

Youth Guarantee in Trentino

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

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

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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 second of 18 quarterly reports, which monitor the implementation of the Youth Guarantee scheme in Trentino, Italy. The reports inform about the current state of program take-up and participant characteristics. This report describes the situation as

of September 30, 2015. Besides, each issue provides a focus on a specific topic. This report includes an additional analysis on the composition of the NEET population (i.e., youth Not in Education, Employment or Training) in Trentino.

Youth Guarantee in Trentino

The initial interview represents the starting point of participation in the Youth Guarantee scheme in Trentino. Individuals who expressed interest via the national or regional Youth Guarantee website, are contacted by the local Labor Agency (*Agenzia del Lavoro*) of the PaT to set up an interview date. Individuals who concluded such an interview are subjects of the monitoring and are further called “**program participants**”. Note that we explicitly exclude individuals registered via the website but not available for an interview appointment since they are obviously a priori not interested in participating in the program. Instead we monitor participants who drop out of the scheme at any step throughout the program.

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:

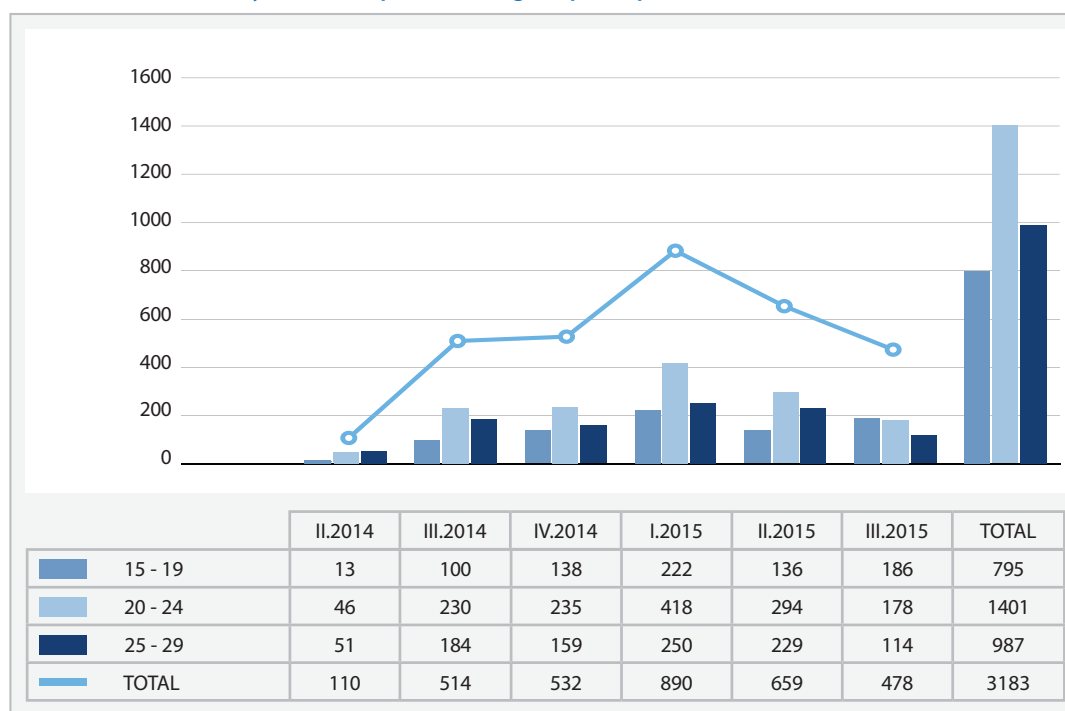
Track A Internship	<ul style="list-style-type: none">• individual orientation activities (up to 8 hours)• preparatory training (up to 26 hours)• internship (8 to 24 weeks)• phase of “accompanied labor market insertion”• first activities started on November 10, 2014
Track B Training and Internship	<ul style="list-style-type: none">• targeted to youth aged 15-25 holding a secondary school degree and graduated no more than two years ago• occupation-specific training courses (50 to 200 hours)• internship (16 to 24 weeks).• first activities started on February 2, 2015
Track C Apprenticeship	<ul style="list-style-type: none">• restricted to 15- 25 year olds in possession of credentials corresponding to at least one year of vocational education• apprenticeship of (up to two years) in combination with vocational training (up to 460 hours) to achieve a vocational degree (<i>qualifica</i> or <i>diploma professionale</i>)• first activities started on May 12, 2015
Track D Civilian Service	<ul style="list-style-type: none">• targeted to youth aged 18- 28• activities in the civilian service (3 to 12 months)• first activities started on April 1, 2015

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 currently not subject to the monitoring exercise provided in the report.

As mentioned above, program participants are defined as individuals who concluded an interview with the local Labor Agency (*Agenzia del Lavoro*). Figure 1 depicts the number of interviews conducted for each quarter since program start, hence the number of program participants entering the scheme. Numbers for the second quarter of 2014 are relatively low since the *Agenzia del Lavoro* of the PaT started conducting

interviews in June 2014. 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, and continues to decrease in the third quarter of 2015 to 478 new participants.

Figure 1
Number of interviews by interview quarter and age of participants

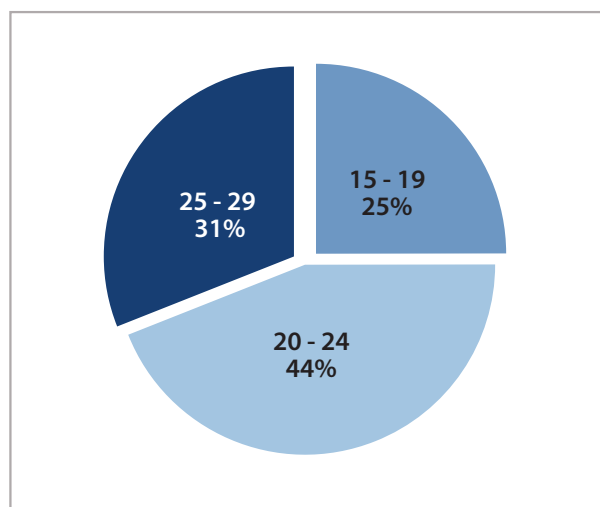


Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

The age distribution among participants shows for each quarter that most participants stem from the 20-24 age group with a peak in this group's program entry in the first quarter 2015. Moreover, 25-29 year-olds are the second largest group with program entry also peaking in the first quarter 2015. Participation gradually increases among the youngest group of 15-19-year olds until the first quarter 2015, then considerably decreases in the second quarter 2015, and again increases in the most recent quarter. Note that participation in the third quarter 2015 increases only for this age group, while participation among the other age-groups decreases. On the whole, as displayed in Figure 2, almost half of the program participants (44 percent) are 20-24 years old at program entry, followed by the group of 25-29 year-olds (31 percent) and the youngest group of 15-19 year-olds (25 percent).

