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ISTITUTO PER LA RICERCA VALUTATIVA  
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PROVINCIA AUTONOMA DI TRENTO

# Youth Guarantee in Trentino

**Monitoring Report 2016 | 4**  
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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  
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Edited by | FBK-IRVAPP  
Contact | [garanziagiovanitrentino@irvapp.it](mailto:garanziagiovanitrentino@irvapp.it)

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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 Youth Guarantee is to ensure that individuals below 30 years of age receive a good-quality offer of continued education, an 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 sixth 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 participant

characteristics. This report describes the situation as of September 30, 2016. Each issue additionally provides a focus on a specific topic. For the first time, the *bonus occupazionale* will be highlighted in this report.

### 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:

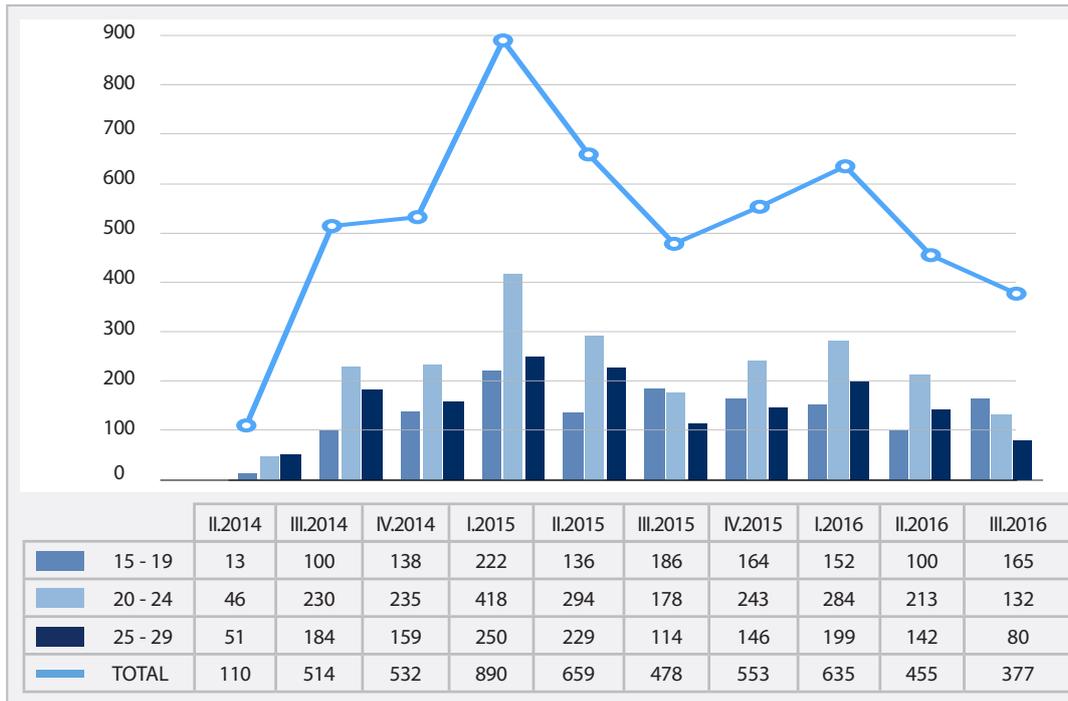
<b>Track A Internship</b>	<ul style="list-style-type: none"><li>• individual orientation activities (up to 8 hours)</li><li>• preparatory training (up to 26 hours, from 2016 extended to 60 hours)</li><li>• internship (8 to 24 weeks)</li><li>• phase of “accompanied labor market insertion”</li><li>• first activities started on November 10, 2014</li></ul>
<b>Track B Training and Internship</b>	<ul style="list-style-type: none"><li>• targeted to youth aged 15-25 holding a secondary school degree and graduated no more than two years ago</li><li>• occupation-specific training courses (50 to 200 hours)</li><li>• internship (16 to 24 weeks).</li><li>• phase of “accompanied labor market insertion (from 2016)”</li><li>• first activities started on February 2, 2015</li></ul>
<b>Track C Apprenticeship</b>	<ul style="list-style-type: none"><li>• restricted to 15-25 year olds in possession of credentials corresponding to at least one year of vocational education</li><li>• 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>)</li><li>• first activities started on May 12, 2015</li></ul>
<b>Track D Civilian Service</b>	<ul style="list-style-type: none"><li>• targeted to youth aged 18-28</li><li>• activities in the civilian service (3 to 12 months)</li><li>• first activities started on April 1, 2015</li></ul>

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 subject to discussion in this report’s focus section. However, the newly emerged Track E will not be part of the monitoring report, as it is still within the activation phase.

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

**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.

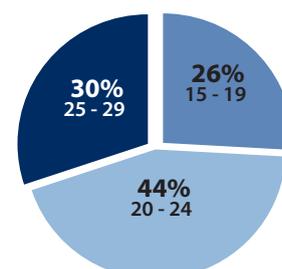
of 2015 (890 interviews), while program participation decreases in the subsequent quarter to 659, and continues to decrease in the third quarter of 2015 to 478 new participants. Participation appears to pick up slightly in the fourth quarter of 2015 with 553 new participants. This trend continues for the first quarter of 2016 (635 interviews) but is reversed in the second quarter of the same year (455 interviews). This negative trend continues for the third quarter of 2016, which sees participation drop to a new all-time low (377 interviews), when excluding the first – incomplete – quarter. The noticeable drop in the last quarter can be explained by the temporary suspension of inscription for Track B.

Overall, most participants come from the 20-24 age group, with participation peaking in the first quarter of 2015. This pattern holds true for each individual month with the exception of the second quarter of 2014, the third quarter of 2015, and the third quarter of 2016. 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, increases in the third quarter of 2015 and then decreases for the next three quarters. This

negative trend is reversed in the third quarter of 2016, which is impressive, considering that participation in the other two age groups and over-all decreased noticeably. 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 (30 percent), and the youngest group of 15-19 year-olds (26 percent).

By the end of September 2016, the total number of participants in the Youth Guarantee scheme in Trentino amounted to 5,203 individuals, 1,376 15-19 year-olds, 2,273 20-24 year-olds, and 1,554 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.

