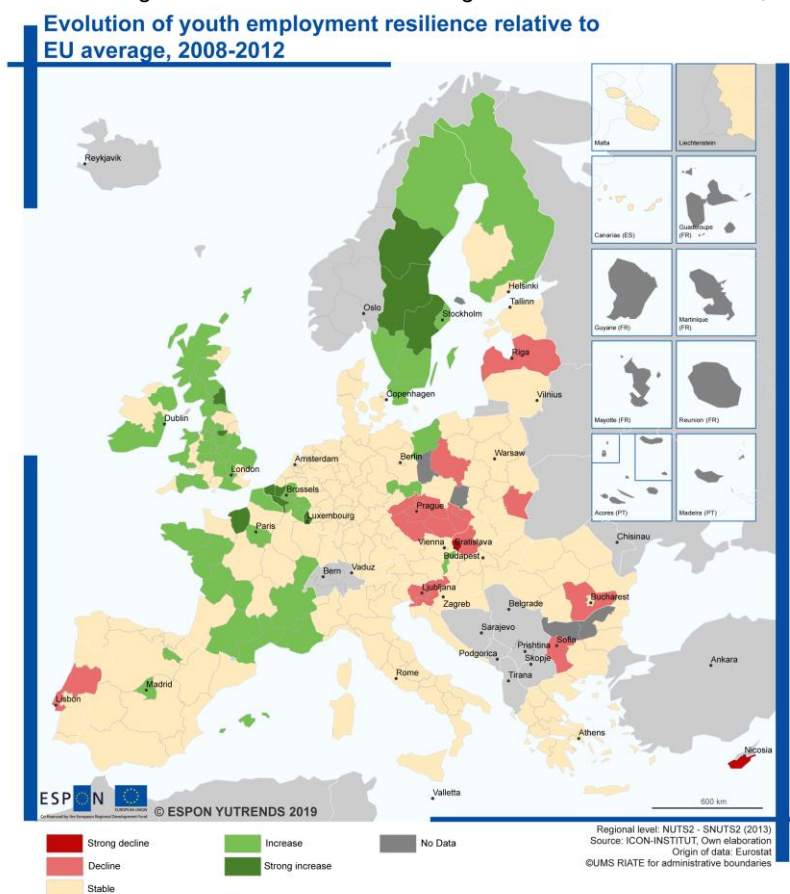


Table 2: Evolution of Regional Resilience in Youth Integration in labour market, 2008-2012

Resilience group	Starting resilience subgroup	Change of Resilience Level			
		Loss	Same	Gain	Total
1 Very Low	10 - Very Low Resilience (- - - -)	0	28	0	28
	11 - Very Low Resilience (- - -)	0	26	2	28
	TOTAL	0	54	2	56
	%	0%	96%	4%	100%
2 Low	20 - Low Resilience (- -)	4	15	6	25
	21 - Low Resilience (-)	2	13	11	26
	TOTAL	6	28	17	51
	%	12%	55%	33%	100%
3 Middle	30 - Middle Resilience (- +)	3	14	10	27
	31 - Middle Resilience (+ -)	6	2	19	27
	TOTAL	9	16	29	54
	%	17%	30%	54%	100%
4 High	40 - High Resilience (+)	2	4	11	17
	41 - High Resilience (+ +)	3	2	13	18
	TOTAL	5	6	24	35
	%	14%	17%	69%	100%
5 Very High	50 - Very High Resilience (+++)	0	33	0	33
	51 - Very High Resilience (++++)	0	33	0	33
	TOTAL	0	66	0	66
	%	0%	100%	0%	100%

Map 5: Evolution of Regional Resilience in Youth Integration in the Labour Market, in 2008-2012



2.2.2. From 2012 to 2016

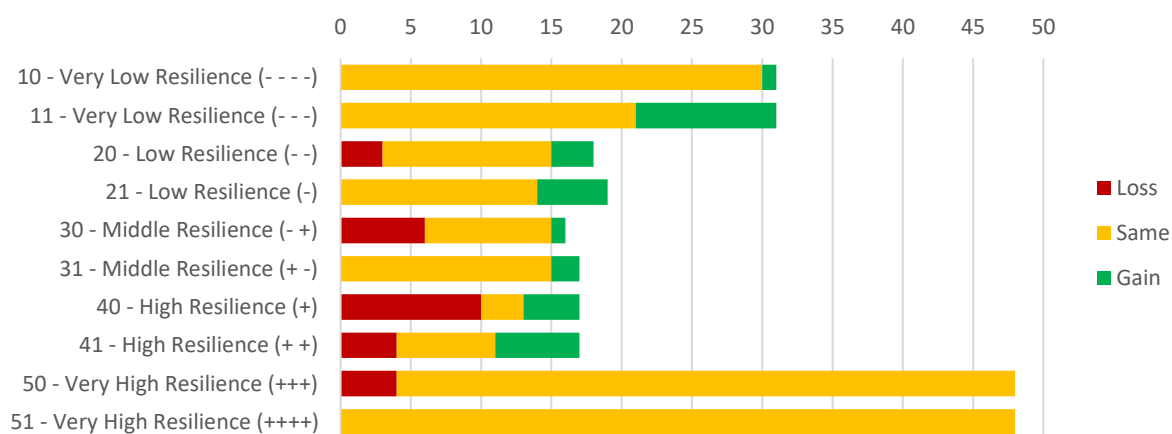
During the period 2008-2012 (Figure 3, Table 3, Map 6), there has been relatively little change. The most notable change occurred for the High Resilience group (group 4), for which 14 regions (41%) scored a lower resilience level on the Youth Integration indicator. Among these, nine are in France (the most significant being Nord-Pas-de Calais, Provence-Alpes-Côte d'Azur and Rhône-Alpes) and three in Belgium, reflecting the less favourable economic context in the period. It is also worthy to note that about a third (35%) of the regions in subgroup 41 High Resilience improved their resilience level.

On the contrary, there was little improvement on the side of the Very Low and Low Resilience group, with 10 regions in subgroup 11 that, having remained in the Very Low Resilience group in the first period, now improved their resilience level.

The remaining regions are in Portugal, Poland and Slovakia. Generally, these countries are characterized by relatively low labour costs as well as an increase in employment, especially in manufacturing. Moreover, some of these countries such as Czech Republic and Poland have, during the recent period, significantly lower rates of early leavers from education and training¹¹ than the rest of the EU28.

In general, the Very Low and Low performing regions (groups 1 and 2 in 2008-2012) did not improve their situation between 2012 and 2016, with most of these regions in countries more acutely affected by the economic crisis and still affected by it in 2016. The regions include all Greek regions, almost all the regions of Italy and most of NUTS2 regions in Bulgaria, Croatia, Poland, Romania and Spain. Portugal, also strongly affected by the crisis, had a somewhat different pattern: three Very Low-performing NUTS2 regions in 2008-2012 improved their position between 2012 and 2016, while two regions with Low Resilience remained in the same position. This suggests that compared to Italy and Greece, Portugal reacted more rapidly to the crisis in its economic policy and was able to emerge from it more rapidly with a fall in unemployment.

Figure 3: Number of regions changing their resilience level on the Youth Integration composite indicator, between 2012 and 2016, by starting resilience subgroup



The inability of many regions to move away from their relative resilience between 2012 and 2016 is well exemplified by the case of the Donegal County, in the North of Ireland and Navarra region, in Spain¹². In the former, youth unemployment reached a staggering 49.4% in 2011, and declined to 32.6% in 2016. In the latter, the crisis hit youth hard, with youth unemployment more than doubling from 18.6% in 2008 to 40,1% in 2012; however, by 2016, youth unemployment had declined only to 33.9%.

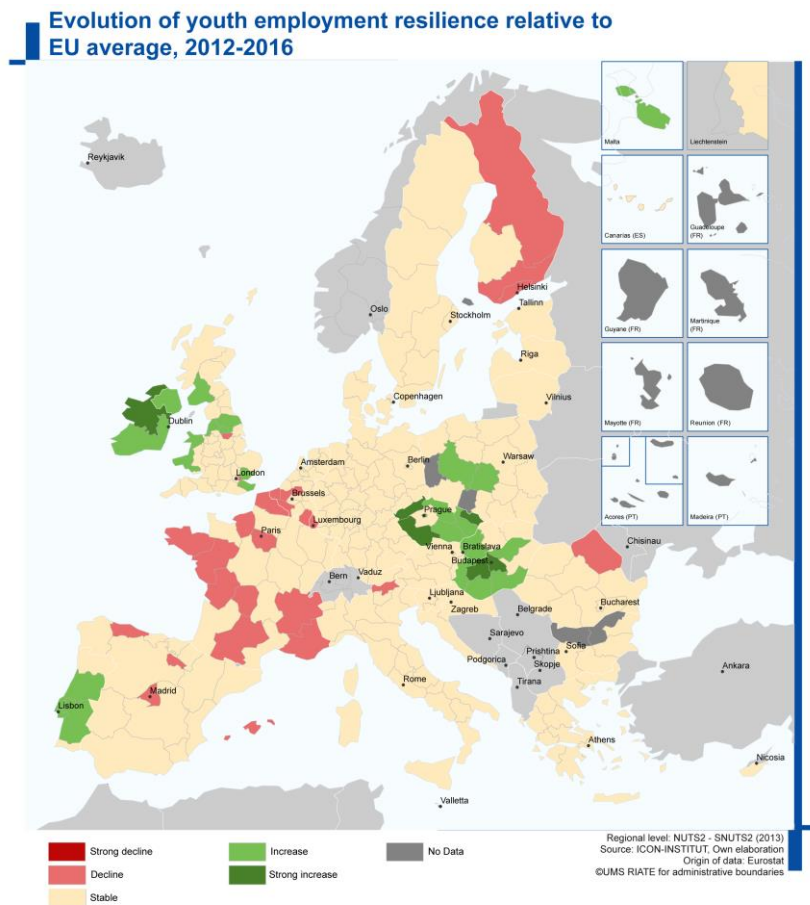
¹¹ See Social and Employment Policies in the Czech Republic, 2018. Study requested by the EMPL Committee, European parliament

¹² Both cases are analysed in detail in Annex 3

Table 3: Evolution of Regional Resilience in Youth Integration in labour market, 2012-2016

Resilience group	Starting resilience subgroup	Change of resilience Level			
		Loss	Same	Gain	Total
1 Very Low	10 - Very Low Resilience (- - - -)	0	30	1	31
	11 - Very Low Resilience (- - -)	0	21	10	31
	TOTAL	0	51	11	62
	%	0%	82%	18%	100%
2 Low	20 - Low Resilience (- -)	3	12	3	18
	21 - Low Resilience (-)	0	14	5	19
	TOTAL	3	26	8	37
	%	8%	70%	22%	100%
3 Middle	30 - Middle Resilience (- +)	6	9	1	16
	31 - Middle Resilience (+ -)	0	15	2	17
	TOTAL	6	24	3	33
	%	18%	73%	9%	100%
4 High	40 - High Resilience (+)	10	3	4	17
	41 - High Resilience (+ +)	4	7	6	17
	TOTAL	14	10	10	34
	%	41%	29%	29%	100%
5 Very High	50 - Very High Resilience (+++)	4	44	0	48
	51 - Very High Resilience (++++)	0	48	0	48
	TOTAL	40	92	0	96
	%	0%	100%	0%	100%

Map 6: Evolution of Regional Resilience in Youth Integration in the Labour Market, in the post-crisis period



The trends for the two periods analysed suggest that **very low and very high resilience regions have inherent characteristics that keep them anchored to their starting resilience level**. This suggestion is corroborated by the fact that lowest and highest resilience belong to a handful of countries, suggesting larger trends at play as a cause for regional resilience.

Moreover, when looking at the variables that factored into the composite indicator for lowest and highest resilience regions, additional patterns emerge.

Highest resilience regions show similar characteristics: for 2008 and 2012, **high employment rates for youth with low educational attainment levels (ISCED 0-2) were good predictors of highest resilience**. In other words, highest performing regions were better able to integrate uneducated youth in their labour markets. For all years, the same high performing regions were more likely to have higher youth economic activity rates: youth were either more likely to be employed or looking for work.

Conversely, the **lowest performing regions were more likely to have low youth economic activity rates, and, in 2008 and 2012, higher NEET rates**. These patterns suggest that high performing regions were more able to provide opportunities for large masses of young people, while in lowest performing regions youth suffered from discouragement and became inactive.

Interestingly, across the whole period **high levels of average weekly working hours were a good predictor of lowest resilience**. In other words, young workers in lowest performing regions were working for significantly longer hours compared to the rest of Europe. This could be due to a number of factors, including scarcity of jobs, increased job competition leading to increased overtime, or absence of part-time opportunities.

2.2.3. Overall patterns

Over the whole review period 2008-2016, the analysis shows seven different patterns (Table 4 & Map 7). Most NUTS 2 regions (153 regions, 58%) did not change position. However, 69 regions (26%) improved their youth integration resilience between 2008 and 2012. Over the subsequent period (2012-2016), the situation remained stable for most (42) and deteriorated for a few others (27, see table 4).

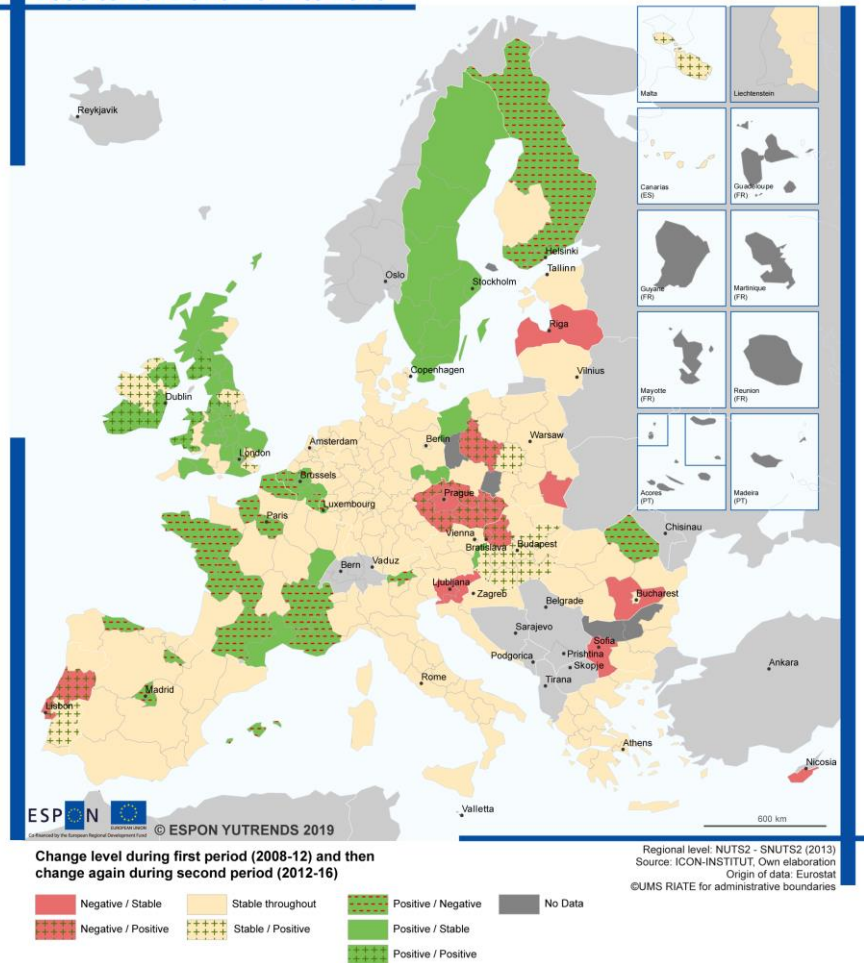
Table 4: Evolution pattern of NUTS2 regions on the composite Youth integration indicator in the periods 2008-2012 and 2012-2016

Direction of change in the considered periods (2008-2012 and 2012-2016*)	Number of NUTS 2	%
1 - Negative / No change	8	3%
2 - Negative / Positive	12	5%
3 - No Change / No Change	153	58%
4 - No Change / Positive	13	5%
5 - Positive / Negative	27	10%
6 - Positive / No Change	42	16%
7 - Positive / Positive	7	3%
TOTAL NUTS 2 Regions	262	100%

() Negative corresponds to a decline and Positive to improvements in resilience level.*

Map 7: Evolution of Regional Resilience in Youth Integration in the Labour Market over the period 2008-2016

Evolution of youth employment resilience relative to EU average, 2008 to 2012 and 2012 to 2016



Among the 153 that remained in the same position over the period 2008-2016, two main groups can be identified (table 5):

- 42% (65 NUTS2) include all the High Resilience regions in 2008;
- 31% (47 NUTS2) include the majority of Low Resilience regions in 2008.

Moreover, **almost all NUTS2 regions** (32 out of 33) **that scored the highest level of resilience in 2008** (sub-group 511) **remained in the same group in both 2012 and 2016**, thus confirming their high resilience position¹³. As mentioned, these regions are located mainly in Germany (14 regions), the Netherlands (12), Denmark (4) and Austria (1). At the same time, they showed very low NEET rates during all considered periods.

In a similar way, the majority of the 28 Very Low resilience regions in 2008 (sub-group 10) **maintained a low resilience level between 2012 and 2016**, thus confirming the challenges in their capacity to integrate youth in labour markets. This group includes almost all the NUTS 2 regions of Greece as well as those of central and southern Italy, where a combination of slow development and severe economic crisis suppressed improvements on the labour market.

Our analysis allows to correlate the evolution of the regions' resilience patterns with their starting resilience level in 2008 (Table 5).

¹³ In 2008, 33 NUTS2 regions were classified in the sub-group 51: "Very High Resilience (++++)" and only one of them (The Munster Region, in Ireland) was downgraded in 2016 in the sub-group 50 "Very High Resilience (+++)"

Table 5: NUTS 2, Main trends of RRYI score during 2008-2012 and 2012-2016, compared to 2008

Direction of change in the considered periods (2008-2012 and 2012-2016)	Total Number of NUTS2 regions	Resilience Level in 2008				
		1 Very Low	2 Low	3 Middle	4 High	5 Very High
1 - Negative / No change	8		3	1	4	
2 - Negative / Positive	12		3	8	1	
3 - No Change / No Change	153	47	24	14	3	65
4 - No Change / Positive	13	7	1	2	3	
5 - Positive / Negative	27	1	12	11	2	1
6 - Positive / No Change	42	1	8	11	22	
7 - Positive / Positive	7			7		
TOTAL NUTS 2 Regions	262	56	51	54	35	66
NUTS changing position	109	9	27	40	32	1
(%) of regions <i>changing resilience level during the entire period</i>	42%	16%	53%	74%	91%	2%
(%) of regions <i>without any change during the entire period</i>	58%	84%	47%	26%	9%	98%

As mentioned, most of the regions with very low RRYI (lower than 75% of the EU average rate) during all the period are concentrated in a few countries (Greece, Italy, Bulgaria, Croatia, Hungary, Romania, Slovakia), revealing relatively stable geographical inequalities within the European area and an enduring contrast between south / south east and the north. Most regions of Ireland, the United Kingdom and Sweden improved their resilience, thereby offering more opportunities for youth. **The permanence of most regions in the same starting resilience level¹⁴ suggests that only few regions were able to integrate youth in their labour markets.**

2.2.4. Interpretation of findings

When attempting to explain the reasons behind a region's development course, and especially at granular realities such as regional labour markets for youth, it is crucial to consider that multiple factors can have large impacts on youth integration.

Physical and human geography features (connection to other markets, population density, urbanisation), key structural elements (conducive or responsive institutions, infrastructure, innovation, economic and social progress), external factors (global events such as the 2008 economic crisis, relocation decisions by large companies) all interplay with national and regional employment policies. Coupled with increasingly constrained national budgets and with even more limited resources available to regions, the space of manoeuvre for regional policies is very narrow.