As of end-September 2015, the total number of participants in the Youth Guarantee scheme in Trentino amounts to 3,183 individuals, 795 15-19 year-olds, 1,401 20-24 year-olds, and 987 25-29 year-olds.

Figure 2
Share of total interviews by age of participants



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.

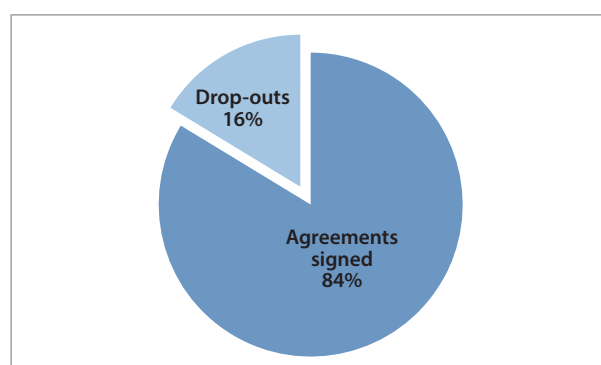
From interview to mutual obligation agreement

At the passage from interview to mutual obligation agreement, ca. 16 percent of all participants choose not to sign an agreement and hence drop out of the Youth Guarantee scheme (see Figure 3). This amounts to 519 dropouts among the 3,183 participants from program start up until September 2015. Hence, in the observation period, a total of 2,664 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. Unfortunately, at this point, it is not possible to distinguish drop-outs in terms of the above reasons.

Figure 4 reports the evolution of number of interviews, number of agreements over the observation period

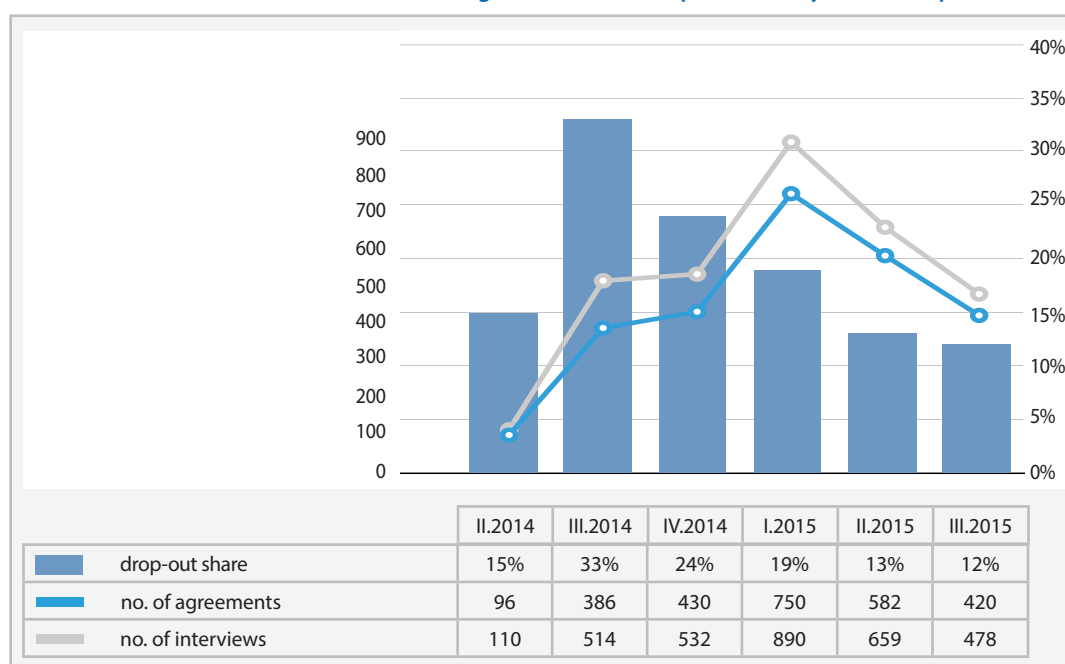
Figure 3
Share of dropouts in program participants at the passage from interview to mutual obligation agreement



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

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 12 percent in the most recent quarter.

Figure 4
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 5 displays demographic characteristics (gender, age, nationality) of participants who signed a mutual obligation agreement, whereas Figure 6 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 second quarter of 2015 and separately just for the most recent quarter, in order to follow potential recent distributional changes.

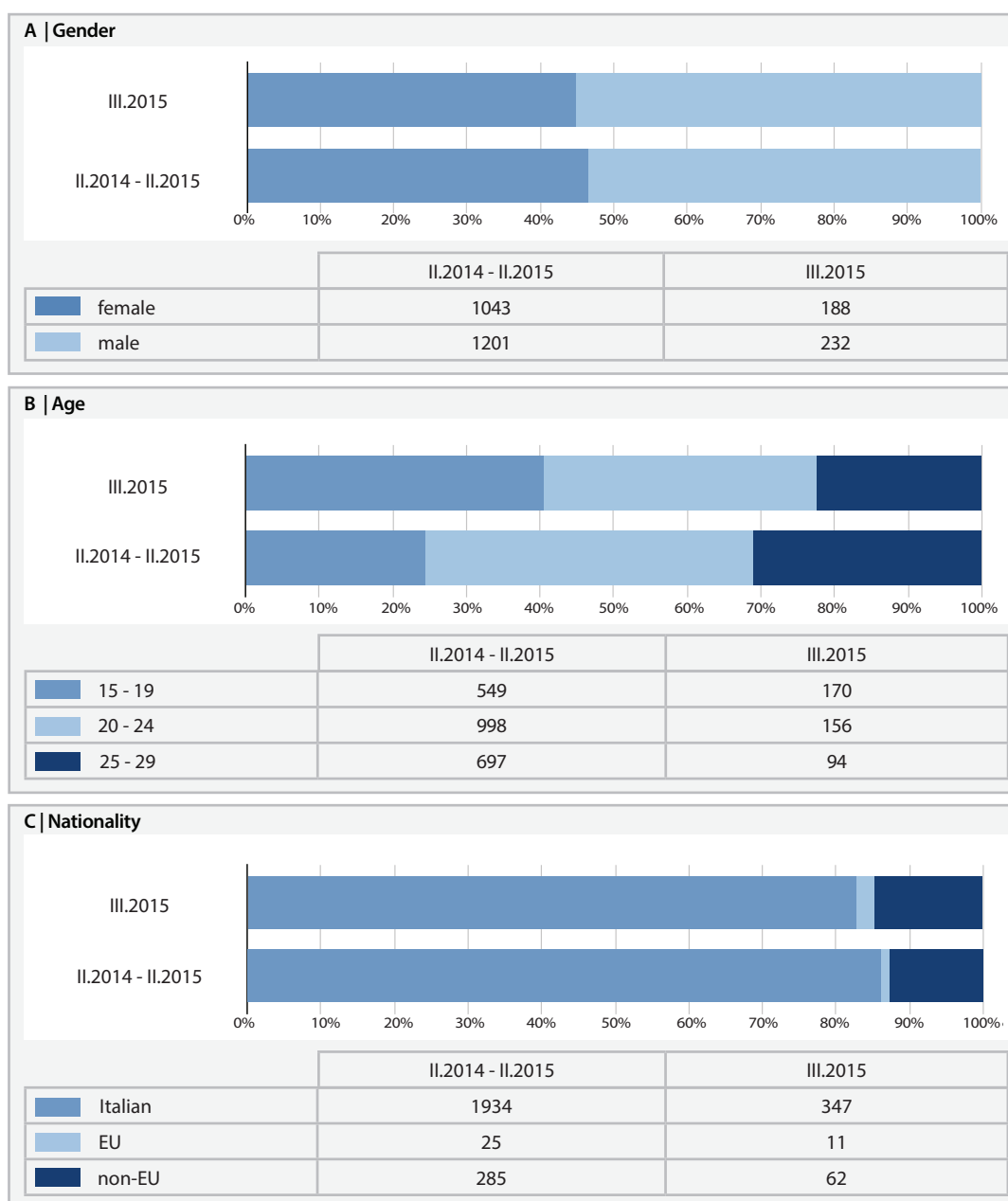
It is evident from Panel A of Figure 5 that the gender distribution is overall roughly balanced with slightly more males than females signing a mutual agreement (54

