

Youth Guarantee in Trentino

Monitoring Report 2015 | 1
April 2014 - June 2015

FBK-IRVAPP in collaboration with the following bodies of the Province of Trento:

Agenzia del Lavoro

Agenzia provinciale per la famiglia, la natalità e le politiche giovanili

Dipartimento della Conoscenza

Servizio Europa

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INTRODUCTION

This report contains information regarding the participation in the Youth Guarantee scheme in the Autonomous Province of Trento (PaT). The policy framework for the local scheme is provided by the EU-wide Youth Guarantee principle endorsed by EU member states in April 2013. The main objective of the Youth Guarantee is to ensure that individuals below 30 years of age receive a good-quality offer of continued education, apprenticeship or traineeship, within a period of four months of becoming unemployed or leaving formal education, in order to improve their employability.

This is the first issue of quarterly monitoring reports on the program implementation from April 2014 to December 2018. The aim is to regularly report on the evolution of program participation, the characteristics of participants and their progression within the program and in the various measures offered in the province of Trento. Each quarterly report describes the situation as of the end of the respective quarter, that is, this first report considers the situation of program participation as of June 30, 2015.

For the purposes of the monitoring reports, **program participation** is defined as the conclusion of an initial interview within the Youth Guarantee scheme. In order to ensure comparability, we then follow the progression of participants within the program according to their initial interview date. The initial interview represents the starting point of participation in the Youth Guarantee scheme. Individuals who expressed interest via the national or regional Youth Guarantee website, are contacted by the local Labour Agency (*Agenzia del Lavoro*) of the PaT to fix an interview date. As mentioned above, those individuals, which concluded such an interview are subjects of the monitoring and are further called “**program participants**”.

If an individual decides to take part in one of the measures of the Youth Guarantee scheme, a **mutual obligation agreement** (*patto di servizio*) is signed, which states the type of measure chosen.

The PaT offers four types of measures within the Youth Guarantee scheme (see also *Deliberazione della Giunta Provinciale: May 26, 2014, n. 807*), which are implemented by external entities selected by a public call:

Track A – Internship (*Tirocinio*)

offers individual orientation activities (of up to 8 hours), up to 26 hours of preparatory training and finally an internship of 8 to 24 weeks. At the end of each internship, a phase of “accompanied labor market insertion” is provided.

Track B – Training and Internship (*Formazione e Tirocinio*)

is targeted to youths between 15 and 25 years of age, who hold a secondary school degree and graduated two years ago at latest. The measure consists of 50 to 200 hours of occupation-specific training courses followed by an internship of 16 to 24 weeks.

Track C – Apprenticeship (*Apprendistato*)

offers an apprenticeship of up to two years in combination with up to 460 hours of vocational training in order to achieve a vocational degree (*qualifica* or *diploma professionale*). This measure is restricted to youth between 15 and 25 years of age in possession of credentials corresponding to at least one year of vocational education.

Track D – Civilian Service (*Servizio Civile*)

is targeted to youth between 18 and 28 years of age and offers activities in the civilian service for a period of 3 to 12 months.

In addition to the four pillars of Youth Guarantee measures, a fifth measure concerns the so-called **bonus occupazionale**, which represents a monetary incentive for enterprises to hire program participants. This bonus is not subject to the monitoring exercise provided in the report.

