



***“Skills and Jobs - Investing for Youth”  
programme of the European Investment Bank***

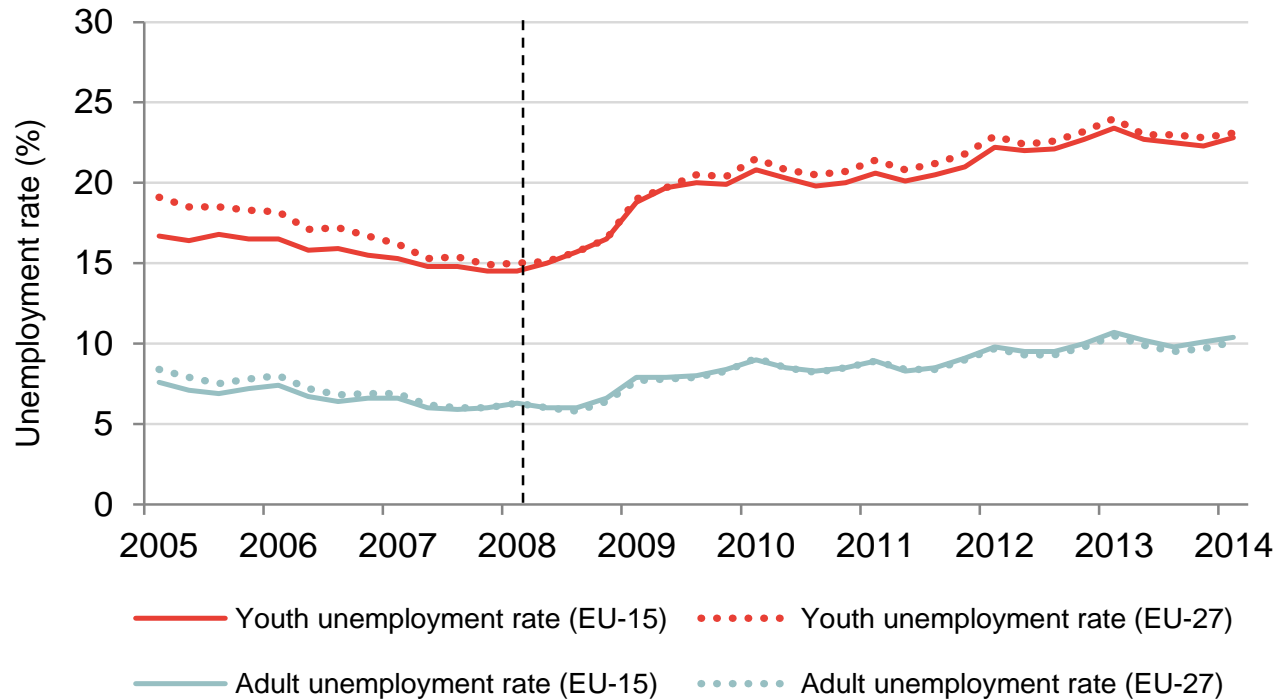
Thessaloniki, 25 Nov. 2014

# Outline

1. Motivation – youth unemployment
2. EU and EIB initiatives to tackle youth unemployment
3. Investing for Youth - What is new?
4. What has been done so far?
5. EIB Youth Employment Survey – a first glance at the results
6. Conclusion