percent males vs. 46 percent females). The share of males increased again in the most recent quarter (55 percent).

Regarding age, ca. 44 percent of total participants are in the middle of the age-range (20-24), whereas 25 percent are younger and 31 percent are between 25 and 29 years old. For the most recent quarter, we observe an increase in the relatively younger age group who represent a share of 40 percent among the new program participants and a decrease in both the relatively older group and the middle age group. The large majority of participants is of Italian nationality (86 percent). We observe that the share of non-Italians increases moderately in the most recent quarter

Figure 5

Demographic characteristics of participants who signed a mutual obligation agreement



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

from 14 to 17 percent. Note that – irrespective of citizenship – only 4 percent of overall participants are not resident in Trentino.

Panel A of Figure 6 describes the educational attainment among participants who signed a mutual obligation agreement. Note that we lack information on highest educational attainment for around 16 percent of the participants and that the fraction of missing information increases for the most recent quarter (21 percent). It is hence important to note that the fractions displayed in Figure 6 are calculated excluding those observations with missing information on educational attainment.

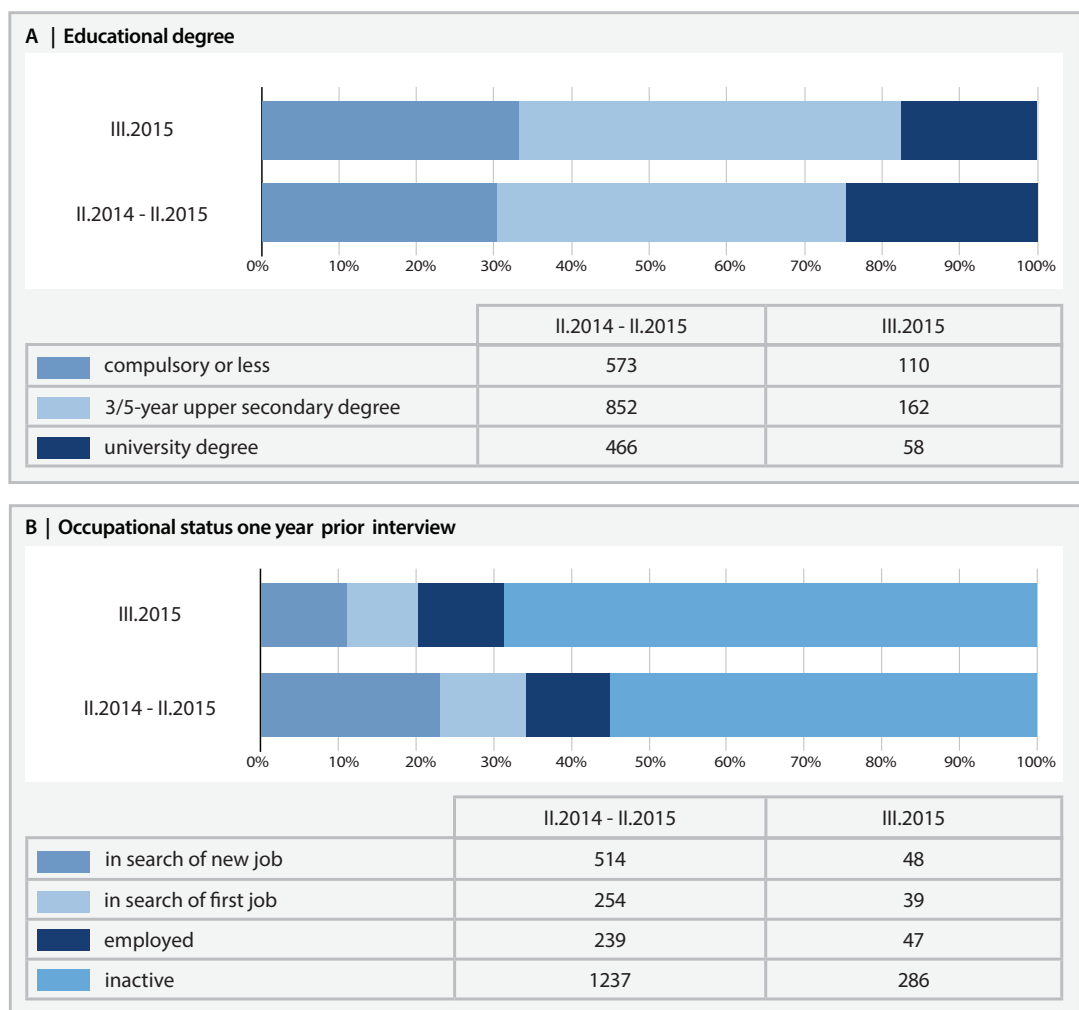
A relatively large fraction, around 30 percent, holds no upper secondary school degree (compulsory schooling or less). This share is slightly more pronounced in the most recent quarter, with 33 percent. Most participants (45 percent) hold a 3-year vocational degree (qualifica) or a 5-year upper secondary degree (diploma 5 anni). This share increases moderately in the most recent quarter to 49 percent. With 25 percent, a sizeable share of participants hold a

university degree (laurea). However, this share decreases to 18 percent in the most recent quarter.