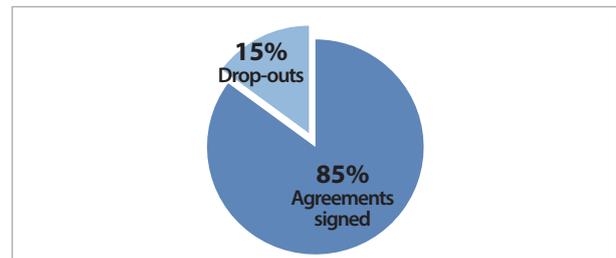
In this section, we provide an overview of the passage from the interview to the mutual obligation agreement, the characteristics of participants who signed such an agreement, as well as an outlook on the types of Youth Guarantee measures chosen.

### From interview to mutual obligation agreement

At the passage from interview to mutual obligation agreement, ca. 15 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 775 dropouts among the 5,203 participants from program start until September 2016. Hence, in the observation period, a total of 4,428 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

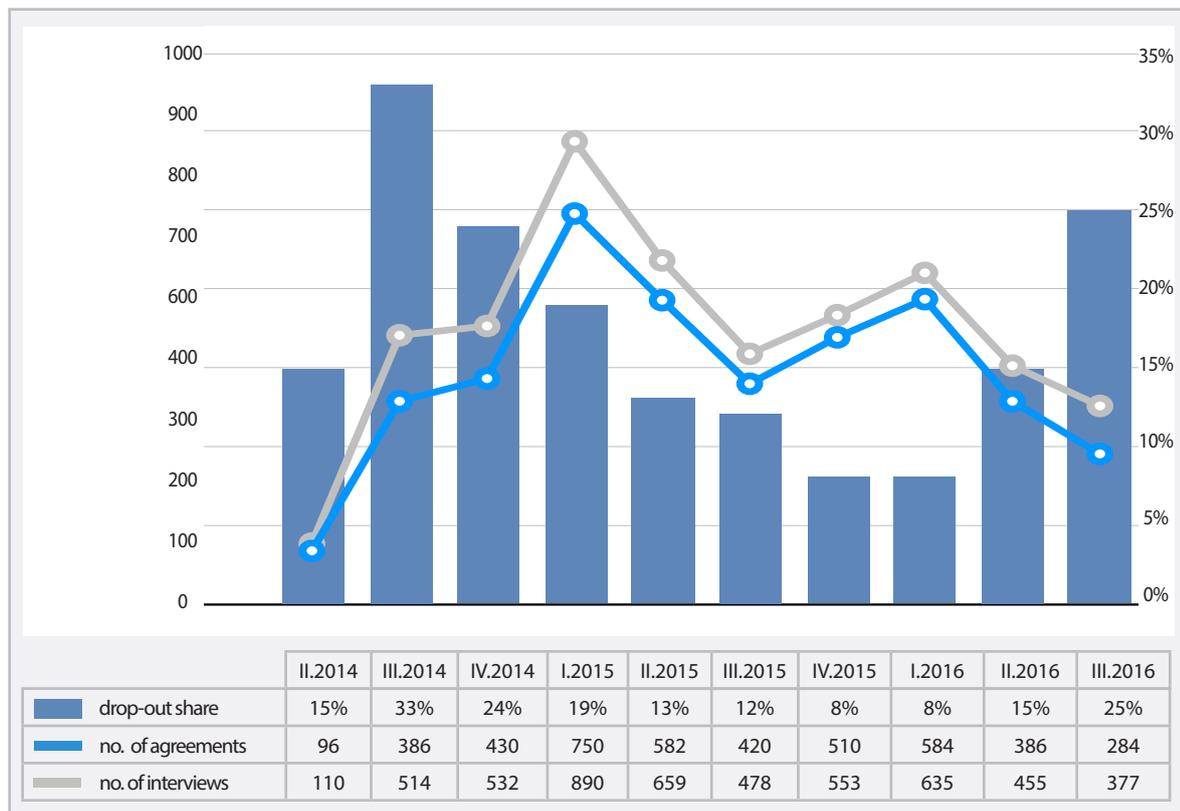
**Figure 3**  
Share of dropouts in program participants at the passage from interview to mutual obligation agreement



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

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 dropouts in terms of all the above-

**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.

mentioned reasons. However, for the last quarter 58 of the 93 dropouts can be attributed to job interviews.

Figure 4 reports the evolution of the 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 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 when they reach 8% and stagnate at that level for the first quarter of 2016. In the second quarter of the same year dropout rates soar again to 15%. In the third quarter of 2016, they reach with 25% their second highest level since program start.

## Participant characteristics

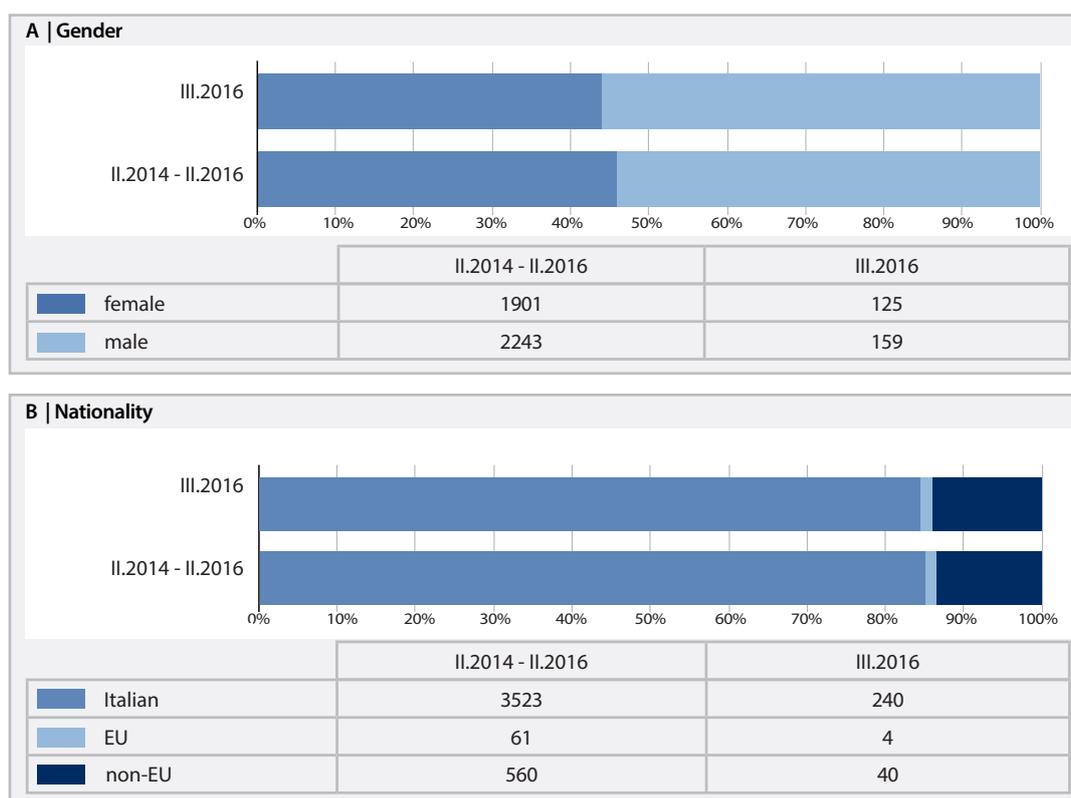
Figure 5 displays demographic characteristics (gender and nationality) of participants who signed a mutual obligation agreement, whereas Figure 6 shows the distribution of educational levels and the prevalent occupational status in the year before the interview. We show distributions of these characteristics for the overall observation period up to the second quarter of 2016 and separately just for the most recent quarter, in order to follow potential recent distributional changes.