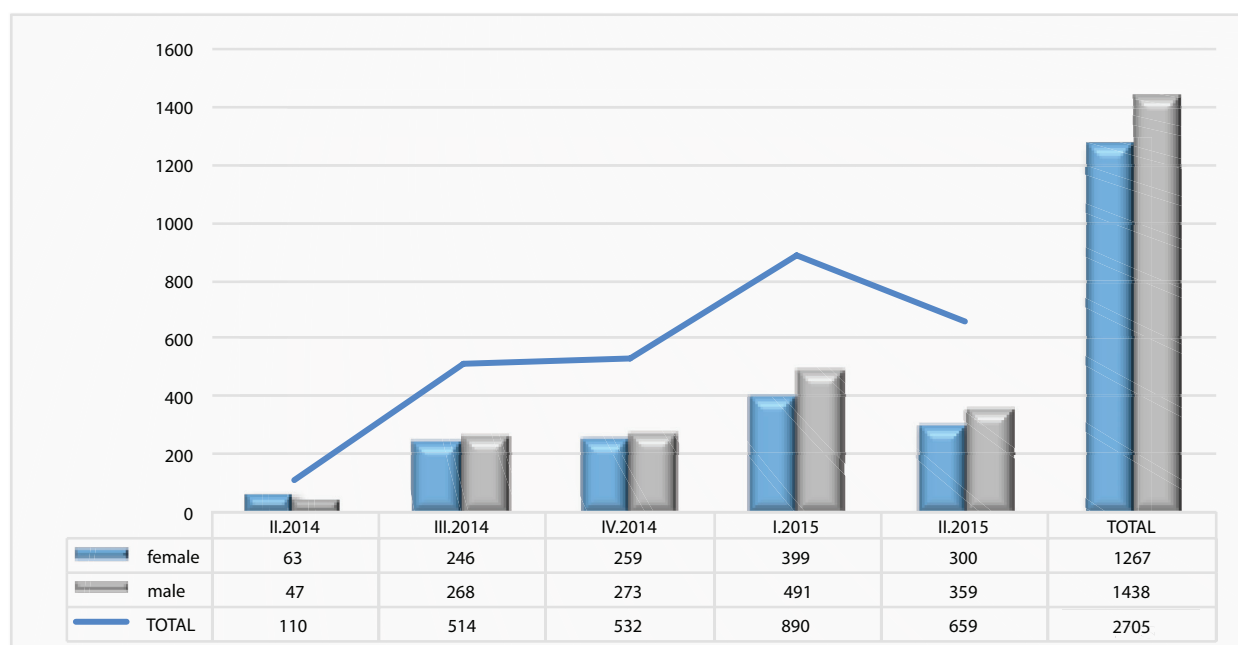
Figure 1 depicts the number of interviews conducted for each quarter since program start, hence the number of program participants entering the scheme. Note that the *Agenzia del Lavoro* of the PaT started conducting interviews in June 2014, which is why numbers for the second quarter of 2014 are relatively low.

In the subsequent two quarters, on average about 500 participants entered the program. There is a considerable peak in the number of interviews conducted in the

first quarter of 2015 (890 interviews), while program participation decreases in the subsequent quarter to 659.

The gender distribution appears to be balanced with a slight imbalance emerging in favor of male participants in recent quarters. Overall, roughly 53 percent of participants are male. By the end of June 2015, the total number of participants in the Youth Guarantee scheme in Trentino amounts to 2,705 individuals, 1,267 female and 1,438 male.

Figure 1
Number of interviews by interview quarter and gender



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

Concluding the interview with the *Agenzia del Lavoro* of the PaT, participants decide whether to sign a mutual obligation agreement (*patto di servizio*). Signing the agreement goes along with the choice of one of the four types of Youth Guarantee measures offered in the Province of Trento.

In this section, we provide an overview of the passage from the interview to the mutual obligation agreement, the characteristics of participants who signed such an agreement as well as an outlook on the types of Youth Guarantee measures chosen.

From interview to mutual obligation agreement

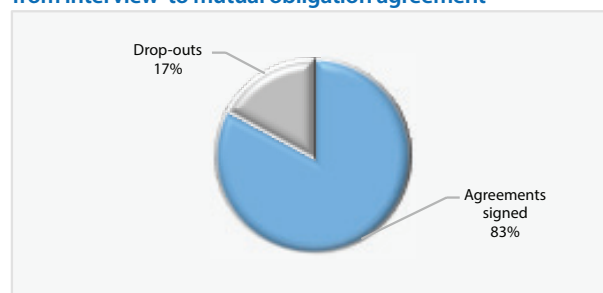
At the passage from interview to mutual obligation agreement, ca. 17 percent of all participants choose not to sign an agreement and hence drop out of the Youth Guarantee scheme (see Figure 2). This amounts to 461 dropouts among the 2,705 participants from program start up until June 2015. Hence, in the observation period, a total of 2,244 mutual obligation agreements have been signed in the Province of Trento.

There are several potential reasons for a participant to drop out of the scheme. First, participants who (re)enter the labor market or the formal education system automatically drop out. Second, especially in the starting period of the program, participants dropped out due to long waiting times until the activation of their preferred measure, in order to re-enter the program at a later point. Third, participants can at any time drop out to participate in other activation measures provided in the Province of Trento, which are not part of the Youth Guarantee scheme, or for other reasons.