With respect to occupational status, Panel B of Figure 6 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 increases in the recent quarter (68 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 23 percent) or in search of a first job (around 11 percent). About 11 percent of participants were employed one year prior to their Youth Guarantee interview. In the recent quarter, relatively less participants entered the scheme from unemployment (11 percent in search of a new job, 9 percent in search of their first job). On the other hand, the fraction of participants that enter from employment remains stable at 11 percent.

Figure 6
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

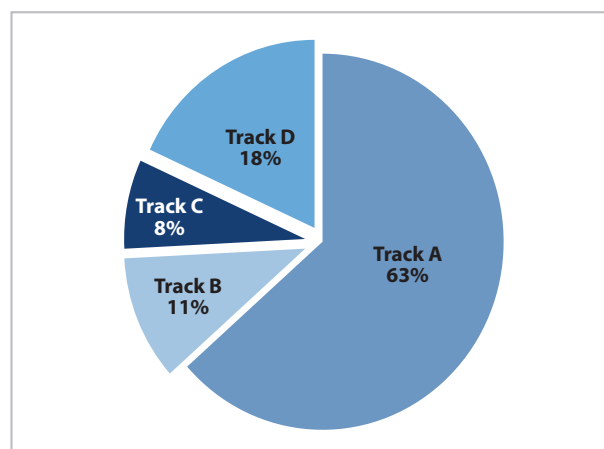
This section describes the types of measures chosen by participants who sign a mutual obligation agreement. Note that here we consider all agreements signed in the observation period irrespective of whether the participant began an activity or dropped out beforehand.

Figure 7 displays the overall distribution of types of measures chosen among all signed agreements over the observation period from program start up until September 2015. With 63 percent, Track A (Internship) appears to be the most requested measure type, followed by track D (Civilian Service) which is chosen by 18 percent of participants, and track B (Training and Internship), chosen by 11 percent. Track C (Apprenticeship) is the, to date, least requested measure (8 percent).

Figure 8 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 second quarter 2015, the number of participants choosing track A continues to increase, whereas the fractions choosing other measures drop. In the most recent quarter, we observe a decrease in agreements for all types of measures.

Figure 7

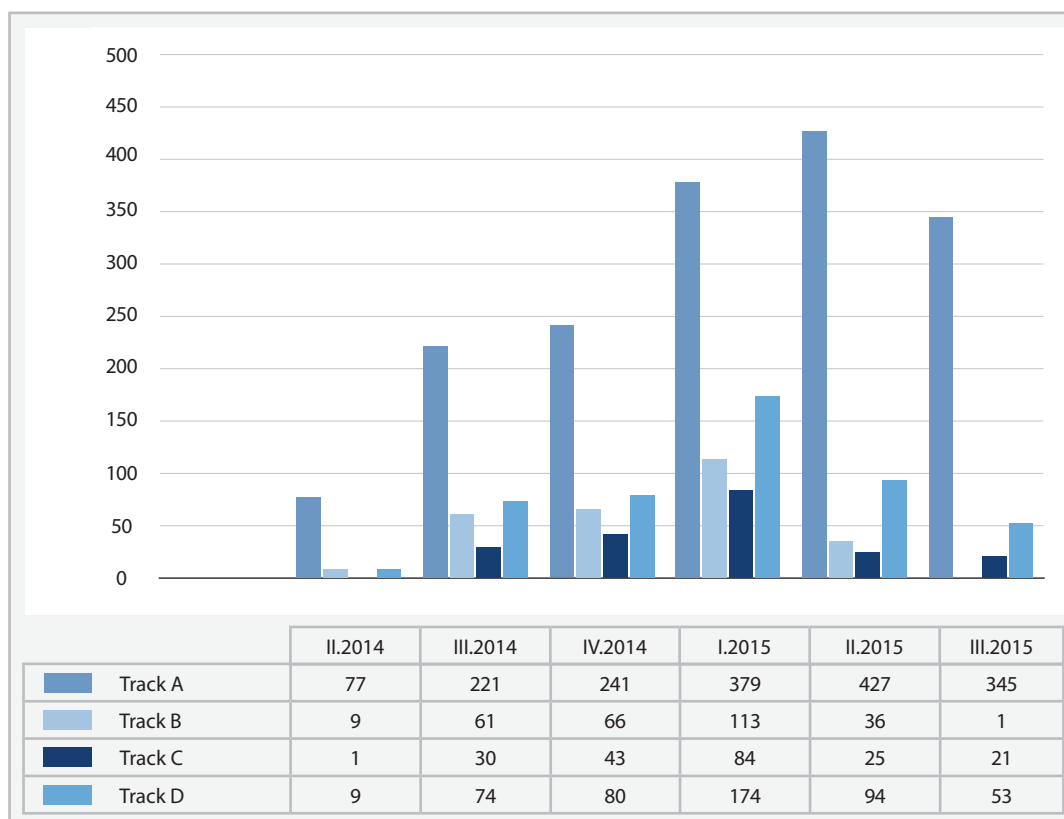
Mutual obligation agreements by type of measure chosen



