NEETs in Spain: Trends, challenges, policy, and programme analysis

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Project summary:

The project 'Lost Millennials' focuses on a regularly neglected group of the generation of Millennials: young people aged 25-29 neither in employment or education and training (25+ NEETs). This generation started their working life shortly after the economic crisis of 2008, perceiving uncertainty and lack of security for work and well-being, they are more likely to be inactive or in precarious jobs. The main objective of the project is to contribute to the successful integration of 25+ NEETs to the labour market through increasing knowledge on the effects of employment initiatives on 25+ NEETs, building capacity of stakeholders to perform impact studies and thus improving the quality of labour market interventions. This objective will be achieved through the creation of the transnational research network which will share know-how and good practices, the evaluations of governmental and community-based initiatives targeting 25+ NEETs, as well as the engagement of stakeholders to increase the policy-relevance of project results.

For more information, please visit our <u>website</u>, contact us on <u>Im.leadpartner@hetfa.hu</u> and follow our social media (<u>Facebook</u>, <u>LinkedIn</u>).

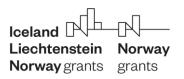
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Key Points

- ⇒ In Spain, the NEET phenomenon —young people not in education, employment or training— is more affected by the periods of recession in the global economy than other countries. Only a minority of NEETs are not interested in seeking employment and most of them are available and actively searching for employment.
- ⇒ Spain has a structure regarding its training system that compared to other countries is biased downwards and upwards: there is a high number of NEETs with a low level of educational attainment, but there is also a high number of overqualified people.
- \Rightarrow The **EU** is the main driving force behind policies, programmes, and initiatives aimed at NEETs (through the Youth Guarantee and the ESF).
- \Rightarrow Spain is a decentralised country with numerous bodies at national, regional, and local level responsible for implementing policies, programmes, and initiatives all over the country.
- ⇒ Before the Reinforced Youth Guarantee, Spain had a **definition of youth**, and thus of the target group of youth policies and NEETs, **broader than in other EU countries** as it includes young people neither in employment nor in education and training between 16 and 30 years old.
- \Rightarrow Policymakers should strengthen the national commitment to youth employability and the situation of NEETs.
- \Rightarrow It would be also important to **improve coordination between institutions** so that it goes beyond the implementation of programmes and promotes a holistic assessment of policies and evaluation of actions.
- \Rightarrow There is a need to clarify **the NEET concept and, if necessary, redefine the target group** within the beneficiaries of the Youth Guarantee System¹.

Introduction

In the last few years Spain has made many efforts to improve its NEET rate, which suffered an extreme increase after the 2008 crisis (Eurostat, 2021). However, despite its recent improvement (see Figure 1), Spain still has one of the highest rates of young people in a NEETs situation among the EU countries (see Figure 2). The trends of the 25+NEETs rate in Spain in the last two decades shows how the NEET

¹ Youth Guarantee is a European initiative that aims to facilitate young people's access to the labor market and by which each NEET person registered should receive offer of employment, education, or training, including apprenticeship training or internships (at least one in a period of 4 months from their registration). Accordingly, the National Youth Guarantee System is created as a file in which young people, registered on a voluntary basis, constitute a single demand list available to the Public Employment Services and other entities able to make those offers.



phenomenon in Spain is more affected by the period of recession in the global economy than in other countries. Indeed, in Spain the continuously high NEETs rate is not only affected by the economic cycle—period of recession after economic expansion of global economy— but is also mainly related to unemployment (De Luca et al., 2020). In contrast to some other countries where the inactivity component is predominant (e.g., Italy), in Spain most of the NEETs are not inactive and they are indeed searching for a job (Strecker et al., 2021). Only a minority of NEETs are not interested in seeking employment and most of the Spanish NEETs participate in the labour market and consider themselves as available and actively searching for employment (Vallejo Peña, 2017; Salvà-Mut et al., 2018; Strecker et al., 2021).

The literature on the NEETs phenomenon has found this specificity of Spain interesting and has highlighted education and training as the main factors influencing why even when most of the NEETs in Spain are actively searching for a job, they are still unemployed (Salvà-Mut et al., 2018). Spain has a structure regarding its training system that, compared to other EU countries, is biased downwards and upwards: although there is a high number of NEETs with a low level of educational attainment, there is also a high number of overqualified people in relation to the work they carry out (grounds of the Organic Law 3/2022 on the organisation and integration of Vocational Training). Whereas other European countries rely on the intermediate group with upper secondary and vocational degrees, Spain does not have a proportion of people with intermediate qualifications that makes this group relevant to define its work force (Holleran, 2019).