Figure 3 reports the evolution of number of interviews, number of agreements over the observation period

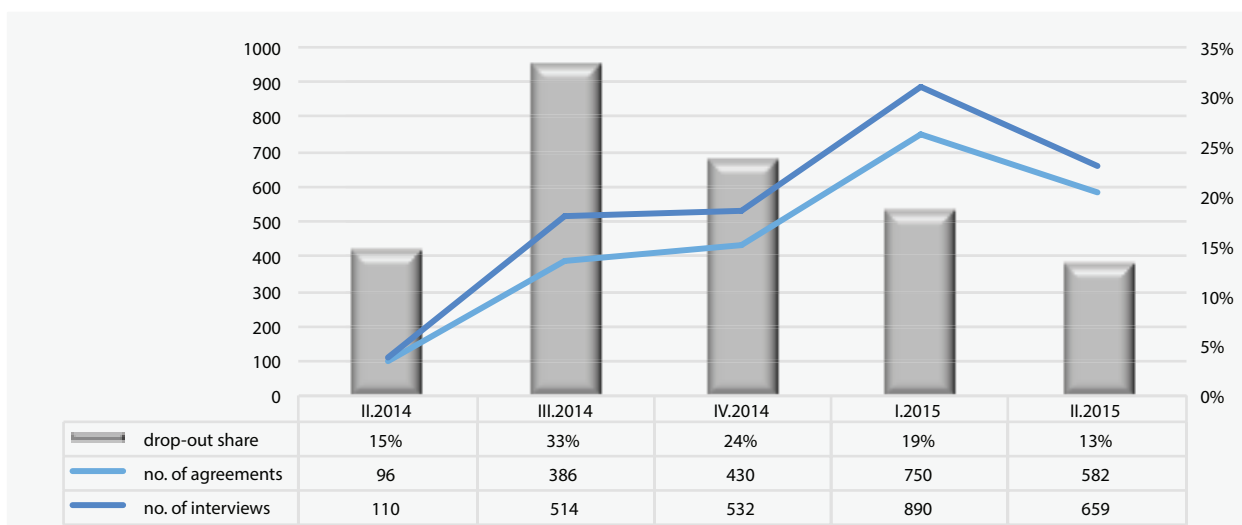
by interview quarter, and shows (on the right axis) the share of dropouts among program participants at the passage from interview to mutual obligation agreement. Dropout rates range from 15 percent at the very program start to 33 percent in the following quarter. From then on, dropout rates decrease each quarter with 13 percent in the most recent quarter.

Figure 2
Share of dropouts in program participants at the passage from interview to mutual obligation agreement



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

Figure 3
Total number of interviews, total number of agreements, and dropout share by interview quarter



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

Participant characteristics

Figure 4 displays demographic characteristics (gender, age, and nationality) of participants who signed a mutual obligation agreement, whereas Figure 5 shows the distribution of educational levels and the prevalent occupational status in the year before the interview. We show distributions of these characteristics for the overall observation period up to the first quarter of 2015 and separately just for the most recent quarter, in order to follow potential recent distributional changes.