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

Figure 8

Mutual obligation agreements by interview quarter and type of measure chosen

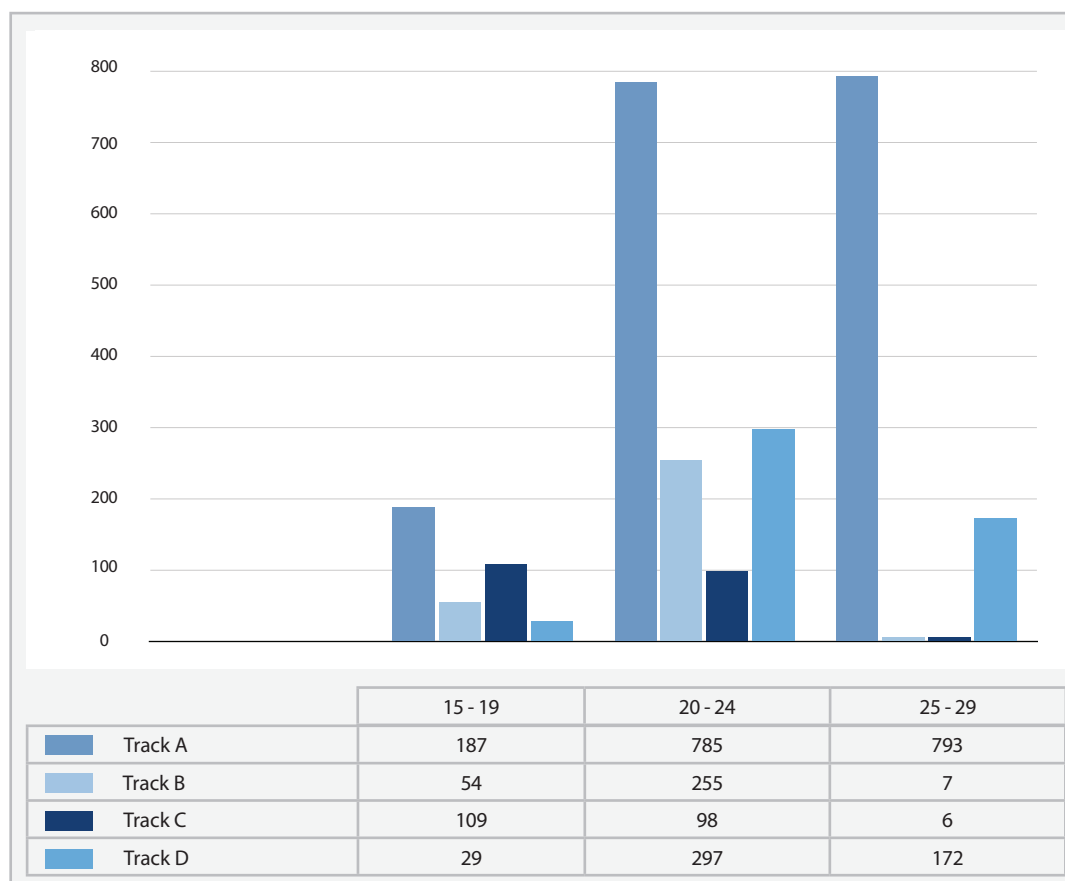


Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

Figure 9 concerns the participants' choice of measure by age groups. We observe that among the youngest age group of 15-19 year-olds, track A (internship) and track C (apprenticeship) are the most popular choices. Among participants aged 20-24 – the group with the highest number of signed agreements – track A (internship) is by far the most chosen, followed

by the track D (civilian service) and track B (training and internship). Similarly, 25-29 year old participants exert a strong preference for track A, followed by track D and with very low participation in measures of tracks B and C (that by design are targeted towards the younger age groups).

Figure 9
Mutual obligation agreements by type of measure chosen and age of participants



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

Figure 10 shows the program take-up rate for each Italian region as of the third quarter of 2015. We calculate the program take-up rate for each region with respect to the NEET population aged 15-29. That is, for each region we display the share of the NEET population that signed a mutual obligation agreement within the Youth Guarantee scheme.

Overall, we observe a rather heterogeneous pattern across regions. The region of Umbria displays the highest take-up rate with 41 percent of signed agreements among the NEET and Campania displays the lowest take-up rate with 9 percent of signed agreements among NEET youth.

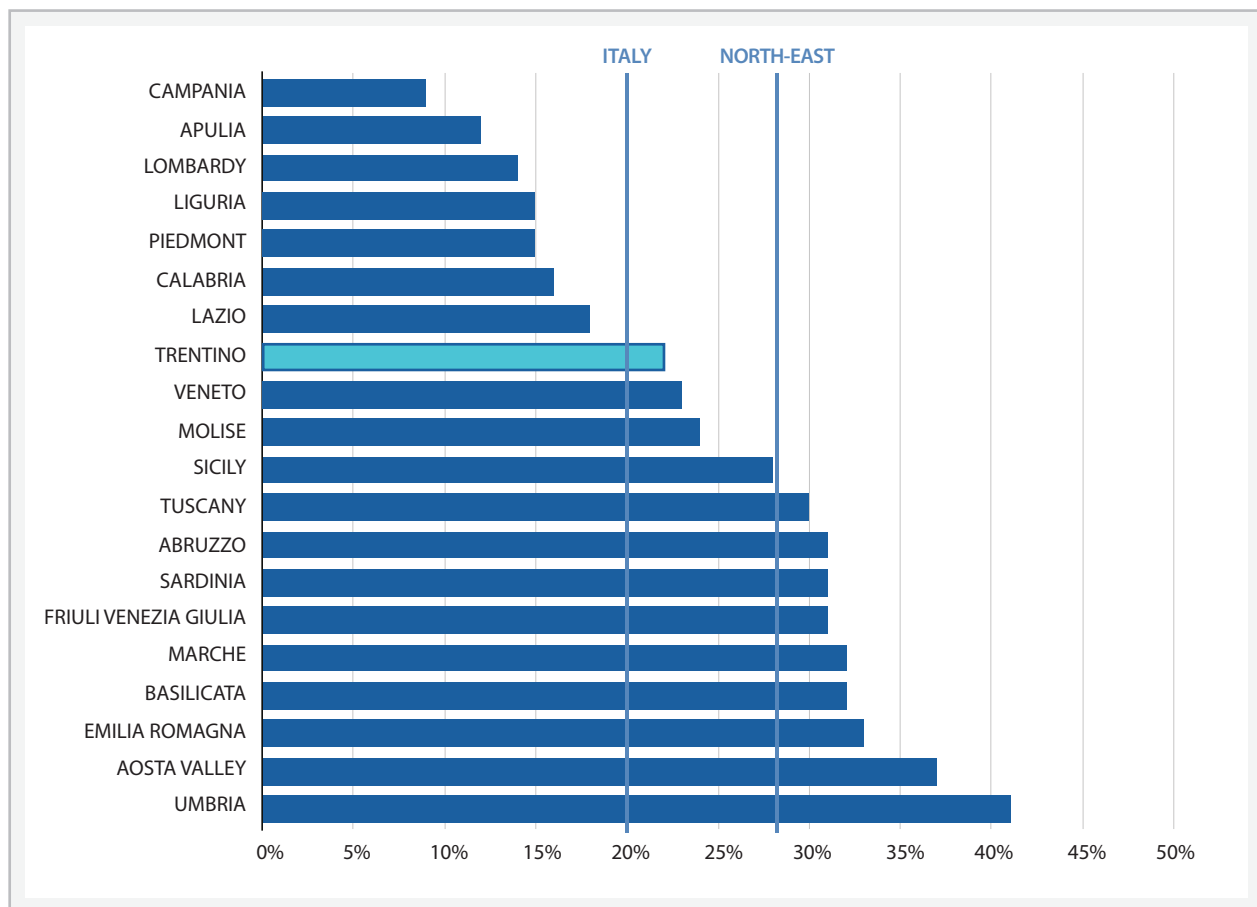
Trentino lies in the lower middle of the distribution with a 22 percent take-up rate. This rate is almost identical with the average take-up rate at the national level (20 percent) and noticeably

lower in comparison with the average take-up rate in the North-East (28 percent). However, note that in order to comprehensively interpret take-up rates one needs to consider regional variations in the composition of the target population.