¹⁴ The change of resilience level is examined exclusively according to the 5 main groups (Very Low, Low, Middle, High and Very High Resilience)

In addition to this, and because of the complexity of the youth employment paths across very different regions, **it might be impossible to pinpoint a single or even a few factors that explain the path of a region's youth labour market in the considered period.**

Nevertheless, this analysis looks at a number of factors and attempts at identifying recurring significant trends that link them with youth integration resilience, especially for those regions that were particularly successful or unsuccessful.

In particular, the analysis suggests that:

1. **The most successful regions benefitted from a variety of factors, including favourable national policies/contexts, higher GDP growth rates, and a more economically active youth population. More specifically, they were consistently able to provide mass employment to unskilled youth.** This suggests that safeguarding measures to increase the availability of low-skilled jobs can be pivotal to absorb economic shocks, and possibly even pave the way to economic recovery. This might have been easier in regions with greater population density and in large cities, a factor that our analysis will confirm later.

It is worthy to note how the countries where the highest performing regions are located took measures to make employment more flexible, liberalising forms of atypical and part-time employment to safeguard low-skilled jobs. **While this undoubtedly had positive effects** on the considered indicators, and effectively improved the statistics on youth unemployment, **it might have come at the social cost** of “trapping” workers in low paying, low skilled jobs that offer little upward social mobility.

2. **The least successful regions, saw a common pattern that involved longer working hours for youth, higher NEETs rates, and declining GDP.** This suggests that the type of flexible safeguarding measures deployed in highest performing regions were not implemented or impossible to implement. At the same time, it is possible that deteriorating economic conditions overall compounded with long-term youth unemployment and caused NEET rates to rise.

3. Employment characteristics of regional youth labour markets

3.1. Youth workforce in the regions with largest employment changes

Different reasons may explain why youth labour markets perform well in particular regions and analyses to date have tended to focus on the geographical and sociological aspects of a region. Taking a different perspective **this analysis seeks to establish the extent to which youth labour market resilience in NUTS 2 regions is influenced by the characteristics of the youth workforce**. This is particularly important for policymakers because, unlike the geographic features of a region, the characteristics of the workforce can be altered by effective labour market policies.

While each regional resilience has already been described in Chapter 2, the analysis of the youth workforce is much more difficult. Sample sizes at individual region level are often too small to generate reliable results, precluding the possibility to identify trends at the level of each individual region. To overcome this problem, we clustered some regions and analysed their youth workforce in group.

As a result, we were able to identify the regions for which the employment situation changed mostly in the years after the crisis¹⁵. To better situate the analysis in the broader national context, we also considered the other regions in the same countries where the clusters are located.

In this chapter, we analyse the characteristics of the youth workforce for four groups of regions:

- Regions with the highest positive change in unemployment and employment over the 2012-2016 period – **“regions with most positive trend”**;
- Other regions located in the same country as the regions with most positive trend;
- Regions that experienced most negative change over 2012-2016 – **“regions with largest contractions”**¹⁶;
- Other regions in the same country as the regions experiencing largest contractions.

The regions that this chapter associates to strongest and weakest recoveries are different than the most and least resilient regions identified in chapter 2. The reason behind this difference is that the method used in chapter 2 focuses on the absolute values of the indicators. In chapter 3, the method is based on the largest positive and negative variations. Some of the regions with negative trends experience, in comparison, relatively low unemployment rates. Conversely, the regions with high positive trends experience relatively high unemployment rates. This said, on both sides of the argument, these regions all show strong positive and negative dynamics. Through these lenses, we first analyse the socio-geographical characteristics of regions and compare regional and national resilience. For each group of regions, we then analyse and compare four main characteristics of the youth workforce:

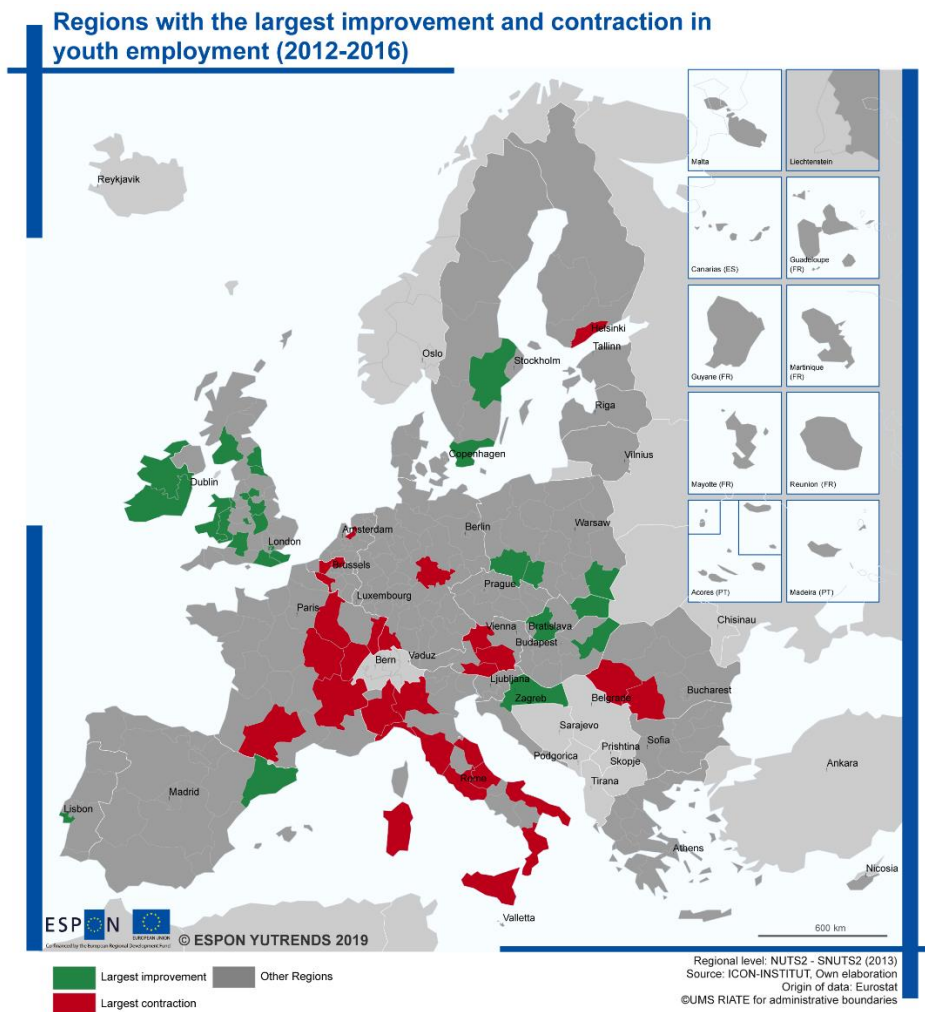
- Occupational skills and educational attainment level;
- Entrepreneurial culture – measured through share of self-employed workers, as a proxy;
- Internationality of workforce – measured by the share of foreign young workers in the region;
- Quality of jobs – measured through the type of employment (full-time or part-time).

The following map shows the geographic distribution of the regions with the strongest and weakest recoveries.

¹⁵ The criteria for selecting the regions include the change in employment rate, change in unemployment rate, absolute difference in number of employed people, size of employed and unemployed population in the base year. See Annex 1 for more details.

¹⁶ This refers solely to the indicators analysed and is not a judgement on the broader region's economic situation.

Map 8. Regions with most positive trend and regions with largest contraction (2012 - 2016)



The main results of the analysis show that:

1. **Geographic characteristics of a region were not correlated with positive or negative trends.** It is possible to find regions with similar features (e.g. metropolitan districts) in both the group of regions with most positive trend and in the group of regions with largest contraction;
2. **There was a significant increase in the employment of highly skilled and highly educated young workers in the regions with most positive trend, and a significant reduction in the employment of such young workers in the regions experiencing largest contractions.** These divergent trends were particular to these regions and were not reflected in the national trends, meaning that other regions in the same countries did not experience such changes.
3. **Both regions with most positive trend and regions experiencing largest contractions showed similar patterns for several market variables analysed.** The regions with most positive trends showed a significant increase in the number of self-employed young workers (without employees) and an increase of full-time employment, while regions experiencing largest contractions exhibited a dramatic decline in the number of self-employed and in the share of full-time employment.
4. **There was a dramatic increase (93%) in the migration of young people into regions experiencing most positive trend between 2012 – 2016.** The flows originated from both other regions within the same countries and from other countries. This suggests that regions that were better able to cope with the crisis showed an internationalisation of their young workforce.

Overall, the findings indicate the likely value of certain types of active labour market policies (ALMP). There is a very strong correlation between the growth in the skills and qualifications levels of the youth workforce and the improved resilience of the regional labour markets. The same is true of the level of entrepreneurial activity and of the share of full-time employment. Moreover, this correlation did not appear to be evident either in the corresponding national trends or between regions which share specific geographic and sociological features. Further research would help provide a definitive conclusion on the contribution of ALMPs to the resilience of the regional youth labour markets.

3.2. Resilience scores of regions with most positive trend and other regions in the same countries

Figure 4: Youth employment trends in the regions with most positive trend and other regions in the same countries

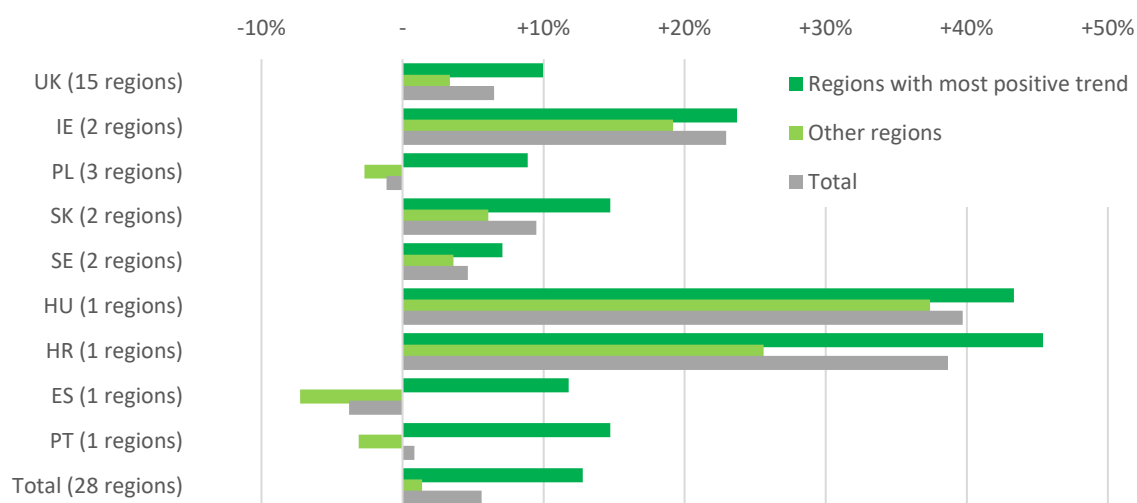


Figure 4 shows the features of the NUTS2 regions in the group that mostly improved youth employment rates. **A number of these features are worth noting:**

- The 28 regions are distributed across **nine different EU countries** in all regions of Europe, suggesting no evident correlation among the position of the country and the regional resilience. This said, more than half of the regions showing strong improvements are located in the United Kingdom;
- Most regions are located in countries that show overall improvements in employment. Five regions are clear outliers compared to the national employment trends in that they show sharp increase in employment while other regions and country trends are negative;
- Several regions appear to be strong drivers for the national employment rates as they show significantly higher improvements in employment rates than the other regions of the same country illustrated by largely higher national employment rates than these of other regions in the country. This is especially sharp for Zagreb in Croatia;

Putting things into perspective, the following characteristics can be considered:

- The regions with the most positive improvements in employment **included 2.94 million employed young people in 2016**, compared to a youth employment total of 4.49 million in the other regions of the same countries. This represents about 39.6 percent of total youth employment for the regions with strong improvements in the considered countries, showing that the regions with strong improvements make for a significant share of the employment in these countries;
- **In the regions with most positive trend, employment increased by 12.78% over 2012-2016**, compared to stable employment (-0,9%) for the whole of the EU;

- Employment rates remained stable (+1.38%) in the other regions of the same countries, showing that the regions with strongest improvements experienced remarkable trends (although sometimes still having high unemployment rates);
- Overall employment in each country increased by 5.60 percent, confirming that many of these regions are located in countries that tend to experience better employment trends than the EU average;
- The regions with the strongest improvement in employment have also recorded a slight decrease in the youth population (around 5%);
- Some countries where the most positive trends occurred (i.e. Spain, Portugal and Poland) experienced a decline in youth employment;
- Others (i.e. Ireland, Hungary and Croatia) experienced a large increase in youth employment.

The most striking aspect in the results is the contrast between the resilience of the regions with most positive trends and that of the other regions within the same country. This is particularly sharp in Poland, Portugal and Spain. In Poland the combined three regions of Podkarpackie, Dolnoslaskie and Opolskie¹⁷ increased youth employment by 8.87 percent whereas total youth employment contracted in all other Polish regions by 2.69 percent, resulting in a decline of 1.14 percent in the country as a whole.

In Portugal and Spain, only one NUTS2 region in each country was among the regions with the starkest improvements. The contrast between these two regions and the rest of the country is striking. In Spain, youth employment in the Cataluña region expanded by 11.78%, but in all the other regions combined it contracted by 7.27% contributing to an overall national decline of 3.8%. Similarly, in Portugal in the Metropolitan area of Lisbon employment expanded by almost 15% but in the rest of the country employment contracted by 3.11% resulting in a stagnant national youth labour market (0.85%).

The two regions in Hungary and Croatia have recorded increase in employment of 43 and 45 percent respectively. Both countries have also experienced sharp increase in employment. This said, the region Kontinentalna Hrvatska in Croatia still experienced high unemployment rates in 2016 (29.6%) despite a large decrease from 2012 (44%).

¹⁷ Dolnoslaskie and Opolskie are part of the same so-called macro-region in Poland.

3.3. Resilience scores of regions with largest contractions and other regions in the same countries

Figure 5: Youth employment trends in the regions with largest contractions and other regions in the same countries

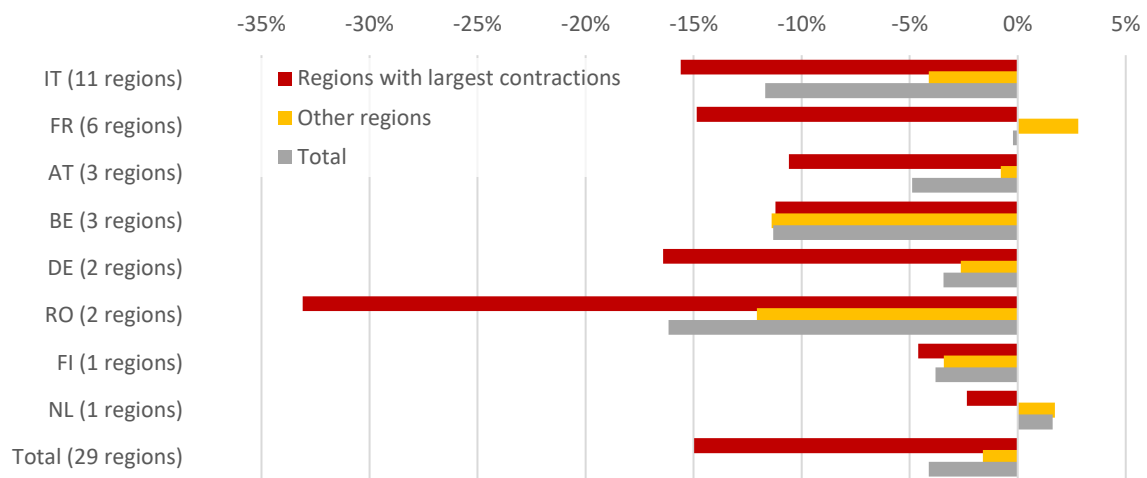


Figure 5 shows the youth employment of the regions experiencing the largest contractions. A number of features are worth noting:

- The 29 regions are distributed across **eight different EU countries**, mainly in Southern and Eastern Europe. Italy concentrated 11 of the 29 regions experiencing sharp contraction in employment, suggesting the presence of a trend larger than the regional dimension. In addition, six regions are located in France, mainly in the eastern part of the country;
- Apart from the regions situated in France and in the Netherlands, the regions follow a similar trend as their countries. Italy, Belgium and Romania also experienced sharp decrease in employment at country level;
- Despite experiencing a contraction in employment, regions in Germany, Austria, Finland and Netherlands still show relatively contained unemployment rates, contrary to Italy and Romania. France and Belgium know a more mixed situation with unemployment rates equal or slightly above EU level (19%);
- The two regions located in Romania experienced a contraction in employment twice as high as any other region experiencing contractions.

Putting things into perspective, the following characteristics can be considered:

- **The 29 regions contained a total number of 1.62 million employed** people in 2016;
- This **compares to a total employment of 8.12 million people** in the other regions in the same countries. In share, the 29 regions experiencing sharp contraction represent about 16 percent of the total employment in the corresponding countries;
- Overall employment in the group of countries contracted by 4.12 percent showing a stark contrast with these regions.

The most striking aspect of the group of regions with largest contraction is the level of the contraction itself, pointing at a large destruction of jobs for young people. In just two regions in Romania, the Sud-Vest Oltenia region combined with the Vest region, one in three workers lost their jobs between 2012 and 2016. The combination of 11 NUTS2 regions in Italy, (Abruzzo, Liguria, Marche, Sardegna, Calabria, Toscana, Piemonte, Lazio, Puglia, Lombardia and Sicilia) and the combination of six regions in France, (Franche-Comté, Bourgogne, Champagne-Ardenne, Midi-Pyrénées, Alsace and Auvergne) account for a similar magnitude of decline. Another striking feature in these regions is the large disparity in the initial unemployment rates before sharp decrease in employment. In parallel with the findings discussed in Chapter 2, this could hint at a reduction in lower skilled jobs and industrial employment in these regions.

3.4. Geography and national context are not determinant for regional resilience

In terms of socio-geographic factors, there is no obvious explanation for the divergence in youth labour market resilience between these two groups of regions.

The analysis suggests that being a **metropolitan region does not necessarily influence youth integration outcomes**. The metropolitan Finnish region of Helsinki-Uusimaa saw a contraction in youth employment of 4.6 percent between 2012 and 2016; over the same period, the Portuguese metropolitan region of Lisbon in contrast experienced a significant expansion of employment. This said, both regions started from drastically different positions in youth unemployment. This example anyway shows that metropolitan regions or country capitals are not systematically more resilient than other types of regions.

Importantly, **regional resilience does not reflect country resilience**. In a significant number of cases (including regions in Austria, France, Germany, Poland, Portugal, Romania, Spain) the resilience of both high and low improvement groups differed from national resilience, suggesting that local developments in labour markets - such as a closure of a large factory for example – can have a significant impact at local level and contradict overarching national trends.