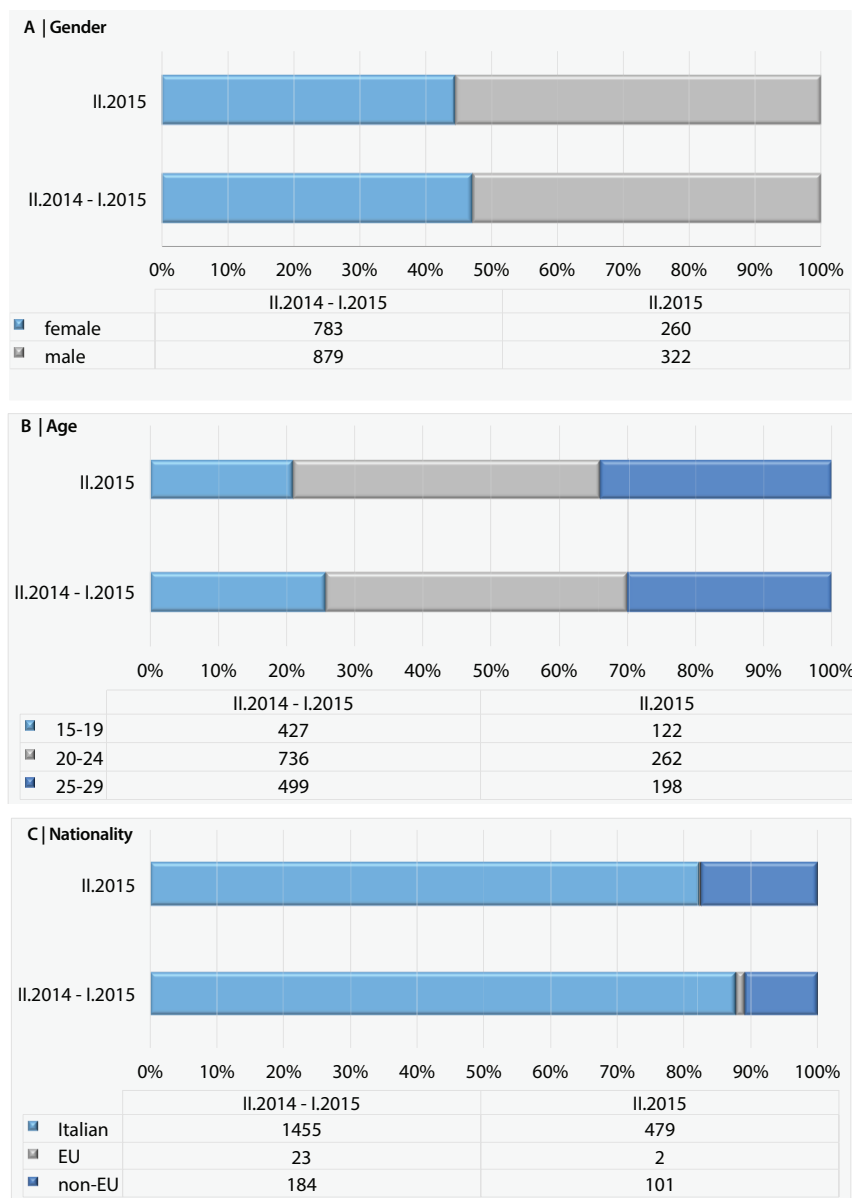
It is evident from Panel A of Figure 4 that the gender distribution is overall roughly balanced with slightly more males than females signing a mutual agreement (53 percent males vs. 47 percent females). The share of males increased again in the most recent quarter (55 percent).

Ca. 44 percent of total participants are in the middle of the age-range (20-24), whereas 26 percent are younger, and 30 percent are between 25 and 29 years old.

For the most recent quarter, we observe a reduction in the relatively younger age group with a share of 21 percent and an increase in the relatively older group with a share of 34 percent, whereas the middle age group remains stable at 45 percent.

The large majority of participants is of Italian nationality (88 percent). We observe that the share of non-Italians increases in the most recent quarter from 12 to 18 percent. Note that – irrespective of citizenship – only 4 percent of overall participants are not resident in Trentino.

Figure 4
Demographic characteristics of participants who signed a mutual obligation agreement



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

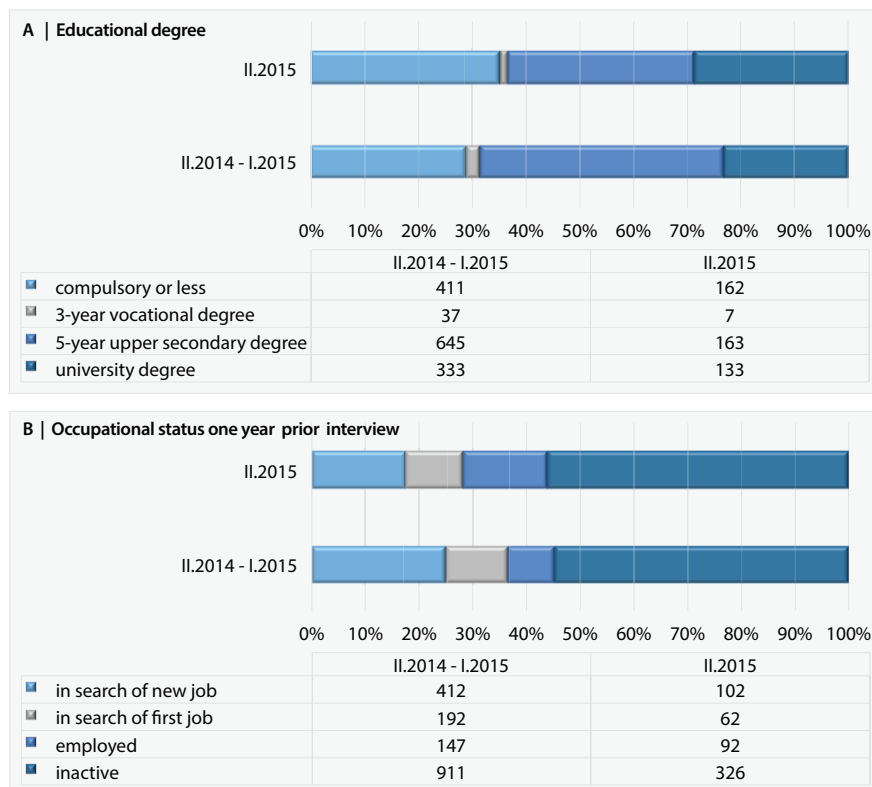
Panel A of Figure 5 describes the educational attainment among participants who signed a mutual obligation agreement. Note that we lack information on highest educational attainment for around 14 percent of the participants and that the fraction of missing information increases for the most recent quarter (20 percent). It is hence important to note that the fractions displayed in Figure 5 are calculated excluding those observations with missing information on educational attainment.

