

Youth Guarantee in Trentino

Monitoring Report 2016 | 2
January - March 2016

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Agenzia del Lavoro
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 a traineeship within a period of four months of becoming unemployed or leaving formal education, in order to improve their employability.

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

as of March 31, 2016. Each issue additionally provides a focus on a specific topic. This report includes a study of the employment outcomes of the YG participants who finished the program by October 31, 2015.

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 subject to 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 different types of measures within the Youth Guarantee scheme (see also *Deliberazione della Giunta Provinciale: May 26, 2014, no. 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, from 2016 extended to 60 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).• phase of “accompanied labor market insertion (from 2016)”• 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 (up to two years) in combination with vocational training (up to 460 hours) to achieve a vocational degree (<i>qualifica or 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

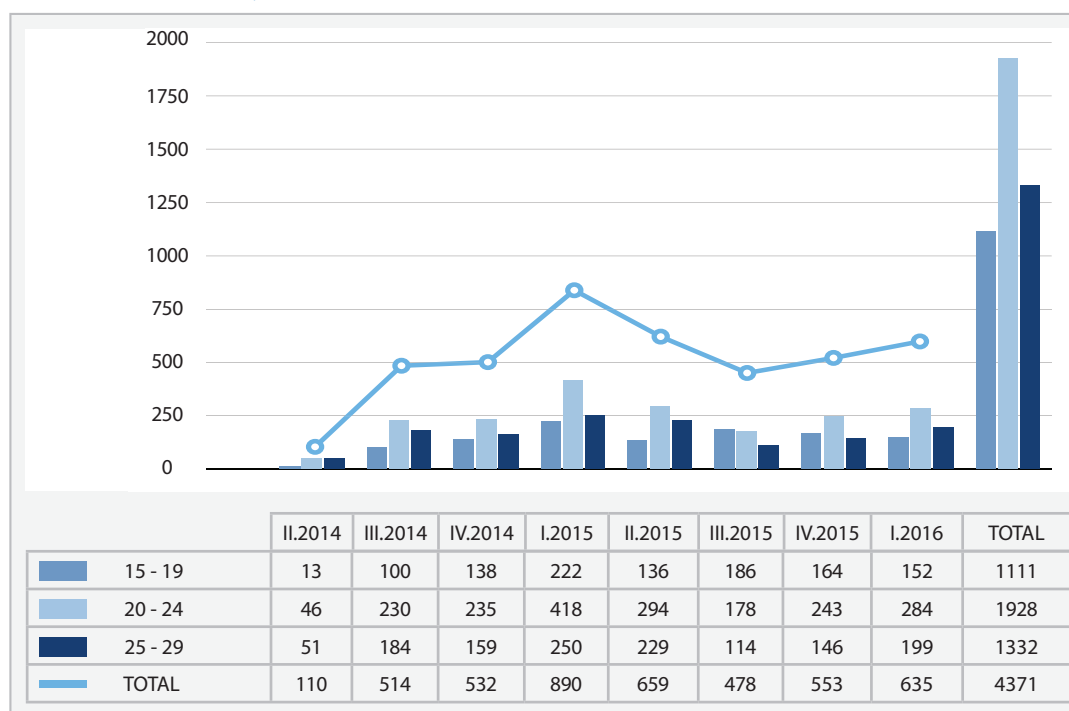
An important modification of the Youth Guarantee Scheme in Trentino approved by *Deliberazione della Giunta Provinciale: December 3, 2015, no. 2215* regards the introduction of another track called “E”, targeted to youth aged 15-18, without secondary school degree. Since this new track started in March 2016 it is not subject to the present monitoring report.

In addition to these pillars of Youth Guarantee measures, another 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. Participation appears to pick up slightly in the fourth quarter of 2015 with 553 new participants. This trend continues for the first quarter of 2016.

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

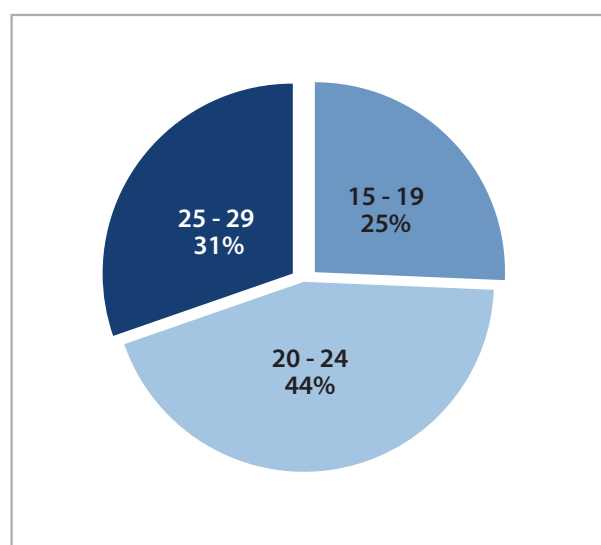


Source:
own calculations
based on data
from the *Agenzia
del Lavoro* of
the PaT.

The age distribution among participants shows that for each quarter 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 of 2015. Participation gradually increases among the youngest group of 15-19-year olds until the first quarter of 2015, then considerably decreases in the second quarter of 2015, and again increases in the most recent quarter. Note that participation in the third quarter of 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 of March 2016, the total number of participants in the Youth Guarantee scheme in Trentino amounted to 4,371 individuals, 1,111 15-19 year-olds, 1,928 20-24 year-olds, and 1,332 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.

Upon conclusion of 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 entails 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.