# 1. Youth unemployment in Europe

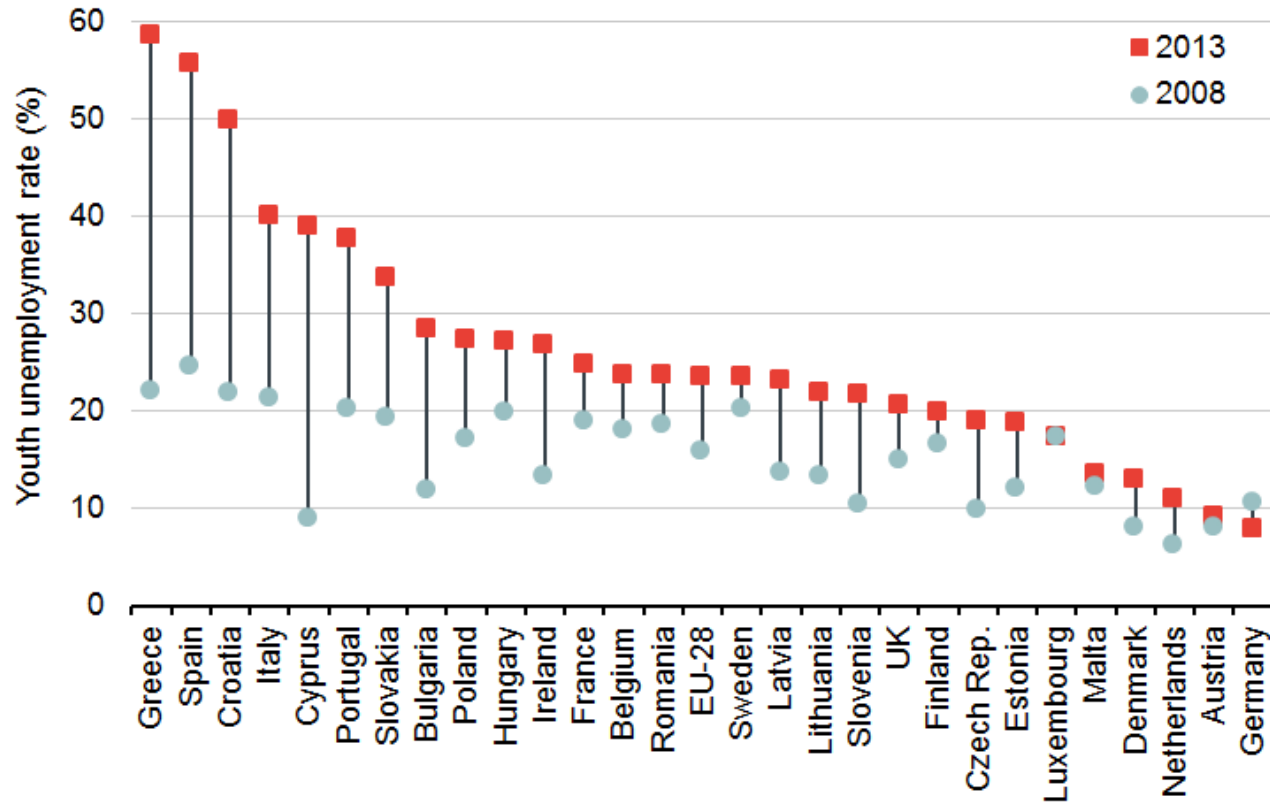
**Figure 1.** Rates of youth and adult unemployment, EU, January 2005 to May 2014



Source: Frontier analysis of Eurostat data. Notes: youth unemployment for those aged under 25. Adult unemployment for those aged 25 to 54. Dashed line shows the onset of recession in 2008Q2.



**Figure 1.** Youth unemployment rates in the EU, 2008 and 2013



Source: Frontier analysis of Eurostat data

## 2. The EU's Youth Employment Initiative (YEI)

- ❖ The YEI supports **young people (15 – 25 years)** not in education, employment or training in regions with a youth unemployment rate **above 25%** (as at 2012)
- ❖ Main instrument: **Youth Guarantee**
  - ❖ Foresees that *“within four months of leaving school or becoming unemployed – young people up to the age of 25 years receive a good quality offer of employment, continued education, an apprenticeship or a traineeship”*
- ❖ Commission budget 2014 – 2020: **EUR 6 bn** (of which ESF: EUR 3 bn)

# “Skills and Jobs – Investing for Youth” programme

Initial commitments: EUR 6 bn per year in 2013 & 2014

EUR 3 bn



Jobs for Youth

Lending to SMEs & Mid-Caps  
– Access to finance

EUR 3 bn



Investing in Skills

Knowledge Economy  
– Education & Training

*No “employment eligibility” !*

# “Skills and Jobs – Investing for Youth” programme

## Investing in Skills



### Infrastructure facilities

- Universities/research facilities
- Schools for upper secondary/tertiary education
- Social housing for students

### Vocational training programmes

- Private & public sector promoters

### Student loans & mobility programmes

- Student loans
- Mobility programmes for apprentices & young employees

# “Skills and Jobs – Investing for Youth” programme

## Investing in Jobs



### Loans to SMEs and Mid-Caps

- Phase I: >25% youth unemployment regions, standard loan pricing, no conditionality
- Phase II: Any region, advantageous loan pricing conditional on hiring young people or offering vocational training/apprenticeships/internships
- Phase III: Risk sharing with the financial intermediary (in partnership with the EIF)