The large majority of participants is of Italian nationality (85 percent both until the second quarter of 2016 and for the third quarter of 2016). Note that – irrespective of citizenship – about 7.2 percent of the participants are not resident in Trentino; this ratio is quite stable compared with the previous quarter when it was at 7 percent.

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).

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 18 percent for the period until the second quarter of 2016 and 25 percent for the third quarter of 2016. It is hence important to note that the fractions displayed in Figure 6 are calculated excluding those observations with missing information on educational attainment.

**Figure 5**  
Demographic characteristics of participants who signed a mutual obligation agreement



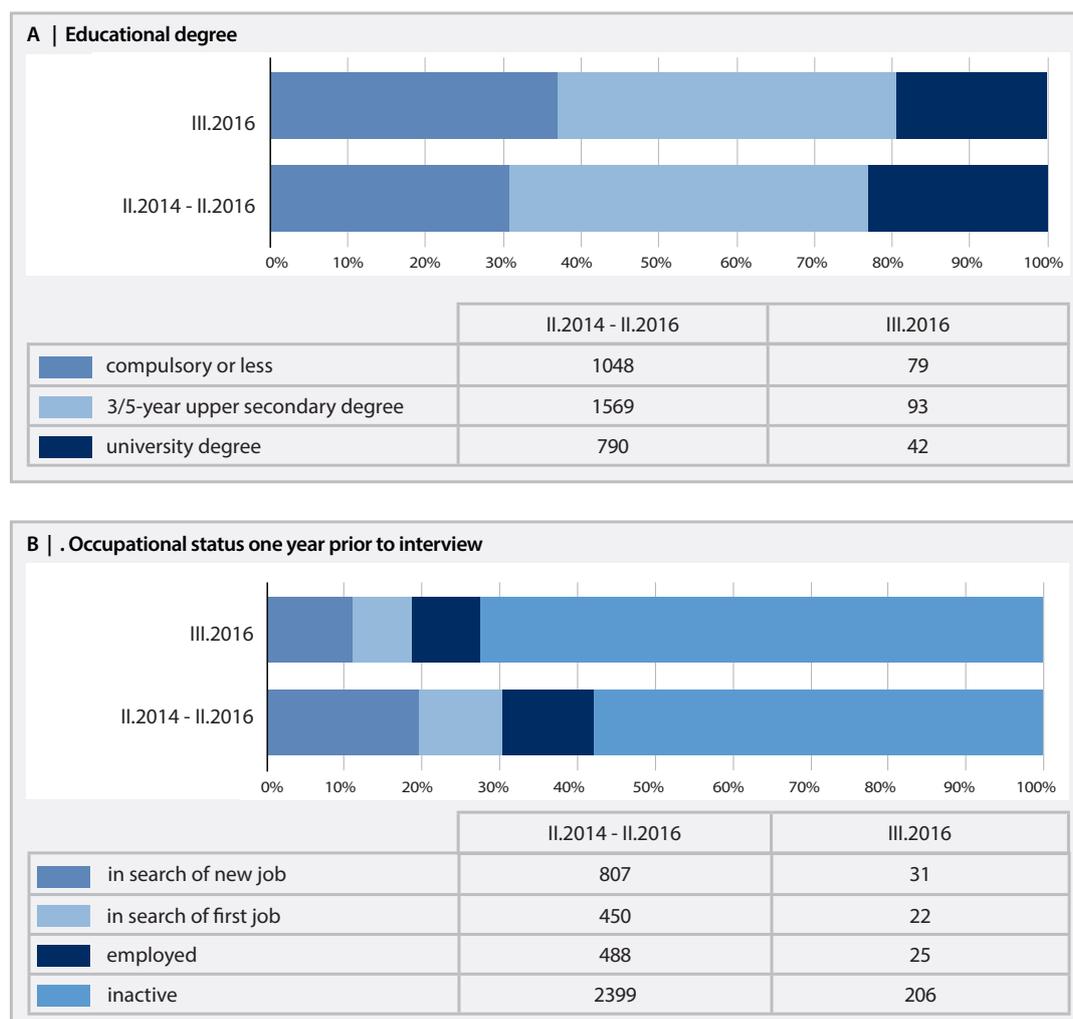
Source:  
own calculations  
based on data  
from the *Agenzia  
del Lavoro* of the  
PaT.

A relatively large fraction, around 31 percent, holds no upper secondary school degree (compulsory schooling or less) in the period until the second quarter of 2016. This share amounts to 37 percent in the third quarter of 2016. Up until the second quarter of 2016, the majority of participants (46 percent) holds a 3-year vocational degree (*qualifica*) or a 5-year upper secondary degree (*diploma 5 anni*). This share drops to 43 percent for the third quarter of 2016. With 23 percent, a sizeable share of participants holds a university degree (*laurea*) up until the second quarter of 2016. For the third quarter of 2016 this share also drops slightly to 20%.

inactive one year prior to entering the program (58 percent). Presumably, those are the participants who enter the Youth Guarantee scheme directly from the formal education system. This share is considerably larger for the third quarter of 2016 (73 percent). As of the second quarter of 2016, 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 19 percent) or in search of a first job (around 11 percent) and about 12 percent were employed one year prior to their Youth Guarantee interview. In the third quarter of 2016, the numbers changed slightly for entering from unemployment (11 percent in search of a new job, 8 percent in search of their first job) as well as for participants entering from employment (9 percent).