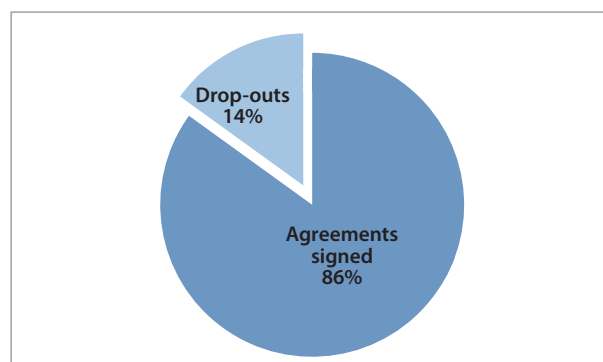
From interview to mutual obligation agreement

At the passage from interview to mutual obligation agreement, ca. 14 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 613 dropouts among the 4,371 participants from program start up until March 2016. Hence, in the observation period, a total of 3,758 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 during the starting period of the program, participants dropped out due to long waiting times involved in 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 the number of interviews, number of agreements over the observation period by interview quarter, and shows

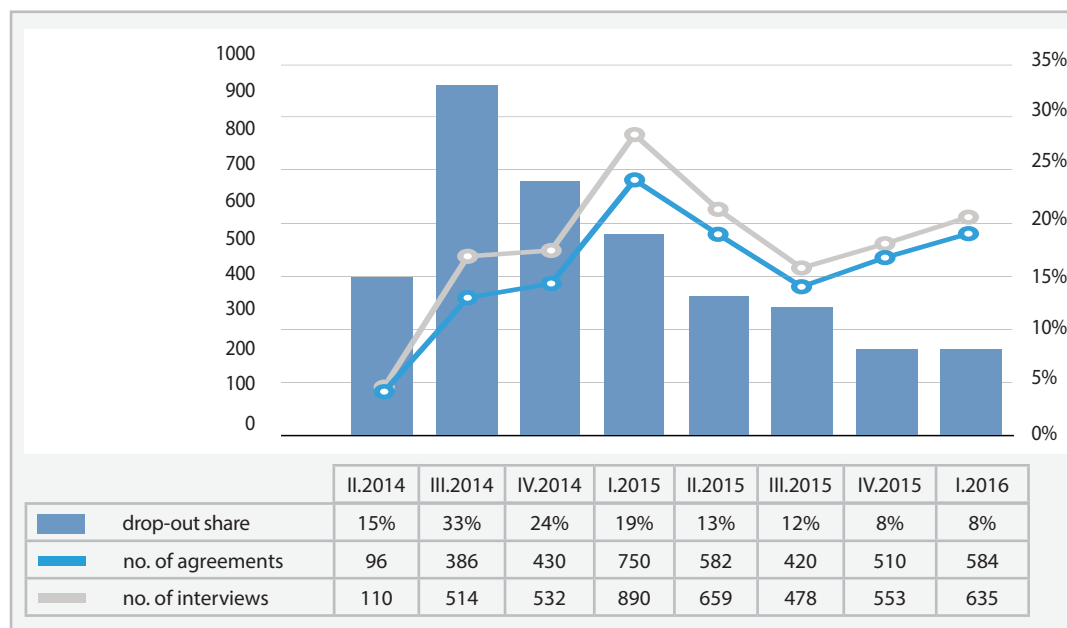
Figure 3
Share of dropouts in program participants at the passage from interview to mutual obligation agreement



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

(on the right axis) the share of dropouts among program participants at the passage from interview to mutual obligation agreement. Dropout rates increased from 15 percent at the very program start to 33 percent in the following quarter. From then on, dropout rates decrease each quarter until the fourth quarter of 2015 where they stagnate at 8 percent.

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

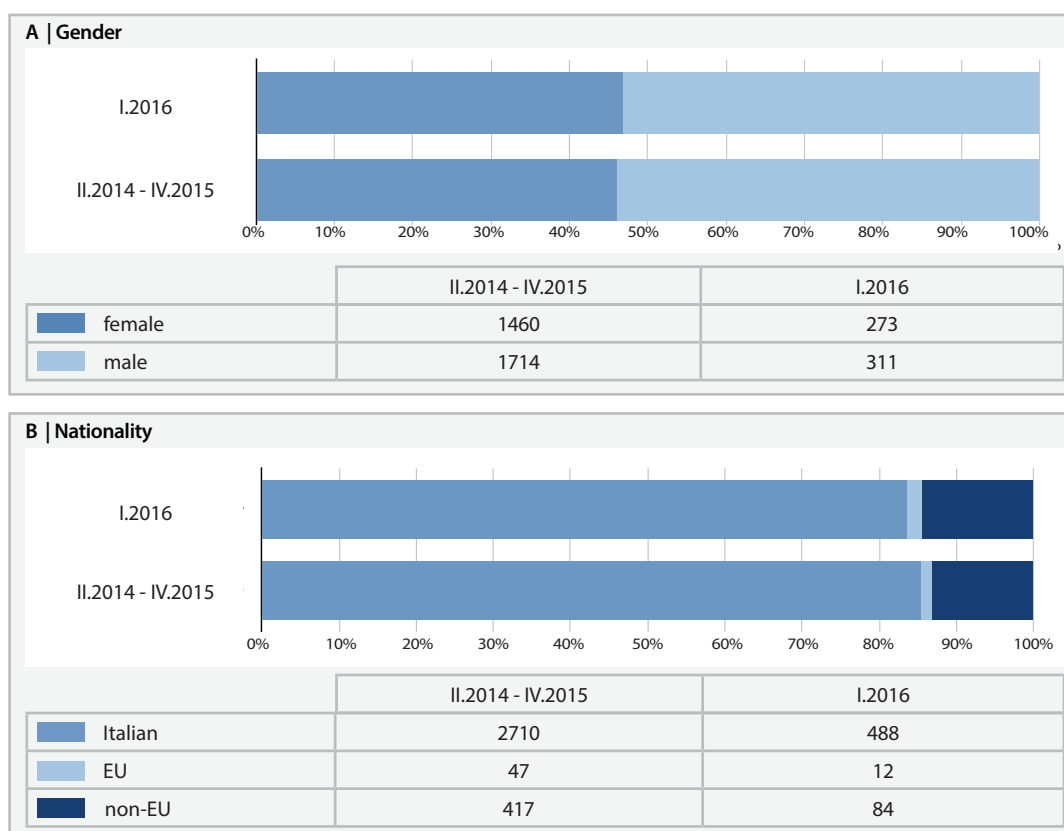
Figure 5 displays demographic characteristics (gender and nationality) of participants who signed a mutual obligation agreement, whereas Figure 6 shows the distribution of educational levels and the prevalent occupational status in the year before the interview. We show distributions of these characteristics for the overall observation period up to the fourth 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 obligation agreement