As described in Section 4 below, the NEET incidence rate is relatively low in Trentino (such as in North-Italy). Given a low level of NEET incidence, the low program take-up rate in Trentino could be due to the availability of other active labor market policy measures outside the Youth Guarantee scheme.

However, any analysis of the extent to which a low take-up rate is due to alternative measures available to NEET youth or rather inefficiencies in program management or in the type of measures offered, needs to be based on individual data. Such analysis is out of scope for this monitoring report.

Figure 10
Program take-up rate by region as of III.2015



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 NEET population aged 15-29 on which the calculation of program take-up rates are based refer to the year 2013 (the year before program start).

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.

From mutual obligation agreement to activity start

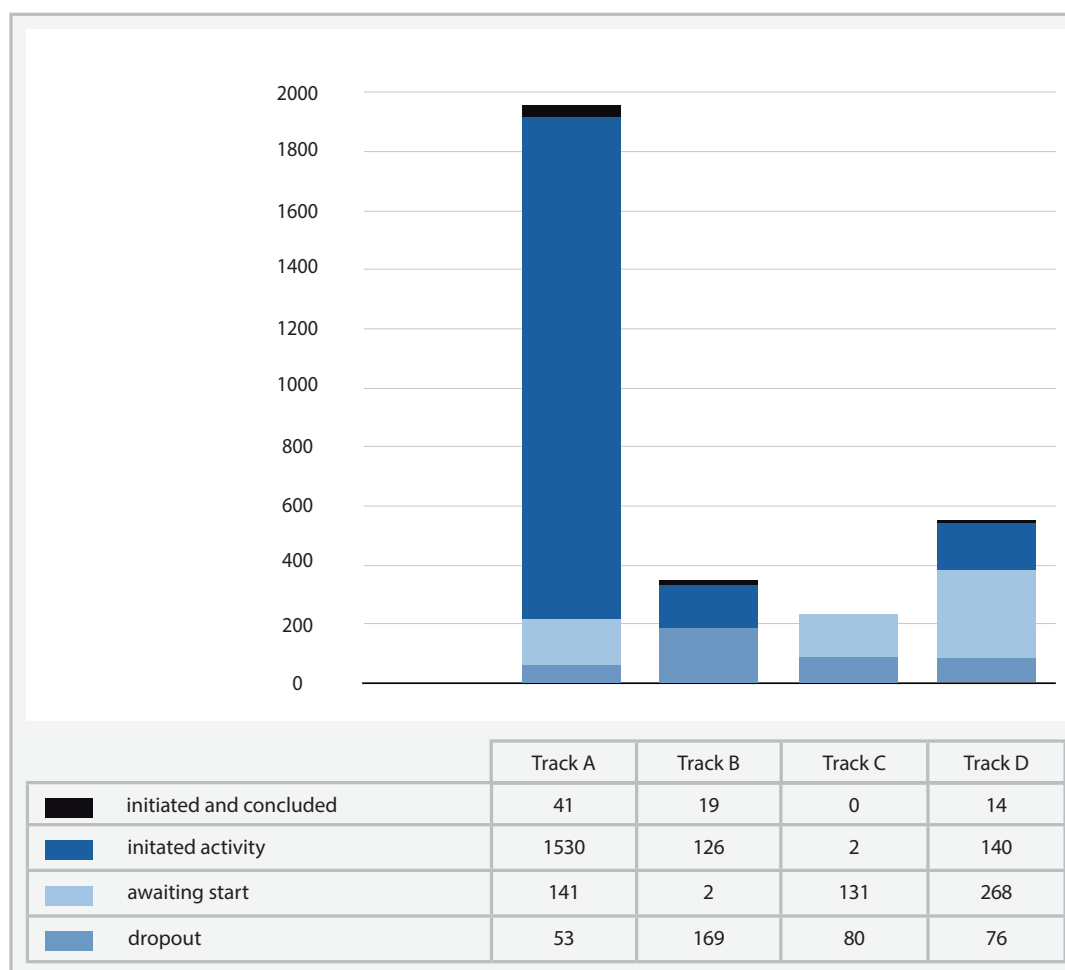
Figure 11 displays by type of measure the number of participants who initiated an activity, are waiting for the activity to start, or decide to discontinue participation in the Youth Guarantee program (dropout). The figure describes the situation as of September 30, 2015. Track A (Internship) is the 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, i.e. 53 individuals) and the highest fraction of participants with overall initiated activities (89 percent). With respect to the other available tracks, we observe higher dropout rates (highest in Track B with 53 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. More precisely, activities within Track A started in November 2014, while activities in Track B (C

and D) started in February (May, April) 2015, i.e. three to six months later. As of September 30, 2015, we observe the first participants that have concluded activities within the Youth Guarantee program in Trentino. In particular, 41 participants concluded activities within Track A, 19 within Track B and 14 within Track D. Future reports will provide additional information on them once the numbers are considerable.

Figure 12 concerns exclusively participants who initiated an activity. For this group, the figure displays the waiting time from interview quarter to activity start. Overall, we observe that more than half of the activities (ca. 57 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.