A relatively large fraction, around 29 percent, holds no upper secondary school degree (compulsory schooling or less). This share is even more pronounced in the most recent quarter, with 35 percent. Only a very small fraction of participants hold a 3-year vocational degree (*qualifica professionale*) – 3 percent, and 2 percent in the recent quarter.

Most participants (45 percent) hold a 5-year upper secondary degree (*diploma 5 anni*). This share, however, decreases considerably in the most recent quarter to 35 percent. With 23 percent, a sizeable share of participants hold a university degree (*laurea*). This share even increases to 29 percent in the most recent quarter.

With respect to occupational status, Panel B of Figure 5 shows that more than half of the Youth Guarantee participants were inactive one year prior to entering the program (55 percent). Presumably, those are the participants who enter the Youth Guarantee scheme directly from the formal education system. This share is stable also in the recent quarter (56 percent). The second largest group among participants with a signed mutual obligation agreement entered the scheme from unemployment, either in search of a new job (around 25 percent) or in search of a first job (around 12 percent). Only about 9 percent of participants were employed one year prior to their Youth Guarantee interview. In the recent quarter, relatively fewer participants entered the scheme from unemployment (18 percent in search of a new job, 11 percent in search of their first job). On the other hand, the fraction of participants that enter from employment one year prior to the interview increases from 9 percent in the period from program start up until March 2015 to 16 percent in the recent quarter.

Figure 5
Educational level and occupational status of participants with signed mutual obligation agreement



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

Types of Youth Guarantee measures chosen

This section describes the types of measures chosen by participants who sign a mutual obligation agreement. Note that here we consider all agreements signed in the observation period irrespective of whether the participant initiated an activity or dropped out beforehand.

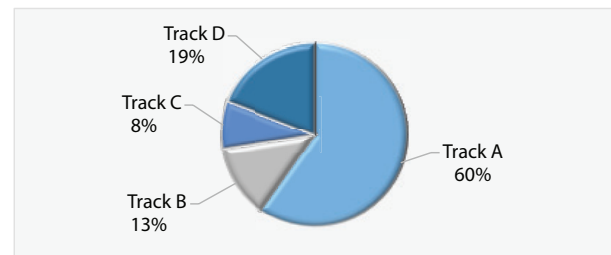
Figure 6 displays the overall distribution of types of measures chosen among all signed agreements over the observation period from program start up until June 2015. With 60 percent, track A (Internship) appears to be the most requested measure type, followed by track D (Civilian Service) which is chosen by 19 percent of participants, and track B (Training and Internship), chosen by 13 percent. Track C (Apprenticeship) is the, to date, least requested measure (8 percent).

Figure 7 shows how the number of mutual obligation agreements and the types of measure chosen evolved over the observation period. Up until the first quarter of

2015, we observe an increasing trend in participation for all types of measures with stable proportions over time.