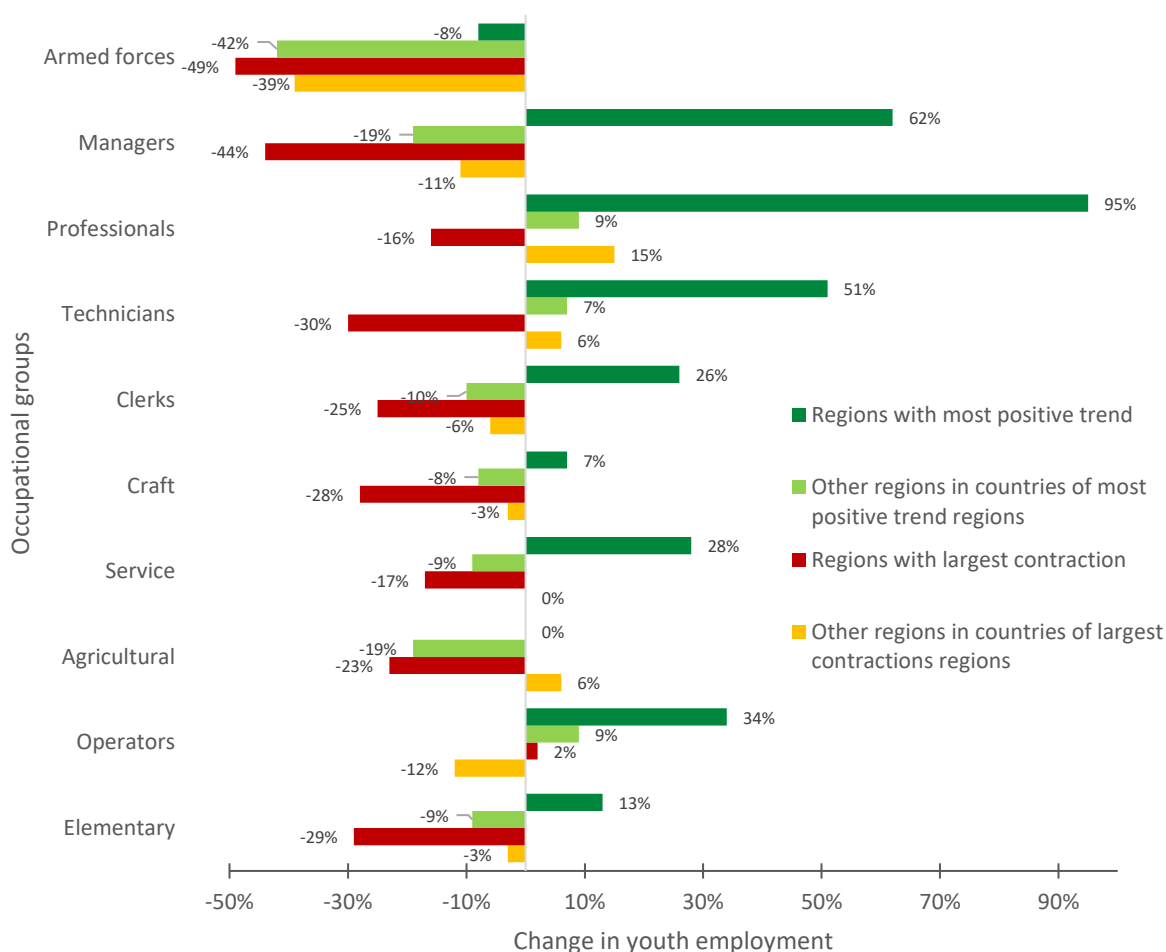
These results raise a question which is of fundamental importance for regional labour market policy: **if neither national resilience in the regional youth market or socio-geographic factors can fully account for the divergence among NUTS2 regions in youth labour market, what can be other contributory factors?**

In the following sections, four of the most relevant features of the regional youth labour market are analysed: the **skills of young workers**; the **entrepreneurial culture among young workers**; **flexibility in the youth labour market** and the **mobility of young workers**. The analysis is conducted in four distinct groups: the group of regions with most positive trend; the group of other regions located in the same countries as the regions with most positive trend; the group of regions with largest contraction, and finally the group of other regions located in the same countries that contain the regions with largest contraction.

3.5. Occupational skills and educational attainment of youth workforce in considered regions

A commonly used proxy for skills is a combination of the occupation of the worker and his/her educational qualifications from the Labour Force Survey (LFS). This report adopts two classifications for such proxies: ILO's International Classification of Occupations (ISCO-08)¹⁸ and UNESCO's International Standard Classification for Education (ISCED)¹⁹. In our analysis we used dedicated extractions from Eurostat to identify the regions with most positive trends and regions with the largest contraction in terms of YU.

Figure 6: Youth employment trends 2012-2016 by Broad ISCO occupation groups - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located



¹⁸ The International Standard Classification of Occupations is a classification published by ILO that provides a common framework to define occupational levels. In doing so, it seeks to facilitate international communication about occupations by providing statisticians with a framework to make internationally comparable occupational data available. ISCO-08 is the latest and fourth version, and includes 10 major groups: Managers; Professionals; Technicians and Associate Professionals; Clerical Support Workers; Services And Sales Workers; Skilled Agricultural, Forestry and Fishery Workers; Craft and Related Trades Workers; Plant and Machine Operators and Assemblers; Elementary Occupations; Armed Forces Occupations. For more information, see <https://ilostat.ilo.org/resources/methods/classification-occupation>

¹⁹ Analogously to ISCO, the International Standard Classification of Education (ISCED) is a statistical framework for organizing information on education. It includes ten education levels - Early childhood education; Primary education; Lower secondary education; Upper secondary education; Post-secondary non-tertiary education; Tertiary education; Short-cycle tertiary education; Bachelor's or equivalent level; Master's or equivalent level; Doctoral or equivalent level. For more information, see <http://uis.unesco.org/sites/default/files/documents/international-standard-classification-of-education-isced-2011-en.pdf>.

In the literature, the highest level of skill is assumed to be associated with three of the broad ISCO occupation categories, managerial occupations, professional occupations and technicians. The trends in figure 6 show that **in the regions with most positive trend, there was a significant increase in employment in all three occupation groups over the period 2012-2016**. More specifically, jobs in managerial occupations increased by 62%; they almost doubled in professional occupations (95%) and increased by more than a half (51%) for technician.

In contrast, **in regions experiencing largest contraction there was a significant decline in employment for these three high skilled broad occupation groups** over the same period. Managerial employment contracted by 44%, professional jobs by 16% and technician employment by 30%.

Furthermore, **these occupation distributions were specific to the considered regions and did not reflect the national distribution of occupations**. As shown in figure 6, in those countries where the most positive trend occurred, other regions experienced a significant contraction in managerial employment (-19%) and only relatively modest increases in professional employment (9%) or technician employment (7%). Similarly, the employment in higher skilled occupations in the regions that experienced the largest contraction did not reflect the national trends: professional employment in the other regions expanded (15%) while technician jobs increased by 6%.

These results are not simply a reflection of an overall change in the absolute numbers of employed people, since the share of professionals for example increased by half from 8% of the youth workforce in 2012 to 12% in 2016.

In 2016, at the EU level, the three occupations for the higher skilled worker represented around 23 percent of employment. The overall number of related jobs is relatively smaller than of the medium and low skilled jobs but tend to illustrate a shift from low skilled mass employment to high added-value production, potentially leading to better and more sustainable jobs and economic growth.

The second dimension of the proxy of skills levels, educational qualifications, is explored In Figure 7 which shows the highest education attainment of the youth work-force in both regions with most positive trend and regions with largest contraction, as well as the other regions for the same countries. The three education levels shown are associated with ISCED 11 levels 5+, 3-4 and 0-2, respectively corresponding to tertiary education and above, second level and post-secondary non-tertiary education and less than lower secondary level.

Figure 7: Regional Youth employment 2012-2016 by level of education (ISCED 11) - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located

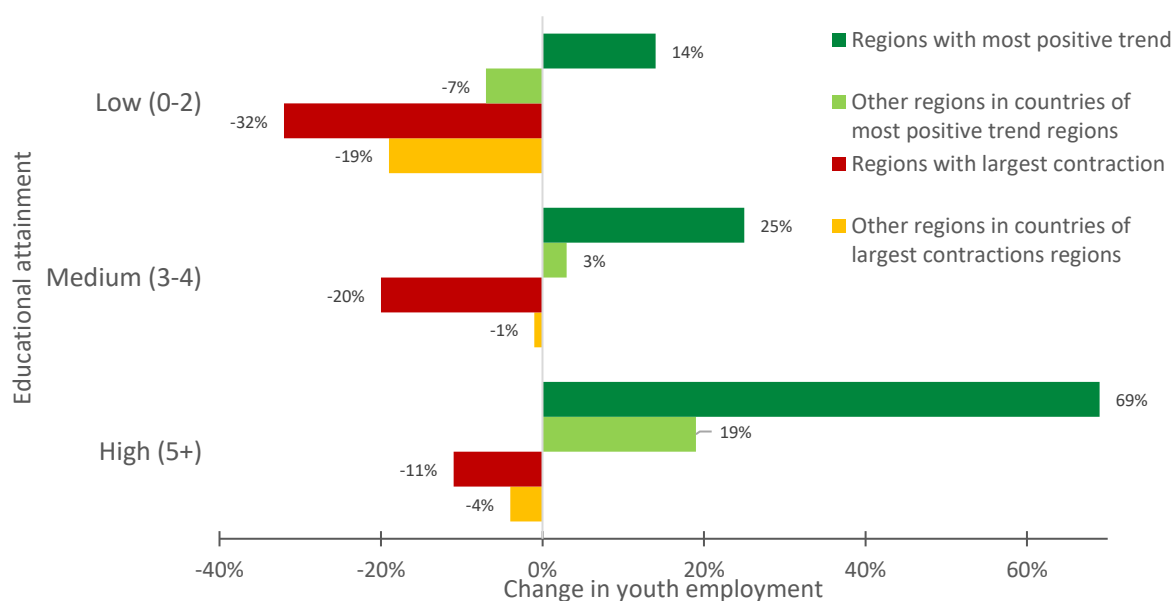


Figure 7 shows that **the number of young workers with at least tertiary education increased by 69% in regions with the most positive trend, while they declined by 11% in the regions experiencing largest contraction.** In these regions, the number of young workers with medium and lower qualifications level in the youth workforce also increased by 25% and 14% respectively.

In the regions experiencing largest contraction, the decline of medium level and low qualified workers was considerably greater, with one in five medium qualified workers and one in three low qualified workers losing their jobs over the period. This is consistent with the findings from chapter two, highlighting that one major aspect of resilient regions was the preservation of low skilled jobs.

As in the case of the occupation structure, the trend in educational levels did not reflect the national trend. In the countries where the most positive trend occurred, other regions saw the number of workers with at least tertiary education declining by 4%; in the countries with regions experiencing largest contraction, other regions saw an increase of 19%.

The share of highly qualified young workers expanded from 18% to 24% in the regions with most positive trend, and this significant expansion was at the expense of contractions in both the share of medium level qualified workers (65 to 62%) and low qualified workers (16-14%). There was virtually no change in the share of highly qualified workers in the regions experiencing largest contraction (13%) although they did experience a small decline in their share of lower qualification workers (27% to 24%). This suggests a greater resilience of highly qualified jobs to shocks.

The results from both the analyses of the trends in the occupational structure and in educational levels are striking. **When comparing the two resilience groups, there is a significant correlation between higher skills youth workforce and improvements in youth employment.** While the numbers of young employed are too small to conduct this type of analyses for each individual region, the results from the grouping of 28 of the regions experiencing the most positive trends are so significant that **it is legitimate to conclude that the skills' level of the youth workforce, as measured by the occupation structure and the level of education attainment, are a major determinant of good youth labour market resilience²⁰.**

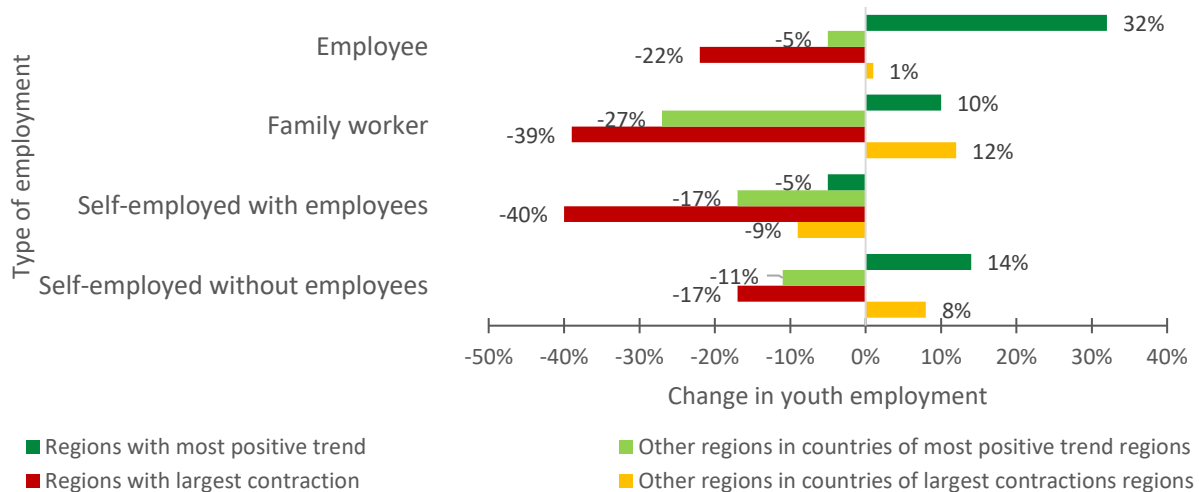
Overall, the analysis shows that youth workforce in the regions with most positive trends has a significantly higher level of education and skills when compared to the youth workforce in the regions with largest contraction, and when compared to other regions in the countries where they were located.

²⁰ This does not necessarily imply that higher skills and education are a *cause* of more performing youth labour markets. Regions with most positive trends might simply be more proficient at developing skills in their youth that are aligned to the local labour markets; or they could be more attractive to skilled, educated workers.

3.6. The entrepreneurial culture in regional youth labour market resilience

This section analyses the employment status of the youth workforce and it is focused on the extent to which entrepreneurship contributed to the most positive trends in regional resilience.

Figure 8: Young entrepreneurship and employee jobs in the regions: 2012 and 2016 - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located



The figure above shows that over the period 2012-2016 **there was a significant increase (14%) in the number of self-employed entrepreneurs (without employees) in the regions with most positive employment trend**. On the contrary, **regions with the largest contraction experienced a 17% reduction for the same kind of self-employment**. An 11% reduction for self-employed without employees also occurred in the other regions of the countries where most positive trends occurred.

Interestingly, **there was a reduction in self-employment of 5% among entrepreneurs with employees in the group of regions with most positive trend, but this is a rather modest change compared to the 40% reduction in the regions with largest contraction for the same period**. The significant increase in entrepreneurial self-employment in the regions with most positive trend was confined to sole traders and suggests that there may not have been sufficient time over the period for new entrepreneurs to develop their business to the point where they were recruiting employees²¹.

The demise of small enterprises in the recession for all regions is also evident from the figure. Not only did the number of young self-employed (with employees) contract by 40% in 2016 compared to 2012 in the regions experiencing the largest contraction, the numbers in this category declined in all four considered groups of regions.

The number of family workers also increased by 10% in the group of regions with most positive trends, compared to a reduction of almost 40% in the group of regions with largest contraction. There was also a significant reduction of 27% in the number of family workers in the other regions in the countries where the most positive trends occurred.

The biggest change for the considered regions, however, was in **the absolute number of workers employed (employees)**. Over the period their number **expanded by 32% in the group of regions with most positive trends, and contracted by 22% in the group of regions with largest contraction**. It overall stagnated in the other regions of the same countries, for both groups.

As far as the analysis allow, it is possible therefore to recognize **a pattern: the regions with most positive trends seem to have been driven by creation of new companies by young people,**

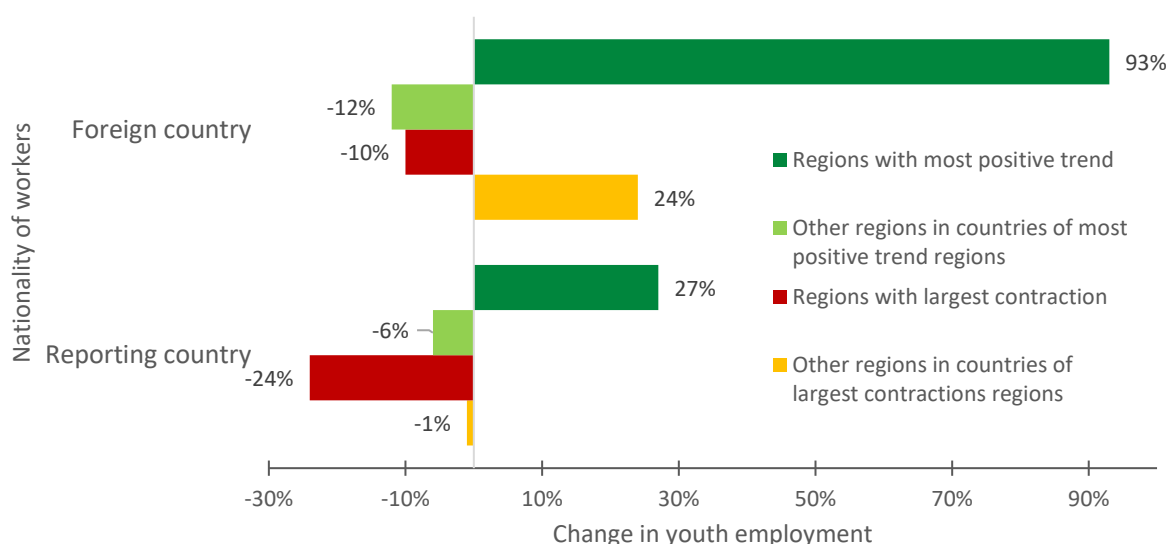
²¹ The early part of the period under review was characterised by recession in most European countries.

evidenced by the sharp increase in self-employment and creation of management and professional jobs. This said, little can be said as to whether the jobs created will be sustainable.

3.7. Labour mobility and resilience in regional youth labour markets

This section identifies the contribution of another important aspect of the youth regional labour market: the extent to which good regional resilience is associated with an inflow of young workers from other EU countries.

Figure 9: Changes in share of young foreign workers in the young workforce between 2012 and 2016 - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located



In 2012, the share of foreign nationals in regions with most positive trends and largest contractions was largely comparable: 5% for the former, 7% for the latter.

The change in youth employment over the following four years in both groups of regions has a significant impact on the share of foreign nationals within their workforce. **In the regions with the largest employment contraction, the number of foreign nationals declined by 10%, while the number of young national employed citizens fell by 24%.²² In contrast, the number of young employed citizens in the regions showing most positive trends expanded by 27%, while the number of young foreign workers increased by 93%. This could also suggest that youth have seen opportunities arise in these regions and could have left regions offering less opportunities for employment.**

This is confirmed by the fact that the expansion in the share of foreign workers was confined to regions with most positive trends: it did not occur in the other regions located in the same countries. Other regions in the countries of most positive trends showed a 12% decline in the employment of young foreign workers, twice the level of decline (6%) in the employment of young citizens.

These results clearly demonstrate that young EU workers were aware of where the job-opportunities for young people were located and migrated to those specific regions, and not simply to the countries in which those regions are located. Furthermore, while significant numbers of young foreign workers were entering the youth workforce in the regions with most positive trend, young foreign workers were leaving employment in regions in the same country which were not experiencing a similar level of growth. **Thus, as the youth labour markets of the EU improved in the years following the recession, there appears to have been both inter-regional and international migration of young people into the regions with most positive trends.**

²² These regions have also experienced a decline in youth population altogether

3.8. The quality of youth employment

Several recent OECD reports have highlighted that many of the **jobs that came on-stream following the recession have been of low quality as characterised by relatively low earnings and few hours of work** – particularly among young people and vulnerable groups. While the OECD highlights the situation in Greece and Spain, the problem is widespread and includes Member States such as Ireland and the United Kingdom, who have fared relatively well in terms of creating jobs for young jobseekers. The analyses here explore the extent to which the jobs taken by young people in 2012 and 2016 in the regions with most positive trends were of poor quality using the incidence of part-time youth employment as a proxy.