### EU and national/regional programmes aimed at reducing youth unemployment

- Bridge financing of EU contributions from the ESF
- Buildings and operational costs of Public Employment Services



### 3. “Investing for Youth” - What is new?

#### EIB's financing share

- **50%** for standard projects
- **75%** for projects included in national or regional youth employment programmes (not only those supported by the EU) in regions with youth unemployment above 25%

#### Student loans & mobility programmes

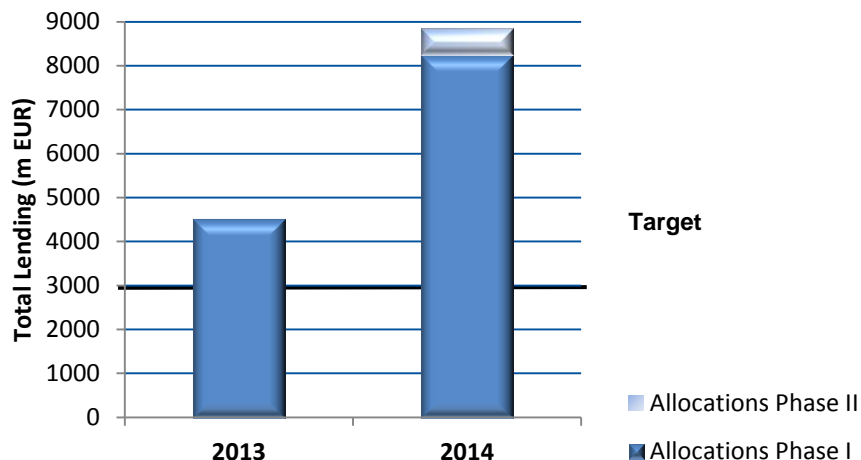
- **Student loans:** Eligible costs include: tuition fees, accommodation and other living expenses as well as relocation costs
- **Mobility** programmes: Eligible costs include: costs for accommodation, relocation, languages courses and fees

## Vocational training programmes

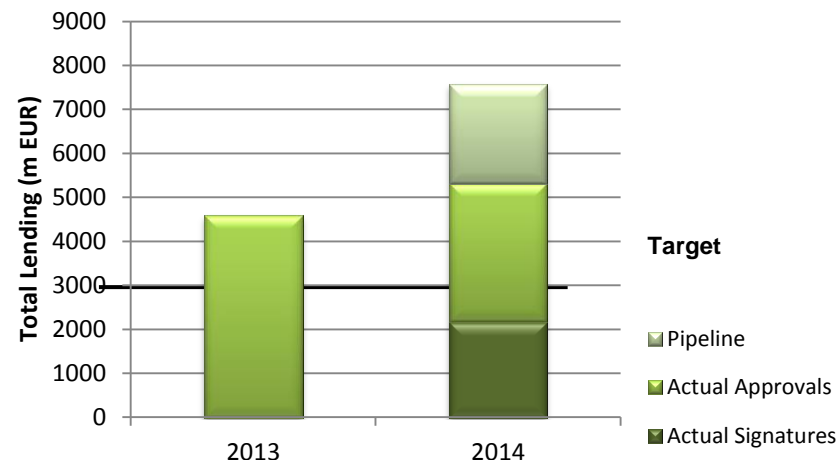
- **Direct operational/training costs** eligible, including:
  - Salaries of teaching/training staff
  - Rents for building & equipment for vocational training
  - Materials
  - Dedicated training programmes for teachers at vocational schools
  - Other operational costs
- **Wages of apprentices:** ceiling based on the average salary per pupil per country (EUR 6 000 per pupil per year; large variations in remuneration between countries)

# 4. Investing for Youth – What has been done so far?\*

### Jobs for Youth



### Skills



## 2013:

- ❖ Total signatures: EUR 9.1 bn

## 2014:

- ❖ Total signatures: EUR 10.9 bn
- ❖ “Jobs for Youth”: EUR 8.8 bn allocated (about 83 000 allocations supporting 130 000 young employees)
- ❖ “Investing in Skills”: 2.1 bn signed; strong forecast of 4.4 bn signatures

\*As of 30.09.2014

## *Frontier Economics (London) interim analysis*

- ❖ Reviewed 56 operations or projects (05/12- 04/14).
  - ❖ 48 are projects eligible under KE – Education and Training (46 infrastructure projects and 2 student loan projects).
  - ❖ 8 are operations funding investment in businesses, where the operation included a workplace training or hiring of young workers element.
  - ❖ EUR 11,320m invested in educational infrastructure, of which EUR 351m in VET facilities
  - ❖ EUR 205m invested in operational expenses of vocational training schemes run by 3 private companies