With respect to occupational status, Panel B of Figure 6 shows that until the second quarter of 2016 more than half of the Youth Guarantee participants were

**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.

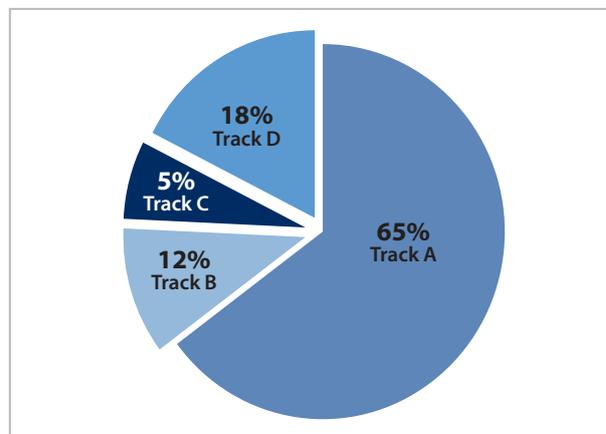
## Types of Youth Guarantee measures chosen

This section describes the types of measures chosen by participants who signed 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 2016. With 65 percent, Track A (Internship) appears to be the most requested measure, followed by Track D (Civilian Service) which is chosen by 18 percent of participants, and Track B (Training and Internship), chosen by 12 percent. To date, Track C (Apprenticeship) is the least requested measure (5 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

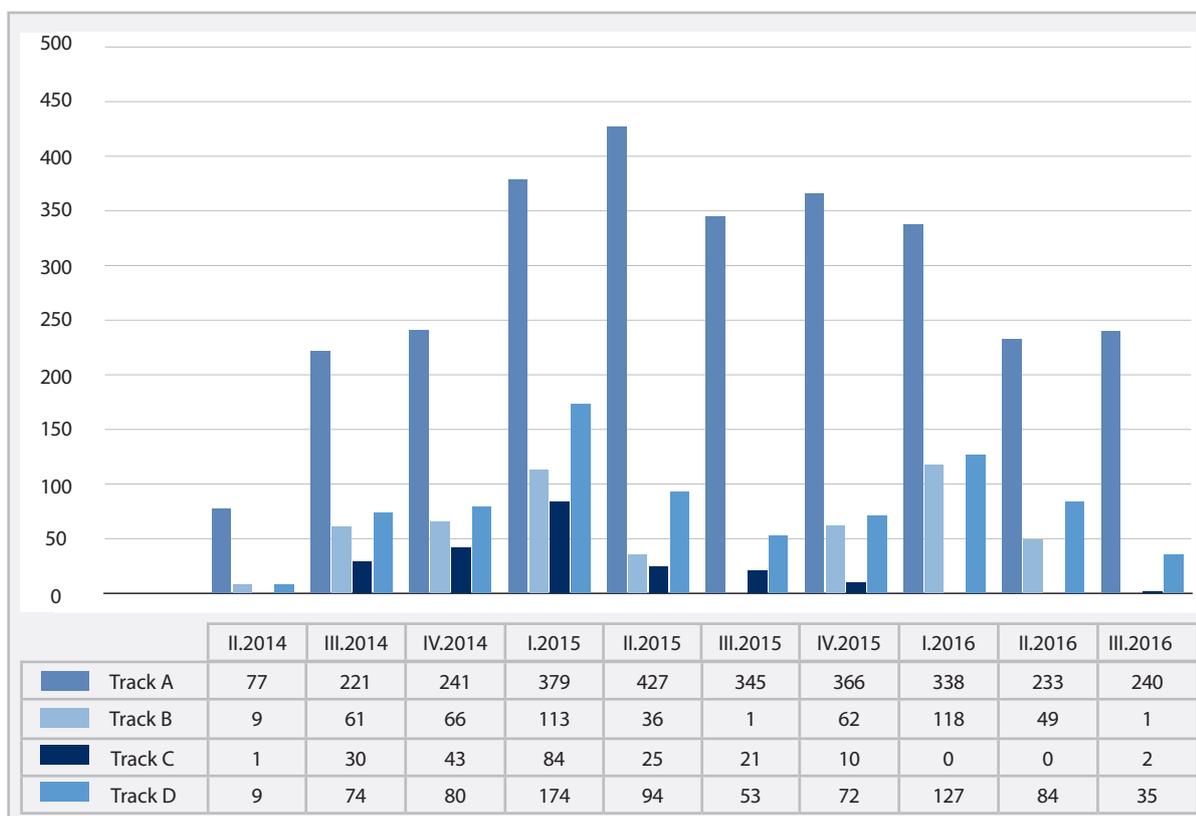
**Figure 7**  
Mutual obligation agreements by type of measure chosen



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

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 for this quarter is due to the fact that inscription has been temporarily suspended due to the introduction of new courses within the Track