Figure 10: Trends in full-time and part-time youth employment: 2012 and 2016 - comparison of regions with most positive trends, regions with largest contraction, and other countries in the regions where they are located

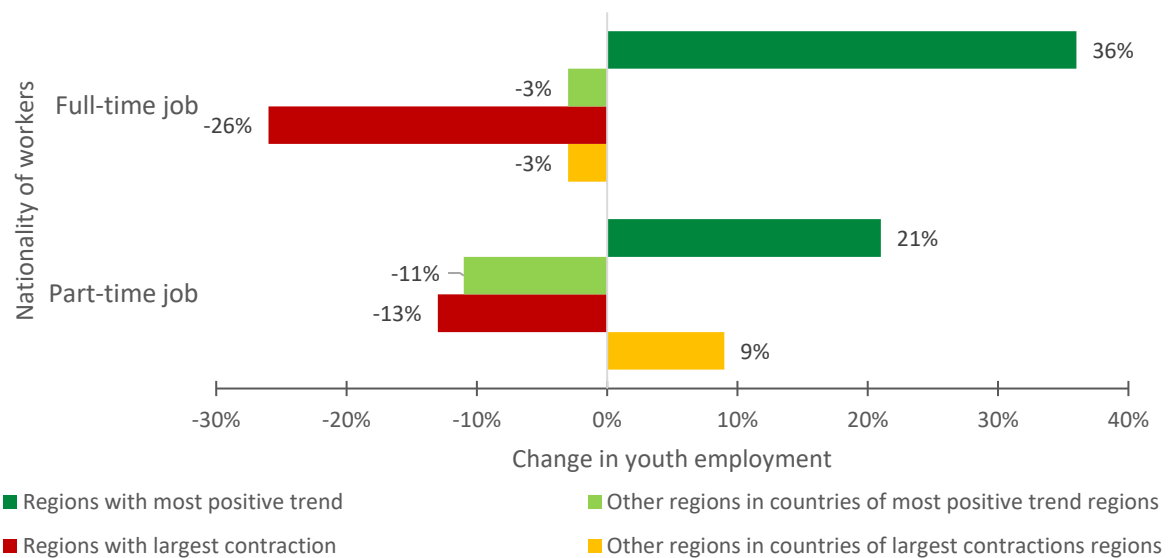


Figure 10 shows that in the regions with most positive trends the number of workers employed in full-time jobs increased by 36% and part-time employment by 21%. This resulted in a contraction of the share of part-time employment from 38% to 35% and an expansion of the share of full-time employment from 62% to 64%.

It is interesting to note that as the regional economies improved, the share of part-time employment declined. It may be the case, therefore, that part-time employment can be a useful mechanism for retaining jobs when the youth labour market is experiencing difficulties. For example, the incidence of part-time employment in Ireland began to decline in 2016 and in the UK in 2017. Retaining young workers in part-time employment may yet prove to have contributed to the resilience displayed by the youth labour market in both these countries.

This is consistent with the fact that part-time employment did not contract as much as full-time employment in the second group of considered regions. In the regions experiencing largest contraction, full-time employment contracted by 26% and part-time employment by 13%. There was no increase in full-time employment in the two groups of other regions, although there was an expansion of 9% in the number of part-time jobs in the group of other regions in countries where the largest regional employment contractions occurred.

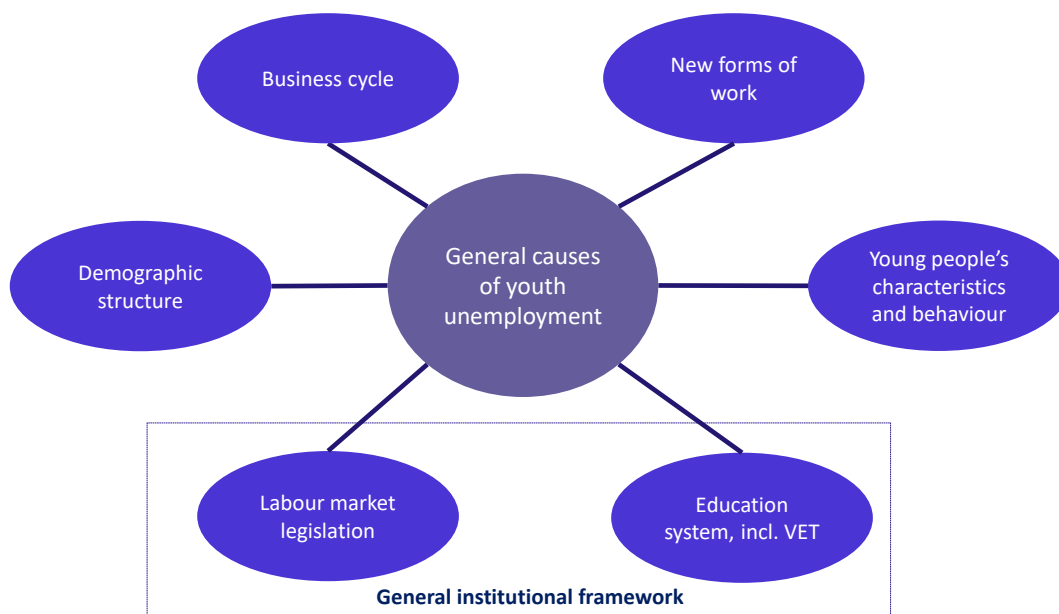
4. Causes and consequences of youth unemployment

4.1. General factors behind the development of youth unemployment

The general causes of YU can apply to any geographical level and some factors can be considered 'contextual' (such as a national education system or labour regulations). Other factors, such as the demographic structure or the characteristics of young people, are equally important for policy making at national, regional and local levels. Labour market conditions can also be considered a general factor in YU. However, they strongly interact with regional level factors, underlining the importance for regional (un)employment policies. For this reason, in this analysis they are treated as a regional factor and so discussed in section 3.2.

The figure below summarises the main general causes of YU from the secondary research carried out for this study. For more details on this chapter, the literature review is reported thoroughly in Annex 2.

Figure 11: The main general causes of youth unemployment



Source: Author's representation of findings

4.1.1. Business cycle

The business cycle is a key factor in explaining (un)employment in general and YU in particular. Young people were more adversely affected by the economic crisis leading to higher rates of YU. The literature review confirms the importance of this factor among the causes of YU, and its impact is well reflected in the overview studies. **YU responds more sensitively to changes in the business cycle than adult unemployment. Many young workers act as a "buffer" in the labour market, absorbing macroeconomic shocks**, through wider fluctuations in their employment/unemployment.

4.1.2. Demographic structure

In general, the demographic structure of a country or a region appears to have a somewhat lower impact on YU. However, relatively high or low shares of young people in the population may be a key regional determinant for YU. A high share of young people in the total population usually means higher levels of youth unemployment, making them more vulnerable to economic downturns. In most European countries, the share of youth population is forecast to decline, and this could have a positive impact on future work prospects for young people as they become more in demand.

4.1.3. The institutional framework

The institutional framework for employment relations includes regulations governing labour market rigidity or flexibility, as well as employment and social legislation on (un)employment, and mobility. Quantitatively, indicators here relate to, for example, wage flexibility, flexibility in hiring and firing, wage and employment rigidities, regional labour mobility (i.e. occupational and job mobility and geographical mobility) as well as benefit replacement ratios²³ and age restrictions for access to benefits. In many countries, trade unions and the collective bargaining system are also key institutions in this area. Two groups of factors play a particularly important role: employment protection legislation (EPL) and labour market flexibility.

4.1.4. Education systems

The education system includes general and Vocational Education and Training (VET) systems, apprenticeships, and work experience for young people. Most research into the role of education systems and YU focuses on the role and type of VET. Some argue that **education systems allied to the labour market are associated with lower unemployment for youth (and adults)**. The most intense connection between education and work is realised with a 'dual' system. In the sequential system, school education and vocational training follow one after the other, but dual systems (e.g. in Austria and Germany) bring them together. However, good school-to-work transitions can also be achieved by other means through, for example, combining a sequential, but 'high quality, fast and efficient' educational system with a lower degree of employment protection legislation.

4.1.5. Characteristics and behaviour of young people

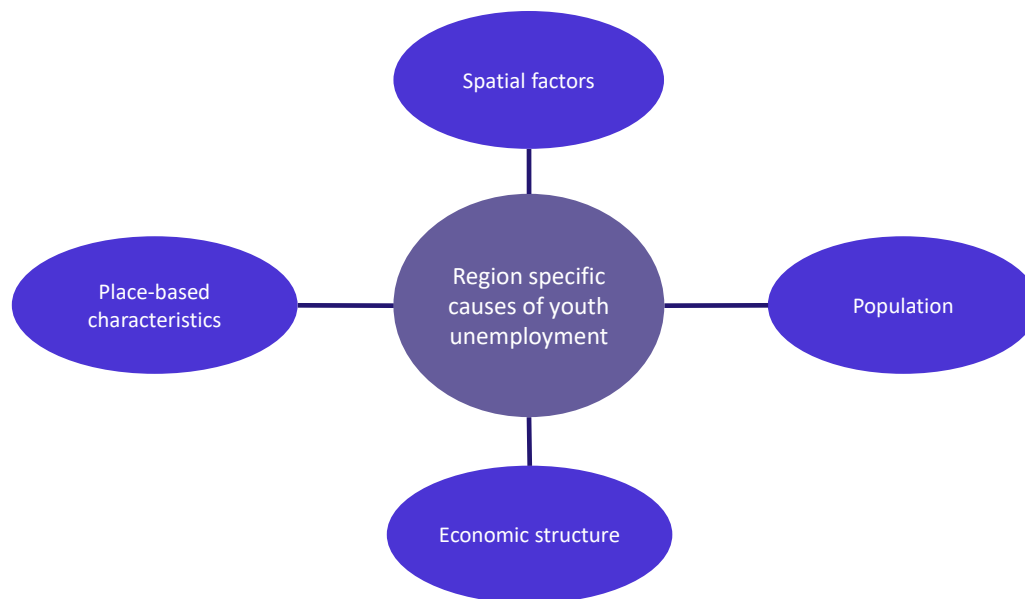
Certain personal characteristics are associated with success and failure on the labour market. In particular, **social class can influence the labour market experience of a young person through access to resources, encouragement, and perceptions of aspiration and opportunity**. Social class is also objectively related to the chances of success. The level of education, its type, and school resilience are also partly determined by social class. Research in the EU has shown that lower educational attainment and skill proficiency are linked with higher youth unemployment and many unemployed youths (and NEETs). A skills mismatch between young jobseekers and employer needs also contributes to YU. Other factors in countries with comparatively high youth unemployment rates include homeownership (lower mobility), high remittances from abroad, and workless households. Young people in employment are more likely to quit voluntarily and to be relatively mobile across jobs. This flexibility is potentially a strength, but also puts young people more at risk, since labour market conditions impose higher entry barriers such as experience. Self-employment is less of an option for young people due to barriers such as access to capital and networks to get started in business.

²³ The relationship between final pay (before retirement) and retirement benefit.

4.2. Region-specific factors behind youth unemployment

Most international studies on general factors fail to give a regional dimension but a few suggest that the causes of YU are unlikely to have the same importance at regional as at national level. This does not mean that an analysis at regional level is not useful: **examining regional dimension of labour markets allows to better understand the resilience of regions to economic shocks, and makes it possible to identify relationships between resilience factors and the causes of YU that are specific to a region.** The figure below provides an overview of such region-specific causes.

Figure 12: Region specific causes of youth unemployment



Source: Author's representation of findings

4.2.1. Economic structure

The form and structure of the economy is the most influential region-specific factor. Characteristics such as the size of the market and access to a larger external market, a diverse economic structure, without dependency on a few sectors or employers, and innovation capacity are likely to influence the labour market situation of young people, just as they influence regional resilience in general.

The sector structure affects the size and type of demand for labour and therefore job opportunities for young unemployed. The sector structure also influences the options for work experience and work-based learning for young people. **The sensitivity of YU to a deteriorating economy is partly influenced by the concentration of YU in cyclically sensitive industries and in small and medium sized enterprises (SMEs).** Furthermore, the presence of specific sectors may create specific labour market opportunities or barriers for youth. **Certain sectors appear to be “youth-friendly”, such as tourism, ICT, social services, or environmental management.** The type and relative importance of sectors change over time, requiring a certain degree of agility on the part of young people if they are to remain employed. Labour markets can also be affected by occupational gender stereotyping²⁴ that can affect employment prospects for young people.

²⁴ This refers to gender segregation of occupations, with some jobs or fields traditionally dominated by men or by women due to socially constructed roles. Typical examples of traditionally gender-segregated fields include engineering, ITC, primary school teaching, care work. Occupational gender stereotypes can reduce the opportunities available to young workers.

In principle, the knowledge economy can offer good employment opportunities for young people, given that educational standards have continued to rise in most countries. However, **less developed regions and rural areas are often unable to develop and sustain knowledge dissemination and innovation** because they lack infrastructure and the highly skilled human capital needed for this. This can lead to out-migration, with young people moving to regions with high income levels (either within their own country or to other countries) compounding the problem in the losing regions.

4.2.2. Place-based characteristics

In general, young people are more likely to live in the suburbs close to the capital or other large cities with the best access to education and job opportunities, though unemployment and poverty rates can still be high. **In the cities of several western EU Member States, NEET rates for young people tend to be higher than those in the rural areas of these countries** (see map 3) for the peak post-crisis year), though cities tend to offer better opportunities than rural areas, especially in eastern and southern Member States.

At the same time, regions with large cities experienced a higher increase (or a lower loss) of GDP growth during the crisis. **Large cities generally have a positive impact on the economic resilience of their region**, and MEGAs - Metropolitan European Growth Areas –tend to lose less employment (or gain more) than agglomerated regions.

Rates of YU remained high in several outermost and coastal regions even after the crisis ended. Large flows of young labour market entrants, as well as political, economic and social developments in these regions have had a negative impact on YU. The outermost regions are characterised by a need for modernisation of traditional sectors such as the fisheries and agricultural sectors, but environmental concerns and new technologies offer new opportunities, especially those related to the 'blue' economy. **Currently, there is a skills mismatch coupled with a lack of awareness of career opportunities in these sectors that prevent young people finding jobs in these emerging sectors.** Coastal regions are typically more densely populated than the hinterland, with higher rates of population growth and urbanisation, and with the service sector being the biggest employer. The scale of tourism or large marine passenger traffic can create high employment in households and enterprise services. Tourism is typically a sector with relatively low entrance barriers for youth, though it has the disadvantage of often being seasonal. Climate change may have positive or negative impacts on the tourism industry in coastal regions and policy efforts are needed to avoid outward migration of young people.

The Alpine region provides a good example of mountainous areas in Europe. The region includes metropolises, Alpine cities, stable or growing rural areas, as well as declining rural areas. The latter tend to be distant from urban centres and without a transport infrastructure to compensate for the distance. Most mountainous regions have a relatively large ageing population. Young people living in these areas tend to miss out the employment opportunities of towns and cities. The main tourism areas are in the mountainous core and, like rural areas in general, face outmigration of young highly qualified people (i.e. the brain drain effect). The main issues young people face are employment and career opportunities, educational opportunities, a lack of infrastructure (housing, health, transport, broadband) and insufficient cultural activities, especially outside the centre of tourism and the tourist seasons.

4.2.3. Population

The few studies examining the role of population characteristics in preventing or reducing YU at regional level confirm the importance of institutional frameworks and education. Areas with more highly qualified populations tend to show more positive resilience and youth employment is better when labour markets are flexible. Young males tend to gain most from opportunities for part-time, temporary, and self-employment, though only part-time employment appears to reduce young female unemployment. However, high levels of self-employment in a region are usually accompanied by higher levels of YU since self-employment normally requires pre-existing skills, experience and a risk-taking attitude, characteristics more commonly found in older workers.

4.2.4. Other spatial factors

Other spatial factors such as the heterogeneity or the interaction of regions are important in explaining regional resilience and by inference (youth) employment. Regions are linked by various ties, such as trade, investments, commuting, and (labour) migration. These spatial interactions are determined by factors such as distance, by similarity or complementarity of their economies and populations.

Spatial interaction tends to lead to spatial dependence amongst labour markets. This means that regions with high or low unemployment (and hence unemployment) tend to cluster geographically. **Regions with high unemployment tend to cluster together, as do regions characterised by low unemployment.** This can help explain how neighbouring regions can be more important in the development of European regions than their broader national situation.

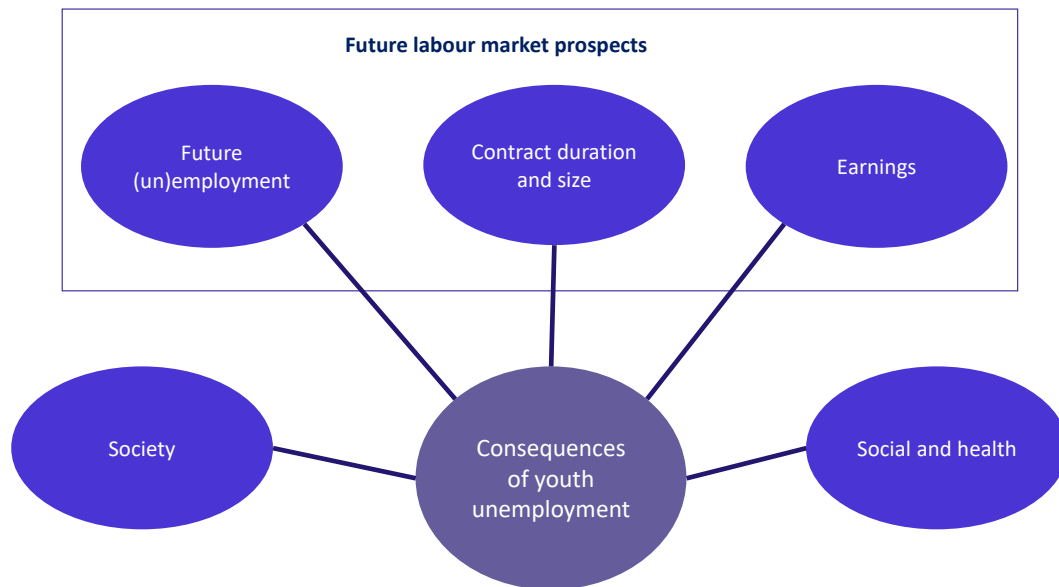
Furthermore, **unemployment rates are highly polarized across the EU regions.** In southern Member States, strong unemployment clusters exist due to generally high unemployment in these countries. In contrast, spatial clusters of low unemployment are found in countries such as Austria and Germany since they tend to be more resilient to economic crises. However, the polarised structure of unemployment rates may be an indication of the clustering or grouping of economic activities.

New economic geography literature shows that economic integration fosters employment clusters. These clusters cross regional and even national borders, pointing to the need for regional and transnational employment policies, including those related to wage-setting and mobility.

4.3. Consequences of youth unemployment

The consequences of YU are often long-term and can have an impact on individuals as well as on society or the region they live in. The possible impacts highlighted in the literature have been combined into three groups, as illustrated by the figure below.

Figure 13: Consequences of youth unemployment



Source: Author's representation of findings

4.3.1. Future labour market prospects

Unemployed young people are generally worse off later in life compared to employed young people and the negative long-term effects of unemployment on young people are referred to as 'scarring'. This occurs because patterns of behaviour established at an early stage in a young person's development can persist. In addition, unemployment can lead to a decrease in skills and motivation, and young people may become less attractive to employers as a result.

Therefore, an important longer-term consequence of YU is its impact on the future careers of young people, most strongly felt if unemployment occurs at the beginning of a career. Early-career unemployment can reinforce future spells of unemployment under all local labour market conditions. However, the effects need not be permanent, and the available evidence shows that the effect diminishes over three to ten years (depending on the country studied).

The crisis forced more young people into unemployment but also increased employment in temporary and part-time jobs, partly due to a relaxation of regulations. Temporary jobs tend to be precarious and less well remunerated and often without training. Temporary workers are often the first to be affected by globalisation and any employment reductions. Firms are reluctant to transform temporary jobs into permanent ones when the economy recovers. The opposite view is that temporary jobs provide a labour market entry point for young people (though there is no clear research findings to indicate that they lead to permanent jobs), and that some young people like the flexibility it can give and the opportunities for multiple job holding (as in the 'gig' economy).