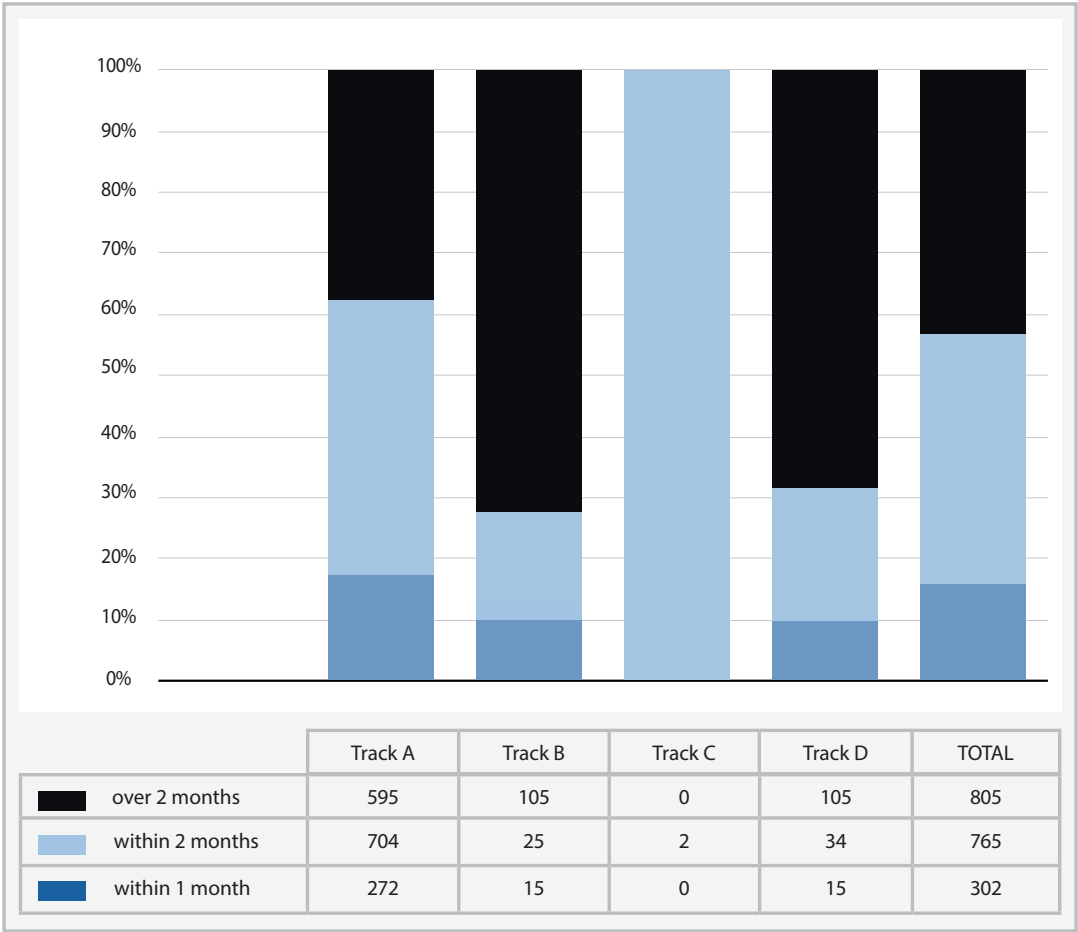
Figure 11

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 12
 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.

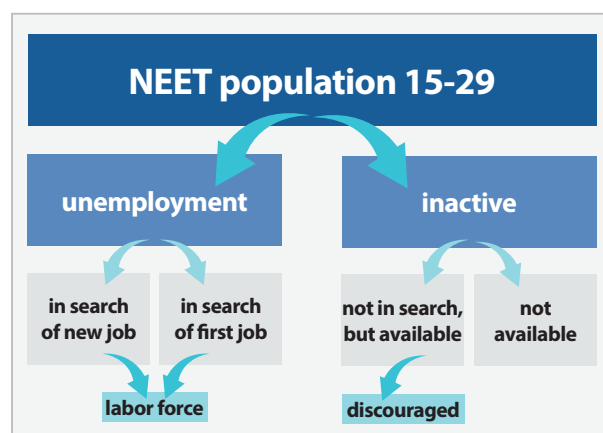
The special focus of this issue is the composition of the Youth Guarantee scheme's target group, i.e., youth Not in Education, Employment or Training (NEET). Who are the NEET in Italy and in Trentino? First and foremost, we analyze how the group of NEET youth is composed in terms of their labor force status.

Figure 13 illustrates the decomposition of the NEET population into two categories (the unemployed and the inactive) and subsequently in four categories: The unemployed are either **in search of a new job** after some previous employment experience or they are **in search of their first job** (typically after completing an educational degree). The group of the inactive is composed by those **not actively searching for employment, but in principle available** (the "discouraged") and those **not immediately available** to the labor market including, amongst others, individuals in the military service and disabled.

Figure 14 depicts the above described NEET composition with respect to labor force status for Trentino, the four macroregions and Italy as a whole. We refer to the NEET population in the four quarters before the start of the Youth Guarantee scheme, i.e. III.2013 - II.2014, in order for the numbers not to be biased by individuals entering the program. On entering the program, some participants formally enter some sort of "training" and are hence not recorded as NEET.

In particular, Figure 14 shows the incidence of NEET among the population of youth aged 15-29 (see light blue line with reference to the right axis). In fact,

Figure 13
NEET composition in terms of labor force status

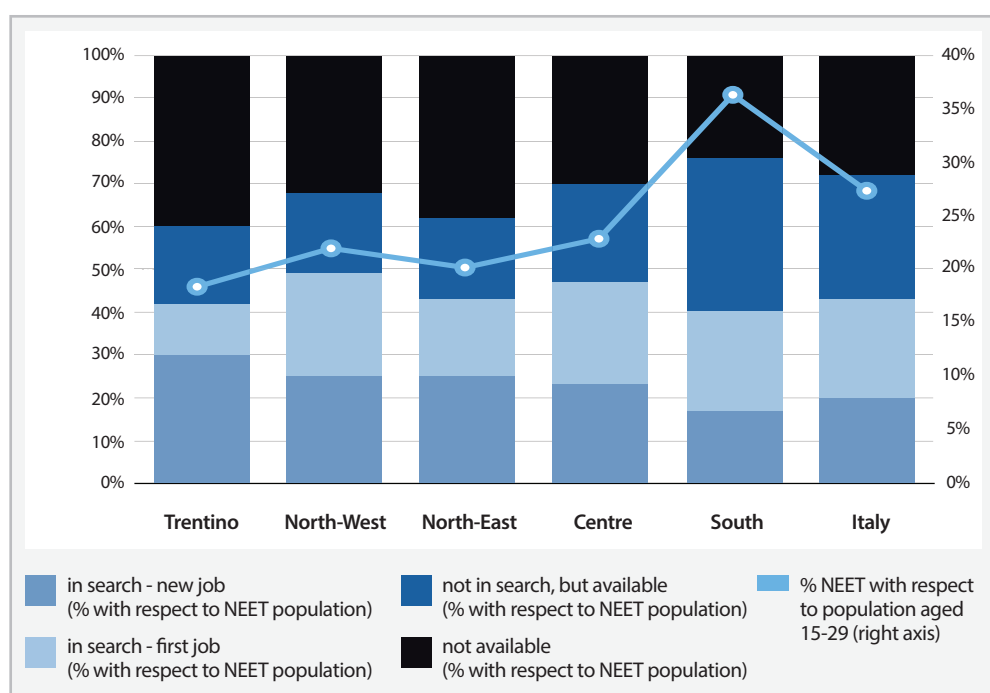


Trentino shows a relatively low incidence of NEET among its young population (17 percent) when compared with the rest of Italy (27 percent). The North-West and North-East show similarly low NEET rates with 21 and 19 percent, respectively.

Regarding the NEET composition with respect to labor force status, it is evident from Figure 14 that the NEET population in Trentino is to a comparatively large extent composed of individuals that are not available to the labor market (40 percent). In the rest of Italy, this group only represents 28 percent of the NEET population.

The second largest group among NEET youth in Trentino are those in search of a new job (30 percent).