(54 percent males vs. 46 percent females). The large majority of participants is of Italian nationality (85 percent and 84 percent for 2015 and 2016, respectively). Note that – irrespective of citizenship – less than four 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 17 percent for 2015 and 21 percent for 2016. It is hence important to note that the fractions displayed in

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.

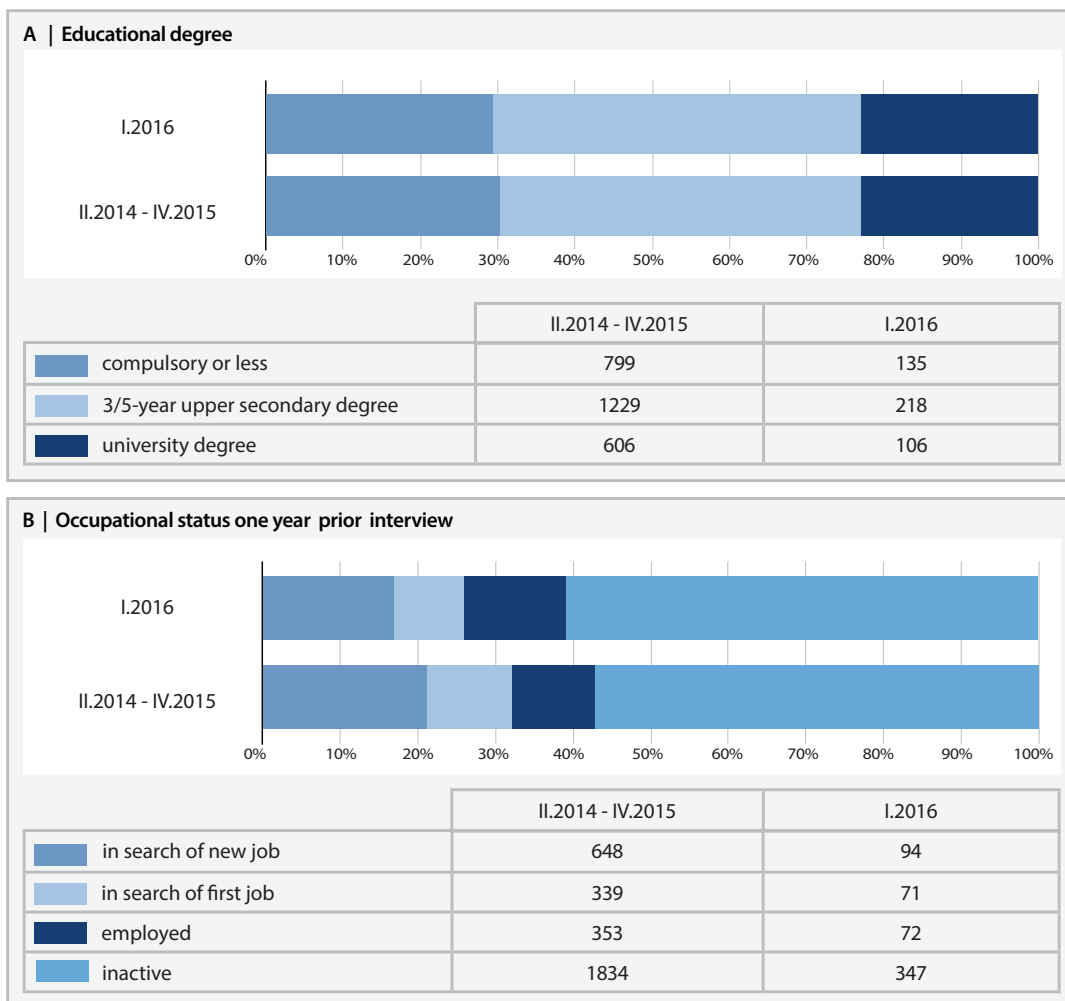
Figure 6 are calculated excluding those observations with missing information on educational attainment. A relatively large fraction, around 30 percent, holds no upper secondary school degree (compulsory schooling or less) in 2015. This share amounts to 29 percent in 2016. Most participants (47 percent) hold a 3-year vocational degree (qualifica) or a 5-year upper secondary degree (diploma 5 anni). This share remains constant for 2016. With 23 percent, a sizeable share of participants, hold a university degree (laurea). This share remains constant for 2016 as well.