It has also been demonstrated that YU can have a strong effect on the wages that young people can earn when they find work. The size of this 'earnings penalty' and its duration varies among countries but it seems to take longer for young unemployed to catch up in terms of wages than in terms of the likelihood of being employed.

4.3.2. Social impacts and health

The literature suggests a range of social impacts of YU beginning with the effects of long spells of unemployment on the personal well-being of young people and a reduction in their overall life satisfaction, being more likely to suffer rejection, depression and hopelessness leading in some cases to suicidal thoughts.

An increased **risk of social exclusion** and **less positive feelings about the future** were also prevalent. Unemployment can bring unhappiness (which can also affect those employed fearing unemployment) and this is linked to mental and physical ill-health. Furthermore, economic crises also **increase the risk of poverty**, especially for young people as few are eligible for unemployment and social benefits. The literature suggests that NEETs are most likely to be affected by this.

YU has been shown to contribute to mental and physical health problems. It can negatively influence the healing powers of individuals, their life expectancies, and the risk of acute diseases. The increase in YU during the crisis corresponded with increased inequalities in psychological health complaints between socio-economic groups, with worse health outcomes in adolescents with a low socio-economic position.

4.3.3. Impacts on society

YU has a wider impact on society and out-migration and population decline are the direct consequences.

YU is also costly in economic terms. At micro level, it affects the accumulation of personal wealth that young people need to live independently or to start a family. One study estimated the total economic costs of NEETs in 2018 in 26 EU Member States combined at about EUR 119.2 billion or 1% GDP (Eurofound, 2012). At aggregate level, YU is also likely to affect future demographic and fertility trends.

In the literature, YU is often associated with drug use and crime in addition to the other problems young unemployed face, though these may also be consequences of these problems.

Being unemployed can influence a young person's subjective senses of recognition and value. For example, this may affect their belief in, and commitment to, the society they live in as they may not feel a part of it. Consequently, **YU may affect societal cohesion** and may even create a divide in societies.

4.4. The implications of new forms of work for youth (un)employment

The so-called 'fourth industrial revolution' includes anticipating further advancements in digitalisation and robotization, using tools such as Big Data, Artificial Intelligence, and the Internet of Things (devices interacting with one another and the internet). **Young people are thought to have an advantage with the new opportunities offered by ICT developments, though the existing evidence shows that while the internet creates many new jobs, it also destroys or downgrades many others.** Routinisation of tasks, job market polarisation, new labour market inequalities and labour market changes are associated with this and these trends may well result in less inclusive labour markets and decreased resilience of countries and regions to youth unemployment.

Another element in new forms of work is the collaborative economy encompassing '*business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals*' (European Commission, 2016). The collaborative economy is relatively easy to access for young people and offers work options for those who have difficulty finding more regular employment. However, individual tasks are often performed on an ad-hoc basis and flexible working arrangements may create uncertainty regarding employment and social protection legislation for those involved.

In the new world of work, the onus tends to be on employees to adapt and remain relevant, and to ensure adequate access to welfare, decent and fair work conditions and sustainable employment protection. In the future, lifelong learning will be needed even more to cope with the new competencies and skills in the new work opportunities, and young people will need support to meet the challenge.

4.5. Conclusions

4.5.1. General causes of youth unemployment

1. The business cycle is the single most important determinant of youth employment/unemployment;
2. Demographic factors such as a higher share of young people in the population, and the degree of urbanisation can amplify the levels of both youth employment and unemployment, depending on the regional context;
3. High levels of employment protection legislation tend to protect older workers at the expense of younger ones;
4. Flexible labour markets and atypical forms of employment may have little impact on YU in an economic downturn or recovery;
5. Education systems closely connected to the labour market result in lower unemployment of young people;
6. Higher social class and higher educational attainment create better employment prospects for young people;
7. YU is concentrated in certain sectors (e.g. manufacturing, wholesale, retail, and hospitality) and higher shares of primary sector and industry in a region favour lower YU. The increasing importance of financial and business services similarly affects YU.;
8. While the knowledge economy in principle offers good opportunities for young people, this does not help young people in less developed and rural areas unable to develop and sustain knowledge dissemination and innovation;
9. Climate change could bring opportunities to young people in outermost and coastal regions if it increases their region's service sector jobs (e.g. tourism);
10. Mountainous regions, areas dependent on tourism and rural areas in general cannot offer sufficient education and job opportunities for young people often leading to out-migration;
11. Large cities in a region can increase the region's resilience and are attractive for young people;
12. In regions with high levels of part-time, temporary jobs and self-employment, YU tends to be lower;
13. Higher education levels among the population of a region tends to contribute to lower YU;
14. YU in a given region is also affected by the situation of neighbouring regions. As a consequence, regions tend to be clustered according to low and high YU;

4.5.2. Consequences of youth unemployment

1. A period of unemployment at the start of a young person's career may affect their long-term labour market position.
2. YU has a negative effect on the wellbeing and the income position of young people.
3. Being unemployed as a youth can lead to a higher risk of mental and physical health problems.
4. High YU can be associated with high economic costs in terms of GDP loss.
5. Regions with high YU may have increased criminal activities and social inclusion/exclusion problems.

4.5.3. Implications of new forms of work

1. New forms of work can obscure the distinction between being employed, self-employed and unemployed.
2. Young people engaged in new forms of work may not have access to employment and social protection as usually provided by an employer.
3. Vulnerable youth will need support to deal with the changing circumstances in the world of work.

5. Ten European Regions and their youth unemployment profiles

5.1. A diversity of youth unemployment situations, driven by competitiveness

The ten case studies covered the following five types of regions, with two examples in each from different European countries: urban-rural, metropolitan (not including capital), capital city, industrial transition and border. National labour market experts in each country combined desk research and discussions with key local stakeholders and worked to an agreed format to help ensure some consistency in approach and outputs.

Direct inferences and relations between YU resilience and structural characteristics of the regions are not possible to be made, primarily due to the fact that the case studies were carried out at NUTS3 (or lower) level while the resilience in YU was analysed at NUTS2 level (with the exception of Hamburg which is also a NUTS2 region) and regional competitiveness is also measured at NUTS2 level. However, there emerge observations worth considering:

1. There seems to be no correlation between YU resilience and the structural geographic characteristics considered for the analysis (urban-rural, metro-nonmetro, border-non-border, island-not island, sparsely-not sparsely populated, in industrial transition – not in industrial transition, etc.). High performing regions such as Leeds City Region (UK), Donegal County (IE), Hamburg (DE) and Tampere (FI) are highly differentiated in their geographical features. Similarly, low performing regions such as Gdansk (PL), Riga (LV), Navarre (ES), Blagoevgrad (BG) and Turin (IT) belong to different urban-rural categories, although none of them is a rural region. This suggests that other local characteristics determined a region's ability to integrate youth in its labour market during the crisis period. This also suggests that **regional resilience in preventing YU is not predetermined by the socio-geographical features considered, and thus policy interventions can have an effect.**
2. The studied locations and (micro)regions display a clear division in terms of their overall competitiveness (institutions, infrastructure, innovation, etc.). All are characterised by relatively high scores of the EU Regional Competitiveness Index (RCI) – (the only exception is Donegal county (IE), most probably due to reconfiguration of NUTS2 between 2013 and 2016). All regions with weaker YU resilience belong to the category of relatively low regional competitiveness. This indicates that **regional resilience in preventing YU is largely consistent with the overall regional socioeconomic resilience.** This is confirmed by additional research²⁵ showing that **there are strong statistical correlations between YU (NEET) and other regional outcomes such as regional competitiveness, social progress and cohesion.**

Annex 3 provides further detail on the case study regional contexts and settings in the ESPON and NUTS typologies.

²⁵ World Bank (2018). Rethinking Lagging Regions. Using Cohesion Policy to deliver on the potential of Europe's regions. Washington DC.

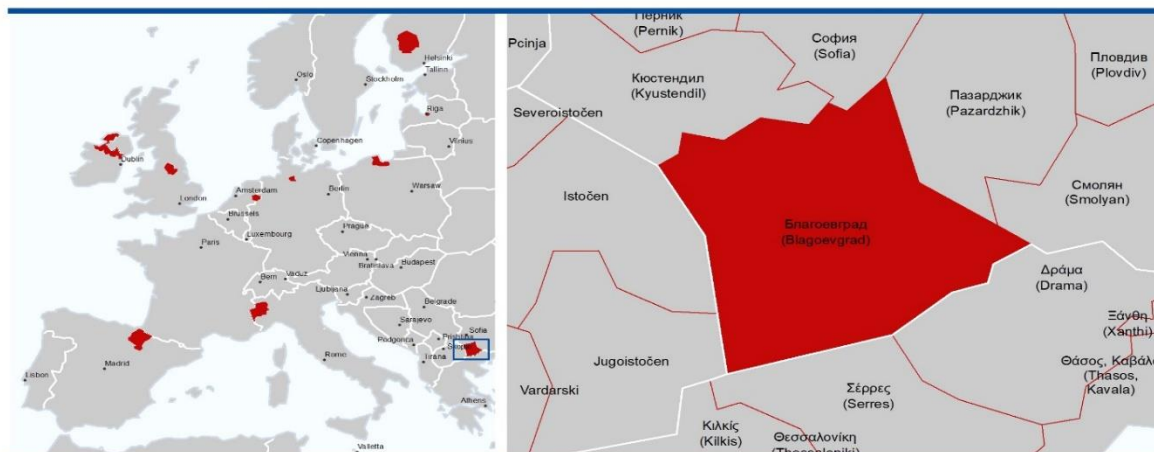
5.2. Case study vignettes

The full case study reports are in Annex 3 to the main report and short summaries (vignettes) showing the location and key points in each are reproduced here.

Table 6: Summary of case studies

No	Location	Category	Key Facts
1	Blagoevgrad (BG)	Urban-Rural	Integrated approach towards tackling YU. Successful in retaining young highly educated people in the area by offering suitable job opportunities working closely with employers and technical university. Established organization (Youth Foundation) aiming to attract young people to the area.
2	Pamplona/ Navarre (ES)	Urban-Rural	The YU rate (and NEETs rate) is among the lowest in Spain. Has shown resilience to the increase in YU following the crisis. Considered an innovative region in policy thanks to its complementing courses for young people on Youth guarantee.
3	Turin (IT)	Metropolitan	Large urban area with strong manufacturing and services base with the mix changing. Focus on tackling YU through various projects including 'My Generation at Work' offering innovative, collaborative training involving other 11 European cities. Achieved good cooperation among stakeholders amidst volatile policy landscape.
4	Leeds UK)	Metropolitan	City region embracing old and new sectors with large youth population and ethnic mix. Big reduction in NEETs. Devolved Youth Contract since 2012 has transformed the approach to tackling YU and inactivity and collaboration seen as crucial to reducing YU.
5	Hamburg (DE)	Capital City (State)	Relatively low levels of YU and inactivity have been maintained through a combination of economic success, established structures (e.g. apprenticeships) and proactive interventions coordinating stakeholder's activities. Since 2012, Hamburg has been a model region in offering specialised support to unemployed young people.
6	Riga (LV)	Capital City	Dominant capital city with significant changes in service sector that have stimulated labour demand. Successful in limiting the outflow of youth and through targeted policy enabling them to benefit from the upturn in jobs.
7	Tampere (FI)	Industrial Transition	Resilient economy in a relatively isolated location, helped by high tech industry and large education sector plus pilot project tackling youth unemployment. Promising results from employment programme focused on employment trials. Change in the focus of support for jobseekers with the municipality taking over the provision of services from the national PES.
8	Gdańsk (PL)	Industrial Transition	Region showing strong resilience to YU partly through economic resilience and targeted measures to ensure that youth do not fail to benefit from the buoyancy. The Gdansk Labour Office was nominated as the 2017 national Leader in Activation of Young Persons.
9	Twente (NL)	Border	Important border region of the Netherlands adjacent to Germany with a predominantly agricultural and services-based economy. Rising YU post-recession has been successfully tackled through locally focused policies and collaborations.
10	Donegal (IE)	Border	County in the Borders, Midlands and Western NUTS3 region that has seen significant improvement in YU through the application of national policy. Border with UK (Northern Ireland) with limited industry and heavy reliance on tourism.

Case Study Vignette 1: Blagoevgrad (Bulgaria)



Spatial characteristics

Blagoevgrad district (NUTS3) is a province of South-Western Bulgaria and includes 14 municipalities with 11 towns serviced by one Regional Employment Office and seven Local Offices and their affiliates, each located in the five main municipal centres.

Key indicators

In 2017 the total district population was 307,900, the employment rate 69.2 % (higher than the national average) and the unemployment rate at 4.6 % (less than the national average). Unemployment peaked at 14.1 % in 2014 but fell back to 6.9 % in 2017. Across the 14 municipalities, there are large variations in employment and unemployment.

Development of youth unemployment

In 2017 youth unemployment (aged 15 - 24) registered at labour offices was 5.7 % after peaking in 2012 at 9.7 %. Most of this is among the 20-24-year olds with 5.0 % unemployment rate and that for 15-19-year olds just 0.7 %. Across the territory there are significant variations with concentrations in the towns of Petrich (15.5 %), Blagoevgrad (15.1 %) and Belitza (11.1 %).

Policy challenges related to youth unemployment

There is a mismatch between the supply and demand for young people due to their inappropriate (or inadequate) skills and low educational attainment plus the low interest of employers towards the young people. The reforms in secondary professional education is still lagging and the dual system and apprenticeship programmes are not effective. Insufficient economic growth in the sectors with intensive use of young workforce is also a factor in persistent youth unemployment.

Key policy initiatives

Policies combatting youth unemployment include: ALMPs applied by the territorial units at regional and local levels, in cooperation with district and local administrations, and other policies for regional and local economic and social developments. Local initiatives such as the innovative project 'Ready for Work' (2017-2019) have started to make the work with NEETs in particular more efficient. More specifically, the project relies on an integrated but flexible approach that follows inactive people from identification to placement, supporting them in each phase with appropriate tools, and bringing together institutional and non-governmental partners to provide the prerequisite infrastructures.

Local policy approaches

Local Offices have 'open doors' initiatives for bringing together employers and jobseekers (not only the registered unemployed). There is cooperation of the labour administration with the Regional Education Department and the active care for the young people completing secondary education. Also, each Local Office has signed an agreement for implementation of the YG with the municipalities it serves.

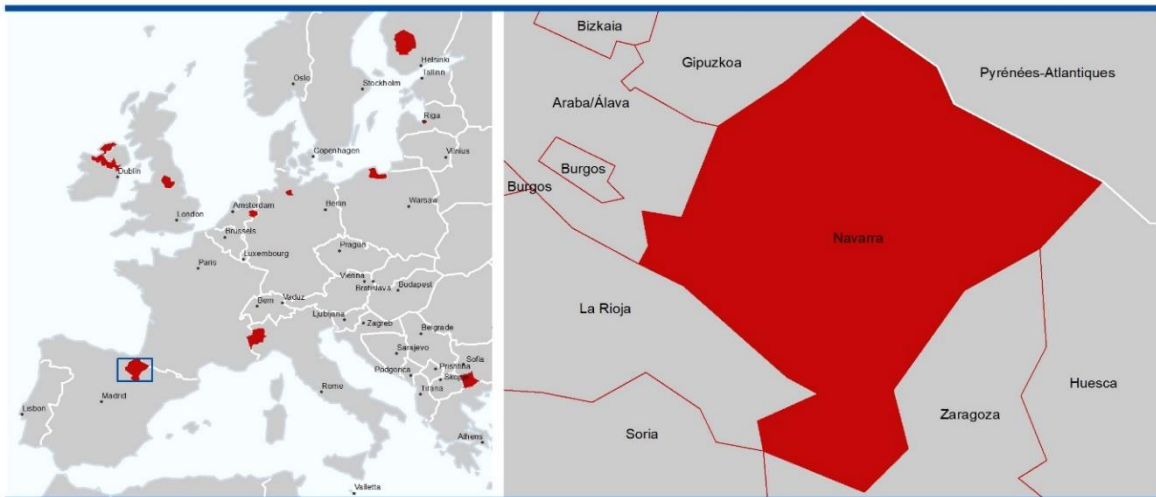
Assessment of the approach

The local labour administration and its partnership with the municipal offices, the regional social assistance offices and the regional education department has been effective in helping unemployed young people and NEETs. This is particularly evident in creating work experience places and organizing experts and their organizations to work together fostering youth employment in difficult labour market circumstances.

Transferability potential

The experience of Blagoevgrad and its approach would be most relevant in small countries with top-down youth policies applied with a low degree of decentralization. The role of the PES at a local and regional level is crucial and should have resources to intervene through ALMPs, developed in collaboration with other stakeholders.

Case Study Vignette 2: Navarre (Spain)



Spatial characteristics

Navarre is one of the smallest Autonomous Communities (AC) of Spain (both NUTS2 and NUTS3) in terms of geographical extent (11th position). It has devolved competencies in the areas of employment, education and youth.

Key indicators

With 647.219 inhabitants, Navarre is the 15th biggest Spanish AC. It has consistently performed better than the national average for GDP per capita, the unemployment rate (31% to 41% below the national rate over the last decade), and welfare levels contributing to a poverty risk rate much lower than the Spanish rate.

Development of youth unemployment

Youth unemployment (16-24 years old) saw a sharp threefold increase during the economic crisis from (11.6% in 2007 to 48.1% in 2013). At 31.5% in 2017, the rate is still comparatively high though less than the national average. The crisis particularly affected young men and those aged 16-19 with a peak unemployment rate for this group of 75.2 % in 2014.

Policy challenges related to youth unemployment

The economic downturn was the principal reason for the large increase in youth unemployment, especially in construction, though Navarre was less affected than some other regions. Since then the increase in precarious jobs has contributed to the problems in finding jobs with training and long-term prospects for young people.

Key policy initiatives

The centrally administered Youth Guarantee has been successfully adapted to local circumstances with the region developing its own policies to tackle youth unemployment. These are characterised by the participation of all relevant regional stakeholders in the field of youth, including social partners, along with the close coordination of the employment educational and the youth services systems.

Local policy approach

Unemployment among those under 30 years old has fallen since 2014 and the region has the third lowest NEET rate in Spain. Innovative policy such as complementing courses for young people enrolled on the Youth Guarantee, with training, capacity building and reinforcement of personal and professional skills, has played a big part in this.

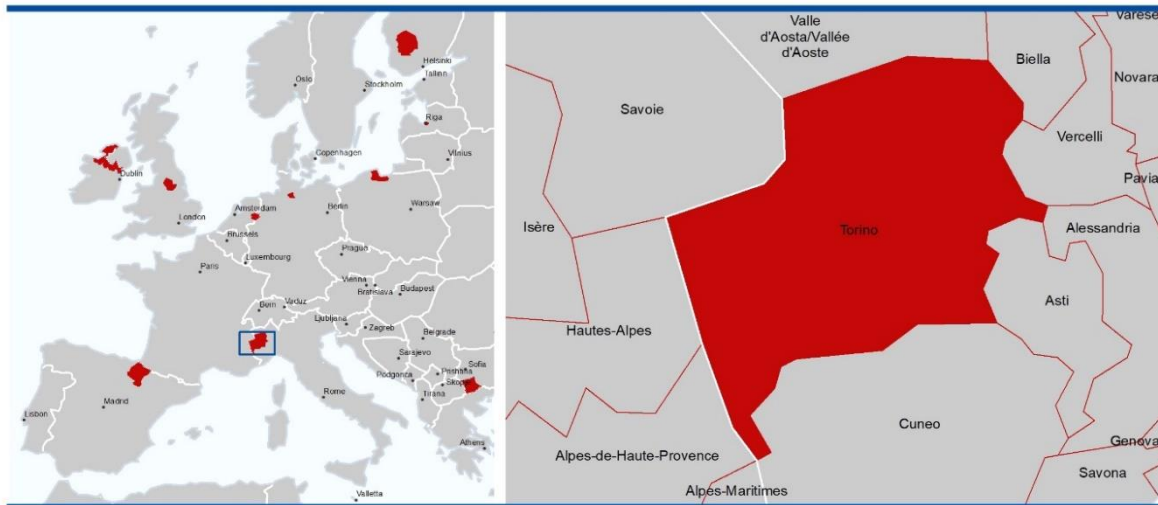
Assessment of the approach

The key strengths of the approach include: strong coordination between the regional employment and education systems; the important role played by the education system; a strong focus on excellence and high-quality guidance as the first place a young person turns to for help; a new public procurement procedure with private not-for-profit entities (employment agencies and other companies); the high level of resources planned; and the segmentation of young people into specific groups for correct referral to the relevant support services.