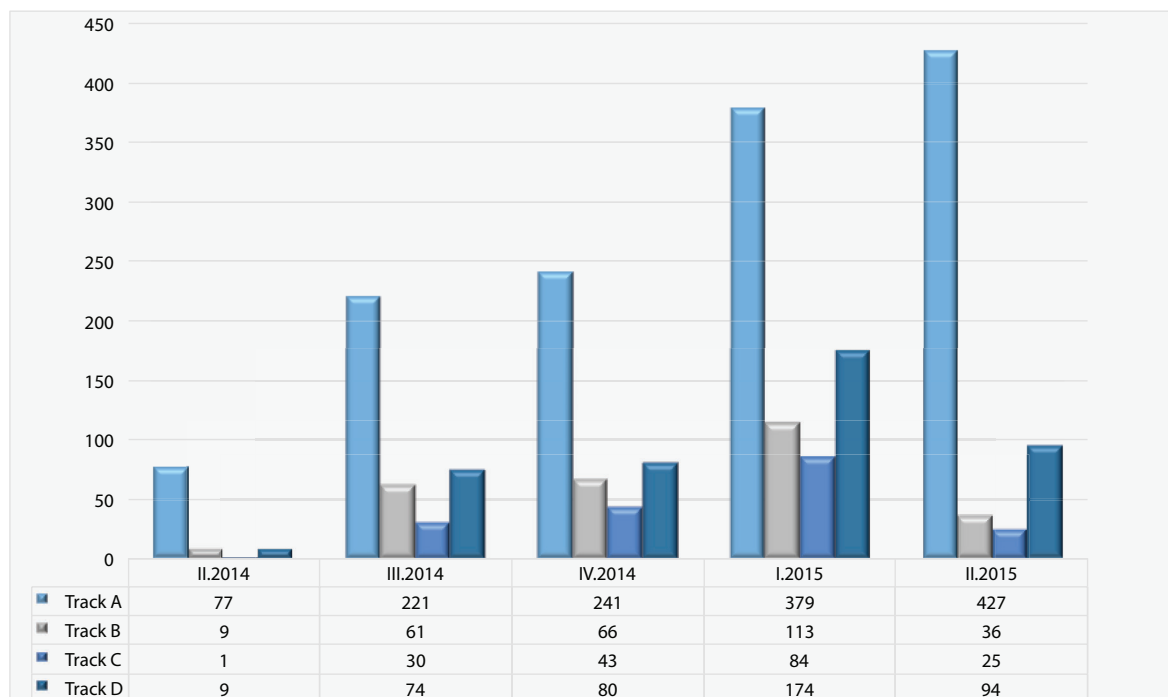
In the most recent quarter, the number of participants choosing track A continues to increase, whereas the fractions choosing other measures drop.

Figure 6
Mutual obligation agreements by type of measure chosen



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

Figure 7
Mutual obligation agreements by interview quarter and type of measure chosen



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

The statistics we present in this section are exclusively concerned with those participants who signed a mutual obligation agreement. We will describe the passage from agreement (and the contemporaneous choice of measure type) to activity start. This first monitoring report will not go beyond this point in the progression

of participants within the Youth Guarantee scheme. As of July 30, 2015, no activity within the Youth Guarantee program in Trentino has been concluded. Subsequent reports will monitor the conclusion of activities and dropouts in the passage from activity start to conclusion.

From mutual obligation agreement to activity start

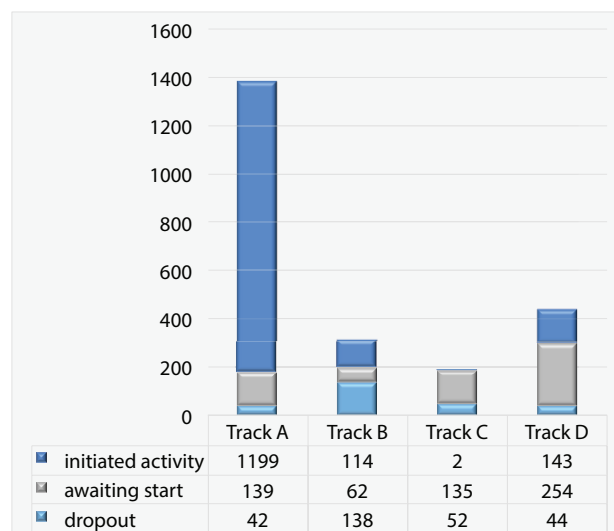
Figure 8 displays by type of measure the fraction of participants who initiated an activity, are waiting for the activity to start or decide to discontinue participation in the Youth Guarantee program (dropout). The figure describes the situation as of June 30, 2015.

Track A (Internship) is the measure type, which was first available to participants from program start. It is the most popular choice among participants with the lowest overall dropout rate (3 percent) and the highest fraction of participants with initiated activities (87 percent). With respect to the other available tracks, we observe higher dropout rates (highest in the track B with 44 percent) as

well as lower rates of initiated activities (lowest in track C with 1 percent), mainly due to the fact that these types of measures were activated later.