Figure 14
NEET incidence and NEET composition in Trentino and the rest of Italy



Source:
own calculations based on
data from the Italian Labor
Force Survey (ISTAT, ISPAT),
pooled quarterly data
III.2013 - II.2014.

Note:
North-East and Italy
represent values without
Trentino/South-Tyrol.
South-Tyrol does not
take part in the Youth
Guarantee scheme.

This group represents a comparatively lower share in the rest of Italy (20 percent). This could tentatively indicate that in Trentino NEET youth is to a larger extent due to unemployment with previous experience rather than unemployment at the transition from school to work. In fact, at 12 percent the share of NEET youth looking for a first job is lower than in the rest of Italy (23 percent).

Figure 15 and 16 focus on Trentino. In particular, we compare the NEET population and the Youth Guarantee participants with respect to their age (Figure 15) and education (Figure 16) composition. In this way we are able to understand whether certain groups are overrepresented among program participants who signed a mutual obligation agreement.

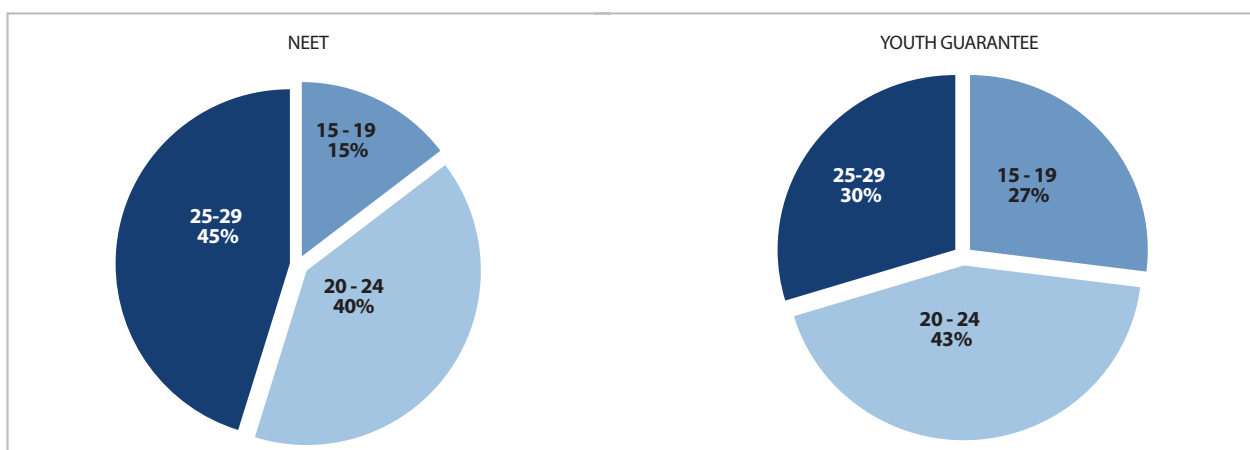
For example, it is evident from Figure 15 that the youngest group of 15-19 year olds is strongly overrepresented among Youth Guarantee participants

(27 percent versus 15 percent among the NEET). On the other hand, the oldest age group of 25-29 year olds is underrepresented with 30 percent among program participants and 45 percent in the NEET population. The middle age group represents roughly the same share in the two groups.

Figure 16 displays a similar comparison with respect to the educational level. At first sight, the educational distribution is very similar between overall NEET youth and program participants. In fact, the share of the low-educated is identical. The high-educated are moderately overrepresented and the middle-educated are moderately underrepresented among the program participants with respect to the overall NEET population.

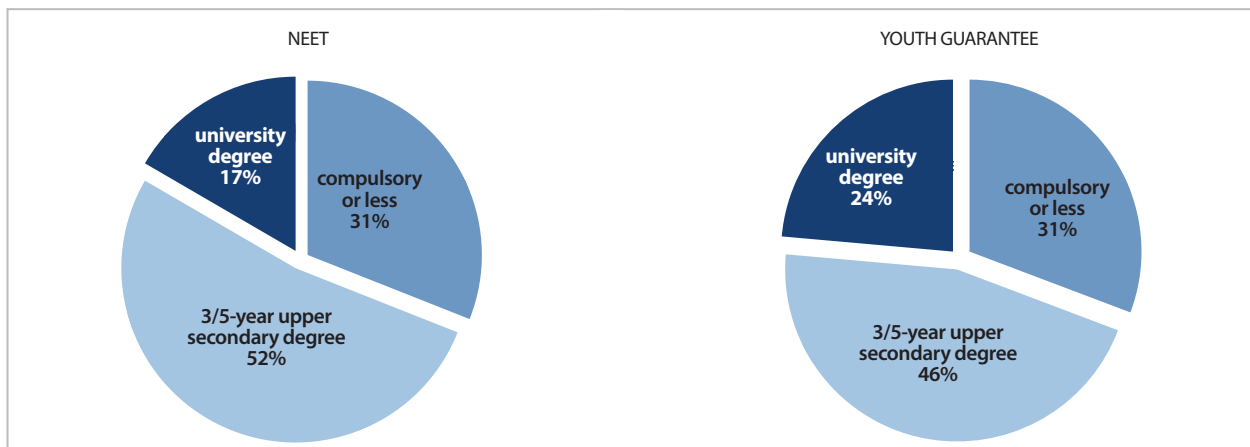
However, due to a considerable amount of missing information on educational levels among Youth Guarantee participants (around 20 percent), these results

Figure 15
Age composition among NEET youth and Youth Guarantee participants in Trentino



Source: own calculations based on data from the Italian Labor Force Survey (ISTAT, ISPAT) and *Agenzia del Lavoro* of the PaT.
Note: data with respect to the NEET population stems from pooled quarterly data III.2013 - II.2014. Information Youth Guarantee participants refers to individuals who signed a mutual obligation agreement (see also Figure 5 above) as of III.2015.

Figure 16
Educational composition among NEET youth and Youth Guarantee participants in Trentino



Source: own calculations based on data from the Italian Labor Force Survey (ISTAT, ISPAT) and *Agenzia del Lavoro* of the PaT.
Note: data with respect to the NEET population stems from pooled quarterly data III.2013 - II.2014. Information Youth Guarantee participants refers to individuals who signed a mutual obligation agreement (see also Figure 6 above and related text in Section 2) as of III.2015.

must be interpreted with caution. We cannot assume that missing information is equally distributed across the different educational levels.

An interesting observation is that the share of NEET holding a university degree is relatively high and that this share is even higher among program participants. Note, however, that the high-educated program participants are concentrated in

measures of track A (Internship, 81 percent) and track D (Civilian Service, 19 percent), hence in measures without an educational component.

Overall, it is debatable to which extent the very high educated (with a university degree) would benefit from the active labor market policy measures offered by the Youth Guarantee scheme.