Transferability potential

The multiannual framework agreement with local/regional not-for-profit organisations to carry out guidance activities with youth (and adult) unemployed has the potential to be introduced in other regions where a similar degree of autonomy exists. Also, the early segmentation of young unemployed into paths for appropriate referral should be possible with many support systems elsewhere.

Case Study Vignette 3: Turin (Italy)



Spatial characteristics

Turin is in the Piemonte Region in northern Italy and greater Turin (the so-called 'Big Turin - the city and 14 adjacent municipalities) has 1.3 million inhabitants with 883,000 in the city of Turin. Traditional industry (e.g. automobiles) has waned and while new industry (e.g. aerospace, IT) has developed, the pace of change has been relatively slow.

Key indicators

The area was hit badly by the Great Recession but since 2014, improvements are continuing in labour market participation and employment in the Piemonte region. The number jobseekers has fallen, together with the unemployment rate (including the youth rate). Employment is increasing, though with a rising proportion of fixed-term contracts.

Development of youth unemployment

In 2017 the unemployment rate for those aged 15-24 years old was much lower than in 2013 (for males, 31.0% against 46.6%; for females, 42.3% against 46.7%; and overall, 35.9% against 46.7%); the number of NEETs also fell (overall 35,000 in 2017 against 42,000 in 2013). These were significant improvements on the immediate post-crisis period.

Policy challenges related to youth unemployment

The development of youth unemployment compared to overall unemployment has been mainly shaped by three general causes and conditions: the increase in the pension age; local employers who view hiring of younger workers as a long-term investment and so are reluctant to recruit; and the retention of workers aged 40-50 in their companies with the help of social support payment. These policies have contributed to fewer employment opportunities for young people

Key policy initiatives

The Italian labour market is characterised by a multilevel governance structure, and the YG programme requires the cooperation of governmental authorities, business and social organizations, and the third sector. After being registered, the young person is assisted and escorted through different individual tailor-made paths aimed at facilitating the transition to the labour market. Additional resources to supplement YG activities have been provided by the city.

Local policy approach

The policies addressing youth employment in the Piemonte region operate within the national YG Guarantee. The region activated parts of the YG bringing together scattered territorial realities and activities, thus attracting young people towards labour services and financed services. Turin runs the city employment services, supports the coordination of other accredited public and private entities offering training and labour services, and facilitates the networking of around 500 hosting venues including TVET organizations, cooperatives, schools accredited as labour agencies, etc.

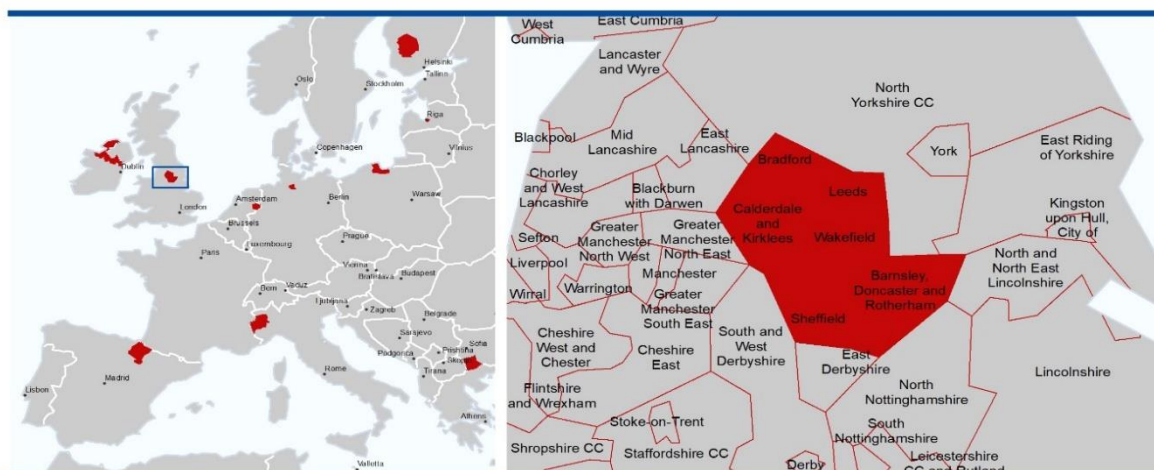
Assessment of the approach

Most formal evaluations on the YG programme have been at national or province levels. In the case of the Piedmont region, the outcomes in terms of work placements, training and employment for young people compare well against other Italian regions. The main strengths of the Turin approach are the cooperation achieved between the key stakeholders and the shaping of what is essentially a national policy (i.e. the YG) to local circumstances. A major weakness is that labour policies have changed frequently, with intermittent steps in favour of a regional versus national model.

Transferability potential

The creation of a network between public and private actors represents the best practice that can be identified in the Turin case, and one that could likely be transferred to some other European regions.

Case Study Vignette 4: Leeds City Region (United Kingdom)



Spatial characteristics

Leeds City Region (LCR) is in the county of Yorkshire in northern England and includes nine NUTS3 areas (i.e. Bradford, Craven, Calderdale, Harrogate, Kirkstiles, Leeds, Selby, Wakefield and York). Of these, Bradford and Leeds are major cities, with Leeds the de facto capital of the Yorkshire region.

Key indicators

In 2018, the resident population of the Leeds City Region is estimated at 3 million with an employment rate of 73.7 % and unemployment rate of 4.3 %. Youth unemployment was 9.0 %. Across the ten local authority areas there are large variations in employment and unemployment with the more deprived areas registering much higher unemployment (especially for youth) than the LCR average.

Development of youth unemployment

Over the period 2004-2017, youth unemployment (16-24 years old) in the LCR increased significantly, peaking at 23.5 % in 2012 due to the Great Recession before falling back to 11.6 % in 2017. The 16-19 year olds were worst affected with a peak rate of 42.9 % falling to 16.7 %. The 20-24 year olds reached a peak unemployment rate of 18.5 % before falling back to 11.6 %.

Policy challenges related to youth unemployment

The effects of the low economic activity caused by the recession were the principal challenges facing policymakers. The situation for young people was exacerbated by the incidence of low educational attainment, lack of skills and employer reluctance to take on young people.

Key policy initiatives

A raft of youth-related initiatives was introduced, focused on four key instruments of policy as follows: Devolved Youth Contract; Talent Match; Headstart; and an Apprenticeship Hub. All four initiatives were underpinned by good information, shared between the key players working in the transparent and collaborative framework created.

Local policy approach

The basic requirements for local policy to be effective were a trusted and inclusive structure to oversee activities, a new employer commitment to helping young people, existing infrastructures complementary to any local initiatives, and raising awareness among all stakeholders of the issues (and potential solutions) surrounding youth unemployment. .

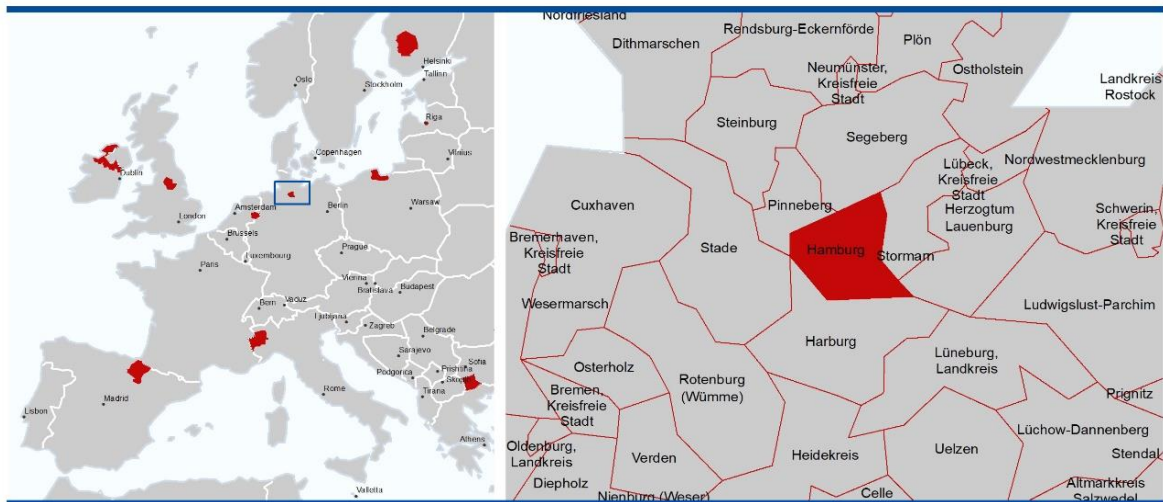
Assessment of the approach

The policy approach achieved a good balance in what is possible to help young people through a structural approach, with collaborative bodies and shared responsibilities, together with targeted policies to help young people at various degrees of remoteness from the labour market.

Transferability potential

Common elements likely to be transferable include one inclusive body coordinating activities that is influential and trusted, some devolved funding available which can be used flexibly at local level, and a culture of effective employer involvement in local structures.

Case Study Vignette 5: Hamburg (Germany)



Spatial characteristics

Hamburg is a federal city-state in Northern Germany with a relatively high level of municipal autonomy. It comprises seven districts with a status similar to local authorities. The districts are responsible for their own planning. Within the city-state there are elements of NUTS1,2 and 3.

Key indicators

In 2019, the population is 1.88 million, making it the second largest city in Germany while the metropolitan area has a population of around 5 million. The employment rate is 61.9 % and unemployment 6.5 %. It is the third largest port in Europe and has a wide range of manufacturing and service sector businesses.

Development of youth unemployment

Between 2000 and 2017 youth unemployment (aged 15-24) peaked at 11.5 % in 2005 before falling back to 5.6 % in 2017. The 20-24 year olds were worst affected with a peak unemployment rate of 12.1 % compared to 11.5 % for the 15-19 year olds. During the Great Recession youth unemployment reached 8.2 % in 2009. The NEET rate in 2017 was 10.3 % (age 18-24).

Policy challenges related to youth unemployment

Youth employment is shaped by the dual VET system. Choices made between attending upper school or starting a vocational track after the 10th grade are important. However, transitions may not be smooth for reasons such as low academic performance, lack of information or social problems. Targeted youth policies are necessary to help ensure a smoother transition.

Key policy initiatives

Hamburg tested the Youth Employment Agency (YEA) initiative involving cooperation between stakeholders and jurisdictions of different Social Codes under one roof. In 2012, a coalition of different public service providers began collaborating to support youth by providing services such as guidance concerning VET, study or employment, entitlement to benefits, and assistance in overcoming social or educational problems.

Local policy approach

The key ingredients of this policy approach include: mandatory professional guidance and early job orientation; the pooling of services in a one-stop-shop; systematic cooperation between the key players; reduction in the layers of support and redundant structures; and cooperation with schools and youth services.

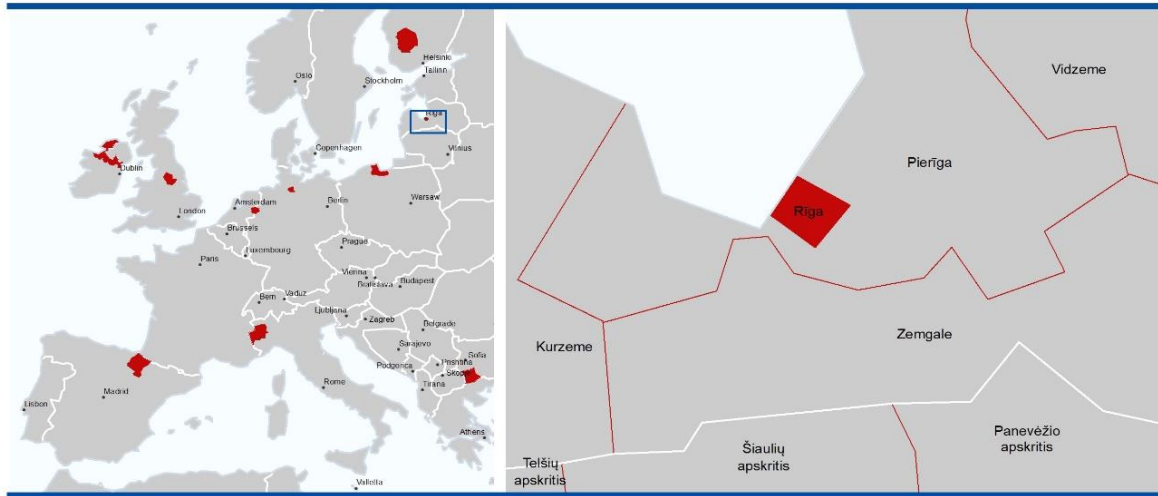
Assessment of the approach

The successful approach in Hamburg hinges on the collaboration between key stakeholders to identify young people at risk of unemployment and becoming NEETs and then intervening early to provide employment or learning solutions to prevent a drift into unemployment or inactivity.

Transferability potential

The transferable qualities of the approach include early intervention and registration of young people, cooperation between partners and counselling networks, and the dualization of classroom instruction and company-based training.

Case Study Vignette 6: Riga (Latvia)



Spatial characteristics

Riga is the capital of Latvia and the largest city in the country, with a central geographical location. More than half the nation's economic activity is concentrated in the city and it attracts workers from a wide hinterland.

Key indicators

The resident population of Riga in 2018 was 637,971 (around 33 % of the total population of Latvia). The employment rate for Riga is 66.4% (2017), the unemployment rate 7.8% (2017) and youth unemployment rate 16.9% (2017).

Development of youth unemployment

During the economic crisis, the youth unemployment rate in Latvia peaked at over 30 % but has gradually decreased since 2011 and was 17.0 % in 2017. Out of the total number of unemployed persons, 14.2 % were young people aged 15–24. In Riga the youth unemployment rate was 16.9 % and 8.5 % of all young people were categorised as NEETs (2017 figures).

Policy challenges related to youth unemployment

In 2018, the main reasons for youth unemployment are low educational attainment, lack of work experience demanded by employers, and lack of skills (the core competences required from employees are flexibility and skills not necessarily specific to an occupation).

Key policy initiatives

The Youth Guarantee (YG) has been the principal policy and is implemented in all regions and municipalities of the country. While the Riga municipality does not have a specific policy towards youth unemployment (the YG is implemented at central level), it municipality puts emphasis on solving social problems (housing, social skills, addictions, health, etc.) that create distance to the labour market among young people.

Local policy approach

A key strength of the Riga municipality approach is its flexibility and ability to focus not just on unemployment, but to combine the efforts of different departments and hence have a more holistic approach, including education, training, sports, culture, social services, health care, etc.

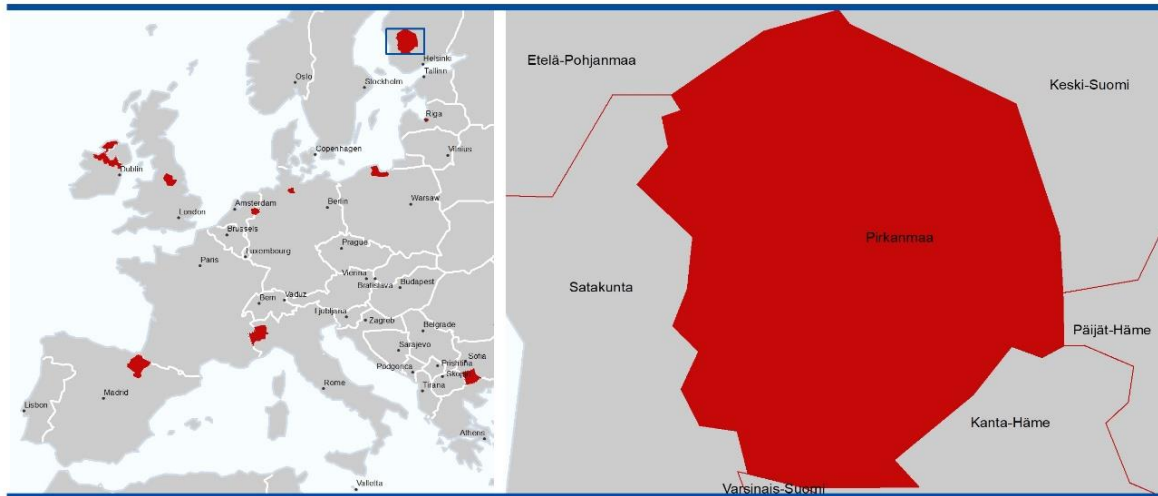
Assessment of the approach

The cooperation and involvement of a wide variety of partners in all stages of the YG (including planning, implementation and evaluation phases), including youth organisations and NGOs, is key to its success, coupled with a flexible approach that allows some local customisation of the nationally determined policy.

Transferability potential

Two particular policies have strong transferability potential - the free career consultations and assistance related to professional suitability and re-skilling for the unemployed, and the youth workshops to help young NEETs with an insufficient level of education or work experience to make an informed decision about their future education and employment choices and to develop their skills.

Case Study Vignette 7: Tampere (Finland)



Spatial characteristics

The Pirkanmaa region is in Southern Finland with Tampere its main city. The strong economic structure is based on technology, forest and chemical industries and related exports, plus the trade and service sectors.

Key indicators

The population of the region is about 500,000 or some 10 % of the total population of Finland. The city of Tampere has a population of 230,000 and has been growing with inward movement from other parts of the country, though the demographic profile is ageing with a lower proportion of economically active.

Development of youth unemployment

Youth unemployment peaked in 2015 and stands at 19% in 2017 (aged 15-24,) the same rate as in 2006. The rate for 15-19 year olds has remained lower at 11% in 2018, compared to 26% for the 20-24 age group. At the same time the share of NEETs in the region has grown significantly.

Policy challenges related to youth unemployment

There is a significant permanent level of structural unemployment in Finland, which is evident in Tampere, and is the main reason for the weak development of employment. Nevertheless, Tampere is an attractive destination for migration from other parts of the country, many finding work in low-skilled service sector jobs.

Key policy initiatives

Since 2013, the main policy initiative has been the Youth Guarantee (YG) based on wide political support and a comprehensive, multi-sectoral approach. There has been much change in the policy backdrop in Finland over recent years, including the payment and responsibility for unemployment benefits to young people (municipalities becoming more liable), vocational training (merging of adult and youth skills with more emphasis on competence), and the enhanced role of employment services and municipalities in delivery.

Local policy approach

There is no significant deviation from the national YG guidelines in the regions, but accumulated experience with the YG and associated studies on youth needs have improved its effectiveness. In particular, the one-stop guidance centre (Ohjaamos) network is now in over 50 municipalities, providing easily approachable services and non-formal and confidential consultation, all underpinned by reliable and committed local partnership.