**Figure 8**  
Mutual obligation agreements by interview quarter and type of measure chosen



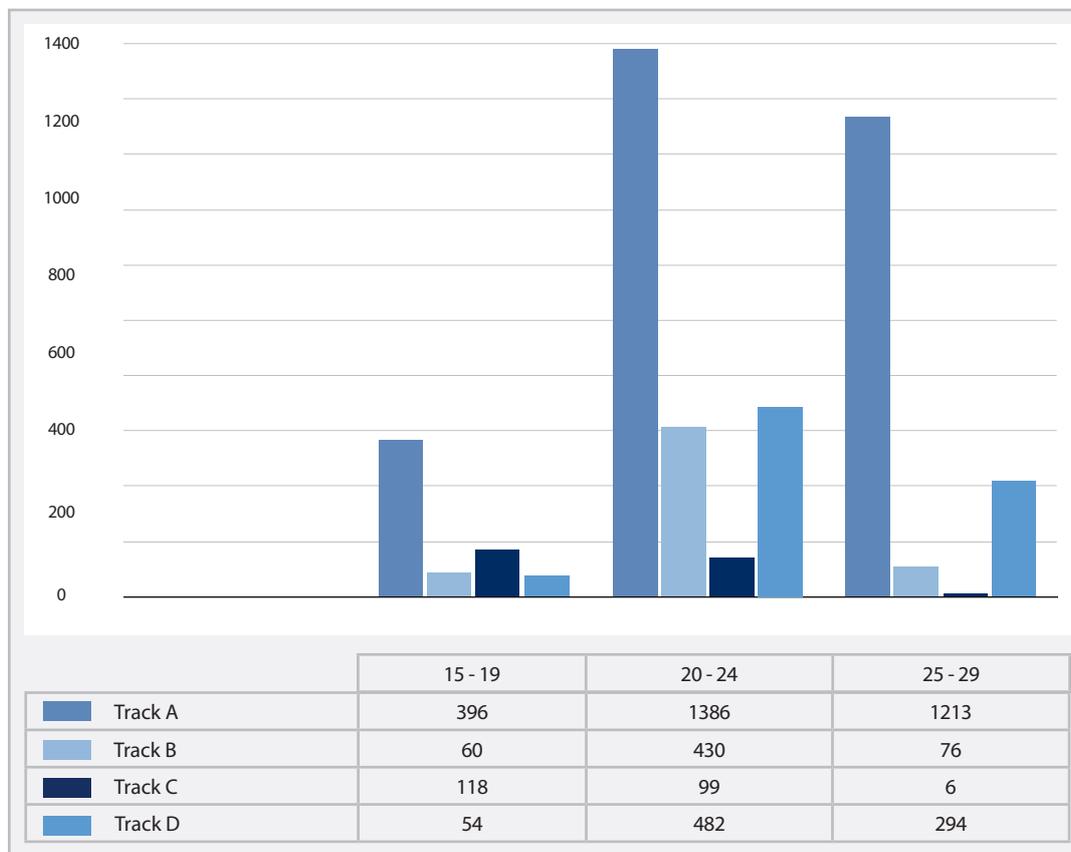
Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

and the related call for tender. In the second quarter of 2016, participation in all tracks plummets (except for Track C, which already reached zero and hence cannot decrease further). For the most recent quarter, participation in Track A and C remains virtually at the same level, while participation in Track B and D keeps falling even further. As mentioned before, the decline for Track B can be attributed to the temporary suspension of inscription for this particular track.

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).

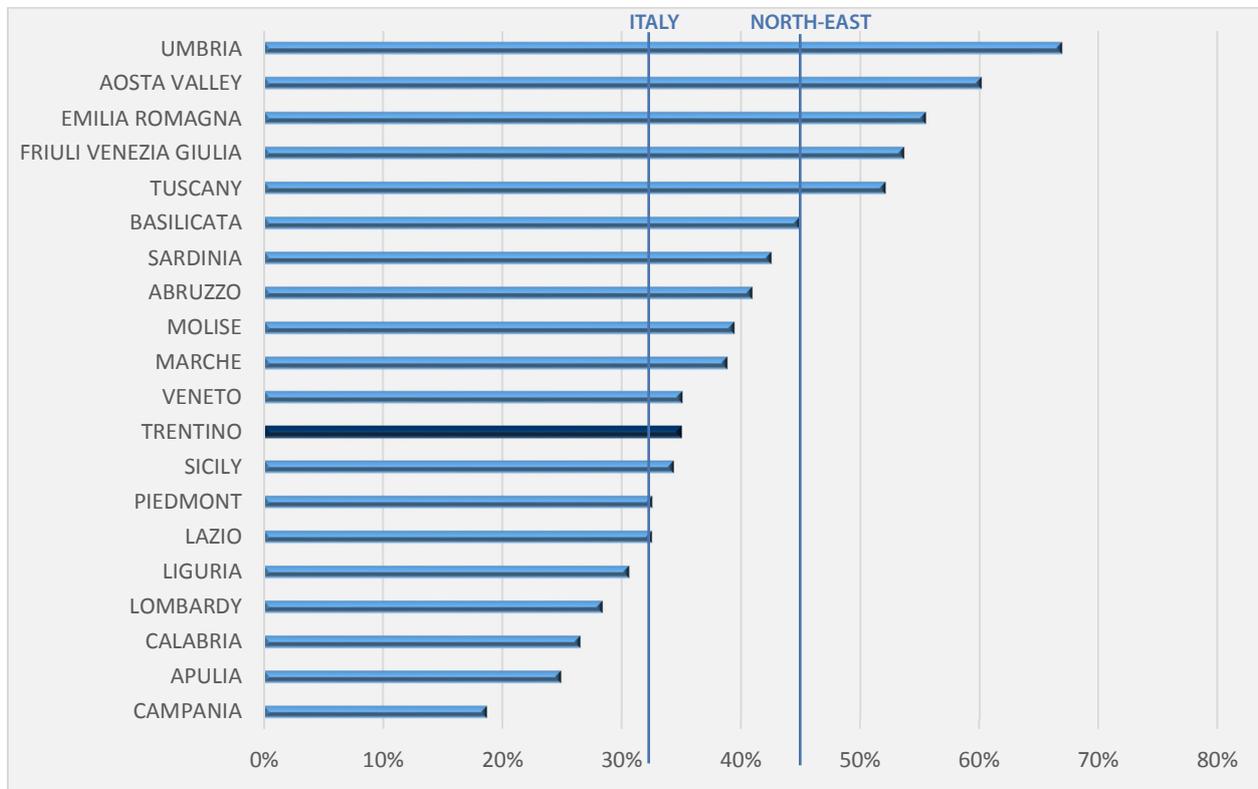
Figure 9 concerns the participants' choice of measure by age groups. We observe that among the youngest

**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**  
**Program take-up rate by region as of III.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).

Figure 10 shows the program take-up rate for each Italian region as of the third 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 67 percent of signed agreements among the NEET and Campania displays the lowest take-up rate with 19 percent of signed agreements among NEET youth. Trentino lies in the lower middle of the distribution with a 35 percent take-up rate. This rate is almost identical with the average take-up rate at the national level (32 percent) and considerably lower in comparison with the average take-up rate in the rest of the

North-East (45 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<sup>2</sup>, 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 of this monitoring report.

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 September 30, 2016.