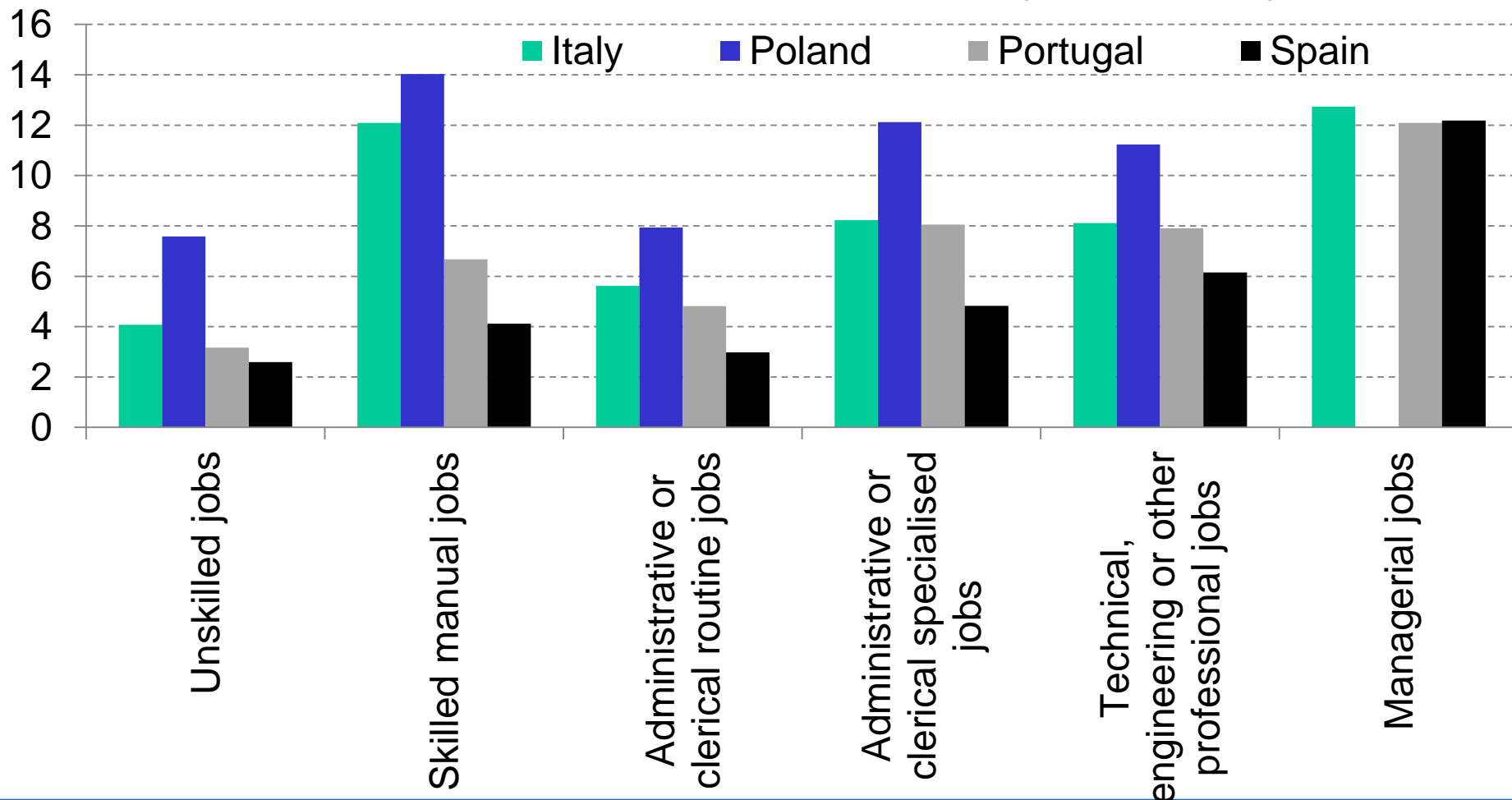
## 5. The EIB Youth Employment Survey

- ❖ Conducted by Ecorys (Rotterdam), with support of GfK (Bruxelles)
- ❖ Aims at 900 completed interviews (CATI)
- ❖ SMEs (up to 250 employees) and Mid-Caps (up to 3000 employees) in agriculture, industry, construction and services
- ❖ Population of 2000 EIB loan beneficiaries (Jobs for Youth) in Italy, Poland, Portugal and Spain
- ❖ Control sample (125 firms in each country)