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 (58 percent) in 2015. Presumably, those are the participants who enter the Youth Guarantee scheme directly from the formal education system. This share is slightly higher in 2016 (59 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 20 percent) or in search of a first job (around 11 percent) and about 11 percent

were employed one year prior to their Youth Guarantee interview in 2015. In 2016, the numbers changed slightly for entering from unemployment (16 percent in search of a new job, 12 percent in search of their

first job). On the other hand, the fraction of participants that enter from employment is slightly higher at 12 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

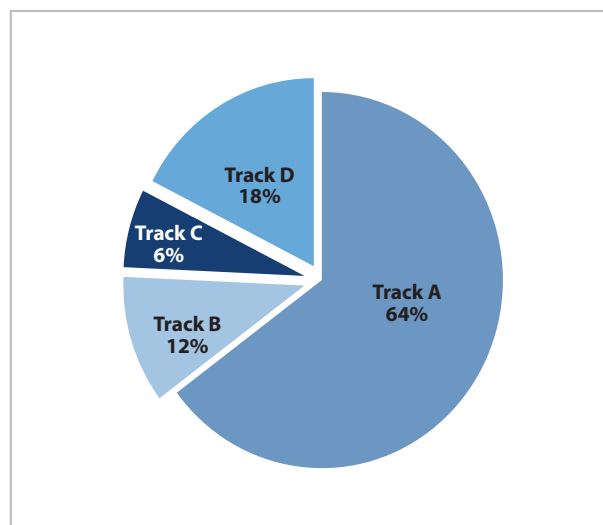
This section describes the types of measures chosen by participants who sign a mutual obligation agreement. Note that here we consider all agreements signed in the observation period irrespective of whether the participant began an activity or dropped out beforehand.

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 64 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 12 percent. Track C (Apprenticeship) is the, to date, least requested measure (6 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 subsequent quarter, the number of participants choosing Track A continues to increase, whereas the participants choosing other measures drop. In the third quarter of 2015, we observe a decrease in participation with respect to all tracks. Note that the sharp drop of participation in Track B

Figure 7

Mutual obligation agreements by type of measure chosen

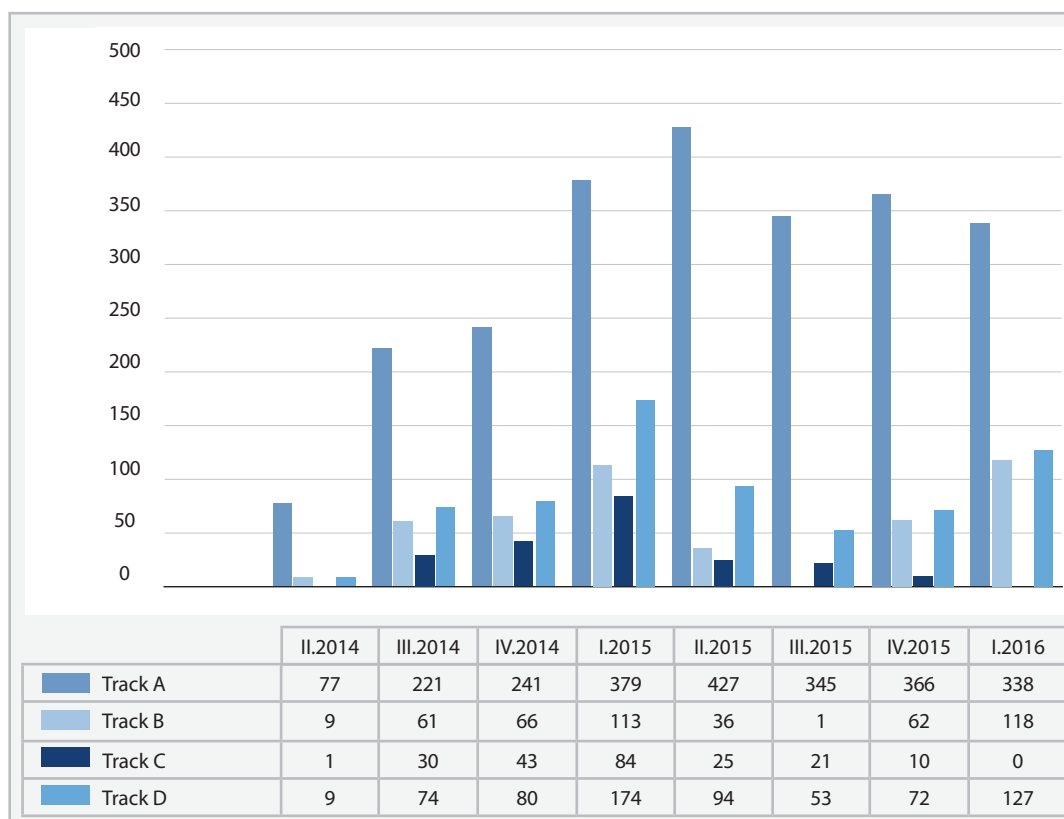


Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

for this quarter is due to the fact that inscription has been temporarily suspended during the introduction of new courses within this track and the related call for tender. In the most recent quarter, participation in all tracks (except Track A and Track C) increased again (especially Track B).