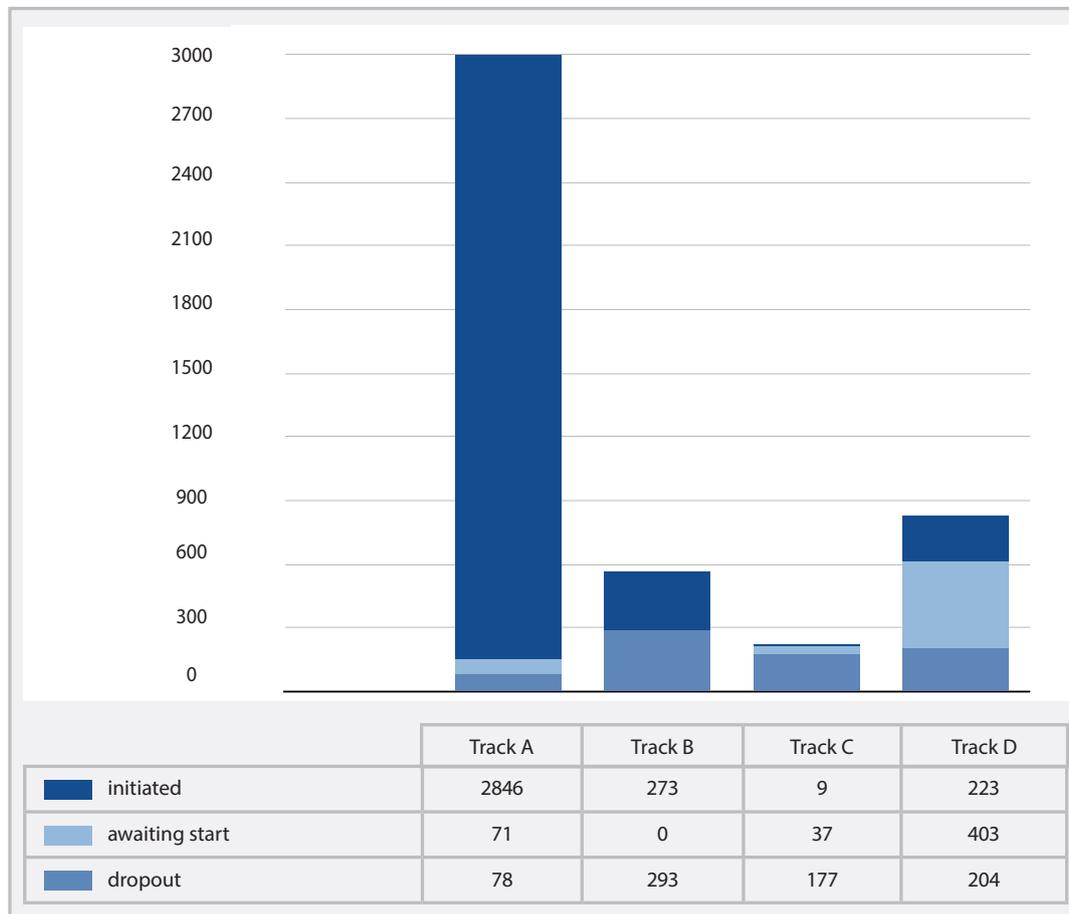
Track A (Internship) is the measure type, which was first available to participants from program start. It is the most popular choice among participants with the lowest overall dropout rate (3 percent, i.e. 78 individuals) and the highest fraction of participants with overall initiated activities (95 percent). Among the other available tracks, we observe higher dropout rates (highest in Track C with 79 percent, followed by 52 percent in Track B) as well as lower rates of initiated activities (lowest in Track C with 4 percent). 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 49 percent) awaiting the start of activities in Track D (Civilian Service). Furthermore, 27 percent started activities and 25 percent dropped out.

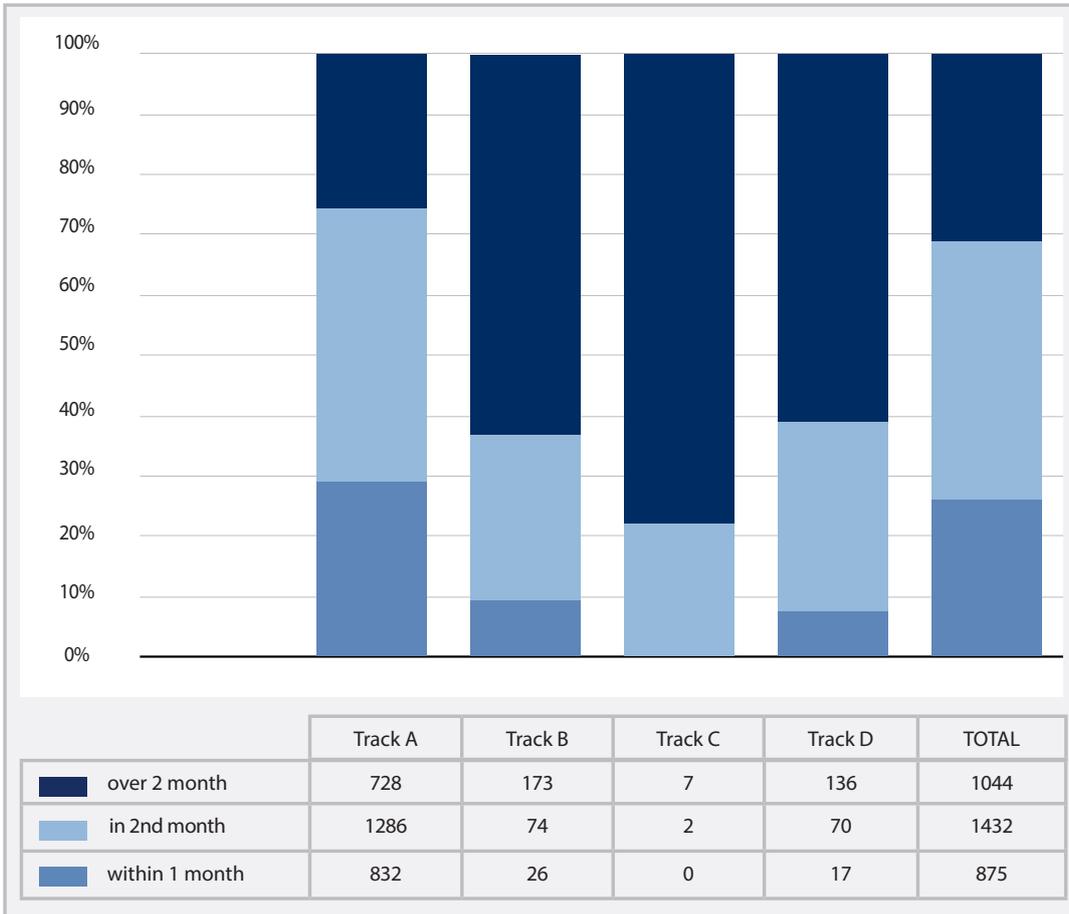
Figure 12 exclusively concerns participants who initiated an activity. For this group, the figure displays the waiting time from interview to activity start. Overall, we observe that a bit more than two thirds of the activities were initiated within 2 months of the interview (ca. 26 percent in the first and 43 percent in the second month); this represents a tolerable timing. As can be seen by the dark blue area, which is much smaller for Track A than for the other tracks, Track A allows for much faster entry.