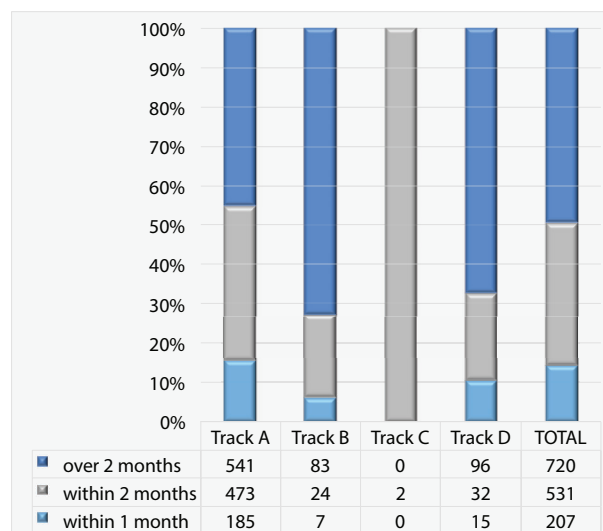
Figure 9 concerns only participants who initiated an activity. For this group, the figure displays the waiting time from interview quarter to activity start. Overall, we observe that half of the activities (ca. 51 percent) were initiated within 2 months of the interview. In view of the fact that this includes the starting period of the scheme and that several tracks only started recently, this represents a tolerable timing.

Figure 8
Initiated activities, awaiting activity start, and dropouts by type of measure chosen, among participants who signed a mutual obligation agreement



Source: own calculations based on data from the *Servizio Europa* of the PaT.

Figure 9
Waiting time from interview quarter to activity start by type of measure chosen, among participants who initiated activity



Source: own calculations based on data from the *Servizio Europa* of the PaT.

Comparisons of the monitoring in Trentino with other Italian regions are complicated because the types of measures chosen within the Youth Guarantee scheme differ to some extent across regions. Different choices were made by the various Italian regions as to the content of measures and their respective timing of activation. Hence, any cross-regional comparison provided in this report is limited to the phase of program take-up. We further focus on a comparison with respect to the number of agreements signed due to the different ways of documenting the initial steps for entering the Youth Guarantee program in the national (online registration) and the local monitoring system in Trentino (concluded interview).

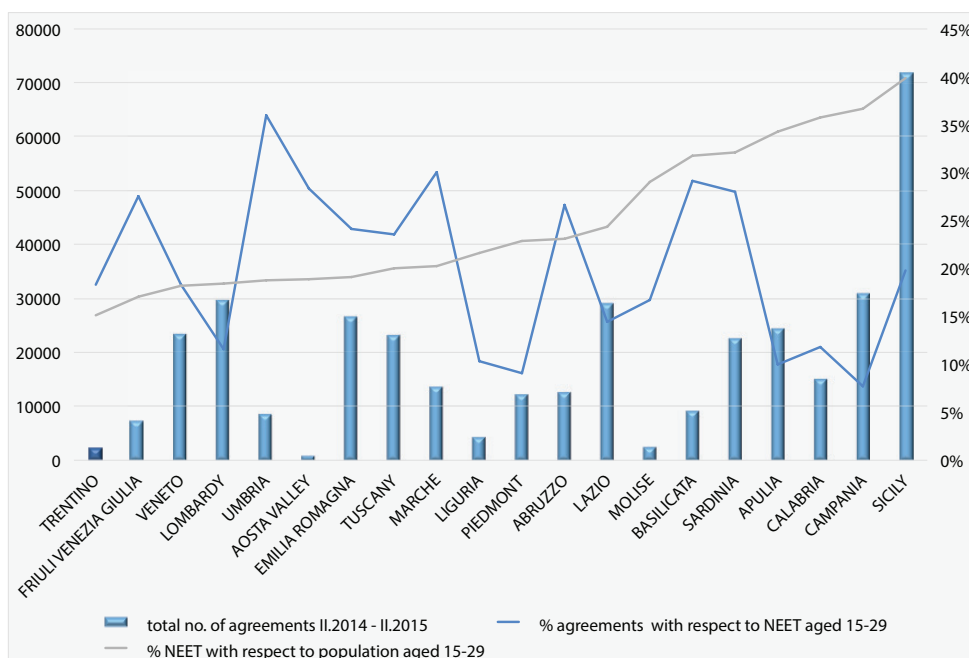
Figure 10 displays the total number of mutual obligation agreements signed from program start up until June 30, 2015, by region on its left axis. With 2,244 agreements, it is evident that Trentino lies among the regions with the lowest absolute number of program participants, together with Aosta Valley, Molise, and Liguria.