Figure 8

Mutual obligation agreements by interview quarter and type of measure chosen

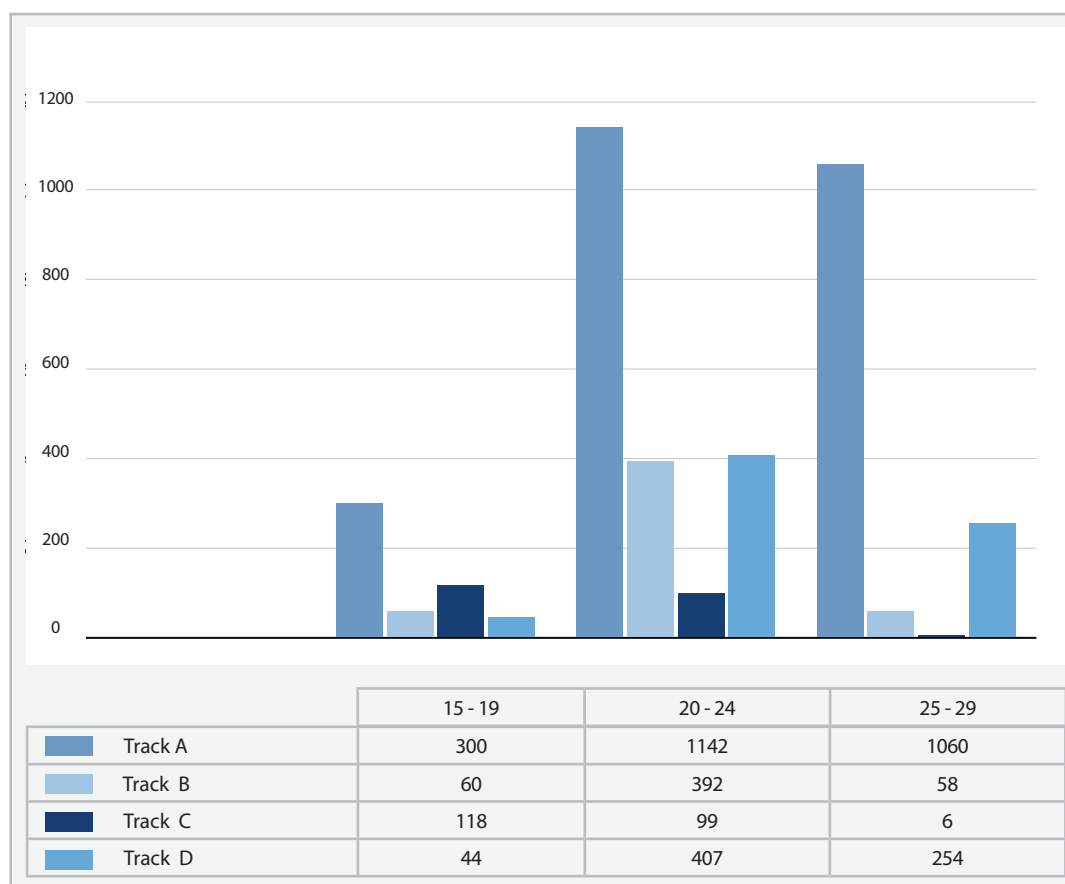


Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

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

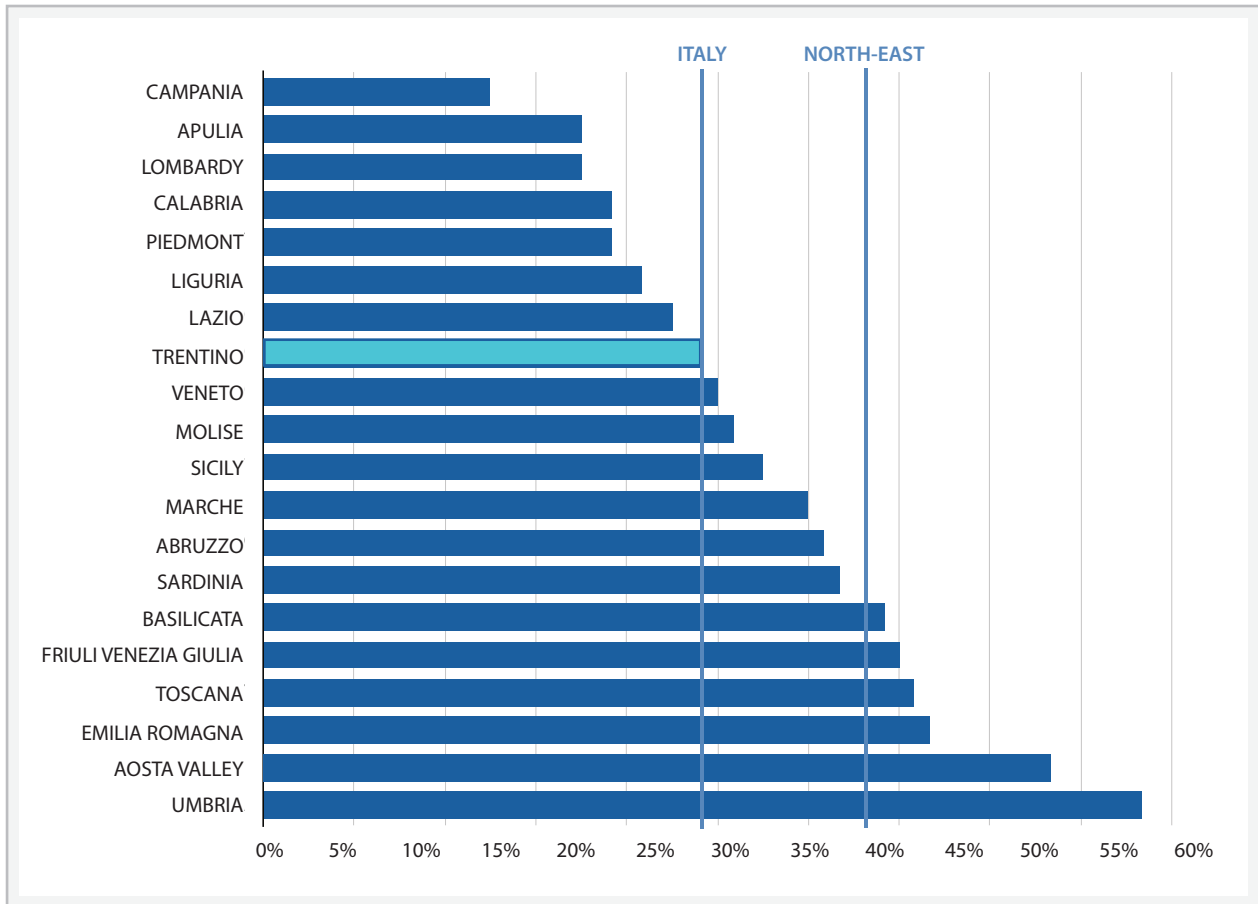


Source:
own calculations
based on data
from the Servizio
Europa of the PaT

Figure 10 shows the program take-up rate for each Italian region as of the first quarter of 2016. 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 58 percent of signed agreements among the NEET and Campania displays the lowest take-up rate with 15 percent of signed agreements among NEET youth. Trentino lies in the lower middle of the distribution with a 29 percent take-up rate. This rate is almost identical with the average take-up rate at the national level (27 percent) and considerably lower in comparison with the

average take-up rate in the North-East (37 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 of the Monitoring Report 2015[2], the NEET incidence rate is relatively low in Trentino (as in the rest of Northern 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 to inefficiencies in program management or in the type of measures offered, needs to be based on individual data. Such an analysis lies beyond the scope for this monitoring report.