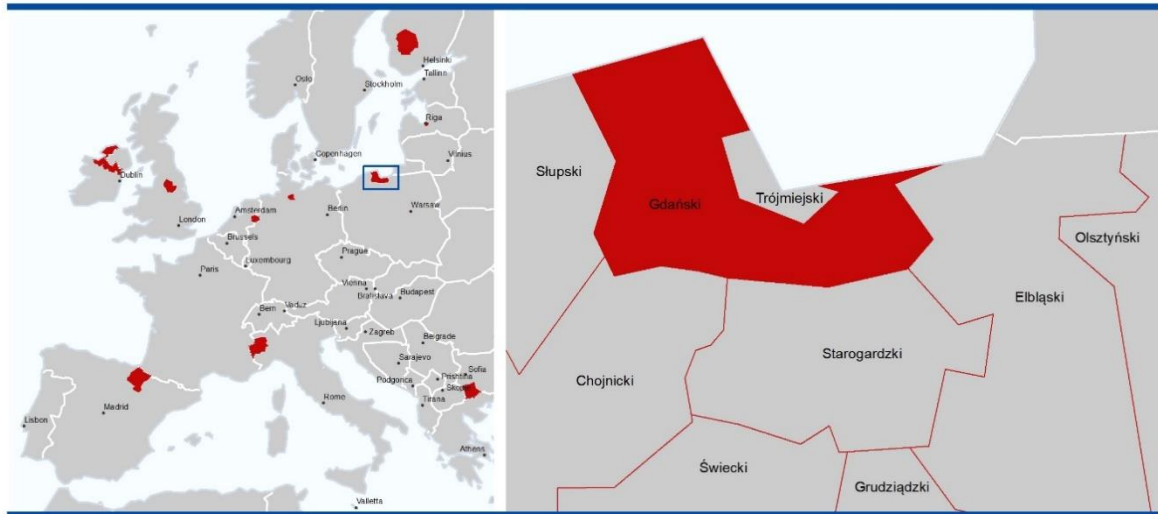
Assessment of the approach

The regional centres have been given the power to make decisions concerning the client (even if they affect benefits) on a wide range of services from social and rehabilitative working experiments, to tailored VET courses, previously the sole domain of the PES, and this has made the support more personal and therefore more effective.

Transferability potential

The introduction of the regional centres is entirely possible in other countries if the national and local political exist. Cooperation between the key players is key, plus adequate funding to enable real support activities to be delivered.

Case Study Vignette 8: Gdańsk (Poland)



Spatial characteristics

The Gdańsk area (covering the City and Municipality) is in the Pomeranian voivodeship (province) in Poland. It is the maritime capital of the country and a large centre of economic life, science, culture and a popular tourist destination.

Key indicators

The population of Gdąńsk was 464,254 in 2017 and the province of Pomerania around 2.3 million. Overall, economic activity is strong and unemployment low at 2.6% in the municipality and 4.8% in the province (2018 figures)

Development of youth unemployment

The crisis affected Poland comparably late and to a smaller extent than in many other EU Member States. From 2009 the labour market situation for youth deteriorated, with the unemployment rate peaking at 18.9% in 2013 falling back to 9.4% in 2017.

Policy challenges related to youth unemployment

Prolongation of the educational cycle by encouraging higher (mainly university) levels of education at undergraduate and graduate levels has increased the supply of young people for which current demand is weak. Young people who complete their compulsory education are faced with the problem of a lack of experience and often the wages offered by the employer are far lower than the person's expectations. The NEET rate increases with age, especially for the 18-24 cohort.

Key policy initiatives

Poland has a long tradition of measures aimed at supporting young people including some long-standing measures such as subsidised employment, apprenticeships and internships, as well as vocational and career guidance. The Youth Guarantee (YG) provides the main policy framework with some supplementary local initiatives.

Local policy approach

Cooperation between the different institutions providing services to young people is crucial and the approach to NEETs (including the YG) envisages the division of tasks and responsibilities between central and regional institutions, with local organisations (including NGOs) playing their part.

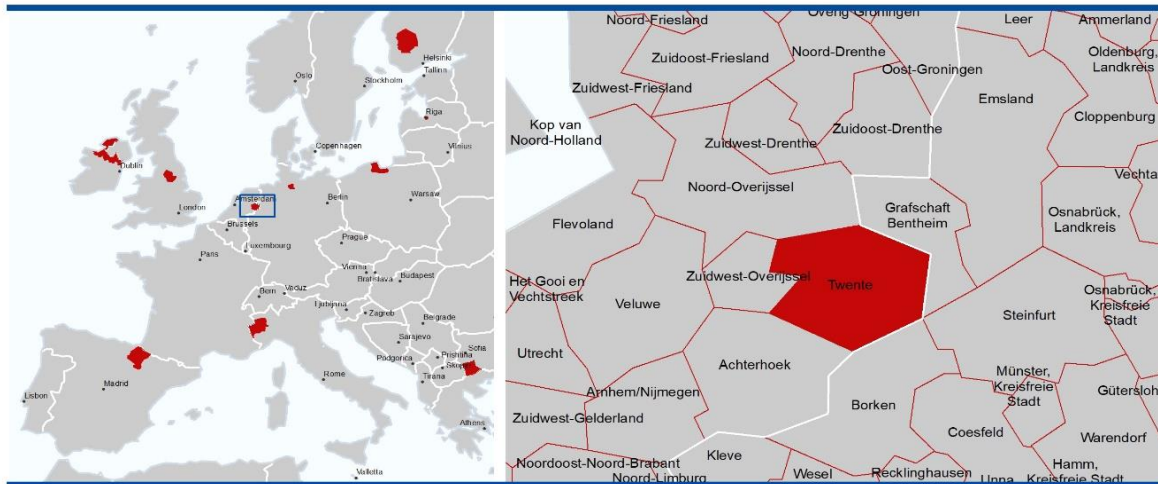
Assessment of the approach

The basic approach to support is aimed primarily at the employment activation of youth and not their educational activation. This includes measures facilitating school-to-work transitions and are complementary to other general changes aimed at the support of youth integration into the labour market (including educational reform at all levels).

Transferability potential

Most of the features of the local policy are strongly embedded in the Polish labour market policy framework with a long tradition of measures and institutions aimed at supporting youth. This context would be a prerequisite for transferability and, as such, may be difficult to replicate in another context.

Case Study Vignette 9: Twente (Netherlands)



Spatial characteristics

Twente is a region in the east of the Netherlands, adjacent to the German border state of North Rhine-Westphalia. It is a 'locked-in' region surrounded by agricultural land to the north and south, and in the east the border with Germany.

Key indicators

The population of the region is 627,209 (2017) and the overall unemployment rate (aged 16-64) is 3.9% (2018). Employment is mostly in industry, construction and transport, and the region has aspirations to become a region with a strong technology sector.

Development of youth unemployment

By the 2013, the regional rate of youth unemployment equalled the national figure and this downward trajectory continued until 2017. It peaked in 2013 at 13.2% (15-25s) before falling to 8.9% in 2017. Throughout this period, youth unemployment has been higher in the 15-20 age group than the older age group of 20-25.

Policy challenges related to youth unemployment

While the region suffered from the national decline in economic activity due to the crisis, it was adversely affected due to its comparatively large construction and related trade sectors, which were extremely susceptible to the crisis. This led to growing unemployment as demand for labour in these sectors fell. Also, being seen as a rather self-contained geographical area, many of the young people making the transition from education to work tend to prefer to stay in Twente rather than seek work elsewhere.

Key policy initiatives

In 2009, the national government developed a national action plan to tackle youth unemployment and municipalities were key players. One of the four pillars of this policy was investment in regional action plans. This led to a plethora of local initiatives to tackle youth unemployment, marshalling existing resources and encouraging local partnership working.

Local policy approach

The regional approach taken in Twente was partly prompted by major decentralisation in the social field with municipalities given the responsibility for youth care; individual guidance at home, day care and protected living of its citizens; and participation (work or volunteer work) of citizens, including the provision of supported or sheltered employment to people handicapped from a young age.

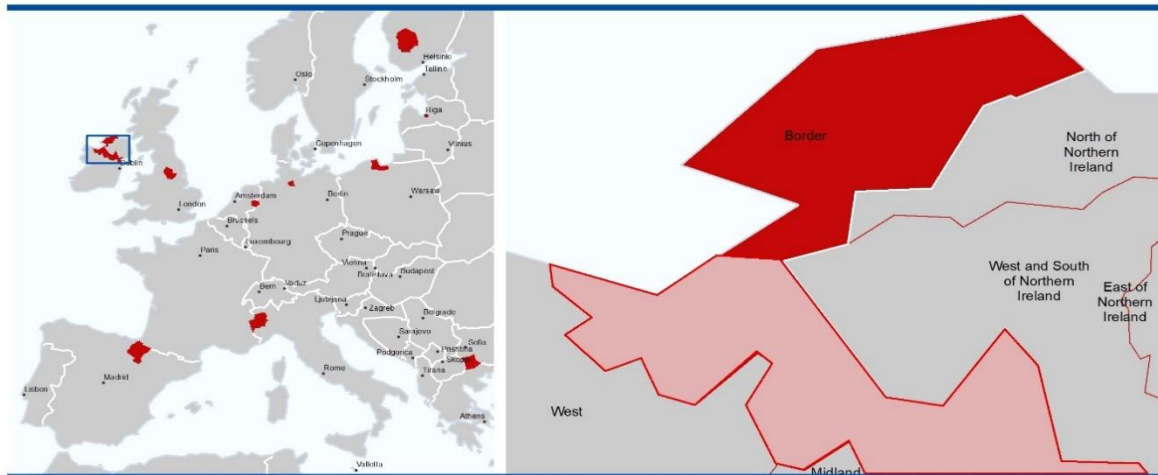
Assessment of the approach

The region has succeeded in launching and maintaining a comprehensive and large-scale programme to address the impact of the crisis on young people in their region. It has activated and brought under one framework organisations in the key sectors of social security, employment, education, youth care, and businesses.

Transferability potential

The experience of Twente demonstrates how to organise partnerships and underlines their value, with a division of roles between the local and regional levels and involvement of the individual schools and businesses, which are specific features of the approach. For this approach to work elsewhere would require a similar collaborative context and funding regime.

Case Study Vignette 10: County Donegal (Ireland)



Spatial characteristics

County Donegal is one of the 26 counties in Ireland and part of the NUTS2 region 'Northern and West Western' located in the North-West corner of the country. Its Northern and Western perimeters border the Atlantic Ocean, and all its eastern perimeter and almost all its southern perimeter form a border with Northern Ireland (UK).

Key indicators

The total population of the county is around 159,000 (2016) with 124,000 aged over 15. There are relatively few industries, with agri-business (particularly fishing and fish processing) and tourist-related industries the main sources of employment. The all age unemployment rate is around 18% and for 15-24-year olds 32.6% (2016).

Development of youth unemployment

The Irish economy and labour market had a very severe recession from 2008, with recovery only starting from around 2014. The isolated location of County Donegal and its dependency on a low industrial base and mostly SMEs meant it was particularly vulnerable. In this scenario, young people transitioning from education to work were badly affected, with youth unemployment and inactivity rising rapidly, peaking at 49.4% in 2011.

Policy challenges related to youth unemployment

The severity of the recession was the main catalyst for increased youth unemployment. But as the economy improved, young people often lack the work experience and skills needed by employers and this becomes more important to address in a labour market where job opportunities are limited.

Key policy initiatives

The profiling system of young jobseekers is key to the effectiveness of both, the local offices of the Department of Social Protection (known as 'Intreo' offices) and the Education Training Board (ETB) in combating youth unemployment. It enables the Intreo offices to design a customised pathway for each young unemployed person based on an in-depth understanding of the local labour market.

Local policy approach

The success of the local approach is based on an in-depth understanding of the local labour market derived from a quality relationship between staff in the training agency and local employers, as well as with the local Intreo offices who are the gateway to initiating support for young jobseekers.

Assessment of the approach

The relatively small size of the employer base in County Donegal, while a disadvantage from some perspectives, enables placement counsellors in the Intreo offices and the trainers in the two ETB training centres to develop an in-depth understanding of the employers' skill requirements.

Transferability potential

An effective pipeline between the point where a young unemployed person registers at a local (Intreo) office and their entry to an ALMP is essential for the approach to work. Also, an ability (and willingness) to be creative in designing innovative upskilling courses based on good labour market intelligence. Thus, other regions offering such flexibility could adopt aspects of the approach, particularly the early profiling of young people.

5.3. The regions cope with the crisis: case study findings

The Great Recession was a watershed for the youth labour market in all case study areas, though to differing extents and with different consequences. Levels of YU over the past decade tended to peak around 2012-2013. In Leeds (UK), for example, YU peaked at 24% in 2012, in Navarre (ES) at 48% in 2013, but in Gdańsk it came a little later. Some areas had much lower YU peaks, such as in Tampere (FI) at 13% in 2013 and Twente (NL) at 13%, also in 2013. Some of this variation in the effects of the economic recession on youth was due to the relative severity of the exposure of some areas (e.g. Leeds (UK), Navarre (ES) and Turin (IT)) to the most affected sectors (e.g. construction and finance). More positively, the variation was due to the way in which these areas tackled the growing problem of YU.

Also, there were variations in the composition of increased YU following on from the crisis. For example, in Navarre (ES), unemployment among young males increased by around 6.5 times between 2007 and 2014, whereas that among young females increased by 2.3 times. There is also a distinction between those aged 15-19 years and the 20-24-year-old cohort. For example, in Leeds (UK), Navarre (ES) and Twente (NL), the 16-19s were worst affected by the post crisis economic downturn, whereas in Tampere (FI) it was the 20-24-year olds who were worst affected.

In Hamburg (DE), while similar pockets of comparatively high YU exist across the city region, the 20-24 years old age group has consistently higher rates of unemployment than those under 20. This is mainly due to the effectiveness of the vocational training system (notably the dual apprenticeship system). In addition, Hamburg requires young people to undergo career guidance and early job orientation (including cooperation with schools and youth services), with the pooling of support services in a one-stop-shop.

The lower levels of economic activity in the case study regions meant that many young people were ill-equipped to cope with the significant changes in the labour market (e.g. Blagoevgrad (BG), Leeds (UK) and Riga (LV)). Low levels of educational attainment exacerbated the plight of young people seeking work in a difficult labour demand scenario and employers faced with an increased supply of labour meant that those with the least to offer in terms of qualifications and experience tended to fare the worst. Employers in Turin (IT), for example, required young people to make big investments (such as training) that they were not prepared to make. At the same time, employers there could recruit older, experienced staff off the labour market. In Gdańsk (PL), employers tended to look for other core competences (such as communications, team working, etc.) rather than formal qualifications, and in some areas, the growth in young people in higher education courses was far outstripping demand on graduation. Even in Hamburg (DE), where the dual system offered structured training for many young people, the decisions made on which occupations to follow were not always matched by skills needs of local employers.

In some labour markets, geographical characteristics could limit labour market opportunities, evident in the two border regions analysed. In Twente (NL), for example, there appeared to be a 'locked-in' mentality among the local labour force, which restricted their willingness to search for work outside the region. Even the proximity of Germany (North Rhine-Westphalia region) was not a significant pull factor for jobseekers to extend their search. In Donegal (IE), the isolated location and limited employer base meant that young residents faced very limited openings in their transition from education, though in this case the proximity of Northern Ireland (UK) was a pull factor for education, training and jobs.

Drawing on the case studies, it is possible to identify several policy themes in the approach to tackling youth unemployment locally as follows:

- Implementation of the national Youth Guarantee (or similar) locally;
- Collaboration between the key players;
- Encouraging employer engagement;
- Managing the transition from education to the labour market.

Each of these is considered below from the policy perspective and its transferability potential to other regions and/or countries. Reference to the individual case studies (Annex 3) will reveal more details about the approaches taken, how they were implemented and their comparative strengths and weaknesses.

5.3.1. Implementation of national Youth Guarantee schemes

The YG has provided a catalyst for action on YU and inactivity, though mostly focused on those registered as unemployed (thereby missing most of the NEETs). Funding through the YEI and ESF has also enabled support measures to be implemented, especially in those countries with particularly high

levels of unemployment. It is clear from the case studies that the YG works best where there is a degree of local autonomy in how it is implemented. In Leeds (UK), for example, a 'devolved' form of the Youth Contract (the UK equivalent of the YG) gave flexibility to local partners to develop innovative ways of helping young people into work. In Navarre (ES), the centrally administered YG allowed the local areas some flexibility in using funds and these were combined with the area's own initiatives on tackling YU.

However, in some cases, e.g. Gdańsk (PL) and Blagoevgrad (BG), the national policy on YG and YEI left only limited room for local innovation in policy. But even so, in these areas there are good examples of where initiatives have been taken reflecting local contexts such as collaborative and support structures that can build on YG and other nationally-driven policies.

5.3.2. Collaboration between key players

Encouraging greater collaboration between support services for youth is a common theme in many of the case studies. In Poland, at the regional and local levels, the labour offices work with the long-established Voluntary Labour Corps (or OHP), financial intermediaries, labour market partners (social partners, employment agencies, NGOs, social economy actors, educational institutions, social dialogue institutions, municipalities and employers) to implement a range of measures under the YG (with funding from the YEI). As Gdańsk (PL) illustrates, since 2014 the YG has been the main vehicle for policy with a range of measures such as vocational guidance, vocational training, public works and grants for self-employment (though many of which predate the introduction of the YG in 2014). **Innovation has come through the development of a voucher system for young people which can be used to access employment, training and other activities.**

In Hamburg (DE), collaboration between local stakeholders is extensive following the piloting of a new initiative, the Youth Employment Agency (YEA), in 2012. This created a coalition of different public service providers working collaboratively to support young people under 25 years old. The range of support measures include guidance on VET, opportunities for study or work, entitlement to benefits, and help to overcome any social or educational problems. The YEA has branches in each of the seven districts of the city region, making it very locally targeted, and is underpinned by various written agreements, and systematic rules on the allocation of resources.

In Twente (NL), collaboration between partners is underpinned by a regional action plan to tackle youth unemployment called the 'Youth Offensive'. This was implemented by the regional government in cooperation with partners of the Dutch PES and the 14 municipalities in the region. Activities under the plan are supplementary to the interventions of the existing agencies supporting youth. Its success in focusing on the plight of young people is underlined by its extension in 2018 for a further two years.

Tackling the problem of NEETS remains a concern in all the case study areas. NEETs are not a homogeneous group and are often difficult to identify and engage with. In many areas the main NEET problem appears to be centred on the 16-18-year olds, though providing precise numbers is problematic in many areas. In Leeds (UK), for example, the responsibility for tackling NEETs in this age group rests with local authorities who freely admit that they have great difficulty in identifying them once the young people have left the schools.

In Gdańsk (PL), tackling NEETs has been a key part of the local strategy, though because of the compulsory requirement to remain in education or training to age 18, most of the NEETs are over 18 (and aged up to 29). Here, the long-established Voluntary Labour Corps is an effective body to identify and assist NEETs, with a well-developed network of local branches and a focus on helping those outside the system, such as school dropouts, and those in isolated rural areas.

In Hamburg (DE), it is recognised that providing effective pathways for some young people can be difficult due to factors such as low educational attainment, lack of information or social and physical disadvantages. Here, conventional institutions can be ineffective and many NEETs in deprived neighbourhoods remain difficult to help. **In Tampere (FI), the development of the one-stop guidance centres is an attempt to offer an open door for all young unemployed and inactive,** and their success has seen them spread throughout the country. Similarly, **in Twente (NL), the Youth Desks and youth advisers** are aimed at targeting resources to young people and making support services accessible to all young people.

5.3.3. Encouraging employer engagement

Engaging employers at a local level is generally recognised as an essential element for successfully tackling YU, though making this work in practice varies in both method and

outcome. In Leeds (UK), for example, employers are central to the development of policy through structures such as the employer-led Local Enterprise Partnership which has a wide remit that includes economic development, tackling skills shortages and reducing unemployment and inactivity. Employers are also key to the implementation of the various local measures to help young people into the labour market, and much of this involvement is voluntary is.

In Blagoevgrad (BG), a relatively small area with a low employment base, the engagement of employers is mostly done through special events such as 'employer days' and jobs fairs, bringing employers with vacancies in direct contact with young jobseekers. County Donegal (IE) also has a relatively small employer base with a predominance of micro-businesses. But this has the advantage that local networking is facilitated because employers and the support services for youth tend to know each other.