A low absolute level of program participation can to some extent be explained by the relatively smaller population size aged 15-29 in these regions and the lower incidence of NEET (Not in Education, Employment or Training) status among youth.

In fact, Trentino is the region with the lowest incidence of NEET among its young population (see grey line in Figure 10). In order to consider this observation, we calculate the program take-up rate with respect to the population aged 15-29 holding NEET status, that is, we display for each region the share of NEET that signed a mutual obligation agreement within the Youth Guarantee scheme. This program take-up rate is displayed as the blue line in Figure 10.

It is evident that Trentino is – together with Veneto – among the regions with a moderate program take-up of around 18 percent among the local young NEET. Overall, among Italian regions, the program take-up rate ranges from 8 to 36 percent.

Figure 10
Cumulated number of agreements signed between program start (II.2014) and II.2015, NEET incidence and program take-up rate by region



Source: own calculations based on data from the *Ministero del Lavoro e delle Politiche Sociali* and ISTAT.

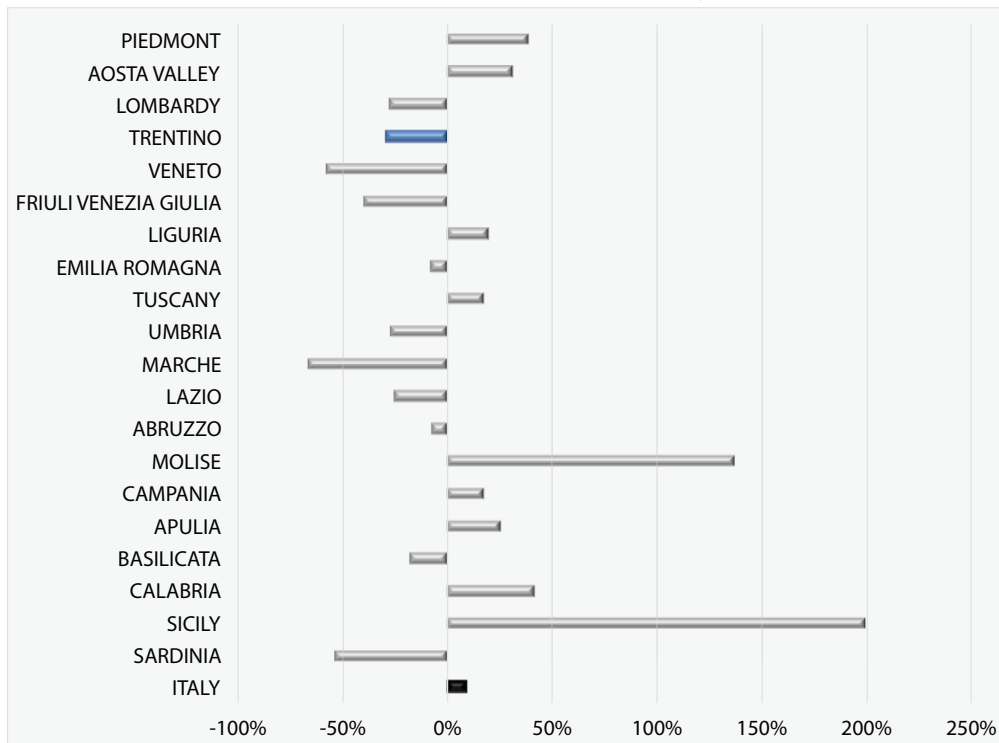
Note: South-Tyrol is not displayed since it does not take part in the Youth Guarantee scheme.

Information on population aged 15-29 and NEET are referring to the year 2013 (latest data available from ISTAT).

Figure 11 shows by region – and for Italy as a whole – the percentage change in number of agreements signed in the second quarter of 2015 with respect to the preceding quarter. While Trentino and other Northeastern regions experienced a downward trend in recent program take-up, program participation was on the rise in Italy as a whole, mainly due to major increases in the number of signed agreements in Molise and Sicily.

In terms of take-up dynamics, there is hence a rather heterogeneous pattern across regions. However, it is far from clear how to interpret take-up dynamics without reference to movements in the target population into and out of NEET status, which is out of the scope of this monitoring report.

Figure 11
Change in number of agreements signed between I.2015 and II.2015 by region



Source: own calculations based on data from the *Ministero del Lavoro e delle Politiche Sociali* and ISTAT.

Notes: South Tyrol is not displayed since it does not take part in the Youth Guarantee scheme.