Figure 10
Program take-up rate by region as of I. 2016



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 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 (dropouts). The figure describes the situation as of March 31, 2016.

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 (2 percent, i.e. 67 individuals) and the highest fraction of participants with overall initiated activities (83 percent). 10 percent (i.e. 284) of participants in Track A concluded activities as of March 31, 2016. Among the other available tracks, we observe higher dropout rates (highest in Track C with 52 percent) as well as lower rates

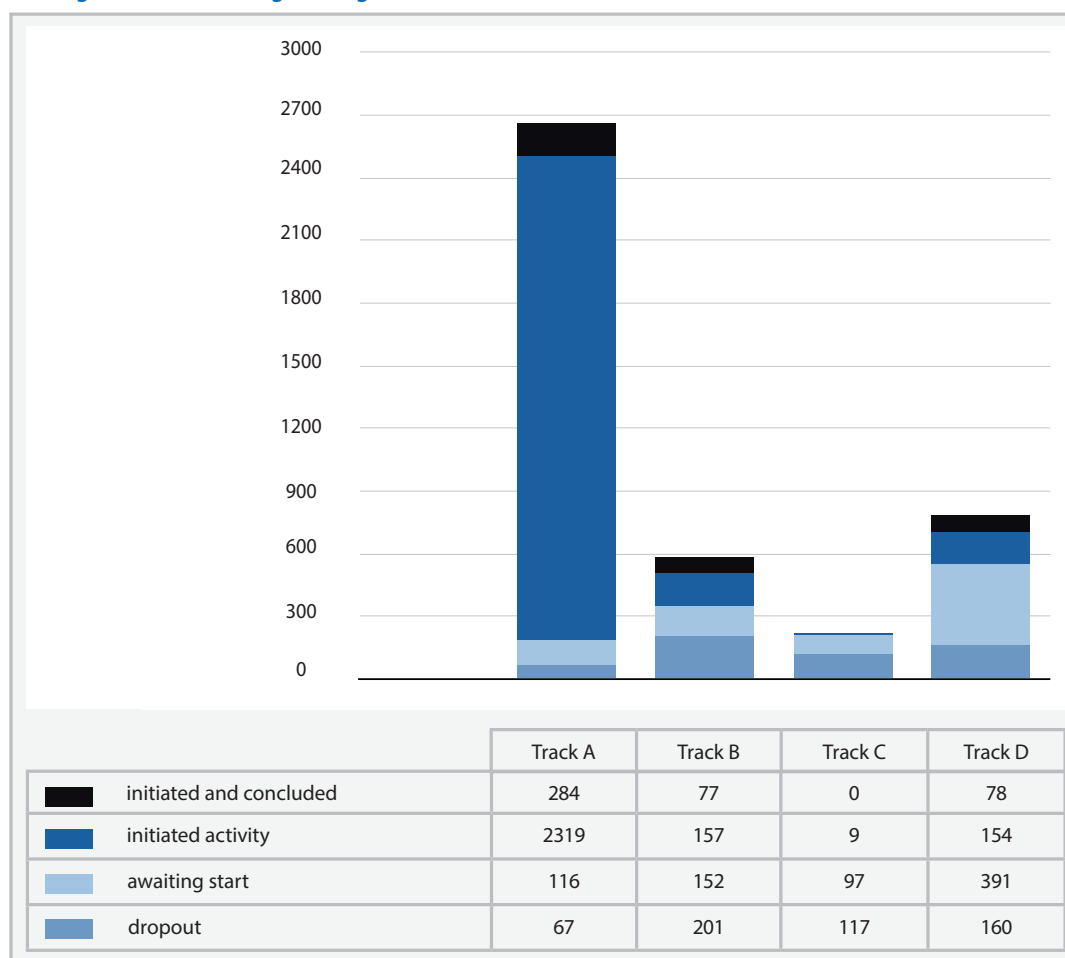
of initiated activities (lowest in Track C with 4 percent), mainly due to the fact that these types of measures were activated later. More precisely, activities within Track A started in November 2014, while activities in Track B (C and D) started in February (May, April) 2015, i.e. three to six months later. Additionally, one difficulty that emerged with respect to Track C (Apprenticeship) is that the number of participants significantly exceeded the number of offers of apprenticeship positions from firms in Trentino.

We note an elevated rate of individuals (about 50 percent) awaiting the start of activities in Track D (Civilian Service). This is mainly due to the budget limits.

As of March 31, 2016, we observe the participants that have concluded activities within the Youth