In other areas, encouraging employers to recruit young jobseekers is based on a more incentivised system. In Gdańsk (PL), there are refunds of social insurance payments for employers who take on an unemployed person aged under 30 for their first job. A recent innovation has been the introduction of vouchers that can be used for employment, training, internships/traineeships, and for settlement costs. Similar financial incentives exist in some of the other case study areas, though they tend to fall from favour as an intervention because of their cost-effectiveness. **Equipping young people with the skills and competences that employers need is reckoned to be a much more effective way of creating sustainable employment.**

5.3.4. Managing the transition from education

The financial crisis made the transition from education (at all levels) to the labour market more difficult for many young people. In Blagoevgrad (BG), the problem of low educational attainment is compounded by a lack of vocational qualifications matching the needs of employers and this contributes to the indifference shown by employers towards recruiting young people. The apprenticeship system here is seen as ineffective and reform of secondary vocational education is lagging. There is a similar situation in Riga (LV) where employers are more interested in practical skills rather than formal qualifications which, of course, raises the problem of how young people can acquire such skills without work experience.

In other areas such as Turin (IT), Hamburg (DE) and Gdańsk (PL), the transition problems are also evident in higher level leavers from university. The rapid expansion of the number of undergraduate students has created an over-supply of young people in their early 20s looking for work. Here the emphasis is on information, advice and guidance, with well-developed systems in many of the cases study areas. In Blagoevgrad (BG), for example, career consultants from the regional and local employment offices offer career and professional development advice. In Twente (NL), the Youth Offensive initiative provides personal advice, including referral, to young individuals, and organises events such as workshops, networking with other individuals and employers, training and work tasters.

At their most developed, interventions to ease the transition from education to work include the dual apprenticeship system as for example in Hamburg (DE) or a strong vocational stream in secondary school as in Gdańsk (PL). However, these features are not common in all the ten case study areas and so policy directed towards information, **advice and guidance on future education and career choices (starting in schools) becomes paramount.** This need is recognised in all areas, though some (e.g. Gdańsk (PL), Hamburg (DE), and Tampere (FI)) are investing more than others in making high-quality services available to all young people (and not necessarily only those registered). This is generally easier to achieve in large urban areas where resources are concentrated, but it is more challenging in less populated areas which may require young people to travel to access facilities.

5.4. Conclusions

The pace of economic recovery following the great recession varied among the case study areas, and **young people did not automatically benefit** from the increased demand for labour. **There was (and continues to be) a role for local interventions** to prepare young people for the available jobs through, for example training, work experience placements and, in some cases, wage subsidies. But **overall, improvements in the labour market have been the main reason for significant falls in YU**, though addressing the persistent problem of young NEETs remains a challenge in all areas.

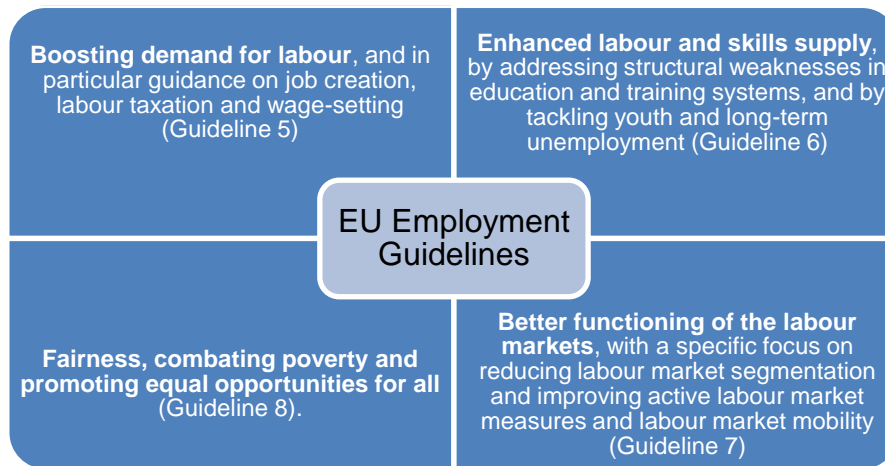
The policy lessons from the case studies are reasonably clear. **The YG and the funding and impetus it brought was an important catalyst to action, though successful delivery is dependent on the local collaboration of agencies in the delivery of services to young people.** Furthermore, this effective collaboration can lay the foundations for a sustainable support structure that could endure beyond the YG and its funding stream.

6. Policy recommendations and proposals for further analysis

6.1 Introduction

The overall EU employment (and social) policy is well-developed, strategically formulated and fully integrated into the *Europe 2020 Strategy*. The integrated policies reflect a new approach to economic policymaking built on investment, structural reforms and fiscal responsibility.

Figure 14: EU employment policy domains



Source: European Commission, *European Employment Strategy*, <http://ec.europa.eu/social/main.jsp?catId=101&langId=en>

Consequently, the policy recommendations derived from this YU study are structured on the four EU employment policy domains (i.e. demand for labour, labour and skills supply, labour markets functioning, fairness and equal opportunities – see figure above). As such, the policy proposals and recommendations are concrete, focused, and in line with existing policy objectives. The general YU and unemployment policy directions are appropriate, but the current challenge is ensuring their consistent application across all European countries and regions with the option for their monitoring and future adjustment as circumstances change.

6.2 Cohesion Policy instruments most relevant to combatting youth unemployment

The EU Cohesion Policy (CP) (essentially regional policy) is the main investment tool in support of territorially balanced development and, more recently, in support of job creation, competitiveness, economic growth, improved quality of life and sustainable development. The regional policy works directly for the delivery of the Europe 2020 strategy and the regional development priorities for 2014-2020 are set out in the eleven CP thematic objectives supporting growth. The CP thematic objective no. 8 “Employment - Promoting sustainable and quality employment and supporting labour mobility” (funded by the ESF) is the one most relevant to this research project and under this, any beneficiary region and city, in order to be qualified for financial support (conditionality), must develop strategies to reduce YU and promote non-discrimination. Other linked thematic objectives include: Promoting social inclusion, combating poverty and any discrimination (no.9) and Investing in education, training and lifelong learning (no.10).

From the EU regional policy perspective, the improvement and convergence of countries and regions towards high levels of youth economic activity and employment is important. According to the EC's 7th Cohesion Report (2017), while YU has been reducing alongside general unemployment, only few

countries reached the low levels of 2008. At the same time, significant differences are noted between the less developed, transitioning, and the more developed regions.

Following the financial crisis, the disparities in GDP per capita and in employment levels among EU MS have been shrinking or at least remaining stable. The regions aspiring to converge to the EU average still need to redirect their economies and labour markets towards higher skills, technology and innovation content. The key persistent problem in many EU regions is the difficulty for those aged under 25 finding employment. Here the EU employment policy instruments have been only partially effective and can take a long time to produce the expected results. The situation is exacerbated by unbalanced population growth and decline in different regions, including migration towards the main urban centres, which themselves may face multiple challenges, including low work intensity and high poverty risk among households. Investments in innovation, skills and infrastructure are concentrated in too few regions and considered insufficient to meet the challenge. The efficiency of national and regional governments differs between MS and instances of low quality can hinder economic development and reduce the impact of public investment, including that co-financed by the CP. This, in turn, negatively affects education and skills, labour markets and social protection systems and directly, YU and youth welfare.

The consistent low resilience of the low-growth regions is expected to make it much more challenging to improve or maintain resilience to YU. While developing and improving policies related to youth employment and prevention of YU, it is important to consider these structural and resilience-related regional differences.

6.3 Policy proposals and recommendations

The policy lessons and recommendations derived from this research are focused on two key policy issues:

- Regional resilience to YU – territorial differentiation in terms of drivers, conditioning factors and effects of interventions;
- Cohesion Policy (CP) potential directions for mobilization of regional resilience to YU – recommended new and/or modified instruments of CP.

The general recommendations this report proposes are related to both the EU CP and labour market policies. They are briefly discussed below:

1. **Introduction of multi-factor determinants (GDP and unemployment) of qualifying regions to different CP support categories** - Currently the level of support under the CP is determined by the differentiation in the level of economic development using only GDP per capita compared to the EU average. It is suggested that more elements be considered particularly those referring to unemployment levels, including structural issues like youth and long-term unemployment, (and including NEET rates) which better predict difficulties of regional economies, their competitiveness and resilience, and are better linked to social cohesion than GDP alone. This solution would integrate funding such as the YEI directly into the CP funding and programming.
2. **Stronger focus on labour for smart specialisations and youth preparation for work in S3 domains** – S3 can benefit from and provide expanded employment opportunities., including jobs for youth, if youth preparation for work such as education, guidance, school-work transitions, apprenticeship programmes, etc., are calibrated and well-integrated into the needs of S3 domains. This can be done by creating synergies between the activities funded under in Cohesion Policy priorities 1 (Strengthening research, technological development and innovation) and 2 (Enhancing access to, and use and quality of, information and communication technologies) with ESF priorities 8 (Promoting sustainable and quality employment and supporting labour mobility) and 9 (Promoting social inclusion, combating poverty and any discrimination).
3. **Greater regional and local flexibility in youth employment initiatives** – YU is highly complex and influenced by multiple factors which display highly localised combinations among

regions. The key to success of many youth employment initiatives and programmes is local commitment and trust and understanding of the region or location-specific conditions. The national governance level should ensure strategic alignment of such initiatives but avoid full standardisation and micro-management. The CP should support this endeavour by linking funded initiatives targeting youth unemployment to the existence of adequately autonomous and committed support from regional public bodies.

4. **Better collaboration and preferably joint implementation of anti-YU programmes** – Benefits of such consolidation and streamlining of YU support services, especially the creation of ‘one-stop-shop’ systems are many and quite obvious, leading to more effective out-reach, easier access to, and avoidance of, duplication of effort towards the beneficiary youth. In addition to the existing co-funding requirements, the CP should prioritise initiatives that leverage on innovative and transformative cooperation among stakeholders at local level, and especially promote collaboration among different types of partners (public services, employers, training organizations, civil society...).
5. **More focus and dedicated measures on NEETs** – This is a category often escaping policy radars, yet at high risk of unemployment and/or long-term exclusion from the labour market. Concentration of efforts and resources seems necessary to improve the methods of NEET identification, engagement and support. More practically, this involves the inclusion of specific targets for NEETs in proven best practices, such as activation of prevention measures, set-up of mentoring and career guidance services, improving TVET and apprenticeships systems, facilitation of school-work transition, and focus on skills and professions for which there are labour shortages.
6. **Real engagement of employers into YE promotion and YU prevention initiatives** – Employers need to have an important role to play in designing and actively participating in youth preparation for, and integration into work. Furthermore, they need to be engaged to adapt new, better attitudes and mechanisms for securing the inflow of qualified and capable young workers. Regarding the CP, beyond fostering effective multi-stakeholder cooperation, this might include an expansion of initiatives incentives for employers, such as wage and recruitment subsidies and reductions of non-wage labour costs.
7. **School-to-work transition systems’ improvements** – In many regions these systems are weak and underdeveloped. Best practices, which are abundant, need to be disseminated and transferred, also using Cohesion funding, peer-learning and joint trans-regional initiatives. Dual apprentice systems, strong vocational education systems and other similar solutions help the first entry of youth to work. As indicated by multiple studies, unemployment at a young age has severe and lasting negative consequences for the youth, the labour market, economy, public finances, and society at large.

Specific policy proposals and recommendations, based on the study and having practical applications, are presented in the table below. The table was designed in order to simplify the presentation of policy recommendation it summarises the main findings of the report with clear linkages between findings and policy recommendations. Each recommendation issued is identified by policy domain and level, area of applicability and potential development through the Cohesion Policy.

Table 7: Policy proposals and recommendations

Policy finding / Instrument / Initiative description	Employment policy domain				Employment policy level			Applicability to categories of regions with different YU resilience scores	Recommendations for Cohesion Policy instruments
	Demand for labour	Labour and skills supply	Functioning of labour markets	Fairness, equal opportunities	EU	Member States	Regions/ Localities		
1. Introduction of multi-factor determinant (GDP and unemployment) of qualifying regions for Cohesion Policy support	X	X	X	X	X			<i>Lowest performing regions</i> - Regions showing weakest resilience in YU (and other structural elements of unemployment) would be provided will 'automatically' higher funding from CP.	This approach would provide more funding to regions with weaker resilience both in GDP and employment (including structural elements: youth and long-term unemployment) compared to other EU regions. More flexibility towards YU prevention by the MSs would be granted.
2. Smart Specialisation Strategy (S3) is used to build regional competitiveness and effective participation of regions in European and global value chains	X	X			X		X	<i>All regions</i> – S3 promises growth and expansion of regional economies based on distinctive and unique (smart) specialisations. This provides opportunities for more employment, including youth employment. On the other hand, S3 can be made more effective when more resources, including knowledge and skills are developed for/within smart specialisation domains.	S3 can be used as a testbed for driving education and innovation sectors much closer to the business and productive sectors. As selected knowledge-technology-market domains are supported under S3, for them excellence solutions in youth preparation for work (education, guidance, school-work transitions, apprenticeship programmes, etc.) can be developed with relatively limited budgets and time. These elements can be considered part of the ex-ante conditionality for using Cohesion funding for thematic objective 1, e.g. S3 must foresee calibrating and integrating education and innovation sectors towards the needs of regional smart specialisations.
3. National 'youth employment contracts' (offering jobs, training or work experience for unemployed youth) with high regional/local flexibility are highly effective	X	X	X	X		X	X	<i>All regions</i> – Innovative solutions appropriate to local circumstances can be tried, provided devolved/decentralised design and implementation of 'youth employment contracts' (in essence similar to YEI combined measures). Funding can be focused on allowing (very) local voluntary and community agencies to work in their communities to identify and engage with young unemployed and NEETs to bring them into more mainstream support measures.	Guided by national strategic frameworks but regionally/locally flexible interventions can be financed from multiple combined sources, including YEI, while maintaining the benefits of high level of place-based relevance and integration and cooperation of regional/local actors around the YU challenges. Responding to regional/local specific challenges in YU and activating regional/local actors, especially small employers/SMEs is ensured.
4. Improved collaboration and/or joint implementation of YU preventive and reducing measures, including YG, create multiple benefits	X	X	X	X		X	X	<i>All regions</i> – Complexity of factors and situations and available policy initiatives, as well as multiple actors dealing with YU and the related issues create many caveats in communication, reaching out to youth, especially the most vulnerable categories, and in overall coordination of effort.	Joint implementation by cross-agency arrangements such as a 'one-stop-shop' with YE support / YU prevention measures can facilitate and speed up the assistance to young job seekers, graduates, unemployed and NEETs. Development of such systems has proven to be effective or at least promising in many regions and can be easily replicated across the board. Overlapping and disconnected elements of support delivery can be avoided.
5. NEETs appear to be systematically underserved by measures dealing with YU, due to insufficient data, difficult access to affected youth, poor institutional coordination and/or weak regulatory frameworks		X		X	X	X	X	<i>Lowest performing regions</i> – Regions with high incidence of YU and NEETs (but in general, also other regions) are often faced with systemic issues of unavailability of data on NEETs due to specific organisation administrative registers, etc. (e.g. limited data sharing between education and employment authorities). NEETs among younger age groups or potential NEETs cannot be identified early on and provided with appropriate information and support.	NEETs should be further analysed and categorised to the extent feasible under the EU, MS and regional statistics and administrative registries. Given the often specific and high-risks situation of NEETs related to their future employment perspectives, this category should be treated with priority, including the design and provision of dedicated instruments. Also, localised and close-to-beneficiaries systems need to be in place, including intensive guidance, consultation, psychological support, etc.
6. Employers engagement in YU is growing, yet in many regions it is insufficient or superficial	X	X	X		X	X	X	<i>All regions</i> – Matching labour supply and demand in terms of skills and competences is a constant challenge among all regions. Since employers are the ones who create the demand, they should be an important actor in the process of preparing youth for work. Although there are many positive initiatives involving employers in YE promotion and YU prevention, there is not yet a high standard which would be commonplace among all regions.	Guidance could be developed on effective employers' engagement for fighting YU at the EU level, based on available multiple regional and local best practices. Such a guidance can become a standard against which MSs and regions are assessed in terms of effective involvement of employers. Alternatively, some of such standards could become ex-ante conditionalities on YEI/YGIP funding
7. Weaker resilience in YU management is associated with poor support of education-to-work transitions		X		X		X	X	<i>Lowest performing regions</i> – Regions which cannot effectively minimise YU are often affected with poor solutions in education-to-work transition of young people. This challenge is growing as increasingly, the employers require candidates for work not only with high qualifications but also with practical skills, e.g. in ICT, interpersonal, project management.	Dual apprentice systems and/or strong vocational education systems, or any solutions combining formal education with initial work experience (at secondary and tertiary education levels), make young people better prepared for work and more appreciated on the labour market. These should be developed in close collaboration between the education sector and the business sector (see also recommendation above). Their positive impacts are expected to be long-term while the funding required for design and launch is rather limited, temporary and can be combined from a variety of sources, including the private sector (employers).

6.4 Proposals for future analysis and research

From the analysis carried out in this project, it is clear how the path of youth integration within regional labour markets is the result of a complex network of factors, most of which not under the control of either national or regional policies.

In this sense, outlining what happened to regional markets with clarity proved difficult: the analysis provided in this report only deals with general trends and patterns, that might account for a mere part of the story of a region.

There are many grey areas that exceed the bounds of this study but that deserve to be explored in order to paint a clearer picture of youth integration in labour markets. In particular:

1. The conclusions stemming from literature review outlined in point 4.5 do not necessarily match the interpretation of regional data seen in chapter 2. At the same time, regional sample sizes for the characteristics of labour markets explored in chapter 3 are not large enough to generate significant results, which implies that if and when more detailed statistics are available, it will be possible to test the conclusions of literature against empirical data;
2. The analysis is limited to EU countries, excluding linkages with neighbouring regional markets. Switzerland, in particular, is not part of the analysis, but it is likely that its regional labour markets interacted with the neighbouring countries. Further research could expand on interaction between EU and non-EU labour markets;
3. Further research is needed to investigate the relationship between youth employment and a series of factors, including cities and urban environments, flexible and atypical work modalities, and the presence of social protection mechanisms for youth;
4. Due to unavailability of disaggregated data, gender has not been an object of this study. Further research is needed to establish the different regional implications of the labour market crisis for young women and young men;
5. As demonstrated by the concentration of patterns within country borders, the analysis cannot completely stem away from country policies. The regional analysis must be integrated with a sound analysis of national economic policies.
6. The analysis could also expand beyond the definition of unemployment to assess the quality of available jobs and their effects on social mobility. As it is defined, a higher resilience on youth integration does not necessarily coincide with good quality jobs conducive to socioeconomic development. The analysis should also look besides coping with the crisis and towards longer-term development perspectives;

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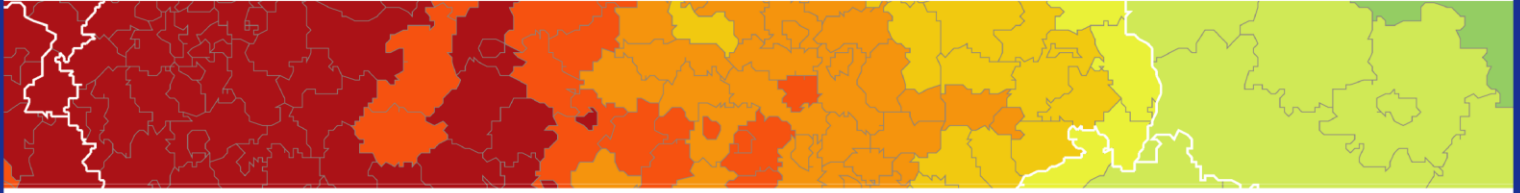
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