# Preliminary EIB Youth Employment Survey results on the cost of hiring young workers\*

Number of months of practice needed to fully master the job

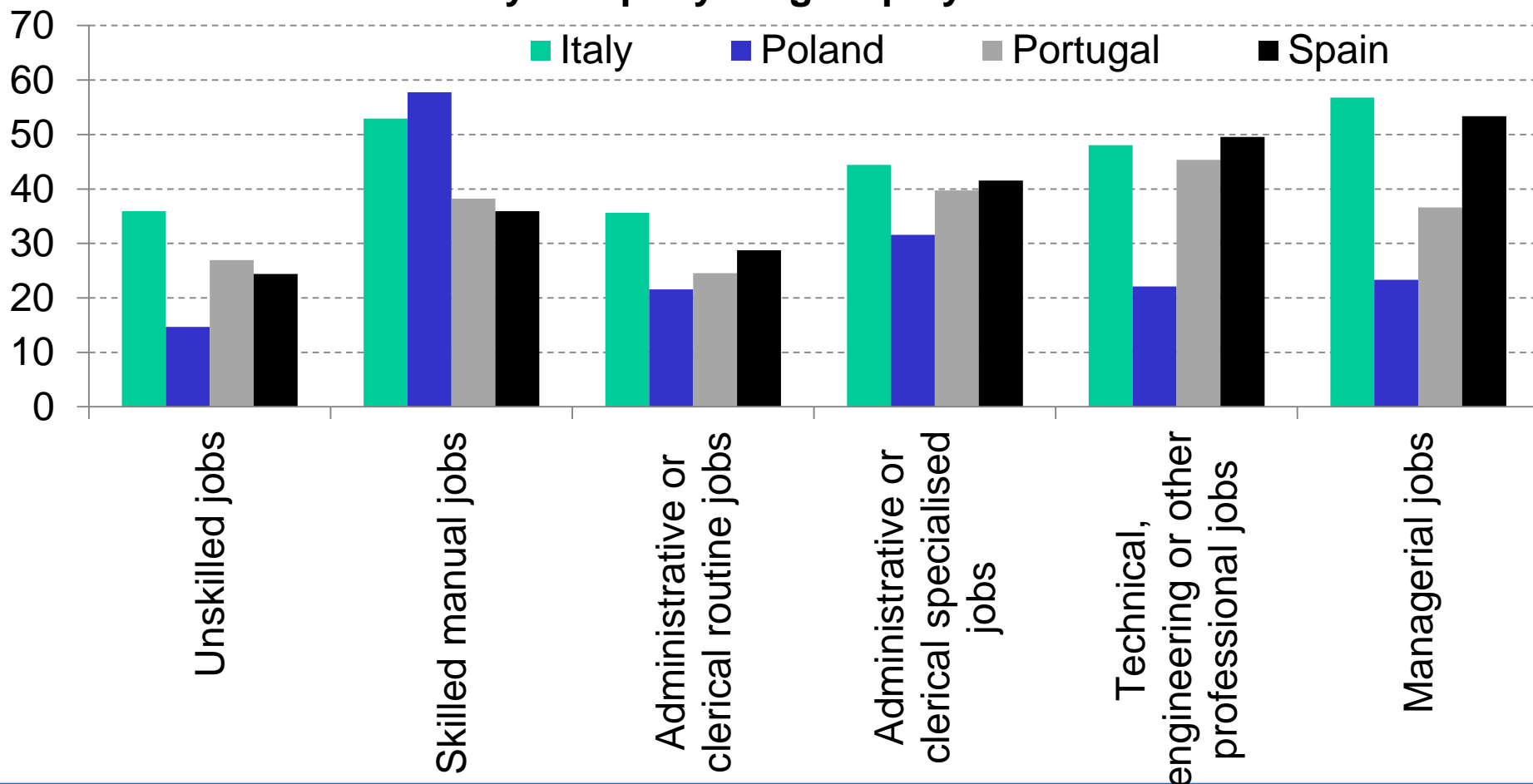


\*Based on 383 firms in the control group



# Preliminary EIB Youth Employment Survey results on the cost of hiring young workers\*

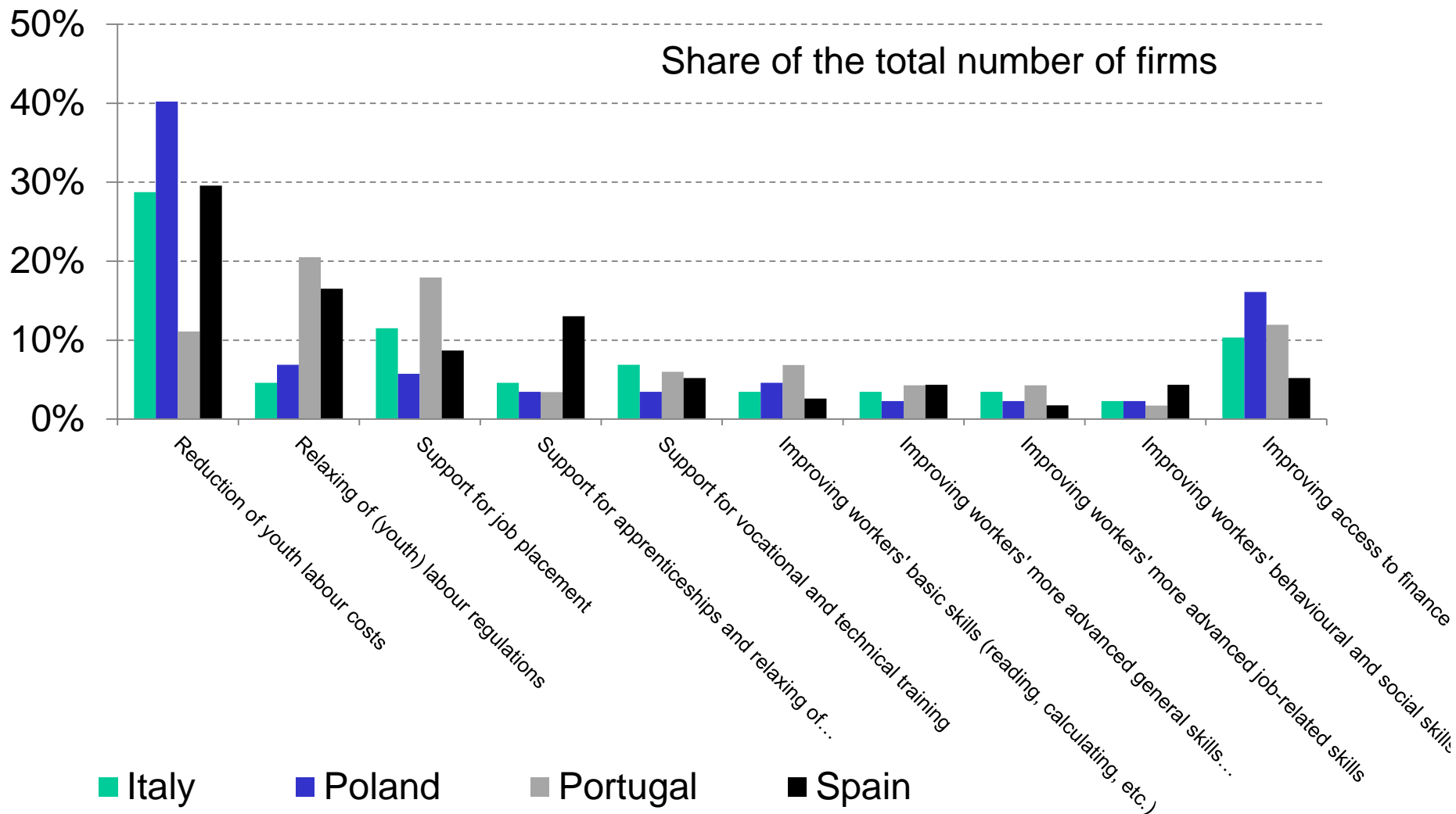
Average number of training days provided in the first three years per young employee



\*Based on 404 firms in the control group



# Which policy would be most effective to incentivise the company to hire a young worker?\*



\*Based on 404 firms in the control group



## 6. Conclusion

- The EIB has made a first step in the implementation of the «Investing for Youth» programme
  
- Future activities need to focus on :
  - Regions suffering high youth unemployment
  
  - «Soft» expenditures rather than tangible assets
    - Teacher training
    - Job search assistance
    - Vocational education and training



Thank you for your attention