Figure 11

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



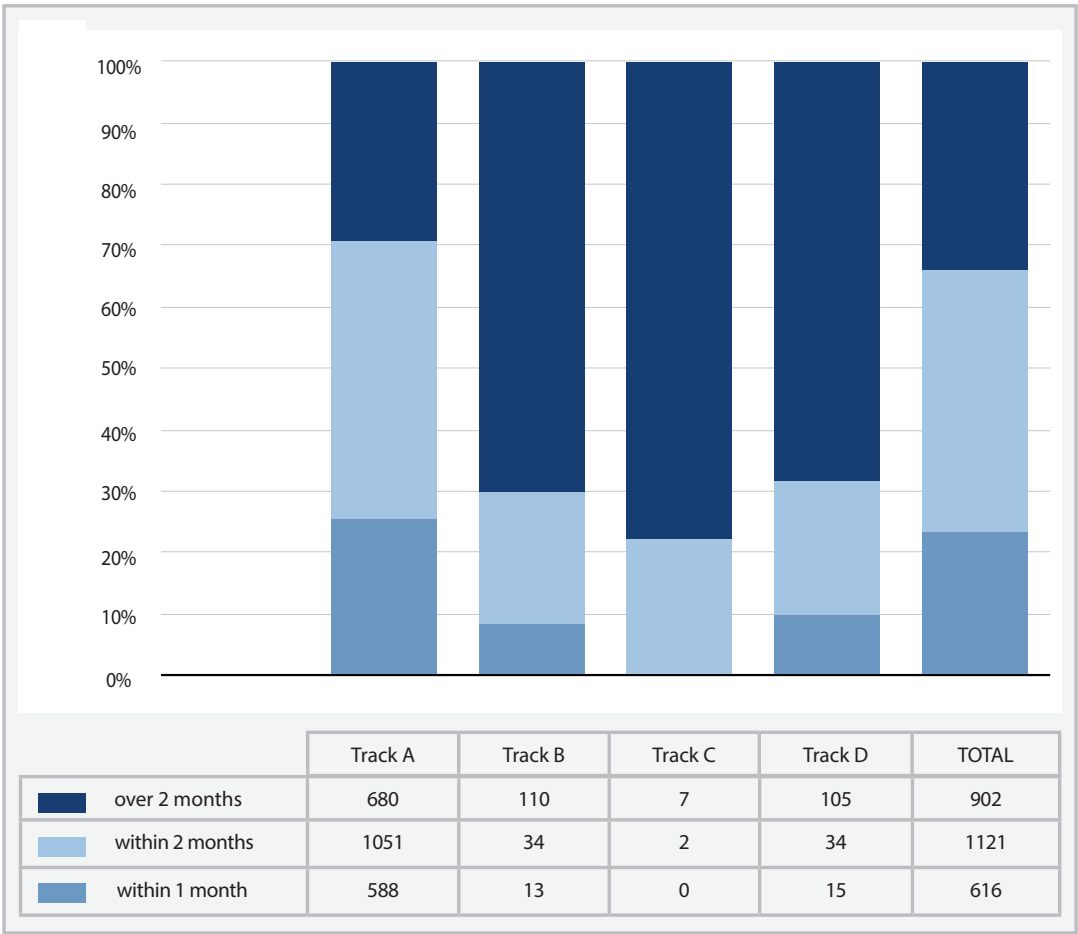
Source:
own calculations
based on data
from the *Servizio
Europa* of the PaT.

Guarantee program in Trentino. In particular, 284 participants concluded activities within Track A, 77 within Track B and 78 within Track D.

Figure 12 exclusively concerns 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. 66 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 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.

In this section, we explore the position on the labour market of participants who have already completed the Youth Guarantee program. It is important to note that no causal relationship between participation and further occupational opportunities can be established here. We only intend to present an informative and descriptive framework of the transition from the Youth Guarantee to the labour market.

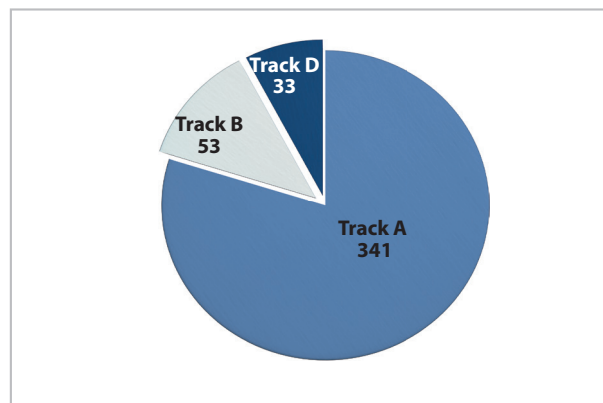
This section constitutes a preliminary exploration because we can only study those participants who have completed a track to date. In particular, we consider the population of individuals who have concluded the interview in the first year, that is between May 2014 and May 2015, and have finished the chosen track in the first ten months of 2015. In total, there are 427 individuals in the sample: 341 have completed Track A, 53 Track B, and 33 Track D (Figure 13).

Using data from the administrative archives, we have followed the occupational history of all participants from the date of Youth Guarantee conclusion for the following three months. Moreover, for half of them (203) we could extend the observation window for three more months, thus, in total for six months. Due to the small sample size, we report absolute numbers and proportions instead of percentages.

The first question that arises is: How has the occupational condition changed after the participation in Youth Guarantee? If we take a picture after three months, we can affirm that more than one-third of the 427 participants (equal to 164 individuals) have