**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**

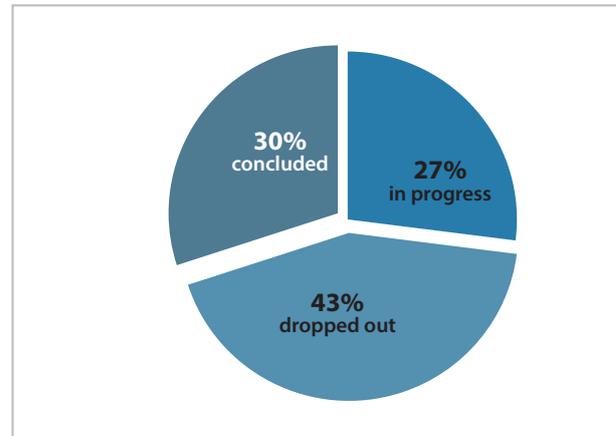


Source:  
 own calculations  
 based on data  
 from the *Servizio  
 Europa* of the PaT.

The statistics we present in this section are exclusively concerned with those participants who started a track. We will describe the passage from start of the activity to its termination.

Figure 13 depicts the overall situation as of September 2016. 30 percent of program participants concluded a track, which amounts to 1021 individuals (784 for Track A, 97 for Track B, 2 for Track C, and 138 for Track D). Furthermore, the overall dropout rate amounts to four out of ten (almost half of Track A, a quarter for Track B, a third for Track C, and about one tenth for Track D). Among the individuals who dropped out a considerable number dropped out for employment related reasons. Precisely, among ten individuals who dropped out of Track A, four dropped out because they took up some kind of work. The same holds true for about half of the dropouts of Track B, none for Track C, and every twenty-fifth individual who dropped out of Track D.

**Figure 13**  
Distribution of program participants after program start



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

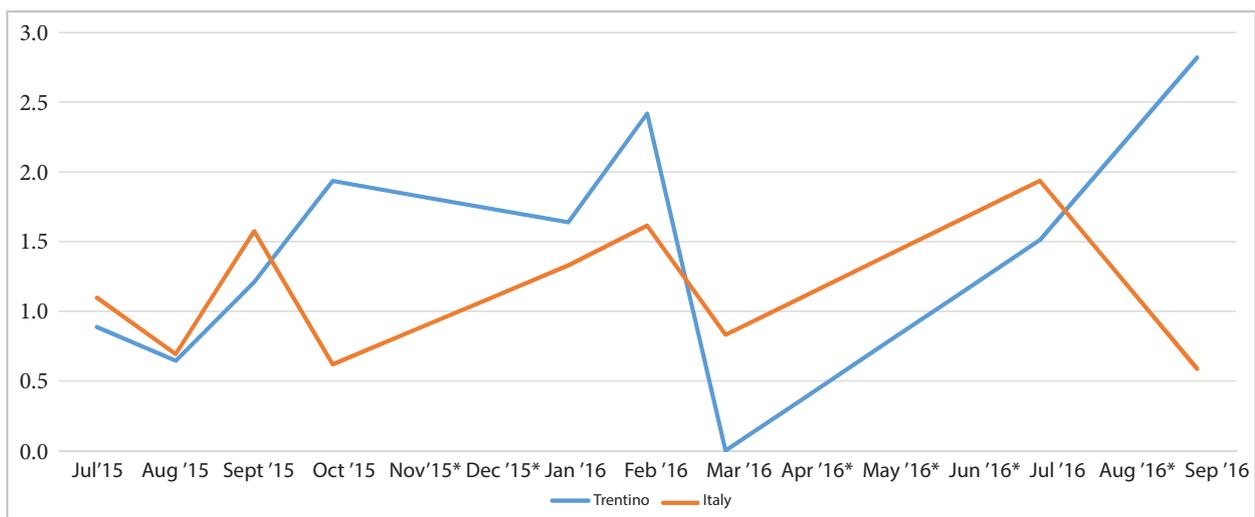
The present report focusses on the *bonus occupazionale*. The *bonus occupazionale* is a special payment that INPS gives to firms that employ a previous NEET who has been registered with Youth Guarantee. The payment to the respective company depends on the type of contract they offer the adolescent as well as his or her profile score. In short, the longer the contract lasts and the more vulnerable the adolescent, the more money the company receives. Contracts are grouped into three categories (depending on length), and vulnerability is grouped into four (depending on profile score). Precisely, a company that hires a NEET for at least 6 months will receive a one-time bonus of 1,500 EUR if the NEET has a high profile score and 2,000 EUR for a very high profile score. Similarly, for contracts of at least 12 months a bonus of 3,000 and 4,000 EUR is paid, respectively. Indefinite contracts are remunerated with 1,500 EUR for a very low, 3,000 EUR for a low, 4,500 EUR for a high, and 6,000 EUR for a very high score. The *bonus occupazionale* was designed as a concluding measure following the Youth Guarantee tracks, meaning that on completion of a track the bonus is supposed to assist youth in attaining a job with their newly developed skills. However, the only stringent requirement to be eligible for the bonus is registration within Youth Guarantee.

It is tempting to see the number of employments that resulted in payment of a bonus as employments facilitated by Youth Guarantee. Unfortunately, in the

absence of a proper counterfactual evaluation such a deduction is not viable, as many of the NEET would have been hired with or without a bonus payment. Whilst principally desirable, a scientific evaluation of the matter requires more resources than currently available and is out of scope of a focus report. However, an alternative interpretation is feasible: Each time a bonus was paid, a NEET found a job. It is important to note that the reverse is not true. As companies do not receive a bonus if they give temporary contracts to NEETs with low and very low profile scores, these job entries are not considered in this statistics. Therefore, the incident rate of boni paid constitutes a lower border. Figure 14 shows the monthly trends of instances a bonus was paid for Italy and Trento. It shows the number of times a *bonus occupazionale* was paid divided by the 2013 NEET population of the respective province. It is necessary to take this into account as a region with many NEETs will *ceteris paribus* also bring more of them into jobs.