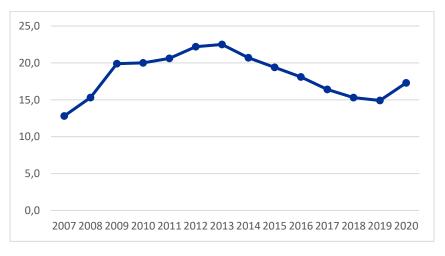


Figure 1. Evolution of NEETs rate for people between 15 and 29 years in Spain

Source: own elaboration based on Koller et al. (2022) and Eurostat (2021)



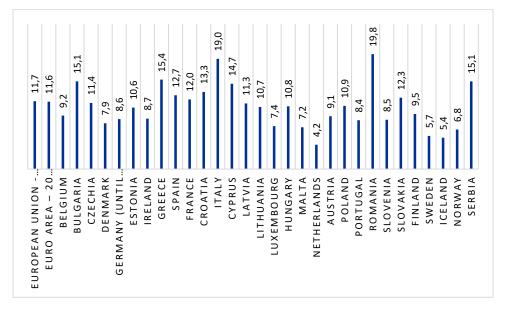


Figure 2. NEETs rate for people between 15 and 29 years old among EU countries

Source: own elaboration based on Eurostat (2022).

Policy trends and challenges related to 25 + NEETs in Spain

The EU as the main driving force

To tackle the problems of high youth unemployment and high NEETs rate, and following the recommendations from the EU (Council Recommendation of 22 April 2013), Spain approved the Youth Guarantee Implementation Plan in 2014 and the Youth Guarantee System implementation in 2016 (still in force). The approval of the Youth Guarantee System together with the Youth Employment Initiative provided an important incentive to boost youth employment policies and actions in Spain. The EU has been since then the main driving force behind policies, programmes, and initiatives aimed at NEETs. As a result, Spain approved in 2014 the Youth Employment Operational Programme (*Programa Operativo de Empleo Juvenil*, POEJ from now on), which establishes a common framework for the programs targeting youth people and NEETs and distributes the EU financing from the European Social Fund (ESF) and the Youth Employment Initiative (YEI).

Specificities of policy and evaluation practices in Spain

One specificity of Spain is its decentralized model of state and the distribution of competences in employment and youth: the main strategies and policies related to the Youth Guarantee are defined at a national level, but the Autonomous Communities (regions) play a key role in the implementation of these policies through programs and actions. This decentralisation implies the existence of numerous



bodies at national, regional, and local level responsible for implementing programs and initiatives all over the country. This means that there have been thousands of actions targeting NEETs (and 25+NEETs as a group included among them) implemented by multiple different institutions during the period under review—under the framework of the POEJ, 41,375 projects were executed by 34 institutions until the end of 2020 (UAFSE, 2021). Given the enormous number of programs and initiatives implemented by multiple institutions at national and regional level, the evaluation of the success and impact of these actions is difficult, and Spain only evaluates the POEJ as a whole. The culture of evaluation in Spain, as in other southern and central EU nations, has its origin in the reforms approving the EU structural funds in 1988 (Díaz-Puente et al., 2008). This means that the evaluation requirements for the POEJ mainly derive from the EU since the obligation of evaluation came together with the justification for expenditure of the ESF, which may leave aside consideration of specific characteristics of Spanish labour market.

Another specificity of Spain and its programs and initiatives has been the definition of youth, which used to be broader than in other EU countries —now the Reinforced Youth Guarantee is aimed at 'all young people under the age of 30' (European Commission, 2023). According to this and broader current definitions of youth, the POEJ targets people older than 16 and younger than 30 years old.

Programmes targeting NEETs: the case of PICE (Comprehensive Qualification and Employment Programme)

One of the main programmes in Spain targeting NEETs under the Youth Employment Operational Programme (POEJ) framework is the Comprehensive Qualification and Employment Programme (*Programa Integral de Cualificación y Empleo*, PICE). PICE is designed by the Spanish Chamber of Commerce at a national level, but it is implemented at a local level by the Chambers of Commerce of the different cities of Spain out of which we have focused on Burgos in our research.