Figure 13

Absolute number of participants who have already concluded a track by October 31



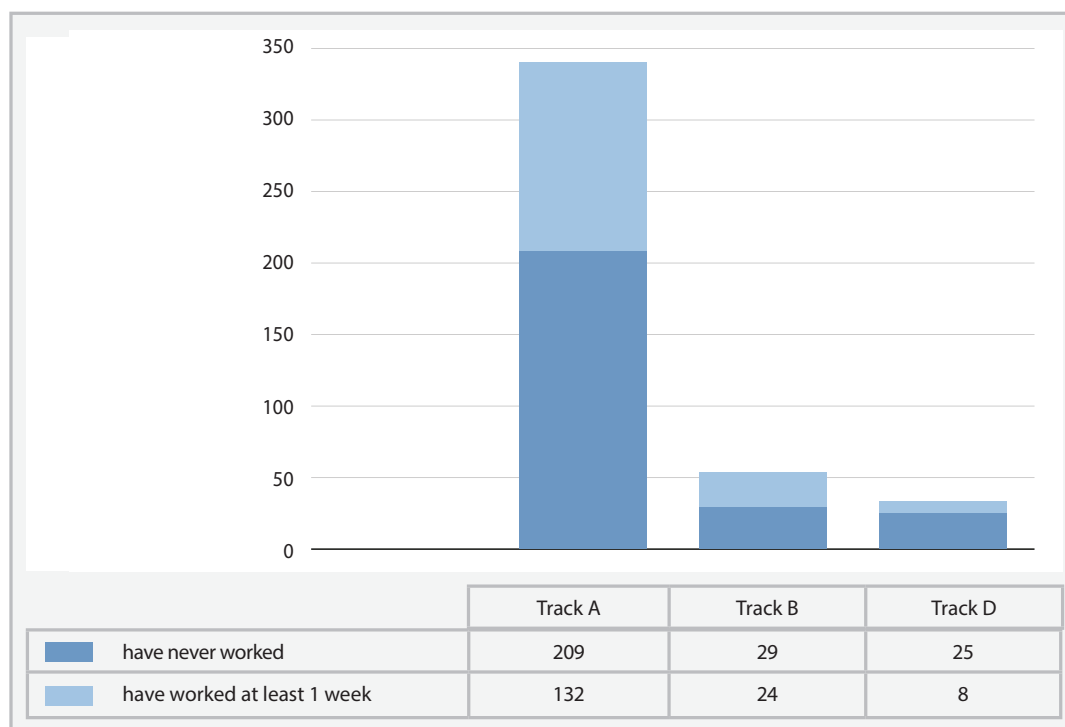
Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

been employed for at least one week. Specifically, this condition refers to one-third of 341 individuals (132) who concluded Track A; more than a half (24 out of 53) of Track B participants, and less than one-fifth of those who followed Track D (8 individuals out of 33) (Figure 14).

The time to enter the labour market, after the conclusion of Youth Guarantee, varies according to the chosen track (Figure 15). Excluding Track D due to the low number of observations, we can observe that 30 days after the end of the internship, three-fourths of the participants of Track A and two-thirds of

Figure 14

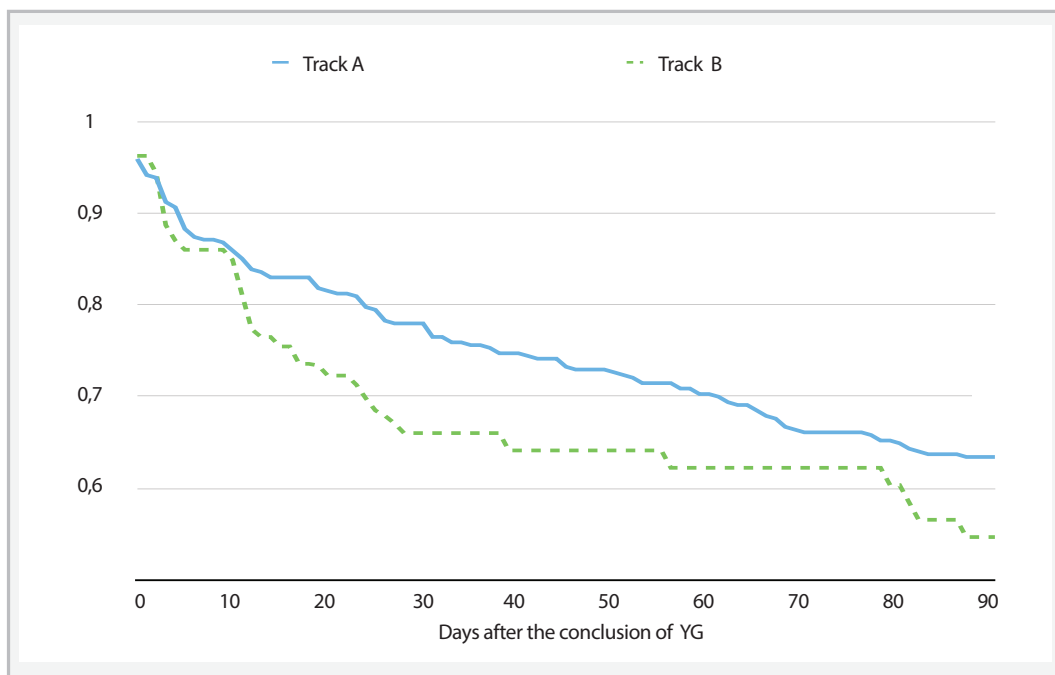
Employment condition three months after Youth Guarantee participation



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

Figure 15

Proportion of individuals who have never been employed within 3 months after Youth Guarantee (Kaplan-Meier estimates)



Track B have never been employed. In the following two months, this quota decreased significantly. Keeping in mind the low number of the sample, we can say that Track B (Formation and internship) is associated with the most rapid entry into the labour market.

Another interesting issue concerns the main characteristics of the found jobs. To examine this, we take into consideration the participants who were employed three months after the end of the internship. Therefore, the 29 individuals who worked after the program for some time, but were not employed anymore after three months, have been excluded from the analysis.

Three-fifths out of 135 of employed participants have been hired with a fixed term contract, while less than one-fifth have an apprenticeship contract and one out of ten has an open-ended contract. Regarding the

fixed term contracts, note that their length varies from a minimum of a few days to a maximum of one year and five months, with an average of three and a half months.

For the participants that have concluded the Youth Guarantee by July 31, 2015, it is possible to calculate a mobility rate comparing the observed occupational condition in two different moments, that is, notably three and six months after.

As shown in Figure 16, there is a substantial immobility in the employment condition. In other words, eight out of ten of the 203 individuals have not changed their occupational situation. Particularly, almost three quarters of those employed and six out of seven of those unemployed after three months remain in the same situation after six months.

Figure 16

Occupational Mobility table 3-6 months after the conclusion of YG (absolute number)

Employment condition after 3 months	Employment condition after 6 months		TOTAL
	Employed	Unemployed	
Employed	47	20	67
Unemployed	18	118	136
TOTAL	65	138	203

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