The unit is per mille; thus, in September 2016 on average at least 1 out of 2,000 young NEETs got a job that was rewarded with a bonus. Trento performs close to average most of the time with a considerable drop in March 2016 when it performed worst in Italy. Interestingly, Trento not only outperforms the average in September 2016, but increases its relative number of bonus payments despite a nationwide downward trend.

**Figure 14**  
Monthly instances a bonus was paid normalized by NEET population (per mille) from July 2015 to September 2016



Source: own calculations based on ISFOL monthly reports and ISTAT Labor Force Survey.

Note: The NEET data refer to 2013 – one year prior to the official start of Youth Guarantee. The *bonus occupazionale* data measure the number of instances a bonus was paid. Some regions like South Tirol are not part of the Youth Guarantee program. These regions were left out when calculating the average. As data was not available for all months, data was imputed under a continued-trend assumption. Values for years marked by an asterisk have been interpolated.

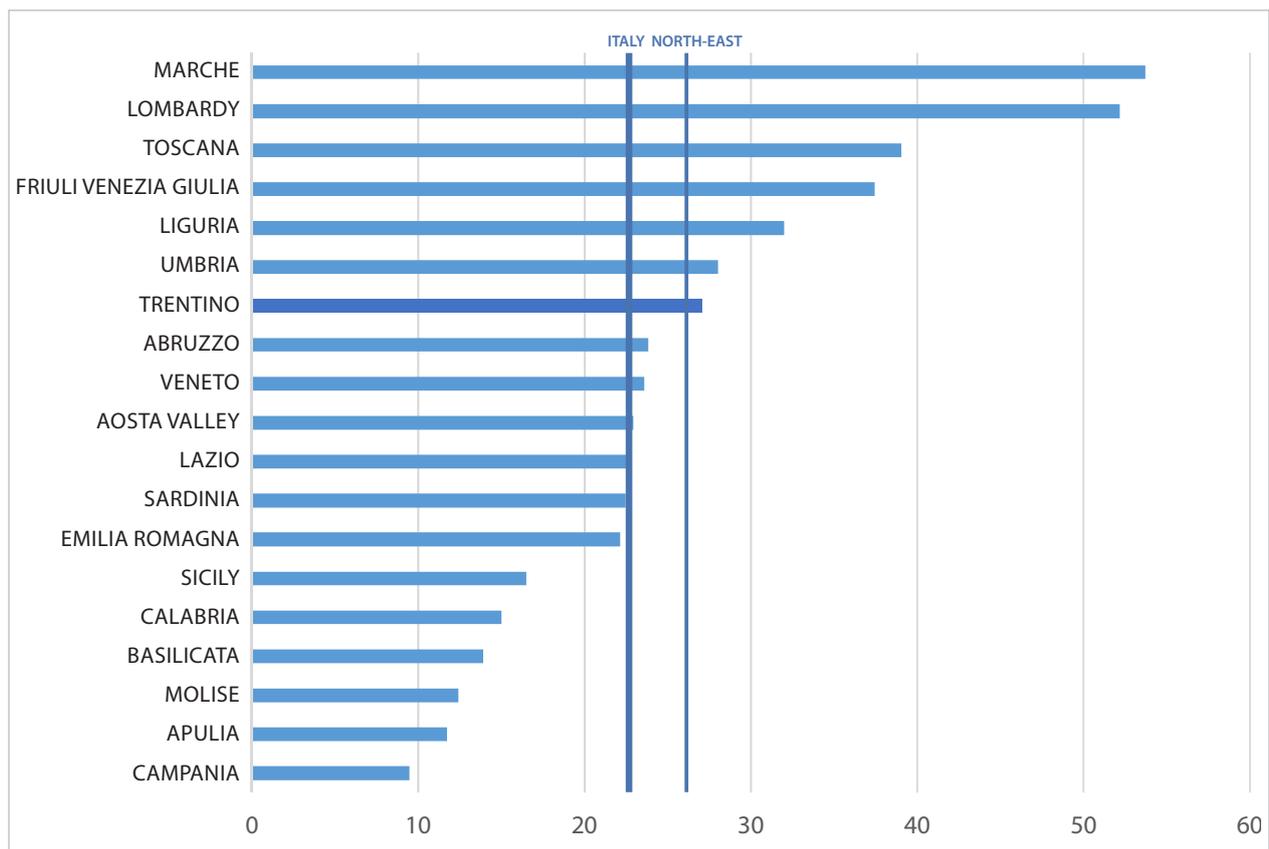
Figure 15 shows the cumulative amount of instances a bonus was paid from program start until September 2016; this is again normalized with regard to the 2013 NEET population in the respective regions. This graph compares the performance among regions.

As one can see, Trentino is doing rather well. This is largely due to the above-average performance in September 2016. Thus, as of the time this report was written, the province outperforms both Italy and the rest of the North East by 4.4 and 2.7 per mille points respectively. In absolute numbers, this amounts to 336 bonus payments for Trento.

As mentioned previously, a job for a NEET with a high profile score should be valued higher than one for a

NEET with a low profile score, and a permanent contract should be valued higher than a contract limited to six months. Using the actual bonus payments instead of the instances, a bonus was paid takes these arguments into account. Bonus payments over NEET can thus be interpreted as the level of efficiency at which disadvantaged youth finds quality jobs. As outlined above, the bonus payment scheme does exactly that by paying more the longer the contract lasts and the higher the profile score of the NEET. Attaching a value of zero to temporary contracts for NEETs with low and very low profile scores is sensible as these groups can be assumed to have a relatively easy time of finding at least a temporary job. However, when constructing the figures, they look virtually the same as Figures 14 and 15, and are therefore not reported.

**Figura 15**  
Instances a bonus was paid normalized by NEET population (per mille), up to September 2016



Source: own calculations based on ISFOL monthly reports and ISTAT Labor Force Survey.

Differences exist between regions, for instance Friuli-Venezia Giulia, Apulia, and Emilia-Romagna pay bonus money only for permanent contracts. In addition, Campania and the Aosta Valley entered the bonus scheme late and hence their results are not comparable. Currently, no information is available on the distribution of bonus payments by contract; however, on average 90.4 percent are incentives for permanent jobs. Furthermore, some regions like South Tyrol are not part of the Youth Guarantee program and have therefore been left out.