At a national level PICE has been considered a good practice because of its good results as well as for its collaboration with the business sector (UAFSE, 2019). However, it does not have its own evaluation. Actually, when the Spanish Chamber of Commerce explains its evaluation processes, it refers to the evaluation of the entire POEJ (Spanish Chamber of Commerce, 2023). Focusing on PICE, we have carried out an evaluation based on document analysis and semi-structured in-depth interviews with managerial staff at a local level in Burgos and with one of the programme designers and coordinators at a national level.

The main findings of this evaluation show that PICE is a relevant program as it is consistent with the Spanish context and aims to improve the employability skills of young people to match them with the demands of the labour market. In addition, PICE is coherent with other programmes targeting NEETs as it is designed under the POEJ's framework and thus responds to the indicators defined for the



programmes funded by the ESF. Indeed, most of these indicators for the ESF are mainly productivity indicators referring to having reached the target group (e.g., total number of participants, participants under 25 years old, participants who complete the subsidized intervention). Some important indicators in terms of results at a national level relate to the percentage of participants who have found a job after six months and the percentage of participants who have resumed their studies, which, according to the interviewee are 40% and 20% respectively since the beginning of the programme in 2015. Despite these good results from PICE, the continuity of PICE mostly depends on funding from the ESF. As explained by the interviewees at the national level, the sustainability of the execution of PICE is associated with the financing from the ESF. However, interviewees were optimistic about the continuity of PICE after the recent commitment from the EU regarding the Youth Guarantee – Reinforced Youth Guarantee (European Commission, 2023).

Policy solutions and recommendations

In line with these remarks, we would like to suggest some recommendations to policymakers and implementors that may address the challenges identified in the previous section:

- Strengthen the national commitment to youth employability and the situation of NEETs. Despite the recent approval of the reinforced Youth Guarantee and the long-term commitment from the EU regarding NEETs, there is still a need for higher national commitment on this matter in Spain. This dependency on the EU funding and evaluation requirements can be specially perceived among the programmes within the POEJ, such as PICE, as their results mainly rely on the indicators from the ESF. This focus on the criteria imposed by the EU to analyse program results and impacts (e.g., percentage of participants who have found a job after six months) may leave aside specific conditions characteristic of Spain such as the temporary nature of work contracts (EURES-EC, 2022; OECD 2021) or even specific characteristics of NEETs such as having a NEET rate higher for people aged 25-29 years old rather than for younger population or being willing to work rather being inactive. We also recommend guaranteeing the sustainability of programmes aimed at improving youth employability (such as PICE) with other sources of financing at national level. In addition, we would recommend studying the effectiveness of the programmes targeting NEETs with evaluations beyond those required by the ESF and that are more adapted to the national reality (for instance considering the precariousness and the temporary contracts in Spain).
- Improve coordination between institutions so that it goes beyond the implementation of programmes and promotes a holistic assessment of policies and evaluation of actions. This could



lead, for instance, to cross-check data between the Youth Guarantee National System, Public Employment Services, and Educational Institutions to better evaluate the effectiveness and impact of actions that have effect on beneficiaries in multiple ways. As an example, in the case of PICE this cross-checking of data would allow to assess the long-term situation of the beneficiaries (beyond the temporary contracts signed at the end of the programme and beyond their registration in the Youth Guarantee System once they turn 30 years old). Moreover, this better coordination could imply considering the decentralization of Spain and the heterogeneity among their regions as an important factor in designing indicators and evaluation processes by taking into account the differences among Autonomous Communities.

Clarify the NEET concept and, if necessary, redefine the target group within the beneficiaries of • the Youth Guarantee System. The analysis carried out in terms of policies, initiatives, and evaluation, suggests that they are more focused on a general target group of youth rather than vulnerable groups, which is consistent with the Spanish context in which most of the NEETs are not excluded from the labour market and are indeed actively seeking employment. However, this focus leads us to consider if young unemployed people actively trying to enter the labour market (even with higher education degrees) and those suffering social inclusion issues should be considered as the same target group. In the case of PICE, for instance, most of the reflections of the interviewed managerial staff on young people's difficulties to enter the labour market focused on early school leavers and considered those with higher education as only temporarily unemployed. Therefore, it might be important to analyse the different needs of NEETs and consider the possibility of defining different target groups within the beneficiaries of the Youth Guarantee system. Some examples of this redefinition could relate to a further distinction between the needs of NEETs with higher education degree and those of early school leavers as well as with a further distinction between the problems faced by teenagers and those in their early twenties and young adults.

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